

07 September 2015
New Delhi, India

Dear Microcredit Summit Campaign and fellow Partners in the global movement to help 100 million families lift themselves out of extreme poverty,

Nearly 90% of the workforce in most low to middle-income countries are excluded from formal pension and social security programs and hence face a significant risk of extended poverty in their old age. Meaningful pension and social security inclusion has been traditionally constrained by suboptimal access by the poor to regulated long-term savings and insurance products, and equally limited utilization of banking and other secure micro-payment mechanisms. These challenges are compounded by their fragile labour market attachments, low intermittent incomes, modest savings capacities, low literacy and low financial literacy. Financially excluded women are even more vulnerable to old age poverty than men as they enjoy a higher life expectancy than men, derive lower incomes in comparable occupations, suffer a shorter working age and face frequent interruptions in employment due to childbirth and family responsibilities. As the global elderly population is expected to grow from 868 million persons in 2014 (roughly 12% of the global population) to over 2 billion by 2050, the potential scale of the problem of pension and social security exclusion is staggering. Without an urgent and effective policy and business response to mass-scale pension and social security exclusion therefore, poverty among the elderly will soon emerge as the dominant cause of increased global poverty.

The non-profit **microPension Foundation** (MPF) is a specialised pension and social security inclusion R&D hub established in 2012 through an inception grant from VISA Inc. The Foundation develops, field-tests and mainstreams innovative and scalable technology-led solutions to enable secure, convenient and affordable access to contributory pension and social security programs by low income unbanked workers.

We strongly believe that meaningful achievement of bold goals will require global partnerships that enable organizations to work together in new and innovative ways across a broad range of financial and non-financial sectors to achieve outcomes that could not be obtained working apart. We are eager to join this global movement to demonstrate with others the power of partnerships against poverty and also to inspire new collaborations with those committed to supporting the movement of millions out of extreme poverty. We know too that a goal means little without a concerted effort to honestly and accurately measure progress made towards the goal and therefore we commit to measuring our progress toward our goals through a consistent, reliable and objective mechanism. We also know that movement out of extreme poverty will require dedicated efforts to support those journeying out of poverty and we commit to developing and implementing products and services that facilitate this type of movement.

With this letter, the microPension Foundation states its commitment to take specific, measurable, and time-bound actions to empower, enable and assist 100 million families to lift themselves out of extreme poverty in their old age – and therewith take a major step forward in ending extreme poverty more generally.

The microPension Foundation will achieve these goals through the following strategies:

1. By encouraging mass-scale civil society action to achieve pension and social security inclusion by motivating P2P action using the first global e-commerce social security platform titled “gift-a-pension”. This web-platform enables middle and upper-middle income households to enrol their domestic help (cooks, drivers, maids, guards) for an integrated pension, insurance and micro-payment solution through the Internet. Employers use electronic financial literacy tools (FAQs, animations, films, calculators) to explain pension and social security concepts and product features to their home help. Domestic help who do not have a bank account are provided a bank-issued prepaid card for channeling periodic micro-pension contributions to regulated pension funds and life insurers. By December 2016, the Foundation will aim to achieve coverage of 25,000 domestic help in middle and upper-middle income households in India. The Foundation will also identify and work with likeminded institutions in other developing countries to implement the Gift-a-Pension platform in other countries.
2. The microPension Foundation will collaborate with a specialized social security solutions enterprise to launch a new social security gateway named *microPension-in-a-Box* (mPIB). This gateway will enable governments, regulators, multilateral and bilateral aid agencies, MFIs, cooperatives, NGOs and social enterprises more generally to offer an integrated social security program based on portable, individual pension and insurance accounts to their citizens, clients or beneficiaries. Under the Microcredit Summit Campaign, the Foundation and the new solutions enterprise will launch a global road-show in mid-2016 to show-case the mPIB solution to Campaign Partners and to build a global partnership-led implementation network. By encouraging, enabling and assisting relevant stakeholders including Campaign Partners in launching an integrated, contributions based micro-pension and micro-insurance program for low income excluded individuals, the Foundation will seek to multiply the impact of the social security inclusion effort and create a global micro-social security marketplace using which low income informal sector workers will be able to achieve a secure and dignified old age through thrift and self-help.

We look forward to presenting the progress we have made to reach these benchmarks at the next Microcredit Summit and to renewing our commitment with new benchmarks for specific, measurable, and time-bound actions to help 100 million families lift themselves out of extreme poverty.

Sincerely,

Daril Seth Khanna

