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Pensions, poverty and wellbeing in later life: Comparative research from South Africa and Brazil

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ABSTRACT

This paper draws on two linked studies of social policy and wellbeing in later life. The studies make comparisons between distinct groups of older people at the national and sub-national levels, as well as over time. The paper reflects on some of the main challenges for operationalising this complex design, as well as for interpreting findings and identifies lessons for other studies. The first study, conducted in 2002, included a questionnaire survey of around 2000 households containing at least one older person in South Africa and Brazil, supplemented by a set of in-depth qualitative interviews. Intriguingly, these countries had remarkably similar pension programmes, providing the majority of older people a reliable payment of roughly US$3 a day. This offered the prospect of exploring the effects of similar interventions in distinct developmental and cultural settings. In both countries, we found that these pensions had a substantial impact on the prevalence and depth of poverty in the study households, and were usually shared between older people and other family members. The second survey took place in 2008/9 and involved revisiting the households included in the 2002 survey, along with a separate set of in-depth interviews. This provided an opportunity for dynamic analysis of economic and wellbeing effects, against a backdrop of increased divergence in the wider national settings. Among other things, this revealed high and increasing levels of life satisfaction across all the study groups, although the extent to which this was directly related to generous pension provision cannot be ascertained.

Introduction

This paper reviews and seeks to interpret selected findings from a comparative study of older people, pensions and wellbeing in South Africa and Brazil. The research design allows for comparisons between two countries, between three distinctive sub-groups of older people in each country, and of change over time. This ambitious approach has the potential to yield important comparative insights, but represents a substantial challenge. Difficulties include the logistical hurdles of designing compatible research tools and minimising attrition over the study period. They also include the challenge of interpreting complex and sometimes unexpected findings.

The next section briefly discusses the research design and introduces the study settings. This is followed by a review of findings from the 2002 study, with a particular focus on relationships between pensions and poverty. The paper goes on to examine findings from the follow-on 2008/9 survey, setting out the dynamic policy environment and seeking to interpret how various indicators of subjective wellbeing changed over time. Taken together, the studies show that Brazil and South Africa have both performed relatively well, especially by the standards of middle-income countries, in meeting the

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Table 1
Selected features of the study countries, circas 2002 and 2008.
Sources: UNAIDS (2008) Report on the global HIV/AIDS epidemic 2008, UNAIDS, Geneva http://www.unaids.org/en/KnowledgeCentre/HIVData/GlobalReport/2008/; UNAIDS (2002) Report on the global HIV/AIDS epidemic 2002, UNAIDS, Geneva; http://data.unaids.org/pub/Report/2002/brglobal_aids_report_en_pdf_red_en.pdf; UN Population Division (2009) World population prospects: the 2008 revision. http://esa.un.org/unpp/p2k0data.asp; IPEA www.ipeadata.gov.br.; UNData http://data.un.org/Data.aspx?d=SNAAMA&f=grID%3A101%3BcurrID%3AUSD%3BpcFlag%3A1, Bhorat and Kanbur (2006); Souza (2011).

	Brazil		S Africa	
	Circa 2002	Circa 2008	Circa 2002	Circa 2009
Population aged 60 and over (% of total)	8.1% (2000)	10.2 (2010)[a]	5.9% (2000)	7.3% (2010)[a]
Per capita GDP US$ current prices	US$2825 (2002)	US$8311 (2008)	US$2400 (2002)	US$5566 (2008)
Gini index	0.594 (2001)	0.539 (2009)	0.63	0.68
Open unemployment rate (% of all adults 15–64)	9.0	8.0 (2007)	30.0 (2002)	23.0 (2007)
Aids prevalence (% of adults aged 15–49)	0.7 (end 2001)	0.6 (2007)	20.1 (end 2001)	18.1 (2007)
Poverty gap ratio at US$1 a day at ppp (%)	2.2	1.3 (2007)	8.2 (2000)	No data

[a] Median variant projection.

economic needs of older people through extensive pension provision. At the same time, older people report high rates of satisfaction with most aspects of their lives. There are, however, important differences across the two countries and the underlying causes for high satisfaction scores are not always evident.

Study design and site selection

The data discussed in this paper were collected as part of two surveys conducted among selected groups of older people in Brazil and South Africa in 2002 and 2008/9. The main purpose of the original 2002 study was to assess the effects of non-contributory pensions (sometimes referred to as "social pensions") on the economic situation of relatively deprived older people and their households in developing countries. At the time of the first survey, few low or middle income countries had extensive social pension schemes providing meaningful benefits to substantial numbers of older people. Brazil and South Africa were the two main exceptions, with social pension schemes covering 5.3 and 1.9 million older people respectively. Intriguingly, both countries' programmes offered benefits worth around US$3 a day, offering the prospect of exploring the effects of similar interventions in different national settings.

Table 1 provides an overview of each country's wider developmental standing in 2002 and 2008/9. It indicates that Brazil and South Africa shared some common features beyond their extensive social pension schemes. These included similar levels of population ageing and per capita wealth in 2002, as well as levels of income inequality that were very high by international standards.[1] Table 1 also reveals some important areas of divergence, including notably higher rates of unemployment and HIV/AIDS prevalence in South Africa. This combination of similar and distinctive features would both create opportunities and pose challenges for comparative analysis.

The pension systems of both countries had evolved over a long period, dating back to the start of the 20th century, and both had also seen a period of particularly rapid expansion from the early 1990s. In Brazil, shortly after the restoration of democracy in 1985, a new constitution was ratified in 1988, setting out an ambitious agenda for upgrading the country's existing welfare programmes. Central to this agenda was a programme of expanding the scope of pension provision for poorer groups (Barreto de Oliveira, Beltrão, Pinheiro, Peyneau, & Mendonça, 2005). Through a complex system which included "contributory" pensions, means-tested benefits for the poor and a dedicated scheme for retired rural workers, Brazil was able to extend pension coverage to the great majority of people aged 65 and over.[2] In 2002 78% of people aged between 60 and 64 received a pension, increasing to 94% for those aged 75 to 79 (Rofman & Lucchetti, 2006). In South Africa there was a similar process of political transition and pension upgrading. Non-contributory pensions were well-established and widely provided across all racial groups during the Apartheid era (Van der Berg, 1997). However, pension values varied markedly across racial groups, until the end of white rule in 1993 when they were equalised. These pensions are notionally means-tested and as of 2002 were available for men aged 65 and over and women aged 60 and over. In 2000 it was calculated that around 80% of eligible older people received a social pension, a very similar take-up rate to that reported for Brazil (Woolard, Harttgen, & Klasen, 2010).

In the light of the marked income inequalities in each country, the study was particularly concerned with the impact of the pension system on the most disadvantaged households. This also reflected the priorities of the UK Department for International Development (DFID), the organisation that funded the first round of research. As a bilateral aid agency, DFID had a strong interest in the impact of different public policy interventions on household and individual poverty rates, and their potential transferability to other developing country settings. Lacking the resources to construct nationally-representative samples, the study selected specific disadvantaged groups and locations in order to explore key divergences of experience at the sub-national level. Given Brazil's deeply entrenched geographical inequalities, this country survey focussed on poorer households in two distinctive locations: the municipality of Ilhéus in the north-eastern state of Bahia and a selection of relatively poor districts in the city of Rio de Janeiro. Ilhéus is a region with particularly high levels of socio-

[1] Brazil's 2002 GDP figure is substantially lower than those for 2001 and 2003, reflecting a sharp, short-term dip in the exchange value of the real. This shows the danger of comparing two time points rather than presenting complete trend data.

[2] In fact, high rates of evasion and low contribution rates meant that worker contributions to these so-called "contributory" pensions did not cover their full cost and they were heavily subsidised by the state.