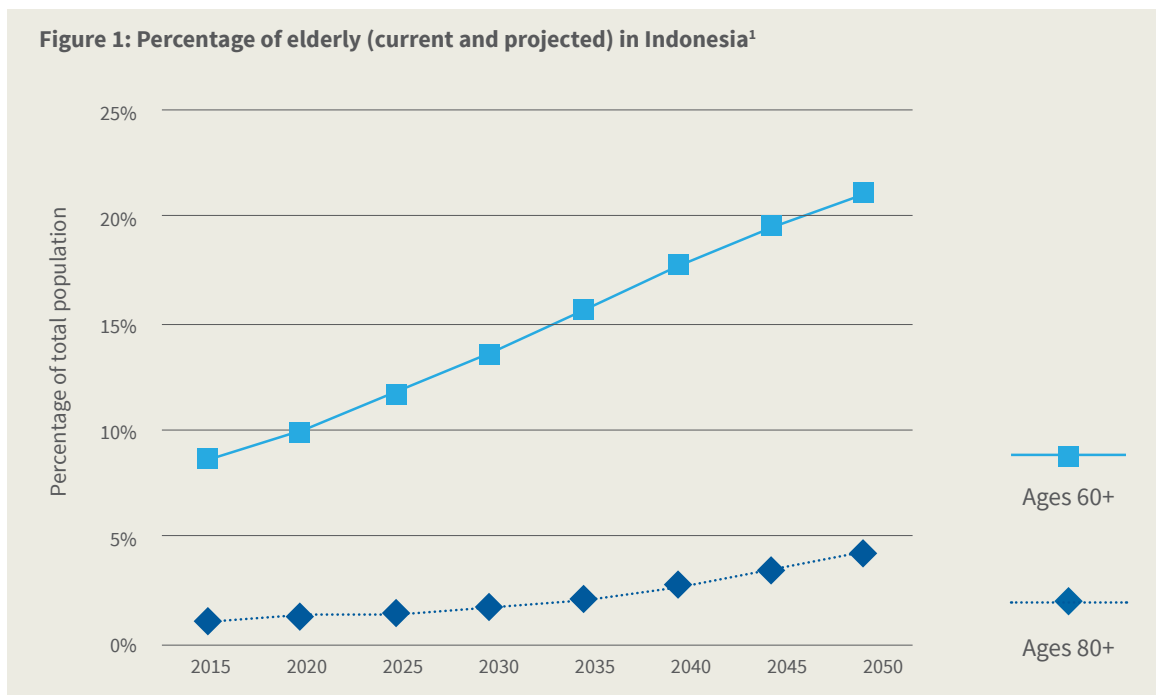




CASH TRANSFERS FOR THE ELDERLY TO ADDRESS POVERTY AND STIMULATE ECONOMIC GROWTH: **An Evaluation Of Aceh Jaya's Old-Age Cash Transfer**

01. Introduction

Despite progress made in reducing the national poverty rate, poverty among vulnerable groups in Indonesia remains alarmingly high. Indonesia is an aging society, with an elderly population of approximately 20 million people, or 8% of the total population (TNP2K, 2014), but there is very limited income security for the vast majority of the elderly. It is projected that the population of people aged over 60 will reach 70 million people, or 21% of the population, by 2050 (see Figure 1), and the lack of economic protection for the elderly raises serious policy concerns.



¹Old-Age Poverty in Indonesia: Empirical Evidence and Policy Options – A Role for Social Pensions (TNP2K, 2014)

In Indonesia, only 11% of elderly receive a pension. Most of these people are former civil servants and military personnel. In 2006, Indonesia created its first cash transfer program (ASLUT) that focuses exclusively on the elderly. By 2013, ASLUT was operational in all Indonesian provinces and currently provides approximately 30,000 poor and bed-ridden beneficiaries over the age of 65 with a transfer of IDR 200,000 per month. While a step in the right direction, ASLUT covers only a tiny fraction (0.15%) of Indonesia's elderly population.

Sub-national governments are showing a strong commitment and innovative methods to filling these gaps in coverage – particularly in the province of Aceh where they have access to special autonomy funds. Recent consultations with Aceh's provincial local government demonstrated both the political will and fiscal capacity to provide income transfers to vulnerable groups across the life-cycle. Several districts within Aceh are implementing inclusive cash transfers for children, the elderly, and people with disabilities. Internal monitoring records and anecdotal evidence shows initial positive impacts, including a reduction in inequality and poverty within the respective districts. In Aceh Jaya district, specifically, every person over the age of 70 receives a cash transfer of IDR 200,000 per month, with coverage of 2,709 beneficiaries².

The initiative, called the High-Risk Elderly Social Assistance Program (ASLURETI), is lauded as successful and progressive by both provincial and national authorities. During a recent visit to Aceh Jaya, the district-level Department of Planning (Bappeda) requested MAHKOTA, an Australian Government-funded program supporting Indonesian Government efforts to reduce poverty and inequality, and TNP2K, Indonesia's National Team for the Acceleration of Poverty Reduction, for support to conduct an evaluation of ASLURETI in order to help secure future district-government funding (APBD) for the program. This also provided MAHKOTA and TNP2K with the opportunity to collect evidence of the effectiveness of such a scheme, and inform national level thinking around existing policies and income transfer instruments to address old age poverty.

02. Description of ASLURETI

ASLURETI is a cash transfer scheme, also known as a social pension, for the elderly. It is a district program, driven by a philosophy that the elderly are amongst the most vulnerable in the community, and are entitled to a dignified life. Furthermore, because the program facilitates the elderly to register their identity to access ASLURETI benefits, it has also provided an opportunity for the Aceh Jaya government to update its civil records post-tsunami.

Initially, ASLURETI targeted elderly aged 60 and above, but due to fiscal constraints, the district government increased the eligibility age to 70. The district government stated that they preferred to increase the eligibility requirements rather than select the 'poorest' among the elderly as a way of creating fiscal space.

According to the former District Head (Bupati), Ir Azhar Abdurrahman, *"All the elderly in Aceh Jaya are vulnerable and often neglected, even if they live in better-off households. We have a responsibility to ensure the dignity and well-being of every elderly person, not just those from the poorest households."*

Eligibility requirements for ASLURETI are:

- High-risk elderly (> 70 years old)
- Possessing Aceh Jaya's Identification Card (National ID /KTP and Family Card)
- Residents of Aceh Jaya, irrespective of the length of residency
- Not a beneficiary of the national ASLUT program.

ASLURETI funds are typically distributed during Ramadan and prior to Idul Fitri and Idul Adha, equating to a quarterly disbursement of IDR 600,000. According to the Bupati, this is purposefully done: *"These are the moments where the elderly are contributors and not just recipients – it changes the dynamic that they have with their families in a positive way, and they feel empowered."*

The program was first implemented in 2015, with continuous roll-out until it reached full coverage of all eligible beneficiaries in early 2017.

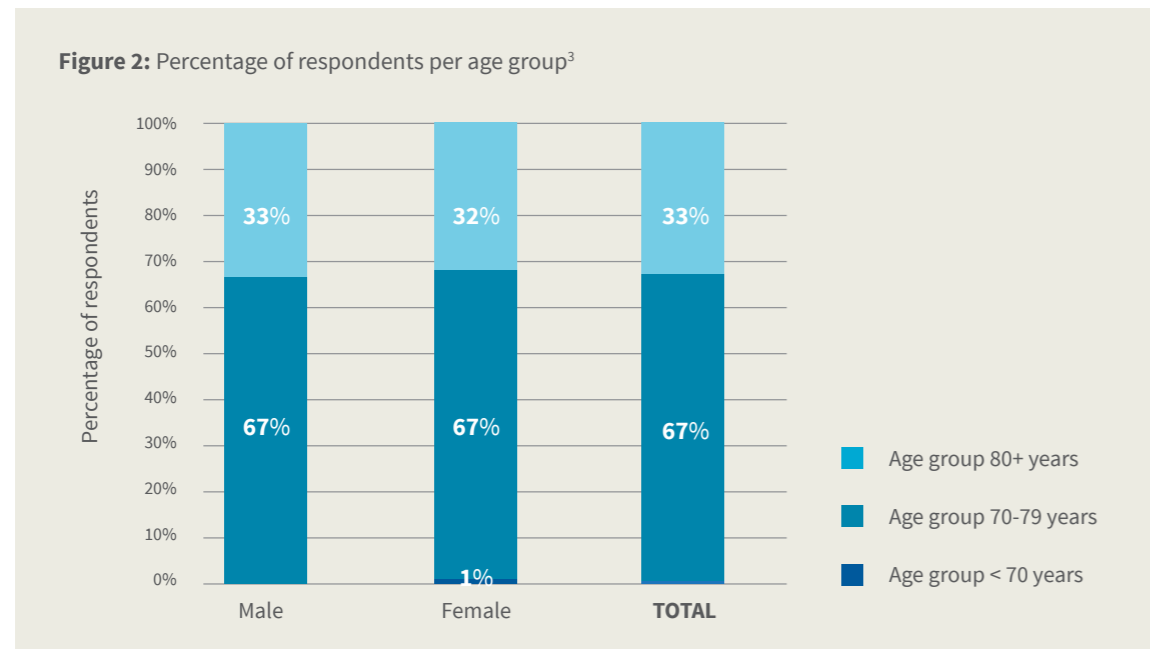
03. Evaluation Methodology

In an effort to develop an evidence base that could support the continuance, expansion, and replication of ASLURETI, an evaluation of the program (commissioned by MAHKOTA) was designed and implemented in early 2017 by SurveyMeter. The study covered 36 villages, equally covering coastal and non-coastal. The survey team conducted 540 quantitative surveys across the focus area, complimented by in-depth interviews and focus group discussions with 40 beneficiaries, caretakers, community members, and district officials. Special care was also taken to ensure that women and people with disabilities were adequately covered among the respondents.

Given that no baseline was conducted at the start of the program, much of the evaluation content is drawn from retrospective input from respondents. As such, the goal of this evaluation was to provide relevant insights into how the program is functioning, and how the scheme is affecting the lives of beneficiaries.

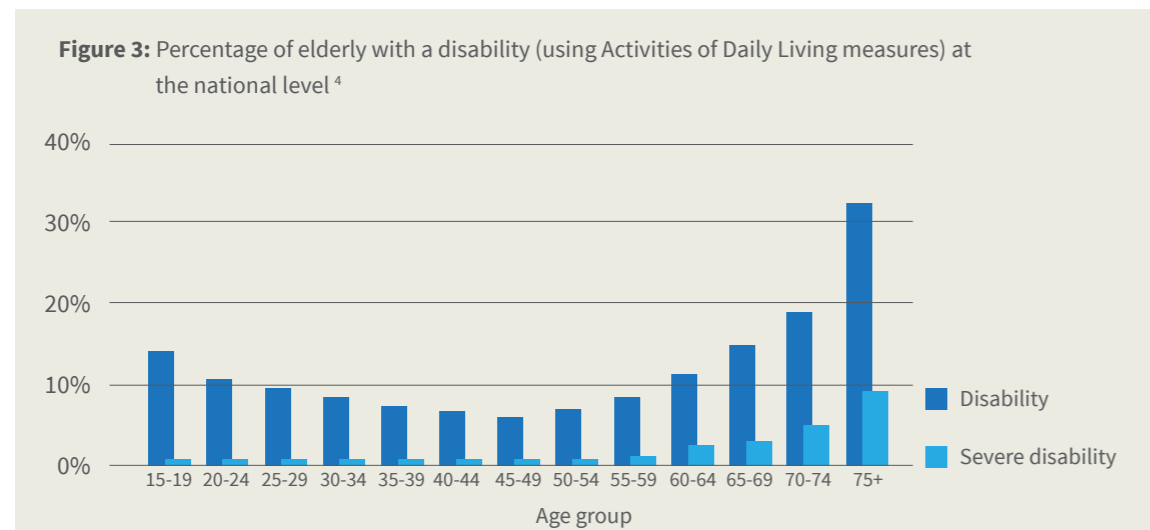
04. A description of ASLURETI beneficiaries

In general, the program was found to be well-targeted, with only two respondents (out of the 540-respondent sample) as being under the program's target age of 70 years and above. Sixty-seven percent of respondents were aged 70-79 years old, and 33% aged 80 years and above (Figure 2).



4.1 Prevalence of disability

Analysis of national data shows that disability becomes more prevalent with old age, and severe disability is generally an issue for those over the age of 60 (see Figure 3).



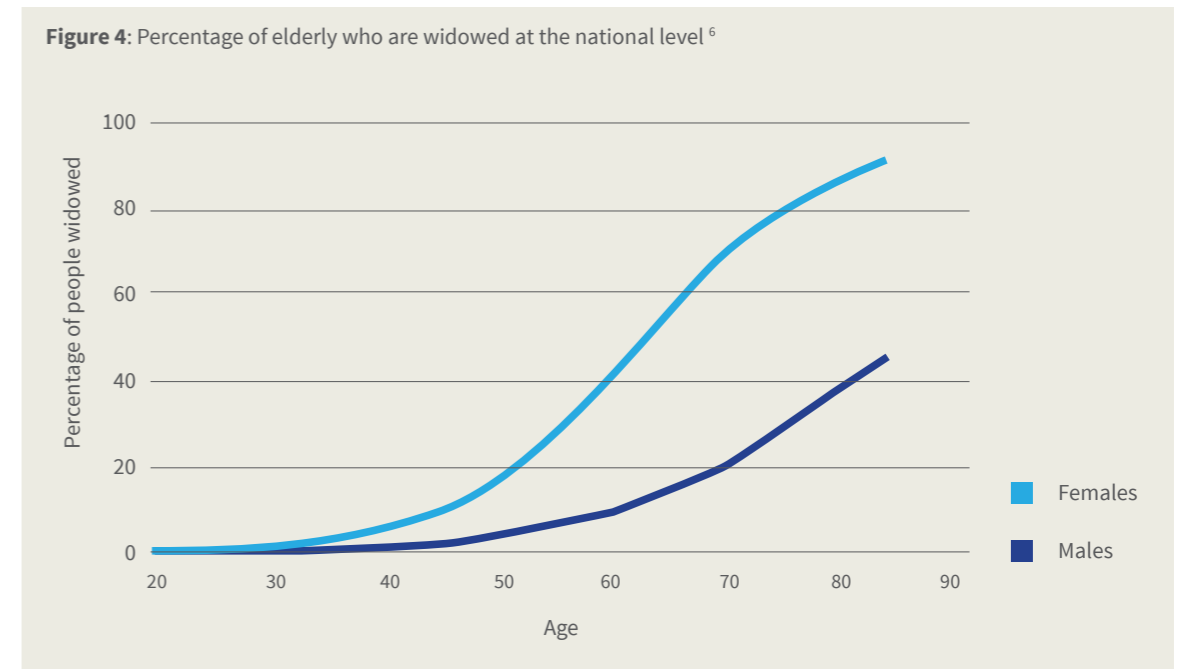
We see similar trends in the Aceh Jaya context, where 17% of respondents experienced some form of disability. Notably, disability in old age is a gendered issue, with more females in Aceh Jaya with a disability (22%) as compared to males (12%).

³ Source: Evaluation of ASLURETI, Aceh Jaya's Old Age Pension (MAHKOTA and SurveyMeter, 2017)

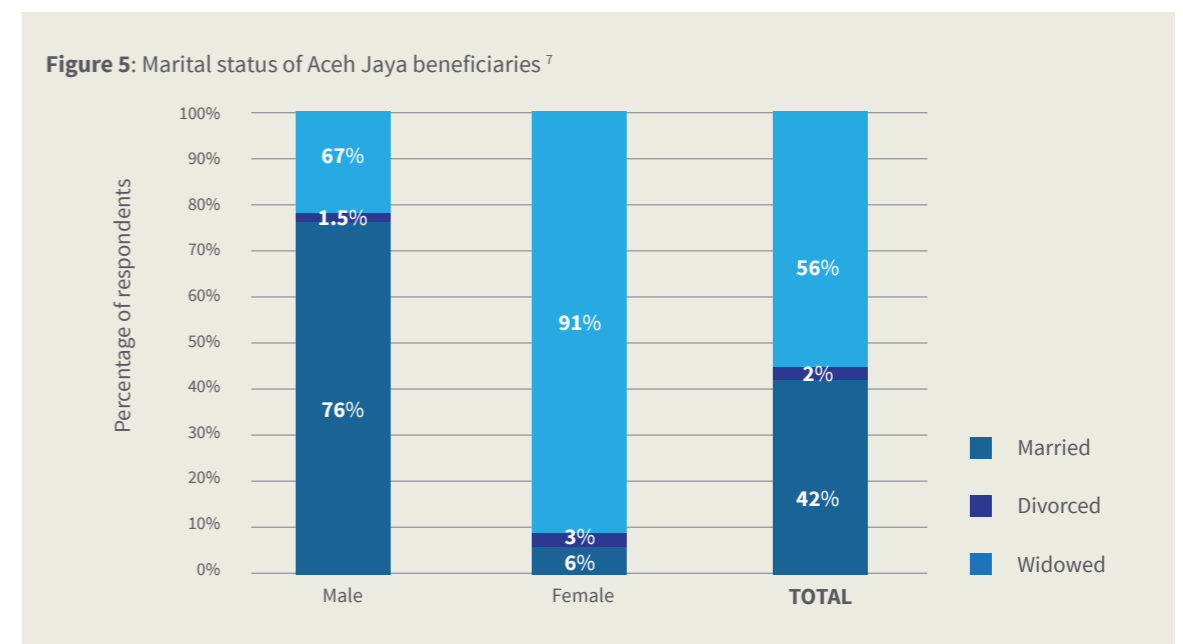
⁴ Source: IFLS (2007-2015)

4.2 Marital status and support systems

Nationally, older women are also less likely to receive support from their spouses, given the high percentage of female widows over the age of 60, as compared to men (Figure 4)



This situation is exacerbated in the Aceh Jaya context, where more than half the respondents are widowed, of which 91% are women (see Figure 5). Qualitative interviews suggest that this can be attributed to the fact that males typically remarried after the tsunami, whereas women generally remained unmarried.

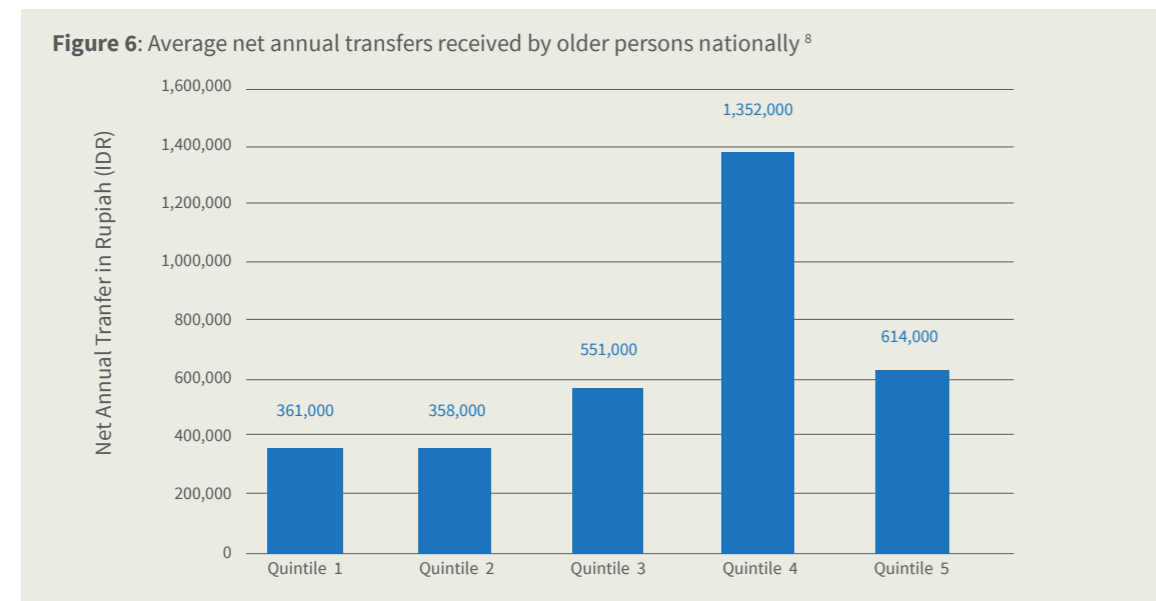


⁶ ibid

⁷ Source: Evaluation of ASLURETI, Aceh Jaya's Old Age Pension (MAHKOTA and SurveyMeter, 2017)

This has considerable consequences on the support networks that the elderly – particularly females – can draw on. Nationally, a much higher share of women over the age of 60 live alone as compared to men. In Aceh Jaya, 27% of respondents live alone (of which 40% are women, and 12% are men). There is a common misperception that the elderly are cared for by their communities and extended families, and therefore do not need additional income support from the state. This is widely challenged through both international and national evidence.

Nationally, we see that 40% of older persons receive no financial support at all from their families and neighbors, and those in poorest quintiles receive less than 400,000 IDR in transfers (cash or in-kind) from other households annually (see Figure 6)

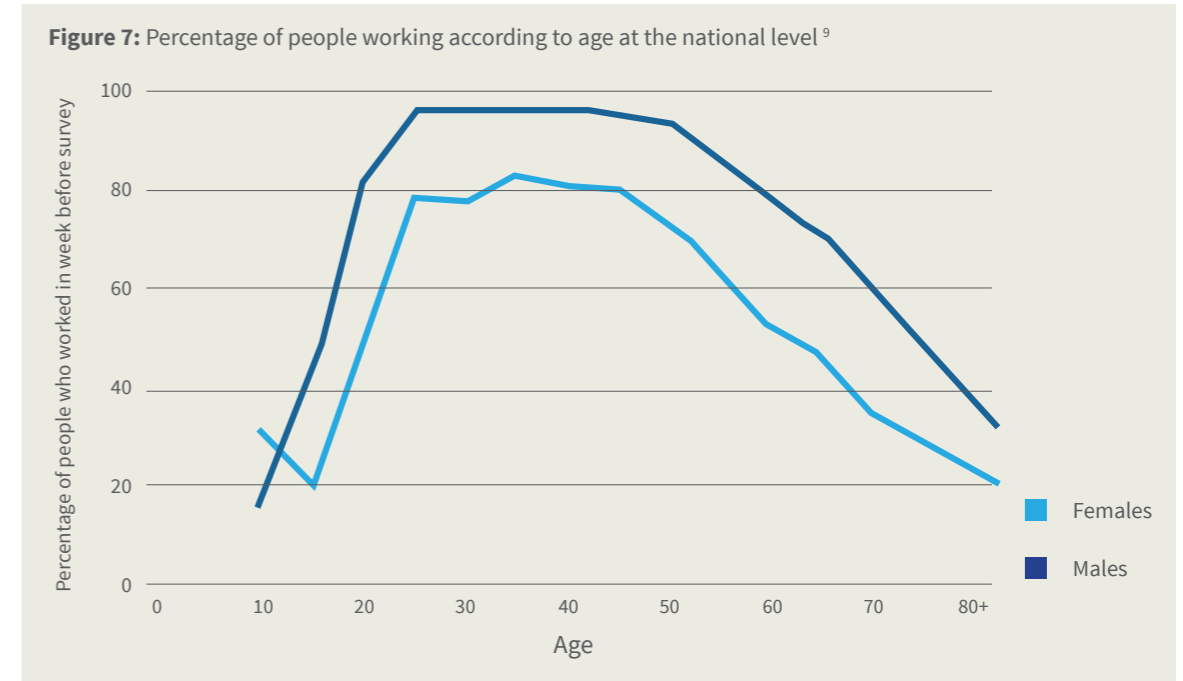


In Aceh Jaya, 90% of respondents claim that they receive some transfers from their families or communities, but the majority state that the amount is not enough to meet their needs. Six percent state that they do not receive any assistance, and must engage in paid work to support themselves.

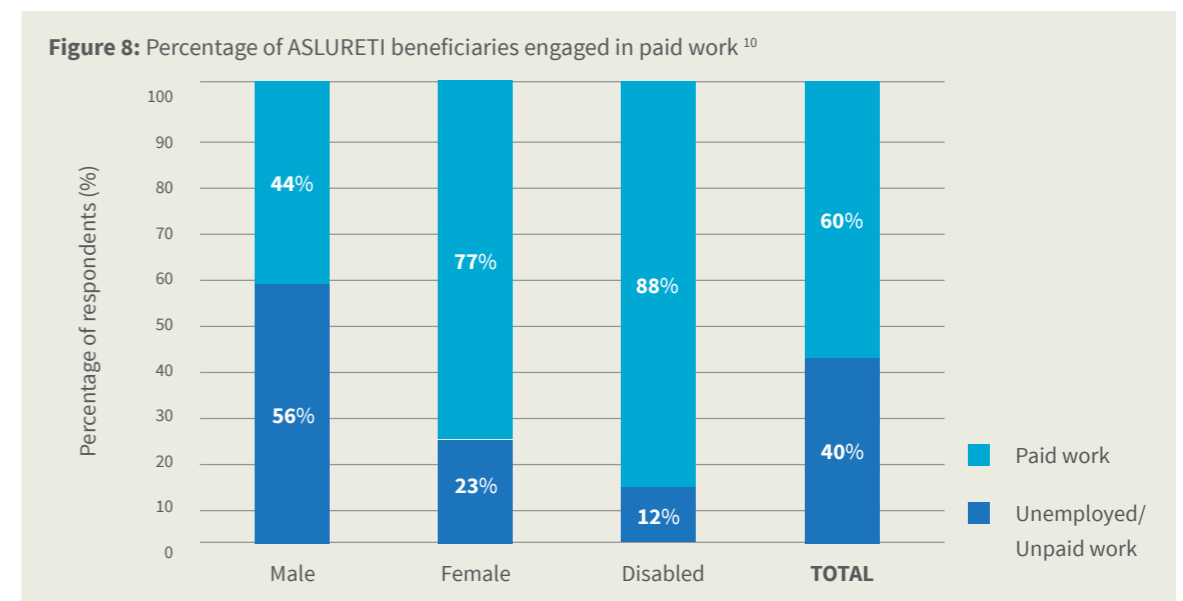
4.3 Employment

At the national level, nearly 80% of males, and 50% of women, still engage in paid work over the age of 60 (see Figure 7), which highlights that the elderly are often required to work despite frail health and physical limitations of old age.

⁸ Source: Susenas (2015)



We see similar trends in Aceh Jaya, where 40% of respondents still undertake paid work on a weekly basis (56% of men, as compared to 23% of women, and 12% of people with disabilities) (see Figure 8).



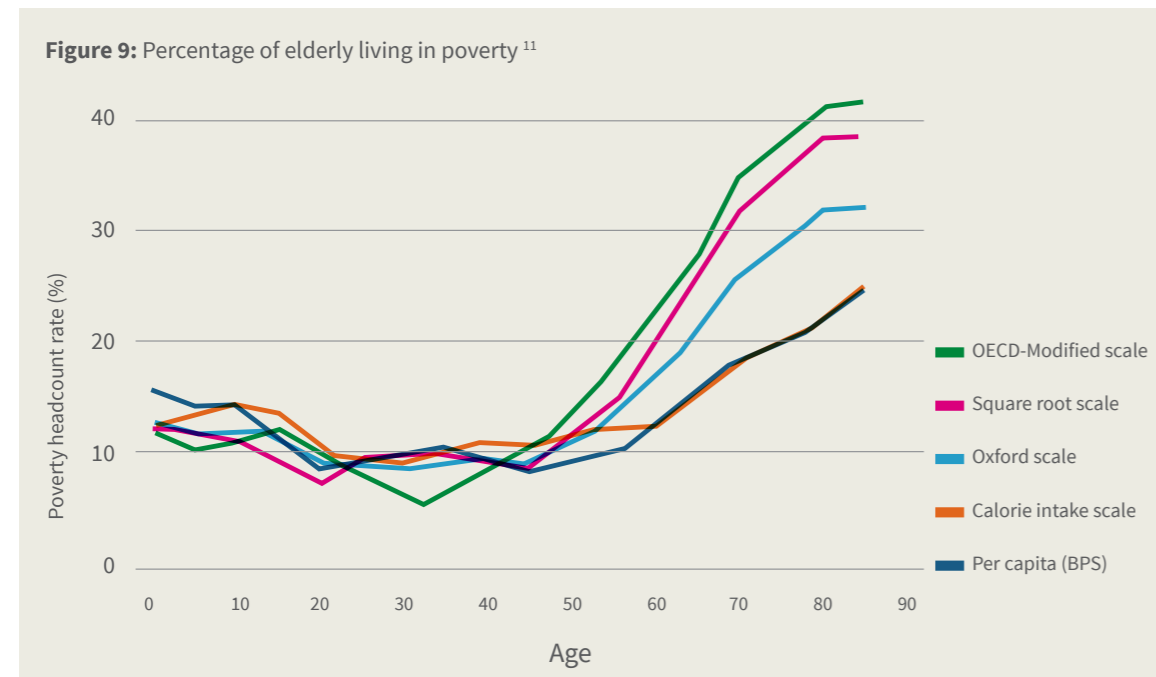
Of working elderly respondents, almost 75% work in the farming and agricultural sector, and approximately 20% work in trade (e.g. small shops). The vast majority are casual laborers, suggesting irregular income sources and physically strenuous work, with only 6% working under a formal employer/employee arrangement.

⁹ ibid

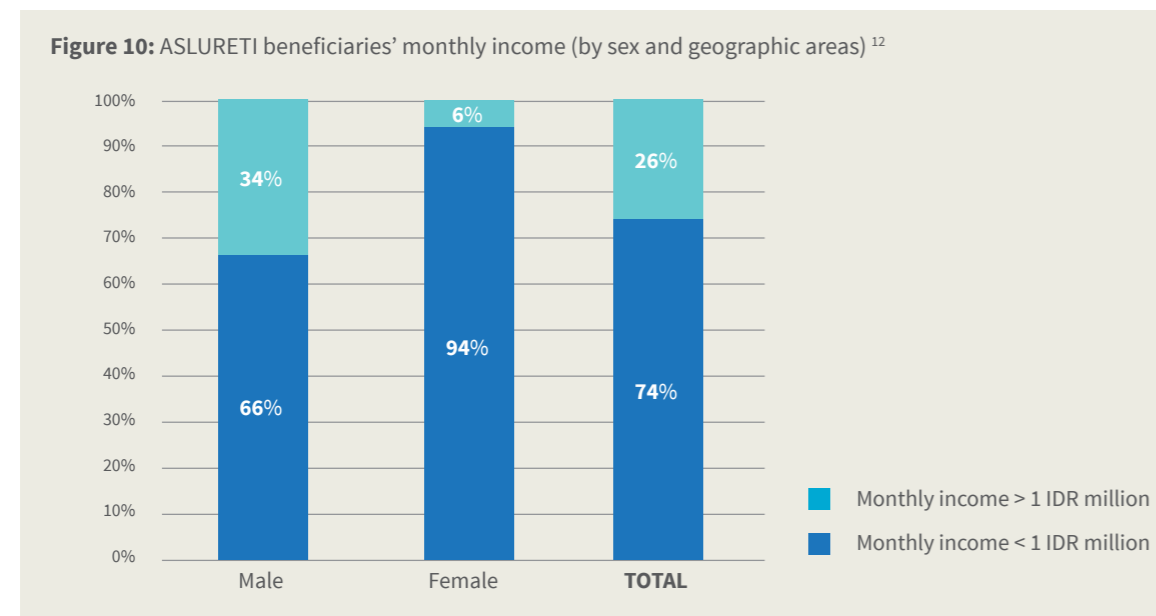
¹⁰ Source: Evaluation of ASLURETI, Aceh Jaya's Old Age Pension (MAHKOTA and SurveyMeter, 2017)

4.4 Income and asset ownership

National data also shows that poverty rates steeply increase as people get older. In fact, poverty estimates using the national socio-economic survey (SUSENAS) data may under-estimate the severity of old-age poverty, as the rates are much higher using other international equivalence scales (see Figure 9).



Although ASLURETI does not target beneficiaries based on poverty levels, most beneficiaries are among the poor and vulnerable. On self-reported income, 74% of all elderly (94% of women, and 66% of men) earn below 1 million Rupiah (\$100 AUD) per month (see Figure 10).



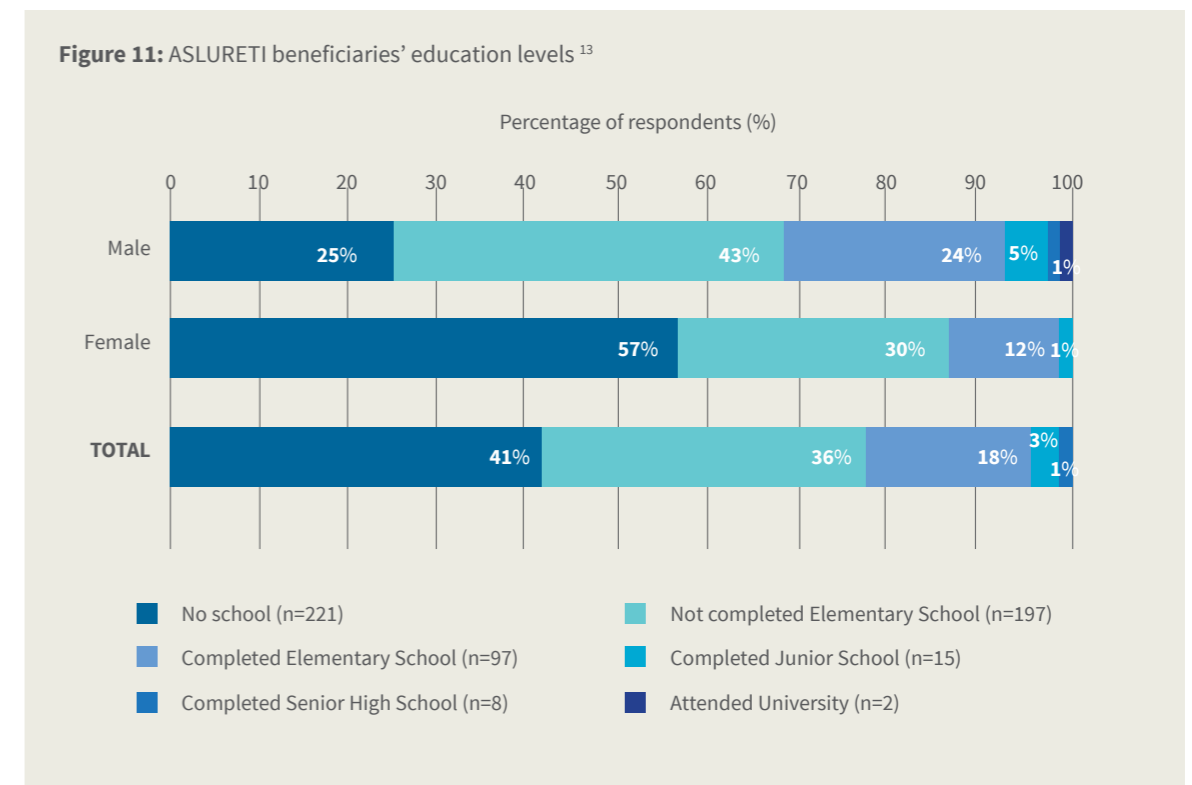
Furthermore, only 17.5% of respondents admitted to holding any savings or physical assets which they can draw on to cope with crises or shocks.

¹¹Source: SUSENAS (2015)

¹²Source: Evaluation of ASLURETI, Aceh Jaya's Old Age Pension (MAHKOTA and SurveyMeter, 2017)

4.5 Education levels

Adequate employment opportunities are inextricably linked with levels of education. In the context of Aceh Jaya, most respondents (77%) have never attended school, or not completed elementary school. Furthermore, only 3% of respondents have completed schooling higher than elementary. There is a strong gendered dimension, as 87% of women have not attended nor finished elementary school, as compared to 67% of men (see Figure 11)



As a result, nearly 74% of female respondents are unable to read or write, as compared to 37% of men.

While years of schooling are extremely low within elderly populations, male respondents average at least twice the amount for schooling years than females in the 70-79 age group (3.36 years compared to 1.64), and almost tripled in the 80-plus aged respondent group (2.80 years as compared to 0.95).

¹³ ibid

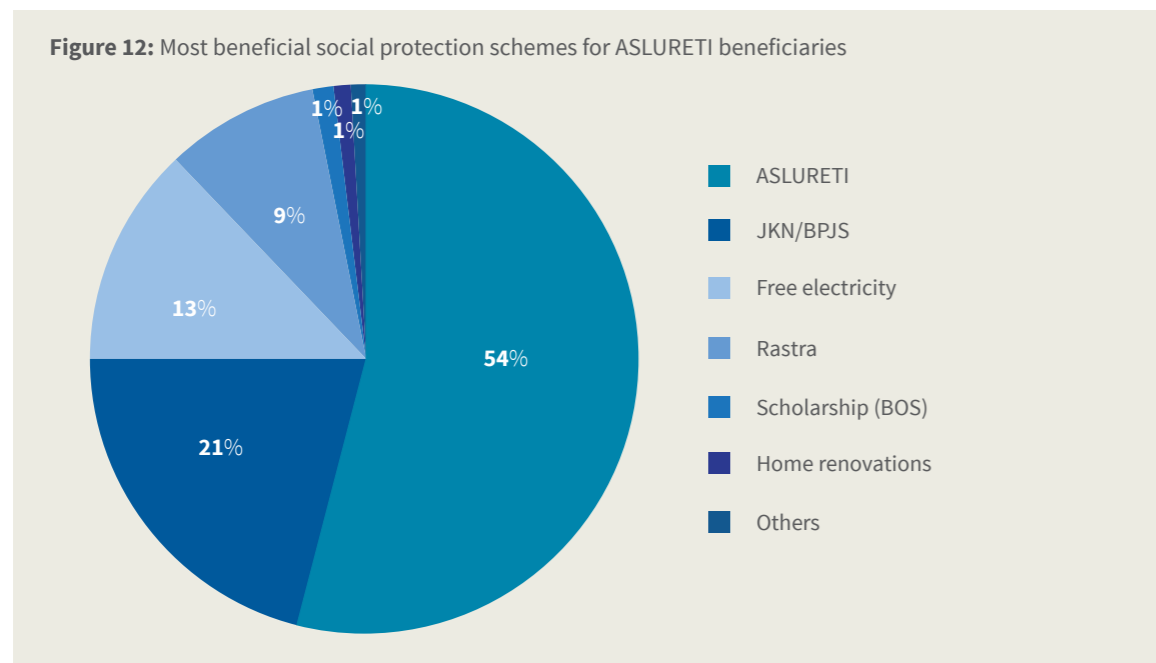
4.6 Access to social protection programs

There is clearly a need for state support to address old-age poverty, and enhance income levels for older persons in Aceh Jaya. In addition to ASLURETI, 94% of respondents are also recipients of the national subsidized rice scheme (Rastra), and 91% are also benefiting from the national social health insurance scheme (JKN). Sixty-one percent also benefit from a local program which provides free electricity, while access to other cash transfer schemes was negligible.

Table 1: ASLURETI beneficiaries' access to social protection programs ¹⁴

SOCIAL ASSISTANCE PROGRAM	FROM	Percentage (%)
ASLURETI	District	100
Rastra	National	94
JKN	National	92
Free electricity	District	60
Home health care	Province	9
Cash transfer from Baitul Amal	Province	8
Home repair for Elderly	District	4
Family Hope Program (PKH)	National	6
Other	District, National	3
		N = 540

However, the majority (54%) claimed that ASLURETI was the most beneficial for them, and subsequently, JKN (21%), the free electricity scheme (13%), and Rastra (9%) (see Figure 12)



4.7 Health status and food security

Health status was self-reported, with 47% in total stating they were 'of good health' and capable of undertaking daily activities. Understandably, only 20% of elderly with a disability rated their general health as good, with only 9% able to perform daily activities.

Mental health ratings were undertaken using the Centre for Epidemiologic Studies Depression Scale, and found that around 40% of respondents, and their caregivers, experienced some form of depression. There were higher rates of depression found in female respondents compared to males, although reasons for this remain unclear.

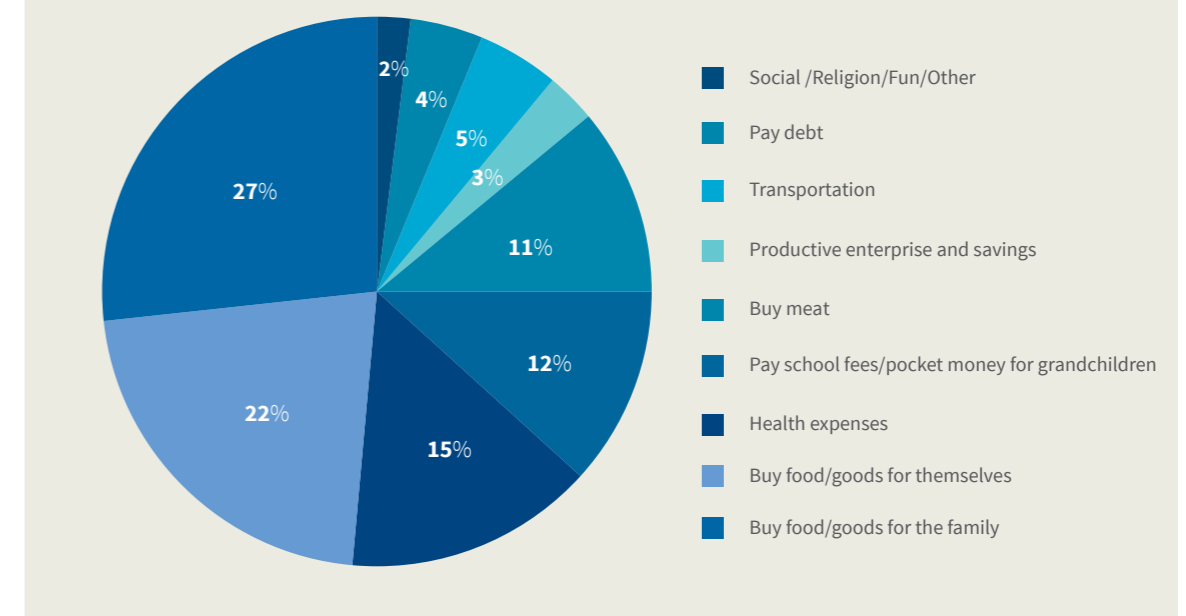
Using a food security measurement developed by Freedom from Hunger, respondents were found to mostly live within food-secure households. From the 16% of respondents in a food insecure household, 12.5% lived in a moderately food insecure household, while 3.5% were found to be severely food insecure.

05. ASLURETI Evaluation Findings

5.1 The use of the cash transfers

There was great variation in the use of the transfers, but almost 50% of respondents used their ASLURETI income for purchasing food and daily needs for themselves and their families. In addition, using the funds to pay for health expenses, expenses for their grandchildren, and purchasing meat during special occasions also registered as significant areas of spending. Interestingly, females and those with a disability were much more likely to spend their cash on health expenses, while male respondents primarily used the income for daily needs for themselves and their households.

Figure 13: Average Percentage of spending of the ASLURETI payments ¹⁵





Mulyadi, 74 years old, a beneficiary of ASLURETI in his small shop in Alue Ambang village, Teunom, Aceh Jaya, Aceh Province, Indonesia. (Photo by Fauzan Ijazah/MAHKOTA)

While only a few respondents (3%) used the money for savings or productive purposes, ASLURETI also gave some beneficiaries an opportunity to put money away for their future needs. For instance, qualitative interviews showed that many beneficiaries saved money for emergencies, as well as for their own funeral costs.

Several respondents invested in small shops; livestock for breeding and selling; and some invested in arisan (rotating savings groups) as a way of growing their capital.

One beneficiary stated that he can no longer work as a fisherman given his frailty, and saved the ASLURETI funds to open a small shop, which he runs together with his son. *"This shop is our future now, and my grandchildren also help here after school."*

While only 24% of respondents stated that the amount of IDR 200,000 was adequate to meet basic needs, 99% felt that it had improved the quality of their lives and the lives of their caretakers, for the following reasons:

- 81% of respondents stated that they can now contribute to family expenses (namely rice, sugar, coffee, and eggs for the family, and clothing as well as soap for themselves).
- 74% experienced better access to health services, typically because they can offset transport costs and visit health facilities more frequently (see Section 5.2)
- 95% experienced a greater sense of autonomy and dignity

Per an 85-year-old widowed respondent,

"I am the sole carer for myself and my disabled son. ASLURETI helps with our food costs, but during each payment cycle, I put away some money for my son's medical costs. This way, if he urgently needs to see a doctor, I don't need to stress and beg others for help."

5.2 Health

In general, respondents were now more likely to access health services after the implementation of the ASLURETI program, and less likely to undertake self-medication. While this is likely influenced by access to other assistance programs (particularly JKN), 60% of respondents claim that they can visit health centres more frequently because they can pay for transportation costs, and purchase medicines not covered by JKN.

Interviews with carers also found that these investments improved inter-family relationships. According to an 80-year-old beneficiary with a range of disabilities, *"With the ASLURETI funds, I do not have to ask money from my son to buy every day medicine. Also, I can contribute for fuel for his motorbike, which helps with the costs of taking me to the doctor."*

Over 70% of respondents experienced improvements in their emotional health, which they attribute to greater respect from their families, and greater independence and self-confidence.

5.3 Family

Put simply, ASLURETI has contributed to shifting the status of the elderly from dependents to contributors. The reliance on children to fulfil everyday needs can contribute to a strained relationship, and the respondents typically felt this with their children in-law. The ability to contribute resources to the household economy has started to change this dynamic, as captured by the quote below:

"Before, I used to always ask my daughter-in-law for money. I hated asking her. But now, she is happy because I can occasionally buy meat for the family during special occasions. Sometimes, she borrows money from me for her small shop. She struggles to get loans from others, so without me, she could not run her business."



Ramli with his wife, both are beneficiaries of ASLURETI program from Pasie Raya village in Aceh Jaya, Aceh Province, Indonesia. (Foto oleh Fauzan Ijazah/MAHKOTA)

International literature also highlights the importance for the elderly to purchase gifts for relatives – typically grandchildren – as a way of strengthening the social contract between the elderly and those around them. In the Indonesian context, the elderly have always been significant contributors for younger generations, but these contributions have been in considerable decline¹⁶. In Aceh Jaya, respondents used approximately 12% of their cash transfers for their grandchildren – namely as pocket money or to purchase snacks. Some respondents said that their grandchildren came to them, rather than their parents, when in need of money (e.g. for transport costs when searching for employment). Nearly all respondents said that the small

5.4 Community

Around 85% of respondents agreed that the ASLURETI program improved their status and engagement within their communities. They are increasingly able to donate to charities (e.g. mosques, orphanages, etc.), financially contribute to ceremonies (and thus more readily attend social events), and provide financial support to a neighbour when in need. Most respondents claimed that such contributions also changed the way that others viewed them, and they were seen to be more active and engaging as compared to before ASLURETI. According to a Village Leader,

"We see that the elderly around here attend more events, and give more to the mosques and orphanages. Last night I saw an elderly couple at a wedding, and normally they would decline, as they'd be unable to contribute. Sometimes they can only gift IDR 30,000, but the point is that they are more active now, and we all notice this."

Furthermore, interviews with local business owners also suggest that the elderly are now more active consumers. They purchase more goods from the local shops, and shop owners are more likely to sell to the elderly on credit, knowing that they can now repay. As one local shop owner stated, *"previously, some of the elderly in this village could only afford to buy half a kilo of sugar. Now they can buy one kilo, and some eggs, and they come to me more frequently."*

Interestingly, local business owners also noted decreased economic dependence of elderly residents on their immediate family and friends.

5.5 Care Givers

Overall, 80% of caregivers interviewed claimed that their lives have improved since receiving ASLURETI (while 20% feel that there is no change). Most caregivers (60%) feel that they now have more time for themselves; 58% claim that they can focus more of their resources on their children; and 65% state that the household eats better because of ASLURETI.

A way forward

The ASLURETI evaluation has demonstrated that regular and predictable cash transfers to the elderly can provide much needed economic support for the elderly as well as their caregivers; and strengthen social ties within the families. Bappeda's internal monitoring records also show that ASLURETI has helped the local government to reduce poverty from 19% to 16%, exceeding its target for the current RPJMD.

As demographics in Indonesia shift, and Indonesia becomes aging society, critical policy decisions must be taken. Indonesia remains the only country in Asia to rely on contributory pensions to support the elderly, and one of the only countries globally to not yet introduce a social pension¹⁷.

However, through modest fiscal spending (.19% of GDP), Indonesia can introduce an inclusive old-age cash transfer for 300,000 IDR a month for everyone over the age of 70, which would yield significant reductions in national poverty levels. The costs can be lowered even further by setting the eligibility age at 80, as many countries have done to create fiscal space.

A cash transfer for the elderly should be regarded as an investment that will help stimulate the economy and lower national poverty levels. Consequently, it should not be regarded only as a benefit for the elderly, but rather, a scheme benefitting all citizens of Indonesia¹⁸.

¹⁷ Other countries in the Asia region have taken steps to introduce comprehensive pension systems in recent years. Thailand and Mongolia provide almost universal pension coverage through a mix of social and contributory pensions; East Timor has in place a social pension for everyone over 60 years; China provides pensions to 125 million older people; Vietnam and Myanmar provides an old age pension guaranteed for everyone over 80 years; Nepal has social pensions that reach most over 70s; Bangladesh, India and the Philippines – have set up social pensions targeted at the older people living in poverty, which are gradually expanding (Kidd, 2013)

¹⁸ "Tackling Old Age Insecurity in Indonesia: Options for Establishing a Comprehensive Pension System (Kidd, 2013)

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The quotes in this document have been edited for clarity, and are not literal translations of the original interview transcript.

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