



Coverage of older people in Ethiopia's social protection system

Realizing the commitment of the National Social Protection Policy to expand social protection to all older people

September 2019

HelpAge International is a global network of organisations promoting the right of all older people to lead dignified, healthy and secure lives.

This report is produced for HelpAge International based on the reviews of documents related to national social protection systems, and qualitative assessments conducted at national level and four sample regions. The views reflected in this report may not necessarily indicate the views of HelpAge but that of the consultant.

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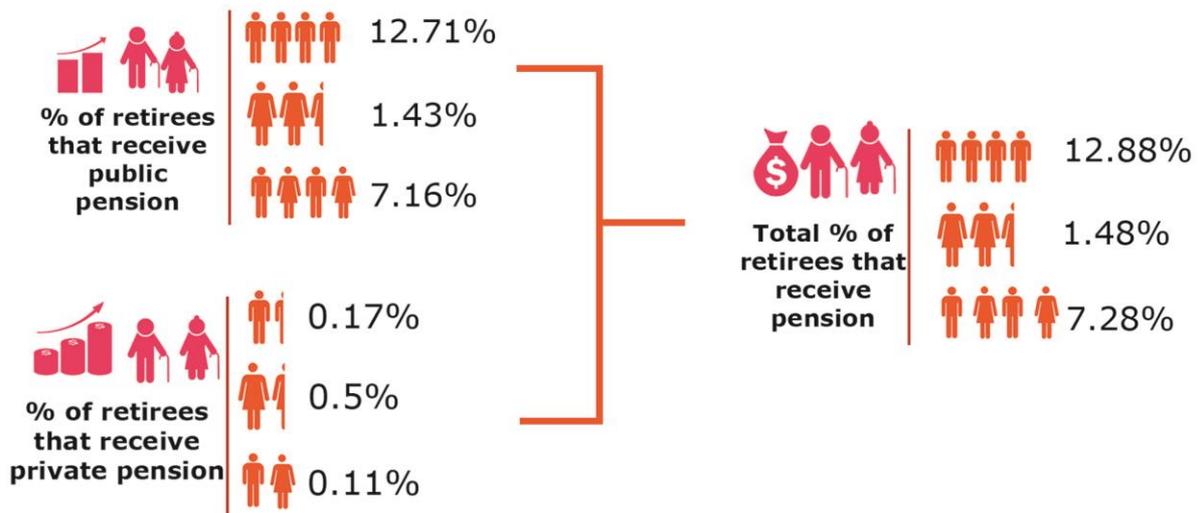
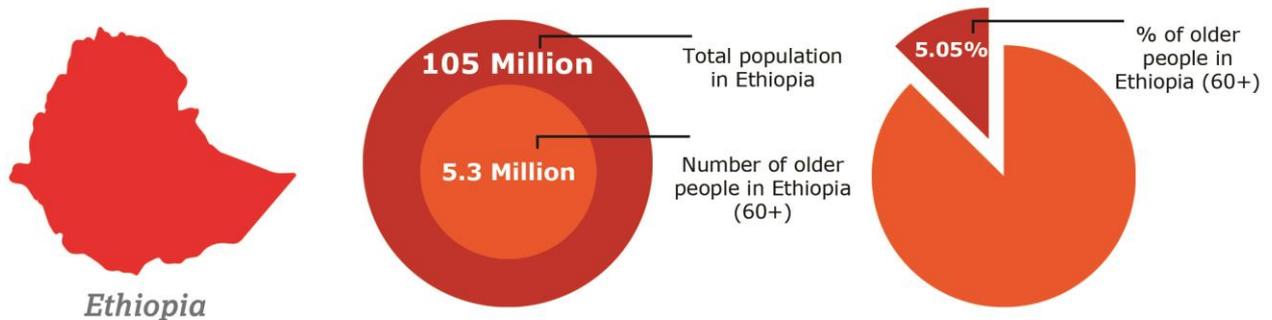
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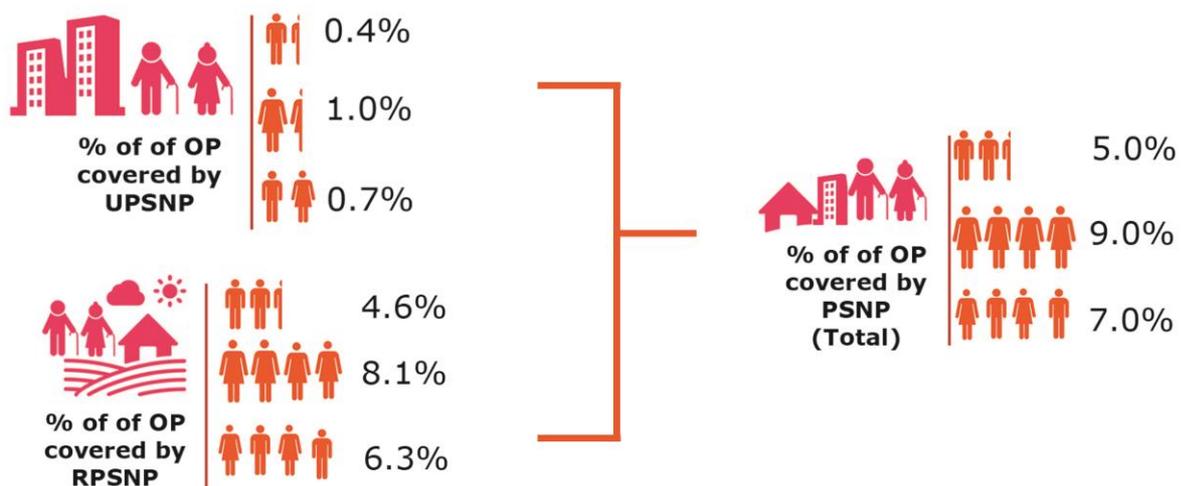
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Older People and Social Protection in Ethiopia



Older population that receive pension Benefits



Older people covered by Urban and Rural PSNP in 2018/19

* RPSNP = Rural Productive Safety Net Programmes
 UPSNP = Urban Productive Safety Net Programmes



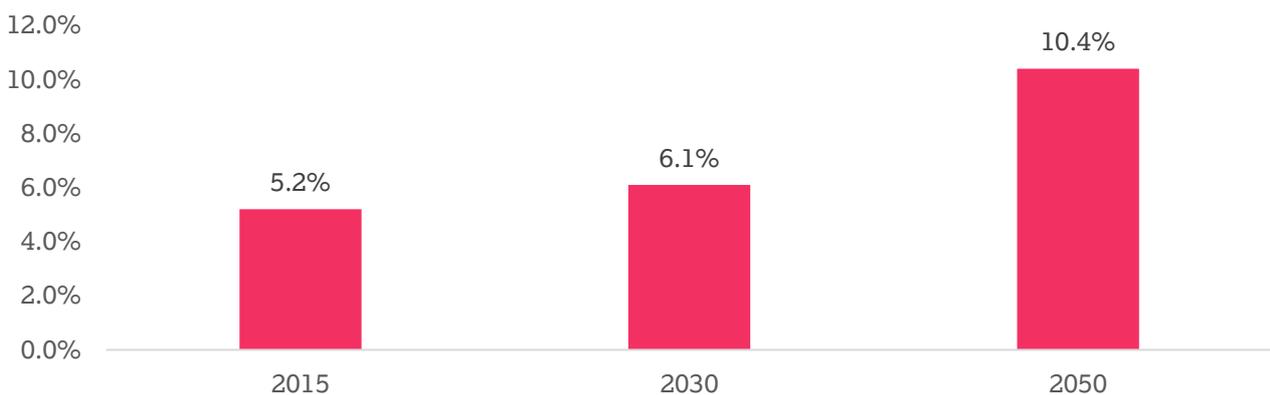
Ethiopia's vision for social protection

Ethiopia's economy has enjoyed rapid and sustained growth over the last decade, with real GDP growth averaging 9.9 per cent a year from 2007/08 to 2017/18. Such sustained and broad-based growth has resulted in an impressive reduction in the share of the population living in poverty, from 44 per cent in 2000 to 23.5 percent in 2016, and considerable progress in key human development indicators including increasing primary school enrolment by four-fold and reducing child mortality by half¹.

Therefore, to further improve the social and economic wellbeing of all Ethiopians, including the poor and marginalized, the Government is committed to develop a comprehensive and integrated social protection system. To realize this ambition, a National Social Protection Policy² (NSSP) was approved in 2014. The NSSP identifies a number of social protection interventions and prioritises broad categories of society that are in need of social protection. One of these categories are older people.

In 2015, there were 5.2 million people over 60 years in Ethiopia, representing just over 5 per cent of the population³. However, as illustrated by Figure 1, the percentage of older people in Ethiopia's population is expected to increase to 6.1 per cent in 2030 and 10.4 per cent in 2050.

Figure 1: Estimated percentage of Ethiopia's population aged 60 or older, 2015-2050



Source: HelpAge International (2015)

The NSSP recognises that older people in Ethiopia are ‘amongst the most vulnerable and affected segments of the society’. (NSSP, page 1).

Specifically, the NSSP calls for the following:

- Establish a social safety net system for the benefit of the elderly with no care and support, (NSSP, page 7).

The NSSP further outlines the Government's vision on social insurance (Focus Area 6.3. Promote Social Insurance), which is the progressive expansion of Ethiopia's:

“social security scheme, social health insurance, community-based health insurance, and vehicle insurance against third party risks, weather-indexed crop insurance and a well-regulated contributory pension system that covers both the formal and informal sectors.” (NSSP, page 8).

Analysing the coverage of older people in Ethiopia's social protection system

In order to support the realisation of these objectives set out in the NSSP, HelpAge International Ethiopia commissioned a study to **analyse the coverage of older people by Ethiopia's main social protection programmes.**

The study involved collecting primary data at both federal and regional level, as well as comprehensive review of secondary data and documents to establish the coverage of older people by Ethiopia's main social protection programmes. This information was triangulated with information from a series of in-depth interviews with representatives from the Ministry of Labour and Social Affairs (MoLSA), the Ministry of Agriculture and Natural Resources (MoANR), the Federal Urban Job Creation and Food Security Agency, the Productive Safety Net Programme (PSNP) Taskforce, the Public Servants Social Security Agency, and the Private Organizations Employees Social Security Agency.

These key informant interviews took place at the federal level and across eight study sites. These were Adama City and Yabello in Oromia, Dessie City and Guba Lafto Woreda in Amhara, Hawassa City and Dale Woreda in the Southern Nations, Nationalities, and Peoples' Region (SNNPR), and Addis Ababa City. Additionally, 16 focus group discussions were conducted across the eight study sites with PSNP recipients and non-recipients.

This brief seeks to provide a summary of key findings of the assessment, as well as conclusions and recommendations emerging from the research.

Coverage of older people in Ethiopia's social protection system

Although there are several of programmes within Ethiopia's social protection system that support older people, this study has focused on the two that are most relevant to older people in terms of objectives and scope: old age pensions and the Productive Safety Net Programme (PSNP).

Coverage of old-age pensions

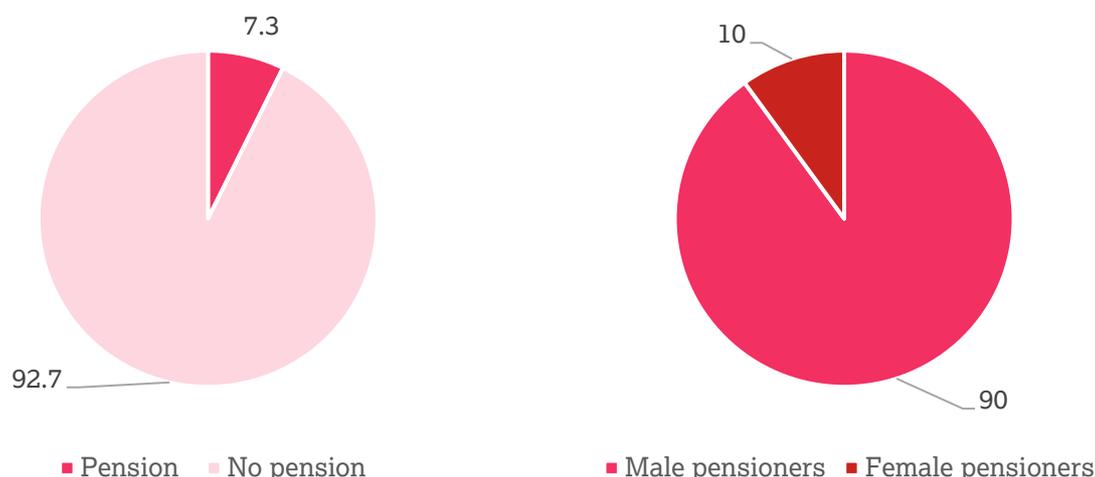
There are currently two pension schemes in Ethiopia: The Public Servants' Pension Scheme and Private Sector Organizations Employees' Pension Scheme. The Public Servants' Pension Scheme was established in the 1960s and covers all civil servants and military personnel. The Private Sector Organizations Employees' Pension Scheme was established in 2011 to provide social security cover to private sector and informal sector employees on voluntary basis. The regulations governing public employees' pensions and private sector pensions are identical, but private sector pensions are administered by a separate agency. The Public Servants' Pension Scheme is managed by the Federal Public Servants Social Security Agency (PSSSA), while the private sector scheme is managed by the Federal Private Sector Organizations Employees' Social Security Agency (PSOESSA).

The retirement age for public and private employees is 60 and 55 for military personnel, with a minimum service requirement of 10 years. In 2019, the minimum monthly pension is 744 Birr (USD 25.03), and the maximum monthly pension is 70 per cent of the insured's average monthly basic salary⁴. In 2020, the minimum monthly pension was raised to 1,250 Birr (USD 35.8)

Limited coverage of old-age pensions

The Ethiopian pension system has a limited coverage, with only 7.3 per cent of the Ethiopian population above the statutory retirement age of 60 benefiting from an old-age pension. According to PSSSA and PSOESSA data collected by the authors this study, the number of old age pensioners in 2017/18 was just 317,189, of which 90 per cent were men.

Figure 1. Pension coverage in Ethiopia, 2018, by sex



Source: Federal PSSSA and POESSA, 2019 (authors' calculations)

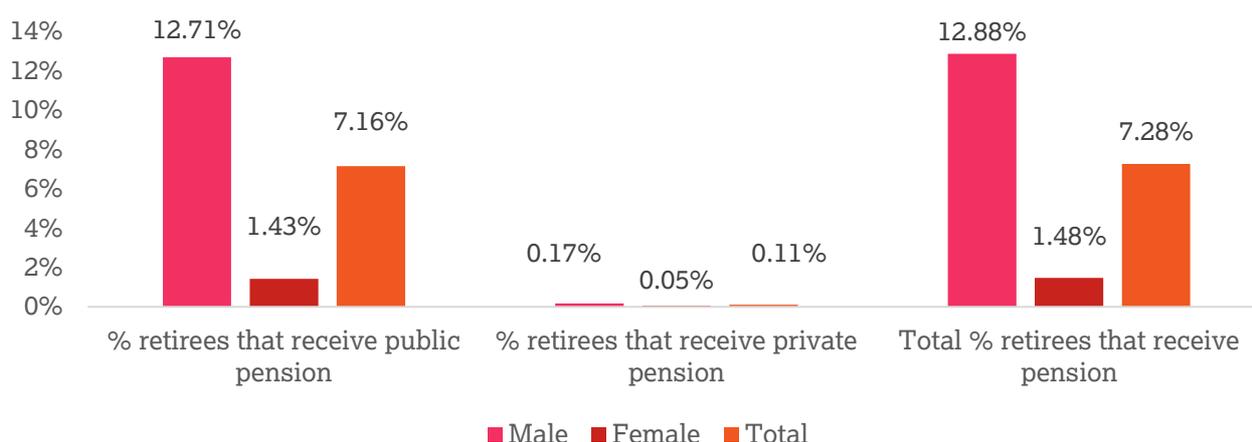
Table 1. Pension coverage in Ethiopia, by sex and scheme

Year	Number of civil servant pensioners		Number of private employees' pensioners		Total number of pensioners (public and private)
	Male	Female	Male	Female	
2014/15	257,233	22,531	2,462	794	283,020
2015/16	266,129	25,023	2,099	1,096	294,347
2016/17	274,211	27,305	3,438	1,348	306,302
2017/18	282,424	29,685	3,879	1,201	317,189
2018/19	287,666	31,222			318,888

Source: Federal PSSSA and POESSA, 2019 (authors' calculations)

Older men are much more likely to have a pension compared to women, reflecting of different work trajectories and life-courses, in particular a much higher representation of men in the formal economy. Figure 3 illustrates the percentage of the population that receive an old age pension by sex. Although coverage is very low across the board, men in Ethiopia are nine times more likely to receive a pension than women - 12.9 per cent of men compared to 1.5 per cent of women are currently receiving pension benefits. As shown in Figure 3 below, this imbalance is largely based on the public sector scheme, which has many more male recipients as compared to women. The incipient private sector scheme, having only been launched in 2011, currently only pay benefits to 0.1 per cent of population above the statutory retirement age (0.17% male; .05% female).

Figure 2. Percent of older Ethiopians that receive a pension



Source: Federal PSSSA and POESSA, 2019 (authors' calculations)

The level of coverage is unlikely to increase substantially in the coming years given the current low levels of active contributions to the social security system. Although take up among both civil servants and private sector employees is high (82 percent and 97 per cent respectively), only 5 per cent of the working age population are currently enrolled in a pension scheme. Low labour market participation rates, high rates of unemployment and informality contribute to low coverage - nearly 95 per cent of the working age population are either unemployed, working in the informal sector, or studying (4.5 percent of the workforce work for the government, and 1.4 percent are employed by the private sector).

Low adequacy of old-age pensions

Pension recipients in focus group discussions complained that the level of the pension benefits is too low. Indeed, the minimum monthly pension of 1,250 Birr (USD 35) is just 60 per cent of the international poverty line (USD 57.7 per month based on 1.9 USD a day). This seems to be largely a reflection of low wages earned by throughout their times of formal employment.

Pension recipients also mentioned in interviews that the untimely payment of the pensions, which is paid through banks and microfinance institutions, hinders their ability to plan.

Inclusion of older people in the Productive Safety Net Programme

The Rural Productive Safety Net Programme (RPSNP) is Ethiopia's flagship social protection programme. Implemented since 2005, it aims to provide a safety net for chronically and transitorily food insecure households in rural areas. The programme is now on its fourth phase – PSNP4 (2015-2020) – and has four core components: Permanent Direct Support (PDS), Public Works (PW), Temporary Direct Support (TDS), and a Livelihoods Component (LC).

- **Public works (PW):** Eligible households with able-bodied adults are enrolled on this programme, with work geared towards enhancing infrastructure and enriching community-based resources. Public works activities occur for six months each year, during which beneficiaries receive a salary based upon household size. Around 85

per cent of participant households receive transfers in exchange for labour on public works projects.

- **Permanent Direct Support (PDS):** Those who are unable to work due to disability, illness or older age are enrolled in the direct support programme, which provides food or cash transfers around the year.
- **Temporary Direct Support (TDS):** Temporary clients are pregnant or lactating mothers or caregivers for a malnourished child, who are enrolled in the public works component and temporarily shifted into direct support.

The RPSNP's cash transfer is calculated on the basis of the cost of buying 3kg of cereal and 0.8 kg of pulses per day (15kg of cereal and 4kg of pulses per person per month) in the market. PSNP recipients receive the same transfer regardless of whether they are a permanent direct support client or a public works and links to social services client. In case of in-kind food transfers, a monthly package of 15kg of cereal and 4kg of pulses are being provided. PDS beneficiaries are also supported to access the Community Based Health Insurance (CBHI) scheme for free.

Since 2016, the Urban Productive Safety Net Programme (UPSNP) is directly focused on addressing the challenges of urban poverty. The UPSNP is currently implemented in 11 cities. It includes an Unconditional Cash Transfer (UCT) component targeted at people who for a variety of reasons are unable to work, including the chronically ill, older people, people with disabilities, children living on the streets, the homeless.

Transfer levels in the UPSNP are low. Unconditional transfer beneficiaries receive 215 Birr (USD 7.2) per person in a month or 2,580 Birr (USD 87) per year, which is only 13 per cent of the international poverty line (USD 1.9 a day) and just 4 per cent of the minimum market wage for the construction sector.

While the PSNP does not directly target older people, the PDS component of the RPSNP and the UCT of the UPSNP target people unable to work, a significant number of which are older people. Table 2 presents the number of older people covered by the PDS and the UCT in 2018/2019 according to figures from the Federal Food Security Coordination Agency and the Ministry of Labour and Social Affairs. These numbers do not include beneficiaries from Afar, Dire Dawa, Harari and Somali regions since there are no sex and age disaggregated data on PDS beneficiaries for these regions.

A total of 281,155 older people benefited from the Rural PSNP's PDS in 2018, and just 29,197 benefited from the Urban PSNP's UCT. Women were more likely to benefit from both programmes. The number of beneficiaries has remained largely unchanged over the past 3 years as no substantive re-targeting exercises has taken place.

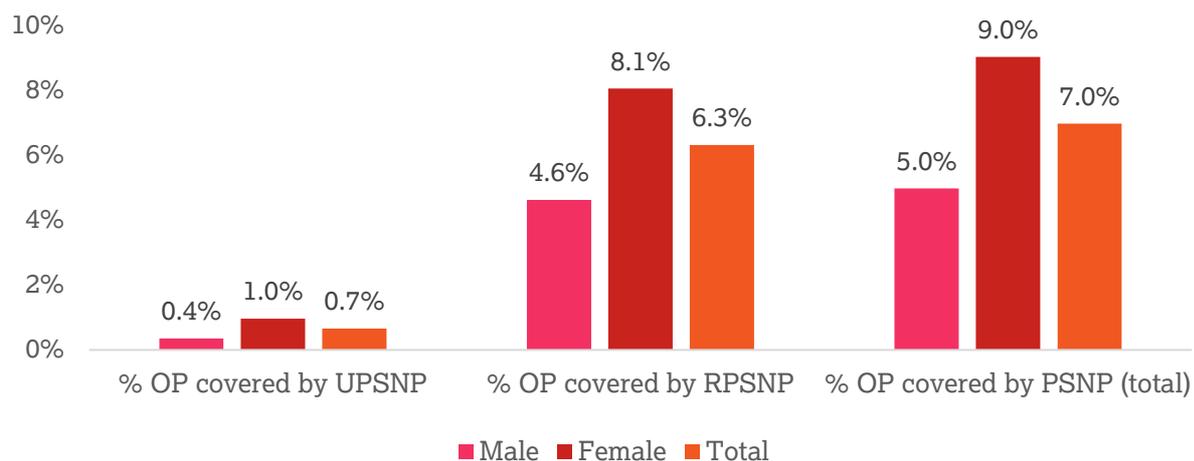
Table 2. Coverage of older people by Urban and Rural PSNP programmes

Year	Rural PSNP: Coverage of PDS component			Urban PSNP: Coverage of UCT component			Total coverage of UCT and PSD component		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2018/2019	104,725	176,430	281,155	8,025	21,172	29,197	112,750	197,602	310,352

Sources: Ministry of Labour and Social Affairs and Federal Food Security Coordination Agency (authors' calculations)

These numbers represent only 7 per cent of the population age 60 and above (5 per cent of older men and 9 per cent of older women). This figure is very low considering that about 23.6 percent of the population live below the poverty line. Indeed, **the FGDs and interviews carried out for this study also point to high levels of exclusion of poor older people from the PSNP**, mainly due to a combination of very strict quotas and the difficulties older people face in providing evidence on the socioeconomic and living conditions of their households.

Figure 3. Percentage of older people covered by the UPSNP and RPSNP programmes, by sex



Source: Ministry of Labour and Social Affairs (authors' calculations)

Box 1. Experiences of older people in the Productive Safety Net Programme

Enrolment: Older people generally find it hard to understand the selection criteria and the process by which people were prioritised to be enrolled in the PSNP. Lack of transparency and accountability in the process are said to generate anxiety and jealousy in communities. *“We are informed that the committee does the screening, but we do not know how they do that”.*

Older people also noted that the quota per kebele was too small and was quickly filled by people who lived nearby the places where the registration took place – those who lived more remotely or had difficulty travelling often missed out. In Yabello woreda, for instance, older people observed that most of the PDS beneficiaries were from nearby (walking distance) vicinities while the pastoralist women and men in the remote areas were overlooked.

Adequacy: Virtually all older people considered the amount of the transfer to be inadequate to cover their most basic needs. A particular concern was the cap in the number of household members in the calculation of benefits (4 in urban and 5 in rural areas); especially in pastoral areas, households tend to have a very large number of members. FGD participants in Addis Ketema and Kolfe Keraneo sub cities of Addis were also particularly concerned that the transfer value had not been adjusted to keep pace with market prices.

Payment: Recipients noted that payments are very unreliable. PDS beneficiaries said that they often have to wait three to four months to receive their payments and when they do get paid, the payment is often only for two months at a time. Older people also complain about the distances to the distribution centres for rural PSNP. For instance, the PDS beneficiaries from two of the kebeles around Yabello town have to come to a school at the border of Yabello town to receive their payments. The FGD participants said that cost of using transport (Bajaj) to travel to receive their payment is too high for them.

Complaints and redress mechanisms: Qualitative research findings indicated that the appeal/grievance mechanism established at kebele level to hear complaints coming from the community regarding the design and/or the implementation of the programme – the Kebele Appeal Committee (KAC) - had limited capacity and authority to deal with their complaints and did not seem to be able to pass on the complaints to the next levels (the Kebele Council and Woreda Council).

According to the Programme Implementation Manual (PIM) the most common complaints related to the cap on the family size and targeting (inclusion and exclusion errors).

Coverage gaps in Ethiopia's social protection system

Only around 15 per cent of Ethiopia's older people currently receive any kind of social protection. Based on the numbers of older people covered by the public and private sectors contributory old age pensions and the PSNP, 634,330 older Ethiopians were covered by social protection programmes in 2018. Although this number has been increasing gradually over the years, **the vast majority of older people in Ethiopia – an estimated 86% - are not covered by any social protection intervention.**

The underlying reasons for the low coverage of older people by Ethiopia's social protection system is a combination of low levels of overall coverage by the existing social protection programmes, including the use of strict location-specific quotas, an exclusive reliance on contributory pensions linked to formal employment, and the lack of a dedicated social protection programme aimed at ensuring income security for older people outside the small formal economy.

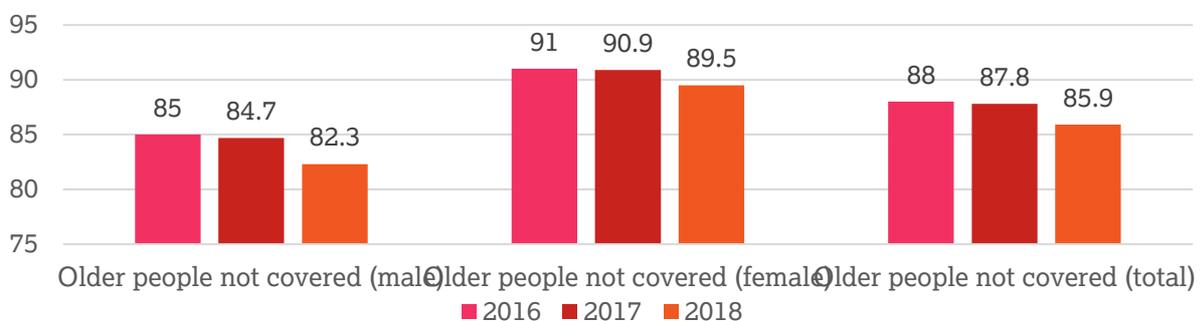
Table 3. Summary of the coverage of older people by social protection programmes

Type of social protection programme	Male	Female	Total
Rural PSNP ¹	104,725	176,430	281,155
Urban PSNP	8,025	21,172	29,207
Contributory pension – public	287,666	31,222	318,888
Contributory pension – private	3,879	1,201	5,080
Total coverage	404,295	230,035	634,330

Source: Ministry of Labour and Social Affairs (authors' calculations)

Older women receive less support than men. Although there are difference between schemes, the total coverage figures highlight a considerable imbalance between men and women - there are twice as many men covered by social protection than women (404,295 older men compared to 230,035 older women). While more women than men receive social assistance through the PSNP and UPSNP, the vast majority (89 per cent) of all pensions paid in Ethiopia go towards men.

Figure 3. Percentage of older people not covered by any social protection scheme, by sex



Source: Ministry of Labour and Social Affairs (authors' calculations)

¹ Excludes older people covered by RPSNP in Afar, Somali, Dire Dawa and Harari where disaggregated data was not available.

Box 2. Impacts of the Productive Safety Net Programme on older people

Findings from this study indicate that, despite its limitations, the PSNP has had a positive impact on the lives of older people who receive it.

Qualitative research indicated that the transfers have enabled older people to have better access to food and participate more actively in social and traditional events. Additionally, thanks to the links with the Community-Based Health Insurance (CBHI), some beneficiaries (particularly in urban areas) were able to access free healthcare.

FGDs participants in Adama, Hawassa and Dessie Towns also talked about how the transfer, although irregular, has helped them to generate additional income by engaging in petty trade, poultry production, goat fattening and producing local brewery.

An old man from Hawassa said “*irdata yelelaw shimagile ina kinfi yelelat wof andi nachew*” [“an old man without PSNP support is the same as a bird without wing”].

Interviews with PSNP taskforce members and OPA leaders confirmed that participation in PSNP has helped older people to strengthen their social ties and get more involved in traditional events such as *Idir*, funerals, holidays and wedding.

Conclusions and recommendations

Despite the effort put by government and development partners, there are still large coverage gaps of older people by social protection systems. Sufficiently addressing this coverage gaps may demand major policy and programme reforms.

Given the large remaining coverage gap in social protection for older people, there is a strong logic for Ethiopia to explore the scope for a dedicated social pension, as called for in the NSSP.

Social pensions are tax financed cash transfers paid regularly to older people, regardless of whether they have formally contributed to a pension in the past. Social pensions are of particular relevance in countries like Ethiopia where the scope for expanding coverage of contributory pensions in the near future is low due to a largely informal economy.

Social pensions are also crucial to ensure pension coverage for women, who are often disadvantaged in contributory social security schemes, as they are more likely to have worked in the informal economy and in unpaid family work and care.

A social pension could be seen as a way to rapidly increase coverage of the pension system, providing a foundation for longer-term efforts to strengthen the contributory system.

References

¹ World Bank (2019b). Seventh Ethiopia Economic Update: Special Topic: Poverty and Household Welfare in Ethiopia, 2011-2016.

² Government of the Federal Democratic Republic of Ethiopia (2013). National Social Protection Policy.

³ HelpAge international (2015). Global Age Watch Index 2015. Report Card Ethiopia.

⁴ United States' Social Security Administration (2019). Social Security Programs Throughout the World: Africa, 2017

2019 KEY ACHIEVEMENTS

ENSURING THE PARTICIPATION AND BENEFIT OF OLDER PEOPLE IN THE COUNTRY'S DEVELOPMENT ENDEAVOUR

FOCUSES OF THE PROGRAMME



WORKING WITH GOVERNMENT AND LIKEMINDED ORGANISATION

Conducted awareness raising sessions with the **243 (86F)** persons drawn from government institutions, community based and other likeminded organisations

What have been achieved so far:

- Structural change in the Ministry of Labour and Social Affairs (establishing unit dedicated for older people)
- Drafting proclamation on the right of older people
- Strong older people association at project sites (leaders are becoming more proactive in advocating for the right of older people)
- Rolling out the OCMG model to non-project sites
- Hawassa OPA elected woman as a leader
- Proactive engagement in UPSNP cycle management (starting from identification to monitoring and evaluation)



EMPOWERING OLDER PEOPLE

• **Training of Trainers (TOT)**

- On Leadership and Conflict Management skill for **117 (44F)** OPA leaders
- Participatory Planning and Budgeting for **124 (50F)** OPA & OCMG
- Grievance handling mechanisms for **130 (55 F)** OPA members and OCMG members
- Conducted national level policy review and awareness raising sessions with **343 (153F)** older



EVIDENCE BASED ADVOCACY



Information on UPSNP was collected from **600 older women** and men and discussions were held with concerned bodies



Findings of the review on social protection programs were shared among different stakeholders and discussions were held



Findings of the review on social protection programs were shared among different stakeholders and discussions were held



Dissemination of information on older people through different media outlets



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