



ARC CENTRE OF
EXCELLENCE IN
**POPULATION
AGEING
RESEARCH**

Demographics and Older People in Indonesia

George Kudrna, Trang Le and John Piggott

CEPAR, UNSW

email: j.piggott@unsw.edu.au

September 2021



1. Background

2. About the modelling

3. About the data

4. Demographic context

5. IFLS data insights

6. Summary

Background

Broad project on retirement income support in emerging Asia

Imperative because:

- Rapid ageing: lower fertility and longer lifespans
- Rural urban migration
- High informal labour force
- Very immature social protection structures

Modelling – Utilising IFLS data

- Overall project to build OLG model relevant to emerging Asia
 - Overlapping generations models state of the art for long term insights
 - Integration of formal and informal sectors
- Indonesia an important case study
 - Almost no social pension
 - Great data
 - IFLS has much in common with the HRS family of surveys:
 - Longitudinal Nationally representative
 - Multiple domains – finance, education, work, health, family circumstances
 - Publicly available

The data

Data used in project:

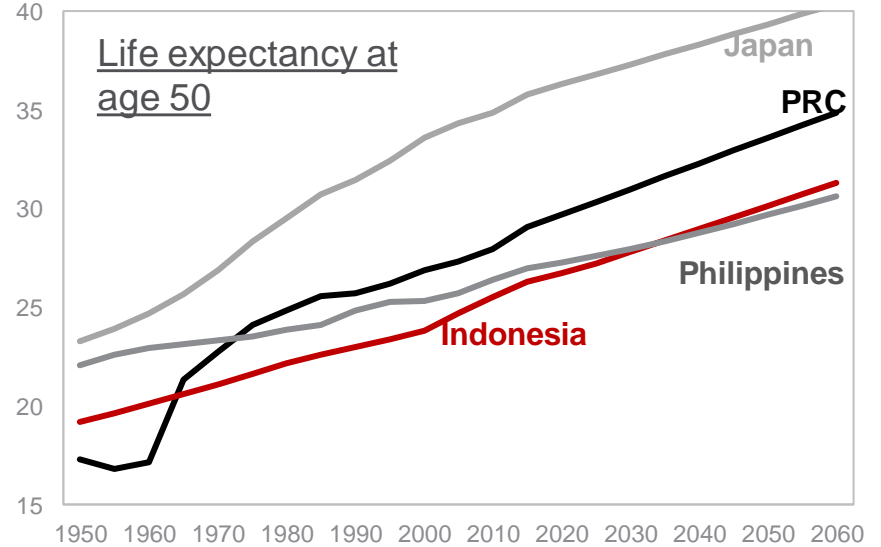
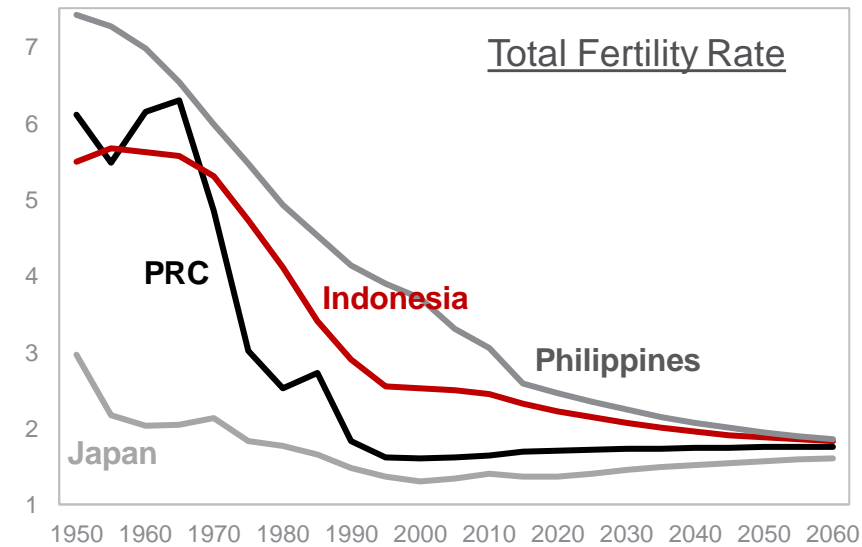
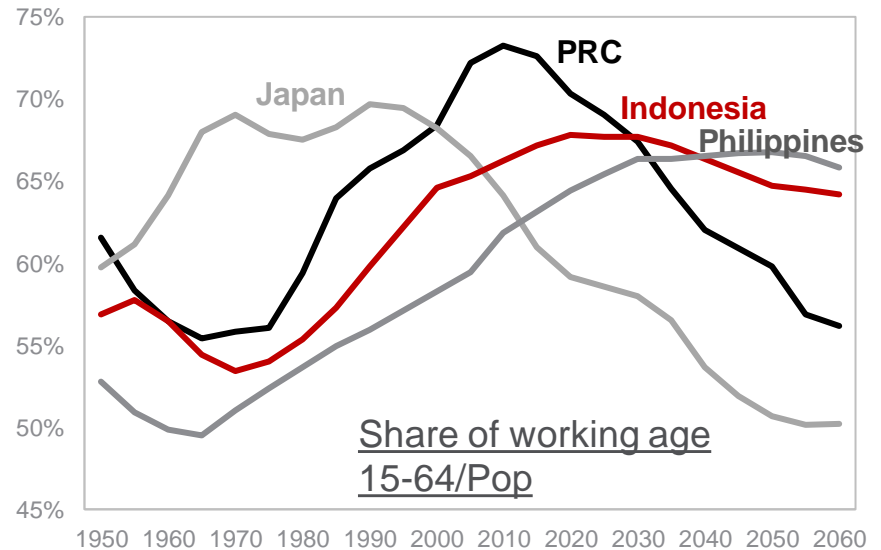
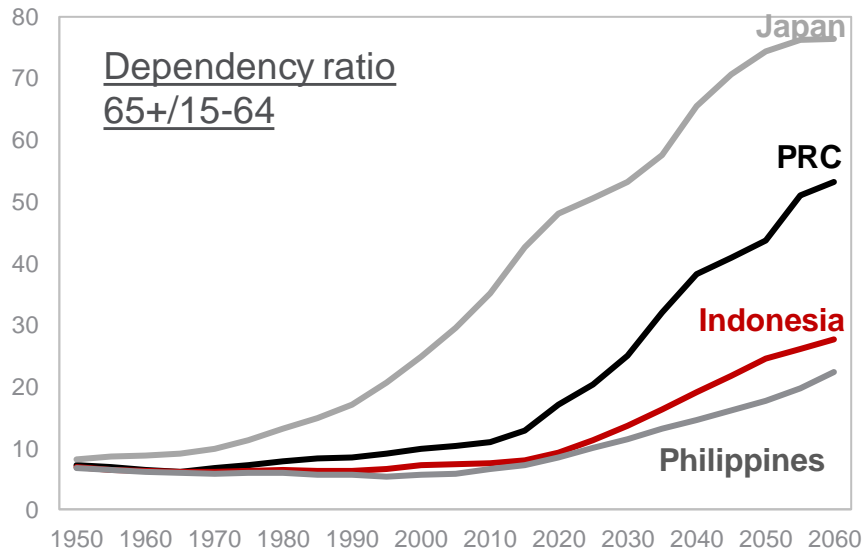
- UN World Population Prospects data (UN, 2019)
- Indonesia Family Life Survey (IFLS)
- National Labour Force Survey (SAKERNAS)
- National Socio-Economic Survey (SUSENAS)

IFLS:

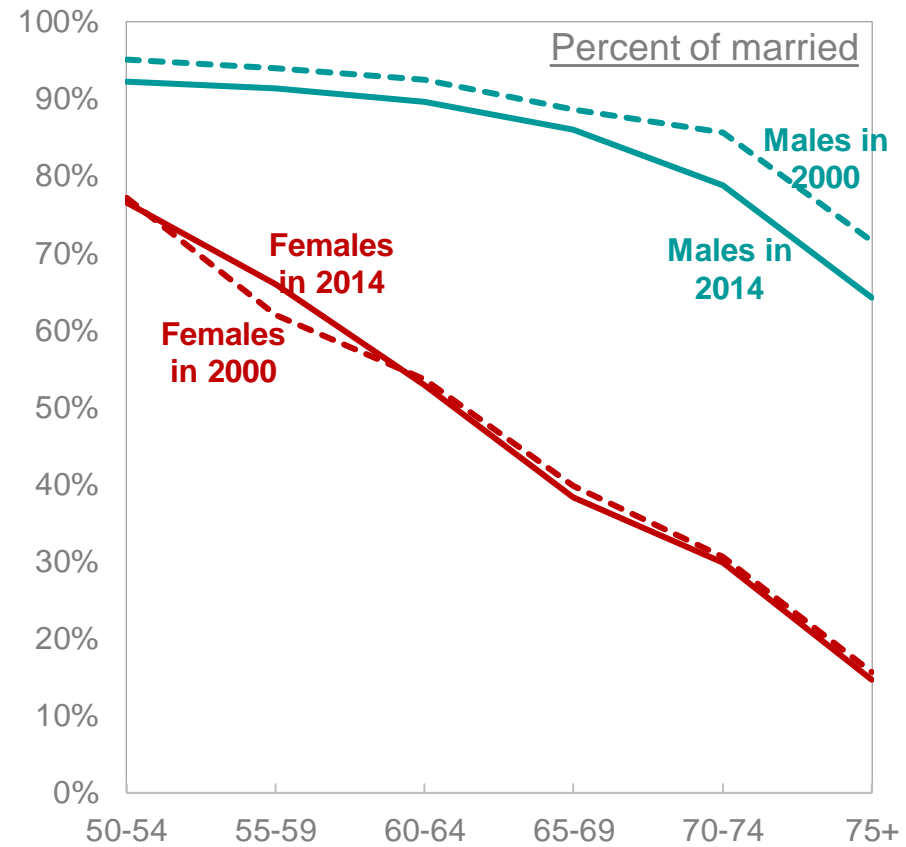
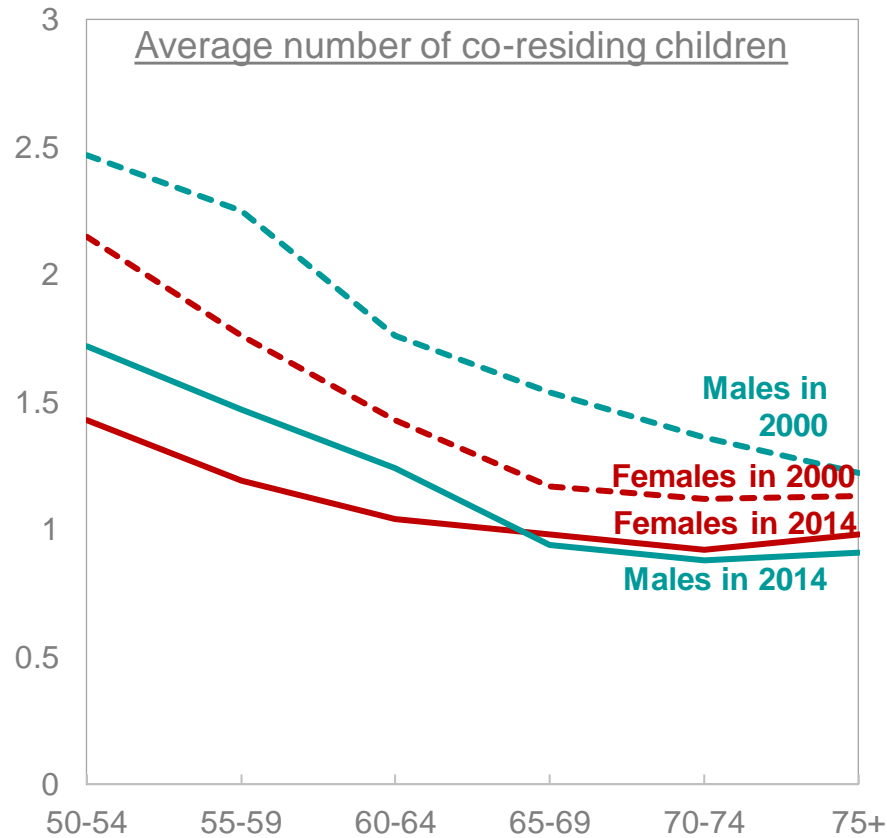
- Ongoing longitudinal: 1993, 1997, 2000, 2007, 2014
- Representative of 83% of population
- 30,000+ individuals in 13 of 27 provinces
- Rich in socio-economic vars. + coverage of public programs

So, what does the data tell us?

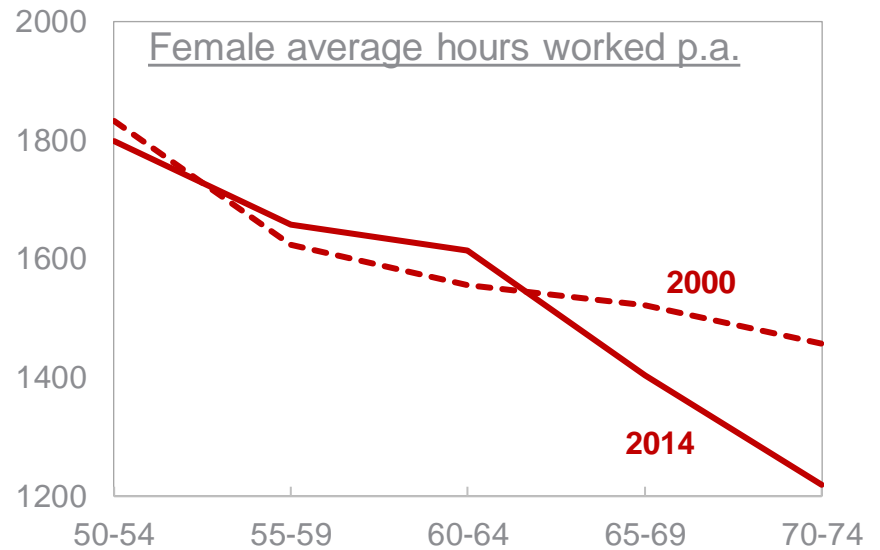
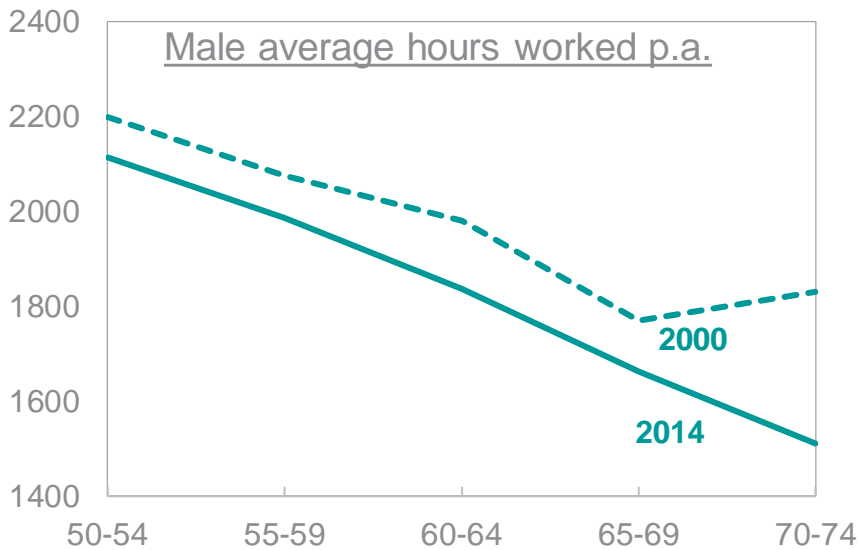
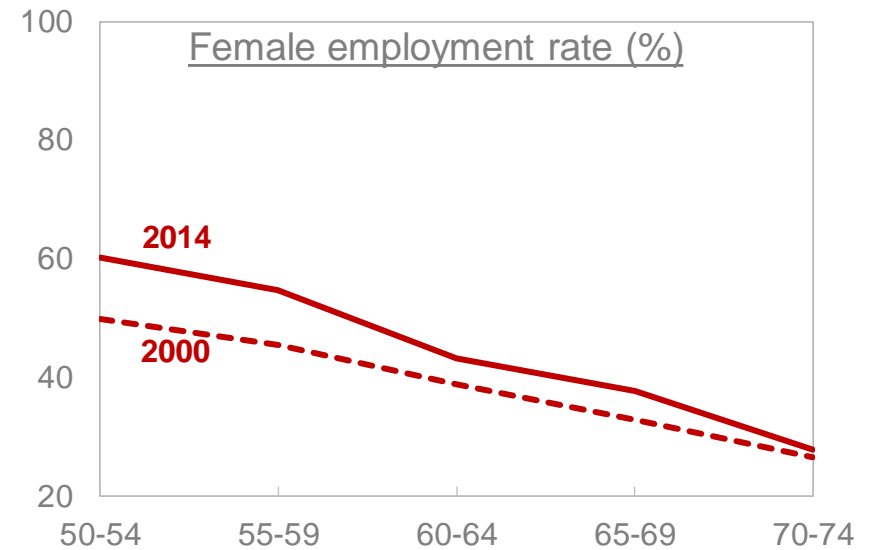
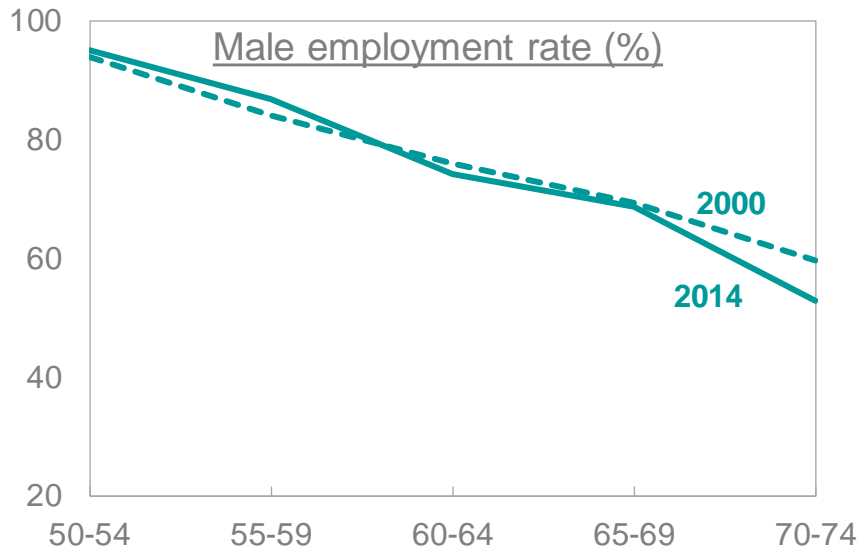
Demographic context (UN, 2019)



Living arrangements at older ages (IFLS)



Employment at older ages (IFLS)



Sectoral transitions (Males only, IFLS)

...were by 2014 working in...

formal sector informal sector not working

Those working in informal sector in 2007...
...and aged 40-44

7%	76%	17%
3%	83%	14%

Informal sector workers tend to remain there

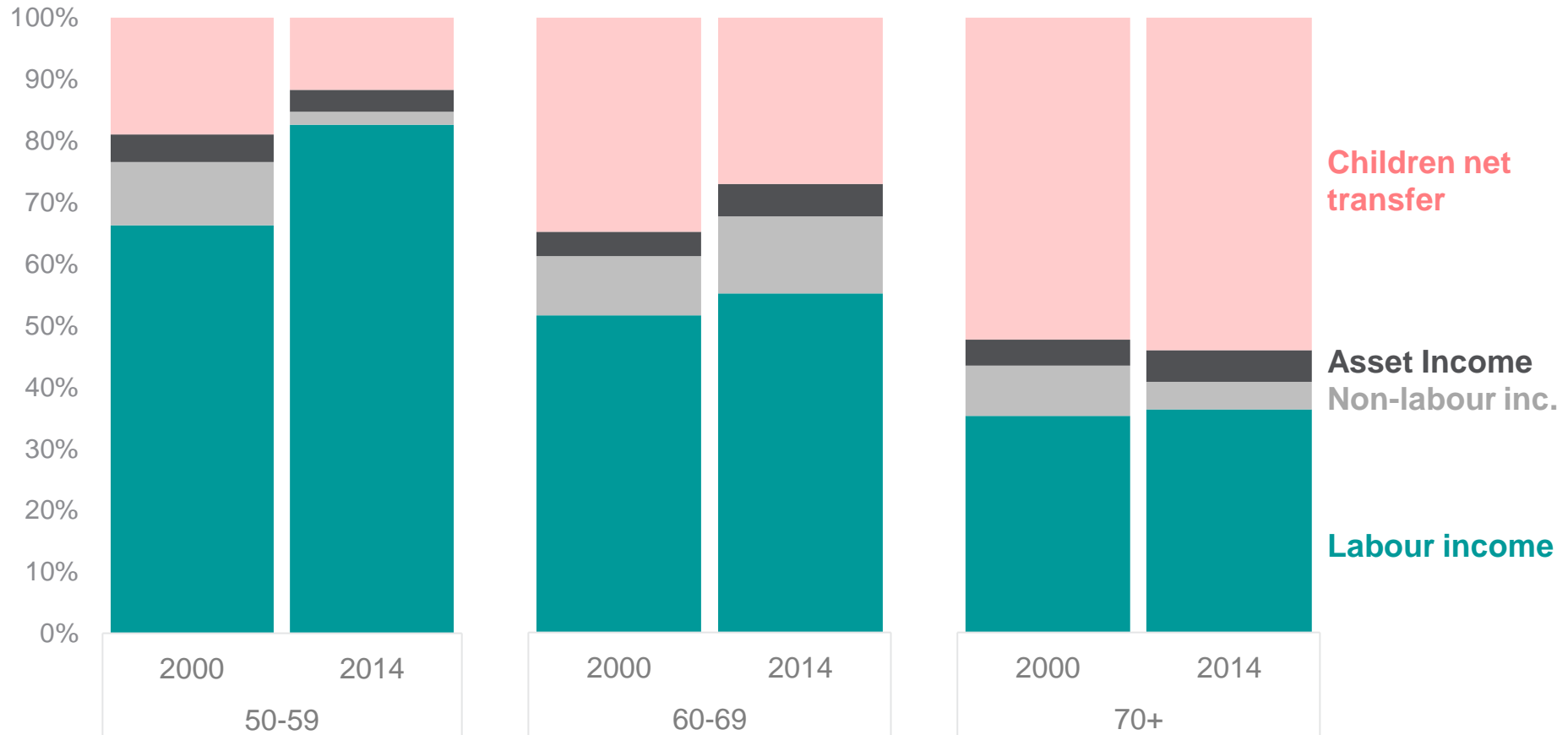
Those working in formal sector in 2007...
...and aged 40-44

69%	27%	4%
27%	58%	16%

Older formal sector workers tend to become informal (small sample)

Only younger formal sector workers more likely to remain in formal sector

Income sources at older ages (IFLS)



Summary

- Countries with rapid population ageing, large informal sectors, and under-developed social security systems are of most policy concern
- Data can help in guiding policy. Understanding living arrangements, employment patterns, and income source is an important start
- Modelling based on real world data can generate insights into policy impacts
 - Changes to environment: e.g., Increasing formalization
 - Changes to policy: Social pension; Pension access age;
 - And the interactions between policy and economy

Some Useful References

- Chomik, R. and J. Piggott (2015), “[Population Ageing and Social Security in Asia](#)”, Asian Economic Policy Review 10, 199-222.
- Kudrna, G., T. Le and J. Piggott (2020), “[Review Report on Demographics, Labour Force and Older People in Indonesia](#)”, CEPAR working paper 2020/27.
- Kudrna, G., P. O’Keefe and J. Piggott (2021), “[Pension Policy in Emerging Asian Economies with Population Ageing: What Do We Know, Where Should We Go?](#)” CEPAR working paper 2021/13.
- Strauss, J., F. Witoelar, and B. Sikoki, (2016), “[The Fifth Wave of the Indonesia Family Life Survey \(IFLS5\): Overview and Field Report](#)”. March 2016. WR-1143/1-NIA/NICHD.
- United Nations (UN) (2019), [World population prospects: The 2019 revision](#). Department of Economic and Social Affairs, Population Dynamics.



Email j.piggott@unsw.edu.au

Web www.cepar.edu.au

Twitter [@cepar_research](https://twitter.com/cepar_research)