THE POLITICAL ECONOMY OF SOCIAL PROTECTION REFORMS IN INDONESIA

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OUTLINE AND STORY LINE

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II. Evolution of Social Protection Policy
III. Evolution of Social Protection Programs
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VIII. Instability of Fuel and Commodities Prices
IX. Programs Performance and Political Support
X. Coordination, Bureaucracy, Decentralization
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XII. The Political Economy of National Social Security System
XIII. (SJSN) Law
I. INTRODUCTION

MAP OF SOUTHEAST ASIA
BIG-BANG AND SIMULTANEOUS REFORM

Economic Crisis in 1998

1. Democratization
2. Economic Reform
3. Decentralization
II. EVOLUTION OF POVERTY AND SOCIAL PROTECTION POLICY ORIENTATION

• In the past there was no or relatively few policies targeted directly to the “poor”.

• The Strategy was to deliver a broad economic growth policies, combined with rural infrastructure development.

• While such approach was quite successful in reducing poverty, many poor has been excluded from the development outcomes.

• The economic crisis showed how the lack of social safety net and social protection left the poor exposed to economic shock.
EVOLUTION OF POVERTY AND SOCIAL PROTECTION POLICY ORIENTATION

• Government’s approach towards policy alleviation has changed, from general economic development to more targeted policies

• Democracy, openness has brought poverty from a merely restricted, academic discourse to a significant political issue

• More targeted programs and attempts to build social insurance after the crisis
III. EVOLUTION OF POVERTY AND SOCIAL PROTECTION PROGRAM

• Before The Crisis:
  ➔ Most efforts were mainly non-targeted (general price subsidies)
  ➔ Rural Development (BIMAS, KUK, Massive school and health facilities development) Later, targeted to regions (IDT)

• During the Crisis:
  ➔ Targeted but reactive measures under safety net umbrella Cash for work, Rice for the poor, health for the poor, scholarships. To keep consumption level of the poor
IV. PRESSURE FROM THE INTERNATIONAL CRUDE OIL PRICE INCREASE

Fuel And Electricity Subsidies Take Funding Away From Pro-poor Development Sectors...

<table>
<thead>
<tr>
<th>Year</th>
<th>Health</th>
<th>Education</th>
<th>Social Assistance</th>
<th>Fuel Subsidy</th>
<th>Electricity Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>25.99</td>
<td>95.60</td>
<td>6,99</td>
<td>91,00</td>
<td>139.11</td>
</tr>
<tr>
<td>2006</td>
<td>2,30</td>
<td>45.30</td>
<td>12,19</td>
<td>84,92</td>
<td>83.91</td>
</tr>
<tr>
<td>2007</td>
<td>2,65</td>
<td>50.84</td>
<td>16,00</td>
<td>45,04</td>
<td>55.30</td>
</tr>
<tr>
<td>2008</td>
<td>2,99</td>
<td>2,65</td>
<td>14,04</td>
<td>84,92</td>
<td>83.91</td>
</tr>
<tr>
<td>2009</td>
<td>3,10</td>
<td>15,74</td>
<td>3,10</td>
<td>84,92</td>
<td>83.91</td>
</tr>
<tr>
<td>2010</td>
<td>3,34</td>
<td>49,55</td>
<td>3,34</td>
<td>45,04</td>
<td>55.30</td>
</tr>
<tr>
<td>2011</td>
<td>5,01</td>
<td>65,57</td>
<td>5,01</td>
<td>55.30</td>
<td>139.11</td>
</tr>
</tbody>
</table>

Trillion IDR
FUEL PRICE IN SOME ASIAN COUNTRIES
(CENT USD/LITRE) – 2008

Vietnam
Thailand
Singapore
Philippines
Myanmar
Malaysia
Lao P.D.R
Indonesia
Cambodia
Brunei

Gasoline
Diesel
FUEL SUBSIDY DISTRIBUTION

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Distribution (%)</th>
<th>Amount (Trillion IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% Lowest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% Second Lowest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% Middle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% Second Highest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% Highest</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: National Statistic Office (BPS)
V. SHIFTING INTO MORE TARGETED PROGRAM

World Crude Oil Price Increased in 2005

Fuel Subsidy Reduction Compensation Program

→ Unconditional Cash Transfer

→ Education

→ Health

→ Rural Infrastructure

→ Community Base Development
EXAMPLES OF A SPECIFIC VULNERABLE GROUPS

1. Bottom Poor, Poor, and Near Poor
2. Orphans, Street Children
3. Homeless Without Support
4. Isolated Tribal Community
5. Mentally Ill
6. Displaced Population
TARGETING OPTIONS:

- Means-testing, although this requires high-quality data that is not available in many countries and may be expensive to put in place.
- Geographical targeting, whereby transfers are provided to everyone living in areas where there is high incidence of poverty.
- Community-based targeting, which uses community structures to identify the poorest members of a community or those eligible according to agreed criteria.
- Providing benefit to those recognized as belonging to a specific vulnerable category of the population; and
- Self-targeting such as in work program that offer a below-market wage, based on the logic that individuals choose to opt to the program.
Targeting Beginning in July 2005, BPS undertook the task of developing a database of poor households through a "poverty census".

Step 1: BPS interviewed the village leader and gathered information on the poorest households in that particular community.

Step 2: Cross-checked with other sources of poverty information, such as Family Planning Office data, previous poverty census (in certain provinces).

Step 3: BPS surveyed the economic and social characteristics of the selected households. BPS used a Proxy Means Test (PMT) to decide eligibility.

Final List of Poor
Kriteria Rumah Tangga Miskin

Pak siapa saja sih yang berhak mendapatkan dana kompensasi BBM?

Yang berhak adalah rumah tangga yang memenuhi 9 atau lebih dari 14 ciri rumah tangga miskin seperti berikut ini:

1. Luas lantai bangunan tempat tinggal kurang dari 8 m² per orang
2. Jenis lantai bangunan tempat tinggal terbuat dari tanah/bambu/kayu berkualitas rendah (tembok tanpa di plester)
3. Jenis dinding tempat tinggal terbuat dari bambu/rumbia/kayu
4. Tidak memiliki fasilitas ruang air bersama dengan rumah tangga lain
5. Sumber penerangan rumah tangga tidak menggunakan listrik
6. Sumber air minum berasal dari sumur/mata air tidak terlindung/sangai/air hujan
7. Bahan bakar untuk memasak sehari-hari adalah kayu bakar/arang/Minyak tanah
8. Tidak memiliki tabungan/barang yang mudah dijual dengan nilai minimal Rp. 500.000
9. Hanya mengkonsumsi daging/susu/ ayam satu kali dalam setahun
10. Hanya membeli satu stelan pakaian baru dalam setahun
11. Hanya sanggup makan sebanyak satu/dua kali dalam sehari
12. Tidak sanggup membayar biaya pengobatan di puskesmas/poliklinik
13. Sumber penghasilan kepala rumah tangga adalah:
   a) Petani dengan luas lahan 0,5 ha, buruh tani, nelayan, buruh bangunan, buruh perkebunan, atau pekerja lainnya dengan pendapatan di bawah Rp. 600.000 per bulan
14. Pendidikan tertinggi kepala rumah tangga: tidak sekolah/tidak tamat SD/hanya SD

Oh, sedangkan yang TIDAK memenuhi syarat untuk mendapatkan SLT adalah:
   a) Rumah tangga yang hanya memenuhi 1-8 ciri rumah tangga miskin, b) PNS, TNI, Polri, pensiunan, c) Pengusul yang diurus oleh pemerintah, dan d) Penduduk yang tidak mempunyai tempat tinggal

Ya benar, selain itu harus dijelaskan juga:
   2. Bila anda merasa miskin tapi belum terdaftar, silakan melapor ke posko sampai dengan 31 Oktober 2005 untuk diri kembali atau Tidaknya menerima SLT.

Yang tidak miskin jangan ngaku--ngaku miskin, mau ah!
SELF TARGETING:
KOEROSENE CONVERSIONS TO LPG

Government provides free small bottles (3 kg) of LPG to poor households, small restaurants, food vendors and other micro business establishments.
VI. COMPENSATION SCHEME

Unconditional Cash Transfers (BLT)

Program Description and Size:

- The GOI implemented an unconditional cash transfer (UCT) program for 19.1 million poor and near-poor families to compensate them for inflationary effects of the fuel price increase.

- Each beneficiary family receives Rp. 100,000 per month, paid quarterly, beginning October 2005 – December 2006.

- The 2005 - 2006 budget for the program is Rp. 23 trillions.

- The 2008 budget for the program is Rp. 13 trillions.
Operational Aid for Schools and Scholarship Program

Program Description and Size:

- Block grants to participating public and private schools at the primary and junior secondary school levels.

- The **objective** of the program is to provide aid to schools in order to reduce the pupil’s contribution, but also allow the school to maintain the quality of educational services to the community.

- The size of the grant to schools is based on enrollment and school level: for primary schools—Rp. 235,000/pupil/year, for junior secondary schools—Rp. 324,500/pupil/year.

- The 2005 budget for the program is **Rp. 6.3 trillion**.
Basic Health Care and Health Insurance for the Poor

Program Description and Size:

- The objective is to increase access and health service quality to all people in particular to the poor so as to achieve better health outcomes.

- The program is designed to cover:

  - Free of charge health services at Puskesmas (public health clinics) for everyone and;
  
  - Free in-patient treatment at Third Class hospitals for the poor.

- The 2005 budget for the program is Rp. 3.9 trillion.
Basic Health Care

The GOI will channel funding to the puskesmas through the District Government in order to cover:

- Free Basic Health Services at Puskesmas for all and puskesmas operational and management activities
- Obstetric services in Puskesmas and by Village Midwives to cover childbirth including birth with complicating factors
- Revitalization of Posyandu and nutrition improvement.

Health Services Insurance

The GOI will channel funding through PT ASKES which will reimburse assigned Third Class hospitals for their services to the poor for outpatient and inpatient treatment. The activities will cover:

- Inpatient treatment in Third Class hospitals
- Follow-up outpatient treatment
- Emergency services including ambulance service
Rural Infrastructure Program

Program Description and Size:

- Block grants to districts for the construction of roads/bridges and other infrastructure facilities at the village level decided by the local community.

- The **objective** is to enhance village level infrastructure through participatory decision-making at local level and at the same time create employment for the poor in 12,835 poor villages.

- The 2005 budget for the program is Rp. **3.3 trillion**.
1. Providing “small scale of goods and services” that can be done by community in order to promote job creation through:
   a) Infrastructure development
   b) Local economic development
   c) Improving human resources

2. Involving the poor into development process

3. Maintaining the sustainability principles, i.e.:
   a) To build ownership of the development result
   b) To build capacity for community and local government in terms of planning, budgeting and implementation
   c) To achieve pro-poor planning and budgeting

4. Municipality Coverage:
   2007 → 2800
   2008 → 3800
   2009 → 5623
VII. SYSTEMATIZE THE TARGETED PROGRAM

• Cluster I
  ➔ Program Targeted To Household/Family
  ➔ Family Centered Integrated Social Assistance
    a. Unconditional Cash Transfers (BLT)
    b. Conditional Cash Transfers (PKH)
    c. Social Health Assistance for the Poor (JAMKESMAS)
    d. Scholarship Programs (BSM)
    e. Rice for the Poor (RASKIN)

• Cluster II
  ➔ Program Targeted To Community
    a. Community Based Development Program (PNPM)

• Cluster III
  ➔ Program Targeted To Micro and Small Enterprise
    a. Guaranteed Loan For Micro, Small, and Medium Enterprise (KUR)
VIII. INSTABILITY OF FUEL AND COMMODITIES PRICE

Indonesia has experienced two large food price shocks in the last six years. Current trends suggest another shock is possible.

![Graph showing food price trends](source: BPS)

- **2005-06 Food and Fuel Price Shock**
- **2008 Food Price Shock**
- **Food and rice prices increased sharply before the harvest**

Source: BPS
# IX. Programs Performance and Political Support

<table>
<thead>
<tr>
<th>Program</th>
<th>Quick?</th>
<th>Benefit levels right?</th>
<th>Targeted well?</th>
<th>Cost-effective?</th>
<th>Politically supported?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raskin</td>
<td>Yes, if rice available</td>
<td>No. Not enough Raskin rice reaches households, and rice gets shared out.</td>
<td>No, but could be if Unified Database used and enforced.</td>
<td>No. Raskin has very high administrative costs, and too little rice reaches households.</td>
<td>Yes</td>
</tr>
<tr>
<td>BLT</td>
<td>Yes</td>
<td>Yes</td>
<td>No, but could be if Unified Database used.</td>
<td>Yes</td>
<td>No resistance but no full support by parliament, and current targeting has been contentious in communities.</td>
</tr>
<tr>
<td>PKH</td>
<td>Moderate</td>
<td>Yes</td>
<td>No, but could be if Unified Database used.</td>
<td>Not in the long-run. Long-term programs, so beneficiaries receive benefits long after shock ends.</td>
<td>Yes</td>
</tr>
<tr>
<td>BSM</td>
<td>No</td>
<td>Yes</td>
<td>No, but could be if Unified Database used.</td>
<td>Not in the long-run. Long-term programs, so beneficiaries receive benefits long after shock ends.</td>
<td>??</td>
</tr>
<tr>
<td>Cash for Work (PNPM)</td>
<td>Potentially, if pre-planned projects ready.</td>
<td>Not in aggregate. Not enough households have surplus labour, and unlikely to be enough work in a major shock.</td>
<td>Yes</td>
<td>??</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Is there political support for the response? Raskin enjoys the most popular support, while BLT the least

<table>
<thead>
<tr>
<th>Program</th>
<th>Degree of Political and Community Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raskin</td>
<td>▪ Good</td>
</tr>
<tr>
<td></td>
<td>– Popular program amongst politicians</td>
</tr>
<tr>
<td></td>
<td>– Popular program amongst communities</td>
</tr>
<tr>
<td>BLT</td>
<td>▪ Weak</td>
</tr>
<tr>
<td></td>
<td>– Not popular amongst opposition politicians</td>
</tr>
<tr>
<td></td>
<td>– Receives the most complaints in communities</td>
</tr>
<tr>
<td>PKH</td>
<td>▪ Moderate</td>
</tr>
<tr>
<td></td>
<td>– Does not suffer from BLT political antipathy</td>
</tr>
<tr>
<td></td>
<td>– Still a pilot program that is not well-known by the public</td>
</tr>
<tr>
<td>Scholarships</td>
<td>▪ Good</td>
</tr>
<tr>
<td></td>
<td>– 20 percent government spending requirement supports sustainability of scholarships</td>
</tr>
<tr>
<td>Cash for Work (PNPM)</td>
<td>▪ Good</td>
</tr>
</tbody>
</table>
## Modifications to a number of responses may make them more Politically Acceptable

<table>
<thead>
<tr>
<th>Program</th>
<th>Main Issues</th>
<th>Potential Modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raskin</td>
<td>▪ Too little rice is received by each household</td>
<td>▪ Could be used as a popular de-facto price stabilisation mechanism instead of OPK</td>
</tr>
<tr>
<td></td>
<td>▪ Cost of delivering benefits is too high</td>
<td>▪ Not a cost-effective or sufficient option</td>
</tr>
<tr>
<td>Cash with Light Conditionalities</td>
<td>▪ BLT politically not popular</td>
<td>▪ Add light conditionalities so that it is not “free” money</td>
</tr>
<tr>
<td></td>
<td>▪ Targeting contentious in communities</td>
<td>▪ Better socialisation of intended recipients, combined with PPLS11 to improve targeting and perceptions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Rename to disassociate with old brand</td>
</tr>
<tr>
<td>Cash for Work (PNPM)</td>
<td>▪ Will not benefit all households</td>
<td>▪ Might best be included as a supplementary response, and not the main one</td>
</tr>
<tr>
<td></td>
<td>▪ May not be sufficient pre-planned projects to support demand</td>
<td></td>
</tr>
</tbody>
</table>
Can the benefits be delivered to the right households? BLT is the most pro-poor, while BSM and Raskin are less so

- Around one-third of total benefits from the four largest programs goes to the top half of households
  - Reflecting issues with targeting, benefit-incidence analysis based on Susenas indicates that around one-third of the total benefit spending from BLT, Raskin, Jamkesmas and BSM go to ineligible households in the top half of the consumption distribution.

- The BSM program is the least pro-poor, followed by Raskin
  - Almost 40% of BSM benefits and 33% of Raskin benefits go to the top half. In contrast, only 27% of BSM benefits and 30% of Raskin benefits go to poor and near-poor HHs in the bottom 20% of the distribution.

- BLT is the most pro-poor
  - Around one-quarter of BLT benefits go to the top half, and 37% to the bottom 20%.

Source and notes: Susenas February 2010, MoF data and World Bank staff estimates.
For all programs, many benefits go to non-target households. However, the new targeting system being developed will improve beneficiary selection.

- A new targeting system is being established
  - In July 2011, a very large new survey of the poor is being conducted.
  - Improved data collection methods are being combined with effective household selection methods

- Approximately the poorest 40 percent of households can be targeted with the new system

- The unified registry in the new system means the full range of social assistance currently enjoyed by households can be determined

**Share of Benefits to Non-target Households**

- Raskin
- BLT
- Scholarships

Source and notes: Susenas February 2010, MoF data and World Bank staff estimates.
Is the response cost-effective? The larger programs spend too little on administration, particularly safeguarding or support operations...

- BSM, Jamkesmas and, to a lesser extent, BLT spend too little on safeguarding to ensure good performance
  - All spend IDR 50,000 per beneficiary (or 5% of total budgets) or less

- Raskin – like food programs worldwide – spends a lot on administration overall, but very little on actual safeguarding
  - Raskin spends >IDR 200,000 per beneficiary on administration and has the highest overhead ratio (26%) despite its large scale. However, most of this spending is absorbed by the physical transportation and distribution of rice rather than support operations

- PKH spends a reasonable amount on safeguarding considering its pilot status and small scale
  - Per beneficiary costs for PKH is high, reflecting its small scale, but administrative overhead ratios have been declining and are now 14%; this trend should continue as the programs expand and realize greater economies of scale. In comparison, the international benchmark for cash transfers is 8% and for well-run CCTs up to 12%

Source and notes: MoF data and World Bank staff estimates. Data for 2009 unless otherwise stated.
...and Raskin in particular is not cost-effective, and the existing PKH probably will not be either, since cash benefits accrue long after price shocks recede.

### Efficiency in benefit delivery (non-benefit costs as share of benefit costs)

- **BSM** seemingly delivers cash benefits ‘efficiently’ – i.e. with minimal overheads – but cannot be considered effective
  - It spends just 1% per Rupiah delivered to beneficiaries. However, effectiveness is hampered by poor targeting, inadequate benefits and lack of timeliness.

- **Raskin** spends the most but delivers the least and is possibly the least cost-effective program
  - Raskin spends 35% per Rupiah value of rice delivered in non-benefit costs.

- **BLT and PKH** represent better value for money – balancing efficiency with effectiveness...
  - These programs spend between 5-16% per Rupiah delivered.

- ...but PKH and **BSM** benefits are enjoyed for many years, and may continue to accrue long after prices fall...
  - Households can enjoy PKH benefits for up to six years.

- ...and PKH MIS and service providers may not be adequate to cope with significant new intakes.

Source and notes: MoF data and World Bank staff estimates. Data for 2009 unless otherwise stated.
X. COORDINATION, BUREAUCRACY, DECENTRALIZATION

Why the Social Protection Programs Performance is not as Expected?

• Bureaucracy is still a big hurdle for delivering quality public services effective social assistances
• Capacity or more of the mindset?
• Why coordination is difficult
  ➔ Among central government agencies
  ➔ Central-provincial-district relationship

• Budget Issues
  ➔ Cycle
  ➔ Channels to direct and allocate resources
  ➔ Audit and evaluation process
• The Case of PKH:
  ➔ Involves Ministry of Social, Education, Health, and Manpower.
Why the Social Protection Programs Performance is not as Expected?

• After decentralization, District Government are the frontline of public services:
  ➔ Capacity issues
  ➔ Local Politics
  ➔ Relationship with the higher level of governments

• Fiscal process is not fully decentralized
  ➔ Current budget cycle creates lags and bottlenecks
  ➔ High power at the district government, but lack of instruments to reach villages and the people

• Performance Evaluation
  ➔ Auditing process emphasis heavily on the “process”
  ➔ Performance-based budgeting?
XI. ATTEMPT TO IMPROVE COORDINATION

- The establishment of National team For the Acceleration of Poverty Reduction (TNP2K), chaired by the Vice President.

- Presidential Regulation No.15/2010 on the Acceleration of Poverty Reduction.

- To support the SBY-Boediono Vision-Mission on reducing poverty level to 8-10% by the end of the year 2014.
TNP2K Main Priority

**CLUSTER 1: FAMILY CENTERED INTEGRATED SOCIAL ASSISTANCE**
- Unification of National Household Targeting System
- Improving PKH
- Improving JAMKESMAS

**CLUSTER 2: COMMUNITY BASED POVERTY REDUCTION PROGRAM - PNPM**
- Improving PNPM

**CLUSTER 3: POVERTY REDUCTION PROGRAM TARGETED TO MICRO AND SMALL Sized ENTERPRISES**
- Formulating Financial Inclusion Strategy
XII. THE POLITICAL ECONOMY OF NATIONAL SOCIAL PROTECTION SYSTEM (SJSN)

Evolving Toward a National Comprehensive Social Security

1963
- Embryo of PN TASPEN

1968
- PN ASKES, Government Civil Servant and retired Police and Armed Forces Health Insurance
- PN TASPEN, Government Civil Servant Pension Program
- PN ASABRI, Police and Armed Forces Pension Program

1977
- PT Asuransi Tenaga Kerja (ASTEK), embryo of PT JAMSOSTEK, Social Protection Scheme for formal workers

1992
- JAMSOSTEK LAW
  Health Protection, work accident Protection, Old Age Protection, scheme, Life Insurance scheme.
Supreme Advisory Council (DPA) in 2000, sent a letter to the President to urge forming a National Social Security Administering Body that integrates all existing social security administering bodies.

Amendment of Constitution 2001, article 34 (2): The State shall develop a system of Social Security for all of the people and shall empower the underprivileged in society.

People Assembly Decree No. X, 2001, Order the President to establish a National Social Security System.


SJSN Law was signed in 19 October, 2004.

- Health Protection
- Working accident protection
- Old Age Protection
- Pension Plan
- Life Insurance scheme
- Defined Contribution
- Government will pay contribution for the poor
Judicial Review of the SJSN Law

Within four months after SJSN law passed, on February 21, 2005, the SJSN law had been presented for judicial review. This judicial review was proposed by representatives of East Java parliaments and Jawa timur Public Health Insurance administering body. The plaintiff claimed that SJSN law undermined their constitutional rights and responsibilities, hence it is in contrary with the 1945 Constitution.

The Plaintiff also claimed that the Central Government (the Ministry of Health) had interpreted the SJSN Law unilaterally by appointing PT ASKES as Manager of the Health Insurance Program for Poor People (JAMKESMAS).

The ruling was announced on 31st August, 2005. Rule that article 5 clauses (2), (3), and (4) of SJSN Law are not legally Binding. Clauses (2), (3), and (4) basically is a statement to convert PT ASKES, PT TASPEN, PT ASABRI, and PT JAMSOSTEK into Single Social Security Administering Body. Articles 5 clause (1) states that Social Security Administering Body should be establish by LAW. This is the remaining clause left. Hence, open an opportunity for the Regional Government to establish a Social Security Administering Body.

After this ruling nothing happen. The National Social Security Council was established in September 2008.
Lack of political will or technically the current SJSN Law is just not feasible and sustainable?

The intention of team that drafting the law, SJSN should be based on defined contribution, so it is fully funded, except for the poor the government will contribute and only for the health protection. And implementation should be gradually up to 20 years.

for some reasons labor unions, employer, and political parties perceive it as everything will be covered immediately universally.

Creates resistance from the employer, government, and even from the unions.

The Judicial review complicated the matter.
In July, 2010, the Indonesia Parliament use their “Initiative Rights” drafting the Law of National Social Protection Administering Body (BPJS).

The government in the defensive mode, formed a team consist of 8 ministers, chaired by the minister of finance. The President asks the Vice President to supervise the whole process.

Main area of disputes:

1. Is the law of BPJS should only establishing BPJS or also contains details regulations of how BPJS operates. The Government doesn’t agree if contains details regulations.
Main area of disputes:

2. Single BPJS or Multiple BPJS. The Parliament more toward single BPJS.

3. The Government want to do it in stages and starts with health first. The stages should determined by the Government.

4. The Parliament want to do fit and proper test for BPJS Supervisory Body and the CEO.
Compromises and Prospect

Still on going process

After several meetings chaired by the Vice President and hundreds of meetings between the Parliament and the 8 ministers:

1. BPJS Law will only mandate to establish the Body without details on how BPJS works. But still contain some general principles on how BPJS works.

2. Only 2 BPJS will be established. Based on “short term” or “long term” social protection contract. First, is Health related BPJS, second is the BPJS related to “old age”.

3. Health related BPJS will start first.

4. Supervisory Body and CEO will be appointed by the Government.
The Long Way Of Making a Consensus
NATIONAL SOCIAL SECURITY SYSTEM (SJSN)

→ **Scenario of Transformation**

- **PT ASKES**
- **PT JAMSOSTEK**
- **PT TASPEN**
- **PT ASABRI**

- **BPJS I**
- **BPJS II**
- **TASPEN (HIGHER PENSION PROTECTION)**
- **ASABRI (HIGHER PENSION PROTECTION)**

Connections:
- Health Services
- Basic Pension
THANK YOU
TASKS OF THE NATIONAL TEAM

a. Design, plan and budgeting for poverty reduction policies and programs;
b. Synergize, synchronize, harmonize, and integration of poverty reduction policies and programs;
c. Supervise and control the implementation of the poverty reduction programs and activities.
MEMBERS OF THE NATIONAL TEAM

- Chairman : Vice President
- Vice Chairman I : Coordinating Minister for People’s Welfare
- Vice Chairman II : Coordinating Minister for Economy
- Executive Secretary : Deputy for Social Welfare and Poverty Alleviation, Office of the Vice President
MEMBERS OF THE NATIONAL TEAM

1. Minister of Home Affairs
2. Minister of Finance
3. Minister of Social Affairs
4. Minister of Health
5. Minister of National Education
6. Minister of Public Works
7. Minister of Small and Medium Enterprises
8. Minister of Disadvantage Areas Development
9. Minister of National Development Planning
10. Chairman of the Developmental Supervision and Control of the President Working Unit
11. Cabinet Secretary
12. Head of Central Statistics Bureau
13. Communities, enterprises, and stakeholders determined by the Chairman
ORGANIZATION STRUCTURE OF THE NATIONAL TEAM

CHAIRMAN  VICE PRESIDEN
VICE CHAIRMAN I  COORDIANTING MINISTER FOR PEOPLE’S WELFARE
VICE CHAIRMAN II  COORDINATING MINISTER FOR ECONOMY

MEMBERS

Financing Tim
MINISTER OF NATIONAL DEVELOPMENT PLANNING

EXECUTIVE SECRETARY
DEPUTY FOR SOCIAL WELFARE AND POVERTY ALLEVIATION, OFFICE OF THE VICE PRESIDENT

Task Force For Family Based Integrated Social Assistances
Vice Presiden Office

Task Force For Community Based Poverty Reduction Programs/ PNPM Mandiri
Coord. Ministry for People’s Welfare Office

Task Force For Strengthening Micro dan Small Enterprise Based Poverty Reduction Programs
Coord. Ministry for Economy Office

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SECRETARIAT OF THE NATIONAL TEAM

EXECUTIVE SECRETARY:
DEPUTY FOR SOCIAL WELFARE AND POVERTY ALLEVIATION,
OFFICE OF THE VICE PRESIDENT

POLICY ADVISOR
COORDINATOR

SECRETARIAT
HEAD OF SECRETARIAT

POLICY WORKING GROUPS
(Think Thank)
COORDINATOR

MULTI PARTNERSHIP FOR POVERTY REDUCTION
COORDINATOR

CAPACITY BUILDING ADVISOR

FINANCE & BUDGETING ADVISOR

RULES AND REGULATIONS ADVISOR

DATA STATISTIC ADVISOR

FINANCE & BUDGETING UNIT
PROGRAM IMPLEMENTATION UNIT
DATA AND INFORMATION UNIT
ADVOCACY UNIT
PUBLICATION UNIT
PROGRAM SUPPORT UNIT

DATA UNIFICATION
HEALTH SOCIAL ASSISTANCE
FAMILY TARGETED SOCIAL ASSISTANCE
COMMUNITY TARGETED POVERTY PROGRAM
MICRO AND SMALL ENTERPRISES TARGETED POVERTY REDUCTION PROGRAM
MONITORING & EVALUATION

FUND MOBILIZATION
PROGRAM CONSOLIDATION
MONITORING & EVALUATION

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FINANCING TEAM OF THE NATIONAL TEAM

FINANCING TEAM
CHAIR: MINISTER OF NATIONAL DEVELOPMENT PLANNING

DOMESTIC FINANCE
(STATE BUDGET REVENUES AND EXPENDITURES)

FOREIGN GRANT FINANCE
(MULTIDONORS)