

ADB



**ASIA-PACIFIC**  
**SOCIAL PROTECTION WEEK 2023**  
**Social Protection in a Changing World**

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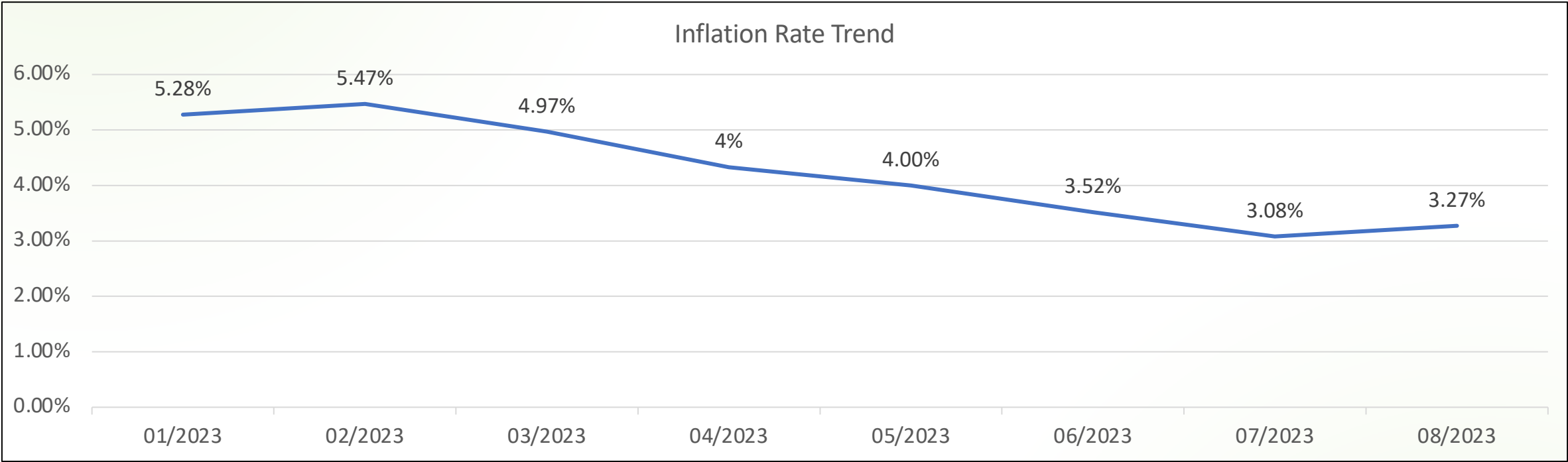
*Kementerian PPN/  
Bappenas*

# **Social Assistance-Food Program/SEMBAKO in Indonesia**

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# Indonesia Inflation Condition



- 1 Indonesia's average inflation is at 4.24%
- 2 Considering Indonesia's geographical conditions as an archipelago country
- 3 Mainly influenced by the supply side, disruptions in production, distribution, and government policies

# Current Social Assistance Programs and Payment

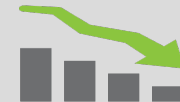
## Mandate on Presidential Decree No. 63/2017 about Non-Cash Social Assistance



Social assistance and subsidy are distributed through non-cash channel (card) via banking system.



Integration of multiple social assistance programs in one card.



The main objective is to accelerate the poverty reduction and improve the financial inclusion.

## Disbursement Mechanism of Social Assistance/Subsidy Programs in Indonesia



### Conditional Cash Transfers (PKH)

Through basic saving accounts, disbursed using Social Welfare Card (KKS) via ATMs and bank agents.



### Food Assistance (*Program Sembako*)

Through e-voucher/wallet integrated in Social Welfare Card (KKS).



### Education Assistance (*Program Indonesia Pintar*)

Through basic saving accounts.

### Health Insurance Subsidy

Directly applied to health insurance accounts.



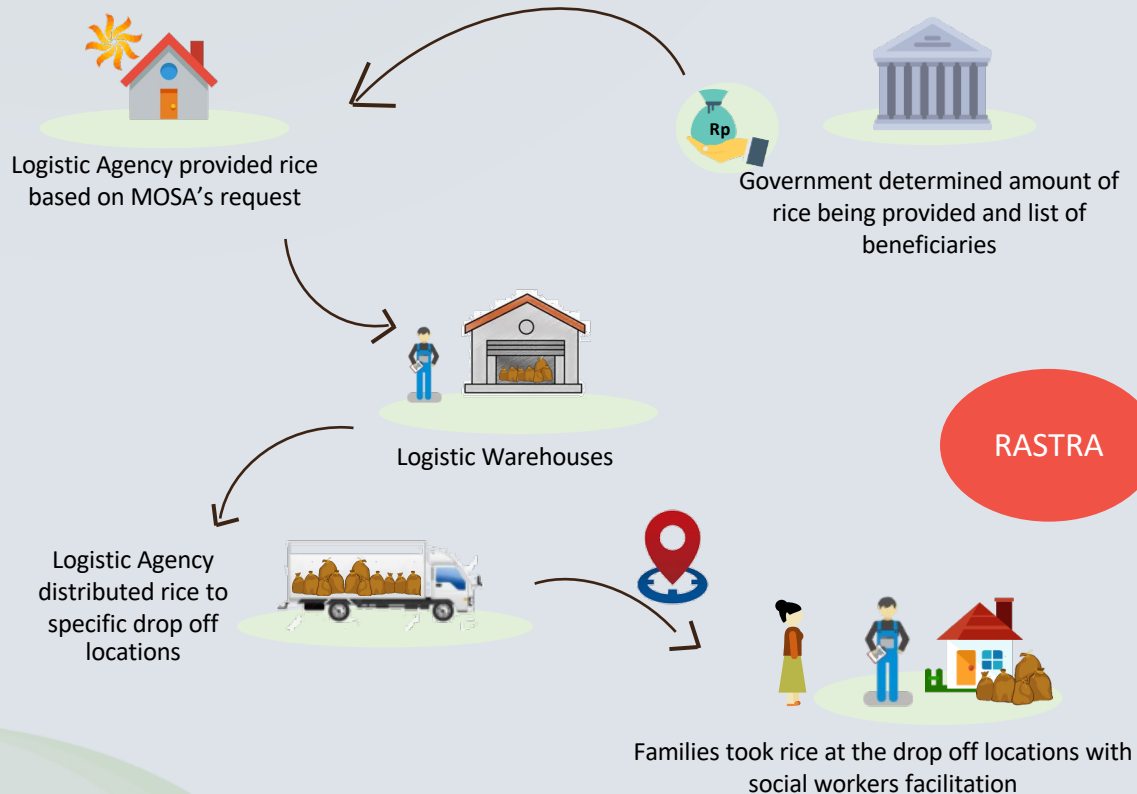
### Electricity & LPG Subsidy

Through price subsidy, not a direct transfer.

# Rastra to SEMBAKO Transformation

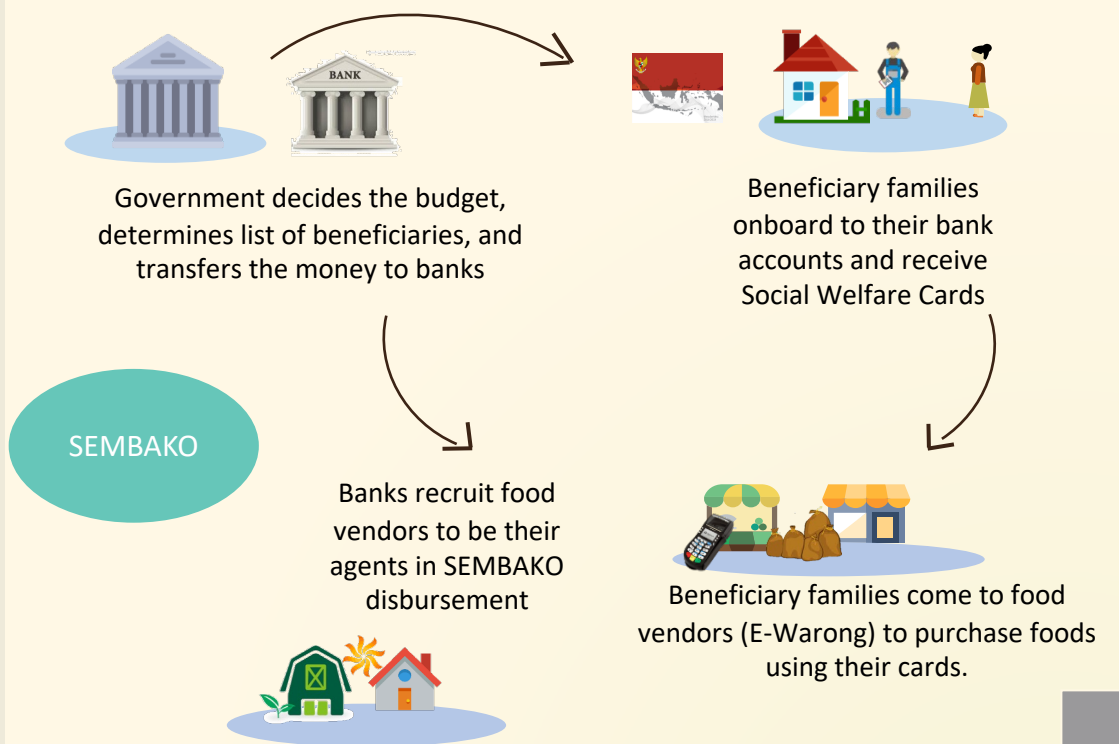
## BEFORE: RASTRA

Rice ration medium quality (10-15Kg/family/month) dropped regularly at specific times

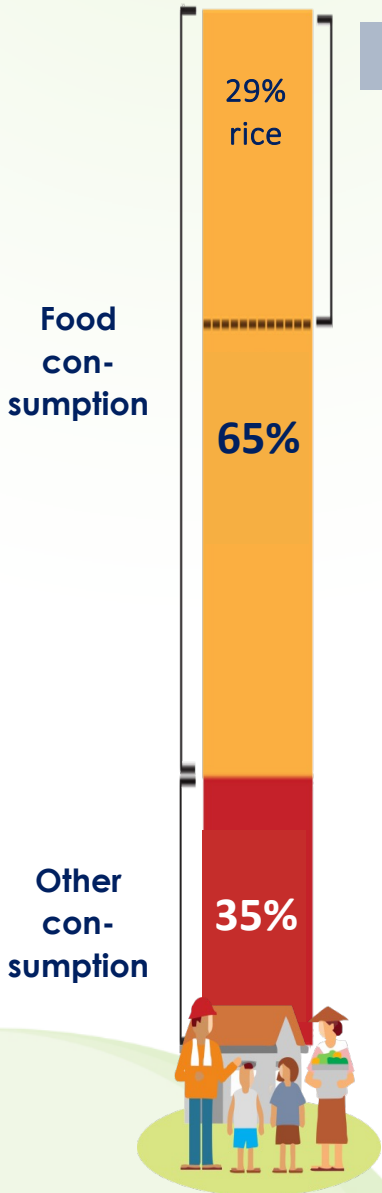


## AFTER: SEMBAKO

Food voucher through debit card can be disbursed for various foods at anytime at designated vendors



# Improving Welfare through SEMBAKO



## PURPOSES

1. Helping the poor and vulnerable **covering their food expenses**
2. **Improving beneficiaries' access to and decision power over:**
  - ✓ More balanced and variative nutrition sources
  - ✓ Time and place of disbursement/purchase
3. Also improving:
  - ✓ **Financial inclusion**
  - ✓ **Local economic activity**
  - ✓ **Program effectiveness and efficiency**
4. Supporting **SDGs achievement.**

## PROGRAM DETAILS

Eligibility is based on PMT. Families at the lowest 25% are eligible.	Mothers or female in the families disburse the benefits	Benefit amount is Rp 200,000 (\$14.3) per month per family.
Disbursed by swiping Social Welfare Card at food vendors (bank agents) called E-warong.	Beneficiaries can purchase staple foods (rice, corn, flour), protein sources (eggs, fishes, meats), vitamin sources (fruits and veggies).	

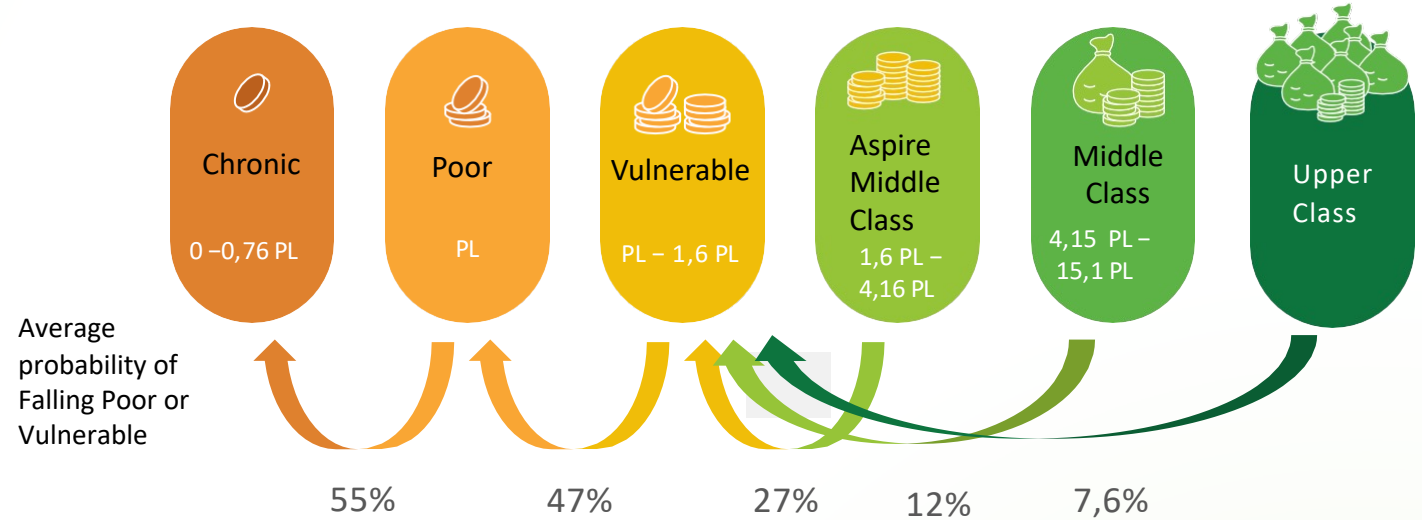


# Covid-19 Effect on The Targets In The National Medium Term Development Plan (RPJMN 2020-2024) And SDGs

The Effect of Economic Restrictions due to COVID-19 Will Increase  
People's Vulnerability to Falling into Poverty

**There is a shift in socioeconomic status from poor to chronic poverty and creates new poor groups**

*“Indonesia is the third country in the world with the highest increase in chronic poverty”- World Data Lab, 2020*



The elderly who live alone or who do not have a source of income



Households with elderly or disabled household heads



Informal Workers



Households with a poor female head of household and pregnant women



Isolated Indigenous Groups






Socially Vulnerable Groups

**Several groups that need attention, especially during the Covid-19**

# Expansion of Social Assistance during COVID-19

- Expansion of existing/regular programs
  - Coverage
  - Benefit level
- Nothing changed in terms of delivery mechanism
- Other than regular programs expansion, various new programs were created, such as Village Cash Transfer, Wage Subsidy for the Low Earners, Pre-Employment Card, and other cash/in-kind transfer programs.
- Response after pandemic started, managed to prevent further increase of poverty

Income Deciles	Conditional Cash Transfers (PKH)	Food Assistance (Sembako)	Electricity Subsidy
6+			450 VA; 24 Million Households
5			
4			
3	10 Million Beneficiaries <b>Up from 8 Million</b> Benefit index increased by 25%	18.8 Million Beneficiaries	900 VA; 7.2 Million Households
2		<b>Up from 15 Million</b> Benefit increased by 33% from Rp 150.000 (\$10.7) to Rp 200.000 (\$14.3)/ month	<b>Increased subsidy</b>  450 VA: Free 900: Discount by 50%
1			
Institution			
Time period	monthly for 12 months	monthly for 12 months	6 months (April – Sept) <i>Extended to Dec</i>
Delivery mechanism	Cashless - Bank	Cashless - Bank	Voucher



**THANK YOU**

# Challenges of Program SEMBAKO

## General Challenges

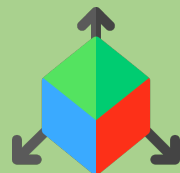
Uniform amount of benefit across all regions regardless different price rates and living standards.



SEMBAKO is a household-based social assistance. Data and measures of intervention are limited to address individual level (intra-HH) vulnerabilities.



Limited payment channels and vendors also limit beneficiaries' choices and financial inclusion, especially in remote areas.



Low understanding and bargaining power of beneficiaries induce opportunities for vendors' fraud (fix packaging, higher price rates).



Financing and benefit rates decisions have not been decided based on needs and adequacy.



## Challenges in COVID-19 Expansion

Social assistance expansion initiatives were not coordinated, implementations were fragmented, targets potentially overlap.

Existing data were not updated, data of non-poor impacted population (e.g. informal sector employees) were not available.

Expansion was challenging, payment channels were limited, new beneficiaries registration took time, infrastructures and food vendors were not equally available across Indonesia.

Beneficiaries understanding on physical distancing was low, cross-contamination risk was high.

Sustainable financing mechanism was not available, the GoI must reallocate development budget for *Covid-19 SP*.

# Social Assistance and Economic Incentives Against COVID-19 Pandemic

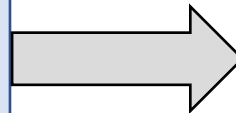


## BEFORE THE PANDEMIC

### 4 Programme

- PKH/Flagship program 10 mio household
- **Sembako/Food assistance program 15,6 mio household**
- PIP/Cash transfer for basic education 25 mio people
- PBI-JKN/Subsidised health insurance 98 mio people.

Average: Rp. 250 thousand/household/month.



## DURING THE PANDEMIC

### 12 Programme

- **Sembako/Food Assistance Program 18,8 mio household**
- BST/Cash transfer 10 mio household,
- Pra-Kerja/Pre-employment 8,3 mio people, Subsidi Upah/Wage subsidy assistance 8,4 mio people

#### Policy intervention:

Increasing the number of program, the number of beneficiaries, and the amount of benefits

Average Rp. 485 thousand/household/month.

- The Covid-19 pandemic will slow down economic recovery. So compensation is needed to maintain people's purchasing power
- This social assistance expenditure was successful in preventing a demand shock during the pandemic
- The compensation program is carried out by expanding and increasing the benefits of existing social assistance schemes, namely PKH, Food Assistance Program, wage subsidies and pre-employment.