

# 3 Indonesia

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## I. Summary of Main Results

**T**otal expenditure on Social Protection (SP) in 2002/03 was around Rp40.2 trillion (\$4.7 billion), around 1.9% of GDP. Over 70% of total SP expenditure was on social insurance; the next most important component of SP was social assistance, which accounted for 20% of the total. Expenditure on the other SP components amounted to around 10% of the total (see Tables 5.4 and 5.6).

Coverage rates<sup>1</sup> for the six key SP target groups<sup>2</sup> vary markedly: from almost 80% for children living in poverty to under 10% for microcredit programs and those targeted at the unemployed/underemployed and the disabled. Over 40% of the population receives health assistance either through membership of formal insurance schemes or subsidized treatment costs. Similarly, over 40% of the poor receive social assistance primarily through food security programs (see chapter V.B and Table 5.8).

Around 27 million poor people are estimated to be beneficiaries of some form of SP assistance—almost three quarters of the total poor population—the majority of these are recipients of food security program (see Table 5.10).

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<sup>1</sup> Coverage = number of beneficiaries/reference population (see Section V.B). It should be noted that these coverage rates and most of the following indicators have been estimated from discussions with officials responsible for individual SP programs and the authors themselves owing to the unavailability of household survey data that would have both facilitated the tasks and led to more accurate estimates.

<sup>2</sup> The unemployed and the underemployed, the elderly, the sick, the poor, the disabled, and children with special needs.

In 2002/03, SP expenditure of around Rp5.7 billion (around 14% of total SP expenditure) went to the poor, who currently make up around 17% of the population. Over 40% of the SP expenditure going to the poor came from food security programs. Total SP expenditure on the poor was equivalent to around 11% of the poverty line income, rising to 15%, if only poor beneficiaries were included (see Table 5.12).

Table 1 summarizes the key SP indicators that have been derived. These are the indicators that will be used to formulate the Social Protection Index (SPI).

## II. Country Overview

This chapter presents a brief overview of Indonesia's social and economic characteristics. These characteristics are considered to be particularly relevant to the SP issues.

### A. Geography

Indonesia is part of Southeast Asia and bracketed by the mainland of Asia and Australia. It consists of five big islands, namely Sumatera, Java, Borneo, Celebes, and Papua, and thousands of small islands. The size of the land mass is around 1.9 million km<sup>2</sup>. It is located between 6° 45' northern and 11° 15' southern latitude, and between 95° 45' and 141° 05' eastern longitude. Situated at the equator, Indonesia has only two seasons, namely wet and dry season seasons, respectively in the period of October-March and April-September. The average temperature is between 23° C and 36° C during daytime and around 13°-32° C at night.

The country is divided into 30 provinces and according to a newly issued law, two more provinces will be established. With the implementation of decentralization of administration, which started in 2001, the number of sub-province administrative units is rapidly growing. The number of regencies and municipalities, which was only 278 in the year 2000, had increased to 420 in 2004. Similar rapid increases, are found in the number of subdistricts and villages being created.

### B. Population

Indonesia is the world's fourth most populous country. Based on the 2000 Population Census, the Indonesian population was a little over 205.8 million. This figure is believed to be underestimated due to incomplete enumeration.

Table 1. Summary of Key SP Indicators

SPI Component	Indicator	(%)	Indonesia Estimate	(%)
<b>Expenditure on SP</b>	Total SP expenditure as % of GDP			1.9
<b>Coverage of SP</b>	Reference population— narrow		Reference population—wide	
<b>The Unemployed/ Underemployed</b>	Beneficiaries as % of total unemployed/ underemployed	6.5	As % of total labor force	1.6
<b>The Elderly</b>	Elderly receiving assistance as person of population aged 60+ years.	16.0	As for “narrow” reference population	16.0
<b>The Sick</b>	% of population with health insurance or in receipt of subsidies	42.0	As for “narrow” reference population	42.0
<b>The Poor/Social Assistance</b>	% of poor population receiving some social assistance/welfare	43.0	% of total population	7.5
<b>The Poor/ Microcredit</b>	% of population receiving loan	5.3	% of total population	0.9
<b>The Disabled</b>	Disabled beneficiaries as % of disabled population	2.0	As for “narrow” reference population	2.0
<b>Children with Special Needs ( CWSN)</b>	CWSN receiving assistance as % of poor children aged 5-14 years	77.0	% of all children aged 5-14 years	17.0
Distributional Impact of SP				
<b>Poverty-Targeting</b>	% of poor population who receive some assistance			73
	SP expenditure per poor person as % of annual per capita poverty line income/expenditure			11
<b>Impact of SP Transfers on Household Income</b>	SP expenditure per poor beneficiary as % of annual per capita poverty line income/expenditure			15

Source: Chapter 5 Tables.

Fortunately, Statistics-Indonesia was able to adjust through the registration of voters for the recent general election. In 2003, the population was estimated to be around 214 million.

Table 2.1 reveals that the rate of population growth has steadily declined over the last 30 years—from 2.3% annually in the 1970s, to 1.9% in the 1980s, and about 1.46% in the 1990s. The primary reason for this decline is the success of family planning and social development programs implemented in early 1970s. The use of family planning devices among women at childbearing age in the three decades increased from 28% in 1976 to 54.7% in 1994, and 60.3% in 2002/03. The rapid pace of social and economic development during this period contributed greatly to the lower population growth.

The decline in fertility and increase in life expectancy has caused the population to age. As in Table 2.1, the proportion of children reduced markedly from almost 37% in 1990 to 29% in 2003. On the contrary, the percentage of the working age population has sharply increased from 57% to 66% during the period 1990-2003. The ageing of the Indonesian population has not resulted in a marked increase of the proportion of the elderly as it only increased 1% during the ten-year period, from 1990-2000.

**Table 2.1. Population Change in Indonesia, 1990-2003**

Item	1990	2000	2003
<b>Population</b>			
Population in million (%)	179.25 (100)	203.53 (100)	214.37 (100)
Urban in million (%)	55.44 (30.93)	85.95 (42.23)	90,33 (42,14)
Rural in million (%)	123.81(69.07)	117.58 (57.77)	124,04(57,86)
<b>Age Structure</b>			
0-14 (%)	36.65	30.43	29.57
15-59 (%)	57.06	62.38	65.90
60+ (%)	6.29	7.18	4.53
<b>Households</b>			
Households (million)	39.70	50.98	56.62
Average Household Size	4.52	3.95	3.80
<b>Vital Rates (per 1000)</b>			
Crude Birth Rate	25.84 (1987)	22.04 (1997)	20,0 (2002)
Crude Death Rate	8.2(1986)	7.34 (1996)	7,5 (2002)
Rate of Natural Increase	1.76	1.49	1.50
Total Fertility Rate	3.30 (1987)	2.30 (1997)	2.27
Life Exp. at Birth (years)	59.80 (1986)	65.43 (1996)	66.20 (2002)
Male (years)	58.06 (1986)	63.45 (1996)	
Female (years)	61.54 (1986)	67.30 (1996)	

Source: Various Publications of BPS (Statistics Indonesia and MOH (Ministry of Health)).

As would be expected, these changes have been accompanied by rapid urbanization. The proportion of the urban population increased from 31% to 41% between 1990 and 2003. However, this increase is not only caused by rural-urban migration, but also by the changing status of villages from rural to urban areas due to economic and social development. People residing in previously rural areas have become part of the urban population. However, the relative importance of these two components of urbanization—rural-urban migration and the changing status of villages—cannot be accurately determined.

Social-economic development and modernization has caused a sharp and consistent decrease in household size. Nuclear, rather than extended families, are now the norm. More and more new families prefer to stay separate from their parents. In consequence, the number of households increased by almost 50%, from 39.7 million to 56.6 million between 1990 and 2003. The average annual growth rate was 3%—much higher than the population growth rate.

The population is unevenly distributed across the country. The island of Java is the most densely populated area. It constitutes only 6.6% of the landmass, yet it is inhabited by around two thirds of the population. The range of population density in 2000 (BPS. *Women and Men in Indonesia*. 2001) is between 5 persons per km<sup>2</sup> (Papua Province) to almost 15,000 persons per km<sup>2</sup> (DKI Jakarta Province).

The population of Indonesia is heterogeneous. It was reported that there were 1,027 subethnic groups in the country speaking 278 different languages. The eighth largest subethnic groups are the Javanese, Sundanese, Malay, Madurese, Batak, Minangkabau, Betawi, and Buginese (Suryadinata, Arifin, Ananta, 2003). The majority of the population is Moslem (around 87.5%). Subethnic groups are known to predominantly adopt certain religions. For example, most Sundanese are Moslem; most Batak Tobas are Christian; most Balinese are Hindu; and most Chinese are Buddhist.

### **C. The Economy**

In the 20 years preceding the Asian economic crisis in 1997, Indonesia experienced rapid economic growth along with other East Asian economies (Table 2.2). In the period 1990-1996, GDP increased by 6-8% annually and led to per capita GDP increasing from \$706 to \$1,155. The growth mainly resulted from export-driven production, driven by rapid capital formation (by more than 11% per year) largely financed through external funding, which had been attracted to Indonesia since the economic reforms had been implemented during the second half of the 1980s.

Table 2.2 National Economy Indicators

Year	GDP 1993 Prices (Rp trillion)	GDP Growth (%)	GNP per Capita (\$)	GFCF Growth (%)	FDI (\$ billion)	AGR (%)	OIL & GAS (%)	MFG (%)	XMFG (\$ billion)
1980	142.3	8.48							
1985	187.3	5.49							
1990	265.1	6.95	640.33	14.57					
1995	383.8	7.38	1,043.69	21.32	39,91				29,33
1996	414.4	7.68	1,154.93	8.71	29,93				32,12
1997	433.2	4.54	1,094.66	8.57	33,83				34,99
1998	376.4	(13.13)	508.29	(33.01)	13,56				34,59
1999	379.6	0.08	689.79	(19.94)	10,89				33,33
2000	397.7	4.77	654.77	2.76	16,09	17.02	31.87	7.41	42,00
2001	412.9	3.82	663.94	6.49	15,06	15.02	26.72	8.12	37,67
2002	430.5	4.26		2.18	9,79	15.00	26.48	7.09	38,73
2003	449.9	4.51		1.88	13,21	14.75	33.19	6.88	40,88

Source: Various BPS Publications

Notes: GDP=Gross Domestic Product

GFCF=Gross Fixed Capital Formation

AGR=Agriculture

XMFG=Export of Manufacturing Goods

GNP=Gross National Product

FDI=Foreign Direct Investment

MFG=Manufacturing

By the end of the 1980s, the Indonesian economy had recovered from the slump of the early 1980s, with growth rates of around 6-7%. This was close to the level during the oil boom period in mid-1970s. GDP grew even faster during the period 1994-96, achieving 7.5% to 8.2% annual growth. However, the *economic crisis* experienced in the middle of 1997 resulted in a growth rate of only 4.6% in that year. After a rapid increase in the level of GDP from \$155.7 billion in 1990 to \$223.2 billion in 1996, it declined to only \$109.7 billion in 1997 due to the lower growth rates and changes in the dollar exchange rate.

Growth declined further in 1998 and 1999 by 13%; only an improved exchange rate enabled GDP to attain \$118 billion. During the last four years (2000-2003), the economy has started to recover with a steady growth of 3-4% annually. However, the political and security situation has not been conducive for the economy to attain pre-crisis growth rates. This is indicated by lack of recovery in capital formation, which decreased by around 30% during the crisis years, from 2000 to 2003.

There are three key sectors in the Indonesian economy: oil, agriculture, and manufacturing. Before the 1980s, agriculture had the largest share with more than 60% of GDP. Increases in oil demand and prices during the first half of the 1980s stepped up the role of oil in the Indonesian economy to

achieve a 28% share in 1985. Since then, the shift in development strategy from oil to non-oil exports has resulted in the share of the oil sector decreasing to 17% in 1993 and under 9% in 1997. This trend continued after the economic crisis: 7.3% of GDP in 2002 and 6.9% in 2003.

The role of agriculture is also consistently declining, from 60% before the 1980s to 23% in 1985, down to only 16% in 1997. Naturally this is caused by the much lower growth of agricultural sector as well as the rapid expansion of the other sectors. On the contrary, the manufacturing sector, driven by export oriented policies, increased its share from 11 to 18% during the period 1985-1993, and further increased to 23% in 1997 before the crisis. Throughout this period, the manufacturing sector was the leading sector and it spurred the recovery of the Indonesian economy late in the 1980s after the decline in oil prices. It was the fastest growing sector, and contributed directly to about 30% of non-oil GDP growth, and three-quarters of non-oil export growth during 1986-1992. However, industrialization was badly hit by the crisis that its share in GDP has remained almost constant since 1997. It currently constitutes around 25% of GDP.

The pattern of economic development in Indonesia is not even. The western part of Indonesia is more developed than the eastern part of Indonesia with Java being the most developed area as well as the most populous. In the east, the land areas are large and resource-rich, but the population is small and infrastructure is underdeveloped. Consequently, development in these parts has lagged.

Foreign direct investment was booming early in the nineties. Between 1995 and 1997, before the crisis, FDI reached its peak with a total of investment of above \$30 billion after the economic crisis, FDI plummeted to only around \$10-13 billion and has yet to recover.

Manufacturing export performance was a crucial factor in the Indonesian economic growth between 1986 and 1997. Exports of manufactured goods were almost stagnant during the period of the oil boom in 1981-86 at only around \$3-4 billion. Exports started to rapidly increase in 1987 to reach almost \$32 billion in 1996 through the rapid development of labor-intensive industries, such as, textiles, garment, shoes, wood products, and paper, and later on electronics products. In contrast, oil exports, which reached almost \$21 billion in 1981, declined to only around \$8 billion in 1986. Agricultural exports slightly increased due to increased production of commodities such as shrimps and plantation crops.

Despite the rapid economic growth, there have been no major changes in the structure of the manufacturing sector during this period. In line with Indonesia's comparative advantage, labor-intensive industries have continued

to dominate: the manufacture and assembly of electronics, garments, shoes, and toys. The capital-intensive and resource-based industries, such as petrochemicals that were starting to develop, were badly hit by the crisis.

#### D. Government Expenditure

Government revenues and expenditures are summarized in Table 2.3. Taxes are now a very important source of funds for the Government, making up almost 80% of revenues. Nontax revenues, Rp82 trillion out of the total revenue of Rp370 trillion, mainly consisted of the profits from state enterprises. The budget shows a deficit of Rp34.4 trillion in the year 2003. This deficit is funded by foreign assistance and some domestic sources.

On the expenditure side, the table shows that a great deal of the income was spent on routine expenditure. Development expenditure only amounted to Rp65.1 trillion, 26% of total central government expenditure. Almost a third of the expenditure is allocated to the regions, reflecting the national policy of decentralization.

The social welfare expenditures are part of the development budget, while the routine expenditure is for paying employees, buying merchandize, and paying interest on government debt. The government development expenditure broken down by sectors is provided in Table 2.4. The expenditure for social welfare includes the following main sectors: education, population, social welfare, and housing.

**Table 2.3. Central Government Budget, 2003**

Revenue	(Rp trillion)	Expenditure	(Rp trillion)
A. Domestic Receipt	336.2	A. Central Government	253.7
1. Tax	254.2	1. Routine	188.6
2. Non-Tax	82.0	a. Employees	50.2
B. Gift	0	b. Merchandize	15.4
		c. Interest	82.0
Deficit	34.4	d. Subsidy	25.5
		e. Others	15.5
		2. Development	65.1
		B. For Regions	116.9
		1. Balancing Fund	107.5
		2. Autonomy Fund	9.4
<b>Total</b>	<b>370.6</b>	<b>Total</b>	<b>370.6</b>

Source: Republic of Indonesia: Financial Notes, 2003.

**Table 2.4. Development Expenditure by Sector, 2003**

Sector	(Rp billion)	Sector	(Rp billion)
Industry	1,068.10	Education, Culture, Youth & Sport	15,058.10
Agriculture	4,730.90	Population and Families	450.90
Irrigation	4,763.60	Social Welfare, Health, Empowerment of Women	6,594.00
Manpower	347.70	Housing and Dwelling	1,853.50
Trade and Finance	1,597.00	Religion	133.50
Transportation	9,052.10	Science and Technology	1,112.40
Mining and Energy	3,183.50	Law	1,020.50
Tourism, Post & Tel.	437.60	Government Administration	2,719.30
Regional Development	2,978.70	Politics, Foreign Relation	326.70
Natural Resources & Environment	510.60	Defense and Security	7,191.10
		<b>Total</b>	<b>65,129.80</b>

Source: Republic of Indonesia: Financial Note, 2003.

## E. Employment and Labor Force

The size of the labor force depends on the number of working age people and the LFPR (Labor Force Participation Rate). This is the rate of population aged 15 and above, who work and are looking for work, from all population aged 15 years and above. The LFPR has been increasing faster than the working age population since the 1980s due to the expansion of employment opportunities resulting from the rapid economic development. In Indonesia, the working population increased dramatically in the 1970s and 1980s caused by the baby boom in the early 1950s after the war. Consequently, the labor force in the 1970s experienced a high growth rate of 4% annually, which slowly declined in the 1980s, but still exceeded 3%. Since then, the decline in the birth rate has resulted in the labor force growing at around only 2% in the late 1990s.

In absolute terms, the labor force has increased by an average of 2.2 million since 1990. New labor entrants could not entirely be absorbed by the formal sector leading to many entering the informal sector through self-employment or work in household enterprises. The high percentage of informal and agricultural workers indicates that the Indonesian labor market is still in a state of labor surplus. It has agriculture/nonagriculture, rural/urban, and formal/informal dimensions.

This employment structure has changed little in the last 20 years, even during the period of high growth prior to the economic crisis. During the period of the miracle economy in the early 1990s, employment in nonagriculture expanded, absorbing agricultural workers. Accordingly, the share of agricultural labor decreased from 56 to 44% during the period 1990-96. Along with this

transformation, formal employment enlarged from 28 to 35%, and urban employment grew rapidly at 7.6% per year. This period is known as a turning point from labor surplus to labor scarcity, accompanied by general increases in real wages.

This positive process of employment shift from the less productive sectors to the more productive ones was not continued due to the economic crisis in 1997. The crisis had reversed the process. A number of formal workers shifted to the informal and agricultural sector. There was a shift from informal nonagriculture to agricultural sector as well. During and after the economic crisis, the labor surplus economy became more prominent. Labor surplus became larger due to an increase in LFPR, from 58% in 1997 to 68% in the year 2000 or a 10% increase in four years, caused by more housewives and school children entering the labor force to get additional income for living.

Before the crisis the unemployment rate had slowly increased from around 2.5% in 1991 to 4.7% in 1997. The crisis led to further increases: to 5.44% in 1998 and 6.35% in 1999. If anything, this trend has become more pronounced in the new century: unemployment reached 9.06% in 2002 and 9.50% in 2003 due especially to lay-offs of formal sector workers and the slowing down of the informal economy. However, the size of informal sector employment in Indonesia makes unemployment data relatively meaningless. Of more importance is the extent of underemployment. In 2002, almost 20% of the work force was working less than 25 hours per week. Overall, around 30% of the workforce in Indonesia is either un- or underemployed.

**Table 2.5. Labor Force and Employment**

Year	Labor Force (million)	Annual increase (%)	LFPR (%)	Unemployment Rate (%)	Underemployment (Working less than 25 hours/week) (%)
1980	56.4		54.0	1.66	20.16
1982	60.7	3.7	55.0	2.14	20.71
1990	73.9	2.5	54.7	3.17	19.9
1992	80.7	4.5	57.3	2.71	20.85
1993	82.6	2.4	57.9	2.79	21.15
1994	85.8	3.9	58.0	4.36	
1996	90.1	2.5	58.3	4.89	
1998	92.3	1.2	57.1	7.01	22.48
1999				6.35	21.93
2000				6.14	19.67
2001				8.10	
2002	100.8	2.2	67.8	9.06	
2003	100.3	(0.5)	65.72	9.50	

Source: National Labor Force Surveys and Population Censuses.

Real wages during the period of high growth increased due to the tightening of the market for skilled and semi-skilled workers. This skilled labor wage increase has indirectly driven up the level of wages for unskilled workers and reduced wage disparities. However, the wage gap is still very high due to low unskilled wages rates resulting from the over-supply of unskilled workers. The Government intervened by introducing regional minimum wages, which are increased significantly every year to catch up with the income needed for minimum physical needs. This increasing minimum wage above the market wage was an important factor in driving the wages up. The National Labor Force Survey as well as the Quarterly Wage Survey data show an average yearly wage increase of around 6% during the period 1994-1996. Even so, wage levels remain very low. Even in 1997 the median of daily wage, as shown by IFLS data, was only around Rp7,500 in urban and Rp3,500 in rural areas, which are well below the minimum cost of living standard for single workers.

## **F. Education**

In the 2004 World Human Development Report, Indonesia is ranked moderate among all the countries in the world in terms of education. The report ranks countries by using two different indicators: mean years of schooling and adult literacy. The Indonesian Government is very serious in promoting people's education by implementing a variety of programs. This effort has resulted in sharp progress in the level and condition of education in Indonesia.

For example, the school participation rate, especially at the primary school level, has increased significantly (Table 2.6). The percentage of children aged five years and older enrolled at schools increased from 80% in 1980 to 90% in 1994, and increased further to 95.5% in 2000. Moreover, the gender gap in participation rates, which was previously very wide, has narrowed significantly. Primary school participation rates are also similar in rural and urban areas.

The poor educational system in the past means that overall educational attainment levels remain low. In 2003, more than 35% of the population aged 10 and over have only primary education and about 30% have not finished primary school or have no education at all. Only around 17% of them have secondary school certificates; 16% have completed senior high school; only 3% were university graduates.

It is important to note that school participation rates do not reflect the achievement in education, since some students drop out. In 2002, dropout rates were about 1.5% of primary school students, 2.3% of secondary school students, and 2.5% of senior high school students. The main reason for the students dropping out is the inability of their parents to afford the cost of

textbooks, school equipment (34%), school fee (25%), transportation costs (10%), and other costs.

**Table 2.6. Education**

Indicator	1990			1998			2000			2003		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
<b>Net Enrolment Rate (%)</b>												
Primary School				92.5	92.1	<b>92.3</b>	94.0	95.5	<b>94.9</b>	92.2	92.8	<b>92.6</b>
Junior High School				69.7	49.6	<b>56.9</b>	70.8	54.1	<b>60.8</b>	72.7	57.5	<b>63.5</b>
Senior High School				55.6	24.2	<b>37.2</b>	55.4	26.8	<b>39.8</b>	56.1	28.7	<b>40.6</b>
<b>Literacy Rates (%)</b>												
Overall	92.2	80.3	<b>84.1</b>	94.8	83.9	<b>87.9</b>	94.0	84.4	<b>88.6</b>	94.5	86.2	<b>89.8</b>
Male	95.9	86.7	<b>89.6</b>	97.1	89.7	<b>92.5</b>	97.0	89.8	<b>93.0</b>	96.9	90.9	<b>93.5</b>
Female	88.6	74.1	<b>78.7</b>	91.5	78.3	<b>83.4</b>	91.0	79.1	<b>84.3</b>	92.1	81.6	<b>86.2</b>
10-14	99.1	97.0	<b>97.6</b>	99.4	97.9	<b>98.4</b>	99.5	98.3	<b>98.8</b>	99.5	98.3	<b>98.8</b>
15-19	99.1	96.5	<b>97.4</b>	99.5	97.8	<b>98.5</b>	99.5	98.0	<b>98.7</b>	99.5	98.2	<b>98.7</b>
20-24	98.2	92.7	<b>94.8</b>	99.3	97.0	<b>98.0</b>	99.4	97.0	<b>98.1</b>	99.4	97.4	<b>98.4</b>
25-34	95.6	85.6	<b>89.0</b>	98.3	93.1	<b>95.2</b>	98.5	94.3	<b>96.2</b>	98.9	95.6	<b>97.1</b>
35-49	90.6	73.8	<b>78.9</b>	95.3	84.8	<b>88.7</b>	95.4	85.4	<b>89.6</b>	95.5	87.2	<b>90.7</b>
50 +	68.2	46.9	<b>52.6</b>	78.6	58.3	<b>65.2</b>	77.8	58.4	<b>66.0</b>	80.3	62.9	<b>69.7</b>
<b>Educational Attainment (% of children aged 10 years and over)</b>												
LT Primary School	30.4	55.8	<b>47.8</b>	18.3	44.8	<b>36.4</b>	22.2	43.0	<b>34.0</b>	20.3	37.9	<b>30.4</b>
Primary School	28.7	31.1	<b>30.4</b>	27.7	36.2	<b>33.0</b>	27.5	36.2	<b>32.4</b>	26.8	38.3	<b>33.4</b>
Junior High School	17.5	7.5	<b>10.7</b>	19.0	10.8	<b>13.9</b>	19.2	12.3	<b>15.3</b>	19.9	14.2	<b>16.6</b>
Senior High School	19.6	5.0	<b>9.7</b>	24.5	7.1	<b>13.8</b>	25.2	7.7	<b>15.2</b>	26.7	8.3	<b>16.2</b>
MT Senior High School	3.7	0.6	<b>1.5</b>	6.0	1.2	<b>2.9</b>	5.9	1.0	<b>3.1</b>	6.2	1.2	<b>3.4</b>

Source: BPS and Department of National Education.

## G. Health

The health status of the population in Indonesia is reportedly moderate (NHDR, UNDP, 2004). In 1990, the expectation of life for women was 68 years and for men, 66 years. In accordance with the Millennium Development Goals that Indonesia has committed to achieve, the Government aims to reduce the incidence of several types of diseases such as malaria, tuberculosis, and HIV/AIDS. This effort is expected to increase the expectation of the life of the population. Table 2.7 presents some important health indicators in Indonesia.

The high infant and child mortality rates are seemingly linked to the nutritional status of mothers and children. Based on the anthropometrical

Table 2.7. Health Indicators

Child Mortality	1990 (1986)	2000 (1996)	2003 (2000)
Infant (IMR)(per 1,000 births)	63.0	47.0	47.0
Under 5 years		44.7	
<b>Contraceptive Use</b>	<b>1993</b>	<b>2000</b>	<b>2003</b>
Total	53.1	54.4	54.5
Urban	56.4	55.8	56.0
Rural	51.6	53.4	53.5
<b>Birth attended by professionals (%)</b>			
Total	39.8	63.5	67.9
Urban	71.5	82.3	85.2
Rural	26.0	50.8	55.4
<b>Immunization</b>	<b>1993</b>	<b>1999</b>	<b>2000-2003</b>
BCG	69.4	85.7	93.1
Measles	51.6	65.0	78.6
Polio	68.3	85.9	
-Polio 1			95.9
-Polio 2			92.1
-Polio 3			87.9
-Polio 4			70.4
Diphtheria	70.6	83.2	
-DPT 1			93.8
-DPT 2			88.3
-DPT 3			80.6

Source: BPS and Ministry of Health.

Note: Years in bracket indicate reference period.

measurements (upper arm circumference for mothers and weight by age for children) taken in 2001, the percentage of malnourished mothers exceeded 21%, while it was reported that about half of pregnant women suffer from anemia in 1995. Meanwhile, about 6% of children are reported with low birth weights and 9.3% of under five years old children suffer from severe malnourishment.

Another indicator is diet. The main staple food of Indonesia is rice and Indonesians consume about 1.9 kg of rice per capita per week. Rice is the main source of energy and protein, contributing about 52% of the total energy and 44% of the total protein consumption. Other food groups that contribute significantly to energy intake are oils and fats (12%) and beverages (6%). Fish (14%) and legumes (11%) are the other main sources of protein.

Using a self-assessment questionnaire (with the previous month as the reference period), it is reported that around a quarter of respondents, experienced some adverse health symptoms. In half the cases, the symptoms were severe enough to prevent respondents from fully performing their daily activities. Fever, cough, runny nose, and dizziness were the most frequent

complaints. To cope with what respondents considered be a “light” illness, 60% used self-medication, 28% went to health services or private doctors, and 12% visited traditional healers.

In 2002/03, just over 60% of births in urban areas were attended by qualified midwives compared to just less than 50% in rural areas. This low ratio is almost certainly one of the causes for the high rate of infant mortality (IMR) and maternal mortality (MMR) in rural areas. Nationally, the IMR was around 47 in 2000, but it varies considerably across the country—from 25 in Jakarta and Yogyakarta to 89 in West Nusa Tenggara. Meanwhile, the MMR ratio is about 307 per 100 thousand births. In order to improve the quality of rural ante- and post-natal care, the Government has stationed at least one qualified midwife in every village.

Efforts to increase the health status of mothers and children are also being made. These measures include the distribution of vitamin A and Fe (iron supplement) pills, food fortification (vitamin A noodle, iodized salt), food assistance, and immunization. Vitamin A is distributed to infants, children under-five, and mothers after they have given birth. In addition, the Government has requested a certain instant noodle factory to add vitamin A to its products. Based on the Ministry of Health report in 2000, the percentages of the above three groups receiving vitamin A are 56%, 72%, and 40%, respectively. Fe pills are distributed to pregnant women to prevent anemia; it was reported in 2000 that over 60% of pregnant women received these pills. The currently improved availability of iodized salt in the markets means that the number of households consuming the recommended amount of iodized salt has reached 65.4%.

Food assistance was directed to help primary school children, pregnant women, and children under five years old during the financial crisis. This program is currently not given high priority, but in some areas it still exists, especially for small children. This food distribution is related to Weighing Post activities, where small children get immunized and their weight measured. The proportion of children aged 12 to 23 months who had immunization is 79% for measles, 93% for TB, 81% for complete DPT, and 70% for complete polio.

The Government, private insurance companies, private institution, and other communities have urged the people to obtain health insurance to cover medical costs. Based on NSS 2001, 70% among those who seek medical help from the health services paid the cost in cash. The remaining 30% were covered by an insurance scheme, namely 7.4% paid by government health insurance (Askes), 6.3% by health card, 6% by private sector health insurance (Jamsostek), 2.6 by private institution, 1.2% by government assistance (JKPM), and 0.9% by others.

## H. Disability

Data on disability in Indonesia is scarce. In 2003, only 1.5 million disabled people were registered with the Ministry of Social Welfare. This is almost certainly an underestimate and probably includes only the most severely disabled who are in the urban centers, where the MSW has most of its operations. The registered disabled are classified into three groups for the targeting of assistance programs: (i) disabled children who receive especial attention, (ii) disabled adults, and (iii) those whose disabilities are caused by chronic diseases. The age distribution of the registered disabled is shown in Table 2.8. Of the registered disabled, 12% are children aged 10 years and under.

An alternative, higher estimate considered to be more accurate can be obtained from the LFS, which states that 7,949 million people of working age are outside the labor force for reasons other than being students or engaged in home duties. It is reasonable to assume that most of these will be chronically sick or mentally/physically disabled.

**Table 2.8. Disability, 2003**

Age (years)	Number (million)	(%)
0 - 4	0.04	2.9
5 - 10	0.13	8.4
11 - 30	0.49	33.1
31 - 59	0.48	32.5
60+	0.34	23.1
Total	1.48	100

Source: Department of Social Welfare.

## I. Housing and Physical Infrastructure

Data on housing are collected in almost every household survey undertaken in Indonesia. Housing is an important item in the analysis of social welfare in addition to consumption and clothing. Usually, the information is differentiated between the condition of housing and the availability of housing facilities. Table 2.9 provides a summary of key housing indicators.

Access to safe water and sanitation in Indonesia was still poor in 2003, especially in rural areas where only 6.9% of the households have access to safe water that went up slightly from 5.4% in 1993. Electricity seems to be the main concern of the Government. In contrast, the availability of electricity has increased considerably over the same period, especially in rural areas. This reflects the Government's view that electricity will provide the base for further

development; the fact that it is cheaper to provide than drinking water and that cost recovery is easier. In 2003, more than 86% of households had electricity; in rural areas, 78% of households had electricity, over double the percentage 10 years earlier.

**Table 2.9. Access to Safe Water, Sanitation, and Electricity**

Item	1993 (%)			2003 (%)		
	Urban	Rural	Total	Urban	Rural	Total
Safe Water	34.32	5.43	14.71	36.20	6.90	18.60
Improved Sanitation	42.49	8.77	19.61	46.30	15.50	28.50
Electricity	88.16	34.40	51.70	97.90	77.80	86.30

Source: BPS: National Socio Economic Survey.

## J. Poverty

BPS first published data on poverty for the period 1976-1984 in 1984. In 1994, poverty alleviation officially became a government objective, when it set a target for poverty alleviation by implementing the Presidential Instruction on poor villages. Unfortunately, the economic crisis hit Indonesia before the results of this program could be analyzed. The number of poor people increased as the economic crisis deepened and the level of poverty in Indonesia became a controversial issue.

Table 2.10 shows the trend in the level and number of poor people in Indonesia. Policies to develop agricultural sector were able to reduce poverty significantly in the early years. In 1976, 54 million people were poor, 40% of the population. This has declined to under 22% in 1984, when there were 35 million poor people—a reduction of almost 19% in a period of eight years. The rate of decline slowed in subsequent years as the oil revenues declined. By 1993, 14% of the population was poor—a reduction of eight percentage points in nine years. Two years of the program of village poor alleviation improved the decline in poverty incidence, as did continued economic growth. In 1996, only 11.3% of the population was classified as poor—the lowest in the history of the country. This trend was reversed drastically by the economic crisis. By 1998, poverty had increased to 24%. It increased further to around 38% in 1999, and since then, it has remained fairly constant.

The figures on poverty incidence are determined by the methodology, particularly on the poverty line used. Poverty lines have increased for two reasons: (i) commodity prices increases (inflation) and (ii) changes in the composition of quality and quantity of consumed goods. Since the increase in poverty line is above the inflation rate, the real consumption of poor people

also increased. However, it is still a big question whether the poverty line represents a decent standard of living. Many believe that the poverty line should be higher,<sup>3</sup> as it is still below the daily minimum wage of Rp3,000-6,000 for single workers. The 1998 increase in the poverty line only brought it up to RP3,000 per capita per day due to high inflation. In Indonesia, the current poverty line can be seen as measuring the very poor as it represents a minimum standard of living. There are many people who, although not classified as poor, remain highly vulnerable to poverty.

**Table 2.10. Poverty in Indonesia, 1976-2003**

Year	Poverty Line (Rp/capita/month)		Percentage Below Poverty Line			Poverty Incidence (million)		
	Urban	Rural	Urban	Rural	U+R	Urban	Rural	U+R
1976	4522	2849	38.79	40.37	40.08	10	44.2	54.2
1978	4969	2981	30.84	33.38	33.31	8.3	38.9	47.2
1980	6381	4449	29.04	28.42	28.56	9.5	32.8	42.3
1981	9777	5877	28.06	26.49	36.85	9.3	31.3	40.6
1984	13731	7746	23.14	21.18	21.64	9.3	25.7	35
1987	17381	10294	20.14	16.14	17.42	9.7	20.3	30
1990	20614	13295	16.75	14.33	15.08	9.4	17.8	27.2
1993	27905	18244	13.45	13.79	13.67	8.7	17.2	25.9
1996	38,426	27,413	9.71	12.3	11.34	7.2	15.3	22.5
1999	89,845	69,420	15.1	20.2	18.2	12.4	25.1	37.5
2000	91,632	73648	14.6	22.38	19.1	12.3	26.4	38.7
2001	100,011	80,382	9.79	24.84	18.4	8.6	29.3	37.9
2002	130,499	96,512	14.46	21.1	18.2	13.3	25.1	38.4
2003	138,803	105,888	13.57	20.23	17.4	12.2	25.1	37.3

Source: Central Bureau of Statistics. Various publications.

## K. Summary

There is no doubt that social and economic conditions in Indonesia had improved considerably in the 20 years prior to the economic crisis of the late 1990s. GDP per capita had risen and the poverty rate has fallen. Health and housing indicators have improved; child and infant mortality rates have fallen; contraception is widely available and used; skilled assistance at deliveries has increased; and access to clean water and sanitation has risen. The development in education is remarkable with increased school enrolment rates and improved overall educational attainment. These changes occurred in both rural and urban areas, although most indicators remain significantly worse in the former.

<sup>3</sup> Nonfood expenditure only makes up 12% of the overall poverty line which is low by international standards.

However, the economic crisis in 1997 stopped further improvement; and in many cases it has negated the development so far achieved. While the long-term indicators have not shown a major decrease, several short-term indicators have deteriorated. Labor force participation has increased due to more school children and housewives looking for work; unemployment and underemployment have risen; and the quality of employment has declined. The economic recovery is slow, despite some improvement in the economic indicators. The trust of foreigners in the Indonesian economy has yet to return and the security situation is worsening, creating an unsuitable environment for investment.

Hopefully, this worsening condition of the economy and security do not affect the social indicators in general. The government and non-government organizations have gone to every effort to cope with the social implications of the economic crisis. SP became a government priority and Social Safety Net programs were introduced immediately after the crisis using funds available from other projects.

### III. The Definition of Social Protection in Indonesia

To address the needs of vulnerable groups, Indonesia's Ministry of Social Welfare has implemented various SP programs as well as emergency programs to deal with the impact of the economic crisis. In 1998, during the financial crisis, BAPPENAS (the Indonesian National Planning Board) created the Social Safety Net Program or *Jaring Pengaman Sosial* (JPS). JPS was launched to help people to cope with the problem of the rapid drop in their purchasing power (BAPPENAS, 2004). JPS consists of two components, namely Social Protection Sector Development Program (SPSDP) and Health and Nutrition Sector Development Program (HNSDP). The programs were funded using loans granted by ADB.

The Government is currently trying to reduce the long-standing subsidy on fuel by increasing prices. The Government is using some of the additional revenue from the subsidy reduction to reduce poverty as direct assistance to the poor. However, some subsidies are still given to Pertamina to maintain lower fuel prices, especially kerosene, which is the primary cooking fuel for a large proportion of the low income population. The Coordinating Ministry of People's Welfare was assigned to coordinate and manage the implementation of this poverty reduction program.

Both the Ministry of Social Welfare and BAPPENAS have proposed a similar definition of SP. In Indonesia, the terms social protection and social security are used interchangeably. The Indonesian word for protection is

*perlindungan* meaning fending off threats by a certain agent or method. However, some people use the word *perlindungan* to mean security.

The Ministry of Social Welfare assumes the largest responsibility among government agencies for the implementation of three different programs on social welfare stated in the Law No 25 /2000 on the National Development Program (*Propenas*), which are:

- (i) a program to develop social welfare potential;
- (ii) a multi-component program designed to improve the quality of professional social services; and
- (iii) a program to harmonize public policies formulated to handle social problems.

The Ministry defines SP as “public policies to protect the lives and welfare of the groups left behind or those who will be left behind in the process of socio-economic change and development, or those who are vulnerable against natural disasters or other calamities.”<sup>4</sup>

Among the three programs stated in the *Propenas*, the first one, namely the program to develop social welfare potential is very much related to ADB’s definition of SP. Its objectives are to develop awareness, capability, responsibility, and participation of the people in handling social problems in the community and to improve the welfare of the socially vulnerable population, among others.

BAPPENAS (2003) defines social protection as “efforts to provide assistance or protection against various basic life problems, such as difficulty in getting health services, sending children to school, and fulfilling basic food consumption.” The SP programs are primarily directed toward helping groups of people that are very vulnerable, especially very poor families, who cannot achieve the recommended daily food consumption, poor old people, and poor school-age children.

The principal BAPPENAS SP program is the Social Protection Sector Development Project. It has three main objectives:

- (i) To open access for the poor to various basic social services, especially education, health, family planning and nutrition services;
- (ii) To maintain basic social service quality for the poor; and
- (iii) To prepare sustainable basic social service policy reform in order to support services efficiency and quality improvement in the long term.

<sup>4</sup> Dirjen Bantuan dan Jaminan Sosial. Depsos. 2004.

BAPPENAS is also currently coordinating a project on Sustainable Social Protection or SSP (ADB/TA 4124 – INO). SP in this project has a broader definition and includes all social security elements. It is strongly related to poverty reduction (not social insurance but social assistance), and it includes a component for ensuring access to health care whether through public, private or community-based initiatives. In this SSP project, local wisdom or informal social safety nets and SP programs set up by local governments are given special attention.

The kinds of social safety nets put into practice vary across the regions. Mutual solidarity and community assistance are found everywhere in different forms and types. For example, *Jimpitan* is a form of solidarity in which relatively less poor households contribute small amounts of rice as a way to help the poor during bad seasons. *Layatan* is another solidarity form in which case neighbors and acquaintances attend funeral ceremonies and use the occasion to extend condolences as well as contribute some amount of money to the mourning household. *Sumbangan* is a voluntarily given contribution in cash or kind to newlywed couples or the parents of newly born babies.

Another important example is related to educational assistance. In many agencies, a foster parenting movement is flourishing. To take a relatively small case, BPS-Statistics Indonesia Central Office with 1,520 staff, has regularly been collecting money from its staff, pooling it into 130 scholarships and then awarding them to the children of lower ranking staff. The amount of scholarship is usually large enough to cover the cost of writing books, some textbooks, and other school utensils and equipments required by schools.

The SP programs set up by local governments also vary according to the wealth level of each region. In Medan Municipality, all registered chronically sick people in the city get free basic services at the community health centre; their children and those of poor families are given scholarships to attend primary school.

In Surabaya Municipality, there are several good local-specific SP programs. For example, local government facilitates and gives funding to the movement of Mother Loving Purse to help poor mothers in prenatal care, delivery, and antenatal care; they also provides contraceptive equipment (implants). Nonformal education of street children and rehabilitation of sex workers are also the focus of SP in several regions. In East Java, the provincial government continues the earlier program to help the poor through Gerakan Terpadu Pengentasan Kemiskinan (Gerdu Taskin). The people who are very poor and have no income-earning potential are given social assistance, while microcredit is provided for those who are able to work. Other local governments help the poor by paying for their health insurance, e.g. Musi Banyuasin Regency and all districts in East Kalimantan Province.

Indonesia is relatively unusual in that the term Social Protection is actually used by the Government. There are also many similarities between Indonesian definitions of SP and the nature of the programs considered to fall within the general terms of SP, social welfare and social safety nets, and ADB's definition. In addition to covering "traditional" social security, social assistance and social welfare programs, Indonesian SP activities include assistance with health care, pre and post-natal services, and education as well as some microcredit activities that are targeted at the poor and other vulnerable groups. On the other hand, most labor market programs and area-wide community-based infrastructure development (i.e. social funds) do not fall within current Indonesian definitions of SP. Essentially, the Indonesian definitions of SP concentrate on providing direct assistance to the poor and other vulnerable groups with the aim of enabling these groups to achieve a minimum standard of living and access to basic health care and education.

In this context, it should be noted that ADB's Progress Report on the Social Protection Strategy (ADB 2002) provides a somewhat contradictory picture. Although projects listed in Appendix 3 as being SP projects provide a very wide portfolio, footnotes to the tables tend to imply a more restrictive approach.<sup>5</sup> A review of major activities undertaken reveals an emphasis on labor and vulnerability issues as well as the targeting of vulnerable groups. SP training provided has also been targeted at topics such as labor standards/legislation and social security and assistance. There is a similar emphasis in the appendix to this report, where the incorporation of basic labor protection measures in a wide variety of projects is highlighted. The implication is that ADB's SP activities cover a narrower and more "traditional" range than is implied by the definition of SP it has adopted.

The definition of SP to be used for this study is "The set of policies and programs that enable vulnerable groups<sup>6</sup> to reduce, mitigate and /or cope with the risks associated with their particular circumstances and that do not fall under activities normally associated with other sectors such as rural development, basic infrastructure, health and education, and that are both targeted at these groups and involve cash or in kind transfers."

A detailed discussion of the definition including ADB's definition of SP can be found in the forthcoming section Social Protection Index and

<sup>5</sup> For instance, under Child Protection Programs (Table 5, Appendix 3), the footnote states that "basic education...projects are normally excluded." Yet the table includes the Laos Basic Education (girls) project.

<sup>6</sup> The primary target groups for social protection policies, which reflect ADB's definition of SP, are the unemployed/underemployed, the elderly, the sick, those affected by natural disasters, the poor, the disabled, and children with special needs.

Multicountry Analysis of this book. Table 3 contains a schedule of the types of programs that are considered to fall within the above definition based on the above definition. The table also indicates those programs falling within ADB's categorization of SP activities that will not be considered in this study. The latter primarily include programs that either involve the construction of physical or social infrastructure, and integrated community development schemes and programs that traditionally fall within the education and health sectors, e.g. primary and pre-school education, immunization, health and nutrition education, pre- and post-natal care.

## IV. Current Social Protection Activities and Programs

### A. Introduction

This chapter describes the main SP programs and activities that are currently operated by government agencies, IFIs, and national and international NGOs in Indonesia. The objectives are twofold: (i) to describe and present the main features of each program, and (ii) to provide the quantitative information needed to give the basis for the formulation of an SPI.

The key quantitative variables<sup>7</sup> required for constructing an SPI are the cost/expenditure of the programs, the number of beneficiaries served by the programs, the number of the program beneficiaries who are poor, and the amount of program expenditure going to poor beneficiaries.

The main SP activities and programs in Indonesia are operated by government agencies. Three leading ministries under the coordination of the Coordinating Ministry of People Welfare, namely the Ministry of Social Welfare, National Education, and Health, have undertaken main SP activities and programs through social insurance, social assistance, disability programs, and child protection. Meanwhile, under the Poverty Alleviation Committee, the Ministry of Cooperative and Small and Medium Business, the Ministry of Agriculture, the Ministry of Settlement and Public Works, Board of Logistic Affairs, and the Family Planning Board implement SP activities and program through microcredit schemes. Some other SP activities and programs are ran by IFI and national as well as international NGOs, such as the World Food Program and UNICEF from IFI and National Bazis Foundation, GN-OTA, and the Wallet of the Poor from national NGOs.

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<sup>7</sup> For details concerning the methodology see the section Social Protection Index and Multi-Country Analysis of this book.

There is no centralized source for the required information. Furthermore, only a minority of the information is available from accessible, published reports. Much of the information cited in this chapter, therefore, comes from discussions and meetings with relevant officials and experts and unpublished reports.

The situation in Indonesia is complicated by the national policy of increasing local autonomy and decision-making. This means that regency/municipality governments may have their own local SP activities and programs depending on the priority given by each local government to SP, the financial resources at their disposal, and the needs of the people in their areas. Data on these programs can only be obtained from the local governments. As it is not possible to visit more than a few of these within the resources available to this study, the emphasis in this study is on the SP programs implemented directly by the central government or with their coordination, supplemented by some estimates of provincial and regency/municipality government programs. Based on the research undertaken, the exclusion of some local government-funded SP activities is not considered to significantly affect the overall data on SP expenditure and coverage.

The remaining sections of this chapter is essentially structured around the components and subcomponents of ADB's definition of SP listed in Table 3.1, i.e. labor market programs, social insurance programs, social assistance and welfare programs, micro and area-based schemes, and child protection programs. All programs operated by the Ministry of Social Welfare have, however, been grouped together as have programs ran by national and international NGOs. As a result, there is no specific section on general Child Protection programs; these will, however, be grouped together in the synthesis of results in Chapter 5. As will be seen, it has not always been possible to disaggregate program expenditures and beneficiaries neatly into these components and subcomponents. In these cases, the total of beneficiaries and expenditures has been aggregated out of necessity.

## **B. Labor Market Programs**

### **I. Labor Legislation and Standards**

The goal of the Indonesian development is to develop the entire Indonesian population to achieve a just and prosperous society. The development of the nation's manpower is fundamental to this goal, both as a means to achieving it and as an objective in itself. The quality of Indonesia's labor force, therefore, needs to be enhanced, its rights and interests protected within a framework of equal opportunities and absence from any form of discrimination. In this way, labor can increase their contribution to the development of the country while improving their welfare and that of their families, bound by a just and

**Table 3. Inclusion/Exclusion of Social Protection Programs**

<b>Component/ Subcomponent of Social Protection</b>	<b>Included/ Excluded</b>	<b>Comments</b>
<b>Labor Market Programs</b>		
Direct Employment-generation (micro-enterprise development and public works)	Included	Includes loan-based programs to support small businesses, etc.
Labor Exchanges and other employment services	Included	Including retrenchment programs
Skills Development and Training	Excluded	Unless targeted at particular groups, such as the unemployed or disadvantaged children
Labor legislation (including minimum age, wage levels, health and safety, etc.)	Included	Not amenable to quantification
<b>Social Insurance Programs</b>		
Programs to cover the risks associated with unemployment, sickness, maternity, disability, industrial injury, and old age	Included	
Health Insurance	Included	
<b>Social Assistance and Welfare Programs</b>		
Welfare and social services targeted at the disabled, the indigent, those affected by disasters, and other vulnerable groups.	Included	
Cash/In-kind transfers (e.g. food stamps, health cost exemptions or subsidies)	Included	
Temporary subsidies for utilities, housing, etc.	Included	Only if imposed in times of crisis and if targeted at particular vulnerable groups. General subsidies are excluded even if their rationale is to assist the poor
<b>Micro-/Area-based schemes</b>		
Microinsurance/microfinance schemes	Included	Microfinance seen as an important aspect of SP. Mainstream rural credit programs will be excluded.
Agricultural insurance	Included	Agricultural insurance will rarely be affordable and therefore, targeted at the most vulnerable farmers.
Social Funds	Excluded	Except where direct transfers to households occur
Disaster preparedness and management	Included	Reconstruction of physical infrastructure is excluded. De-mining programs included. Number of beneficiaries not amenable to quantification.
<b>Child Protection</b>		
Child rights and advocacy/awareness programs against child abuse, child labor, etc.	Included	Not amenable to quantification
Early childhood development activities	Excluded	Direct assistance for health and education would be included in following categories. Otherwise, these programs fall within basic health and education programs, which are excluded.
Educational assistance (e.g. school feeding, scholarships, fee waivers)	Included	
Health Assistance (e.g. health cost reduced fees/ subsidized medicines for vulnerable groups)	Included	Will generally be included under social assistance
Family Allowances	Included	Would not include transfers through the tax system
Street Children/Child Worker/Orphan Initiatives	Included	

Source: Authors.

equitable system of employer-worker industrial relations. In 1997, Indonesia's existing labor legislation was deemed to be inadequate and Manpower Law, No: 25, 1997 was enacted. The following paragraphs summarize the main features of this legislation.

**Chapters 1, 2 and 3.** These chapters explain the concepts and definitions of all the terms used in the Law. It is strongly stipulated that manpower development is based on the state philosophy *Pancasila*, the 1945 constitution and must be implemented based on partnership and equality with no discrimination at all. The objectives are to empower and optimally employ the manpower, to create equality in employment opportunities, to supply them according to the needs of national development, and to protect and promote the welfare of the manpower and their families.

**Chapter 4: Manpower, Planning, and Information.** The Government must prepare and adopt a plan for the development of manpower. This plan is used as the base and reference for the formulation of policies and strategy, and for the implementation of sustainable manpower development. The plan must be developed based on sound manpower information, obtained from all relevant sources, covering population, manpower, employment opportunity, work training, productivity, industrial relationship, working environment, wages and salaries, and welfare in general.

**Chapter 5: Working Relations.** It is based on oral or written working agreement between employers and employees for a period of time or indefinitely. The written agreement must be in line with the existing laws and regulations; and is made based on good deed from both parties, ability, skilled, and existence of work, which is not against general order, social norms, and the existing laws. All the costs to prepare the agreement are born by the employers.

**Chapter 6: Pancasila Industrial Relations.** Industrial relationship is a system created and agreed by all sides (employers, employees, and government) concerned with the production of goods and services. The relationship is based on the state philosophy *Pancasila* to create a harmonious relationship based on equal partnership contained in the values in each of the principles stipulated in *Pancasila* and the 1945 Constitution. Industrial relations are implemented and must be widely spread through labor union, employers association, bipartite and tripartite agreement, company regulations, agreement on working together, and solution of labor disputes. Every aspect of the agreement is explicitly outlined in this chapter.

**Chapter 7: Protection, Wages/Salaries, and Welfare.** To employ a child is illegal unless the child works as a family worker, in field training as a student, and work in the foster home foundation and in the state's child correction centers. In situations where children have to work, the employers must provide protection under certain tight regulations. This chapter also regulates youth and women's work. The second part of this chapter regulates the wages and salaries for the employees. To guarantee that employees receive decent wage/salaries, the Government has issued a regulation on minimum wage. Other detailed regulations on wages and salaries and its components are also stipulated here.

**Chapter 8: Work Training.** Essentially, every worker is entitled to undergo training to enhance their skills.

**Chapter 9: Employment Placement Service.** This service is directed to place workers in the right employment in line with their skills, expertise and competency. This can be done by government or private enterprises. The private sector must rigidly follow all existing regulations. This chapter also regulates the placement of workers abroad. Detailed implementation of this law is governed by official government regulations, which will be further issued.

**Chapter 10: Foreign Workers.** They must be employed on a selective basis and based on clear planning of the use of foreign workers in pursuit of the optimal use of domestic workers.

**Chapter 11: Manpower Working in the Informal Sector and Outside Industrial Relations.** It is interesting that the legislation also mentions the right of informal workers to obtain social insurance and work safety. It is clearly mentioned that there is a need to protect and develop the informal workers to improve their protection and welfare.

**Chapters 12 to 18.** These concern the development, supervision, delegation of authority, investigation, and administrative and criminal sanctions.

## **2. Direct Employment Creation**

The Government (Department of Manpower and Department of Public Work) previously setup programs to provide mass employment to a large number of unemployed and underemployed persons in Indonesia. The programs were aimed to build simple local infrastructures for the benefit of local society in general. Workers in this project received a small salary in cash or in-kind. To a

certain extent, this project seems useful in reducing unemployment and underemployment, and helped desperate people to get some income. But this project is often criticized for its inefficiency and is blamed for wasting money, since the results of the project are not productive and short-lived. As a result, these projects were discontinued for several years.

However, the Public Work Project (PWP) was revived in 1998/1999 by the Department of Manpower (DOM) to alleviate the effects of the economic crisis. In addition to the old version of providing employment opportunities, the project was revised to accommodate the needs for curbing the economic crisis impacts, especially the lay-off of skilled workers. Therefore, the 1998/99 project consisted of two sub-projects. The first one is a project for alleviating the impact of drought and general employment problems (Proyek Dampak Kekeringan dan Masalah Ketenagakerjaan [PDKMK]); and the second one is for alleviating the large number of skilled workers laid-off during the economic crisis (Proyek Penanggulangan Pengangguran Tenaga Kerja Terdidik [P3T]).

P3T was implemented only for one year, while PDKMK was continued in 2003 and was funded by the fund withdrawn from the oil subsidy. It covers all provinces in Indonesia. The name of the project is Employment Expansion through Labor Intensive System (Perluasan Kerja Sistem Padat Karya [PKSPK]). The target is to provide productive and sustainable employment for the unemployed or underemployed toward the empowerment of the economy of the people. The works are directed to objects of general interest or the interest of societal groups, such as channels of irrigation, village streets, use of neglected land, dams, fish ponds, algae culture or construction of selling places. The composition of the fund must be allocated such that around 70% or 60% are for wages/salaries and the remaining are for materials used in the projects. In all, PKSPK was able to absorb around 21,362 people in work, consisting of around 14,579 unemployed persons, while the remaining are volunteer workers and informal workers. The amount allocated for the project was Rp31,975 million.

### **3. Employment Services**

#### **a. Domestic Placements**

The DOM has established a national network of employment offices operating at the directorate level. These offices have been set up in every regency, municipality, and province. There are 465 such offices nationwide. Until 1999, the operation of these offices were centralized and coordinated by the DOM. However after 1999, the operations have been decentralized to the regional government and are handled by the existing working unit in the provincial and regencies/municipalities governments. Following the regulation of the

autonomy of the regional government, they are no largely responsible for the operation of the service to the central government. Consequently, complete national data cannot be established. Only around 100 offices report to the central government. Starting December 2003, an online system has been established in the central office, and in the coming years the regional offices are appealed to join this online system so that all employment opportunities in other areas can be made available to jobseekers. This way complete national statistics can be set up.

The purpose of the employment programs is to provide facilities for those looking for work and for companies looking for employees. Those looking for work can register with the local employment offices close to their home. Companies looking for employees are requested to register with the same offices so that demand and supply can be matched. There are no specific qualifications required for those looking for work. They may be currently employed, underemployed or unemployed. There are no fees charged, even after placement.

For the years 1999-2003, data is only available for a number of offices which submitted reports to the central office. In 2003, only 100 offices out of 465 office had reported data to the central government. Only data on the number of job seekers and placements are available. Since decentralization to the regions, there is no information on expenditures (central government expenditures are minimal). Table 4.1 summarizes the available information.

**Table 4.1. Job Seekers and Placements, 2003**

Quarter	Total Job Seekers	Job Seekers	Placements
First	405,292	97,254	19,369
Second	419,193	105,905	14,767
Third	456,026	135,004	14,881
Fourth	464,185	87,092	13,324
<b>Total</b>	<b>1,744,696</b>	<b>425,255</b>	<b>62,341</b>

Source: Ministry of Manpower.

### **b. Overseas Placements**

With an abundant labor surplus, the Government of Indonesia officially organizes placement of workers abroad. To a great extent, this effort assists the workers and substantially increases their welfare. Differences in the level of economic development and differential in the level of wages and salaries make it possible to attract Indonesian workers to work abroad. However, since the qualifications of the workers are still low, the great majority (75%) of

Indonesian workers can only access informal sector opportunities, especially domestic household duties, e.g. cleaning, cooking, child care, gardening or driving. Most of the remainder of the work is in agriculture, plantations, construction, and factories. Some work is in hotels and restaurants, while a small number are medical personnel.

The majority of those working overseas are “placed” by private employment agencies with contacts in the recipient countries. These companies are registered with, and are assisted by the Government. In 2002, there were 480,393 people officially working abroad, of which around 70% were placed through the official program. The remaining 30% work abroad without proper documents; most crossed the border between Indonesia and Malaysia; a small number obtained their positions through other means. This 30% are not included, because they are outside the program. They worked abroad on an individual basis or in groups illegally organized. By 2003, the number of Indonesians working overseas had decreased to 293,865 due to SARS and restrictions on Indonesian workers in Taiwan.

For this project, the 2002 data has been used because the year 2003 is not a normal year for work placement abroad. Most of the workers go to the Asia Pacific region (238,324) and the Middle-East (241,961). The most important destination in the Asia-Pacific Region is Malaysia with almost 153,000 in 2002. However the largest destination of all is Saudi Arabia with more than 214,000 people. Those in the Middle East are mostly informal workers (230,619), while those in Asia-Pacific are almost equally split between formal (101,203) and informal (137,121).

The workers went abroad under a contract of two years with salary of around Rp2.5 million per month. Works in Asia Pacific in the informal sector received a slightly higher salary. Formal workers received higher salaries than informal workers. The informal workers received around Rp3 million as salary per month. Most of the cost for placement, equivalent to one month’s salary on the average, are paid by the workers themselves (most of the cost are actually paid by the employers when they register to a company to recruit the workers). To assist placement, the Government organized a training program and orientation at a cost of around Rp5,000 per person. In addition, around Rp400,000 is allocated to assist the return of workers before the expiration of their contracts.

#### **4. Vocational Education and Training**

The first Skills Training Center was established in Solo in 1947; the second in Jogjakarta in 1948 followed by six more in other cities in Java. The first four centers were for the training of trainers, while the others were for training of

workers to fill the need of employees in the surrounding industrial areas. The establishment of training centers outside Java started with Padang in 1957, two centers in Irian Jaya in 1964 with the help of United Nations, and in Palembang in 1967 with the help of the Government of Germany. In total, 14 centers were established during the period 1945-1960. The training was particularly directed to develop skills in building construction, radio, and electricity. The aim was to intensively train job seekers, war veterans, and participants from other institutions to become skilled workers.

The period 1970-1980 is marked with the establishment of centers outside Java. In 1974, the Canadian Government provided assistance to create a center in East-Kalimantan. The Governments of New-Zealand, Japan, and the Netherlands assisted in the establishment of centers in Jakarta, Ujung Pandang, and Medan respectively. In 1979, with the funds from an IBRD loan, 17 centers were constructed in various places outside Java so that 21 centers were created in all during this period. The main aim was to train workers for the manufacturing sector. During this period, the training became less intensive with only 480 hours as more people have to be covered compared to the 960 hours in the previous period.

The first half of the 1980s was marked by the fast development of the centers: 16 centers of category B and 104 of type A, such that by the end of 1988 there were 153 centers established. In the 1980s, the centers were consolidated and categorized into type A, B, and C depending on the capacity of the centers. The subject of training was expanded to also cover agriculture, management, and various manufacturing industries. At the same time, a National System of Employment Training and Skills Qualification Standard was developed. This is focused on training the unemployed. The commercial and self-financing activities of the centers stopped accordingly.

In the following years, early in the 1990s, graduates of the centers cannot be readily employed mainly due to increasing unemployment. Interest in the centers started to dwindle and moreover, the development of the centers cannot be maintained in line with the rapid development of the manufacturing sector in the economy of the country due to lack of funds and mismanagement. The equipment of the centers quickly became obsolete. In consequence, most skills training is now provided "on the job" by companies themselves as part of their own human resource development. Some companies are working with the training centers, while some centers attempted to train higher skilled workers.

With the policy of increasing local autonomy to regional governments, the authority for implementing the 147 centers is transferred to the regional governments. Only six centers in Medan, Surabaya, Lembang, Serang, Makassar, and Samarinda remain technically and administratively under the

central government. During the transition period from the central to the regional government, most of the centers were not efficiently operated. The role of the centers was declining even before the transfer. As a result of the spread of implementation of the centers, no consolidated data can be obtained from these 147 centers. Data is only available for the six centers administered by the central government.

The information on expenditure and participants in this training center is as follows: Samarinda 835 persons; Medan, 390; Serang, 1,108; Makassar, 1,602; Surabaya, 3,122; and Lembang, 1,211 for a total of 8,268 or an average of 1,378 per training center. Using this average, the figure of the 147 centers is estimated at 202,566 graduates; and therefore, there are 210,834 graduates altogether in 2003.

There are also vocational schools ran by the Department of Education. In contrast with the general schools, the vocational schools are of two levels: junior high school and senior high school. These schools are not specially directed to certain target groups. Those who finish elementary schools may proceed either to general or vocational schools. The objective of the schools is not to train the unemployed to be able to find employment. Other vocational and skills training is conducted by the private sector in several fields, e.g. English, mechanics, electronics, computers, secretarial works, driving, etc. The purpose is to help the trainee to find employment. The training conducted by the private sector is self-financing, with no government subsidy, and self-selecting. None of these categories of vocational training falls within this study's definition of SP.

## **5. Summary of Labor Market Programs**

Table 4.2 summarizes the information on current labor market programs in Indonesia.

### **C. Social and Health Insurance Programs**

#### **1. Private Company Employee Insurance**

Indonesia's basic social and health insurance are merged into one undertaking, but are conducted by different state enterprises for different target groups. In its development, the structure of the social insurance system has evolved over time and involved numerous reorganizations. The current system is based on state enterprises with a renewed emphasis on making them financially self-sufficient.

At present, there are five state enterprises involved in social insurance. These are Jamsostek for private employees, Askes and Taspen for government

Table 4.2. Labor Market Programs

Project/Program	Funding	Year (Rp billion)	Cost	Beneficiaries	Comments
1. Labor and Employment Law	MOM	2003			No measurable quantitative data
2. Domestic Employment Placement	MOM	2003		289,886 <sup>1</sup>	Expenditure not known but not believed to be significant.
3. Overseas Employment Placement	SF	2002	16.32	480,285	Small government funding
4. Public Works Project	MOM	2003	31.98	21,362	From oil subsidy reduction
5. Vocational and Skilled Training	MOM	2003		210,834 <sup>1</sup>	Expenditure not known

<sup>1</sup> Extrapolated from available information.  
Source: Interviews and various documents.

officials, Asabri for armed force, policemen and civilians work in Department of Defense.

Jamsostek was established under Government Decree No. 36 in 1995 to implement social and health insurance for private employees. The insurance basically covers five programs: old age, general accident, accident at work, death, and health. Through Jamsostek, social solidarity is created among employers and employees in good cooperation, where the rich assist the poor, the healthy assist the sick, the high-income earners help the low income earners, and the young assist the old.

Participation in Jamsostek is mandatory for employers, companies, and institutions such as central and regional government companies, foreign companies, institutions, cooperatives, and personal companies, if they employ at least 10 persons or pay at least Rp1 million in wages and salaries. Others not fulfilling these criteria may voluntarily participate in the programs. The companies must collectively register their employees. Each employee must contribute 2% of his salary for the old age insurance program. This old age insurance remains valid even if the employees have left their employment and are no longer contributing.

For accident at work insurance, the contribution is around 0.24-1.74% of the total monthly wage paid by the company. For old age insurance, it is 5.7% of total monthly wage borne by the company and 2% paid by the employees. For life insurance, it is 0.3% of total monthly wage borne by the company. For health insurance, the contributions are 3% for single employees and 6% for those with families and paid by the company. In 2002, the amount paid by Jamsostek to the participants was Rp19,755 billion. It increased to 26,900

billion in 2003, almost 36%. The number of beneficiaries was 17.3 million people in 2002 and 19.3 million in 2003. All members constituted the beneficiaries of this insurance since the amount paid not only consists of claims by the members, but also include dividends and shares from company investments.

In 2003, it is estimated that around 94.79 million people were working, the majority of which (around 64.57 million) work in the informal sector. The remaining 30.22 million people work in the formal sector. Out of those working in the formal sector, around 4.14 million work as government officials, Armed Forces, and policemen, which are covered by other schemes of social insurance. Therefore, the remaining 26.08 million work in private businesses and about 23 million work in the business sector and qualified to become members of Jamsostek. In 2003, Jamsostek paid Rp9.44 trillion to all beneficiaries. Around 573,404 members received Rp9,354 billion for old age security; 105,846 members received compensation for accidents at work which amounted to Rp32,562 billion; 10,485,649 members made use of health services; and 10,784 members received burial allowance of Rp13,077 million.

## **2. Armed Forces Members Insurance**

Armed Forces Members Insurance or Asuransi Angkatan Bersenjata Republik Indonesia (ASABRI) is a government-incorporated enterprise responsible for the management of social insurance for the Armed Forces. By law, the participants of ASABRI are all members of the armed forces, policemen, and civilians working in the department of security and defense. The membership is mandatory.

The program benefits for the participants are:

- (i) Insurance for participants with pension rights;
- (ii) Insurance cash value for participants with no pension right;
- (iii) Life insurance for members died during active service;
- (iv) Special life insurance for members died during combat/battle (starting in January 2003 amounted to Rp35 million); and
- (v) Funeral expenditure for participants died after pension.

The monthly contribution for old age insurance is 2.5% of basic salary plus wife and child allowance, and the pension fund is 4.75%. While the benefit consists of basic pension, wife and child allowance, and rice allowance, the basic pension is 2.5% times the years of service, times the latest basic salary. The wife allowance is 10% of basic pension and child allowance is 2% of basic pension (with a maximum of two children), and rice allowance is Rp25,240 per person. The total amount is deducted by 2% for the health insurance contribution. This pension is paid monthly.

ASABRI is solely operated using funds contributed by the participants. In addition to paying benefits to the participants, the funds are invested. In 2003, proceeds from investments (Rp270.5 billion) were about the same as the contributions paid by the participants. In 2002, investment proceeds were Rp274.1 billion, much higher than the contributions of Rp219.7 billion. The proceeds from investments are returned to the participants in terms of improved benefits; they are not distributed annually to participants through dividends or interest payments.

In 2002, the amount of benefits paid to the beneficiaries was Rp91.6 billion and increased to Rp110 billion in the year 2003. These are much lower than the contribution paid by the participants to the company. The financial condition of this company is very healthy and no external funds are required; even the company's building is self-financed.

The number of beneficiaries of the company covers only those participants receiving insurance benefits in a particular year. In 2003, there are 23,706 beneficiaries receiving different kinds of benefits from the company, while the number of all participants in that year is 862,411 persons such that the ratio of beneficiaries to the participants is around 2.75%. Since this company has specific target groups (Armed Forces, policemen, and civilians in defense and security), and all members of these groups becomes participants by law, the coverage rate is always 100%.

### **3. Civil Service Health Insurance**

The objective of the program is to support the Government in the health sector by organizing the social health care security based on managed care system. The scheme to provide health insurance for all civil servants is organized by the government-incorporated enterprise called Asuransi Kesehatan (PT ASKES) or health insurance. With the Government Regulation No.69/1991, membership was expanded in 1991 to also cover veterans and national patriots with their dependents. Aside from providing secured health care of its members, PT ASKES also has a role in organizing and supervising the commercial health insurance sector. This sector mainly provides insurance for middle and upper income groups with fixed incomes.

PT ASKES has two principal insurance schemes: (i) Health Insurance for the Public (HIFP) and (ii) Health Insurance for Civil Servants (HIPC). PT ASKES has collaborated with several local governments and private institutions to increase the participation of employees of these agencies in the schemes it offers. The total membership of PT ASKES in 2003 exceeded 15 million of which the great majority (over 90%) were civil servants. Total expenditure on services to members in 2002 was Rp1.2 trillion.

#### **4. Saving and Insurance for Civil Servants**

This program is ran by a government-incorporated enterprise, Tabungan dan Asuransi Pegawai Negeri (PT TASPEN) or Savings and Insurance for Civil Servants. The objective of PT TASPEN is to improve the prosperity of civil servants and their families, especially when they reach old age. The agency was founded in 1960, when the decree of the First Minister of Indonesia No. 380/MP/60 was issued.

PT TASPEN has two main activities: (i) the Tabungan Hari Tua (THT) or Old Savings Program and (ii) the Pension Program. The participation of civil servants in this program starts from their first promotion and lasts until the end of their service. The savings rate is 3.25% of the salary per month with accumulated savings and interest paid to civil servants when they retire. The Pension Program started in 1987 to pay civil servants in three small provinces. The agency has been paying the civil servants throughout the country only since 1990. Nowadays, PT TASPEN also organizes the pension program for government officials, independent patriots and veterans, Armed Forces, and police who retired prior to April 1989, and employees of state-owned enterprises. During their career, the participants pay 4.75% of the salary.

Scheme membership is substantial. In 2002, the number of pension program participants was reported to be almost 4 million and the number of beneficiaries was 185 million. In the same year, the amount of money paid to the beneficiaries was Rp14,890,650 million. By 2003, 3,966,626 active civil servants were members; 1,882,883 people were receiving pensions; and 147,277 were receiving old age savings. The number of pensioners is accumulated, consisting of those pensioned in 2003 and its previous years. Receivers of old age security in 2003 are equivalent to those pensioned in 2003; since in the year they withdrew their old age savings, they also started receiving monthly pensions. In 2003, the total amount paid for old age security savings and pensions was around Rp17,398 billion.

#### **5. Traffic Accident Insurance Program**

PT Jasa Raharja, a state-owned company, was appointed by the Government to run the program since 1960. The mission of the company is to provide basic protection and best services to meet the needs of the general public by providing social and obligatory insurance program, particularly to victims of traffic accidents using land public transportation. The company provides compensation to assist death victims or injured persons in the accident. However, the amount is not large enough to enable victims to maintain their incomes; the amount is only sufficient to cover the direct costs resulting from the accident.

The funding is from compulsory levies and government contributions. The levy is included in the price of the ticket paid by the passengers. In 2002, the premium income derived from compulsory levies and contributions reached more than Rp 890,000 millions. In the same year, to pay 64,336 victims the company spent around Rp 372,971 million.

## **6. Social Welfare Insurance**

The program on Social Welfare Insurance (ASKESOS) was set up by the Minister of Social Welfare to accommodate the emergency needs of those working in informal sectors and for those with insecure income. The foundation of the program is based on the decree issued by The Ministry of Social Welfare No. 51/HUK/2003. The program aims to give SP in the form of insurance for informal sector workers when they are sick, have accidents, or die. In general, the program also aims to improve household security through income maintenance and to increase community participation on SP. Its activities are collecting premiums and distributing benefits among others. Participants of the scheme are those earning a minimum of Rp200,000 per month and aged under 60 years. Compared to PT ASKES, which is a compulsory program for civil servants, ASKESOS is a community-based program with voluntary membership. As a newly established program, membership of ASKESOS is still low at around 13,200 participants with total contributions of Rp7,500 million. In implementing this program in the regions, the Department of Social Welfare gets support from the province government, regency/municipality, subdistrict and village administration.

## **7. Summary**

In Indonesia, the type and classification of social and health insurance are not only based on the different functions of the schemes, but also on the target groups. For the target groups, private company employees and Armed Forces members, the same institution provides health and social insurance. The financial statements, however, indicate how much is spent on health care and other services. Therefore, the data on beneficiaries and expenditures for these two categories can be individually produced; and the total sub-component can be separated accordingly, as required for the study. The information and data on health and social components are presented in Table 4.3.

## **D. Social Assistance Programs**

### **I. Ministry of Social Welfare Programs**

Social development in Indonesia aims at improving the welfare status of the people to create favorable conditions to be able to satisfy their own needs.

Table 4.3. Social and Health Insurance

Social and Health Insurance	Beneficiaries (people)	Expenditure (Rp million)	Source of Funds	Responsible Institution
<b>A. Private Company Employees</b>			SF	JAMSOSTEK
1. Participants	19,300,000			
2. Beneficiaries	11,175,683	9,440,000		
a. health services	10,485,649	40,487		
b. old age security	573,404	9,353,874		
c. accident at work	105,846	32,562		
d. death allowance	10,784	13,077		
<b>B. Armed Forces Members (ASABRI)</b>	23,706	110,000	SF	ASABRI
<b>C. Saving and Insurance for Civil Servants</b>			SF	TASPEN
1. Active Members	3,966,626			
2. Pensioners & THT* Receivers	1,882,883	17,398,000		
<b>D. Health Insurance for Civil Servants and the Public</b>			SF	ASKES
1. Participants (including family members)	15,040,000			
2. Recipients of Benefits (partial information only)*	1,217,616	1,202,590		
<b>E. Traffic Accident Insurance</b>	64,336	372,971	SF/Govt.	JASA RAHARJA
<b>F. Social Welfare Insurance (ASKESOS)</b>	13,200	7,500	SF/Govt.	MOSW

Source: Most information from direct interviews and internal documents.

Note: THT\* = old age savings; MOSW = Ministry of Social Welfare; SF = Self Financing.

Since the policy of local autonomy was introduced in 2001, social development has been the joint responsibility of the central government (Ministry of Social Welfare) and local administrations.

As mentioned in Law No. 25/1999 on Proenas (Program Pembangunan Nasional or National Development Program), social assistance programs are implemented through the Development of Social Welfare. The legal framework is completed by the following laws:

- (i) Law No.4/1979 on Child Welfare;
- (ii) Law No. 4/1997 on Disabled Persons; and
- (iii) Law No. 13/1998 on Elderly.

Indonesia ratified the Convention of the Right of the Child in 1990 and with this, the Ministry gains more support to improve the social welfare for children. Key features of Law No.4/1979 on Child Welfare are:

- (i) Children are defined as people of 20 years old or under;
- (ii) Children have the right to welfare, caring and rearing, to benefit from social services, and to prenatal and protection; and
- (iii) In case of emergency children, have the right to be rescued, assisted, and protected.

Law No 4/1997 on Disabled Persons ensures that disabled persons have the right to:

- (i) education at all units, paths, types, and levels;
- (ii) work and decent living;
- (iii) equal treatment;
- (iv) be independent;
- (v) rehabilitation, social assistance, and social welfare; and
- (vi) skill development, capability, and social life.

Key features of Law No. 13/1998 on the Elderly describe several important points, which are:

- (i) elderly are people at the age of 60 years old or over;
- (ii) elderly have the right to various services, namely spiritual/religious, health, employment opportunities, training and education services;
- (iii) elderly have the right to legal services, social protection, and social assistance; and
- (iv) elderly have the same responsibilities as other citizens.

Specific target groups for government social assistance programs operated by MSW are: vulnerable children (abandoned children, needy under-fives, delinquents, disabled and street children), economically vulnerable women, abused women and old people, abandoned old people, physically disabled persons and disabled persons caused by chronic diseases, sex workers, beggars, homeless, ex-convicts, drug addicts, destitute families, families living in improper housing, families with psychosocial problem, communities in remote areas, communities living in dangerous areas, natural disaster victims, social disaster victims/refugees, abandoned migrants, HIV/AIDS carriers, and other vulnerable families. The largest of these groups are: the very poor people (16,689,773 people),<sup>8</sup> families living in improper housing (5,165,055),

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<sup>8</sup> Generally, targeting for these programs is based on a socio-economic groupings based on a variety of indicators developed by, among others the Family Planning Board (FPCB). Poor households are those that fall into the "pre-welfare" and "welfare" categories. Other programs are based on possession of a poor certificate issued by the village head. These poverty lines can lead to eligible households having incomes higher than the official BPs poverty line.

abandoned children numbering (3,461,309), abandoned old people (2,848,854), economically vulnerable women (1,449,203), and needy under-five children (1,178,824). Details of the main programs are given below.

#### **a. Abandoned Children**

Abandoned children are housed in permanent shelters or orphanages in order for them to have a normal life like go to school and play with other children. In 2002, they also received assistance through the Health and Nutrition Sector Development Program as part of the Social Safety Net Program. The Ministry provides assistance to each child through the orphanage, consisting of:

- (i) school registration;
- (ii) annual school fee of Rp300,000 for primary school; Rp360,000 for junior high school; and Rp540,000 for senior high school;
- (iii) annual recreation of Rp20,000; and
- (iv) health care.

In 2002, around 61,019 abandon children were assisted and the cost of the program was Rp52,467 million.

#### **b. Street Children**

By definition, these are groups of children aged five to 21 years, who spend most of their life on the street whether accompanied by their parents or not. They may consist of children on the street (who work on the street) and children of the street (who live in the street), who are the most vulnerable. The main objectives of the program are to reunite street children with their parents, reduce their bad habits, send them back to school, educate them to become productive citizens, and improve their family income. The main activities of the program can be classified into three: (i) treatment of the street children, (ii) counseling the parents, and (iii) supporting the technical personnel. Direct assistance to the children includes identifying the children, providing companionship and recreation, reuniting them with their parents, school registration, skills training, food assistance, income substitution, and health care.

The number of beneficiaries of this program in 2003 was 42,317 children, who received assistance around Rp26,056 millions.

#### **c. Delinquent and Drug Addicts**

Delinquent children are children aged five to 21 years old, who have committed crime, but because of their age, they must be sent to rehabilitation-like centers. Most of them committed crimes because of drug addiction. The objective is to achieve the social rehabilitation of offenders using both preventive and

curative measures. To prevent children being delinquent or drug addicts, the Ministry conducts intensive socialization among parents and youths. The objectives of the program are to return the children to their family and to help them adjust with the normal environment among others. The program has assisted 2,048 people at a cost of Rp5,345 million.

#### **d. Abused Children and Adults**

The objectives of the program are to reduce the level of abuse, protect the victims from further exploitation and discrimination, and identify appropriate actions to save and protect the victims. Activities to meet the objectives are evacuation, provision of ad hoc shelter, problems and needs assessment, provision of life security, advocacy and counseling, and reference among others. There are three different ways to treat the victims: (i) for children under 18 years old, (ii) for those aged 18–60 years, and (iii) for old people aged more than 60 years. In 2003, the target was to assist 14,274 abused persons, but only 95% (13,560 persons) were reached by the program. The Ministry spent Rp25,000 millions for this program

#### **e. The Destitute and Poor Families Living in Slum Areas**

Program targeting is based on three criteria: (i) household income, (ii) housing conditions, and (iii) local environment. To be eligible, a household should have very low income—under Rp50,000 per month in rural areas and under Rp95,000 in urban areas. The criteria for the housing conditions include floor size not more than 4 sq m (urban) and 10 sq m (rural), no clean water, no toilet facility, nonpermanent roof, and wall made of bamboo, leaf, or grass. The condition of environment should be in slum areas, no sanitation, poor pathways, etc.

Major activities of this program are firstly, giving assistance in housing and environment rehabilitation, and secondly, relocating the households. In 2003, the Ministry spent Rp225,000 million to assist 144,500 families (578,000 persons) out of 608,421 targeted persons. Meanwhile, the assistance to the poor living in slum areas was given to 13,240 persons (95% of target) and the funding was Rp15,000 million.

#### **f. Disability**

The only government agency taking care of disabled people is the Ministry of Social Welfare (Directorate for the Development of Social Rehabilitation and Service for Persons with Disabilities). The goal of this program is to unify the vision, mission, and perception in providing social services and rehabilitation of disabled persons. The program services consist of:

- (i) provision of physical and nonphysical access;
- (ii) rehabilitation;
- (iii) social assistance; and
- (iv) maintenance of social welfare level.

There are three different programs related to disabled people, namely disabled children under 18 years old,<sup>9</sup> disabled adult persons, and disabled persons caused by chronic diseases. To improve awareness and acceptance, the Ministry also conducts intensive socialization exercises with other family members, friends, schools, and people in the community and working places of the disabled. For this program, the Ministry spent Rp15,868 million to assist 10,540 disabled persons.

#### **g. Rehabilitation of the Socially Vulnerable**

In this program, vulnerable groups such as poor farmers and fishermen, street children, sex workers and ex-convicts are targeted. To help around 617,502 persons in the year 2003, the Government has spent about Rp239,154 million. The assistance is generally given in the form of food when the target must stay in boarding places or centers for training or rehabilitation. The majority of the beneficiaries are children.

#### **h. The Elderly on their Own**

The Indonesian population is ageing as can be seen from the increasing life expectancy. In this situation, the elderly may face the complex problem as individuals, family members, and members of the community. The overall objective is to enable the aged to enjoy their old days and have their physical, social, psychological, and spiritual needs fulfilled. In 2002, the program has reached 11,682 old people at a cost of up to Rp15,190 million.

#### **i. Natural and Social Disaster Victims**

In 2002/03, MOSW provided assistance in Rp874 billion value to over 340,000 victims of natural and social disasters in the form of direct assistance and in-kind handouts.

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<sup>9</sup> Those with physical disabilities (abnormal bone, joints, and muscles), visual impairment, hearing/vocal impairments, victims of chronic diseases, and mental and developmental disabilities (acute learning difficulties, ex-psychotics, autism, Down's syndrome)

## **2. Social Welfare Programs Operated by Other Government Agencies**

### **a. Rice for the Poor**

This project is ran by the Badan Urusan Logistik (BULOG) or Board of Logistic Affairs, the government institution responsible for stabilizing the prices of nine staple food (bahan makanan pokok) through market operation. The Rice For The Poor Program started in 1998, when the country was hit by a financial crisis. The main objective is to improve food security among poor households by giving them cheap rice. Being heavily subsidized, the price of rice distributed is less than half the market prices.

Every poor household receives 20 kg of rice per household per month. The rice is distributed by BULOG through special market operation with the help of local governments. To guarantee that the operation will reach the target group, accurate information on the number and location of poor households must be provided. Fortunately, the data on the number of poor people per district is compiled by BPS, while the poor households to be targeted in each district are identified using data provided by Family Planning Board.<sup>10</sup>

This project is financed by the Government using the funds set aside from the oil subsidy reduction. In 2003, rice, amounting to Rp4,830,778 million, was distributed to the poor. The original target was to reach 8.2 million households (20 kg/month each), but the final number of beneficiaries increased to 12 million households. In consequence, the amount of rice allocated to each household was less than 20kgs. According to a survey conducted by a university, one household got only 13 kg of rice per month, which is barely enough to support one person.

### **b. Fuel Oil and Electricity Subsidies**

Oil directly or indirectly plays an important role in the national economy and welfare of the people. As the main source of energy, it is used by individuals, households, and industry. It is used for transportation, cooking, and to produce goods and services needed by the people. In a broad manner, it influences the welfare of the people since it constitutes a significant proportion of household expenditure. Rich households consume more energy, but relatively poor households suffer more if the price of oil increases. For many years, therefore, the price of oil has been heavily subsidized to keep it affordable to the poor.

Current government policy is, however, to rationalize the price and use of oil by gradually withdrawing the subsidy. As a result oil prices will increase. In 2003, the subsidy was still large. There was no reduction in 2004 due to the general election. The oil subsidy reduces the price of oil paid by the households.

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<sup>10</sup> E.g. households falling into “pre-welfare” and “welfare 1” categories; see earlier footnote.

In this case, there is a transfer of money from the Government (financing the subsidy) to the households (paying lower oil prices). The subsidy is particularly aiming assistance to the poor, so that poor people can afford to buy fuel for cooking and lighting. Therefore, households pay lower kerosene prices than factories. In Indonesia, about 89% of households use kerosene for cooking, lighting or other uses. These are mostly poor households since richer households use cleaner and more expensive sources of energy. Gasoline and diesel oil are also subsidized because they constitute significant proportions of the costs of public transportation and of boats for small fishermen.

The subsidy is directly given to Pertamina, a government oil company, in charge of producing oil and distributing fuel to the consumers. With increasing international price of oil, the subsidy is expected to increase in 2004, since Indonesia still imports oil to be refined for use in the country.

Another energy subsidy is given to the state-owned company Perusahaan Listrik Negara (PLN). The purpose is to sell cheaper electricity to small users. Households using less than 450 watt of electricity pay 20% less than the normal electricity price. A large amount of money is allocated for this electricity subsidy.

The assistance from the Government on oil and electricity price subsidy is very significant for the poor to reduce their expenditure. However, since the subsidy is not specifically directed to the poor, these price subsidies are considered to fall outside the definition of SP used in this study as they can be enjoyed by all households in so far as they use kerosene, public transportation or small amounts of electricity.

### **c. Housing Assistance**

Poor households in urban areas mostly live in low quality housing. They cannot afford to buy decent housing. They live in slum areas with very poor access to clean water, sanitation, and electricity. Poverty reduction programs that are implemented by the Ministry of Housing and Public Works consist of improving the housing environment and facilities as well as assistance to the poor to be able to live in better housing, among others. The program that can be included into the SP study is the Provision of Small Housing Program that has two main activities:

#### **(i) Small Housing Program**

The objective of the program is to help the poor to buy a small and simple house through long-term credit. The Government assists them by giving loans at subsidized interest. In 2002, assistance was given to 130,000 households (494,000 people) with a total expenditure of Rp256,000 million through this scheme.

### (ii) Assistance for Housing Program

This program is to help the poor improve the quality of their house through group empowerment program. In 2002, around 4,659 households (17,700 people) were given assistance worth Rp14,114 million to fund the renovation or development of their houses.

### 3. Summary of Government Social Welfare Programs

Table 4.4 summarizes the information on government social welfare programs. It should also be noted that total MOSW expenditure on their programs in 2003 was about Rp720,645 million by central government with another Rp207,015 million spent by local administrations.

### 4. Government Health Care Assistance Programs

In 2002, the Ministry of Health launched two different programs to provide assistance with health care costs. The first one is called Jaring Pengaman Sosial Bidang Kesehatan (JPS-BK) or Social Safety Net for Health (SSN-H). This program originally started in 1998 to cope with the impacts of the financial crisis, when its prime focus was to support health/nutrition services and recruit village midwives. The objective of JPS-BK/SSN-H is to maintain and improve the health status of the poor. These objectives are achieved by providing the

**Table 4.4. Government Social Welfare Programs**

Social Assistance from the Government	Number of Beneficiaries	Expenditure (Rp million)	Source of Funding	Agency
Abandoned Children	61,019	52,467	GO	MOSW
Street Children	42,317	26,000	GO	MOSW
Delinquent and Drug Addict	2,048	5,345	GO	MOSW
Abused Children and Adults	13,560	25,000	GO	MOSW
Destitute and Poor Families in Slum Areas	591,000	240,000	GO	MOSW
Disability Program	10,540	15,868	GO	MOSW
Rehabilitation of the Socially Vulnerable	617,502	239,153	GO	MOSW
Elderly	11,682	15,190	GO	MOSW
Others				MOSW
Rehabilitation of Sex Worker	83,386		GO	
Social Assistance to Patriot	26	40	GO	
Natural and Social Disaster Victims	342,024	784,311	GO	MOSW
Rice for the Poor	12,000,000	4,830,778	GO	BULOG
Provision of Small Housing Program				MOHPW
Housing for the poor	17,700	14,114	GO	
Small housing program	494,000	256,000	GO	

Source: Most information are from interviews.

poor basic health and maternal services as well as nutritional improvement services to malnourished pregnant/lactating mothers and under-five children. The three main target groups are (i) the poor; (ii) pregnant, birthing, and lactating women, and the babies of the vulnerable groups; and (iii) malnourished vulnerable groups.

The second program is called Penanggulangan Dampak Pengurangan Subsidi BBM Bidang Kesehatan (PDPSE-BK) or Alleviation of the Health Impacts of Oil Subsidy Reduction (AHIOSR). The program was set up in 2001/02. As implied by its name, the objective of PDPSE-BK/AHIOSR is to cope with the health impact of oil subsidy reduction by providing free basic health services to the poor (especially "Health Card" holders). These two projects are currently under the same program called Program Kompensasi Pengurangan Subsidi Bahan Bakar Minyak Bidang Kesehatan (PKPS-BBM BidKes).

The programs involved the following: (i) provide free health services in the form of in-patient care for the poor; (ii) free basic *Puskesmas* (health centers) services and generic medicine for the poor; and (iii) free Hepatitis B immunization for the poor and their babies. The assistance given to the poor is in the form of services, immunization, and medicine. The poor who get sick can use the out- and in-patient services and receive free medication. The cost of these services is then reimbursed by the Government.

Eligibility is conferred by the issuance of health cards provided to families generally falling within the pre-welfare and welfare 1 categories used by several agencies for poverty-targeting. In some areas, *kartu miskin* (a poor certificate) can be used to obtain the benefits of these programs.

The cost of JPS-BK in 2002 was about Rp500 billion, funded by the Government. In 2002, the program targeted around 4.4 million in-patient days at 446 hospitals, free Hepatitis B vaccine for 1437 babies of the poor, and free generic medicine for 47.9 million poor people.

In the 2003, PKPS-BBM BidKes spent about Rp945.25 billion to provide health services for the *keluarga miskin* (Gakin) or poor households. The beneficiaries are:

- (i) around 88,000 in-patients (156% of the target) with the average of five-day stay in the hospital;
- (ii) 14,670,000 poor people (out of the targeted 14,776,928) treated by *Bidan Di Desa* (BDD) or midwives in the village;
- (iii) 37,600,000 poor people given medicine (100% of the target); and
- (iv) 1,393,890 poor babies (100% target) given hepatitis vaccine.

Summary information on these two programs is given in Table 4.5.

**Table 4.5. Government Assistance in Health**

	Social Assistance from Private Sectors and NGOs	Year	No. of Beneficiaries	Expenditure (Rp million)	Source of Funding	Agency
1	Social Safety Net for Health (SSN-H)	2002	48,800,000	469,900	GO	MOH
2	Alleviation of the Health Impacts of Oil Subsidy Reduction (AHIOSR)	2003	53,751,890	945,250	GO	MOH

Source: from interview and various documents.

## 5. Social Assistance from National Private Sectors and NGOs

In Indonesia, reciprocity or *Gotong Royong* (community self-help) has been the tradition since the old time. A fundamental tenet of Islam is *Zakat*, whereby well-off Moslem community members of their income should donate some of their income (up to 2.5%) to the poor. Christians also have a long tradition of community self-help and charity. In consequence, there are many private or religious NGOs operating welfare programs. The most important of these programs are described below.

### a. Student Scholarship of GN-OTA

The Foster Parent Movement Foundation or Gerakan Nasional Orang Tua Asuh (GN-OTA) was founded in order to provide school scholarships for the children of poor families. The foundation collects contributions from donors and distributes it to the poor. GN-OTA has many potential donors such as government agencies (10), private institutions (seven), community groups (14), individuals (174), and NGOs (three).

To publicize the scholarships, GN-OTA distributes leaflets and application forms throughout the country, collects the applications, and selects the eligible students who will be awarded the scholarship. The scholarship is given to the recipients to pay for tuition and buy some school materials and equipment. The target is to prevent poor and disabled children aged 7 to 15 years old from dropping out of schools. To apply for the scholarships, a school must, by way of school board meeting, identify eligible children, complete and send applications to the foundation.

In the 2002/03 academic year, the donors contributed Rp4,948 million, while the money distributed is approximately Rp6,877 million. With this amount of money the institution can help around 59,604 primary and 12,605 secondary school children as targeted. The definition for the poor used to

identify the beneficiary is adopted from BKKBN/NFPB, namely families in the pre-prosperous and prosperous level I categories.

### **b. Bazis Program**

Badan Amal Zakat, Infaq, dan Sodakoh (Bazis) or Board of Religious Levy/Alms/Donation of Islam followers consists of four important units, each responsible for different programs: disaster victims, education, health, and economic assistance.

#### **(i) Bantuan Kemanusiaan Korban Bencana Alam/ Humanitarian Assistance for Natural Disaster Victims**

The objective is to assist and rehabilitate natural disaster victims. The activities are distributing food, clothing, school kit, and health services to the victims. In 2003, The National Bazis spent about Rp654 millions to assist approximately 77,682 natural disaster victims. This program is excluded from SPI, since it is a general program and the data is unpredictable. It is not directed to any of the target groups within this study.

#### **(ii) Bantuan Pendidikan/Educational Assistance**

The objectives are to provide scholarship for school children and students at universities in order to improve the intellectual capability of the younger generation. The activities include identifying poor students and distributing scholarships. In 2003, the organization spent Rp252 million to assist 1,805 students. This is actually a child protection project.

#### **(iii) Bantuan Kesehatan/Health Assistance**

The broad objective is to improve the health status of the people and the activities are to provide free health services, family doctors for the poor, and fumigation against *Aedes Aegypti* mosquitoes. There were 11,606 outpatients as well as in-patients receiving health assistance for which the organization spent Rp418.10 million. This is social assistance for the poor, since Bazis programs are always directed to the needy ones.

#### **(iv) Bantuan Ekonomi/Economic Assistance**

The objective is to create employment and improve the income of the poor. This is achieved by distributing some facilities and access to work or to do business. Compared to other Bazis programs, this program is very small. In the same year, the program succeeded in making 155 proposals, which enabled them to get a total of Rp399 million. This program is categorized as a microcredit program.

Bazis program also exists at provincial and district level, but as mentioned before only the national Bazis was visited. Therefore, the contribution of provincial Bazis to national SP program can only be estimated here. Based on the fact that the amount of money circulated in Jakarta is 60% and taking to an account that Jakarta Bazis is a strong organization (estimated to contribute 50%), it is estimated that the national Bazis programs contribute around Rp2,585 millions to assist 139,570 beneficiaries.

### c. Mass Media Programs

Indonesian's characteristic of gotong royong is seen in the daily activities of almost all communities and groups. Among electronic media, newspapers, and magazines there are some activities directed to assist the needy. Some of the activities are regular and some others are ad hoc, i.e. for emergencies or natural disasters. Table 4.6 lists the daily newspapers and magazines that operate these programs.

**Table 4.6. Newspapers and Magazines with SP Program**

Newspaper/Magazine	Location	Program	Periodicity
Kompas	Jakarta	Dana Kemanusiaan Kompas	Regular
Republika	Jakarta	Dompot Dhuafa Republika	Regular
Suara Pembaruan	Jakarta	Dompot Bencana SP	Ad hoc
Media Indonesia	Jakarta	Dompot Bencana MI	Ad hoc
Jawa Pos	Surabaya	Jawa Pos Peduli	Ad hoc
Suara Merdeka	Semarang	Peduli Bencana	Ad hoc
Pikiran Rakyat	Bandung	Dompot Amal	Regular
Kedaulatan Rakyat	Yogyakarta	Dompot Bencana Alam	Ad hoc
Bali Pos	Denpasar	Dana Punia	Regular
Nusa Tenggara	Denpasar	Dana Punia	Ad hoc
Fajar	Makasar	Dompot Peduli	Regular
Sianggalang	Padang	Dompot Amal	Ad hoc
Akcaya	Pontianak	Dompot Akcaya	Ad hoc
Lampung Pos	Lampung	Lampung Peduli	Ad hoc
Manado Pos	Manado	Bersih-bersih Manado	Ad hoc
Waspada	Medan	Peduli Waspada	Ad hoc
Surya	Surabaya	Surya Peduli Kesehatan	Regular
Solo Pos	Solo	Solo Peduli	Regular
Banjarmasin Post	Banjarmasin	Tolonglah Daku...! Banjarmasin Peduli	Ad hoc
Majalah Femina	Jakarta	Yayasan Sekar Melati	Regular
Majalah Panji			
Masyarakat	Jakarta	Pundi-pundi Umat	Regular
Majalah Kartini	Jakarta	Dompot Kartini	Regular
Majalah Ummi	Jakarta	Takaful	Regular

**The Wallet of the Poor.** It is a program ran by DD Republika Foundation, which was registered on July 2, 2003. The objective is to improve the usage of community assets for self-help. The activities are distributing goods for the poor such as food and clothing and providing money to cover medical costs, schooling and housing cost, mortuary/burial expenditures, and for emergency purposes, as well as for business credit. The funding comes from Moslem donors and religious tax (*Zakat, infaq, and sodakoh*). The assistance will be given only to Moslem poor. The number of beneficiaries in 2003 was 400,000 persons and the amount of money spent was Rp822 million.

Only one of the SP program ran by or related to daily newspapers or magazines has been investigated. Assuming that all eight Jakarta media groups have similar programs to the Wallet of The Poor, then the printed Jakarta media will contribute more than Rp6,579 million of expenditure to national SP program and will benefit around about 3,200,000 people.

Electronic media does not want to be left behind by others (see Table 4.7.). Among seven TV stations, five of them have social assistance programs. Indosiar Peduli Kasih is the name of a well-known social program broadcast by the by Indosiar TV Station. The program started in September 2000. It has several activities including distribution of writing books to students through schools and foundations and health assistance to the poor among others. Until 2003, this program has helped finance the medical treatment costs of 2,064 patients or nearly 700 patients each year including 34 patients who underwent cardiac surgery in mid-2003. The amount of fund collected since the beginning

**Table 4.7. Electronic Media with SP Program**

Name of Media	Location	Program	Periodicity
RCTI	Jakarta	RCTI Peduli	Regular
SCTV	Jakarta	Pundi Amal SCTV	Regular
Indosiar	Jakarta	Peduli Kasih	Regular
TPI	Jakarta	TPI Peduli	Regular
Anteve	Jakarta	Kharisma	Regular
Radio Elshinta	Jakarta	Elshinta Peduli	Regular
Radio News FM	Jakarta	Dana Kemanusiaan	Regular
RRI Pro 2 FM	Jakarta	Pro 2 Peduli	Ad hoc
Radio Ramaco FM	Jakarta	Ramaco Peduli	Ad hoc
Radio Delta	Jakarta	Delta Peduli	Ad hoc
Radio Music City FM	Jakarta	Music City Care	Regular
Radio SP FM	Jakarta	SP Peduli	Regular
Radio MQ AM	Bandung	Kencleng Umat	Regular
Radio Prosalina	Jember	Dompot Bencana	Ad hoc
Radio Pelita Kasih	Jakarta	Dompot Kasih	Ad hoc
Radio Akbar	Jember	Peduli Bencana	Ad hoc

of the program has reached more than Rp18,000 millions. It is estimated that each year the program will spend around Rp5,000 million each year.

To estimate the contribution of electronic media to the national SP program, similar assumptions were used as for the print media programs. All four TV stations combined with all radio stations are equal to four times Indosiar's program. This will produce the estimated figure of electronic media's contribution to national SP program to nearly 3,500 beneficiaries and around Rp25,000 million of spending. Most of the assistance is for the medical treatment of poor families.

Table 4.8 summarizes SP projects and programs conducted by the private sector and nongovernment organizations.

**Table 4.8. Private Sectors and Nongovernment Assistance**

Social Assistance From Private Sectors and NGOs	Number of Beneficiaries	Expenditure (Rp million )	Source of Funding	Agency
Student Scholarship	72,209	6,877	NGO	GN-OTA
Health Program	11,606	418	NGO	BAZIS
Disaster Victim Program	77,682	654	NGO	BAZIS
Economic Program	155	399	NGO	BAZIS
Education Program	1,805	252	NGO	BAZIS
The Poor Wallet & Daily Newspaper Program	3,200,000	6,579	PS	D-HUAFA
Pedulii Kasih & TV Program	3,500	25,000	PS	INDOSIAR

Source: Authors.

## E. Micro-/Area-Based Schemes

### I. Microcredit Programs

Microcredit in general is not part of ADB's definition of SP, although it can be included if MCF projects "include microinsurance, promote community self-help or other social protection policies." In Indonesia, most MCF projects are directly targeted at the poor, often through NGOs. They involve small loans and operate through small household credit groups. Interest rates (especially of the government schemes) are often subsidized, and they require little or no collateral. MCF schemes form an important component of both government and foreign-funded, integrated poverty alleviation projects. They are also seen as being potentially effective in adding to the assets of poor households. Finally, they are programs directly targeted at poor households—which we see as being one key objective of SP programs. For these reasons, we considered that they should be included as part of Indonesia's SP activities.

The main MCF program is *Kredit Usaha Keluarga Sejahtera* (KUKESRA) or Credit for Family Welfare. The main objective of the credit scheme is to empower families, especially of categories *pra-sejahtera* (pre-welfare) and *sejahtera 1* (welfare 1)<sup>11</sup> by giving soft credit at low interest rates through a simple and quick procedure for the enhancement and development of their economic activities. Funds are provided by the Mandiri Foundation (Self-help Foundation). This foundation was established by the former president Suharto during the period of economic boom in Indonesia in order to manage the large amount of charitable funds donated by successful businessmen. The Mandiri Foundation initially channeled the funds to poor households through the family planning board in order to support the implementation of the birth control program. The credit scheme is operated through one of the largest national banks, Bank Negara Indonesia, using its widespread network of branches in cooperation with the local post offices.

The credit is given to individuals, but to increase the scale of the business they must organize themselves in groups called UPPKS groups. These groups consist of families of different welfare stages interacting to pursue the same effort in enhancing their productive economic activities. In addition to achieving economies of scale, the UPPKS also provide a structure for other government family development programs. There are many constraints in developing the economic activities of members of the UPPKS, because the families are mostly subsistence households. The main constraints relate to inferior technology and lack of marketing know-how.

One solution is to create partnerships with more capable enterprises. However, these enterprises need incentives to encourage them to form such partnerships with the KUKESRA households. The Government has therefore introduced a credit called *Kredit Pengembangan Kemitraan Usaha* (KPKU) or Credit for Business Partnership Development. KPKU is given to SMEs and cooperatives to assist the development of small-scale household economic activities through mutual partnerships by providing lower prices for inputs, marketing of the products, as well as technical and managerial advice to the households receiving KUKESRA. This way the credit will help both the households and the SMEs. The Department of Cooperatives and Family Planning Board are responsible for listing the SMEs and cooperatives eligible for KPKU who can cooperate with the UPPKS. Funds are disbursed through BNI and BRI subject to normal bank requirements.

<sup>11</sup> These are household categories based on a poverty typology developed by various agencies in Indonesia to target poverty reduction programs. The typology is based on a variety of indicators, including housing conditions, purchases of new clothing or shoes, and frequency of eating meals with meat.

Again, to ensure the success of the use of the credits by the households, another type of credit, credit for the application of correct technology and poverty alleviation (*Kredit Penerapan Teknologi Tepat Guna-Pengantasan Kemiskinan* [KPPTG-TASKIN]) is also provided to eligible groups. The objective is to assist the families to purchase and use the correct tools and equipment to step up their productivity.

By January 2003, the achievement of the credit scheme is Rp53,982 million for KUKESRA; Rp197,099 million for KPKU; Rp45,703 for KPPTG-TASKIN; and Rp23,978 million for KUKESRA-Mandiri. Therefore, the total amount of credit in 2002 is Rp320,762 million. The beneficiaries covered are 10,272 groups or 557,942 people for KUKESRA; 12,634 groups or 232,598 persons for KPKU; 6,396 groups or 117,754 persons for KPPTG-TASKIN; and 56,970 groups or 104,885 persons for KUKESRA-Mandiri. In total, over one million people have benefited from these credit schemes.

The coverage of the credit program cannot be ascertained precisely, since it depends on certain criteria of household consumption to determine the pre-welfare and welfare 1 groups. However, it was mentioned that so far after its long existence, the beneficiaries have covered about 75% of the number of households eligible for the credits.

In January 2003, a Memorandum of Understanding between all the institutions concerned in one way or another with the credit scheme was issued to terminate all credits. The plan is to replace the schemes with more suitable ones, following the change of socio-economic conditions after the economic crisis. One of the new schemes is to provide credit to empower the UPPKS to become sound local financing institutions. Another proposal is to provide credits without collateral to successful KUKESRA recipients, sufficiently large enough to enable the sustained development of their productive activities. There are other proposals in the pipeline. However, none of these newly planned credits have yet been implemented.

## **2. Area-Based Programs**

Government policy on poverty alleviation is based around the community empowerment approach to improve the income of the poor. The microcredit programs mentioned above essentially involve the promotion of income-generating activities through soft loans to individual families or groups of several poor families to enable them to increase their incomes and thereby, to fulfill their basic needs. There are also a number of programs that aim to help the poor through a community-based approach by improving community facilities. These include the Sub-district Development Program, the Backward Village Development Program, and the Village Facility Program. The following four

programs are considered to contain elements that fall within this study's definition of social protection.

**a. Small Farmer and Fishermen Income Alleviation Program (P4K)**

The Ministry of Agriculture is the executing agency for this program, which is funded by ADB, IFAD, and the Government of Indonesia. The objective of this program is to develop a participatory and sustainable approach to empowering the rural poor, especially small farmers and fishermen, by increasing their income and prosperity. There are two main activities:

- (i) providing opportunities for poor families to develop and manage productive business through nonformal education, and
- (ii) assisting the poor by providing affordable loans through the funding of microenterprise.

Basically, the empowerment is performed through six stages of credit. It is hoped that the accumulation of the credit for the small farmers and fishermen will, at the final stage, increase their income per capita above the poverty line and increase individual and group access to capital, markets, and technical assistance required for the development of enterprises. Counselors consisting of field social workers assist in each stage by providing facilities, guidance and training.

**b. Poverty Alleviation through Agro-business System Approach**

This is a program implemented by the Ministry of Agriculture and has been in operation since 2002. The funding provided by ADB, IFAD, and the Government of Indonesia totaled to Rp1,600 billion consisting of group empowerment activities (Rp167.2 billion), financial intermediation (Rp1,211 billion), and strengthening institutional counseling (Rp254.4 billion). The objective is to build self-supporting, empowered local communities that can develop village facilities, and increase family income and prosperity by developing agro-business. The target group of this program is the poor and most of the funds are channeled directly to individuals as microcredit via the banks or other suitable financial institutions.<sup>12</sup> Since the objective of the project is to increase the income for the poor, this project is included in poverty alleviation. Funds for group empowerment and institutional counseling strengthening component are channeled through normal government mechanisms.

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<sup>12</sup> Where local conditions are not ideal, funds are channelled to banks via the government budgetary system.

### **c. Urban Poverty Alleviation Project (P2KP)**

This program is the responsibility of the Ministry of Settlement and Public Works (KIMPRASWIL). The funding for the period of December 1999 to December 2003 is equivalent to \$100 million coming from IDA credit No. 3210-IND. Term of credit is for 30 years with a grace period of 6 months. Up to December 2001, the project expenditure amounted to \$49.4 million to assist 45,000 families.

The objectives of the program are to accelerate poverty eradication and increase the capacity of government institutions to alleviate poverty in urban areas, but especially in the largest cities. The activities are based on the integration of the three effort (*tridaya*) concept: (i) social empowerment activities to increase manpower capability through the development of institutions at grassroots level; (ii) economic empowerment activities by increasing productive economic activities through revolving loans; and (iii) environment empowerment activities to increase the quality of housing and settlements. Targeting is at the ward (*kelurahan*) level with teams consisting of a ward facilitator (*fasilitator kelurahan*) and a regional management counselor (*konsultan manajemen wilayah*) assisting the community group (*kelompok swadaya masyarakat*), which runs the income-generating activities.

Data on expenditure on this program in 2002-2003 is estimated to have been around \$33.76 million, Rp287 billion covering around 45,000 families or 171,000 people.

### **d. Economic Empowerment of Coastal Community (PEMP)**

The executing agency of the program is the Ministry of Maritime and Fisheries. The fund originated from the fuel subsidy reduction program in fiscal year 2002, with the allocation of funds from the Ministry of Finance to eligible districts and cities. PEMP consists of three components: (i) funds for community productive activities, (ii) PEMD consultative funds, and (iii) project management funds

The general objective of the program is to increase the prosperity of the coastal community through the strengthening of social and economic institutions, and local participation by sustainable and effective uses of coastal and sea resources. To meet this objective, the ministry set specific objectives as follows:

- (i) increasing participation in planning, performing, controlling and developing local economic activity;
- (ii) creating jobs and business opportunity of coastal community link to coastal and sea resources;
- (iii) strengthening social economic institutions and cooperation in supporting regional development;

- (iv) accelerating productive economy of coastal community; and
- (v) decreasing the burdens caused by fuel price increase by creating sustainable business enterprises.

One important objective of this project is to increase income and create employment opportunities. However, there is no direct transfer of funds to the target groups. The objective is mainly obtained through institutional development. This project is, therefore, excluded from the study.

### 3. Summary of Area-Based Schemes

The expenditure and beneficiaries of the Micro-/Area-based schemes described above are given in Table 4.9.

**Table 4.9. Summary of Micro-/Area-Based Schemes**

Program/Project	Number of Beneficiaries	Source of (Rp million)	Expenditure Funding	Agency
KUBE*	44,570	42	GO	MOSW
KUBE for the socially vulnerable	900	720	GO	MOSW
Small farmers and fishermen	253,000	444,000	GO/foreign	MOA
TAKESRA/KUKESRA	1 million	320,762	GO	FPB
City Poverty Alleviation Project (P2KP)	171,000	287,000	GO/IDA	MOHPW
Poverty Alleviation Through Agribusiness (loan component)		1,211,000	GO/foreign	MOA

Basis = Islamic Charity Organization; FPB = Family Planning Board; GO = Government; MOA = Ministry of Agriculture; MOHPW = Ministry of Housing and Public Works; MOSW = Ministry of Social Welfare; NGO = Nongovernment Organizations;

\*These are programs, including microcredit targeted at vulnerable groups.

Source: Most information from interview and various documents

## F. Child Protection Programs

### 1. Child Support Programs

These internationally funded programs described in Section D. Social Assistance and Child Protection Programs are described under F.

### 2. Government Educational Assistance Programs

The Ministry of National Education (MONE), and the Ministry of Religion (MOR) are responsible for assisting members of vulnerable groups with their education. MONE is executing a program with three subprograms: (i) special student assistance, (ii) nonformal education, and (iii) university student

fellowship. The MOR supports religious schools through three subprograms: student assistance (one program) and social assistance to teachers (two programs). Details of these programs are given in the following paragraphs.

**a. Special Student Assistance (*Bantuan Khusus Siswa* [BKM])**

The objective of this program is to prevent poor children from dropping out of school by giving them monthly allowances: Rp60,000 to poor primary school students; Rp120,000 to poor secondary school students; and Rp150,000 to poor high school students. In 2003, 7,416,252 students received total assistance of Rp579,810 million.

Beneficiaries (dropouts or potential dropouts) are identified by the school board based on teachers' knowledge of students who are always late in paying school fees, own only a limited number of school uniforms, and/or do not have textbooks or school equipment, etc. The list of these students is then sent to the region's Education Office. The assistance given by the Government is in cash and is directly mailed to the student account at schools.

The BKM program is also implemented in religious schools supervised by MOR with the aim of preventing poor children from dropping out of *Madrasah* (Islamic Schools). Allowances are lower than the MONE program: Rp60,000 to poor students in *Madrasah Ibtidaiyah* (primary school); Rp120,000 to poor student in *Madrasah Tsanawiyah* (secondary school students); and Rp150,000 to poor students in *Madrasah Aliyah* (high school students). In 2003, the program spent Rp48,600 millions to help 683,550 students.

**b. Nonformal Education**

The objective of this MONE program is to improve educational standards through nonformal education or training. The program is directed at three different target groups, namely school dropouts, unskilled community members, and young university graduates. Two different kinds of training are involved (see below). In 2003, spending for these activities reached Rp239,154 millions and there were 617,502 participants out of nearly 16.8 million targeted persons. The program's funding comes from the fuel subsidy budget set aside to improve the education of the poor. This program is considered to be a labor market program since its objective is to assist school dropouts, unskilled community members, and young university graduates to find employment.

**(i) School Dropouts Training**

Primary school dropouts have such limited knowledge that they are unable to compete in the labor market. To assist them to improve their knowledge, the ministry attempts to train them through nonformal education programs, such

as functional literacy training program and A/B/C package program. Utilizing the program A package, primary school dropouts can accomplish a primary school diploma; B package program enables secondary school dropouts to attain secondary school diploma; and C package program creates the opportunity for senior high school dropouts to accomplish a senior high school diploma.

### **(ii) Community Training**

The community training consists of two types, namely training directed at unskilled community members and training to young university graduates. The materials for the two trainings are different. The objective of the first training is to provide assistance to community members lacking a skill to find job, while the second one is to provide assistance to university graduates to set up businesses.

### **c. Student Fellowship Program**

The main objectives of the programs are to (i) lighten the burdens of families who have been victims of riots, (ii) reduce dropout students caused by economic troubles, and (iii) help students finish their studies on time. Scholarship funds are given to undergraduate students in state-owned and private universities: diploma program (D1, II, III and IV) and bachelor degree (S1).

Students are eligible, if they can provide a letter of reference from an authorized provincial government stating that the parents of the students are poor and cannot provide for the student's education due to riots in their hometown areas (e.g. Maluku, Papua, Aceh, West/Central Borneo, Central Sulawesi, and East Nusa Tenggara). The letter must also state that the student is still registered at a university (proven by student ID card), not receiving any other scholarship program, and well behaved on and off campus.

The fellowship programs are funded by the Government and the Japanese Government. In 2003, the Japanese Government donated Rp135 million to the program and in the same year the Government spent about Rp34,056 million. The direct assistance to each student is Rp1.20 million a year from the Government, while the donor agency provides Rp0.90 million a year per student. In 2003, the ministry gave fellowships to 28,380 students while the donor in 2002 gave assistance to only 150 students as they require a higher level of academic ability from the students.

### **d. Special Teacher Assistance (BKG)**

Another program under the MOR is *Bantuan Khusus Guru* (BKG) or Special Teacher Assistance to teachers in *Raudatul Athfal* (Islamic pre-school), Madrasah Ibtidaiyah, Madrasah Tsanawiyah, and Madrasah Aliyah. The

objective is to increase the earnings of teachers in remote and poor areas in order to improve the quality of teaching. The allowance given to each teacher is Rp900,000 per year. Teachers are eligible, if they teach in schools located in remote rural areas with insufficient number of teachers and are considered to be good standard teachers. The allowances are mailed directly to the recipients' accounts.

In 2003, the expenditure of the BKG program was Rp302,169 millions to help 251,807 teachers. This is a program to subsidize the income of teachers. The income of teachers is generally low, but they are not in the category of poor people. Furthermore, the program does not involve the direct educational assistance; it, therefore, falls outside the definition of social protection.

#### **e. Contracted Teacher Assistance (*Bantuan Guru Kontrak* [BGK])**

This project is also managed by the Ministry of Religion. The objective is to recruit more teachers to improve the quality of religious education. The allowance given to them is Rp5.5 million per annum. Compared to BKG, this program is much smaller in coverage. In 2003, it only spent Rp74,520 millions to assist 13,550 contracted teachers. As with the preceding program, this program falls outside the definition of social protection.

#### **f. Summary of Government Educational Assistance Programs**

Table 4.10 summarizes the key information on these programs.

**Table 4.10. Government Assistance on Education**

Program	Year	Number of Beneficiaries	Expenditure (Rp million)	Agency/Funding
Special Student Assistance (BKM)	2003	7,416,252	579,811	MONE
Special Student Assistance (Bantuan Khusus Murid/BKM)	2003	683,550	48,600	MOR
Non Formal Education Student Fellowships	2002	617,502	239,154	MONE
Student Fellowship (BLN)	2003	150	135	JICA
Student Fellowship (PKPS-BBM)	2002	28,380	34,056	MONE
Special Teacher Assistance (Bantuan Khusus Guru/BKG)	2002	251,807	302,169	MOR
Bantuan Guru Kontrak (BGK)	2002	13,550	74,520	MOR

Source: Interviews and internal reports.

Notes: MONE = Ministry of National Education; MOR = Ministry of Religion; JICA = Japan International Cooperation Agency.

## **G. Internationally Funded Programs**

### **I. UNICEF**

UNICEF runs six main programs in collaboration with the Government of Indonesia. Among those programs, there are four programs that could be categorized as SP Program: (i) Mother and Early Child Care (MECC), (ii) Basic Education for All (BEFA), (iii) Children Need Special Protection (CNSP), and (iv) Emergency Situation (ES).

Each of these programs consists of several activities directly targeted at beneficiaries, while others were involved in the improvement of facilities, provision of supplies, technical assistance, and cash assistance to operating costs. Total funding for 2003 fiscal year was \$3.7 million drawn from their regular budget and \$15 million taken from special donations. UNICEF focused these programs on 40 districts located in seven provinces.

#### **a. Mother and Early Child Care (MECC)**

The main focus of the program is to provide immunizations and vitamin supplements to mothers and young children, so as to reduce child and maternal mortality, and promote safe pregnancy and birth, and child health. Below is the summary of what had been achieved by mid-2003:

- (i) Polio immunization given to 21.8 millions children;
- (ii) Vitamin A distribution covering 14 million children under five years age;
- (iii) Maternal and neonatal tetanus covering women at productive age;
- (iv) Measles for primary school children covering 350,000 children; and
- (v) Safe motherhood covering 70,000 pregnant mothers and 304,000 children aged under five years.

The MECC program also includes the following smaller, subprograms: the Integrated Management of Childhood Illness; Capacity Building for Government Staff, Community Members and Community Midwives; Water and Sanitation (funding source: Australia); Child Growth Monitoring and Promotion; Breast Feeding Promotion; Control Micro-nutrient Deficiencies (iodine, vitamin A, food fortification); and HIV/AIDS. The major components of these programs are considered to fall within the health sector and thus, do not form part of SP.

#### **b. Basic Education for All (BEFA)**

This program is expected to improve the education of all school age children from disadvantaged groups, e.g. the children of domestic workers. It alleviates the main structural causes that hinder access to education and also promotes basic education as a whole. Life skills and functional illiteracy among youth

are also covered. The main results of this program are increased school enrolments, improved quality of schooling, more decentralized school operations and management, and increased community involvement in these. Activities that could be included as SP activities are described below:

**(i) Creating Learning Community for Children (CLCC)**

In 2003, the program benefited more than 6,700 teachers and creating a more stimulating learning environment for about 146,000 students.

**(ii) Life Skills Education for Healthy Living (LSE)**

Since its implementation in 2001, the program has reached 2,800 pupils aged seven to 12 and 8,190 pupils aged 13-15 (or 4,076 a year) and 520 teachers.

**(iii) Aceh Peace Education Project**

Peace module education curriculums have been printed and within 2.5 years, 268 teachers and youth leaders have been trained. This is benefiting about 23,640 pupils.

**(iv) Life Skill Education for Child Domestic Workers Aged Under-18**

The activity is done in Jakarta and has been confronted with difficulties. The number of target beneficiaries is only 75 each year. They are trained in life skills focusing on livelihood and protection from abuse.

This program has components that directly target vulnerable groups; thus, it is considered to form part of SP.

**c. Children in Need of Special Protection Program (CNSP)**

The main UNICEF program for CNSP supports the improvement of social and legal protection for children from discrimination, abuse, exploitation, and abandonment. Its target beneficiaries are families and children, who are marginal, especially girls. The activities are focused among others, on commercial sexual exploitation, child trafficking, abused children, street children, birth registration, and justice for youth. Institutions concerned with the empowerment of the child protection are also covered in the program. The outputs of the activities are mostly in the form of laws, regulations, researches, socializations, and related matters. No data is available on this program.

Smaller UNICEF-CNSP programs with diverse funding sources are:

- (i) Child Labor (funding source: Norway): Since 2001, this program has been focused on meeting of the stakeholders on the common position of child labor, dissemination of the National Plan of action

- for the Elimination of the Worst Forms of Child Labor, and research on child labor;
- (ii) Commercial Sexual Exploitation and Trafficking of Children for Sexual Purposes (funding source: Italy): This program focuses its assistance on the development of National Plan of Action for the Elimination of Commercial Sexual Exploitation of Children. In addition to this, the program includes research on commercial sexual exploitation of children;
  - (iii) Child Abuse (funding source: Italy): This program focuses on a training module for medical professionals regarding the identification, reporting, and referral of child abuse cases. The implementation of training material is expected to produce an improved data on child abuse at district level;
  - (iv) Child Protection Institution Building and Networking (funding sources: DfID, The Netherlands and New Zealand): This program is focused on the establishment of Child Protection Bodies; and
  - (v) Legal Reform and Juvenile Justice (funding source: the Netherlands): The significant contribution of this program is the development and the adoption of the Child Protection Law.

#### **d. Emergency Assistance (ES)**

The program aims to fulfill basic needs and women and children rights in emergency situations. Ethnic and religious conflicts in the country have already been a serious threat to the survival, development, and protection of women and children. The preparedness and response of agencies to emergency situations are also the concern of the program. The program covers the translation of UNICEF standard of emergency and training packages for stakeholders. No expenditure information is available for this program. Program activities include the following:

- (i) Access to quality education: This includes the development of an Indonesia-specific school in a box emergency education kit (for 62,500 school children), building ad hoc classrooms (for 5,500 children), provision of essential school supplies and recreation items (for 2,002,000 children), and teacher training in the emergency schools;
- (ii) Peace education. To develop a peace education curriculum and in partnership with other agencies provides online materials on peace education and human right;
- (iii) Emergency health services: This program provides cold chain supplies and immunization supplies: vitamin A, iron, iodized oil

capsule (for 505,000 children, adults, and pregnant women), essential drugs and basic health supplies (for 235,300 persons), health education and school health kits (for 20,000 school children). In addition to these, the program includes several training and recruitment of medical teams and weighing post cadres, as well as HIV/AIDS training;

- (iv) Water and sanitation: ad hoc water facilities are built to serve refugees in the camps (for 25,000 persons), restoration of solid waste system (for 219,000 people), reconstruction of water and sanitation facilities in schools (for 30,000 school children), reconstruction of water and sanitation (for 115,000 returnees), and other reconstruction of water and sanitation for local people outside the camps;
- (v) Peace building and community resilience: The program covers training for religion and ethnic mixed groups; and
- (vi) Psychosocial support and recovery: The program covers special training for counselors and teachers to help approximately 10,000 children and psychosocial training benefiting around 23,000 children.

## **2. UN World Food Program (WFP)**

The WFP was established in 1963 and Indonesia was one of the first countries to receive assistance. Because of the financial crisis, WFP returned to Indonesia to provide emergency, relief, and recovery assistance in 1998. WFP currently has three priority concerns: the urban poor, internally displaced persons, and vulnerability assessment mapping and advocacy. In the period of 2002-June 2003, WFP has assisted 300,000 poor families; 300,000 internally displaced persons; and 50,000 babies aged four to 24 months. The funding come from donors such as USA, Japan, The Netherlands, Australia, Switzerland, and New Zealand in money that totaled \$224.4 million in cash and 756,578 metric tons (t) of food aid.

The WFP programs that can be categorized as SP programs are *Operasi Pasar Swadaya Masyarakat* (OPSM) or Subsidized Rice Program, Assistance to Recovery and Nutritional Rehabilitation, and Assistance to Internally Displaced Persons (IDP).

### **a. OPSM or Subsidized Rice Program**

The objective of this program is to help the urban poor in selected big cities achieve and maintain food security. Together with local NGO partners, WFP identifies homogeneously poor communities with little access to basic foodstuffs. Within these communities NGO partners identify the most

vulnerable groups, who then become eligible for assistance. Each beneficiary family is entitled to purchase up to 5 kg of rice a week at a fraction of the normal price. Urging the poor to use the resultant savings for children's education is one of the agenda. The main targets of the program are poor families with little access to basic foodstuffs. In 2003, there were 1,738,761 beneficiaries in Jakarta and Surabaya, the main areas of intervention.

#### **b. Nutrition Program**

This specific program aims at helping malnourished children under five years old meet the essential nutritional requirements. This program involves the distribution of a food supplement called Delvita in collaboration with NGO partners. The supplement, rich in protein, minerals, vitamins, and malt, is cooked with carbohydrate food like rice, corn, or noodles. The program also includes giving instruction to mothers on how to cook the supplement and how to feed the children with dishes. The number of estimated beneficiaries in 2002 exceeded 70,000 at a cost of around Rp26 billion.

#### **c. Assistance to Recovery and Nutritional Requirements**

The objective of this major program is to improve the nutrition and health of women and children, especially refugees, through the distribution of subsidized rice, nutrition-rich biscuits and noodles, food for work, and training for refugees and capacity building. Estimated expenditure is Rp981 billion and the number of beneficiaries exceeds 1 million, 60% of which are children.

#### **d. Assistance to Internally Displaced Persons**

The initial activity of this program was to do a survey of 51,000 internally displaced persons located in 14 provinces. The findings of the survey have helped WFP, other donor agencies, and the Government to plan appropriate interventions and target the most vulnerable groups. Activities of IDP program that can be included into SP are assistance on return, relocation, and empowerment. Since 2001, WFP has provided food-for-work, food-for-training, apart from food provided to those still living in the camps. For three years, WFP has already provided aid to 300,000 displaced people located in the most difficult and hard-to-reach areas of the country, who are not covered by government programs. For the fiscal year 2003, the number of beneficiaries for this IDP program is 215,682 persons.

### **3. Save the Children (SC)**

This institution is well known for its activities related to child protection. Its goal is to strengthen the capacity of communities to meet the physical,

intellectual, and emotional developmental needs of children and youth affected by crisis. In the 2003 fiscal year, there are three main activities: (i) The Coming Home Program in Aceh, (ii) the Urban Street Children Program, and (iii) The Grassroots Anti-Trafficking Initiative.

**a. The Coming Home Program (CHP) in Aceh**

While most NGOs were heavily restricted in their operations in Aceh, SC was able to continue its ongoing program on Maternal Health, Women Empowerment, Children and Youth in Crisis, and Positive Deviance-Nutrition. In its operation, SC had to work alone without the help from local NGO partners. Despite the security problems, SC has extended its program to 40 more villages in addition to the original 21 villages of coverage. However, because of security reasons, the operation of CHP is currently focused on 3 districts—Aceh Besar, Banda Aceh, and Simeulue. The CHP expansion to Simeulue with the total population of approximately 65,470 people focuses on malaria control and positive deviance-nutrition. No statistical information is available on this subprogram.

**b. Urban Street Children Empowerment and Support Project**

This program is implemented in the four large cities, namely Jakarta, Surabaya, Bandung, and Medan. The main objective of the program is to improve the care and protection of at-risk children in large urban environment. In implementing the program, SC works together with 32 NGOs to provide direct service to 6,200 street children that include health, education, and child development activities. Among the beneficiaries, there were 42% girls.

**c. Grassroots Anti Trafficking Initiative**

The program aims to identify innovative strategies that have already existed in the community, and these are used to build community-based prevention response that reduces the number of under-age girls trafficked into the sex industry. SC Positive implemented deviance approach in addressing child malnutrition and condom use among sex workers under the age of 18. As there are no data available, and this project is not targeted to the target groups covered in this study, this project is, therefore, excluded from this study.

**4. Summary of Major Internationally Funded Programs**

Available data on the SP programs/projects funded by international funding institutes are summarized in Table 4.11.

**Table 4.11. SP Projects/Programs Funded by International Organizations**

Internationally Funded Program	Number of Beneficiaries	Expenditure (Rp billion)	Source of Funding	Agency
Mother and Early Child Care (MECC)	36,554,000	76.50	NGO	UNICEF
Basic Education for All (BEFA)	41,850	23.80	NGO	UNICEF
Children Need Special Protection (CNSP)		27.20	NGO	UNICEF
Nutrition	71,465	26.00	NGO	WFP
Recovery & Nutritional Rehabilitation	1,072,000	980.90	NGO	WFP
Mothers	140,000			
Children under-5	210,000			
Children 7-12	390,000			
Refugee	290,000			
Pop w. TB	42,000			
Internally Displaced Persons	215,682		NGO	WFP
OPSM/Subsidized Rice Program	1,738,761	119.00*	NGO	WFP

NB. Data on Save the Children programs is not available; these programs are not considered to be significant in comparison to the UNICEF and WFP programs.

\* Authors estimate

Source: Several interviews and various documents.

## V. Synthesis of Results

This chapter synthesizes the information obtained from the review of Indonesia's SP activities contained in Chapter 4. In general, the fiscal year 2002/03 has been used as the reference year for the purpose of quantifying the relevant data. The information, thus, obtained is used to derive indicators required to formulate an SPI. The proposed methodology concentrates on the following items:

- (i) annual expenditures on SP
- (ii) the coverage of SP programs and activities, i.e. the number of beneficiaries, and
- (iii) the distributional impact of SP activities.

For details concerning the methodology, see the section Social Protection Index and Multicountry Analysis of this book.

### A. Social Protection Expenditure

Owing to the difficulty of obtaining data on SP expenditure, two approaches have been tried in this study:

- (i) Top-down approach based on data from government budgets.
- (ii) Bottom-up approach based on aggregating data for individual SP programs.

## I. The Top-Down Approach

In Indonesia, government expenditures include spending by the central and regional governments. In line with the autonomy of regional government, a portion of the central government fund is allocated to the regions to finance the implementation of the delegated authority. In 2003, the amount provided for the regional governments is Rp116.9 trillion. The central government retains the majority of the fund, Rp253.7 trillion, more than twice the amount allocated to the regional governments.

The amount given to the regional governments is also meant to be redistributive in order to reduce regional economic and income differentials. Rich regions have to contribute more to the central government budget, while poorer regions receive greater allocations. The budgets of regional governments, therefore, include both locally generated revenue and central government allocations. Some spending by regional governments will definitely be for social protection. In all, there are 32 province, 345 regencies/municipalities and around 34,000 village level regional governments.

The expenditures by the central government are broadly categorized into routine (or recurrent) and development (or capital) spending. The routine expenditure is spent for implementing daily administrative and operational activities, paying interest and other obligations to the third parties, providing subsidies as well as implementing programs to protect economic stability in general, and ongoing programs for health, education and social welfare. Only the last category of expenditure may contain spending for SP.

In 2003, the routine expenditures amounted to 188.6 trillion or 9.7% of GDP. The amount spent on various subsidies was Rp25.5 trillion or 1.3% of GDP. This is less than the amount spent in the year 2002 of about Rp40 trillion or 2.5% of GDP, since a large portion of oil subsidy was withdrawn in 2003 to rationalize oil prices. Nevertheless, almost 52% or Rp13.2 trillion or 0.7% of GDP of the total subsidy in 2003 was for oil, even if this proportion was much smaller than the equivalent figures for 2002—Rp31.2 trillion or 78% of all subsidies or around 1.7% of GDP.

Kerosene, which is heavily used by low income households for cooking and lighting, is heavily subsidized. Diesel oil is also subsidized to provide a reasonable price for the fishermen and factories to cut production costs. Even gasoline is subsidized to reduce public transportation costs—the main means of transport for the poor. However, substantial proportions of these subsidies do not go to the poor. As this subsidy is not directly targeted at the poor, but is general in nature, it falls outside both this study's and ADB's definitions of SP.

Non-oil subsidies in 2003 were Rp12.3 trillion or 0.6% of GDP, higher than the Rp8.8 trillion spent in 2002. This increase is mainly caused by subsidy

on interest rates, which is around 1.7 trillion or 0.1% of GDP. However, none of this subsidy is directly meant to lower interest rates for programs to small or microenterprises. Therefore, this subsidy to lower interest rates is also excluded from spending on SP.

Another non-oil subsidy is allocated to reduce electricity tariff. Some electricity subsidy has been withdrawn, but the subsidy is still needed to assist small customers, households, social groups, and small businesses using less than 900 volt-ampere (VA). This electricity subsidy amounted to Rs.4.5 trillion or 0.2% of GDP. Again, it is not considered as expenditure for SP, as it does not only reach poor households.

There is also a fertilizer subsidy amounting to Rp1.3 trillion or 0.1% of GDP. The objective is to protect the price of fertilizer for the farmers so as to reduce the costs of cultivation. Accordingly, the farmers can buy the fertilizer at subsidized price, while non-farmers pay higher price. In practice, the market mechanism allows everybody to purchase the subsidized fertilizers, including the traders; furthermore, the subsidy is given to the fertilizer factory and not directly given to the poor farmers. Therefore, this expenditure does not fall into the category for SP.

Some of the money withdrawn from oil and electricity subsidies is collected in the social fund to “compensate” those households whose income is most at risk from the withdrawal of the subsidies. This fund is administered in the development budget. One program financed by this fund is “rice for the poor” (see previous chapter), which provides rice at a subsidized price to poor households. The rice at subsidized price is distributed through a special market operation. Each household receives 20 kg of rice per month for a duration of 12 months. In 2003, the fund allocated for this program is 4.7 trillion or 0.2% of GDP. In addition, around Rp133.9 billion is allocated to regencies/municipalities as general reserved fund to assist poor households. The target is to reach around 9.2 million poor households. The use of this fund depends on the number of poor households in their regions as reported by each regency/municipality governments.

Other activities funded through the compensation fund are for education (Rp1.9 trillion), health and social welfare (Rp1.1 trillion), food (Rp0.5 trillion), transportation (Rp0.19 trillion), clean water (Rp0.25 trillion), microcredit (Rp0.15 trillion), empowerment of coastal people (Rp0.12 trillion), unemployment (Rp0.1 trillion), contraception (Rp0.1 trillion), and monitoring and evaluation of UPM (Rp0.075 trillion). It is believed that most of the funds are direct transfers with relatively small operational costs. Therefore, all these expenditures can be considered to be SP activities. These expenditures are summarized in Table 5.1.

**Table 5.1. Government Social Welfare Expenditures, 2003**

Program	Amount (Rp trillion)	% of GDP
Food (Rice for the Poor)	4.70	0.2
Reserved Fund for Food	0.134	
Food (DKP)	0.50	
Education	1.90	0.1
Health and Social Welfare	1.10	0.1
Transportation	0.19	
Clean Water	0.25	
Microcredit	0.15	
Empower Coastal People	0.12	
Unemployment Alleviation	0.10	
Contraception	0.10	
Monitoring UPM	0.07	
<b>Total</b>	<b>9.41</b>	<b>0.4</b>

Source: Government of Indonesia: Realized and Budgeted Income and Expenditure, 2003.

Note: Dewan Ketahanan Pangan (DKP) = Food Resilience Council.

In addition to central government expenditure, regional government spending on SP must be estimated and added. Fortunately, data on realized and budgeted regional government expenditures are collected by BPS using a standardized classification. Different questionnaires are used for province, regency/municipality or village governments. These data are concisely published annually. The most recently available information is for 2002. Unfortunately, the classifications are not detailed enough to be able to accurately identify the expenditures for SP activities and programs. However, the explanation of each category of expenditure reflects some information, whether they contain components of SP.

One important source are the Financial Statistics of Province Government, 1999/2000-2002 (BPS, July 2003), containing the summarized data for 30 provincial governments. As mentioned before, these regional governments receive local income as well as income from the central government in the form of balancing funds and special allocation to finance specific projects.

The expenditure side consists of routine and development spending. The expenditure on social development is part of development expenditure, which is spending to finance development process to enhance the welfare of the people. Development expenditure consists of 21 categories of sectors, only some of which relate to social activities. These include expenditures for employment, which include spending for employment expansion, enhancing the quality, productivity, providing protection, and for the development of manpower institutions. Not all of this expenditure would fall within SP.

The second category of SP expenditure is spending for education, culture, religion, and youth and sport. This includes financing elementary school, advanced education development, out-of-school education, development of the younger generation, development of national culture, and sports. Another category is for population and family planning. Others are for health, social welfare, enhancing the role of women, children and youth. On health, it covers spending to provide health service, nutritional improvement, health information, and eradication of contagious diseases. Another category is for housing and dwelling including housing for small people, fishermen dwelling environment, drainage and clean water, and provision of people housing environment. Again, not all this expenditure can be considered to be for SP.

The breakdown of the expenditures by province government on SP is provided in Table 5.2. In 1999/2000, total expenditure in the above categories was only 18.8% of total development expenditure. It increased to 23.2% in 2001 and was budgeted to increase to 28.2% in 2002. The table also shows that the largest social expenditure is for education and health. These expenditures comprise of more than 27% of total development expenditure, while other SP expenditure was only around 1%.

Similarly, the breakdown of expenditures on social activities spent by the regency/municipality governments is given in Table 5.3. The classification and explanation of the expenditures are the same to those of the provincial governments. Only the amount is much smaller. The largest expenditures are also for education and health.

There is also spending by village governments. However, these expenditures are almost always for infrastructure development in the villages, including infrastructure for village government, production, transportation, marketing, social, and others. The total expenditure is Rp1,412 billion in the year 2002 from all 69,050 villages, where 56,844 are rural and 12,206 are urban.

**Table 5.2. Provincial Government Social Expenditure, 1999-2002**

Sector	1999/2000	2000	2001	2002*
	(Rp billion)	(% of total expenditure)		
Employment	25 (0.6)	33 (0.7)	62 (0.9)	80 (0.6)
Education, Culture, Religion, Youth and Sport	457 (10.0)	544 (10.7)	1,110 (13.1)	2,189 (17.6)
Population and Family Welfare	4 (0.1)	10 (0.2)	19 (0.2)	35 (0.3)
Health, Social Welfare, Role of women	373 (8.2)	707 (13.9)	770 (9.1)	1,199 (9.7)
All Social Expenditure	859 (18.8)	1,294 (25.5)	1,961 (20.6)	3,503 (28.2)
<b>Total Expenditure</b>	<b>4,568 (100)</b>	<b>5,071 (100)</b>	<b>8,497 (100)</b>	<b>12,423 (100)</b>

\*Budgeted.

Source: BPS, Financial Statistics of Province Government, 1999/2000-2002.

**Table 5.3. Estimated Regency/Municipality Government Social Expenditure, 2001-2002**

Sector	2000	2001 (Rp billion)	2002*
Employment	0.17	0.31	0.44
Education, Culture, Religion, Youth, and Sport	9.80	10.74	11.54
Population and Family Welfare	0.27	0.27	0.45
Health, Social Welfare, Role of Women	5.50	6.55	6.65
<b>All Social Expenditure</b>	<b>15.74</b>	<b>17.87</b>	<b>19.09</b>

\*Budgeted.

Source: BPS, Financial Statistics of Regency/Municipality Government.

The amount falling within SP is unlikely to be significant; it would in any case be insignificant in terms of central and provincial government spending.

Based on the above information, total government spending on SP could be as high as Rp12.94 trillion. This, however, includes a substantial amount of regional expenditure on basic health and education programs that fall outside the definition of SP. On the other hand, it excludes some other government expenditure, which falls outside the expenditures resulting from the safety net programs resulting from the reduction in fuel subsidies.

## 2. The Bottom-up Approach

The bottom-up approach consists of aggregating SP expenditure from the programs identified in Chapter 4. The results are presented, by subcomponent in Table 5.4 and are summarized in Table 5.5.

Table 5.4 shows that total expenditure on SP in Indonesia in 2002/03 was around Rp40 trillion. SP expenditure is dominated by the Social and Health Insurance component, which account for over 70% of total SP expenditure. The next most important component is Social Assistance, which accounts for around 20%.

Excluding the self-financing social insurance sector and internationally funded programs, total expenditure on SP derived from the bottom-up approach is around Rp11.4 trillion, which is not dissimilar to the Rp12.9 trillion estimated from the top-down approach. Despite differences in some of the programs included in each approach, this general concordance is reassuring. For the purposes of this study however, the data from the bottom-up approach is considered to be the most reliable and it will, therefore, be used henceforward.

Two indicators are estimated here. One is SP expenditure as a percentage of GDP, which is Rp41.4 trillion divided by total GDP, Rp2,087 trillion—1.9%. The second indicator is SP expenditure expressed on a per capita basis, Rp187,800, which is equivalent to \$22.1.

Table 5.4. Annual Expenditure on Social Protection by Subcomponent, 2002/03

SP Component/Program	Funding	Annual Cost (Rp billion)	Comments
<b>A. Labor Market Programs</b> (See also under microcredit)			
1. Domestic Employment Placement	MOM	10	Estimate; small fund for computerization
2. Overseas Employment Placement	SF	16	
3. Public Work Project	MOM	32	
4. Vocational and Skilled Training	MOM	41	Estimated based on A5
5. Nonformal Education (training for primary school dropouts, community members and young graduates)		MONE	239
6. Special Teacher Assistance ( <i>Bantuan Khusus Guru/BKG</i> )	MOR		Nonqualifying programs as they fall under basic education
7. Assistance to Contract Teachers ( <i>Bantuan Guru Kontrak/BGK</i> )	MOR		
8. Economic Program	BAZIS	<0.5	Promotes employment creation.
<b>A. Subtotal</b>		<b>338</b>	Without excluded programs. Employment-creation programs based on loans are included in micro-/area component.
<b>B. Social and Health Insurance for:</b>			
1. Private Company Employees	SF	9,440	Figures shown are the amounts paid to beneficiaries in 2002/03
2. Armed Forces Members	SF		110
3. Savings and Insurance for Civil Servants	SF	17,398	
4. Health Insurance for Civil Servants/ Public	SF	1,200	Estimated based on partial data.
5. Traffic Accident Insurance	SF	373	
6. Social Welfare Insurance	MOSW	8	
<b>B. Subtotal</b>		<b>28,529</b>	
<b>C. Social Assistance</b>			
1. SSN-Health	MOH	470	
2. Alleviation of Health Impacts of Oil Subsidy Reduction	MOH	945	
3. Law No.4/1979 on Disabled	MOSW		Legal framework only
4. Disability Program	MOSW	16	
5. Law No.13/1998 on Old People	MOSW		Legal framework only
6. Destitute and Poor Families in Slum Areas	MOSW	240	
7. Rehabilitation of Socially Vulnerable	MOSW	239	
8. Elderly	MOSW	15	
9. Natural and social disaster victims	MOSW	784	
10. Rehabilitation of Sex Workers	MOSW	218	Estimated
11. Delinquent and Drug Addict	MOSW	5	

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Table 5.4. Annual Expenditure on Social Protection by Subcomponent, 2002/03

SP Component/Program	Funding	Annual Cost (Rp billion)	Comments
12. Social Assistance to Patriots	MOSW	<0.5	
13. Rice for the Poor	BULOG	4,831	Funded by Government
14. Subsidized Rice	WFP	119	Funded by WFP
15. Disaster Victim Program	NBAZIS	1	NGO program
16. Health Program	NBAZIS	<0.5	NGO program
17. The Poor Wallet	DDRF*	7	*Dompet Dhuafa/ Republica Foundation
18. Peduli Kasih & TV Program	Indosiar	25	A TV program
<b>C. Subtotal</b>		<b>7,916</b>	
<b>D. Microcredit/Area-based Schemes</b> (NB. Many microcredit programs involve loans for small businesses)			
1. KUBE	MOSW	<.5	
2. KUBE for the Socially Vulnerable	MOSW	1	
3. Takesra/Kukesra	FPB	321	
4. Agro-business development	MOA/ foreign	1	
5. City Poverty Alleviation Project (P2KP)	MOHPW	287	
6. Small Farmer and Fishermen Income-Generation Project (P4KP)	MOA	444	
7. Housing for the Poor	MOHPW	270	Including small housing program
<b>D. Subtotal</b>		<b>1,325</b>	
<b>E. Child Protection Programs</b>			
1. Law No.4/1997 on Child Welfare	MOSW		Legal framework only
2. Abandoned Children	MOSW	52	
3. Street Children	MOSW	26	
4. Abused Children and Adults	MOSW	25	
5. School Children Scholarship	GNOTA	7	
6. Mother and Early Child Care (MECC)	UNICEF		Nonqualifying program as it involves provision of basic health services
7. Basic Education for All (BEFA)	UNICEF	24	
8. Children Need Special Protection (CNSP)	UNICEF	27	Funded by UNICEF
9. Special Student Assistance (BKM)	MONE	580	
10. Special School Children Assistance (Bantuan Khusus Murid/BKM)	MOR	49	
11. Student Fellowship (PKPS-BBM)	MONE	34	Funded by Government
12. Student Fellowship (BLN)	MONE	<0.5	Funded by JICA
13. Education Program	NBAZIS	<0.5	NGO program
14. Nutrition	WFP	117	Estimated based on E15
15. Recovery and Nutritional WFP Rehabilitation		981	Predominantly for children
16. Internally Displaced Children	WFP	185	Estimated based on E15
17. Save the Children Programs	SCUK	16	Estimated from SCUK accounts
<b>E. Subtotal</b>		<b>2,124</b>	Excl. nonqualifying programs
<b>GRAND TOTAL</b>		<b>40,232</b>	

Source: Chapter IV, additional interviews/research and authors' estimates.

**Table 5.5. Summary of Social Protection Expenditure, 2002/03**

SP Component	Expenditure (Rp billion)	(%)
Labor Market Programs	338	0.8
Social Insurance	28,529	70.9
Social Assistance	7,916	19.7
Micro-/Area-wide Programs	1,325	3.3
Child Protection	2,124	5.3
<b>Total</b>	<b>40,232</b>	<b>100.0</b>

**Indicators of Social Protection****Expenditure**

SP Expenditure as % of GDP	1.9%
SP Expenditure Per Capita (Rp)	Rp187,800 (\$22.1)

Source: Table 5.4.

SP expenditure in Indonesia would be substantially higher, if the fuel and electricity subsidies were considered to fall within the definition of SP. These subsidies clearly benefit the poor, although assessing the extent to which they benefit relative to the rest of the population is outside the scope of this study. Nevertheless, if these subsidies, worth around Rp30 trillion in 2003 were included, total SP expenditure would increase by over 70% to Rp70 trillion and it would represent almost 3.4% of GDP.

## **B. Coverage of Social Protection Programs**

The second proposed component of the SPI is the coverage of SP Programs. The available data and information on the number of beneficiaries of the SP programs are listed in Table 5.6. It was not possible to access data for some of the smaller programs, particularly those funded through NGOs, INGOs, bilateral, and multilateral sources. However, information is available or, at least, can be estimated, for all the larger programs. It should be noted that it is not possible to quantify the number of beneficiaries for those programs that deal primarily with capacity building/training, awareness raising, and institutional/legislative reform.

Table 5.7 provides the basis for deriving the coverage component of the SPI. It establishes the pairings of SP programs and key target groups for SP activities, i.e. those that should be included as part of the SPI. This approach is considered to represent the most logical method for deriving a coverage indicator for SP. This method is preferred for three main reasons:

- (i) It overcomes the problem of different countries having different types of program targeted at identical groups, e.g. pensions and social assistance both targeted towards the elderly; health insurance and health subsidies both targeted to the sick;

Table 5.6. Beneficiaries of Major SP Programs, 2002/03

SP Component/Program	Funding	Beneficiaries (000s)
<b>A. Labor Market Programs</b> (See also under microcredit)		
1. Domestic Employment Placement	MOM	290*
2. Overseas Employment Placement	SF	480
3. Public Work Project	MOM	21
4. Vocational and Skilled Training	MOM	211
5. Nonformal Education	MONE	618
<b>B. Social and Health Insurance for:</b>		
1. Private Company Employees (JAMSOSTEK): Membership		19,300
All Beneficiaries		11,176
a. Health program		10,486
b. Old Age program (pensions)		573
c. Accident at Work*		106
d. Assistance to the Dead*	SF	11
2. Armed Forces Members (ASABRI): Membership		
Beneficiaries	SF	86224
3. Savings and Insurance for Civil Servants	SF	1,883
4. Health Insurance for Civil Servants/Public (ASKES):		
Membership		15,040
Beneficiaries	SF	6,716*
5. Traffic Accident Insurance	SF	64
6. Social Welfare Insurance	MOSW	13
<b>C. Social Assistance</b>		
1. SSN-Health	MOH	48,800
2. Alleviation of Health Impacts of Oil Subsidy Reduction	MOH	53,752
3. Disability Program	MOSW	11
4. Destitute and Poor Families in Slum Areas	MOSW	591
5. Rehabilitation of the Socially Vulnerable	MOSW	618
6. Elderly	MOSW	12
7. Natural and Social Disaster Victims	MOSW	342
8. Rehabilitation of Sex Workers	MOSW	83
9. Delinquents and Drug Addicts	MOSW	2
10. Social Assistance to Patriots	MOSW	26
11. Rice For the Poor	BULOG	12,000
12. Subsidized Rice	WFP	1,739
13. Disaster Victim Program	NBAZIS	78
14. Health Program	NBAZIS	12
15. The Poor Wallet	DDRF*	3,200
16. Peduli Kasih & TV Program	Indosiar	3
<b>D. Microcredit/Area-based Schemes</b> (NB. Many microcredit programs involve loans for small businesses)		
1. KUBE	MOSW	45
2. KUBE for the Socially Vulnerable	MOSW	1
3. Takesra/Kukesra	FPB	1,000
4. Agro-business Development	MOF/foreign	17*

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**Table 5.6. Beneficiaries of Major SP Programs, 2002/03 (continued)**

SP Component/Program	Funding	Beneficiaries (000s)
5. City Poverty Alleviation Project (P2KP)	MOHPW	171
6. Small Farmer and Fishermen Income-Generation (P4KP)	MOA	253
7. Housing for the Poor/Small Housing Program	MOSW	512
<b>E. Child Protection Programs</b>		
1. Abandoned Children	MOSW	61
2. Street Children	MOSW	42
3. Abused Children and Adults	MOSW	14
4. School Children Scholarship	GNOTA	72
5. Basic Education for All (BEFA)	UNICEF	42
6. Children Need Special Protection (CNSP)	UNICEF	15*
7. Special Student Assistance (BKM)	MONE	7,416
8. Special School Children Assistance	MOR	684
9. Student Fellowship (PKPS-BBM)	MONE	28
10. Student Fellowship (BLN)	MONE	<1
11. Education Program	NBAZIS	2
12. Nutrition*	WFP	71
13. Recovery & Nutritional Rehabilitation*	WFP	1,072
14. Internally Displaced Persons*	WFP	216
15. Save the Children Programs	SCUK	

NB1. Nonqualifying programs have been excluded.

NB2. Where programs are targeted at households (e.g. those for housing and microcredit), the number of beneficiaries has been obtained by multiplying by the average household size, 3.8 persons.

\*These programs are predominantly, but not exclusively targeted at poor children.

Source: Chapter 4 and authors estimates (\*).

- (ii) The coverage rates derived for each target group will be more easily understandable to policy makers in both the national and international context, as it would provide an indication of the demand SP, e.g. the number of poor households in a country receiving assistance, the number of disabled people who are/are not receiving assistance;
- (iii) The issue of double counting, which would have arisen if the beneficiaries of all programs had been added up and expressed as a percentage of the overall population,<sup>13</sup> is largely avoided;

<sup>13</sup> Other reasons for discarding this approach are: (i) the indicator would be dominated by the largest programs (programs targeted at smaller groups, such as children and the disabled, would have minimal impact), and (ii) the resultant indicator would be difficult to interpret.

Table 5.7 shows the relationship between the categories of SP programs, the corresponding target groups, and the reference population. It also defines the reference populations that will be used to derive the coverage indicators. Table 5.7 presents two definitions of the reference population: the “narrow” definition of the reference population attempts to approximate the target population, while the “wide” definition includes the total population who could receive benefits from each category of program.

It should also be noted that there will sometimes be overlaps between both programs and target groups: social insurance schemes usually provide both health and pension benefits; on the other hand, poor children will be targeted by both education subsidy programs (directly) and microcredit programs (indirectly). With the approach being proposed, beneficiaries of a particular program can be allocated to more than one target group; conversely, overlaps between different programs for the same target group need to be excluded.

The next step is to relate the information on SP programs contained in Table 5.6 to the target groups shown in Table 5.7. The results of this step are presented in Table 5.8. It is important to note that some of the information presented may not be completely accurate since the exact number of program beneficiaries was not always available. In these cases, the authors either used estimates based on discussions with the relevant officials or especially where no published data existed, derived their own estimates. In interpreting the information presented in Table 5.8, it should be remembered that beneficiaries from some programs can appear in more than one category or target group. While every attempt has been made to allow for the largest overlaps between programs for the same target group, some overlaps are bound to remain. However, given the nature of the programs for each target group, it is considered that these overlaps are unlikely to be significant and will have a negligible impact on the calculated coverage rates.

Using the narrow definition of the reference population, which more closely approximates the target group, Table 5.8 shows that SP coverage rates vary widely, from 2% to over 70%. Specifically:

- (i) Coverage of CSWN is very high—over 70% of the five to 14 year age group. While this undoubtedly reflects the fact that many beneficiaries will fall outside this age group or may not be poor, it underlines the current government priority of providing educational assistance to children in need;
- (ii) Over 40% of the population is covered by either health or subsidized treatment costs. Again, this shows the Government’s determination to provide health care to those outside the formal

**Table 5.7. Social Protection Target Groups, Types of SP Programs, and Reference Populations**

Target Group	Type of SP Program*	Reference Population— Narrowly Defined**	Reference Population— Widely Defined
The Unemployed and Underemployed	All labor market programs (relevant training and job creation through SME support); food for work programs; targeted public works programs	The unemployed and underemployed	Total labor force/active population
The Elderly	Pensions Social assistance to the elderly	Population Aged 60+ years	Population aged 60+ years
The Sick	Formal health insurance Microinsurance Subsidized health costs or exemptions Senior citizen treatment allowance	Total population	Total population
The Poor (especially the severely poor and disadvantaged)	All recipients of basic social welfare/assistance payments Land tax exemptions Residential care for vulnerable groups Food aid But excluding education and health programs as well as those for the disabled	Poor population	Total population
	Microfinance/credit	Poor population	Total population
The Disabled	All forms of assistance programs for the disabled (including recipients of social assistance, training programs)	The disabled population	The disabled population
Children with Special Needs (CWSN)	Educational programs (e.g. fee exemptions, scholarships, school feeding programs, etc.) All other identified child protection programs	Poor children, aged 5-14 years	All children, aged 5-14 years

\* These are generic programs and will vary from country to country.

\*\* Essentially equivalent to the target population.

- insurance schemes by using the additional finance available from the reduced fuel subsidies;
- (iii) Similarly, over 40% of the poor receive some assistance. This is mainly due to the Rice for the Poor program, which benefits around 12 million people, most of which will be poor. There are also other major programs targeted at the poor operated by WFP and voluntary organizations;
  - (iv) Around 16% of elderly people receive assistance; almost all of these are part of formal schemes. Few poor elderly people receive targeted assistance, except as part of the general social assistance schemes;
  - (v) Coverage of labor market programs is around 6.5% due to the high level of nonformal education. It would be higher, if it had been possible to separate out the microcredit employment generation programs;
  - (vi) Coverage of microcredit programs targeted at small businesses and households is very low, around 5% of the poor, reflecting the fact that it remains difficult to provide credit to households who can provide little, if any, collateral, and who have low technical or business know-how; and
  - (vii) The low coverage of the disabled is probably an under-estimate, as several social and health assistance programs will benefit some disabled people. Nevertheless, it is apparent that there are no significant programs targeted directly at this group.

The final point to note is that, in most cases, the coverage rates are dominated by a few, very large government-operated programs. Even the large UNICEF and WFP programs are small in comparison to programs such as formal Social insurance, “Rice for the Poor,” and the health and education assistance.

In the section Social Protection Index and Multicountry Analysis of this book, the seven indicators of coverage will be combined into a single indicator for the SP coverage component.

Table 5.8. Coverage of Major SP Programs by Target Group, 2002-2003

Target Group	Applicable Program	Beneficiaries (000s)		Reference Population*		Coverage (%)	
		Program	Total	Narrow	Wide	Narrow	Wide
<b>The Unemployed/ Underemployed</b>	1. Domestic Employment Placement	290					
	2. Overseas Employment Placement	480					
	3. Public Work Project	21	1,620	24,825	100,316	6.5	1.6
	4. Vocational and Skilled Training	211					
	5. Nonformal Education	618					
<b>The Elderly</b> (small programs omitted)	B1. Pensioners (b+d)	584	2,467	15,682	15,682	16	16
	B3. Pensioners (TASPEN)	1,883					
<b>Health Insurance and Assistance</b> (major programs only)	B1. JAMSOSTEK	19,300	90,000**	214,370	214,370	42	42
	B4. ASKES	15,040					
	C1. SSN-Health	48,800					
	C2. Health Impacts	53,751					
	C7. Destitute/poor families in slum areas	591					
<b>The Poor—Social Assistance</b> (major programs only)	C8. Rehab. of socially vulnerable	618	16,000***	37,300	214,370	43	7.5
	C10. Natural and social disaster victims	342					
	C14. Rice For the Poor	12,000					
	C15. Subsidized Rice	1,739					
	C18. Wallet for the Poor	3,200					
	E15. Recovery/Nutritional Rehabilitation <sup>1</sup>	1,072					
	E16. Internally Displaced Persons (WFP) <sup>2</sup>	216					
	D1/2. KUBE	56					
	D3. TAKESRA/KUKESRA	1,000	1,992	37,300	214,370	5.3	0.9
	D5. City Poverty Alleviation Project (P2KP)	171					
D6. Small Farmer/Fishermen Income- Generation (P4KP)	253						

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Table 5.8. Coverage of Major SP Programs by Target Group, 2002-2003 (continued)

Target Group	Applicable Program	Beneficiaries (000s)		Reference Population*		Coverage (%)	
		Program	Total	Narrow	Wide	Narrow	Wide
Disability programs	D7. Housing Programs	512					
	F2. Disabled Program	11	162 <sup>1</sup>	7,949 <sup>2</sup>	7,949	2.0	2.0
	C7/8. Social assistance programs	45 <sup>3</sup>					
	B1. Recipients of work accident benefits	106					
Children with Special Needs (CSWN)	C8. Rehabilitation of the socially vulnerable <sup>4</sup>	371					
	E9. Special Student Assistance	7,416					
(excluding small programs)	E10. Special School Children Assistance	684					
	E2. Abandoned Children	61					
	E3. Street Children	42					
	E6. School Children Scholarship	72					
	E14. Nutrition (WFP) <sup>5</sup>	71	8,500	11,042	49,802	77	17
	E15. Recovery & Nutritional Rehabilitation (WFP) <sup>4</sup>	600	***				
	E16. Internally Displaced Children (WFP) <sup>5</sup>	72					

\*See Table 5.4 for definition.

\*\*Allowing for major overlaps between the two large health assistance programs; overlaps estimated using SUSENAS data and in discussion with program officials.

\*\*\*Allowing for overlaps between program.

1 Some other NGO programs probably exist, but no data is available; some recipients of health insurance are also likely to be disabled.

2 Estimate derived from LFS.

3 Estimate assuming national proportion of disabled are amongst SA recipients.

4 Majority (e.g. 60%) of these beneficiaries is understood to be children; for WFP program, this is supported by data.

5 Assuming that 30% of beneficiaries are children (as per Indonesian population as a whole).

Source: Table 5.6 and estimates.

## C. The Distributional Impact of Social Protection Programs

The third proposed component of the SPI is the Distributional Impact of SP programs in each country. This component of the SPI will be assessed by:

- (i) estimating the proportion of poor people/households benefiting from each type of SP program—poverty targeting, and
- (ii) examining the amount of income transferred by these programs to the poor in relation to their average household incomes/expenditures—impact on incomes.

### I. Proportions of Poor Households Benefiting from SP Programs: Poverty-Targeting

The poverty-targeting indicator that has been adopted is the ratio of the number of poor beneficiaries of SP programs to the total poor population. This indicator can be derived from an ad hoc estimation of the proportion of a program's beneficiaries who are poor (using the official poverty line) or through the analysis of household survey data. The second approach is likely to yield the more robust results:

- (i) Institutions responsible for executing the major SP programs rarely maintain data disaggregated by poor and non-poor households; and
- (ii) Household survey information can assist in the identification of overlaps between programs (i.e. households receiving benefits from more than one program).

In Indonesia's case, the task is made simpler by the availability of national household survey data from SUSENAS, 2003. This survey was a multipurpose survey and was not expressly designed to provide information on SP programs. The data available is, therefore, limited; however, the SUSENAS questionnaire does cover the major programs. This study, therefore, uses the available information from SUSENAS and adopts an ad hoc approach for SP programs not covered by this survey. For these programs, poverty targeting rates have been established based on available information, using interviews with both government and nongovernment officials working in these areas, and own estimates.<sup>14</sup>

The relevant SUSENAS information is presented in Table 5.9. The main finding is that, with the exception of credit availability, all the major programs achieve a significant degree of poverty targeting in that poor households are

<sup>14</sup> Where even qualitative estimates could not be obtained from the responsible agencies.

at least 80% more likely to receive assistance than non-poor households. Educational assistance is the most effectively targeted—poor households are more than twice as likely to receive assistance from this program than non-poor households. Furthermore, two thirds of poor households receive assistance from at least one of these programs, compared to 40% of nonpoor households.

**Table 5.9. Poverty Targeting of SP Programs, 2003**

SP Program	Households			
	All (%)	Poor (%)	Not Poor (%)	% of All Beneficiary Households Poor Who Are
1. Used health card	10*	17	9	30
2. Bought cheap rice	37	59	33	28
3. Received credit	2	1	2	11
4. Received educational assistance	6	13	5	37
Received assistance from any of the above programs	43	66	40	27
<b>Total Households</b> (millions)	<b>54.9</b>	<b>9.6</b>	<b>45.3</b>	
(%)	<b>100</b>	<b>17</b>	<b>83</b>	

\*% of households receiving assistance.

Source: Authors' analysis of SUSENAS, 2003.

Although the targeting of these programs is good, inclusion rates remain low with the health card and the cheap rice program reaching just over half the poor households. Of the beneficiaries of all these programs, 60-70% of are also not poor. This is partly explained by the fact that the targeting of these programs is not based on the statistical poverty line, but on “pre-welfare”/ “welfare 1” typology (or other criteria) that uses indicators other than income. It is generally believed that this typology is more “generous,” i.e. it represents a higher poverty cut-off level than the official BPS poverty line.<sup>15</sup> Targeting is also rarely perfect and there will be “leakage,” i.e. some recipients will fall outside the designated targeting criteria. It is also worth mentioning that not all households will require health assistance or have children of school age. Additionally, many will not need cheap rice as they will produce it themselves.

<sup>15</sup> Only 12% of the expenditure of the official poverty line is for nonfood expenditure, which is on the low side.

While SUSENAS covers the largest SP programs, it does not cover them all. It is, therefore, necessary to estimate the poverty targeting rates and overlaps between the SUSENAS programs and other SP programs. There are two steps in the derivation of poverty targeting rates for the non-SUSENAS programs:

- (i) estimating the number of poor beneficiaries for each of the identified SP programs; and
- (ii) estimating the overlaps between SUSENAS and non-SUSENAS schemes. That such overlaps will exist is evident from the fact that only around 23% of health and educational assistance programs did not also receive subsidized/free rice.

#### **a. Estimating the Number of Poor Beneficiaries**

For programs not covered by SUSENAS, poverty-targeting rates have been assigned based on the following principles:

- (i) if a program is only accessible to the nonpoor, then 0% of the beneficiaries are assumed to be poor;
- (ii) if the program is exclusively targeted towards identifiable groups of poor, then the perceived wisdom is that close to 100% of the beneficiaries are assumed to be poor;
- (iii) if the program is considered to be more general in nature in terms of poverty targeting, then 17.4% (the National Poverty Incidence) of the beneficiaries are assumed to be poor; and
- (iv) varying these percentages based on knowledge<sup>16</sup> of the targeting of individual SP programs.

This procedure is shown in Table 5.10. In order to simplify the calculations, only major programs, i.e. those benefiting over 100,000 people, have been included. The exclusion of the smaller programs has a negligible impact on the resultant estimates as the largest programs dominate the calculations. The resultant estimated poverty targeting rates and numbers of poor beneficiaries are given in columns three and five of Table 5.10. Summing column eight gives an estimate of around 32.3 million poor people receiving SP assistance—87% of the poor population.

<sup>16</sup> From reports, discussions with officials concerning the amount of “leakage,” i.e. the proportion of beneficiaries who are not part of the original target group.

### **b. Estimation of Overlap<sup>17</sup>**

The poverty-targeting rate obtained above is, however, an “upper-bound” estimate as it makes no allowance for SUSENAS and non-SUSENAS programs. There will be such overlaps: firstly, there are substantial overlaps between the SUSENAS programs themselves (see above); secondly, in broad terms, the poor population benefiting from the non-SUSENAS programs represents the same target group as for the SUSENAS programs.

Conversely, a “lower-bound” can be established by taking the poverty-targeting rate of all the SUSENAS programs, i.e. 66%. The actual poverty targeting rate lies somewhere between these two extremes. In order to obtain a “best estimate” poverty targeting rate, which allows for overlaps among beneficiaries across programs, the following procedure was applied:

- (i) column 6 “% overlap” was inserted into Table 5.10;
- (ii) programs that had no poor beneficiaries were excluded;
- (iii) most other programs were then assigned an overlap rate of 66% as this is the probability that a poor household will benefit from one of the SUSENAS programs; as most of the programs in Table 5.10 target the same groups, the probability that there will be an overlap is 66%. Exceptions to this rule are given in column seven;
- (iv) these percentages were multiplied with the number of poor beneficiaries to give the number of poor beneficiaries allowing for overlaps (column eight); and
- (v) the “best estimate” of the overall poverty targeting rate was obtained by summing this column.

This resultant “best estimate” poverty targeting rate is 73%<sup>18</sup> indicating that almost three quarters of the poor population in Indonesia, some 34 million people, receive some form of SP assistance. Of these beneficiaries, 90% receive assistance from at least one of the three largest government programs: free or subsidized rice, educational assistance, and reduced health care costs. This indicator will be retained for the formulation of the SPI.

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<sup>17</sup> This is a necessary step. It is not realistic to derive use poverty-targeting rates for individual SP programs in the construction of an SPI as these will vary considerably from country to country.

<sup>18</sup> It is recognized that this estimate is partly dependent on the assumptions regarding the number of health beneficiaries not captured in the SUSENAS data; however, only major changes in these assumptions would shift the poverty-targeting rate significantly above 75%.

## 2. Impact of SP Programs on Household Income/ Expenditures of Poor

The poverty-targeting rate provides an indication of the distributional impact of SP programs. It, however, gives little indication of the “effectiveness” of the interventions, i.e. what impact these interventions have on the income/expenditure of the poor. The objective is to derive an indicator of SP expenditure to the poor population as a percentage of the poverty line income. Ideally, as with the poverty targeting rate, this indicator would be derived from household survey data. This was not possible, in this case, as the largest SP programs involved transfers in-kind and not cash. Additionally, in order to maintain comparability, it was deemed desirable to adopt a method that could be replicated for all countries.

The approach adopted is similar to that used for poverty targeting except that the expenditure data from Table 5.6 has been substituted for the data on beneficiaries in Table 5.10. Table 5.11 shows this process. The poverty targeting rates are the same as those from tables 5.9 and 5.10, for the SUSENAS programs. Multiplying these by the expenditure on each program gives the amount of SP expenditure going to the poor. In this case, there is no need to allow for overlaps between programs. To ensure completeness, the table includes some programs, omitted from Table 5.10 as they had few beneficiaries, which had expenditures in excess of Rp25 billion.

Table 5.11 shows that during the fiscal year 2002/03, the total SP expenditure on poor beneficiaries was around Rp5.55 trillion, equivalent to around 14% of total SP expenditure. This low percentage reflects the high proportion of SP expenditure on formal social insurance schemes that do not benefit the poor. Over 40% of SP expenditure on the poor results from the Rice for the Poor program.

SP expenditure on the poor was then related to the poverty line income. The results are shown in Table 5.12. Two indicators are presented:

- (i) Per capita SP expenditure on the poor as a percentage of the (estimated) 2002/03 poverty line: 11%; and
- (ii) As above but for poor beneficiaries only: 15%.

The advantages and disadvantages of each will be discussed in the forthcoming section Social Protection Index and Multicountry Analysis of this book.

Table 5.10. Poverty Targeting and Program Overlaps of SP Programs

SP Program	All Beneficiaries (000s)		Poverty Targeting		Program Overlap		Net Poor Beneficiaries
	2	3 (%)	4 Comment	5 (2*3) Beneficiaries	6 (%)	7 Comments	
1	2	3	4	5 (2*3)	6	7	8 (5*6)
<b>All SUSENAS programs: health and educational assistance, free/subsidized rice, credit (incl. those by WFP and other agencies).</b>							
Non-SUSENAS Programs							
A1. Domestic Employment Placement	90	9	Less likely to be poor	26	66		9
A2. Overseas Employment Placement	480	0	Not in country	0			0
A4. Vocational and Skilled Training	211	0	Unlikely to be poor	0			0
A5. Nonformal Education	617	17	NPI	105	66		36
B1. All Pension and Health Insurance Schemes		0	Not for the poor	0			0
C1/2. SSN/Health Impact Programs				3,108	50	See note 1	1,550
C7. Assistance to Poor and Destitute Families	578	100	Almost all will be poor	578	66		197
C8. Rehabilitation of the Socially Vulnerable	618	100	Almost all will be poor	618	90	See note 2	62
C10. Disaster Victims	342		Many recipients will not have been poor	171	66		58
C17. Wallet for the Poor	3,200	75	Will target the poor	2,400	66		816
E15. Recovery & Nutritional Rehabilitation (WFP)	1,072	75	Will target the poor	804	66		273
D7/8. Housing Programs	512	75	Will target the poor	384	66		131
Sum Of Poor Beneficiaries Including Overlaps				32,300		Excluding Overlaps	27,300
Poor Population				37,300			37,300
<b>Upper-Bound</b> (with overlaps/double counting)				<b>87%</b>			
<b>Lower-Bound</b> (largest program only)				<b>67%</b>			
<b>Best Estimate</b> (excluding overlaps)				<b>73%</b>			

1. Estimated beneficiaries of these programs are much greater than SUSENAS estimate, probably due to not all beneficiaries having health insurance cards or failure of respondents to realize that they were receiving special assistance. We have assumed these "uncounted" beneficiaries to be 50% of those "captured" by the SUSENAS data. These beneficiaries may still overlap with the food assistance programs, but the overlap rate would be lower.

2. The great majority of these beneficiaries is in residential care and would not therefore be included in SUSENAS.

Source: Tables 5.6/8/9 and authors' estimates.

Table 5.11. SP Expenditure on the Poor

Applicable Program	Expenditure (Rp billion)	Poverty- Targeting (%)	Source*	Poor Beneficiaries (000s)
A1. Domestic Employment Placement	10	9		1
A2. Overseas Employment Placement	16	0		0
A3. Public Works Program	32	35	Will be pro-poor	11
A4. Vocational and Skilled Training	41	0		0
A5. Nonformal Education	239	17	National poverty line	42
B1. JAMSOSTEK	9,440	0	No poor beneficiaries	0
B3. TASPEN	17,398	0		0
B2. ASABRI	110	0		0
B4. ASKES	1,200	0		0
B6. Traffic Accident Insurance	373	17	National Poverty line	65
C1. SSN-Health	469	30	SUSENAS	141
C2. Health Impacts	945	30	SUSENAS	284
C7. Social Assistance to Poor	225	100		225
C8. Rehabilitation of the Socially Vulnerable	239	100		239
C10. Natural and Social Disaster Victims	784	50		392
C14. Rice for the Poor (RFP)	4,830	50	SUSENAS/estimate <sup>1</sup>	2,415
C15. Subsidized Rice	119	75		89
C11. Rehabilitation of Sex Workers	218	75		164
C17. Wallet for the Poor	7	75		5
E15. Recovery & Nutritional Rehabilitation (WFP) <sup>1</sup>	981	75		736
E16. Internally Displaced Persons (WFP) <sup>2</sup>	185	75		139
C19. Peduli Kasih and TV programs	25	75		19
D3. TAKESRA/KUKESRA	321	11	SUSENAS	35
D4. Agro-business	1	11	SUSENAS	0
D5. City Poverty Alleviation	287	11	SUSENAS	32
D6. Small Farmer/Fishermen Income-Generation (P4KP)	444	11	SUSENAS	49
D7/8. Housing programs	270	11	SUSENAS	30
E8. CNSP	27	100		27
E2/4. Abandoned and Abused Children	77	100		77
E9. Special Student Assistance	580	37	SUSENAS	215
E10. Special School Children Assistance	49	37	SUSENAS	18
E11. Special School Children Assistance	34	37	SUSENAS	13
E14. Nutrition Program (WFP)	117	75		88
<b>TOTAL</b>	<b>40,093</b>			<b>5,548</b>

\* From preceding table unless stated.

<sup>1</sup> From SUSENAS, 20 million households are estimated to have bought cheap rice, yet official data indicates "only" 12 million beneficiaries of the RFP program. The RFP program is, however, considered to be fairly well targeted and we have, therefore, assumed that it will have a higher poverty-targeting rate than is indicated by SUSENAS.

Source: Tables 5.6/5.9/5.10 and authors' estimates.

**Table 5.12. Impact of SP Expenditure on the Income of Poor Households**

Variable	Value
Total SP Expenditure on the Poor (Rp billion)	5,548
Poor Population ('000)	37,300
SP Expenditure/Poor Person (Rp/person)	149,000
Poverty Line Income Per Capita (annual) (Rp/person)*	1,389,000
Per Capita SP Expenditure as % of Poverty Line Income	11%
Percent of Poor Receiving SP Assistance (from Table 5.10)	73%
<b>Per Capita SP Expenditure as % of Income of Poor Beneficiaries</b>	<b>15%</b>

\*Weighted average of rural and urban poverty lines.

Source: Tables 5.6, 5.7 and authors' estimates.