Social Protection in Indonesia: Reforming Opportunities during Covid-19 Pandemic

Pungky Sumadi
Affiliates: The Empowerment, Children Protection and Population Control Agency
Jakarta Capital City Government, Indonesia
*Correspondence: psumadi@gmail.com

Received; 27 May 2023 Accepted; 21 June 2023 Published; 30 June 2023

Abstract
Indonesia’s social protection provided programs covering its population according to life cycle approach. The programs have been used as means to address social implications of locking down policy due to Covid-19 pandemic. This paper aims to describe how Indonesia reforms its social protection agenda. This article used a literature review for data gathering in describing the overall social protection reform agenda. It also used survey in 198 pilot villages to try out three social protection policy instruments: socio-economic registry, digitalized village monograph and integrated approach of zero extreme poverty intervention. To deal with the social implications of locking down policy, Indonesia made use the existing and ongoing programs, and also adding some new ones, even though the modality is no different: cash transfer. Various operational problems emerged during the implementation. Data accuracy of the existing beneficiary roster are getting worse and unreliable. Different rosters produced by different ministries only create confusion in programs implementations. Socio-economic registry is a potential solution in integrating beneficiary rosters produced individually by different ministries. Additionally, lack of coordination among key ministries in social protection programs tends to provide one policy fits for all; leaving behind the role of local governments and different local needs. Having understood the situation, President Jokowi is determined to achieve zero extreme poverty target by 2024 by reforming the country’s social protection policy.

Keywords: Social protection, Socio-economic registry, Zero extreme poverty, Indonesia

Introduction
“Pak President gave us special instruction: reduce extreme poverty to 0% by 2024”: the Head of Bappenas (Bappenas, 2020) briefed his senior officials the next morning after the first cabinet meeting at the end of October 2019. The country’s poverty head count index has been declining steadily since the past 25 years; from 24.2% in 1998 to 9.5% by 2022 (BPS, 2022). It had never paid attention to the extreme poor until 7 years ago when Bappenas was curious by the fact that the poverty rate has been going down slowly since the past 10 years; decreasing by an average of 0.4 – 0.5 percent annually. Sectoral poverty reduction programs have been able to contribute significantly to the country’s single digit poverty rate. However, most of them have not effectively reached the extreme poor.

Our internal evaluation of the above phenomena indicated few reasons: First, it seemed that the country had reached the chronic poverty issue, which is more difficult to deal with (Bappenas, 2016). Second, programs management and delivery mechanism still have spacious room for improvement. And third, the most important one, we still have to find effective method in the management of beneficiary roster. It has created serious problem of effectiveness and efficiency of all social protection programs.

A few weeks before Covid-19 was initially detected on March 2, 2020 at a restaurant in South Jakarta, Bappenas presented the concept of zero-percent extreme poverty program to the Cabinet. Unreliable beneficiary roster was one of the main issues. At the cabinet meeting President Jokowi specifically instructed Bappenas and BPS (Central Statistics Bureau) to improve the roster. DTKS
**Methodology**

In the past three years, Bappenas has done rigorous work in reexamining and redesigning the social protection agenda. This paper uses literature review in describing the social protection policy reform, such as journals, project reports, government regulations, internal projects working documents that the author was responsible for, company reports, government official information, government publications, internal working documents, etc.

In explaining how Indonesia is trying to achieve the zero extreme poverty agenda, this article also uses data and information from field survey and facilitation work conducted by the Directorate of Poverty Reduction and Community Empowerment, Bappenas, in 198 pilot villages in 9 provinces during the fiscal years of 2020 and 2021. The 9 provinces selected represent those with medium poverty rate (Aceh and South Sulawesi), high poverty rate (West Java, Central Java and East Java), high poverty rate in Eastern Indonesia (Nusa Tenggara Barat, Nusa Tenggara Timur, West Papua and Papua). The pilot project used a purposive sampling method. Village selection criteria are the number of extreme poor is more than 10,000; at least 39% village population do not have clean water, at least 47% do not have sanitation facility, receive not more than one social assistance benefit before Covid-19 pandemic. To find the target group with each village, Bappenas used DTKS, existing village monograph, the single identity number data of the Ministry of Home Affairs, and questionnaires specifically designed for this pilot work. The goal of the pilot project was to try out three policy instruments: socio-economic registry, digitalized village monograph and zero extreme poverty intervention. Bappenas selected and trained a local facilitator for each village on data management and analysis.

**Results and Discussions**

**A Brief Overview of Indonesia’s Social Protection Programs**

The Asia Financial Crisis took place in 1997 and forced the Government to create social safety nets. Few major new programs introduced were expansion of social assistance for health services, scholarships for the poor—especially girls, minimum wage standard, community development, employment creation and food subsidy (Ananta & Siregar, 1999; Sumarto et al., 2005; Suryahadi et al., 2001). The success of these programs led the Government to internalize them into regular sector activities. For some ministries, it means substantial increase of their annual budget. Some ministries who did not take part in the social safety nets took the idea and started creating many other small scale social assistance and development programs in the name of poverty alleviation.

---

1 Indonesia – recommended by the World Bank – adopted a policy to cover the bottom 40% in its social protection program. Due to limited fiscal capacity and Indonesia’s commitment to achieve the universal coverage, the threshold is applicable to only social health insurance (Jaminan Kesehatan Nasional/JKN), among all social protection programs. The Government pays for JKN’s annual premium for the 40% poorest Indonesians; and the program contributed the most to Indonesia’s budget for health services. The Ministry uses DTKS as part of JKN’s beneficiary roster.
In 2006, Indonesia abolished many of them after thorough evaluation. Within social assistance, for example, the Ministry of Social Affairs provided services for the elderly, children and vulnerable groups. The ministry classified vulnerable people into 23 categories, starting with poor children, neglected children, poor elderly, neglected elderly, poor disabled, neglected disabled, etc. They managed social assistance programs according to types of vulnerabilities, rather than the most important issue they need to address. And most of the programs were in the form of cash transfers. In its evaluation to the ministry's budget performance, Bappenas found that there was one exactly similar economic empowerment program being managed by 23 different units. There was a case where a cash transfer program covered less than 10,000 beneficiaries while it was supposed to help millions of the poorest elderly. In general, they were too many programs, poorly designed with too little coverage. Duplications of programs were common; not to mention overlaps among beneficiaries. And, in addition to cash transfers, many programs still provided in-kind benefits without clear operational criteria and guidance.

The international oil price hike in 2004 forced Indonesia to rethink about the adequacy of its social assistance policy. Indonesia had long adopted price subsidy policy on fuel, leading to the rich enjoyed most of the subsidy (Dick, 2017; Sumadi, 2010). The Government had to safe its budget by removing the subsidy and compensated the poor through social safety nets. There was a discussion that in-kind assistance was not practical if Indonesia wants to compensate millions of its poor people, so the Government created unconditional cash transfer (Bantuan Langsung Tunai/BLT). The program marked the country's first initiative to systematically and scientifically produce a beneficiary roster (Rosfadhila et al., 2013). Along the way, and after taking so long and painful coordinating effort up to date at least social health insurance, food and energy subsidies, fertilizer, scholarships, and unconditional and conditional cash transfer programs have used beneficiary rosters.²

Social security programs had interesting histories. The social health insurance program was initiated in 1949 and managed by a special unit under the Ministry of Health. It started with covering civil servants and their family members. The unit was transformed to become a state owned company (PT Askes) in 1992. Program coverage was still limited to government workers and teachers of public schools, although the company expanded its service to cover private citizens.

The initial regulation for employment social security programs started in 1947 when the Government issued the law for work accident. But the real social security service started much later in 1956 when the Government started the worker health program run by its own social security foundation (Yayasan Dana Jaminan Sosial). In 1977 the foundation became a social security company: Perum Asabri. When the company changed into PT Jamsostek in 1995, the company provided health, work accident, old age and death benefit programs.

In 1963 two other social security companies were born. PT Taspen – for civil servants – and PT Asabri that is responsible to cover military, police and their civilian personnel. PT Taspen initially started with old age and pension, while PT Asabri provided work accident, old age, death benefit, housing credit, and short term general credit programs. The Ministry of Defense provided the health service on reimbursement basis before it was transferred to BPJS Kesehatan in 2014.

The country learned painfully from the 1997 Asia Financial Crisis. First, the plunge of Indonesian Rupiah to USD raised the cost of medicines and medical equipment, disrupting the Government ability to provide health services. Low coverage of the social health insurance was dealt with the creation of “social-assistance flavor” of health insurance program. The Government assigned PT ASKES to cover the affected population through insurance premium subsidy. Since the proportion of insurance policy holders were funded by the Government, naturally, the Government retained most control of the program policy and implementation. However, the increase of social health insurance coverage was one of the most important part of the Government social safety net programs. By early 2005, program coverage was around 60 million people, roughly 26% of Indonesia’s population (BPJS Kesehatan, 2020).

Second, the Crisis brought the country into a new democratic era. Populism spreads widely, and many local leaders assigned local health offices – who had never had any expertise and experience in running an insurance program – to run social health insurance; and all for free.

Third, IMF demanded that Indonesia sold its state-owned enterprises (SOEs) as part of the country’s economic and fiscal restructuring program. Indonesia witnessed its neighboring countries

² In 1998 Indonesia started a democratic regime. Elected politicians served as ministers do their best to exercise their power. They view beneficiary roster as a means to get vote. The new democratic era marked the phenomena that lots of sector ministries legitimize their functions and responsibilities in the form of law, adding a specific responsibility to produce sector data base. When cash transfer becomes politically popular, they also produce beneficiary rosters. Currently, Indonesia has at least 5 different sets of rosters – again, in the name of covering all the poor – produced individually by different ministries. Majority of these ministries are reluctant to share their beneficiary rosters.
buying its most profitable SOEs through their sovereign wealth or pension funds. One of the neighbors’ pension fund management learned from Indonesia how to create a sound pension program in the 60s; and ironically to Indonesians, 30 years later that similar institution had sufficient funds to buy Indonesia’s SOEs.

Learning from the above experience, the Government of Indonesia issued the Social Security Law in 2004. The law was not effectively operational until 7 years later⁴, when Indonesia issued Law No. 24/2011 re the transformation of social security companies: PT Askes becomes BPJ Kesehatan, and PT Jamsostek becomes BPJamsostek. PT Taspen and PT Asabri were to merge into BPJamsostek by 2029 due to their unique and special features of operations. The law allows the Government to hire professionals, set up high standard governance and create more necessary authorities for the carriers; such as expansion of benefits, asset management and imposing sanctions for potential delay in premium payments. It was a total transformation. Both companies had to close down, but not liquidated.

Law 24/2011 allows a three-year period for legal, financial, managerial and operational transitions and stipulates that new social security carriers have to start operating by January 1st, 2014. By the end of the transition period (December 1st, 2013) PT Askes recorded membership of 121.6 million, (BPJS Kesehatan, 2014) while PT Jamsostek 33 million (PT Jamsostek, 2013). As of end of April 2023, the social health insurance program is covering a little over 252 million Indonesians, or roughly 90 percent of population (BPJS Kesehatan, 2023), while employment social security program is taking care of 64.6 million workers (about 44% of 147 million Indonesian private and government workers) (Kementerian Tenaga Kerja, 2023; PT Asabri, 2023; PT Taspen, 2023). During the course of the past 18 years of reorganization work, Indonesia’s social protection programs cover the population according to the life-cycle approach (Habibullah, 2017; Kusumastuti et al., 2018; OECD, 2019):

For all Indonesian people: Village Fund, Social Health Insurance, Employment Social Insurance, Social Assistance and Rehabilitation for the Disabled.

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Program/Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5 years</td>
<td>Conditional cash transfer (Program Keluarga Harapan)*.</td>
</tr>
<tr>
<td>6 – 21 years</td>
<td>Scholarships (Kartu Indonesia Pintar and Bidikmisi), child grant (Program Kesejahteraan Sosial Anak), conditional cash transfer, workers training programs (PreEmployment Card), and similar programs run by Ministry of Labor and Ministry of Industry).</td>
</tr>
<tr>
<td>21 – 59 years</td>
<td>Food subsidy*, energy subsidy* (electricity and cooking gas), conditional cash transfer, SMEs training, subsidized credits (Kredit Usaha Rakyat), economic empowerment program (Pahlawan Ekonomi, Program Kewirausahaan Sosial, Program Kewirausahaan Nasional), workers training programs, employment social security, subsidized housing*.</td>
</tr>
<tr>
<td>60 and above</td>
<td>Elderly services and grants, pension.</td>
</tr>
</tbody>
</table>

Reform during Covid-19 Pandemic

At a meeting, when the Minister of Development Planning asked his deputies how Bappenpas can help the people who cannot go to work if Indonesia has to lock down the country due to the spreading of Covid-19, I replied: “Given that we have all the modalities to provide social assistance to the needy, starting from food, energy, education, health, and many more, I recommend we use the existing programs.” Some of us provided further explanations, evidences and other supporting facts to the discussion and kept suggesting to use existing programs. When the minister did not response, I knew there will be tsunami of social assistance programs and mass protests coming in.

Within weeks the Government quickly responded to Covid-19 by issuing government regulation to increase budget deficit up to 6% of GDP for the 3 next fiscal years starting 2020. The Government prepared necessary mitigation programs before it declared limited lockdown in January 2021. Local governments were requested to actively participate in controlling and enacting the levels of lockdown locally (Pemerintah Republik Indonesia, 2020). All activities stopped. To compensate those who are

---

³ Several reasons for the delay. In 2005 the parliament of East Java province challenged the central government about the social security law. It rejected the idea that only the central government has the right to provide social health insurance program. The Constitutional Court approved East Java’s lawsuit. Since then many other local government followed and the program performance continued to deteriorate. Second, the 2004 international oil price increase forced the Government to focus on poverty alleviation; and social assistance dominated the Government social protection agenda. Third, the Social Security Law No. 24 consists of general principles for establishing social securities. Additional law to operationalize social security programs were lacking. In 2011 the Government finally issued Social Security Carrier law that stipulates the necessary arrangements needed for a social security company to operate, among others, special legal status, governance, task and function, rights and obligation, funding, fiduciary arrangements, and rights to apply sanctions, etc.
affected and in the beginning the Government launched seven cash transfer programs, in addition to existing social assistance programs mentioned above (Habibullah et al., 2022; Kementerian Komunikasi dan Informatika, 2020a, 2020b; Lutfi, 2021; Susantyo et al., 2023):

1. Food subsidy (Bantuan Sembako) to 4.2 million poor in Jakarta, Bogor, Depok, Tangerang, Tangerang Selatan, Bekasi (Jabodetabek); 4
2. Cash transfer (Bantuan Sosial Tunai) to 9 million people outside Jabodetabek;
3. Cash transfer from Village Fund (BLT Dana Desa) to 7.6 million poor in all villages;
4. Electricity subsidy to 33.6 million beneficiaries;
5. PreEmployment Card (Kartu PraKerja) to 5.6 million people;
6. Wage subsidy (Subsidi Upah) to 13.9 million affected workers; and
7. Working capital subsidy (Banpres Produktif) to 12 million SMEs.

Provincial and local governments also launched their own Covid-19 mitigation programs. Most of them were cash transfers. Within the first few months of programs implementations, the Cabinet realized that there were too many programs being delivered in the country. Protests from local governments and civil society were mainly focused on mis-targeting. Upon the President’s request, Bappenas proposed social protection reform agenda. Five main elements of the agenda:

1. Socio-economic Registry and Digitalized Village Monograph.
2. Digital transformation of social assistance payment.
3. Simplifying social assistance programs.
5. Expansion of social security program.

The complete life cycle menu of social protection programs allow the Indonesian government to reduce the suffering of the people due to lock-down policy. The Government was determined to maintain that the poor, the vulnerable and affected people have to be able to maintain their well-being. Local and international institutions predicted that Indonesia’s poverty rate will soar up. For example, SMERU predicted that Indonesia’s poverty rate will move from 9.2% in 2019 to 12.4% in 2020 (SMERU, 2020). Center for Indonesian Policy Studies (CIPS) estimated that by end of 2020, rate may reach between 9.7% to 12.4% (Katadata, 2020). CORE Indonesia, in its release, estimated the country’s poor people will increase between 5.1 million to 12.3 million by the second quarter of 2020 (Katadata, 2020). The World Bank predicted that Indonesia will have between 2.1% to 3.6% increase to its 2020 poverty rate, or 5.6 million to 9.6 million additional poor people (Kontan, 2020). In its internal working document of 2021 government development plan, Bappenas predicted that for 2020 poverty rate would be no more than 10.34% (Bappenas, 2020). In its September 2020 press release, BPS announced that Indonesia’s poverty rate was 10.19%; an increase of 0.97% against that of September 2019 (or an additional of 2.76 million poor).

At least three main reasons for a much lower 2020 actual poverty rate than the above predictions: First, the existing and additional social protection programs cover huge percentage of Indonesian people, regardless low reliability of beneficiary rosters. Second, the expansion of the Central Government’s fiscal capacity beyond the legal limit during normal times (3% of GDP), together with several budget reallocations—even from the most strategic development projects and administrative expenditures—provide highly substantial room of funding for safety net for the above mentioned target groups. Third, the Central Government decided to relax the use of fiscal transfers to local governments (for administrative and development purposes during normal situation) and be used as mitigation instruments during pandemic.

Having understood the dynamics of all social protection programs implementations, effective targeting systems used by different institutions, including the available rapid assessments reports of

---

4 A study by Habibullah, Jayaputra and Muhtar (2022) shows that the implementation of the Food Subsidy (Sembako) program runs well. However, the recipients complain that the types, quantities, and goods received are different from the instructed provisions. Based on my study, in the early discussion of Sembako distribution mechanism between Bappenas, TNP2K, the Ministry of State Owned Enterprises (as the shareholder of the government owned banks), the Ministry of Finance and the Ministry of Social Affairs, they all agreed that the ultimate goal to use the banking system for program delivery mechanism is to reduce transaction cost since the banks provide free service for this program, compared to the service of Post Office that charged certain fee. They all knew and expected that, later on, bank services will be able to provide additional basic and commercial financial services that help increase financial literacy / financial inclusion to the 6 million Sembako beneficiaries (before it became 10 million beneficiaries few years later), but increasing financial inclusion was not the main goal. The change of the Minister of Social Affairs at the end of 2020 also change the operational policy of Sembako. At present, it makes the opportunity to increase financial inclusion becomes more difficult.
those programs, Bappenas believes that Indonesia needs to have an integrated beneficiary data management system.

**Socio-economic Registry and Digitalized Village Monograph**

The idea came out among Bappenas planners during the early Covid-19 pandemic. There are at least nine reasons for Indonesia to produce Socio-economic Registry. First, survivors of serious natural disasters occurred in some provinces needed psycho-therapy or trauma healing services. They were from all levels of income groups. The Ministry of Social Affairs is responsible for such a service. However, social workers and service providers could not reach those outside the DTKS beneficiary roster since the roster covers only the bottom 40%.

Second, five beneficiary rosters for channeling social assistance programs are too many and only create problems and confusions. Most of them were produced using specific criteria of the producing institutions. At least seven provincial governments protested to Bappenas why they have to use Family Planning’s roster, for example, while most indicators are population specific (e.g., contraceptive use, infant mortality incidence, etc.), although there are basic socio economic indicators. Further discussions with rosters producers, they acknowledged that there was no communication and or consultation about aligning information when they collect data. Even each ministry has different understanding, capacity and methods in collecting data; making them incomparable to each other. In 2022, Bappenas SDG Secretariat found out that a nation-wide data on village SDGs was totally useless. The 3-trillion-rupiah data set was scientifically and statistically unacceptable.

Third, when beneficiary roster is to be updated, most ministries just issue instructions to local governments to improve such data; without sufficient technical information and supervision on what to update, how to update, how to verify new data, etc.

Fourth, when local government sends updated data and sent to the sector ministries using specific application, the data is fully absorbed by the system, leaving local governments without copy. Sector ministries have to approve the new and updated data and return them to the respective local governments. In many cases, the central Government returned the old data.

Fifth, it is a common practice that beneficiary roster producers do not want to share their data to others, forcing other institutions to believe that they have to produce their own data. Two possible reasons of the phenomena: a) data producer does not want other institutions to find out that their data quality are poor; and b) data producer does not want other users to use its data for political purposes.5

Sixth, Bappenas identified that since the past three years, Indonesia spent at least IDR 12 trillion annually for producing data. Most of the data is used for social protection programs. Ironically, the ministries who produce data, do not allocate sufficient budget for data maintenance. It took Bappenas more than a year to convince the Ministry of Finance and One Data steering committee that Indonesia has to seriously create strict protocol in data production and management for public policy.6

Seventh, for local governments, data updating has no political sparks. They prefer to spend their budget for something politically tangible and appealing, such as social assistance, infrastructure, education, health, and agriculture programs.

Eighth, Bappenas proposed to President Jokowi to change the bottom 40% threshold for social protection program and use scientific poverty vulnerability threshold. The bottom 40% threshold has created a serious policy issue. In 2019, Indonesia moved from the lower middle income group to upper middle income. Poverty incidence went down from 9.8% (2018) to 9.4%. Naturally, Indonesia’s population increases since it still has a little more than 1% population growth and its welfare looks better. However, Indonesia’s improved poverty outlook is contradictory to the ever increasing social assistance budget allocation because of the bottom 40% policy. The less the number of the poor, the more the social assistance budget. Instead, Bappenas proposed to use a new poverty vulnerability as a threshold; which is much less than the bottom 40%. The president declined Bappenas’s proposal until he knows accurately who to compensate if they are to be taken out. No one could provide him with such information. Not even from the most widely used beneficiary roster, DTKS, due to its low level of accuracy.

Ninth, having understood that Indonesia is moving towards more social welfare state policy, the Ministry of Finance feels the urge to have reliable information on how to transfer public funds effectively and efficiently to the needy. The expansion of current policy, which transferring social assistance not

5 There have been lots of cases that beneficiary roster is used for vote getting. Politicians have used social protection programs for political purposes. This is not an exclusive case for Indonesia only.

6 President Jokowi is fully aware that data inaccuracy creates huge inefficiency and ineffectiveness. In 2019 he initiated the One Data policy to create good data governance, produce high quality, provide accessibility, and promote use sharing securely.
only through state-owned banks and postal service, but also wider financial institutions, will create more efficient transaction cost and improve financial literacy and inclusion.

Socio-economic registry is basically a population census data with additional information of each individual socio-economic information. Such a data set will provide rich information in helping policy makers in designing and executing development programs. With better data, highly prioritized and important programs should be more effectively designed and executed. Additionally, Bappenas internal evaluation concludes that with better, Indonesia can save IDR tens of trillions from highly prioritized programs of social protection, health, education, land reform, agriculture, labor, community infrastructure, public transportation.

Another important source of information for effective development program is village monograph system. It provides information about village administrative data. Digitalized village monograph program is to provide village information with additional data, for example, land use, land status, quantity and quality of infrastructure, natural disaster potential risks, etc. Given the current advancement in digital technology, village management needs to digitize this information. For this purpose, each village should avail at least one person to master data processing. Bappenas believes that the combination of socio-economic registry and digitalized village monograph will help all government institutions—from central to the village level—in achieving better development objectives.

**Digital Transformation of Social Assistance Payment**

Indonesia introduced digital payment system in social protection programs in 2015. Since then, different payment methods are available for program beneficiaries. Currently, the management of conditional cash transfer, food subsidy and scholarship programs are using saving accounts (disbursed via ATM), bank agents, e-vouchers (integrated in an e-money card) and postal service; including digital postal checking account system.

The Government assigned four state-owned banks to participate. Recently there have been emerging cases where uneven distribution of services of these banks is still a problem, especially in remote areas where IT infrastructure is not available. The problem is exacerbated with the fact that the country still has interoperability issue among financial institutions. In many cases, participating banks have one or two ATM machines only serving a sub-district with geographical size comparable to Singapore. This situation creates high transportation cost for beneficiaries to withdraw program benefits. However, in this particular sub-district, there are lots of local financial institutions and services that technically are able to serve as financial intermediaries, but cannot participate in the program. Digital transformation agenda on Indonesia’s social protection reform is working on two initiatives:

1. Creating a Central Mapper unit within the Ministry of Finance to identify what payment services are available in each village so that, in the future, beneficiaries can choose what financial institution and how they would like to receive benefits. Up to date, mobile banking, internet banking, QRIS transaction services are available, except in remote areas.
2. Introducing face recognition technology. Bappenas had successfully conducted a pilot project to disburse social assistance benefits to 2,000 families with this advanced technology. Financial regulators are still working on security and other technical issues.

**Simplifying Social Assistance Programs**

Policy makers acknowledge that without credible beneficiary roster, it is difficult to reorganize programs. For example, the conditional cash transfer (CCT) has an education component, while scholarship is providing assistance to all eligible students. Overlaps of programs beneficiaries are unavoidable where children in one family receive both programs. CCT roster provides information how many children in school in each family. So is scholarship roster. The merge between these programs will not be difficult if executing agencies are willing to coordinate and use the same database as the basis of integration. The problem lies that these two programs are executed by different ministries; and each ministry has its own performance indicators it needs to keep.

Similarly with food subsidy, child grant, energy subsidy and many other kinds of cash transfers programs. All these programs can be merged into one and run by one institution only, while program owners (the sector ministries) are still responsible for the policy making of respective social assistance. One e-money card has different wallets to accommodate different programs’ benefits.

Additionally, local governments like to copy successful “central-government owned” programs. Unreliable data, difficulties in accessing beneficiary rosters from central agencies, and political motives are usually the common reasons local governments executed their own cash transfers programs, even though the nature of local programs are similar to that of the central government. If local governments are willing to add its program, they can just add another wallet in the card. Simplifying social assistance
programs save unnecessary administrative and transaction cost to both the Government and beneficiaries.

**Adaptive Social Protection**

Natural disasters occur more often; especially those related to climate change and hydrometeorology such as flood, forest fires, landslides. During the 2005-2006 Aceh Tsunami rehabilitation and reconstruction process, Indonesia provided cash assistance to let survivors continue their life. Housing programs were available because the Government decided that the ongoing urban infrastructure projects—the Urban Poverty Project and the Kecamatan Development Project—were to switch their area of operation, modality and target beneficiaries from West and Central Java provinces to Aceh and Nias (North Sumatera). More recently when a big earthquake and tsunami wiped the coastal area of the city of Palu (7.7 MM) and North Lombok (7 MM, fortunately without tsunami) in 2018, conditional cash transfer and food subsidy were switched to provide assistance to the survivors.

Government of Indonesia is also using similar approach during the Covid-19 pandemic. The amount of benefit of conditional cash transfer and food subsidy programs was increased and distributed more often. Under the energy subsidy program, the Government provided electricity to households with 450 VA connection for free, while those with 900 VA enjoyed 50% discount. Requirements for PreEmployment Card program was also relaxed until recently when Indonesia’s additional Covid-19 incidence has been below 2,000 daily. Program beneficiaries are still required to take training to improve their skills, and most of them are changed to online courses. Similarly with social security programs, for a certain period, the social security carriers allowed companies and subscribers to postpone premium payments. In other time, they provided discounted premiums.

The above incidences of natural disaster require quick response. Creating special programs to immediately help survivors take long time. Adapting ongoing programs are effective means to serve the affected people. Damage to infrastructure is usually huge and takes multi-year approach to rebuild and reconstruct. Indonesia is looking for solutions to mobilize funding from reserve funds and international financial market for financing natural disaster rehabilitation program. Additionally, catastrophe insurance is also an option.

Currently the Government is working on strategies to prepare relevant institutions – and the people – to deal with such an issue. Coordinated actions of stakeholders at different levels of governments and private actors are yet to be laid out clearly. A coordinating institution equipped with capable technical staff and leadership is a prerequisite to secure successful implementation of adaptive social protection.

Managing risk data is also another issue. Bappenas worked closely with the National Board for Disaster Management (Badan Nasional Penanggulangan Bencana / BNPB) to share information and advocate localities about potential risks in 198 pilot villages for socio-economic registry and digitalized village monograph. Bappenas trained local data managers and village leaders on how to make use of disaster risk data and produce, for example, a better and well accepted land use policy. Adaptive social protection initiative allows villagers to realize and understand how to protect themselves and the environment.

**Expansion of Social Security Program**

When BPJS Kesehatan started its operation on January 1st, 2014, it became one of the largest social security programs in the world (BPJS Kesehatan, 2022). 9 years after its birth the company still has operational issues; deficit financing, double claims, procurement inefficiencies, irregular premium payments of members, and outreaching people in remote areas. Reform agenda for this program includes improvement of services,7 operational management and financing strategies. The company has also been abolishing different categories of services into one high quality of service, leading to efficiency in procurement of goods and services.

BPJamsostek’s reform agenda is much more challenging. The most important reform agenda for the company is the introduction of unemployment benefit. The PreEmployment Card program is so popular that it is considered to be the most successful program in promoting reskilling and upskilling through partnership with training institutions, e-marketplace, financial technology companies and job portals providers (Antara, 2022). This program was similar to the nature of unemployment benefit BPJamsostek is introducing. There has been a serious discussion within the Indonesian decision makers on how the two programs can smoothly be merged.

Program benefits for BPJamsostek members have also expanded to include scholarship and housing credit. In the meantime, there are also housing credit facility for civil servants provided by a

---

7 For example, cataract, C-section surgery, physiotherapy, and cancer treatment are now covered under the program.
special vehicle under the Ministry of Public Works. Efforts to merge these two programs are underway. Consequently, BPJamsostek, financial regulators and policy makers have to re-assess the adequacy of existing premium rates for each program under employment social security policy.

Having difficulties in reaching universal coverage targets, both carriers agree to work together in two other reform agenda: integrating membership data and improving agency management. When socio-economic registry is available in the second semester this year, both carriers will have better information to improve programs coverage. Strategic analysis of improved membership data will be supported by new insurance agents management. Policy makers and both companies are considering to integrate social insurance agencies of both companies into one. Insurance agents will be trained to serve both social health and employment related services, including industrial relations.\(^8\)

**Zero Extreme Poverty Project: Piloting the Reform Agenda**

The main concept of zero extreme poverty project is a multi-sector intervention with territorial approach. Social protection programs shall help people in reducing economic burden and, at the same time, increasing job opportunity. The Government is determined to provide the poor and vulnerable with practical and productive training skills.

The above mentioned list of social protection programs indicate what line ministries / institutions as executing agencies at the central government level. Unequal distribution of programs coverage, lack of credible beneficiary rosters and minimum involvement of local governments are common phenomena in Indonesia’s social protection experience. Bappenas believes that the Government has to try new approach. Indonesia’s decentralization policy that puts local government as the closest institution serving the people should be effectively operationalized further. Local government is to orchestrate the execution of zero extreme poverty project. Some local governments who have participated in Bappenas training program for poverty analysis – Integrated Training on Planning, Budgeting, Monitoring and Evaluation of Poverty (SEPAKAT)(Wahyunengseh & Hastjarjo, 2022)\(^9\) – found that the training helps them in understanding poverty issues better, and hence, equipped them with better knowledge of the nature and the business process of zero extreme poverty project.

Bappenas began the pilot project in 2020 by involving local governments and village leaders in the first 95 selected villages in Aceh, East Java and West Java. In each project it hired skilled and computer-literate local worker to be trained as data manager. The work involves piloting socio-economic registry, digitalized village monograph and SEPAKAT.\(^10\) Bappenas trained data managers on understanding data, data collection process, data cleaning to simple analysis. Bappenas staff, data manager, local government and village community members discuss possible solutions; and the local government manages and executes various sectoral programs and the necessary interventions in each village. Bappenas worked directly and hand-in-hand with these actors on how to use integrated approach to achieve zero extreme poverty in all these 95 villages.

The pilot provides invaluable information at the data collection stage, such as discrepancies of village residents between (socio-economic) registry’s survey and existing civil registry\(^11\) data. The survey provided new information of potential disaster risk, locations of people with disabilities, workers

---

\(^8\) Japan International Cooperation Agency (JICA) has been assisting Indonesia in introducing BPJamsostek with PERISAI project to increase membership coverage. Japan has a very successfull implementation of Saroushi; Labor and Social Security Attorney. Saroushi is functioning as insurance agents and attorney to Japan’s SMEs. It also provides consulting service for any labor issues, including industrial relations. Through PERISAI project, BPJamsostek is to learn and adapt the service accordingly, believing that it will not only expand membership coverage, but also create a new kind of job and hundreds of thousands job opportunities.

\(^9\) The Directorate of Poverty Reduction and Community Empowerment of Bappenas worked with international partners such as Australia’s DFAT (KOMPAK Project), the World Bank and UNICEF on building the concepts of market intermediaries, poverty analysis training and socio-economic registry. The staff of the directorate are the instructors of the training to the local government and village data manager during the pilot project implementation. Bappenas secured the transfer of knowledge, skill and experience of running the pilot project to the Ministry of Home Affairs (for villages in urban areas) and the Ministry of Village, Development of Disadvantage and Transmigration (for villages in rural areas) before they take over and execute the extreme poverty project to the rest of Indonesian villages.

\(^10\) Bappenas works closely with Central Statistics Bureau to design the questionnaire of socio-economic registry, and the Ministry of Home Affairs for Digitalized Village Monograph.

\(^11\) In 2010 the Directorate General of Population and Civil Registration of the Ministry of Home Affairs started to provide single identity number to every single citizen. The data is known as civil registry data or “Data Dukcapil”. Every single citizen is required to register and report every single population activity, e.g., birth, death, change of residency, marriage and divorce. Active reporting of this incidence is still low, leading to high degree of incomplete and erroneous data. Central Bureau of Statistics used Data Dukcapil as population reference in the 2020 Population Census. Since then, Data Dukcapil quality has substantially improved.
Case Study of Martoyudan

The socio-economic registry and village monograph data collection took place in The Martoyudan village, the regency of Trenggalek in East Java province in 2020. The village government have complete information of the name, address, socio-economic information of each member of village community, including local economic activities. It also has the name, type and size of all business entities.

Pak Marto lives in Martoyudan with his 6 family members. One of the family member receives conditional cash transfer’s elderly benefit of IDR 200,000/month, paid out in 4 installments annually. Pak Marto and his 3 children work as farm workers with average monthly income of IDR 400,000/person. In 2019, the average per person income of his family was IDR 280,000, while extreme poverty standard in Trenggalek was IDR 350,000/person/month. During the pandemic, the family received food and electricity subsidies.

Pak Marto and his children have junior high school education and do not have any other skill. Martoyudan village has a village-owned enterprise (BUMDES) producing ingredients for herbal drinks. The pilot project recommended Sadi, one of Pak Marto children, to participate in a training program to make ingredients for herbal drinks, provided by Agradaya, the offtaker. Sadi sells the product to Agradaya and makes additional income of IDR 1.4 million a month. After a year of doing the extra work, the average personal monthly income of Pak Marto family rose to IDR 425,000. His family is no longer in extreme poverty.

By the end of 2021, the village enterprise expanded its business cooperation with PT Bintang Toedjoe, a big pharmaceutical company; in addition to Agradaya. The enterprise was also able to access IDR 2 billion working capital from i-Grow, a crowdfunding company. At the same time, the local government of Trenggalek set up a plan to replicate the success of Martoyudan village to the rest of the villages within the regency for the following fiscal year. It has much more strategic information to prioritize development activities and alleviate poverty in the region. In case Trenggalek regency needs provincial and central support, the local government has a much better leverage since it is now more equipped with evidence based, rich information and thorough analyses.

Conclusion and Suggestions

Conclusion

Indonesia’s social protection has developed and covered its population from birth to old age. It has elements of reducing the economic burden of life and promoting productive skills, jobs and income opportunities. However, Covid-19 pandemic shows that social protection programs can serve Indonesian people better if the country has more reliable tools for programs targeting and effective and efficient management. With all the limitations described above, i.e., lack of data accuracy of the existing programs beneficiary rosters and weak coordination among executing agencies lead to the success of Indonesia in keeping the increase of poverty rate as low as possible. The Government’s appropriate and timely executed social and fiscal policies eliminated skeptical predictions of local and international institutions that Indonesia would have had much higher poverty rate in 2020. Additionally, reforming Indonesia’s social protection agenda involves multi stakeholder commitment and contribution. The Government cannot work alone.

The reform process shows how close collaboration among the central ministries, local governments, international partners, independent financial regulators, private business entities, civil society organizations and ordinary community members work together; and hand in hand. Bappenas also involved students from the University of Indonesia, Bandung Institute of Technology, and

12 This community based approach is similar with the Urban Poverty Project and Kecamatan Development Program and (later on becoming) the National Community Empowerment Program (Program Nasional Pemberdayaan Masyarakat or PNPM) in 2015. When PNPM was transformed into Village Fund program (Dana Desa), political intervention of the executing agency is reducing very much the community empowerment tenet that the Government painstakingly and successfully developed in the previous three programs. Community discussions and decision making process were changed with decisions by village leaders who have to follow executive order from the Ministry of Village, Development of Disadvantaged Regions and Transmigration.
community development experts from Nahdlatul Ulama (the largest civil society organization in the world) to let them learn and exchange community development theories and practices in the pilot villages.

The case of Martoyudan shows how public private partnership occurred at village level. Local Government of Trenggalek was able to mobilize resources from different sector units to work together. The units involved are Cooperatives and SMEs, Employment and Planning, Agriculture Service, Plantation Service, Village Community Development, Trenggalek Regency Development Planning. In other regencies, local Public Works and Communication and Information units work hand in hand to support required community infrastructure and internet services, in addition to local financial institutions to provide whatever services villagers need. In many cases, private sector involvement is crucial in opening the market for the poor. Agradaya’s training in Martoyudan shows international good practice of biopharmaceuticals community members can participate in.

The success story of Pak Marto family took place in almost 198 pilot villages. Replicating successful pilot project to the rest of 83,596 villages is definitely not an easy task. Indonesia had important lessons with the former three community empowerment programs prior to 2015. Boutique operation is much easier than industrial operation. If not nurtured, supervised, and monitored well, the zero extreme poverty project is guaranteed to fail.

Suggestions
President Jokowi has assigned the Coordinating Ministry of Human Development and Culture to be the leading institution, with the Ministry of Home Affairs and Ministry of Village, Development of Disadvantaged Regions and Transmigration being the executing agencies. These three ministries have to make sure that local project directors full understand the project’s concept and business process. To assure a quick and effective result, at least there are three crucial activities that these ministries have to pay serious attention to.

First, start not with the poorest provinces (the five Papua provinces and East Nusa Tenggara) but the most populated provinces of West Java, Central Java and East Java. More than 50% of the extreme poor reside in these three most populous provinces.

Second, involve private training institutions to recruit and train more than 85,000 local data managers. Rigorous monitoring and evaluation of training programs will make sure that the participants have sufficient understanding of the whole business process, and required skills to collect, manage and analyze data. Local governments have to understand and master the whole operational procedure.

Third and the most difficult one is coordination. This project requires capable and strong leadership at the local level. Local project directors need to coordinate sector units well, and in many times, with sector units at provincial and central levels. Coordination among sectors should also involve private business sector and civil society. Project directors have to prepare sound coordinated plan for sector intervention to mobilize public funds, while at the same time maintaining sector priorities that may differ from that of village communities. Project directors may also have to gain support from local parliaments, who often claim that they know what their constituents’ priorities are.

Fourth, having understood the dynamics of all social protection programs implementations, and effective targeting systems used by different institutions, it is obvious that Indonesia needs to have an integrated beneficiary data management system.
Acknowledgement.

I have to express my abundant thanks to Dr. Maliki, Dr. Dinar Kharisma and all the staff at the Directorate of Poverty Reduction and Community Empowerment, Bappenas. This paper is a collaborative and tireless hard work, strong dedication and determination of us all. I personally believe that without the hard-steel spirit and razor-sharp intelligence of the staff, the social protection agenda will not exist. I pray to Allah SWT that He ease the staff’s fight and struggle for making Indonesia’s social protection policy and programs do equally protect all Indonesian people well.

Author Brief Biography

Pungky Sumadi

Ph.D. in Urban in Regional Planning (University of Illinois at Urbana-Champaign), MCP in Urban Studies and Planning (Massachusetts Institute of Technology), and Sarjana Ekonomi (University of Indonesia).
References


