

Poor, old, and in need of help

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How can we ensure income security for the elderly?

The share of people in the old age group is on the rise in many countries across the globe. Bangladesh is one of them.

By 2050, 22% of the population in Bangladesh will be old (60+), which is just 8% at present. The sustained economic growth of the country seems to have little effect on its older population.

A UK-based think tank, HELPAge International, ranks Bangladesh 67th out of 96 countries in The Global Age Watch Index 2015, which covers four domains: Income security, health status, capability, and enabling environment. Bangladesh performs the worst in income security -- sixth from the bottom.

A study conducted by Brac Institute of Governance and Development (BIGD), Brac University, in the 13 poorest districts in northern Bangladesh, finds that the shares of old people among those who are extreme poor (per capita daily income of \$1.90 or less in terms of purchasing power parity, or PPP) and those who are not are roughly the same -- 7% vs 6%.

Intriguingly, the annual growth of the old age population in extreme poor households (0.32%) is about three times higher than in non-extreme poor households (0.13%) over the period of 2007-2014. This is significant.

Are the old age poor more likely to be chronically extreme poor? The same study finds that half of the extreme poor households headed by individuals aged 55 and above never came out of the extreme poverty during 2007-2014.

Thus, they can be referred to as being chronically extreme poor. Interestingly, the chronically extreme poverty rate went down for younger household heads. It means that the extreme poor households headed by older individuals are more likely to get stuck in extreme poverty. This calls for a closer look at the demographic composition of chronically extreme poor households.

The nuclear family -- once a rare sight in South Asian countries -- has now become the new norm. The reasons why joint families are breaking apart are many: Urbanization, migration, and economic hardship to name a few. But the phenomenon is exposing a certain age group to economic vulnerability across the socio-economic spectrum: Senior citizens in their early 60s or above.

BIGD's research reveals that the chronically extreme poor households are more likely to consist of both younger (0-14 years) and older (56+) people; this means that the absence of working-age population in poor households is a crucial reason behind chronically extreme poverty.

It is the responsibility of our society to ensure basic economic sustenance for the senior citizens not only because they had contributed to our economic growth and are still contributing to making a healthy society, but also from a purely human rights perspective. The prevailing situation indicates the need for targeted financial allowances/pension schemes to ensure subsistence living of these families at the least.

We are at least moving in the right direction. The government has a non-contributory social pension scheme for senior citizens -- the Old Age Allowance (OAA) program. Both the coverage of the OAA program and the size of the allowance have increased over the years.

This program was introduced in 1998, providing Tk100 per month to around 400,000 older people. By 2009-10, the program had 2.25 million recipients and the allowance increased to Tk300 per month. Currently, the coverage has doubled (4.4 million) with a monthly allowance of Tk500 -- 0.1% of the country's gross domestic product (GDP).

Tk500 per month might not seem to be a large amount; however, it goes a long way for a rural and old extreme poor to ensure basic necessities like food and medicine.

While there is such a massive pension scheme, why is chronic extreme poverty increasing among the older extreme poor? Well to start with, the total budgetary allocation for the OAA program is still very small. Hence, more money is needed to cover a higher number of disadvantaged senior citizens.

Additionally, and perhaps more importantly, OAA is not always reaching those who need it the most. A study by the University of Dhaka's Bureau of Economic Research and HelpAge International using 2010's data of Household Income and Expenditure Statistics (HIES) found an 83% error in the targeting of the OAA program; non-poor older persons are getting 50% of total benefits and about 33% are going to those who are younger than the eligible age. Why is this happening?

Another study by the University of Konstanz researchers found that local governments (LGs) lack both knowledge and interest in properly targeting the most deserving beneficiaries. The researchers surmise that to implement rigorous targeting, LGs require technical assistance, clear guidance on targeting criteria, and last but not the least, the incentive to select the right beneficiaries.

Therefore, building the capacity of LG representatives and nudging them to target the OAA beneficiaries properly alongside maintaining information transparency seems to be the way forward. But how can we achieve this?

Training is necessary. Coupled with this, we need both strong monitoring from government administrators and empowered enthusiasm from the local government representatives. A well-structured monitoring system can be developed to assess the local government's performance.

Officers from the Social Welfare Ministry should be assigned to evaluate LG's annual performance on targeting the beneficiaries for social protection programs, not limited to OAA. Based on the assessment, exposing the worst and recognizing the best performers is likely to motivate all LGs to perform. By empowered incentivization, I mean a comprehensive package of training, recognition, and reward, which could be both monetary and non-monetary.

Better performers in mandatory regional training could be provided with opportunities of further extensive training and exposure visits at government organs in the capital. Best performers at each level could also be recognized in local and national media respectively, along with their success stories.

The prospects of getting recognized at the regional and national level give a better sense of engagement and importance to the local representatives. The key lies in boosting their inner ego which holds the potential to work as a trigger in achieving the aimed benefit of the program. This may eventually inspire local level dialogues on the matter. And finally, targeting must be absolutely transparent, information available publicly. Both parties -- eligible beneficiaries and LG representatives -- ought to have clear knowledge about who are eligible to have the support. Thus, the criteria must be simpler and coherent.

A rigorous targeting process for OAA program holds uncontested potential in mitigating sluggish reduction in the poverty rate, especially among the elderly. However, whether an investment in rigorous targeting would cost more than the benefit will remain as the next question.

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