



OFFICE OF THE VICE PRESIDENT OF
THE REPUBLIC OF INDONESIA



Social Protection for the Elderly and People with Disability

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

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Economy, Social and Demographic Context of the Elderly and People with Disability

Old age and disability are among the most vulnerable life-cycle risks...



CHILDHOOD

- Stunting
- Cognitive development reduced
- Miss out on immunisation
- No access to ante-natal and post-natal care
- Loss of parental from bereavement or migration



OLD AGE

- Increasing frailty
- Inability to work
- No care from family
- Discrimination in labour force
- Limited access to credit



SCHOOL AGE

- Child labour
- No access to school
- Malnutrition
- Loss of parents from bereavement or migration
- Inability to access training
- Early motherhood

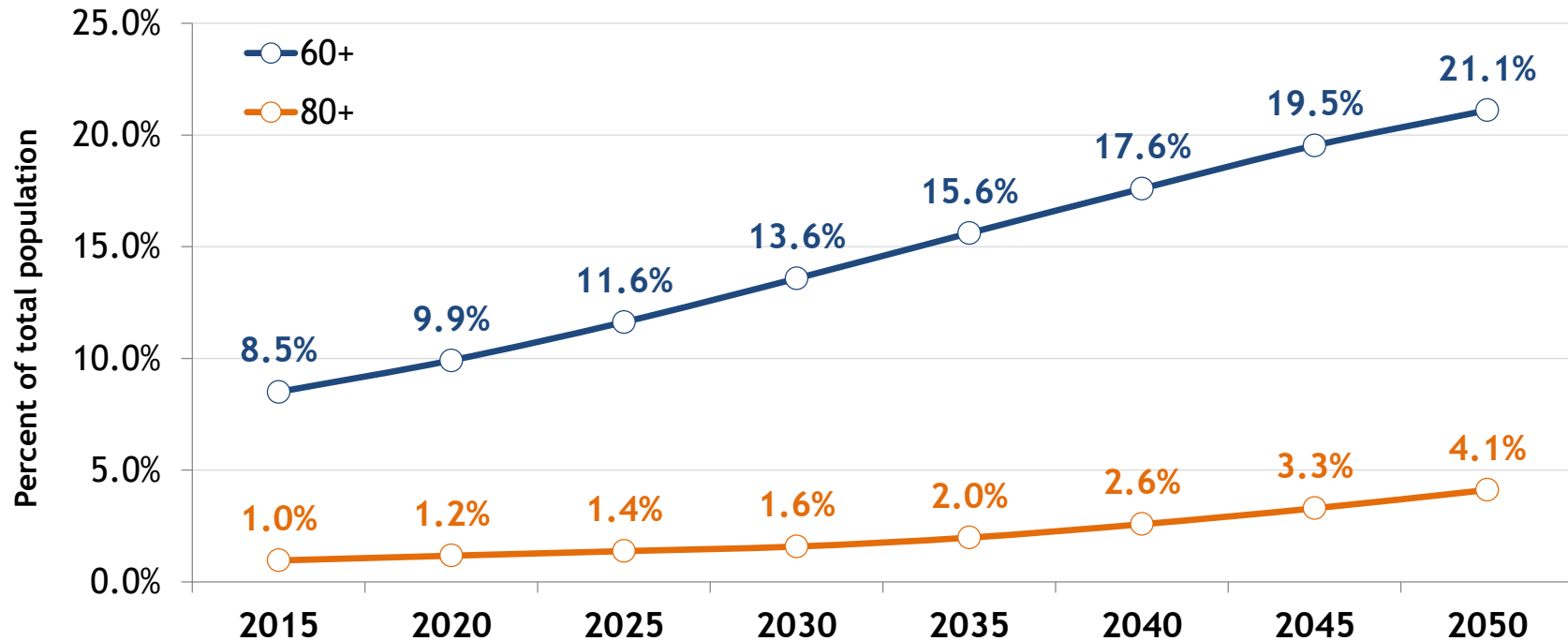


WORKING AGE

- Unemployment and underemployment
- Inadequate wages
- Debt
- Need to care for children and parents
- No childcare
- Gender discrimination
- Domestic violence

Indonesia is becoming an aging society...

Growth Projection of Indonesia Elderly Population

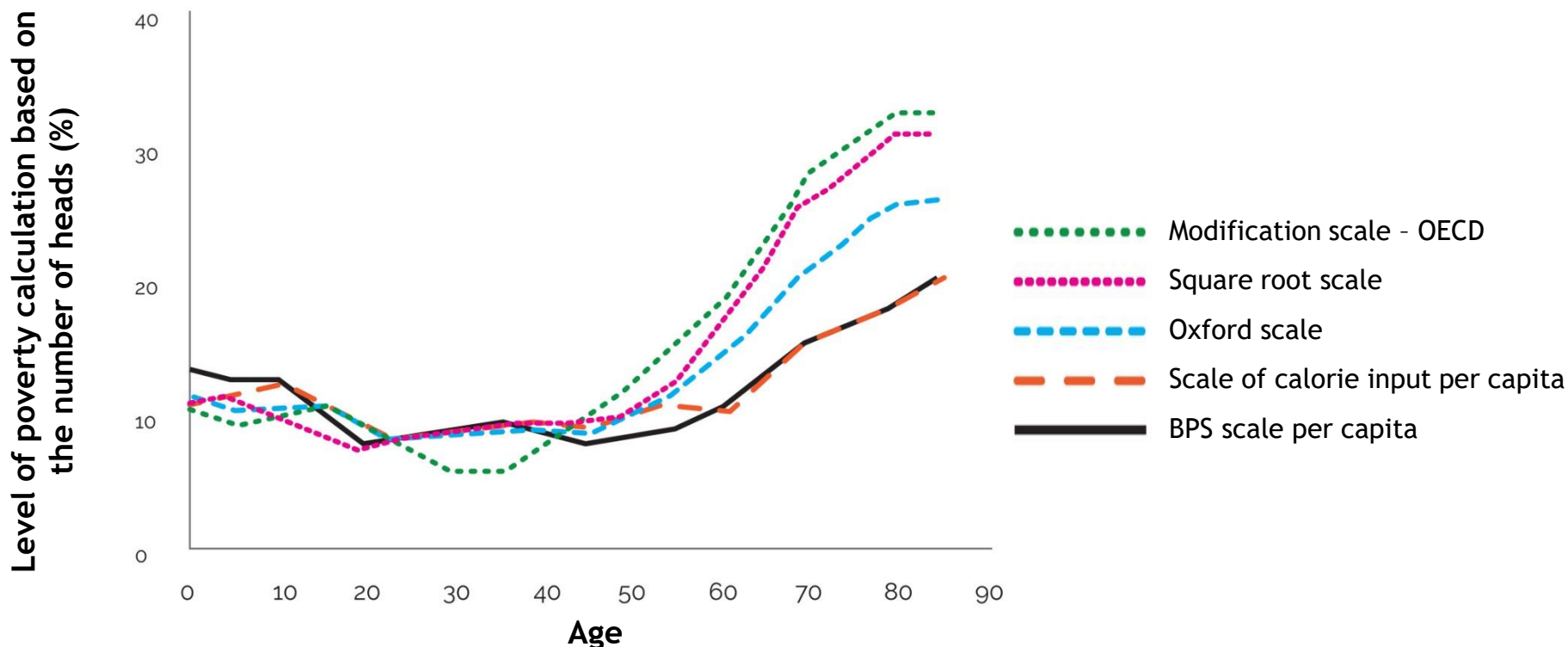


Source: Susenas 2017

- Currently, Indonesia has more than 20 million elderly people.
- By 2020, around 10% of Indonesia's population will be aged 60 years and above, rising to 13.6% by 2030.
- by 2050, 21.1%, or more than one in five Indonesians, will be considered elderly.

Poverty rates increase substantially with age...

Poverty rates by age group using different measures of equivalence scales

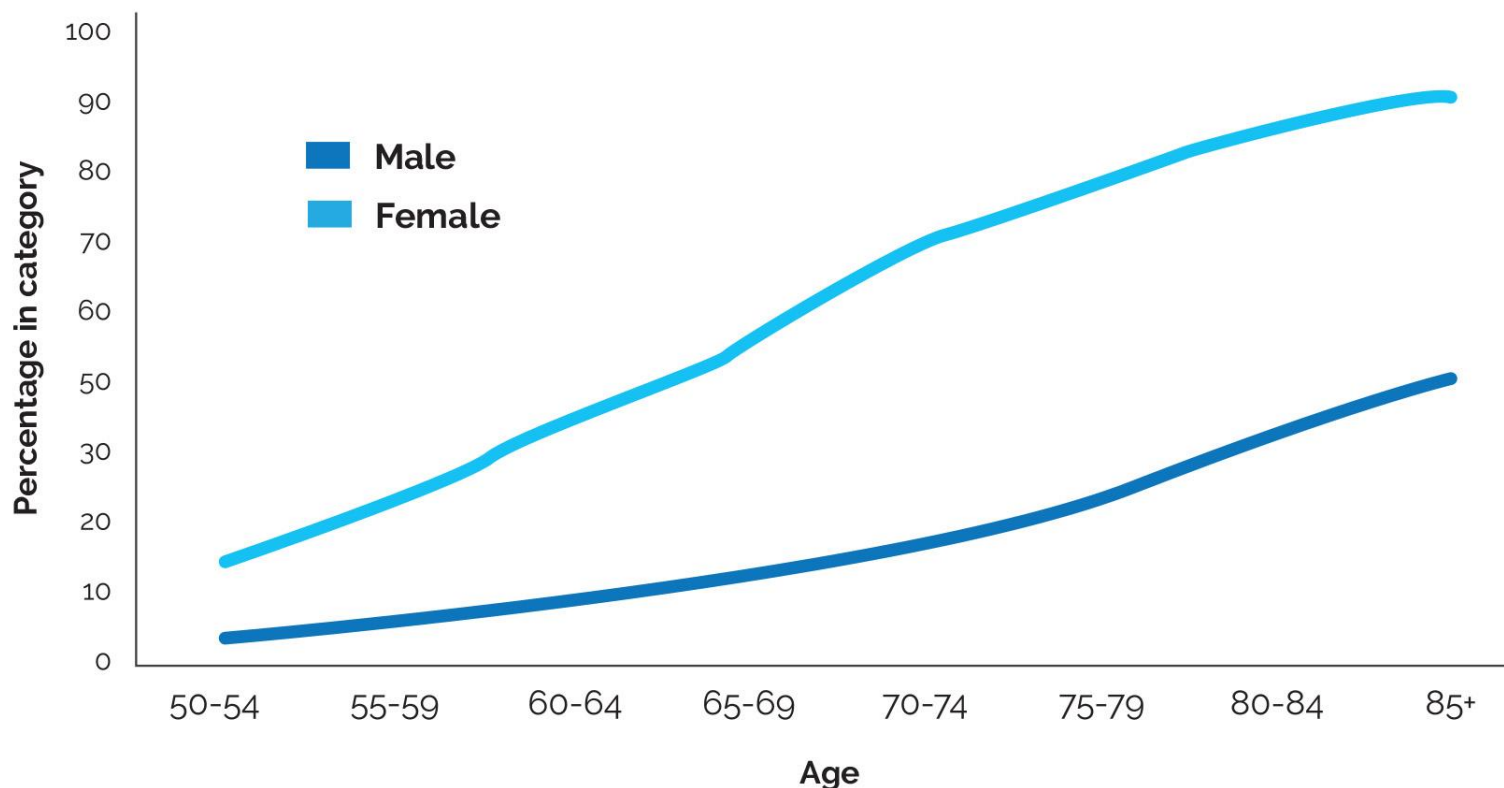


Source: Analysis of Susenas (2017)

- The highest rates of extreme poverty are found among older Indonesians, with particularly high rates for the very oldest.
- Using a modified OECD scale in poverty calculation to capture distribution of relative intra-household poverty, poverty among those aged 80 and older jumps to well above 30%.
- Overall, the national poverty rate for persons aged 65 or older is 14.7%

Old age poverty is a gendered problem...

Percentage of older people who are widowed, by gender and age groups

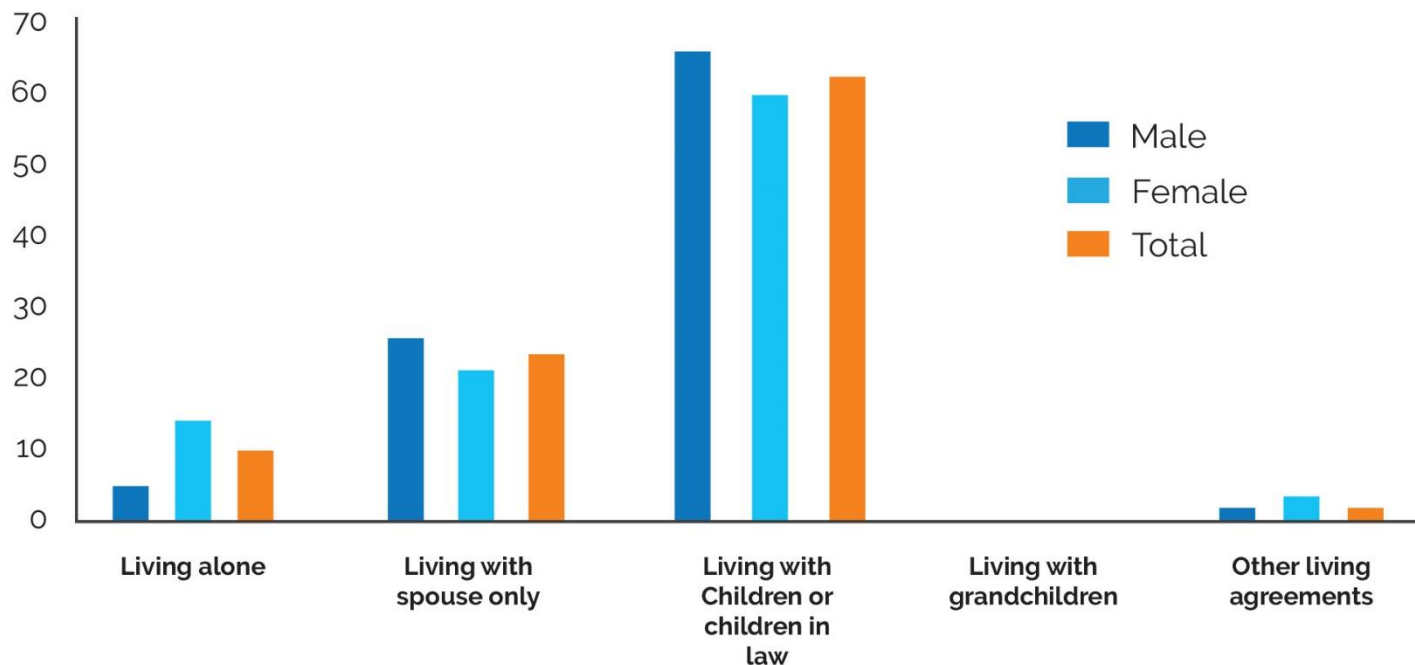


Source: Susenas (March 2017)

- Women comprise a rising share of older population due to higher life expectancy, and are less likely to marry as compared to men.
- 56% of older women are widowed, as compared to 16% of older men

Family support matters, but is insufficient...

Proportion of older people, by living arrangements and gender



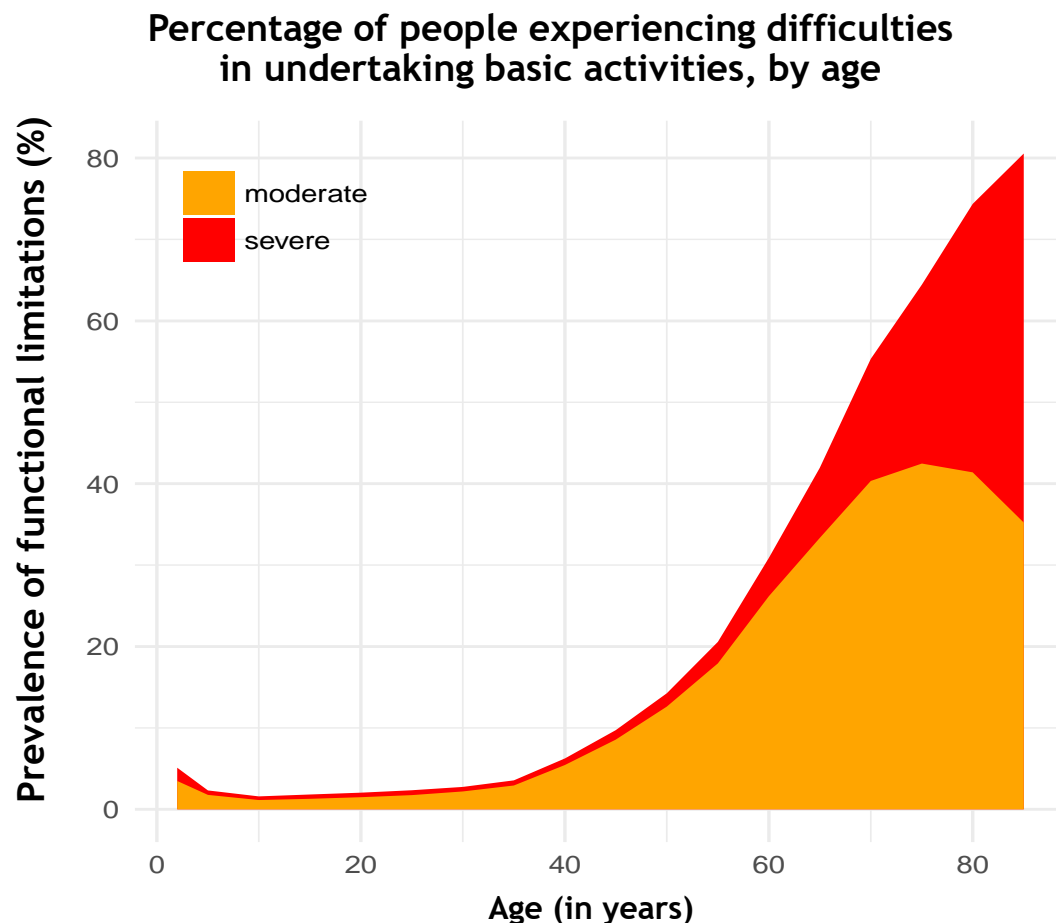
Older people = people over 60

Source: Susenas (March 2017)

- Nearly 70% of elderly people live with their children. There is an assumption that the onus of old-age care should fall on the family, but the reality is challenge.
- More than 60% of households live on less than 55,000 IDR a day. They have to make difficult choices about their economic investments. Taking care of elderly parents means investing less in their current children, and this will affect the labour productivity of the future.
- The elderly do not want to rely on their children for income. They want their own income, to make economic decisions for themselves.

Capacity to work decreases significantly in old age...

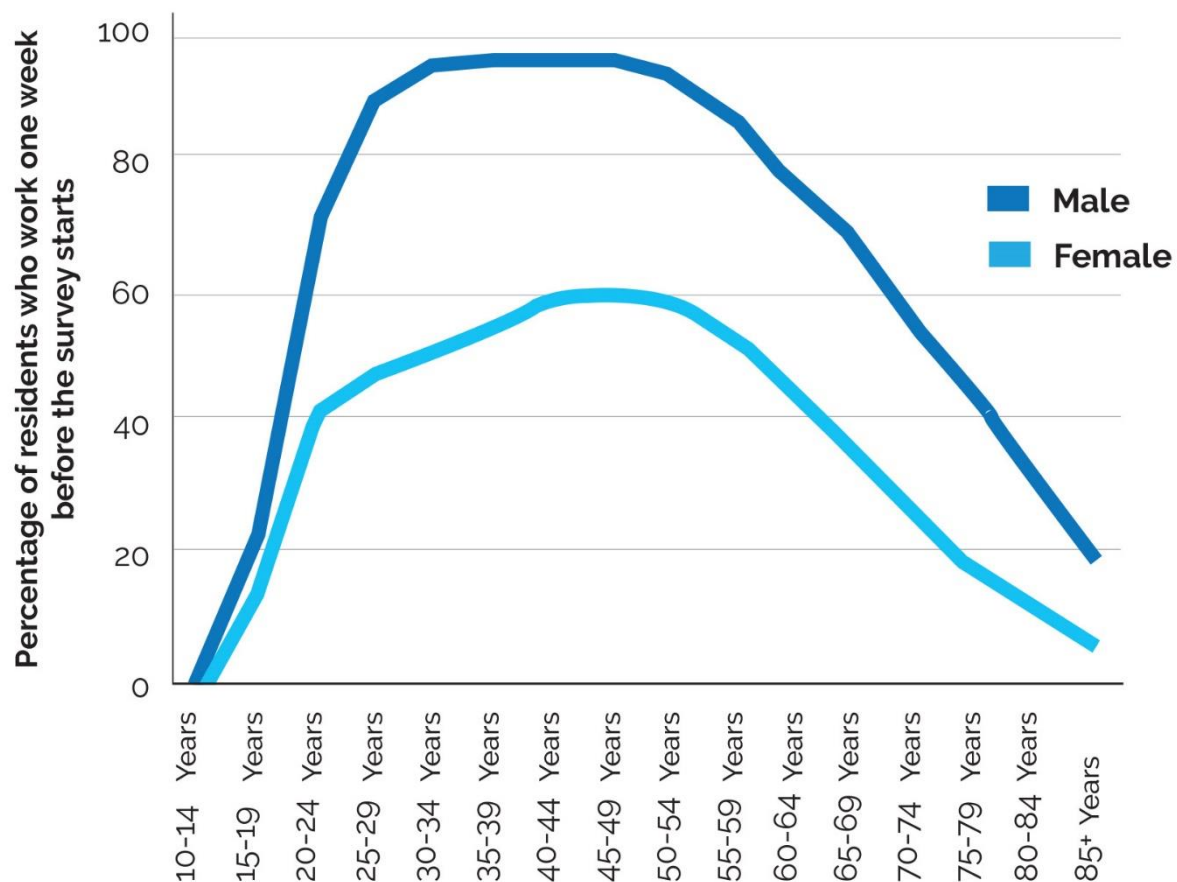
- More than 55% of people over 65 years experience moderate or severe functional limitations
- Disability and ill health are key reasons for reducing or stopping work.
- Levels of employment start dropping after age 50, but many (have to) continue to work to meet basic needs.



Source: Supas 2015

Yet people continue to work into very old age, despite these limitations...

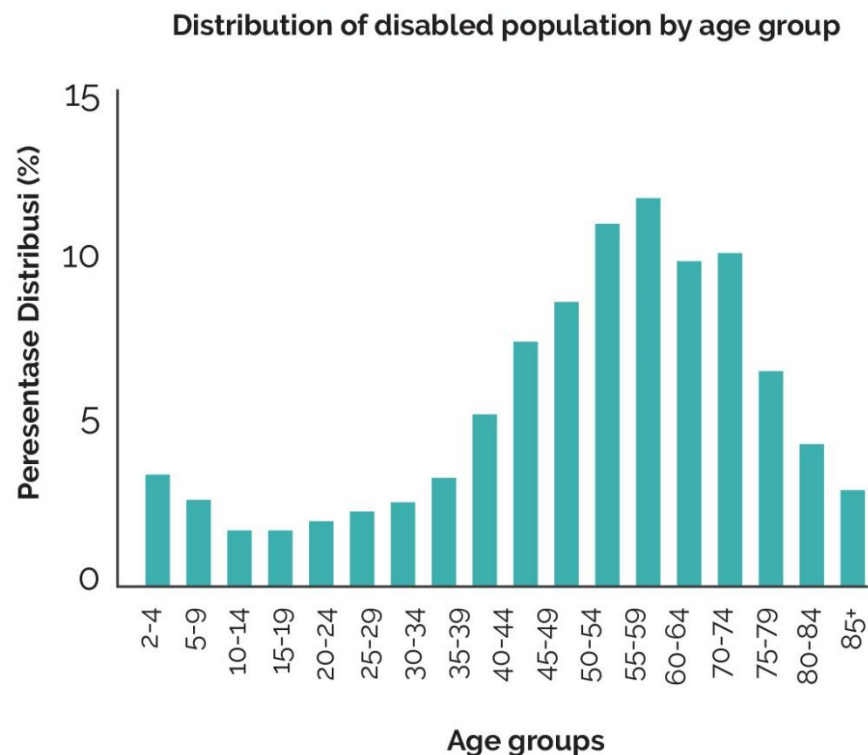
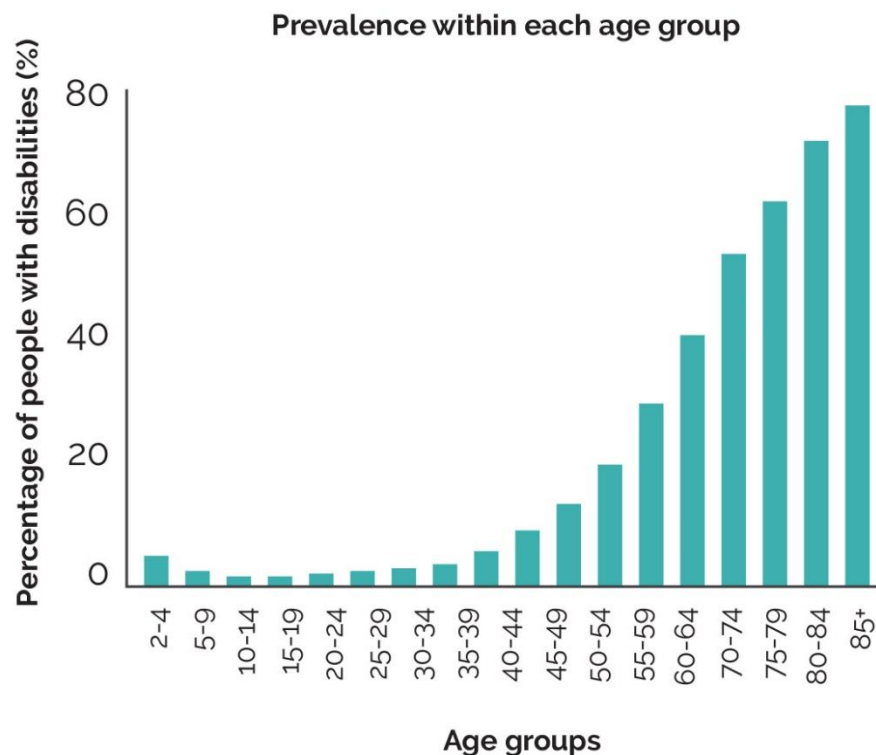
Percentage of people working in the week before the survey



Source: Susenas (2017)

While disability disproportionately affect older people, it impacts all age groups...

Prevalence of disability and distribution of people with moderate or severe disabilities in Indonesia, across age groups



Source: SUPAS (2015)

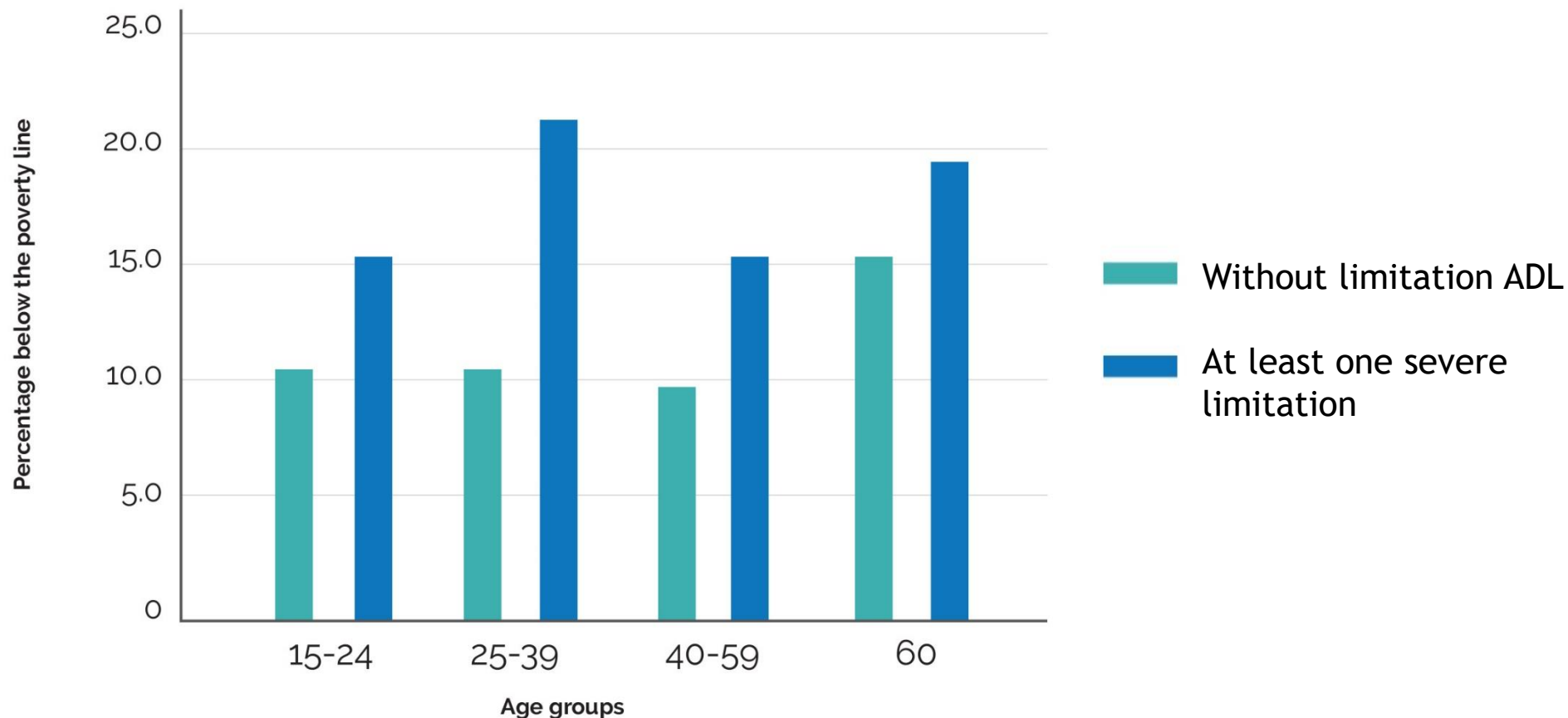
Approximately 9% of Indonesians experience moderate or severe disability...

Age Groups	All population	PwD with Moderate or Severe Disability		PwD with Severe Disability	
		Number	%	Number	%
Aged 0-6 yrs	24,063,555.00	1,047,703.00	4%	305,918.00	1%
Aged 7-18 yrs	38,230,392.00	622,106.00	2%	173,217.00	0%
Aged 19-59 yrs	162,732,512.00	9,549,485.00	6%	1,449,725.00	1%
Aged 60++	21,609,716.00	9,888,281.00	46%	2,683,278.00	12%
Total	246,636,175.00	21,107,575.00	9%	4,612,138.00	2%

Source: TNP2K (2018)

... and, disability and poverty are inextricably linked...

Poverty rates in Indonesia according to disability status, by age group

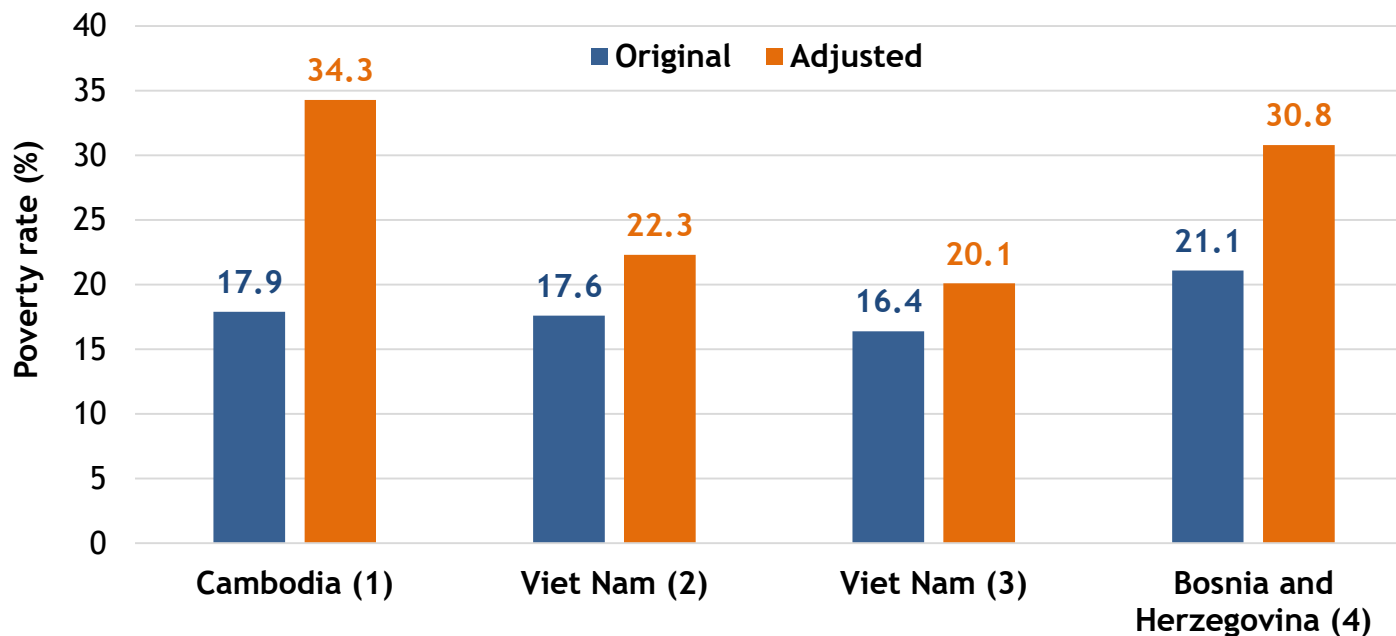


ADL = activities of daily living

Official BPS poverty line = IDR11,994 per person per day

Source: IFLS (2014)

If we took into account the extra costs of disability, we'd see that persons with disability are much poorer than the numbers show...



Note: The figure shows poverty headcount ratio of households including persons with disabilities, and adjusted ratio when taking into account disability-related costs.

Sources: (1) Palmer, Williams and McPake, 2016; (2) Mont and Cuong, 2011; (3) and (4) Braithwaite and Mont, 2009.

Link: <http://www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=54652>

Source: World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals; page 73
International Labour Office - Geneva: ILO, 2017

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Existing Social Protection for **the Elderly and PwDs**

Existing social protection for the elderly and PwDs is extremely limited

Program	Number of beneficiaries	Percentage of people with disabilities with access to social protection programs for people with disabilities
PKH	47,087	1,24
ASPDB	22,500	0,59
Social security for Employment Programs	112,490	2,95
Taspen/Asabri	N/A	
TOTAL	182,077	4,78

Notes: The number of people with disability is simulated using SUPAS 2015 data, with a total of 3,810,094 people with disabilities. Using this data, we can derive the distribution of disabled individuals across age group and province and apply this to SUSENAS (2017).

Source: Bappenas (2016 and 2017) for ASPDB and PKH beneficiaries and Social Security Agency for Employment (2017)

Source: TNP2K 2018 Publication

Program	Number of contributing members (BPJS and Taspen-Asabri) and number of social assistance beneficiaries (ASLUT and PKH)	Percentage of people aged 60 and above with access to social protection programs for the elderly
JHT and JP managed by Social Security Agency for Employment	249 (2015)	0,001%
Pension for civil servants managed by PT Taspen	2,500,000 (2017)	11,13%
Pension for military/police managed by PT Asabri	360,000 (2016)	1,5%
ASLUT	30,000	0,13%
PKH	150,000	0,64%
TOTAL	3,040,249	13,4%

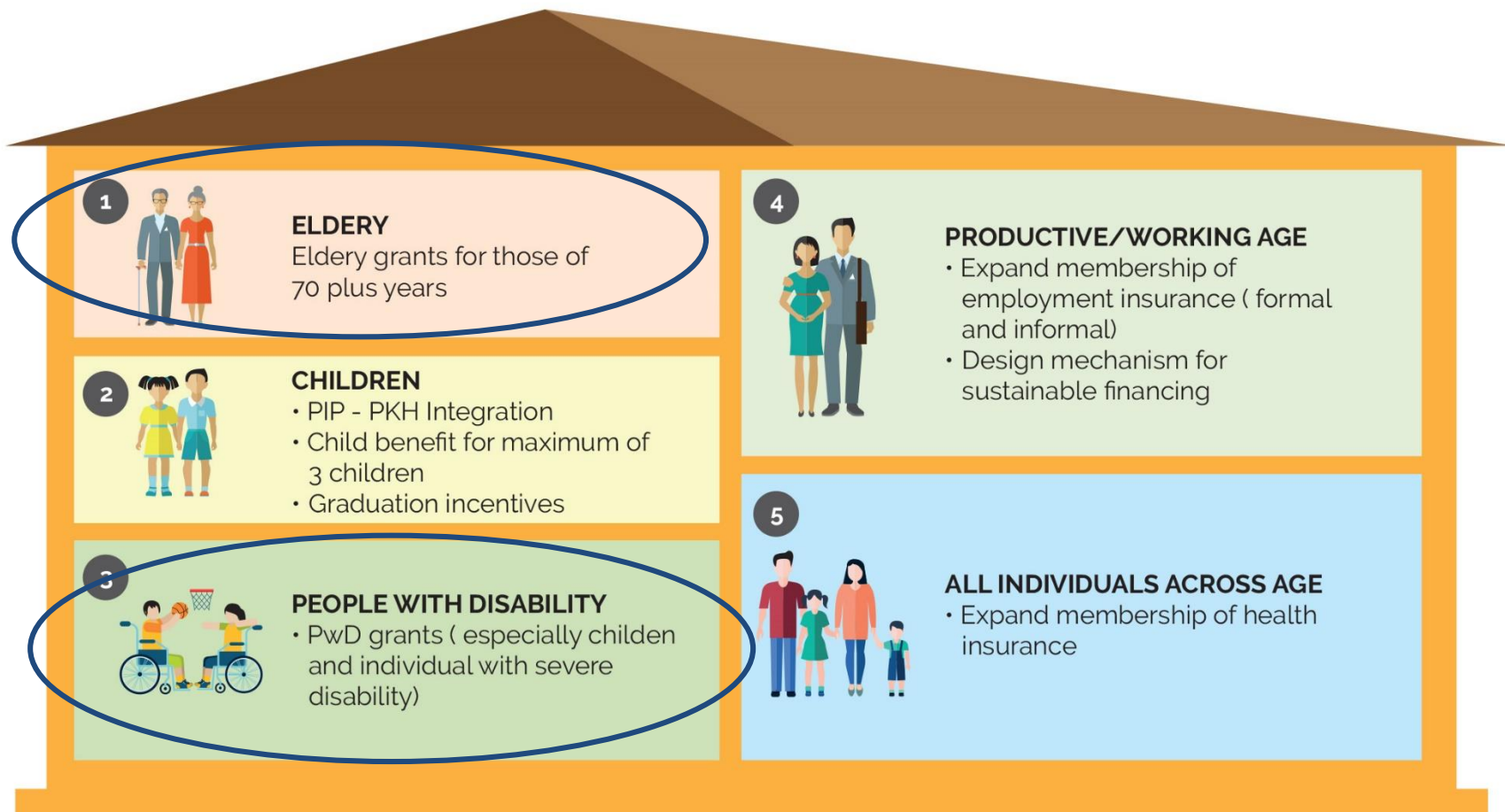
Source: Social Security Agency for Employment (2015), PT Taspen (2017) and PT Asabri (2016), ASLUT (2017), Susenas (2017)

- Including civil service pensions and contributory benefits, we see that 5% of people with disabilities and 13% of elderly are covered, respectively (Susenas, 2017)
- When focusing on non-contributory benefits, we see that less than 2% of people with disabilities and less than 1% of elderly are covered (2018 coverage numbers slightly higher now with PKH expansion)

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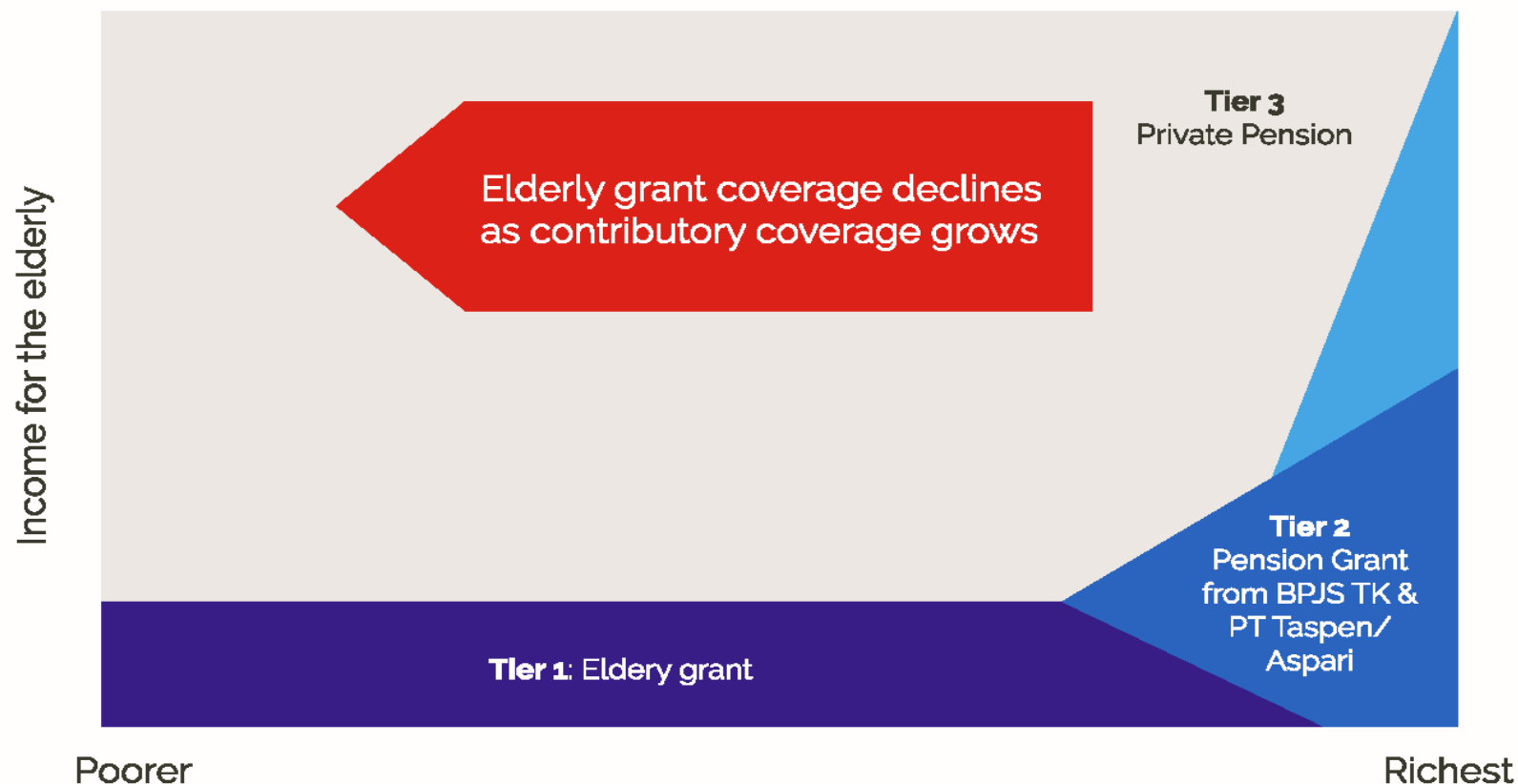
Future Social Protection Recommendation for the Elderly and PwDs

Proposed Reforms in the National Social Protection System, 2020-2024



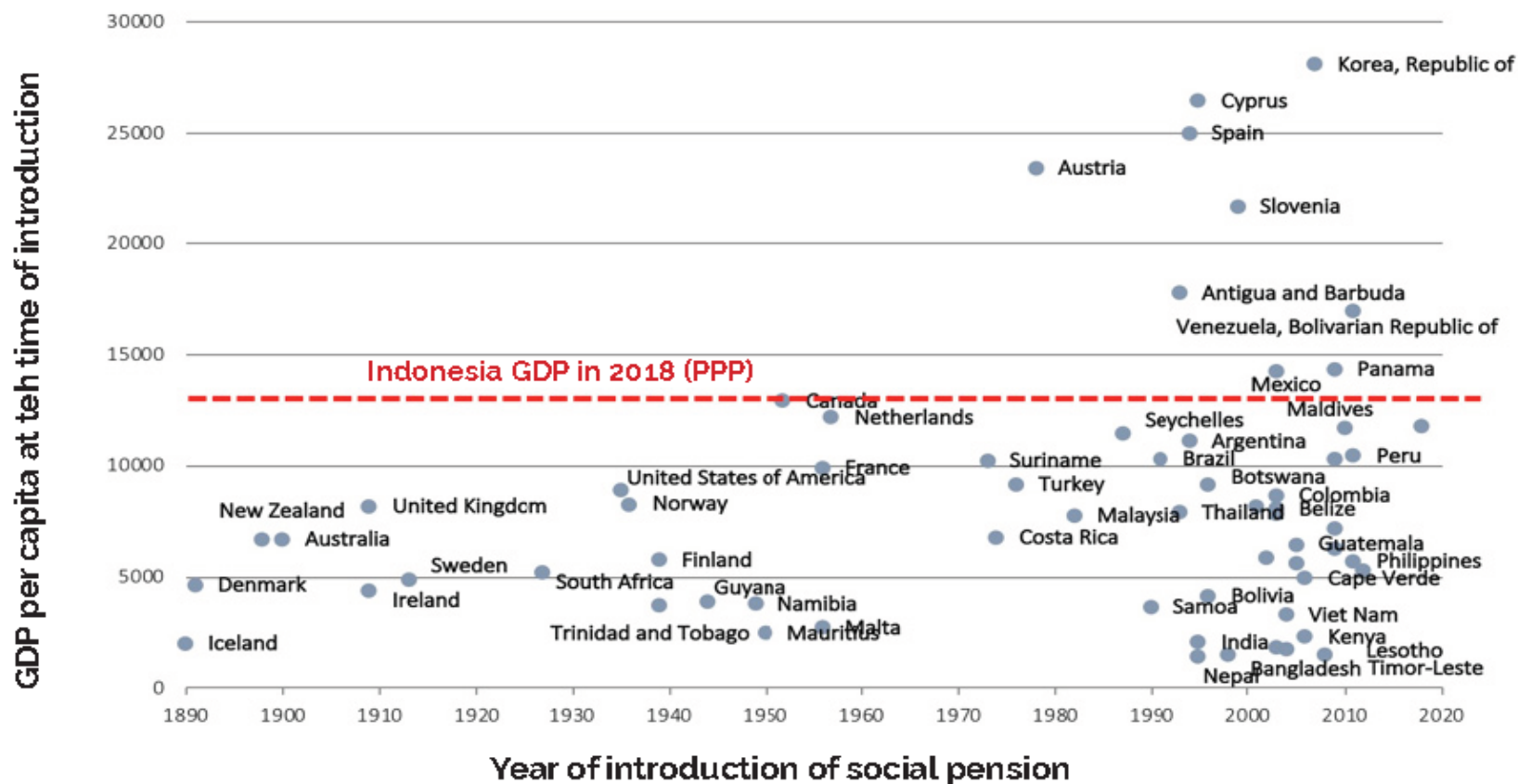
Source: TNP2K 2018 Publication

A comprehensive social protection system for the elderly



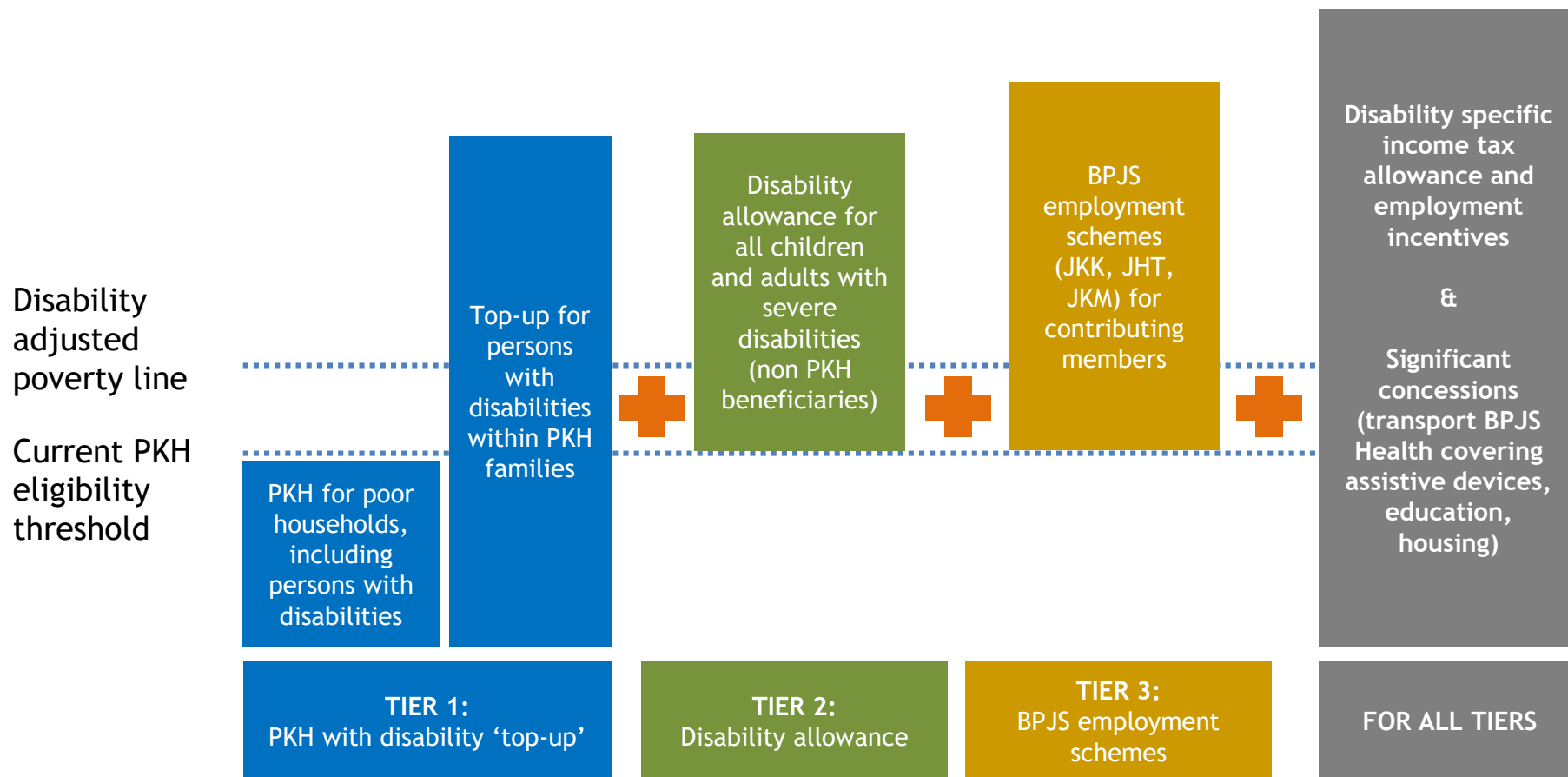
Argentina, Brazil, Cabo Verde, China, Kyrgyzstan, Maldives, South Africa, Thailand, Trinidad and Tobago have achieved 100% social protection coverage for the elderly through a non-contributory and contributory hybrid (ILO, 2018)

Global Increase In Social Pensions Showing Wealth of Country At Time Of Introduction, Selected Countries, 1890-2018



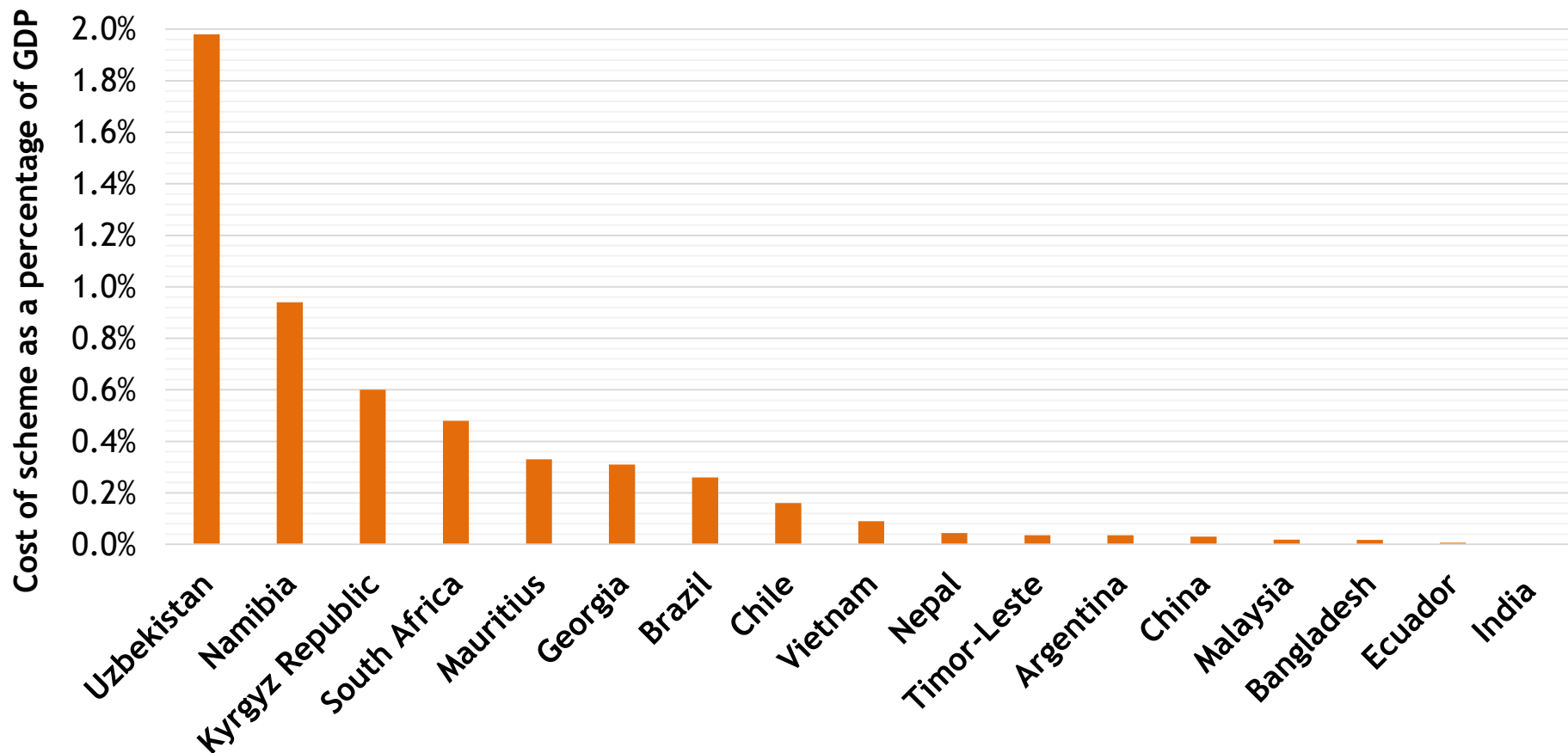
Source: Gapminder Data, retrieved from <https://www.gapminder.org/data/documentation/>

A comprehensive social protection system for people with disability



- Nepal, Vietnam, Georgia, South Africa, Bangladesh, Kenya and Fiji have well-established comprehensive systems for people with disabilities, including non-contributory, contributory, and concession schemes

Low-middle Income Countries Are Starting to Invest A Higher Percentage Of GDP on Disability Specific Schemes



Source: Development Pathways, 2017, to be published

Proposed Elderly and Disability Grant Coverage

Overview of non-contributory schemes for the elderly (2020-2024)

Program	Target group	Benefit size
Non-contributory elderly grant	Those above the age 70 who are not benefitting from a contributory pension	IDR300,000 per individual per month

Overview of non-contributory schemes for people with disabilities (2020-2024)

Program	Target group	Benefit size
Non-contributory severe disability grant	All children and adults with a severe disability	IDR300,000 per individual per month

Coverage of the elderly in proposed programs (2020-2024)

Program	2020	2021	2022	2023	2024
Elderly grant (70+)	8,011,000	8,155,000	8,281,000	8,399,000	8,525,000

Coverage of people with disabilities in proposed programs (2020-2024)

Program	2020	2021	2022	2023	2024
Child disability benefit	860,000	858,000	857,000	856,000	855,000
Adult disability benefit	1,596,000	1,618,000	1,639,000	1,659,000	1,679,000

- The elderly grant at this level would reduce poverty among those above the age of 70 by 59%, and the poverty gap by 72%
- The disability benefit would reduce poverty among persons with severe disability by 44%, and the poverty gap by 53%

Proposed Elderly and Disability Grant Coverage

- In Indonesia, the elderly and people with disability experience the highest rates of poverty and vulnerability
- These two groups also receive the most limited social protection coverage. Approximately 98% of people with severe disability and 99% of the elderly (who are not part of the contributory system) are without basic income security
- A comprehensive social protection system means filling this gap through a combination of non-contributory and contributory schemes.
- Non-contributory schemes for these groups, such as elderly grants, grants for people with severe disability, and concessions would provide income security for the elderly and people with disabilities NOW.
- At the same time, working age people should also be incentivized to contribute to BPJS employment schemes so that they can be protected in THE FUTURE.

Thank You

