

Social Assistance



Social Protection and Jobs Global Practice



Australian Government



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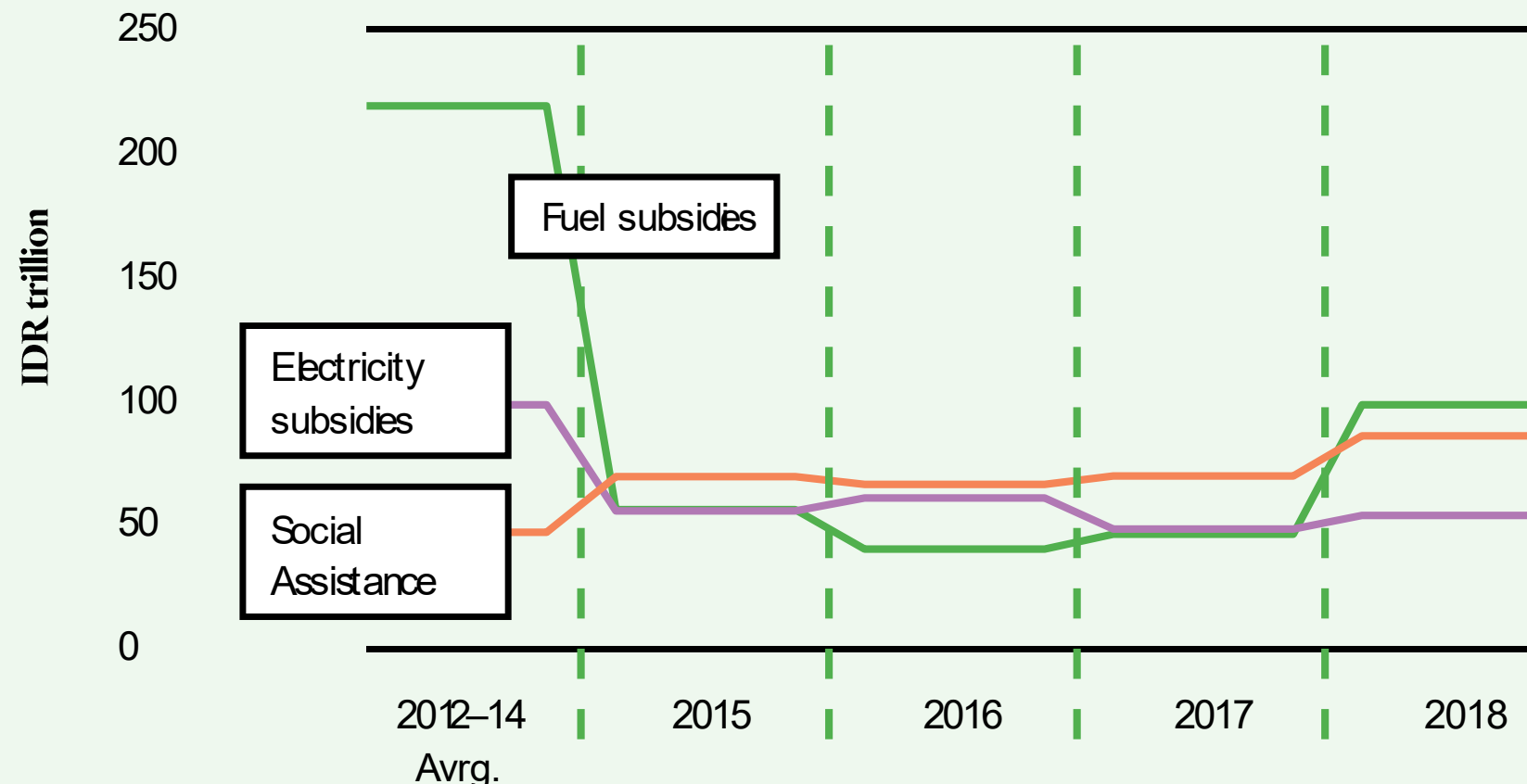


Swiss Confederation

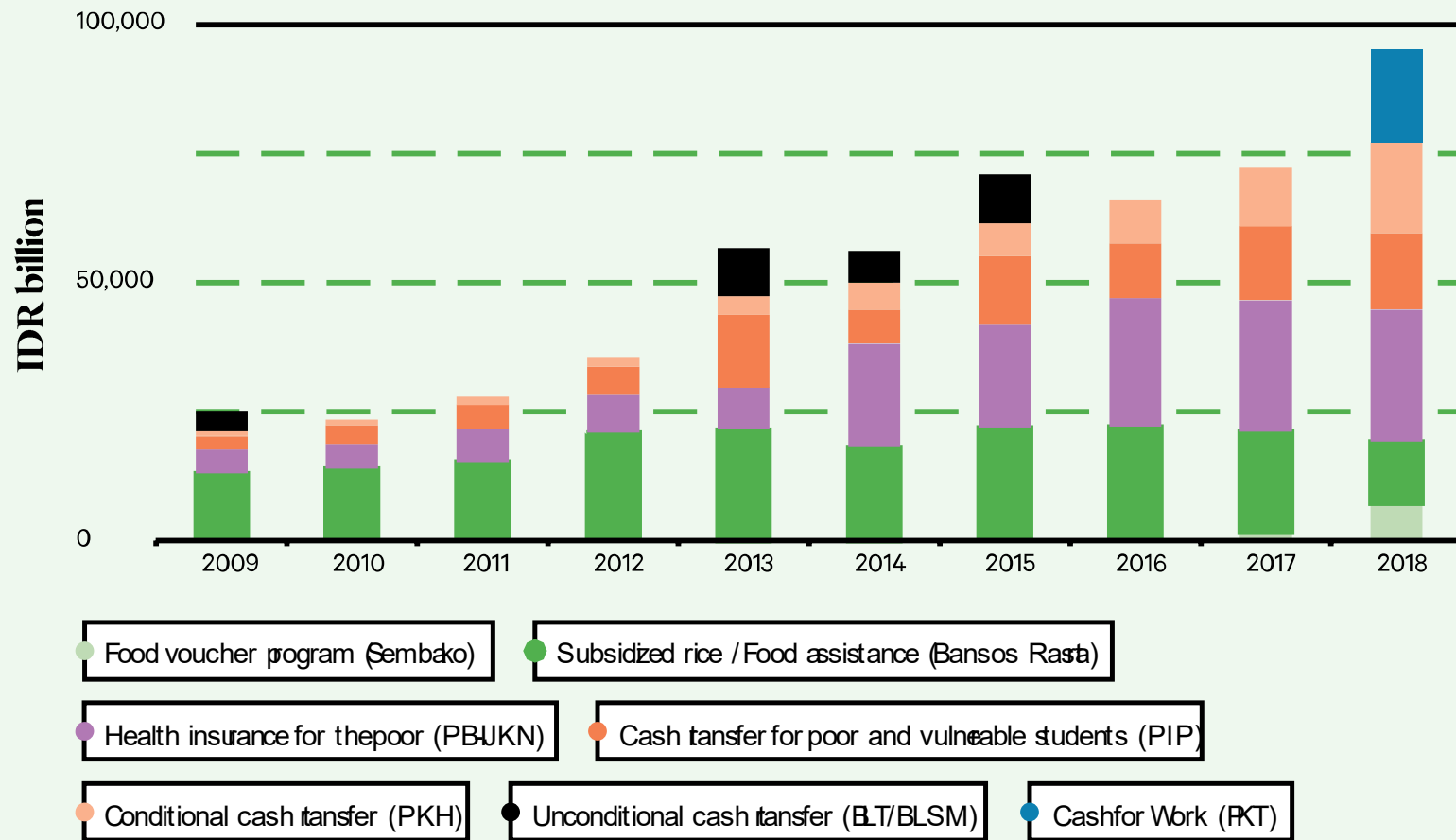
- 1. Are overall trending spends adequate?**
- 2. How *efficient* is public spending on social assistance?**
- 3. How *effective* is public spending on social assistance?**
- 4. Summary of recommendations**

Between 2012 and 2017, spending on energy subsidies was partially re-directed toward targeted social assistance ...

- Though fuel subsidy spending is still significant part of the budget
- In 2020, as a response to COVID-19 spending on social assistance has more than doubled.



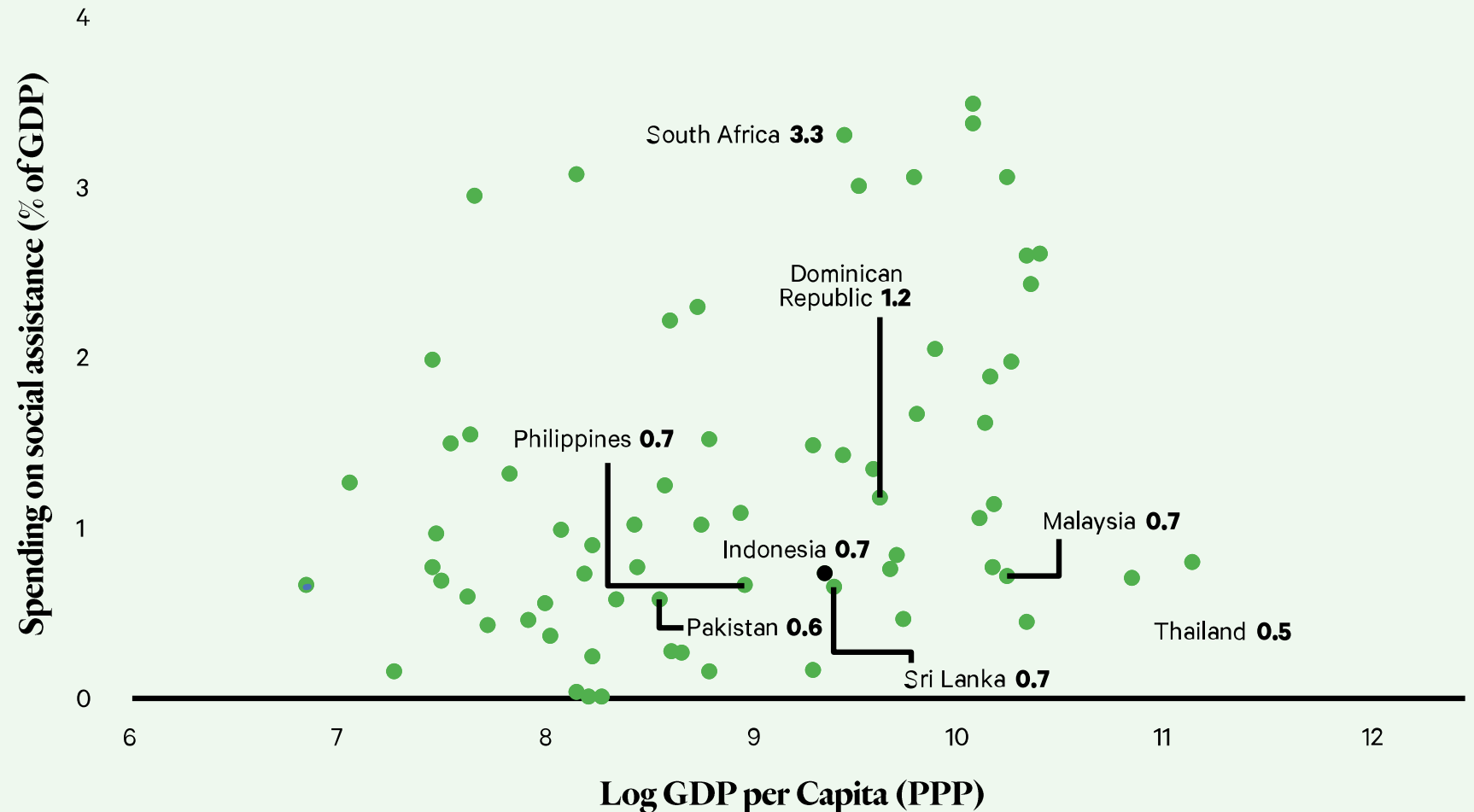
...This spending has financed a sustained expansion of well targeted programs



- Spending has steadily increased in nominal terms and has focused on well targeted programs such as PKH and Sembako
- Both programs have seen significant expansions in coverage and benefit levels.

Pre COVID-19 spending on social assistance has remained constant at 0.7% of GDP over the last several years

- This level of spending is low for countries with Indonesia's level of income (GDP per capita)
- Yet about average for countries with a similar revenue generating capacity (countries shown in the graph)

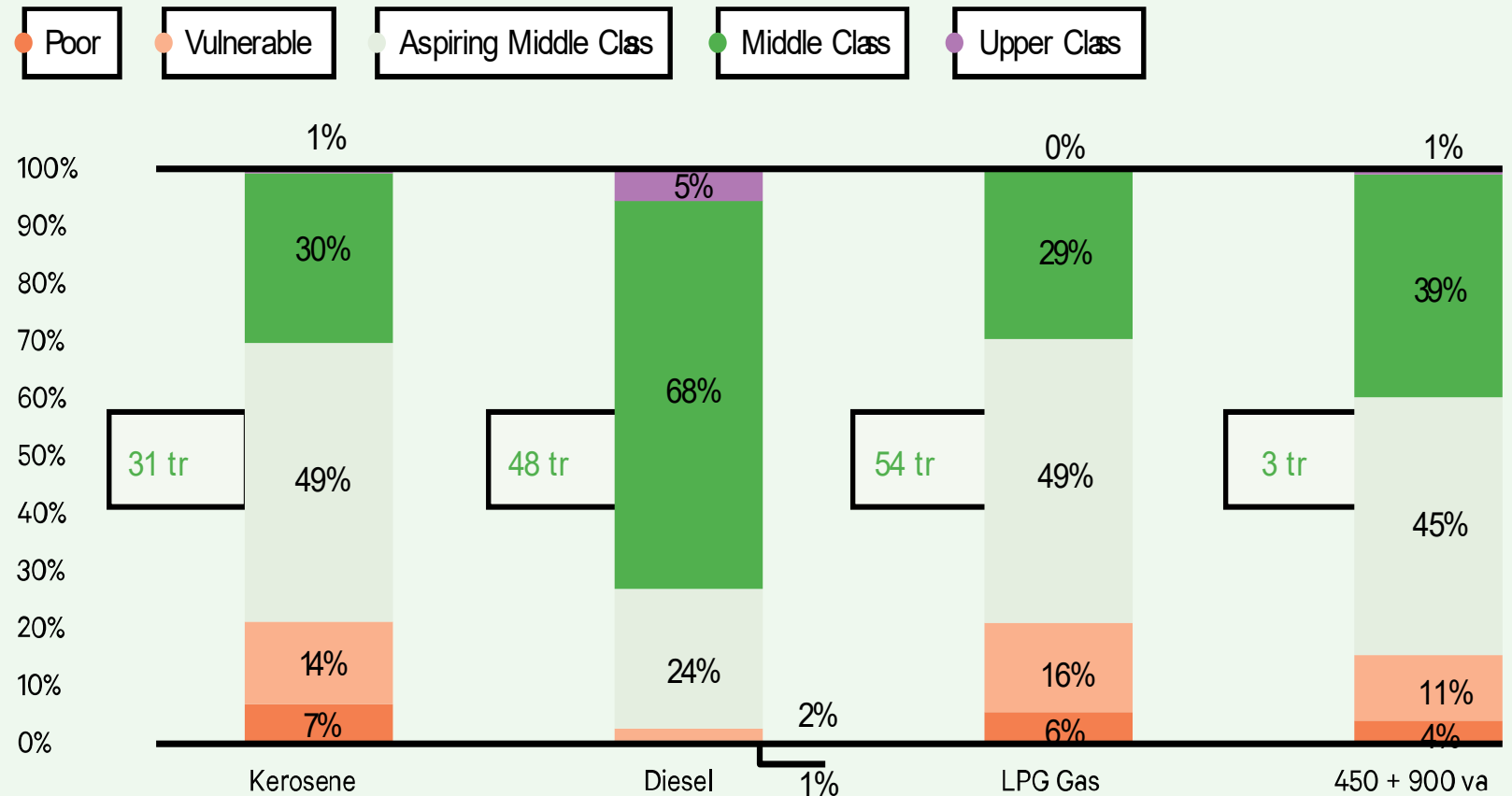


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Though subsidies are meant to protect the poor, they are accessing them the least

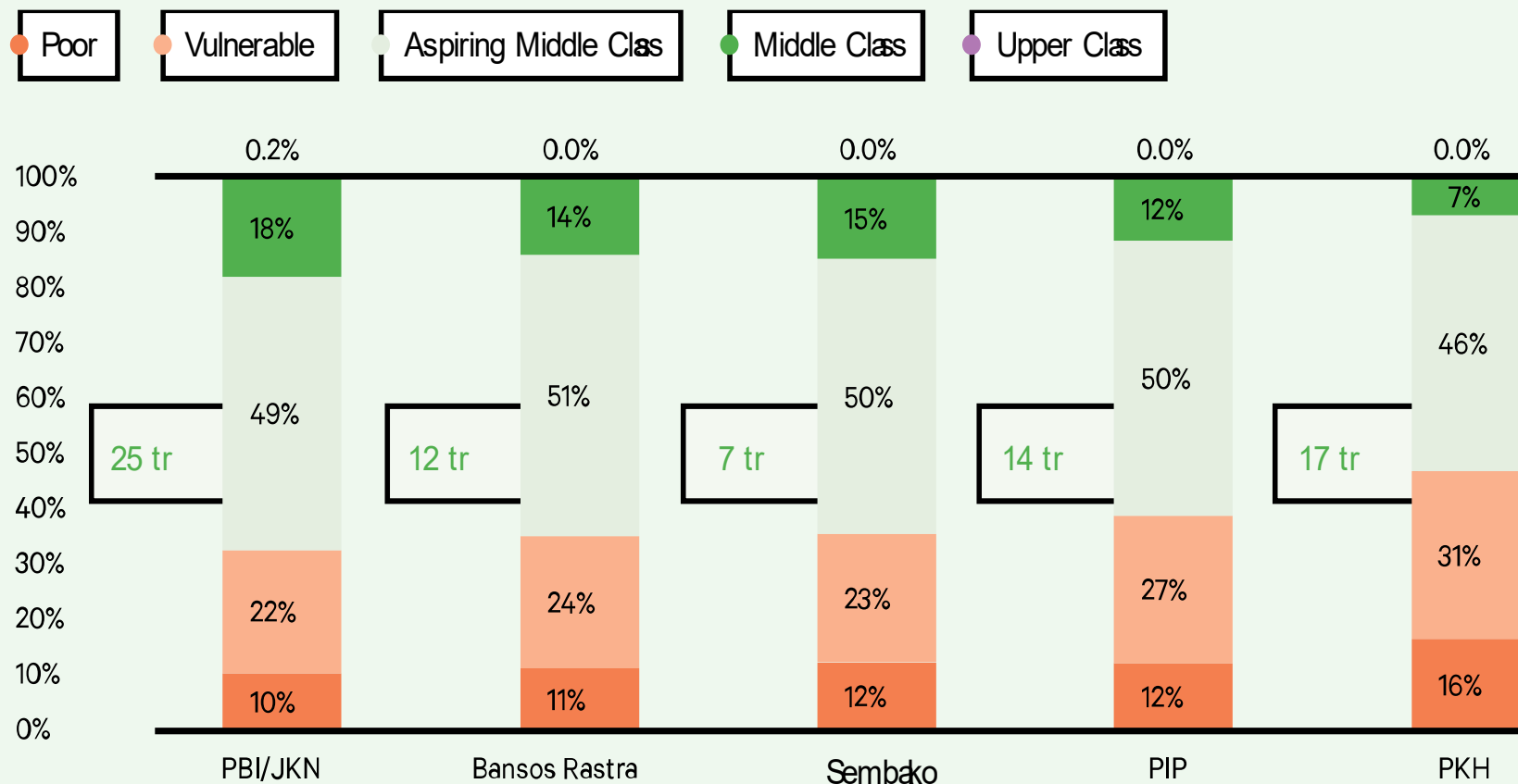
- In 2018, subsidy programs are received less by the poor and vulnerable
- Subsidy programs such as LPG and 900VA will be better targeted if the social registry (DTKS) is used

Beneficiary incidence (% of benefits received by welfare groups)



... spending on targeted social assistance is accessed more by the poor, vulnerable and aspiring middle class.

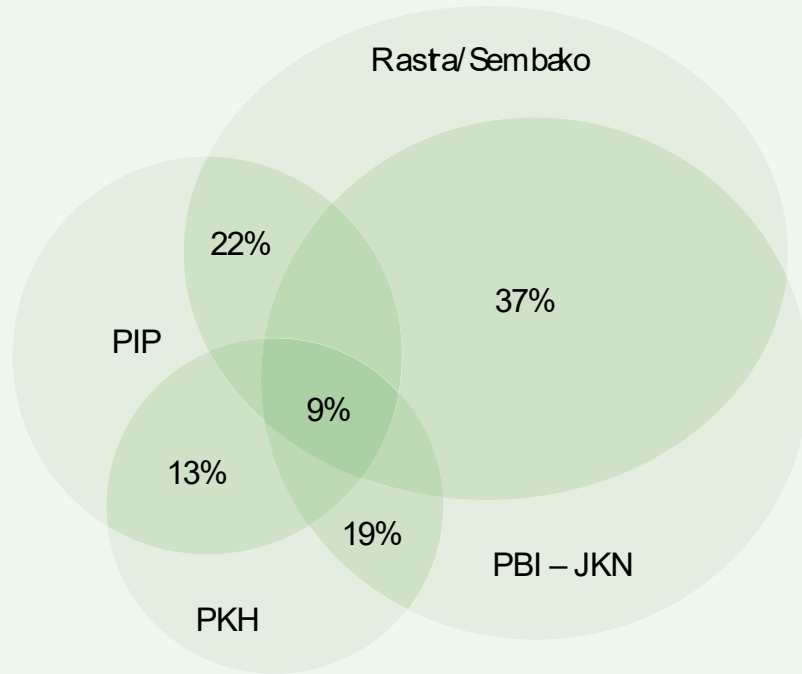
Beneficiary incidence (% of benefits received by welfare groups)



- In 2018, social assistance programs are received mostly by the poor and near-poor
- Improvements in targeting outcomes can come through allocating beneficiaries using the DTKS

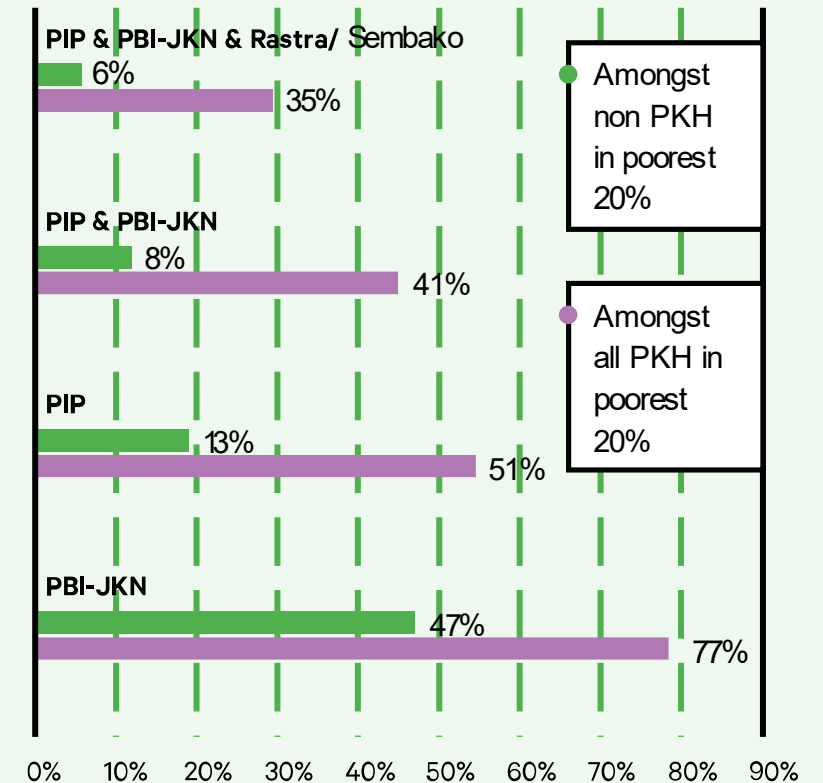
Convergence amongst the poor have been improving though remain low, PKH shows promise in raising these outcomes

SA convergence among households in the poorest 10% 2018



- In 2014, the share of households receiving all four programs was 1%
- Convergence amongst PKH households is decidedly better.
- Further convergence can be achieved through strict adherence to DTKS.

SA convergence among PKH households in the poorest 20% - 2018



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Indonesia conditional cash transfer program (PKH) has shown impressive effects in improving human capital...



- Up to 11 pp reduction in stunting and 10pp reduction in severe stunting
- 11 pp increase in the likelihood to consume eggs and 10% increase in expenditure on protein rich food
- 7.1 pp increase in neo-natal visits and 5 pp increase in immunization
- Halving of non-enrollment and 9pp increase in junior high school enrollment

...The reform of Rastra to Sembako will likely yield continued effects on benefit adequacy and nutrition outcomes

While Rastra faced significant delivery issues and benefit dilution, Sembako has shown improvements in adequacy and has introduced more nutritious food items in early 2020.

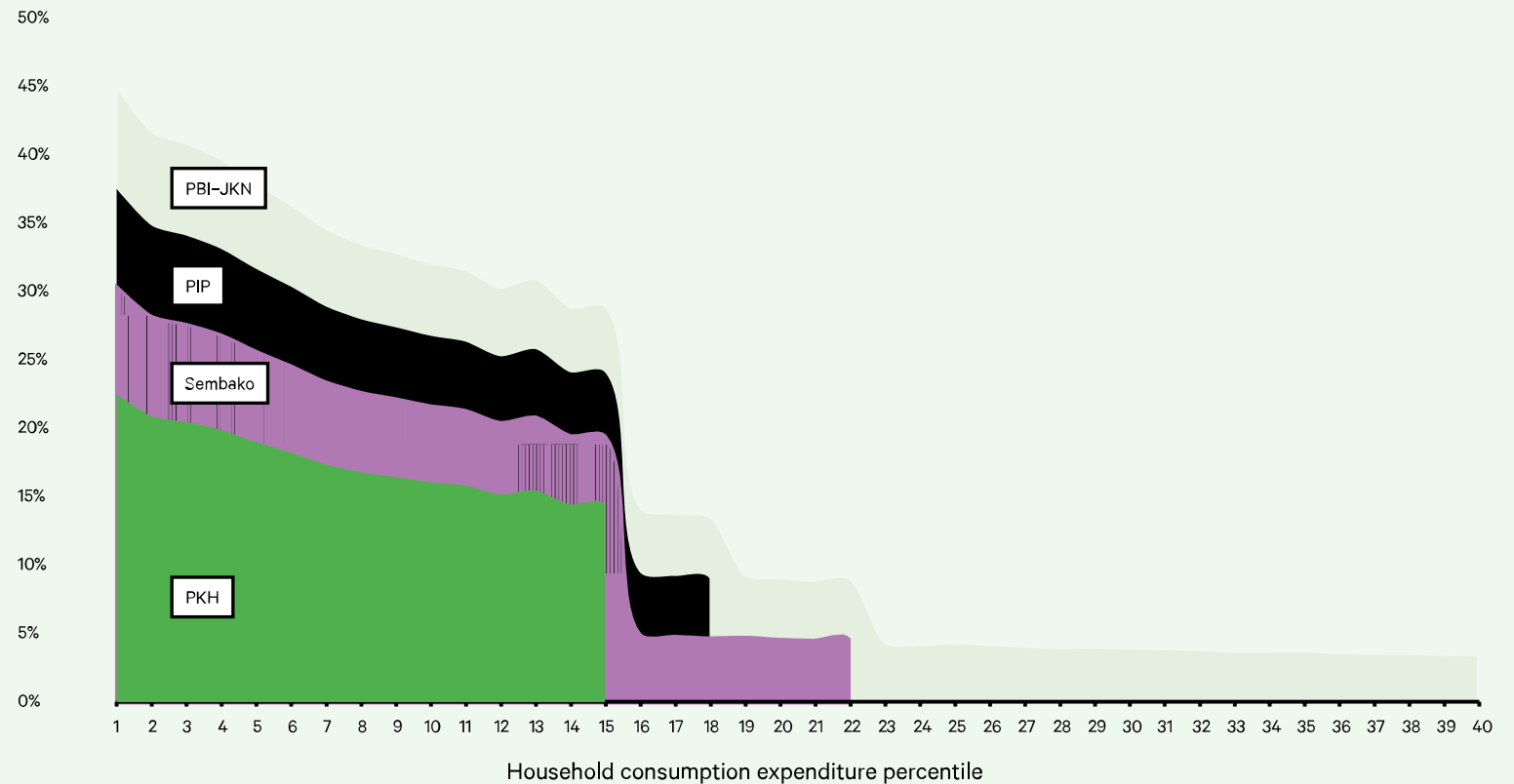
Today, social assistance is designed to provide comprehensive protection for households with children...

- Households without children however, receive less support
- The elderly and people living with disability are much less likely to receive assistance

10%

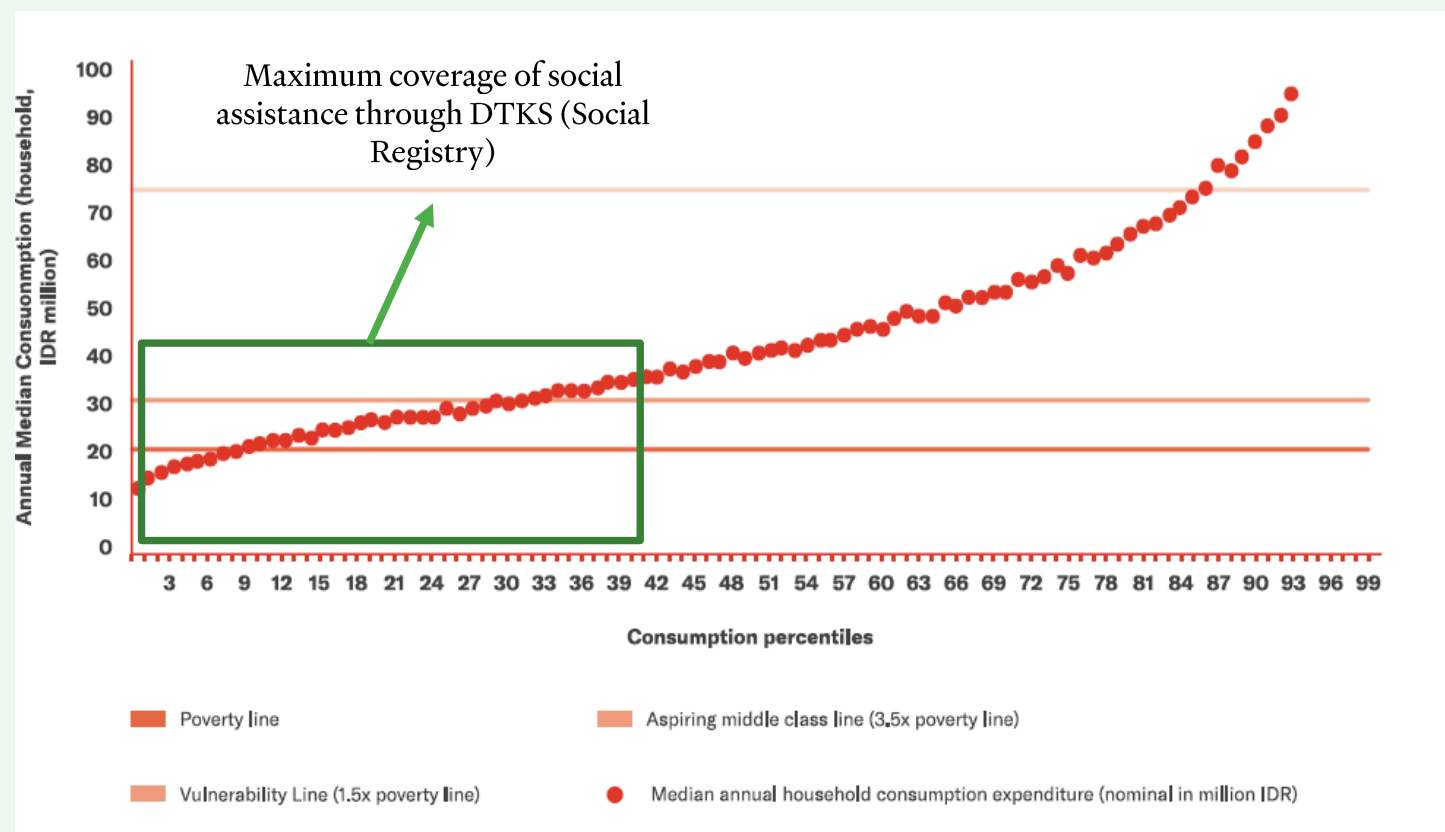
Of those aged 65 and older in 2018 receive a pension

Benefit adequacy (% of median consumption provided by social assistance programs) for households with children



Social assistance should be more shock responsive and coverage should be extended

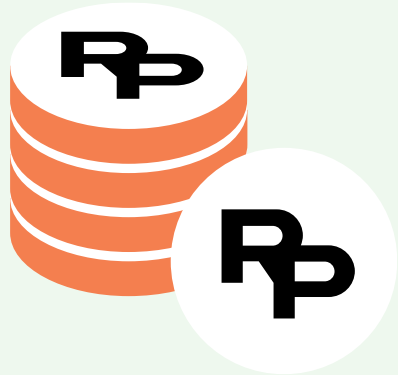
2018 consumption distribution and poverty, vulnerability and aspiring middle class lines



- There are little differences in the welfare distribution up until the 80th percentile
- the aspiring middle class have welfare levels not much higher than the poor and vulnerable
- Shocks such as COVID-19 can easily knock these groups into poverty

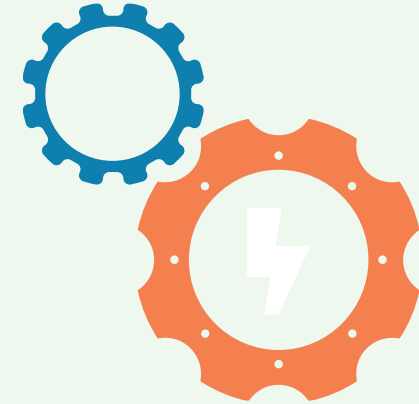
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Enact policy reforms and adapted program design



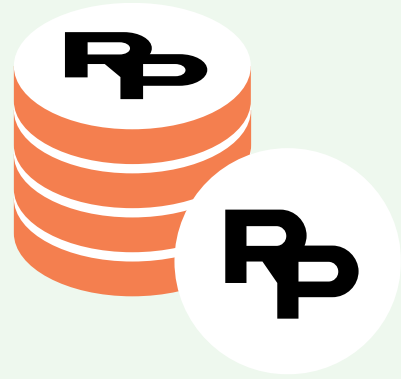
A. Increase spending on targeted social assistance covering all that need support across the lifecycle

B. Consolidate overlapping programs



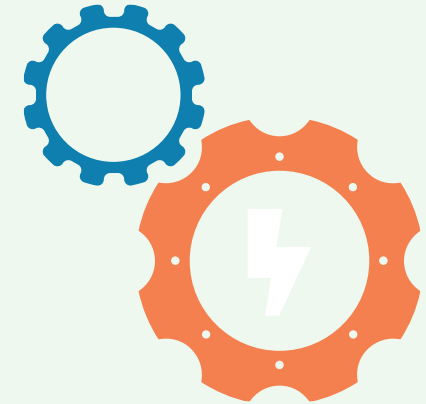
C. Adapt social assistance for better response to natural disasters and shocks

Strengthen delivery systems



A. Invest in the expansion of the Social Registry (DTKS) and improve dynamic updating mechanisms

B. Strengthen program delivery systems: PBI-JKN monitoring, social assistance complaints redress systems



C. Enhance coordination between programs the central level and between the central and local government

Thank you! – Questions & Answers?

For further reading:

World Bank (2020) Indonesia Social Protection Flagship report: Investing in People – Social Protection for Indonesia's 2045 Vision.

bit.ly/WBSPREPORT