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The South African Old Age Pension: Exploring the role on poverty alleviation in households affected by HIV/AIDS

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**The South African Old Age Pension:
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HIV/AIDS**

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Abstract: The South African government is providing the elderly with a means-tested non-contributory old age pension, which was intended to be a poverty relief programme for the aged. However, it has turned into a poverty alleviation programme within the households, targeting older people but also benefiting the younger generation. The migration and death caused by the HIV/AIDS epidemic in the middle generation has decreased the family income, giving the old age pension a much more prominent role. The social old age pension makes elderly persons economically independent, allowing them to become valuable members of the family, so it is therefore providing vital support for older people and their adult children and grandchildren. Nevertheless, it has not proved to be enough to alleviate poverty in households affected by HIV/AIDS. A better solution for reducing poverty amongst households affected by HIV/AIDS should be explored. However, new measures should not be taken at the expense of the Old Age Grant, as this social programme is at present the most effective means of targeting and reaching economically vulnerable groups.

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Introduction

This paper seeks to explore some pressing issues related to the consequences of the old age pension in households affected by HIV/AIDS in South Africa. The South African government is providing the elderly with a means-tested non-contributory old age pension, which was intended to be a poverty relief programme for the aged. However, it has turned into a poverty alleviation programme within the households, targeting older people but also benefiting the younger generation. It is suggested that the old age pension has increasingly taken on the role of family capital (Disney, 2002). The migration and death caused by the AIDS epidemic in the middle generation has decreased the family income, giving the old age pension a much more prominent role.

Research undertaken in other developing countries affected by AIDS with no old age pension illustrates that older persons are assuming the dual roles of carer and breadwinner for the family by actively providing care for their adult children and contributing to their expenses while they are sick, and by giving care and financial support to a great percentage of the AIDS orphans (Ntozi and Nakayiwa, 1999; Knodel, et. al, 2001; Agyarko, 2001; Dayton and Ainsworth, 2000, 2002). In South Africa, the situation of elderly people coping with family members with AIDS is similar to that found in other developing countries (Ferreira et al., 2002). However, the impact of the old age pension in these households has yet to be explored.

Complex interrelated issues need to be addressed and explored in the present paper. First, it introduces the administrative history and the cultural context in which the old age pension emerged and it sketches the major debates and developments. The literature on the history of the old age pension shows contradictions about its origins and who was benefiting from it during Apartheid. Debates focus on the means-test, the sustainability of the system and the compatibility with other social grants. Second, it analyses the impact of the old age pension on poverty reduction in households with pensioners, through exploring the literature and the empirical research available. Third, it addresses the demographic changes related to population ageing and the impact of HIV/AIDS. Understanding how the South African age-sex structure is going to be shaped in the future is crucial to planning policies on HIV/AIDS, poverty reduction and social security. Fourth, it explores the current literature on the impact of HIV/AIDS on elderly people in other developing countries and in South Africa. Fifth, it explores the potential role of the old age pension on households infected with or affected by HIV/AIDS based on some case studies, aiming at improving the knowledge base and identifying priorities for future research. The paper concludes summarising the main findings.

The Old Age Pension System in South Africa.

The history of the Old Age Pension System.

South Africa, Namibia and Botswana are the only Sub-Saharan countries that operate large-scale non-contributory social pension systems. The South African scheme is means-tested, whilst the social pension schemes in Namibia and Botswana are

universal. South Africa's programme was introduced in 1928 for Whites and Coloureds and broadened to all South Africans in 1944. Namibia's pension system was established in 1949 for Whites and extended to African Namibians in 1973 (Devereux, 2001:1). Botswana's universal non-contributory pension system was launched for the first time in 1996. Mauritius is the only other developing country, which operates a universal non-contributory system together with Botswana and Namibia¹. Although, South Africa's old age pension system is means-tested, it is almost universal, as most South African elderly people are too poor to be excluded by the means-test. The means-test excludes most of the elderly Whites (only 16% of whites receive an old age pension) and a very small proportion of the elderly Black² (more than 90% receive a pension) (Ferreira, 1999:55).

The South African social old age pension was introduced for the first time in 1928. Sagner (2000:523) argues that the old age pension was shaped by three factors: capitalist industrialization mediated by the character of existing public social provision and –with regards to the Africans– segregationist policies, cultural and ideological movements, and class politics. The author points out that in the early 20th century structural transformations in the political economy lead to white elderly people becoming financially dependent on their families. As a result, public opinion turned to the government claiming state transfers. The political parties at the time –the Centre, the Labour and Nationalist party- and the Trade Unions supported the introduction of such a scheme. As the author notes, the political reasons behind the acceptance of the scheme were related to class politics. The leading political parties believed that the pension scheme would contribute to ensure white working-class loyalty towards the state and would help to integrate poor whites.

The cultural explanations behind the scheme are twofold. Firstly, the entitlement of poor older whites to such public assistance was seen as fair and a contribution to intergenerational equity. Secondly, it was thought to be the moral duty of the state to help its needy older citizens and it was also seen as a compensation for those who had fought in the Anglo-Boer war (1899-1902). Notwithstanding these trends, suggested by Sagner, the state pension system was meant as an incentive to induce people to care for dependent relatives rather than as a programme that would guarantee economic security for the aged (Sagner, 2000:528). Therefore, elderly people that were not supported economically by their families were still living under very difficult conditions.

The old age pension was subject to a means-test and an eligibility age of 65 years and over (Van der Berg, 1998; Devereux, 2001). The ratio of payment was nearly 2:1 in favour of Whites, the maximum payment per annum being £30 for Whites and £18 for Coloureds (Devereux, 2001:2). Black, Indians and all residents of Namibia were not included in the Old Age Pension Act of 1928. The view of policy makers was that welfare measures on behalf of the Blacks would discourage them from seeking employment and would also be unaffordable, as Blacks did not pay taxes (Sagner, 2000:531). Blacks were also excluded from receiving the pension on grounds of their cultural customs. The 1926 Pienaar Commission believed that traditional sources of

¹ Go to Table 1 to see a summary of non-contributory pension in developing countries.

² The paper follows the apartheid era classification of race into White, Coloured, Indian and African, as all the data available is presented with this categorization. The author has been obliged to use this terminology, solely for the purpose of presenting the analysis.

social security were still effective in African communities. According to the Commission black tradition made provision for maintaining other dependants as it was based on rural subsistence agriculture (South African Social Security 1944, cited in Van der Berg, 1998:6), consequently services and income support schemes would undermine family and individual responsibilities (Sagner, 2000:530).

In 1944, through the approval of the Pension Laws Amendment Bill, the Smuths Government extended the social pension to all South Africans, including the Black population for the first time (Sagner, 1998:12). Nevertheless, the amount paid to each racial group was still racially and discriminatorily based. Pensions were to be paid in the ratio of 4:2:1 to Whites, Coloureds and Indians, and Blacks. According to Stephan Devereux, this discrimination was much wider in practice. In 1944 the ratio was 12:6:1 taking the 'rural native' as the baseline rate and by 1965 was still 11:4:1 (Union of South Africa cited in Devereux, 2001:4). The Nationalist Government having at first opposed the introduction of the scheme, later realized that the old age pension was a good tool of propaganda overseas and was in accordance with apartheid policies as it helped to reinforce the patriarchal family and the control of the older generation over the younger generation (Sagner, 2000:540).

In 1958, the percentage had risen to 60% but Blacks were only receiving 19% of the whole budget for pension provision (Van der Berg, 1998:6). During the 70s take up rates increased for the Blacks and the difference of payment rates started to shrink (See Table 2) (Bhorat, 1995; Ferreira, 1999; Devereux, 2001). Van der Berg (1999) notes that, since the mid-1970s, attempts to give the homeland system and later the three-chamber parliament political legitimacy led to a rapid increase in the funds for social assistance, especially for the elderly. In 1978, blacks made up 70% of the pensions and received 43% of the whole amount (Van der Berg, 1998:6). According to Lund and Ardington (1995) during the 1980s and 1990s it became politically inevitable that benefits would have to be equalized. In the 80s the value of the pension for the Blacks rose more than double and it declined for the Whites in more than 40% of its real value (Ferreira, 1999:55).

The Social Assistance Act of 1992 provided the steps and measures to deracialise access to state grants (Vorster, 2000:1). By 1993, pension parity was achieved and discrimination eliminated. In 1994 the newly elected democratic government had the task of reforming apartheid-created structures by amalgamating the 14 separate social security systems into one (Department of Social Development, 2002:20). Each of the social security systems had its own management and information systems, rules and procedures, leading to ambiguities that could be exploited by officials and members of the public. The purpose of the reforms was to secure equal access and the same quality of service for all South Africans, by introducing some provincial flexibility and autonomy, following the principles of efficiency, effectiveness and fraud prevention (Committee for the restructuring of Social Security, 1997).

Table 2 Old age pensions by race, 1972-93

Year	Pensions as percentage of white pensions		Difference between monthly pensions for whites and for other groups (in 1990 Rands)	
	Coloured/Indian	African	Coloured/Indian	African
1972	50,0	15,9	197	331
1973	50,0	16,9	206	342
1974	51,7	19,8	217	360
1975	53,2	23,4	208	340
1980	56,8	30,1	185	299
1985/6	63,8	43,9	129	206
1990/1	81,5	63,4	51	101
1991/2	86,4	73,9	36	69
1993	92,2	84,9	27	52

Source: Pollack (1981), SAIRR (1992), City Press (12 September 1993), CSS (1992) in Borat 1995.

During the month of October 2002 the South African Cabinet proposed to Parliament immediate increases in the old age pension and child support grants. The old-age pension rose by R20 to R640 a month from the end of October for women aged 60 and over and men aged 65 and over. This rise was the second increase that year. During April the old age pension has already increased 8.8% from the R 560 that was being paid during the year 2001 and beginning of 2002 to R 620 a month (Department of Social Development, 2002:21). For the first time in many years the increase was above the inflation rate, which was set at 5.3%. The benefit represents about twice the median income per capita in rural areas and about 10% of average earnings in manufacturing (Duflo, 2000; ILO, 2000). It is paid out of general revenue and it represents 1.4 percent of the GDP. It costs the Department of Social Development R13.2i billion with over 1.9 million beneficiaries, being the largest current social security transfer (Department of Social Development, 2002:20).

Major debates and current developments in the Old Age Pension System.

Although there is agreement that the pension is targeting the poor, there is also debate on how best to administer it, about who is benefiting from the old age pension and its compatibility with other social grants. For the purpose of this paper I will focus on two debates which have implications for poverty prevention and/or reduction: the means-test and the proposed Basic Income Grant.

Means-tested versus Universal

Van der Berg (1996) analyses some of the arguments for and against the means-test, finally recommending its abolishment. According to the author, since the pension is means-tested, it serves as a deterrent for older persons to stay in the labor market, and to declare their true income. The means-test discourages many individuals from preserving occupational retirement benefits as well as discouraging younger persons from saving towards their retirement. The author notes that the 'poverty trap' emerges for many older persons who own property and have no other source of income. This results in many older persons giving away their homes to family

members in order to have income in the form of a pension (Van der Berg, 1996). Another problem associated with the means-test is that which questions its effectiveness in capturing all the poor elderly people. Ardington and Lund (1995 cited in Lloyd-Sherlock, 2002) identify some difficulties in its application. The authors refer to the fact that in the South African context forms of wealth are different in different situations. Specifically, on the evaluation of resources –such as access to land or cattle– with reference to communal tenure, freehold or individual tenure. In these cases the means-test is not a realistic measurement of the welfare of the elderly people applying for it.

The problems associated with abolishing the means-test would be the fiscal costs involved and therefore the sustainability of the whole old age pension system. The proportion of the elderly population receiving old-age pensions may rise when Black older people become a bigger share of the population. However, as Ferreira (1999) suggests, in the future more older people will be better educated, will have more savings, and perhaps will be able to benefit from an occupational pension. Thus, the numbers of people accessing the universal old age pension will not escalate in the same manner as the number of people reaching older ages. Nevertheless, these estimates have to be treated with caution as the impact of HIV/AIDS will have an impact on people's ability to save money. The Committee in charge of reviewing the Social Security system in South Africa is also in favour of abolishing the means-test. According to their estimates the fact that the means-test is not effective in capturing lump sums proceeding from retirement funds will increase the costs of the pension disproportionately. The solution proposed by the Committee is to abolish the means-test, recovering costs via the income tax system, and raising revenue from the payment of annuities and the greater taxation of lump sums (Committee of Inquiry, 2002).

Old Age pension versus Basic Income Grant.

The Committee of Inquiry was also required to examine the feasibility of a Basic Income Grant (BIG) of R100 per month for all South Africans. According to the Committee, the grant would be very successful in reducing poverty. In their estimates, for households with children but no pensioners, the poverty gap is reduced by two-thirds, and for households with children and pensioners, there is an even greater reduction. For multigenerational households where the middle generation is missing, the gap would be reduced by 95 per cent and for three generation households by 85 per cent. In addition, the incidence of extreme poverty is eliminated, the closing of the poverty gap improves to 74 percent, while 6.3 million are moved out of poverty. Yet, the Committee concludes that the conditions for the implementation of the BIG do not exist, due to institutional constraints and both fiscal and administrative impediments. The Committee recommends a medium to long term framework for income support instead of the immediate implementation of a comprehensive social protection system. In the first phase, from 2002 to 2004, the priority would be to target the most vulnerable, which in the view of the Committee are children up to the age of 18. During the second phase (2005-2015) poverty in the entire household would be considered. Once the administrative systems are in place, then a more comprehensive social protection system could be achieved. Within the second phase, an income support grant to all South Africans would be considered for implementation (Committee of Inquiry, 2002).

Parallel to the Committee there has been extensive mobilisation of civil society, led by the Coalition for a Basic Income Grant³. A bulletin presented by the South African Regional Poverty Network analysed the impact of the Basic Income Grant in South African households. According to the authors, not only would the Basic Income Grant help to reduce the poverty gap, but it would also have a broader economic impact in stimulating demand and employment; it would make it possible for poor households to undertake investments in small businesses; it could promote reconciliation and social inclusion and could assist in combating the HIV/AIDS pandemic. The authors estimate that the costs would be around R23bn per year. According to estimates about R10bn could be recuperated through taxation of more privileged groups. And the rest would require the introduction of measures such as: increased corporate taxation; a rise in government spending; reprioritising government spending; or restructuring the government (SARPN, 2002). Another possibility, as suggested by Peter Lloyd-Sherlock (2002), would be to claim overseas support along the lines of the ILO's internationally-financed social protection mechanism known as the Global Social Trust.

A Research Review on Social Security Reform and the Basic Income Grant for South Africa commissioned by the ILO concluded that the basic income grant is feasible, affordable, and supportive of poverty reduction, economic growth and job creation (Samson et al., 2002: 32). According to the authors income transfers can improve the efficiency of social capital and cohesiveness while stimulating economic activity. The authors believe that these factors may increase both the supply and demand for labour,

increasing employment and economic growth and thus sustaining a dynamic growth process. Moreover, they claim that public policy that supports job creation and socio-economic development can reinforce the process by which redistribution generates growth that in turn sustains improvements in living standards. Haarmann (2000) in her PhD thesis also concludes that a Basic Income Grant would effectively reduce poverty across the various household types. The author believes that the money paid to the rich can effectively be recovered through self-targeting and taxation without losing the efficiency of this grant in combating poverty.

The Basic Income Grant needs to be explored in more detail. A crucial point that needs more research is the costs involved in implementing the grant. According to the Coalition for a Basic Income Grant, following the principle of reconciliation, the richer should pay for the poorest. A way to do that would be through corporate taxation, a solution that seems plausible but of difficult implementation in a country where big corporations control the economy. Other possibilities such as self-targeting, an increase in taxation, rise in government expending or overseas support should be explored by economists to see the overall impact on the economy. According to some academics the Basic Income Grant could reshape demand in the economy and would increase purchases. It is suggested that it would enable people to look for jobs and to

³ To date, the following organisations have endorsed this platform: the Congress of South African Trade Unions (COSATU), the Alliance for Children's Entitlement to Social Security (ACCESS), Black Sash, Child Health Policy Institute, the Community Law Centre (UWC), Development Resources Centre, Gender Advocacy Programme, the South African Council of Churches (SACC), the South African National NGO Coalition (SANGOCO), the Southern African Catholic Bishops' Conference Church and Work Office and Parliamentary Liaison Office, and the Treatment Action Campaign.

feed children but possible adverse incentive effects should also be considered. The negative consequences that need more exploration are the possibility of the reservation wage⁴ being increased, and the possibility of serious administrative problems occurring (Le Roux, 2001 cited in Hunter, 2002).

The role of the Old Age Pension on poverty alleviation.

South Africa together with Brazil is one of the countries with the most uneven distribution of incomes in the world⁵. According to Census data analysed by WEFA, the poorest 40% of the population get less than 3% of the national income, while the richest 10% enjoy more than 50% (SARPN, 2002). Around 18 million people (45% of the population) live on less than 2\$ a day, sixty per cent of the poor get social security transfers, ten per cent of South Africans are malnourished and twenty-five percent of African children are stunted (Committee of Inquiry, 2002). Linked to South Africa's apartheid past, poverty is heavily concentrated among Black South Africans representing 61% of the poor people, whilst poor whites only represent 1% (Priscilla Reddy, 2002; Vorster, 2000).

The Old Age Pension has been confirmed by academics to have an important redistributive effect in the South African population. It is the most effective social programme in targeting and reaching economically vulnerable groups (Ferreira, 1999; Case and Deaton, 1996; Ardington and Lund, 1995). According to the Committee of Inquiry into Comprehensive Social Security, the old age grant is the primary source of income for older persons who would otherwise be living in abject poverty and is estimated to reduce the poverty gap for older people by 94 percent (Committee of Inquiry, 2002). This was also one of the results obtained in a reanalysis of the 1995 Western Cape Community Housing Trust data files. According to this research, in about 2/3 of African households where a pensioner resides, the pension appears to be the main source of income (Sagner, 2000).

Ardington and Lund⁶ (1995) analyse the role of the pension in households situated in Kwa-Zulu Natal. Their results show that more than 60% of the households studied contain three or more generations. Elderly people are found in 23,7 per cent of households and 85,5 per cent are in receipt of a pension. The pension represents 17,7 percent of income in rural areas and 5,5 per cent in metropolitan areas. According to their estimates, pensions make a substantial difference to the levels of living in households in poverty, except for the very poorest. They claim this is the case because the poorest have no access to pension money. The authors acknowledge that households with pensioners are more likely to be able to survive, even though there is

⁴ The Reservation Wage is the wage associated to a job offer that makes unemployed individuals indifferent between accepting or rejecting that job offer.

⁵ The Gini Coefficient, which provides a mathematical expression of the degree of concentration of wealth or income, is used to compare inequality among nations, situating South Africa's inequality as the fifth highest in the world.

⁶ The data analysis is based on a income and expenditure survey of households. The sample contained 5293 households containing 35748 people. The survey sites were not representative of the Kwa-Zulu population. Urban and informal settlements are under represented having an impact in variables such as income, household size, sex of household heads and level of involvement in the informal sector.

no member of the household with employment. Ardington and Lund, based on their empirical research, conclude that ‘Pensions are a significant source of income, with marked redistributive effects, they are the basis of credit facilities in local markets, further contributing to food security; they deliver cash into remote areas where no other institutions do, they are gender sensitive towards women; and they reach rural areas as few other services do’ (Ardington and Lund 1995:571).

Anne Case and Angus Deaton⁷ (1998) look at the redistributive consequences of the transfers to the elderly and the levels of living of households with a pensioner. One of the aims of the paper is to investigate the nature of the correlation between age and poverty, including the poverty of those who live with elderly recipients. The first conclusion that becomes evident from their research is that the pension is an effective tool of redistribution, reaching poor households. Case and Deaton observe that children are also benefiting from the pension, as older people are supporting them economically. In their findings they note that the most benefited fraction of children are those living with a pensioner in households where per capita incomes are the lowest. Therefore, the children who benefit most from the pension are the poorest. They also look at some of the behavioural responses on the allocation of the pension. Their results show that pension income is spent in much the same way as other income. Nevertheless, the authors find evidence that expenditure patterns are different for different types of households. Female-headed households spend less on alcohol and tobacco. And, surprisingly the presence of elderly householders turns expenditure away from transportation and from schooling. The authors based on their coefficient estimates conclude that the evidence is stronger against the view that the elderly favour educational expenditure over other uses of funds.

Møller and Sotshongaye (1996) carry out a qualitative research to find out information on pension expenditure and its significance for the family welfare and household budget. The pension is found to be the only source of income in 14 of the 50 households. According to the authors, the fact that the pensioners have to share their income with other family members makes them see themselves as being poor, although they may well be earning more money than before being eligible for the pension. Female pensioners spend their pension on food, clothing and educational and health care needs of the children in their care. However, the amount of the pension is regarded as being inadequate for family needs. The study finds that the pensioners who are more satisfied are those that come from smaller households. Yet while grandmothers derive pleasure and self-esteem in pension sharing, they are also frustrated that their own needs are neglected in the interests of family welfare. However, the women in the study feel that unless family needs are met, they would not feel that they were entitled to use their pension money for their personal needs (Møller and Sotshongaye 1996 in Hunter 2002).

A study on the contribution of older persons in South Africa was conducted by HelpAge International⁸(1999). The study provides useful information with regards to

⁷ The data analysis is based on a national survey of South Africa carried out by the World Bank and the South African Labor and Development Research Unit at the University of Cape Town. The sample was 9,000 randomly selected households from all races and areas.

⁸ The method used for the research was a participatory learning and action/analysis approach. For communities in three provinces were included in the study. The four areas selected were peri-urban, peri-urban informal settlement, rural community and urban.

living arrangements, how the pension is spent and how the pension is redistributed within the household. The research acknowledges that the largest part of the pension income is spent on school fees and food, contributing to the household economy. The situation is worse in urban areas where municipal rates and taxes for electricity and water become major expenditure items. The study highlights that older people still enjoy traditional respect from the younger generation. However, there is a growing trend of violence and abuse against them, mainly by members of their own family. Further, the results show that many old people are overburdened with the role as child-minders, and they lack support from other members of the family. This study, in agreement with the one conducted by Møller and Sotshongaye, finds that older people have little choice than to share their pensions with their families. It is emphasised that while the social pension is the major source of income support, the pension cannot be qualified as the sole method of eradicating poverty since its value or worth is inadequate to meet other needs.

The results obtained in the studies which explore the impact of the Old Age Pension on poverty prevention and/or reduction can be summarised as follow:

- The old age grant is the primary source of income for older persons who would otherwise be living in abject poverty and is estimated to reduce the poverty gap for older people by 94 percent.
- The pension is an effective tool of redistribution, reaching poor households.
- Pensions are used for developmental purposes. The pensions are used to feed children, to pay for school fees, to invest in farming activities, and pensions are the basis of credit facilities in local markets.
- Pensions deliver cash into remote areas where no other institutions do and they reach rural areas as few other services do.
- Pensions make a substantial difference to the levels of living in households in poverty, except for the very poorest. The poorest have no access to pension money.
- The most benefited fraction of children are those living with a pensioner in households where per capita incomes are the lowest. Therefore, the children who benefit most from the pension are the poorest.
- Pensioners spend their pension on food, clothing and educational and health care needs of the children in their care.
- The amount of the pension is regarded as being inadequate for family needs. The pensioners that are more satisfied are those that come from smaller households.
- Pensioners feel that unless family needs are met, they are not entitled to use their pension money for their personal needs.

The pieces of research mentioned look at the role of the social pension, its redistributive consequences, and some of its expenditure patterns. However, the results obtained in those researches are not giving a comprehensive account of the potential of non-contributory pension income to reduce and prevent poverty among older beneficiaries and their households. Moreover, in some cases the results obtained are contradictory. Whilst Helpage International (1999) concludes that the largest part of the pension income is spent on school fees, Case and Deaton's study (1998) observes that the presence of elderly householders turns away expenditure from schooling. Further research is needed on the impact of the old age pension on elderly people and on how resources are redistributed between household members, filling in

the existing gaps, investigating some of the contradictions and looking at new dimensions that still need to be explored. Some of the issues that should be explored further are: the role of non-contributory pensions to prevent or/and reduce poverty among elderly people and other members of the family, resource allocation of the pension income between household members, the role of non-contributory pensions in livelihood strategies, capabilities and conditions of well being among poor older people, and its implications for the design of social policy⁹.

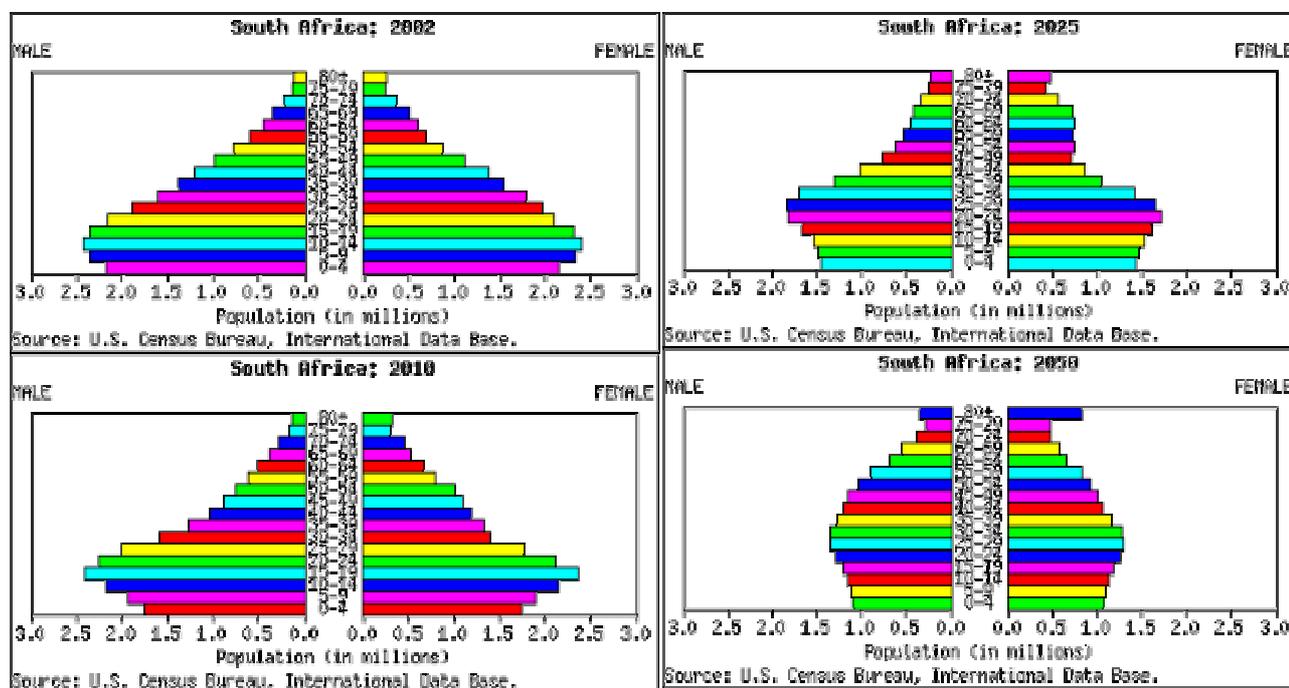
HIV/AIDS and ageing trends in South Africa.

The demographic transition that occurred in Europe and other developed countries during the twentieth century, which led to an ageing population, is also going to take place in South Africa but following a completely different route. In developed countries low fertility rates due in part to women accessing the labour market, and an increase in life expectancy as a result of modern medicine, technological change and improvement in nutrition, hygiene and access to health care services, produced changes in the age-sex structure of the population. The population pyramid evolved from the 'Eiffel tower' shape to a shape of a 'Cow bell', where the bottom part of the pyramid shrinks, showing smaller numbers of born children, and the upper part expands, reflecting the growing numbers of older people.

Projections for South Africa from the US Bureau of Census show a similar transition (See Figure 1), but this time it is taking place under conditions completely different from those in developed countries, the main cause of the changes being the HIV/AIDS pandemic. South Africa is the country with the greatest number of people living with HIV/AIDS in the world and the fastest growing HIV infection rate on the continent. UNAIDS estimates that at the end of 2001, there were 4.700.000 adults between the ages of 15-49 living with HIV/AIDS (20.1% of the adult population), while 350.000 adults had already died (UNAIDS, 2002a). New infections are being reported at a rate of 1,700 a day (2/3 among 15 to 20 year old). The number of AIDS orphans is also increasing dramatically in South Africa. There are currently 662,000 children below the age of 15 who have lost one or both parents to AIDS, and this figure is expected to rise to 1.7 million by the year 2010 (UNAIDS, 2002b).

⁹ The author coordinates the DFID funded project on Non-Contributory Pensions and Poverty Prevention Study which is directed by Armando barrientos and Peter Lloyd-Sherlock. The project is assessing the potential of non-contributory pension income to reduce and prevent poverty among older beneficiaries and their households in developing countries. The project compares and examines non-contributory pension programmes in Brazil and South Africa. For more information go to: idpm.man.ac.uk/ncpps.

Figure 1: Population Pyramids for South Africa 2002, 2010, 2025 and 2050



According to the projections of the US Bureau of Census, life expectancy is dropping dramatically in South Africa. In 1990 life expectancy for both sexes was 62.77 years, it dropped to 45.43 in 2002 and it is expected to fall even further to a horrifying 35.47 by the year 2010. According to estimates by the United Nations Development Programme, South Africa's life expectancy would have been close to 70 in the year 2010 in the absence of AIDS (USAIDS, 2002). Infant mortality rates have increased by nearly 20 percent from 1990 to 2002, from 51.38 per 1000 in 1990 to 61.78 per 1000 in 2002. The number of children (0-14) declines significantly from representing 32.8% of the population in 2002 to 25.3% in 2025. On the contrary, the proportion of elderly (60+) increases progressively. In 2002, 7,5% of the population is 60 or over 60. By 2025 elderly persons will represent 12,9% of the population and by 2050 they will reach 16,0%. As a whole, the South African population by the year 2005 is expected to be 16 percent smaller than it would have been in the absence of AIDS (USAID, 2002).

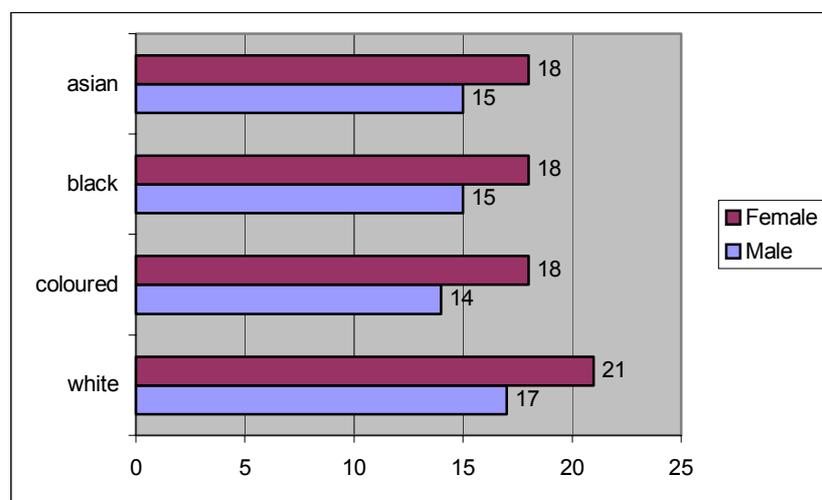
Males and females are affected quite differently in the ageing process. The percentage grows from 6.0 in 2002 to 9.6 in 2025 for males and from 8.6 to 16.2 for females. The different age groups within the elderly will react differently to AIDS. A significant number of 60-69 males and females will be missing, as they will have died of AIDS before 2020 (Du Guemy, 2002). The generations 70+ and 80+ will have largely escaped the HIV/AIDS epidemic and therefore their relative importance in the 60+ group will increase significantly. The fastest growing population is likely to be persons

aged 70 and over (Ferreira, 1997). The elderly people over 80 will also have an increase from being 0.8% of the population in 2002 to represent 3.6% in 2050 (more than 830,000 persons).

Different racial groups in South Africa have diverse life expectancies. The racial distribution of older persons 60 and over is 67.2% African, 22.3% White, 7.4% Coloured and 2.3% Indian (Department of Social Development, 2002). According to sources of the U.S. Bureau of the Census in Ferreira and Kinsella (1997), White people live much longer than any other of the racial groups. Life expectancy for Whites in 1997 was 77 for female and 70 for male, for Black people it was 55 for female and 52 for male. Coloured people had a higher life expectancy than blacks, situated in 68 for female and 59 for male. Asian's life expectancy was 72 for female and 65 for male. In their analysis, Ferreira and Kinsella (1997) present a table showing the different life expectancies of older people according to race once they have reached 60 years of age. This table shows that once older people have reached 60, their life expectancies are very similar within the different race groups. White people still do better, but the difference has significantly been reduced (See Figure 2). After the 60 years White people are expected to live 21 years more for females and 17 for males. Black and Asian are expected to live the same, 18 more for females and 15 more for males and Coloured people are expected to live 18 years more for females and 14 for males.

The great numbers of people infected with HIV/AIDS has increased the mortality of young adults; lowered fertility rate amongst young HIV- infected females; lowered fertility rate amongst not infected females, due to behavioural changes to avoid infection; and increased the mortality rate of children born with HIV/AIDS. On the other hand, those who have escaped the epidemic, some of them born during the first baby boom of the developing world, are reaching older ages (Du Guemy, 2002; Pisani, 1997). As Richard Disney points out in his analysis of the demographic changes in Africa, for the first time in a demographic transition falling life expectancy at birth is associated with rising life expectancy at later ages (Disney, 2002).

Figure 2: Years of life expectancy at age 60



Source: U.S. Bureau of the Census, International Programs Center, International Database in Kinsella and Ferreira 1997.

These demographic changes imply social, economic and political impacts of an unprecedented size. In our analysis, we will focus on the impact that HIV/AIDS is having on the older generation and how the old age pension provided by the government is impacting on those affected households. Three aspects of the demographic transition are crucial for our analysis. First, the rise of life expectancy at later ages will imply that a great number of elderly people over 70s and 80s will be unable to take care of themselves, and therefore will be in need of geriatric care. This will imply further increases in the health budget, to cater for the needs of more geriatric clinics and wards. Secondly, with fewer adults alive, older people will not have a caregiver in time of illness for support when needed. There will be more need for government support for old age and frail care. Thirdly, the mortality of adults will also mean fewer parents alive to take care of their children, and therefore grandparents will have to take the responsibility of caring for the orphans left behind by their sons and daughters at a time when they were not expecting to have such a responsibility and when they will be in need of care themselves. This will require a whole set of new policy measures to secure the well-being of both the elderly people and their grandchildren which will be explored in the following paragraphs.

The Impact of HIV/AIDS on Older People.

Little attention has been paid to older persons in the context of the AIDS epidemic, even when they make a substantial contribution to the well being of adults who are living with HIV/AIDS and to their grandchildren. Up until now, there has been no comprehensive research on the impact of HIV/AIDS on older persons in South Africa (Department of Social Development, 2002). Concrete reasons for being largely overlooked in research, information campaigns and care/support/prevention programmes are: the perception of being at low risk of contracting the disease, the small number of old people infected with HIV/AIDS, and their role as caregivers being unrecognised (Ferreira et al., 2002).

The most comprehensive research on the impact of HIV/AIDS on older people in developing countries has been carried out by John Knodel's group at the Population Studies Centre at the Institute for Social Research¹⁰. Knodel's primary focus is on the consequences for and the contributions by older persons in their role as AIDS parents in Thailand.¹¹ The author uses a framework describing multiple pathways through which the illness of an adult affects older-aged parents. The main pathways considered are: caregiving, co-residence, providing material support, fostering grandchildren, child loss and community reaction. The author goes through each of the pathways and relates them to different dimensions of well being and the specific consequences of those dimensions. The main findings of the research are: in caregiving and living arrangements. Knodel points out that parents assist in caregiving for almost 2/3 of adults who died of AIDS. He finds that there is a difference between instrumental

¹⁰ Knodel et al. obtained data using direct interview survey (394 interviews with AIDS parents and 376 interviews with control cases), open-ended interviews, and key informant interviews. It must be noted that although it is a thorough research, the quantitative research is not based on a probability sample, therefore it is not representative of the population and cannot be statistically generalized.

¹¹ In the Thai setting, the AIDS epidemic is at an advanced stage. The prevalence rate of the adult population is 2%. The health system is well developed in the country but the government does not provide free antiretroviral therapy. Fertility rates are very low, which has implications in terms of the number of possible orphans after the death of the infected adult.

health and personal caregiving, whilst women take care of the personal caregiving; men are critical for transportation to hospitals or clinics. When the young adults are sick 2/5 of the sample return home to be cared for by their parents. Normally parents would undertake activities such as: preparing food for their children, bathing/feeding, dressing, and providing emotional support. These tasks make the parents feel stressed and they experience psychological and emotional strain.

In the Thai setting, a big percentage of those dying from AIDS do not have children, therefore grandparents do not foster grandchildren in such a big percentage. According to Knodel's estimations less than half of the infected adults will leave some offspring when they die. However, among AIDS parents whose deceased son or daughter has a child, 68.4 are taking care of the orphan. From those who are supporting orphaned grandchildren 1/3 are paying for expenses. The biggest economic expenses the parents incur during illness are for treatment, caregiving and funeral costs. The most serious economic impact is the loss of future support that the deceased would have provided. Poorer AIDS parents are less likely to pay for some expenses. However, poorer parents are the ones that are economically suffering more from the loss of an adult child to AIDS.

Even though Knodel's research gives us some idea of what the implications of the HIV/AIDS pandemic could be for older people in South Africa, it is difficult to extrapolate because the scenarios are too different, specifically in terms of the percentage of people living with HIV/AIDS and the number of orphans left behind. Studies about the HIV/AIDS epidemic and older people in Africa are very scarce, and have only started to emerge during the past five years. The Ageing and Life Course Department from the World Health Organisation has conducted a pilot study in Zimbabwe which is expected to be implemented in three other African Countries: Ghana, South Africa and Tanzania.¹² The purpose of the study is to create a body of evidence on the needs of older people caring for people living with HIV/AIDS. The project identifies as the main problems faced by older people caring for their HIV infected adults and/or orphans: the loss of economic support, loss of remittances from their sick/dead adult children, lack of access to basic needs; limited access of health care services, financial hardship leading to inability to pay for medical or school fees, stigmatisation and both physical and emotional stress (WHO, 2002).

From the 589 people that compose the sample, 71.8% are above 60. Most of the caregivers in the study are females, reaching nearly three quarters of the sample. The main roles carried out by caregivers involve financial responsibilities, psychological support and daily care activities. Older people express mixed feelings concerning the costs and benefits of caring for orphans. In spite of the hardships, they are seen as a source of inspiration. However, there is frustration from the inability to meet the needs of the children. The most debilitating factor, as is also the case in the Thai setting, is the financial loss stemming from the drying up of remittances. When people are asked why they are caring for their sick sons and daughters, they answer that they have no choice and have been forced into these roles since they are the head of the household (WHO, 2002).

¹² The study methodology consisted of 810 households headed by adults who were caring for HIV/AIDS infected children or orphans. The sample was drawn from six out of the ten provinces in Zimbabwe.

Other researches carried out in Africa include a research in Uganda about how households cope with the AIDS epidemic by James Ntozi and Sylvia Nakayiwa (1999). It is based on data from four studies of six districts in Uganda between 1991 to 1996. Although it is geared at looking at the impact within the household it also looks at the impact of orphan care and it includes an elders' survey which covers 143 households. In the three surveys, parents are the main caregivers of AIDS adult children with the percentage increasing each year, to reaching 34,9 percent in 1995. The major problem mentioned by elderly people in this research is once again the financial constraints faced by taking care of orphans and sick adults. This is mentioned by nearly 60 percent of the respondents.

In Tanzania, the research shows similar results. In studying the coping strategies and health consequences of elderly people affected by AIDS, Julia Daytona and Martha Ainsworth¹³ (2000,2002) acknowledge that there is an increased share of households composed only by the elderly and their grandchildren. These children represent an additional burden of care for the elderly. Elderly people spend more time in caring for sick households members; they experience a greater burden of housework and farm work; and the rest of the household members experience reduced resources for food. The physical well-being of the elderly is reduced before the death of an adult but it recovers shortly after. Following the adult's death, the time the elderly spend performing household chores rises and their participation in wage employment decreases (Ainsworth, Dayton, 2000,2002).

The results obtained in the studies which explore the impact of HIV/AIDS on elderly people can be summarised as follow:

- The greatest economic expenses that older persons incur during the illness of their children are for treatment, caregiving and funeral costs.
- The most serious economic impact that older persons suffer is the loss of future support that the deceased would have provided. This causes financial hardship leading to inability to pay for medical or school fees.
- Elderly people face lack of access to basic needs and limited access to health care services.
- Older persons experience a greater burden of housework and farm work. Following the adult's death, the time the elderly spend performing household chores rises and their participation in wage employment decreases.
- Elderly people, as a result of AIDS, are spending more time in caring for sick households members. The elderly undertake activities such as: preparing food for their children, bathing/feeding, dressing, and providing emotional support.
- Elderly people report frustration from the inability to meet the needs of the children.
- Older persons are taking the responsibility of caring for the orphans left behind by their sons and daughters. They express mixed feelings concerning the costs and benefits of caring for orphans. In spite of the hardships, they are seen as a source of inspiration.
- Elderly people feel stressed and they experience psychological and emotional strain, as a result of caring for their dying children.
- Elderly people report stigmatisation by community members.

¹³ The data analysis is based on the Kagera Health and Development Survey, a longitudinal living-standards survey of more than 800 households incorporating four waves of data collected at six months intervals from 1991 to 1994.

The potential role of the South African Old age pension on poverty reduction in households affected by HIV/AIDS.

The impact of the Old age pension in reducing poverty has been examined in this paper. The existent literature shows that the pension is helping to reduce poverty in households where the pensioner co-resides with other family members. The impact of AIDS on older people has also been explored. The greatest economic expenses that older persons incur during the illness of their children are for treatment, caregiving and funeral costs. The most serious economic impact that older persons suffer is the loss of future support that the deceased would have provided. Following the information given in the previous chapters of my paper and after introducing some anecdotal data on the experience of grandparents with access to an old age pension in households affected by AIDS, I intend to pinpoint what issues are important to improve the knowledge base, to identify priorities for future research and to express concern in a range of policy areas.

The different studies presented in the precedent chapter give a thorough description of how elderly people are coping with AIDS. However, none of the countries mentioned in the studies are operating a non-contributory old age pension. Therefore, the impact of AIDS in South Africa's elderly is bound to have different consequences. As mentioned before, there is not a comprehensive research on HIV/AIDS and older people in South Africa. However, there is a valuable qualitative study on Older women as carers of children and grandchildren affected by AIDS by Monica Ferreira et al. (2002), who are based at the Institute of Ageing in Africa, which will help us to underpin some of the most important issues concerning the elderly and AIDS in the South African context. The main findings of the research are: pervasive poverty in the households; lack of resources and bureaucratic barriers to access of entitlements; food poverty; difficulty in paying for school fees, transport and membership of a funeral society; and both the emotional trauma and the physical burden which the caregiving grandmothers experience.

Ferreira et al. (2002) conduct a qualitative longitudinal study in 41 households affected by AIDS. The grandmothers are interviewed on three occasions over a six-month period (August 2000-February 2001). Of those 43 grandmothers, nearly half are receiving a social pension. Only five report that they are engaged in part-time selling; some used to be but had to stop when their child became ill. More than 1/3 of the subjects refer to financial difficulties which they have experienced. The difficulties are related to "poverty" and "no income". According to the research they deal with the difficulties variously: by borrowing money; by relying on their pension; by selling wares; by doing part-time work. The difficulties which the majority of the subjects have to deal with are concerned with money and food. Some of the contestants are forced to borrow money while they are getting a pension. One quarter of the sample believes that financial assistance would help them to overcome their difficulties. Furthermore, One fifth of the sample need food and help with documentation to obtain a grant. Several subjects experience difficulties in getting the pension. More than half of the subjects want training in business skills, to generate income. The greatest difficulty in caring for a grandchild with AIDS is when she/he is sick, as they can not pay for transport. Three quarters of the subjects do not receive any help in their caregiving responsibilities.

The data presented by Ferreira et al. (2002) needs to be treated with caution when analysing the impact of the old age pension. Pensioners and non-pensioners are mixed in the sample and there is no way of linking if experiencing poverty is related to not getting the pension. Some of the comments of the participants imply that they are poor because they do not receive a pension: "I have difficulty because there is no income. I do not get a pension" (Ferreira 2002;21). However, it cannot be generalised. From the research we can say that most of the households are experiencing very harsh situations. The most significant result of this research for the purpose of this paper is that more than half of the grandmothers do not receive a pension. Three generation households can be found, where the grandmother still does not qualify for the pension because she is under 60, consequently there is not enough income in the household.

As no research is available at the moment in South Africa, some case studies of pensioners can help us to comprehend and underpin some issues on how the old age pension is impacting on multi-generational AIDS affected households. These three case studies were collected in the township of Ekangala during a field-visit to an HIV/AIDS NGO to explore the issues which affect elderly people. Although, these cases are not representative of the situation faced by elderly people, they suggest some initial ideas of the problems they face, which will be useful for the design of future research¹⁴. The first example is a household where the grandmother is taking care of five AIDS orphans. In this case where the middle generation is missing, the household is not sustainable with only the government pension. The grandmother is receiving help from an NGO to pay for the orphans' school fees and uniforms. The second example is a household where there are two pensioners but only the grandmother's pension is pooled. This household used to be above the poverty line, but due to the death of most of the adult children, the household is collapsing. However, the pension at least is helping to feed all the members of the household. The third example illustrates a household where there is a pensioner receiving an occupational pension. The pensioner contributes with his pension fostering two children living with AIDS. This situation is not very common nowadays in South Africa, but it can be a trend to consider when older people access more occupational pensions or when other measures are set up to help elderly people combat the HIV/AIDS epidemic.

CASE STUDY 1: A FEMALE PENSIONER TAKING CARE OF 5 ORPHANS

Ntombi Zulu is a pensioner taking care of 5 orphans in Ekangala Township. The pensioner is living in a RDA (The Reconstruction and Development Programme) house with one room, a sitting room and a toilet inside the house. In the backyard there is a shack where her only remaining son is living. The grandmother depends on her pension and donations she receives from an NGO to take care of her grandchildren.

Her daughter died of AIDS and left three orphans behind. Her only remaining son is HIV positive and has a daughter with AIDS. She is also taking care of another orphan that is not family related. Ntombi is taking care of her son's daughter because he is currently in prison. Salamina, the little girl with AIDS, lives with her grandmother, but when she is feeling very sick she goes to St. Joseph's Care Hospice, a centre taking care of terminally ill AIDS patients. During her stays in the centre she receives the care of

¹⁴ The author is currently working on her PhD, which assesses the sustainability of multigenerational HIV/AIDS affected households where the middle generation is missing due to death from AIDS. The PhD intends to explore how elderly people and their grandchildren are able to conduct their lives in households where the middle generation is missing due to death from AIDS.

the doctor and nurses. When she recovers she goes back to her grandmother. The grandmother cannot take care of all the orphans, when Salamina is too sick.

For the last three months, Ntombi Zulu has not been receiving the full pension. She was getting 460 R instead of the 620 R prescribed by the government. The official at the welfare office told her that the computer said that she was to receive an amount of 460 R. According to the official computers are always right. She went home still feeling lucky because some neighbours did not get their pension at all. With the money she gets from the pension she just about feeds all her grandchildren. Knowing that she is getting less money she cannot afford to buy coal and paraffin for heating or light. The supplement she receives from the NGO allows her to pay for school fees, uniforms, clothes and medicine.

Ntombi feels very privileged because she is getting help from the NGO. When asked how would she cope without the help of the NGO, she answered that her grandchildren would not be able to go to school and she would not be able to afford to buy all the medicines that Salamina needs.

CASE STUDY 2: TWO PENSIONERS TAKING CARE OF 1 ADULT CHILD AND 8 GRANDCHILDREN

Two pensioners were the heads of the household in a big house in Ekangala Township. In this household, nine people lived on the grandmother's pension. The grandfather's pension was only used when there was an emergency. The grandmother told us that her husband's pension was for drink and his personal use. This family was living in a very nice house, with nice furniture, electricity and water.

However, the grandmother told us that now, as all her children had either died of AIDS or left home, she was supporting eight grandchildren and a young daughter. Although in the past she had a privileged situation, due to unemployment and AIDS her family was collapsing. In her current situation she could only feed her grandchildren and pay for the bills in the house. She could no longer afford to pay for the doctor's fees.

Asked about how she felt about being a pensioner she answered it was a good thing to receive the money but she would prefer to be employed. To improve the situation she felt the government should increase the pension money and create more job opportunities, allowing her to work also if she could find a job.

CASE STUDY 3: TWO PENSIONERS TAKING CARE OF TWO GRANDCHILDREN AND FOSTERING TWO CHILDREN LIVING WITH AIDS.

The grandfather is receiving an occupational pension from the private hospital he used to work for. The grandmother is not entitled to a pension because the husband's pension is over R 2,000, equivalent to 200 US\$. With this amount of money they feel very privileged and not only do they take care of their two grandchildren but they decided to foster two orphans who did not have a family member willing to take care of them after discovering they had AIDS. Since their arrival in the new family, their health status has greatly improved.

Six people live on the grandfather's pension. When asked why they take care of the two orphans they answered that their own daughter died of AIDS and they want to do something to help. If they had more money they would foster more children. They live in a middle size house with two rooms and they have a garden where they grow their own vegetables.

The data presented in this paper illustrates the role of the Old Age Pension on poverty reduction and the problems faced by elderly people affected by HIV/AIDS. Having these sets of information we can assess what the Old Age Pension can be used for and in what aspects of the HIV/AIDS epidemic the Old Age pension will not be able make a difference. These results are only exploratory and will need further analysis in order to be able to make some policy recommendations.

The social old age pension makes elderly persons economically independent and they become valuable family members proving to be vital support for older people and their adult children and grandchildren. In households affected by AIDS, the Old Age pension contributes towards expenses that older persons incur during the illness of their children such as for treatment, caregiving and funeral costs. In caring for their grandchildren it can pay for food, clothes, medication and medical and school fees. Nevertheless, as seen in our case studies, it has not proven to be enough to prevent poverty in the households studied. The research presented by Ferreira et al. (2002) shows that grandparents are experiencing very harsh situations including financial constraints. The major problem mentioned by elderly people in this research is once again the financial constraints faced by taking care of orphans and sick adults. The case studies presented show that where the middle generation is missing, and the number of orphans living in the household is high, school fees and uniforms cannot be afforded. The second case study shows that pensioners can only afford to buy food for all the family members and cannot afford medicines or transport to the hospital. Helpage International suggests that the pension is inadequate for targeting the elderly because it must be shared with the extended family and it does not help to fulfil all their needs. It has been mentioned that the pension has developmental effects as it is used for starting small business or for income generating activities. Yet in Ferreira's et al. study only five grandmothers report to be engaged in part-time selling, some used to be but had to stop when their child became ill. Therefore, HIV/AIDS can be responsible for elderly people not having the time to engage in income generating activities.

It also needs to be acknowledged that the problems faced by elderly people are not only related with financial constraints. The Old Age Pension cannot address a long list of problems that derive from the AIDS pandemic. Those problems which were most commonly mentioned in the research available are: lack of access to basic needs and limited access of health care services; a greater burden of housework and farm work; an increase on household chores; a decrease in wage employment. Elderly people, as a result of AIDS, are spending more time in caring for sick households members. The elderly undertake activities such as: preparing food for their children, bathing/feeding, dressing, and providing emotional support. In terms of their mental health elderly people report frustration from the inability to meet the needs of the children and stress and emotional strain, as a result of caring for their dying children. As community members they report stigmatisation from their neighbours.

The results presented are not conclusive. A comprehensive research is needed, including quantitative and qualitative analysis, into how HIV/AIDS is impacting on the older generation, focusing on those who receive a pension and also those who are not yet entitled to it. As seen in Ferreira et al. (2002), half of the sample who were caring for adult children and orphans were not entitled to a pension because they were under 60 years old which is the eligibility age for women. Therefore, research on the impact of AIDS on multigenerational households should explore if those who are entitled to a pension can cope with only the old age pension they receive and those who are not yet entitled to a pension are coping without this added income. In both cases, additional policies to help elderly people to confront the epidemic should be researched and proposed.

Policy Considerations.

Different policy measures have been explored to cater for the needs of people affected or infected with HIV/AIDS. The South African government is providing the population with a Child Support Grant (CSG), a Foster Care Grant (FCG) and a Disability Grant (DG) in order to deal with the AIDS pandemic. The Committee of inquiry notes that substantial problems exist in the implementation of these grants. The most pressing concerns regarding the CSG are: the level of the grant does not come close to meeting the basic costs of childcare; the age limit has no real rational basis as it stops at school-going age; and the grant is not operating effectively. With regard to the FCG, it is noted that accessing the grant is problematic as in order to qualify for a FCG, the child has to be placed in the care of foster parents through the children's court. The court process is lengthy and inappropriate for many families. In addition to the problems associated with having to go to court there is also the fact that most of the households do not know about its existence. The disability grant has been suggested to be granted to people living with HIV/AIDS. However, to qualify for the grant the person has to show that he/she is not able to work. In those instances most of the people living with AIDS are at an advanced stage of their illness. Sadly, experience shows that most of the HIV/AIDS patients die during the lengthy process of application, before the disability grant is even allocated.

The policy considerations that have been addressed in this paper, for helping to reduce poverty in households affected by HIV/AIDS, where elderly people co-reside, are the following:

- *Abolishing the means-test of the Old Age pension.*

The pension being means-tested, serves as a deterrent for older persons to stay in the labor market, and to declare their true income. The means-test discourages many individuals from preserving occupational retirement benefits as well as discouraging younger persons from saving towards their retirement. Another problem associated with the means-test is that which questions its effectiveness in capturing all the poor elderly people. The problems associated with abolishing the means-test would be the fiscal costs involved and therefore the sustainability of the whole old age pension system.

- *Lowering the eligibility age of the Old Age pension.*

Lowering the eligibility age to 55 for women and 60 for men. The most significant result of the research presented by Ferreira et al. (2002) is that more than half of the grandmothers taking care of HIV/AIDS orphans do not receive a pension. Three generation households can be found, where the grandmother still does not qualify for the pension because she is under 60, and there is not enough income in the household.

- *Introducing a Basic Income Grant.*

A Basic Income Grant (BIG) of R100 per month for all South Africans, has been claimed to be very successful in reducing poverty. In the estimates, for households with children but no pensioners, the poverty gap is reduced by two-thirds, and for households with children and pensioners, there is an even greater reduction. For multigenerational households where the middle generation is missing, the gap would be reduced by 95 per cent and for three generation households by 85 per cent. In addition, the incidence of extreme poverty is eliminated, the closing of the poverty gap improves to 74 percent, while 6.3 million are moved out of poverty. It is suggested that the conditions for the implementation of the BIG do not exist, due to institutional constraints and both fiscal and administrative impediments. The problems associated to implementing the grant are the costs involved. Possibilities suggested are: corporate

taxation, self-targeting, an increase in taxation, rise in government expending or overseas support.

- *Increasing the eligibility age of the Child Support Grant up.*

Extending the CSG to all children under 18 and that the means test be removed, as this would make a significant impact on poverty. The age limit has no real rational basis as it stops at school-going age. In stopping the grant at school-going age some children are unable to attend school because their parents cannot afford the costs of school fees and uniforms.

- *Providing the elderly with more geriatric clinics and wards.*

The rise of life expectancy at later ages will imply that a great number of elderly people over 70s and 80s will be unable to take care of themselves, therefore will be in need of geriatric care.

- *Providing more support for old age and frail care.*

Greater support for old age and frail care is needed. With fewer adults alive, due to death from AIDS, older people will not have a caregiver for support when needed in time of illness.

- *Providing community based services for the elderly.*

The HIV/AIDS pandemic is already placing a burden on elderly persons who are burying children and being left to care for grand-children. This burden will get much heavier. The provision of community based services for the elderly will lay the basis for services for the wider community.

- *None of the new measures at the expense of the Old Age grant.*

The Old Age Pension should not be abolished, even if the BIG or any other of the measures proposed were introduced. New measures should not be taken at the expense of the Old Age Grant, as this social programme is at present the most effective means of targeting and reaching economically vulnerable groups.

CONCLUSION

The first chapter of the paper begins by exploring the Old Age Pension System in South Africa. The author considers it to be fundamental to give a thorough description of its history, as some academics have suggested that the old age pension was introduced to all South Africans by the new elected government in 1994. The South African social old age pension has its origins nearly seventy years before. It was introduced in 1928 for Whites and was extended to all South Africans in 1944. However, it was racially and discriminatorily based. In 1944 the ratio was 12:6:1 taking the 'rural native' as the baseline rate and by 1965 was still 11:4:1 (Union of South Africa cited in Devereux, 2001:4). During the 70s and 80s take up rates increased for Blacks and the difference of payment rates started to shrink at a slow pace. By 1993, pension parity was achieved and discrimination eliminated. It is also stressed during the paper that the reasons behind the implementation of the grant were not so noble. The Nationalist Government having at first opposed the introduction of the scheme, later realized that the old age pension was a good tool of propaganda overseas and was in accordance with apartheid policies as it helped to reinforce the patriarchal family and the control of the older generation over the younger generation.

The paper goes on to focus on current debates and developments in the Old Age Pension System which have implications for poverty prevention: the means-test and the proposed Basic Universal Income Grant. The Committee in charge of reviewing the

Social Security System and most of the academics which have been analysed are in favour of abolishing the means-test. Since the pension is means-tested, it serves as a deterrent for older persons to stay in the labor market; to declare their true income; it discourages many individuals from preserving occupational retirement benefits; and it discourages younger persons from saving towards their retirement. The problems associated with abolishing the means-test would be the fiscal costs involved and therefore the sustainability of the whole old age pension system. It is noted that the numbers of people accessing the universal old age pension will not escalate in the same manner as the number of people reaching older ages, therefore it is suggested that the fiscal burden can be afforded. Nevertheless, these estimates have to be treated with caution as the impact of HIV/AIDS will have an impact on people's ability to save money.

The Basic Income Grant of R100 per month for all South Africans is also explored. Academics and the Committee agree in that the grant would be very successful in reducing poverty. However, it is also mostly agreed that the conditions for the implementation of the Basic Income Grant do not exist in South Africa due to institutional constraints and both fiscal and administrative impediments. The Basic Income Grant needs to be explored in more detail. A crucial point that needs more research is the costs involved in implementing the grant. According to the Coalition for a Basic Income Grant, following the principle of reconciliation, the richer should pay for the poorest. A way to do that would be through corporate taxation, a solution that seems plausible but of difficult implementation in a country where big corporations control the economy. Other possibilities such as self-targeting, an increase in taxation, rise in government expending or overseas support should be explored by economists to see the overall impact on the economy. According to some academics the Basic Income Grant could reshape demand in the economy and would increase purchases. It is suggested that it would enable people to look for jobs and to feed children but possible adverse incentive effects should also be considered. The negative consequences that need more exploration are the possibility of the reservation wage being increased, and the possibility of serious administrative problems occurring .

The second chapter analyses the impact of the old age pension on households with pensioners, through exploring the literature and the empirical research available. The pieces of research mentioned look at the role of the social pension, its redistributive consequences, and some of its expenditure patterns. The Old Age Pension has been confirmed by academics to have an important redistributive effect in the South African population. As seen in the research undertaken, pensions are used for developmental purposes, to deliver cash into remote areas and to make a substantial difference to the levels of living in households in poverty. Further research is needed on the impact of the old age pension on elderly people and on how resources are redistributed between household members, filling in the existing gaps, investigating some of the contradictions and looking at new dimensions that still need to be explored. Some of the issues that should be explored further are: the role of non-contributory pensions to prevent or/and reduce poverty among elderly people and other members of the family, resource allocation of the pension income between household members, the role of non-contributory pensions in livelihood strategies, capabilities and conditions of well being among poor older people, and its implications for the design of social policy.

The third chapter addresses the demographic changes related to population ageing and the impact of HIV/AIDS. Understanding how the South African age-sex structure is going to be shaped in the future is crucial to planning policies on HIV/AIDS and Social Security. The great numbers of people infected with HIV/AIDS has increased the mortality of young adults; lowered fertility rate amongst young HIV- infected females; lowered fertility rate amongst not infected females, due to behavioural changes to avoid infection; and increased the mortality rate of children born with HIV/AIDS. On the other hand, those who have escaped the epidemic, some of them born during the first baby boom of the developing world, are reaching older ages. As Richard Disney points out in his analysis of the demographic changes in Africa, for the first time in a demographic transition falling life expectancy at birth is associated with rising life expectancy at later ages.

Three aspects of the demographic transition will have implications for designing policy towards poverty prevention in multigenerational households affected by AIDS. First, the rise of life expectancy at later ages will imply that a great number of elderly people over 70s and 80s will be unable to take care of themselves, and therefore will be in need of geriatric care. This will imply further increases in the health budget, to cater for the needs of more geriatric clinics and wards. Secondly, with fewer adults alive, older people will not have a caregiver in time of illness for support when needed. There will be more need for government support for old age and frail care. Thirdly, the mortality of adults will also mean fewer parents alive to take care of their children, and therefore grandparents will have to take the responsibility of caring for the orphans left behind by their sons and daughters at a time when they were not expecting to have such a responsibility and when they will be in need of care themselves. This will require a whole set of new policy measures to secure the well-being of both the elderly people and their grandchildren which will be explored in the following paragraphs.

The fourth chapter explores the current literature on the impact of HIV/AIDS on elderly people in other developing countries and in South Africa. The results are as follow: the biggest economic expenses that older persons incur during the illness of their children are for treatment, caregiving and funeral costs; the most serious economic impact that older persons suffer is the loss of future support that the deceased would have provided. Elderly people also experience: lack of access to basic needs and limited access of health care services; a greater burden of housework and farm work; an increase on household chores; and a decrease in wage employment. Elderly people, as a result of AIDS, are spending more time in caring for sick households members. The elderly undertake activities such as: preparing food for their children, bathing/feeding, dressing, and providing emotional support. In terms of their mental health elderly people report frustration from the inability to meet the needs of the children and stress and emotional strain, as a result of caring for their dying children. As community members they report stigmatisation from their neighbours.

In South Africa, the social old age pension makes elderly persons economically independent and they become valuable family members proving to be vital support for older people and their adult children. In households affected by AIDS, the Old Age pension contributes towards expenses that older persons incur during the illness of their children such as for treatment, caregiving and funeral costs. In caring for their grandchildren it can pay for food, clothes, medication and medical and school fees. Nevertheless, as seen in our case studies, it has not proven to be enough to prevent or

reduce poverty in the households studied Grandparents are experiencing very harsh situations including financial constraints. The major problem mentioned by elderly people in this research is once again the financial constraints faced by taking care of orphans and sick adults. The case studies presented show that where the middle generation is missing, and the number of orphans living in the household is high, school fees and uniforms cannot be afforded. The second case study shows that pensioners can only afford to buy food for all the family members and cannot afford medicines or transport to the hospital. Helpage International suggests that the pension is inadequate for targeting the elderly because it must be shared with the extended family and it does not help to fulfil all their needs. It has been mentioned that during the paper that the pension has developmental effects as it is used for starting small business or for income generating activities. Yet in Ferreira's et al. study only five grandmothers report to be engaged in part-time selling, some used to be but had to stop when their child became ill. HIV/AIDS can be responsible for elderly people not having the time to engage in income generating activities.

It also needs to be acknowledged that the problems faced by elderly people are not only to do with financial constraints. The Old Age Pension cannot address a long list of problems that derive from the AIDS pandemic. Those problems which were most commonly mentioned in the research available are: lack of access to basic needs and limited access of health care services; a greater burden of housework and farm work; an increase on household chores; and a decrease in wage employment. Elderly people, as a result of AIDS, are spending more time in caring for sick household members. The elderly undertake activities such as: preparing food for their children, bathing/feeding, dressing, and providing emotional support. In terms of their mental health elderly people report frustration from the inability to meet the needs of the children and stress and emotional strain, as a result of caring for their dying children. As community members they report stigmatisation from their neighbours.

The results presented are not conclusive. A comprehensive research is needed into how HIV/AIDS is impacting on the older generation, focusing on those who receive a pension and also those who are not yet entitled to it. As seen in Ferreira et al. (2002), half of the sample who were caring for adult children and orphans were not entitled to a pension because they were under 60 years old which is the eligibility age for women. Therefore, research on the impact of AIDS on multigenerational households should explore if those who are entitled to a pension can cope with only the old age pension they receive and those who are not yet entitled to a pension are coping without this added income. In both cases, additional policies to help elderly people to confront the epidemic should be researched and proposed. The policy considerations for helping to reduce poverty in households affected by HIV/AIDS, where elderly people co-reside, which are explored in this paper are the following: abolishing the means-test of the Old Age pension; lowering the eligibility age of the Old Age pension; introducing a Basic Income Grant; increasing the eligibility age of the Child Support Grant; providing the elderly with more geriatric clinics and wards; providing more support for old age and frail care; and providing community based services for the elderly; and none of the new measures at the expense of the Old Age grant.

Finally, if the pension is intended solely to reduce poverty amongst the elderly it is being effective because it is estimated to reduce the poverty gap for older people by 94 percent. However, if the government considers it to be a poverty alleviation programme

within the household, there is a vast number of poor people that are going to be automatically excluded from the system. The pension is not directly targeted to children and young adults. Most adults (81 per cent) and children (76 per cent) live in households with no pensioners, so they are less likely to benefit from any grants paid to pensioners. It can be concluded, that the Old Age Pension benefits many elderly poor. However, pensions alone are not adequate for targeting the poor as a group in the context of an AIDS pandemic. A better solution to reduce poverty amongst households affected by AIDS should be explored. Researchers and policy makers should consider the changes on eligibility and means-test of the existent grants, the impact of the Old Age pension together with the other available grants and the possible implementation of a new grant. However, the author believes that new measures should not be taken at the expense of the Old Age Grant, as this social programme is at present the most effective means of targeting and reaching economically vulnerable groups.

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Table 1 Non-contributory Pensions in Developing Countries

COUNTRY	MOST CURRENT LAW	MODEL OF SCHEME	ADMINISTRATIVE ORGANISATION	AGE ELEGIBILITY
BOTSWANA	1996	Universal scheme	Department of Labor and Social Security, general supervision and administration of program.	Citizens from age 65
BRAZIL	1991 and 1998	De facto Universal scheme	National Social Security Institute (INSS), administration of benefits. Ministry of Social Security and Social Assistance (MPAS), general supervision.	Citizens from age 60 for men and 55 for women
COSTA RICA	1995	Means-tested (targeted) scheme	Costa Rican Social Insurance Fund, administration of program directed by executive president and 9-member board. A State Auditor supervises the financial operations of the Fund.	Citizens from age 65
INDIA	1995	Means-tested (targeted) scheme	Ministry of Labor, general supervision.	Citizens from age 65
MAURITUS	1976	Universal scheme	Ministry of Social Security and National Solidarity, administration of program.	Citizens with 12 years residence; permanent residents with 15 years, from age 60
NAMIBIA	1990	Universal scheme	The Government Institutions Pension Fund (GIPF).	Citizens and permanent residents, from age 60
SOUTH AFRICA	1992 (as amended through 1997).	Means-tested (targeted) scheme	National and provincial departments of Welfare	Citizens from age 65 for men and 60 for women

COUNTRY	% POPULATION OLDER THAN 65 (2002)	BENEFICIARIES (NUMBER) (1999)	% BENEFICIARIES	SOURCES OF FUND	MONTHLY PENSION US DOLLARS	AS % OF GDP PER CAPITA	EXPENDITURE (% OF GDP)
BOTSWANA	5	71,000	167	Government: Entire cost	\$ 24	9	0.4
BRAZIL	8	6,913,000	77	Government: Entire cost.	\$ 70	16	1
COSTA RICA	8	41,620	20	Government: Entire cost.	\$ 30 \$ 39	9 12	0.1
INDIA	8	2,200,000	4	Government: Entire cost.	\$2	5	0.01
MAURITUS	9	112,000	109	Government: Entire cost.	\$ 55 \$ 212 \$ 236	17 66 74	2.0
NAMIBIA	6	82,000	85	Government: Entire cost.	\$ 26	16	0.7
SOUTH AFRICA	6	1,800,000	88	Government: Entire cost.	\$ 62	32	1.4

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