Ministry of National Development Planning/
National Development Planning Agency (BAPPENAS)

DESIGNING INTEGRATED SOCIAL ASSISTANCE IN INDONESIA

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Beijing, 7-8 December 2015

OUTLINE

- The rationale for and challenges in developing comprehensive social assistance system

- Key policy and program challenges, and how have been overcome

- The way forward to sustain social assistance programs

POVERTY AND VULNERABILITY

Poverty has been falling, but the pace is slowing
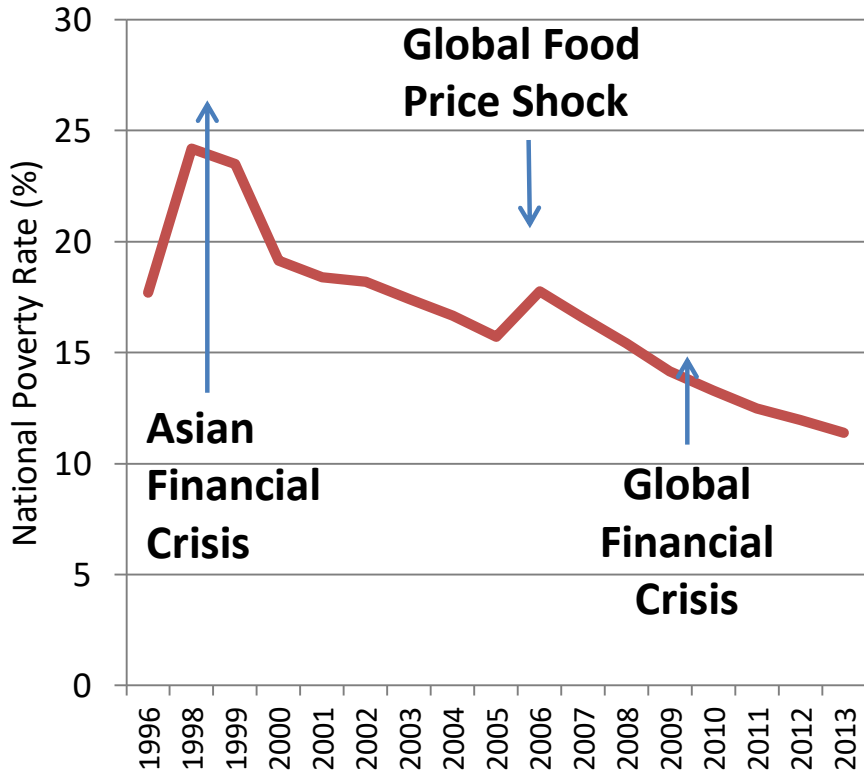
Vulnerability high, small shocks can easily send households into poverty
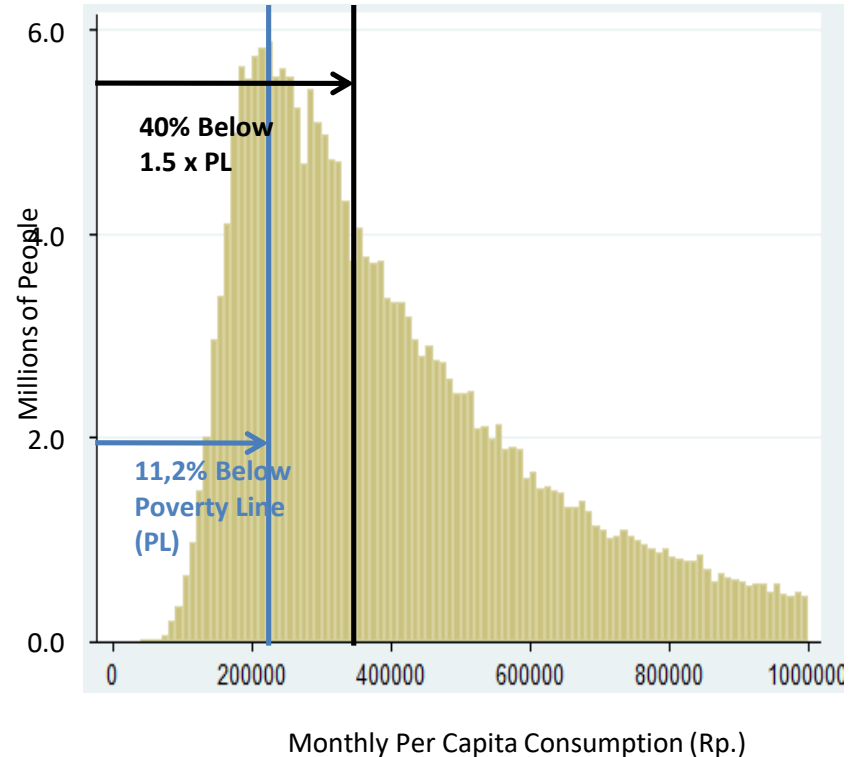
Source: Central Bureau of Statistics

Source: Susenas 2010, World Bank

3

INEQUALITY HAS BEEN RISING

Gini Coefficient, 1980-2014

inequality broadly stable, beginning to rise at the end of the period…

…until the AFC, which affected the rich more than the poor…

…however, the subsequent economic recovery and sustained period of growth has seen inequality rising again
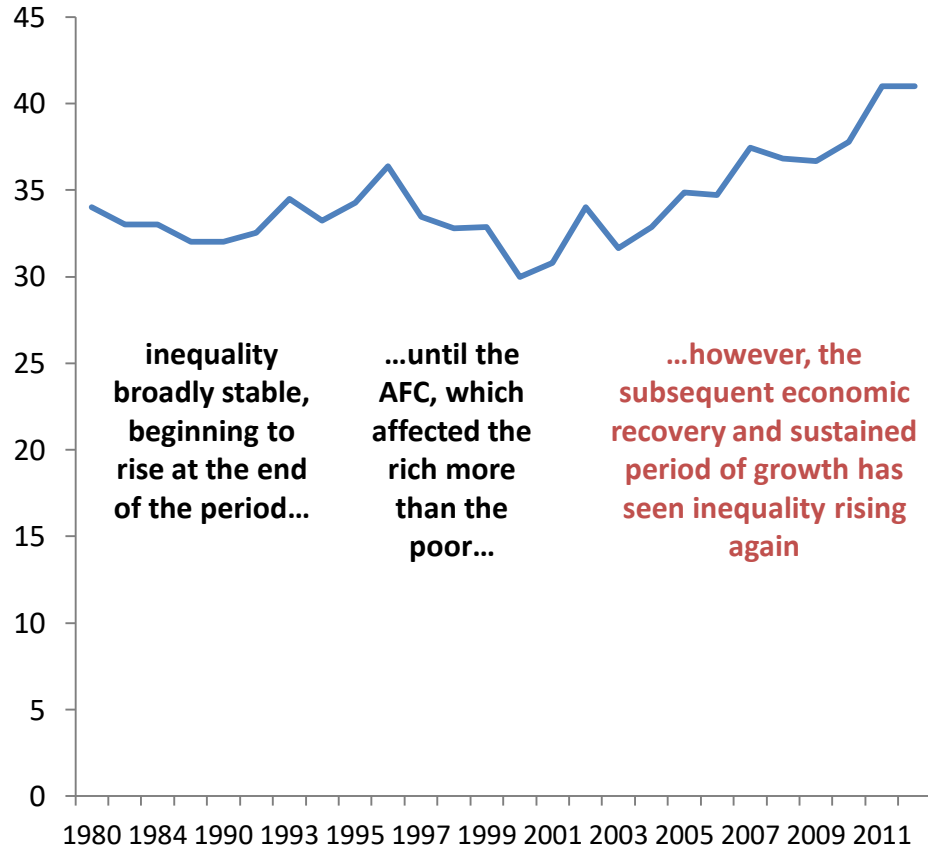
Growth Incidence, 2003-10

Growth in National Mean Consumption

Poor and Vulnerable

Annualized Consumption Growth (percent)

Household Per Capita Consumption Decile
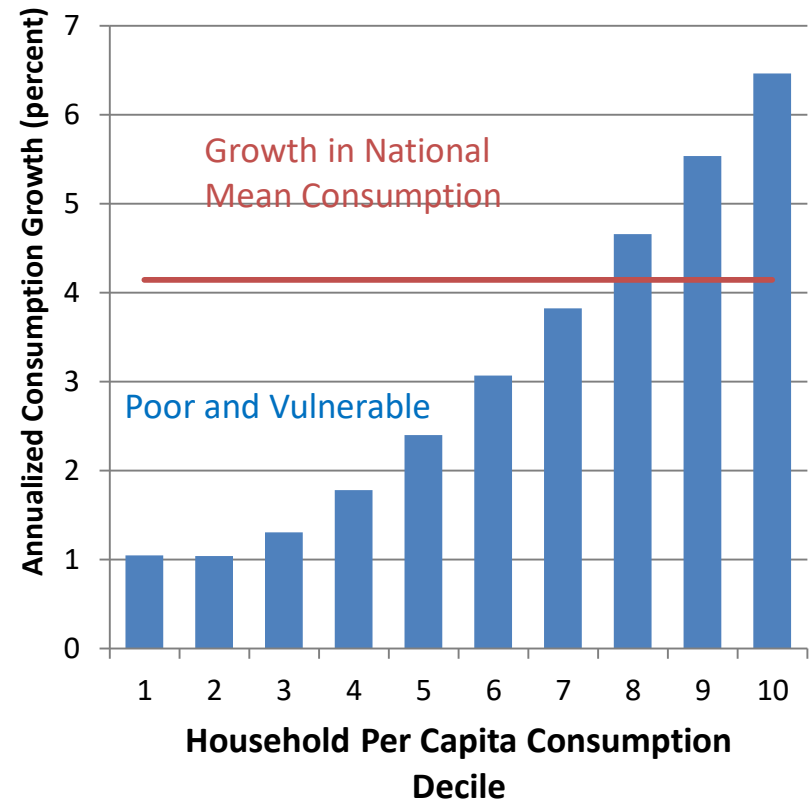
Source: Susenas, Central Bureau of Statistics
Notes: Nominal consumption Gini coefficient

CHALLENGES IN SOCIAL ASSISTANCE COHERENCE

Only 1,5% out of 1st decil HH got Raskin, CCT, and BSM

Rice Subsidy
80,6%

5,1%

CCT
5,7%

1,5%

8,6%

1,6%

9,7%

Scholarship for the poor (BSM)
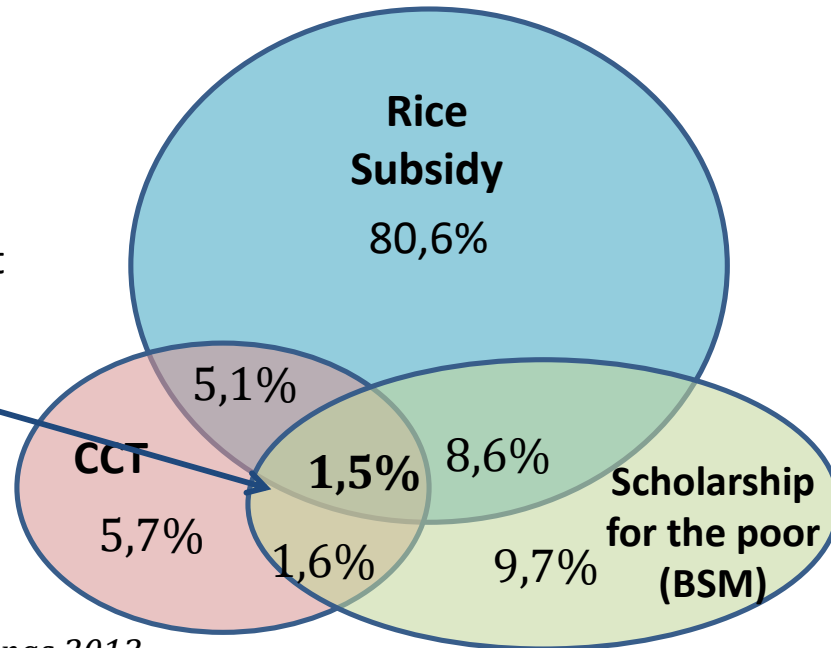
Sumber: Susenas 2013

	Beneficiaries	Benefit
Rice Subsidy	15.5 Mil.HH (25%)	15 kg/HH/month
CCT	6 million HH (15%)	$177/HH/year – avg
Scholarship (BSM/KIP)	21,7 mil.students (25%)	Elementary: $35/year/student Junior HS: $58/year/student High School: $77/year/student
Health Premium	90.2 mill.people (38%)	

- Developing & updating database for the poor and vulnerable →inclusion & exclusion error

- Assessing the gaps in coverage as well as design → the remaining consists of i.e. informal sector, persons with disabilities & other vulnerable groups who are hard to reach.

- expanding coverage and improving quality of programs require technical & organizational capacities that should be adjusted continuously.

NEGATIVE EFFECTS ON INDONESIA'S GROWTH

- **Inequilities in access to social assistance may harm social capital**
  - Historical targeting of social assistance has not always gone to the poor
  - Some evidence that inequalities have increased crime and decreased social capital (Cameron and Shah 2012)

- **An inability of households to exit vulnerability and move into the middle class could weaken the expected future Indonesian middle class-driven consumption growth**
  - Less entrepreneurial activity and lower growth
  - Lower investment in human capital and lower growth

- **Increased social and political instability issues could lead to lower economic growth**
  - Political and social instability can lead to lower investment, which in turn can lead to lower growth.

A COMPREHENSIVE VIEW ON SOCIAL DEVELOPMENT

Kementerian PPN / Bappenas

Cluster I

Social Assistance

1. Rice for poor
2. Scholarship
3. Health insurance
4. Conditional Cash Transfer (PKH)
5. Social assistance for disable, elderly, and indigeneous communities

Comprehensive social protection →

- National Social security System Institutionali-zation
- Restructuring Social assistances
- Inclusiveness of marginalized groups

1. Health and labor SS
2. Life cycle & family based assistances
3. Integrated referral system
4. Inclusion of disabilities and elderly

Cluster II

- Community Driven Development Programs

Basic service improvement →

- Strengthened infrastructure & mechanism for public services
- Expansion of public services for the poor and vulnerable

1. Appropriate housing & Sanitation
2. Better access of health, education & other basic infrastructure

Cluster III

- Micro Credits
- SMEs
- Cooperatives

Sustainable Livelihood development →

Strengthening economic livelihood

1. Loan for start-up capital & asset
2. Skills building
3. Improving to Market Access

- Human capital
- Physical capital
- Natural resource capital
- Social capital
- Financial capital

Improving welfare and employment opportunities

Previous Strategy	Strategy and policy direction for 2015-2019	Programme/activities	Outcome

7

POLICY DIRECTION IN RPJMN 2015-2019 TO REDUCE POVERTY AND INEQUALITY

Decreasing the burden of poor people

Increasing income for poor people (the lowest 40%)

Inclusive Growth
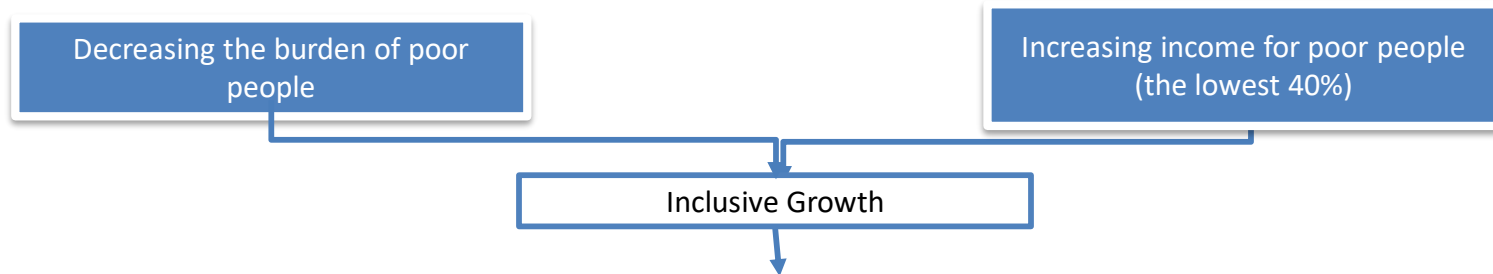
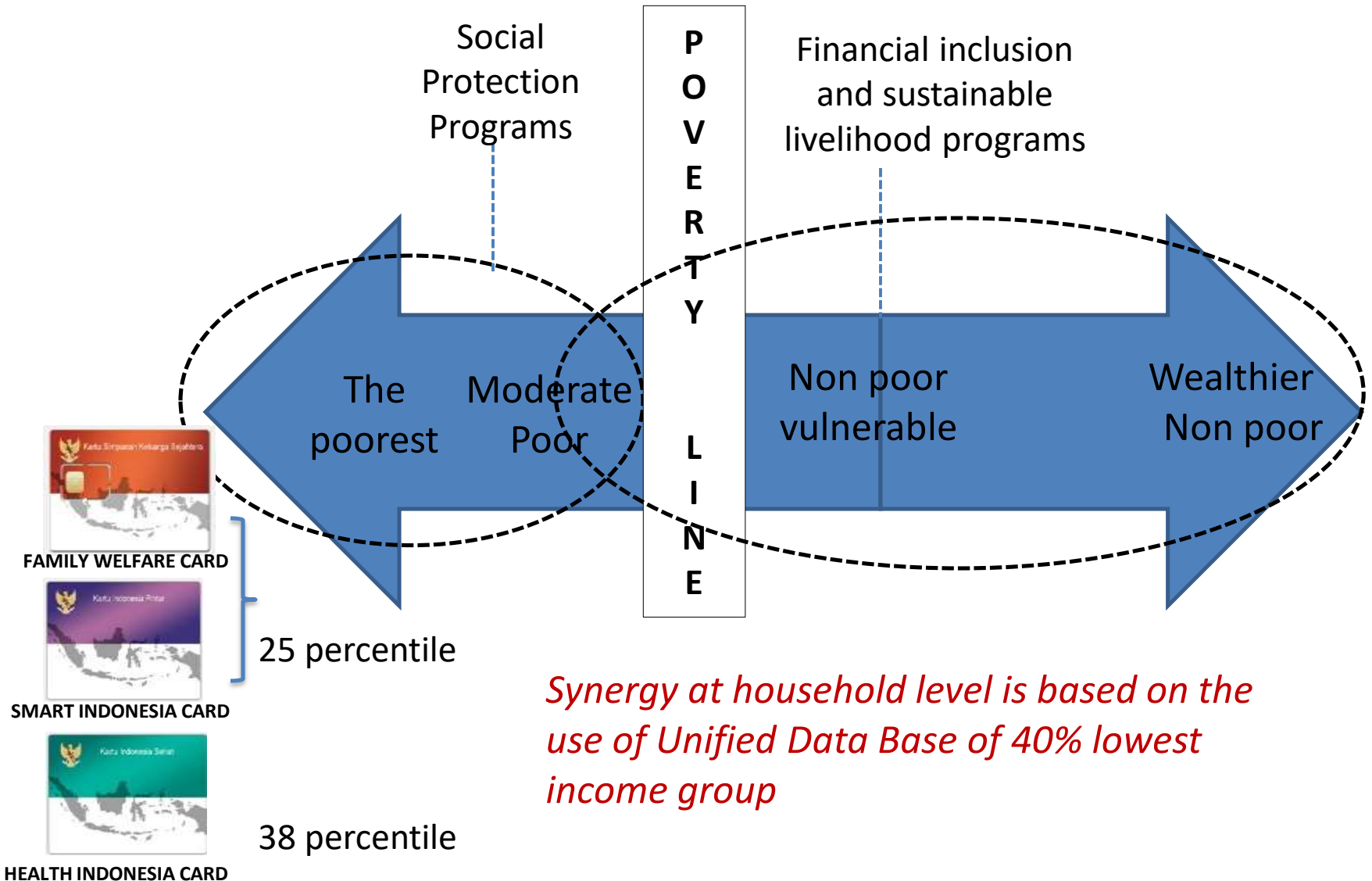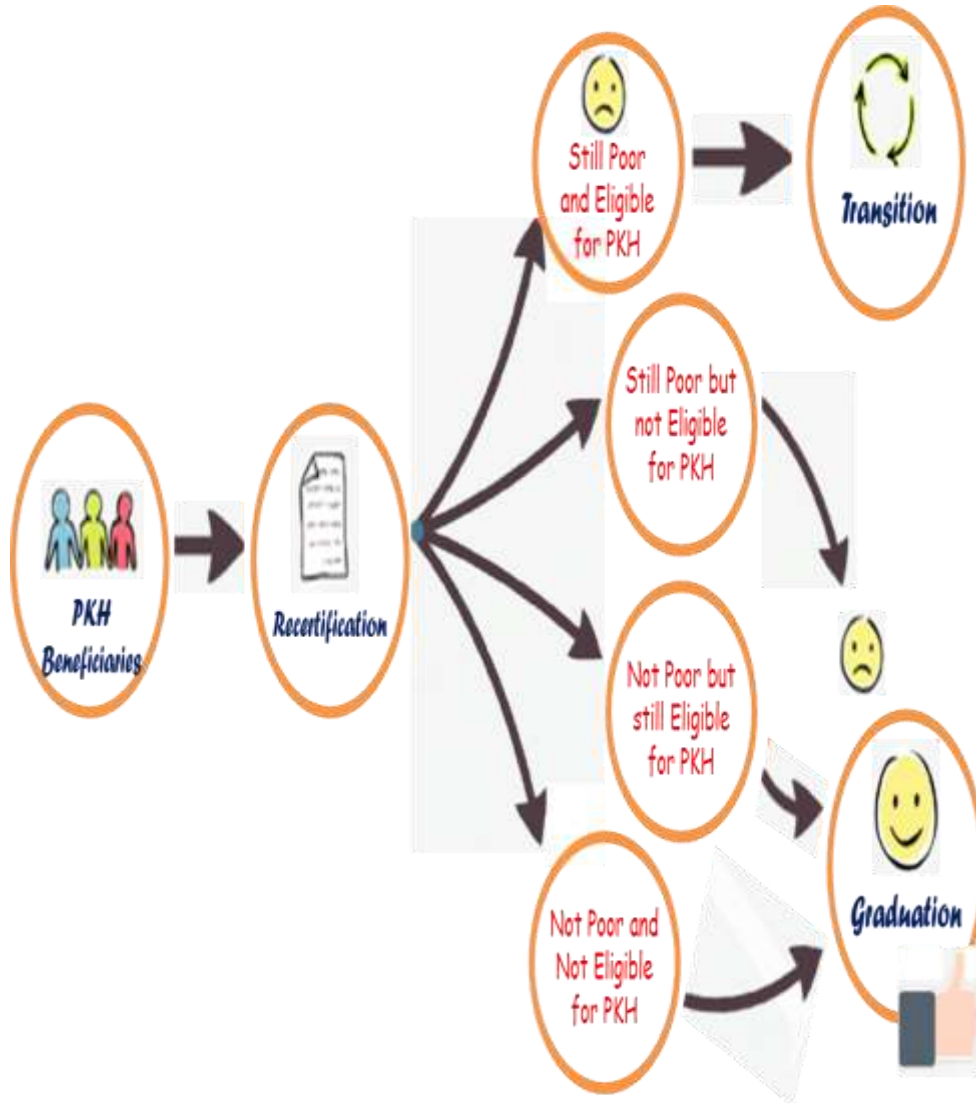| Building Strong Foundation for Economy Growth to Achieve High Quality Job Opportunities	Implementing Comprehensive Social Protection	Developing Sustainable Livelihood (Family Development Welfare)	Expansion and Improving Basic Service
Expanding manufacturing sector to widen the new job opportunities with high quality	Re-structuring household-based social assistance and expanding the coverage through: • Kartu Indonesia Sehat (KIS), • Kartu Indonesia Pintar (KIP); • Kartu Keluarga Sejahtera (KKS)	Developing featured sector and local potency	Improving the provision of infrastructure and basic services
Supporting the regulations that encourage positive investment climate	Expanding the coverage of National Social Security System (SJSN) for vulnerable people and informal worker	Expansion of access to capital and financial service via strengthening microfinance system	Counseling poor people to basic right and basic service
Fixing the taxation system	Reinforcing social institutionalization (minimum service standard, integrated referral system, data, etc), as well as inclusion of disabilities and old age.	Developing capacity and skill of underprivileged people through improving the quality of entrepreneurial assistance	Developing and strengthening monitoring and evaluation system related to basic service provision
		Optimizing the unproductive land use for underprivileged people	

TRANSFORMATION TOWARD COMPREHENSIVE SOCIAL PROTECTION

Rice Subsidy

CCT, Child welfare, Scholarship

Social Assistance for Disabilities

Social Assistance for Elderly

Integrated Family-Based Social Assistance:
- Children (education and health)
- Disabled person
- Elderly
- Food

Home care for children, ABH, Elderly, neglected disabled people

Social assistance & community-based services for needy population outside the family system

Regular Soc. Assistance

Social Assistance for natural disaster victims: food, shelter, UEP. padat karya

Social Assistance for violence victims, trafficking, dsb: food, shelter, UEP

Social Assistance for economic shocks (BLSM): unconditional cash transfer

Social Assistance to create sustainable livelihood

- **UNIFIED DATA BASE**
- **SYNERGY & INTEGRATION** Integrated Referral System: a) Data updating, b) outreaching; c) Programs referral; d) Grievances handling

Temporary Soc. Assistance

Jamkesmas, Jampersal

National Health Insurance

Employment Insurance

▸ Work Accident Insurance
▸ Life Insurance
▸ Old Age Savings
▸ Pension

SINERGY PROGRAMS AT HOUSEHOLD/FAMILY LEVEL

Kementerian PPN/
Bappenas

Social Protection Programs

P O V E R T Y   L I N E

Financial inclusion and sustainable livelihood programs

The poorest   Moderate Poor

Non poor vulnerable

Wealthier Non poor

FAMILY WELFARE CARD

SMART INDONESIA CARD

25 percentile

HEALTH INDONESIA CARD

38 percentile

Synergy at household level is based on the use of Unified Data Base of 40% lowest income group

PREPARING EXIT STRATEGY

CCT beneficiaries, by cohort, are reviewed through **Recertification**.

Two schemes of transformation:
a. **Transition**: receive transfer for additional 3 years and Family Development Session (FDS).
b. **Graduation**: no longer receive cash transfer, but get complementary assistance from national and local government programs

Transformation strategy could:
- Minimize dependency;
- Open opportunities for other poor families who have not been covered;
- Ensure the continuity of good behaviour resulted from program;
- Avoid *retrieval/revolving door effects*;
- Sustainable welfare improvement by linking to other complementary programs.

BUSINESS MODEL OF DIGITAL FINANCIAL SERVICES FOR SOCIAL ASSISTANCE

Sarana
1. TabunganKu
2. E-money

1. HP
2. Kartu Debit
3. Buku Tabungan

13
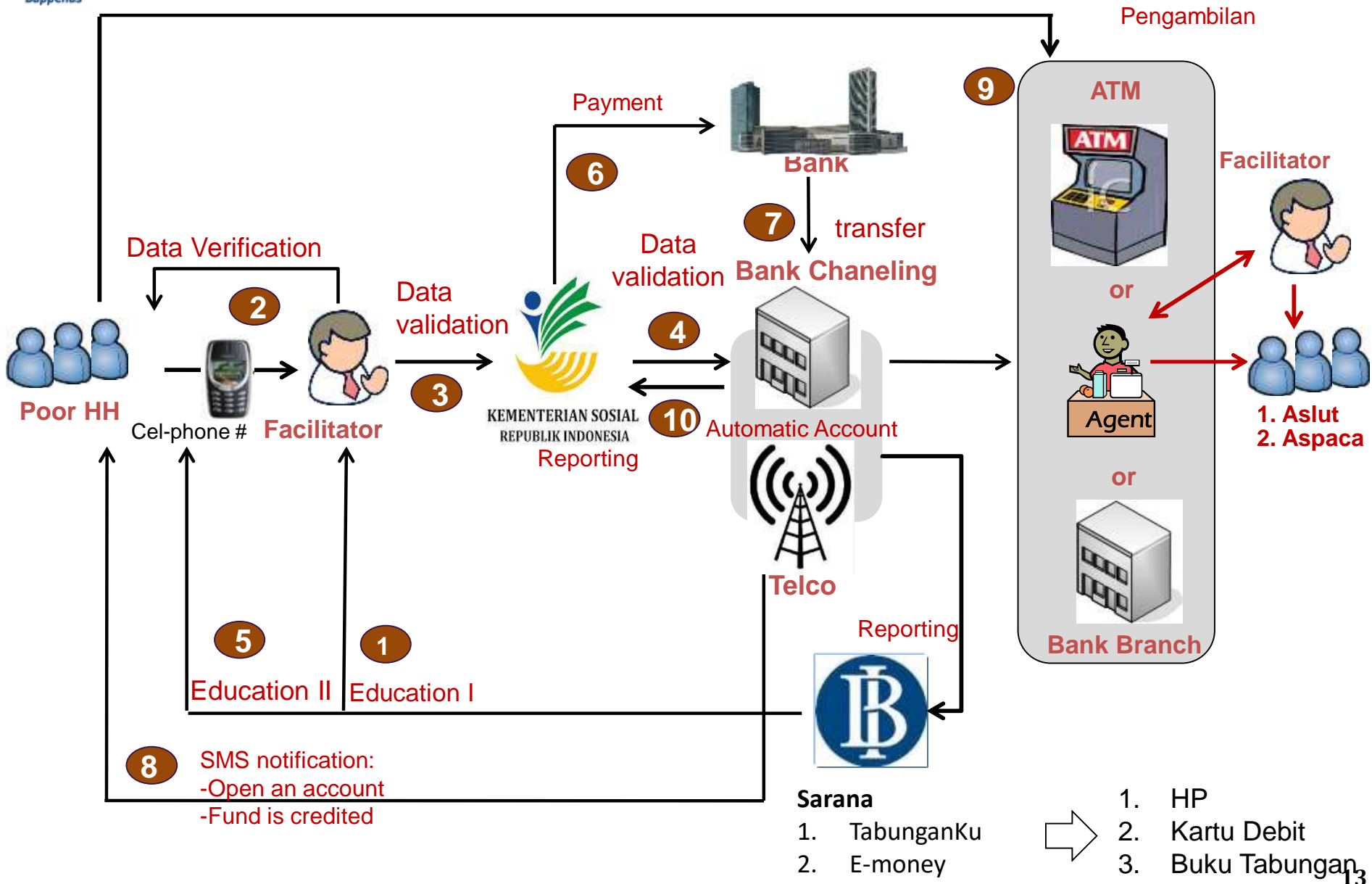
SINGLE WINDOW SERVICE AT LOCAL LEVEL
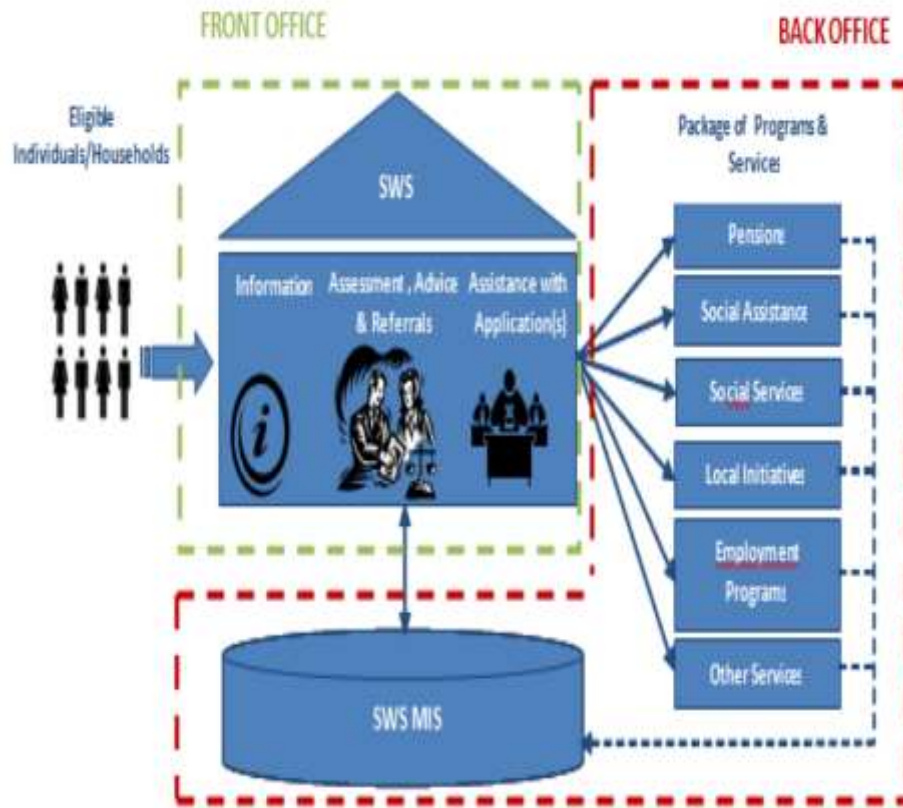
Source: Ebken, Cormac (2014)

KEY FEATURES:

- Vertical and horizontal linkages
- Integrated into local mechanisms and institutions
- Outreach and facilitation by local social workers
- Practical, user-friendly and real-time apps- android and web

SCOPE:

- Administrative Data Updating
- Complaints, Referrals, and Complaint Monitoring
- Program Catalog, Program Participation and Needs
- Integration of Services
- Dashboard

EFFECTIVE IMPLEMENTATION NEEDS THE RIGHT ACTORS IN THE RIGHT ROLES

Beneficiaries	Government	Non-Government
	LEAD AGENCIES	PRIVATE SECTOR
COMMUNITY	IMPLEMENTING AGENCIES	NGOs
HOUSEHOLDS	LOCAL GOVERNMENT	ACADEMIA

- A commitment to tackling inequality and poverty needs to start with lead government agencies.
- Clarify respective agencies roles and responsibilities to avoid overlap and confusion.
- Effective delivery of poverty programs depends on strong implementing agencies.
- Local government poverty initiatives and CSR could complement national programs and address constraints.
- Introduce innovation into the delivery of social assistance services – enhancing the 'science of delivery'.
- Manage M&E systems that aim to improve delivery of poverty programs.
- Villages and local facilitators will play an increasingly important role.
- Communities, NGOs, Academia can help improve accountability in the delivery of poverty programs.

CONCLUSIONS

1. Need a clear vision of where we want to be in 10-20 years → including regulatory framework setup

2. The programs design should be aimed at delivering long-term political support for significant social spending – not only poverty case based.

3. Addressing slowing poverty reduction and increasing inequality requires a number of policy responses and enabling environment that improve opportunity and capacity.

4. Addressing constraints on both the demand and supply side, which means that each actor must play their role and clarity about the relationship between each of these actors.

5. It encourages local governments support to improve supply side and budget allocation for social development, as well as local programs convergence.

   - Improve capacity of social workers, facilitators, and local government
   - Inprove toward efficiency and effectiveness of implementation.

Thank You