Old Age Poverty

A Look into the Efficacy of Zimbabwe’s Old Age Pensions System

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Abstract
Despite having over 500,000 pensioners, Zimbabwe is far from guaranteeing its elderly an effective social security system. The National Social Security Authority (NSSA) – is embroiled in numerous cases of corruption. Similar criticisms have also been levelled against personal pension schemes with the living potential of pensioners in Zimbabwe (who receive in some cases less than US$1 monthly), continuing to deteriorate. In contributing new data to the understudied phenomenon of the old age pensions industry in Zimbabwe, this study interviewed a purposively drawn sample of bureaucrats from NSSA and pensioners in three provinces. Profound challenges in decommodification – attributes of a zero-accountability status quo and a tokenistic, non-transformative old age social security regime were noted with numerous recommendations being proffered. Old age pension administrators’ failure to define and maintain measurable social indicators was argued in the study as partly contributing to their inability to ensure compliance to their primary mandate of providing a social security net for pension contributors.

Keywords: old age poverty, pensions, Zimbabwe, social security, bureaucratic accountability.

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Introduction
Social protection is easily understood as a “set of benefits provided by the state, the market or a combination of both to individuals or households in mitigating against possible hardships arising from a reduction or loss in income (Kalusopa, Dicks and Osei-Boateng 2012).” The rationale here is that individual and family resources may not always be inadequate to cushion people against some risks like disability, unemployment, sickness and old age (Bloom, Jimenez and Rosenberg 2011). The main limitation of an emphasis on basic income security, social assistance and social cash transfers is however the cultural diversity of the world and the ensuing different understandings of “need” and poverty which shape different societal constructions of not only social protection but also its scope. For instance, orthodox European contexts and their predominantly formal labour markets not only perceive poverty as transitional but also have a
cultural homogeneity. Africa's history is laden with evidence of such North–South variances i.e. while the European model is strong on contributory social security contrivances, in traditional Africa, rural kinship ties provided generalised social security during old age (Pauw and Mncube 2007). With a means testing framework that was more attune to the prevailing cultural notions of poverty/vulnerability, traditional Africa welfare practices were more focused on wholesomely enhancing the well-being of vulnerable community members e.g. the Zunde raMambo which aided orphaned and vulnerable children in Zimbabwe (Patel, Kaseke and Midgley 2012). Regardless of these variances, at the heart of it all, social protection programmes have common objectives i.e. to reduce poverty and vulnerability (Cirillo and Tebaldi 2016. As adopted in this study, commensuration i.e. the measuring of different objects with a common matric, helped us evaluate not only (i) the efficacy of social protection programmes but also (ii) concepts such as human rights, social progress etc., despite their contextual fluidity (Berten and Leisering 2017).

With the post-colonial demise of indigenous welfare institutions in Africa, we have seen the shortcomings of Eurocentric social protection models (particularly in the area of old age social security). This has been attributed to the limited coverage of Eurocentric models (typically reaching only five to twenty percent of the population in formal employment) (Devereux 2010). Only a few countries in Sub-Saharan Africa invest in social security programs. Despite the obvious benefits of such programs, uptake, particularly in Africa, is very poor with the UN (2016) estimating that only 16.9% of older persons receive pensions Holmes and Lwanga–Ntale 2012). It is due to these factors that old age poverty is a real risk in many African countries. In Southern Africa, Zimbabwe is particularly conspicuous for a rather bland form of pension system with pensions seldomly commensurate to the economic demands of the external environment. In the entire region, only Swaziland, Botswana, Zanzibar (TZ), Kenya, Lesotho, South Africa, Namibia, and Mauritius have effective social protection services for the elderly.

While both contributory and non–contributory cash transfers are meant to reduce “intergenerational transmission of poverty,” we do acknowledge that pensions are generally meant to support the elderly, not their dependent children/grandchildren. In practice however, they already have this effect in countries such as South Africa where recipients of old age pensions have reduced the said transmission of poverty by contributing to the upkeep of dependents. This is particularly important in contexts where there is no other means of support designated towards minors and orphans left in the care of pensioners. Where this is made possible, pensioners economic independence absolves them of the social exclusion and dependency that is often conterminous with retirement (Devereux 2010). In other words, old age pensions can economically empower recipients and rejuvenate some to their past held positions as economic agents. Old age pensions are also indispensable in meeting the changing economic climate and protecting vulnerable populations from sinking into destitution. Such realisations are why in Lesotho, the Old Age Pension (OAP) was revised in 2015 to LSL five hundred per month (USD forty-five) to cushion the elderly against any economic downturn (Cirillo and Tebaldi, 2016). Consequently, simulation results on the impact of old age pensions project a thirteen to nineteen percentage points reduction in poverty rates for the elderly.

Where the traditional burden of familial support/obligations makes pensioners divert whatever little social insurance they receive towards the needs of arising dependents, a progressive tax system has to avail cash transfers (to offset the household burden of pensions) while at the same time addressing in work poverty. In a way, the only sustainable means to reducing old age poverty is to mitigate against the absence of household income and ensuring food security/nutrition (usually through large scale cash transfer programs) (Zembe–Mkabile et al. 2015). In South Africa, large scale conditional/unconditional cash transfer programs target the most vulnerable and
poverty-stricken in society (Devereux 2010). This is in line with the 2007 Livingstone conference and Yaounde Tripartite Declaration on the Implementation of Social Protection in Africa. In the bulk of African states however (particularly Zimbabwe), there is a “tokenistic colonial approach to welfare policy (Bond 2014).”

Despite the compulsory contributory nature of social insurance – which in turn allows for the state to provide assistance in sickness, unemployment etc., we have seen in some African states a failure to cover the highly informalized labour market. In Tanzania for instance, formal social insurance schemes cover only five percent of the labour force and six percent of the population (Mchomvu, Tungaraza and Maghimbi 2002). In the case of uncertain life-chance conditions (a common risk in most capitalist, market-based economies), the lived experiences of the elderly usually tell a very desperate status quo. The concept of coverage is argued here as the efficacy with which relevant schemes benefit both beneficiaries and their dependents. We argue that this is a more socially inclusive use of the term as it is rationalised by the Sustainable Development Goals’ and their “humanitarian and normative concerns for societies most vulnerable (Gupta and Vegelin 2016).” An actuarial failure to cater for context specific factors such as the extended family and the arising dependent is catastrophic especially in Africa where the proportion of households with both a child under fifteen years of age and an older person aged sixty years or over is highest – as opposed to the global North where it ranks lowest (United Nations 2017). The following section looks at the social insurance system in Zimbabwe, a country where the prevailing economic situation has made almost everyone vulnerable with the retired elderly being the hardest hit. Their precarious existence rationalizes this paper’s inquiry into the state of the social security of elderly citizens in the country.

Pension System: The Zimbabwean Context

Since as far back as the 1900s, there has been two distinct forms of social security i.e., social assistance (non-contributory) and social insurance (contributory) (Kaseke 1988). While this paper is premised on the latter form of social security, we hasten to reiterate the justiciability of both forms of social protection (see Section 82 (a), (c) of the Zimbabwe Constitution). That being said, African countries such as Zimbabwe (as compared to the Global North), have a distinctive focus on social assistance rather than social insurance. The numerous implications of which constitute some of the discussion points canvassed in this paper. Given how the elderly are usually excluded from definitions of unemployment on the basis that they are not part of the labour force, pensions constitute a necessary contrivance in cushioning them against poverty (Kalusopa, Dicks and Osei-Boateng 2012). Ideally, pension funds (defined as savings from money earned while working), provide income security for retirees. However, in Zimbabwe where the total number of those aged 65 and above is hovering above 500 000, the nation's pensions industry players are struggling to provide the requisite social security.

The Pension and Provident Funds Act Chapter 24 of 1976 (hereinafter the Pensions Act) is the principal legislation governing the pensions industry in Zimbabwe. The Pensions and Provident Funds Act (section 2) (1976), defines a pension fund as “any fund the principal object of which is to provide for the payment of a pension to a person who is or has been a member of the fund on his retirement.” The Insurance and Pensions Commission (IPEC) (2019) which was established in terms of the Insurance and Pensions Commission Act [Chapter 24;21], is charged with protecting insurance policyholders and pension fund members’ interests by regulating the insurance and pensions industry in the country. Zimbabwe’s pensions industry, according to IPEC, thus comprises of four different categories or subsectors:
• The Occupational Pension Schemes (self-administered and insured schemes established by employers for their employees)
• Personal Pension Schemes (set up by insurance companies, targeting individual subscriptions)
• Public Service Pension Scheme (established through an Act of parliament to provide for civil servants)
• National Pension Scheme (administered by the National Social Security Authority and is compulsory for all those in formal employment – except for public sector employees)

This study’s participants were involved with one or two of the abovementioned pension schemes, this facilitated for a broad overview of the country’s pensions industry. With the employee and the employer each contributing 3% of the insured earnings each month the NPS pays for old age, invalidity and survivors pensions (International Labour Organization (ILO) 2012). Table 1 shows the state of the pensions industry in Zimbabwe as at June 2019:

An insured fund is administered by an insurance company in whose name the assets acquired through contributions are registered. Self-administered funds (unlike insured funds), have assets registered in the name of the funds. This means that in self-administered funds, the contributor can make decisions on how their money is invested, whereas in the case of insured funds, investment decisions are at the discretion of the insurer. Stand-alone self-administered funds retain the control and ownership of the administration responsible for managing the fund (Insurance and Pensions and Commission 2019). Of the 905 insured funds in the country only 375 are active while for the self-administered and stand-alone funds stand at 138 and sixteen respectively. Out of a total of 1090 funds only 529 are active.

Table 1: Pensions industry overview (June 2019)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Insured funds</th>
<th>Self-administered funds</th>
<th>Stand-alone Self-administered funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of funds</td>
<td>905</td>
<td>169</td>
<td>16</td>
<td>1090</td>
</tr>
<tr>
<td>Active funds</td>
<td>375</td>
<td>138</td>
<td>16</td>
<td>529</td>
</tr>
<tr>
<td>Members</td>
<td>341 895</td>
<td>120 378</td>
<td>336 127</td>
<td>798 400</td>
</tr>
<tr>
<td>Share of total membership</td>
<td>42.83%</td>
<td>15.07%</td>
<td>42.09</td>
<td>100%</td>
</tr>
<tr>
<td>Total income (ZWS)</td>
<td>203 039 977</td>
<td>944 490 863</td>
<td>203 294 451</td>
<td>1 350 825 291</td>
</tr>
<tr>
<td>Total contributions (ZWS)</td>
<td>50 212 400</td>
<td>73 554 154</td>
<td>87 843 031</td>
<td>211 609 585</td>
</tr>
<tr>
<td>Total Benefits paid (ZWS)</td>
<td>41 270 658</td>
<td>51 673 460</td>
<td>45 668 186</td>
<td>138 612 304</td>
</tr>
<tr>
<td>Average monthly pension benefits per pensioner (ZWS)</td>
<td>164.69</td>
<td>124.38</td>
<td>163.90</td>
<td>156.01</td>
</tr>
<tr>
<td>Contribution arrears (ZWS)</td>
<td>46 467 192</td>
<td>81 149 953</td>
<td>527 389 157</td>
<td>655 006 302</td>
</tr>
</tbody>
</table>


As shown in Table 1, membership distribution-wise, the insured funds have the most members, followed by the stand-alone funds while the self-administered funds have the lowest membership. The Zimbabwe pensions industry has a total income of over US twenty six million dollars, a total
contribution of US$211 million against US$2.760 million of the total benefits paid. The average monthly pension benefit per pensioners stands at US three dollars. At the current exchange rate, the average monthly benefits per pensioner against the US dollar amount to only US five dollars (Mhlanga 2018). These statistics mean that more and more companies are failing to pay pension contributions for their employees, heightening their risk of income deprivation upon retirement (which inadvertently exacerbates old age poverty). Table 2 shows the membership of the pensions industry in Zimbabwe:

Table 2: Pensions industry membership

<table>
<thead>
<tr>
<th>Membership type</th>
<th>Membership as of 30 June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>New entrants</td>
<td>9385</td>
</tr>
<tr>
<td>Actives</td>
<td>325,484</td>
</tr>
<tr>
<td>Pensioners</td>
<td>37,031</td>
</tr>
<tr>
<td>Deferred pensioners</td>
<td>356,477</td>
</tr>
<tr>
<td>Suspended pensioners</td>
<td>17,865</td>
</tr>
<tr>
<td>Unclaimed benefits</td>
<td>52,158</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>16,792</td>
</tr>
<tr>
<td>Total membership</td>
<td>815,142</td>
</tr>
</tbody>
</table>


From Table 2, only 16,792 contributors are currently receiving benefits. Over 350,000 are classified as deferred pensioners which means that their savings are still being kept by their funds to be released upon reaching the retirement age. This shows that as the economy continues to deteriorate more people are retiring early in search of greener pastures either in the informal sector or outside the country.

The Widening Chasm in Protection: Zimbabwe’s Economic Crisis

Over the past two decades, Zimbabwe’s pensions industry has faced many challenges, not least the post-2000 economic meltdown where in response to hyperinflation (which hit eighty billion percent by 2008), the US dollar was finally adopted in 2009 (Taylor 2015). This policy move devastated the pensions industry and completely eroded years’ worth of pension contributions (Chivandire 2019). After having used the US dollar for almost ten years, Zimbabwe re-adopted its local currency in June 2019. However, due to a hyperinflationary environment, the local currency has been losing its value at an alarming rate with a month-on-month inflation rate of 26.59% and a year-on-year inflation of over 676% (Reserve Bank of Zimbabwe 2020. This does not present an ideal environment for a vibrant and sound pensions industry with the hyperinflationary conditions rendering the retirement pay-outs insufficient (Nhede 2016). In the Southern African Customs Union (SACU), an IOPS (2011) report cited Zimbabwe as an example of a nation where social insurance and pension payments have become worthless e.g. in 2008 some pensioners stopped collecting their payments as they had lost all value. It is in such an abrasive economic climate that the old age pensioners are hoped to survive.

The abovementioned introduction of a multi-currency system was a “mismatch of the assets and liabilities of the pension funds financial position” and this led to paltry pension benefits” (Mazviona 2013). Subsequently, the elderly became poorer and in worse scenarios, destitute. While defined benefits schemes guarantee the workers a pension income at the risk of the employer – defined contribution schemes shift the risk to the employee and do not guarantee
any income upon retirement. Mhlanga’s (2018) study shows that most companies in Zimbabwe have systematically moved from the defined benefits scheme to defined contribution schemes (Mhlanga 2018). As will be revealed in this study, some participants did not manage to get their benefits because they had subscribed to the defined contribution schemes.

Some of the problems that also beleaguer the Zimbabwean social protection services (pension plans included), are a “lack of predictability, consistency and transparency.” The failure to guarantee the availability of payments when needed, has adversely affected the beneficiaries. This is worsened by IPEC’s inability to protect pension beneficiaries from potential economic risks on their pensions (Mazviona 2013). Another challenge that potential pensioners also experience is the non-portability of pensions in Zimbabwe. Forteza (2008:4) defines pension portability as the “capacity to preserve the actuarial value of accrued pension rights when switching jobs.” The Zimbabwean pension system does not allow for the transfer of funds contributed to a new organization. Consequentially, many lose their benefits when switching to the informal sector or leaving the country.

Materials and Methods

The main objective of this study was to evaluate the effectiveness of pension funds as a form of social security in Zimbabwe. This was a qualitative study that relied on in-depth interviews with over twenty-four pension beneficiaries and three high level management government bureaucrats in Bulawayo, Harare and Chinhoyi. The interviews were semi-structured in the sense that while we followed a set of prepared questions, participants were allowed to express themselves during the conversation which led to other questions. The interviewees constituted a diverse sample i.e. retirees from the military, police, education, government, mining and in various private sector companies. The participants were located through purposive snowball sampling. This was appropriate for a target population like pensioners whose numbers tend to be few and far between.

The ages of the participants ranged from fifty to eighty-five. The elderly in this study also constituted an “inconspicuous population” as most of them were either confined to the peripheries of city life, afraid to talk (particularly in Matebeleland where the 1980s genocide greatly traumatized the inhabitants who now exercise a great deal of self-censorship when faced with any matter that even remotely queries the state/parastatals performance). As a contingency response to the participants fear of political reprisals and victimization, the researchers ensured that amongst the three of them, each one was sent to an area/province where (i) they were a native language speaker with requisite knowledge of local culture, this helped facilitate entry and acceptance within the local communities (ii) researcher also used safe spaces within the community for meetings and anonymity to ensure that participants would not be targeted for sharing information (Masuku and Macheka 2021). These factors collectively influenced our sampling method.

Though the pension subscriptions and subsequent pay out transactions are in the Zimbabwean currency (bond/ZWL), we benchmarked and converted these figures to US dollars. At the time of the research, the exchange rate was at one is to fifty (fifty bond per US one dollar). However, the participants’ narratives (including amounts) were retained in their original form.
Discussion and Analysis of Findings

Lack of Accountability and Corruption in Pension Funds

Workers contribute their hard-earned savings to pension funds (money that is held in trust), with the hope that the funds will be useful when they are no longer economically productive. As such, accountability is key in the management of pension funds as it determines the efficacy in providing beneficiaries with the much-needed social security. The Pensions Act of 1976 stipulates strict accountability standards that pension funds must follow at all times. Ensuring the safety of the money that trusts are responsible for, has however been undermined by the abuse of some pension funds.

NSSA, the parastatal responsible for managing the NPS, has been plagued by rampant maladministration over the years. This has eroded its capacity to provide efficient services to pensioners. In 2014 the NSSA was found to have abandoned a computerization project that had cost over US two million dollars it also gave its employees a total of US$2.7 million in housing loans without the necessary security. The former Minister of the ministry overseeing NSSA, Prisca Mupfumira, was alleged to have prejudiced NSSA of US$ ninety-five million through illicit activities. An audit report of NSSA released early in 2019, showed that the entity had lost $175 million through corruption involving unfair tender processes, secret deals with banks and golden handshakes as well as friendly loan deals for top officials. In November 2019, NSSA announced an increase in pension payouts from US$1.60 to US four dollars. While the increase was meant to provide relief for pensioners, it fell short of the poverty datum line (currently pegged at US$128) and has thus done very little to alleviate old age poverty (Mhlanga 2020). However, one of NSSA’s regional directors’ defense of the parastatal’s record is worth quoting at length:

NSSA only collects three percent of people’s money towards the pension fund. Just three percent. This is by law. According to actuarial calculations people must save at least twenty percent of their income to live comfortably when they are no longer able to work. Where is the other seventeen percent? So, people are given a chance to choose other ways of saving their money other than NSSA. We only collect three percent. We are not a monopoly. People are given a choice. And you know when people are given a choice, they almost always make the wrong choices. There are many pension funds that are defaulting on pensions payment, but they are not talked about.

The NSSA official blamed the media for misreporting the NSSA pensions situation. Adding that NSSA only receives three percent of the people’s savings and therefore their payments are determined by the proportion of savings they receive from contributors. By comparison, the employee and employer collectively contribute six percent of the insured earnings each month and this falls below the regional standard e.g., in South Africa, the average retirement fund contribution is somewhere around twelve percent. The NASSA director also attributed NSSA’s struggles to a hostile economic environment:

Well, how do you expect NSSA to function effectively in this economic situation? There is no money and the currency we have is a non-entity. It’s a non-starter! We had an economic collapse, one in 2008 which led to a change of currency thus eroding people’s savings. We have had another currency change recently and the new currency is weak. Companies and clients are not paying insurance funds. They are defaulting. So, we are in a difficult situation. But regardless we continue to pay out pensions every month. Because we are a statutory body, we are permanent, and we will always be here. The government set the minimum payout at 250 bond and that’s what we are paying. We do pay.
Another pension fund set up for council workers, the Unified Councils Pension Fund (UCPF), was found to have abused funds amounting to over US eight million dollars in dubious allowances, sitting fees and salaries in the period between 2010 and 2017. The fund was failing to pay its members due benefits yet pampering their trustees with exorbitant allowances. One of the major pension funds in the country, Fidelity Life Assurance lost US$4.5 million to its Finance director who was tasked with overseeing a company project. According to the Zimbabwean (2015) the State Service Pension Scheme (SSPS) was also fleeced of millions by army personnel who were claiming pension benefits using counterfeit identity documents. The failure by pension service providers to communicate or consult with beneficiaries was an important issue raised by interviewees. Respondent thirteen, a member of the SSPS said, “they don’t tell you anything. There is nothing you know about your money. They just tell you that this time we are taking this amount of money. You just read from the newspapers that such and such a building has been acquired. It ends there.” For some like Respondent fifteen, who did not get his payout, holding the insurers accountable has proven expensive:

We have tried with many lawyers including Zimbabwe Lawyers for Human Rights they just filed our papers, but nothing has been done. Some lawyers tell you to form a group of 10 and pool money together. But where will we get the money in this situation? Some charge 30000 bond and I only get three hundred bond. It’s just impossible.

Unlike the NPS, personal pension schemes rarely offer defined benefit schemes and are thus often plagued by a lack of transparency (Kalusopa, Dicks and Osei-Boateng 2012). This helps account for pension management system’s lack of answerability to benefactors (Mazviona 2013). Allegations throughout the study of corruption, incompetence, and outright predatory conduct amongst some pension industry players, were also indicative of a normative lack of the key principles of accountability i.e., none of the NPS and personal insurance benefactors interviewed in the study had ever been consulted on the nature of investments their contributions were being used for.

Inadequate Funds: Pensioners Treading on Thin Ice

What emerged clearly from conversations with participants is that the pensions industry has not been spared by the economic decline. Ranging from as little as US$0.40 to US thirty dollars, the pensions were a pittance insufficient in covering basic needs. Table 3 shows the various amounts paid by different pension funds as mentioned by respondents:

Table 3: Amounts paid by various pension funds

<table>
<thead>
<tr>
<th>Pension fund</th>
<th>Amount (ZWS)</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>War Veterans Compensation Fund</td>
<td>550</td>
<td>US$11</td>
</tr>
<tr>
<td>State Service Pension Scheme</td>
<td>350–700</td>
<td>US$7–14</td>
</tr>
<tr>
<td>National Pension Scheme</td>
<td>20 – 200</td>
<td>US$0.40–4</td>
</tr>
<tr>
<td>Bulawayo City Council</td>
<td>1500</td>
<td>US$30</td>
</tr>
<tr>
<td>National Railways of Zimbabwe</td>
<td>400</td>
<td>US$8</td>
</tr>
<tr>
<td>Old Mutual</td>
<td>100</td>
<td>US$2</td>
</tr>
</tbody>
</table>

Source: Responses from research participants
The amounts being received by pensioners (as depicted above), woefully fall short of the cost of securing basic needs such as food, accommodation, and health. Respondent 2 had the following to say:

This pension caters for food, clothes, fuel, utility bills and medical expenses…. Remember I also have university fees. ZW six hundred dollars can’t cover all this. If I buy one kilogram beef at ZW ninety-five dollars and a packet of maize meal at ZW seventy dollars, eighty or so, I don’t even have enough left for cooking oil, bread, and other basic needs.

The transcripts above clearly capture the inadequacy of pension earnings in meeting the most basic of needs. In a hyperinflationary environment with acute scarcity of basic commodities, most elderly pensioners suffer from exacerbated health problems aggravated by a lack of access to nutritional food. The researchers observed how some basic food commodities were only available in the parallel market at exorbitant prices. For example, ten kilograms of mealie-meal costed US$1.40 in the formal shops but was hardly ever available, forcing many to find it in the parallel market where it fetched over US four dollars. Hence, some participants could only afford one meal a day and with no sugar, tea was sometimes had with salt. An eighty-seven year old widow (receiving a paltry US two dollars on behalf of her deceased husband), was living with her grandchildren as dependents. Another participant, Respondent eighteen, with eight children as well as extended family gave the following excerpt:

The money is just not enough. Feeding these people (family) is a very big expense. If you are lucky, you can get the subsidized ten kilograms mealie meal which costs seventy dollars but it’s hard to get. So, you end up buying on the streets for 120 dollars. Here we need sixty kgs per month.

Respondent twenty-one (a sixty-three-year-old pensioner), who had worked at National Foods from 1980 to 2007 had not retired but left his job because it was no longer paying enough. The respondent, who stays in one of the oldest townships in Bulawayo, was found lying in a makeshift bed in a tiny dark room outside the main house. He said he was only getting US$0.40 from NSSA despite having worked for over twenty-seven years. Consequently, the respondent was not only failing to pay rent but could not afford food, forcing him to resort to menial tasks to supplement his income.

Apart from the challenges in accessing pension funds (due to the said cash shortages), the amounts pensioners received were insufficient and fell below the poverty datum line: calculated as the monthly national food basket of seventeen food items i.e. US thirty-five dollars per person (Chivandire 2019). While our data was for the most part limited to elderly people who previously were in formal employment and hence contributed to social insurance funds. Across Zimbabwe as a whole, very few people are in this position. Poverty rates among those above sixty across the country i.e. eighty percent of whom live in abject poverty (Kaseke 1988) not only reflect the parsimony of social insurance funds, but most importantly, their limited coverage.

The Diminishing Value of Pensions and the Non-Payment of Pension Funds

As mentioned in the literature review, after the Zimbabwe dollar had lost its value, the economy was dollarized in 2009 by adopting the US dollar (as well as the South African rand). This meant that all transactions (and financial accounts savings), would be converted to the US dollar terms. June 2019 saw the change from a multi-currency system to a local currency whose value has been depreciating sharply. For instance, in January 2020 the local currency traded at one is to ten
against the US dollar but just four months down the line it had lost over three hundred percent of its value and was trading at one is to forty-four against the US dollar. In the wake of this, pension funds that remain unadjusted have lost their buying power. Due to the pension funds’ loss of value, many respondents were not only succumbing to debt but struggled to access cash from banks. The biggest challenge has been the lack of cash supply and a return of inflation (Ndlovu 2020). Zimbabwe’s monetary crisis has thus led to a low circulation of hard cash in the economy, making it difficult to make transactions. The challenges conterminous with this were articulated by respondent 8:

We are getting into a lot of debts and cannot afford to pay them back. The money is also very little, when we do get it, it all finishes on transport. We wait for long periods to access the money, which means we need food in town, that food we can't afford it. We often have to sell our livestock such as chickens to get transport money into town to take pensions, if you sell it to a fellow pensioner they too might have no money to pay you for your livestock as they would have also used all their money on transport.

Almost all pensioners who were interviewed correspondingly mentioned how they were failing to access their pensions from the banks as these had no cash most of the time. Hence, they were forced to use plastic money to make purchases. However, arbitrage and price inflation was rampant with transactions done using this electronic method often attracting a higher price for goods and services. Informal traders were said to prefer hard cash and only settled for money transfers at inflated prices. This all ate into the value of the pensions and drastically reduced their buying power/intrinsic value. The lack of hard cash was thus evidently proving to be quite costly for the pensioners, whose earnings were already deplorable.

The participants in this study had subscribed to an array of pension schemes, this meant that their experiences were diverse with some not having received their monies. Respondent fifteen was a member of the SSPS and the Old Mutual scheme (personal). However, upon retirement from the military in 2007, he never got the lump sum payout from the state nor anything from Old Mutual:

Yes, I had Old Mutual. I did not get anything from there as well. The story was that of inflation. I had joined it in 1990. But it just disappeared. They asked us to submit some papers which we did. But we did not see any money. It’s just like this lump sum from the government.

Chikova and Kaseke’s (2014) study echoes the above observations as they also note how inflation in Zimbabwe has adversely affected both the government fund and personal pension schemes. That being said however, in this study we identified personal pension schemes as more notorious for defaulting on payouts with members of ZimNat and Fidelity Life Assurance not having received a single penny even after years of contributing. Relating his experiences, Respondent eighteen who was a member of Fidelity Life Assurance said that he only got a lump sum of US five dollars after contributing for nineteen years. Respondent nineteen who had been a teacher for seventeen years, left his job in 2006 for greener pastures, returning in 2009 to rejoin the teaching profession, he was dismissed eight years later for having absconded in 2006. He only received a US fifty-two dollars severance package and never got his pension from the SSPS. His other policies which included First Mutual, Fidelity and ZimNat also yielded nothing. He gave the following explanation:

Old Mutual is better they gave us some severance packages of 7000 dollars when they were taking us out of the scheme because we couldn’t afford anymore. The other schemes gave us nothing. Nothing at all.
I did follow up, but I saw that I was just wasting my money. First Mutual sent me a check for fifteen cents. They said my savings were equivalent to fifteen cents.

There is thus ample evidence from the study that personal pension schemes and even the SSPS were defaulting on their payments to designated beneficiaries. The hostile economic environment (hyperinflationary erosion of pension savings) and the model of the pension scheme used are two principal explanations for this. The dollarization of the Zimbabwean economy in 2009 also resulted in a mismatch between pension funds’ assets that had been denominated in the local currency and their liabilities (Chivandire 2019). The domino effect of this was an undermined resource base and a failure of most pension funds to pay beneficiaries. The inflation argument is however dismissed by the News Day (2009) as an unjustifiable excuse used by pension funds to explain the erosion of contributors’ savings. The paper argues that “the funds exposure to inflation through prescribed assets was only thirty-five percent, meaning the fund managers had direct control over sixty-five percent of the contributions, which were enough to hedge investments and attain a growth.” In light of such charges, it may be plausible to conclude that contributors were duped of their savings thus undermining the efficacy of pension schemes as a social protection tool.

The Scourge of HIV, Migration, and the Arising Dependent

The understudied phenomenon of pensioners (particularly in the global South) having dependents (and the ensuing challenges), is a reality observed in our study. In Zimbabwe, regardless of the number of dependants in their household, pensioners receive no other form of state support. While pensioners in South Africa who receive a contributory pension are unlikely to be eligible for the (means-tested) Care Support Grant (CSG), they might still be eligible for the Foster Care Grant (FCG) (which requires a court order). Pensioners receiving a non-contributory old age grant on the other hand (which is more generous than Zimbabwe’s contributory pensions) and with minors in their care, can apply for the CSG or FCG to supplement their pension. This is important as it helps them retain some of their capabilities as providers (Plagerson et al. 2019) and constitutes an excellent way of counteracting the limited “functionality” of pensions, which in any case overlook the ensuing fiscal strain the “dependent phenomenon” brings upon pensioners (Devereux 2010).

In our study, the interviewed participants were not only raising their own children but also children left behind by deceased relatives, as well as their own grandchildren. In some instances, grandchildren were under the care of pensioners either because (1) the parents were struggling financially or had succumbed to divorce (2) had died from HIV or (3) because they had gone outside the country to look for employment. The third scenario was however the most common and it posed several challenges as the pensioners earnings were often insufficient (Chikova and Kaseke 2014). Reduced capabilities in this instance, meant that the role of a “provider” once assumed by pensioners in their more economically productive years, was now impossible due to the debilitating social institutions that left no provision for a trickle-down effect with regards to providing nutrition, school fees and access to health services (Omilola and Kaniki 2014). Elsewhere, empirical studies have shown that pensions can improve outcomes for children particularly when they are pooled with other cash transfers (Ralston et al. 2016). Ideally, the cumulative result should be a greater effect on the household’s health, wellbeing, and other intergenerational spillovers.

While in some instances, the financial aspect of child rearing remained the responsibility of their erstwhile parents, most pensioners interviewed had to struggle to meet the health and
educational needs of children under their care. Although the Basic Education Assistance Module (BEAM) scheme, conceived in 2000 as part of the Enhanced Social Protection Project (ESPP) by the Government of Zimbabwe to help in funding the educational needs for millions of orphaned children in Zimbabwe, this has not helped most pensioners with minors in their care. Our study found that pensioners still footed the high cost of educating orphans in their care with interviews being laden with complaints on how the costs of educating children was beyond them:

I am born in a family of seven siblings. My father passed away in 2005. My mother is the one you are seeing here. She is the one I am looking after together with my brother with the small pensions that we get. And having to send a kid to school, supporting your mom, you have your siblings who didn’t go to school. HIV is killing people and you end up adopting your sister or brother’s kids. It is quite difficult.

(Interview with Respondent twenty-two)

We also noticed a monotonic rise in the Zimbabwean unemployment statistics and a corresponding burden on pensioners i.e., while the pensioners children secured employment, their own offspring (grand children to the pensioners) were not so fortunate. This was mostly due to how their age of economic productivity coincided with Zimbabwe’s economic decline. Equally faced with job losses as companies retrenched and the country de–industrialized, the offspring of pensioners left their retired parents in the care of both their school going and unemployed teenage children. In most cases, many of them left for South Africa, where Zimbabwe has an estimated three million nationals (Jacobs 2016). From the pensioner headed households, the interviews revealed that most pensioners became the principal bearers of all the expenses associated with the upbringing/welfare of grandchildren. As already discussed, this was now an impossible task as the pensioners capabilities as guardians have been exceedingly eroded by the hostile socio–economic environment.

Pensioners Surviving Spouses: Experiences in Accessing Protection

While the majority of pensioners found the US four dollars from NSSA inadequate, the situation was even worse for widows of pensioners who received less than half of this amount. While the actuarial rationale behind this was not clear, surviving spouses of deceased pensioners were receiving between a paltry US$1.60 and US two dollars per month. Surviving spouses of those who had died before claiming their pensions were also having a torrid time accessing such monies. After completing the due process to access her husband’s pension, a widow (Respondent twenty–two) to a deceased Hwange District Council worker was told there was no money. Despite her husband having contributed to this scheme for decades, she was left with no other option but to survive on her paltry war veterans’ pension.

Pensioners who had died without regularizing their paperwork with their respective pension schemes often left the arising challenges to haunt their surviving spouses (this problem was most common within occupational pension schemes). Following up on these issues proved difficult as the widows often lacked the knowhow, resources, and requisite documentation as and when it was required. Consequently, a lot of cases went unclaimed with plenty of widows surviving on the margins without any form of support (apart from the US$1.60 from NSSA which is usually much easier to claim). This study notes that such occurrences could partly account for why the uptake for contributory pensions from NSSA is very low in the country i.e., only twenty two percent of Zimbabwe’s over sixties population receives pensions (Ndlovu 2020). This is in stark comparison to South Africa where seventy one percent of its above sixty population receives old age pensions i.e., 3.3 million out of a total 4.6 million pensioner population (Granlund and Hochfeld 2020).
While Zimbabwe’s twenty-two is higher than the Sub-Saharan African average of 16.9% (UN, 2016), this is still quite low with there being several hurdles in accessing pensions. In the case of widows making a claim, NSSA was notorious for stringent demands which included the regulation that the widow brings three witnesses. Such witnesses have to vouch that the widow is indeed the deceased surviving spouse and must be the direct relatives of the deceased i.e., brothers, sisters, or parents only and no aunts, uncles, nephews and so forth. One widow (Respondent twenty-four) complained that “They don’t even want his close relatives like his aunts, uncles or nephews. They want brothers, sisters, or parents. They don’t even want the children, even if they are grown up.” In the event that these “witnesses” couldn’t either be found, refused to cooperate, or simply disapproved of the widow being the beneficiary of the deceased persons estate, this constituted a considerable impediment to the surviving spouse’s access to pension funds. Consequently, a lot of schemes went unclaimed with the deceased children and widows succumbing to poverty. Table 2 pegs the number of unclaimed benefits at 52,158, we argue that these issues hampering surviving spouses’ access to pension funds, could be contributing to this statistic.

Subjective Well-Being: Emotional Toll and Loss of Dignity

While attention has been directed to the pensioners’ material deprivations, it is also important to note the material poverty has a toll on their emotional well-being and dignity. A SSPS recipient claimed that seventy five percent of his monthly pension earnings were going towards servicing funeral policy schemes. In the all-too-common event that the said policies increased their monthly premiums beyond the base USD four dollars paid out to most NASSA pensioners, many were often left without any medical nor funeral cover. This stripped them of any semblance of dignity with one benefactor of the SSPS complaining:

Doves takes 270 and PSMAS (Premier Service Medical Aid Society) takes ninety something. I have my debts as well because I borrow money from microfinance institutes for school fees. I am not sure how much I will be getting next month but all along I was getting 670 bonds. If we don’t get an increase I will be disqualified from all these schemes. (Interview with Respondent sixteen)

Some respondents in this study had big plans on how they were going to use their pension lump sums, only for those expectations to not materialize. “Yes I got the lump sum but it was useless I couldn’t even buy two bags of cement. I retired in May and got the money in October. When it was released in 2007 it was eroded by inflation, I couldn’t even buy ten bricks. I didn’t use it for anything,” said Respondent eighteen, former military personnel. Respondent thirteen, a former teacher, also complained bitterly that despite his plans to build himself a house and buy a car, when he finally got his lump sum of US three hundred in 2018, all he could afford was asbestos. These disappointments have an adverse emotional toll on pensioners who end up turning to alcohol just to de-stress. A war veteran of Zimbabwe’s liberation war seemed to regret ever partaking in the war effort as she now felt neglected by the government at a time when, because of her elderly age, she needs support the most. This feeling of betrayal, particularly after a long life of sacrifice was a recurrent theme in the study with most now resorting to demeaning, menial tasks such as gardening and cleaning to survive.

Respondent fifteen, a former military officer now ran a barber shop at his house just to supplement his pension. Having not received his pension lump sum, he could not extend his house forcing his family of six to live under cramped conditions. Respondent sixteen said that “I just do gardening where the sewage flows…I also till people’s maize fields during the rainy season. Sometimes I get paid in groceries.” Such poverty and diminished identities for pensioners have a negative impact on their emotional and mental well-being. The external validity of the effects of pensions on the
subjective well-being of beneficiaries as alluded to in our study is constructed by other empirical studies e.g., using the Geriatric Depression Scale, Bando et al. (2016) showed that pensions can indeed lead to improvements in beneficiary’s mental health (Bando, Galiani and Gertler 2016).

Conclusion

Our interviews with pensioners in Bulawayo, Chinhoyi and Harare facilitated an appreciation of the Zimbabwe pensions system and its efficacy in guaranteeing the social security of retirees in the country. Although the pension industry was not necessarily healthy in the 1990s, the economic collapse of the last two decades (along with poor consistency in reviewing the value of pension payouts in line with national inflation rates and the poverty datum line), precipitated its demise. The US dollar replacement of the redundant local currency – after the 2008 hyperinflationary era, also failed to save peoples pension funds i.e., particularly those with voluntary personal pension schemes such as Old Mutual, Fidelity Life Assurance and ZimNat. Out of the 1029 pension funds registered in Zimbabwe, only 525 were found active with the rest of the funds being dormant – easily accounting for a national deficit of more than US$12 million and illustrating the distressful economic environment the country’s pensions industry is operating.

The four-tier pensions industry in Zimbabwe (occupational, personal, state service and national pension scheme), is ideally expected to provide income security for citizens who are no longer able to work either due to age or medical conditions. Just as in other countries within the region, the pension system is an important part of the social security toolkit meant to mitigate the income loss suffered by retirees. Nevertheless, the resilience of old age poverty and associated threats remains obstinate in Zimbabwe with the country having been shown here to register some of the worst protection indicators in the region. We have argued that such a variation in outcomes is mainly owing to a number of context specific factors. For instance, in an inflationary environment such as Zimbabwe, the failure to complement and harmonize the NPS with non-contributory large-scale conditional/unconditional SP programs (such as the Food Deficit Mitigation program), makes the alleviation of old age poverty a challenge for the country. Further to this, very few pensioners in the country were ever in formal employment – this adversely excludes them from the framework of national contributory pensions. We thus noted how in the absence of a wider coverage of non-contributory interventions to address the structural causes of vulnerability and poverty, developing countries such as Zimbabwe (with highly informalized labor markets), are at a heightened risk of having their elderly population plagued by old age poverty e.g., old age poverty statistics in Zimbabwe currently hover above eighty percent.

According to the Insurance and Pensions Commission (2019) the average monthly payout in Zimbabwe’s pension system is ZW$164 which is equivalent to US three dollars at the current exchange rate. We ascertained that the payouts range from as low as US$0.40 to US thirty dollars these funds do not meet the minimum basic needs of beneficiaries, considering that the poverty datum line had been pegged at US$128 at the time of writing (Mhlanga, 2020). Some of the lowest paid pension beneficiaries were thus receiving less than one percent of the poverty datum line while the highest paid pensioners barely make it to twenty-five. The steep drop from a full salary to US four dollars per month as well as the reality of orphans/dependents relying on these meagre funds further incapacitated pension recipients. We thus concluded that the impact of inadequate pension funds transcends material lack to encompass functioning’s as well as dignity. Our study was also laden with data on contributors who did not receive any benefits upon retirement (despite contributing for periods of over twenty years). While savings were greatly undervalued, public sector pension schemes such as the national and SSPS under NSSA and the Public Service Commission, did pay their beneficiaries. Undervalued savings however
meant reduced capabilities for retirees i.e., few of them could fulfill their retirement plans as the payouts received were often less than expected. To compound this, the methods of payment (often inclined towards mobile money) inconvenienced pensioners in times where hard cash was needed for certain transactions.

By being averse to the defined benefit schemes (which guarantee pension contributors their benefits), private sector players administering personal pension schemes in Zimbabwe, systematically absolve themselves of all accountabilities and transfer all the risk to beneficiaries. With much concern, our study foregrounded how this has the adverse effect of heightening pensioners vulnerability to not only market forces but also predatory elements within the pensions industry. The perseverance of maladministration, lack of accountability and answerability by bureaucrats significantly adds to the challenges facing Zimbabwe’s pensions industry. While elsewhere in South Africa, corporate capture, corruption, and abuse of payment systems are more common within the ambit of outsourced payment systems (duToit 2017) centralized systems as found through Zambia (Nkhoma 2019) and Zimbabwe’s NSSA are evidently prone to equal abuse. Though disputed by NSSA staff, we established that in contravention of the Pensions Act of 1976, pension funds have been abused through poor investments, exorbitant salaries, and loans without security to NSSA employees. By failing to honor their mandate, bureaucrats inadvertently defrauded NPS beneficiaries of not just monetary entitlements, but also their functioning’s and associated capabilities – subsequently sinking them and their families into destitution. Challenges in making pension claims, especially in the absence of an integrated information systems to capture data on employees (MIS), were also noted as haunting not only retirees but also retirees surviving spouses. These issues (naturally compounded by a failure to access legal representation), collectively contributed to the limited intergenerational spillovers of pension savings in Zimbabwe.

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