Social Assistance

Social Protection and Jobs Global Practice
1. Are overall trending spends adequate?
2. How efficient is public spending on social assistance?
3. How effective is public spending on social assistance?
4. Summary of recommendations
Between 2012 and 2017, spending on energy subsidies was partially re-directed toward targeted social assistance...

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

- Spending has steadily increased in nominal terms and has focused on well targeted programs such as PKH and Sembako

- Both programs have seen significant expansions in coverage and benefit levels.
Pre COVID-19 spending on social assistance has remained constant at 0.7% of GDP over the last several years

- This level of spending is low for countries with Indonesia’s level of income (GDP per capita)

- Yet about average for countries with a similar revenue generating capacity (countries shown in the graph)
1. Are overall trending spends adequate?

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4. Summary of recommendations
Though subsidies are meant to protect the poor, they are accessing them the least

- In 2018, subsidy programs are received less by the poor and vulnerable

- Subsidy programs such as LPG and 900VA will be better targeted if the social registry (DTKS) is used
... spending on targeted social assistance is accessed more by the poor, vulnerable and aspiring middle class

<table>
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<th>Benefit Incidence (% of benefits received by welfare groups)</th>
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<tbody>
<tr>
<td>Poor</td>
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<td>0.2%</td>
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- In 2018, social assistance programs are received mostly by the poor and near-poor.
- Improvements in targeting outcomes can come through allocating beneficiaries using the DTKS.
Convergence amongst the poor have been improving though remain low, PKH shows promise in raising these outcomes

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

SA convergence among households in the poorest 10% - 2018

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

- Amongst non PKH in poorest 20%
- Amongst all PKH in poorest 20%
1. Are overall trends in spending adequate?

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

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

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

While Rastra faced significant delivery issues and benefit dilution, Sembako has shown improvements in adequacy and has introduced more nutritious food items in early 2020.
Today, social assistance is designed to provide comprehensive protection for households with children...

- Households without children however, receive less support

- The elderly and people living with disability are much less likely to receive assistance

10% Of those aged 65 and older in 2018 receive a pension
Social assistance should be more shock responsive and coverage should be extended

- There are little differences in the welfare distribution up until the 80th percentile
- The aspiring middle class have welfare levels not much higher than the poor and vulnerable
- Shocks such as COVID-19 can easily knock these groups into poverty
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4. Summary of recommendations
Enact policy reforms and adapted program design

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

B. Consolidate overlapping programs

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

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

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

**C.** Enhance coordination between programs the central level and between the central and local government
Thank you! – Questions & Answers?

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