



OFFICE OF THE VICE PRESIDENT OF
THE REPUBLIC OF INDONESIA



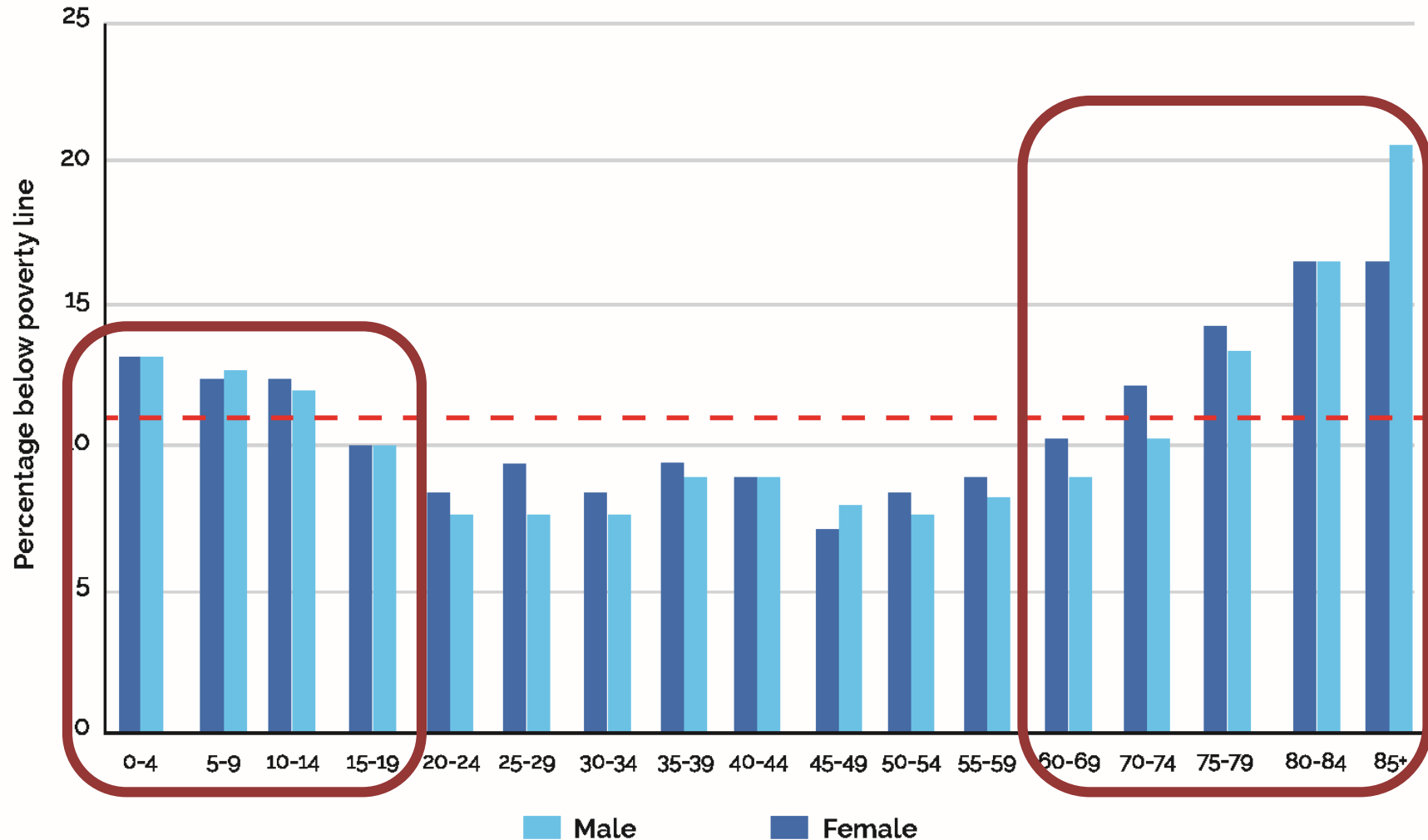
The Future of Indonesia Social Protection System: Social Protection for All

**Office of The Vice President The Republic of Indonesia/
The National Team for the Acceleration of Poverty Reduction (TNP2K)**

1

Economic, Social and Demographic Context

The highest rates of poverty are found among children and the elderly



Note: — — — — Official BPS poverty line = IDR13,400 per person per day

Source: Susenas (March 2018)

In 2018, 30.8% of children under 5 (*Balita*) and 29.9% of children under 2 (*Baduta*) are stunted

Figure 1. Proportion of children under 5 years old who are stunted by province, in 2013 and 2018

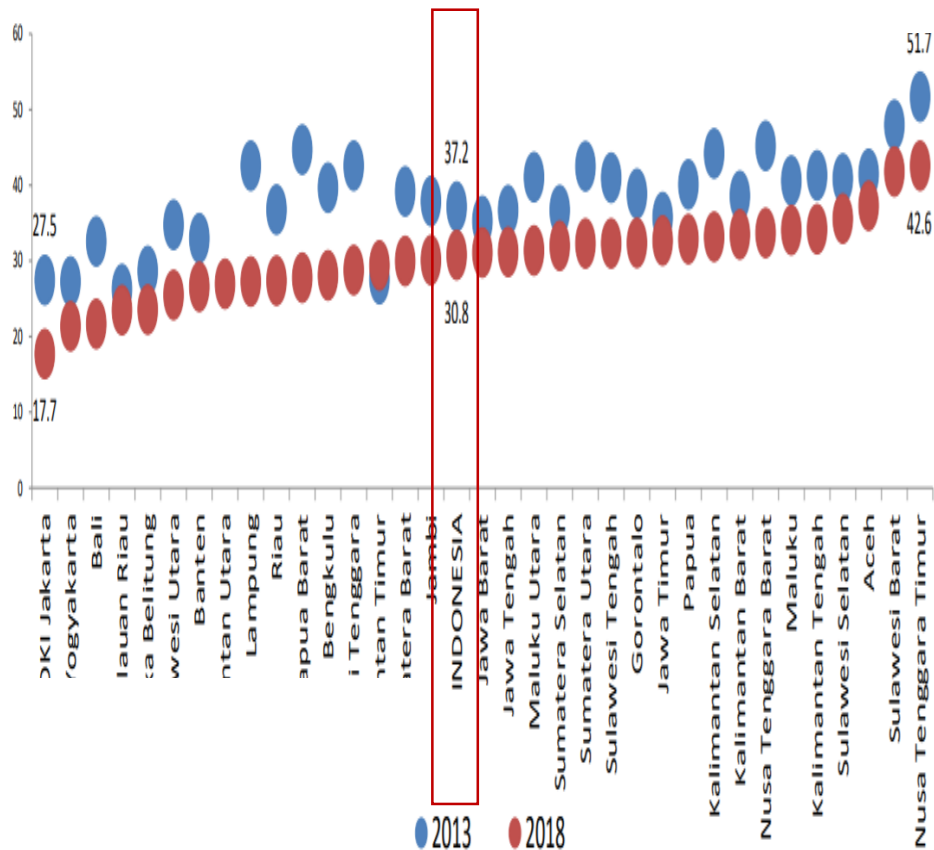
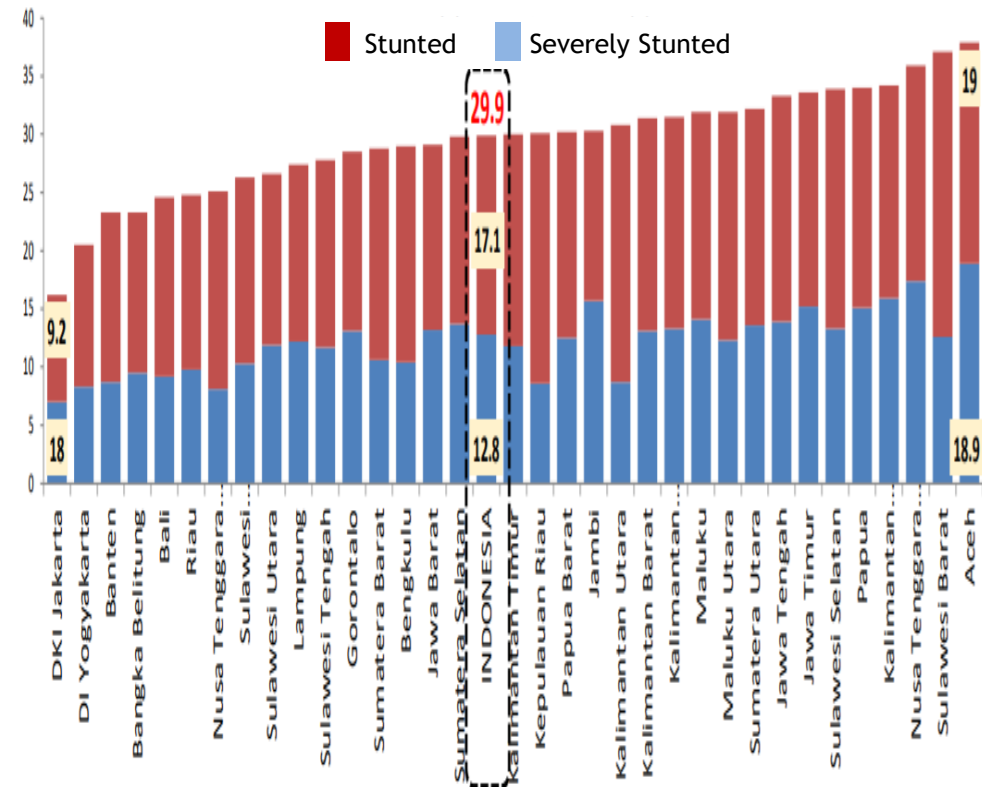
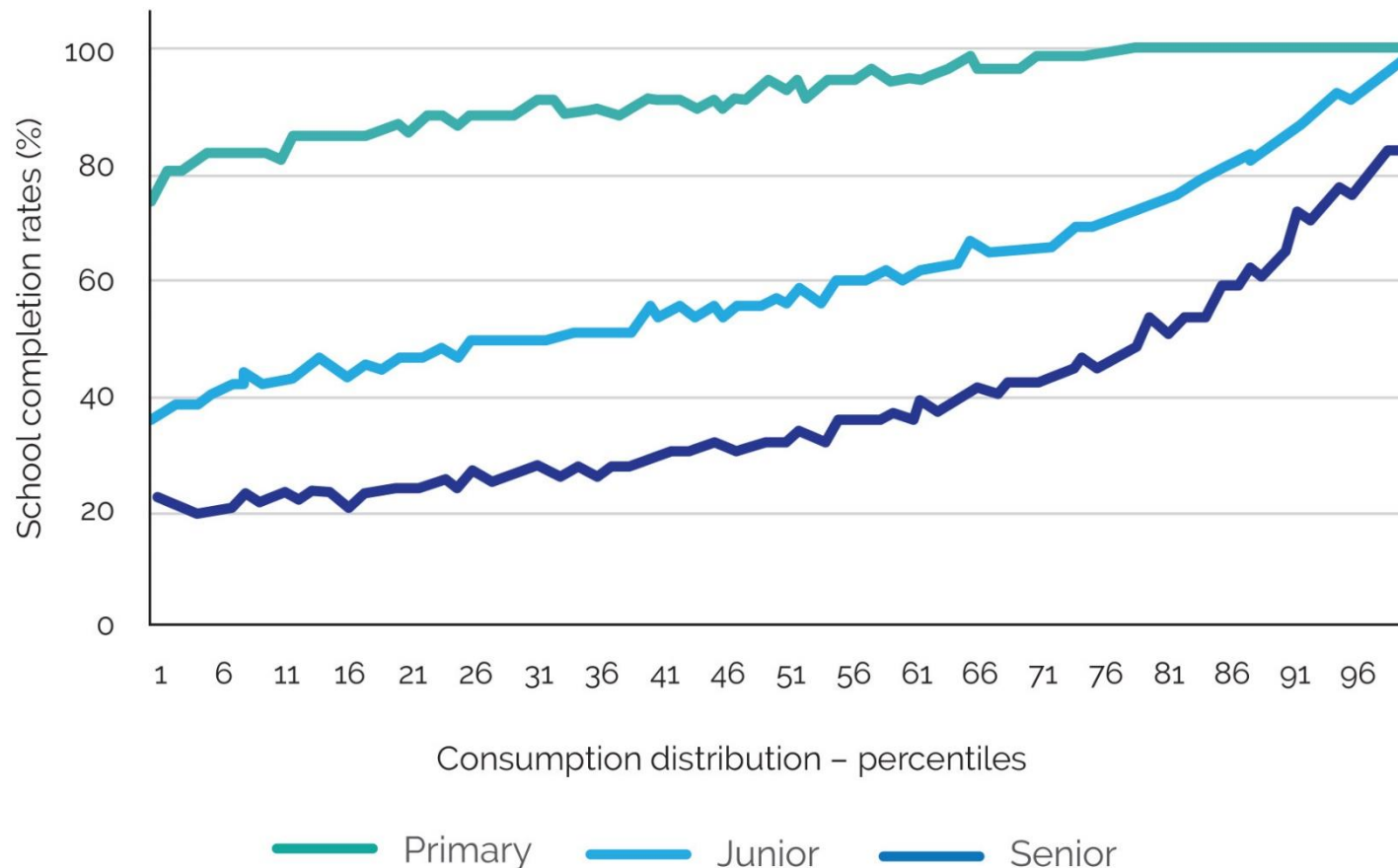


Figure 2. Proportion of children under 2 years old who are stunted, by province in 2013 and 2018



Primary, junior secondary and senior secondary school completion rates across the consumption distribution, 2017

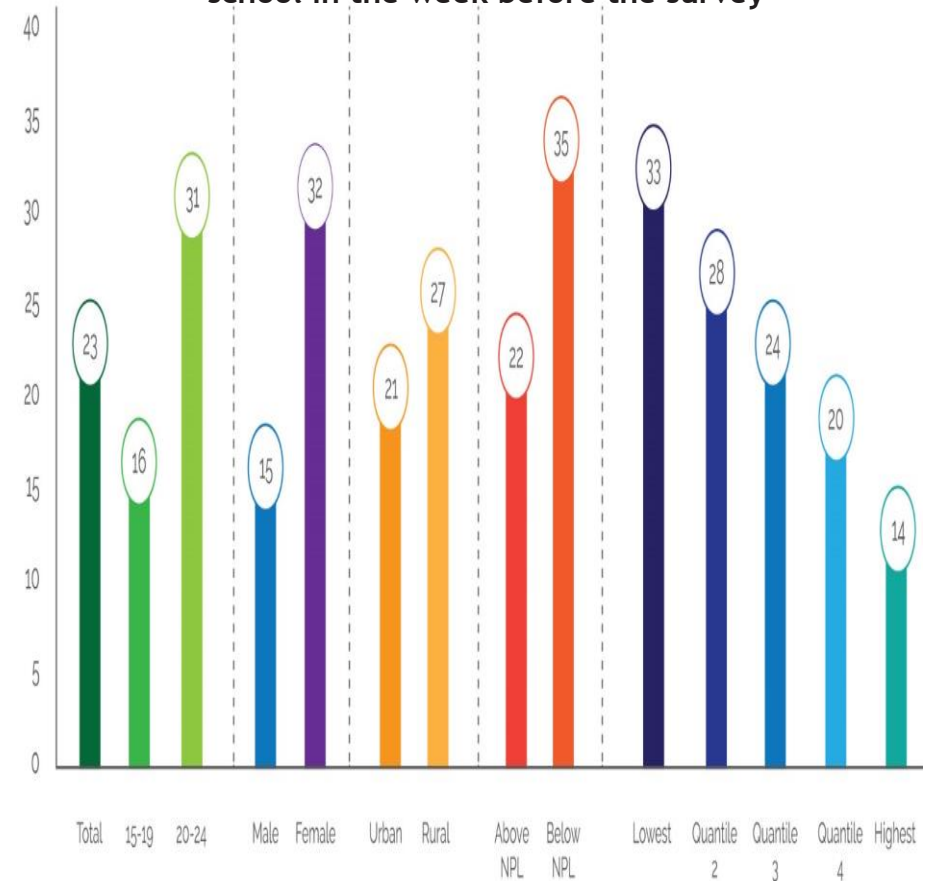


Source: Susenas (March 2017)

Lacks of education and training skills, as well as a gender disparity in Indonesia labour force

- Indonesia's workforce is relatively undereducated → nearly 50% have obtained only elementary education and about 6% have a university degree or equivalent (*Sakernas 2016*)
- In 2012, around 40% of young people were out of education, training or work. Those who work with limited schooling, tend to end up in informal jobs that pay below the official min. wage (*World Bank, 2014*)
- Gender disparities are significant. The proportion of young women who are not in employment, education or training (30%) is twice of their male counterparts (15%) (*Schaner and Das, 2016*)

Figure 4. Percentage of young people (15-24 years) who were neither at work nor at school in the week before the survey



NPL = national poverty line
Source: Susenas (March 2017)

Indonesia is becoming an aging society...

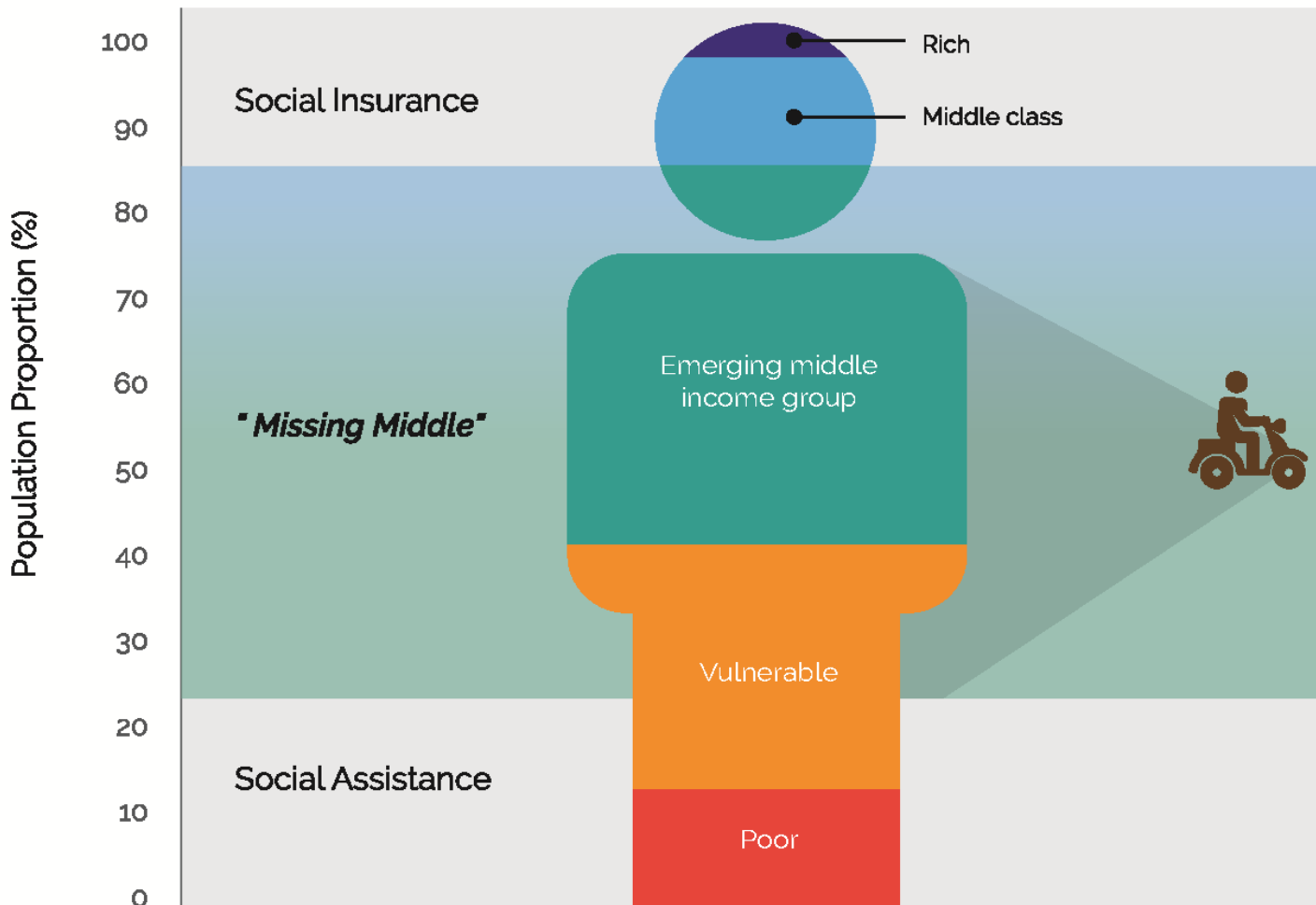
Figure 5. Growth Projection of Indonesia Elderly Population



Source: Indonesia Central Bureau of Statistic/BPS 2018

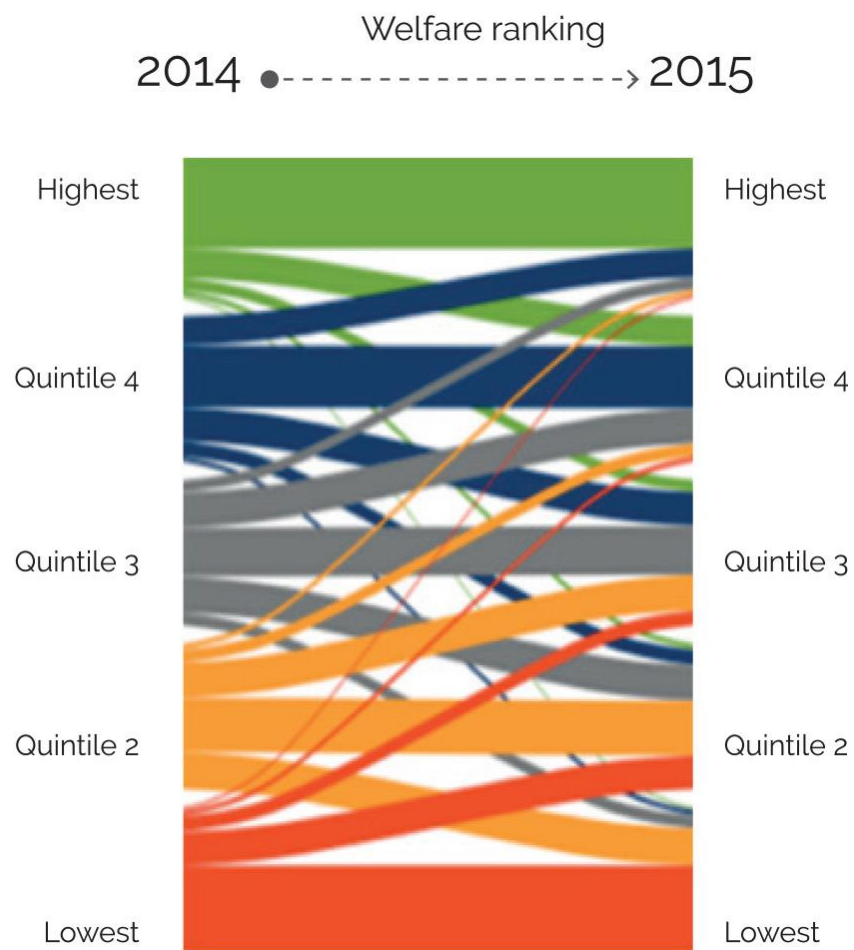
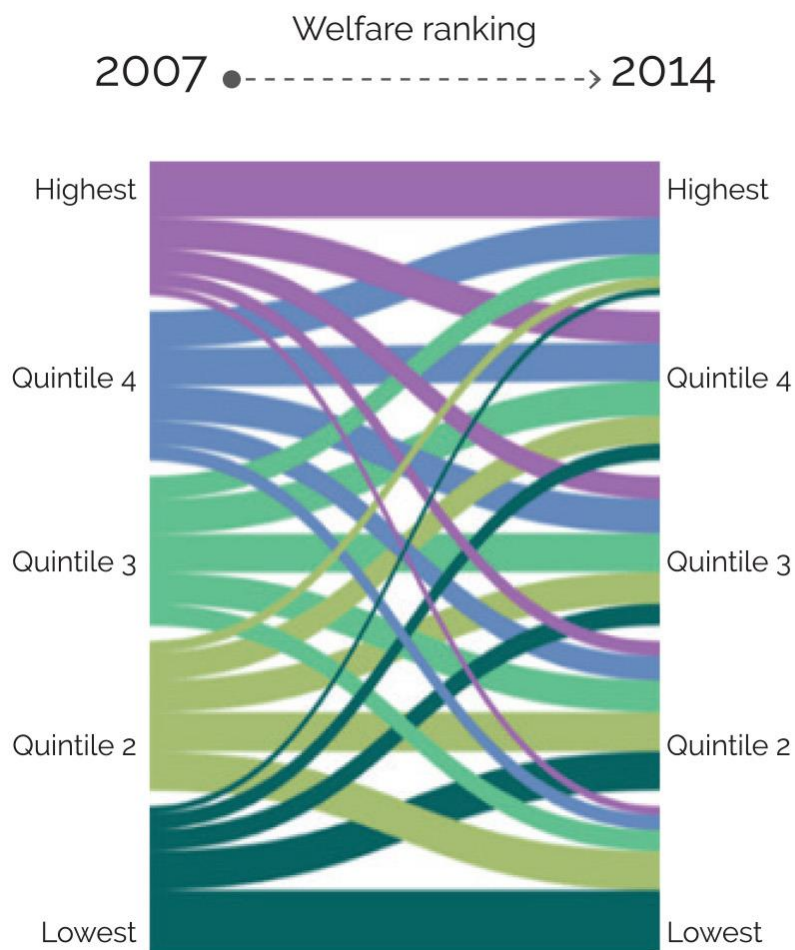
- In 2018, around 9.27% (24,49 million individual) are elderly (BPS 2018).
- By 2020, around 10% of Indonesia's population will be aged 60 years and above, rising to 20% by 2040.
- by 2050, 25% of Indonesia population (around 74 millions) will be considered elderly (UN World Population Prospects 2017 revision)

Social protection for the “missing middle” are still limited even though they need them, as well...



Source: Designed by TNP2K (2017)

...and their social economic status are also still **very dynamic...**

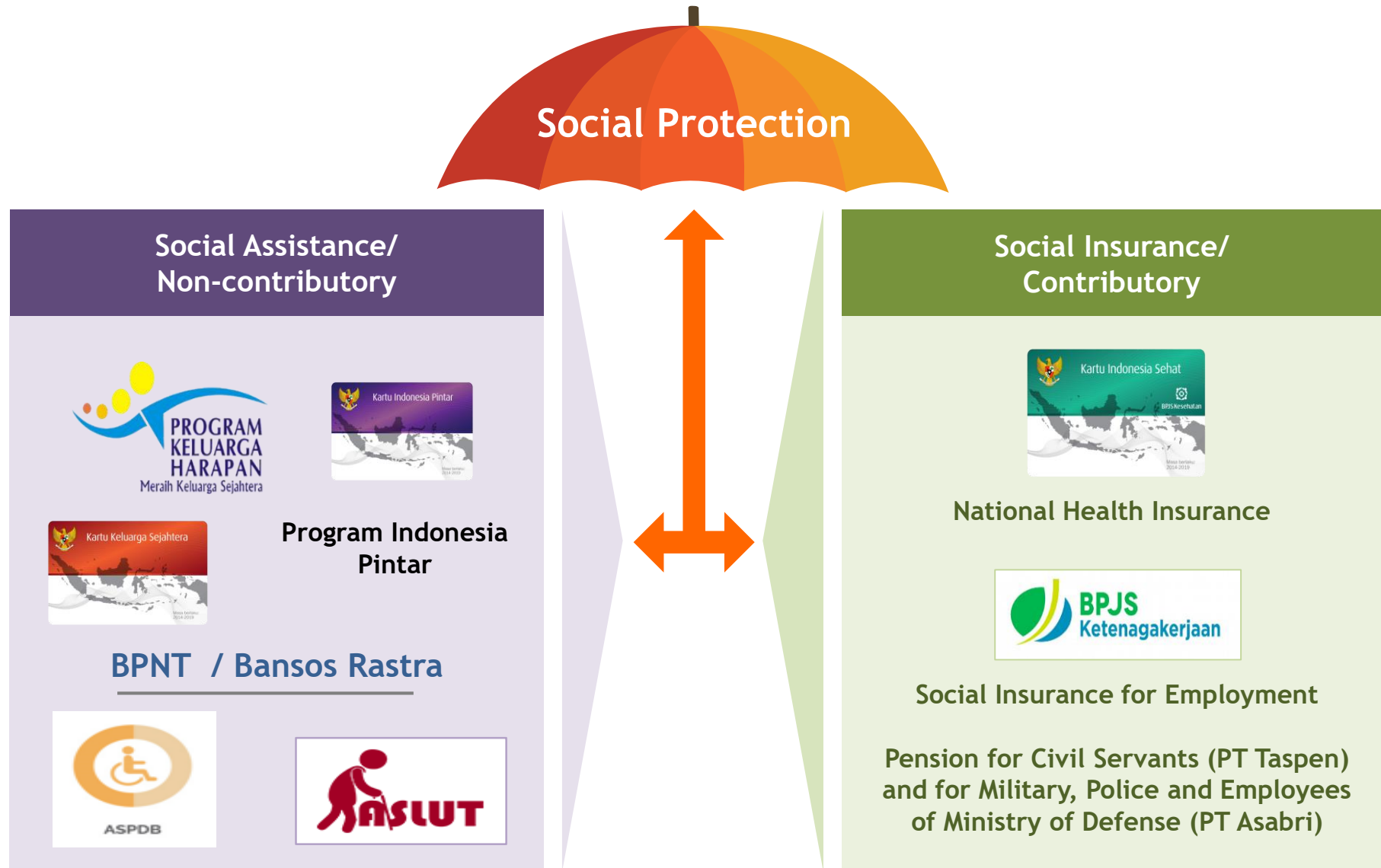


Source: IFLS (2007-2014) and Susenas (2014-2015)

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Indonesia's Existing Social Protection Programs

Existing Social Protection in Indonesia



Existing Social Protection in Indonesia (1)

Scheme	Type of Program	Responsible Ministry	Number of Beneficiaries	Value of transfer (IDR/monthly)	Budget Allocation (IDR) for Non Contibutory	Expenditure (% of GDP)
NON CONTRIBUTORY/TAX FINANCED/SOCIAL ASSISTANCE PROGRAMS						
Rice Subsidy for the Poor/Rastra (previously referred to as Raskin)/Non Cash Foods Assistance Program/BPNT (Bantuan Pangan Non Tunai)	Food social assistance for targetted family: rice in-kind transform to electronically food voucher/noncash transfer	Ministry of Social Affairs (MoSA)	In 2018: 15.6 Million Families (bottom 25% of the population)	Rastra: 15 kg of rice (officially, in practice much less) BPNT: IDR110,000 to buy rice and/or egg	20.8 Trillion	0.14%
Indonesia Conditional Cash Transfer/Program Keluarga Harapan (PKH)	Conditional Cash Transfer for targetted family	Ministry of Social Affairs (MoSA)	2018: PKH reaches 10 Million Families (KPM)	Flat Benefit: in 2018, around IDR157,500	17.1 Trillion	0.12%
Education Cash Transfer for Poor and At-Risk Students /Program Indonesia Pintar (formerly Bantuan Siswa Miskin/BSM)	Education cash transfer to cover personal expenses for individual students	Ministry of Education & Culture (MoEC)	2018: 19.6 Million Children (bottom 25% of the population)	SD: IDR37,500	10.8 Trillion	0.07%
		Ministry of Religious Affairs (MoRA)		SMP: IDR62,500		
		SMA: IDR83,000				

Existing Social Protection in Indonesia (2)

Scheme	Type of Program	Responsible Ministry	Number of Beneficiaries	Value of transfer (IDR/monthly)	Budget Allocation (IDR) for Non Contributory	Expenditure (% of GDP)
NON CONTRIBUTORY/TAX FINANCED/SOCIAL ASSISTANCE PROGRAMS						
Social Assistance for the Elderly (Asistensi Sosial Lanjut Usia/ASLUT)	Cash transfer for individual elderly	Ministry of Social Affairs (MoSA)	2018: 25,430 elderly (bedridden)	IDR200,000	141 Million	0.00%
Social Assistance for People with Severe Disability (Asistensi Sosial Penyandang Disabilitas Berat/ASPDB)	Cash transfer for individual people with severe disability	Ministry of Social Affairs (MoSA)	2018: 28,383 people	IDR300,000	317 Millon	0,002%
Social Welfare Program for Poor Children (Program Kesejahteraan Sosial Anak/PKSA)	Cash transfer for individual neglected children	Ministry of Social Affairs (MoSA)	2018: 101,362 children	IDR12,000	206 Million	0,001%
Total Spending on Tax-Financed Programs					49.4 Trillion	0.33%

Existing Social Protection in Indonesia (3)

Scheme	Type of Program	Responsible Ministry	Number of Beneficiaries	Value of transfer (IDR/monthly)	Budget Allocation (IDR) for Non Contributory	Expenditure (% of GDP)
NON CONTRIBUTORY/TAX FINANCED/SOCIAL ASSISTANCE PROGRAMS						
Subsidised Health Insurance Spending						
Non Contributory Beneficiaries of the National Health Insurance/Penerima Bantuan Iuran - Jaminan Kesehatan Nasional (PBI-JKN)	National Health Insurance	Social Insurance Agency (Badan Penyelenggara Jaminan Sosial/BPJS)	92.4 millions individuals (around 37% of the population)	Free premium of IDR23,000 per person	25.5 Trillion	0.17%
Total Spending on Subsidised Health Insurance					25.5 Trillion	0.17%
Total Spending on Non-Contributory Scheme (Social Assistance and Subsidised Health Insurance)					74.9 Trillion	0.50%

Notes:

Indonesian GDP 2018: IDR 14,850 Trillion (current figures)

State Budget Spending of 2018 (Belanja APBN 2018): IDR 2,220 Trillion (current figures)

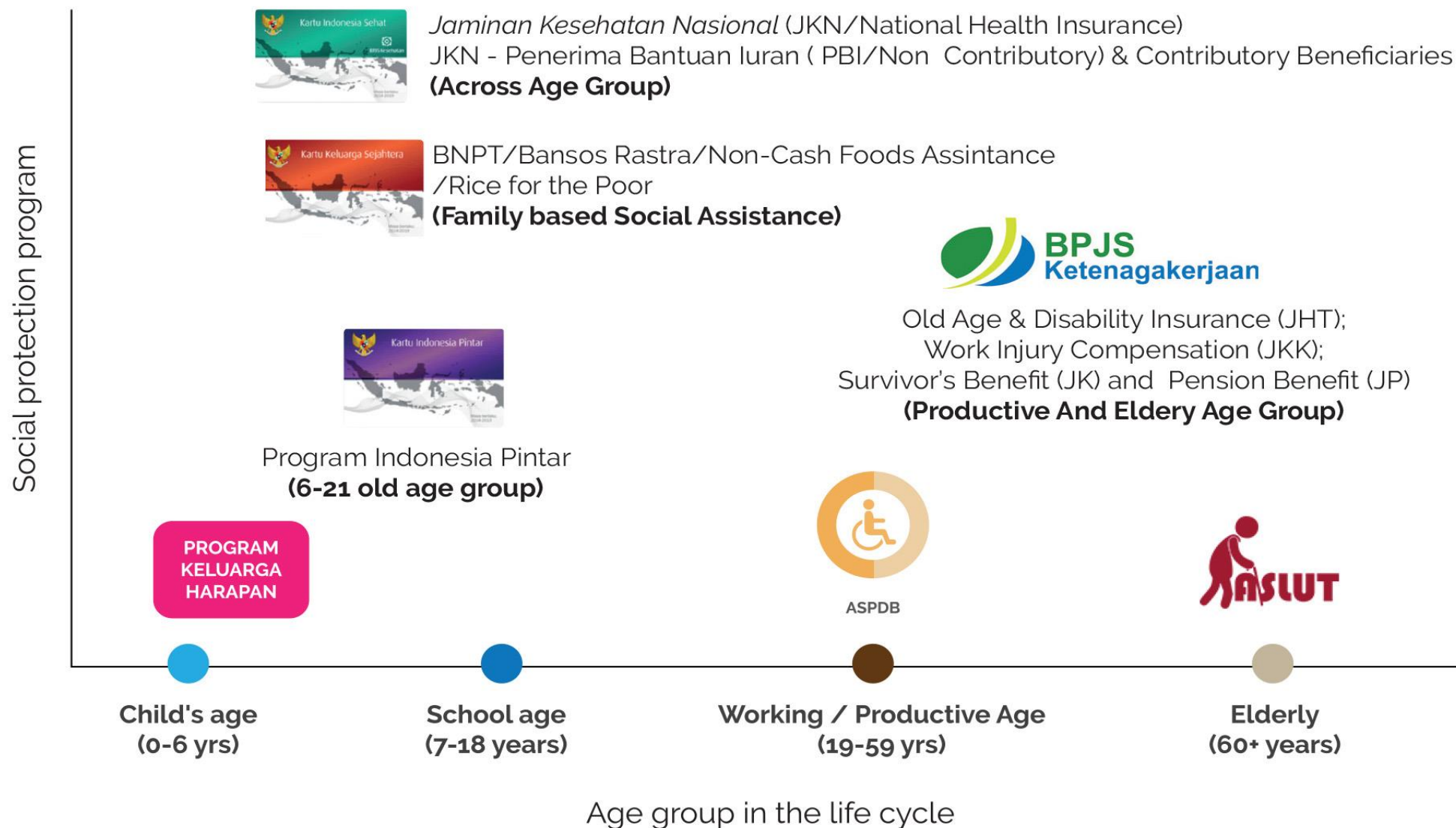
Source:

PIP-PKH-rastra/BPNT and PBI JKN: Kemenkeu/MoF (<https://www.kemenkeu.go.id/media/6886/informasi-apbn-2018.pdf>)

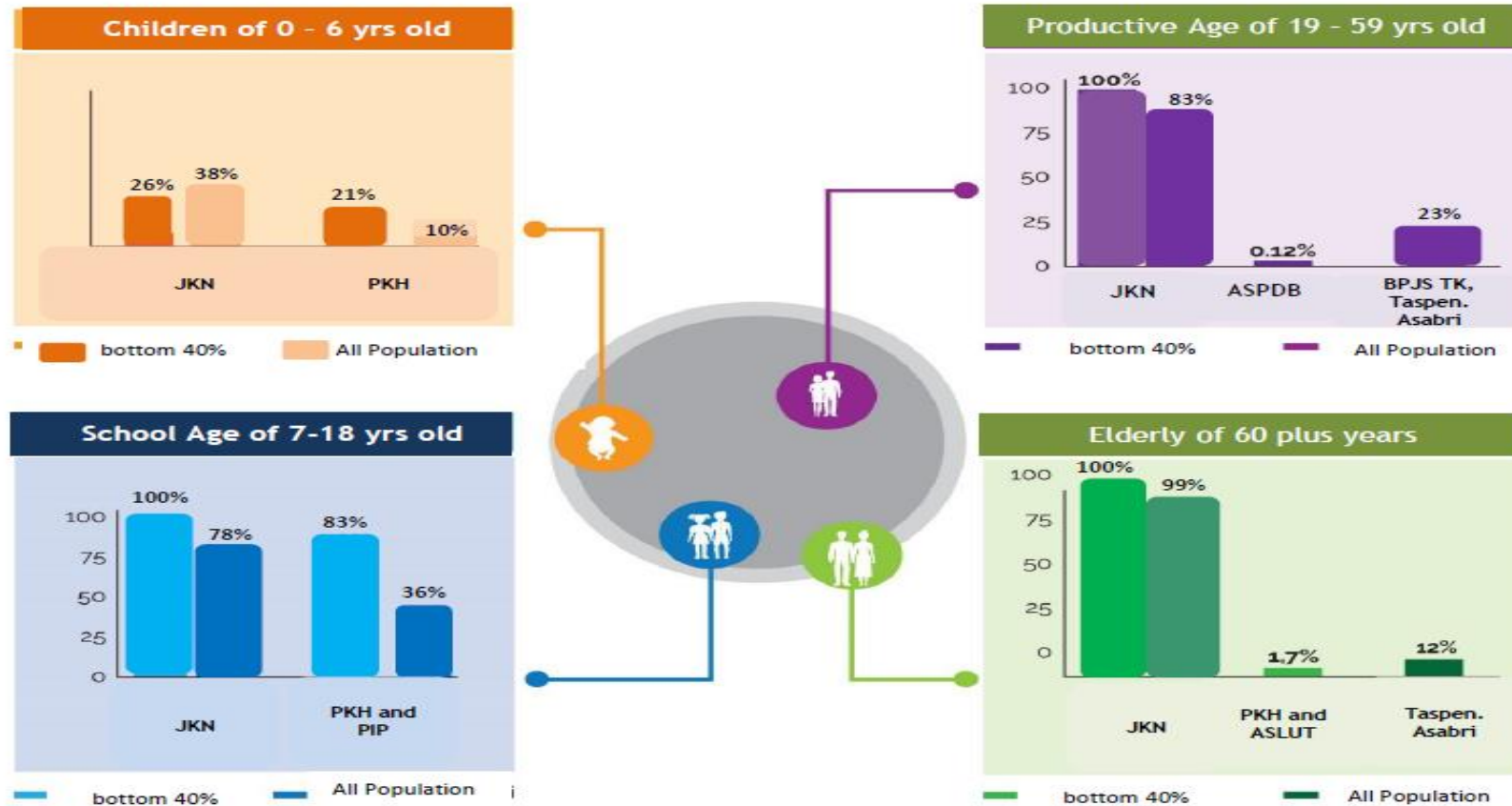
ASLUT-ASPDDB and PKSA: Kemensos PPT, https://intelresos.kemensos.go.id/new/download/galery/seminar/Rehsos_Kemensos_20_2_2018.pdf

PPA-PKH: Kemenaker/Ministry of Labour: <https://ekbis.sindonews.com/read/1334069/77/hingga-2018-kemenaker-telah-tarik-sebanyak-105956-pekerja-anak-1535548298>

Existing Social Protection in Indonesia



Coverage of Indonesia's Social Protection Programs across the Lifecycle



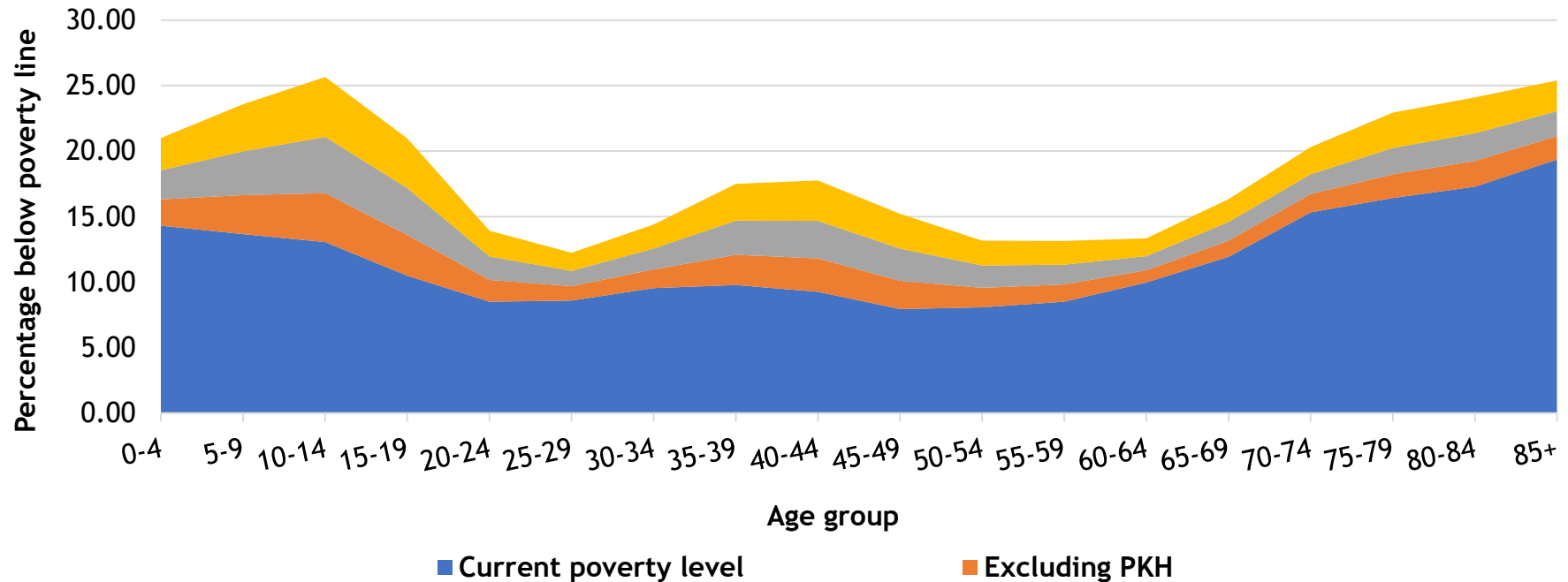
Source: Susenas 2018 & Program Administrative Data 2018, calculated by TNP2K 2019

Notes:

- The percentage of PKH and PIP calculation of the school age group assumes perfect targeting in PIP as PIP is targeted to reach 20 million school age children while PKH is reaching around 12.7 million of school age children from 10 million families (KPM). For the children of 0-6 years old, is utilizing the PKH target of 3.2 million children from 10 million families/KPM
- For the contributory outreach of the working age group, the percentage calculation is based on the number of active members of BPJS Employment in 2018. For the elderly group, the percentage is calculated from the number of pensioners of PT. Taspen and PT Asabri in 2018 from different online sources.

Impact of Existing Programs on Poverty (by Age Group)

Indonesia current poverty rate is 9.82% (March 2018)

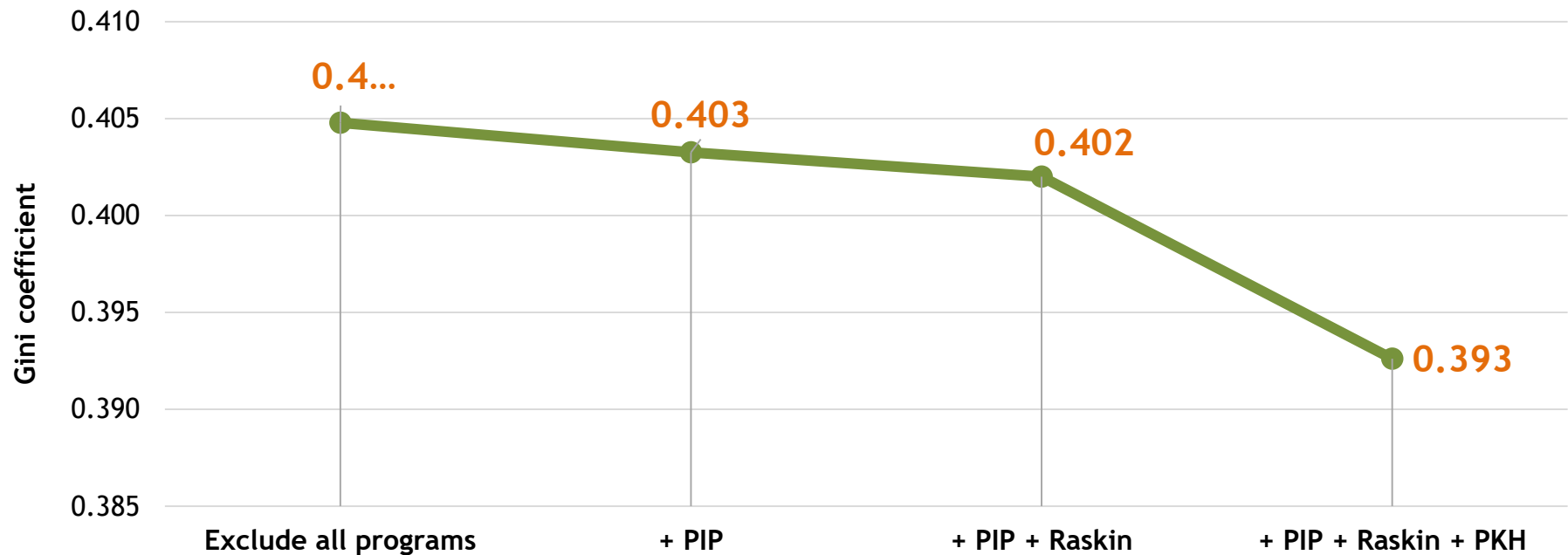


Source: Susenas 2017, calculated by TNP2K 2018

- **Without PKH**, Indonesia's poverty level would increase by 17% from the current level (national poverty level would be 12.78%)
- **Without PIP**, Indonesia's poverty level would be 10.91% (equivalent to 3% poverty increment)
- **Without Raskin**, Indonesia's poverty level would be 10.88% (equivalent to 2% poverty increment)

While without all 3 programs, Indonesia's poverty level would be 13.29% (equivalent to 25% poverty increment)

Impact of Existing Social Protection Programs on Inequality Level



Source: Susenas, 2017

PKH is the most effective program in reducing the inequality level in Indonesia

- The number of recipients was increased to 3.5 million and 10 million in 2018
- The amount of transfers per household was increased by 30%

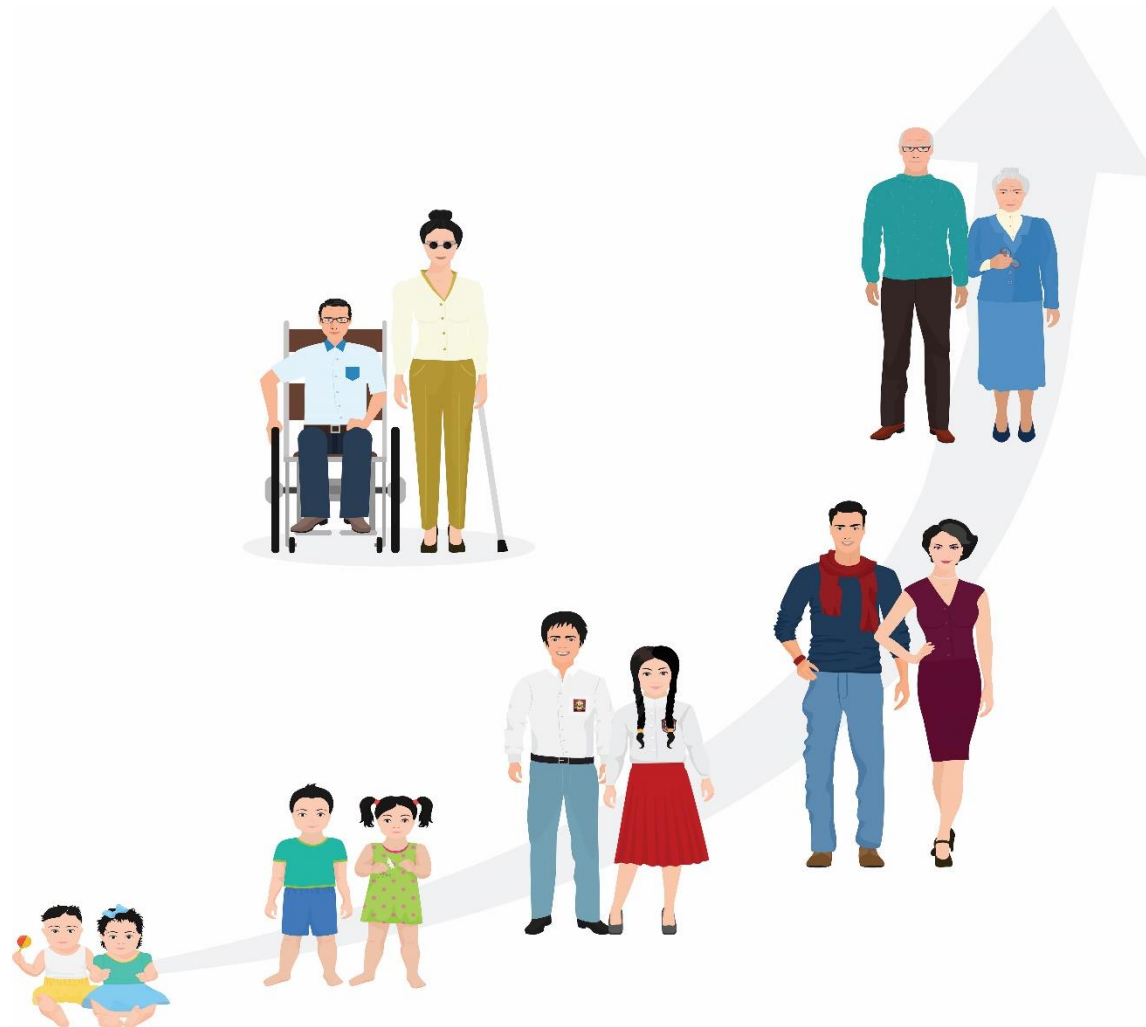
However, from government budget standpoint, the budget allocation for PKH is smaller than the one for Rastra (Rice for the Poor Assistance)

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Indonesia Social Protection Future Recommendation

Social Protection System for All

THE FUTURE OF THE SOCIAL PROTECTION SYSTEM IN INDONESIA: SOCIAL PROTECTION FOR ALL



Towards a Lifecycle Social Protection System

The Strategy proposes the Government establish a comprehensive system of Social Protection that includes:

- **Childhood:** An inclusive child benefit system that reaches all vulnerable children (inclusive of those in the missing middle); a graduation incentive that encourages completion of 12 years of basic education; a disability benefit for all children with severe disabilities coupled with concession.
- **Working age:** A system of benefits for working age adults, including increased membership into BPJS *Ketenagakerjaan* scheme (for the formal and informal sectors); a disability benefit for all adults with severe disabilities coupled with concessions
- **Old age:** A three tier social protection for the elderly that ensures access to income security for all citizen
- **Rastra/BPNT continue to be provided for the bottom 25% of households**
- **Sufficient budget should be set aside for responding to disasters and shocks (a shock responsive social protection system)**

Short Term Proposal (2020 - 2024)

1



Elderly

Elderly Grants for those of 70 plus years

2



Children

- PIP - PKH Integration
- Graduation Incentives

3



People with Disability

PwD grants (especially children and individuals with severe disability), coupled with meaningful concession

4

Productive/Working Age

- Expand membership of employment insurance (formal and informal)
- Design mechanism for sustainable financing



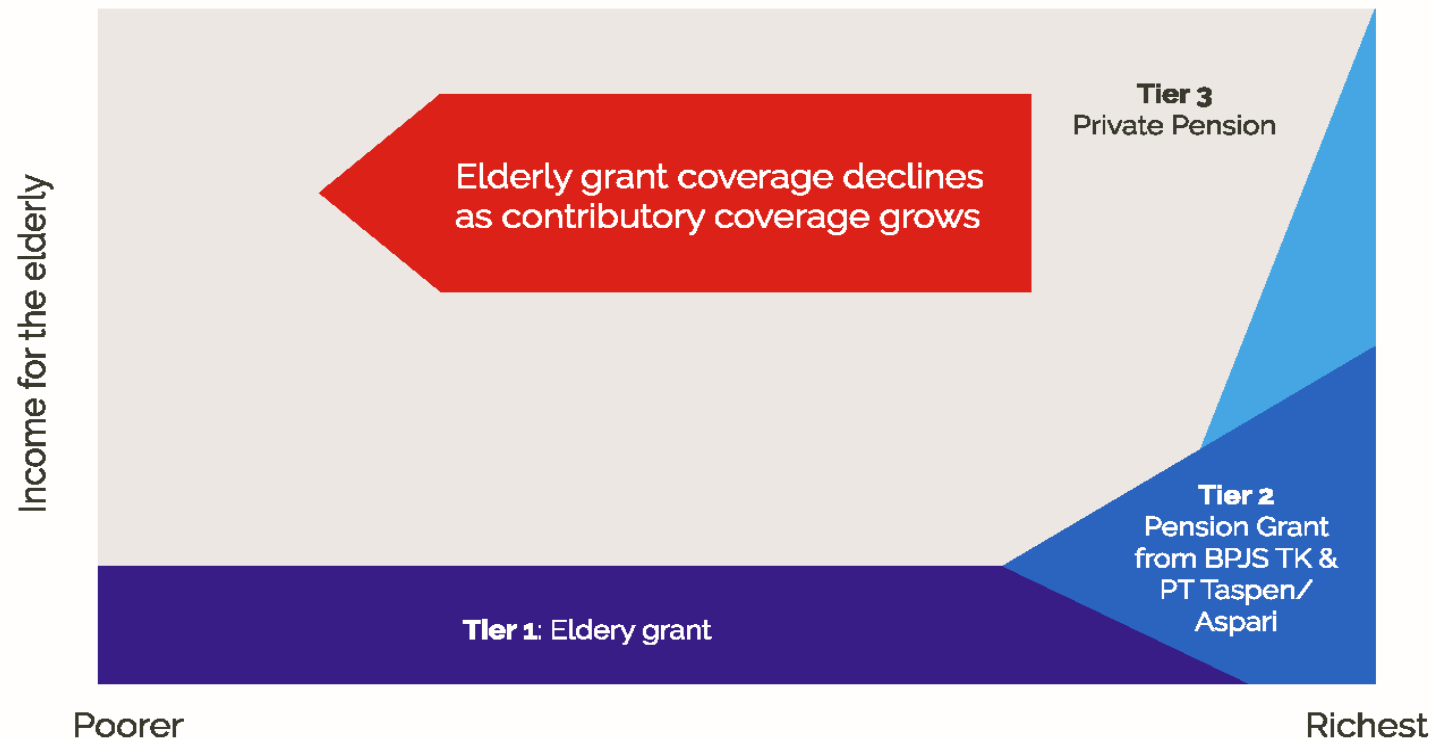
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All Individuals across age

Expand membership of health insurance

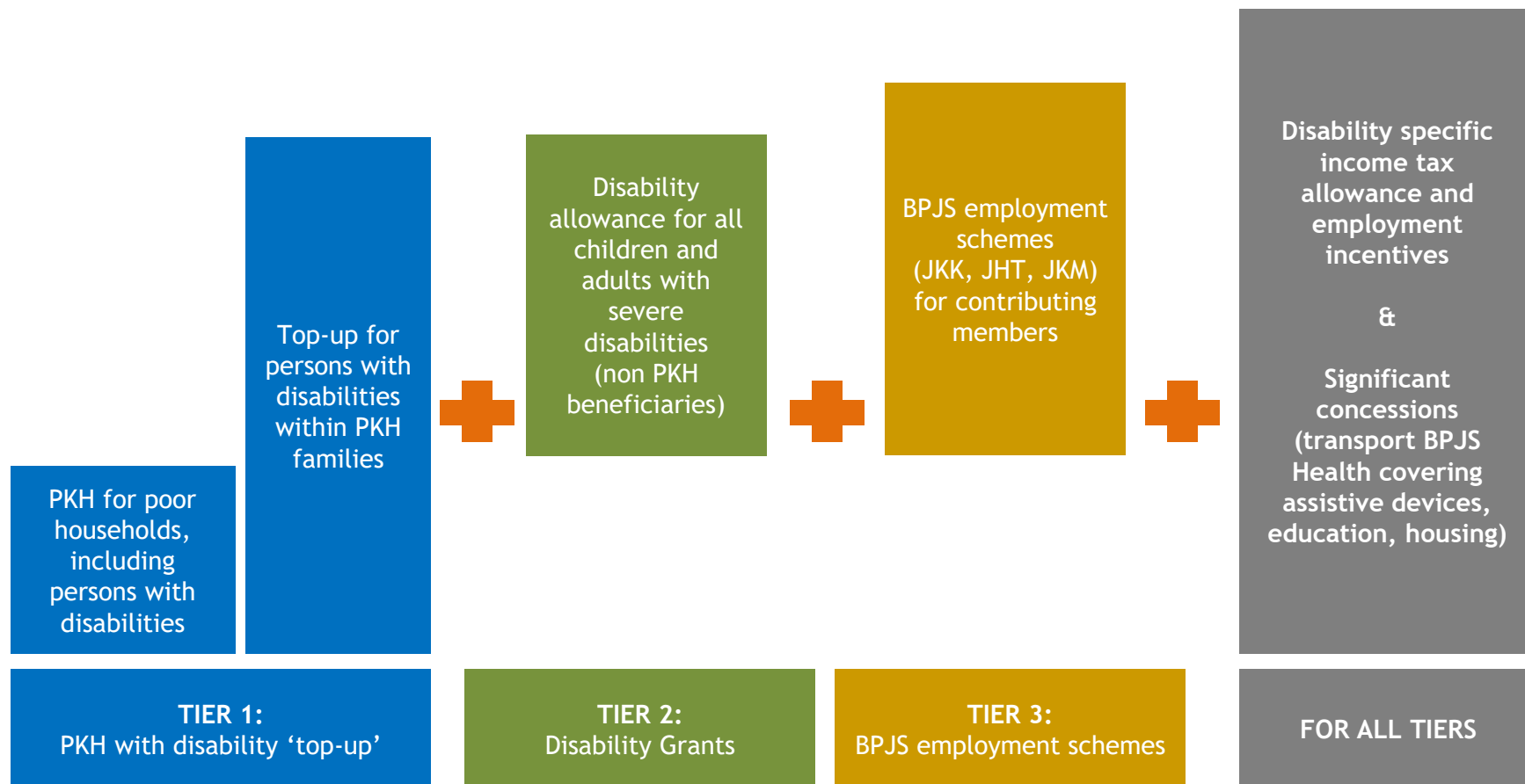


A Comprehensive Social Protection System for the Elderly



Argentina, Brazil, Cabo Verde, China, Kyrgyzstan, Maldives, South Africa, Thailand, Trinidad and Tobago have achieved 100% social protection coverage for the elderly through a non-contributory and contributory hybrid (ILO, 2018)

A Comprehensive Social Protection System for People with Disability (PwD)



Source: TNP2K-Mahkota and Centre for Inclusive Policy, 2018

Nepal, Vietnam, Georgia, South Africa, Bangladesh, Kenya and Fiji have well-established comprehensive systems for people with disabilities, including non-contributory, contributory, and concession schemes

Source: TNP2K/MAHKOTA 2019

Proposed Social Protection Programs Coverage for 2020-2024 (in million individuals)

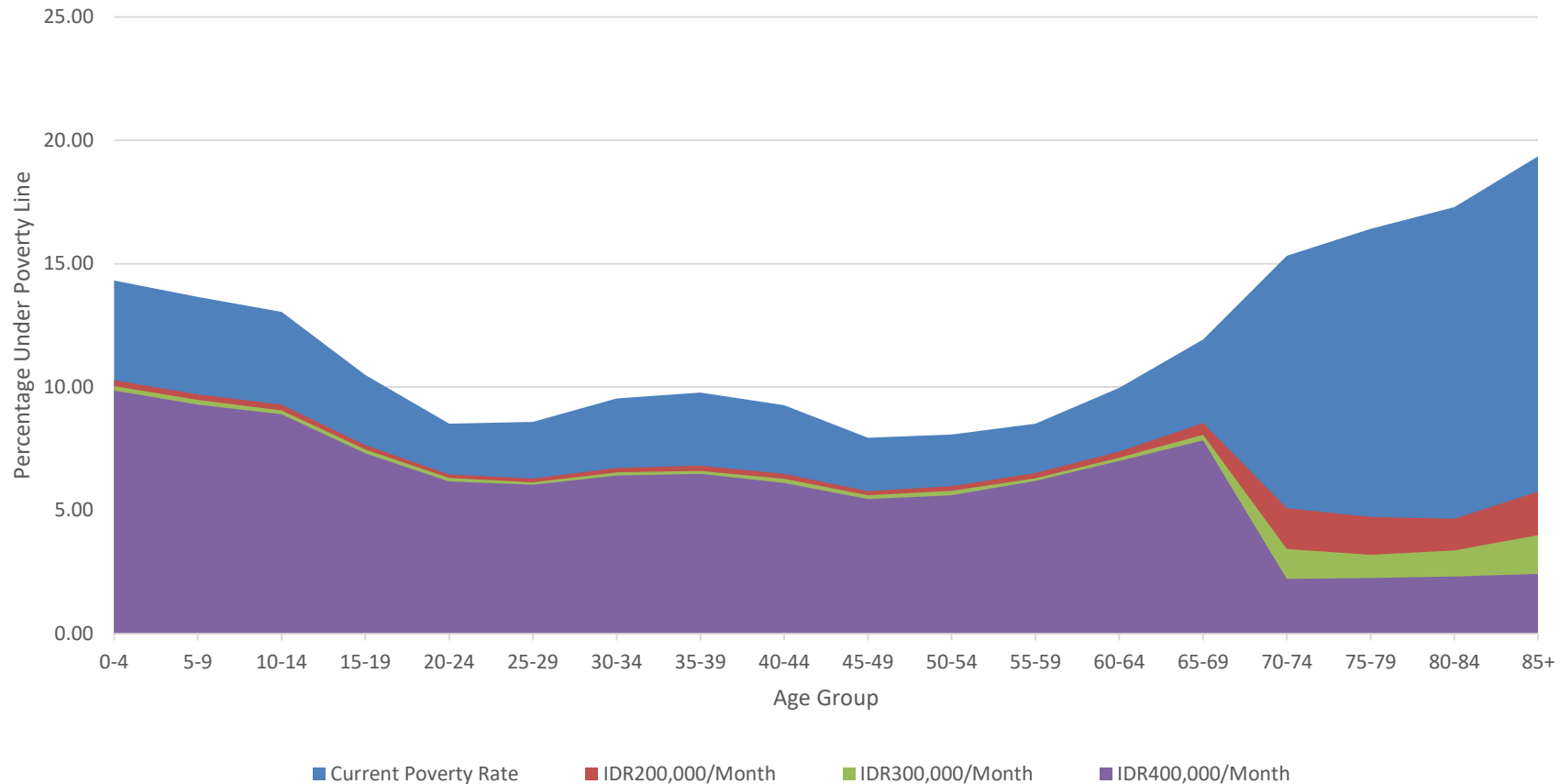
Program	2020	2021	2022	2023	2024
Food subsidy	17.5	17.8	17.9	18.1	18.2
Graduation incentives	2.7	2.8	2.8	2.8	2.9
Child benefit (200K per child - maximum of 3 children)	18.9	18.9	18.8	18.8	18.8
Child disability benefit (300K)	860	858	857	856	855
Adult disability benefit (300K)	1.6	1.6	1.6	1.7	1.7
Old age benefit (70+ and 300K)	8.0	8.1	8.3	8.4	8.6

Source: TNP2K 2018 Publication

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Impacts Projections

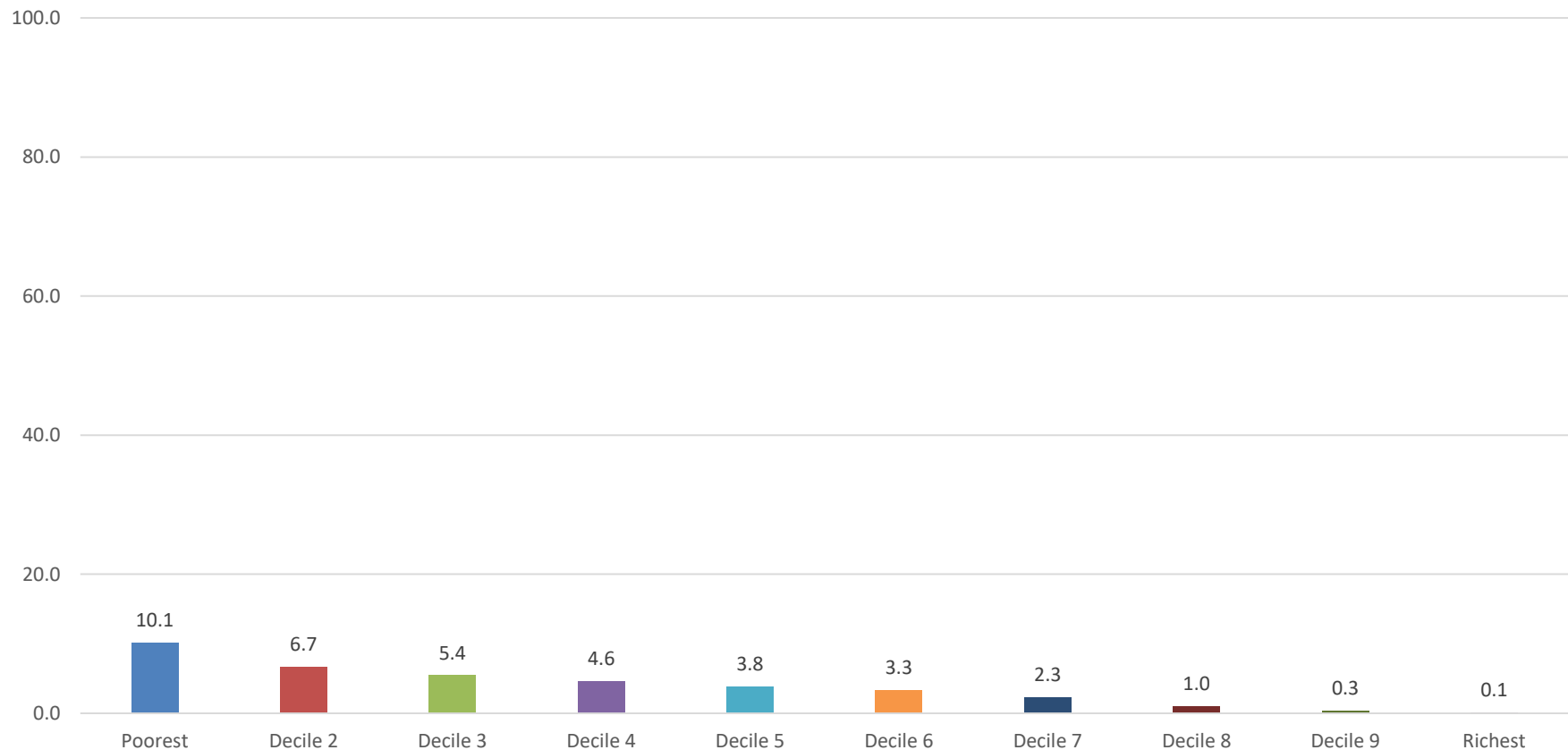
Impact of Proposed Programs on Poverty by Age Group



Source: the simulation was prepared by TNP2K using Susenas 2017

- Since Indonesia's poverty has strong age dimension, thus it is economically sensible if government focuses its effort to reduce poverty on **children and elderly groups**.
- Although the focus lies on children and elderly groups, there are positive spillover effects to other age group cohorts.

Projected Increase in Consumption (among HHs with Children) Across the Welfare Distribution as a result of Child Grant (of IDR200,000 per child per month)



Source: Analysis calculated by TNP2K-MAHKOTA (2017)

Thank You

