

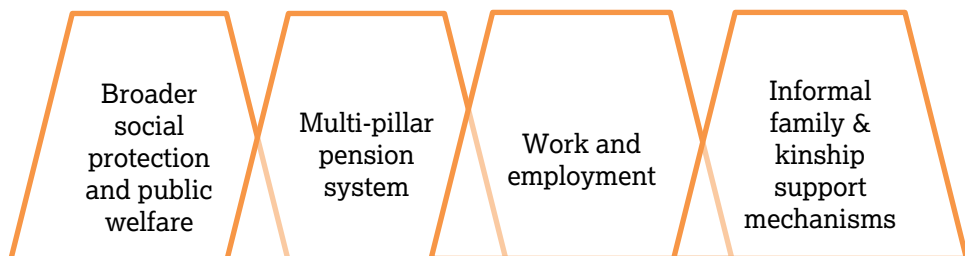
Achieving income security in old age: Taking stock and pushing the boundaries

Synthesis report of a meeting with global knowledge brokers

Dunford, West Sussex 23-24 February 2012

Background

Achieving income security in old age is firmly rooted in HelpAge's global strategy. This is fundamentally about supporting people as they enter old age to manage the associated vulnerabilities and the risk and uncertainties of securing an income. Broadly, pathways to income security in old age consist of the following pillars:



Against a backdrop of an increasingly vibrant international debate about the role of social protection in the context of growth, employment and poverty reduction it was time to take stock and to identify how to push the boundaries of thinking and action on the issue.¹ How does income security in old age fit into broader social protection debates? Were we engaging in the right forums and debates with the most relevant stakeholders? Did we need to change our messaging and ways of working or are we on the right track?

This reflection and analysis was done through facilitating a strategic and open conversation with experts and knowledge brokers. The group included development practitioners, academics, social security / social protection experts as well as trade union and work/employment related professionals.² Over the course of two days, they dedicated their time and expertise to share, learn, unpack assumptions and reflect on evidence and experience.

Prior to the meeting, participants reflected and fed back on a think piece written by HelpAge outlining the key issues and trends relating to income security in old age. The feedback provided the starting point for the meeting.

This paper pulls together key discussions points and insights gained during the meeting, and outlines how HelpAge aims to build on the insights and learning in its direct programming, advocacy and policy work.

¹ Over the last few years a lot of progress has been made on advancing the policy agenda on social pensions (and indeed broader social protection), whilst HelpAge's work on supporting older people's work and livelihoods has been a key feature of its direct programming work for well over 15 years (largely through income generation projects).

² See annex for full list.

Summary of emerging issues

The debates at the meeting re-affirmed several of HelpAge's key approaches and ways of working.

- In terms of HelpAge's own position, the central starting point is the fulfilment of the human right to social security, with our focus being on older people. Of particular interest is turning this human right into national-level entitlements and policies that ensure income security. Meanwhile, HelpAge sees income security of older people as part and parcel of a process to systematically reduce poverty and inequality across the life course.
- HelpAge's approach to work on social protection has long recognised that the political economy of a country is central to decisions to implement a social pension. Our experience tells us that civil society and international actors influence political decisions. HelpAge will continue to engage with a broad set of stakeholders in order to make income security in old age not just a talking point in development debates but an issue of national interest.
- HelpAge has recognised the interconnectedness of social protection and pensions, work and health as critical pillars of supporting older people's income security. We will continue to build the evidence base on programming options for supporting older people who work whilst advocating for and supporting governments to fulfil their obligations with regards to older people's rights to access health services and social security.

Several participants highlighted some very positive trends that underpinned the debates and the momentum of the issue.

- Social pensions are now seen by all the principal actors as an integral part of old-age income security in all countries
- The discussion has moved away from being primarily about affordability to the need for a social floor for older persons as part of a social protection strategy to promote economic development
- There is more opportunity than previously existed for the major international partners to work together to promote social pension solutions

The global context

Income security in old age is critical to wider development processes. In developing countries, the income security of older people is undoubtedly tied up with levels of poverty and vulnerability across the population. Indeed, poverty in old age is often a result of poverty and marginalisation experienced across the life course and passed on through generations. Nevertheless, growing older poses specific challenges such as increased physical, economic and social vulnerabilities that deserve special attention. In the context of widespread poverty, reduced earning power of an older person can create additional stresses and shocks to the wider household. Furthermore, issues such as changing family structures, migration and HIV mean that **people are finding themselves facing greater responsibilities just as they encounter the vulnerabilities of old age.** The urgency of this issue is increased in the context that the world is undergoing unprecedented demographic change, with numbers of older people in low and middle income countries predicted to outnumber children under 14 by 2045.

However, income security remains out of reach for the majority of older people around the world today. Fewer than one in five older people globally have access to a pension and this figure is much lower in the majority of low and middle income countries. Low pension coverage comes in spite of numerous efforts to reform pension systems over the last decades. In addition, fragmented labour markets changing family structures and a life lived in poverty means that most older people, in the absence of any form of pension or other social assistance, have no choice but to continue to work well into older age, often struggling to make ends meet. Yet income security is not only an issue of developing countries. Ageing populations and changes to labour markets mean that some more developed countries are finding that the

design of existing pension systems no longer fit the bill, and reforming them to adjust to these realities. This will have an impact on the nature and pathways towards income security in old age.

Despite this, progress has been made in providing social protection for older people. In particular, non-contributory pensions have helped to close the coverage gap and provide a minimum income to older people in more than 90 countries worldwide. Many of these have been put in place over the course of the last 10 to 15 years with a proliferation of new social pensions in the last 5 years. Often they started small (geographically, highly means-tested or to the oldest old) and have gradually expanded. Moreover the increasing prominence of social protection in the development discourse³ has increased interest in social pensions as a central component of a wider social protection system.

Meanwhile, the question of longer working lives is growing in relevance in both the richest and poorest countries. In developing countries, especially in the context of low pension coverage, large portions of older people continue to work. In developed countries, on the other hand, demographic changes and in particular increased life expectancy are leading to increases in retirement ages and questions about the appropriateness of the concept of retirement itself. As a result, understanding how to create an environment for decent work across the life course and particularly in older age is an urgent task.

Assumptions and starting points

Responses to the think piece shared before the meeting and debates throughout provided an opportunity to explore different assumptions underpinning participants' starting points for addressing old age income security. Naturally, owing to the diversity of professional backgrounds and experience in the room, respective starting points to the debate varied. The following section explores these. It illustrates that despite some diverging views, sharing and questioning underlying assumptions contributes to a more refined debate and enables convergence and similarities to emerge.

The concept of poverty alleviation was approached differently by development experts on the one hand and social security and pension experts on the other. From a broader development perspective old age poverty was seen by some participants as non-distinct and equally or less severe from poverty experienced by other age and marginalised groups. Thus, in practice taking a poverty reduction approach often translates into targeting the poorest through a safety net. This involves interventions that target households rather than individuals as a more efficient way of allocating resources to the poorest. One of its key underlying assumptions is that fiscal resources are limited and a fixed constraint, hence the need to target limited resources effectively. This approach can also lead to focus on individual schemes and programmes rather than aiming for broad social protection coverage.

Those coming from a pensions/social security perspective questioned less the distinctness of old age compared to other vulnerabilities. The debate here centres more about how income security in old age is achieved, in particular, whether through a saving (consumption smoothing) or through government-funded social protection focused on poverty alleviation. While emphasising the complementarity of different approaches, there was general consensus here that consumption smoothing alone is inadequate, and that government has a key role to play in keeping older people out of poverty.

Several participants, meanwhile, raised **the need to go beyond absolute poverty and take a redistributive approach to income security in old age.** They expressed

³ Examples include the Social Protection Floor initiative, recognition of the role of social protection in the G20 and MDG process, and the debate about cash transfers as an efficient form of development aid.

concerns over trends and debates that put responsibility on individuals rather than on the risk pooling/sharing function of governments and e.g. pension systems. Redistribution was considered critical to address rising inequalities in middle-income countries such as India where public resources tend to be captured by the middle classes. Those advocating for a redistributive approach shared a belief that a focus on poverty (and particularly absolute poverty) is too narrow. Instead social protection is seen as critical to reducing wider inequalities within societies, with social protection in old age as a component of this objective. Participants discussed that amongst other advantages, taking a redistributive approach involves locating poverty as a result of structural inequality firmly on the wider political and social agenda of a country.

Key issues that were expressed with regards to safety-net approaches included that these programmes paradoxically end up being worse at reaching poor people because of their small scale and low coverage and high inclusion and exclusion errors. It was argued that taking a redistributive approach would encourage the progressivity (redistributive impacts) of the sum of existing social protection and for example pensions programmes.

It was agreed that all of the above approaches can fit within a **human rights agenda**, in that they contribute to the progressive realisation of the right to social security. Moreover, participants agreed that human rights should underpin any kind of poverty reduction and redistributive policy and programming. Existing standards (such as the International Labour Standards) are important instruments for conversations at national level to broker and achieve changes.

Participants expressed the view that it is unhelpful to juxtapose poverty-targeted safety-nets versus redistributive or human rights based approaches. It was noted that these approaches are not mutually exclusive and participants agreed that dwelling on the dichotomy of targeting approaches (and especially means-testing versus universal targeting approaches) limits our thinking and options. The principle of progressive realisation of the human right to social security were seen as important.

Two other important conceptual discussions centred around a life course and intergenerational approach to social protection, and around the model of retirement.

It was agreed that **life course and intergenerational** approaches are highly relevant to informing and arguing for old age income security. The life-course approach captures an individual's journey through life and examines the impact of earlier events and circumstances on outcomes in later life. For example, low coverage of formal pensions amongst older women is usually as a result of care roles earlier in their lives. It acknowledges the fact that different cohorts (e.g. baby-boomers, cohorts coming of age during a recession) will be shaped by key historical contexts, that the timing of events and transitions in a person's life determine their long-term impact, and that events and circumstances in people's households and wider networks shape their options and constraints. A life-course approach therefore allows us to understand the cumulative effects of advantage or disadvantage and better explain outcomes such as poverty in later life.

An intergenerational approach was described as relating to the interaction between generations, and particularly the sharing and transfer of resources, within households, families, kinship groups etc. There was strong agreement that articulating and analysing poverty in the context of life course and intergenerational dynamics is preferable to taking a "group" approach that positions different demographic groups as competing (older people, children, "working-age" etc). A life course and intergenerational approach can help to better understand the unique characteristics of old age and what this means for all generations, for example, in terms of how perceptions of older age affect younger people, and how they interact with older people.

Work and livelihoods

It is important to understand the interplay of social security & pensions, health and work in old age. The linkages between and distinct impacts of these three

elements on older people are critical when developing policy and programmes to improve income security in old age. For example, there is evidence that social protection and in particular cash transfers in developing countries support older people and household income earning activities. Also access to regular (even small) pension payments can help sustain functional (i.e. health) capacities as people age. However, it was pointed out that it is insufficient to only introduce social pensions. Instead there is a need to complement pension systems with access to health services, especially primary health care services. A question arose as to whether in a country with better healthcare it would be acceptable to reduce a pension level. Another emerging issue is that while older people often face discrimination in the workplace a more important factor determining their ability to work is health issues.

A critical factor of supporting income earning activities of older people is understanding household dynamics as well as local labour markets. It was argued that in order to support older people the focus needs to be on ensuring household employment. Specific policies for older people may not be the most relevant or effective (and could reinforce discrimination). Instead it is important to understand how the labour market is sensitive to vulnerabilities of old age and how it can support people to work into old age if they so wish.

One issue that was raised is the need to emphasise that older people's employment does not crowd out that of younger generations. There is an erroneous tendency for governments to reduce the labour force participation of older people – for example, by increasing retirement ages – on the basis that this will free up employment for younger generations – often as a populist response to high youth unemployment. This is despite strong empirical evidence that older people's employment does not crowd out younger people from the labour market – just as female employment has not crowded out men from the labour market.⁴ It was suggested that HelpAge is positioned to make the point more strongly that removing older people from workforce does not create jobs for younger people.

Older people's existing contribution to the household economy and within extended family is underestimated and thus undervalued. In order to develop inclusive and appropriate policy and programmes, older people's work and contributions to the household economy needs to be quantified, dispelling the myth about older people being a burden and unproductive. In particular unpaid contributions to the household in form of reproductive work and care giving need closer attention. More compelling evidence will be needed at the national level to call policy attention to sectors with high proportions of older workers. One key factor is to understand this contribution in the context of farming and food security.

Discussing experience of supporting older people's income earning activities highlighted the highly **context specific nature and complexity** of the issue. It was highlighted, that a seasonal & disaster-risk approach to programming is important. There was no mention throughout the meeting that indicated positive results of micro-finance and micro-savings products on their own as enhancing the ability to earn an income in older age. It was suggested, however, that it is critical to articulate how social pensions support economic activity of older people and households receiving a pension in that pensions are collateral to access credit.

Engaging in policy influencing at national and local levels was regarded as an important way forward. A key element here will be to investigate building alliances with activist groups and organisations already working on issues of employment and health, and to mainstream in issues of work in old age. There are also areas where working at international levels will support national agendas. For example by linking with international organisations such as ITUC, UNRISD and the World Bank working

⁴ Known as the “lump of labour fallacy” – which challenges the notion that labour supply is fixed. Rather, the increased prosperity from a labour force earning wages for longer is more likely to stimulate further wealth and job creation. Certainly economies will to financially support with an ageing population cannot afford an ageing population into early retirement – see The Economist April 2011 article for more <http://www.economist.com/node/18529505> .

on these wider issues and better understanding existing international legislation (e.g. ILO recommendations and conventions) that provide a framework for engaging at national level.

A systems approach to pensions

A key issue that emerged early in the discussion was the need to **better understand the role of social pensions within a wider pension system**. Almost all countries have contributory systems and these have usually been in place for many years, therefore, the introduction of social pensions should be understood in the context of wider pension coverage. From an advocacy perspective, highlighting links and integration with existing systems is important to convince strategic stakeholders.

While recognising the need for an understanding of existing systems, there was broad agreement that **contributory pensions have minimal impacts on assuring income security in old age in contexts of high informality and poverty**. It was cited that despite various pension reforms across the world in recent decades in many developing countries, these reforms have generally failed to significantly extend coverage. In fact, many contributory pension schemes are costly and regressive expenditures on the government budget. This gave rise to a suggestion that HelpAge may need to be bolder in questioning inequalities within the wider pension system. It was agreed that engaging with the system as a whole provides entry points for both the introduction of non-contributory pensions that really provide a meaningful minimum and enables a debate on how best to reform costly contributory systems.

In doing this, it was suggested we need new language to capture the potential role of non-contributory pensions within the pension system. It was felt that the term “social pension” implicitly suggests a safety net for destitute older people, rather than forming a foundation for a pension system, as non-contributory pensions have in some countries. Some proposed that **the term “citizen’s pension” would be more appropriate** to describe a social pension that assures that everyone over a set age entitled to a minimum pension income, on the basis of citizenship/residence. One benefit is that it de-links the role of the pension from questions of targeting choices when, for example, using an alternative such as “universal pension”.

A broader emerging issue linked to the question of livelihoods was **the need to rethink the concept of retirement**. The concept of retirement – often based on the assumption of a stable life-long career of a male breadwinner – has played a key role in the development of social security, especially in more developed countries. However, issues such as higher life expectancy, increasing mobility and migration of the labour force, segmented working lives, higher female labour force participation and – in some cases – expanding informal sector work force, mean that this model is being seen as increasingly anachronistic. These issues are also relevant to older people in developing countries where evidence tells us that older people continue to remain economically active even if they receive a small pension. As a result, there was a strong call to de-link work and retirement entitlements and to find new ways to enable a mix of work and non-work appropriate for developed and formal economies as well as in developing countries informal economies contexts.

Dimensions and dynamics of political economies

A core topic of discussion centred on the politics surrounding the debate of social protection for older people, and whether (and how) international players can influence this.

There was a strong recognition that **the debates about and the decision to introduce social pensions is mediated by the political economy of a country, and often dependent on historical moments**. Whilst in theory the key components relevant to the debate can be subsumed under the headings of sustainability, coverage and adequacy of pension systems, in practice the debates and nature of the decision-making process are highly political and messy. It became clear that the experience and pathways that have led to the introduction of social pensions vary considerably.

There was debate around the role of civil society and international actors. In some contexts the decision to implement social pensions has been perceived to be “top down”, and driven by governments, rather than civil society activism or external advice. Yet others cited experience of where civil society (in collaboration with international actors) has influenced decisions to implement and extend social protection and social pensions in particular. Several examples were shared where the introduction of a social pension has been part and parcel of a democratic process, especially the fulfilment of electoral promises. In countries like Peru, Tanzania and the Philippines HelpAge and its network of partners have had a tangible impact on the extension of social pensions.

There was also discussion of examples of where **donors and other international actors influence the introduction of social pensions** through working directly with government. However, it was acknowledged that there are instances where external players have derailed moves towards social pensions through advice that was not sensitive to the country-level political economy. This put into question the role of international actors to influence national policy.

On the question of how international actors might influence the introduction of a social pension, there was consensus that – in light of the political nature of decision making – **actions need to be tailored to the country context.** In terms of partners, experiences were shared of successfully activities with a range of stakeholders (from Ministerial, Members of Parliament, civil society organisations, labour unions, the media) and there was agreement that the net needs to be cast wider, beyond including some of the more obvious allies. On the basis of discussion on contributory systems, there was interest in encouraging more active engagement with stakeholders involved in their management at the national level (including pension funds etc).

In this process of influencing and advising policy, **strong data is key and areas were highlighted where there is a need to improve the evidence we have.** One main avenue to do this was felt to be making better use of existing data, and to piggyback on wider surveys. Areas where we would like to know more included socioeconomic mortality differentials (“people who reach old age are the rich”), intra-household consumption and good administrative data, especially on civil service and contributory pensions, as a way to shame policy makers.

However, there was also recognition that **data cannot tell us the whole truth.** There is a need to recognise the limits of what certain data sources (such as household budget surveys) can tell us about the situation of older people, and that findings can be significantly changed by tinkering with assumptions. One issue that came up repeatedly was the lack of robust techniques for understanding intra household dynamics and how older people fit within these. This is felt to be extremely difficult, but may have a big impact on current assumptions about measurements of old age poverty.

Finally, it was agreed that despite the focus of influencing and supporting policy development at the national level, **international engagement is important for raising the profile of social pensions.** A number of opportunities to raise the profile and awareness of social pensions at international level were explored. Social protection is a key priority for the development working group of the G20, and the UN’s Social Protection Floor Initiative (SPFI) has been extremely active in publicising the need for income security of vulnerable groups including older people, and of social pensions.

There were differences in opinion about the extent to which such initiatives can influence governments to implement social pensions. Some highlighted the need for national-level action to push for implementation of the SPFI and the ILC recommendations. Others were sceptical about validity and political usefulness of advocating for internationally defined instruments at national level. What did seem clear was the need to adapt HelpAge’s national-level work and messaging carefully to the realities of national debates and political realities.

HelpAge is taking away several insights and new angles to approaching the issue which we will build on and integrate into our policy and technical work.

First, the meeting has reaffirmed that HelpAge is in a **unique position to broker discussion, debate and learning around income security in older age**. We will continue to play this role by facilitating and creating interaction and collaboration between key stakeholders.

In doing this, a number of key gaps in evidence and debates emerged:

- Better understanding and articulation of the role of social pensions within wider pension systems. For example, through articulating the key success factors of existing pensions schemes (fiscal space, administrative capacity, coherence with other government programmes).
- How resources are shared within households and kinship networks
- Gender dimensions of income security in older age
- The interplay between health and livelihoods as determinants of income insecurity and the role of pensions
- The relationship between concepts of work and retirement and the value of delinking work from retirement
- Finding ways to quantify older people's contributions to the economy
- The role of civil society in influencing governments to implement or improve social pensions

Secondly, the meeting also provided a number of insights into **how we can strengthen our own work**, particularly at the national level.

1. It is clear the key focus for HelpAge's policy and influencing work on older people's work and livelihoods is at the national level.
2. Key debates at national level where we need to improve our understanding and alliance building are on labour markets and protecting and promoting the work of older men and women.
3. In the area of pensions, HelpAge will take on many of the reflections around the role of social pensions within the pension system into our national level work. Concretely, this includes working more with social security stakeholders to develop consensus around objectives of pension systems and the role of social pensions, as appropriate in different contexts.
4. HelpAge will work to diversify the sources of data we use, digging deep with what's already available and utilising other surveys. We will look into investigating how to produce more cutting edge evidence on old age income security.

Participants

	Name	Organisation
1	Alison Tate	International Trade Union Congress
2	Armando Barrientos	Brooks World Poverty Institute University of Manchester
3	Athina Vlachantoni	University of Southampton
4	Caroline van Dullemen	World Granny
5	Dalmer Hoskins	ex-ISSA, Social Security Administration (USA)
6	Edward Whitehouse	OECD
7	Elisabeth Schroeder Butterfill	University of Southampton
8	Isobel McConnon	Facilitator
9	Katja Hujo	UNRISD
10	Krzysztof Hagemeyer	ILO
11	Larry Willmore	IIASA
12	Lutz Leisering	Universitaet Bielefeld
13	Michael Buente	HelpAge Germany
14	Michael Leutelt	Universitaet Bielefeld
15	Moritz von Gliszczynski	Universitaet Bielefeld
16	Nicholas Barr	London School of Economics
17	Nicholas Freeland	<i>Unaffiliated</i>
18	Penny Vera-Sanso	Birkbeck College
19	Peter Lloyd-Sherlock	University of East Anglia
20	Robert Palacios	World Bank
21	Stephen Kidd	Development Pathways
22	Andrea McPherson	HelpAge International
23	Astrid Walker Bourne	
24	Bethan Emmett	
25	Charles Knox-Vydmanov	
26	Eduardo Klien	
27	Eppu Mikkonen-Jeanneret	
28	Mark Gorman	
29	Pilar Contreras	
30	Richard Blewitt	
31	Silvia Stefanoni	

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

HelpAge International
PO Box 70156, London,
WC1A 9GB, UK

Tel +44 (0)20 7278 7778
Fax +44 (0)20 7713 7993

info@helpage.org
www.helpage.org

Copyright © May 2012
HelpAge International
Registered charity no. 288180

Find out more about ageing and social protection at:

www.pension-watch.net