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Indonesia Development Forum 2017

**Fighting Inequality for Better Growth**

Jakarta, 9-10 August 2017





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# Social Protection in Indonesia





FACULTY OF  
ECONOMICS  
AND BUSINESS



**Australian Government**

# Social Protection in Indonesia

**Dr. Rema Hanna**

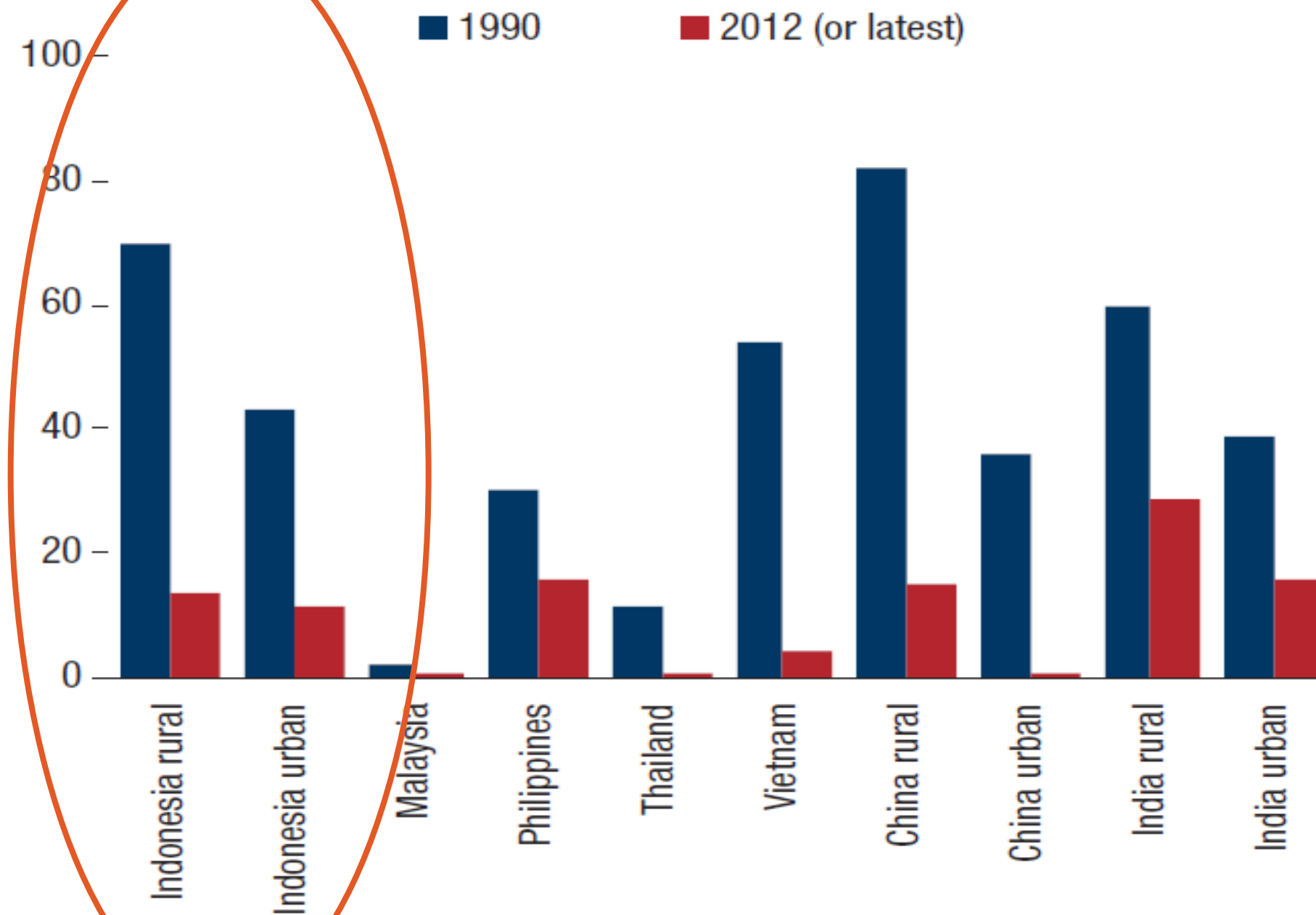
Jeffrey Cheah Professor of South East Asia Studies,  
Harvard University

Co-Scientific Director, J-PAL Southeast Asia

Jakarta, August 10, 2017

# Great strides in poverty reduction

**Figure 4.10. Poverty in Asia**  
(US\$2 a day in 2011 PPP; percent of total population)



Source: World Bank, PovcalNet database.  
Note: PPP = purchasing power parity.

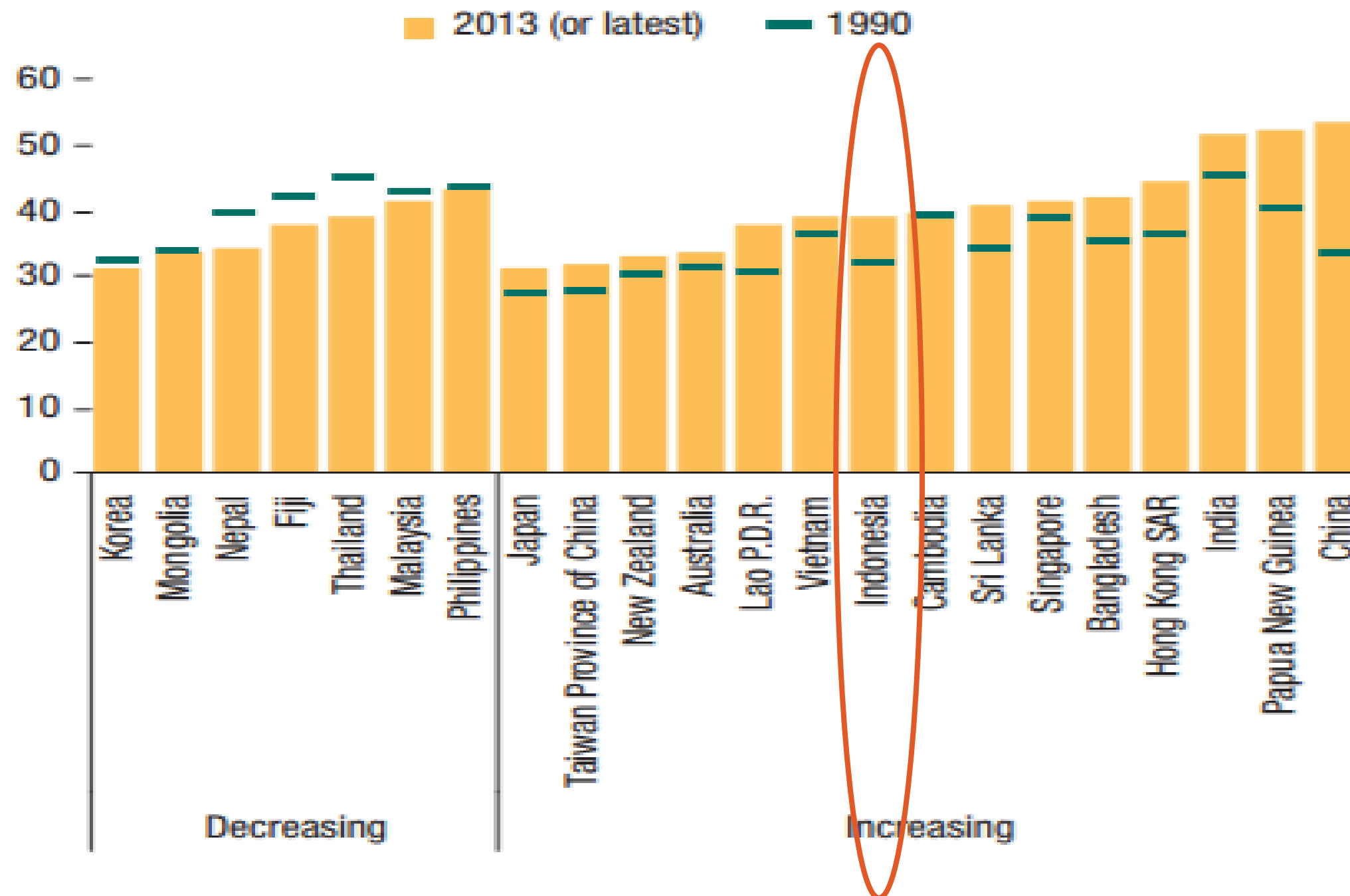
# Poverty is still a problem

- 8.3 percent of the population lives on less than \$1.90 per day (2014)
- 36.4 percent of the population lives on less than \$3.10 per day (2014)



# Rising inequality

**Figure 4.6. Selected Asia: Net Gini Index**  
(Gini points)



Sources: SWIID Version 5.0; and IMF staff calculations.

How do governments “attack” these problems?



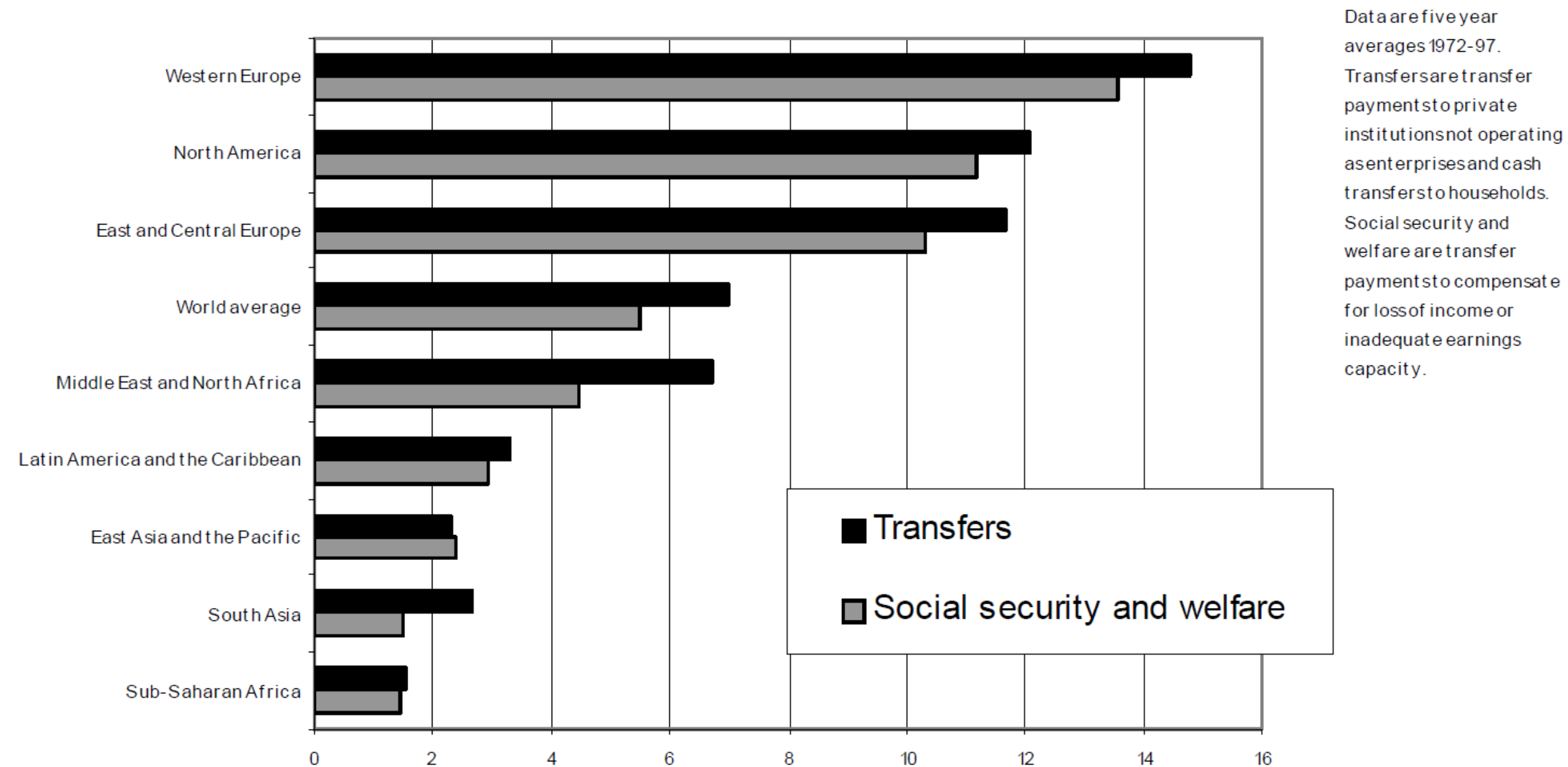
# Expenditures on social protection and social insurance (2011)

Category	Amount (IDR)	Amount (2011 US\$)
Labor Market	2.4 trillion	262 million
Social Insurance	21 trillion	2.3 billion
Social Assistance	42.4 trillion	4.7 billion
Total social spending	65.8 trillion	7.3 billion

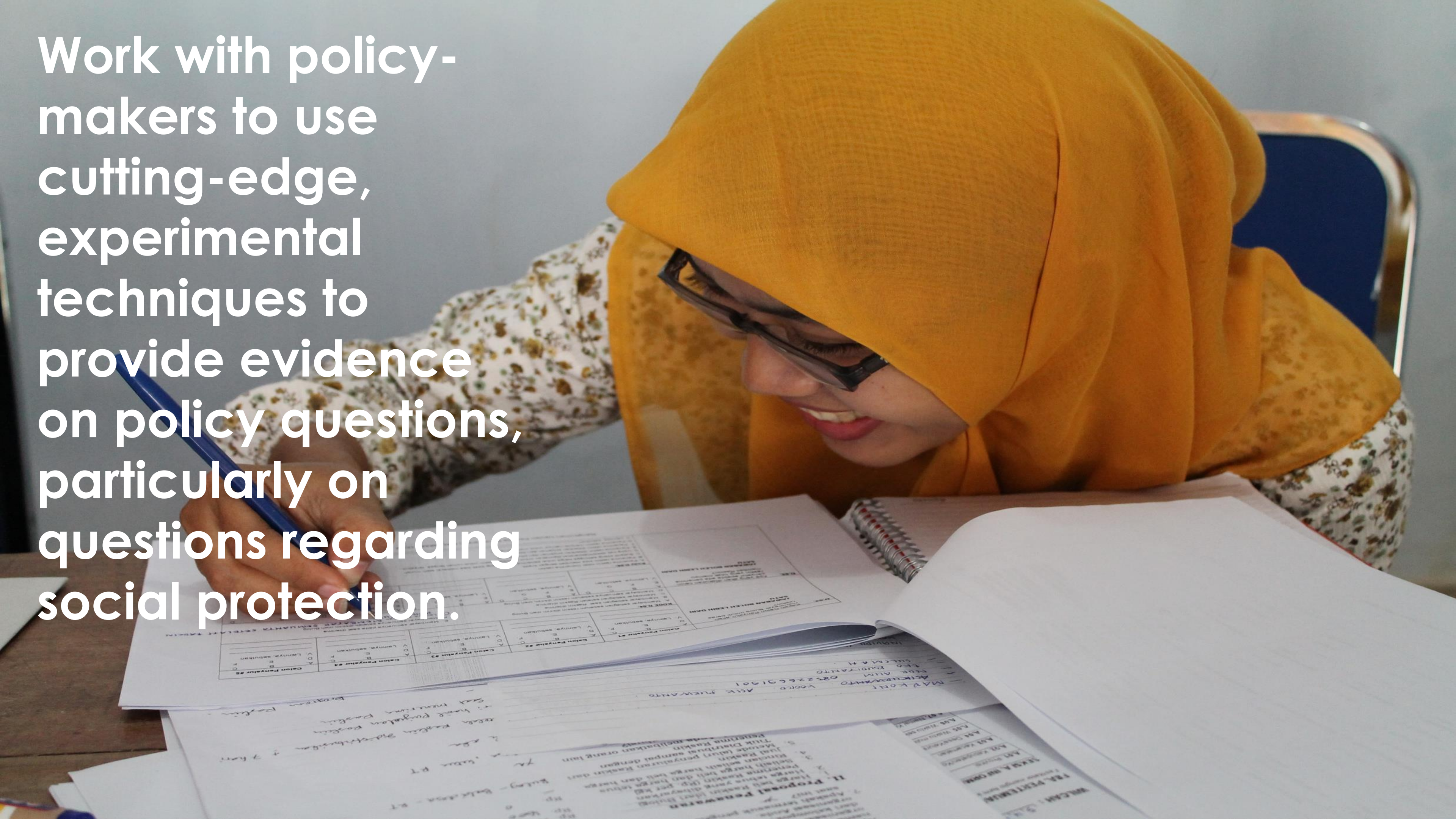


# Richer countries spend more on transfers

**Figure 1 Public expenditure on social protection as % of GDP by region**



Work with policy-makers to use cutting-edge, experimental techniques to provide evidence on policy questions, particularly on questions regarding social protection.



# Measuring impacts of programs

- Working with TNP2K on long-run impacts of PKH
- Long-run impacts of Generasi community block grants
- But, also working on how to further improve existing programs



Photo: World Bank



# How to target the poor for safety net programs?



How do you reduce leakage in the system?



# Evaluated social protection cards

 **KARTU RASKIN**  
SEPTEMBER 2012 - DESEMBER 2013  
KABUPATEN BANDUNG

**Nama KRT:** Agus Budi  
**Nama PKRT:** Siti Jasnah  
**Nama ART:** Habib  
**Alamat:** Gg. Markisa No.24  
Kampung Ciwedi, Saketi

Tanda Tangan / Cap Jempol Pemegang Kartu  

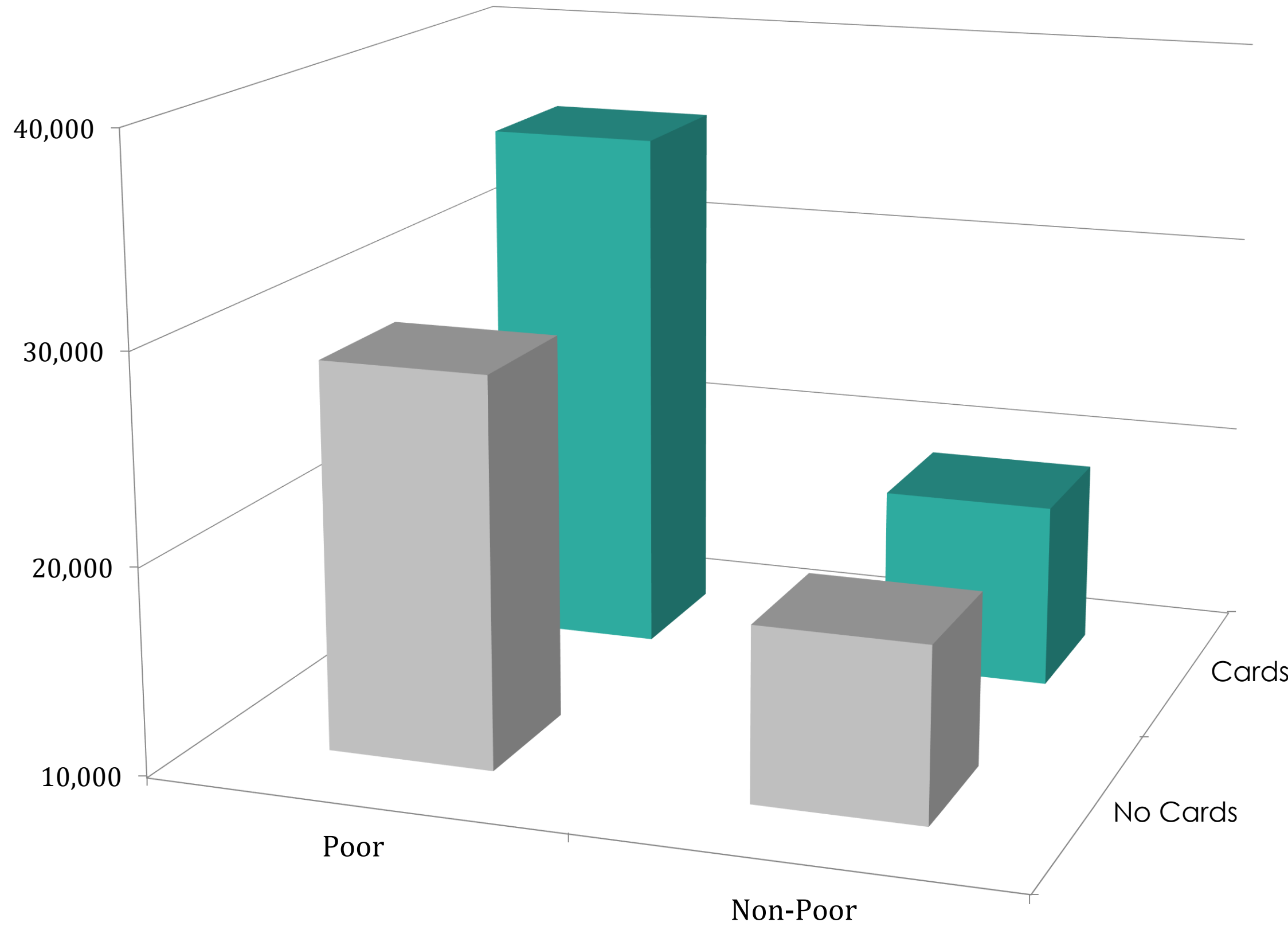

**HAK PEMEGANG KARTU RASKIN:**

1. Pemegang kartu ini berhak untuk menerima beras Raskin sebanyak 15kg per RTS-PM per bulan selama bulan September 2012-Desember 2013
2. Harga tebus beras Raskin adalah Rp. 1.600 per kg di Titik Distribusi.

**KETENTUAN:**

1. Pembayaran Raskin dari RTS-PM kepada Pelaksana Distribusi Raskin dilakukan secara tunai
2. Kartu harus disimpan dengan baik, kehilangan atau kerusakan kartu menjadi tanggung jawab pemegang kartu
3. RTS-PM harus dapat menunjukkan kartu Raskin pada saat pengambilan beras.

# Subsidy to Poor Increased by 25%



■ No Cards ■ Cards

# Conclusions

- Social protection programs an integral tool in the fight against poverty and inequality
- **But**, is important to understand the impact of different programs—as well as different ways to design a program—to ensure that limited budgets designated for anti-poverty relief gets to those who need it most.



Thank you.

