International Conference on Social Protection for the Elderly

Selasa, 22 Mei 2018
Jakarta, Indonesia
Social Protection for the Elderly (Elderly Grants)

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

Source: HelpAge International, 2017
Social Assistance in the forms of Cash Transfer for the Elderly will be able to provide support to wider family and kinship networks.

Cash transfers allow the elderly to be *net contributors* to their families. This, in turn:

- Boosts dignity and autonomy
- Improves the economic situation of families
- Provides opportunity to contribute to the family

Source: HelpAge International, 2017
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*

<table>
<thead>
<tr>
<th>Demographic Characteristic</th>
<th>Elderly Ownership of/Access to Health Insurance (%)</th>
<th>No of Elderly with access to Health Insurance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-Contributor Health Insurance (PBI) (1)</td>
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<tr>
<td></td>
<td>Contributory Health Insurance (Non PBI) (2)</td>
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<tr>
<td></td>
<td>Local Health Insurance (3)</td>
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<tr>
<td></td>
<td>Private Health Insurance (4)</td>
<td></td>
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<tr>
<td></td>
<td>Company Insurance (5)</td>
<td></td>
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<tr>
<td></td>
<td>Total</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
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<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
<th>(7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>33.47</td>
<td>17.08</td>
<td>12.88</td>
<td>0.83</td>
<td>1.51</td>
<td>63.24</td>
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</tr>
<tr>
<td>Area</td>
<td></td>
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</tr>
<tr>
<td>Urban</td>
<td>31.25</td>
<td>24.61</td>
<td>10.54</td>
<td>1.41</td>
<td>2.69</td>
<td>67.53</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>35.67</td>
<td>9.65</td>
<td>15.18</td>
<td>0.25</td>
<td>0.35</td>
<td>59.01</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Male</td>
<td>33.18</td>
<td>17.72</td>
<td>12.60</td>
<td>0.88</td>
<td>1.77</td>
<td>63.63</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>33.73</td>
<td>16.49</td>
<td>13.13</td>
<td>0.78</td>
<td>1.28</td>
<td>62.89</td>
<td></td>
</tr>
<tr>
<td>Social Economic Group (%)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottom 40%</td>
<td>40.34</td>
<td>7.92</td>
<td>13.73</td>
<td>0.20</td>
<td>0.37</td>
<td>60.46</td>
<td></td>
</tr>
<tr>
<td>Middle 40%</td>
<td>31.51</td>
<td>16.29</td>
<td>13.48</td>
<td>0.42</td>
<td>1.16</td>
<td>60.62</td>
<td></td>
</tr>
<tr>
<td>Upper 20%</td>
<td>22.34</td>
<td>38.04</td>
<td>9.97</td>
<td>2.91</td>
<td>4.58</td>
<td>73.92</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Elderly Ownership of/Access to Social Insurance/Security (%)</th>
<th>Elderly Area (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Urban (2)</td>
<td>Rural (3)</td>
</tr>
<tr>
<td>Elderly households who have access to/own the Social Insurance/Security (%)</td>
<td>18.83</td>
<td>6.47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Social Insurance/Security (%)</th>
<th>Urban (2)</th>
<th>Rural (3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Pension Insurance</td>
<td>15.25</td>
<td>4.92</td>
<td>10.07</td>
</tr>
<tr>
<td>- Old Age &amp; Disability Insurance/JHT</td>
<td>5.27</td>
<td>1.63</td>
<td>3.44</td>
</tr>
<tr>
<td>- Casualty/Work Injury Insurance/JKK</td>
<td>4.38</td>
<td>1.51</td>
<td>2.94</td>
</tr>
<tr>
<td>- Survivor’s Benefit/Jaminan Kematian</td>
<td>4.08</td>
<td>1.57</td>
<td>2.82</td>
</tr>
<tr>
<td>- Severance paid as a result of PHK</td>
<td>1.45</td>
<td>0.51</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Source: BPS, Elderly Statistic Publication 2017
## Elderly Access to RASKIN/RASTRA

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

<table>
<thead>
<tr>
<th>Raskin/Rastra Distribution Characteristic in the Elderly Households (%)</th>
<th>Elderly Area (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Urban (2)</td>
<td>Rural (3)</td>
</tr>
<tr>
<td>Percentage of elderly households who buy/have access to Raskin/Rastra (%)</td>
<td>32.09</td>
<td>53.11</td>
</tr>
<tr>
<td>Average kilogram (kg) of Raskin/Rastra receive by elderly households per month</td>
<td>6.35</td>
<td>6.94</td>
</tr>
<tr>
<td>Average price of Raskin/Rastra in IDR per kg purchase by elderly households</td>
<td>2.088</td>
<td>2.014</td>
</tr>
</tbody>
</table>

### Social Economic Group of Raskin/Rastra Elderly Households (%)

<table>
<thead>
<tr>
<th>Bottom 40%</th>
<th>Middle 40%</th>
<th>Upper 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.49</td>
<td>60.02</td>
<td>57.00</td>
</tr>
<tr>
<td>33.03</td>
<td>49.62</td>
<td>41.96</td>
</tr>
<tr>
<td>9.12</td>
<td>31.67</td>
<td>14.47</td>
</tr>
</tbody>
</table>

Source: BPS Publication on Elderly Statistic-2017
**Elderly Access to PKH – Elderly:**

4.25% of Elderly Households receive PKH/CCT program

<table>
<thead>
<tr>
<th>PKH Beneficiaries</th>
<th>Area Characteristic</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2) Urban</td>
<td>(3) Rural</td>
</tr>
<tr>
<td></td>
<td>2.99</td>
<td>5.50</td>
</tr>
</tbody>
</table>

Elderly households who are documented as the beneficiaries of PKH (%)

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.
Impacts of Social Protection Program for the Elderly
International Experience and Good Practices
Benefit of Elderly Cash Transfer for Family, Children and the Community

- Most of pension is spent on children
  - More meals, better nutrition and reduction in stunting
  - Children more likely to attend school

- Parents of children reduce support to elderly parents
  - They can invest more in own children
  - Parents can invest more in own livelihoods activities and increase incomes
  - Mothers of young children can work and increase incomes for family

- Grandparents offer care to grandchildren
  - Smaller families that can better care for their children
  - More able to support activities such as child protection
  - More young parents can access work and increase incomes

- Reduction in fertility
  - More young parents can access work and increase incomes

- Older persons volunteer in community
  - More able to support activities such as child protection

- Older persons can retire
  - More jobs created, which increase incomes of parents of children

- Spending of pension creates economic multipliers

Source: Development Pathways (2017)
Elderly cash transfers improve the future labor force: reduced stunting

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).

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

Source: Development Pathways (2017)
Elderly cash transfers contribute to the future labour force: improved education

- **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)

56% of youth in Indonesia complete senior secondary education

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**  
\[ R^2 = 0.38 \]

- **Situation in Indonesia:**
  Levels of income inequality are high in Indonesia, with a Gini coefficient of 0.408, measured in 2015

- **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)

Source: Development Pathways (2017)
...and have been proven to reduce poverty

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

Options for Social Protection for the Elderly
Social Assistance Programs Budget (2017)

At the moment, the **budget for Social Assistance Program** is around **IDR 43.4 Trillion** (outside the budget of PBI-JKN) or around about **0.32% of the total GDP** and **2% of the total State Budget/APBN**

<table>
<thead>
<tr>
<th>No.</th>
<th>Program</th>
<th>Beneficiaries</th>
<th>Budget Allocation (IDR/Trillion)</th>
<th>Percentage (%) to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>Unit</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Raskin</td>
<td>14.3 Million</td>
<td>Family</td>
<td>19.7</td>
</tr>
<tr>
<td>2.</td>
<td>BPNT</td>
<td>1.4 Million</td>
<td></td>
<td>1.6</td>
</tr>
<tr>
<td>3.</td>
<td>PKH</td>
<td>6 Million</td>
<td></td>
<td>11.3</td>
</tr>
<tr>
<td>4.</td>
<td>PIP</td>
<td>19.7 Million</td>
<td>Individual</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>43.4</strong></td>
<td></td>
<td><strong>0.32</strong></td>
</tr>
</tbody>
</table>

**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

Rp 300,000 Per Month

Target
Above age 60 (bottom 40%)

Estimated Beneficiaries
10,300,688 elderly

Estimated Cost
IDR 33 T (90% Take Up Rate)

Poverty Rate
9.85% (7.4%)

Inequality
0.38% (0.87%)

Target
Above age 70 (pension tested)
(excluded elderly who have received pension scheme)

Estimated Beneficiaries
7,659,165 elderly

Estimated Cost
IDR 25 T (90% Take Up Rate)

Poverty Rate
10.27% (3.5%)

Inequality
0.39% (0.43%)
Social Protection for the Elderly - An Option

Three-tiered Social Protection for the Elderly model

Tier 1: Elderly grant

- Elderly grant is the largest part of the system

Tier 2: BPJS & PT Taspen/Aspari pensions

- Elderly grant amount tapers off as Tier 2 pension increases

Tier 3: private pension

- Elderly grant coverage declines as contributory coverage grows

Poorer

Richer
Thank You