Aspects of social, political and cultural implications of increasing life expectancy and the extension of working lives

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Nazgul Asangojoeva, HelpAge International, Kyrgyzstan

The presentation is based on the research conducted in Tajikistan and Kyrgyzstan by HelpAge International “Off the grid”
Tendencies in EECA countries

- High level of unemployment
- Large scale of migration (skip-generation households, children are cared by older people)
- High level of informal economy (no sufficient social protection and no sufficient free health care for employees)
- Demographic changes (changes in retirement age for woman from 55 to 58 and man from 60 to 63)
- No mature markets (risks for investment of social contributions)
- Low retirement age (gender issues, pensions of women are lower than pensions men)
- No sustainability of pension system (the ratio of the working population to retirees in Kyrgyzstan is 1.2 to 1, the best option is when the 4 to 1)
• Vast number of countries within UNECE has large informal sectors and large numbers of older people working until they are very old, work for older people is not a choice, they work because they have to.

• For example in Kyrgyzstan and Tajikistan in the next two decades, as the overall proportion of older people gets notably larger, the first wave of the post-Soviet informal labour force will start to reach retirement age, posing a critical challenge for social protection programmes in both countries. On one hand, under existing rules, many informal workers will not be eligible for so-called contributory pensions, because they and their employers have not been paying into the necessary funds. On the other, both countries already struggle with fiscal strains that make any new public-sector spending, including large-scale poverty-reduction programmes, hard to afford. If strategies to address this triple dilemma of informal labour, an ageing population and low state revenue are not developed soon, Kyrgyzstan and Tajikistan will face a massive spike in the number of older people without decent income and, consequently, greatly increased rates of old-age poverty.
• The informal economy in EECA countries promises to pose major challenges for old-age social protection in the future, but its scale – and the consequent shortfalls in payments to social insurance funds – also deepens some of the problems that exist today, in particular the government’s ability to pay out benefits. As it stands, both types of pensions currently available to older people are woefully inadequate as a single source of income.

• At the same time there is the economic advantage of providing older people with a pension. Investing in older people with a pension supports others (families, grandchildren etc), and that it is on the capacity of even the poorest countries to do this (for example in in Kyrgyzstan). Investment in older people contributes to their rights by enhancing their capacity to live a more dignified and decent life. The elder abuse survey shows that the absence of older people own income makes them vulnerable to abusive behaviour and attitude by family and officials.

• In low- and middle-income countries, a time of retirement in which older people cease to work but continue to receive an income, is enjoyed by relatively few people. The great majority of older people continue to work in order to survive or to provide for young dependents in their care.
• For older people in low- and middle-income countries, working contributes a significant percentage of income and daily expenditure sources. As such, maintaining work and income for older populations in these countries is crucial.

• Older people face serious health risks, but only a small number of older people have access to affordable health services. Even where services are available in theory, access is difficult for older people in low-income countries due to poor quality and lack of healthcare infrastructure and high out-of-pocket payments.

• Current social protection systems in low- and middle-income countries have usually been designed for formal sector workers, who are less poor and vulnerable than those in informal sector workers. Most of the older people who are currently working in the informal sector are not covered by any social insurance system, especially schemes that give permanent income-based retirement packages.

• Informal sector has rapidly increased in EECA and it will dramatically threaten old age income security unless both the change in the labour market structures and insufficiency of focus on contributory pensions only is realized.
Conclusions

As outlined above, Kyrgyzstan and Tajikistan face the simultaneous challenges of a ballooning informal labor force, an ageing population and pension systems that will have difficulty providing adequate social protection to future generations of older people, especially those without formal labor records.
• Recommendations:
• Guaranteed minimum income for all (universal pension)
• Realistic projections (policy must be made for the future, rather than the current situation)
• Life-course approach (the projections should go beyond old age to encompass a “demographic vision”)
• Comprehensive, coordinated approach
• Institutional realities (In developing new social protection systems, it is crucial to build on those that exist already rather than aim to tear them down and build something from scratch)
• Learning from others
• Information and awareness
• Innovation for increased contributions
• Restoring public trust
• Advocate to government for improved representation by, and services for, older people in the workplace and at community and national level.
• Develop age-inclusive, rights-based and age-specific recommendations for the post-2015 framework to ensure that action on ageing is mainstreamed and outcomes monitored.