The role of informal social security in an inter-generational society

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THE ROLE OF INFORMAL SOCIAL SECURITY IN AN INTERGENERATIONAL SOCIETY

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1. SUMMARY

One of the most interesting aspects looking at a life long society is the fact that in a developing country such as South Africa the demographics, challenges and risks as far as the ageing society is concerned, look so much different from that of an industrialised country. In South Africa the elderly form the very pillars of society caring for the young, where the economically active generation is most severely affected by HIV/AIDS. In South Africa formal social security plays a limited role in providing social protection and informal social security systems have been developed in order to attempt to patch these holes in the social safety net. Informal social security systems provide social protection in the form of monetary transfers and services to those marginalised in terms of the formal social security paradigm. These systems cannot, however, sustain themselves indefinitely and there should be co-operation between the formal and informal social protection measures in order to ensure adequate social protection for all.

2. INTRODUCTION

“The lengthening of the average life span has resulted in a tremendous impact on society, creating fresh opportunities as well as new risks.”1

This quotation of the scope and objectives of this conference contains the brief for this paper. The attitude reflected by this quotation is commendable since it does not only view an increased life-span in a negative light as is normally the case, but also sees it in a positive light as creating fresh opportunities.

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1 Extract from the scope and objectives of the 4th International Research Conference on Social Security (Antwerp, Belgium 5-7 May 2003).
It seems that the problem when discussing an ageing society is not necessarily the fact that people are ageing but rather the economic growth rate and labour market transformations that are not able to support the long life society.

At the Second World Assembly on Ageing held in Madrid 2000 the secretary general of the ISSA, Mr. DD Hoskins, made three very true remarks which are included as an introduction to this paper since it touches on the main issues pertaining to the role of informal social security in a long life society.

"Ageing should not be seen as a separate issue but is part of the issue of social integration, gender advancement, economic stability and issues of poverty".  

Ageing is closely linked to the complex infrastructure of society and anything that impacts on society will also impact on the elderly. In South Africa HIV/AIDS and poverty have made enormous inroads into traditional family and society structures to such an extent that the elderly never retire and often remain the primary caregivers until their deaths.

"Active ageing is concerned with how everyone ages and not only with older people".

The position of the elderly is influenced by the behaviour of the younger generation. In South Africa the economically productive age group is primarily affected by HIV/AIDS and this has a severe impact on the elderly.

"There is no such thing as an individual risk. Ageing may be regarded by some as a risk for which we all must share some responsibility for each other."

This principle of solidarity serves as the basis for informal social security protection. In South Africa the foundation of informal social security is captured by the principle of ubuntu – meaning that people are people through other people. The concept of ubuntu creates a moral right for people to work together.

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4 See the statistics and discussion in 5 hereunder.
5 Hoskins 7.
6 The concept of informal social security will be discussed in more detail in 4.
These quotations indicate the three very important aspects of this paper, namely that the problems relating to an ageing society can only be discussed if the **ageing patterns of all generations** are taken into account (especially in light of the HIV/AIDS pandemic in South Africa). In order to address these issues informal social security systems play an invaluable role and these systems are based on the principles of **shared responsibility and solidarity**. Finally **social policy must** look at the possible links between the formal and informal social security dispensations in especially developing countries, in order to extend social security protection to more people.

This paper will therefore firstly give a brief overview of the current formal social security provisioning in South Africa as far as old age and retirement benefits are concerned.

Secondly, the particular issues impacting on the ageing population will be looked at namely unemployment, HIV/AIDS and poverty.

Finally the paper will explore the importance of informal social security to overcome marginalisation as well as look at shortcomings in these networks.

The paper will conclude with some recommendations as far as improvement of the South African social security system is concerned.

### 3. AN OUTLINE OF FORMAL SOCIAL SECURITY PROVISIONING FOR THE AGED IN SOUTH AFRICA

It should be noted that this paper is not primarily concerned with providing a detailed discussion of the present South African retirement framework, but rather aimed at providing a description of the South African ageing society and what important role informal social security is playing therein.

In South Africa there is no national retirement scheme. There are basically three ways in which people can provide for retirement:7

- voluntary provisioning through savings;
- membership to a pension or provident fund (many employers provide this benefit and membership can be a condition of employment);
- social assistance by way of the old age grant, which is means tested.

It is estimated that the South African private pension and insurance sectors are the largest in the world relative to gross national product (GNP). Pension funds account for R600 billion of institutional investor assets, being the major provider of capital for the equities listed on the Johannesburg Stock Exchange. In 1998 formal group retirement funds had

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almost 11 million members of which 1.7 million were retired. Pension fund contributions amount to 14% of total personal remuneration in South Africa.\(^8\)

From this it can be deduced that the private retirement industry in South Africa is really huge. This also is an area where the “two-nations” theory\(^9\) in South Africa is clearly illustrated. The very rich (mostly white people) and people in formal employment are able to privately provide for retirement while the majority of the population (mostly black people) and people in informal employment must rely on the public system for means-tested social assistance benefits. It is in light of the large pockets of society marginalised in terms of the formal social security system that people are forced to turn to informal social security measures to provide protection in old age.

The right to social insurance and social assistance is recognised by the Constitution.\(^10\) The Constitution\(^11\) guarantees everyone the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance. The Constitution further obliges the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.\(^12\)

In the *Grootboom* judgement\(^13\) the enforceability of socio-economic rights (which would include the rights contained in section 27) has been confirmed. The case dealt with the right of access to housing but the principles contained therein would be applicable to all socio-economic rights, including the right of access to social security, which are guaranteed by the Bill of Rights.

In the judgement the court stated that the State is obliged to “*take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing*”.\(^14\) If one looks at some of the comments contained in the report of the recently appointed Committee investigating the plight of the elderly\(^15\) in South Africa it seems that there is a large number of the elderly living in extreme conditions of poverty and who are not benefiting from the present social assistance benefits. “*I have been forgotten. All old people have been forgotten. We are the most neglected people.*”\(^16\)

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9 First used by pres Thabo Mbeki in his speech on Reconciliation and Nation Building 1998. Also see [www.freefinancialmail.co.za/03/0110/currents/accurent.htm](http://www.freefinancialmail.co.za/03/0110/currents/accurent.htm)

10 The correct definition that should be given to social security in order to allow for the various strands of social security as well as informal social security will be reflected on later in the paper.

11 Section 27(1)(c) of the *Constitution of the Republic of South Africa* 108 of 1996. (Hereafter the Constitution).

12 Section 27(2) of the Constitution.


14 *Grootboom* [24].


16 Kgaye L as quoted in Mothers and Fathers on 5.
In *Grootboom* the State was ordered to devise policies and programmes, which are reasonable both in their conception as well as implementation in order to address the housing problem in the relevant case. The court indicated, “*a program that excludes a significant segment of society cannot be said to be reasonable*”.\(^{17}\) The court also said: “*Those whose needs are the most urgent and whose ability to enjoy all rights therefore is most in peril, must not be ignored by the measures aimed at achieving realisation of the right. It may not be sufficient to meet the test of reasonableness to show that the measures are capable of achieving statistical advance in the realisation of the right. Furthermore, the Constitution requires that everyone must be treated with care and concern. If the measures, though statistically successful, fail to respond to the needs of those most desperate, they may not pass the test.*”\(^{18}\) The court ordered the municipality to “*devise, fund, implement and supervise measures to provide relief to those in desperate need*”.\(^{19}\)

This judgement can and should be applied to the social security position in South Africa, especially as far as old age and retirement benefits are concerned. Government should put programmes, which are reasonable in their conception and execution, in place and these programmes should be inclusive of the whole population. The large number of old people currently excluded from old age protection should not be allowed by the Constitution (in light of the *Grootboom* judgement) more so for the elderly whose rights are most in peril and who are most vulnerable.

From the *Grootboom* case it can therefore be deducted that in the same manner social insurance as well as social assistance should be devised, funded, implemented and supervised in order to bring relief to those in desperate need, such as the elderly who are without any adequate provision for old age. This would not only mean that the problem is addressed by targeting those that are already old but also to devise a policy such as a national retirement scheme, where preventative steps are taken to relieve the burden on the state.

It should, however, be stated that the old age grant, which is a form of social assistance fulfills a very important role in poor communities. In the *White Paper for Social Welfare*\(^{20}\) it was already found that the old age grant is the main source of income for rural black communities, where the grant is used to support 5 additional family members. The old-age grant is the largest social assistance programme and often he only form of income of families, which often comprise three generations.\(^{21}\) This phenomenon\(^{22}\) has been highlighted in the Taylor Report in the following terms:

\(^{17}\) *Grootboom* [43].
\(^{18}\) *Grootboom* [44].
\(^{19}\) *Grootboom* [96].
\(^{21}\) See Taylor 59.
\(^{22}\) Which shows the relationship between and interdependence of a formal social security scheme (social assistance scheme) and an informal social security scheme (kinship-based support).
“The SOAP [State Old Age Pension] reduces the poverty gap for pensioners by 94 per cent. Poor households that include pensioners are on average significantly less poor than households without pensioners.

‘Skip generation’ households (comprising child and grandparent), on average, have their poverty gap closed by over 60 per cent. For three-generation households the poverty gap is closed by less than 50 per cent due to the burden of the working age members.

For the average poor household without a pension-eligible member, however, social security’s impact is almost negligible. For households with no pensioners, the reduction is less than 10 per cent.”

The Taylor Committee recommended that a holistic approach should be followed which integrates social assistance, social insurance and private coverage. The following diagram illustrates this:

Figure 1: Proposed strategic framework for retirement provision in South Africa

They also recommended that all people in the formal sector should be compelled to contribute a minimum of their income for retirement savings. Certain other recommendations have been made as far as compulsory preservation, unemployment, annuitisation, inflation and survivors’ benefits are concerned.

As far as the South African system pertaining to retirement and old age is concerned it can be concluded that there is presently no public social insurance benefit available. Private provisioning can be made but it is only available to the rich or to those in formal employment whose employers do have a retirement scheme, whereto membership is not necessarily compulsory.

23 Taylor 59.
24 For more information see Taylor 94.
The majority of South Africans therefore do not have any way in which to provide for a social risk such as old age. It is in response to this that informal social security has been developed.

4. WHAT IS INFORMAL SOCIAL SECURITY?

4.1 General

It is impossible to discuss social security without drawing a clear distinction between developed and developing countries. This is mainly because of the fact that social security in its broadest sense is aimed at providing social protection against various social risks. Concepts such as “protection” and “risk” are relative of nature and will depend on the interpretation within the context of a developed or developing country.

Protection in the context of a developing country and especially in rural areas might not necessarily be provided through monetary transfers but rather through services. For example electricity will more drastically improve the living standard of a person living in a remote rural area than a grant of R570 would. Protection, therefore, has a different meaning in this context.

The type of protection will also be influenced by the nature of the risk that can occur. The nine classical ILO risks are also typical risks associated with developed countries and reflect the needs of mainly urban industrialised communities. There are certain risks (especially in poor rural communities) that are not contained in typical social security definitions, which pose a real threat to people causing economic and social distress. These risks and calamities can be grouped into the following four categories:

- calamities (flood, fire, civil unrest and famine);
- loss of earning power (disability, ill health, loss of assets);
- life-cycle crises (death and marital breakdown);
- sudden and large expenditures (hospital, wedding, funeral).

In a study conducted by Dercon in Ethiopia on shocks experienced by rural households, it was determined that the events causing hardship for rural households are problems such as climatic risks, economic fluctuations, drought and harvest failure. Dercon, in the same study, identified that these rural communities in Ethiopia, developed sophisticated survival strategies based on risk-management and risk-coping strategies. Translated into social security terms, these strategies amount to social insurance and social assistance measures developed by members of these communities, and executed in an orderly fashion. This study by Dercon is a clear illustration that there are distinctions between

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the types of social risks to be found in developed and developing countries, and between rural and urban areas. A social security paradigm with a concept of social security that does not have regard to these needs and risk will not provide a viable solution for the social security needs of the majority of people in South Africa.

It is estimated that in Africa only 6% of the population is covered by social security systems based on formal employment. Due to the fact that social insurance is mainly connected to the concept of “employee” (employment based), workers in the informal sector as well as the unemployed are marginalised and without any form of social insurance. “What is particular to the informal sector is the absence of rights and social protection of workers involved in it.” Almost 85% of the work force in low-income countries (such as South Africa) is outside the formal wage sector, which means they are not covered by protective labour legislation or trade unions.

4.2 Informal social security

Informal social security is part and parcel of social security since it is a way of providing social protection. This protection is not always by means of monetary transfers but can also manifest itself as support and services unique to a particular group or community. This form of social protection is always delivered in a specific context where people have something in common and reflects the principle of solidarity (ubuntu).

The phenomenon of informal social security is closely linked to the problem of poverty where the poor are excluded from protection by the formal social security system. In order to overcome poverty and social exclusion people have developed their own mechanisms of support and protection in order to sustain themselves, which mechanisms function mainly through family or community networks.

Two types of informal social security can be distinguished namely kinship-based support and community-based support. The former is normally support provided by and for family members, where the latter refers to support provided by people in the same circumstances or communities normally along the lines of one or other common denominator e.g. members of a community or traders on the same market place etc.

Informal social security has principles akin to social insurance and social assistance. However, these systems have developed in poor communities, mainly to overcome or lessen the impact of poverty, where these people are not in a financial position to give social assistance (monetary transfers). These people do, however, deliver services, which resemble social assistance. Social insurance (based on the principle of reciprocity) is often more readily available where people offer something (a contribution in money or in kind) in order to receive something in return, which assists in the fight against poverty.

27 Gallin D Organising in the Informal Sector (Global Labour Institute) 2.
The following are examples of informal social security:

**Figure 2: Examples of informal social security**

- A stokvel is a very popular example of informal social security. This would be for example where a group of 5 friends make monthly contributions to a stokvel or pool. Each member will have a turn (every fifth month) to gain the total of the pool enabling them to buy expensive goods for example furniture, school clothes, etc.

- A burial society is a more sophisticated form of social insurance. Members will contribute money and services to a society and will, when a contingency (death of a family member) occurs, be entitled to claim money and services from the society. Some burial societies even have assets such as tents, tables and chairs which a member can use free of charge during funerals.

- In the report, *Mothers and Fathers of the Nation*, there are also excellent examples of informal social security networks, for example where a group of almost 200 pensioners from Soshanguve meet in the Police Station to do sewing, handcrafts and baking, which they sell in order to raise money. They have been running this scheme without financial support for the past 4 years.

- Another example of informal social security is that of SEWU (The Self Employed Women’s Union). SEWU is a “trade union” organising informal women workers in South Africa. SEWU mainly attracts women street vendors and home-based workers. SEWU does collective organisation of these women, which give them strength in order to negotiate for better living and working conditions. They also assist women to gain skills training. SEWU developed in Durban, KwaZulu Natal but they are currently operating throughout South Africa.\(^{29}\)

Informal social security (especially community-based support) is supported by the principle that the only or best way in which workers can exercise power is by means of organisation. Workers organise themselves into trade unions and exercise these powers through collective bargaining.\(^{30}\) In the South African labour legislation this right and the right to exercise power has been recognised as is clearly seen by the importance of collective bargaining in the new labour law dispensation. Informal workers will also organise in order to gain a “voice”. Since informal sector workers and the unemployed are not part of the formal concept of “work” they will not have access to trade unions but will organise through solidarity movements, women’s organisation, NGOs and CBOs.\(^ {31}\)

“Organising in the informal economy often takes place where unions and NGOs


\(^{30}\) Gallin 3.

\(^{31}\) Gallin 3.
intersect, and is therefore an area where they interact. This interaction has been fruitful in some instances and problematic in others.”

The existence and importance of informal social security can no longer be denied. It should be seen as an integral part of the social security dispensation in South Africa. “Limiting government social policy to government social security may cause other forms of social security to be undervalued and under-utilised”. The Taylor Committee has reflected this attitude where they opted for a broad definition of social protection (in stead of social security) in order to include formal social security, indirect as well as informal social security. Comprehensive social protection was defined as:

“Comprehensive social protection for South Africa seeks to provide the basic means for all people living in the country to effectively participate and advance in social and economic life, and in turn to contribute to social and economic development.

Comprehensive social protection is broader than the traditional concept of social security, and incorporates developmental strategies and programmes designed to ensure, collectively, at least a minimum acceptable living standard for all citizens. It embraces the traditional measures of social insurance, social assistance and social services, but goes beyond that to focus on causality through an integrated policy approach including many of the developmental initiatives undertaken by the State.”

The “developmental initiatives undertaken by the State” refers to so-called indirect social security measures such as housing, education, transport, water, electricity etc, which will increase the living standards of people and strengthen the social safety net. Indirect social security does not traditionally form part of the social security framework. Although there is no specific reference to informal social security in the above definition of social protection, the concept is formulated in a wide enough fashion to also include informal social security.

It is recommended that the South African definition of social protection should, however still be refined to clearly indicate the three strands thereof, namely the formal system (social assistance and social insurance), informal social security and indirect social security (developmental initiatives developed by the state).

32 Gallin 3.
34 Taylor 41.
Informal social security is most commonly found in African families and communities, but to a lesser extent in Indian and Coloured communities. This can probably be explained by cultural differences or it may be due to the fact that African communities are poorer communities. The existence of informal social security as provider of inter-generational support was strengthened by the previous Apartheid regime where social security benefits were mainly aimed at the White population. Black, Coloured and Indian communities were forced to develop other mechanisms in order to fight social risks.

In order to allow for the recognition of informal social security as part of the formal social security dispensation, government should create a decentralised pluralistic system (a complex system) of social protection. This system will be better equipped to address risks, since risks can often be better confronted through a complex approach, in this case formal as well as informal measures.\(^5\) \("It is also the responsibility of the state to create the framework conditions for the mitigation of basic social risks and to guarantee that there is room for private initiative to flourish. In this way, it contributes to the establishment and growth of a decentralized, pluralistic system. Thus, the promotion and strengthening of co-operative systems and mutual aid associations are paramount socio-political tasks.\)\(^6\)

5. AN AGEING SOCIETY IN THE SOUTH AFRICAN CONTEXT

In a nutshell, it can be said that the problems relating to an ageing society are linked to the fact that the number of old people or people above the age of 60 is rapidly increasing and millions of new jobs will be needed to support the aged financially and to prevent

\(^5\) Freiberg-StrauB 8.
\(^6\) Freiberg-StrauB 8.
widespread poverty amongst them. The problems with regard to ageing in South Africa (as well as in other developing countries) are not necessarily the same as in the rest of the developed world. The picture of the South African ageing society looks quite different from that of other countries. “In most households in Africa, older people are the last bastion holding together the under resourced and dilapidated home.” The life expectancy figure in South Africa has dramatically dropped in the past few years, the next generation supposed to provide human capital is severely affected by HIV/AIDS and there is an increased burden on the aged to provide health related care to children, and to take care of children orphaned by AIDS.

In South Africa the HIV/AIDS pandemic has taken on such proportions that a large chunk of the community is wiped out by the disease, impacting on the aged as well as children. The increasing number of people dying because of HIV/AIDS has far-reaching implications on society and especially so for the elderly. The elderly have increased “care-giving responsibilities and decreased economic support due to depleted human capital and low productivity has created a ‘new situation’ for older persons. No longer can they ‘retire’ in their old age, but are forced into skip generation parenting.”

In order to clearly understand this problem one should take the statistics of the last census data into account and look at the structure of the population. The index used to analyse the structure of the population is the median age index, which can indicate whether a population is young or old and whether it is becoming younger or older. In South Africa the white population group has a relatively old age structure with a median age of 33 years, whereas the African population group was relatively young (21 years) followed by the Coloured group (24 years) and the Indian group (26 years).


39 Degraft Agyarko on 2.

40 1996.

The age-sex structures of the various population groups can be summarised as follows:

Figure 4: Age-sex structures of various race groups in South Africa according to the 1996 census

The broad based pyramid for Africans is an indication that this group experiences relatively high fertility levels, and has proportionately more young people than the other three population groups. This pyramid shape is also associated with high population growth rates and poverty.\(^{43}\)

The shape of the pyramid for the White population group suggests very low fertility levels and mortality rates and enjoys a higher development status. This pyramid shape is

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\(^{42}\) These tables are taken from Simelane 22.

\(^{43}\) Simelane on 21.
more in line with the age distribution indexes found in industrialised countries with older populations.\textsuperscript{44}

The population pyramid for the Coloured population group is closer to that of Africans and that of the Indian population group is closer to that of the White population group.\textsuperscript{45}

A distinction in the age distribution can also be drawn between rural and urban areas, which then reflect that rural provinces experience an “out-migration of some people in the working age category” which will lead to an increase in dependency ratios in rural areas.\textsuperscript{46} The dependency ratio is an indicator of the potential dependency burden of children and the elderly on those who are of economically productive age in a population.\textsuperscript{47}

The dependency ratios in the country also support the fact that South Africa is a developing country. Africans have the highest dependency ratio (69 people in dependent ages per 100 in working ages) while the white population group has the lowest (47 per 100). This is an indication that there is a high responsibility for childcare among Africans and among the White population a high responsibility for care for the elderly.\textsuperscript{48}

What are even more interesting are the mortality rates of the various population groups. Africans experience the highest mortality in the ages 0-34. Coloured people experience the highest mortality in the ages of 30-59 years. The white population enjoys a higher mortality rate among the elderly, which is also more in line with the position in industrialised countries.\textsuperscript{49}

It is important to look at especially the African population in South Africa, since Africans constitute the majority of the population (77.4\%) followed by the White population (11\%), the Coloured population (9\%) and the Indian population (2.6\%).\textsuperscript{50}

The trends in the African group are similar to that of the Coloured group and that in the White group is similar to that of the Indian group. These two extremes, the African population and the White population clearly illustrate the “two nation” theory which still exists in South Africa and which contributes to the complexity of finding a solution to provide more adequate social protection. It is in this context that informal social security plays an extremely important role.

On the one hand the White population group can be described as a long-life society. The elderly is dependent on the economically active population and there is a decrease in the birth rate. The African population on the other hand has a high birth rate with children as well as the elderly dependent on the economically active population. The problem is that

\textsuperscript{44} Simelane on 21.
\textsuperscript{45} Simelane 22.
\textsuperscript{46} Simelane 23.
\textsuperscript{47} Simelane 3.
\textsuperscript{48} Simelane 28.
\textsuperscript{49} Simelane 33.
\textsuperscript{50} Simelane 6.
this very same economically active population carries the highest mortality rate. Although there has not been conclusive proof, indicators are that this is mainly due to HIV/AIDS.  

“There are presently an estimated five million people (approximately 12% of the population) in South Africa living with HIV/AIDS. Although no sector of the population is unaffected by the HIV epidemic, it is the poorest South Africans who are most vulnerable to HIV/AIDS and for whom inevitably the consequences are most severe. Catastrophic illness of any kind invariably has a serious impact on families and households. But the impoverishing impact of HIV/AIDS is so much more acute, because it is the economically active sector of the population - the breadwinners - that is mostly sick and dying. For already poor households HIV/AIDS is the tipping point from poverty into destitution.”

The figures of the study conducted by the Kaiser Family Foundation are not necessarily representative of the whole country but it is definitely a clear indication of trends in the country, as far as HIV/AIDS is concerned. The study looked, amongst other things, at the number of age deaths per age group. The findings can be summarised as:

**Figure 5: Age profile of the index case by mortality (Hitting Home)**

<table>
<thead>
<tr>
<th>AGE</th>
<th>INDEX CASE ILL</th>
<th>INDEX CASE DECEASED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-20</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>21-24</td>
<td>38</td>
<td>31</td>
<td>69</td>
</tr>
<tr>
<td>25-34</td>
<td>158</td>
<td>150</td>
<td>309</td>
</tr>
<tr>
<td>35-44</td>
<td>107</td>
<td>101</td>
<td>208</td>
</tr>
<tr>
<td>45-54</td>
<td>47</td>
<td>41</td>
<td>88</td>
</tr>
<tr>
<td>55-60</td>
<td>7</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>No responses</td>
<td>5</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>368</strong></td>
<td><strong>355</strong></td>
<td><strong>724</strong></td>
</tr>
</tbody>
</table>

From the study it appeared that the age groups 25-34 and 35-44 were most severely affected by the disease. This is in line with national trends and figures.

With the economically active generation affected by HIV/AIDS the elderly lose support from this generation and their burden is increased by the responsibility to take care of the children, orphaned by AIDS or otherwise affected by AIDS and unemployment.

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52 The following figures are taken from a recent survey done by the Kaiser Foundation among 771 AIDS-affected households in different parts of South Africa. Although the figures are not representative of all AIDS-households in South Africa, the report provides a snapshot of the devastating impact of HIV/AIDS on already poor families in the country. *Hitting Home* on i.
53 *Hitting home* 11.
Studies estimate that by the end of 2000, 10.4 million African children under the age of 15 will have lost their mothers or both parents to AIDS and more alarming is the fact that this makes up 90% of the global total of AIDS orphans. Longitudinal studies have showed that the primary responsibility of these children falls on the shoulders of the extended family. This response by the extended family is the most effective community response to the AIDS crisis. Women increasingly head these extended families. The extended family is however coming under increasing pressure due to lack of resources, the breakdown of traditional support mechanisms, migration and AIDS. The Kaiser Report also confirms this where it was found that almost 15% of all children under the age of 15 years have lost a parent. More than 12% of households had to send their children to live elsewhere mainly due to poverty. The survey also found that a third of all the households surveyed had financial help from informal social security mechanisms such as burial societies, or funeral plans and stokvel.

AIDS, poverty and informal social security have a very clear gender dimension where women are the main carriers of support and if they suffer, the glue keeping the informal safety nets together will disintegrate. “But as AIDS is eroding the health of Africa’s women, it is eroding the skills, experience and networks that have kept their families and communities going.” In the Kaiser report referred to earlier it appeared that more than two thirds (64%) of the AIDS sick individuals were female and on average 33 years of age. In the same survey it was found that 68% of the caregivers in the household surveyed were women or girls, 7% of them younger than 18 years and 23% older than 60 years. It is also found that in South Africa women are more likely than men to be infected by HIV/AIDS and they also tend to become infected at an earlier age.

HIV/AIDS definitely leads to an increase in poverty and an increase in the strain on family networks. The aged are responsible for medical care, and the high costs of funerals.

Alongside the problems relating to HIV/AIDS one should also keep in mind that unemployment also impacts heavily on the aged and informal social security networks. The unemployed increases the burden on traditional family support structures and cannot contribute financially to strengthen these networks.

Official figures depict an increase in unemployment in South Africa over the past 6 years.

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54 Degraft Agyarkon 2.
55 Hitting Home i-ii.
56 Hitting Home 19.
58 Hitting Home ii.
59 Hitting Home 11.
60 Hitting Home iv.
61 Hitting Home i.
62 Taylor 20.
Also very alarming is the figures pertaining to youth unemployment revealing that in 1999 2,5 million young people were unemployed, of which 1,4 million were women. The age category 15-19 years contained only 8-9% of the unemployed youth and the others were divided between the age categories of 20-24 and 25-29 years.

It is thus clear that more and more people are excluded from the formal workforce (and consequently social insurance). The only social security protection available is that offered by informal social security schemes.

6. PROBLEMS EXPERIENCED BY INFORMAL SOCIAL SECURITY SYSTEMS

In order to overcome social exclusion, informal social security has been developed to provide social support.

Informal social security has in the past provided (and are still providing) valuable social support. What is disconcerting in South Africa is the fact that informal social security systems are coming under increasing pressure. The sustainability of these systems and their ability to manage risks and provide support are undergoing tremendous change.

In the report Mothers and Fathers of the Nation a number of problems experienced by the elderly were identified. These problems illustrate the strain on the elderly as well as the increasing strain on informal social security networks due to marginalisation and poverty:

• Older persons are experiencing a decline in respect by family, the church and specifically the youth;
• Family violence and crime is high and older persons are the targets of abuse. They are seen as the “dumping ground” for children, the unemployed and the disabled.

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63 Taylor 20.
• The elderly are carrying the problem of growing unemployment. Numerous pensioners were looking after growing up children and grandchildren who were out of work and without income.\textsuperscript{65}

• Older persons live in a constant state of shock because of the pressure by families for a share of their pension and the abuse and ill treatment they experience at the hands of those close to them.\textsuperscript{66}

The fact that the majority of AIDS deaths are occurring within the economically active and productive age group, leads to the fact that there are less breadwinners and less reserves for families to cope, which in turn impacts negatively on the risk management capacity of everyone in the family or community network.\textsuperscript{67}

The elderly who should have been able to retire are becoming the primary caregivers. Their old age pensions are utilised to provide for the extended family instead of to provide in their own needs, for example health care.\textsuperscript{68} The elderly have an increased responsibility to take care of orphans and to provide financially for more family members and to take care of the sick. Informal social security systems function in a poor environment and can only provide low levels of benefits and limited coverage. They rely heavily on the principle of reciprocity, which becomes disproportionately affected due to an increase in deaths, and a lack of income. For example burial societies have to carry increased costs due to an increase in funerals.

Informal social security systems are also suffering because of a high number of migrations from urban to rural areas. Urbanisation has made significant inroads into traditional support mechanisms.\textsuperscript{69}

It is therefore clear that informal social security although providing valuable support should be supported by formal social security in order to strengthen these networks and the extended family as major role-players in the social protection sphere.

7. CONCLUSIONS AND RECOMMENDATIONS

An ageing society in the context of South Africa faces many problems. Informal social security has been developed as a tool to overcome these problems. Informal social security is, however, suffering from many deficiencies, mainly because of HIV/AIDS, poverty, migration, urbanisation and long term unemployment. These systems cannot sustain themselves indefinitely. Especially a risk such as old age, which is a large covariate risk, is of such a nature that informal arrangements cannot provide a sustainable and/or long-term solution.\textsuperscript{70} As a first step in the way to recognise the important role

\textsuperscript{65} Mothers and Fathers 6.
\textsuperscript{66} Mothers and Fathers 10.
\textsuperscript{67} Degraft Ayarko 1.
\textsuperscript{68} Welfare White Paper 6.
\textsuperscript{69} Dekker on 258.
\textsuperscript{70} "This calls for stronger emphasis to ensure provision of retirement benefits for the informal sector and lifetime poor" – Holzmann R “Risk and Vulnerability: The forward looking role of social protection in a
played by informal social security, the definition of social security should be amended to also include informal (and even indirect) social security. The main tool identified to promote older peoples’ physical, psychological, social and financial well being is co-operatives and community support groups. These informal social security support institutions should however not only be recognised and praised but should also be supported.

There should be linkages between formal and informal social security in order to strengthen the latter. Specific measures should be adopted. Holzmann suggests the following:

- the encouragement of legal reform to protect poor people's (and especially poor women's) property rights to assets;
- supporting community-based coping related to orphans and AIDS victims beginning in the parts of sub-Saharan Africa where the traditional coping mechanisms have been put under an unbearable strain;
- developing micro-finance within social protection programmes (inclusive of micro-savings and micro-insurance) as well as developing new models around the combination of community-based and market-based arrangements (reinsurance) that will meet both financial and social sustainability criteria; and
- building financial literacy.

Kaseke also makes a number of suggestions in order to improve, and so strengthen informal social security schemes:

- the provision of training to members of mutual support schemes in order to improve the management of these schemes.
- the provision of financial assistance by governments and non governmental organisations in order to improve their financial base in order to enhance their capacity to provide better social protection.
- the widening of the scope of non-formal social security systems in order to enhance social protection.
- the introduction of linkages with formal social security systems so as to improve social protection.

These suggestions all point to the fact that informal social security plays a pivotal role in poverty alleviation and the provision of social security for those excluded in terms of the formal system. Especially in light of the AIDS pandemic, informal social security is

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globalizing world” forthcoming in Dowler E & Mosely P (eds) Poverty and Social Exclusion in North and South (Routledge 2002), Par III. (Hereafter Holzmann).

71 Degraft Ayarko 4.

72 Holzmann par III.

providing a social safety net for families and communities. In these informal social security systems the elderly are forming the backbone of the support network. In South African poor communities, an increased lifespan is definitely an asset since the elderly provide valuable support in the informal social security realm. Informal social security cannot, however, be left to provide support outside and without support from the formal social security dispensation. South Africa is in a process of ongoing transformation and so is the social security system. In designing the new social security system there should be synergy and co-operation between the formal and the informal in order to provide adequate protection to everyone in society.
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