Social cash transfers, generational relations and youth poverty trajectories in rural Lesotho and Malawi

Policy brief 3: Social pensions: benefits beyond the individual

Findings from an ESRC-DFID-funded research project January 2019

Key points

Cash transfers are viewed by recipients as invaluable for poverty reduction. Cash transfers to older people can benefit family members, including children and the wider community as much as cash transfers directly aimed at these groups. The research reveals that:

- **Pensions benefit the elderly directly, empowering individuals as their capacity for productive work declines, by giving them greater autonomy for spending income**
- **Cash transfers to the elderly also benefit other generations and bring wider benefits to communities, thereby strengthening family and community relations**
- **Cash transfers given to the elderly are supported by non-beneficiaries in communities and tend to have political support at the national level**

This policy brief, number three in a series of eight, focuses on the findings related to the impact of cash transfers to the elderly and draws out key policy messages which suggest support for widespread implementation of pensions.

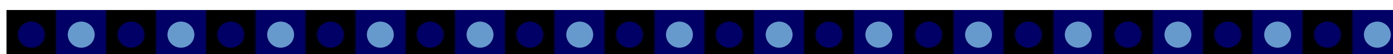
The research

Social cash transfer schemes, which disburse cash to poor people, are known to address symptoms of poverty among their target populations, particularly children and the elderly. However, poverty cannot be fully understood by focusing on symptoms alone. Poverty is produced through structural power relations including social relations of gender, age, generation and class. To fully understand the impacts of cash transfers, this research examines how cash transfers intervene in, and are negotiated through, these social relations. It focuses on Lesotho's Old Age Pension and Child Grants Programme and Malawi's Social Cash Transfer Programme. Based on in depth qualitative research in one rural community in each country, the research contributes to a more nuanced understanding of whether, and to what extent, cash transfer schemes are transforming poverty in rural African communities.

For details, see **www.cashtransfers-youth.net**

Social cash transfers to the elderly in Malawi and Lesotho

Lesotho provides an old age pension which targets everyone aged 70 or over except those who receive a government occupational pension. It costs 2.39% of GDP and is initiated and funded by government. Its current value is US$53 a month. Malawi does not yet have a pension scheme, although this is regularly debated in parliament and among the donor community. Malawi has a social cash transfer programme (*mtukula phakomo*) which targets ultra-poor labour constrained households (about 10% of all households). The scheme costs 1.6% of GDP and is largely donor-funded but administered by government. The size of the transfer ranges from US$3.50 to US$7.50 monthly, depending on household size, with supplements of US$1 or US$2 per school-goer. Although not specifically targeting the elderly, many recipients are elderly and may be carers for orphaned children.



Cash transfers benefit the elderly

Individual benefits of cash transfers to the elderly create empowerment and autonomy for a group previously highly dependent on younger family members. Cash gives the elderly options for looking after themselves through purchasing services and goods. They become less reliant on others to provide for them and in some cases they hold decision-making power around household purchases or investments.

> *"each and every month I buy some tea, it's not like back then when I used to wait on my children for help, so there is a positive change"* (grandmother, Lesotho)

> *" …my granny makes those decisions… she decides what should be bought, she just gives us the money to buy it"* (teenage grandson, Malawi)

Cash transfers to the elderly benefit others

Household benefits from cash transfers to the elderly

Young adults within households benefited from elderly relatives receiving cash, either directly through school fees and uniforms or indirectly by eating food purchased for common consumption. Pensions in Lesotho were often spent on grandchildren's education and basic needs, even where this was not a condition of the cash transfer. Elderly people in Malawi commonly live in close proximity to their relatives and share the food they buy with their daughters' households.

> *"I can say that I am very thankful that my grandmother receives this money, because if it wasn't for this, we would be struggling. We wouldn't be able to buy things we need"* (teenage granddaughter, Lesotho)

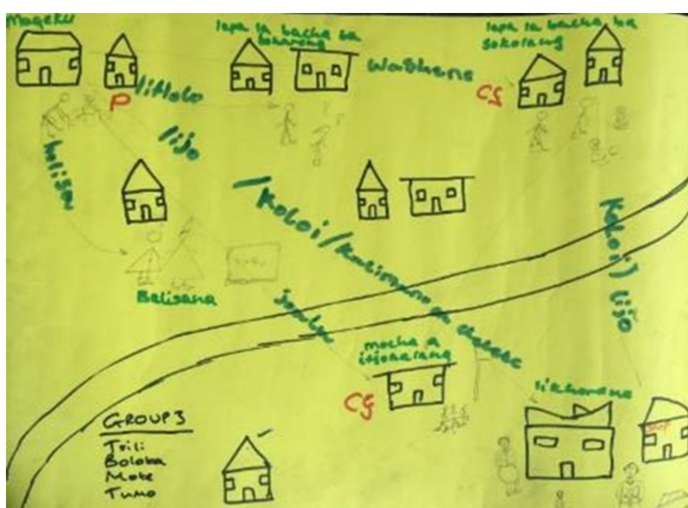
The provision of cash to the elderly also shifts moral obligations within families towards paid transactions, as duties and support can now be paid for. Children and grandchildren sometimes undertake chores in return for cash. The ability to financially contribute in this way gives older people greater social status and decision-making power within households of their adult children. They no longer need to nag their grandchildren to collect water, but can instead offer them cash, or pay a neighbour to do this. However, some people pointed to new tensions within families as younger generations increasingly expect to be paid for the help they provide to elderly family members.

> *"They are my children, I can't be eating in my house while my children are hungry and suffering next door, that is not possible"* (grandmother, Malawi)

Community benefits from cash transfers to the elderly

Cash transfers (including social pensions) to the elderly provide benefits to whole communities. The ways in which the elderly spend money within communities con-

Participatory exercise: mapping how cash transfers flow between households



tributes to strengthening social relations. In Lesotho, the higher value of the pension results in greater impacts relative to the Malawi cash transfer, although the latter too allows elderly people to play an economic role in their communities. Young people in both countries talked about the elderly not sharing their pension or cash transfer enough (they were sometimes characterised as 'stingy'), but many recognised that they benefitted through being paid for tasks such as laundry, collecting wood and water, household maintenance, ploughing or catching chickens. In Lesotho, longer term employment could also be created, such as opportunities for herding elderly people's livestock.

> *"even now we are still planning to ask someone to come and smear our house here. So that we will pay them, because we need one another"* (pensioner, Lesotho)

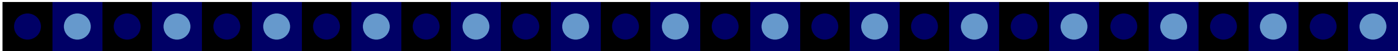
Box 1: Lesotho's Old Age Pension strengthening household and community relations

In Lesotho, the pension is sufficient to allow elderly people to exercise economic influence beyond the household as employers, lenders and key members of savings groups. The example of Manthabiseng, a 91-year old widow, highlights how her pension was used beyond her individual benefit to directly serve other community members. Manthabiseng lives near her son and his family and they eat together. Prior to the pension, Manthabiseng would have been a dependent within the extended family. Today she is more autonomous. She fully controls her pension, which is collected by a non-resident relative, but she regrets it is too little to fully educate her double-orphaned granddaughter. Her son and daughter-in-law think she should contribute more to the wider household, but she makes only small purchases or lends them money for groceries when they claim to be running out. She also plays a significant economic role in the community as a purchaser of services and both lender and borrower of cash.

The circulation of cash throughout villages was evident as the elderly became consumers, purchasing small groceries and goods in local shops or from petty traders; a source of loans to other community members; and as purchasers of services (see Box 1). These patterns were highlighted by young adults in the course of the participatory mapping activities. Some suggested that wealthier community residents might benefit most—they were the shop owners and had vehicles that enabled them to provide transport services. The rich were equally more likely to be loaned money, as they could be expected to repay promptly. But even Malawian women selling fritters could "improve their business operations".

The young people in Lesotho contrasted the effects of pensions with those of child grants. Where young adults receive money, they will not pay others for assistance as they're able to do things for themselves. Moreover, young adult recipients said they needed to use the grants for their own households, so they wouldn't be able to support others. This was exacerbated by the small size of the child grants relative to Lesotho's pensions.

It is important to note that giving cash transfers to the elderly does carry some risks, including creating tensions related to jealously and also security issues (see Policy Brief 6).



Support for pensions

Targeting the elderly is perceived to be fair by both non-recipient and recipient households within communities as the elderly are beyond productive working age—they cannot be expected to work to support themselves (see Policy Brief 4 for a discussion of cash transfers to young adults). Lesotho's old age pension was almost universally praised as it allows elderly people a level of autonomy they deserve.

"The money should be given to the elderly, since the youth are able to do piecework" (15-year-old grandson of cash transfer recipient, Malawi)

In Malawi, national targeting of the cash transfers is focused on the household level, yet locally they were perceived as belonging to individuals. Therefore, most beneficiaries originally selected through community targeting were elderly people, which clearly demonstrates that the elderly are viewed as deserving beneficiaries. A pension would more aptly fulfil this community desire for targeting as often resentment arose within families and communities where cash transfers had been "inherited" by younger family members (see also Policy Brief 2).

Policy Brief 4 indicates that cash transfers given to young adults have less support from non-beneficiaries in the community. Cash transfers to the elderly were widely accepted to benefit other generations within families, without the shame or stigma associated to receiving "free money". Any shame attached to "free money", which is based on a perception that young adults should work for their income, is not attached to older people. Their age and social status do not culturally preclude them from receiving unearned cash. Further, there is wide political support for the universalisation of pensions as a means for lifting communities out of poverty.

"This sky-falling money, it would be better if it was being received by old people staying with orphans; it would be easy if it could be like that, not these youths" (young women not receiving child grants, Lesotho)

Pseudonyms are used and photographs are illustrative only: they do not portray the individuals profiled

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