



Download from
Dreamstime.com

This watermarked comp image is for previewing purposes only.

ID 92447836

© Dharshani Gk Arts | Dreamstime.com

Taking care of our senior citizens

Sunday, Oct 4, 2015

By *Dr. Bazlul Haque Khondker*



Figure : Changing population structure in Bangladesh (2000 - 2100) (Source: UN-DESA, World Population Prospects: The 2012 Revision)

Bazlul Khondker

HELPAge International, a UK based think tank, produced the 'Global Age Watch Index' which ranks countries according to the social and economic well-being of older people. The overall index is derived from four underlying indices such as income security (measured by pension coverage, living standards using GNI per capita, etc), health status (measured by healthy life expectancy by 60 and psychological well-being, among others), capability (measured by employment rates and education status of older people), and enabling environment (measured by access to public transport, civic freedom and safety).

Each domain has a value score, and the average is used to calculate the final ranking. Switzerland ranks top while Afghanistan is at the bottom of the list. Although Bangladesh's position is better than most of her South Asian neighbours, namely Nepal (70), India (71) and Pakistan (92), it's worse than some other countries such as Vietnam (41), Sri Lanka (46) and the Philippines (50).

The above ranking is not surprising given that in the current context of the developmental priorities in Bangladesh, the matters relating to older population have been considered a sideline issue. Due to the overwhelming importance of other pressing issues such as infrastructure, energy, poverty, hunger, malnutrition and climate change and given that the share of old age population is still low (i.e. only 6.8 percent of the population was aged over 60 years in 2010), the ageing issue may likely to remain in the sidelines for foreseeable years. However, the share of elderly population is growing fast in Bangladesh and the country will reach the 10 percent threshold - when countries are considered ageing-by around 2026. By 2050, the over-60s age group will comprise a massive 23 percent of the population.

Data suggests that older people may have benefitted less from development gains in recent years. A comparison between 2005 and 2010 Household Income and Expenditure Survey finds that for people living in older headed households (defined as those aged 60 and over),

extreme poverty has fallen by less than a third of the overall fall in extreme poverty (2.7 percentage points, compared to 7.5 percent for the total population). Similarly, the fall in poverty for the population living in households headed by older people, is around half of that of the population headed by younger people (i.e. 5 percentage points, compared to 10.7 percentage points). This trend points to the possibility that the current policy mix in Bangladesh is less supportive of households where an older person is present. If this is the case, it is likely to undermine overall development gains in the future, particularly as Bangladesh's population is ageing rapidly.

Most of the elderly people in Bangladesh suffer from basic human problems, such as poor financial support, chronic diseases and absence of proper health and medicine facilities, exclusion and negligence, deprivation and socio-economic insecurity. The degree and extent of these vulnerabilities would likely intensify in near future, due to the faster pace of ageing, as well as the breaking down of the traditional family and community-based care system.

The Old Age Allowance (OAA) is the most significant scheme, in terms of coverage, as it provides social protection in old age. The tax-funded OAA is a social pension paid to poor older people. The scheme which was introduced in 1998, currently covers 30 percent of the population aged 60 and over with low monthly transfer amount of Tk. 500 per beneficiary, requiring budgetary allocation of 0.14 percent of the GDP. This figure compares poorly with the pension scheme of Nepal - (expenditure of 0.35 percent of its GDP, covering over 70 percent of older population) and Lesotho (expenditure of 1 percent of its GDP covering over 70 percent of the older population). Furthermore, the majority of poor older people in Bangladesh miss out from the OAA benefits mainly due to targeting errors (over 50 percent of benefits go to non-poor older people and almost a third of the benefits go to those below the age of eligibility).

Instead of the currently pursued piecemeal approaches, Bangladesh needs to adopt a comprehensive plan of action to tackle this issue. The plan of action may include redesigning the existing Old Age Allowance system by introducing a comprehensive pension under a three-tiered system [Tier 1: a tax-financed benefit that provides less well off older people with a minimum income guarantee; Tier 2: a mandatory contributory pension scheme for the formal sector workers; and Tier 3: voluntary pension schemes - managed by the private sector (often employment-based schemes), which people can opt for if they desire an

additional income in old age]. A care system can also be implemented and a number of economic and non-economic entitlements for elderly people also need to be introduced, as recognised in the recently cleared policy on ageing population in Bangladesh.

In this context, a separate budget could be prepared for elderly people. The concept of a child budget was introduced in this fiscal year. It is equally important to initiate separate budgets for the ageing population in Bangladesh, to not only provide assistance but also reap the benefits of a second demographic dividend. The first dividend occurs during the demographic transition process, when the working-age population increases as a share of the total population, and the percentage of both young and old dependents decreases. The second demographic dividend results from an increase in adult longevity, which causes individuals to save more in preparation for old age. This increase in savings can thus contribute to capital accumulation and economic growth. Interestingly, the second dividend (1.31) has been found to be larger than the first dividend (0.59) by almost two times in East Asia, indicating that the region has benefited greatly from the second demographic dividend. In case of South Asia, the second dividend (0.69) is also found to be substantially larger than the first dividend (0.10).

The increase in ageing demographic is taking place at a time when the pattern of life is changing, kinship bonds are weakening and the family composition is undergoing a rapid transformation. Due to various factors, traditional extended family and community care systems are breaking down. If we don't act now with concrete strategies, the elderly might find themselves in a veritable perilous situation.