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Social protection for older people in Zanzibar: a summary

In partnership with the Department of Health and Social Welfare of the Government of Zanzibar, HelpAge International undertook a study to develop policy recommendations on social protection.

This document summarises the study conducted in February 2009 and presents recommendations for social protection schemes. A key finding from the study shows that older men and women in Zanzibar are particularly vulnerable because, as well as being engaged in subsistence farming to survive, they are also performing a vital caring role for children. They do this despite often being poor or in declining health, and without support from their families as a result of weakening family support systems.

This study recommends that providing a guaranteed minimum income to all older people is both necessary and possible. It recommends a universal non-contributory pension and describes how this can be implemented.

1. About the study

In February 2009 HelpAge International conducted a series of consultations with officials and other key stakeholders in Zanzibar. Data sets from the Chief Statisticians Office¹ were used to find out the profile of poverty and vulnerability among older people in Zanzibar and to investigate social protection options, in particular a universal non-contributory pension.

To complement statistical analysis and quantitative evidence, HelpAge interviewed 63 older men and women to identify trends in their household situation and basic needs. Other information, including government policies and international evidence, provided insights into the potential for a guaranteed minimum income in old age through a universal pension.

2. The situation of older people in Zanzibar

Zanzibar: half the population below the poverty line

Zanzibar is officially part of Tanzania but has its own elected government which is responsible for Zanzibar's policies. Zanzibar is an archipelago off the coast of Tanzania with two main land masses, Unguja and Pemba. The economy of Zanzibar is predominantly informal, with formal workers only representing around 10 per cent of the working age population.² Zanzibar is heavily dependent on two sectors: tourism and clove production. The service sectors, including communications and tourism, now represent up to 51 per cent of GDP.

At the time of the study no breakdown of poverty by age was available. However, analysis of the most recent household budget survey data found that 49 per cent of people in Zanzibar live below the poverty line of 20,185 shillings per month (US\$15.35).³ Some 13 per cent of people live below a basic needs food poverty line of 12,573 shillings (US\$9.56).

Older people are recognised by the Government of Zanzibar as particularly vulnerable to poverty. The Strategy for Growth and Reduction of Poverty for policies is the MKUZA, which identifies older people as a vulnerable group and therefore a legitimate group to target for poverty reduction policies.

Older people are caring for children

There are 49,700 people aged over 60 in Zanzibar, making up 4 per cent of the total population. Some 16.5 per cent of households are headed by older men and women. Many more older people are present in households which they don't head. Consequently, older men and women are often directly responsible for providing vital care to children.

In two of the study areas, around 50 of the 63 older people interviewed had an average of three dependants living with them. Many older men had younger wives, so at the age of 60 and over they still had a large number of children to support. Also, many older people were caring for grandchildren whose parents had either migrated to work or who had remarried into other families, leaving their children behind.

Older people are forced to work to survive

The majority of older people live in rural areas and are therefore dependent on physically demanding work to earn an income or survive through subsistence farming. Those who are employed in the public sector and the major economic activities of clove production and tourism are often forced to retire at 60. This leaves the majority of the population facing an uncertain future.

Evidence from around the world shows that older people's lack of income affects not only them, but also other members of the households in which they live and the dependants they care for.⁴

Older people contribute despite declining health

Older people often lack productive assets and the social support networks that would enable them to exploit available resources. A compounding factor is the responsibility of looking after orphans and their often poor health status.⁵ 50 per cent of older people were unable to work and 16 per cent of people living with disability in Zanzibar were older people.

The welfare of older men and women is the mandate of the Department for Health and Social Welfare. The department currently makes provision for some older people without relatives. A small number are housed and provided for in homes for older people. A much larger number are provided with a small monthly cash transfer of 5,000 shillings (US\$3.80) targeted at vulnerable groups, which include older people, administered at community level.

Family support structures no longer exist

There is a popular belief that older people are provided for by their families as they face declining health and reduced ability to work, and therefore do not require government support. However, the evidence in this study shows that for most older people this simply is not the case. Changing family structures, migration, HIV and AIDS, and poverty have eroded traditional patterns of support. Even where parents had migrated, the level of financial or in-kind support back to grandparents was often minimal. Only one older person interviewed received regular support which could be classified as good. Nearly a third of interviewees received no support at all from their families. Women were more likely to receive support only in the form of food.

3. What social protection options exist for Zanzibar?

Article 25 of the Universal Declaration of Human Rights states that “everyone has a right to a standard of living adequate for the health and wellbeing of himself and of his family... [and]... the right to security in old age”. In Zanzibar, as many as 60 per cent of older people receive no regular income at all. Of the 40 per cent who do receive some income, around half only receive the small cash transfer to vulnerable groups.

The challenges of extending the contributory system

Zanzibar does have an effective contributory pension scheme, known as the ZSSF, which covers the workers in the formal sector. Pension amounts range from around 10,000 shillings (US\$7.60) a month to 1,000,000 shillings (US\$760.46) a month.

Reforms to this system would not address the current levels of poverty of older people, nor of those reaching retirement age in the next 20 to 30 years, as they would not have had time to build up contributions.

Labour remains informal and agricultural, often on a subsistence basis, particularly in rural areas and Pemba. The formal sector covers only around 10 per cent of the workforce. While the number of formal workers may increase over time, there is never likely to be a situation where a majority of the population will be covered by the ZSSF.

Although it is important to persuade ZSSF to improve its coverage and the benefits they provide, it is unlikely that there will be any significant or sudden change to the levels of informal and rural labour in Zanzibar. Therefore, extending contributory systems would not provide pensions for all or even a majority of older people, even in the future.

The targeted cash transfer of 5,000 shillings provides less than one third of the basic food need

The scheme has had some success in reaching destitute older people. Recipients receive 5,000 shillings a month, the amount was increased in 2007 from 500 shillings, the level at

which the scheme was introduced in 1966. In Pemba 4,771 older people receive this allowance, in Unguja the number is 6,353.

Furthermore, many non-recipients are as vulnerable as recipients. In the communities we visited, many of those not receiving the grant appeared to be no less vulnerable than those who were receiving it.

Local village leaders select potential beneficiaries and the cash is delivered via social welfare officers. However, international evidence shows that there are challenges with systems based on selection of beneficiaries at local level and these systems are not effective in reaching the poorest older people. Where there is discretion at local level and often very little difference between people's income and assets, decisions on who receives a grant can become arbitrary and the most vulnerable older people often miss out. Importantly, extending this kind of grant is complex and expensive to administer.

The cash transfer paying older people 5,000 shillings (US\$3.80) a month is greatly valued in communities. However, the level of the benefit and the coverage is insufficient.

A universal non-contributory pension would guarantee a minimum income

A small pension payment to all older people in Zanzibar would provide older people and their households with significantly increased protection from poverty.

The cash would help older people afford food, access services such as healthcare, support them in their caring role and facilitate investment within communities. The pension could provide additional income to the 16.5 per cent of households in Zanzibar headed by or including older people. This income is particularly important for labour-constrained households in which both older people and children live without a person of working age, which are the most vulnerable households. For older people who are currently dependent in these households, the cash would enable them to make a positive contribution, rather than being regarded as a financial burden.

There are key benefits in implementing a pension with universal coverage:

- significantly lower administrative costs due to the simplicity of administering the scheme
- easier to ensure coverage of **all** older people
- could be run at national scale from the outset rather than gradually scaling up
- politically very popular with citizens as all people can potentially benefit.

Recommendation: a universal pension scheme would be the most effective social protection instrument for Zanzibar. It provides the best means of alleviating poverty among all older people, is likely to be the most popular intervention and the easiest to implement.

How much would a universal pension cost?

The cost of a universal pension scheme is determined by two key parameters;

Age of eligibility The study modelled a range of options for age eligibility in Zanzibar: 60+, 65+ and 70+. However, the most desirable seems to be 60+ as this corresponds with the age of retirement.

Size of the grant The size of the transfer in universal pensions around the world range from 20-45 per cent of GDP per capita. This range seems appropriate to the context of Zanzibar where a 30 per cent per capita transfer is approximately equal to the current level of the food poverty line at around 17,000 shillings per month.⁶ A transfer of 43.9 per cent is equal to the 25,000 shillings transferred to older people in government-provided accommodation, and is just under the basic needs poverty line. A lower transfer of 20 per cent of GDP per capita (11,400 shillings) would be equal to around two-thirds of the food poverty line.

Table 1 presents the costs of different pension schemes in 2009 as a percentage of Zanzibar’s overall GDP.

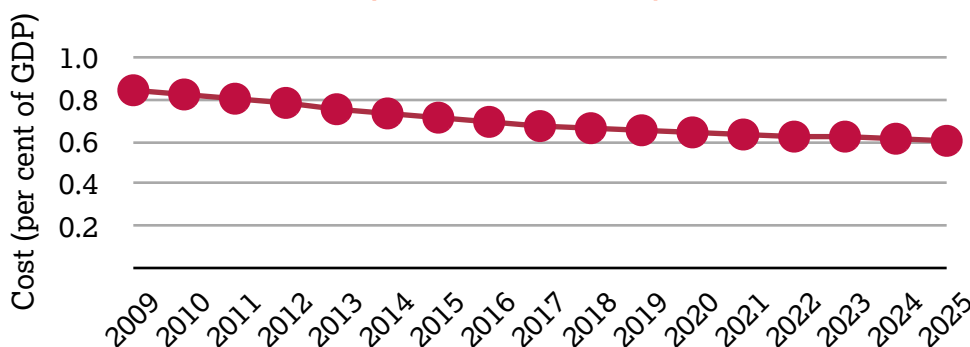
Table 1: Cost of scheme as % of GDP

Age eligibility	20 per cent of GDP per capita transfer	30 per cent of GDP per capita transfer	43 per cent of GDP per capita transfer
60+	0.85%	1.27%	1.86%
65+	0.57%	0.86%	1.26%
70+	0.35%	0.53%	0.77%

It is important to remember that these options are a starting point. A higher eligibility age can be brought down over time, or the amount of the cash transfer can be increased over time as the benefits of the programme become evident.

The study also used the population model provided by the Chief Statisticians Office to model forward the costs of the pension to 2025. This demonstrated that the costs of a pension fall over time relative to GDP, but would grow in monetary terms. The full report provides detailed information on this.

Graph 1: Cost of the pension (20% GDP per capita) over time as % of GDP for 60+



4. How Zanzibar can deliver a universal pension scheme

The study presents key implementation issues for Zanzibar to address if it decides to put in place a universal pension. These are summarised below.

Registration processes

Zanzibar is well placed to establish who is eligible for a pension scheme as it has a national system of ID cards which include a person’s date of birth. From our interviews the majority of

older people appeared to have a card and our research did not uncover barriers to older people receiving ID cards. For those without ID cards there would need to be a process of establishing age at community level.

Once all members of the community have ID cards or are listed, the registration process would include collecting basic data and issuing those eligible with a means of receiving the pension.

Recommendation: Registration for the universal pension scheme should take place through events at local centres – these should be at an accessible distance for older people to travel. Older people should be eligible on the basis of the age on their national ID cards or, in exceptional circumstances, on the basis of a community consultation.

Social welfare officers, with access to a local registry that feeds into a central registry, should be responsible for the ongoing adding and removing of people from the pension scheme. A small funeral benefit should be put in place to encourage reporting of deaths.

Payment mechanisms

Regular and reliable payments would be essential to the success of a universal pension scheme in Zanzibar. Many pension schemes pay cash to beneficiaries on a monthly basis. It may be possible to pay the pension at longer intervals to save on administrative costs. Most importantly, whatever the frequency of payment chosen, it is critical that payments are regular and predictable. The study presents two options, the pros and cons are summarised below.

Options	Pros	Cons
Mobile banking	<ul style="list-style-type: none"> Capacity for mobile banking to be rolled out already exists. Easy for older people to understand. Could help encourage the development of financial infrastructure across Zanzibar. Older people pulled to particular location allows for health checks and services to be delivered. 	<ul style="list-style-type: none"> Costs of this payment mechanism don't reduce over time. Potential long queues for cash on pension day. Some older people may struggle to travel to fixed locations.
Payment by cell phone	<ul style="list-style-type: none"> Costs are much lower over the long term. More flexible to older people's needs as they can choose when and where to receive cash. Expands technological infrastructure across the island. Facilitates families to send money to their older relatives. Cell phone can become a community resource. Health messaging can be sent via SMS. 	<ul style="list-style-type: none"> Initial high cost of infrastructure investment. Potentially difficult for older people to use cell phones.

Recommendation: Both payment mechanisms are potentially feasible for Zanzibar. A more detailed study should be carried out to examine the full cost benefits of the options, including pilot testing with older people of the different mechanisms.

Monitoring and evaluation

Monitoring and evaluation of a universal social pension needs to take two forms: internal monitoring and monitoring impact.

Internal monitoring This ensures that all potential recipients are registered for the scheme and that payments are delivered in an effective and accessible manner. In particular, these systems ensure that the pensions are reaching the poorest and most vulnerable older people, who are often excluded from social policy interventions. One possible method for doing this would be to implement a community-based complaints mechanism for the scheme.

Monitoring impact This aspect addresses how the scheme is impacting on recipients, their households and communities in general. Zanzibar will need to establish a baseline against which to measure improvements and a control group of households to compare trends in recipient households. The study outlines the implications of both these tasks, including the indicators that would need to be included in the baseline and considerations to be made in establishing a control group.

The quantitative evaluation would need to be complemented by qualitative research that would help explain the reasons behind different behaviours. This could include compiling a set of case studies of recipients.

Institutional arrangements

A universal pension should be government led. Therefore a number of central government departments in Zanzibar would need to be involved in the policy development of a universal pension scheme, with the Ministry of Health and Social Welfare playing a key role.

On the basis of a strong service delivery contract with government, implementation would require strong engagement and involvement of the private sector, including banks and mobile telecoms providers. Local capacity of social welfare officers at village level would also be vital. A full institutional analysis should be carried out at the next stage of development towards a pension scheme.

5. Funding arrangements

The cost of implementing a pension would be around US\$8.81 million in 2010 prices, rising to US\$10.3 million in 2015, but falling as a share of GDP from 1.24 per cent to 1.07 per cent.

Growing interest from international donors in social protection schemes such as pensions as a means of tackling poverty and promoting good development suggests it would be worthwhile for the Government of Zanzibar to seek direct donor funding in order to support the first few years of the scheme.

A contribution from donors of just US\$5 million a year would keep costs for Zanzibar at around 0.5 per cent of GDP, which is affordable by international standards. Alternatively, any donor funding could be frontloaded so that the cost to Zanzibar would rise gradually over time. A potential funding model is presented in the full report of the study.

Since those not receiving the pension payment now would hope to do so in the future, the population is likely to be supportive of general taxation being used to fund the scheme. But while funding for a pension could be from general taxation, the study also suggests options for specific revenue raising, for example, to arrange a levy on the tourist industry – such a levy could be used to part-fund a pension.

Recommendation: If the Government of Zanzibar approves the concept of a universal pension scheme a full assessment of potential donors and funding streams should be immediately carried out.

Endnotes

1. Population census data (2002), Household Budget Survey data (2002) and Tanzania Demographic and Health Survey (2004-05)
2. The working age population is measured as those aged 18-60.
3. All conversions are at 2009 rates.
4. Kakwani, Nanak and Subbarao, Kalanidhi (2007) 'Poverty among the elderly in Sub-Saharan Africa and the role of social pensions', *Journal of Development Studies*, 43:6, 987 - 1008
5. 2002 National census
6. Calculation based on a modelling of the food poverty line from 2004/05 levels to 2009 based on annual 5% growth – exact amount for 2009 is 16,660 shillings.

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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