

THE ROLE OF SOCIAL PROTECTION PROGRAM IN INDONESIAN ECONOMY: ITS ORIGIN AND DEVELOPMENT

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ABSTRAK

Krisis ekonomi dan keuangan baik yang terjadi secara global maupun kawasan telah memberikan pengalaman yang penting bagi semua negara. Beberapa pengalaman tersebut menunjukkan bahwa untuk meredam dampak krisis ekonomi, negara perlu mengembangkan program perlindungan sosial. Program ini tidak hanya memitigasi, tetapi juga membantu menjaga menjamin keberlangsungan pembangunan ekonomi di suatu negara. Indonesia, sama dengan beberapa negara, telah mengembangkan program perlindungan sosial sebagai salah satu strategi untuk menanggulangi kemiskinan. Namun demikian program yang diinisiasi tersebut masih bersifat ad hoc dan belum masuk di dalam skema pembangunan regular. Hal ini diperparah oleh anggapan bahwa program-program yang bersifat sosial hanya membebani anggaran negara dan tidak mempunyai dampak yang signifikan terhadap perekonomian, serta tidak berkelanjutan. Namun demikian, dari berbagai pengalaman pelaksanaan program menunjukkan bahwa program perlindungan sosial seperti PNPB Mandiri, Raskin, PKH, Jamkesmas, dan BOS telah terbukti mampu mengurangi dampak krisis dan menjaga keberlangsungan perekonomian. Oleh karena itu program perlindungan sosial perlu dilembagakan secara mapan dan mendapatkan dukungan politis dan finansial yang memadai sehingga dapat lebih efektif menjangkau masyarakat luas.

Kata kunci: program perlindungan sosial

INTRODUCTION

Since the World Bank acknowledged social protection as one of the pillars in combating poverty in its World Development Report 2001, it has attracted much attention from both scholars and policy makers (Arif and Suharyo, 2009, 1). It is believed that social protection is an effective means of enhancing people's wellbeing and coping with problems that constitute fallout of economic crises such as the Asian Financial Crisis in 1997 and the Global Financial Crisis in 2008.

Indonesia is one of the Asian countries, which have implemented social protection programs in the form of Social Safety Net (SSN) such as Food for the Poor, Unconditional Cash Transfer, Conditional Cash Transfer (CCT) and labor Intensive in an attempt to mitigate negative impact of the crises and reduce poverty incidence. In addition, social protection in Indonesia has another objective, which is to mitigate negative impact of economic policies such as the reduction of fuel subsidy.

The government claims that those programs were very effective to cope with the impact of the crises. For example, Cash Transfer program increased the poor's

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purchasing power by about six per cent (Kompas, April 2009). However, many critics contend that those programs would end up creating dependency, undermine educational values, and increase budget woes for the government. In addition, many argue that social protection policies were ineffective in the long term as they have failed to reduce poverty and vulnerability, and they were highly politicized (Riyanto, 2008). Most criticism has been leveled against poor targeting, mismanagement, and moral hazards such as corruption and abuse (Agustinus, 2008).

This paper will examine the role of social protection programs in Indonesia in and the part they have played in mitigating the negative effects of economic crises as well as helping in reducing the adverse impact of economic policies such as the reduction of fuel subsidy.

SOCIAL PROTECTION POLICIES IN INDONESIA AND ASIA BEFORE THE ASIAN FINANCIAL CRISIS (AFC)

Social protection can be divided into three forms, *inter alia*: social insurance, social assistance, and labor market regulation. The thrust of this paper is tailored toward making an analysis of social assistance in the context of Indonesia.

From the perspective of Asian countries, an analysis of the implementation of social protection policies can be divided into three phases, that is before, during and after the AFC. For example, in Malaysia, Indonesia, Singapore, and The Philippines, during the AFC, governments focused their attention on economic growth recovery policies with the assumption reigniting growth would propel their economies out of the crises. In addition, they relied on the existing residual social protection programs, family, communities, traditional norms of subsidy, and mutual supports to mitigate the crisis impacts. On the other hand, South Korea, Taiwan and Thailand, to some degree, expanded and strengthened their social assistance programs (Croissant, 2004, 519).

Discussing types and roles of social protection calls for an examination of welfare regimes in place. The Asian welfare regimes can be historically clustered by some criteria. According to Croissant (2002, 505-506), research on the Asian welfare regimes is traceable through approaches used, namely cultural or oriental approach that results in 'Confucian welfare state' or 'Oikonomic welfare state'; social public management approach that results in 'Productivist welfare state' or 'Developmental welfare state'; and political structures and social outcomes approaches that result in 'Familialistic welfare regime. In general main features of the welfare provision approaches include low spending on social programs, an informal system, and importance role of families in welfare provision.

As Aspalter (2011, 7) argues, Asian countries introduced strong systems of social support with the goal of enhancing the legitimacy of governments as well as ensuring that they hold on to the reins of power. Similarly, the trajectory of the origins of social protection in Indonesia is not too different from the experience of other Asian countries. Prior to AFC, social protection did receive a lot of attention from the government. This was because social protection provision at the time was based on 'traditional ways', which was ties and connections of families and communities. This means that though formal social insurances were in existence, they were limited in coverage and targeting, with formal workers and public servants, including the military being the beneficiaries.

Prior to the economic crisis, Indonesia had no formal social protection system, which meant that the system in place only covered the military and civil servants (Arif and Suharyo, 2009, 4). Croissant (2004, 509-515) highlights the fact that most Asian countries, with the exception of Thailand, do not have unemployment benefits and family allowances. Social protection in Indonesia, as was the case in Malaysia, the Philippines and Singapore, was limited to three programs, namely work injury insurance (established in 1939); sickness insurance (introduced in 1957); and old age insurance (which came into force in 1977). Similarly, in the health sector, the role of the government of Indonesia was very limited, which was in contrast with other Asian Countries. Expenditure for health protection was 22.9 percent (1997) and 23.7 percent (2000), while the private sector expenditure on health insurance was 77.1 per cent (1997) and 76.3 per cent (2000).

The limitation of social protection schemes, target, coverage and funding, was largely attributable to the fact that the attention of Asian countries was on propelling economic development which meant that most of the resources were tailored to efforts that directly contributed to achieving high economic growth. This had the implication that activities, which did not directly contribute to economic growth, such as spending on health and education sectors, were to a certain extent ignored. In addition, expenditure on social protection was undermined by the fallacy that there is a trade off activities that foster economic development and social protection. Spending on social protection was considered inimical to enhancing competitiveness. This is a point that Asher and Nandy (2009, 205) makes in a warning issued about need for the government to take into consideration many factors prior to implementing the National Social Security System. The warning was made based on the notion that there is a serious mismatch between the System's goals and financial, institutional, organizational and regulatory capacities to implement the System which may impact adversely on employment growth.

A Critique of Social Protection Mitigating the impacts of the AFC and fuel subsidy reduction

There is no doubt that AFC had adverse social and economic impact in Indonesia. Without belaboring much, it is worth remembering that AFC sparked off an increase in the number of vulnerable groups from 18.3% in 1996 to 33.7% in 1999. In addition, poverty increased by about 11.8% (Suryahadi and Sumarto, 2010, 43), economic growth contracted sharply from 5.9 per cent in 1996 to -14.6 in 1998, unemployment rate increased slightly from 4.9 in 1996 to 5.5 percent in 1998, and inflation skyrocketed from 39.6 in 1996 to 58.5 in 1998 (Croissant, 2004, 518 cf. ADB Report in various years). Such dire socioeconomic conditions compelled the government to take a quick remedial action.

In countering the effects of the crisis, Indonesia introduced the so-called *Jaring Pengaman Sosial* (JPS) (Social Safety Net program). This program was a package of measures which targeted financial support for the most vulnerable sectors and groups affected by the crisis. The funding for the program hovered around 5.5 per cent of the total budget during 1998-2000 (Sumarto, et.al, 2010,140).

The JPS was divided into 'core' JPS, which directly addressed impact of the crisis; and 'JPS support', which was aimed at addressing the fundamental problems of the crisis. The implementation of JPS was carried out in three phases. *The first phase, which was went underway in early 1998 (January to March), focused on labor-intensive programs that generated jobs to solve rampant unemployment at the time. The second phase, was implemented in the 1998/1999 budget. The program focused on four programs, namely food security, social protection program and health infrastructure development, labor-intensive program, and the development of micro and small enterprises. Meanwhile, the third phase of the program was implemented in the 1999/2000 budget, which focused on reviewing and revising the programs, and monitoring and evaluation.*

In 2005, soaring prices induced the Indonesian government to reduce fuel subsidy. To mitigate the impact of the policy, the government implemented the PKPS-BBM, which involved the 'compensation' of poor people to reduce the impact of rising cost of living on their economic wellbeing. In principle, the program was a continuation of the SSN program, in addition to revision of the terms of delivery mechanism and coverage.

Results from some evaluation studies have indicated that the initial phase of SSN had positive impact on food security. Nonetheless, the impact of the Raskin component was circumspect owing largely to their poor management and targeting. A study conducted by SMERU in 2007 found a surprising result. On the one hand, most of the

beneficiaries stated that they were satisfied with the Raskin Program because the program enabled them to cut on their expenditure for food items, which enabled them to save some money to pay for school fees, contributed to the reduction in other costs which families had to pay, and enhance their capacity to cope with soaring prices at the village level. On the other hand, local civil service offices decried the Raskin program for the many problems it created, and recommended its termination (2007, xv-xvi). Such mixed response may be attributable to the protests which administrators of the program received during its execution.

Furthermore, Tabor and Sawit (2005, p.v) note that in 2003 the Raskin program (food security) provided a transfer benefit equivalent of 4% of the minimum income, and 10 percent of rice expenditure of the household's average beneficiaries. On the contrary, Olken, et.al. (2002 cited in Suharyo, et.al., 2009, 4) estimated that the monthly distribution in 1998 represented the equivalent of cash transfer of about Rp.15,000 per household, which was less than 30 per cent of the official poverty line for a household of one person and less than 6 per cent for a household.

With regard to the evaluation of SSN program in Education and BOS, some findings indicate that the program had a positive impact. Cameron (2002, 32), used a 100-villages survey data, found that students at primary schools, junior high schools, and senior high schools received the scholarship about 8.4%, 13.6%, and 9.65%, respectively. Consequently, the program induced a significant reduction in the drop-out rate at lower secondary schools of about 2.35 percentage points, or 24 percent. Similarly, CIMU (Central Independent Monitoring Unit) found that grants and scholarship staved off a sharp decline in enrollment rate between 1997/1998 and 1998/1999 academic years. On the contrary, based on a SMERU's study in 2000 of the target of the scholarship program, 6% was tailored toward addressing students at primary schools, 17% at junior high schools, and 10% at senior high schools, and the scholarship could only cover about 4%, 8%, and 4%, respectively (Arif and Suharyo, 2007, p.42).

Meanwhile, an evaluation of SSN and PKPS-BBM for health, some researchers have found that the program had positive impact. CIMU for Health and nutrition sector (2002) found that the coverage of the program was satisfactory. This was proved by the high coverage of cards, which reached about 80%. Of the proportion, about 80% of cards were utilized by poor women. Similarly, a study conducted by Saadah and Sparrow (2002) found that the beneficiaries of the health cards were not only poor people, but also low educated people. In addition, they estimated that the introduction of health card scheme, induced a reduction in the use of public health services below 10% in 1999. ##

Mitigating the impact of the Global Financial Crisis (GFC)

The 2008-2009 Global Financial Crisis affected Indonesia's economy, albeit to a degree that pales into triviality if compared to the 1997-1998 Asian financial crisis. In an attempt to mitigate the impact of the global financial crisis, the Indonesian government continued its policy of supporting various social protection programs such as the *Raskin program*, *BOS*, *Jamkesmas*, *BLT* (direct cash transfer), *PKH* (conditional cash transfer) and *KUR* (Loan for Small Scale Businesses). In addition, the government widened the coverage and funding of the Community Driven Development (CDD) program, which was a continuation and at the same time institutionalization of employment creation programs. Since 2006, the Indonesian government consolidated all CDD programs under the National Program for Community Empowerment (NPCE), which is specifically charged with giving block grants to poor communities. Money from the fund can be used for funding community development programs such as building basic infrastructures, and establishing micro-credit schemes to support community members who need capital to run micro businesses. However, a consensus of all village members must be reached before money is allocated to any community development activities.

The finding of a SMERU study in 2010 (pp.xi-xiii) indicates that micro credit schemes in the NPCE were very vital in mitigating the adverse of the impact of the crisis, especially for women as the main beneficiaries. In addition, the Raskin program proved useful as it helped in ameliorated the impact of the crisis on the cost of living. Similarly, the BOS program, by reducing the cost of school operations helped in sustaining the motivation of poor parents to send their children for advanced education. In other words, BOS program proved beneficial in reducing the number of drop-outs during and in the aftermath of the global financial crisis.

In the case of Jamkesmas (the SSN for the health sector), the role it played in mitigating the negative impact of the crisis, was very obvious. This is reflected in the rising in the number of visits to community health centers (Puskesmas) during the crisis. Moreover, the idea of the Jamkesmas program was emulated and implemented by many regencies through the establishment of local government schemes, namely Jamkesda and Askes Semesta (health insurance funded by the cooperation between regional governments and PT. Askes. Such programs helped a lot in reducing the cost of health care for poor people who were not covered by both Jamkesms and Jamkesda). Thanks to such programs, local district/city governments were able to allocate local government budget support for health insurance for people within their jurisdiction.

Yet the list of social protection programs goes beyond those mentioned above, and includes BLT, PKH and KUR. BLT and PKH programs involved the giving of cash directly and conditionally, respectively, to poor households, most of who were workers in the agricultural sector. In addition, the PKH program as a CCT program helped the

poor in paying for health costs as well as school dues. KUR, on the contrary, played a very little role in mitigating the adverse impact of the global financial crisis as most of the beneficiaries were business owners or not categorized as poor.

Criticism

Since its introduction, during, and after the AFC, and GFC, social protection programs received a lot of criticism, which in the main related to targeting, funding, and social impact. However, most criticism were leveled against the targeting of the programs which was considered very poor. Poor program targeting was responsible for high leakage of program funds, resulted into non beneficiaries benefitting more than those targeted, missing out poor families while at the same benefiting rich people. In a SMERU study for example, it is revealed that during 1998-2000, the targeted beneficiaries of the Raskin received only 3-11 kg of 20 kg per month. Similarly, in LP3ES study as well as that conducted by Strauss et. al.(2004), it is found out that targeted beneficiaries received only about 10.4 kg and 6 kg, respectively. This problem was due to the use of unreliable criteria to define beneficiaries of the programs.

The second criticism was that social assistance programs rather than helping beneficiaries cope with the adversity of the financial crisis instead increased their dependency, created moral hazard, and undermined sustainability. In addition, due to the minimal income gap across poor groups, effective targeting of the program proved a tough task to do. Moreover, there is little doubt that ad hoc programs by their nature, cause disruption of other programs - empowerment program being a good example. This is because beneficiaries of such programs did not have to show they had accomplished anything to qualify for the assistance. This is a point collaborated by findings of an FGD conducted by SMERU's team with some local leaders, who complained about the negative impact of Raskin program on community members' initiative. Local leaders decried Raskin program for undermining *gotong-royong*—an important component of social capital among village communities (Hastuti, et. al., 2007, p.xv). Another problem was related to the source of the data used to determine program beneficiaries. It is noted that data used to determine programs beneficiaries was BKKBN data for 2005 which was not originally intended to measure poverty.

The third criticism was that the implementation of social programs increased the financial burden to the state budget and reduced economic competitiveness. In light of that, some researchers argued given existing budget constraints, money spent on social programs, undermined and delayed economic recovery. However, Tabrany (in Kompas, August 2010) argues that such arguments lacked strong foundation and analysis since social insurance schemes require workers to pay just 5 percent of their

salary incomes, which compared with an increase of 10 percent on average annually, is very insignificant. In addition, an increase of 6 percent in the number of workers per year means that in ten years time the accumulation of the fund paid for health insurance would rise from about Rp.28.8 billions to Rp.623.385 billion, which is large finance economic development. Similarly, Basri (in Kompas, August 2010), argued that social protection programs did not increase burden to the government because some of it was in the form of a subsidy which had to be on electricity, which is enjoyed by middle and high income groups.

Lastly, social protection program were plagued by political overtones- highly politicized. Charity programs tend to be populist and are often used as a image 'building' tools hence serve political interests. This is especially so whenever incumbent government leaders seek election or re election. For example, during the last election, in 2008, one of presidential candidates, who was the incumbent vice president, in his bid to attract peoples votes claimed that the cash transfer program was his initiative (thus he deserves to be voted into office for that reason, Kompas, June 2009).

DIRECTION, DEVELOPMENT, AND CHALLENGES

Developments in the direction of social protection programs in Indonesia attest to the fact that Indonesian experience is somewhat different from that in other countries in Asia. In the wake of the Asian financial crisis, social protection programs was beefed up through social assistance and labor regulation, rather than social insurance. This was due to the fact that social assistance was deemed easy to manage, and produces results quickly. In addition, the political and economic conditions at the time forced the government to take quick measures in order to prevent the social economic condition from getting worse.

During 1998-2010 period, JPS program experienced gradual changes, which included the addition of new programs. One such program was the Special Market Operation (OPK), which entailed the distribution of subsidized rice was changed to become the Rice for the Poor program (Raskin) in 2001. The program continued until recently, albeit with some modifications that included adjusting the price of rice to the market price. Secondly, the SSN program for Education was changed to become the Special Assistance for Students (BKM) in 2001/2002, and afterwards was transformed to become School Operational Assistance (BOS) program in 2004/2005. The program continues to this day, with some major revisions. Thirdly, the SSN for the health sector was changed to become JPS-Gakin (Health Service Insurance for Poor families) in 2003

and transformed to become Health Insurance for the Poor (Askeskin). In 2008, the Askeskin was changed to become people's Health Insurance (Jamkesmas). The health insurance program has been implemented at local government levels, to become Jamkesda, which is financed at the local government level. Fourth, the labor intensive program and community empowerment program and infrastructure were changed and integrated to the Kecamatan Development Program (KDP) and Urban Poor Program (UPP), have recently become benchmarks of all community-driven development (CDD) programs under the coordination of the National Program for Community Empowerment (NPCE) since 2006.

Furthermore, the government introduced the Unconditional Cash Transfer or BLT which was implemented in 2000 with the aim of reducing the adverse impact of fuel price hikes in 2000 and in 2005-2006. In addition, in 2006, as a response to critics of the BLT program, the Indonesian government established the Aspired Family Program (PKH) or Unconditional Cash Transfer adopted from *Progressa* or *Oportunidades* in Mexico. This program got under way in 2007 with a total budget of about Rp.1 trillion, and targeted about 500,000 households. In 2008-2010, the program was expanded both in terms of funding and coverage. Within three years, the PKH covered 626,000, 726,000 and 816,000 households, respectively, and the total budget was Rp.1,1 trillion in 2008 and 2009, and Rp.1.3 trillion in 2010. In 2011, the government targets 1,116,000 households with total budget Rp.1,6 trillion. Moreover, in 2008, to provide capital needed by micro and small businesses, the government asked Bank of Indonesia (Central Bank) to encourage banking sector to provide Small loans schemes. At the same year the national target for the KUR program was Rp14.5 trillion, while the actual amount realized was Rp12.45 trillion (86%) for 1.65 million debtors or an average loan per debtor of Rp7.52 million. In 2009, its national target increased to Rp.20 trillion (for complete figures see Annex 1).

SOME KEY LESSONS

The above discussion provides key lessons that relate to size, composition, targeting and directing of social protection programs. Firstly, while social protection programs never used to be very popular in Asia in the past as much of the attention and resources were devoted to achieving high economic growth, conditions are now development which have induced a change of heart of sorts. Consequently, social protection programs receive a lot of attention in today's development. This phenomenon is also highlighted by Goodman and Peng (1996 cited in Triwibowo and Bahagijo, 2006, 71) who argues that while East Asian Countries used to be criticized for spending little on social welfare, they are now lauded as leaders in market-conservative

social welfare. Developments in Indonesia point to the same trend. Social protection has been transformed in Indonesia, and the government has expanded scale and coverage of old programs as well as established new ones, a financed through the allocation of larger chunks of the budget. Poor management which plagued social protection programs has also to some degree being tackled as well.

Secondly, as has been noted in an earlier section, better targeting will result in higher effectiveness and efficiency. For example, with the limited budget the government has, the ability of the program to reach its true beneficiaries, will not only reduce government expenditure but also importantly, will generate higher trust and better outcomes. In the case of Indonesia, since the introduction of social protection programs the success rate has very much been determined by the program design, especially the targeting. Some programs, which were well targeted, became effective, while other which were not, performed poorly on that score. Such facts provide good lessons learned as regards the design of social protection programs (highlights the need to avoid one size fits all approach). In addition, the slight socioeconomic gap among poor groups in Indonesia implies that there is need to target programs that are meant for the poor in various ways. For instance, for some programs which are meant to fulfill basic needs, targeting should be universal coverage, while those that have the overarching goal of empowering the community such as revolving funds and small loans should employ selective targeting method. Thus, to achieve better targeting, the government should develop and improve data collection as well as processing methods in order to produce much more reliable data and information.

Thirdly, the performance of local governments also bears much on the success of social protection programs implementation. This is evidenced by local government initiatives in introducing social protection programs, which have been 'adjusted' and modified to suit local conditions. Thus, there is need for the central government to involve local governments, and to some extent give them more authority, in designing, developing, managing social protection programs.

Fourthly, there is need for the government to institutionalize social protection programs. Thus, the approach should not be limited to reacting to crises and putting in place counter measures to mitigate the impact of policies that increase the cost of living but oriented towards embodying social protection into development agenda and policies. That way, there will no longer be need for adhoc programs as inbuilt mechanisms will be in place, which will create resiliency. In that sense, social protection will become an effective tool that will guarantee macro-economy stability.

Lastly, as has been mentioned above, types of welfare regimes bear influence on policies. In addition, ad hoc policies, which initially target the poor with the objective mitigating the adverse impact of crises and policies, need to be integrated and institutionalized into mainstream program and become a national policy /program agenda. Moreover, to create good social policy in general and social protection programs in particular, requires full political support from the entire spectrum of political parties. This is because to be effective and acceptable, social policy and social protection programs need the support of the political establishment in Indonesia, because of the immense powers it has over the composition, size, and direction of the government revenue and expenditure proposals.

CONCLUSION

To that end, even though the implementation of social security problems has been characterized by a number of problems, the programs have played an important roles in mitigating the negative effects of economic crises as well as the impact of some policies on the welfare of the general public. In other words, social protection programs have contributed to reduction in vulnerability, inequality and poverty. The existence of such programs need not only be continued but also be made more permanent underpinned by policies in the national agenda. It has been shown that social protection programs have a very important role in Indonesia and other Asian countries to mitigate the negative impacts of economic crises and implementation economic policies, and secure the macro-economy. Therefore, the government of Indonesia should support and improve it, in terms of its institutionalization to national agenda, coverage, and finance. In doing so, the government needs to have a better design, especially targeting mechanism, and political support to pave the way of the programs implementation and provide adequate budget.

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ANNEX 1:
Transformation of Social Protection Programs in Indonesia (1998-2010)

<p>SOCIAL PROTECTION PROGRAMS</p> <p>1998 - 2000, (The SSN/JPS era)</p>	<p>2000 - 2005 (The PKPS - BBM era)</p>	<p>2005 - 2010 (The Three Cluster era)</p>
<p>Food Security</p> <ul style="list-style-type: none"> - OPK Program; sale of subsidized rice to targeted households. 	<ul style="list-style-type: none"> - In the mid-2001, OPK changed to the Food for the Poor Program (Raskin), but the scheme retained. - The amount of rice could be bought increase to 20kg. 	<ul style="list-style-type: none"> - The Raskin program still retained with the price adjustment from Rp.1,000 per kg to Rp.1,600
<p>Employment Creation</p> <ul style="list-style-type: none"> - Padat Karya; a loose, uncoordinated collection of several "labor intensive" programs in a variety of government departments - PDMDKE; a "community fund" program providing block grants directly to villages for either public works or revolving credit funds. 	<ul style="list-style-type: none"> - The revolving fund program increased by distributed Rp.100 million to saving and loans cooperative and Rp.50 million to micro-finance institution. - Community empowerment program and Infrastructure (<i>PPM-Prasarana</i>) introduced and targeted to low-income rural communities; prioritize to outside of Java Island. - The PPM Prasarana gives each of 250 subdistricts across 14 provinces about Rp.750 million and Rp. 1.1 trillion for maintenance, rehabilitation, and 	<ul style="list-style-type: none"> - In this period, revolving programs and community empowerment were integrated to the more 'established program' intended to alleviate poverty in general - Started from 2006, the government launched the National Program for Community Empowerment (NPCE or PNPM) as a policy umbrella for all community empowerment programs carried out by some departments and ministries. - Coordinated by the National Coordinating Team for Poverty Alleviation, the government initiated three cluster programs, namely, cluster for social protection and assistance, cluster for community empowerment and cluster for micro and small business empowerment. - Thus, all of social programs and 'crash program' were coordinated into the first cluster.
<p>Education</p> <ul style="list-style-type: none"> - Scholarship and block grants; a program providing - Scholarship and block grants directly to elementary (SD), lower secondary (SMP), and upper secondary (SMA) students. - Block grants to selected schools. 	<p>Special Assistance for Students (BKM) commenced 2001/2002 school year</p> <ul style="list-style-type: none"> - New scholarship (the amount with JPS era) for primary, junior high and senior high schools. - Covers more students with certain requirements. 	<p>School Operational Assistance (BOS), commenced 2005/2006 school year</p> <ul style="list-style-type: none"> - Block grant delivered to school (Primary and Junior High School), more flexible in usage and the government set up some requirement. - Scholarship and grant for senior high school unchanged and the amount increases

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SOCIAL PROTECTION PROGRAMS	1998 - 2000 (The SSN/JPS era)	2000 - 2005 (The PKPS - BBM era)	2005 - 2010 (The Three Cluster era)
Health	<ul style="list-style-type: none"> - JPS-BK; a program providing subsidies for; - Medical services - Operational support for health centres - Medicine and imported medical equipment - Family planning services - Nutrition (supplemental food) - Midwife services. 	<ul style="list-style-type: none"> - In 2004 covered nearly 20% of Primary school and 26% junior high school students. - Along side BKM, Special Assistance for school (BKS) operated, but only in 2001. - In 2001, additional subsidies for health services provided through the Reduced Energy subsidy Impact Alleviation Program (PPD-SE). - In 2002, the source of fund was provided by the PKPS-BBM (nature of program retained). - In 2003, Health Service Insurance for Poor Families (JPS-Gakin) launched funded by local and central government. 	<ul style="list-style-type: none"> - The amount of fund depends on the number of students. - Covers all schools across nation wide, both state and private schools. - Starting from 2005 PT. Askes (State Owned Insurance Company) was authorized to manage all health funding for the poor, and being implemented as social health insurance known as ASKESKIN (health insurance for the poor). - The Askeskin target 60 million poor people whose premium paid by the government. - In 2005, the budget of Askeskin reached US\$162 million for basic health and US\$237 million for hospital services.
	<ul style="list-style-type: none"> - In 2004 the government recentralized the program under PT. Askes management and in 2005, JPK-Gakin strengthened by allocated Rp.3.87 trillion. 	<ul style="list-style-type: none"> - In 2005, the budget of Askeskin reached US\$162 million for basic health and US\$237 million for hospital services. - The Askeskin targets individuals (while the JPS-Gakin targets households). - In 2008, the government transformed the Askeskin into Jamkesmas (health insurance for people) due to some weaknesses of Askeskin. 	

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Transformation of Social Protection Programs in Indonesia (1998-2010)

SOCIAL PROTECTION PROGRAMS	1998 - 2000 (The SSN/JPS era)	2000 - 2005 (The PKPS - BBM era)	2005 - 2010 (The Three Cluster era)
	<ul style="list-style-type: none"> - In 2004, the Government has enacted Law number 40 about National System of Social Insurance that intended to cover five types of insurances, namely, health insurance, death insurance, working injury insurance, old-age insurance, and pension. 	<ul style="list-style-type: none"> - However, the Law was not implemented yet because of disagreement between the Government who want to propose the form of delivery agency is State Owned Enterprises (SOE's) and the House of Representative who proposed Not-for-profit as a form of the agency. - In the last meeting, 12 May 2011, even, the Government proposed to revise the Law. 	
Additional New Program	<ul style="list-style-type: none"> - During three months (Oct-Dec 2000) Cash Transfer program (BLT) was launched to compensate poor people for bad impacts of cut subsidy for fuel. 	<ul style="list-style-type: none"> - Due to subsidy reduction of fuel price, the government launched a One-Year Unconditional Cash Transfer or BLT (2005-2006). 	
	<ul style="list-style-type: none"> - This program gave each targeted Rp.100, 000 per month. 	<ul style="list-style-type: none"> - The government allocated Rp.4.7 trillion to the first of four quarterly tranches. - In the first tranche the BLT reach 15.5 million households or 62 million people. - In the later tranche the government expanded the beneficiaries to 19.2 million households. - The amount received by each poor people still unchanged (Rp.100,000). - In 2006, due to many protes addressed to the BLT, the government initiated Family Hope Program (PKH) or Conditional Cash Transfer (CCT) adopted from PROGRESA in Mexico. 	

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			<ul style="list-style-type: none"> - In 2007, the PKH covered 392,000 households with allocated budget Rp.1 trillion. In 2008, 2009 and 2010, it covered 626, 000, 726,000 and 816,000 households, respectively. The total budget was Rp.1,1 trillion in 2008 and 2009, and Rp.1.3 trillion in 2010. - In 2011, the government targets 1,116,000 households with total budget Rp.1,6 trillion.
			<ul style="list-style-type: none"> - In 2008, to provide capital needed by micro and small businesses, the government asked Bank of Indonesia (Central Bank) to encourage banking sector to provide Small loans schemes. - In 2008, the national target for the KUR program was Rp14.5 trillion, while the actual amount realized was Rp12.45 trillion (86%) for 1.65 million debtors or an average loan per debtor of Rp7.52 million. - In 2009, its national target increased to Rp.20 trillion.

Note:

Summarized from National Development Planning Agency (2008), Sumarto et.al (2010), Sumarto and Suharyadi (2010), Hastuti et.al (2010), Ministry of Social Affairs (2010), OECD Economic Surveys: Indonesia (2010) and Kompas (12 May 2011).