SOCIAL PROTECTION
IN
DEVELOPING COUNTRIES

The Lesotho Old Age Pension

EIRIK WINNBERG

Master Thesis in Human Geography
Department of Sociology and Human Geography

University of Oslo | *May 2012*

Social Protection in Developing Countries

The Lesotho Old Age Pension

Eirik Winnberg

Master thesis in Human Geography
Department of Sociology and Human Geography
University of Oslo
May 2012

2012

Social Protection in Developing Countries – The Lesotho Old Age Pension

Eirik Winnberg

http://www.duo.uio.no/

Print: Reprosentralen, University of Oslo

Cover design by Rosa Hernández Durana

Acknowledgements

This thesis would not have been possible without the aid of a number of people. First and foremost, I would like to extend my gratitude to my informants, who welcomed me, let me into their homes and shared their experiences with me.

The Institute of Southern African Studies at the National University of Lesotho also deserve thanks, for allowing me the use of their library, giving helpful advice and constructive criticism on my preliminary results and making me feel welcome in a foreign country. Special thanks to David Croome, who provided valuable insights in the initial phase of my fieldwork. In short, the contribution of ISAS has been invaluable.

I owe a debt of gratitude to Atang, who worked as my interpreter and research assistant, answering any question I might have about the country, its people and its customs and helping me secure good and informative interviews. I hope to have the chance to someday visit you and your family again.

I would also like to thank my supervisor Jan Hesselberg for his advice during the writing process, always pushing me forward.

To all my friends: thank you for patience and support. Special thanks to Thomas and Tonje, for protracted lunches filled with pointless discussion, exactly what was needed to take my mind off the ever-looming deadline. Thanks to my family as well, for valiantly trying to understand what I really have been studying these five years.

And lastly thanks to Rosa, for being there throughout everything.

Eirik Winnberg, Oslo, May 2012

Table of Contents

Abbreviations

ECLAC	Economic Commission for Latin America and the Caribbean
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
IMF	International Monetary Fund
ISAS	Institute of Southern African Studies, National University of Lesotho
LDC	Least Developed Country
LPIG	Lesotho Pensions Impact Group
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organization
OECD	Organization for Economic Co-operation and Development
ODI	Overseas Development Institute
UNDP	United Nations Development Programme
UNPD	United Nations Population Division
UNRISD	United Nations Research Institute for Social Development
WHO	World Health Organization

Figures

1. Introduction

In development thinking, poverty has always held center stage. Throughout the decades following the Second World War, different strategies of reducing the ever-present poverty in the South have surfaced, become popular, and been the main focus for the many development actors for varying time periods. These strategies have focused on a range of issues, from grand theoretical questions of how to organize a country's economy to questions concerning the most effective fuel for indoor-cooking. The end goal has always been the same: the eradication of poverty in developing countries.

Thus, the approaches to "solving" the poverty problem have been many, and the topic of this thesis is one of those approaches: social protection. In a sense, this is a new approach, but it builds on old ideas. For Hanlon et al. (2010: 4), social protection represents a "paradigmatic shift in poverty reduction", thus representing something new, but they put this shift in the context of the extensive social protection systems that have existed in most developed nations since the late 19th Century. Their claim is that the lessons from this system are now being applied in the developing world, with an aim of redistributing income and lessening poverty. These are old ideas being implemented in a new setting.

In developed nations, the importance of social protection schemes is plain. Here, most countries have had comprehensive social protection schemes for a long time, and these schemes have come to cover many different aspects of life, from infancy to old age. In the South, the situation has been very different, as formal protection schemes have been few and far between, and the ones that were in place had very limited coverage. Extending these schemes has often been thought of as too costly and of secondary importance to economic development when it comes to reducing poverty. If one examines the history of today's developed countries, however, it is plain that economic development and social development have gone hand in hand, rather than one coming before the other (Townsend 2009).

When implementing social protection, a country has many alternative approaches to choose from. Among these are pension schemes, in order to protect the elderly and potentially lift them out of poverty. While many developing countries have contributory pension schemes in place, where workers pay part of their salary each month and receive benefits when they retire, these cover very small portions of the population, and can therefore be accompanied by a non-contributory pension scheme, directed at the poorest.

The reasons for helping the elderly are many. One significant worry, one that applies to many countries around the world, is that the global population is ageing. While I will go further into this later, I can here mention that the United Nations Population Division (UNPD) estimates that the number of older people in developing regions will triple from 2000 to 2050, becoming the fastest growing segment of the population (UNPD 2009). In addition to this come the poor living conditions for many of the world's elderly, and the lack of services and protection they face in most developing countries. Together, this justifies interventions on their part, and pension schemes seem like a good option.

It is not all that simple, however. Ageing populations and impoverished older people are often perceived to be a significant burden, standing in the way of economic development (Lloyd-Sherlock 2010). This perception hinders the implementation of appropriate protection policies, and marginalizes the elderly from the development process. There are also often considerable constraints to implementing social protection in developing countries, e.g. related to resources, which provide further problems. It should also be pointed out that pensions are not guaranteed to lift old people out of poverty. Instead, the success of each pension scheme depends on its design and on the local and national context: it is thus always an empirical question.

In this thesis I will address these questions. By using the example of the non-contributory pension scheme in Lesotho, I will explore the process of implementing social protection in developing countries, looking at how constraints can be overcome and what consequences can be found. I will also look at the justification for directing such a transfer at the elderly, considering both potential benefits and downsides. The research question for the thesis is as follows:

> *How has the Lesotho pension scheme been implemented, and what consequences can be identified?*

This can be further refined through four sub-questions:

1. *How has Lesotho overcome the various constraints connected to implementing social protection in developing countries?*
2. *Why choose a pension scheme over other social protection alternatives?*
3. *Who has benefited from the pension?*

Chapter Outline

The outline of this thesis will be as follows: first, I will briefly examine the context of Lesotho, noting the most important background information. In the third chapter, I will explore issues related to social protection, clarifying the concept and looking at the potential challenges developing countries will face in trying to implement different protection schemes. I will also consider the identified consequences of social protection in other developing countries. Then, I turn to the situation of old people in developing countries, discussing the characteristics of their poverty and the contribution they make to their households. After this, I will discuss pension schemes specifically, seeing how they are organized and implemented. I will explore consequences of an existing pension scheme, namely the South African one, to better understand what can be expected from the pension scheme in Lesotho.

In the methodology chapter, I will explain my approach to the field, looking at potential problems and biases that are part of any research project, as well as discussing how I overcame these. Finally, I will turn to the results from my fieldwork in Lesotho. Here, I will first discuss the process of implementation and see how Lesotho solved the questions related to this, before examining the impacts that I have been able to identify. In the concluding chapter, I try to gather the threads by summarizing the main findings and putting these in the context of the preceding chapters.

2. Background

Before, it is important to examine the context of Lesotho. Lesotho is a small and mountainous constitutional monarchy in southern Africa, with a population of over 1,9 million[1] people, called the Basotho. About 70% of the Basotho live in a relatively small portion of the country, the lowlands or foothills to the west and northwest in the country, while the rest live in the more remote and mountainous eastern regions (Bureau of Statistics 2009). Though concentrated in a relatively small portion of the country, 77% of the population of Lesotho is found in rural areas.

The relative scarcity of natural resources in Lesotho has led the economy to be characterized by export of human resources (Wason and Hall 2004). This has mainly taken the form of migrant work in the mines of South Africa. The migration-based economy has led to remittances being the primary income for many households, and has also meant that many households have been headed by females, as the mining migrants were all male. Migrant work has, however, declined rapidly in recent years, due to the introduction of labor saving technologies and a worldwide drop in the price of gold. This has led to a drop in employment of migrant workers and thus impacted the remittances sent home by Basotho miners.

Agricultural activities have also suffered from a decline. Both the amount of rangeland and arable land has decreased, and there have been widespread thefts of livestock (Wason and Hall 2004). As a result of this, crop production and other agricultural products have dropped dramatically, both for consumption and export, and agriculture has lost its place as the mainstay of the economy, making Lesotho dependent on importing food. It is important to point out that while the macro-economic impact of agriculture might be negligible, its importance in micro-economic terms is paramount: it is still a way of life for the rural poor (Sechaba Consultants 2000).

Despite the declines in the Basotho's traditional economic activities, the country experienced considerable economic growth throughout the 1990s, averaging 6% between 1987 and 1997 (Wason and Hall 2004). Since then, growth has slowed down, but remained respectable in the context of sub-Saharan Africa.[2] This economic growth has mainly been due to the increased building activity that took place as part of the series of dam constructions known as the Lesotho Highlands Water Project. Additionally, the textile industry has made up

[1] https://www.cia.gov/library/publications/the-world-factbook/geos/lt.html [accessed 07.05.12]
[2] http://www.indexmundi.com/g/g.aspx?c=lt&v=66 [accessed 07.05.12]

for some of the loss of jobs for migrant workers: through special trade agreements, Lesotho could export clothing duty- and quota-free, leading to a strong growth in the sector in the first half of the 2000s (ODI 2009). The expiration of some of these agreements has led to some decline here as well, but textile exports still contribute 19% of Lesotho's GDP.

Despite the growth in economy during the last decades, Lesotho is one of the poorest countries in the world, currently ranking as no. 141 of the 161 countries on the Human Development Index developed by UNDP.[3] As already mentioned, this means that the country belongs to the United Nations' category of Least Developed Countries (LDCs). The reason for this is the high level of inequality in the country, causing the economic growth to have little impact on poverty (Wason and Hall 2004). This inequality manifests itself in the rural/urban divide, where the former is significantly worse off than the latter. The difference between rural and urban areas has been exacerbated by the growth of industry in urban centers and the decline of agriculture, further favoring the urban areas.

There is also another such divide, namely in the difference between lowlands and highlands. In the mountains, 32% of households belong to the poorest quintile in the country; children are less likely to attend school; infrastructure, access to services and facilities are poor; and employment levels are low (Sechaba Consultants 2000). This discrepancy leads to more migration and urbanization, which in turn leads to declining proportions of wage-earners in the urban or peri-urban areas of the country. Even though poverty is concentrated in the mountain areas, poverty levels are high throughout the country. Sechaba Consultants (2000) estimate that 68% of the population lives in poverty, with barely enough cash income to satisfy basic needs. Those with access to paid labor, an estimated 35%, have seen their incomes rise in the past ten-year period, which has further exacerbated inequality (Bureau of Statistics 2009).

In addition to widespread poverty and high inequality, another important characteristic of Lesotho is the very high incidence of HIV/AIDS. In the adult population (aged 15-49), there is a prevalence rate of 24%[4]. This is one of the highest prevalence rates in the world, and means that a quarter million people are infected. Obviously, such a high rate has profound consequences, and could even plunge households into poverty, as families lose breadwinners or sell off assets to pay medical costs (Wason and Hall 2004). It has also caused an increase in the number of orphans, leaving their care to grandparents.

[3] http://hdr.undp.org/en/statistics/ [accessed 06.10.11]
[4] http://www.unaids.org/en/regionscountries/countries/lesotho/ [accessed 07.05.12]

To paint a completely negative picture would, however, be a disservice to the Basotho. While formal employment is scarce, informal employment is an important way of living for many, without showing up in official statistics. One estimation states that about a quarter of all households have incomes from the informal sector (Sechaba Consultants 2000). Additionally, money is not the only asset for a household, and a typical Basotho household is often in possession of other valuable assets. For one thing, access to land and water is equitable, providing many households with the opportunity to grow their own food or keep livestock. Another important asset is the community or family ties, as 20% of households report receiving gifts of some sort. This keeps the truly poor alive, as all families living above the subsistence line participate in these informal social protection mechanisms. Finally, government programs are helping many of the poorest families. This includes easy access to primary schooling, which has resulted in comparatively high rates of literacy, and a recent push towards affordable health care, which has eliminated a number of debilitating diseases (Wason and Hall 2004).

These sets of assets have kept many households above or right on the brink of poverty even in times of widespread unemployment, and are of great importance. Still, the lack of paid labor has increased the pressure on natural resources, which could turn out to be detrimental to future generations. Informal social protection could also collapse if the situation continues to be desperate, plunging even more people into poverty.

3. Social Protection

While the focus of this thesis is the old age pension in Lesotho, I will in this chapter discuss social protection in general, clarifying the concept as well as looking at the practicalities of implementing protection schemes in the South and identifying some of the consequences. Such a discussion will be valuable for understanding the rationale behind and the expectations for the pension scheme in Lesotho. With this broad approach, it becomes clearer that the Lesotho pension scheme represents a new direction within development thinking and practice, and it will be easier to see if the Lesotho experience has any relevance for other countries seeking to implement similar social protection schemes.

What is social protection?

First off, it is important to define what exactly social protection is, and why it is thought to be an effective answer to the poverty problem in the developing world. As with any academic term, there are several different definitions of social protection. Additionally, there are a number of similar concepts, sometimes used interchangeably and sometimes not. On top of this, the term has taken on new meanings upon its introduction to the developing world. It is important to clear up any confusion surrounding these terms, as they are important throughout this thesis.

In order to discover what social protection means, and also to illustrate some of the key differences within the field, it is instructive to turn to the multilateral institutions, all of which have social protection on their agendas, albeit in different forms. The IMF, for instance, defines social protection as "systematic interventions intended to relieve households and individuals of the burden of a defined set of social risks" (IMF 2001: 18). For the ILO, social protection is "the set of public measures that a society provides for its members to protect them against economic distress" arising from a number of different sources, and it is underlined that social protection is a "fundamental human right" to which "everyone is entitled" (Bonilla García and Gruat 2003: 13-14). The United Nations operates with a third definition, understanding social protection as

> *"a set of public and private policies and programmes undertaken by societies in response to various contingencies in order to offset the absence or substantial reduction of income from work; provide assistance for families with children; and provide people with health care and housing." (United Nations 2000: 4)*

This report goes on to say that the operation of social protection is underpinned by a social consensus about the acceptable levels of income, livelihood, employment, health services, education services, nutrition and shelter.

Munro (2008) distinguishes three different justifications for social protection, which relate to each of the three definitions above: *the risk school* focuses on the failures in insurance markets that cause the inability to cover against all forms of risk; *the social and economic rights school* emphasizes the obligation on part of the state to fulfill their citizen's basic rights, as defined in the Universal Declaration of Human Rights and other sources of international law; and lastly a *needs-based doctrine* asserting that reducing poverty is of both moral and practical importance, using both moral and economic arguments to support social protection measures. As Barrientos and Hulme (2008) point out, each of these justifications can be related to a different institution, reflecting their approaches to development in general: IMF and the World Bank embodies the risk school, ILO argues the case of social and economic rights, and the United Nations takes a basic needs-approach. Of course, the division is not as clear-cut as this in all cases, but the three discourses tend to run in parallel, intersecting in few places (Munro 2008).

The differing justifications for social protection are important, because they give rise to different approaches to implementing social protection policies. Focusing exclusively on market failures and risk, for instance, lacks the important moral dimension, and may lead to a limited focus on economic factors in the design of social protection, sacrificing a broader approach to the question of poverty. A rights-based approach could suffer under the difficulties of creating a hierarchy of rights, or deciding which rights violations are the most serious (Barrientos and Hulme 2008). This leads to difficulties in the face of scarcity, as it fails to negotiate the tough trade-offs and compromises that need to be made as social protection is introduced to developing countries.

In one way, following the needs-based approach combines the instrumental focus of the risk school, i.e. that social protection can be understood as an investment with private as well as social returns, with the moral weight of the rights school, i.e. that social protection is a good in and of itself since it provides aid to the poor. Munro (2008) also lays out a third argument in favor of the needs-based approach, namely that it can be seen to benefit both rich and poor, for instance by limiting the spread of infectious diseases, which makes it more politically acceptable. Still, he criticizes the approach for lacking a specific understanding of social protection in simply assuming that the state should play a strong role, but not specifying what this role should consist of. Another criticism, leveled from the rights school, is that a basic needs-approach is paternalistic and welfarist, ignoring the rights, the dignity and the agency of the poor.

In the end, the best definition of social protection would be one that combines the fact that it is a right of all poor, but that its first task should be in providing protection of the most basic needs. Van Ginneken (2003b: 36) provides such a definition, in understanding social protection as

> *"entitlement to benefits that society provides to individuals and households – through public and collective measures – to protect against low or declining living standards arising out of a number of basic risks and needs."*

Van Ginneken (2003a: 11) explains that this definition makes it clear that social protection

> *"is not only concerned with cash benefits and benefits in kind for a limited range of contingencies, but also with reducing the impact on the household budget of the cost for basic needs and capabilities, such as medical care, education, housing and nutrition."*

By using this understanding of social protection, both the rights aspect and the basic needs aspects are underlined. It also recognizes the fact that protecting households against risk is part of social protection. Thus, it combines the perspectives cited above, and is therefore a suitable definition for the rest of this thesis.

One important point remains on the issue of social protection. So far, social protection has been understood simply as a framework for addressing poverty and vulnerability, and this is also the case with the chosen definition above. Barrientos and Hulme (2008) suggest that, while this is certainly one of the functions of social protection, introducing social production schemes should also be thought to represent an alternative approach to social and economic development, aimed at something broader than simply reducing the incidence of poverty. This is particularly true in developing countries, where all public policy should aim at being socially transformative.

Sabates-Wheeler and Devereux (2008) expand on this idea, arguing that social protection should not be limited to income transfers to impoverished individuals, but should also include a redistribution of assets that reduces the dependence on handouts in the long run. Thus, in addition to income transfers, social protection should aim to deliver other social services to vulnerable groups as well, making sure that all individuals are integrated equally into society. The example given by the authors is governmental support to trade unions: outside the remit of traditional protection mechanisms, such an effort could still be deemed social protection since it helps marginalized and vulnerable groups to claim their rights to a decent wage and to decent working conditions. Other examples include educating people about their rights or directing transfers to women to increase equality. With such policies viewed as part of a social protection approach, such an approach takes on a "transformative" aspect, aiming at reshaping those societies it is introduced into.

While I regard this aspect as important, it is my opinion that including it in the definition of social protection is broadening the concept too much. Believing in the efficacy of social transfers is one thing, but believing that it should be an approach to cure all the ills of developing countries is quite another. If social protection is thought to include "all initiatives that (…) enhance the social status and rights of the marginalized" (Sabates-Wheeler and Devereux 2008: 70) it becomes a very broad concept indeed, beyond the scope of this thesis. Still, the ability of a social protection scheme to transform society is important to assess, even if it is from a limited, ground-level viewpoint, and it will therefore be addressed also in the context of the Lesotho pension scheme later on.

Types of social protection

Even when choosing a narrower definition of social protection, it is clear that social protection covers a large array of interventions into many different spheres of life by a variety of actors. In other words, social protection can be extended to many different groups from many different sources, including transfers to the poor, to children or to the elderly from private, community-based or governmental sources. In order to link general social protection more closely to the pension scheme in Lesotho, it is good to look at different categories of social protection, so that the concept can be clarified further.

Townsend (2009) outlines three different components to most long-standing programs in the North. First are *universal social insurance programs*, which collect contributions from those insured as well as from employers, pooling risk and guaranteeing defined individual benefits in certain situations, such as maternity or old age. Second, we have *broad tax-financed benefit schemes*, which are extended to all citizens belonging to a particular social category, e.g. the elderly. The third and last component is *social assistance schemes,* which is more direct "poor-relief". The recipients of these kinds of transfers are usually subjected to some sort of means-test, and those who qualify are provided with a minimum level of income or a set of benefits.

While these divisions are common characteristics of social protection programs in the developed world, their counterparts in the developing world are very different. Whereas the developed countries extend social assistance only to those who fall outside the two other components, in the South the poor-relief aspect of social assistance makes this component more suitable as a main focus. As a result, the nature of social protection in the developing world differs significantly from that of the developed countries. These differences will be explored further later on.

Even within social assistance, there are a large number of possible interventions, and I want to discuss one last term in this section, namely that of *social transfers*. Sometimes called cash or income transfers, social transfers form the bulk of social assistance schemes in the developing world (Barrientos 2010). Social transfers are defined thus by Samson (2009: 124):

> *"regular non-contributory payments of money provided by government or non-governmental organizations to individuals or households, with the objective of decreasing chronic or shock-induced poverty, addressing social risk and reducing economic vulnerability"*

Social transfers are thus comprised of actual cash payments to achieve social protection goals. These cash contributions from the government can come in a number of different forms, for instance basic assistance to poor families, unemployment compensation and public non-contributory pensions (Lindert 2004). Barrientos (2010) argues that income transfers have certain advantages that make them very suitable for reducing poverty effectively: they can be implemented or scaled up quickly, they have an immediate impact on consumption and they can reach the poorest.

With the term social transfers, we arrive from the overarching concept of social protection, establishing the need for measures to protect and aid households, through the subcategory of social assistance, the most usual *form* of social protection in the developing world, to the actual intervention on part of an actor to provide that protection and aid in the form of a concrete cash transfer. In the following discussion I will concentrate on different sorts of social transfers, originating from the state.

Social protection in developing countries

I have already pointed out how social protection has taken on new meanings upon its introduction to the developing world. This new approach will be further discussed in this section, before moving on to examine various constraints facing the implementation of social transfers in developing countries.

Before going through these topics, however, it should be noted that while the history of formal social protection in the South is recent and partial, *informal* social protection has long traditions. Indeed, in the absence of formal protection mechanism, the informal kind has been the only real protection available to most households in developing countries, a situation which is still true today (Schmidt 1995). Before discussing formal social protection in the South, then, it is informative to examine these mechanisms more closely, as it also reveals a lot about the justification for moving on to more formal schemes.

Informal social protection under pressure

Informal social protection can be very diverse, with a number of different sources. For the elderly, the source of support is often the family, and for those indigents with no familial support, there are community-based arrangements (Ahmad 1991). Sometimes these are based in custom, as stated above, but they can also be based on religion. These traditional forms of social protection can also be very sophisticated: Ahmad (1991) gives the example of traditional fishing villages, where small-scale fisheries take a share of the catch of all the fishermen working for them and use part of this to provide for old fishermen or families without male wage-earners. Another example is the practice of offering employment even in cases where it means a reduction of income for owners and current employees. This shows how the collective is more important than the individual.

While informal social protection is often the only option available to poor households or individuals in certain areas, these mechanisms are under pressure. In industrial countries, they have already been broken down by fundamental changes in the fabric of society, economic, social, legal and demographic changes, and the same process is now underway in developing countries (World Bank 1994). A key contributor to this is increased migration: even though the majority of migrants feel bound by their traditional legal system, this feeling is weakened as the prospects of returning to the home village fades, and is weakened even more in subsequent generations (Schmidt 1995). As more people move to urban areas, the collective-based arrangements break down.

A fundamental flaw in informal transfers also threatens their effectiveness. In an increasingly populated and globalized world, the possibility of external shocks is higher than earlier. In one way, social protection is about pooling risk, something that is also true when it comes to informal transfers, where risk is pooled across all the members of a household, the extended household or the community at large (Ahmad 1991). Even in the case of relatively sophisticated informal protection schemes, all the resources pooled are local, which means that they cannot withstand larger-scale external shocks effectively. A downturn in the economy, globally or regionally, would thus seriously impact informal protection mechanisms. This can be illustrated by for instance pointing to the high incidence of HIV/AIDS in southern

Africa, which has led to many households losing working age-members, leaving fewer households able to assist their poorer relatives or neighbors. This, then, underlines the need for a pooling of risk over larger areas, in other words a more formal system.

Formal social security in developing countries

It could be argued that this kind of social protection has been present here for a longer time, but without being described as such (Ellis et al. 2009). An example of this is subsidizing food prices to ensure that everyone had enough to eat, which was a popular method in the 1960s and 1970s. When this fell out of favor, the 1980s saw a focus on "safety nets", a minimalist idea predicated on the idea of helping those pockets of poor people that experience seasonal hunger even as the economy as a whole is moving forward.

These efforts proved insufficient to ensure basic needs, however, as poverty and vulnerability continued to rise through the 1980s. The greater openness of economies caused by globalization led households to be more vulnerable to changes in global markets, plunging more of them into poverty (Barrientos and Hulme 2008). This is also in line with Guhan (1994), who sees the harsh structural adjustment programs (SAPs) undertaken under the auspices of the World Bank and the IMF during the 1980s as one of the reasons for why the debate on social protection came onto the development agenda.

The rapid rise in poverty and vulnerability as well has the failure of the safety net mechanisms and the breakdown of informal social protection served to reveal the gaps present in formal social protection in developing countries. This also revealed the cost of *not* having efficient protection mechanisms, as their unavailability can force households to take measures to meet immediate needs that will hurt them in the long run, such as selling productive assets, taking children out of school or cutting down on health care (Barrientos and Hulme 2008). In this way, the absence of social protection can continue the spiral of chronic poverty.

Thus, the need for permanent institutional services was evident, and social protection could be seen as "offering the potential means for addressing the multiple factors causing persistent poverty and rising vulnerability" (Ellis et al. 2009: 7). Simply copying these schemes from the North would not be a good idea, however, as these countries established their social protection schemes very early in industrial history as a response to domestic political pressure (Townsend 2009). Now, developing countries are much worse placed to do the same, as they are subject to globalized pressures for productivity and attracting investments, as well as even more wide-spread poverty and deprivation, and an alternative approach was therefore called for.

It is against this backdrop that the practical application of social protection in developing countries has taken on its own character, different from the approach in developed countries. While social protection in developed countries is largely focused on "transitory experiences of poverty in otherwise stable living conditions", similar policies in the South have to combat poverty and vulnerability in situations where they are persistent and wide-spread (UNRISD 2010: 135). Instead of treating the symptoms of poverty by transferring money to those who fall short of a desired minimum income, social protection in the South focuses more on addressing the *causes* of poverty, and to have a broader developmental role (Barrientos 2010). They are also more focused on risk and vulnerability issues in their approach to poverty, in recognition of the fact that these two issues severely constrain poor people's opportunity to improve their own living conditions. Well-planned and targeted social protection schemes are uniquely able to address this, and can prevent households from making survival decisions that, although rational in the short-term, are detrimental to long-term survival and development. All of these points can also be related to the definition of social protection from Van Ginneken (2003b) given above.

In sum, then, social protection in developing countries must perform three main functions (Barrientos and Hulme 2008: 4):

(i) *to help protect basic levels of consumption among those in poverty or in danger of falling into poverty*
(ii) *to facilitate investment in human and other productive assets that alone can provide escape routes from persistent and intergenerational poverty, and*
(iii) *to strengthen the agency of those in poverty so that they can overcome their predicament*

The specific focus on poverty alleviation as part of social protection in developing countries has meant that the social assistance component of social protection is the most suitable option. As mentioned above, this component is small in developed countries and the primary priority is social insurance, but the opposite is true in the South (Barrientos 2010). This is another way in which the application of social protection in the South is differentiated from the North. The low level of formalization in most developing economies is an aspect of the South that naturally inhibits the development of social insurance schemes (Guhan 1994). When a large share of the working population is self-employed or works in the informal sector, it would be inefficient and very difficult to implement conventional social insurance schemes similar to those found in developed countries, because of the potential difficulties in collecting contributions. This means that the development of social insurance is slow in the developing world, and in some cases even going the wrong way. Social assistance, on the other hand, has experienced a rapid growth in the last fifteen years. In addition, or by necessity, the field has experienced a lot of innovation in order to accommodate new groups and achieve new targets.

It is useful to briefly see where these ideas have been put into practice. The introduction of social assistance schemes in the South has been led by the major developing countries, most significantly Brazil, Mexico and South Africa (Hanlon et al. 2010). These three have all employed very different approaches to introducing transfers, with different means and aims, but they are all based on the idea of improving the well-being of the poor, and using a broad approach to understanding poverty. One impressive aspect of these transfer programs is their scale: the South African Child Support Grant reaches 7,2 million children, the Minimum Living Standards Scheme in China reached 22,4 million in 2006 and programs in Mexico, Brazil and Indonesia reach 5, 11 and 15 million households respectively. This shows that the total contribution of social protection schemes can be substantial.

In Africa, social protection is rarer, but countries such as Ghana, Kenya, Nigeria and Uganda are piloting cash transfer schemes with human development objectives (Barrientos 2010). In southern Africa, the reliance is more heavily put on grants, often aimed at vulnerable groups, e.g. children or the elderly. South Africa is a major leader here, fully extending the former whites-only pension to all elderly in 1993 and introducing a child support grant in 1998 (Hanlon et al. 2010). All together, South Africa spends 12% of their national budget on social assistance, mostly in the forms of grants. Ellis et al. (2009) present fifteen case studies of social transfers from six different countries in southern Africa, showing the growth in these kinds of development interventions.

Specific challenges in developing countries

While the policy climate for social protection appears to be changing, both within and outside the South, there are still significant challenges facing the implementation of the concrete transfers. While a social transfer might aim at reducing poverty and vulnerability, facilitating investment and strengthen the agency of the poor, it is by no means given that this will be the result of a transfer program. Hanlon et al. (2010) lay out some basic principles that have to be met in order for social transfers to meet their goals: first, transfers have to be seen as *fair* by the populace, in that most citizens agree with the choice of recipients. Second, the transfer has to be *assured*, so that recipients are confident of receiving their benefits on time every time. Third, the design process of a cash transfer must make sure that the program turns out to be *practical*, with enough trained staff to administer it and a reliable system of identifying recipients and delivering benefits. Fourth, the concrete transfers must be *substantial*, or of a size large enough to effect changes. Fifth, cash transfers must be *popular*, to ensure their sustainability in the political sense.

Each of these basic principles has specific sets of challenges to them, and can be connected to four different constraints to initiating social transfers in very low-income countries. Smith & Subbarao (2003) point to three of these, namely lack of accurate information to identify beneficiaries, lack of administrative capacity to target them and successfully run any program, and lack of fiscal resources to implement social transfers at all. The first two constraints are both related to the assured and practical aspects of social transfers, while the last one relates to them being assured and substantial. Barrientos and Hulme (2008) add a fourth constraint: political commitment. This relates to whether the transfer in question is seen as fair and whether it is popular. In the following, I will go through these constraints, see which concrete challenges they present and how they can be overcome.

Resource constraints

Perhaps the first thing that strikes an outsider when discussing the introduction of social protection in developing countries is whether it is financially possible. Social transfer schemes are often expensive, and can constitute significant spending as a share of GDP. There is also the fact that developing country governments are subjected to a wide range of budget pressures, having to prioritize between investments in health, education, infrastructure, and so on.

Social protection should not be viewed exclusively as a cost, however. The fact that there is a significant cost to *not* having social protection has already been discussed, and once this is factored in, affordability is less of an issue (Barrientos 2010). If a government in the South takes the view that implementing social protection schemes is an investment in the future, it also seems more lucrative. Social transfers can give healthier, more educated and more productive populations and promote economic growth. These ideas will be discussed more thoroughly below, but are important to mention here, since they offset some of the resource constraints.

Still, even if social transfers are considered as an investment in the future, they still have to be afforded here and now. Smith and Subbarao (2003) calculate that for very low-income countries, a transfer program that provide the poor with $20 each per year would amount to a cost of 5% of GDP, or 21% of public spending, a level they say is "probably unaffordable" (Smith and Subbarao 2003: 17) They put this in perspective by showing how a $ 1 transfer per month to the poorest 15% in Malawi would cost the same as the annual salaries of 40,000 primary school teachers or equal the entire Ministry of Health budget. Of course, in addition to the financial cost of the transfer, there are expenses related to administration, registration and evaluation. Together, these expected costs make many developing countries' governments despair in the face of implementing social transfers.

These projections should not be taken as absolute truths, however. While Smith and Subbarao deal with a "typical" very low-income country and makes assumptions as to poverty levels, administrative costs, GDP and public expenditure, Behrendt (2008) takes a more empirical approach, and examines the cost of implementing a basic social protection package in seven sub-Saharan countries. The full benefit package includes old age and disability pensions, provision of basic health care and basic education, a child benefit and targeted cash transfers to the poorest households, but three projections are made using different mixtures of these. In all three scenarios the cost level stays under 20% of GDP for six of the seven countries. In the most modest alternative, where especially health and education costs are minimized, all countries are below a 14% cost to GDP, six of them under 10%. Behrendt (2008: 292) sees this as being "within reasonable and affordable limits if countries and donors make a strong commitment to basic social protection as an essential tool of poverty reduction".

Although they disagree on the affordability of social protection, both Behrendt's and Smith and Subbarao's projections show one thing: that the cost of social transfers depends greatly on the way they are constructed. While the costs projected by Behrendt (2008) are high, she also shows how removing part of the package will lower this cost, and thus each country can adapt it to their own needs and possibilities.

The most obvious way of reducing protection cost is by adjusting the amount of money paid out. This has a large effect on total costs, but implementing countries must make sure that the transfer in question is still substantial enough to make a difference. Of course, in very poor countries, even small amounts can make a difference, but if the payment is too small it might not be worth even the trouble of picking it up or registering for it. An approximation here states that a cash transfer should not be of less value than 20% of the poor household's consumption (Hanlon et al. 2010).

Another way of keeping the cost of a social transfer down is by using different techniques of targeting the poor more efficiently. Hanlon et al. (2010) outline five main types of selection strategies. First, there is categorical selection, which extends the transfer to a group of people correlated with poverty, such as children or the elderly. This approach has the added benefit of more easily building political support, since these groups are seen as more "deserving" than working-age poor (Smith and Subbarao 2003). Second is geographic selection, where specific communities or areas with the highest incidence of poverty are selected based on survey data. Thirdly, the poorest individuals can be selected as recipients through a means test, on household or individual level. The fourth method relies on community selection, where a community itself decides who are the most deserving of receiving cash transfers. The last method is based on self-selection, and is more of a work-fare program. Here, people can choose to participate in public works programs, where they are guaranteed the right to work at minimum wage.

Of course, the strategies can be and are combined, to target even more accurately: for instance, a categorical transfer can incorporate a means test, so that only those children who are living beneath a certain threshold are included. Means-testing is contentious in itself, with proponents arguing that giving money to the rich is unethical when resources are scarce and that having an effective means-test means that a developing country could achieve more with the same amount of money (Hanlon et al. 2010). Opponents argue that means-testing is notoriously inaccurate, potentially socially divisive and can be very costly.

It should be noted that while targeting and means-testing can decrease the cost of a program by limiting the number of beneficiaries, it also carries a cost of itself. This cost is higher when criteria are stricter, as administrative expenses increase (Hanlon et al. 2010). There are also always those who will be left out, even though they are as poor as those included, just as some people will be included that should not be. Nevertheless, targeting is useful, both in reducing the cost and increasing the economical and political feasibility of a social transfer, and also in ensuring that a transfer is as efficient as it can be in reducing poverty or achieving whatever its other goals are.

There are also other ways of decreasing the costs of a transfers program. While he himself holds the opposite view, Szreter (2007: 79) refers to the “widespread commonsense assumption” that poor countries would not be able to afford the systems for identity registration that are common in richer countries. This can be counteracted by employing voter registration technologies in the registration process (Hanlon et al. 2010). Such technologies are cheap and efficient, and could considerably reduce administrative expenses, especially in countries where populations are large and/or scattered.

The cost of social transfers, then, depends on a number of factors. In the end, the programs need not be insurmountably expensive: the total expenditure of the extensive social transfers currently operating in South Africa and Brazil amount to 3,5% and 2,5% of GDP respectively (Hanlon et al. 2010). This holds true also in smaller and poorer developing countries: the Mongolian child benefit program costs 3,9% of GDP, while the universal non-contributory pension scheme in Namibia costs less than 2% of GDP (Pelham 2007).

Still, even if social transfers can be affordable there is still a question of long-term sustainability (Barrientos 2010). In the poorest countries, especially in sub-Saharan Africa, tax revenue is very low, making the fiscal space for implementing social transfers small. One option here is to rely on external financing. Behrendt (2008) admits that most low-income countries would need financial assistance from international donors for varying lengths of time, and would also have to reallocate part of their current expenditure towards social protection spending. A problem with external financing is the long-term sustainability of a program. A social transfer needs to be assured, as already mentioned, and the only way it can truly be assured is if it is financed domestically in the medium or longer run (Barrientos 2010). One of the central challenges central to extending social assistance in developing countries is thus to strengthen and expand domestic revenue mobilization.

Administrative constraints and information constraints

Many developing countries lack the capacity to administrate complex public programs, as certain parts of government are weak and lack skilled personnel to manage and oversee projects (Smith and Subbarao 2003). The complexity of social transfers demands substantial preparation, supervision and evaluation to ensure that they are efficiently run. For strictly targeted programs, these demands are even higher, especially related to field staff. The shortage of qualified staff also means that the ones that do exist would have to be diverted away from other development activities, e.g. health stations or education. In light of this, it becomes a challenge to make a social transfer practical and assured.

Additionally, if a cash transfer is to be planned and targeted accurately, planners must have access to substantial information about the group or area in question (Smith and Subbarao 2003). Required information most often includes income and different demographic characteristics, such as household size or age. There are obvious difficulties collecting income data in countries where large portions of the population have no cash income, and one solution could be to use proxies or using more obvious characteristics usually connected to poverty. Examples here include orphaned children or female-headed households, but these are also hard to establish as there is still room for people to sidle their way into a category by providing false information.

Together, these constraints favor simple program designs. Sustaining a simple program is easier for unskilled staff, and it is also cheaper (Smith and Subbarao 2003). In addition, existing administrative systems should be utilized wherever possible: for example, rather than establishing a new system for delivering nutrition programs, they should be run through existing health stations. Through targeting measures, the information constraint can be minimized, either by choosing universal coverage; self-targeting programs; or community targeting (Smith and Subbarao 2003). The latter does not eliminate the need for accurate information, but delegates it to a lower level, where it is presumably better known.

Political constraints

While there is little doubt of the *need* for social protection in developing countries, whether or not these needs translate to the initiation of social transfers is a different question. In low-income countries, the political system often aggregates voter's preferences poorly, instead tending to nurture patron-client relationships (Barrientos and Hulme 2008). This could be counteracted by outside factors, such as international NGOs or donors, intervening and forcing social protection on to the agenda. Often, the introduction of social protection is done to counter real or perceived opposition to the government or the fear of social unrest. This is evidenced in the cases of China or Argentina, who both introduced social transfers to counter rising unemployment.

In countries where losing political power through elections are a genuine concern, the popularity of social transfers should not be underestimated. De Britto (2008) considers the expansion of social protection programs in both Brazil and Mexico at least partly as a strategy to win votes. It should be noted, however, that social transfers directed at people in need and perceived as effective in reaching its goals at a reasonable cost have a considerable political feasibility. This is especially true for transfers directed towards children, such as in the cases of Brazil and Mexico, and transfers directed towards the elderly, such as in the case of South Africa. Promotion of human capital through child benefits and social pensions taking care of the elderly have appeal even to middle class voters and elites, because children and older people are often thought of as "deserving poor" (De Britto 2008: 186). This is a way of making a social transfer seem fair, then, which in turn contributes to its popularity in the populace and its political sustainability.

Results of social protection

I now turn to the very important issue of examining the impacts of social protection. While it is true that each social transfer program has its own set of preconditions and goals, knowledge can also be gained by looking at the overall effects of social protection. Additionally, results from other countries can serve as lessons for countries that are still on the planning stage.

Before getting into the result, it is important to acknowledge that the results of social protection are difficult to fully untangle from the results of other societal processes. For example, a specific cash transfer might have the goal of improving health among the destitute, a goal that could more easily be achieved if there were also investments being done in health care, infrastructure and education. These latter interventions would not be considered as part of the transfer itself, or even as social protection initiatives, but will undoubtedly affect its outcome. In light of this fact, it is important to recognize that social transfers are not a panacea to cure all the ills of developing countries, but rather an additional tool to aid in the process of development.

In this section, I will go through some results from social transfers, divided in two main sections: first, the results that are to do with poverty reduction and second results that might affect economic growth. I will focus mainly on consequences in the South, as this is the thesis' main focus, but I will also refer to some evidence from the North. I do this because of the long history of social protection there, and the wealth of evidence available. Of course, the two are not immediately comparable, but it is still informative to look to the North.

Social protection and the reduction of poverty

As has already been shown, poverty alleviation is a central goal for social protection in developing countries. Of course, due to the multi-dimensionality of poverty, any social transfer might have a number of impacts on it. The most obvious would perhaps be the impact a simple cash transfer would have on income poverty, but broader effects include increasing food security, helping children attend school, reduce inequality, increase gender equality, improving health, protecting assets, allowing people to save and many more. Achieving any of these goals could be said to decrease the burden of poverty, and finding out whether and how a social transfer affects poverty is thus a very broad question.

Looking towards European and OECD countries shows the large potential effect of social transfers: The reduction of pre-tax and pre-transfer poverty headcount rates ranges from 10 percentage points in the USA to 30 percentage points in Sweden (Cichon and Scholz 2009). Similar aggregate effects on poverty levels are harder to find in developing countries, because of the smaller scale at which social transfers operates, the shorter time frame they have been in operation and because even after receiving a transfer, a household might still be living in poverty, since the amounts involved can be small. In the absence of percentages describing the aggregate effects of transfers, it is more instructive to turn to case studies of individual social protection schemes, to provide examples of what such schemes can achieve.

One important indicator of poverty is nutrition. Food is prime among basic needs, and poor nutrition is very often correlated with poverty. If a social transfer can better nutrition for a household, it can be said to impact poverty and vulnerability. One option here is looking at levels of child mortality and malnutrition. In most households, children get priority when it comes to food, so high levels of child malnutrition is an even surer sign of poverty (Hanlon et al. 2010). The Brazilian *Bolsa Família*, a transfer program directed at households with school-age children, has brought a 45% reduction in chronic child malnutrition. In South Africa, comparing the heights of children born before the introduction of the child benefit grant to the height of children born after it show a marked change: the latter category were significantly taller than the average, and could expect to be 3,5 centimeters taller as adults. Similar results area also found if overall nutrition is investigated: in Mexico, 70% of the households participating in the *Oportunidades* program had improved their nutritional status.

While these are all examples of relatively large transfer programs in middle-income countries, smaller schemes and countries also show positive nutritional impacts. A pilot scheme for a cash transfer directed at the poorest ten percent of households in the Kalomo district in Zambia show similar results, where recipients prioritized buying food or other basic needs (Schubert 2008). It is clear that upon receiving money through a transfer program, poor households highly prioritize food spending, and it seems clear that social protection in developing countries would thus serve to better nutrition levels.

Better health is also one of the potential consequences related to social transfers. An improvement in health is, of course, inextricably tied to better nutrition, as well-fed people are less likely to fall ill. This is especially true of children, who, if they are malnourished in childhood, can suffer the consequences throughout their lives. However, social transfers can also give households the option to visit clinics more often and thus take care of their health more than earlier. In situations where money is given on the condition of attending clinics this connection is more obvious, such as a Nicaraguan program which saw an increase in the immunization levels among recipients by 18%, but this also often holds true in other cases (Chapman 2006). Pensioners in South Africa use 40% of their social pension on health expenses, and are found to be in significantly better health than their family members in cases where the household did not pool their incomes. If the household *did* pool their money, all members' health statuses were better. Chapman (2006) also cites an example from Honduras, where payments to households on the condition that they be used for preventive health services was more effective in bringing people to health centers than investing directly in the health centers themselves.

Another oft-cited consequence of social transfers relates to the third function of social protection as laid out above: strengthening the agency of those in poverty. Giving money to the poor necessarily increases their agency relative to other groups, since they now have more options as to how they spend their money. Intra-household shifts of power could also occur, however, usually connected to the empowerment of women. In the Oportunidades program, transfers are mostly received and spent by women, making them feel that they have gained in autonomy and power (Hanlon et al. 2010). Another group possibly empowered by social transfers is the elderly: with a guaranteed income through a pension scheme they can contribute to the household even when they have lost the ability to work. Having their own money to spend can also increase their sense of self-worth and confidence, other important ways of strengthening agency.

In addition to reducing poverty, the potential of social transfers to reducing inequality should also be mentioned. Cichon and Scholz (2009) refer to a study showing how, in the mid-1990s, tax and transfer systems reduce inequality by between 40% and 50% in countries like Belgium, France, Germany and Sweden, and between 20% and 30% in countries including the USA, Australia and the UK. Heady et al. (2001), focused on EU countries, shows that social transfers specifically targeted at poor groups are strongly redistributive, and that more general transfers have little effect on inequality. This bodes well for developing countries, since their social protection is dominated by the social assistance component of social protection.

Some reduction of inequality has also been visible in developing countries, particularly in Mexico, Brazil and South Africa. In each of these countries, the Gini index has fallen by five points in eight years, three points in five years and four points in six years respectively (Hanlon et al. 2010). These changes are contested, though, but Hanlon et al. (2010) refer to a study claiming that a third of the reduction in Brazil is due to the implementation of social transfers. In any case, such wide-reaching consequences could only be expected in the countries with expansive social transfer programs, and is unlikely to occur in the same scale for those countries with less means and more limited transfer schemes.

So far, I have concentrated on the positive consequences of social transfers. It should, be reiterated that there is no guarantee for any of these results. As has been discussed already, there are a number of constraints connected to implementing social protection schemes in poor countries, all of which can serve to undermine potential impacts. If transfers are not fair, assured, practical, substantial and/or popular, for instance, they cannot be expected to achieve all that they set out to achieve. In some cases, poorly planned transfer schemes can even have negative consequences: Lloyd-Sherlock and Schröder-Butterfill (2008) describes pension reforms in Thailand and Indonesia which, instead of leading to a more embracing pension system, established unsustainable and inequitable financing structures that favored well-off groups instead of the poor. In other cases, a transfer program might simply not meet its goals or be more costly than planned, in both cases underlying the need for proper planning and proper evaluation.

Another possible negative consequence of implementing social transfers is that an increase in government activity on this field could lead to a "crowding out" of informal transfers, effectively reducing the potential impact of social protection (Barrientos 2010). In this way, a government *increase* in spending could lead to a total *decrease* in spending, if the crowding out-effect is very strong. While this might seem like a bad investment on the surface, it could in some cases still lead to an increase in welfare, as informal social protection is frequently less effective than government spending. Also, specifically in the case of pensions and assuming that informal transfers are, to some degree, based on reciprocity, a formal system could offer the recipient of the pension something to offer in exchange for other goods, such as general care (Lloyd-Sherlock 2000). This, then, would *reinforce* existing informal transfers, rather than crowding them out.

Despite the possibilities for some negative consequences, it is clear that social protection can reduce poverty. However, for them to do so, they must be both well-planned and executed, and often accompanied by broader investments in other sectors of society as well. The educational impacts of Oportunidades and Bolsa Família, for instance, would be worth little if they were not also accompanied by increases in number of teachers and investments in education infrastructure, just as social transfers cannot increase child immunization rates if there are no health clinics available (Hanlon et al. 2010). Even improved nutrition is dependent on there being a market available from which better or more food can be purchased. If social transfers are to have the "transformative" aspect championed by Sabates-Wheeler and Devereux (2008) above, broader investments and accompanying initiatives are a must.

Social protection and economic consequences

So far, I have only examined the potential social transfers have for reducing poverty and vulnerability, concentrating on two of Barrientos' and Hulme's (2008) three main purposes of social protection. While reducing poverty is important and of significant worth in and of itself, it is commonly assumed that for poverty reduction to continue and to increase in pace in the long run, economic growth is of paramount importance. For Barrientos and Hulme (2008), the third purpose of social protection deals with facilitating investment in assets so that intergenerational poverty can be combated. In this way, social transfers can contribute to long-term development by facilitating economic growth, and thus perhaps ensure long-term poverty reduction. A cursory look at the world today reveals that the countries with the most comprehensive social protection coverage are also the world's most prosperous countries, but the direction of cause and effect must be established: do countries with higher levels of economic growth tend to implement and extend social transfers or do countries with comprehensive protection schemes experience higher economic growth?

For many, it is counterintuitive that an increase in government expenditures on social protection will increase economic growth. The common assumption when it comes to high taxes and transfers is that they reduce productivity, thus harming economic growth, and investing directly in pro-poor growth is therefore thought to be a far more efficient in bringing about poverty reduction than an increase in social expenditure. Lindert (2004: 227) summarizes – and criticizes – this position well when he says: "It is well known that higher taxes and transfers reduce productivity. Well known – but unsupported by statistics and history". Lindert finds that growth levels in developed countries with high social spending are equal to the levels found in low-spending countries, with one significant difference between the two: growth in the former has been equitable.

In the end, Lindert (2004) arrives at an interesting contradiction he calls "the Free-Lunch Puzzle", namely that high social spending comes in at a near-zero cost to GDP. How is this possible? Lindert finds several factors to explain this puzzle, in sum showing how the most generous welfare states have consciously chosen to employ social policies that actively promotes growth. This can be illustrated by the fact that the tax burden in these countries, while being larger, is geared towards promoting economic growth and the environment, giving the same incentives to work as in the less generous welfare states. This shows how more universalistic schemes have a lower marginal tax rate and increase poor people's contribution to GDP.

There is reason to question how relevant these findings are in the context of this thesis, however. Lindert's (2004) focus is on the fully developed welfare states in the North, and most of his points are therefore less relevant in when it comes to the South, where there are only limited protection initiatives. Still, his main point stands: that when social transfers promote or at least not depress people's ability and will to work, they can end up having a positive influence on GDP, even outweighing the transfers cost to GDP in the first place.

The question then becomes in what way social transfers promote productivity in the population of developing countries. For one thing, it is obvious that social transfers here give fewer disincentives to work in the first place, since most recipients are still in poverty even after receiving whatever benefits they are entitled to, owing to the relatively small amounts involved. Because of this, social transfers can be expected to have little direct impact on the willingness on part of recipients to work, since they are still very much dependent on other income sources. In some cases, of course, this could occur, but not at a very large scale. In short: giving people money does not promote laziness or dependency (Hanlon et al. 2010).

Social transfers do not only do little harm to work incentives in developing countries, it can also serve to increase the labor market participation. This is supported by findings from both Brazil and South Africa, where labor market participation went up among recipients of the different transfers (Hanlon et al. 2010). One way through which this could happen is by making households able to afford the costs of migrating or by pension income enabling grandmothers to take care of children while parents are out working or seeking work.

The productivity of those already employed could also increase, mainly through improving the nutritional and health status of the general populace. This is something also Lindert (2004) takes into account when he explains the free-lunch puzzle, as he sees public health care spending as part of social protection spending. If one assumes that both better nutrition and more health care increases longevity, it would also increase productivity, by helping workers retain their ability to work even when getting older, and by reducing sick leave or absenteeism. This certainly also applies in developing countries, and it has already been shown that poor households are likely to spend a fair portion of their benefits on both improving their nutrition and visiting health stations more frequently. Another important aspect here is that it is cheaper for the state to ensure good nutrition in childhood than it is to treat nutrition-related diseases throughout someone's adult life (Samson 2009).

While social protection can contribute to growth indirectly by bettering nutrition and health, or making participation in the work force possible, it can also contribute more directly by increasing economic activity. This can happen through two main channels: first, by impacting local markets and second, by encouraging increased saving and investment on part of poor people.

Social transfers can impact local markets in two ways. On the one hand, a social transfer can fuel local economies by increasing local demand. On the other, injecting too much money into a local market might drive prices up, depending on how isolated that market is (Ellis et al. 2009). The positive outcome here, fuelling local markets, is an idea predicated on the fact that poor people spend their money locally on locally produced goods much more than the better-off. Samson (2009) shows how, in South Africa, upper-income households tend to spend extra income on transportation, often by buying cars, while lower- income households spend extra income on food, as has already been shown. Cars are capital-intensive and often imported, but food production is labor-intensive and local. When a social transfer shifts income from upper-income households to lower-income households, then, there is potential for a change in the composition of spending that favors local production. This shift in income is related to income inequality, and it was shown above how some developing countries have seen a reduction in this area.

The effect of transfers on local markets is clear in Brazil, where pension payday is a significant source of income for local shops, one trader estimating that they would lose 40% of their business if the program was stopped (Hanlon et al. 2010). A study of a cash grant in one district of Malawi shows that the money given had a local multiplier of more than 2, i.e. that each dollar transferred into the area was used at least twice before it left the area (Ellis et al. 2009). Increased economic activity like this can support job creation by increasing the demand for labor, which further strengthens the local economy. This beneficial spiral is thus a potential impact of social transfers.

There is also a potential downside to injecting money into local economies like this, which is causing inflation and driving prices up locally. For one thing, this would risk nullifying the value of the transfer in the first place, but it would also put those households who are not receiving the transfer at an increased disadvantage. The danger of causing inflation is higher when transfers are large compared to local purchasing power, and also when the markets in question are highly local or isolated (Ellis et al. 2009). These kinds of effect lack firm evidence, but are still a concern that should be taken seriously.

Encouraging productive investments is the other way social transfers can contribute to economic growth. The most obvious way this can happen is through the sheer fact of giving money to people who want to invest, but do not have the sufficient funds. Social transfers can also provide security to poor people who face a range of shocks (Hanlon et al. 2010). Since a cash transfer is something to trust, poorer households may feel that they can take greater chances in the way they spend their money, no longer needing to act in risk-averse ways.

Purchasing farm implements or agricultural inputs or investing in house improvements are common examples of productive investments resulting from social transfers. Evidence for this can be found in Mexico, for instance, where an agricultural program transferring cash to farmers to make up for the impact of NAFTA resulted in a doubling of the value of cash given by buying more of the current inputs (Hanlon et al. 2010). Oportunidades has also resulted in a small increase in productive investments by recipient households, largely in cattle, machinery or small shops.

It should also be mentioned that social transfers, apart from leading to productive investments, can serve to protect already existing assets (Ellis et al. 2009). Selling off assets in order to meet short-term expenses is the kind of risk-averse behavior which is detrimental to a household’s long-term outlook. Examples here include selling livestock or taking children out of school to work, and if social transfers can help to avoid this kind of behavior, it has made an important contribution. Ellis et al. (2009) refer to a cash and food transfer in Malawi, which effectively protected household assets from distress sales for survival.

Rather than investing money, recipients of social transfers can also save money, either for larger purchases later or to have money available in case of emergencies. In South Africa, a far larger share of transfer recipients has bank accounts than eligible non-recipients, and the share with some form of saving is also higher (Hanlon et al. 2010). In Zambia, the Kalomo transfer enabled 15% of recipients to save small amounts every month, eventually enabling them to purchase livestock (Ellis et al. 2009).

Another kind of investment, less immediate but still important, is found in building human capital, specifically making poor households invest more in education. An increase in school enrollment rates is a common consequence of social transfers, especially in Africa (Ellis et al. 2009). Again, there are connections here to better nutrition and health, as more healthy children are more likely to attend school, but social transfers also directly impact educational indicators. Many programs, like Bolsa Família and Oportunidades are specifically geared towards this, but even those who are not focused on increasing enrollment find this to be a consequence (Hanlon et al. 2010). In South Africa, primary school non-attendance has been cut in half, and in Mexico, teenagers covered by Oportunidades are 33% more likely to attend secondary education and 23% more likely to complete it. High school attendance rates in rural areas has doubled, and made it the norm for poor children to stay in school after finishing primary school, rather than the exception. In Bangladesh, a cash-for-education program has given a 20-30% increase in primary school enrollment rates and in Nicaragua a similar program gave a 22% increase (Chapman 2006). Looking at other indicators than enrollment also shows positive outcomes: in Zambia, absenteeism declined by 16% in the first nine months of the Kalomo cash transfer scheme. Pensions are also known to increase school enrollment and attendance, for instance in South Africa (Case and Deaton 1998). While not immediately contributing to economic growth, investing in education can potentially have long-term effects on the economy, by increasing the skill levels present in the population.

Taken together, it is hoped that these effects on investments, saving and asset protection will be able to contribute to a positive spiral of economic activity. Job creation and further generation of demand could continue the upward spiral created by the injection of money into local economies, and thus extend the beneficial impact of social transfers much further than the initial transfer of money to a poor household. In the end, developing countries might experience the same effect that developed countries have, namely that social transfers come at a near-zero cost to GDP, all effects included.

Summary

In this chapter, I have discussed the concept of social protection and examined its application in the context of developing countries, discussing the constraints that are faced here as well as some of the consequences that have been identified when different social transfers have been implemented. Social protection is a contested concept, but can be seen as aiming to protect poor people against low living standards and aiding them in fulfilling basic needs. There are different components to social protection, but social assistance directed towards the poor is most dominant in developing countries, aiming to protect basic consumption, facilitating productive investments and strengthening the agency of those in poverty. While developing countries face a number of constraints in implementing social transfers, these can be overcome in different ways, making them viable even for low-income countries.

An examination of the potential impacts of social protection show that they can be effective in combating poverty and vulnerability, through improving nutrition, bettering health status, strengthening agency, encouraging work force participation, stimulating local markets or letting households make productive investments or investments in human capital. In sum, this paints a promising picture for other developing countries, seeking to implement similar policies.

4. Old Age in Developing Countries

While introducing social protection in developing countries seems justified, it is still necessary for governments in the South to choose what exactly they should implement. On the surface, there seems also to be a clear mandate to introduce pension schemes in developing countries. Willmore (2007) estimates that worldwide, formal retirement schemes cover less than 15% of the world's households, and less than 10% of the world's working age population. In contrast to this, the World Bank (1994) estimates that 70% of all elderly people rely exclusively on informal transfers, showing that this is by far the dominating approach. I have already discussed how these informal transfers are under pressure and that they are ineffective or vulnerable on a large scale.

Still, the case for introducing pension schemes, rather than some other form of social protection, is more complex than the fact that they are currently not in place. It is clear that there is a great deal of variation within the category of social protection, and equally clear that resource constraints are in play, limiting the viable options for poorer countries. Because of this, developing countries are forced to prioritize between different options, all of which might be desirable, often choosing to aid one vulnerable group over another. The question then becomes: why the elderly?

Of course, the answer to this question must ultimately be found in the national context of each social transfer, incorporating different financial, political and administrative concerns, but it is also possible to make some overarching observations, justifying attention to the elderly on a general level. In development policy, the elderly have been – and are still – an under-prioritized group, making this point all the more important. In this chapter, I will explore different reasons for focusing more on the elderly and also why the introduction of pension schemes can be a good option for many developing countries. Two main topics will be explored: the fact that the world is ageing and the living situation of older people in the developing world. In the end, I will look at what consequences can be identified from the pension scheme in South Africa, providing further clues for what to expect from the Lesotho old-age pension.

Who are the elderly?

Before going into those topics, however, I will clarify the term "elderly". So far, I have been using the terms "the elderly" or "older people" without exploring the contents of them. While everyone has an intuitive understanding of what an old person is, there are some issues that should be clarified.

In Europe and the USA, it is common practice to utilize chronological age in deciding where the threshold for old age is, usually set to 60 or 65 years (Anthony 2010). Furthermore, it is possible to divide the group of elderly in different ways, for instance into the “young old” (65-75 years), the “old-old” (75-85 years) and the “oldest-old” (85+ years). Such designations, or variations on them, form the basis for most statistics and consequently policy choices made in matters pertaining to a society’s old.

Using this chronological definition of old age makes sense in a daily-life setting, but can be quite inaccurate. Evans (2003) uses a “true ageing”-approach to understanding the ageing process. Because true ageing is primarily a result of genetic and lifestyle factors, it is necessarily a process that is unique to the individual, and the variation between older people who are chronologically the same age can be enormous. The individual nature of biological ageing and physical decline means that chronological definitions are a somewhat random method of deciding who are old and who are not. This understanding also goes against viewing old age as a distinct life stage, since there is so much variation within the group.

Furthermore, and looking past differences in physical functioning, the *experience* of ageing is also important. This experience is affected by both personal and cultural factors. Two individuals going through the same physical decline (e.g. loss of eyesight) might feel very differently about it, as one might feel that he is now helpless while the other might feel only inconvenienced (Eyetsemitan 2007). This could both be related to that person’s experience and expectation of getting older and to broader cultural factors: the first could live in a society that values independence and the other in one that is more communal. Culture thus plays an important role in “deciding” who is old and what their quality of life is. In light of this, exclusively using chronological age as the determinant in deciding old age seems inappropriate. Evans (2003: 19) puts it strongly: “Age is a number derived from a birth certificate and cannot be a cause of anything (apart from prejudice)”.

All things considered, chronological age seems like an arbitrary threshold. Nevertheless, accepting that ageing is an individual process and recognizing the problems related to chronological definitions does not set aside the need for having an agreed-upon definition, especially for purposes of academic studies and policy. Even if chronological age is arbitrary, it is necessary when it comes to producing statistics, where a holistic understanding of old age would be very difficult to use. As mentioned, developed countries usually use 60 or 65 years as their threshold for old age, even if it is somewhat arbitrary.

Likewise, in most of the developing world, each country's official "old age" is set around 65 years, usually corresponding to the pension age (Anthony 2010). The United Nations does not operate with an official standard on this, but the commonly agreed-upon threshold is 60 years,[5] which is also the basis for the population statistics released by the UNPD.

For the purposes of this thesis, I will continue to use the United Nations definition of an older person as being 60 or over. In addition, because the Lesotho pension scheme has set the qualifying age at 70 years, all of my informants are aged 70 or over. Still, it is important to keep the above points in mind, and realize that two pensioners sharing the same age can have wildly differing life situations.

An ageing world

There are large regional differences in ageing processes, but the global trend is still clear: the global population is ageing. While this has been a recognized phenomenon in the developed world for some time, the ageing process taking place in the developing world has not gotten the same amount of attention. Before turning to this, it is a good idea to get a general picture of global population dynamics. The *2008 Revision*, published by the United Nations Population Division (UNPD), builds on the round of national population censuses undertaken in 2000, as well as former revisions. Here, the world population is estimated to grow past 9 billion[6] by 2050 (UNPD 2009). Most of this population increase will take place in developing countries, which is estimated to have a total of 7,9 billion inhabitants in 2050, or 86% of the world's population. The most rapid growth is found in the 49 LDCs.

The population in developing countries is currently rather young, with the numbers of both children and young people being at an all time high, but the population aged 60 or over is the fastest growing population segment (UNPD 2009). While this segment is expected to increase by more than 50% in developed regions, reaching 416 million, the numbers of older people in developing regions are estimated to more than triple, rising from 473 million in 2009 to 1,6 billion in 2050. This strong ageing tendency can also be illustrated by looking at the global median age, which is projected to increase from 29 years in 2009 to 38 years in 2050. Forty-three developing countries will have a median age above 40. To set this increase in perspective, the preceding half century saw the median age rise by less than 3 years, while the current half century will see a rise of more than 11 years (UNPD 2002).

[5] http://www.who.int/healthinfo/survey/ageingdefnolder/en/index.html [accessed 09.02.12]
[6] This number, as well as all the following numbers, refers to the *medium variant* of the UNPDs projections.

By examining the proportion of the population that is made up by the elderly, the ageing trend becomes even clearer. Today, people aged 60 or over make up around 8% of the total population in the developing world. This percentage is expected to more than double, reaching 20% in 2050 (UNPD 2009). If this group is broken down into smaller segments, it shows that the number of persons aged 80 or over is projected to quadruple, making the so-called "oldest old" the fastest growing segment of world population. In total, 79% of those aged 60 or above will live in developing countries, showing the tremendous challenge that lies in wait for old age care in the South.

The reasons for the global ageing trend are quite complex, and will only be touched on briefly here. The main driving factor is declining fertility in developing countries (UNPD 2009). On a global basis, fertility is expected to drop from the current 2,6 children per woman to 2,0 in 2045-2050. The decline is much steeper in the LDCs, where the projected drop is from 4,4 children per woman to 2,4. Another contributing factor is increasing longevity. The global life expectancy is expected to rise from 68 years to 76 in 2045-2050. In the developing world, the average life expectancy will be 74 years, and even the LDC average is estimated at 69 years, up from 56 years today. Together, decreasing fertility and increasing longevity contribute significantly to the ageing population.

It should be noted that these numbers are simply estimates, and that they cannot be taken as truths, especially because they try to look 40 years into the future. A central assumption underlying the expected increase in longevity, for example, is that there is an increase in treatment of those suffering from HIV/AIDS. This is especially the case in the LDCs, where the incidence of HIV/AIDS is the highest. Thus, longevity depends on antiretroviral therapy being made available to those infected at a continuingly higher rate, as well as the promotion of preventive measures (UNPD 2009). A fall in fertility rates also depends on different factors, such as further economic development and access to family planning, both of which are uncertain.

Still, it is apparent that the world population *is* ageing, which puts pensions on the agenda in and of itself. The fact that the population of elderly people will increase many-fold means that national and international development policy must begin to focus more explicitly on this group, since they will comprise a larger and larger share of the population. This is especially true when considering the lack of social protection coverage this group faces if more initiatives are not taken. Thus, the role for social protection in the form of pensions is of increasing importance.

Of course, all the regions of the world will not experience the ageing process equally. There are obvious differences between the developed and developing world, but there are also differences within the developing world. Specifically, the ageing trend is at its weakest in Africa. Africa remains the youngest continent even in 2050 and the estimated average life expectancy in 2050 is 9 years lower than in Asia, the second lowest one (UNPD 2009). It is also in Africa that we find most of the LDCs and consequently the highest rates of fertility and the highest incidence of HIV/AIDS, both of which might significantly counteract the ageing trend. Using Lesotho as an example, as it is both an LDC and has a high incidence of HIV/AIDS, the country has the fourth lowest life expectancy of all countries in the 2009 revision, at 45,3 years. A further consequence of the high incidence of HIV/AIDS is that the 2050 population is projected to be 19% lower than it would have been without the pandemic (UNPD 2002). This reduces population pressures, and counteracts the ageing process that has been identified in many other parts of the world. In Lesotho, the proportion of the population aged 60 or over will increase from 7,7% to 10,2%, a much lower increase than otherwise in the developing world. The median age is expected to stay low, at 26,8 years in 2050, and the estimated life expectancy in 2050 is the lowest of all countries, at 56,3 years.

Thus, one can hardly say that Lesotho will go through a significant ageing process, like many other developing countries, which could appear to undermine the need for a pension scheme here. Still, I would argue that the pension scheme in Lesotho is important, both for the country's inhabitants and as an example for other developing countries. Since the developing world *will* go through an ageing process, it is important to focus on pension schemes in many different national settings, in order to see what lessons can be learned from them and how these lessons can be applied in a broader context. In addition, there are only two LDCs that have established some sort of non-contributory pension scheme, making Lesotho even more interesting (the other is Nepal). As has been shown, ageing will take place also in LDCs, and the elderly will become a more prominent part of the population even here. Furthermore, there is also an argument related to ethics, in that even if the elderly do not comprise a large part of the population, they may often live in poverty, and increasing their welfare should be a priority in and of itself. Issues connected to the living situations and well-being of the elderly in developing countries will now be explored further.

Old People's Living Situation in the Developing World

While the global ageing process could be expected to put this issue more firmly on the agenda, especially for those who are working towards reducing overall poverty, a stronger focus has not materialized (Heslop 1999). Instead, having an ageing population has been seen as a threat to development, just as old people themselves are seen as burdens to society, perceptions which stand in the way of measures aiming to improve their quality of life. In this view, older people are thought to contribute less and cost more than other members of society, in terms of lower productivity and increased health care costs. Ageing populations would be expected to reinforce these problems, exposing governments all over the world to significant costs. It is thus easy to be bogged down in negativity when discussing the ageing world, which in itself forms another obstacle to policy initiatives.

Countering this way of thinking is Barrientos et al. (2003), who argue that older people's contribution to society is continually undervalued. This undervaluation also marginalizes the elderly from development thinking and policy. Since the latter has often been focused on economic growth and increased productivity, the "inefficient" elderly have been rendered irrelevant to achieving development, and thus not a priority (Gorman 1999). This is especially problematic when considering the increasing number of old people in the world. Another consequence of the undervaluation of older people is a lacking understanding of old age poverty (Heslop 1999). In the following, I will outline what is known about old age poverty, and then underline the role the elderly play in their households and communities, so as not to take an exclusively negative outlook on old age.

Old age poverty

Are older people poorer than other segments of the population? It is here important to remember two things: first, and as already mentioned, our understanding of old age poverty is lacking. This is especially true in Africa. A WHO report from a workshop aiming to establish a minimum data set on the living conditions of the elderly in Africa, states that "information on older adults currently collected by routine sources throughout the African Continent is fragmented, incomplete or not specific to older populations" (WHO 2000: 9). One example of this is the lack of mortality, morbidity or risk factor measures on older populations, even though these are readily available for other vulnerable groups, such as children or pregnant women. This lack of information is important to remember in any discussion on the life situations of the elderly.

The second important factor is that the incidence of poverty among older people is necessarily connected to that among the general population, as well as to the given country's organizational structure and whatever poverty reducing efforts they have going (ECLAC 2004). This means that a country where the incidence of poverty is high is more likely to have a high incidence of poverty among the elderly as well. Still, there could be cases where a higher proportion of the elderly are poor than other age groups.

For some clue of the extent of old age poverty, I first turn to quantitative studies.. Barrientos et al. (2003) look at what we know from household survey data about old age poverty by summing up the evidence from three different studies on the topic. These three studies investigate different settings: the first deals with a range of developing countries; the second with urban old age poverty in Latin American countries; and the third with old age poverty in transition economies. There are many problems connected to this method of cross-study comparison, as different poverty studies are not necessarily comparable. Still, it provides a rough overview: While variations are large both within and between the studies, in one study ranging from 7,5% (in Taiwan) to 64% (in Ghana) and in another from 9,8% (in Chile) to 69,9% (in Honduras), it shows that old age poverty is indeed common in many countries, but that levels vary a lot.

The highest old age poverty rates are, however, found in the countries with the highest overall poverty rates, which is unsurprising. Thus it is still hard to say how old age poverty compares to poverty among other groups. Barrientos et al. (2003) examine this question by first comparing headcount poverty measures among the elderly to that of the general population and then comparing poverty among the elderly to poverty among the young. The comparison of headcount measures confirms that the rate of poverty in old age largely reflects the aggregate poverty rate, except for in a few cases. Comparing poverty among the old and the young shows that poverty is higher among the young in all the developed countries included in the sample. In sum, this seems to suggest that the elderly are not particularly vulnerable to poverty, at least not more so than the population at large, which in turn points away from the necessity of directing special attention or assistance towards the elderly.

There are, however, several weaknesses connected to using household measures of poverty when it comes to estimating old age poverty. For one thing, household measures overlook the fact that the needs of older people are different than those of younger populations (ECLAC 2004). Also, because most elderly people live in smaller households, and because household surveys usually discount economies of size in household consumption, the surveys tend to overestimate the well-being of elderly as well as underestimate the well-being of another vulnerable group, namely children, who more often live in households with more members (Deaton and Paxson 1997). If one allows for the lower cost of children and/or economies of scale, the position of the elderly worsens relative to children. Indeed, Deaton and Paxson (1997: 23) conclude that, compared to child poverty rates, “higher poverty rates among the elderly is the more common case, so that the contrary finding based on [per capita household expenditure] is seriously misleading".

So, while an aggregate look at old age poverty downplays its relative importance, there are definite problems with such an approach. This shows the usefulness of also considering qualitative approaches to understanding old age poverty, instead of relying solely on quantitative data. This is further supported by Lloyd-Sherlock (2010), who points out how income is a poor measurement of life quality, especially in old age, since other issues, e.g. health complications, has an even stronger bearing on older people's well-being.

Barrientos et al. (2003) consider qualitative evidence of old age poverty from several different sources and find that there is considerable uniformity in older people's experiences with poverty across different settings. This suggests something universal when it comes to old age poverty. Kidd and Whitehouse (2009) emphasize the fact that the elderly are a vulnerable group, and that they grow more vulnerable as they age. This manifests itself through the increasing chance of falling ill or becoming disabled. In one survey from India, 45% of older people had chronic illnesses, and in another, 90% had visual deficits, 40% muscular-skeletal problems and 20% had cardiovascular problems (Kalache and Sen 1999). Debilitating diseases can clearly cause someone to fall into poverty, or worsen already existing poverty.

There is also a distinctly psychological side to vulnerability. Heslop (1999) sees isolation, powerlessness and low self-esteem as aspects of vulnerability inextricably linked to old age. Many older people become isolated because they have less access to communication technologies and because they are dependent on public transportation, which is often costly or inaccessible for other reasons (Fredman 2003). Factors such as these are often overlooked in income-focused poverty surveys, but still play a very important role in determining who is poor and who is not poor. This also shows how non-poor households can contain poor old people, if a broader understanding of poverty is utilized.

Another, more obvious, source of vulnerability for the elderly is that they are gradually losing the capability to work. This is of course connected to failing health, especially the loss of physical strength, often the only asset available to poor individuals (Heslop and Gorman 2002). When losing the ability to support themselves based on current earnings, and in the absence of protection schemes, older people become dependent on laying claim on resources in other ways, usually through family transfers and informal social protection (World Bank 1994). It should be mentioned that a reduced capacity to perform work does not mean that older people do not work at all, a point which will be explored below.

The fact that older people become more dependent on support networks is another important aspect of old age poverty and vulnerability. As shown above, a large share of the elderly relies solely on informal support networks, usually centered on the family. The pressure these networks are under is obvious also in the case of the elderly. As economies grow to be more centered on cities, the importance of agriculture diminishes, which leads to fewer work opportunities for the elderly and causes younger generations to move to urban areas to get jobs (World Bank 1994). This increase in migration reduces the social pressure for supporting one's parents and undermines the norm that children should live with their parents to care for them properly. On top of these processes comes the increase in longevity, which puts the whole informal system under even more pressure. Additionally, if an older person does not have living children, e.g. due to war, disease or migration, he is even more vulnerable to chronic poverty (Heslop and Gorman 2002).

While the increased vulnerability experienced by the elderly can be said to be intrinsically linked to ageing, and therefore a universal experience, there are also local factors in play. In Southern Africa, HIV/AIDS greatly affects the well-being of older people. The pandemic has created a gap in the population of working-age individuals, leaving many orphans to be cared for by their grandparents (Nhongo 2004). Additionally, those who are sick or dying from the disease often return to their parents' home when they can no longer care for themselves. The burden of caring for one's dying children is significant in material terms, but also physically and mentally. Caring for sick relatives can also result in missing work in the fields or other work opportunities, further exacerbating the position for the elderly. In caring for orphaned grandchildren, the cost of food, clothes and education becomes major concern for the elderly, especially if they have no other family members to turn to. There is no doubt that HIV/AIDS has significantly contributed to the burden of the elderly in the most heavily affected countries.

Going deeper into the causes of old age poverty, Heslop (1999) argues that the exclusion and impoverishment of old people is the result of structural inequalities. Throughout life, inequalities affect a person's well-being, e.g. in education, employment and health care, and these are reinforced in old age. Older people are more often excluded from decision-making processes, have worse access to public services, support systems and even to development initiatives such as micro credit schemes. Often, where access to health services or education is free, older people fail to utilize them because they lack information. All of this serves to reinforce the vulnerability of older people described in this section, and contribute to their poverty. This sort of age discrimination is not limited to developing countries, but is rather a feature of old age in most societies (Fredman 2003). While this form of discrimination has long been accepted as natural, it has now become part of the greater equality agenda in developed countries, alongside long-standing equality issues such as race or gender. This has not happened to the same degree in developing countries, however.

While I hitherto have been using terms like “the elderly” or “older people”, it should be made clear that there can be significant differences within this group as well. Saying that *all* elderly in developing countries are poor would be an exaggeration, and I have already discussed how different people experience ageing differently, reducing the impact of certain vulnerability aspects for some. Other elderly are *more* vulnerable to poverty, for differing reasons. Kidd and Whitehouse (2009) describe three kinds of households more vulnerable than others: elderly-headed households containing children, especially if there are no adults present; households only containing older people; and older women living alone. These differences give rise to inequalities also among the elderly poor.

In sum, it seems that while the quantitative data does not support the idea that the elderly need more attention in development policy, a closer look at the life situations of the elderly argue for it. In fact, different dimensions of poverty are so strongly associated with age that many communities use age as an indicator of poverty in itself, and the poor themselves often point to the elderly as the poorest of the poor (Heslop 1999). The increasing vulnerability connected to ageing severely impacts the life quality of older people, and makes their situation very precarious. Their reliance on informal support mechanisms makes them even more vulnerable, especially when these are under pressure. In this light, the role of pensions is obvious, as it can serve to protect the elderly from falling into poverty.

Contributions of the elderly

The above section makes it clear that old age poverty is a real phenomenon with significant consequences for the elderly. As mentioned initially, however, it is important not to be bogged down in negativity when discussing ageing and it is equally important not to paint old people as passive victims to the scourge of structural inequality and the ageing process. By highlighting the contribution made by the elderly, it is also easier to see how an effort to aid the elderly could result in positive consequences for other population groups, and possibly have a larger developmental effect than simply being about humanitarian aid to a single vulnerable group.

It is clear that the role of older people has changed considerably during the last century. Traditionally, older people have had the role of guiding and advising the younger population

(Nhongo 2004). They were thus seen as custodians of tradition and cultural practices, being required to pass this knowledge on to the next generation, in a form of relay race. Kidd and Whitehouse (2009: 45) warn against seeing the past as a "golden age when older people were taken care of and held in great respect", as there is little empirical evidence for this. Still, there is little doubt that the roles of older people have changed, and that previous traditions have become muddled with economic development, as new institutions took on their roles, and all-consuming importance was put on economic progress (Nhongo 2004). In the end, older people have been marked as economically unproductive and as burdens to society.

Such a perception is wrong, however, and it is clear that the elderly contribute significantly, even with a purely economical outlook. As touched upon above, the fact that older people have reduced work capacities does not mean that they stop working altogether. According to one source, in the poorest countries 70% of men and 35% of women aged above 60 are engaged in work outside the home (Kidd and Whitehouse 2009). Since the elderly are often employed in the informal sector, however, there is an amount of uncertainty connected to these numbers, which could be even higher.

In the informal sector, the elderly often attain the least desirable jobs, and are paid less than younger workers (Kidd and Whitehouse 2009). They are also often involved in manual labor, and their earnings and status can be expected to decline as their ability to perform this labor degrades with age (Lloyd-Sherlock 2000). However, many elderly are found working on family small-holdings where their status is higher. A study from rural Tanzania showed that while on-farm working hours fell sharply between the ages of 60 and 90, even over-80 year olds still averaged over two hours of work daily (Heslop and Gorman 2002). Together, old people's activities in both of these sectors show that they are capable of working and that they maintain employment even in later life.

It should be noted that there is a definite and identifiable drop-off in work rates for the old-old and the oldest-old (Kidd and Whitehouse 2009). This is not surprising, given the many constraints the elderly face in staying employed, which include diminished physical strength, poor health and lack of education or training opportunities (Heslop 1999). Still, Lloyd-Sherlock (2000) attributes this drop-off largely to the reduced opportunities for work, emphasizing that the elderly still *wish* to work. In the context of widespread poverty and no other source of income, such a wish is natural, even in the face of severe constraints.

In addition to still seeking employment where possible, the elderly also play a significant role in performing household tasks, such as cleaning and childcare (Lloyd-Sherlock 2000). This has the effect of releasing other household members to gain employment and is thus very valuable. Also, if there is a pension scheme in place, older people tend to share their pensions with the household rather than keeping it for their own consumption (Lloyd-Sherlock 2010). In this way, the elderly contribute economically to the household even when they are not employed, further showing how departure from the labor force cannot be equated with no longer being active contributors to society (Fredman 2003).

Of the household duties performed by the elderly, childcare deserves special mention. As mentioned above, the HIV/AIDS pandemic has greatly affected the elderly and changed their roles. They are now in the position of having to care for others in the phase of their lives where they could reasonably expect that others would care for them (Tanga 2008). HIV/AIDS has thus served to highlight the contribution older people make to society in a clearer way than before. Of course, the fact that old people take part in the upbringing of their grandchildren should not be thought of as a new phenomenon, as this has root in tradition: childcare provided by the elderly can be said to be at the heart of the reciprocal relationship whereby older people receive care from their families (Nhongo 2004). The current scope of the phenomenon now is, however, unprecedented, and because many of the grandchildren are orphans there is no longer any reciprocal relationship or a resulting surge in household income. In short, the elderly are now primary caregivers.

From this, it is apparent that the elderly do indeed contribute both to their households and to society in general, and that the view of them as unproductive and dependent is inaccurate. Of course, the ability of older people to contribute depends on the individual's health status, but their motivations cannot be questioned. Thinking of the elderly as a contributing and productive part of society is an important step towards reducing poverty and vulnerability for this age group, and it increases the attractiveness of pension schemes.

Pension schemes

The effect pension schemes can have on the well-being of the elderly is often assumed to be strong and obvious, but Lloyd-Sherlock (2010) claims that this is a common misunderstanding regarding pension schemes. Each individual pension scheme needs to be designed with care and evaluated properly, in order to ensure beneficial consequences. This entails a thorough understanding of the characteristics of different pension schemes.

As discussed earlier, social security schemes can be divided into social insurance and social assistance. This dividing line can also serve to illustrate the key distinction between two different kinds of pension schemes, namely contributory and non-contributory ones. Contributory pensions are a form of social insurance, where workers are legally obligated to participate by contributing part of their salaries in return for pension benefits when they reach the age of retirement (Lloyd-Sherlock 2010). Non-contributory pensions, on the other hand, are funded by the state through taxation and are not limited to particular occupational groups, but aimed at those who are not covered by social insurance schemes. Since such uncovered group usually are the most vulnerable, non-contributory pension schemes have a strong poverty reduction focus, and are sometimes called social pensions (Barrientos 2009).

There are many issues related to contributory pension schemes, but since the topic of this thesis is the non-contributory pension scheme in Lesotho, and because contributory schemes play less of a role in most developing countries, I will not go further into these.
The main issues connected to non-contributory are deciding the level of benefits and who are entitled to receive them (Lloyd-Sherlock 2010). For both issues, the specific circumstances in the implementing country must be taken into account, as there are no absolutes here. I have already discussed how the amount of money given through social transfers can be used to limit program costs, but this must be balanced by the need to make social transfers substantial, so that they are capable of achieving their goals, or be “large enough to cause a real change in behavior” (Hanlon et al. 2010: 178).

When deciding who are entitled to receive the pension, the main question is of course setting an appropriate age limit. As was discussed above, there is no absolute threshold here, and different concerns come into play, e.g. demographics and resource constraints. This plays into the earlier discussion on targeting, as the age of eligibility has a strong bearing on the cost of the scheme (Schwarz 2003). Setting the age limit too low might threaten the financial feasibility of the pension scheme, but too high of an age limit may be seen as unfair by the populace, in addition to limiting the pension’s impact on poverty and vulnerability. Whether or not to include a means-test also has to be decided. There is no absolute answer here, and in the end, it all comes down to the resources available, the national or regional context and the political climate.

Another issue surrounding pension schemes is their legal status. If the pensions are seen as charity on part of the government, rather than a legally (constitutionally) guaranteed right, the scheme can be changed or even disbanded at will, and is thus an important issue (Lloyd-Sherlock 2010). This touches on the rights-based approach to social protection, but it also has important practical consequences. If a pension scheme is thought to be temporary or not reliable, it could affect the way recipients spend the money.

A history of pension schemes

There have been a number of policy shifts in the pension agenda since its inception in the 19th century. A brief historical overview of these can serve to inform the later discussion on today's pension schemes in the developing world.

The first national pension scheme was established in Germany in 1889 (Lloyd-Sherlock 2010). This pension was mainly based on compulsory worker contribution and directed towards factory workers, and the age of eligibility was set at 70. Lindert (2004) points out that there was very little actual redistribution in the program, because most of the funds came directly from workers. Additionally, the coverage was very low, and the pension was not motivated by a wish to increase equality or decrease poverty, but rather to stabilize the working class and gain political support there (Lloyd-Sherlock 2010). Despite these drawbacks, an example was set through the German pension scheme that spread to other European countries, and each country's pension scheme grew from selective coverage of specific groups to broad and eventually universal pension coverage.

From Europe, pension schemes spread around the world. Lloyd-Sherlock (2010) divides the globalization of pension schemes into three pathways, represented in different regions. In Africa and Asia, a limited approach was taken, mainly extending pension benefits to civil servants and the military. In Latin America, pensions were provided for the whole of the formal economy, separating different groups of workers. Lastly, socialist countries took a centralized approach, unifying separate worker groups into one, all-embracing and state-financed pension scheme. Of course, this must be understood as a general overview, as there were exceptions in each category.

This overview shows that while the approach differed, most developing countries chose to implement contributory schemes. There is good reason to question this, mainly because of the failure of developing economies to formalize and the consequent failure of extending the pension benefits to more than a select few (Palacios and Sluchynsky 2006). This stands in contrast to what happened in the European countries, and shows how modeling social protection after examples from the North can be inappropriate in developing countries, where conditions are very different.

A crisis in pension financing and worries about the impending "old-age crisis" brought about pension reforms (Lloyd-Sherlock 2010). These were led by the World Bank, who started promoting the "Three Pillar Model", in a mixture of private and public measures (World Bank 1994). While this approach *did* include social pensions, it was still mainly focused on contributory schemes, and thus did little to counter the low pension coverage in developing countries. As time passed, however, the three-pillar model petered out, due to a variety of reasons, a new reform agenda started to become popular. This was centered on non-contributory or social pension schemes to aid the poorest old people. Currently, a significant portion of middle-income countries and a few low-income countries have social pensions in place, clustered in three regions: Latin America, southern Africa and South Asia (Barrientos 2009). With its non-contributory pension scheme, Lesotho clearly belongs to this category of pensions, and is thus an example of this new approach to reducing poverty and vulnerability among the elderly, by directing pension specifically to the poor.

The pension scheme in South Africa

Before examining the case of Lesotho, it is informative to take a look at already existing pension schemes in order to see what consequences can be expected. As I have already touched upon, South Africa has one of the most comprehensive social pension schemes in the developing world, and its geographical and cultural proximity to Lesotho makes a comparison relevant. Of course, there are many differences in the political context and the economic outlooks for the two countries, but the consequences from the South African pension scheme could be expected to have relevance also in the context of Lesotho. This section will thus concentrate on the South African pension scheme. I have already examined the consequences of social protection in general, but I will here try to identify those consequences that are specific to pension schemes, to have a better understanding of these.

South Africa was the first country in Africa to initiate a state pension, although it was originally limited to white or coloreds only (Pelham 2007). Black South Africans were allowed to receive a significantly reduced amount in 1944, and full equality was introduced in 1993, after the end of apartheid. In order to qualify for the pension, women over the age of 60 and men over 65 must take a means test, which takes income, assets and marital status into account. The amount given changes every year, but from April 1st, 2011, the amount was R1140[7] ($168)[8]. In 2009, the pension provided an estimated 2,3 million recipients with benefits, constituting the largest social transfer in South Africa (Hanlon et al. 2010).

A thorough examination of the South African pension is provided by Case and Deaton (1998), who look at both how the pension came about politically and investigate the redistributive consequences of the transfer, especially concentrating on household spending on food, schooling, transfers and schooling in four different categories of households: African, Coloreds, White and Indian.

---

[7] http://www.westerncape.gov.za/eng/directories/services/11586/47491 [accessed 20.03.12]
[8] http://www.exchangerates.org.uk/ZAR-USD-20_04_2011-exchange-rate-history.html [accessed 14.05.12]

The findings in Case and Deaton (1998) show that the pension constitutes a significant part of household income, especially for African households. The most important sources of income for these households are formal sector employment and the social pension, and for African households with at least one pensioner the pension grant represented 62% of the total income of that household. For non-pensioner households, the corresponding figure was 13%. Considering that the total income for pensioner and non-pensioner households is the same, this shows the importance of the pension benefits as the main source of income for pensioners, and gives a clue as to its significance.

The effects of the pension on income distribution are also interesting. Case and Deaton (1998) show a marked effect on income distribution, where households are shifted from the lower end towards the middle, reducing poverty and inequality in the process. By their estimate, the incidence of poverty among African households would rise from 35% to 40% if the pension scheme was removed. This shows that pensions are also capable of affecting inequality levels.

Another interesting finding is that households with pension income have more children than the average: 2,3 compared to 1,7 (Case and Deaton 1998). This is only found in African households, and the opposite is true for the other three categories. African households form the by far largest share of households who receive the pension in the first place, and together these two facts show that the pension potentially reaches the young as well as the elderly, in other words two vulnerable groups at once. Additionally, since these forms of co-residence are more common with poorer households, the pension disproportionately reaches children living in poverty. This shows how pension schemes are not necessarily limited to helping the elderly, but can also potentially reach other vulnerable group.

Duflo (2003) takes a closer look at the nutritional impact of pension receipt for grandchildren, and focuses especially on whether there are identifiable differences in this impact according to the gender of the recipient. She does this by comparing children’s weight for height in households with a female pensioner, households with a male pensioner and households with no pensioners. The results suggest that when the pension recipient is female, there is an increase in the weight for height of girls, but not of boys. For male pension recipients, there is no difference in weight for height of either girls or boys. The same result holds when also examining height for age. In addition to demonstrating that pensions can affect the nutritional status of children, Duflo’s article also raises question of targeting, especially whether pensions or cash transfer schemes in general should be targeted towards those groups who ultimately produces the best results in some category.

The conclusions in both Case and Deaton (1998) and Duflo (2003) are supported by a report produced by HelpAge (2003), which is a comparative study of the non-contributory pensions in South African Brazil. In addition to stating that pensions have a large impact on poverty and that it is shared intra-household, this report also concludes that there has been a reduction in household vulnerability, a promotion of the functionings of older people and that a large number of recipients have been reached. The sustainability and broad political acceptance of the scheme is also underlined. The report also suggests that extending or implementing pension schemes in other developing countries could lead to similar consequences there.

The identified consequences of the South African pension scheme are largely in line with the ones predicted in the previous chapter on social protection, but it is worth underlining the degree to which the pension is shared with others and spent as household income, reaching the large amount of children living in pensioner households and impacting their lives as well. The South African pension is thus shown to reach two vulnerable groups, an important advantage for the pension as a social transfer.

Summary

In this chapter, I have looked closer at the living situations of older people in developing countries. It was first noted that there is no definite threshold for "old age", and many drawbacks to simply using chronological age to distinguish who the elderly are. I then moved on to show how the world population is ageing, much of this process taking place in the developing world. This is especially disconcerting when considered alongside old age poverty. While quantitative measures of old age poverty often finds it to be lower or equal to national poverty, a closer examination of the topic reveals that many elderly *do* live in poverty, and that their poverty is different than that of other groups, especially characterized by increasing vulnerability. Still, seeing the elderly simply as an impoverished and vulnerable group is inaccurate, as they still contribute much to society, e.g. through child care.

Together, the living situation of the elderly calls for social protection initiatives, especially pension. I discussed how non-contributory pensions have to solve issues connected to eligibility as well as setting an appropriate amount. To exemplify a pension scheme, I looked at the South African non-contributory pension, identifying its primary consequences. The results from here show that pensions can impact poverty and that they reach more groups than the elderly.

5. Methodology

In order to answer the question laid out in the introduction, it was necessary to conduct a fieldwork among pensioners in Lesotho. This was undertaken in a six-week period spanning April and May 2011.

In my fieldwork, I chose to take a qualitative approach. There were two main factors behind this choice. First was the simple fact that I have more experience and training in qualitative techniques. This factor was reinforced by the time and resource constraints associated with my fieldwork. Quantitative techniques are often more time consuming, and the period of six weeks I had available for the fieldwork would not have been enough time to complete a detailed survey, especially considering my unfamiliarity with the context. The second main factor was my discovery that most of the existing work on the pension scheme in Lesotho is of a quantitative nature, and that some of this literature (e.g. Croome and Mapetla 2007) asks for more qualitative work to be done. In this sense, in-depth interviews could contribute with something new to the understanding of the old age pension.

The discussions surrounding the qualitative method are many, and I will not go into this debate here, apart from giving a brief description. Marshall and Rossman (2011: 2) state that qualitative researchers "are intrigued by the complexity of social interactions expressed in daily life", seeing qualitative research as "pragmatic, interpretive, and grounded in the lived experiences of people". An important part of this is being open to ideas brought forth by informants and continually reevaluate the conceptual framework underlying the study (Rossman and Rallis 2003).

Another important tenet of the qualitative method is that the researcher reflects on how his presence in the field and his personal biography may affect the end product of the study (Rossman and Rallis 2003). It is important to make this act explicit, so that readers also gain an insight into potential problems and biases with the end product of the research process. In the following, I will go into the details of my own research process as far as possible, as well as presenting potential problems with my approach and explaining what I did to solve them or lessen their impact on the results of my fieldwork. I will cover the whole research process, from my initial preparations, how sites and informants were selected and how the interviews were prepared for and conducted. All the way, I will be open about potential problems, and inform the choices I made during the process using theory. While this account of the research process for purposes of presentation will be linear, I should point out that the real-life process was never that; it involved going back and forth, constantly adjusting the framework as the work progressed.

The research process

Choosing the topic

Early on, I decided to do my thesis on social protection in the developing world. Although I did my Bachelor's degree in the development field, I had learnt little about this approach, and it thus felt like a new and exciting way of thinking about development, poverty reduction and securing people's well-being. Part of the attraction also lay in the fact that I am Norwegian, used to a broad provision of state welfare and with a fundamental political faith in some tasks being best solved by the state. In light of this, examining the viability of similar strategies in the South seemed an enticing prospect.

Choosing Lesotho and the Old Age Pension specifically was a matter of singling out those geographical regions and social protection programs that seemed like the most interesting ones. Pension schemes commanded my attention because the elderly are a group that usually get little attention in development thinking. Of the different developing countries with a pension scheme in operation, the case of Lesotho then stood out for two main reasons: first, the pension scheme there was relatively new, having been implemented in 2005. Because of this, I felt a study could contribute with some new knowledge, or at least direct attention to a new area, even if it was only through a small-scale study for a Master's thesis. Second was the fact that Lesotho belongs to the United Nations' group of LDCs, marking it as one of the poorest countries in the world. As mentioned, there are only two LDCs with some sort of non-contributory pension. Finding out more about Lesotho, then, could hopefully result in important lessons for other LDCs with regards to the implementation of pension schemes or social protection in general.

Preparation

The process of preparing for a fieldwork in a foreign country is demanding, but it is important to be as thorough as possible. At the same time, however, it must be recognized that it is impossible to prepare for all eventualities, and that a certain degree of flexibility should be allowed. I had little knowledge of Lesotho before deciding on the topic of this thesis, and a lot of the preparation I had to do was to educate myself about the basics of the country, specifically those aspects of it that could be relevant for my thesis, such as geography, economy and demography. As previously mentioned, it was difficult to find literature on the pension scheme itself, but as a substitute I read literature on pension schemes in other countries in the South. During this process, I regarded South Africa as especially important, since it is Lesotho's only neighboring country and since there has been a comprehensive non-contributory pension scheme operating there for many years.

While much of the literature I found on social protection took a very positive stance towards the potential of this approach (e.g. Hanlon et al. 2010), I tried to balance this out by reading some critically minded papers as well, looking at potential problems and constraints concerning this approach. In my experience, it is not uncommon for the development field to regard any "new" approach as a cure-all for developing countries, alleviating poverty and leading to long-term economic development all in one, and this was also the case with some of the social protection literature. Early on, I tried to take a more realistic stance, viewing social protection as capable of making important contributions in many areas, but perhaps not being the ultimate approach to development. In the analysis, then, I will not limit myself to examining the consequences of the pension scheme, but also look at those theoretical ideas that have *not* materialized in the case of Lesotho, giving a more nuanced picture of its effects.

During my preparation, I also tried to make some contacts in the field before I went there. This mostly consisted of trying to contact the National University of Lesotho, specifically the Institute of Southern African Studies (ISAS), which was the institute behind the Lesotho pension research I had found. I regarded the institute as a good potential contact that could hopefully open many doors for me during my research. After some contact per email, I formalized my relationship to the institute upon arrival by applying for a position as visiting researcher. This allowed me the use of an office and their library, as well as access to staff members who had previously worked on projects similar to mine. My interviews with these staff members greatly increased my knowledge of the topic, and helped me stake out the course for the actual fieldwork. Through the institute, I was also put in touch with an interpreter. In sum, my cooperation with ISAS was a great aid to me, and improved the quality of my fieldwork considerably.

Selecting sites/ Study area

After arrival in Lesotho, I set about figuring out which places I wanted to conduct my interviews in. This process was done in cooperation with my interpreter, who had significant knowledge about the surrounding area, and was thus an invaluable asset in planning this aspect of the fieldwork. From the outset, I wanted to ensure that the selection of sites represented the varied geography of the country as far as possible. This would be the first step in ensuring that my selection of informants could illustrate large variation in preconditions, and involved visiting sites in rural areas and in urban neighborhoods, villages that were isolated from the main road or ones that were situated right on it, as well as villages surrounded by good farming lands and those without it.

It should be noted that the selection of sites was not done all in one go at the outset of the fieldwork, but rather done one or two days in advance of the interviews taking place there. This allowed me to continually review the material I had up to that point, and thus decide which sites would suit the research better. In the end, we ended up selecting 9 villages in two different administrative districts, Maseru district and Berea district. The Maseru district is the most populous in Lesotho, while Berea ranks third (Bureau of Statistics 2009). They both span the three main ecological regions of the country, but the villages chosen were mostly in the more accessible foothills or lowlands, where most people live.

Of the 9 selected sites, two were located in peri-urban areas, while the rest were more rural villages. The urban sites were both situated on the outskirts of the capital, Maseru, one very close and the other further away. Of the rural villages, four of them were situated on or very close to one of the main roads, while the last four were only connected to the main road through winding dirt roads of varying lengths. The most remote village was more than one hour's drive away from the nearest asphalted road. In Figure 1 below, all the circles refer to a village where I conducted interviews, except the 'Maseru CBD', which indicates the location of the capital.

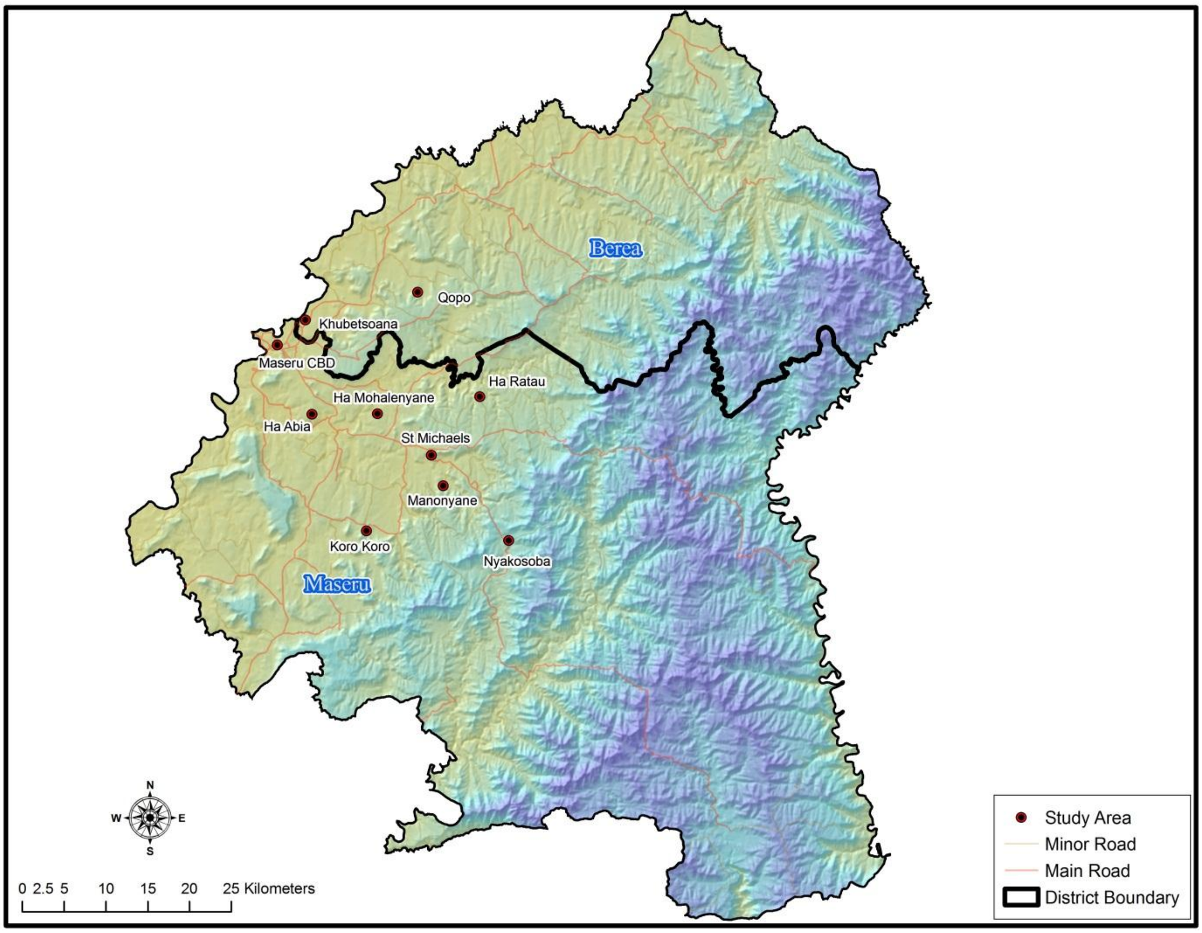

Figure 1. Map of the study areas.

While I wanted a diverse selection of sites, there were some limitations involved that also had to be taken into account. The necessity of being able to make the trip and return within the day before nightfall was one, and another was the need for arriving at the sites at a time that would be opportune for interviews. Since the fieldwork was conducted in the early month of winter in Lesotho, the day started later and ended earlier than usual, limiting my time. We planned to arrive after the pensioner's had finished their morning routine, and conduct the interviews from then until the children came home from school. My interpreter's schedule also affected when we could interview, as he worked for a local organization while also working for me. All of these issues made the districts of Maseru and Berea the most attractive, since they are relatively accessible by road, and because the University is located in Maseru district. In addition, the previous surveys undertaken about the pension scheme have mostly been undertaken in Maseru district, so focusing my efforts here would have more relevance to what I learned from these studies.

Of course, there are some potential weaknesses associated with the selection of these districts and sites as the study area. The fact that I chose them partly for their convenience shows how my study misses out on the less accessible parts of the country. As discussed in the background chapter, these less accessible parts are also the poorest ones, and my fieldwork therefore runs the risk of not taking into account the poorest households in the country. I tried to ameliorate this slightly by choosing more remote places within the chosen districts, but there is no question that the sites I visited are not those where the poorest of the poor in Lesotho are found.

Significant time and resource constraints limited the scope of this thesis, however. While a study of the poorer areas would have been very interesting, it would take more time and resources than I had at my disposal. The closeness of the University was also a great asset for me, as I had access to both researchers and written material that continually shaped my work and outlook, as well as a place where I could work on the interview data as I gathered them. These facts have to be weighed against the potential problem of missing out on the poorest households.

Another potential problem with selecting areas that have already been under study is that I could potentially only reproduce findings that have already been published. However, and as mentioned before, the existing research from this area is mostly of a quantitative nature. I therefore feel justified in believing that a qualitative study would bring new issues to the fore, even if it covers some of the same geographical areas. In this way, the earlier quantitative studies could also be brought in to inform the results from my research in a more thorough way.

Sampling, negotiating entry and recruiting informants

An important part of conducting a fieldwork is sampling, or choosing who to talk with, where, when, about what and why (Miles and Huberman 1994). Sampling decisions should always be based on the research question, as well as existing theoretical and background knowledge, and they should be made explicit by the researcher (Marshall and Rossman 2011). Well-developed sampling decisions are crucial for the study's soundness, and profoundly affect what issues it can inform.

One of the fundamental characteristics of qualitative sampling is that it is *purposive* instead of random (Miles and Huberman 1994). This means that the sample is hand-picked to be part of the study, because it is the best way of examining the questions at hand. Often, the selection of informants will not be set in stone prior to the study, and can evolve once the fieldwork progresses. Miles and Huberman (1994: 27) call this process "conceptually-driven sequential sampling". In this view, while some initial selection is required, there is also a continuous redrawing of the study parameters.

There are a number of different ways to go about the sampling process. Miles and Huberman (1994: 28) give a list of 16 different sampling methods, each one suited to studies with different purposes. I will not go into the full list here, except to explain the strategy I used in my fieldwork. For me, it was never important to find an "average" pensioner household, but rather to illustrate the depth of experiences tied to receiving the pension, and to show how different preconditions create different consequences across households as well as seeing what different households have in common with each other. In Miles & Huberman's terminology this would be a sampling strategy of "maximum variation", or "a deliberate hunt for negative instances or variations" (Miles and Huberman 1994: 29). For Marshall and Rossman (2011: 111), the maximum variation approach "documents diverse variation and identifies important common patterns". It is not the total number of informants that is important in this approach, but rather their individual characteristics.

Sampling was a continuous process during my time in the field. While geographical variation was important in selecting sites, I also tried to gather a diverse group of informants within each site, in order to achieve "maximum variance". The decisions I made in this phase was mostly based on guesses: what characteristics could produce differences in effects of receiving a pension? When examining the population of elderly people, internal variations include their age, ranging from the "young old" to the "oldest-old", as well as their gender, living standard, health, number of dependents and so on. Because of the lack of a thorough or easily accessible overview of pensioners, the concrete process of selecting the individual informants was always done on the day of the interviews, after arriving at the site and following a specific approach detailed below. Thus, I could not hand-pick informants so that they suited the sampling strategy perfectly, but had to do the best I could within each village. As I did more interviews, I continually reviewed my data, trying to make sure that as many variations as possible were included, and I also stayed alert for other possible variances in the population of elderly people that would be interesting to include. This allowed me to make more informed decisions, as my knowledge of the context grew. In the end, I had a selection of informants that varied according to many factors, and from my pool of interviews, I have been able to select those that are most capable of illustrating the depth of experiences this thesis set out to illustrate.

After deciding on the preliminary sampling strategy, the next step was to gain entry to the field and finding the best way to recruit informants. When seeking to gain entry, a researcher often has to negotiate access with so-called *gatekeepers*. Gatekeepers could be community leaders, village elders or people in official positions (Willis 2006). In Lesotho, all villages have a chief, usually someone with a relation to the royal line, which still carries authority in the local context. In order for me, as an outside researcher, to get access to possible informants, it was necessary for me and my interpreter to first introduce ourselves to the chief, and get his or her permission to conduct the interviews. Every time we arrived at a new village, we used some time to present myself as well as the topic and purpose of my research to the chief, and also give a letter, written in Sesotho and signed by the University, stating the same. This letter would be kept by the chief, so that there was a way of reaching me if it turned out to be necessary.

Meeting the chief would also be the first step in finding and recruiting informants. After presenting the research and getting permission to walk around the village and conduct interviews, we would ask the chief who were potential informants and where they lived. The chief is usually knowledgeable about local residents and therefore a good starting point for this kind of information. In this way, I used the gatekeeper as a way of recruiting informants.

There are some problems attached to this approach. The authority of the gatekeeper, in this case the chief, could make the proposed informants feel obligated or forced to participate, even if they did not want to. Also, there was the possibility of the chief leading us to those pensioners that he had the most contact with, intentionally or unintentionally leaving out important segments of the population of potential informants. This could lead to a certain bias in the results, as unique or opposing experiences are left out.

To avoid these consequences as much as possible, I also employed an alternative method of recruiting informants, namely that of *snowballing*. Snowballing involves asking one informant to suggest other informants, who in turn suggest yet other (Willis 2006). By asking each informant to suggest multiple other informants, the chance of tapping into several networks of people is higher, and I would not risk following a single network for all the interviews in a village. While following this strategy did not completely eliminate the chance of this happening, it was also the only option open to me, as finding pensioners through any other means would have been very difficult.

When asking the chief for informants, he or she would usually suggest a number of possible informants, and we would start out by following directions to the first houses and proceed to ask these pensioners to suggest yet other pensioners. Sometimes, we would ask the chief to simply point us in the direction of pensioner's homes, in other cases we would ask more specifically for those informants I felt I still had not talked to, e.g. an older woman living alone, to flesh out the variance in my sample. This method worked well, and secured a diverse selection of informants.

Another potential with this approach is that I could be seen as cooperating with the chief, which could conceivably affect their answers. While the chiefs in most cases would go about their business after pointing us in the right direction, leaving me and my interpreter free to walk around the village as we wanted to, we were sometimes accompanied by one of the household members of the chief, and in one case the chief himself walked with us, rounding up other possible informants while I was conducting the interviews. Such perceived cooperation could lead to people dampening possible criticisms or telling me what they thought I would like to hear.

Since the pension is governmental, however, and the chief belongs to the hereditary system of power, there is no connection between the two. Whether the pensioner is aware of this is a different question, but I never got the feeling that they were holding back criticisms when asked about the administrative aspects of the pension scheme. In the cases where informants were recruited for me (by the chief or his representative) I cannot be sure what they were told to get them to participate, so I had to make sure I was even more thorough when informing them of my research's purpose, and giving them a chance to discontinue their participation. While some informants might have felt pressured into participating, it was easy to tell in the interview situation who was really interested in participating, thus weeding out those who were not. Also, taking into account the customs of Lesotho, circumventing the chief was not an option, and any disadvantages this raised would have to be dealt with. In all villages, I was welcomed and allowed to interview the elderly, and using the snowballing method in this way turned out to be a good way of gaining informants, all things considered.

A presentation of the informants I used in this thesis is found in appendix I. All have been given fictitious names, to ensure their confidentiality.

Interviewing

Even though the qualitative method embraces several different techniques, as mentioned above, the most common one is probably the interview. Qualitative interviews are usually divided into three main types: structured, semi-structures and unstructured (Willis 2006). The choice of interview type depends on the nature of the research as well as the preferences of the researcher and the preferences of the informants. For example, a structured interview might take less time and facilitate generalizations, while the unstructured interview allows the researcher to discover new ideas and interpretations. For me, the middle ground of semi-structured interviews was more appealing, since they allowed me to cover both those things I felt were important, but also allowed the interviewee to bring up things that I had not planned on discussing. This is an advantage, especially since the setting was unknown to me, and a flexible approach like this could lead to interesting discoveries.

Using interviews in this way can provide simple, factual information, but it can also be used to explore attitudes and opinions (Willis 2006). The value of interviews is mostly that they allow a researcher to explain patterns as seen from the informant's viewpoint, instead of simply uncovering patterns and then originating an explanation in theory or from his own head. There is no guarantee that an interview will produce true information, however, and its success largely depends on how the interviewee sees the interviewer (Hesselberg 2011). Therefore, much care must be put into making the informant comfortable, by for instance adapting behavior and appearance to local rules and customs, hopefully minimizing the chances of untrue information. Important questions that need to be resolved in an interview-based approach to research is where and when the interviews should take place; how questions should be ordered; and whether or not the interviews should be recorded (Willis 2006).

My own interviews were undertaken over an intensive period of three weeks, since most of the first part of my stay was consumed by administrative work, planning and preparation. This intensity has both positive and negative sides. On the plus side, it allowed me to quickly get in to the rhythm of interviewing people, and made me familiar with my interview guide. I also got to know my interpreter, and we quickly found a rhythm in our work that we were both comfortable with.

On the other hand, however, having more time between interviews would have meant that I could have more time to look over my findings while still in the field, allowing me greater knowledge of what aspects of the pension and its impact that I had not yet covered. This could have improved the sampling process. As it was, I could only briefly sketch which issues I wanted to cover more thoroughly in the following days of interviewing. More time in the interview process could also have allowed me to work more with the individual interviews, reviewing and improving notes while the interviews were still fresh in my mind. The delay in this process necessarily means that some details have been lost from the interviews. Still, because I recorded the interviews, this problem is not as large as it could have been.

With regards to the when and where of the interviews, a lot was left up to the informant's preference. As mentioned above, I and my interpreter tried to arrive after the morning routine was finished, since we assumed that this was when the elderly would be available for interviews. This turned out to be accurate, and very few of those we approached said no to participate, even those who were engaged in some sort of household work. Most of the interviews were undertaken inside or outside the informant's home, sometimes depending on the weather, other times on what the pensioner was doing. Conducting the interview in or near the residence of the informant was beneficial for several reasons, first and foremost because it allowed me to observe their living conditions and household dynamics more closely, adding to the information they gave me themselves.

Of course, this could also be problematic, as the interview could be interrupted or interfered with by other household members or activities. In many of the interviews family members made comments or corrected information that was given by the informant. This could be a disadvantage, disrupting the flow of the interview or making the interviewee insecure, but it could also add more accuracy, for instance in factual questions like approximate income or who was related how to whom. Asking people to leave their own house so I could conduct my interview was not really an option, and many of the pensioners had a hard time moving around, so interference was simply an issue I had to deal with.

In one village, the chief felt it was better to assemble elderly people outside his own home, which led me to conduct an impromptu group interview. In another, the interviews were conducted in a central location in the village, while the chief went around and got people to participate. Both of these options were for me less attractive than interviewing people in or outside their homes, so I always tried to make sure to do this as often as possible.

A central issue in interviewing people in developing countries, especially when the research deals with some official program or initiative, is that possible participants think that the researcher is affiliated with the program or the government, and as such has the authority to affect their participation or the benefits they receive. This could result in a number of difficulties: for one thing, informants could hold back criticism for fear of retaliation. On the other hand, they could also misrepresent their living situation so that they seem poorer than they are, hoping to receive more money or benefits. This is a common concern in developing country research, and necessitated that I make it perfectly clear that I was not affiliated with the administration of the pension scheme in any way and that I could not affect the amount given. Of course, there is no guarantee that my informants did not exaggerate their poverty, as they could still believe it was advantageous for them to do so. All of my informants, barring one, complained that the amount given as pension was too low, but this result is the same as in the thorough study performed by the University (Croome and Mapetla 2007), and could just be a reflection of the fact that the pension *is* a relatively small amount, especially when it is shared among a household. Additionally, to ensure that people's well-being was not being misrepresented, I could ask follow-up questions to the answers given, and observe my surroundings thoroughly. This concern was important for making me prefer interviews in the informant’s household, since it facilitated this kind of observation.

Originally, I had planned to speak to the whole household, but this proved more difficult than I had thought. Many household consisted only of the pensioners and their grandchildren, where the pensioner’s children had either passed away or moved somewhere else to get work. The timings of the interviews were also such that if any adult sons or daughters were living with their pensioner parents, they were at work, and the only people present were children or youths. In the end, I only succeeded in interviewing non-pensioner members of the household on a few occasions. While this meant that I could focus more exclusively on the situation of the elderly and how the pension affects them, it has also impacted my ability to say something about how the whole household was affected from someone else’s point of view, a weakness considering that the money is usually spent as household income. Still, household members sometimes chimed into the discussion and provided information, even if I did not interview them one-on-one.

For semi-structured interviews like the ones I conducted, the researcher usually makes an interview guide containing the questions or topics he would like to cover during the interview. The interview guide I had made contained several broad topics for discussion (see appendix II). First, I gave some general information about myself and my research, giving them the opportunity to cancel their participation at any time during the interview. I then asked some factual questions, to establish a contact with the informant as well as gather some basic info. The interview then proceeded to talk about the pension, both revolving around practicalities and around the pensioner’s opinions on it. Lastly, I asked about the situation for the elderly, and if any changes had taken place. When finishing the interview, I gave the informant the option of asking me questions, in case they were unclear or curious about something. This interview design largely follows the points made by Willis (2006) on how to construct an interview guide. There were very few occasions where the informant did not want to answer a question, and only two interviews were cancelled before being completed, one by the informant and one by me.

Before starting the interview, I always asked if it was ok that I record it. For me, recording the interview had significant benefits, as it gave me more time to listen and observe without having to take notes constantly. This was especially an advantage because of my relative inexperience as an interviewer, as it allowed me to concentrate fully on the conversation, without the stress of constantly taking notes. Having a recording of the interviews has also been beneficial to the analysis process, as it allows me to go back and listen more carefully to what was said. Consequently, all the interviews were recorded, except one where the interviewee did not want the tape recorder to be on. Interviews ranged in time from 20 minutes for the shortest ones to near an hour.

Working with an interpreter

Using an interpreter in my fieldwork was completely necessary, as I lacked any knowledge of the native language Sesotho, and because very few of the informant knew more than some elementary words in English. Working with an interpreter is potentially problematic, however. Bujra (2006) lists three different ways in which researching through a third party can be troublesome. First, there are practical issues, relating, for instance, to cost and time. Second are technical problems, e.g. whether to translate word-for-word or each statement as a whole. This reflects the recognition that the interpreter does not simply transmit what an informant says directly to the researcher, but rather adds some of his own interpretations and meanings to them. Thus, just like the researcher affects the data, so too does the interpreter. Third is the need to negotiate the relationship between interpreter and researcher. In working with an interpreter, the researcher must give up some control over the data collecting process, but must also remain in control so that the research continues to be *his* and not the interpreter's.

As mentioned above, I got in touch with my interpreter through my contacts at the national university. Atang Tlopo, a 30 year old social worker, had previously worked for the University as a part-time research assistant, participating in seven research projects undertaken by ISAS, the institute I was affiliated with. A few of these projects were related to the pension scheme, so he had some experience with interviewing pensioners already. This experience, as well as his credentials from the University and his demeanor, assured me that he was competent and that he understood my research. His experience in conducting surveys also meant that he knew the surrounding areas well, and could suggest sites based on the criteria I laid out. Sesotho is by far the dominating language in Lesotho, so there was no question of multiple language proficiencies.

In hiring an experienced, but not professional, interpreter, I successfully balanced the need for competency with the resources I had available to spend on a research assistant, and thus avoided some of the practical issues Bujra (2006) foresees as problematic. I also had a conversation with Atang before beginning the interview part of my fieldwork, where I explained what I expected from him as an interpreter, and how he should translate all that an informant says, not remove anything, no matter how insignificant it may seem. Another issue we discussed early was how my research would be presented. I wrote down a thorough introduction in English, which we then discussed and he translated into Sesotho. This hopefully resulted in a standardized introduction which was understandable for the informants, and gave them a good sense of what I wanted to do with my research.

In some of the initial interviews, it became clear that his experience with research interviews was mainly quantitative, as he would ask questions from the interview guide and note down the answers himself, giving me only short translations of the content. I explained that I would be asking the questions and that he should translate the entire answer to me, so that I could ask follow-up questions or ask for clarifications. He quickly got the hang of this, and our cooperation was for the most part unproblematic. I also felt that he treated informants well and that they respected him in turn.

The trustworthiness of research

In any research project there are going to be questions of trustworthiness. In short, how will the researcher, or anyone else, be able to know that the results emerging from research are good? In order to ensure the "goodness" of research, a shared set of standards can be applied across different studies. Some opponents argue that applying such standards is not really possible, due to the subjective nature of qualitative research, and that doing so would miss out on the contextual and interpretive nature of this way of doing research (Miles and Huberman 1994). The case for some sort of shared standard for assessing qualitative research can be illustrated by taking the view that

> *"qualitative studies take place in a real social world, and can have real consequences in people's lives; that there is a reasonable view of "what happened" in any particular situation (including what was believed, interpreted, etc.); and that we who render accounts of it can do so well or poorly, and should not consider our work unjudgable." (Miles and Huberman 1994: 277)*

There is much debate about what this shared standard should consist of. Often, the trustworthiness of qualitative research designs has been judged by standards derived from quantitative approaches, revolving around *reliability*, *validity*, *objectivity* and *generalizability*. Marshall and Rossman (2011) refer to this as a form of "physics envy", an envy that has been challenged by the postmodern turn, which has led to the development of alternative concepts more appropriate to a qualitative approach. The first set of alternative concepts were put forward by Lincoln & Guba in 1985 (ref. in Marshall and Rossman 2011) and include *dependability, credibility*, *confirmability* and *transferability*. These concepts roughly correlate to the quantitative ones, but can be said to make the ideas more accessible and understandable by using ordinary language terms rather than quantitative terminology (Kvale in Marshall and Rossman 2011). Here, I will use the latter set of terms, as I feel that these capture the essence of qualitative research better.

The dependability of a study refers to whether the process of a study is consistent and stable over time (Miles and Huberman 1994). Its confirmability depends on the relative freedom of the research conclusions from the researcher's biases, or at least that these biases and their possible influence are made explicit. Credibility is very central in research, as it deals with the issue of truth: do the findings of the study make sense and are they credible to the people being studied as well as the readers? Of course, the types of understanding that emerge from a qualitative study differ from each other, and depend on the design and purpose of each study individually. Different types of such understanding include descriptive, interpretive, theoretical and evaluative (Maxwell in Miles and Huberman 1994). Lastly, transferability deals with the degree to which the results of a study can be transferred to other contexts, i.e. if they have significance for more cases than the one in question. This is a central issue in the critique of qualitative studies, as it is often claimed that their context-oriented nature makes generalization impossible, and that each study can only say something about the chosen sample, rather than the larger population. Therefore, it is important for the researcher to be explicit about the larger implications of his study, both making clear what it can say and what it cannot say about a larger phenomenon.

It is, of course, impossible for me as a researcher to guarantee that all of these criteria for "good" research have been fulfilled. I strived to make the research as reliable as possible, however, and can make some general comments here. I tried to be consistent in the process followed throughout my fieldwork, in that informants were recruited in the same way, they were given the same information about my research, and I also tried to make the interview situation as similar as possible between the different interviewees and locations. This should affect the dependability of the study favorably. The confirmability issue is harder to address, as all researchers carry biases and their own way of looking at the world. However, by taking a semi-structured approach to interviews and letting informants bring up their own ideas when they wanted to, frees the results at least somewhat from my own expectations. This also affects the analysis chapter below, where I have tried to take the informants' answers as a starting point instead of my own expectations of results.

As for credibility, I have already mentioned the way in which I used observation or follow-up questions to pursue information given by the interviewees. I also regularly talked to my interpreter about the different informants, since he is likely to have gotten more of a sense of how truthful they were. In some cases, I have had to drop interviews where the informant was obviously lying, for instance by portraying his living situation as worse than it actually was. While truth cannot be guaranteed, these steps at least ensure more credibility. In the analysis below, I also try to compare my results to those found in earlier surveys, further putting my results in context.

Transferability is a tough issue in any qualitative study, so also in mine. While this will be dealt with further later on, it should be noted that there are many peculiar circumstances in Lesotho that make the results of this thesis difficult to simply transfer to other contexts. With awareness of these circumstances, however, some lessons can always be learnt, even if the whole of the conclusion is not immediately transferable.

Ethical considerations

Another aspect of trustworthiness is the degree to which a research project is ethical, as any such project should have a thorough consideration of ethics at its base. This is perhaps especially true when the fieldwork in question is done in a foreign context, because it can be more difficult for the researcher to get a complete overview of the ethical implications of the work. At the core of all qualitative research there has to be a fundamental respect for persons, beneficence, summarized by the adage "do no harm", and justice, or a consideration of who benefits from the study (Marshall and Rossman 2011). These basic tenets must guide the researcher through the whole process.

Matters of ethics are often wrongly reduced to the principle of informed consent. The principle itself posits that the researcher can carry on his research only after explaining to the involved parties what the purpose of the study is, and what the intended outcomes are, both for the researcher himself and for the participants (Brydon 2006). The consent given by the informant should be voluntary, i.e. given without any sort of pressure, and informed, i.e. that the participant fully understands what his or her participation involves, as well as the potential consequences this participation might have. In qualitative research, informed consent can be problematic, since the focus of the research can change as it goes on (Miles and Huberman 1994). Still, the researcher needs to inform as much as he can at the outset of research, as well as continually considering the topic as the research progresses. As I have already mentioned, I started out all my interviews by giving basic information about my research and underlining that participation was voluntary. I also gave them the opportunity to cancel their participation at any time. Since my research project did not change focus considerably, I believe this was sufficient to ensure my interviewee's informed consent.

Another central issue in ethical research is that of confidentiality. A researcher must consider how the study will intrude on people's personal information, how this information will be guarded and how it should be used in the final product of the research (Miles and Huberman 1994). It is common to promise confidentiality and anonymity when an informant agrees to be interviewed, but it is very important that the researcher follows up on this even if it hurts the research. An example of this would be if an interviewee provides invaluable information, but has to be removed because the information made it too easy to identify that specific informant, thus breaking the promise of anonymity. Here, there is a clear dilemma between fulfilling the scientific demands of a research project with regards to the study's credibility, and protecting the participant's anonymity. The priority should always be in ensuring that participants are well-anonymized. In my fieldwork, I have anonymized all the participants by giving them fictitious names and not stating which villages they lived in. The topic of my research cannot be said to be very controversial, and I have found little reason to remove interview content or break up stories.

Summary

In this chapter, I have gone through the methodology underlying my fieldwork. Taking a qualitative approach means that it is necessary to reflect on my own position as a researcher and how this might have affected certain parts of my fieldwork. In the interest of clarifying such potential problems, I have gone through my approach to the field, discussed some of the problems that occurred and what I did to counteract these. These problems include my own inexperience and unfamiliarity with the context in addition to various issues regarding the interview situation, such as interpreting or appearing to be affiliated with the pension scheme in some official capacity. Another weakness is the fact that I was not able to visit sites in the more remote parts of the country, thus missing out on the poorest region of Lesotho. Through preparation, cooperation with local institutions and researchers, a good relationship with my interpreter, thoroughly informing my interviewees and a conscious strategy for selecting informants, I believe I have managed to deal with these problems in a good way. In my opinion, this has resulted in my findings being accurate and reliable.

6. The Lesotho Old Age Pension

Having reviewed the merits of social protection as well as some of the characteristics of the elderly and of pension schemes, I turn towards examining the Lesotho Old Age Pension. In the introduction chapter, the research question for this thesis was laid out: How has the Lesotho pension scheme been implemented, and what consequences can be identified? In this chapter, I seek to answer this question, drawing on my own fieldwork and the ideas laid out in the theory chapters above. I will first go through the implementation of the pension scheme, discussing the way Lesotho tackled and overcame the constraints they were facing during this process. To describe the implementation process, I will use outside sources, as my interviews were mainly with pension recipients, not pension officials.

After discussing this process, I will turn to the results from my own fieldwork and see what these can reveal about the potential consequences of the pension scheme. I will go through several different categories of expected or identified impacts, originating both in theory and in my informants' answers, and expand on my findings by using other sources exploring the same topic.

Throughout the discussion, I will refer to a survey conducted by the Lesotho Pensions Impact Group (LPIG), a multi-disciplinary research group from the National University of Lesotho. This quantitative survey, published as Croome and Mapetla (2007), was conducted in April 2006, and involved 215 pensioner households and 215 non-pensioner households from the administrative district of Manonyane. It covered many different areas, reflecting the multi-disciplinary group it originated from, and holistically tried to assess the impact of the pension on its recipients. As such, it is clearly the best resource on the Lesotho pension scheme, and I will therefore be using it to inform my own results where appropriate. In the following, I will refer to it as the LPIG survey. In addition to the survey, there are some derivative works building on it, such as Nyanguru (2007) and Bello et al. (2008). There is also a survey undertaken in the poorer Mountain Zone of Lesotho building on the same approach as the LPIG survey, but focusing more on food security (Croome et al. 2007). These other works will be used to expand on my own results as well.

In the end, I hope to be able to evaluate the impacts of the Lesotho pension scheme thoroughly. Throughout the analysis, I will be referring to the observations made in the chapters on social protection and on old age. The most important points to keep in mind is the definition of social protection given initially, as well as the three purposes of social protection found in Barrientos and Hulme (2008): protecting basic levels of consumption; facilitating investment in human and other productive assets; and strengthening the agency of the poor. I will also be referring to the results from the pension scheme in neighboring South Africa.

The implementation of the pension scheme

Previously, five basic principles necessary for the success of social transfers were laid out: they have to be fair, assured, practical, substantial and popular. It was then pointed out that in order to ensure these five principles, different constraints would have to be overcome. These constraints are connected to political, administrative, information and resource issues, and are present in most developing countries. Together, these constraints challenge the successful implementation of social transfers, and seeing how Lesotho managed this is central to answering my research question. This information can also serve as an example for other countries, seeking to implement a similar scheme.

First, some simple facts about the scheme itself: The Lesotho Old Age Pension was implemented in 2005, after being announced the preceding year (Ellis et al. 2009). The pension scheme is universal and non-contributory, and it is extended to all citizens aged 70 or above. Each month, on a set payment day, pensioners pick up their pension from their local post office. The amount was initially set to M150, which was slightly higher than the national poverty line at the time, but it has since been raised two times, and was at the time of my fieldwork set at M300 ($44) per month.

While I will go through the political process surrounding the pension scheme below, it is informative to mention the three points that were brought up in the round of debates held in Parliament, and which can say something about the aims of the pension (Hagen 2008). First, the importance of extending a helping hand to the elderly was mentioned, out of obligation for their service to the country. Second, the potential to alleviate poverty was highlighted, among the elderly themselves but also among their grandchildren, as it was recognized that the elderly are now often the sole providers for these children because of HIV/AIDS and/or migration. Third, the elderly's *right* to social protection was underlined, and that it was necessary to reduce the marginalization of older people from society. From these three points, it seems apparent that the central goals for the Lesotho pension scheme were alleviation of poverty, both for children and for the elderly, and empowerment of the elderly. These points take into account some of the hardships of older people in developing countries, and cover two of the three purposes of social protection as listed above.

The political process

Officially, the pension was announced in the budget speech for the 2004/2005 fiscal year held by the Minister of Finance and Development Planning in February 2004. The speech itself gives little insight into the motivations behind this implementation, stating only that "it has been Government's wish to provide our old people with a pension", before going on to mention that registration arrangements would be set up within the year and the required amount of money set aside for the project (Government of Lesotho 2004).

I have discussed how there is often a political resistance to implementing social protection in low-income countries, and it is thus interesting to examine more closely how the pension scheme came about. Hagen (2008) recounts the process leading up to the 2004 declaration. According to her, the first steps towards a pension scheme were taken already in 1993, when the introduction of a universal pension became part of the manifesto of the ruling party. While this did result in the initiation of a registration process, the scheme itself was never introduced. This was at least partly related to administrative constraints, in that many of the local chiefs responsible for registering all those aged 60 or above were exploiting the scheme to benefit their own relatives or taking bribes to register unqualified people. In 1998, the Government commissioned a study on the cost of implementing a pension for all citizens aged 70 or above, but it was found to be prohibitively expensive, and the pension was yet again set aside, now due to lack of resources.

Throughout this period, even in the years immediately preceding 2004, there was very little public debate about the pension (Hagen 2008). There are few interest groups representing the elderly in Lesotho, and the only significant one was at best marginally involved before the pension was introduced. Also, even though the ruling party had the pension on its manifesto, it was never given as a central electoral pledge and was consequently not an issue in campaigns preceding elections (Pelham 2007). Thus, while there is no doubt that people would welcome a pension scheme, it is hard to identify the populace as the main agent in bringing about the pension scheme. Because of this, it is necessary to look to the supply side of politics (Hagen 2008).

Here, Pelham (2007: 12) highlights the role of the Prime Minister, Pakalitha Mosisili, and speculates that his "personal style of government" combined with the small size of the country affords him the opportunity to "make decisions and have them acted upon without the political turbulence or lengthy administrative procedures that may hinder other democracies". This idea is supported by the fact that government handout programs are often called "mosisilis" by its recipients. The fact that the pension announcement was introduced to

Thahane's speech only three days before it was read, without any public or parliamentary debate, also adds credence to this line of thinking (Pelham 2007). Even the Department of Pensions, in charge of the existing military and civil servant pension schemes, and thus first in line to manage the new non-contributory pension, had not received any information prior to it being announced to the whole nation over the radio.

After the pension was announced, there were few political problems in the implementation process. Passing the bill through Parliament took three days, finalized a mere twelve days before the first payments were due, and with full support from the opposition (Pelham 2007). Thus, it seems that Lesotho wholly circumvented the political constraints often attached to implementing social protection in developing countries. This is, no doubt, in part due to the Prime Minister's "style of government", but it can also be related to the fact that the transfer in question was a pension scheme. As discussed previously, pension schemes are more politically feasible, because the elderly who live in poverty are often seen as the "deserving poor".

In the previous chapter, I discussed differing reasons for why the elderly should be the targets of social protection initiatives over other groups. In the case of Lesotho, it seems that little thought was given to this, and the elderly were simply assumed to be in need of such aid. As already mentioned, the population of Lesotho will not experience significant ageing, and this is thus an unlikely motive as well. It is of course difficult to say which reasons the Prime Minister had to implement a pension scheme, other than the three goals raised in the Parliamentary discussion listed above. The influence from pension schemes in neighboring countries, especially in South Africa, must also be taken into account, as there is little doubt that this has increased the national demand for a pension (Barrientos 2009). On the political side, then, it seems that the old age pension in Lesotho is a special case, implemented under conditions unlikely to be copied in many other countries.

Financing the pension

While there were few political constraints, resource constraints were a more significant obstacle, as Lesotho is a very low-income country and could be expected to face considerable difficulties in financing a social transfer. There is always the long-term possibility that the transfer will finance itself through beneficial economic consequences, but short-term affordability still has to be taken into account. However, and as discussed above, there are different ways of reducing the fiscal impact of the transfer, primarily through targeting the transfer to a limited group.

A pension scheme is in and of itself limited, since it is targeted towards the elderly. Within the category of older people, there is some leeway in deciding who the recipients are. As discussed before, there is no definite threshold for old age, and thus no "given" age of eligibility. It is also possible, as in the case of South Africa, to employ a means test together with the pension, to further limit the group of recipients to only include the poorest. In the end, the Lesotho pension scheme set age as its only criterion, and recipients must be 70 years or older. The only people excluded from receiving the pension are those who are already receiving other public (contributory) pension payments.

Setting the age as high as 70 years can be questioned. For one thing, this is higher than the definitions commonly used by the United Nations or other African countries. In South Africa, for instance, the age of eligibility for the pension is 60 for women and 65 for men. Ellis et al. (2009) see the high age of eligibility as one of the weaknesses of the Lesotho pension, since it possibly excludes a group of people who are too old to work and earn an income, but not yet old enough to receive the pension. It also limits the time each household receives the benefits, because of the low remaining life expectancy of those who have already turned 70.

Another argument against the high age of eligibility is that it threatens the degree to which the populace sees the pension scheme as fair. In the LPIG survey, 66% of respondents said that they thought 70 was not the right age to start giving the pension, the majority saying it should be between 56 and 69, at an average of 62 years. Another threat to the legitimacy of the pension seen from this perspective was the amount: initially set at M150, 90% of pensioners in the survey said that this was too little to meet their personal needs. The low amount also threatens the degree to which the pension is substantial, in that it might not be large enough to effect changes in the recipient's life. This is of concern to Bello et al. (2008: 101), who states that "as long as the elderlies have dependents who are themselves not wage earners, the old age pension programme might not take them our of poverty".

Despite these misgivings, it must be underlined that the high age threshold has made the pension far more affordable for Lesotho, as well as making it more politically feasible. The same can be said for the low initial amount. While the counterarguments are valid, in that the pension misses out on a lot of poverty and vulnerability by being set so high, this can always be adjusted later. A social transfer like this, once established, is difficult to remove, and it might thus be a better idea to start out with limited coverage, and extend this later, thus making it fairer and more substantial in the long run. This is also what happened to the Lesotho pension scheme, since the benefit amount has been increased twice in the seven-year period of the pension scheme. Still, the Lesotho pension is less than a third of the value of the South African pension.

The affordability of the pension scheme can be demonstrated by looking at the numbers: In the first fiscal year of operation, the pension scheme cost M126 million, which amounted to 1,4% of GDP and 2,7% of government expenditure (Ellis et al. 2009; Hanlon et al. 2010). This is similar to other examples of social transfers in other parts of the developing world, and shows that through adapting a transfer's design through various measures, social transfers can indeed be financially viable even in very low-income countries. To show how the age of eligibility and the amount has affected the pension's affordability, Ellis et al. (2009) estimate that lowering the age to 65 would add 49,000 pensioners to the scheme and increase the cost by M120 million, a near doubling. For a poor country like Lesotho, this is significant.

It is also worth noting that the pension scheme has been fully financed by domestic tax revenues since its implementation. Having domestic financing was seen as a precondition for a social transfer being assured in the long run by Barrientos (2010), and Lesotho can be said to have accomplished this. A central long-term challenge is expanding domestic revenue mobilization, which can also be observed in Lesotho: in 2005 and 2006, domestic tax revenue increased by 17% and 18%, while the budgetary requirement of the old age pension in the same two years rose by about 7% (Bello et al. 2008). As Hagen (2008) points out, having domestic financing makes the pension vulnerable to economic downturns or a change in priorities on part of the government, but this vulnerability would be present even if the pension was donor-financed, only then depending on a different country's economic fortunes and political climate, potentially even more precarious.

Administration, registration and distribution

All developing countries can be expected to face constraints related to information and administration. In Lesotho, these were compounded by the fact that there were no attempts to assess demand, use or feasibility of the pension, and no system of evaluating impacts in place, due to the speed of implementation (Pelham 2007). To ensure that transfers are practical and assured, these constraints have to be overcome, by creating an effective structure for managing and overseeing the transfer in question, as well as solving issues related to registration and distribution. In discussing these, I will draw on the findings from my fieldwork.

Administratively, the pension is managed by the Department of Pensions under the Ministry of Finance and Development Planning, supervised by a Commissioner of Pensions (Pelham 2007). The implementation of the pension scheme was accompanied by creating

District Officer positions in each of the country's districts to help monitor the pension payments on the local level, as well as incorporating the local chiefs into the administration to varying degrees. Thus, a managing structure was built, partly based on the existing hierarchies in Basotho society.

Registration of those eligible was very challenging. The speed of implementation meant that the Department of Pensions only had six weeks in which to register all pensioners before the pensions were supposed to be paid (Hagen 2008). Lacking official documents is common in the developing world, so also in Lesotho. A few years before the introduction of the pension, however, a thorough voter registration process had been undertaken, and the infrastructure from then was still in place. This could be used to register pensioners, and their voting cards could be used to identify them. When pensioners still lacked official documents, a participatory approach was taken, estimating their age by what events they could remember from their life in cooperation with the chiefs.

The difficulties in the registration process can be exemplified by some of my informants. Limpho and Palesa, both aged over 70 at the time of implementation, had not been receiving the pension since then. Both of them put it down to their own ignorance of the pension scheme and eligibility criteria, and Palesa also stated that she was not in possession of her identity papers at the time of registration, and thus could not prove her eligibility. Even further into the program, there have been difficulties: Lerato, who, at the age of 71 had only received the pension for a few months, met some trouble when she went to the chief's office to register, as she was told that she had to be above 70 in order to be eligible. While these examples show that the registration process was less than perfect, this is not surprising, both because of the limited administrative capacity and because everything happened very quickly.

When it comes to distribution, the delivery of the pension benefit is done through the existing network of Post Offices (Ellis et al. 2009). Because of the migrant economy and its associated remittances, the post network in Lesotho is well built-out, and operating through it served to lower the costs of distribution. In some places, pay points are located in the offices of chiefs, in local schools or health centers. For the most remote mountain villages, an army helicopter is deployed to bring money and staff directly to the site in question (Hagen 2008). On payment day, all eligible pensioners collect their cash by going to the local pay point carrying their pension book, containing a photo ID (Ellis et al. 2009). For those who are too weak to make the trip, someone else can be sent in their place, provided that their photo is also included in the pension book, along with a letter of verification.

Collecting payments could be a source of difficulty for some. In more remote locations, the travelling time for the pensioner could be a hindrance to receiving the pension at all. According to the LPIG survey, 25% of pensioners reported that their travelling time to the pay point was more than one hour. This percentage could be expected to be higher for people in more remote areas than the Manonyane community council the survey was undertaken in, as distances are higher and transportation less accessible. Upon arriving to the pay point, there is a long queue of people waiting for their payment. Since most pensions are paid out on a single day, waiting times can be very long. The survey reports that 80% of the pensioners say that they usually have to wait for over 2 hours at the pay point.

In some cases, the waiting period can be even longer. Tumelo, who picked up both his own, his wife's and his sister's pension, used the whole pension day travelling and waiting in the post office. He would leave his home at six o'clock in the morning, arrive at the pay point at 08.30 and be back home at 16.30. Limpho, a 78-year old woman living in a more remote village, spent two and a half hours walking each way to the pay point, in addition to waiting several hours to get the pension. It is obvious that long travelling times put an extra strain on the elderly, who might be in poor health to begin with. Some elderly lack the opportunity to pick it up at all, and therefore send a relative or neighbor to do it for them. This was the case for Palesa: even though the pay point was just a few minutes' walk away, her health was such that she would rather send her daughter to pick up the pension. It is, however, most common for pensioner to pick up the pension on their own (Croome and Mapetla 2007).

From this, it is clear that there have been some difficulties associated with implementing the pension in administrative terms. These difficulties have included pensioners not getting their payments on time and failures to coordinate properly with other, existing social transfers, but on the whole the implementation of the pension scheme in Lesotho has been quite successful (Hagen 2008). Despite minor complaints from pensioners, the LPIG survey suggests that the satisfaction with the administration of the pension scheme is high, 75% of informants rating it as satisfactory or better. In addition, there are few delays in payment and the pension staff is treating the pensioners with respect.

These positive results have been achieved even in the absence of a long planning process, as the various challenges to the pension's implementation have been solved successfully by building on existing power structures, utilizing existing registration infrastructure and distributing the pension through the pre-existing network of Post Offices. This follows the advice given by Smith and Subbarao (2003). Overall, the simple design of the transfer, such as the lack of a means-test, as well as having it replace other, more piecemeal programs has meant that many of the problems connected to information and administration have been handled well.

Taking into account all of the above, from the political process through questions connected to financing and to the practical problems of registering recipients and distributing the payments, the old age pension in Lesotho can be seen to meet those principles laid out by Hanlon et al. (2010), at least on administrative side. The various constraints connected to introducing social protection in developing countries have also been successfully managed.

Recipients' perception of the pension scheme

Before turning to the actual impacts of the pension scheme, I want to assess how the pensioners themselves perceive it, specifically whether it is seen as a gift or as a right. If the elderly believe that the pension is simply charity, instead of a right, the way they spend it could be affected, for instance by saving more of it for the future, since they cannot always expect to receive a pension.

It is informative to start by looking at the survey. Here it is reported that most pensioners see the pension as a right, and a majority also associate it with the government and that it is tax-funded. Furthermore, there is agreement in the survey's sample that the government "can never stop the pension" and that the pension cannot be taken away from an individual while other people still receive it. Together, this suggests that the pension is indeed trusted as regular and reliable, which, as shown earlier, is very important when it comes to social transfers. This allows pensioners to spend the pension as they wish, with no need to save it to be prepared for a future cancellation of the whole pension payments. This is especially remarkable when considering that the survey was undertaken in April 2006, only a few months after the pension was fully implemented. By the time of my fieldwork, five years after the implementation, older people's faith in the regularity of pension payments could be expected to be even stronger. Kelello emphasized this when she was asked about the importance of the pension, saying that it was something to trust.

However, other informants saw the pension as a gift. Thato did not want to comment on her satisfaction with the pension scheme because of this: since it was a gift, it did not matter whether she had complaints or whether she was satisfied. She also thought that the government could stop the pension if they wanted to, and there was nothing she could do about it, except go back to the way things were before. At the time of the interview, she had been receiving the pension for about one year.

At the opposite end of the spectrum we find Tumelo, who firmly believed that the pension was a right for all elderly. He connected it to paying taxes through his working life, and now getting it back in the form of pensions. Similarly, Andrew connected the pension to having worked for a long time and "built the country". Palesa also underlined her contribution to the country when asked why the elderly should receive a pension, stating that she had given birth to ten children and deserved to be taken care of in her old age. Limpho, on the other hand, saw it as a right based in the fact that the elderly are needy, and that the state should support them through their old age. She also compared the elderly in Lesotho to those in South Africa, where they have received the pension for a much longer time.

There were a lot of different answers as to the source of the pension. As mentioned, Tumelo connected it to having paid taxes through his working lives, and now getting those back. Limpho pondered the possibility of it originating in the mercy of the Prime Minister, supporting the assertions made by Pelham (2007) above. Lipuo thought that the pension did not come from the government, but rather from international organizations. Similar confusion about the source of pensions is also documented in the LPIG survey, perhaps showing that the information work surrounding the pension has not been adequate in educating the pensioners on the mechanics of the scheme. This might also be the cause of why some of the elderly see the pension as a gift instead of a right. The speed of implementation and the lack of public participation in the debates before implementation may also be to blame for this.

Nutritional impacts

In the discussion on the impacts of social protection in other developing countries, it was suggested that one of the most common consequences of protection programs was improved nutrition. This was also underlined as one of the consequences of the South African pension scheme. Such an impact is not guaranteed, however, as a cash transfer would have to be substantial enough to effect such changes (Hanlon et al. 2010). In the context of Lesotho, Croome et al. (2007) estimate that at the prices prevailing in 2004, the pension amount (then M150) was enough to provide about four times the necessary food for an elderly person for a month, or three quarters of the necessary food for the average five-member household.

Since this study was undertaken, however, prices have risen considerably. This can be exemplified by looking at the cost of the staple food: a 12,5kg bag of maize flour was M20 in 2004 (Croome et al. 2007), but cost M50 during my fieldwork in 2011. This, then, puts the seemingly generous two-step increase in the pension amount from M150 to M300 in a different light, if prices have increased at the same or at a higher rate. Still, even at higher prices, a pension income would be able to provide almost the same quantity of food as before, thanks to the increases in benefits. For pensioners living alone or in small households, the pension should be more than sufficient to provide enough food. It would also be able to comprise a large part of the food budget even for larger household. Nevertheless, the failure to connect the pension directly to the price index is one of the weaknesses of the Lesotho pension scheme, as it puts the transfer in danger of not being substantial enough if the prices continue to rise. While it has kept up with the price hikes so far, there is no guarantee of this happening if it is not explicitly linked to the price index.

In any case, food spending comprises an important part of pension spending in Lesotho as well. This is backed up by the existing empirical research: the LPIG survey found that 61% of the pensioners in their sample used the pension to buy more food than before, that the pensioners were now eating better and that they had more food security. Croome et al. (2007), which as mentioned deal specifically with hunger vulnerability, found that the number of pensioners who claimed to never or rarely have enough food to satisfy their hunger dropped from 80% to 40% after the pension was introduced. Among my informants food was also emphasized as the most common expense. Thabo, for instance, used most of his pension on food, buying meat, maize meal and wheat as well as salt and oil for cooking. Palesa and Maria also spent the pension almost exclusively on food. This shows that while the given amount is small, it is still sufficient to make a contribution to the household food budget.

It is also illuminating to see how the pension has changed recipients' food consumption, either by affecting the *amount* of food they purchase or the *kind* of food they purchase. With regards to the former, the pension's effect on the amount of food purchased would be expected to be larger in poorer household, if there was not enough food previously. In the study from the Mountain Zone (Croome et al. 2007), where poverty is higher than in the other regions of Lesotho, it was found that while 80% of the pensioners said that they were always or sometimes hungry before receiving the pension, this was reduced to 52% after the implementation. In the LPIG survey, the respective numbers were 65% and 55%. Among the pensioners I interviewed, Palesa claimed that she was earlier unable to get enough food, and that she sometimes went hungry for two days. With the cash income represented by the pension, she was now able to sufficiently feed herself and her household, consisting of her daughter and grandchild. By observing her living conditions, it was apparent that her living standards were very poor, living in a dilapidated house without electricity and having the pension as her only cash income. Palesa's situation shows how the nutritional impact of the pension scheme can make a big difference in the lowest-income households.

Another important point was here raised by Tseliso and Libuseng. In their opinion, the most important aspect of the pension was that it allowed them to even out income deficiencies when their children could not send money or before the harvest season. This is when money and food is scarcest, and when many households who are otherwise out of poverty and have enough to eat, fall back in. The pension can protect these households as well, letting them stay out of hunger even through this period.

For the households who are better-off and already able to buy or grow enough food, the pension could be used to buy better food. In Lesotho, the staple food is maize and maize meal, and the main source of proteins is meat, beans or egg. Beans are the cheaper option, and thus more common. In the LPIG survey, it was found that almost three quarters of informants were eating meat more or much more often than before receiving their pensions. More than 40% were also eating beans more or much more often than before, and a list of some of the things that pensioners could now afford that they could not previously includes milk and egg, sugar and cakes and sweets.

The point about eating better can be exemplified by Mohale's household. His son, who was the one who controlled the spending of the pension, said that the pension is mostly directed towards food spending, and that they are now able to afford better groceries than before, specifically eating more meat. Ketso echoed this statement, being able to eat meat for his meals more often now. Maria, who spent most of the pension money on food, mainly maize meal, wheat meal and meat, felt that she could get more food and better food with the pension benefit.

In addition to adding more meat or proteins in general to their diet, pensioners could also spend the pension on "luxury" foods, goods that are not essential for a healthy diet, but nevertheless wanted by the pensioner. Such spending could only happen in those households that were better-off and where the pensioner could spend the pension money more freely. This was the case for Kellelo, who lived with her grandson and two great-grandchildren. The grandson worked as a contractor in the capital, and thus had a sizeable income compared to, for instance, Palesa's household. This difference was apparent also by observing Kellelo's living standards. While she reported that the pension was used for food items, she specified them as being sugar, tea, meat or apples. Of course, eating apples can hardly be classified as much of a luxury, but compared to Palesa's household, who mainly bought maize meal, the difference is striking. This also shows the importance of having a work income, as Kellelo's son had, and the difference it can make in the economic status of a household in Lesotho.

The necessity of spending money on food is not only related to the income of the household, but also to the degree to which the household was able to grow their own foodstuffs. Again, better-off households could be expected to own more land and cattle, and thus need to buy less food, but it is here important to remember the relative lucrativeness of paid labor in relation to agriculture. Thus, households that were income-poor but owned lands and had the capacity to work them could spend less of the pension income on food.

Teboho, a 78 year old man who lived with his wife, two children and seven grandchildren, was still actively involved in agriculture. He also owned some cattle and goats, and was able to provide the necessary food for the household in this way. As a consequence of this, he did not use much of the pension for food. This allowed him to prioritize other things, such as education expenses for the grandchildren, which will be discussed below. The income he got from selling wool or other products could be used for food purchases, but the pension was mainly used to buy non-food essentials or salt for the animals. Thus, Teboho did not fulfill the expectation of spending the majority of his pension on food.

However, many elderly are no longer capable of plowing the earth themselves, or cultivating the fields extensively. For Teboho, this task was made simpler by the fact that he had two adult children living with him, who helped with the animals and the fields. For other pensioners, this was different. Maria, for instance, who previously relied on chickens or livestock for meat, did no longer own any cows and just a few chickens. Additionally, she could not work the fields as much as before, only cultivating a small patch of vegetables in her garden. Limpho also lamented that agriculture was more difficult now than what it used to be, independent from her having aged:

> *"Life is not getting better. The life we were used to was to go to the fields and grow some things, but today's climate is not good for our plants and our fields, so we are losing much (...) now, we will spend money on buying food from the shops, things like maize meal, because we don't have any harvest in the field."*

Another factor that has to be accounted for here is the location of the household. In urban areas, where most households lack the opportunity to grow food for household consumption, purchasing food is more of a necessity. Additionally, while water is plentiful and easily accessible in rural areas, it is more of a concern for urban dwellers. Pitso, a 77 year old man living in one of the urban areas near the capital with a household of 10 members, said that water was the most important household need. For him, the option to pay the monthly water fee was the most important consequence of the pension. Regarding the lack of opportunity to work his own fields, Pitso claimed that life was easier when he lived in the mountains, where he owned both fields and animals, but that he had to move nearer the city because of his wife's health. With a two-pension income, and contributions from some of the other household members, they were, however, able to buy all the food and water they needed.

The statements of Pitso, Maria and Limpho show how the pension has contributed to softening the blow from some of the losses that have been experienced in agriculture. In other words, the pension can allow pensioner households to maintain their nutritional levels even in the face of declining agricultural output, by letting them buy the things they would previously grow. Neither Maria nor Limpho had any problems in getting enough food for the household, despite the decline in the amount of food they got from their own fields. Through ageing, moving or through climate, many pensioners have lost the ability to grow their own food and the pension has helped them sustain their consumption levels of food. It should be noted, however, that this decline in the nutritional self-sufficiency of households will probably lessen the impact of the pension on other aspects of life, such as health or education, since it is now largely consumed by food expenditures.

In sum, it is clear that changes in food spending and nutritional status are indeed important consequences of the old age pension in Lesotho, just as it has been in association with social protection in other places in the developing world. While most of Lesotho is rural and most households have access to fields, many households are still dependent on buying food for consumption, for a variety of reasons. Households containing pensioners might be more vulnerable to this, as their capacity to perform manual labor might be smaller. The change in nutrition might be a matter of eating better, e.g. eating more proteins, but for the poorest households it might even be the difference between going hungry and having enough food. Purchasing more or better food can also be expected to benefit all the members of the households, especially children and thus significantly contribute to a better life for poor households. In sum, it seems that the pension scheme can live up to one of the main functions of social protection as laid out by Barrientos and Hulme (2008), namely protecting basic levels of consumption among the poor.

Health impacts

In addition to improving nutrition, another common consequence of social transfers was bettering the health status of recipients or other household members. Of course, better health is connected to better nutrition, and when the pension income is spent on food for the whole household, it should have a health impact for all members on its own. In addition to this, however, a cash transfer can give its recipient the opportunity to visit health clinics more often or buy medicines. This effect is most pronounced when the transfer is given on the precondition of visiting clinics, but was, for instance, also found as a significant consequence of the South African pension. This is not unexpected, considering the age of recipients and their general health status. As mentioned in the chapter on old age in developing countries, poor health is a significant source of vulnerability among the elderly, and can greatly increase their chance of falling into poverty. If the pension scheme can be said to protect or improve the health of recipients, then, it can be said to have an impact on poverty and vulnerability.

The LPIG survey revealed that 50% of respondents spent more on health services after getting the pension. Here, the most highly prioritized services were to go more often to the hospital or clinic, and the second most prioritized was buying more medicines. Increased expenditure on health was a phenomenon that could also be seen among my informants. Considering that my collection of informants had an average age of almost 80, it is perhaps not surprising that a number of medical issues were reported.

Lipuo said that being able to go to the doctor was the most important change she had experienced after she started receiving the pension. She estimated spending around M150 per month for visiting the doctor, which she was now able to do every month. She recounted an experience from before the pension scheme, where she had to sell some of her clothes in order to visit the doctor because she did not have sufficient cash. Andrew also stated that the ability to visit the doctor was the most important consequence of the pension scheme. If he did not have the pension, he would still be taken care of by his family, who lived nearby, and would not want for things like food or clothing. He did appreciate the opportunity of going to the doctor, though, even without having specific medical complaints. If he felt he needed to see the doctor, he could now do it, without having to ask for money from his relatives.

One informant even prioritized health expenses above food expenditure. Living on her own, Thato said that the food she ate was the same as before and that she still did not have as much as she wanted. While she did use the pension to buy maize meal, she still felt the amount was too small to improve her nutrition. Instead, she visited the doctor and paid for medications monthly. She herself suspected that she might have had breast cancer for around a year, and the pension afforded her the opportunity to get regular check-ups. Spending money on health was more important to her than improved nutrition.

Since my field interviews were with pensioners and not with other household members, I do not have the data to say anything about whether the health status of the whole household has improved. The pensioners I interviewed who said that they spent money on health did not mention spending it on any other household members, but this does not mean they had not or would not do this. In the theory section it was noted that in the case of South Africa, households where the pension income was spent as any other household income experienced a marked improvement in all household members' health status, so there is reason to suspect the same is the case in Lesotho. Thus, while the elderly are in need of more regular check-ups because of their age, other household members might also have the opportunity to spend some of the pension income on seeing the doctor if they needed to.

While the ability to go see the doctor more often might seem trivial, Palesa underlined its importance. When asked to compare the situation for elderly today with the situation for her own parents in the last stage of their lives, Palesa emphasized the ability to get medical attention as one of the clear improvements. Her grandmother, who worked in the fields until a very short time before she passed away, did not have access to such services. It is clear that Palesa perceived the opportunity to see the doctor as extending her life and also providing more comfort in old age than was available to previous generations. Palesa herself spent a-round M50 of the pension on health expenses, a considerable amount taking her living condit-ions into account. This reflects the value she placed on being able to take care of her health.

From these first two sections, it is plain that the health and nutritional impacts of the pension can be considerable, as illustrated by different informants in different life situations. For those who have very little, the pension can provide them with the basic necessities that they previously lacked, and it can also improve their life by allowing them to properly take care of their health. For those who have a little more, the pension is still valued as a source of extra comfort or security. Seeing as how hunger and poor health are known characteristics of poverty, it is clear how the pension scheme can live up to the definition of social protection given previously, by "protect[ing] against low or declining living standards arising out of a number of basic risks and needs" (Van Ginneken 2003b: 36), and by "reducing the impact on the household budget of the cost for basic needs and capabilities" (Van Ginneken 2003a: 11). In addition, it is already apparent that the pension can have impacts both on the household level, by improving nutrition, and for the recipients, by allowing them to take care of their health more than before.

Impacts on productivity and investments

I turn now to the second function of social protection presented in Barrientos and Hulme (2008: 4), namely "facilitating investment in human and other productive assets" so that the recipient household can escape poverty. While the previous two sections have dealt with the reduction of poverty and vulnerability through the ability to spend more money on food and health, I will here examine to which degree the pension is capable of having larger-scale effects as well. The hopeful end result of such effects is more economic growth and there are a number of mechanisms through which this could happen. Here, I will briefly discuss increasing productivity, before moving on to fuelling local markets and increasing investments.

To begin with, it should be pointed out that better nutrition and better health improves productivity in itself. It is clear from the above that these expenditures are prioritized by the pension recipients, and thus this effect could be expected also in Lesotho, even if none of my informants mentioned it. This is potentially beneficial for the economy in the long run, for instance if children brought up in pensioner households lead longer and healthier lives, as evidence from South Africa suggests, and it is also beneficial for those households with access to wage employment.

Another way in which the pension can aid productivity is by enabling migration. When discussing the contribution of older people in developing world contexts, it was mentioned that the elderly can play a part in performing household tasks, which in turn could release other household members to take employment, even migrating in order to do so. Married pensioners Tseliso and Libuseng, who lived with their grandchildren, had a daughter working in Bloemfontein in South Africa. The daughter would send money every month, but the security the pension afforded allowed her to keep working in South Africa and enabled her parents to take care of their grandchildren. Of course, when the pension makes cross-border migration possible, it is not beneficial for the national economy, but the small size of Lesotho and its migration-based economy leave little room for employment elsewhere. Still, one pensioner I interviewed had a daughter working in Maseru, so internal migration also takes place.

A possible negative consequence of social transfers was discussed briefly in the theory: it might give recipients incentives to stop working. This would lower productivity and economic activity. While this was countered with evidence from developing countries with transfer schemes showing the contrary, and also by showing how older people in developing countries wish to work even into old age, it might still be a possibility. Among my informants, Palesa said that she stopped working after starting to receive the pension. Previously, she would occasionally make simple foods and sell them by the road, but she no longer felt she needed to do this after she got regular income from the pension. There is reason to suspect that Palesa represents an exception here, as she lived in a household small enough to get by with only the pension income. Additionally, her business was very small-scale and thus of little economic value to anyone but Palesa's own household. It is also hard to argue against her giving up work like this, considering she was currently 83 years old and in poor health.

While the pension scheme might let some pensioners stop working, then, it is difficult to accept this as a “negative consequence” of the pension scheme. Rather, it shows how elderly people’s declining ability to work, a significant source of vulnerability and poverty in old age, can be ameliorated by implementing a pension scheme.

The more direct potential impacts on the economy are those that deal with increased economic activity on the local scale and increased opportunity to save and invest for pensioner households. Such effects would certainly be beneficial for the economy on a large scale, and would be a great advantage for any social protection program: Lindert’s (2004) Free-Lunch Puzzle, in which social spending has enough beneficial economic consequences to pay for itself shows the potential value of this. Above, it was theorized that social transfers could provide poor people with the money to invest as well as the confidence to invest, through being assured income. The kinds of investments that have been made in other countries with transfer schemes include buying farm implements, agricultural inputs or house improvements. Recipients could also save money to buy assets in the future or have as insurance against emergencies. On top of this, the influx of money into local economies caused by implementing a social transfer, can serve to fuel local entrepreneurship, and create beneficial spirals for local businesses. This latter point was also connected to greater equality, since shifting consumption towards lower-income households tend to result in more local spending.

These economic effects may look plausible in theory, but wide-reaching economic growth effects from a social transfer can often be a rather tall order. In the case of Lesotho, there are several reasons why this might not happen. First and perhaps most important is the fact that the amount given is so small. The M300 pensioners are given is, as we have seen, enough to feed an average household of five for three quarters of a month, and it is perhaps unreasonable to expect identifiable macro-economic consequences from this rather meager amount, either in terms of increased investments or of more vital local economies.

Looking at the market impacts of the pension supports this suspicion. Previously, two sets of impacts of injecting money into local economies were laid out. First, this could stimulate local demand and, in turn, economic activity, and second, this could cause prices to rise and drive inflation. While I myself was unable to talk to any local store owners or others who might have experienced a boost after the pension scheme was implemented, Ellis et al. (2009) assess the market effects of the old age pension. According to them, the impacts on markets in Lesotho has been small, both because of the size of the transfer and because of the country’s integration into the larger economy of South Africa. The latter results in “a high propensity even in remote rural areas to purchase goods imported from South Africa” (Ellis et al. 2009: 158), and thus reduces the local and national economic impact of the pension scheme. On the plus side, this market integration also stops the pension from causing inflation, avoiding a potentially negative impact. Still, the high level of market integration diffuses some of the potential of the pension scheme to impact local economic activity, since it counteracts the impact of shifting consumption towards lower-income households and increasing equality. Here, I should reiterate that I was not able to visit the more remote areas of the country, where it is more probable for the pension to have had these kinds of effects.

What about the pension scheme's impact on saving or investment in Lesotho? Again, the size of the pension is enough to generate pessimism on part of wider economic impacts, but there is also another reason for why the pension might not lead to increased saving and investing, namely the characteristics of the pensioners themselves. Expecting pensioners to save or invest much money may be asking too much: they are in the last stage of their lives and might not see the point of setting aside funds, especially in situations where they are living on the brink of poverty, and where there are unmet basic needs. It is understandable then, that consumption takes priority over saving and investing.

Then again, this idea was argued against by my informants. Thato, for instance, said that she would like to be able to purchase some cows and other animals, and that her relatives would remember her well because the livestock could remain with them when she herself had passed away. Pensioners who attach importance to their legacy in this way are more likely to want to save and invest their money, despite the fact that they themselves might not be around to reap the benefits. The degree to which the pension is saved or invested is thus worth exploring, and I asked all my informants whether they saved or had invested some of their pension. Additionally, I asked them what they would do if the pension amount was higher, to see if it was the amount itself that potentially restricted them from saving or investing.

Looking at the LPIG survey seems to confirm the negative view of the pension's impact on saving and investing: only six pensioners said that some of their pension had gone towards starting a new business or expanding an existing one, and only 16 respondents said they were able to save any part of the pension. Nyanguru (2007), further exploring this issue, notes that while some wage-paying jobs had been created, this job creation is limited to the household now being able to pay domestic helps or farm workers in cash where they earlier had paid them in kind. He theorizes that the reason for the failure to invest the pension is the general perception in Lesotho of agriculture as unprofitable and risky. Again, this can be connected to the fact that imported foods from South Africa are generally cheaper than what can be produced domestically, thus giving little incentive to expand the involvement in agriculture.

Still, for the majority of people living in Lesotho, the only real area presenting investment opportunities is agriculture. This is because most people live in rural areas, and most households are in possession of some fields and have traditionally grown them for subsistence. For those pensioner households who want to invest, then, most obvious option is agriculture. This idea is supported by the LPIG survey, where all the six new businesses that were started as a consequence of the pension scheme were in the agricultural sector. Examining the pension's impact on investment in agriculture is therefore still valuable.

Thato expressed a clear wish to expand her involvement in agriculture. She lived alone, her husband and daughter having died some years previously, and was currently only growing vegetables in her garden for her own consumption. Earlier, the household made money by selling firewood and crops, but there was now no longer anyone working the fields. The animals were also dead, and there was not enough money to either invest in livestock or to hire workers to plough and work the fields. With more money, Thato would buy cows and pay someone to work her land, but she clearly felt that the pension amount was much too small to save anything and spend for this purpose.

While Thato lived alone, and thus had only the income from the pension to rely on, some other households were able to convert the pension payment to successfully invest in agriculture. This was the case for Tumelo's and Lipuo's household, two married pensioners who were living with Tumelo's sister, also a pensioner. Every month, they would save some of the money from their pensions so that they could rent a tractor in the beginning of the agricultural season to plough their fields. The household owned three fields, and renting a tractor to plough them all would cost almost M1200, or the equivalent of four months' individual pensions. With their three-pension income, however, they were able to afford this, and could therefore sell their produce (maize) in June, returning a profit on their investment.

The contrast between Thato on the one hand and Tumelo and Lipuo on the other, shows that while the pension might be insufficient on its own to encourage investment in agriculture, households with more than one pensioner, and thus higher incomes, would be better situated to undertake such investments. Household income is not the only determinant here; there is also the question of having the available manpower to work the fields. For both of the mentioned households, there was not enough manpower inside the household to work the fields effectively, as they were both pensioner-only, and they were thus dependent on paying other people to do the work. In households where there *is* available manpower, the cost of investing in agriculture would be smaller, if one assumes that household members are not paid in cash for their work.

An example of the latter point is provided by Teboho, whose situation I have already discussed above. Since he had manpower available inside the household Teboho did not have to hire outside labor, something he could not have afforded. Instead, he could spend some of his pension on buying agricultural inputs, a common field of investment for transfer recipients in other developing countries as well. Specifically, Teboho purchased salt for his animals. Teboho’s situation, as well as the situations of Tumelo and Lipuo and Thato shows some different preconditions for investing in agriculture.

Outside directly investing in agriculture as in the previous examples, another form of investment is asset building. Asset building from social transfers can include buying farm implements or livestock. Other examples of asset building include spending money on children’s education, which will be dealt with below, and I will here concentrate on investing in productive assets.

The importance of livestock in rural Lesotho is very high, and one might therefore assume that using the pension to invest in livestock would be a priority for many. This importance can for instance be illustrated by Teboho, whose goats gave him some cash income and whose cattle could be used for plowing the fields. Thato, as shown above, expressed a clear wish to invest in livestock, but again the pension was insufficient for such expenses. The estimated price of livestock ranges from M350 for a goat to M 4000 to M6000 for a cow, the latter being more than a whole year’s pension. Barring the very few elderly who are able to save the entirety of their pension for several months in a row, it is near impossible to convert the pension into livestock assets.

Of the pensioners I interviewed, the only clear-cut example of investing the pension directly in productive assets was provided by Lerato. Lerato lived with her son in an urban neighborhood just outside the capital. The son worked as a teacher and the household clearly enjoyed comparatively high living standards, significantly better off than my other informants. The comfort of her living situation, as well as the kindness of her son, allowed her to spend the pension exactly as she wanted to. She had utilized this freedom by spending her pension on fulfilling her dream of keeping chickens. With some of the pension saved up, she bought a small chicken coop and several chickens. It is telling, but perhaps not surprising, that this happens in one of the better-off and urban households, while the poorer rural households did not have the opportunity to make a similar investment.

While building assets might be outside the reach for most pensioners, the pension can serve as a form of insurance for already existing assets, as discussed by Ellis et al. (2009). Teboho said that if he did not have the pension income, he might have been forced to sell off some of his livestock in order to raise cash for various household expenses. For households dependent on income from agriculture or livestock, in its nature irregular and insecure, having the regular pension income can make a very important contribution, even if it is a relatively small sum.

What about the degree to which informants saved their money? This was found as common in South Africa, but the situation in Lesotho is different. Above, it was shown how Tumelo and Lipuo saved some of their pension money to invest in agriculture. Mohale expressed the wish to save to have in case of some emergency, but felt he was unable to do this because of the small amount given. One informant, Pitso, used some of the money from the pension to join a burial society, an informal insurance mechanism where money from participants is pooled and used to pay for their burial when they die. This is clearly a way of saving, and also has some insurance effect. Such burial societies are relatively common in Lesotho, and Lerato also stated that she used some of the pension on monthly fees for the burial society. Still, such saving is very small-scale, unlikely to have large-scale consequences.

The different examples presented here seem to point in one direction: the pension is simply not large enough to effect long-term economic changes. For the poorest households, there is little chance of setting aside any amount after purchasing basic necessities, and even lower chance of converting this into productive assets. The examples given from better-off households, households with access to steady paid work or with more than one pension income, show that asset creation and agricultural investments are possible, but these situations are likely to be exceptions in Lesotho, and thus not enough to produce a wider set of economic changes for the populace. This also shows the contrast to the pension scheme in South Africa, where the pension is more substantial and pensioners have better access to banking services.

Then again, the Parliamentary discussions on the pension never mentioned increased investment or economic growth as part of the rationale for implementing the pension scheme. The fact that it is directed at citizens beyond working age should also dampen the expectations of long-term economic consequences (Ellis et al. 2009). The interpretation by Nyanguru (2007) that failure to invest is caused by a lack of faith in agriculture might also have some merit, at least in the case of poorer households, where the risk of such investments simply makes it not worthwhile. In sum, then, the macro-economic consequences of the Lesotho pension scheme seem to be lacking.

Educational impacts

As mentioned above, spending money on education can be understood as investing in human capital, and thus a form of asset building. It has also been discussed how an increase in enrollment rates is a common consequence of social transfers in other countries, even when the transfer is not based on any such conditions. Such an increase, of course, depends on the values and priorities of the transfer recipients.

In the LPIG survey, 60% of pensioner households contained children who were attending school, the large majority of them in primary education, showing how common such co-residence is. The fact that children and older people often co-reside was used as an argument for the pension, in saying that it would reach more than one vulnerable group, bettering the life of children as well as that of the elderly. While spending money on improving the food consumed by the household is a clear improvement also for children, increasing the money spent on education is another. Education spending, as an investment, could also end up benefiting the household in the long run, by enabling the children to get higher-paid jobs when they grow up. It should be noted that while primary education is free in Lesotho, there are still considerable costs connected to schooling, specifically in paying for transportation and buying uniforms, school books and stationary, and the pension could play a role in meeting these costs (Croome and Mapetla 2007).

An informant who lived alone with school-age children was Maria, whose household consisted of her and four great-grandchildren attending school. Despite this, she did not feel she spent a lot of money on education, only buying clothes for the children when they needed it. Pensioners Tseliso and Libuseng, who lived with two orphaned grandchildren, spent M400-500 on food every month, but saved whatever was left over to spend on education-related expenses. Both of their grandchildren were in primary school, so the expenses were only connected to clothing and materials. The children were also sent to school with packed lunches, which the couple regarded as a part of education spending.

The informant who attached the greatest importance to education was Teboho. He lived in a large household containing six grandchildren, and the pension was the only regular cash income. As already mentioned, the household grew their own food and Teboho spent little on his own health, preferring to spend as much of the pension as he could on any school-related expenses. If one of his grandchildren said they needed a pen for school, he would buy that. These small items might seem unimportant or trivial, but living off the land like Teboho's household often means going large portions of the year without a cash income, and the opportunity to buy such small things is thus very valuable. For Teboho, this was especially true when it comes to expenses related to education:

> *"I find [these small things] very important, because education is important these days. That's why I'm investing in it. Even though I know that as time goes on this money will not be enough to take them to higher education. So at least if they know how to read and write, it will be better. I will have done something for them."*

While he himself did not have any education, he clearly valued it, and his priorities show that the pension can indeed contribute to children attending school, even if the amount is small. Teboho's faith in education might not be matched by many other pensioners, which shows how the pensioner himself influences the outcomes of the pension scheme. Teboho considers education to be very important, and thus his pension payment will go towards promoting the education of his grandchildren. This highlighting of the individual nature of pension spending is an important point. Of course, with a small amount, the impact of individual preferences will be smaller, as basic needs take priority over other preferences. But for those households or pensioners who already have a satisfying living standard, this impact becomes clearer.

In the case of secondary education, the picture is somewhat bleaker. Teboho, with all his faith in education, would prioritize sending his grandchildren into further education, but felt he needed a larger pension if this were to happen. Libuseng also expressed the wish to keep the grandchildren in school past primary education, but again was hindered by the small size of the pension benefit, saying this was dependent on a pension increase or a larger contribution from their own children. Pitso's household contained several children who attended secondary education, but this was made possible through the support of family members living outside the household. This shows how the fees in higher education preclude children from going if the pension is the only reliable cash income of the household.

In sum, it seems apparent that the pension can contribute to children attending school in Lesotho as well. This depends, however, on the pensioner's prioritizations as well as the availability of education. It can be safely assumed that the fact that primary education is free allows a lot more children to attend school, even if there are still costs attached to schooling. This shows how a broad approach to social development can bear fruits: while the pension on its own might have been insufficient, the pension combined with fee-removal or –reduction can be expected to have a greater effect. This is, of course, also true when it comes to other societal areas, such as the health care sector, and illustrates the value of implementing social protection instead of simply implementing a cash transfer. A broader approach can give more wide-reaching consequences.

Sharing with the household

In the discussion on old age in developing countries above, it was mentioned that older people tend to share their pension with the household. Therefore, a pension scheme could be expected to benefit several different people, not just the recipient or the elderly as a group. This was also discussed in conjunction with the fact that many elderly, co-reside with their grandchildren, and it was one of the findings from the evaluations of the South African pension scheme. The value of implementing a pension seems even higher when the fact that it can reach grandchildren is taken to account, especially when considering that many of these grandchildren are orphaned by HIV/AIDS. In Lesotho, the migration-based economy also contribute to the fact that children and their grandparents are often co-residing, further strengthening the expectations of impacting this group.

From the above sections, especially in considering the nutritional and educational impacts of the pension scheme in Lesotho, it should already be obvious that the pension is not exclusively used on the pensioner receiving the money. Instead, it is often distributed to the rest of the household through for instance food expenditures. This vindicates the view many take towards the pensions as being a household transfer, and can satisfy the expectations of many to the Lesotho pension scheme having broader impacts than just helping older people. Still, even if the pension has already been shown to be shared among household members, exploring the pensioners' attitudes towards sharing their pension with the whole household is important. Such an exploration can uncover different reasons for sharing and different methods of doing it, giving us a greater insight into intra-household mechanics.

For some pensioners, sharing with the household is a non-issue because they are its only adult member. This was the case for both Maria and Tseliso and Libuseng, as shown before. For these pensioners, spending the money on themselves is unthinkable, as they have grandchildren to take care of. In these cases, sharing the pension would mean simply buying food for the whole household, and attend to other needs if possible. For pensioners living alone, or with other pensioners, the situation is the same.

But other informants, who lived as parts of a larger household, also chose to spend it to the benefit of everyone, and for many it was equally unthinkable not to do this. Kelello would use the pension to buy the clothes for the children in her household, even though her grandson worked and the household had a comfortable income. Thabo, likewise, spent his pension as household money, not spending any of it exclusively on himself. Teboho, as quoted above, greatly prioritized education for his grandchildren, and chose to spend less on his own health. Mohale saw it as his duty to provide for his grandchildren, and help his son raise them. As he was unable to do much manual work anymore to make his own money, the pension afforded him the option to contribute.

In some cases, the pension is shared with family members outside the household as well. On pension day, Mohale gave most of his pension to his son, leaving it up to him to spend the money. While the son stated that the extra income had not led to major changes, being spent on small items like soap or matches, he also said that it had let him keep supporting Mohale's orphan grandson, who was attending a boarding school in a different location, by sending him some money every month and paying any associated fees. Thus, the pension does not only help the immediate household, but could also be extended to family members outside the household who are in need of assistance. Mohale considered the opportunity to contribute to the household, and especially the orphaned grandson, as the most important impact of the pension scheme.

Another example of using the pension to help non-household members can be found in the case of Limpho. Her only living daughter was recently widowed and living in Maseru with an infant child, and Limpho would send M100 to the daughter every month, taken from the pension. Her daughter's difficult situation made Limpho want to help in any way she could, and sharing her pension money was the least she could do. Here, it should be noted that Limpho lived with her youngest son, who worked in the local store. This put the household in a stronger economic position, which in turn gave Limpho more leeway to give away a portion of her pension. This again shows how better-off households can spend less on what they *have* to spend money on and more on what they *wish* to spend money on. For Limpho as well as Mohale, the opportunity to help a family member was the change she most appreciated from receiving the pension money. This illustrates the willingness among the pensioners to share the money they receive every month.

This latter point is even better illustrated by looking at Lerato's household. As described above, Lerato had considerable freedom, and stated that she used the pension for those things she *wanted* – like clothes or kitchen items. She had also, as mentioned, invested in a small chicken coop, fulfilling her wish to raise and sell chickens. In addition, she used part of the monthly amount to join a burial society. She did this so that she did not have to be a burden to her children after her passing – a contribution to the household, in a way. Still, this is a rare example of a pensioner who really does spend the whole amount on herself, not out of greed, but because she can. A situation like this is, of course, will only occur in the better-off households, where all basic needs are comfortably taken care of, and the pension money works more as a monthly allowance than the only reliable cash income.

Lerato's situation is likely to be an outlier – just as it was in the section on investments – as most elderly cannot afford to spend the pension exactly as they please. There is much support for the idea that the elderly spend the pension as household money, though, and that it can, indeed, reach vulnerable groups apart from just the pensioners. Among the pensioners I interviewed, this was self-evident, and there was little resistance to giving up the pension for the good of the household. This sense of duty and responsibility shows clearly how a pension can benefit a whole household, more than other transfers might.

Respect for the elderly and influence in the household

Having examined the first two of the three functions of social protection according to Barrientos and Hulme (2008), I will now see how the pension can fulfill the third: strengthening the agency of those in poverty. Agency is a complex term, and can be used in many different contexts. Eating better, for instance, can be said to improve agency, since it allows people to be more productive or spend less time finding food. Without going further into these complexities I will here concentrate on examining two interconnected aspect of pensioners' agency: how has the pension affected the respect and the influence afforded to the elderly? Both influence and respect are related to agency, and could be expected to change as a consequence of the pension.

I have previously discussed how processes like urbanization are undermining informal support mechanisms for the elderly. This can also diminish the respect for older people, as well as decrease the financial and practical support that the elderly depend on from their children or other relatives. Respect for the elderly is also closely tied to the contribution they are able to make to the household. For older people, the loss of the ability to work and contribute financially to the household could mean that they lose some of their influence, becoming dependents instead of providers. I have already discussed how poverty among the elderly is characterized by isolation, powerlessness and low self-esteem, all of which are connected to their role in the household and the amount of respect they get both in the family and in the greater community.

The pension can be thought to counteract both declining respect for the elderly and reduced influence in the household. For one thing, the access to the pension would make the pensioner a valuable asset for a household as a source of regular cash. In turn, this could lead to the pensioner being a more valued household member, and possibly increasing the intra-household allocation of resources in favor of the older person. Reducing the dependence of older people in this way would be a major contribution by the pension scheme, and it is also one of the things that were underlined in the Parliamentary debate before the pension scheme was introduced, specifically aiming at reducing the marginalization of the elderly from society. Giving older people a separate income could certainly help in making them more independent and self-sufficient, increasing their agency.

With these issues in mind, I always asked how my informants perceived the level of respect for older people, in general and in the local community, as well as if this situation had changed any since the introduction of the pension scheme. When asking about the pensioner's influence in the household, I made sure to ask whether the pensioner, upon receiving his pension, decided what to do with it himself. A voiced concern before pension distribution started was that the money would be taken away from the pensioner by other household members, and that the pensioner himself would have little say in how the money is spent (Croome and Mapetla 2007). If this were true, the pension would lead to little independence for the elderly, and would be unlikely to impact their agency in any significant way.

Among my informants, there was not much complaining about a lack of respect towards the elderly. While Tumelo complained that some Basotho did not respect the elderly properly, he himself had not experienced it, and felt he was well respected in his village. Similarly, Andrew lamented the fact that younger generations were more egotistical and less community-oriented, but he was very happy with the way he was treated, both by family members and by the greater community. In Palesa's opinion, the elderly are more respected now than they were before, emphasizing the fact that they could now support children in school, which led to this increase in respect. On the other hand, Kelello stated that there has been no change in the level of respect, and that she was still receiving a lot of help from other people in her village, such as fetching water.

Regarding the question of whether or not the pensioner controlled the spending of the pension on his own, I can again turn to the LPIG survey. Here, only 5% of respondents stated that they left the control of the pension in its entirety to someone else. A smaller portion yet (only two respondents) stated that they were unhappy with this situation, i.e. they did it unwillingly. Mohale was one of my informants who chose to give his pension away to his son, keeping only a small part for himself and letting the son decide how to spend it. In Palesa's household, her son visited on pension day, and decided how to spend the money. Neither Mohale nor Palesa complained about this way of managing their pensions, however, and seemed happy with the arrangement.

In other cases, the pensioner fully controlled the spending of the pension. In situations where the pensioner is the undisputed head of the household, as in the cases of Teboho and Maria, this finding is not surprising. In other households, such as for Kelello and Thabo, the pensioner was not head of household, but still decided how to spend the pension money: In these cases, then, the pension was clearly seen as the pensioners money, and it was up to him to spend it on the household or not. As seen above, the pension was, indeed, spent as household money in these cases. These examples, as well as the findings from the LPIG survey, show how respect for older people is still present in Lesotho, and also show how the pensioner has some influence even in households where he is not the head.

There were different feelings connected to the influence afforded by the pension among the pensioners I interviewed. Mohale, as has already been mentioned, greatly appreciated the opportunity to help his son care for the grandchildren and thus contribute to the household, feeling that the money definitely gave him influence. Mohale's son confirmed that his father now had more influence in the household, but emphasized that the respect for him was the same as before. Ketso felt that the money made him more independent, and valued the pension for this. Still, he added that it was better when he was able to work, but with the pension he was at least able to buy some things he wanted for himself. Similarly, Kelello said that the pension had led to more peace in the family, as she did not have to ask her grandson for money for all her needs like she used to before.

Together, this shows that the pension is indeed capable of empowering the elderly, strengthening their agency and combating their loss of influence in the household. When a pensioner controls the pension money himself, he can support the household, no longer feeling powerless or as a burden. This can greatly diminish some of the psychological aspects of old age poverty. In addition, the pensioner no longer has to *ask* for money, since he has a separate source of income. This will do much to combat feelings of powerlessness. Of course, household show different results here, but it is clear that the pension *can* contribute in this way. In this way, the pension can serve to support the family structures that take care of the elderly in Lesotho, avoiding any issues of "crowding out" familial support (Nyanguru 2007).

Summary

In this chapter, I have examined the process of implementation and the impacts of the old age pension scheme in Lesotho. The pension as implemented very rapidly, due to unique political circumstances. The pension amount and the age of eligibility were used to limit the cost of the program, but this had consequences for its impact on poverty. Registration and distribution issues were solved in practical way. When it comes to impacts, food spending was a high priority among my informants. Some also spent more money on health than they had previously. In terms of investments, the results were poorer, as the amount given is very small, and productive investments were only possible in a few cases. The only kind of investment which can be identified as a common consequence was spending money on sending children to school. This also reflects another of the pension's important aspect, namely that it is shared across households. It can also be seen to raise the influence of the elderly, improving their life situation through giving them more of a say.

7. Conclusions

In this thesis, I have examined issues relating to social protection in developing countries. I have looked at the ideas supporting it as well as various constraints to implementation, and used the old age pension scheme in Lesotho to consider these questions in a concrete setting. The research question I set out to answer was this:

> *How has the Lesotho pension scheme been implemented, and what consequences can be identified?*

In addition, there were a number of sub-questions, referring to how Lesotho has overcome constraints, why a pension scheme was chosen, and which groups have benefited from the pension scheme.

It is obvious that the Lesotho old age pension is capable of having an impact on poverty. This has happened through improving nutritional status of recipient households, and allowing them to take better care of their health. My field results have shown how this happens differently in different households, but it is still a consistent finding. It is not surprising that the bulk of pension spending goes towards food, as it is a high priority for poor households, and can have a great impact on the people's well-being. The same goes for spending money on health, which is of particular importance to the elderly, who often experience medical issues. Both of these impacts are in line with the consequences identified from social transfers in numerous other countries, and also the impacts from the pension scheme in South Africa. This underlines the fact that social protection can serve to help recipients fulfill their basic needs, and that this is what people prioritize if they start to receive a transfer.

Another positive finding is that these impacts are not limited to the elderly as a group. My field results contained several examples of how the elderly see it as their task to provide for the household, even if the pension is "their" money. This shows that older people do indeed share their pensions with the whole household, an argument that was raised in favor of implementing pension schemes. In prioritizing between different social protection initiatives, this is an important observation, especially since it is not necessarily true in the case of other kinds of transfers.

It should be noted, however, that both of these impacts are dependent on the characteristics of each household. When it comes to food purchasing, for instance, the poorest household are likely to experience a significant improvement in nutrition, even lifting them out of hunger, while better-off households can diversify their diet or purchase “luxury” foods. For those household who have enough food from their own production, the pension can be spent on other things. The same observations apply to health spending: different preconditions give rise to different patterns of spending. On top of differences in income, the pensioners themselves also affect the way the pension is spent. If the pension recipients place great value on education, for instance, he is more likely to direct money towards this purpose.

There are also potential problems with the pension scheme in Lesotho. The most obvious one is the small amount given. Since the pension *is* shared with the whole household, it is not enough to reduce poverty among the elderly to a large extent. In the Parliamentary discussions surrounding the pension scheme its role as a helping hand to the elderly was underlined, but it is clear that it is being used as a household transfer, not as the pensioner’s own money. The pension was never meant to lift a whole household out of poverty, and is unable to do so except for the cases where pensioners live alone. Thus, many pensioners are left in poverty, even after receiving the pension. This challenges one of the aspects Hanlon et al. (2010) laid out as necessary for social transfers, namely that it has to be substantial.

In defense of the pension scheme, it is possible to take a broader approach to poverty. I have shown how the pensioners themselves value the money they do receive, since it gives them the opportunity to give something back to their families for taking care of them. Heslop (1999) discussed how some of the characteristics of old age poverty are of a psychological nature, including powerlessness and low self-esteem, and the pension *can* be seen to counteract these. In addition, the increasing expenditure on health seen in many pensioner households must be thought to benefit the elderly more than any other population group. Poor health is another typical characteristic of old age poverty, again showing that the pension does affect the poverty of the elderly even if it does not lift them out of *income* poverty specifically.

Another downside to the low pension amount is that it precludes the pension from having any significant effect on local markets or investment rates. As I have illustrated, some pensioners are able to convert the pension income to productive assets or invest in agriculture, but these cases are likely to be outliers and only true for better-off households or households with access to more than one pension. The lack of large-scale economic effects is not surprising, because of the small amount and because it was never the intention of the scheme. Additionally, pensioners as recipients of social transfers may not be the best candidates for saving in the first place, and there are concerns about how profitable potential investments can be. Nevertheless, it could potentially hurt the long-term sustainability of the scheme, since it is not able to “pay for itself” as social protection is capable of in developed countries.

This also has consequences for the degree to which the Lesotho old age pension is socially transformative. When defining the concept of social protection above, I noted how Sabates-Wheeler and Devereux (2008) argued for regarding this as a central goal to all social protection schemes, making it more than a cash transfer given to poor people. The long-term aim here is to reshape society, and reduce the dependence on handouts. If one takes this view into account when examining the Lesotho old age pension, it is clear that if falls well short of the objective. The pension is little more than a cash transfer directed at a vulnerable group, and it is hard to imagine it as transformative in and of itself.

One exception should be made here, however, namely the fact that the pension allows the elderly to invest in the education of their grand- or great grandchildren. Such an investment in human capital is more common than investment in productive assets, and can possibly have long-term effects on both households and on the country in general. A potential obstacle here is that secondary education is still too expensive compared to the pension amount, and positive economic effects from a better-educated populace depend on job availability and a number of other things that might not be present in Lesotho.

A final concern here regards the choice of a pension scheme in the first place. I have shown how older people across the developing world are in need of social protection, and also that this need is going to grow in the following decades. In this light, social pensions seem like a suitable initiative. Seeing pension schemes in the context of poverty reduction might make it seem less desirable, however. The pension obviously misses out on a lot of poor households, namely does which do not contain pensioners. This point is true independent of the high age of eligibility, as even a lower age limit will exclude non-pensioner households. If the ultimate goal is to reduce poverty in the population in general, social pensions might not be the best option. This is perhaps especially true in southern Africa, where populations are still young.

Even if pensions are a less than optimal method for poverty reduction, there are some arguments in its favor. For one thing, they are usually more feasible in political terms, as I have discussed. In this view, it is better to implement *some* social protection than none at all. Also, in resource-poor countries, implementing broader social programs is often not an option, and a pension scheme, categorically targeted in its nature, is a good policy option. Finally, while a pension scheme might not reach *most* poor people, it can reach some of the *poorest* people. The elderly are often excluded from other poverty reduction initiatives, and often belong among the most vulnerable groups in developing countries.

In sum, then, and comparing to the three goals of social protection as laid out by Barrientos and Hulme (2008: 4), the Lesotho old age pension can be seen to meet two of these to some extent, namely in protecting “basic levels of consumption among those in poverty or in danger of falling into poverty” and in strengthening “the agency of those in poverty so that they can overcome their predicament”. The pension largely fails to “facilitate investment in human and other productive assets”, thus limiting its impact on the *causes* of poverty, an important goal for many social protection schemes in the developing world.

Still, even if Lesotho fails to meet this goal, it must be remembered that Lesotho is a small LDC with limited resources and administrative capacity, and that the pension does indeed reach its intended beneficiaries and that it contributes significantly to their well-being. The interviews I did with pensioners showed how much difference even a small amount of cash can make in their lives, both in terms of material things and of self-worth. As Nyanguru (2007) notes, Lesotho being able to accomplish this should be a source of public pride, and it also shows that other developing countries can implement similar programs.

The results from the Lesotho pension scheme are encouraging. This is especially so when seen in light of the ageing world population and the lack of social protection for the elderly in the developing world. Seeing these results in a poor country like Lesotho means that a well planned social transfer is capable of being effective in poorer countries as well. This is especially interesting considering the way the pension has been financed. Through the low initial amount and the high age of eligibility, the pension scheme was made affordable and fully financed by domestic resources, even if it has affected the impact on poverty. This is perhaps one of the most impressive aspect of the Lesotho old age pension, and it does much to confirm the idea that social protection does not need to be overly expensive and is indeed affordable even in very low-income countries.

Apart from showing that implementing social protection in LDCs is possible, there are also other lessons to take away from the pension scheme in Lesotho. It is clear that the political process, as well as the rapid implementation, behind the Lesotho pension scheme has been unique and is unlikely to be copied elsewhere, but the way in which Lesotho solved issues relating to financial and administrative constraints is illuminating. By choosing a simple program design with no means test, as well as by utilizing existing administrative and distributional systems, the rapid implementation of the pension scheme was made possible. This was also related to the use of voter registration technology in registering pensioners, as suggested by Hanlon et al. (2010).

Of course, any social transfer must be adapted to national conditions, and the Lesotho approach can not be transferred completely to any other context. The small size and population of the country makes choosing a universal pension more tenable, and makes a means-test unnecessary. In any case, the above results show that implementing social pensions in developing countries can work to reduce the depth of poverty, even if it cannot eradicate it completely. It must be remembered that one social transfer cannot be expected to accomplish everything on its own, and should in the longer term be accompanied by investments in other parts of society, as well as expansions to the transfer itself. This is also true in the case of Lesotho, though the pension scheme is a step in the right direction.

References

Ahmad, E. 1991. Social Security and the Poor: Choices for Developing Countries. *The World Bank Research Observer, Vol. 6, No. 1*. 105-127.

Anthony, O.C. 2010. Managing Behavior and Emotional Issues in Older People. *The Social Sciences, Vol. 5, No. 5*. 401-413.

Barrientos, A. 2009. Social Pension in Low-Income Countries. *Holzmann, R. et al. (eds). Closing the Coverage Gap*. The World Bank, Washington.

Barrientos, A. 2010. Social Protection and Poverty. *Social Policy and Development Programme Paper number 42*. UNRISD.

Barrientos, A. et al. 2003. Old age poverty in developing countries: Contributions and dependence in later life. *World Development, Vol. 31, No. 3*. 555-570.

Barrientos, A. & D. Hulme. 2008. Social Protection for the Poor and Poorest: An Introduction. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Behrendt, C. 2008. Can Low Income Countries in Sub-Saharan Africa Afford Basic Social Protection? First Results of a Modelling Exercise. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Bello, H.M. et al. 2008. An evaluation of the poverty reduction impact of the non-contributory old age pension scheme in Lesotho: The case of Manonyane. *Review of Southern African Studies, Vol. 12, No. 1 & 2*. 76-106.

Bonilla García, A. & J.V. Gruat. 2003. *Social protection: a life cycle continuum investment for social justice, poverty redution and development.* ILO, Geneva.

Brydon, L. 2006. Ethical Practices in Doing Development Research. *Desai, V. & R.B. Potter (eds). Doing Development Research*. Sage, London.

Bujra, J. 2006. Lost in Translation? The Use of Interpreters in Fieldwork. *Desai, V. & R.B. Potter (eds). Doing Development Research*. Sage, London.

Bureau of Statistics. 2009. Analytical Report, Volume IIIB: Population Dynamics. *2006 Lesotho Population Census*. Ministry of FInance and Development Planning, Maseru.

Case, A. & A. Deaton 1998. Large Cash Transfers to the Elderly in South Africa. *The Economic Journal, Vol. 108, No. September*. 1330-1361.

Chapman, K. 2006. Using social transfers to scale up equitable access to education and health services. *Background Paper*. Scaling up Services team, DFID Policy Division.

Cichon, M. & W. Scholz. 2009. Social Security, Social Impact and Eocnomic Performance: a Farewell to Three Famous Myths. *Townsend, P. (ed.). Buildling Decent Societies*. Palgrave Macmillan, Basingstoke.

Croome, D. & M. Mapetla. 2007. *The Impact of the Old Age Pension in Lesotho: Pilot Survey Results of Manonyane Community Council Area, Roma*. Institute of Southern African Studies, Roma.

Croome, D. et al. 2007. *The impact of the old age pension on hunger vulnerability: A Case-study from the Mountain Zone of Lesotho.* Institute of Southern African Studies, National University of Lesotho, Roma.

De Britto, T.F. 2008. The Emergence and Popularity of Conditional Cash Transfers in Latin America. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Deaton, A. & C. Paxson. 1997. *Poverty among children and the elderly in developing countries.* Research program in Development Studies, Princeton University, Princeton.

Duflo, E. 2003. Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa. *The World Bank Economic Review, Vol. 17, No. 1*. 1-25.

ECLAC. 2004. Population, Ageing and Development. *Thirtieth Session of ECLAC, San Juan, Puerto Rico*. Economic Commission for Latin American and the Caribbean.

Ellis, F. et al. 2009. *Social Protection in Africa*. Edward Elgar, Cheltenham.

Evans, J.G. 2003. Age Discrimination: Implications of the Ageing Process. *Fredman, S. & S. Spencer (eds). Age as an Equality Issue*. Hart Publishing, Oxford.

Eyetsemitan, F.E. 2007. Perception of aging in different cultures. *Robinson, M. et al. (eds). Global Health and Global Aging*. Jossey-Bass, San Francisco.

Fredman, S. 2003. The Age of Equality. *Fredman, S. & S. Spencer (eds). Age as an equality issue*. Hart publishing, Oxford.

Gorman, M. 1999. Development and the Rights of Older People. *Randel, J. et al. (eds). The Ageing and Development Report*. Earthscan, London.

Government of Lesotho (2004). *Budget Speech to Parliament for the 04/05 Fiscal Year*. Maseru, Ministry of Finance and Development Planning.

Guhan, S. 1994. Social Security Options for Developing Countries. *International Labour Review, Vol. 133, No. 1*. 35-54.

Hagen, K. 2008. *The Old Age Pension in Lesotho: an examination of the institutional impact.* World Granny/University of Utrecht, Amsterdam.

Hanlon, J. et al. 2010. *Just Give Money to the Poor*. Kumarian Press, Sterling.

Heady, C. et al. 2001. The distributional impact of social transfers in the European Union: Evidence from the ECHP. *Fiscal Studies, Vol. 22, No. 4*. 547-565.

HelpAge. 2003. *Non-contributory pensions and poverty prevention: A Comparative study of Brazil and South Africa.* HelpAge International & Institute of Development and Policy Management, London.

Heslop, A. 1999. Poverty and Livelihoods in an Ageing World. *Randel, J. et al. (eds). The Ageing and Development Report*. Earthscan, London.

Heslop, A. & M. Gorman. 2002. Chronic poverty and older people in the developing world. *CPRC Working Paper 10*. Institute for Development Policy and Management, University of Manchester, Manchester.

Hesselberg, J. 2011. *Fieldwork in developing countries.* Department of Sociology and Human Geography, University of Oslo.

IMF. 2001. *Government Finance Statistics Manual.* International Monetary Fund, Washington, DC.

Kalache, A. & K. Sen. 1999. Ageing and Health. *Randel, J. et al. (eds). The Ageing and Development Report*. Earthscan, London.

Kidd, S. & E. Whitehouse. 2009. Pensions and Old-Age Poverty. *Holzmann, R. et al. (eds). Closing the Coverage Gap*. The World Bank, Washington.

Lindert, P.H. 2004. *Growing public: social spending and economic growth since the eighteenth century*. Cambridge University Press, Cambridge.

Lloyd-Sherlock, P. 2000. Old Age and Poverty in Developing Countries: New Policy Challenges. *World Development, Vol. 28, No. 12*. 2157-2168.

Lloyd-Sherlock, P. 2010. *Population ageing and international development: from generalisation to evidence*. Policy Press, Bristol.

Lloyd-Sherlock, P. & E. Schröder-Butterfill. 2008. Social security pension "reforms" in Thailand and Indonesia: unsustainable and unjust. *Working Paper 03, DEV Working Paper Series*. The School of Development Studies, University of East Anglia, Norwich.

Marshall, C. & G.B. Rossman. 2011. *Designing qualitative research*. Sage, Los Angeles.

Miles, M.B. & A.M. Huberman. 1994. *Qualitative data analysis: an expanded sourcebook - 2nd edition*. Sage, Thousand Oaks.

Munro, L.T. 2008. Risks, Needs and Rights: Compatible or Contradictory Bases for Social Protection. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Nhongo, T.M. 2004. *The changing role of older people in African households and the impact of ageing on African family structures*. The Ageing in Africa Conference, Johannesburg.

Nyanguru, A. 2007. *The Economic and Social Impacts of the Old Age Pension on the Protection of the Basotho Elderly and their Households*. Charlotte Maxeke Conference on the Economics of Social Protection, Pilansberg.

ODI. 2009. *Aid for Trade in Lesotho: ComMark's Lesotho Textile and Apparel Sector Programme.* Overseas Development Institute.

Palacios, R. & O. Sluchynsky. 2006. Social Pensions Part 1: Their Role in the Overall Pension System. *Social Protection Discussion Paper No. 0601*. World Bank, Washington D.C.

Pelham, L. 2007. *The Politics Behind the Non-Contributory Old Age Social Pensions in Lesotho, Namibia and South Africa.*

Rossman, G.B. & S.F. Rallis. 2003. *Learning in the field: An introduction to qualitative work*. Sage, Thousand Oaks.

Sabates-Wheeler, R. & S. Devereux. 2008. Transformative Social Protection: The Currency of Social Justice. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Samson, M. 2009. The Impact of Social Transfers on Growth, Development, Poverty and Inequality in Developing Countries. *Townsend, P. (ed.). Building decent societies: rethinking the role of social security in development*. Palgrave Macmillan, Basingstoke.

Schmidt, S. 1995. Social security in developing countries: basic tenets and fields of state intervention. *International Social Work, Vol. 38, No. 1*. 7-26.

Schubert, B. 2008. Protecting the Poorest with Cash Transfers in Low Income Countries. *Barrientos, A. & D. Hulme (eds). Social Protection for the Poor and the Poorest*. Palgrave Macmillan, Basingstoke.

Schwarz, A.M. 2003. *Old Age Security and Social Pensions.* World Bank.

Sechaba Consultants. 2000. *Poverty and Livelihoods in lesotho, 2000: More than a Mapping Exercise. Summary Volume.* Sechaba Consultants, Maseru.

Smith, W.J. & K. Subbarao. 2003. What Role for Safety Net Transfers in Very Low Income Countries. *Social Protection Discussion Paper no. 0301*. World Bank, Washington D.C.

Szreter, S. 2007. The Right of Registration: Development, Identity Registration, and Social Security - A Historical Perspective. *World Development, Vol. 35, No. 1*. 67-86.

Tanga, P.T. 2008. The Impact of Old Age Pension on Households and Social Relationships in Lesotho. *Review of Southern African Studies, Vol. 12, No. 1 & 2*. 184-215.

Townsend, P. 2009. Social Security and Human Rights. *Townsend, P. (ed.). Building decent societies: rethinking the role of social security in development*. Palgrave Macmillan, Basingstoke.

United Nations. 2000. Enhancing social protection and reducing vulnerability in a globalizing world. *Report of the Secretary General to the Thirty-ninth Session E/CN.5/2001/2*. United Nations Economic and Social Council, Washington DC.

UNPD. 2002. *World Population Prospects: the 2002 Revision.* United Nations, New York.

UNPD. 2009. *World Population Prospects: The 2008 Revision, Highlights.* United Nations, New York.

UNRISD. 2010. *Combating Poverty and Inequality: Structural Change, Social Policy and Politics.* United Nations, Geneva.

Van Ginneken, W. 2003a. Extending social security: Policies for developing countries. *Extension of Social Security Paper No. 13*. ILO, Geneva.

Van Ginneken, W. 2003b. The extension of social protection: ILO's aim for the years to come. *Conway, T. et al. (eds). Social Protection: New Directions of Donor Agencies*. Department for International Development, London.

Wason, D. & D. Hall. 2004. Poverty in Lesotho 1993 to 2002*. CPRC Working Paper No. 40*. Chronic Poverty Research Centre.

WHO. 2000. Information Needs for Research, Policy and Action on Ageing and Older Adults in Africa. *MDS Workshop Report*. World Health Organization.

Willis, K. 2006. Interviewing. *Desai, V. & R.B. Potter (eds). Doing Development Research*. Sage, London.

Willmore, L. 2007. Universal Pensions for Developing Countries. *World Development, Vol. 35, No. 1*. 24-51.

World Bank. 1994. *Averting the old age crisis: Policies to protect the old and promote growth*. Oxford University Press, Oxford.

Appendices

Appendix I: List of Informants

Name of informant(s)	Characteristics	Location of household
Thato	Female, 71, lived alone	Rural
Maria	Female, 82, lived with three great-grandchildren	Rural
Kelello	Female, 91, lived with grandson, two grandchildren	Rural
Lerato	Female, 71, lived with son	Urban
Limpho	Female, 78, lived with son	Rural
Palesa	Female, 83, lived with daughter and great-grandchild	Rural
Tumelo and Lipuo	Married, 87 and 74, three-pensioner household	Rural
Tseliso and Libuseng	Married, 74 and 72, lived with two grandchildren	Rural
Andrew	Male, 90, lived alone	Rural
Ketso	Male, 71, lived with nephew's family	Urban
Pitso	Male, 77, lived in large household	Urban
Mohale	Male, 72, lived with son's family of four	Rural
Teboho	Male, 78, lived with wife, 2 sons and 7 grandchildren	Rural
Thabo	Male, 71, lived with nephew's family	Rural

Appendix II: Interview guide

1. Introduction to research

2. General questions

What is your age?

For how long have you received the pension?

How did you make a living before the pension?

Own work, husband's work, assets owned, etc.

How has this changed over time?

How many people live in this household?

Does anyone hold jobs?

What is the approximate income and where does it come from?

Do you consider yourself the head of the household?

3. Pension scheme

How do you receive the pension?

What do you do with the money on the payout day?

How is the pension spent (by categories)?

Food, other groceries or items, health, education, larger investments, etc.

Does the pension benefit the whole household?

What would you have spent money on if the amount/your income had been higher?

Who controls the spending?

Would you like this to be different?

The importance of the pension in relation to other household income

How would the household manage without the pension income?

What are the most important changes in your life since receiving the pension?

Economic situation, working situation, influence in the household/community, health, nutrition

Examples?

Are there any problems with the payment of pensions?

Do you think of the pension as a *right* for all elderly?

4. Situation for the elderly

How would you describe your role in the household?

Has this changed with the pension scheme?

Do you feel that the elderly deserve special respect from their families, communities, government? Why?

Do you get respect from your household?

Do you get respect in the village/community?

How is this respect/disrespect shown? (examples)

Has this changed since the pension scheme?

In summary: Would you say that the pension scheme has helped you and/or you household?

What is the most important contribution made by the pension?

5. Wishes for the future/additional information?