

# International Conference on Social Protection for the Elderly

Selasa, 22 Mei 2018  
Jakarta, Indonesia





OFFICE OF THE VICE PRESIDENT OF  
THE REPUBLIC OF INDONESIA



# Social Protection for the Elderly (Elderly Grants)

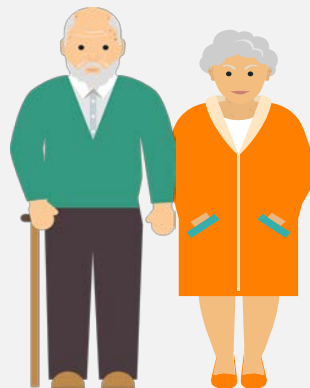
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Office of The Vice President The Republic of Indonesia/  
The National Team for the Acceleration of Poverty Reduction (TNP2K)

22 May 2018

# Outline

- 1 | **Social Protection Program for the Elderly** and its Outreach Analysis
- 2 | **Impact of Social Protection for the Elderly,** International Experiences and Good Practices
- 3 | **Options of Social Protection for the Elderly**



# 1

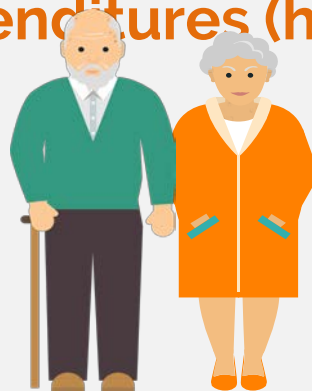
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## **Social Protection for the Elderly and its Outreach Analysis**

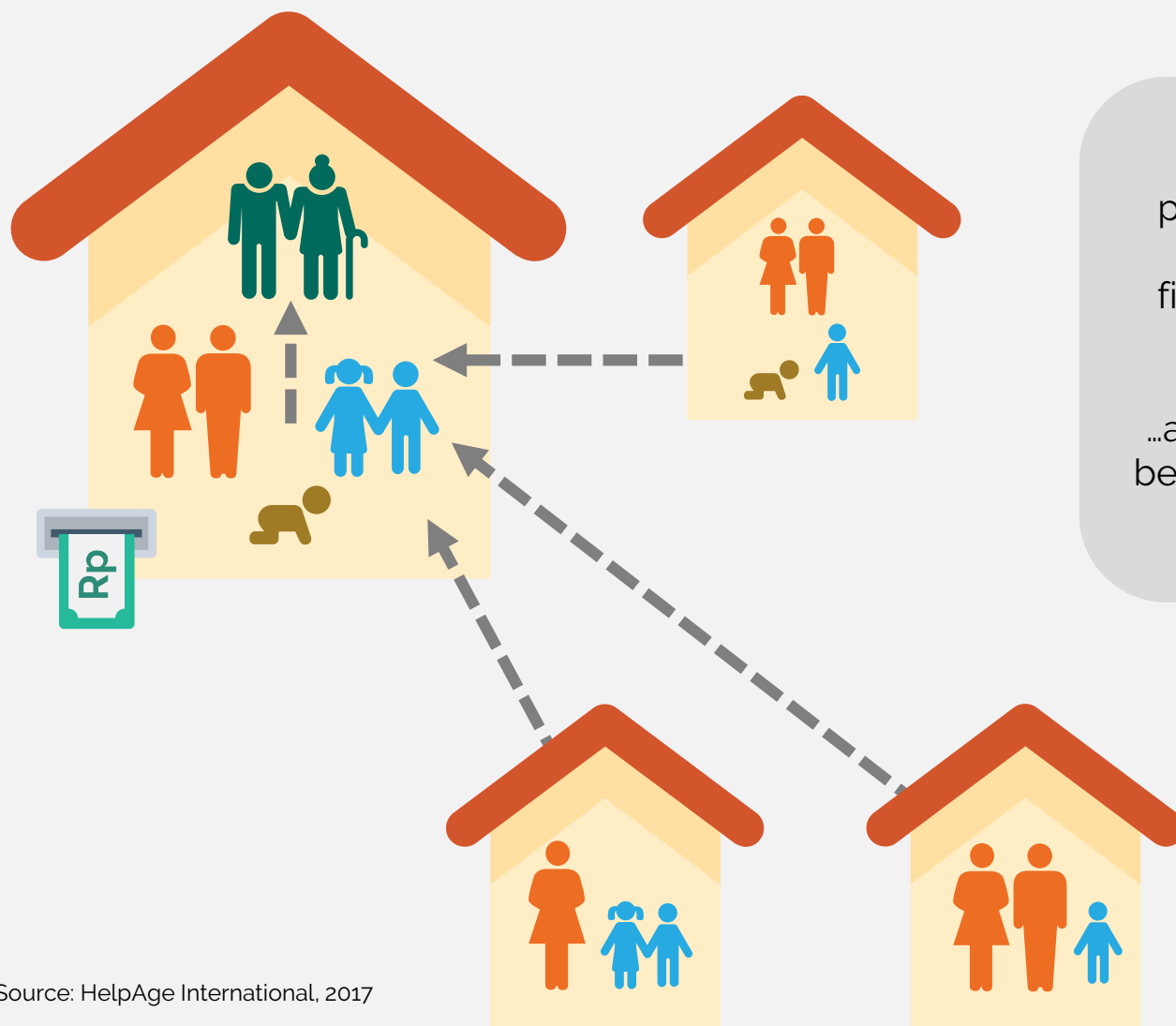
# Why Social Protection Program is important for the Elderly?

Key economic challenges of the elderly:

- Increased challenges **to earning an income.**
- Increased **expenditures (health and care).**



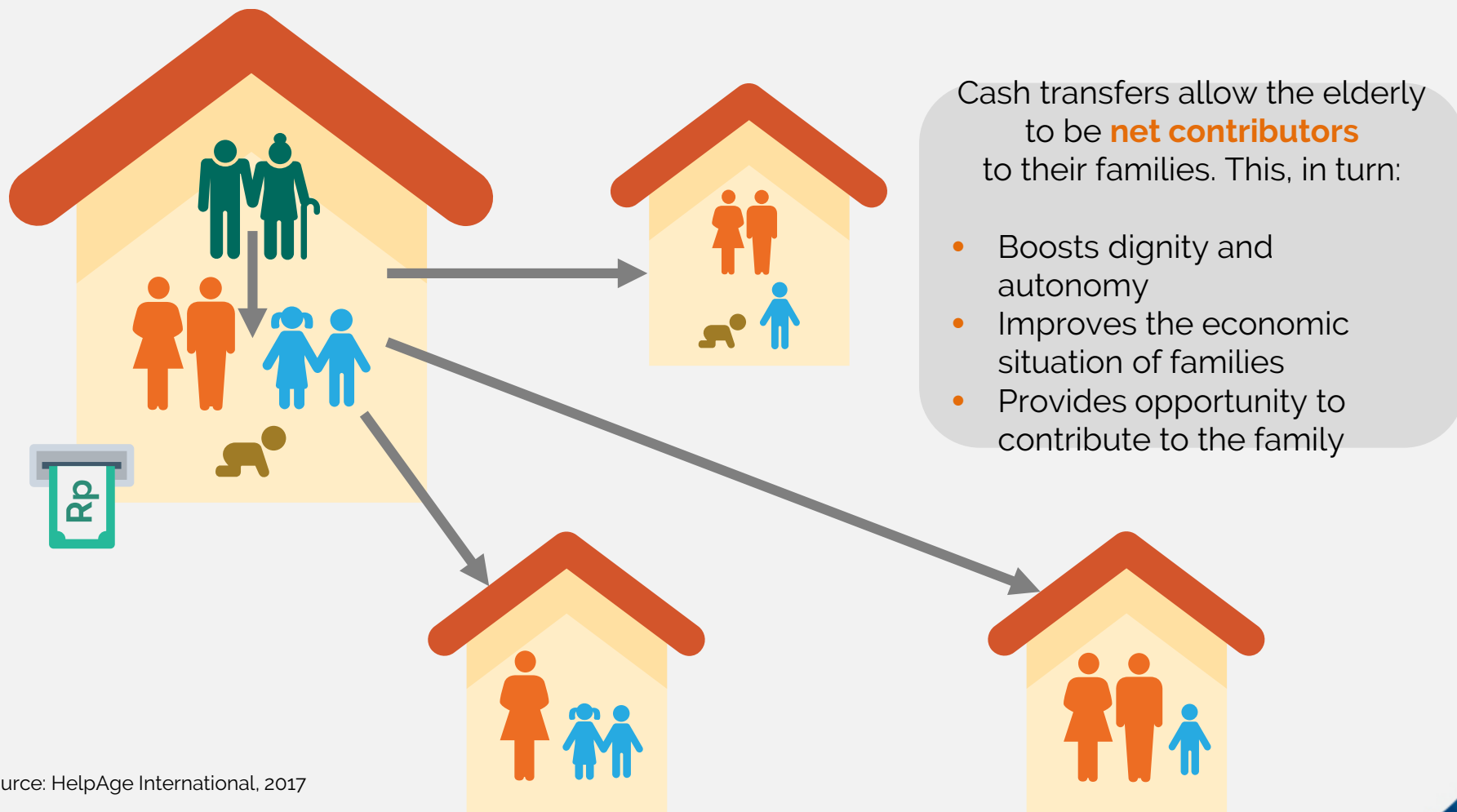
## Most older people are part of complex family and kinship networks



In absence of social protection, the elderly are often **net recipients** of financial support and care from children...

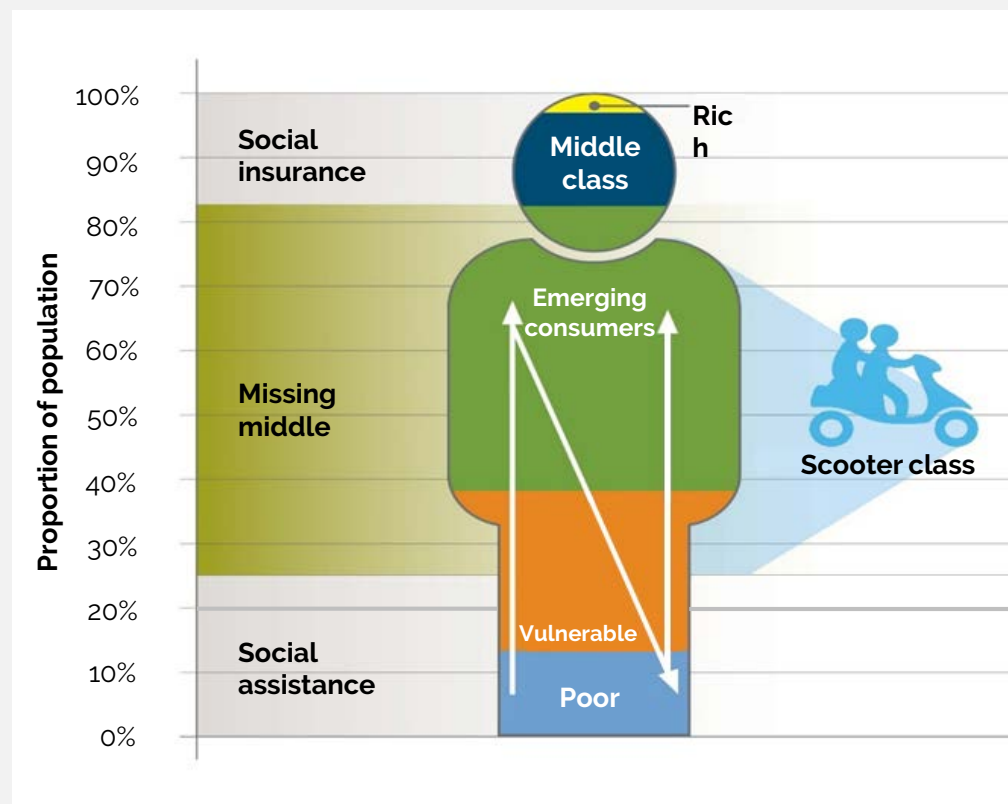
...although this support may be limited, and puts financial pressure on others...

## Social Assistance in the forms of Cash Transfer for the Elderly will be able to provide support to wider family and kinship networks



## At the moment, Social Assistance Program for the Elderly are still limited...

1. Beneficiaries of the National Health Insurance – Government Premium Contribution (PBI-JKN) are provided to **92,4 million** individual from the bottom **40% of the population including 11.9 millions from the UDB.**
2. **Only 12.6% of elderly households are the beneficiaries of/have access to the Social Security/BPJS Ketenagakerjaan** (BPS Publication on Elderly Statistic-2017)
3. **Indonesia Conditional Cash Transfer/CCT (Program Keluarga Harapan/PKH)**, managed by the Ministry of Social Affairs (MoSA) reaches **150,000** elderly above 70 years of age (within PKH households) with a transfer value of **Rp200.000** per month (Rp2.400.000).





## Elderly Access to Health Insurance

**33% of the Elderly Households benefit from PBI-JKN Program\***

Demographic Characteristic	Elderly Ownership of/Access to Health Insurance (%)					No of Elderly with access to Health Insurance (%)	
	(1)	Non-Contributory Health Insurance (PBI) (2)	Contributory (Non PBI) (3)	Local Health Insurance (4)	Private Health Insurance (5)		Company Insurance (6)
<b>Total</b>		<b>33,47</b>	<b>17,08</b>	<b>12,88</b>	<b>0,83</b>	<b>1,51</b>	<b>63,24</b>
<b>Area</b>							
Urban		31,25	24,61	10,54	1,41	2,69	67,53
Rural		35,67	9,65	15,18	0,25	0,35	59,01
<b>Gender</b>							
Male		33,18	17,72	12,60	0,88	1,77	63,63
Female		33,73	16,49	13,13	0,78	1,28	62,89
<b>Social Economic Group (%)</b>							
Bottom 40%		40,34	7,92	13,73	0,20	0,37	60,46
Middle 40%		31,51	16,29	13,48	0,42	1,16	60,62
Upper 20%		22,34	38,04	9,97	2,91	4,58	73,92

Source: BPS Publication on Elderly Statistic-2017

## Elderly Access to Social Insurance

**13% of Elderly households benefit from BPJS Ketenagakerjaan such as JHT, Pension, JKM and JKK**

Elderly Ownership of/Access to Social Insurance/Security (%)	Elderly Area (%)		Total
	(1)	Urban (2)	Rural (3)
Elderly households who have access to/own the Social Insurance/Security (%)	<b>18,83</b>	<b>6,47</b>	<b>12,63</b>
<b>Type of Social Insurance/Security (%)</b>			
- Pension Insurance	<b>15,25</b>	<b>4,92</b>	<b>10,07</b>
- Old Age & Disability Insurance/JHT	<b>5,27</b>	<b>1,63</b>	<b>3,44</b>
- Casualty/Work Injury Insurance/JKK	<b>4,38</b>	<b>1,51</b>	<b>2,94</b>
- Survivor's Benefit/Jaminan Kematian	<b>4,08</b>	<b>1,57</b>	<b>2,82</b>
- Severance paid as a result of PHK	<b>1,45</b>	<b>0,51</b>	<b>0,98</b>

Source: BPS, Elderly Statistic Publication 2017

## Elderly Access to RASKIN/RASTRA

### Approximately 43% of Elderly Households receive/purchase Raskin/Rastra

Raskin/Rastra Distribution Characteristic in the Elderly Households (%)	Elderly Area (%)		Total
	Urban (2)	Rural (3)	
Percentage of elderly households who buy/have access to Raskin/Rastra (%)	<b>32,09</b>	<b>53,11</b>	<b>42,63</b>
Average kilogram (kg) of Raskin/Rastra receive by elderly households per month	<b>6.35</b>	<b>6.94</b>	<b>6.72</b>
Average price of Raskin/Rastra in IDR per kg purchase by elderly households	<b>2.088</b>	<b>2.014</b>	<b>2.042</b>
<b>Social Economic Group of Raskin/Rastra Elderly Households (%)</b>			
Bottom 40%	<b>52,49</b>	<b>60,02</b>	<b>57,00</b>
Middle 40%	<b>33,03</b>	<b>49,62</b>	<b>41,96</b>
Upper 20%	<b>9,12</b>	<b>31,67</b>	<b>14,47</b>

Source: BPS Publication on Elderly Statistic-2017

## Elderly Access to PKH – Elderly: 4,25% of Elderly Households receive PKH/CCT program

PKH Beneficiaries	Area Characteristic		Total
(1)	Urban (2)	Rural (3)	(4)
Elderly households who are documented as the beneficiaries of PKH (%)	<b>2,99</b>	<b>5,50</b>	<b>4,25</b>

Source: BPS Publication on Elderly Statistic-2017

# Challenges to include the Elderly and People with Disability (PwDs) as part of PKH Components

There is no guarantee that the transfer reaches the elderly and disabled family members.

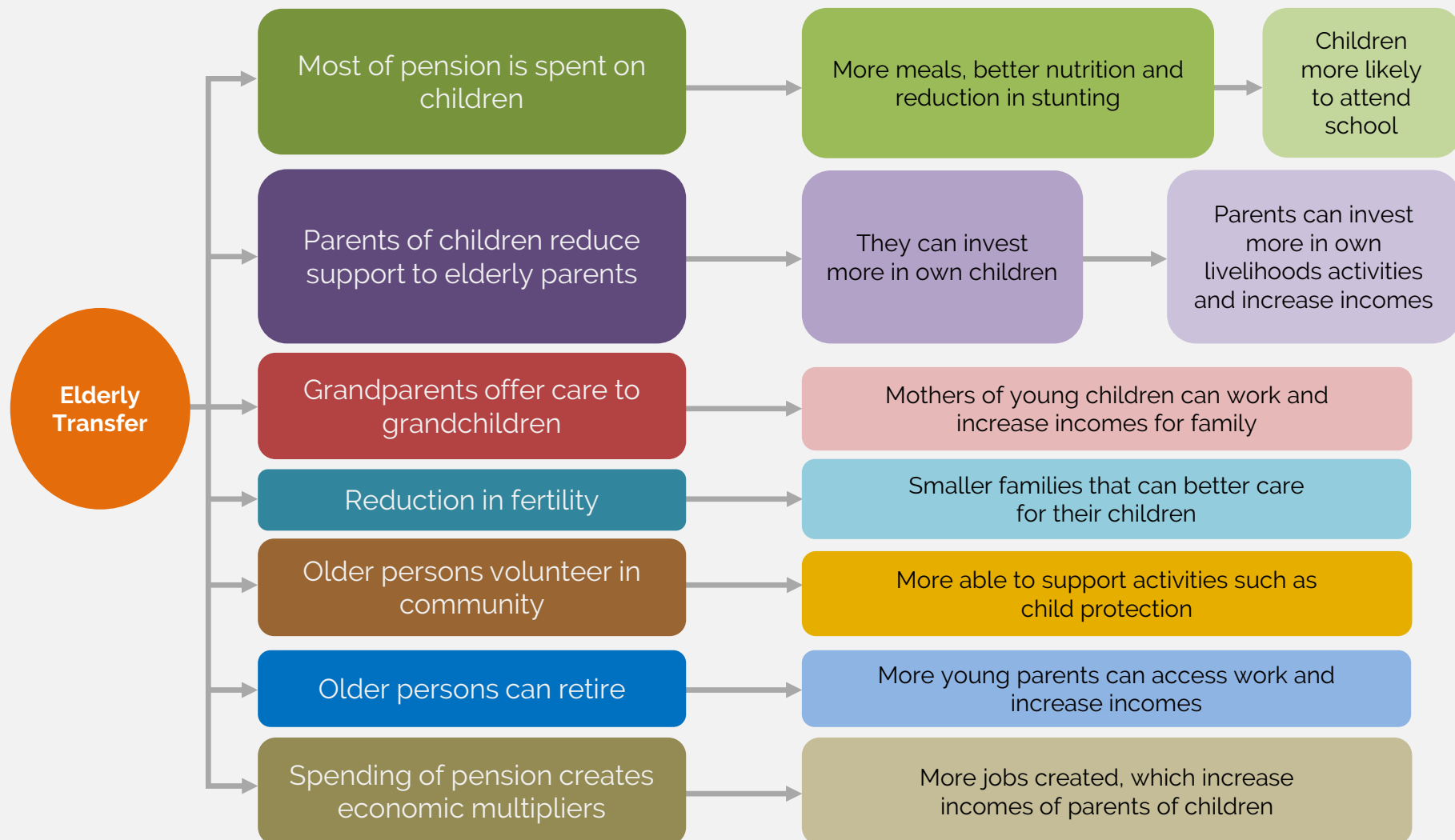
- **The Person In Charge (PIC) of receiving PKH benefit will prioritize other members of the family (for example the children, or the working age).**
  - **The elderly and persons with disability are in the subservient position which will impact their dignity and well-being.**
- **If transfers are only given to the elderly and persons with disability within PKH households, then most elderly and persons with disability will be excluded.**
  - **Since PKH only reaches 4% of the poorest elderly, most poor people above the age of 70 still have no access to social transfers.**

# 2

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## Impacts of **Social Protection Program for the Elderly** International Experience and Good Practices

## Benefit of Elderly Cash Transfer for Family, Children and the Community



Source: Development Pathways (2017)

# Elderly cash transfers improve the future labor force: reduced stunting

## Percentage of children under age 5 with stunted growth, by province in Indonesia



Over 37 per cent of children under age 5 were stunted in 2013, which amounted to roughly 8.4 million children nationwide.

Children who are stunted are likely to earn 26 per cent less as adults if they had reached their full development potential

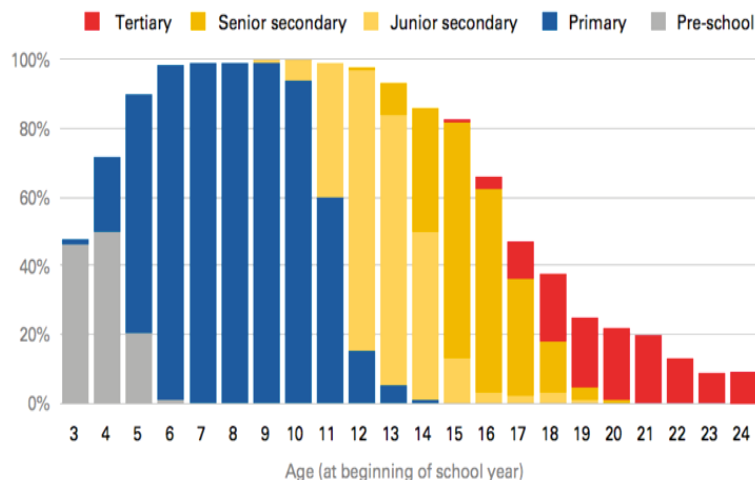
- **South Africa:** households with Old Age Grant recipients resulted in a 5 cm increase in height-for-age of children.
- **Uganda:** the pension has contributed to an increase in the weight-for-height of children of 0,86 s.d. (EPRI, 2016).

Source: Development Pathways (2017)



## Elderly cash transfers contribute to the future labour force: improved education

### Percentage of children and youth attending school by age and by type of education, 2015



**56% of youth in Indonesia complete senior secondary education**

Source: Indonesia Ministry of National Development Planning and the United Nations Children's Fund (2017)

- **SOUTH AFRICA:** households that received an Old Age Grant had a 25% reduction in the share of children not enrolled in school. Source: Samon et al. (2004)
- **UGANDA:** The SAGE program contributed to a 14% increase in the proportion of children attending primary and secondary school. Source: Kidd et al. (2016)
- **BOLIVIA:** school enrolment is 8 percentage points higher in old age transfer households. Source: Mendizabal and Escobar (2013)
- **CHINA:** the Old Age Transfers have reduced delayed education among younger girls and dropout rates among older girls. Source: Huang and Zhang (2016)

Source: Development Pathways (2017)



## Elderly cash transfers help people invest in small businesses and generate income

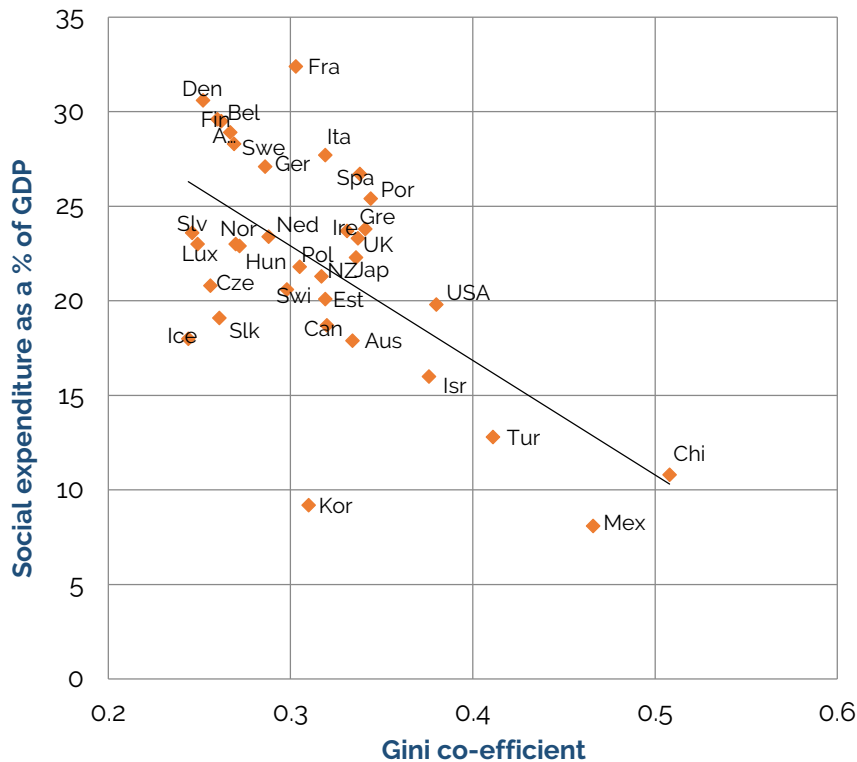
- **The Senior Citizen's Grant in Uganda** has contributed to a 77% increase in beneficiaries purchasing livestock and a 42% increase in the value of livestock purchased.
- **In a study in Swaziland**, 19% of old age transfer recipients stated they were able to grow more crops as they could buy afford more seeds, fertilisers, hire of tractors, purchase manure and buy petrol for water pumps (RHVP et al., 2010).
- **Food consumption among rural beneficiaries of the elderly cash transfer in Bolivia** rose by almost 165% of the transfer value due to investments in agricultural inputs and livestock (HLPE, 2012 as cited in Holmes & Bhuvanendra, 2013)

Source: Development Pathways (2017)

# Elderly cash transfers are critical to reducing inequality

## Developed countries' social expenditure and inequality

$$R^2 = 0,38$$



Source: Development Pathways (2017)

## Situation in Indonesia:

Levels of income inequality are high in Indonesia, with a Gini coefficient of 0,408, measured in 2015

Source: Indonesia Ministry of National Development Planning and the United Nations Children's Fund (2017)

## Global evidence:

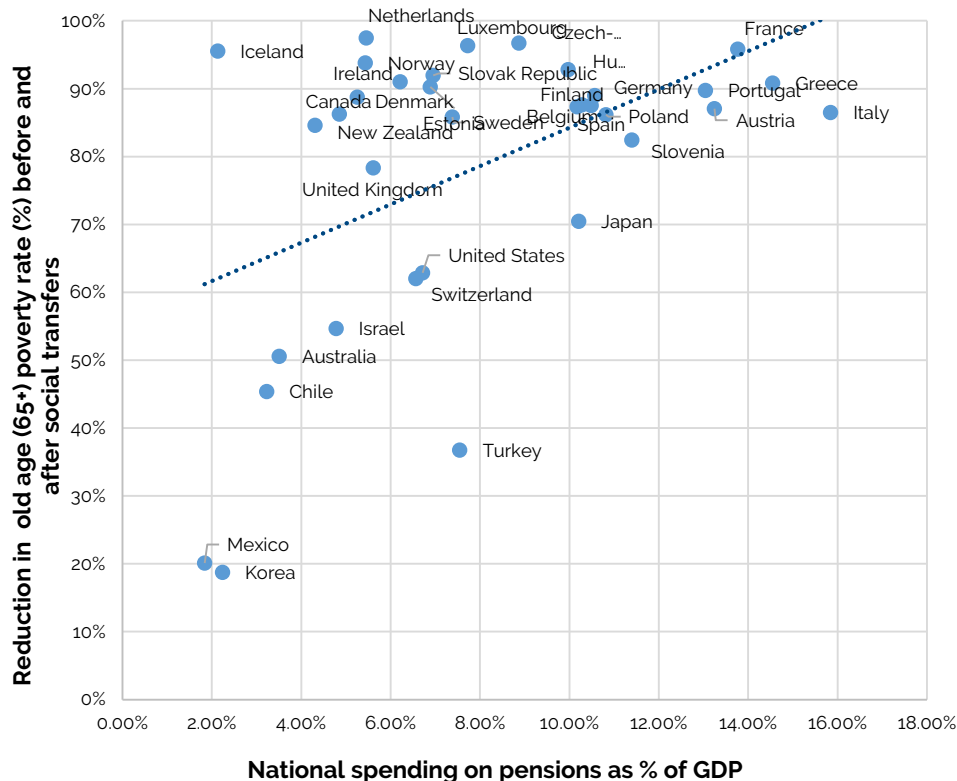
**EU countries:** the decrease in inequality.

- **Brazil:** elderly transfers have contributed to reduced inequality by an estimated 12%.
- **Georgia:** social transfers have reduced the Gini coefficient from 0.41 to 0.36.

Source: ISSA (2013)

## ...and have been proven to reduce poverty

### Relationship between reductions in old age poverty (65+) in OECD countries after social transfers with pension expenditure



- In Georgia, 69% of the reduction in child poverty is the result of its universal social pension.
- In the Philippines, a microsimulation compares the effects of a universal pension to a means-tested pension.

The poverty gap is estimated to fall by:

- **0,33 percentage points (Universal)**
- **0,18 percentage points (Means test)**

Source: Microsimulation on APIS 2014 in Knox-Vydmanoc et al. (2017)

Source: Development Pathways (2017)

# 3

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## Options for Social Protection for the Elderly

## Social Assistance Programs Budget (2017)

At the moment, the **budget for Social Assistance Program** is around **IDR43.4 Trillion** (outside the budget of PBI-JKN) or around about **0,32% of the total GDP** and **2% of the total State Budget/APBN**

No.	Program	Beneficiaries		Budget Allocation (IDR/Trillion)	Percentage (%) to GDP
		Total	Unit		
1.	Raskin	14,3 Million	Family	19,7	0,14
2.	BPNT	1,4 Million		1,6	0,01
3.	PKH	6 Million		11,3	0,08
4.	PIP	19,7 Million	Individual	10,8	0,08
<b>Total</b>				<b>43,4</b>	<b>0,32</b>

### Notes:

- PBI-JKN is not included at the above table. In 2017, the number of the PBI-JKN Beneficiaries are 92.4 million individual with a budget of IDR 26 Trillion
- Indonesia GDP 2017: IDR 13.717 Trillion
- State Budget/APBN 2017: IDR 2.080 Trillion

## Options for Elderly Grants

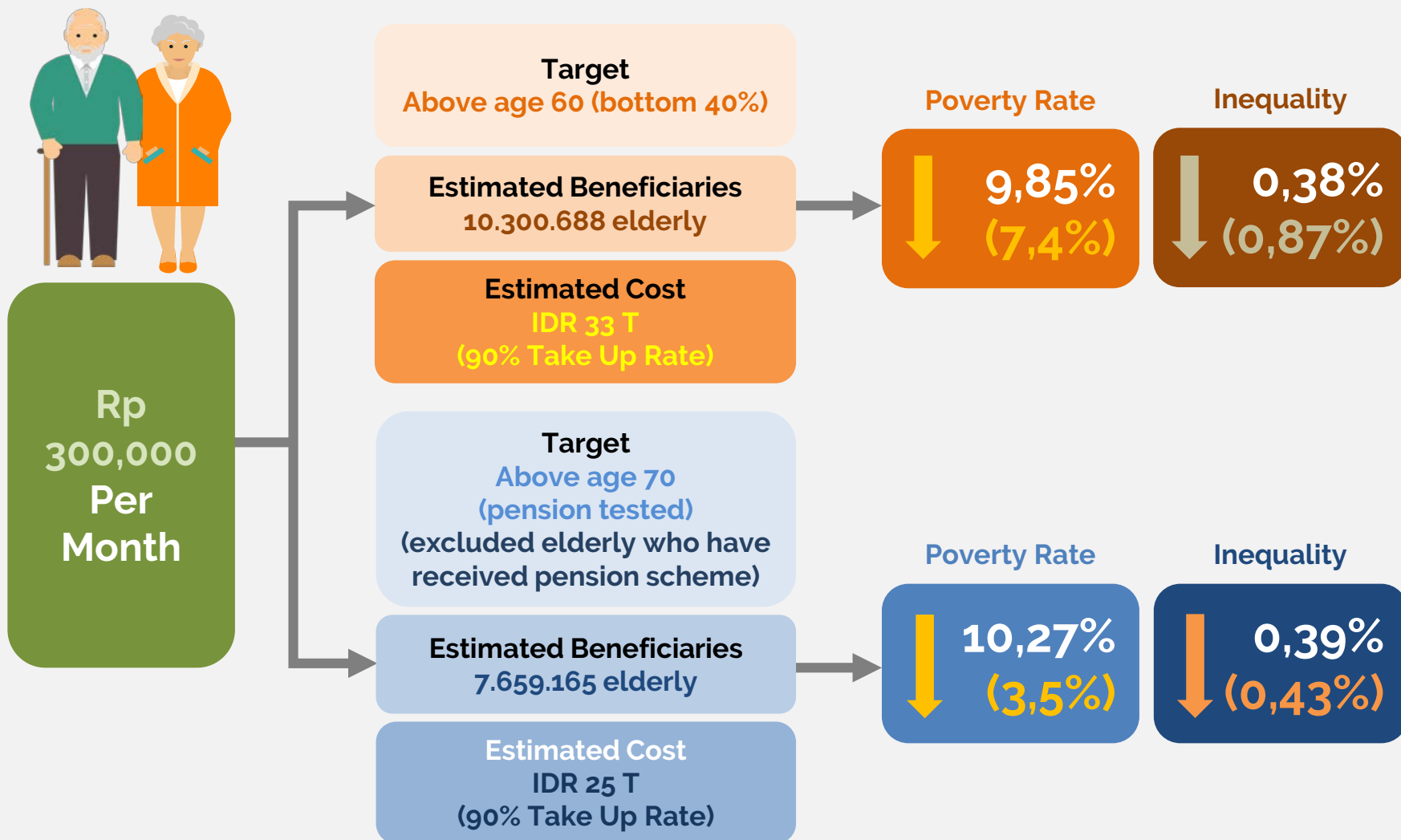
- **Scenario 1:**  
**All elderly above the age of 60 at the bottom 40 per cent of the population based on SUSENAS 2017**  
→ benefit level of IDR 300.000 per month\*
- **Scenario 2:**  
**All elderly above the age of 70** → benefit level of IDR 300.000 per month\*\*

\*This figure of beneficiaries is inclusive of the mortality rate

\*\*This figure of beneficiaries is pension-tested, and excludes all those receiving BPJS Ketenagakerjaan, PT

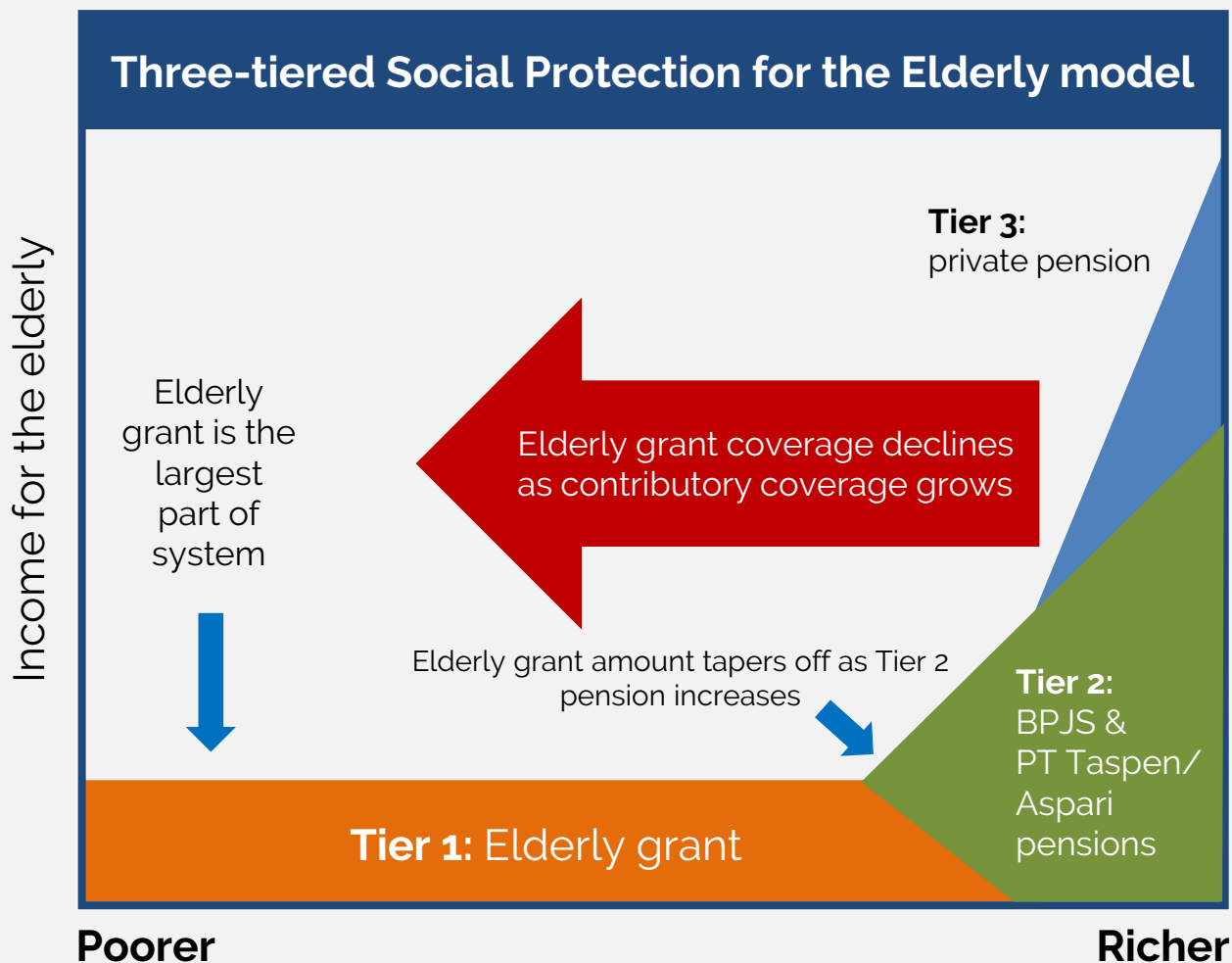
Taspen and Asabri based on Susenas 2017

# Options for Elderly Grants





## Social Protection for the Elderly - An Option



# Thank You

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