# SOCIAL ASSISTANCE FOR THE ELDERLY IN INDONESIA: AN EMPIRICAL ASSESSMENT OF THE *ASISTENSI SOSIAL LANJUT USIA TERLANTAR* PROGRAMME

**SRI MOERTININGSIH ADIOETOMO, FIONA HOWELL, ANDREA MCPHERSON, JAN PRIEBE**

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**Sri Moertiningsih Adioetomo, Fiona Howell, Andrea McPherson, Jan Priebe**[1]
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## ABSTRACT

Indonesia has undergone a demographic transition since the 1970s that has led to significant changes in the population age structure of the country. Life expectancy at birth increased from 45 years to 67 years. The number of elderly people aged 60 and above rose from about 5 million in 1970 to 18 million in 2010, and is projected to increase to over 71 million in 2050. The economic situation for many elderly persons is precarious. In 2011, 12 percent of older people were below the official poverty line. Older people, especially those in their 70s and those aged 80 and above, have the highest poverty rates among the population groups, 13.3 percent and 16 percent respectively. At the same time, a much greater proportion of the elderly population than officially classified as poor is vulnerable to falling into poverty. Moreover, many of the elderly suffer from poor health and have low literacy levels.

Currently, the coverage of the elderly with the existing formal pension schemes is very low. The Government of Indonesia (GOI) recognizes the gaps in the social insurance schemes and is explicitly taking actions to improve pension coverage. ASLUT, the current social assistance programme targeted directly at poor and neglected elderly, started in 2006 in six provinces reaching 2,500 beneficiaries. It has recently expanded to all 33 provinces and increased the number of recipients to 13,250 in 2011, and 26,500 beneficiaries in 2012. This paper explores the strengths and weaknesses of the coverage provided to the elderly and recommends that the ASLUT programme be developed further to meet the demographic challenges that Indonesia faces.

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# Acknowledgements

# List of Abbreviations, Acronyms and Indonesian Terms

APBN — State Revenue and Expenditure (*Anggaran Pemasukan dan Belanja Negara*)

ASLUT — Social Assistance for Older Persons (*Asistensi Sosial Lanjut Usia Terlantar*)

BAPPENAS — National Development Planning Agency (*Badan Perencanaan dan Pembangunan Nasional*)

BPS — Central Bureau of Statistics (*Badan Pusat Statistik*)

GOI — Government of Indonesia

JAMKESMAS — Social Health Insurance (*Jaminan Kesehatan Nasional*)

JHT — Old Age Security- Provident Fund (*Jaminan Hari Tua*)

JSLU — Social Security for Older Persons (*Jaminan Sosial Lanjut Usia*)

MOSA — Ministry of Social Affairs

PKH — Conditional Cash Transfers for Poor Families (*Program Keluarga Harapan*)

PPP — Purchasing Power Parity

PT ASABRI — Social Insurance for Armed Forces (*Asuransi untuk ABRI*)

PT ASKES — Social Health Insurance for government civil servants and military (*Asuransi Kesehatan*)

PT JAMSOSTEK — Social Security Program for Employees (*Jaminan Sosial Tenaga Kerja*)

PT TASPEN — Civil service pension fund

RASKIN — Rice for Poor Households (*Beras Miskin*)

SAKERNAS — National Labour Force Survey (*Survey Angkatan Kerja Nasional*)

SUSENAS — National Social and Economic Survey (*Survey Sosial dan Ekonomi Nasional*)

| TNP2K | National Team for Accelerating Poverty Reduction (*Tim Nasional Percepatan Penanggulangan Kemiskinan*) |
| UN | United Nations |
| UNFPA | United Nations Population Fund |

# Executive Summary

Indonesia has undergone a demographic transition since the 1970s that has led to significant changes in the population age structure of the country. Life expectancy at birth increased from 45 years to 67 years. The number of elderly people aged 60 and above[2] rose from about 5 million in 1970 to 18 million in 2010,[3] and is projected to increase to over 71 million in 2050. Furthermore, the age-selective internal migration has resulted in more advanced age profiles in several districts and provinces. Alltogether these changes will lift the proportion of people aged 60 and above from 7.6 percent of the population in 2010 to 25 percent by 2050, putting more pressure on the existing social security networks.

The economic situation for many elderly persons is precarious. In 2011, 12 percent of older people were below the official poverty line. Older people, especially those in their 70s and those aged 80 and above, have the highest poverty rates among the population groups, 13.3 percent and 16 percent respectively.[4] At the same time, a much greater proportion of the elderly population than officially classified as poor is vulnerable to falling into poverty. The share of older people over age 60 who are below BPS's 'near-poverty' line (1.2 times the official poverty line) in 2009 was 27.5 percent, more than double the number below the official poverty line.

Many elderly people suffer from poor health. The main diseases reported by the elderly are heart disease, hypertension or rheumatism. The incidence of disability among the elderly is at 27 percent, much higher compared to the non-elderly population. This health status can be expected to affect their welfare and poverty situation negatively. Likewise, elderly can be expected to incur substantial health costs, often requiring additional financial support.

Moreover, older people have very low literacy levels, especially elderly females and rural residents. Only about 30 percent of females in their seventies and about 35 percent of rural residents in the same age bracket are literate, as a consequence of a relative educational disadvantage in their childhood.

Older people's living arrangements also significantly affect their livelihood. Those living in multi-generational households appear to be facing highest poverty rates, although for older people living alone and in small households, poverty rates are often under-reported. The high percentage of elderly people receiving transfers from their families (57 percent) points to the fact that older people rely to a significant degree on social networks for support.

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[2] The term 'eldery people' or 'older people' refers to people aged 60 and above throughout the report, unless stated otherwise.
[3] BPS. Population Census 2010.
[4] Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2005- 2010 (July/August round) and Susenas 2011 (March and June quarters).

Currently, the coverage of the elderly with the existing formal pension schemes is very low. The proportion of older people in receipt of civil servant and military pensions[5] in 2009 was 5.3 percent of the population aged 55 years and above, and in 2010, 15.5 percent of the population aged 60 years and above. These pension benefits, available to government workers, civil servants and military personnel only, are often insufficient to cover the basic needs of retirees as the pension amounts are based on the basic wage.[6] Moreover, workers from the informal sector, which comprise approximately two-thirds of the Indonesian labour force, are largely excluded from any pension schemes.

The Government of Indonesia (GOI) recognizes the gaps in the social insurance schemes and is explicitly taking actions to improve pension coverage. ASLUT, the current social assistance programme targeted directly at poor and neclected elderly, started in 2006 in six provinces reaching 2,500 beneficiaries. It has recently expanded to all 33 provinces and increased the number of recipients to 13,250 in 2011, and planned to reach 26,500 beneficiaries in 2012.

ASLUT is relatively effective in targeting the poor and neglected elderly people. It particularly reaches out to those elderly of more advanced age, living alone and older women, assisting them in meeting their basic needs. However, it only covers 0.56 percent of poor people over the age of 60.

There is therefore significant scope for the expansion of the programme. Many non-beneficiaries of ASLUT share the same characteristics as beneficiaries, indicating the existence of a large share of elderly persons potentially eligible for assistance. They are often bedridden and over 70 years of age, have high levels of illiteracy and live in poverty. In many cases, they have little potential for social empowerment and are often on the verge of social exclusion.

In order to address the difficult situation of the elderly and meet the challenges posed by the demographic transition in Indonesia, ASLUT should and needs to be expanded. The up-scaling should consist of increasing the number of beneficiaries in areas where the programme already operates, as well as expanding its geographical coverage to every district. Other government assistance programmes, especially Jamkesmas, should ensure their coverage of poor elderly persons in order to ameliorate impacts of health expenses. The expansion of ASLUT would provide some income security for poor older persons in Indonesia who are ineligible for pensions under the current social security schemes.

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[5] Which make up the vast majority of the existing pension schemes. 100 percent of civil servants and military personnel have pension coverage, while only 14 percent of private formal sector workers are covered by a pension mechanism. Covereage of workers in the informal sector is minimal. See Demographic Institute at the University of Indonesia and HelpAge International. Social Assistance of Poor and Vulnerable Older People in Indonesia. Working Paper, HelpAge/DI, 2012, p. 130.

[6] The salary of civil servants and miltary personnel is divided into two components: the base and top-ons. The base salary, which is the basis of calculating the future pension, is substantially smaller than the top-ons. Therefore, the pensions of civil and military workers are often small.

# 1. Introduction

Indonesia has had considerable success in reducing poverty during the last decades. The uninterrupted high economic growth levels in recent years helped reduce poverty, which came down from 16 percent in 2005 to 11.5 percent in 2011 according to official BPS estimates.[7] However, poverty levels are still high among some groups of the population, who experienced only very moderate progress in welfare levels. For example, old-age poverty rates have been consistently higher than those of the general population, encompassing 13.4 percent of people over the age of 60 in 2011. Moreover, a lot of elderly people who are not officially classified as poor are vulnerable to poverty. If analysed through the prism of BPS' near-poor poverty line (1.2 times the official poverty line),[8] as much as 27.5 percent of elderly people are considered to be vulnerable to poverty.[9]

The issue of old-age poverty is likely to be compounded in the future by demographic and socio-economic challenges facing Indonesia. It is projected that the number of elderly people will rise substantially from 7.6 percent of the total population in 2010 to 23 percent in 2050. Likewise, life expectancy at age 60 is predicted to improve further in Indonesia. This demographic transition will result in both a larger number of elderly people that need access to sufficient social security or social assistance mechanisms and, longer periods of support from social security and social assistance mechanism for the elderly due to increases in longevity.

Currently, the social security system does not adequately address the income support needs of poor elderly people. Very few elderly people receive a pension when they retire from formal employment, while workers from the significantly larger informal sector, twice the size of the formal one, are largely excluded from any pension scheme. Even those workers covered by the social security schemes are not immune to poverty as their existing pension benefits are often insufficient to cover their basic living expenses.

This study summarises a HelpAge International and Demographic Institute (University of Indonesia) analysis of the current socio-economic situation of the elderly and the government's principal social assistance program for elderly based on two separate research papers commissioned by TNP2K and conducted by HelpAge International and The Demographic Institute at University of Indonesia.[10]

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[7] According to the official estimation of BPS 2011 by Suhariyanto, K. .2011. "Monitoring Social Developments in Indonesia" presentation given at International Forum on Monitoring National Development: Issues and Challenges. Beijing 27 – 29 September. BPS

[8] Equivalent to Rp280,488 per person per month.

[9] See Demographic Institute at the University of Indonesia and HelpAge International. Social Assistance of Poor and Vulnerable Older People in Indonesia. Working Paper, HelpAge/DI, 2012.

[10] The report is a compilation of two reports commissioned by TNP2K: Social Assistance Needs of Poor and Vulnerable Older People in Indonesia. HelpAge/DI, September 2012, later referred to as HelpAge/DI (2012a), and Findings of A Household Survey of Jamin Social Lanjut Usia (JSLU) Beneficiaries and Non- beneficiaries. HelpAge/DI, September 2012, later referred to as HelpAge/DI (2012b). Both reports can be obtained opon request from TNP2K.

## 2. Demographic Outlook in Indonesia

Indonesia has undergone a significant demographic transition since the 1970s[11] characterised by decreasing fertility and infant mortality rates, and increasing life expectancy. The average number of children per woman fell from 5.5 children in the early 1970s to only 2.1 children by 2010.[12] The decline in infant and child mortality has led to a larger number of children reaching adulthood,[13] while life expectancy increased from 45 years in the early 1970s[14] to 68.9 years in 2010.[15] Increases in life spans have also had an impact on the older population – the average life expectancy at age 60 (defined as the number of years a person aged 60 could expect to live if mortality levels remained the same for the rest of their life) for Indonesians has increased from 13 years in 1971 to 17 years in 2010.[16]

This transition, in addition to having socially desirable effects, is creating new demographic challenges for Indonesia.[17] The elderly population will increase from 18 million in 2010[18] to 36 million in 2025,[19] and to over 71 million in 2050 (see Figure 1), swelling the proportion of elderly people up to 23 percent of total population. Due to this surge, Indonesia will reach the demographic milestones associated with ageing societies very quickly. The country will reach the 'ageing' threshold by 2018, when people aged 60 and above will constitute 10 percent of the total population.[20] Subsequently, in just 20 years time, the country will move from an 'ageing' to 'aged' phase, wh en people aged 65 and above will comprise 14 percent of the total population.[21]

The demographic landscape of Indonesia is also changing because of internal migration. The country is witnessing increased population mobility, particularly a mong younger rural residents migrating to urban areas. This age-selective migration is likel y to result in more advanced age profiles in some areas, despite their slower performance in reducing fertility rates and infant mortality. It will also offset ageing in provinces where fertility and infant/child mortality levels are comparatively low, like Jakarta (see F igure 2).[22] In areas with historically lower fertility rates and higher childlessness, like East Java, out-migration combined with a smaller number of children has already heighten age dependency ratios.[23]

[11] Adioetomo, S.M. 2006. 'Age Structural Transitions and Their Implications: The Case of Indonesia over a Century, 1950-2050'. In Pool, Wong & Vilquin (eds) 2006. Age-structural Transitions: Challenges for Development. Paris: CICRED.

[12] BPS Statistics Indonesia and Macro International. 2008. Indonesia Demographic and Health Survey 2007.Calverton, Maryland, USA: BPS and Macro International; Census 2010 data.

[13] BPS-Statistics Indonesia. 2006. Estimates of Demographic Parameters: Fertility, Mortality and Migration.

[14] See HelpAge/DI (2012a), p. 32.

[15] World Development Indicators data, World Bank.

[16] Life expectancy at age 60 for both males and females increased since 1971 by about 4 years to 17 years in 2010; BPS calculation from Censuses and Intercensal surveys 1971-2010. See also HelpAge/DI (2012a), pp. 39-40.

[17] BPS-Statistics Indonesia. 2006. Estimates of Demographic Parameters: Fertility, Mortality and Migration. Results of Intercensal Population Survey 2005. Jakarta: BPS.

[18] BPS. Population Census 2010.

[19] BAPPENAS, BPS and UNFPA 2005. Indonesia Population Projection 2000-2025. Jakarta.

[20] Although there are no absolute definitions for 'aging' and 'aged' population str uctures, international and national reports categorise 'Aging" and "Aged" stages based on the proportion of the older population aged either 60 years and over, or the proportion aged 65 and over. 'Aging' and 'aged' societies will be respectively marked when the older population aged 60 and over accounts for 10% and 20% of the total population. Alternatively, if the older population is defined as 65 and above, 'aging' and 'aged' will be respectively marked when the older population accounts for 7% and 14% of the total population. For more on this see Andrews and Philips (eds). 2005. Ageing and Plac e: Perspectives, Policy and Practice. NY: Routledge.

[21] Data from United Nations (2010).

[22] Ananta, A. and Arifin, E. 2009. Migration, Ageing and Economic Development in Indonesia. Singapore: Institute of Southeast Asian Studies.

[23] Hull and Tukiran (1976); Kreager and Schröder-Butterfill (2005).

**Figure 1. Growth of Indonesian Older Population 60 and Above**

Growth of the ageing population
Indonesia 1950-2050 (in thousands)
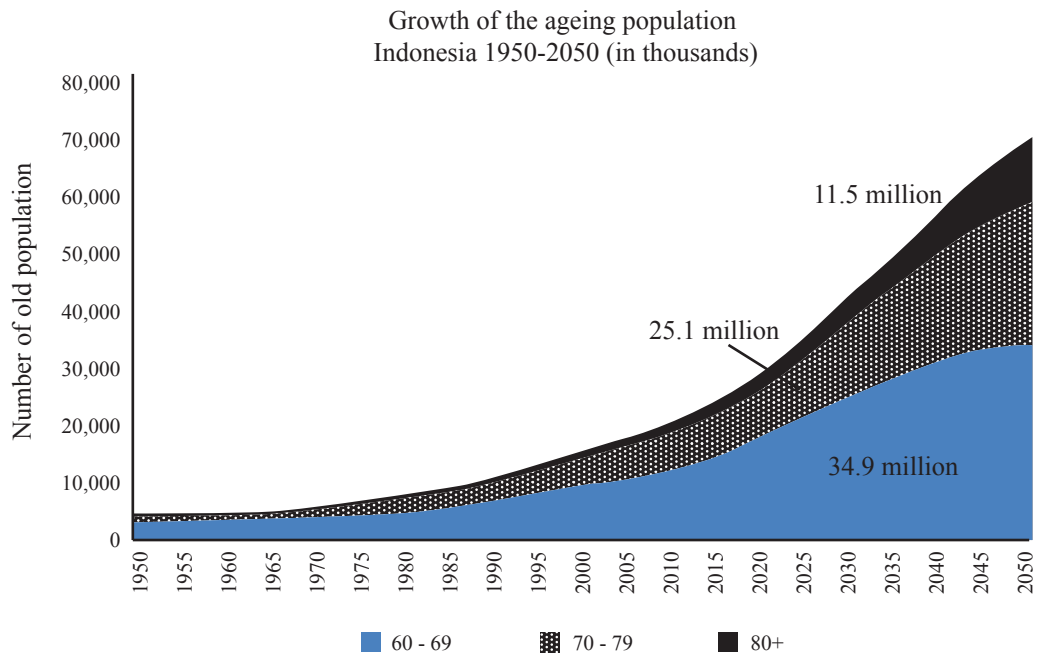


Source: Calculated by Sri M Adioetomo from UN projection 2008

**Figure 2. Ageing Index by Province, 2010[24]**
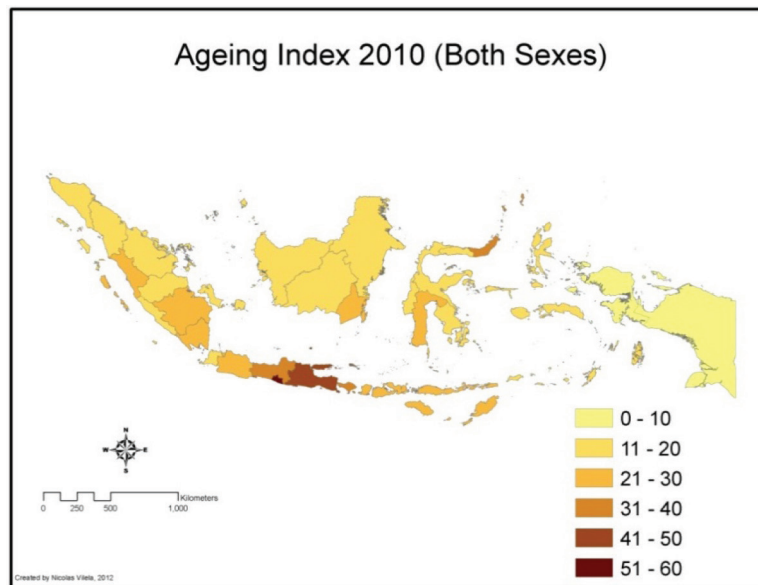


Source: HelpAge International/Demographic Institute of Indonesia calculation based on BPS, Census 2010.

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[24] The ageing index is calculated as the number of persons 60 years old or over per hundred persons under age 15. It is used to compare the proportion of older people and the proportion of children.

The gender composition will also undergo gradual changes. The trend of older females outnumbering older males will continue to hold, as a consequence of females having longer average life spans than males (a phenomenon often referred to as the 'feminization of aging'). This imbalance will decrease slightly from the current ratio of females to males in the age group of 75 years and above of 130 females for 100 males,[25] to 126 females for 100 males by 2025.

**Table 1. Female to Male Ratio of Elderly People in Indonesia by Age Group**

| Age | Year | 2010 | 2015 | 2020 | 2025 |
|---|---|---|---|---|
| 60-64 | 98 | 96 | 100 | 105 |
| 65-69 | 106 | 102 | 100 | 105 |
| 70-74 | 115 | 111 | 107 | 106 |
| 75+ | 130 | 130 | 127 | 126 |

*Source: Population projections from Bappenas, BPS, UNFPA (2005)*

The combined effect of the demographic trends described above will result in an ageing Indonesian society with the proportion of older people constituting a quarter of the population by 2050, and exerting more pressure on savings as well as informal and family support networks in Indonesia, that currently constitute the backbone of old-age security for the vast majority of the elderly Indonesian population.

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[25] Population projections from Bappenas, BPS, UNFPA (2005).

# 3.  Socio-Economic Profile

In light of the continuing demographic changes expected over the next few decades, and the impact they might have on poverty in old age, it is important to examine the socio-economic characteristics of elderly people in Indonesia.  The following analysis of the research conducted by HelpAge International and the Demographic Institute[26] gives an insight into elderly people's social status, poverty characteristics and their need for social assistance.

## *3.1. Old-Age Poverty Characteristics*

According to calculations from HelpAge International and Demographic Institute, 12 percent of older people were below the official poverty line in 2011, a slightly higher share compared  to  the  overall population (11.5  percent). However,  this  small  difference between old-age poverty and general poverty rates can give a misleading impression that the poverty status of older people reflects that of the wider population.  To the contrary, older  people, especially  people  in  their  70s and those aged 80 and  above,  have  the highest poverty rates among the population groups, 13.3 percent and 16 percent respectively.[27] Moreover, both age cohorts are more likely to find themselves in the lower deciles of income distribution.[28]

Older rural residents face poverty rates more than twice as large as those of urban older households. In 2011, 19.4 percent of older people in rural areas were poor, compared to just 7.2 percent in urban areas.[29] Poverty rates of older women were only slightly higher than that of older men during the period from 2005 to 2010, and by 2011, the old-age poverty rate for both genders was even at 12 percent. In spite of the larger number of elderly females and the 'feminisation of aging', the disaggregation of the elderly along income deciles shows that older women are only marginally more likely to be amongst poorer deciles than men.

## *3.2. Vulnerability to Old-Age Poverty*

A significant proportion of the elderly population is also vulnerable to falling into poverty.  Using BPS's official 'near-poor-poverty' line (1.2x the national poverty line) the proportion of older people over age 60 below the 'near poor' line was 27.5 percent in 2009, more than double the percentage below the official poverty line – the two poverty lines differing on average by just Rphs 46,748 per month.[30] It is also higher than the share of the general population living below the near-poor line, which in 2010 was

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[26]  The difference in the old-age poverty rate estimated using the Susenas data and the offical BPS figure cited in the introduction may be caused by the use of different rounds of Susenas data. BPS usually uses March rounds of data to calculate national poverty rate, whilst our analysis is based on July/August round, which is purchasable from BPS and to which the Demographic Institute had access. It is also possible that BPS utilised additional consumption modules with panel samples, collected to provide more detail in addition to Kor Data. The observed lower poverty levels in years 2009 – 2010 may reflect a similar characteristic and represent a scope for further study. See also HelpAge/DI (2012a), p. 24.

[27]  Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2005- 2010 (July/August round) and Susenas 2011 (March and June quarters), HelpAge/DI (2012a), p. 77.

[28]  Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2009 (July/ August round), HelpAge/DI (2012a), p. 80.

[29]  Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2009 (July/ August round), HelpAge/DI (2012a), p. 81.

[30]  Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2009 (July/ August round), HelpAge/DI (2012a), p. 82.

about 24 percent.[31] Meanwhile, over 60 percent of Indonesian older people were below the 2x poverty line, living on approximately Rphs 13,132 a day. At the same time, 29 percent of the elderly could be described as 'transient poor', either moving into or out of poverty. The implication of these findings is that social assistance policies should consider not only those who are poor at any one moment, but the wider population of older people who are vulnerable to falling into poverty over time.

## 3.3. Marital Status and Living Arrangements

The percentage of older males who are married is 84.4 percent, compared to 37.1 percent of older females.[32] There are also a higher percentage of widows among the elderly, 58.5 percent, compared to 13.6 percent of widowers. These findings are a reflection of cultural factors. In Indonesia, it is usual for widowers to remarry, while widows tend to remain unmarried after the death of their spouse.

Even though the presence of a spouse and marital status can be significant factors in determining the well-being of older people, they do not have clear impacts on the likelihood of being poor. Widowed and married older people, regardless of gender and location, are generally less likely to be poor than older people with other marital statuses (including divorced, separated, and never married). Older women are found in a greater diversity of household living arrangements than men. In households where older people live alone, females are dominant: 13 percent vs. 3 percent males.

According to Table 2, some multi-generational living arrangements are most prone to the risk of poverty; elderly with spouse and others, elderly living with married child, and elderly living with adult child and grandchild, all have poverty rates higher than the old- age poverty rate (9.0 percent in 2009).[33] This also reflects the existence of multiple vulnerability in households with children and older people. However, living alone is not a strong determinant of old age poverty. Elderly people living alone have the lowest poverty rates compared to other living arrangements (see Table 2). Qualitative evidence suggests that living alone – especially while still physically able - may be a symbol of independence and autonomy, while living with others may be the last resort for older people who are no longer able to support themselves.

[31] World Bank, 2012, p. 20.
[32] Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2011 (June round), HelpAge/DI (2012a), p. 61.
[33] Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2005- 2010 (July/August round) and Susenas 2011 (March and June quarters), HelpAge/DI (2012a), p. 77.

**Table 2. Vulnerability to Poverty of Older Population by Living Arrangement, 2009**

| Type of Living arrangements | 1xPL | 1.2xPL | 2xPL |
|---|---|---|---|
| HH without elderly | 8.85 | 18.29 | 58.77 |
| Elderly living alone only | 2.04 | 5.37 | 38.85 |
| Elderly living with elderly spouse only | 6.30 | 15.89 | 61.78 |
| Elderly living with spouse and others | 11.45 | 22.65 | 64.29 |
| Elderly living with married child | 12.88 | 26.79 | 70.70 |
| Elderly living with not married child | 7.77 | 16.51 | 57.90 |
| Elderly living with grandchild only | 5.61 | 18.52 | 67.76 |
| Elderly living with adult and grandchild | 10.52 | 20.90 | 63.28 |
| Others | 8.37 | 18.62 | 59.32 |

*Note: Elderly living with spouse and others includes non-elderly spouse; others include all other types of living arrangements except the listed ones.*
*Source: Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Susenas 2009 (July/August round)*

## 3.4. Literacy

Older people have relatively low levels of literacy. This can be attributed to lack of access to basic education in Indonesia prior to 1973, when a Presidential Decree mandated the establishment of at least one primary school in each village. Among the elderly, those aged over 80 years generally have lower literacy rates than the younger age cohorts, and older women have substantially lower rates of literacy than do their male counterparts (see Figure 4). Large differences in elderly literacy are also observed along residential lines: older people living in urban areas have significantly higher rates of literacy than rural residents.

Elderly people having low literacy rates are likely to be poor or vulnerable to poverty, since low education and high illiteracy rates are highly correlated with poverty. Results of Susenas 2008 show that older women with low education and living in rural areas tend to be poorer than those with higher education and living in urban areas.

The relative educational disadvantages of older people are a cohort effect and are expected to reduce significantly with time. Generations born before 1950, particularly girls, had relatively little access to schooling. However, younger generations are more literate, having had the opportunity to benefit from the 1973 Presidential Decree.

**Figure 3. Literacy of Older People in Indonesia, 2007**
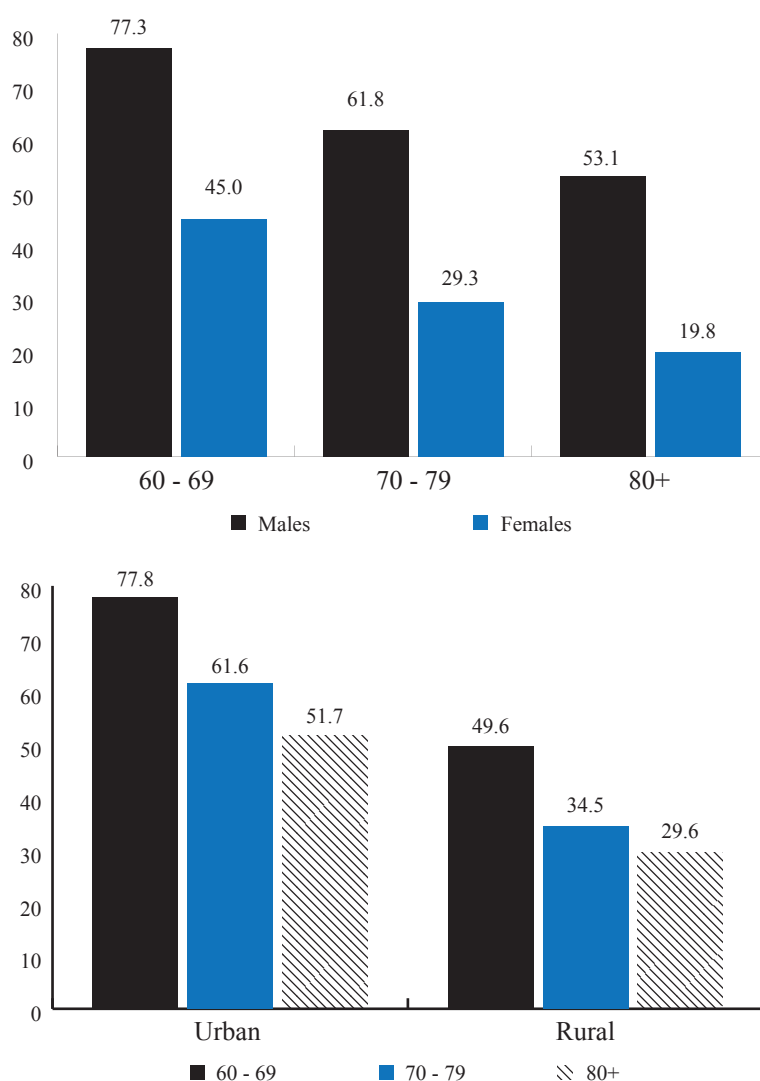


Source: IFLS 2007

## 3.5. Income Sources and Remittances

Older people depend on multiple sources of income.[34] Private transfers are a principal source of support for households with older people (about 57 percent of elderly people in Indonesia receive money transfers).[35] These transfers, often from family members, but also from local patrons or neighbours, account for almost a quarter of elderly people's income (23 percent). This compares to 16 percent of income that elderly people receive from wages.

The money transfers between families with elderly people are not only in one direction. 30 percent of elderly people in Indonesia support their extended families by transferring money, with the mean trans-

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[34] Most elderly people ( more than 60 percent, as calculated by HelpAge and Demographic Institute at Unversity of Indonesia using Sakernas 2011 data) generate income through self-employment, which generally tends to be poorly paid (p. 48).
[35] HelpAge/DI (2012a), p. 52.

fer value in 2007 of Rps. 950,084.[36] This finding underscores that elderly persons play as well a vital role in providing financial support to other family members.

Apart from transfers and pensions, several older people rely on work to generate income (see Figure 5). In most cases, working older people tend to be poor.[37] It indicates that working is often likely to be a response to poverty for older people, while non-working is associated with having other forms financial support. This finding is also in line with studies from Vietnam, China and some African countries.[38]

**Figure 4. Labour Force Participation of Older People by Age, Gender, and Area, 2011**
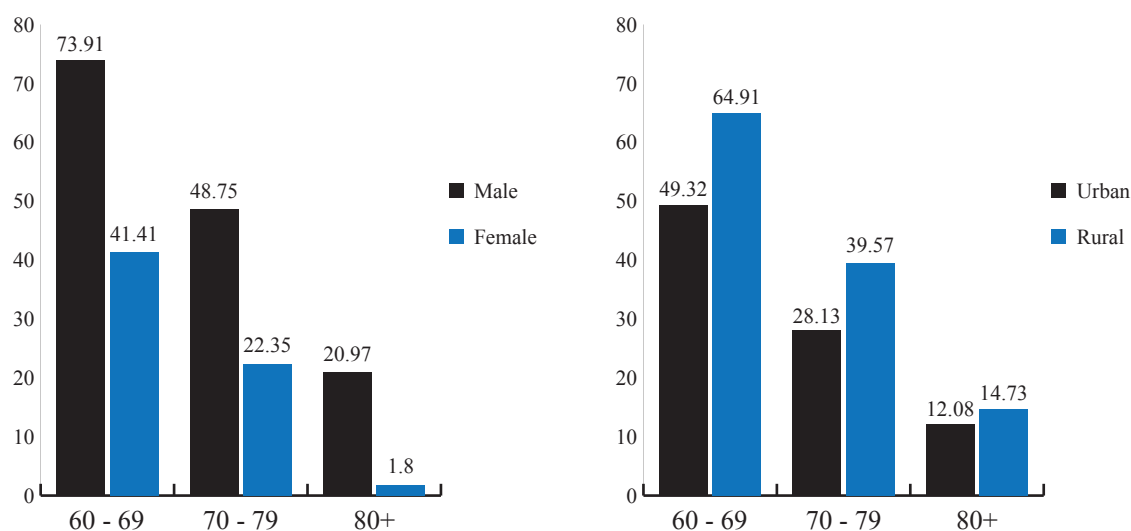


Source: Sakernas 2011

## 3.6. Health Profile

Health status is an extremely important indicator of the well-being of older people. Healthy Life Expectancy at the age of 60 is estimated to be 11 years, compared to the actual life expectancy of 17 years at the age of 60, which indicates that older people experience a significant proportion of their older age in a state of ill health.

The most common conditions affecting older people, based on self-reports, are asthma, heart disease, rheumatism, hypertension and cataracts (see Table 3).[39]

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[36] Conditional on giving a transfer. Calculated by dividing the total amount of money trasferred by the number of elderly who transferred money. Calculations done by Help Age and Demographic Institute (University of Indonesia) from IFLS 2007 data. See HelpAge/DI (2012a), p52.
[37] HelpAge/DI (2012a), p. 75.
[38] See Meng and Wan (2006) and Giang and Pfau (2009).
[39] Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Riskesdas 2007, HelpAge/DI (2012a), p. 68. Women in general report higher levels of illness than men do, though this should be interpreted with some caution as gender differences in health reporting do not necessarily reflect differentiated incidence of health conditions. The leading health economic literature usually suggests that women may be more disposed to reporting ill health than men.

**Table 3. Self-reported Illnesses of Older People by Gender and Age (%)**

| Condition | Asthma | Heart disease | Rheumatism | Hypertension | Cataract |
|---|---|---|---|---|---|
| **Gender** | | | | | |
| Male | 6.02 | 2.94 | 30.34 | 18.00 | 5.41 |
| Female | 4.51 | 2.89 | 35.04 | 24.45 | 6.29 |
| **Age** | | | | | |
| 60-69 | 4.58 | 2.87 | 31.59 | 20.15 | 4.73 |
| 70-79 | 5.97 | 2.97 | 34.12 | 23.27 | 6.99 |
| 80+ | 5.22 | 2.96 | 36.05 | 23.18 | 9.23 |

*Source: Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from Riskesdas 2007*

The link between health and poverty is significant and can be alternatively assessed by comparing the rate of mortality at given ages for richer and poorer groups. Such comparisons[40] found that people aged 50 and above having a daily income of less than US$1 per day[41] were twice as likely to die within four years compared to those with a daily income of US$6-10 per day. This mortality differential between richer and poorer older people may reflect life-course variations in nutrition and working conditions, but it also strongly suggests that the health needs of poor older people in Indonesia are less attended to than health needs of their richer counterparts. This has clear implications for policy and pro-grams to support access to health services for the elderly population, especially for poor older people.

## 3.7. Findings from Qualitative Research

The qualitative evidence presented in this report, gathered and analysed by HelpAge International and the Demographic Institute of University of Indonesia, is based on 50 in-depth interviews with older people, 12 village level focus group discussions, 6 district level stakeholder focus group discussions and a selection of researcher field notes. Some popular methods in qualitative research were used, including the focus group discussion (FGD), key informant interview (KII), case study (CS), and ob-servation (Obs). The geographic framework for data collection has been developed to reflect some of the heterogeneity of Indonesian culture. Data were collected from major ethnic groups (Sundanese, Javanese, Minangkabau, Banjar, Bugis, Timorese), from urban and rural settings, and locations where youth out-migration has left high proportions of older people remaining. Data were gathered from 24 villages in 12 sub-districts in 6 districts with the highest proportion of people 60 years and older in 6 provinces.

Older peoples' own perceptions of poverty often draw on religious and moral attitudes to life. The 50 in-depth interviews reveal two closely linked themes regarding the nature and experience of poverty in old age. One concerns older people's attitude to work and its importance in their lives, not only as a source of food and material well-being, but as crucial to defining their position in their families and in society. The second is the relation between their health and work: how health affects the ability to work and older people's status in the communities.

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[40] Banerjee, A. and Duflo, E. 2007. 'Ageing and Death Under a Dollar a Day'. NBER Working Paper 13683. The study refers to likelihood of passing away within a four-year period.
[41] US dollar statistics refer to Purchasing Power Parity adjusted international dollars.

Being poor, as one 70 year old woman in South Kalimantan put it, is "the inability to do anything". Or as another respondent explained, working means that you can be "an ordinary person": you can participate in normal family and social life, supporting yourself, helping others close to you, and being able to participate in many everyday social exchanges as an equal. Another respondent, although blind and dependent in part on charity for survival, professed himself happy because he had family around him, could still make modest contributions to their well-being, and was still mobile. The "inability to do anything" arises usually from health problems that make even daily tasks difficult. A 72 year old widower from West Sumatra stated: "Never beg. I pray to God never to allow me to beg, for if I do so, I should rather die instead."

"Retirement" is not a recognised idea from any of the interviewees, nor does it appear desirable, given their responsibilities to others. Older people often attribute poverty and vulnerability to disadvantages over their life-course. Particularly for rural respondents, the lack of even a small patch of rice land of their own, meant a life of unreliable manual labour not only for them, but for all those in the several households that made up their family networks.

## 3.8. Summary

Indonesia is undergoing a deep demographic transition lead by higher life expectancy, reduced fertility and increased population mobility. The resulting rapid ageing of society will have a significant impact on the age structure in Indonesia and social assistance needs. Within the next 15 years, the number of elderly people will almost double (from 18 million in 2010 to 36 million in 2025), putting urgent needs on the GOI to find a solution for providing the elderly with sufficient social assistance and social security. Likewise, the family networks, on which elderly people rely for their livelihood, will be under increasing pressure.

Older people above the age of 60 have consistently higher poverty rates than the non- elderly population. In light of the very low penetration of the social security schemes, the elderly will require direct financial assistance to meet their basic needs. Social assistance policy and programs for the elderly need to especially consider older women, who are slightly more prone to poverty and live longer than their male counterparts, and also older people living in rural areas, who have poverty rates twice as big as their counterparts in cities.

Health of the elderly is a major aspect affecting their living standards including health care utilization and expenditure patterns. The main diseases that Indonesian elderly suffer from are chronic diseases, such as heart disease, hypertension or rheumatism, are quite commonly reported. Likewise, the incidence of disability is relatively high, at 27 percent.

Finally, older people's living arrangements and sources of income also significantly affect their livelihood. Older people living in multi-generational households seem to face the highest poverty rates. At the same time, the high percentage of elderly people receiving transfers from their families (57%) indicates that they rely on wider social networks for support.

# 4. Social Assistance and Social Security for Elderly People in Indonesia

The existing social security system for elderly people in Indonesia is very small in scope. It is based on two tiers: contributory social insurance mechanisms and non-contributory social assistance schemes. The first group includes the following programmes: PT Jamsostek, providing insurance for workers; PT Taspen, administering a pension system for retired government civil servants; PT Askes, administering health insurance for government civil servants and military personnel; and PT Asabri, providing pensions for retired military personnel. These schemes cover workers who are in the formal sector, government civil servants, and the military.

Contributory pension schemes in Indonesia have two major set-backs. The first one is their minimal coverage. They only cater to people working in the relatively small formal sector that employed under a third (32%) of the workforce in Indonesia of 108 million in 2010.[42]

The second draw-back is that the schemes do not provide sufficient payments to meet the basic needs of elderly people. The pensions are based on voluntary contributions, with most people choosing to contribute the minimum amount required. The result is that the eventual pension received by the beneficiaries is also minimal; and not enough to maintain their living standards after retirement.

In addition, older persons aged 60 years and above, are not eligible to apply for commercial health insurance, even if they can afford to pay the premiums. Effectively, only very rich retirees have sufficient savings to support their expenses in retirement (see Table 4).

**Table 4. Average Monthly Pension Income (Conditional on Receiving a Pension)**

| | Pension Level (Mean value in Rphs per month) | Per capita pension per month as % of per capita HH expenditure per month |
|---|---|---|
| All old age | 90,158.8 | 6.35% |
| **Age Group** | | |
| 60-69 | 103,300.7 | 6.51% |
| 70-79 | 70,268.3 | 5.87% |
| 80+ | 66,020.5 | 6.78% |
| **Gender** | | |
| Male | 117,139.1 | 7.72% |
| Female | 34,890.7 | 3.54% |
| **Area** | | |
| Urban | 194,680.2 | 12.80% |
| Rural | 32,214.6 | 2.77% |
| **Poverty** | | |
| Non Poor | 156,091.1 | 8.08% |
| Poor | 37,343.2 | 4.96% |

*Source: Calculations done by HelpAge International and Demographic Institute (University of Indonesia) from IFLS 2007*

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[42] BPS Statistics Indonesia, 2011. Statistical Yearbook of Indonesia 2011. Jakarta: BPS, p. 91.

One of the the main problems for policy makers concerned with social security is that 2/3 of the labour force is concentrated in the informal sector. These 2/3 are usually not covered by any formal pension scheme. This means that over 73-million people[43] will potentially face poverty upon their retirement, when their ability to work diminishes, and consequently their income from work declines. Those elderly currently out of the social security system, and therefore vulnerable to poverty in old age, need to be considered for some form of social assistance.

The Government of Indonesia (GOI) recognizes the gaps in the social insurance schemes and risks of higher poverty rates, and therefore developed the social assistance scheme Jamkesmas (Health Insurance for the Community) in 2008 for 76 million poor and near poor individuals, with a target to reach 96 million poor and near poor individuals by the end of 2014. Other social assistance programmes include subsidized rice for the poor (RASKIN) covering 17.5 million poor and near poor households in 2011.

Social assistance cash transfer programs, just like their social insurance counterparts, are still very small in scope, beneficiary coverage and size of payments. The Programme Keluarga Harapan (PKH), a conditional cash transfer distributed to poorest families with children, reached 1.5 million families in the lowest decile in 2012. ASLUT, the only social assistance program specifically targeting older people, covered only 26,500 individuals in

2012,[44] as its allocation in the central budget's social assistance pool was just 0.53 percent.[45] This means that a large number of older persons remain excluded from any old age pension through either insurance or social assistance. With the increasing number of older persons, the ASLUT programme needs to expand quickly to cover a much wider number of poor elderly beneficiaries.

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[43] HelpAge/DI (2012a), p. 18: In 2010 the formal sector was just over a third (32%) of the workforce in Indonesia of 108 million. Data taken from BPS Statistics Indonesia (2011), p.91.
[44] Projection. In 2011, ASLUT covered 13,250 elderly people. Refer to Table 5 on page 15.
[45] APBN 2011 data, Ministry of Finance.

# 5. ASLUT Programme

## 5.1. Programme Description

ASLUT provides a cash transfer to older persons who are poor and neglected in order to meet their basic consumption needs and to maintain their wellbeing,[46] with the benefit payment assisting in food, nutrition, transportation, social participation, funeral and similar expenditures. ASLUT started in 2006, initially named JSLU (Jamininas Sosial Lanjut Usia), in six provinces, targeting 2,500 beneficiaries. Since then, it has been expanded to all 33 provinces and the number of recipients increased to 13,250 in 2011. The programme, renamed from JSLU to ASLUT in 2011, is planned to expand to 26,500 beneficiaries in 2012. However, the amount of the cash transfer has been reduced from Rp300,000 to Rp200,000 monthly per person.

Although the coverage has increased, it is still low, considering the number of poor and neglected older persons, estimated by the Ministry Of Social Affairs to be 1.8 million.[47] Under current plans, the Ministry expects that by 2014, the programme will cover 75,000 older people. This would be equal to 2.8 percent of poor older persons aged 60 years and above in 2014.[48]

The eligibility of beneficiaries is based on meeting the following criteria:

1. Older persons 60 years and older, who suffer from chronic diseases, whose lives depends on others' assistance; or who are bedridden, have no income sources, are poor and *terlantar* (neglected).
2. Those aged 70 years and above, without potential for empowerment and independence, have no income sources, are poor or *terlantar* (neglected).
3. Possession of an ID card/ Household card (Kartu Keluarga)/Statement letter of poverty (SKTM – Surat keterangan tidak mampu) validated by the village head.
4. Submission of a photograph.

The process of selection of ASLUT beneficiaries is important in understanding targeting of eligible elderly. The local MOSA officer at the province level decides which districts in the province will be assigned for the ASLUT programme based on: the largest number of older persons in each district, the poverty rate (using BPS data in 2006 when the programme was started), and the preparedness of the district to conduct the ASLUT programme. Subsequently, sub-districts are chosen from each district using the same criteria. In the next step, the programme officers, assisted by a local facilitator, conduct the registration of older persons who meet the criteria for the cash transfer, and identify potential ASLUT beneficiaries. The list of identified potential beneficiaries is then sent to the MOSA officers at the provincial level, where, after verification, potential beneficiaries are selected. All the lists of selected potential beneficiaries from districts/municipalities are subsequently sent to the Ministry of Social Af-

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[46] Direktorat Pelayanan Sosial Lanjut Usia, Direktorat Jenderal Rehabilitasi Sosial, Kementerian Sosial, Republik Indonesia. 2011. Petunjuk Teknis Programme Jaminan Sosial Lanjut Usia. Jakarta: Kementerian Sosial Republik Indonesia. (Directorate of Services and Social Assistance for Older Persons, Directorate General for Social Rehabilitation, Ministry of Social Welfare, Republic of Indonesia. Technical Guidance for Implementation of Social Assistance to Older Persons. Jakarta: Ministry of Social Welfare).

[47] MOSA unpublished documents.

[48] Calculations done by Help Age International and Demographic Institute (University of Indonesia) based on Bappenas, BPS and UNFPA 2005 Population Projection 2000-2025, assuming that the old-age poverty rate in 2014 will remain 12 percent. The programme would cover 0.34 percent of 22,232,200 older persons in 2014.

fairs headquarters, where the formal determination of ASLUT beneficiaries is completed. Finally, upon the signing of the Letter of Decision from the Ministry confirming selected beneficiaries, an ASLUT card is prepared for each beneficiary.

**Table 5. Development of the ASLUT Programme 2006-2011**

| Year | Additional Provinces to be covered | Coverage by province | Cumulative number of beneficiaries | Expenditure (million Rp) |
|---|---|---|---|---|
| 2006 | Jakarta, Banten, West Java, Central Java, Yogyakarta, East Java | 6 | 2,500 | Rp9,000,000,000 |
| 2007 | East Nusa Tenggara (NTT), North Sumatra, South Sulawesi, South Kalimantan | 10 | 3,500 | Rp12,000,000,000 |
| 2008 | Maluku, North Sulawesi, West Sumatra, West Kalimantan, Bali | 15 | 5,000 | Rp18,000,000,000 |
| 2009 | Aceh, Bengkulu, Jambi, Riau, South Sumatra, Lampung, Central Kalimantan, East Kalimantan, Central Sulawesi, South East Sulawesi, West Nusa Tenggara (NTB), North Maluku, Papua | 28 | 10,000 | Rp36,000,000,000 |
| 2010 | Gorontalo | 29 | 10,000 | Rp36,000,000,000 |
| 2011 | Kepri, Bangka Belitung, West Sulawesi, West Papua. | 33 | 13,250 | Rp47,700,000,000 |
| 2012 | All provinces | 33 | 26,500 | Rp63,600,000,000* |

*Note: * is the plan up to December 2012.*
*Source: Direktorat Pelayanan Sosial Lanjut Usia, Direktorat Jenderal Rehabilitasi Sosial, Kementerian Sosial, Republik Indonesia. 2011. Petunjuk Teknis Programme Jaminan Sosial Lanjut Usia. Jakarta: Kementerian Sosial Republik Indonesia. (Directorate of Services and Social Assistance for Older Persons, Directorate General for Social Rehabilitation, Ministry of Social Welfare, Republic of Indonesia. 2011. Technical guidance for Implementation of Social Assistance to Older persons. Jakarta: Ministry of Social Affairs). Presentation by the DG for Social Rehabilitation during the Stakeholders' meeting, 15 February 2012, at ARCADIA hotel, Jakarta.*

Once the recipients are selected, money is being delivered to them periodically. There are some difficulties in delivering the cash transfer, especially to older persons residing in remote areas. The average cost of delivery (especially transport cost) is estimated at Rp25,000 per person. If distributed monthly, the cost for 13,250 beneficiaries would be more than Rp300 million per month, or almost Rp4 trillion annually. To reduce this cost, in 2011 the delivery was delayed until July, with the amount of Rp2,100,000 per person being transferred in bulk. These accumulated payments may, however, undermine the programme objective of supporting day-to-day basic consumption needs. It has been noted that in one case, the lump-sum money was used for house renovation.[49] For 2012 the distribution was planned to be undertaken every 4 months: (1) January–April; (2) May– August; (3) September–December.

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[49] Ministry of Social Affairs. 2011. Directorate General for Social Rehabilitation, Directorate for Older Persons and Social Services. Final Report on the Study of the Social Pension of Three Provinces: DKI Jakarta, Banten and West Java. Mimeograph, 2010.

## 5.2. ASLUT Research Methodology

TNP2K commissioned HelpAge International and The Demographic Institute to conduct an in-depth survey of beneficiaries and non-beneficiaries of the ASLUT (formerly JSLU) programme.[50] This quantitative survey of 2,200 poor and vulnerable older people was conducted in 11 provinces in Indonesia comprising West Sumatra, South Sumatra, DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, East Nusa Tenggara, South Kalimantan, South Sulawesi, and Maluku. The 2,200 respondents were purposively sampled to include an equal number of poor and vulnerable older people who receive a cash transfer from the ASLUT programme, and older people who, due to quotas in the programme do not receive a cash transfer, but who are also poor and vulnerable.

## 5.3. Demographic and Socio-Economic Profile of Respondents

The survey encompassed 1082 ASLUT recipients and 1120 non-recipients. Most of the people in the survey sample were over the age of 70, reflecting a priority target group of ASLUT. The percentage of respondents in the youngest age group (60-69 years) is the lowest, 12.25 percent for men and 10.25 percent for women respectively. The sample had more female respondents, reflecting a larger number of female beneficiaries in the ASLUT programme as at 2011.

Being bed-ridden is one of the eligibility criteria for an ASLUT beneficiary.[51] Among the entire sample of 2202 respondent, 15.62 percent of them (344 persons) are bed-ridden. From this figure, 24.4 percent (84 persons) are male and 75.6 percent (264 persons) are female. Only half of the bedridden persons (53 percent) received ASLUT, while the rest remain excluded due to the budgetary constraints of the program.

Almost 90 percent of respondents whether they are ASLUT beneficiaries or not, have low levels of education – either they have not finished primary school or have no education at all (see Table 6).

There is no significant difference on poverty incidence among ASLUT beneficiaries and the non-beneficiaries according to income groups (as measured by wealth index using Principal Component Analysis (PCA)).[52] The distribution indicates a greater proportion of non-beneficiaries in the poorest 20%, and a greater proportion of beneficiaries in the richest quintile in the sample.[53]

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[50] The findings of the research and resulting policy recommedations presented below are based on the analysis carried out by the Demographic Institute at the University of Indonesia and HelpAge International in the working paper "Findings of a Household Survey of Jaminan Sosial Lanjut Usia (JSLU) Beneficiaries and non-Beneficiaries." TNP2K, 2012.

[51] See The technical guidance from MOSA which stated that one among the eligibility criteria to receive JSLU is: those who are 60 years and older who are bedridden (see section 1.4.3).

[52] PCA refers to a statistical technique called Principal Component Analysis.

[53] The findings on the wealth quintiles do not allow to draw rigorous conclusions about the targeting accuracy of ASLUT. First of all, PCA involves certain measurement errors and is just a proxy for welfare ranking based on consumption/income. Second, ASLUT recipients might be better of because of receiving ASLUT which allows them to maintain a higher welfare level than needy non-recipients. Third, the entire sample is comprised of poor elderly individuals which implies that the richest quintile still refers to poor elderly people. However, it is advisable to conduct further research into the targeting accuracy of ASLUT.

**Table 6. Education Level of ASLUT Beneficiary and non-Beneficiary Respondents (%)**

| Percentage of respondents by whether they are beneficiaries or non-beneficiaries of ASLUT programme by education level | | |
| --- | --- | --- |
| | **ASLUT** | **Non-ASLUT** |
| Below primary | 88.08 (n=953) | 85.00 (n=952) |
| Completed primary | 8.78 (n=95) | 11.43 (n=128) |
| Completed junior or senior HS | 3.14 (n=34) | 3.48 (n=39) |
| Above senior HS | 0.00 (n=0) | 0.09 (n=1) |
| TOTAL | 100% | 100% |

*Source: TNP2K 2012 survey conducted by Help Age International and Demographic Institute. Calculations were done by Help Age International and DI.*

86.6 percent of beneficiaries are not working. This ratio is almost the same for non-beneficiaries, of whom 80.5 percent are also not working.[54] A number of respondents still have to work – 13.55 percent of ASLUT beneficiaries compared to 19.46 percent of the non-beneficiaries.

Of those elderly people who work, most do so for income: 85.33 percent of urban and 76.4 percent of rural beneficiaries, compared to 85.11 percent and 81.25 percent of urban and rural non-beneficiaries. More ASLUT beneficiaries work 'to keep active or busy', which could indicate that the ASLUT payment relieves the pressure of immediate consumption needs for some older workers.

**Table 7. Motivation for Work for ASLUT Beneficiary and non-Beneficiary Respondents (%)**

| Reason for work | ASLUT | | Non-ASLUT | |
| --- | --- | --- | --- | --- |
| | **Urban** | **Rural** | **Urban** | **Rural** |
| Seek Income | 88.33 | 76.40 | 85.11 | 81.25 |
| Socializing | 0.00 | 1.12 | 2.13 | 0.78 |
| To keep active or busy | 28.33 | 34.83 | 19.15 | 22.66 |
| Other | 1.67 | 0.00 | 0.00 | 0.00 |

*Source: TNP2K 2012 survey conducted by Help Age International and Demographic Institute. Calculations were done by Help Age International and DI.*

The survey also asked about health conditions of the respondents. Figure 6 indicates that rheumatic pain/gout and feeling tired are most pronounced among beneficiaries (67.4% and 71.53%) and non-beneficiaries (70% and 69.3%). Hypertension and fever are also commonly cited by the respondents (about 30% and 51 to 55%). However, no direct empirical relationship between being an ASLUT beneficiary

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[54] It is not known whether the unemployment status of the non-beneficiaries is an adverse effect of JSLU program, that is respondents' strategy to be included in the program.

and a person's health status was found in this survey. ASLUT beneficiaries were found to be more likely to use JAMKESMAS services, which might have positive effects on the health of beneficiaries. On the other hand, the findings are difficult to interpret since presence of a pre-existing disease and JAMKESMAS coverage might have positively influenced the selection process for ASLUT. Therefore, no clear causal relationship can be established.

**Figure 5. ASLUT Beneficiaries' and non-Beneficiaries' Self-Reported Prevalence of Selected Health Conditions (%)**
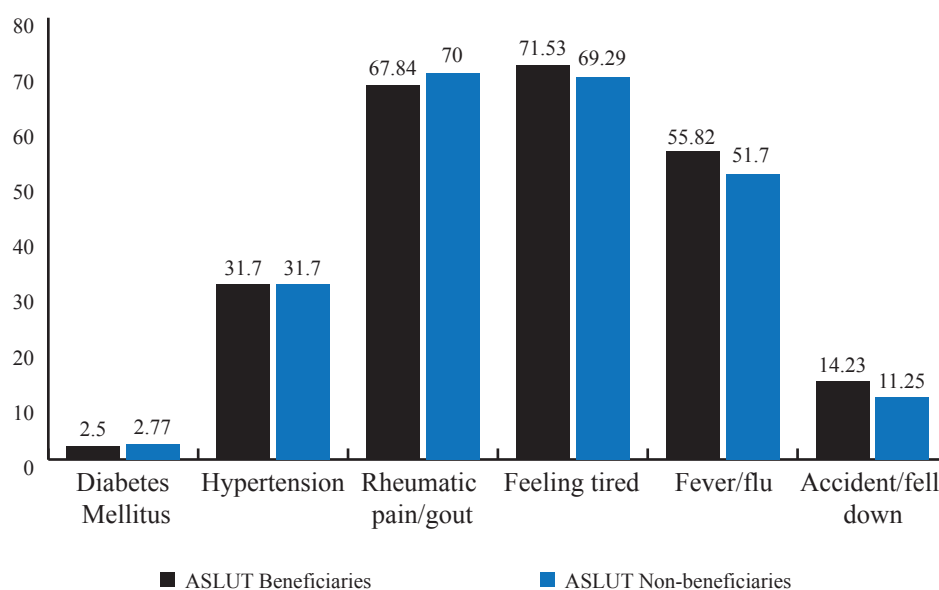


Source: TNP2K 2012 survey conducted by Help Age International and Demographic Institute. Calculations were done by Help Age International and DI.

Respondents who reported suffering from sickness in most cases stated that they seek medical help. However, non-beneficiaries are less likely to seek medical help. This is true for both males and females. Both ASLUT recipients and non-recipients are able to self- feed, self-dress, get up independently, and self-bathe. Yet ASLUT beneficiaries are slightly less likely to perform these tasks than non-beneficiaries, indicating that targeting of recipients through the health criteria may have been given more emphasis than poverty criteria.

Logistic regression[55] showed that activity limitations (lifting up 5 kg load, climbing up stairs), living alone, sex, age and proxy of wealth index (by quintile) are significant factors in determining whether older persons are selected as ASLUT beneficiaries. Those unable to lift up to a 5 kg load are 1.278 more likely than those unable to walk 200 metres to receive ASLUT. Living alone is also a strong determinant of being selected: older persons living alone are 1.28 more likely than people living with others to receive ASLUT. Females are more likely to receive ASLUT assistance than males. Older age (80 years and older) is also a very strong determinant, increasing the likelihood of being selected by 2 times. These findings are consistent with the results reported earlier in this report from the quantitative research.

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[55] HelpAge/DI (2012b), p. 59.

## 5.4. Access to and Benefit of ASLUT Programme – Respondents' Perceptions

The survey indicates that ASLUT expenditure is primarily used to meet older people's basic needs. In order of incidence, ASLUT respondents reported spending primarily on staple foods, followed by medication and then utilisation of health services. A significant amount of assistance is spent on supplementary food items, which indicates that ASLUT supports diversity in food consumption and therefore nutritional variety.

**Table 8. Utilization of ASLUT Benefits by Province (% of Beneficiary Respondents)**

| | Funeral Cost | Give to children/ grand-children | Trans-port | Recre-ation, Enter-tainment | Health services and facil-ities | Medi-cines | Food Supple-ments | Staple Food |
|---|---|---|---|---|---|---|---|---|
| West Sumatra | 34 | 58 | 47 | 51 | 78 | 91 | 61 | 95 |
| South Sumatra | 4 | 21 | 6 | 29 | 71 | 100 | 67 | 99 |
| DKI Jakarta | 2 | 53 | 3 | 0 | 75 | 93 | 64 | 97 |
| West Java | 10 | 16 | 1 | 0 | 85 | 97 | 61 | 96 |
| Central Java | 3 | 15 | 14 | 3 | 66 | 91 | 62 | 100 |
| DI Yogyakarta | 28 | 59 | 13 | 47 | 76 | 95 | 48 | 100 |
| East Java | 19 | 37 | 12 | 28 | 74 | 93 | 38 | 95 |
| East Nusa Tenggara | 25 | 35 | 47 | 13 | 70 | 91 | 88 | 100 |
| South Kalimantan | 25 | 29 | 3 | 5 | 42 | 77 | 23 | 97 |
| South Sulawesi | 43 | 69 | 60 | 3 | 85 | 97 | 59 | 100 |
| Maluku | 42 | 53 | 53 | 11 | 61 | 88 | 80 | 97 |

*Source: TNP2K 2012 survey conducted by Help Age International and Demographic Institute. Calculations were done by Help Age International and DI.*

Furthermore, ASLUT is perceived to have an overwhelmingly positive impact on the health and livelihood of beneficiaries. Livelihood is slightly more impacted compared with health status, with only 9.2 percent of respondents stating that their livelihood had remained the same or worsened, as compared to 16.5 percent for health.

The survey also found that the families of non-beneficiary respondents were more likely to bear the costs of their older relatives' care, by around 10 percentage points (for both men and women). Beneficiary respondents were found to be less of an economic burden on the family. Figure 7 shows additionally that beneficiary respondents, especially older men, were more likely to access Jamkesmas services than non-beneficiaries (16.6 percent as compared to 12.1 percent). This effect could be a related to

auxiliary benefits of the ASLUT program that facilitates better access to other government assistance; however, causality is not clear from the survey.

**Figure 6. Financing of Health Expenditure of ASLUT Beneficiaries and non-Beneficiaries**
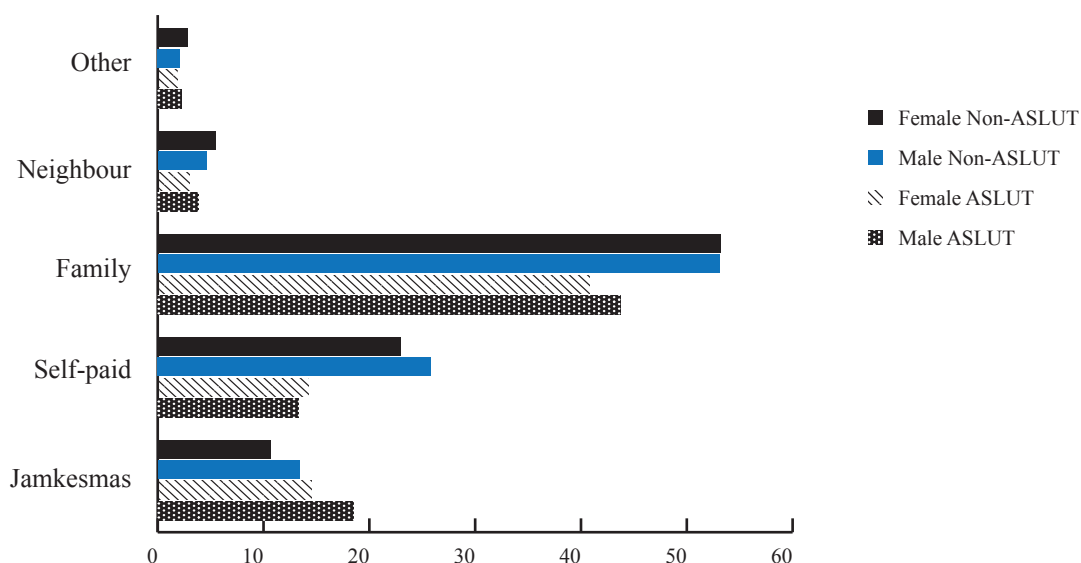
## 5.5. ASLUT - Research Findings and Recommendations

Research conducted by HelpAge International and the Demographic Institute of University of Indonesia found that ASLUT targets poor and neglected elderly people relatively well, although there is significant scope for improving the targeting accuracy of the programme. The age distribution of beneficiaries, mainly found in the 70-89 years age category, indicates the focus of local program facilitators on the oldest age groups among the elderly population, and implies compliance with targeting guidelines set by MOSA.

There is significant scope for ASLUT's expansion as it covers only a fraction of older people in Indonesia (0.34% of the total population aged over 60 and 0.53% of the total population aged over 70). Many non-beneficiaries have characteristics that would indicate potential eligibility for ASLUT (for example being bedridden and being over 70 years of age or being in relative poverty, as indicated by the wealth index analysis).

To more effectively target poor elderly, ASLUT should ensure that all elderly people who suffer from chronic diseases, whose lives depends on others' assistance, who are bedridden, have no income sources, are poor or neglected are covered under ASLUT. In this context the subjective selection by programme facilitators should be minimized. In a forthcoming report from TNP2K "Old age poverty in Indonesia: Empirical evidence and policy options" the opportunity to utilise the Unified Database for targeting for the ASLUT programme is discussed.

The process of payment delivery should be also reviewed. In particular, alternative payment mechanisms should be explored to enable delivery of cash on a monthly basis, thereby ensuring that the transfer can be used to support basic consumption needs.

# 6. Conclusion

The demographic transition Indonesia is experiencing and the resulting rapid ageing of society will have a profound effect on economic growth and living conditions in Indonesia. Within the 15 years from 2010 to 2025, the number of elderly people will double, from 18 million to 36 million. Life expectancy is also expected to rise from 68.9 observed in 2010 to 71.5 years in 2015, putting significantly more pressure on the social security system and family networks on which elderly people rely for theirminimum living conditions..

The current and future socio-economic situation of the elderly is challenging; 12 percent of them live below the poverty line in 2011, while 27.5 percent are vulnerable to poverty. Their social and economic status is compounded by poor health, low literacy levels, and solitary living arrangements. Most of them rely on personal savings or family support, which are often insufficient to meet their basic needs. Only very few elderly have access to a sufficiently large formal pension.

The improvement in welfare of elderly people in Indonesia can be addressed through social assistance schemes that help meet their basic needs. ASLUT, the only social assistance programme targeting poor elderly, is potentially an effective platform of providing such assistance.

Results obtained from two studies from HelpAge International and Demographic Institute indicate that ASLUT beneficiaries are mainly 70-89 years of age, usually have poor health and live alone. It indicates that ASLUT complies with targeting requirements set by MOSA, and it is effective in reaching poor and neglected elderly people. However, ASLUT is currently too small to make a significant impact on the elderly population in Indonesia, as it covers 0.34% of population over 60 and 0.53% of the population over 70. The up-scaling of the ASLUT program should increase the number of beneficiaries in areas where the programme already operates, as well as expanding it geographically to areas it does not reach.

Research, conducted by HelpAge International and the Demographic Institute of University of Indonesia, found that the expansion should go in line with improvements to the program's operational structure and implementation processes in the field. The targeting process should be reviewed to include older people without a permanent residence, a larger number of bedridden people, and to minimize the possibility of mis- targeting. The programme could improve links with other government initiatives to widen and strengthen the social assistance net for elderly persons. In particular, expanding the links with the Jamkesmas/Jamkesda programmes, from which many ASLUT beneficiaries could receive health care support.. It could bring various social assistance services under one roof, thus easing access to such services for indigent elderly.

It is therefore strongly recommended that the ASLUT programme is further developed to meet the demographic challenges that Indonesia is facing. The rapidly increasing life expectancy necessitates that the programme is scaled up, thereby contributing to the provision of social assistance to poor older persons for the remainder of their life.

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Indonesia has undergone a demographic transition since the 1970s that has led to significant changes in the population age structure of the country. Life expectancy at birth increased from 45 years to 67 years. The number of elderly people aged 60 and above rose from about 5 million in 1970 to 18 million in 2010, and is projected to increase to over 71 million in 2050. The economic situation for many elderly persons is precarious. In 2011, 12 percent of older people were below the official poverty line. Older people, especially those in their 70s and those aged 80 and above, have the highest poverty rates among the population groups, 13.3 percent and 16 percent respectively. At the same time, a much greater proportion of the elderly population than officially classified as poor is vulnerable to falling into poverty. Moreover, many of the elderly suffer from poor health and have low literacy levels.

Currently, the coverage of the elderly with the existing formal pension schemes is very low. The Government of Indonesia (GOI) recognizes the gaps in the social insurance schemes and is explicitly taking actions to improve pension coverage. ASLUT, the current social assistance programme targeted directly at poor and neglected elderly, started in 2006 in six provinces reaching 2,500 beneficiaries. It has recently expanded to all 33 provinces and increased the number of recipients to 13,250 in 2011, and 26,500 beneficiaries in 2012. This paper explores the strengths and weaknesses of the coverage provided to the elderly and recommends that the ASLUT programme be developed further to meet the demographic challenges that Indonesia faces.

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