

Making a living last longer

Insights into older people's livelihood strategies



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

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1. Executive summary

In 2010, HelpAge International sought to improve its understanding of the challenges faced by older people in securing a sustainable livelihood¹ by carrying out research in rural and urban areas of Bangladesh, Ethiopia, India and Tanzania. Securing a sustainable livelihood in older age is a challenge for over 180 million older people in low and middle income countries who live in poverty, with no savings, assets or pensions.² Older people have no choice but to work until ill health or frailty forces them to stop.

For older people, secure livelihoods are achieved through accumulation and diversification of assets, access to pensions or other cash transfer schemes and through the support of family and community. However, this research has found that older people face significant barriers in achieving livelihood security due to lack of regular, predictable and sufficient cash income such as non-contributory pensions.

Most older people work in the informal economy without secure contracts, workers' benefits or social protection. Informal work tends to be characterised by long, irregular hours for very low wages.³ This means that income is unreliable, there are limited work opportunities, a lack of diversified livelihood options, and limited access to savings and loans services. Traditional systems of solidarity and support from the extended family and wider community have also been undermined due to economic pressures and the devastating impact of HIV and AIDS. Combined with loss of social collateral as older people distribute assets to children or as they lose family members to death, disease, and economic outmigration, these factors have significantly increased older people's vulnerability.

During the research, three factors – gender, destitution, and emergency preparedness – emerged as cross-cutting issues that affect older people's livelihood challenges regardless of location. The burden of securing a sustainable livelihood was felt most keenly by widowed women whose economic resources are doubly stretched through their role as carers. Poorer older people were found to be living in a continuous cycle of debt.

This research found that older people have only limited access to microfinance institutions (MFIs) and banks, and therefore to credit and savings facilities. Loans were more commonly taken through the informal sector, via private arrangements with moneylenders and pawnbrokers. Older people were unable to access formal credit due to untenable conditions for membership and repayment. Inconsistent information about formal savings and loan services, including MFIs, further discourages older people from exploring and making use of the potential benefits of such services.

Where sustainable livelihoods had been achieved, older people had used a combination of strategies, including working, taking out loans from both formal and informal sources, accessing economic contributions from children and other family members, and engaging in begging. Across the four research countries, reliance on a single livelihoods strategy did not enable older people to have a sustainable livelihood and move out of poverty.

Older people's associations (OPAs) were one avenue through which older people improved their opportunities to achieve a sustainable livelihood. Membership of an OPA facilitated access to further livelihoods support and activities provided by non-government organisations (NGOs) and government services such as the old age pension, but only when this was an explicit function of the OPA. The strongest link between OPA membership and livelihood security was through improved and increased access to social networks. Membership of these networks provides a shared community platform where older people can come together socially to reduce isolation, raise awareness of the needs of older people within the community, and increase knowledge of older people's rights. Older people who belonged to an OPA were more confident, had greater self-esteem and improved psychosocial health – all of which contribute to improved economic and social wellbeing.

1. By livelihoods, we mean the capabilities, assets, and strategies employed by people of all ages to make a living and ensure food and income security.

2. HelpAge International, *Strategy to 2015*, p.2

3. HelpAge International, *Forgotten workforce: older people and their right to decent work*, HelpAge International, London 2010

The evidence suggests that cash transfers such as non-contributory pensions offer vital support for older people and can help them to diversify their livelihood strategies by providing income to purchase assets or for business investment. But four in five older people worldwide have no pension income at all.⁴ Cash transfers are also only one solution for those older people who can, and wish to, work. They need assistance and support to create and diversify their asset base. There is no single, replicable “one size fits all” form of livelihood intervention that is appropriate for all older people in every setting. Rather, interventions must be tailored to older people’s abilities, the opportunities available in local markets, the cultural appropriateness of different options and the interests of older people themselves.

Based on the research we are able to propose some key guiding principles for governments, community-based organisations, NGOs, MFIs and others working to support older people to achieve greater livelihood security:

- 1.** Identify livelihood options through the active participation of older people to ensure that the options identified are appropriate and sustainable.
- 2.** Consult older people on the development and implementation of livelihood activities. Livelihoods activities that take older people’s needs into account should be an integral component of all development and humanitarian recovery programming.
- 3.** Involve older people in the planning, implementation, monitoring and evaluation of livelihoods programmes.
- 4.** Support older people’s associations as a mechanism for increasing older people’s livelihood security through empowerment, information sharing, improved confidence and reduced social isolation.
- 5.** Provide appropriate training to improve older people’s fiscal literacy, increase their uptake of formal savings and loans schemes, and diversify their asset bases.
- 6.** Improve older people’s access to information as a means of encouraging poor older people to explore and make use of formal and informal business opportunities.
- 7.** Encourage MFIs and NGOs to develop age-friendly livelihood activities including revolving funds, in-kind support, cash transfers and low interest loans with flexible repayment and savings mechanisms.
- 8.** Advocate to government for improved representation by, and services for, older people. Pensions are critical to enhance older people’s livelihood strategies. They represent a regular income that is vital in contributing to daily living needs and support the whole household.

4. United Nations Department of Economic and Social Affairs (UNDESA), Population Division, *World population ageing 2009*, 2009, p.10

2. Introduction

We live in an era of rapid global ageing characterised by dramatic demographic change. By 2050, the number of people aged 60 and over worldwide is expected to triple to 1.9 billion.⁵ Most of the increase in the older population is taking place in low-income countries, where the average income is less than US\$2 per day. Many older people live in rural areas, where household structures are undergoing change and traditional systems of family support are coming under increasing pressure.

An older person is defined by the United Nations (UN) as someone over 60 years of age. The “oldest old” refers to those over 80, who comprise the fastest-growing old age group, expanding at a rate of 3.8 per cent a year, compared to 2 per cent a year for the 60-79 age group.⁶ Studies⁷ on chronic poverty identify older people as among the most socially excluded and chronically poor. Therefore, while increased life expectancy is one of humanity’s major achievements, it also presents significant challenges – especially in emergencies, where older people can comprise up to a fifth of the affected population.⁸

2.1 Why older people’s livelihoods matter

By livelihoods, we mean the capabilities, assets and strategies people use to make a living and ensure food and income security. The right to an adequate livelihood for people of all ages is enshrined in various international conventions and agreements. These rights include:

- the right to work
- the right to fair and equal remuneration for labour
- the right to protection against unemployment
- the right to an adequate standard of living.⁹

However, these rights are regularly challenged through exclusion of older people and lack of opportunities for them to participate in livelihood activities and support, such as training and access to credit.

Older age often brings a reduced capacity to sustain a livelihood and challenges in accessing essential services. Political instability and conflict, natural disasters, economic pressures, high rates of migration, environmental degradation, endemic disease, and national AIDS epidemics, mean that sustaining a livelihood is a formidable challenge for older people. Traditional coping mechanisms based on the family and community have come under severe pressure in recent decades. At the same time, older people are increasingly taking on caring responsibilities for other family members due to economic outmigration by middle generations, and the impact of HIV and AIDS on younger family members. These challenges increase the likelihood that older people and their households will become even poorer.

2.2 Research methodology

For this study, we consulted 1,000 older people in urban, semi-urban, and rural locations in India, Tanzania, Bangladesh and Ethiopia to build HelpAge International’s evidence base on older people and livelihoods, and to better understand the opportunities and barriers that older people face in achieving income security. Carried out during the first half of 2010, the research identified the economic coping strategies that older people use, and explored their access to micro-credit and other sources of livelihood support as well as services and service providers. Finally, the research investigated how older people’s associations (OPAs) affect older people’s lives through providing economic support, raising awareness of older people’s needs, and engaging in advocacy to secure older people’s rights and entitlements.

5. Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*; <http://esa.un.org/unpp>, accessed 13 May 2010

6. Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat

7. See for example Heslop A and Gorman M, *Chronic Poverty and Older People in the Developing World, Chronic Poverty Research Centre Working Paper no.10*, 2002

8. Observed during the author’s own extended work with the United Nations High Commissioner for Refugees (UNHCR) and the Protection Cluster Working Group in Georgia in 2008 and 2009

9. See the Universal Declaration of Human Rights, 1948; the International Covenant on Economic, Social and Cultural Rights, 1966, 1976; and the Convention on the Elimination of All Forms of Discrimination against Women, 1979

This report summarises the research findings, examining the primary income security issues that accompany old age. It analyses how older people's income security needs vary within the context of households and communities, and considers the coping strategies of older people seeking to achieve economic security. It includes the extent to which older people have access to, and use, informal and formal livelihoods support. It then presents examples of good practice, where livelihoods strategies have been adapted and expanded to meet the diverse needs of older people and their households to enable them to achieve sustainable economic security. Finally, the report concludes by setting out some key guiding principles for governments and non-government partners working with older people to help them improve their livelihood security.

The methodology was participatory in nature and included focus group discussions (FGDs) with older people during field visits¹⁰ to identify the challenges they and their families face in ensuring livelihood security. To capture disaggregated information, FGD respondents were asked to give demographic information, including their sex, age, marital status, household composition, livelihood source, level of literacy, and land ownership status.

The focus groups explored older people's knowledge of and access to formal and informal savings and loans schemes, as well as opportunities to diversify their livelihood opportunities. Specific vulnerabilities of households to economic, social and other shocks were explored in as much detail as possible within the short research timeframe. Because the research areas are prone to emergencies, preparedness and response was considered through the roles and responsibilities that older people assume during emergencies, as well as through their ability to engage in economic contingency planning. FGD participants were questioned on their understanding of the role, added value and sustainability of the initiatives being carried out by partner agencies specifically aimed at older people.

In all four countries, the majority of the population live in rural areas; older people are likely to have had a lifetime of vulnerability to poverty and food insecurity, poor access to appropriate health services, and limited options for livelihoods diversification. In three of the four countries, household size of households containing older people averaged 5.24.¹¹ This includes 78 single-person households where older people either lived alone or in old age homes, negatively skewing the household size measure.

Field evidence points to a trend of larger household sizes in rural areas and larger household sizes for multi-generational households, indicating that for the time being, in the locations visited during the research, extended family networks with systems of social support and social obligation still exist. However, the impact of HIV and AIDS, combined with acute economic stress, is changing family structures. The loss or sickness of middle generations is resulting in high percentages of adult children and grandchildren being cared for by grandparents. Livelihoods challenges for older people are further compounded by a lack of participation in and exclusion from the political arena.

Even with changes in traditional systems of family support, children and the extended family remain an important source of economic support. This was made especially clear in Ethiopia, when we consulted some older people living in old age homes.¹² Of 33 older people living in the homes, 24 had never had children, or if they had, their children had died, or they had lost contact with them. Although older people regularly expressed disappointment that many adult children do not fulfil their filial duties as fully as older parents would like, it is clear that not having children in an older person-headed household does increase the chances of poor older people falling into destitution.

10. FGDs were carried out in 36 urban and semi-urban locations and 39 rural locations. Respondents included a considerable number of older people aged 60-79, as well as the "oldest old", those aged 80 and over, of both sexes

11. Household size was not consistently solicited during the research in India, and so is not included in this calculation

12. In Ethiopia, 24 per cent of respondents lived in old age homes. This high incidence of older people in institutional care is not representative of older person's shelter experiences in Ethiopia, but rather, reflects the programming carried out by HelpAge International's implementing partners

A desk review of relevant documents was undertaken before country visits to examine how prevailing livelihoods and vulnerability frameworks include and consider older people's needs. One concern noted throughout the desk research was that much of the data, including government publications and partner NGO reports, is disaggregated by age in a manner that is inconsistent with recommended international standards.¹³ Older people are often lumped together into categories of those aged 50-plus, aged 55-plus, or aged 65-plus. Groups of older people are still infrequently disaggregated into 10-year age groups (to include those aged 59 years and below, those aged 60-69, those aged 70-79, and those aged 80+), making it almost impossible to compare data with other information sources, including HelpAge and UN research data.

2.3 Research challenges

In southern India, Bangladesh, and Tanzania, all host partner staff and translators were male, which may have affected women's responses in the focus group discussions. However, since research questions were focused on livelihoods generally, without probing specific details of debts and/or savings, or potentially private health issues, this constraint was not considered to compromise the overall research findings.

During the research, only two ethnically distinct tribal groups were consulted, a Rakhaine group in Moheshkhali, and a Garo group in Sherpur, both in Bangladesh. Due to the limited number of respondents from minority ethnic groups, it was not possible to draw any conclusive findings regarding the link between minority ethnic status and livelihoods. Likewise, time limitations rendered it impossible to fully analyse the impact of religion on livelihood choices or limitations. The limited field time available and the highly complex and sensitive nature of discussions on caste meant it was difficult to glean more than a cursory perspective of the role that caste plays in India in limiting or facilitating older people's access to livelihood opportunities. The only clear, and unsurprising, conclusion is that members of the high Brahmin caste find it easier to access formal service providers in socially, culturally, and geographically isolated areas such as agricultural villages in Bihar. The relationships between ethnicity, religion, caste, livelihoods and economic security for older people are areas that demand further exploration.

13. At the moment there is no UN standard numerical criterion, but the UN agreed cut off is 60+ years to refer to the older population see www.who.int/healthinfo/survey/ageingdefnolder/en/index.html. HelpAge International along with many NGOs calls for population data disaggregated by age and sex see HelpAge International and Inter-Agency Standing Committee *Strong and fragile: Learning from older people in emergencies*, HelpAge International 2007 pp 22-23 and www.globalaging.org/elderrights/disaggregation_project/index.htm#follow

3. Income security issues for older people

3.1 The challenges facing older people in achieving income security

A multiplicity of factors affect older people's economic security and their ability to achieve a sustainable livelihood. These vary according to the individual's skills, mental and physical capacity, level of family and community support, awareness of and access to services, and the market opportunities available. Older people use a variety of coping strategies to meet household economic needs, including work, savings and loans.

The range of work that older people do

Older people play a key role in household economics. HelpAge International's research consistently shows that older people remain economically productive for as long as they are physically and mentally able and as long as household requirements demand their contribution. Older people contribute to the household economy in three ways:

- compensated labour
- uncompensated labour
- complementary labour.

Compensated labour is waged labour that provides a direct cash yield, such as hired labour or small business work. Uncompensated labour provides direct food for the household (for example, farming, fishing, or tending livestock), but not cash income. Complementary labour (for example, childcare or cooking) is of vital importance to multi-generational households as it enables other household members to engage in paid labour or other activities that directly contribute to household financial security.

The primary activities of the older people we consulted were:

- agriculture, including growing maize, rice, and other cash crops for household consumption and for sale
- livestock rearing
- fishing and associated activities, such as net-making, shrimping, and fish vending
- daily waged labour
- petty trade and small business
- begging
- domestic labour
- caring for family members.

Men often emphasised that working increased their self-esteem and brought greater respect from family and community members. As one older man in Morogoro, Tanzania, said: *"It is important to be able to work as it helps give older people an identity and ensures our self-respect and respect by others in the community."*

As physical capacity decreases, though, older people are less able to work competitively and their labour is less valued. In the words of one older man in Sherpur, Bangladesh, *"It is hard for us to get work because we are older. Why pay an old man the same amount to do half the work that a younger man could do?"*

Some older people's attitudes towards work were less enthusiastic, expressing exhaustion at the seemingly endless economic imperative to work. As one older man in Morogoro, Tanzania, said: *"We have no choice but are compelled to work."*

Changes in family structures and support

Some of the older people we interviewed lamented the steady unravelling of strong inter-generational support traditionally provided by the extended family. This was a major concern across research locations, and was attributed to hardships caused by global economic developments and the increasing trend of adult children living in individualised nuclear households. In Naggapattinam, in the Indian state of Tamil Nadu, one older woman observed that *“It is common now for children to live in the same village, but in separate houses.”* Older people agreed that while some children still care for their parents and grandparents, family support networks have come under severe pressure, and in some cases, *“when your children grow up, they don’t bother with you anymore”* (an older woman in Songea, Tanzania). Ekule, aged 55, from rural Zeway, Tanzania, concurred: *“During the old days, it was within our culture and tradition to help older people, but these days, things are changing for the worse for older people.”*

Caring for other family members

For older people, changes to the household and family support structures have brought greater caring responsibilities alongside reduced support from extended families. While this was evident in both rural and urban settings, the fragmentation of extended families was seen to have the greatest economic impact for older people in urban areas who were living in separate accommodation, and without live-in support. HelpAge International data from sub-Saharan Africa show that 40 per cent of all orphaned and vulnerable children are cared for by grandparents.¹⁴ However, of those older people interviewed who live in multi-generational households, nearly all of them asserted that they were full-time carers.

The death of adult children, often due to AIDS, has left grandchildren as single or double orphans, and has put greater caring responsibilities upon the shoulders of grandparents. As one older woman from Songea, Tanzania, said: *“All my three sons passed away, so I must resume my responsibility and care for the grandchildren.”* Other reasons for older people assuming the role of full-time carers due to absent adult children include the following:

- Adult children often leave their home villages to migrate to other areas to find work, especially where the local economy provides very limited employment opportunities.
- Grandchildren often prefer to stay with their grandparents both to provide care to the older person and to be cared for; this is most common when a grandchild was born out of wedlock or if the adult child divorced and wanted to remarry.

For older carers, the burden of care brings with it increased household expenses, especially food, school fees and education expenses, medical care, and shelter. In Songea, Tanzania, one widow noted that *“The greatest burden of old age is to afford education for the grandchildren. We know the importance of school, and we must work as hard as possible to ensure that we can afford to send our grandchildren to school.”* This sentiment was echoed in India and Ethiopia. However, in Bangladesh, older people did not highlight their grandchildren’s education as a priority. Instead, as one older woman from Narsingdi, Bangladesh, said, *“We, as old women, have already done our duty to educate our own children; it is our children who must educate the grandchildren, not us.”*

Older people who are caring for grandchildren, great grandchildren, and orphaned children also need care themselves. Assistance with certain physical tasks becomes more necessary for older people, many of whom lose strength, mobility, and vision with age. Across the four research areas, the older people we spoke to observed that grandchildren in their care do help, but are limited in the assistance they can provide. This is especially true where grandparents are caring for very young children. Grandmothers in Songea, Tanzania, observed that *“While grandchildren do contribute with household chores, they can only make serious contributions if they are over the age of 10 and not in full-time education. Most grandchildren are just too young to help.”* Furthermore, as noted by Belai, aged 88, in Addis Ababa, Ethiopia, *“The children cannot help because they have nothing to give, they are too young. In fact, they expect us to help them.”*

14. Albone R and Cain E, *Mind the gap: HIV and AIDS and older people in Africa*, HelpAge International, London, 2008 p2

3.2 Older people's income needs

Older people achieve household economic security through accumulation and diversification of assets. But they also need remunerated income to meet household needs and close the gap between expenses and income. The main livelihood priorities for older people focused on food and investment in agricultural, livestock, and small business and petty trade activities. Older people living alone and not in old age homes used income exclusively to meet food needs.¹⁵ Items for business investments covered a variety of inputs, and included investment for business interests of adult children, principally:

- agricultural inputs (fertiliser, tools, seeds and pesticides)
- livestock purchases (cows, oxen, sheep, goats, pigs and chickens)
- materials to sell (such as grass for mats, netting, and baskets, ingredients for local brew, charcoal, and wood).

In Songea, Tanzania, these needs were reflected by one older person, who said: *"We invest any spare money in business and then use the profits for food."* Even when older people did not have cash to hand, efforts were made to maximise business opportunities. As another woman in the same area noted: *"If I had money, I would buy pigs and keep them. I'd also hire in labour. I have built a small shelter for pigs, only I do not have any money yet to buy pigs to put in the shelter."*

In rural Tanzania and in areas of Tamil Nadu, India, where non-government organisations (NGOs) have been active in community livelihoods programming for more than five years, older people were quick to highlight the need for, and value of, loans for investment. In comparison, in Bihar, India, and urban areas of Ethiopia, where older people had experienced limited NGO support, they failed to connect loans with strategic investment. Any influx of cash for these older populations, including loans, was allocated to meeting immediate survival needs such as food, clothes and shelter, and to servicing existing debts.

There are two possible explanations for this reluctance to invest in livelihoods expansion and diversification. First, the absence of reasonable marketing opportunities restricts older people from considering small-scale business activities, as was seen in Bihar, India, and in Ethiopia. Second, many older people fear getting further into debt and being publicly shamed by lenders due to late payment or non-payment.

Other cash needs included clothing, shelter, medical needs (particularly for grandchildren) and transportation. In contrast to Uganda and Zimbabwe,¹⁶ where older people consistently highlighted the need for medical care, the older people who took part in our research did not universally highlight medical care as a priority. Evidence indicated that recognising, prioritising and meeting their own health needs remains a continuing challenge for older people. While the purchase of medicine to protect livestock from disease was prioritised by older people, personal medical care was not. As one older man in Songea, Tanzania, said: *"We just buy Panadol and painkillers from the market."* In Ethiopia, medical care costs were not prioritised because they are covered via *kebele*¹⁷ services and provided for through provision of a poverty certificate whereby those who qualify receive free consultations and treatment.

3.3 Income security through informal resources

Older people in the research areas prioritised the need, and desire, to contribute directly and actively to their own livelihoods. Wherever possible, they rely on their own ability to work. Their primary sources of support were: first and foremost their own remunerated labour; uncompensated support to other households through farming and fishing; savings; and begging. When shortfalls between income and expenditure emerge, older people look to diverse resources for income and economic support. Children and other extended family members remain a major source of support, providing resources in the form of gifts, loans and remittances. Other informal resources were accessed through moneylenders and pawnbrokers, who play a major role in India and Bangladesh. Each of these resources is explored below.

15. Data primarily from research locations in Bihar, India, and Ethiopia. For more information on food insecurity among older Ethiopians living in urban areas, see HelpAge International Ethiopia, *The vulnerability and living conditions of older people in Addis Ababa*, HelpAge International Ethiopia, Ethiopia 2010

16. Observed during the author's own extended work with UNHCR and the Protection Cluster Working Group in Northern Uganda (2008) and with HelpAge Zimbabwe (in 2009 and 2010)

17. The kebele is the smallest governmental administrative division in Ethiopia

Own labour

As noted above, older people generally continue to engage in waged and productive labour as long as they are physically able and economically compelled to do so. Providing that an older person is physically fit, he or she can usually secure paid work. However, as their physical capacity decreases, older people are less able to work and their labour is less valued.

Savings

For as long as they are able to work, older people also try to save small sums of cash, although many reported only being able to do so on an *ad hoc* basis. Most poor older people find it challenging to save. As Kasahun, aged 70, in Ethiopia, said: *“We don’t even get enough to meet our own needs, it would be impossible to save. When I was working, I could care for my family. Nowadays, there are more times that we don’t eat than when we do.”*

Those unable to access formal savings mechanisms but with small savings said they hoarded small amounts of cash from month to month. As one female respondent in Morogoro, Tanzania, said: *“We hide small sums of 2,000-5,000Tsh (US\$1.50-3.75) in our clothes and under our pillows.”* These limited sums were insufficient to meet more than the most basic needs and certainly did not stretch to meeting unanticipated emergency needs or providing for investment opportunities. As another older woman in Sherpur, Bangladesh, noted: *“If I earn 100 taka (US\$1.47), I will first go to the bazaar and buy food. If possible, I will save 10 taka (US\$0.15) for the grandchildren; if there is any extra, I will put it towards my own savings.”*

Beyond these small sums saved by individuals, older people stated that both animal stocks and agricultural produce served as financial resources that could be sold for cash at times of need. With regard to livestock assets, more affluent rural households tended to keep cows, goats, pigs and sheep. Urban households were less likely to keep large animals due to local government regulations and lack of space. However, virtually all older respondents owned chickens, which often acted as a “bank” for older people. But a respondent in Songea, also in Tanzania, indicated that, even for people with diverse animal ownership, *“the problem with livestock is that you cannot generate cash immediately”*.

Begging

Some older people reported resorting to begging if they were unable to secure paid work, often outside churches, mosques, in front of neighbours’ houses, or on the streets. As one older man in Bihar, India, said, *“Those older people who can no longer work and have no family must resort to begging and community charity to survive.”* Older people express shame at having to beg and expressed the desire for any economic alternative.

Children and extended family

When older people cannot meet their immediate livelihood needs, children and extended family are still the first line of economic support, despite the growing pressure on traditional systems of inter-generational support. Loans from extended family members were often used to meet emergency needs, to augment day-to-day cash flow, and to provide for investment. Loans from family members typically were not expected to be repaid. When loans were taken from family members that required repayment, the terms of repayment were specific to each loan. There were no instances cited of either interest being charged to immediate family members or collateral required before cash was disbursed.

Total loan amounts depended on the relationship between the lender and the debtor, the liquid assets of the lender, and the perceived ability of the debtor to repay in good time. The amounts cited varied considerably. In cases where adult children or members of the extended family could not provide a loan, the reasons were attributed to the scale of economic challenges they faced, combined with changing

social support networks. As one older woman in Morogoro, Tanzania, said: *“To be frank, if our children were not helping us, we’d be dead. The problem is that everyone is struggling.”*

Social reciprocity was also noted as a reason why older people sometimes do not receive support. By engaging in mutual lending between the generations, systems of social debt arise that encourage younger generations to loan to older generations, which in turn builds up social capital that can protect older people during times of need. This was observed in Gazipur, Bangladesh, where one older man stated that: *“One challenge we have as older people is that we do not have enough to give our children money; as a result, our children don’t tend to give support in return.”* The ability of older people to engage in reciprocal lending is further compromised by the fragmentation of landholdings and animal stock. This was of particular concern for older people in rural areas who are largely dependent on agriculture. The loss of family assets due to land and animal distribution to adult children was seen to increase older people’s economic vulnerability, whereas noted by one respondent: *“if older people retain assets, their children will treat them better”*.

Family members, particularly adult sons working in urban centres and overseas, are extremely important to older people as providers of remittances. Remittances were critical in Bangladesh, in Bihar, India, and to a lesser degree in western Tanzania. Older people in these areas depended on cash transfers from adult children working in urban centres or in other countries. As observed by an older man in Bihar: *“The most important source of cash income is the remittance from my son.”* Remittances were less important in Ethiopia, where older research participants were predominantly destitute and childless. Remittances were also less important in Tamil Nadu, India, where many older people interviewed were economically robust. One older woman from Sherpur, Bangladesh, captured the continuum of types of support evident from adult children working away from their home: *“I have a son living in Malaysia, but he must first repay money he borrowed from in-laws to pay for his flight before he can give money to me. However, I have sons working in Dhaka who regularly help me.”*

Neighbours

When an older person lives alone, or when their relatives are not able or willing to help, they often turn to neighbours for livelihoods support. Where neighbours did provide a loan, age was not a factor in securing or being denied the loan – rather, it depended on the personal relationship. However, the loan amount was limited by the ability of the older person to repay. In India and Tanzania, interest was rarely charged on loans from neighbours, but for larger loans, livestock or jewellery were used as security, and a timeframe for repayment was agreed. Loans to neighbours were typically repaid from cash sales of agricultural or livestock produce or from petty trade and small business profits. As one older man in Narsingdi, Bangladesh, said: *“If we need 50,000 taka (US\$735) for an airfare, we would go to four or five friends and ask them to help. Otherwise, we would sell an asset, such as a cow, to secure the total amount.”*

Older people typically needed to prove income before they could borrow from a neighbour. As Bermaka, aged 70, from Addis Ababa in Ethiopia, stated: *“You cannot borrow unless you are working.”* But in many cases, the loan becomes a donation and repayment is waived. As explained by one older person in Ethiopia: *“We can borrow up to 50 birr (US\$3.50) from our neighbours, but we must repay within three days, which is impossible. As a result, the loan becomes a gift, especially when the support has been solicited to pay for emergency medical care.”*

One interesting aspect about loans from neighbours that emerged during the field research in India, Tanzania and Bangladesh was that women were unable to access loan amounts equivalent to those afforded to men. Older women observed that loans taken from neighbours by men were up to 10 times those taken by women from women. People from minority ethnic groups also took smaller loans from neighbours, often as little as one hundredth the value of a loan made to a man from the majority ethnic group. Older people from the Rakhaine minority ethnic group in

Bangladesh stated that they take maximum loans from neighbours of around 500 taka (roughly US\$7), regardless of whether they are male or female. This reflects the high levels of economic insecurity and the lack of cash capital within these minority communities.

Research participants also reported that it was much more difficult to raise money from neighbours for treatment of chronic illnesses than for other emergencies. Ashu, aged 70, from Addis, stated that: *“Before life was so expensive but everyone helped, but now people don’t have enough themselves. This is especially a problem when we try to get help for chronic illnesses. I have to lie to my neighbour and make up a new affliction to get their help.”*

In all communities, older people were reluctant to take out loans at all, preferring to go without or to translate existing assets directly into cash, even when loss of that asset would lead to future economic hardship. As one older man in Cox’s Bazaar, Bangladesh, said: *“We will only take a loan if we know that there is a future way to repay it.”* These views support those of previous research by HelpAge in Bangladesh: *“Older people tend to rely on informal sources of support, such as family and friends. Declines in social structure including the transition from extended to nuclear and smaller families can weaken these traditional sources of support, creating the need for alternative[s].”*¹⁸

When these traditional sources fail, older people turn to moneylenders and pawnbrokers.

Moneylenders and pawnbrokers

Older people in India and Bangladesh used moneylenders and pawnbrokers as a source of credit – an option not noted as being available to older people in Tanzania or Ethiopia. Conditions for borrowing from moneylenders and pawnbrokers were more formal than those attached to loans from family and friends and involved monthly interest payments and assets for collateral. Also, the amounts borrowed were between 10 and 100 times higher than loans taken from family members and neighbours. If greater amounts of cash were needed, this entailed taking loans from a selection of moneylenders and pawnbrokers, creating multiple debts. These loans were most commonly used to pay for airfares to send adult children to work in the Gulf States, or for one-off celebrations such as a wedding. Loans for agricultural or business investment were given, but were cited infrequently.

Interest rates varied between and within locations, starting as low as 2.5 per cent a month and rising to more than 25 per cent a month. Repayment conditions were not standard, but agreed individually. Jewellery, gold, assets, and/or land documents were required as security before a loan was disbursed.

18. Biplob S and HelpAge International Bangladesh, *A desk research on the social protection situation in Bangladesh*, Dhaka, HelpAge International Bangladesh, February 2010, draft, p5

High interest rates on small loans

Xavier, aged 73, from Gazipur, Bangladesh, borrowed 10,000 taka (US\$147) from a moneylender to pay an overdue utility bill. He was charged monthly interest of 10 per cent, and the loan agreement stated he had to continue to pay 1,000 taka (US\$14.70) each month in interest until he had saved the full principle amount and could repay in one lump sum. It took him 14 months to repay, costing him a total of 24,000 taka (US\$353) – nearly two and a half times the initial loan. This example was typical of respondents describing loans taken from moneylenders and pawnbrokers.

Debts for airfare loans technically belonged to the older person, but repayment was expected from working adult children's remittances. This generally presents a lower risk to the moneylender, while increasing the risk for the older parents who are taking on the loan. If the working adult child was unable to or chose not to repay the loan, repayment of the debt became the older person's responsibility. In Bangladesh, older people commented that when land is used to secure larger loans such as for airfares, the lender will retain the land for two to three years, even if the loan is fully repaid.

Using moneylenders and pawnbrokers to raise capital was not a preferred option for older people. Some research participants expressed fear of violent repercussions and seizure of land and/or assets in the event of late payment or non-payment, as well as anxiety at becoming further in debt. As one older person in Bihar said: *"If you are unable to repay a loan, you are as good as dead."* In the poorest areas where we carried out research, especially in Bihar, older people regularly took out loans from moneylenders and pawnbrokers to pay back other loans, thus getting further and further into debt. As another respondent in Bihar said: *"We are now, and have been, in debt for most, if not all of our adult lives."*

For the poorest older people, moneylenders and pawnbrokers are outside their purview. Older people in both India and Bangladesh asserted that the key to accessing moneylenders and pawnbrokers was economic viability, not youth. For older Asian respondents, moneylenders and pawnbrokers were often the only option for larger value lending. As one respondent in Bihar pointed out, if older people are denied a loan by moneylenders or pawnbrokers, they had *"nowhere else to turn for loans"*. However, access to moneylenders and pawnbrokers often brought increased vulnerability, with exorbitant interest rates that only served to push older people further into debt, economic insecurity and poverty.

3.4 Income security through formal resources

While older people tend to use informal resources first to meet livelihood needs and expand livelihoods opportunities, they also access formal institutions, including banks, microfinance institutions (MFIs), and NGOs, as well as government services. Although conditions for banking and MFI services vary, older people in the research areas tended to consider both types of lenders as similar, and described the same challenges in accessing both types of services.

Across the research areas, older people expressing an interest in accessing formal savings and loans were hindered by a lack of investment capacity because of their inability to save. Because most older people in rural areas earn their living through subsistence agriculture, their ability to earn cash is irregular, corresponding to harvest periods. As a result, regular monthly sources of cash income, which could repay loans or be set aside for savings, are hard to come by. This further constrains older people from using banks and MFIs, which require regular monthly repayments. As one older person in Morogoro, Tanzania, said: *"The bank wants to know what our job is so that they know we can repay, but as farmers, it is impossible for us to prove this."*

As mentioned earlier, there is a universal fear among older people of violent reprisals and/or repossession of assets for non-payment of loans. In Ethiopia, older participants in the focus group discussions (FGDs) in one urban area rejected formal savings and loans providers, with one person stating that: *"We will not borrow from them because we are fearful of repercussion for late or non-payment and the loss of our reputation if we are not able to repay."* This was echoed by an older woman in Songea, Tanzania, who said that: *"The possibility of having our goods repossessed for non-payment scares us."* Others from Morogoro, also in Tanzania, agreed, explaining that they are fearful of approaching formal lending institutions: *"We are afraid to approach them because some days we go without a meal, so how can we possibly repay? We are afraid of being imprisoned if we cannot repay."*

High rates of interest, strict and inflexible repayment conditions, monthly service charges, and high minimum loan amounts (by banks in particular) further exclude older people from using formal institutions. Banks consistently offer loans that are higher in value than those needed by older people to meet basic livelihoods needs. This, combined with monthly service charges, further hampers older people's repayment capacity.

Formal savings and loans out of reach

As part of the research, we met with the Cooperative Rural Development Bank Manager in Songea, Tanzania. He explained that the bank's most basic monthly account requires a one-off, start-up payment of 20,000Tsh (US\$15). A service charge is then levied at 400Tsh (US\$0.30) a month. While these are reasonable amounts for adults working in formal employment, for poor older people living in rural areas, they were often seen as impossible requirements.

Furthermore, if older people only save 1,000Tsh (US\$0.75) a month, to lose 40 per cent of that immediately to service charges negates the benefit of having a savings account. Discussions with the bank manager further clarified that most banks are only interested in lending amounts of more than 1,000,000Tsh (US\$750) and preferably 10 times that, otherwise the administrative costs counter the benefit to the bank. Discussions with older persons clearly stated that this amount was between 10 and 100 times what they either needed or would consider taking out as a loan.

Older people were also unable to specify accurate conditions of savings and loan opportunities. Clear, up-to-date, and correct information was either not accessible to them or not being accessed by them. This was especially true for non-literate older people, especially older women, who are further marginalised by their inability to read.

The research also explored whether banks were guilty of discrimination based on age. This question was put to all older people, and the response was near universal. As summarised by one older Bangladeshi man, banks discriminate on the basis of economic capacity, not age: "No one will loan to a person without assets, regardless of their age." This response was reflected by another older man in Songea, Tanzania: "It is not possible for banks to loan to poor people like us. We cannot pay back, and we do not have collateral. Even young people without collateral cannot access the banks." Thus, in virtually all cases, banks are neither an appropriate nor useful lending option for older people.

Microfinance institutions

Field evidence found that an additional resource used by older people attempting to improve their economic security was the savings and loans activities offered via NGO and MFI initiatives;¹⁹ however, this was much less common than the use of informal resources. The majority of older people interviewed had borrowed some money from friends and relatives during the past 12 months.²⁰ However, far fewer older people had accessed MFIs for loans. For example, in Bangladesh, of respondents from 14 FGDs who were asked about taking out loans from NGOs or MFIs,²¹ only 3.5 per cent of men and 11.6 per cent of women had taken loans.²²

As noted in research by RIC and HelpAge "Micro-credit programmes extend small loans or a wider range of financial services to poor people [as individuals or small groups] to foster self-employment and income generation and to improve their living standard."²³ As noted by HelpAge India, older people historically "were not considered credit-worthy and therefore were denied access to cost-effective formal institutional credit".²⁴ However, the responses given by older people in the FGDs

19. MFIs were encountered primarily in India and Bangladesh

20. This was particularly noted by respondents in Bangladesh and Tanzania, where virtually 100 per cent of FGD participants had taken loans from family and friends during the previous 12 months

21. The data from the remaining two FGDs is not sufficiently clear to include in this conclusion

22. Although data on the impact of being a member of a minority ethnic or religious group was not able to be explored in detail, it is interesting to note that in Bangladesh, none of the Rakhaine or Garo minority FGD participants had accessed MFI loans, nor had anyone from the Bangladeshi Christian FGD. The higher percentage of women accessing either NGO or MFI loans compared to men is due to women in their early 60s and younger often being targeted directly by MFIs

23. Resource Integration Centre and HelpAge International, *Older people and micro-credit: Bangladesh experience*, 2008, p1

24. HelpAge India, *Elders for Elders Foundation*, Delhi, HelpAge India, 2007, p10

carried out for this research reflected a complicated relationship with MFIs (including NGOs such as the Resource Integration Centre (RIC) in Bangladesh and HelpAge India, which both operate as MFIs) and often challenged this very assertion, indicating that older people are both discriminated against when trying to access MFI services and at the same time self-exclude from these services.

There were three main types of MFI loans encountered during the research: loans given by NGOs, the Grameen Bank model, and women's self-help groups. All lenders offered similar repayment conditions, varying from six months to a year, and at low interest rates of between 2 and 5 per cent a month. However, many older people who take out loans either repay at highly inconsistent rates or their understanding of repayment terms is inaccurate. As with their lack of understanding of banking requirements, older people are also unsure of the exact conditions set by MFIs for saving and loans, reiterating the need for service providers to give clear, up-to-date, and accurate information to older people about their services and products, in a form that is accessible to older people.

Reasons for MFI loans were diverse and overlapped with general cash needs. They included the following:

- livestock purchases for asset accumulation
- ritual or ceremonial expenses such as marriage
- agricultural and business investment (including investment on behalf of adult children)
- payment of travel fees to enable adult children to work overseas.

MFI loans were not taken out to meet household food needs, though some older respondents used them for this purpose.

Due to the relative ease with which some older women in Bangladesh and India can access MFI loans,²⁵ many women had taken out loans for their sons to use for their businesses. In theory, the son pays his mother in cash, and she then repays the lender. It was particularly common for women in their 60s and younger to borrow from the Grameen Bank. However, this system creates stress for older women when adult children fail to transfer the cash to make the repayment. As noted by one grandmother in Sherpur, Bangladesh, *"Our children are taking out loans in our names, but as old people, we are not able to repay the loans because there is no regular work."*

Whether accessing loans from an NGO or via the Grameen Bank, older people gave five main reasons for not accessing loans through formal institutions:

- lack of need
- inability to fulfil loan requirements
- inability to use the loan effectively
- exclusion from accessing MFI services
- fear of repercussion for non-payment and ill treatment by MFI providers.²⁶

To deal with these points in detail, first, and as noted by more economically confident FGD respondents, *"not everyone requires a loan"*. This was especially true for active older people: *"We can still earn, we don't need to go for loans yet"* (FGD respondent in Bangladesh).

Second, for those who do require a loan, they were often unable to fulfil the loan criteria. Even when initial investment is possible, older people express anxiety about being able to meet repayments. Interest rates, even low ones, were cited as a burden. As one respondent in Bangladesh said, *"There is not enough food to feed ourselves. How can we feed the requirement of weekly payments?"*

Third, older people stated that they would not be able to use a loan effectively. In Bangladesh, many older people stated that they *"are not interested in taking out [a loan] for business expansion because of the lack of business opportunities"*.

25. See footnote 18

26. Respondents in Sherpur, Bangladesh, stated that they did not take loans from NGOs or MFIs because the use of interest was seen by them to be anti-Muslim. This sentiment, however, was not observed in Muslim FGDs in the three other research countries

Others felt that taking a loan “increases our vulnerability and just creates a lot of hassle” (FGD respondent in Sherpur, Bangladesh). Either subsistence needs were too acute, or older people were anxious about not having sufficient fiscal skill to manage the loans. Again, there was a clear lack of understanding of the modalities and potential advantages of taking out loans.

Fourth, older people are indeed excluded from MFIs on the basis of age (both men and women) and gender (men). Examples were cited across the research areas to suggest that women do not borrow from women’s groups because of age discrimination, although this contradicted other instances where older women explicitly used MFI resources to take out loans for sons and sons-in-law. As noted by one FGD respondent in Narsingdi, Bangladesh: “If you are old, you are not invited into women’s groups.” Sahila, a 70-year-old widow also from Narsingdi, said: “The Grameen Bank doesn’t like old women. In 1998, I took out a loan for 18,000 taka (US\$265) and repaid promptly, but when I returned to borrow more, the bank people said to me, ‘You cannot take any more loans because your hair has turned white’.” A visit to the BRAC (Bangladesh Rural Advancement Committee) Tanzania office in Morogoro found that older people are explicitly excluded on the basis of age, as BRAC activities are only open to those aged 20-50. In addition, interest rates ranged from 11-22 per cent depending on the repayment timeframe. These high rates effectively exclude those living at subsistence levels, regardless of age. Across the research areas, older men stated that they were excluded from most MFIs because they were male; however, some older men did access MFI loans through their wives.

In addition to these concerns, older people in India, Bangladesh and Tanzania also stated that they do not like having to deal with the MFI debt collectors, stating that they are “aggressive and nasty” and can turn violent in cases of late payment or non-payment.

3.5 Older people’s associations

Older people’s associations (OPAs), defined as “community-based organisations of older people, aimed at improving living conditions for older people... [and providing] a mechanism for social support in the community as well as for facilitating activities and delivering services”,²⁷ were one resource used by older people to achieve sustainable livelihoods. Where OPAs were engaged in advocacy and awareness raising, membership facilitated easier access to NGO, MFI and government services such as the old age pension. However, OPAs across the four research countries had different impacts depending on their purpose and the stage of their own development. Because OPAs did not take a single consistent form within countries, their impact on their members’ livelihood security differed dramatically.

For older people from the minority ethnic Rakhaine group, in Cox’s Bazaar, Bangladesh, OPA membership has been instrumental in helping them access the Old Age Allowance (OAA). FGD respondents noted that before the OPA was functional, only three older people received the OAA. After OPA members began lobbying local government representatives, the number of OAA recipients increased to 24, with an additional 14 anticipated to begin receiving the OAA in 2010.²⁸ In these cases, a link between OPA membership and improved livelihoods is present through increased awareness of services and direct advocacy to improve older people’s access to government services to which they are entitled.

A second link between OPA membership and livelihood security was through improved and increased social networks, where membership provides a shared community platform where older people come together socially to reduce isolation, raise awareness of the needs of older people within the community, and increase members’ knowledge of older people’s rights. Throughout this research, older

27. HelpAge International and the United Nations Population Fund (UNFPA), *Voice of older people in Asia*, 2010, p3

28. Respondents in Bangladesh were inconsistent about the advantage of participation in an OPA as a method to improve one’s chances of receiving a pension. In Gazipur, one woman was vehement in her opinion that it makes no difference whether you are involved in an OPA in order to get the OAA

people expressed feelings of loneliness and isolation and reported that these feelings had negatively affected all aspects of their lives, including their ability to achieve a sustainable livelihood. In Dire Dawa, Ethiopia, this experience was shared by Ganete, aged 75: *“The isolation from being old and alone is as bad as needing food, work, and shelter. The isolation is nearly killing us.”* Older people themselves spoke of the value of coming together as a group. Megatwa, aged 80, from Addis, observed that: *“I would like to come together with other older people. That way, we could talk about our problems more openly and help each other.”* Being a member of an OPA was observed to reduce social isolation.

For older women and widows who are particularly socially marginalised, the OPA provided a vital network of social and economic support. This was noted by women living in conservative Muslim communities in India, Tanzania and Bangladesh, where culture traditionally dictated that they remain in the household compound. In India, women members of elder self-help groups (ESHGs) in Tamil Nadu observed that: *“Before the self-help group, we only considered ourselves, but now we are working together.”* In Bangladesh, older people observed that belonging to an OPA improved their personal chances of getting loans from friends and neighbours.

Research participants also reported that belonging to an OPA made them more confident, with greater self-esteem and improved psychosocial health – all of which contributed to older people being able to embark on livelihoods activities with a greater level of wellbeing and expectations of success. FGD respondents from Awassa, Ethiopia, observed that one advantage of being in a support group for older people who are HIV positive is the social aspect: *“Before coming here, we felt lonely and were overwhelmed by our HIV status and our economic situation, but now we are strong. Before, we were alone, but now we have courage and support.”*

Although OPA membership did improve the self-confidence of individual members and increase older people’s access to services, there remained measurable levels of gender imbalance within OPAs, with fewer women participating and notably fewer taking leadership roles. Leadership of OPAs was seen to mirror the domination of natural leaders in the community, thus replicating extant community power structures which are typically male dominated.

The role of elder self-help groups in India

In India, OPAs in both Bihar and Tamil Nadu were initially created as mechanisms for emergency response. In both locations, the OPAs have since evolved into elder self-help groups (ESHGs) and focus on enabling older people to access regular savings accounts and low interest loans. For all older people, the low interest rate was seen as a positive reason to take a loan. Because HelpAge India-supported ESHGs focus specifically on livelihoods activities, the direct links between membership and improved livelihoods security were overt. An additional positive impact that ESHG members noted was improved self-esteem and respect from others in the community.

Similar types of community-based self-help groups, predominantly women’s self-help groups, were observed in other countries. But across the research areas, older women tended to exclude themselves from these groups. The reasons were threefold:

- having different needs and interests from younger women
- the desire to be involved with members of their own peer group
- the desire to focus on saving and loan activities rather than on advocacy (highlighted in India and Bangladesh).

OPAs are not being used to their full capacity and potential with regard to helping older people to achieve livelihood security. Even where OPAs are not being used as conduits for NGO partners to carry out specific donor-supported livelihoods interventions, there remain opportunities to use OPAs as sources of information on livelihoods opportunities, information on available savings and loans resources, and training on business management, as well as to advocate for inclusion of older people in other agencies' and government initiatives on livelihoods. Both these areas need continued attention to ensure that OPAs have the greatest benefit for all older people.

Other evidence from western China indicates that OPAs are effective in reducing poverty among target groups.²⁹ However, these OPAs were established specifically to alleviate rural poverty through engaging older people in livelihood projects and included 95.6 per cent of all older people in the target villages as OPA members.³⁰ OPAs which focus specifically on livelihood interventions, such as PADI in Tanzania, which distributes goats to its members, showed (at least in the short term) that they can successfully act as both a catalyst and a conduit for targeted programme activities, including savings and loans, revolving funds, cash transfers and so on. However, one continuing challenge for OPAs is to develop sustainable, community-based ways to ensure that destitute older people are included in livelihood initiatives.

3.6 Old age pensions and widow's allowances

Only respondents in India and Bangladesh had access to government-sponsored, means-tested old age pensions. Neither the Tanzanian nor the Ethiopian government has implemented old age pensions; indeed, worldwide, 80 per cent of older people have no pension.³¹ In India and Bangladesh, the number of older people eligible for both the Old Age Allowance (OAA) and the widow's pension³² was far higher than the number who actually received these benefits. In Bangladesh alone, for example, more than 1.6 million eligible older people did not receive the OAA in 2009.³³

In FGDs in Bangladesh, older people receiving a widow's pension and/or OAA consistently cited using the allowance to purchase assets or for business investment. As one Bangladeshi man in Munsigonj said: *"We use the pension to invest in poultry and livestock farming so that we have assets to fall back on during times of crises."* Other OAA recipients used the allowance to meet household needs or other expenses. As another older man in Munsigonj said: *"I use the pension to pay back outstanding loans."*

Older people participating in an FGD in India agreed that the pension was *"a desired option for contributing to economic security in old age"*. However, there were complaints that the size of the pension was insufficient to live on. There were also complaints about the bribery costs necessary to secure the pension, and the length of time one must wait to start receiving it. In Tamil Nadu, India, pension recipients expressed frustration that older people were much more likely *"to receive the OAP if you are of the highest caste"*. Throughout India and Bangladesh, older people emphasised that they used pensions to augment other livelihood strategies. This reinforces the conclusion that lobbying for pensions is only one aspect of ensuring sustainable livelihoods for older people, the other being the implementation of appropriate, replicable, inclusive, and diversified livelihood schemes.

29. HelpAge International and the China National Committee on Ageing, *Older people's associations and poverty alleviation in rural areas: the experience in China*, 2007

30. HelpAge International and the China National Committee on Ageing, 2007, p6

31. Forteza A et al, 'Measuring the coverage gap' in Holzmann R et al, *Closing the coverage gap: the role of social pensions and other retirement income transfers*, Washington DC, World Bank, 2009

32. Also compensated at 300 taka (US\$4.07) per month and paid out according to the same modalities as the OAA

33. Truelove K, *Working for life: making decent work and pensions a reality for older people*, London, HelpAge International, 2009

4. Key cross-cutting factors

During our research, three factors – gender, destitution, and emergency preparedness – emerged as cross-cutting issues that affect older people's livelihoods regardless of location, and therefore deserve specific attention.

4.1 Gender

Evidence from the research indicated that older women were more likely than men both to be caring for others and needing care themselves. They were also more likely to be single heads of household due to being widowed, divorced, or separated. Women whose children had died and who were widowed or women who were unmarried were also more likely to fall into destitution. Women were far more likely not to be literate than men (an average of 61 per cent compared with 29 per cent across the four country studies). In fact, many older women could not read or write at all; in Ethiopia, only 10 per cent of all women interviewed could read or write, and in Bihar, only 4 per cent of women we interviewed were literate. The highest literacy rates among women were found in Tamil Nadu (39 per cent), reflecting a strong historical legacy of education for women.

Cultural factors often resulted in restrictions on older women's movement, and therefore their access to certain services. This served to reduce their public voice while restricting their access to arenas of social and economic exchange. In India, Tanzania and Bangladesh, older women were unable to access loans from neighbours for amounts equivalent to those accessed by men. In fact, loans taken by men from male neighbours were up to 10 times the amount of those taken by women from female neighbours due to men's perceived greater credit worthiness and access to assets which could be used for security, as well as the reality of borrowing from other women who experience similar economic limitations. For older women, these vulnerabilities combine to create a situation whereby they have less access to livelihood opportunities, information, and government/NGO services (including training and inclusion in livelihood programming) than older men, who themselves have less access than younger members of the household and the community.

The impact of AIDS has also resulted in changed family structures; the loss of middle generations in particular has orphaned millions of children who are now being cared for by their grandparents. Evidence from Tanzania found that in skipped generation households (SGHs) – households where grandparents were acting as sole carers for grandchildren and/or great grandchildren – 88 per cent of carers were widows. Similarly, in Ethiopia, two-thirds of all women caring for grandchildren in either SGHs or in three-generational households were widows. In both Tanzania and Ethiopia, the average number of children under the care of widows was one to two grandchildren more than that of their male widowed counterparts. These caring responsibilities increase the economic pressure on single older people who are often already struggling to achieve a decent livelihood.

In addition to widowhood, the process of rural-urban migration further increases the economic vulnerability of older women. This was noted most clearly by FGD participants in Ethiopia, where almost all female urban respondents stated that they moved to their current residence from outlying rural areas when they were young women. As a result, they no longer have the option of relying on family in rural areas to assist them. The trend of rural-urban migration is common throughout Ethiopia, but has a particularly negative impact on older women who have lost their husbands and their children, as it increases their probability of resorting to begging to make ends meet.³⁴

34. See also HelpAge International Ethiopia, *The vulnerability and living conditions of older people in Addis Ababa*, HelpAge International Ethiopia, Ethiopia 2010

4.2 Destitute older people

Even with access to formal and informal services, there remains a gap in support for older people who are no longer able to contribute economically to their households, who are without family support, and/or have to care for other family members. In Songea, Tanzania, older people stated that, without family: *“there is nothing to be done, and no one to help us... we will die alone with no support... because we cannot afford food and services”*. As one older woman bluntly explained, *“Even the neighbours do not help. No one without children or grandchildren will be helped. We will only notice that that person has died because of the smell coming from the house.”*

Solutions to filling the gap in support for destitute older people entail programming that is both financial and human resource intensive. Care homes, home-based care, or cash transfer programmes (including pensions) can all contribute to livelihood solutions for older people who are unable to work to meet their basic needs. However, these services demand sufficient financial and human resource input to identify, work with, and ensure continuity of support to older people who are housebound. Government pensions and widow’s allowances, as well as cash transfers from NGOs, can help address the economic gaps for destitute older people, but assistance with daily living, support for dependants in the care of destitute older people, and overall household support will fall to government outreach services, NGOs and the community.

4.3 Emergencies

To understand how older people prepared for and responded to emergency needs caused by sudden or acute economic stress, we asked how they prepared for and responded to sudden economic crises. Responses were consistent with general livelihood strategies and included the following: engaging the support of family and neighbours; selling animal stocks; and seeking assistance from NGOs and the government. However, older people also noted that during times of economic crisis and emergencies, a common strategy to meet household and food needs was simply to defer them. As one older person in Zeway, Ethiopia, said: *“We will simply avoid seeking medical treatment or addressing other emergencies if we have to borrow. We would rather wait until we have the cash than get into debt.”* Older people in Tanzania expressed similar concerns: *“We are aware that shocks come which we are not prepared for, but we are unable to do anything about it.”*

When exploring livelihood strategies as they apply to older people’s emergency preparation, evidence pointed to many people’s inability to amass a sufficiently large and diversified asset base to depend on in the event of an emergency. For most poor older people, daily food costs and associated household expenditures had already depleted existing savings. Only those older people engaging in NGO-facilitated savings schemes, or those who were retired professionals, were in a better position to withstand unanticipated economic shocks.

The field evidence thus clearly indicates that livelihood interventions enabling older people to have a diverse asset base are vital to countering older people’s economic vulnerability in emergencies. Following periods of crisis, the revitalisation of older people’s livelihoods must include access to materials as well as access to and re-creation of markets. Those older people receiving government pensions will also benefit from accurate, updated information about the process of reinstating their pensions and be assisted to ensure that their legal rights are met.

5. Examples of good practice

Access to savings and loans

While conditions for membership of most MFIs remain outside the purview of the poorest older people, MFI savings and loans schemes can provide a viable and useful resource for people who have a minimal level of income. For the minority of research respondents who reported having taken a loan from an MFI or NGO, the impact of these loans on their livelihood was measurable. During the research, we observed two specific examples of good practice in terms of enabling older people to access small-scale savings and loans schemes: those run by Tesfa Social and Development Association and the Tanzanian Mission to the Poor and Disabled (PADI).

Tesfa: providing small-scale loans and financial training in Ethiopia

Tesfa operates in urban Addis Ababa and provides loans of up to 2,500 birr (US\$175) to 214 older people who are members of 58 qualifying *idirs*. *Idirs* are traditional burial societies which ensure that members are provided with a culturally appropriate funeral. Membership in *idirs* is common to all but the homeless and most destitute in Addis. Thus, while Tesfa does exclude the poorest of the poor from participating, it has the advantage of ensuring that participants are supported through traditional community *idir* networks, which act as guarantors for the loans.

Tesfa requires recipients of revolving loans to save at least 40 birr (US\$2.80) a month. Loans are repaid between 6 to 18 months at an interest rate of 4 per cent. Tesfa members assert that the scheme fulfils an economic need for older people which is not currently being met by banks, formal savings and loan institutions or traditional community mechanisms – low value, low interest, flexible loans. A key advantage of the Tesfa scheme is that older people as young as 50 can participate, enabling them to work and save while they are still physically and mentally able to, thereby facilitating a protected economic future for their later years.

Older Tesfa members commented that the revolving fund had enabled them to accumulate and diversify assets, as well as build up savings. Abebich, aged 63, stated that: *“Before the loan, I did not even have a chair to sit on. Now, I am even able to join a self-help group with other women.”* Zairitu, aged 62, held a similar view: *“Before the loan, I used to pay 1,000 birr (US\$59) for my teff [a grain used to make injera bread]. But now I can purchase it directly and save 200 birr (US\$14). I use half of the teff that I buy to bake injera and sell the rest for profit. With the profit from the injera sales, I pay off what I owe to Tesfa and all my debts. With the profit from the teff, I save.”*

Participants in the Tesfa revolving fund programme also confirmed the value of training in budgeting, including prioritising expenditure and investment. Many loan recipients said that in their view, training is vital. While they were all women running small businesses, the additional training on budgeting (for costs and materials) and income and expenditure planning was crucial to enable them to use the loans well and be confident in making good decisions. The training, combined with Tesfa support, further helped allay fears about taking out loans. Again, as noted by Zairitu: *“Some women don’t know what to do and are inexperienced in business. They don’t know what to do with the money. Tesfa helps them understand how to make a profit.”*

Even when confident of their business acumen, the women loan recipients did note that the idea of taking out a loan was initially terrifying. As Abainesh, aged 60, said: *“I had difficulty sleeping when I first took out my loan, I was so anxious. After I got my donkey [purchased with the loan], my situation began to improve, and I was able to make improvements to my house and my life.”* Peer support for members is an important aspect of ensuring successful use of revolving funds. Successful older members can play an important role in peer education and encouraging newer members.

PADI: revolving funds using goats and cash, and a flexible approach

Cordaid’s partner, PADI, in Songea, Tanzania, facilitated a lending scheme targeted at older people and dependent members of their households. The PADI initiatives included two revolving funds, one with goats and the other with cash. The first provided four goats to the household under the agreement that the first kid produced would go to another household with an older person. With the revolving cash fund, loans of up to 75,000Tsh (US\$56) were distributed to selected households. These loans had to be repaid within 12 months, but the first three months were considered as a grace period during which repayment was waived. The loan programme also contained a savings element, where lenders were required to save no less than 1,000Tsh (US\$0.75) monthly. Interest rates were low, between 2 and 15 per cent, and older people we interviewed praised PADI’s flexibility when household emergencies arose during repayment periods.³⁵

Respondents agreed that like Tesfa, the PADI scheme fulfils an economic need for older people which is not being met by existing institutions or community mechanisms. The programme participants regarded two aspects of the PADI loans as most important: the grace period, and the system of giving loans first and then implementing savings activities after the loan has been disbursed. This was especially useful for older people who had experienced exclusion from other schemes that demand extended savings before provision of loans.

Older people who took part in the programme noted that PADI loans increased their ability to accumulate and diversify assets. One respondent noted: *“Before the programme, we did not have meat to eat or even manure for our farms. Now, we have improved both our lives and our farms.”* They also said that PADI loans enabled them to meet additional cash needs that they would otherwise have been unable to, especially those engaged in full-time agriculture: *“The programme has enabled us to respond to both expected costs (such as school expenses) and the unanticipated (such as medical costs) by allowing us to diversify and accumulate.”* An additional advantage of the PADI system was noted by Sitawaa, aged 85, in Songea: *“I used to farm and became sick and was unable to farm. When PADI came, I was able to start doing small sales, which was useful to me because it did not involve heavy physical labour.”* Sitawaa further noted that she would not have been able to access other loan sources due to her illness. PADI’s flexibility and focus on older people enabled her to be included, where physical incapacity and poverty would otherwise have excluded her.

Participants in the PADI programme also spoke about the value of the training provided in budgeting and managing finances. Mohammed Ali, aged 80, from Songea, shared his story of taking a PADI loan: *“I borrowed 35,000Tsh (US\$26) for my banana business. At the time of the loan, I was required by the school to pay 60,000Tsh (US\$45) in fees for the grandchildren. If I had only paid the fees, I would have had nothing left from the loan. But I apportioned it out and used half for my business, some for fees and some for food. I was then able to use profits from my business to pay the remaining school fees.”*

35. As PADI works directly and personally with their recipients they are able to support them during a personal or economic emergency, such as by allowing them to skip a payment, thus preventing them from having to default

Participants in the goat revolving fund programme stated that the advantages of having goats were not limited to asset accumulation: *“The manure is of great benefit. It is even better than the purchased fertiliser for the gardens. When you have animals, you are respected!”* Older people reported that the manure the goats produce can be sold, earning them roughly 2,000Tsh (US\$1.50) for a 50kg bag. Finally, accumulation of goats increased the older person’s financial security and the likelihood of neighbours and family being willing to lend them money.

When asked to compare the PADI revolving fund programmes with the savings and loan programmes offered by credit institutions, respondents universally preferred PADI, citing the low interest rates, the savings system, and the flexibility offered. As Istory, aged 62, explained: *“Although the amount we are being loaned is small, the interest is little and so the value of the loan is greater. Also, we do not have to pay administrative costs.”* Amaria, a 64-year-old widow, agreed, stating that: *“PADI is better because when you repay the money, you are also able to have savings at the end of it; we now have enough and are not hungry anymore.”* Ambrose, aged 70, noted that: *“With PADI, there is no fear of repossession or intimidation and harassment if you miss a repayment.”*

Within the PADI programme, there is scope for expansion and inclusion of more older people. However, the biggest challenge will be having sufficient seed money within the groups to enable effective lending, and increasing the amount in the revolving fund to enable more loans.

Older people in areas where revolving funds were not functioning were asked whether the idea was of interest to them. Respondents in Zeway, Ethiopia, expressed keen interest in using revolving funds to improve their livelihood security. Older women from Zeway commented that: *“We could use the money for petty trade, buy small cattle and then sell them on for profit when they are big.”* Men agreed. As Denibo, aged 55, said: *“This idea is much better than direct support. It is better for us to be able to take loans and work and become self-sufficient than depend on others for a gift of cash. We will only advance in our life by being allowed to become economically independent.”*

6. Conclusions

Based on our research into older people's livelihood strategies across four countries (Bangladesh, Ethiopia, India and Tanzania), and the examples of good practice described in chapter 5, we are able to propose some key guiding principles for governments, community-based organisations, NGOs, MFIs and others working to support older people to achieve greater livelihood security.

Older people already use a range of strategies, based on sources of informal and formal support within their families and communities, to support their livelihood. But there is a key role for government and non-government partners to provide the right kind of interventions to support all older people, recognising that older people are not a homogeneous group, and their abilities, capacities and needs vary depending on a number of factors, including their health. Evidence suggests that livelihood projects are most successful where they are tailored to older people's abilities and to available market opportunities, are culturally and gender appropriate, and reflect the interests of the older people involved.

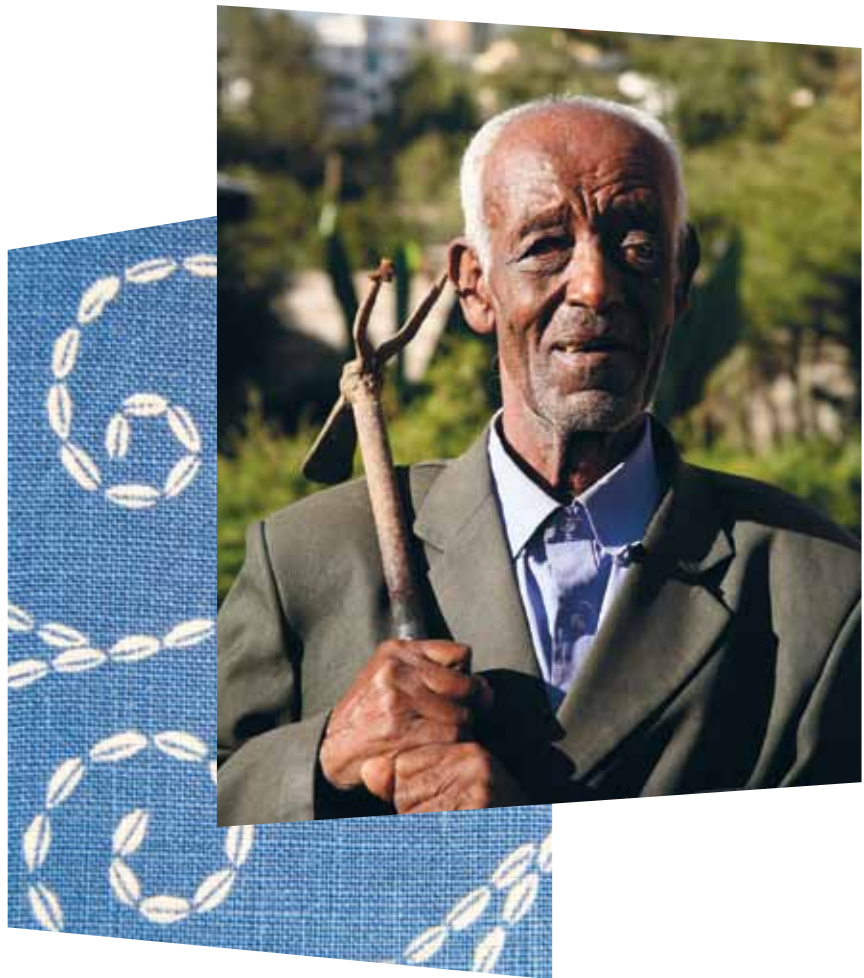
Evidence also suggests that cash inputs alone, while providing vital support for older dependent people, are not the sole answer for those older people who can, and wish to, work. They need assistance in creating and diversifying their productive assets. A single-input livelihoods intervention, such as provision of animals, which fails to consider current and potential market conditions, can actually serve to increase the vulnerability of older people when emergencies arise.

Some MFIs and NGOs do offer savings and loans products that would be more suitable for older people. However, these providers would benefit from training to improve their awareness of the role older people play as key household contributors before microfinance can be a viable, inclusive, and replicable model of savings and loans programmes for poor older people.

The following principles and actions should promote greater involvement of older people in livelihood activities, ensuring more successful outcomes.

- 1. Identify livelihood options through the active participation of older people themselves.** Appropriate livelihood options will depend on the social, economic, cultural and ecological environment in which older people live. Cultural and gender factors may also limit older people's ability to engage in different activities as well as physical ability and psychosocial well being, and these may not necessarily correspond to chronological age. Alternative ways to involve those who are less able – for example, through proxy labour or household labour – should be considered. Because the burden of creating a sustainable livelihood is experienced most strongly by widowed, illiterate women who are caring for other family members, it will be vital to focus on addressing the economic needs of this group in order to ensure their livelihood security.
- 2. Consult older people on the development and implementation of livelihood activities.** Interventions will vary according to location, the local economy and local market opportunities, as well as older people's preferences, priorities and abilities. Older people's active participation in decision-making further ensures that the livelihood solutions developed are locally appropriate. Livelihoods activities that take older people's needs into account should be an integral component of all development and humanitarian recovery programming.
- 3. Involve older people in monitoring and planning.** Participation is the basis for promoting the inclusion of older people. Older people must be encouraged and provided with opportunities to engage actively in community leadership, as well as in the planning, implementation, monitoring and evaluation of livelihoods programmes.

- 4. Support older people's associations as a mechanism for increasing older people's livelihood security** through empowerment, information sharing, improved confidence and reduced social isolation.
- 5. Provide appropriate training to improve older people's fiscal literacy.** Improving older people's financial skills and their confidence in managing money can increase their uptake of formal savings and loans schemes. Careful saving and strategic lending can augment and diversify older people's asset bases, thereby reducing economic and social vulnerability.
- 6. Improve older people's access to information.** Inconsistent and out-of-date information on financial support services, including microfinance, government services, NGO programmes and banking options, discourages poor older people from exploring and making use of formal and informal business opportunities. It also increases older people's dependency on less scrupulous sources of credit such as pawnbrokers and moneylenders, who operate with high interest and collateral requirements. Lack of access to information is compounded by illiteracy, especially for older women.
- 7. Encourage MFIs and NGOs to develop age-friendly livelihood activities.** Service providers need to increase their awareness of older people's needs as both savers and borrowers, and the crucial role that older people play in contributing to their household's resources. A variety of interventions should be supported, including revolving funds, in-kind support, and cash transfers. All lending programmes must include low interest loans and consider flexible repayment and savings mechanisms. These should be implemented in conjunction with education and training to enable active older people to work as well as save.
- 8. Advocate to government for improved representation by, and services for, older people.** Pensions are critical for enhancing older people's livelihood strategies. They represent a regular income that is a vital contribution to daily living needs, supports the whole household and can also be used to invest in income-generating activities. However, most poor older people in developing countries do not have access to pensions. By lobbying governments to provide universal, non-contributory pensions to their citizens, NGOs, communities and older people themselves can ensure long-term and sustainable economic security in the form of a guaranteed, regular, minimum income. Pensions enable older people to meet their basic needs, contribute to improvements in education and health for other family members, especially children, and enable them to lead dignified, and more secure lives.



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