

June 2021

## Policy Brief

# Social Protection For School-Aged Children Post COVID-19 Reforms: PIP-PKH Integration<sup>1</sup> and Graduation Incentives

### KEY MESSAGES

1. **Indonesia has made quite remarkable progress in reaching one of its education achievement outcomes as more school-aged children continue to have better access to education facilities.** Both Gross Enrolment Ratio (GER) and Net Enrolment Ratio (NER) improved between 2009 and 2019.<sup>2</sup>
2. **In 2019, however, there were still around 3.2 million school-aged children in Indonesia who had dropped out of school.** Children from the poor and at-risk population still face challenges in completing their 12 years of basic education.
3. **The COVID-19 pandemic has posed an additional challenge for most school-aged children globally including Indonesian children.** Children have to face the possibility of “lost schooling, lost learning, and lost earnings” (World Bank 2020) as a result of the school closures policy to contain the virus spread. Evidence from previous crises suggests that the effect of falling income in families/households will impact children and families unequally, with vulnerable children tending to be more affected than the average population (UNICEF 2020).
4. **As part of the Government of Indonesia’s (GoI) priority policy to ensure 12 years of basic education and the comprehensive provision of social protection for all—including children—two programs, *Program Indonesia Pintar* (PIP) (previously referred to as *Bantuan Siswa Miskin*), and *Program Keluarga Harapan* (PKH) have been implemented by GoI for more than a decade.**
5. **Recent program performance analysis conducted by TNP2K showed, however, that despite their positive contribution to providing better access for poor and at-risk children to education facilities, both programs still experience inclusion errors.** PIP only reached 26 per cent of eligible children in decile 1 and 24 per cent of children in decile 2; while PKH only reached 30 per cent of eligible children in decile 1, and 24 per cent of children in decile 2. This represents less than 30 per cent of eligible children from the bottom 20 per cent by socioeconomic welfare.

<sup>1</sup> *Program Indonesia Pintar* (PIP) (Smart Indonesia Program); *Program Keluarga Harapan* (PKH) (Family Hope Program).

<sup>2</sup> BPS GER and NER Definition: Gross Enrolment Ratio (GER) is the proportion of school children at a certain level in the age group that corresponds to that education level. Net Enrolment Ratio (NER) is the proportion of school children in a certain age group who attend school at a level appropriate to their age group.

6. As PIP and PKH target school-aged children, and share similar objectives which are removing barriers to education access and reducing the drop-out rate, TNP2K in 2018 recommended that the two programs be merged and for GoI to implement a new initiative called Graduation Incentives with the objectives to:
- ensure that all children have the best access to 12 years of basic education, and reduce further drop-outs;
  - guarantee that more children from poor and at-risk families are entitled to, and receive, the benefit (better targeting);
  - simplify two programs implementation at the ministerial and field levels to improve program performance; and
  - improve Indonesia's education investment so its investment is efficient (the program is managed by one institution), effective (reaches the right targets), and inclusive (reaches more male and female school-aged children—including children with disability).
7. The proposed recommendations are envisioned not only to contribute to ensuring a more comprehensive and inclusive social protection system in Indonesia in the future, but also to mitigate the potential added risks/consequences that poor and at-risk children will have to face post COVID-19 pandemic.

## OVERVIEW OF INDONESIA'S EDUCATION ACHIEVEMENT AND CHALLENGES

Indonesia has made remarkable progress in meeting the target to provide 12 years of basic education for all over the decade to 2020. The gross enrolment ratio (GER) at junior secondary and senior secondary level increased from 81.1 per cent in 2009 to 90.6 per cent in 2019 and from 62.4 per cent in 2009 to 84.0 per cent in 2019 respectively (Susenas 2009, 2019). This achievement shows that more school-aged children in Indonesia now have better access to education facilities and services, along with increased investment and improved education quality.

As of 2019, there are a total of 55.6 million individuals 7 to 18 years of age, of whom around 51 million (91 per cent) are in school. Some 52 per cent of the age cohort are in SD-MI (Elementary Schools), 22 per cent are in SMP-MTs (Junior Secondary Schools), and 17 per cent are in SMA-SMK-MA (Senior Secondary Schools) (Table 1).

**Table 1:** Education Level of Children 7-18 years of age (2019)

Education Level	7-12 years		13-15 years		16-18 years		Total 7-18 years	
	Total	%	Total	%	Total	%	Total	%
Not in school/Never been in school	142,731	0	50,982	0	77,434	1	271,147	0
Elementary/SD-MI	28,197,463	98	756,845	6	53,991	0	29,008,300	52
Junior Secondary/SMP-MTs	460,662	2	10,681,050	79	1,036,134	8	12,177,846	22
Senior Secondary/SMA-SMK-MA	n.a	n.a	1,410,213	10	8,071,863	61	9,482,076	17
Senior Secondary Graduate	n.a	n.a	n.a	n.a	1,459,853	11	1,459,853	3
SD/Elementary Drop-Out	74,904	0	314,155	2	808,753	6	1,197,812	2
SMP/Junior Secondary Drop Out	3,081	0	222,911	2	1,519,876	11	1,745,868	3
SMA/Senior Secondary Drop Out	n.a	n.a	15,596	0	238,641	2	254,237	0
<b>Total</b>	<b>28,878,841</b>	<b>52</b>	<b>13,451,752</b>	<b>24</b>	<b>13,266,545</b>	<b>24</b>	<b>55,597,139</b>	<b>100</b>

Source: Susenas 2019, as calculated by TNP2K in 2020.

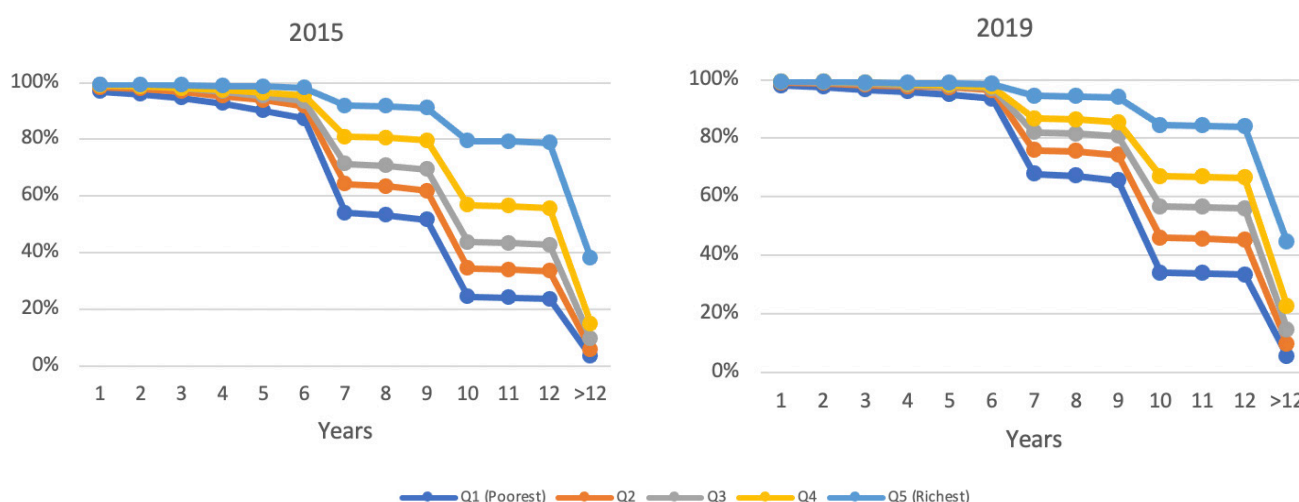
**Unfortunately, there are still approximately 3.2 million children between the age of 7-18 years who have dropped out of school (6 per cent of the total).** According to the UNESCO Institute for Statistics (UIS 2020), globally around 258 million children and youth are out of school—including 59 million of primary school age, 62 million of junior secondary school age, and 138 million of senior secondary school age for the school year ending in 2018.

**Children from low-income families/households are more likely to experience challenges in completing their 12-year education.** Despite the already high rate of participation at the elementary level, and some progress in the junior and senior secondary level GER over the past decade, the percentage of children coming from the lowest

socioeconomic quintiles (Figure 1) participating in schooling is still lower compared to children coming from the higher quintiles.

**In 2019, only 40 per cent of children from the lowest quintile (quintile 1) were able to finish the 12-year basic education program, compared to approximately 90 per cent of children from the highest quintile (quintile 5).** The UNICEF report (2020) also shares similar findings where, for instance, children of junior secondary age coming from the poorest households/families are five times more likely to be out of school compared to those coming from the most affluent households/families. It is estimated that the poorest children and children with disability are the most at-risk of education exclusion (UNICEF Indonesia 2020).

**Figure 1: Education Length Completed and Education Participation by Expenditure Decile**



Source: Susenas 2015 and Susenas 2019, as calculated by TNP2K in 2020.

**Furthermore, male children have a higher probability of dropping out of school at any level of education compared to female children.** The oldest male children<sup>3</sup> from the lowest 20 per cent by socioeconomic condition are more likely to drop out of school and enter the labour force market as a child worker/child labourer. This is similar to the findings of Banerjee and Duflo (2011) in West Java where poor families have a higher preference for sending their youngest children into formal education, while asking for the older children to help the family meet their basic needs.

Utilising *Susenas* March 2019, we found that, of children from the bottom 20 per cent who were the oldest amongst children in their household and who had dropped out of elementary school, 62 per cent were males and 38 per cent were females. On the other hand, female children from the bottom 20 per cent were more likely to be enrolled in senior secondary school or to be senior secondary school graduates (51.1 per cent and 56.2 per cent respectively) (Table 2).

<sup>3</sup> Children of 7-18 years age group.

**Table 2:** Educational Level of the Oldest Children in Family (Lowest 20 Per cent by Socioeconomic Level) (2019)

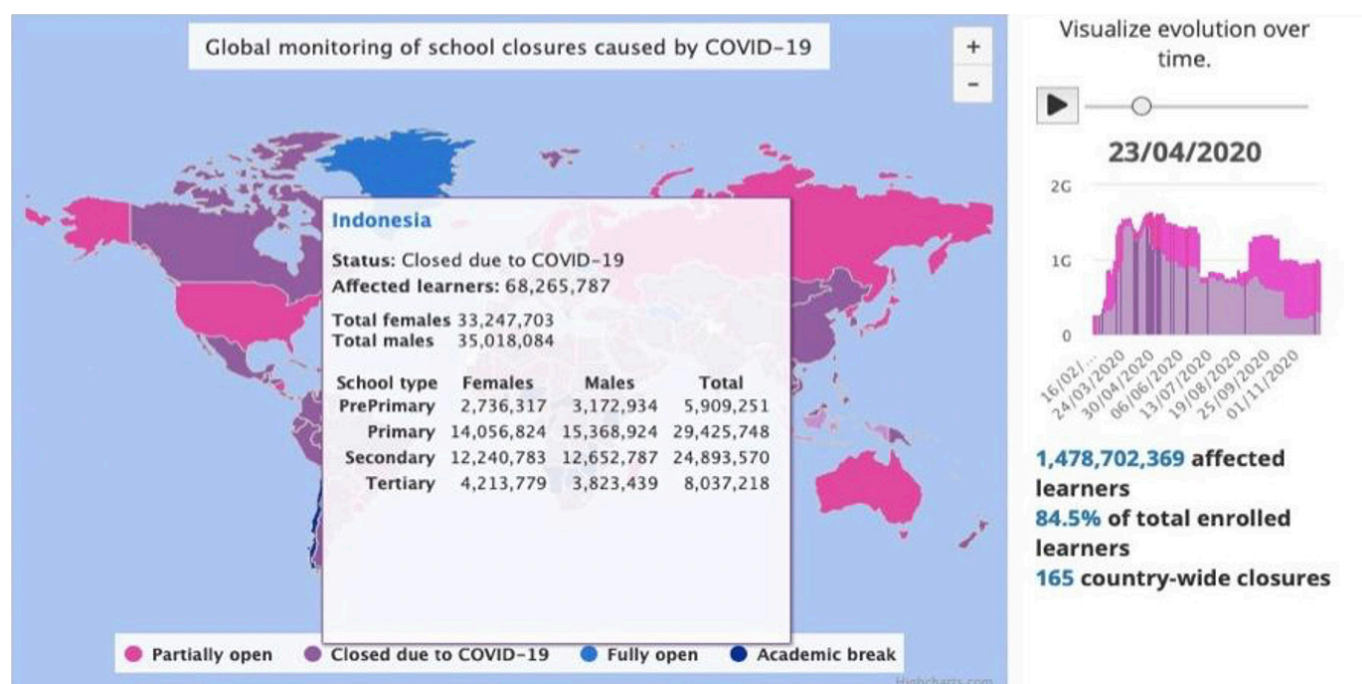
Education Level	Female	%	Male	%
Not in school/never been in school	11,464	46.0	13,460	54.0
SD (Elementary School)	276,045	47.7	303,013	52.3
SMP (Junior Secondary School)	415,144	48.4	442,706	51.6
SMA (Senior Secondary School)	402,654	51.1	385,609	48.9
Senior Secondary Graduates	70,176	56.2	54,606	43.8
SD Drop Out	67,330	38.1	109,271	61.9
SMP Drop Out	111,564	42.8	149,221	57.2
SMA Drop Out	9,610	41.3	13,686	58.7
<b>Total</b>	<b>1,363,987</b>	<b>48.1</b>	<b>1,471,572</b>	<b>51.9</b>

Source: Susenas 2019, as calculated by TNP2K in 2020.

**In addition to the achievement and challenges described above on Indonesian children and their education, the 2020 COVID-19 pandemic has added to the existing challenges that school-aged children and their families face.** Most governments around the world have decided to temporarily close their educational premises and move teaching and learning activities to home-based as an attempt to contain the spread of the virus. As of early December 2020, UNESCO’s Global Monitoring of School

Closures shows that more than 300 million child learners are still affected by country-wide closures (18.2 per cent of all enrolled learners in 29 countries) despite some countries having started to fully open or partially open (including Indonesia). This situation has improved since the outbreak of the pandemic in March 2020, when 165 countries fully closed their school premises—affecting more than 1.4 billion learners (85 per cent of all enrolled learners) (Figure 2) (UNESCO 2020).

**Figure 2:** Indonesia Status of School Closures (March 2020)



**The school closures because of the pandemic which caused children to have to learn from home will contribute to the possible set-back of education outcomes/achievements.** Recent simulations by the World Bank confirmed the potential of “lost schooling, lost learnings, and lost earnings prospects”, where five months of school closures could result in the loss of 0.6 years of schooling adjusted for quality and could also lead to falling test scores on average. Prior to the pandemic, 53 per cent of children in low- and middle-income countries who live in learning poverty are unable to read and understand a simple text by age 10. Additionally, the combination of being out of school and potentially the loss of family livelihood because of the pandemic, may leave girls more vulnerable and may increase exclusion and inequality (especially for children with disability and other at-risk groups) (World Bank 2020).

**Additional research by UNICEF in southern and eastern Europe, and Central Asia also found that, based on the experience from previous crises such as those in 2008, multiple child poverty and vulnerability indicators will worsen within the first year after the decline in a country’s economic condition.** Children’s individual risks, coupled with the needs of the families, especially younger children, are at a higher risk of poverty as parents are usually less attached to the labour market and previous experience shows that this age group often receives less public investment in normal times. Lastly, evidence also shows COVID-19 social protection responses in some countries rarely take an age or developmentally informed approach (UNICEF 2020).

## **SOCIAL PROTECTION FOR SCHOOL-AGED CHILDREN (PIP AND PKH)**

**The GoI is highly committed to ensuring that all children can have proper access to, and finish, 12 years of education.** Better access to quality education has been one of the longest-standing priorities of Indonesian Government policy, and ensuring the country’s human capital development is also one of the priorities in the current RPJMN (*Rencana Pembangunan Jangka Menengah Nasional*/ Mid-term National Development Plan) of 2020–2024. In addition to allocating 20 per cent of the national state budget (*Anggaran Pendapatan dan Belanja Negara*: APBN) to improve education access and quality, GoI has been implementing two social assistance programs specifically geared towards children with the objectives of: (i) expanding education access for children from poor families/households; (ii) reducing drop-out rates; and (iii) ensuring all children can continue their study up to Year 12.

**The first social assistance program is *Program Indonesia Pintar* (PIP) which provides a cash transfer directly to poor students to cover their personal expenses—such as transport, daily allowances, and books.** The program initially started in 2008 as an assistance program, *Bantuan Siswa Miskin* (BSM), for poor students and was re-named in 2015 as PIP. The main objectives are to remove barriers to school access, reduce the number of school drop-outs, and support the government’s priority of 12 years of universal basic education. In addition to reducing the dropout rate and ensuring all children can continue their education for up to 12 years, PIP is also expected to increase poor students’ understanding of financial inclusion and access to banking.

**In 2020, PIP covers approximately 20.1 million school-aged children between the age of 6 and 21 years,<sup>4</sup> both those who are in formal schools (regular and religious schools) and in non-formal schools (such as *Paket A, B, and C*, and Islamic non-formal schools/*Pondok Pesantren*).** Children from the bottom 25 per cent of households (as identified by the Unified Database of Social Welfare (*Data Terpadu Kesejahteraan Sosial*: DTKS)<sup>5</sup> receive a Smart Card (*Kartu Indonesia Pintar*: KIP)<sup>6</sup> and the GoI has also opened a bank account in the name of each eligible child to access the cash transfer. Beneficiaries of other social assistance programs, like PKH, are also prioritised and, by design, should automatically be eligible for the benefit (TNP2K 2018 updated in 2020).

**The second program is *Program Keluarga Harapan* (PKH), a conditional cash transfer program, initially targeted in 2007 at very poor families with pregnant mothers and children.** PKH aims to reduce inter-generational poverty in the long term by investing in children’s health and education, thereby boosting the human capital development of future generations. In the short term, the transfers are intended to stimulate consumption and boost local economic growth. In 2017, the number of beneficiaries increased from 3.5 to 5.98 million households, and by 2020 the program has reached 10 million families/households (TNP2K 2018 updated in 2020).

**The PIP and PKH programs are two of the biggest social protection (social assistance) programs, funded by the government, with each running between 12-13 years.** A total budget of approximately Rp 11 trillion for PIP and Rp 16.5 trillion<sup>7</sup> for the education component of PKH have been allocated in 2020. Figure 3 presents a brief overview of the two programs.

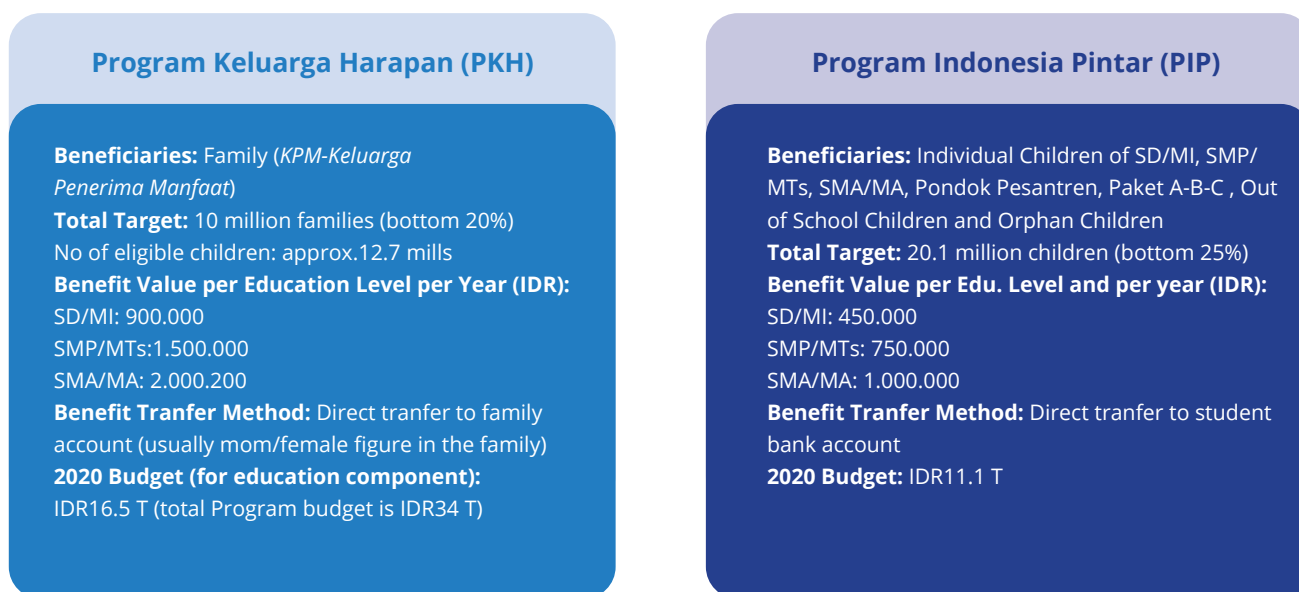
<sup>4</sup> The age range of children 6-21 years is the age range of school-aged children who come from poor and vulnerable families—PKH families, orphans, children with disability and victims of natural disasters/calamities who are entitled to receive PIP benefits (Permendikbud No.10 / 2020).

<sup>5</sup> Previously referred to as *Basis Data Terpadu* (Unified Database/UDB).

<sup>6</sup> KIP (*Kartu Indonesia Pintar*/Smart Indonesian Card) is a card provided to students in formal and non-formal education to identify them as entitled to receive PIP benefits (Permendikbud No.10 / 2020).

<sup>7</sup> Ministry of Finance (MoF) as consolidated by TNP2K in 2020.

**Figure 3:** Brief Overview of PKH and PIP



Source: PIP Guidelines 2020 (MoEC and MoRA) and PKH Guidelines 2020 (MoSA).

## PIP AND PKH PROGRAM PERFORMANCE

### a. Benefit Incident Analysis

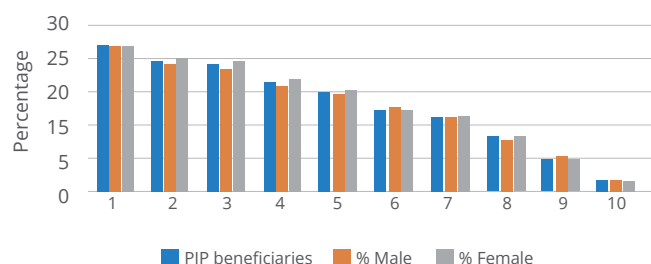
In November 2020, TNP2K conducted a quantitative analysis of each program performance by utilising the National Socioeconomic Survey (*Survei Sosial Ekonomi Nasional: Susenas*) of March 2019. The objectives are to get a better understanding on the effectiveness of both programs in reaching their intended objectives, as well as to identify the potential for the two programs to be integrated in the near future. The results of the quantitative analysis are also to encourage for more efforts by the government so as to improving the performance of PIP and PKH.

Since 2018, TNP2K has been advocating for the integration of the PIP and PKH programs. Although both programs have contributed to increasing the opportunities of vulnerable children to access education, the TNP2K analysis utilising a secondary database continues to show that both PIP and PKH still benefit children and families who are not eligible to receive the program transfer (inclusion error).

The TNP2K analysis shows that around 10 million children from elementary to senior secondary level in 2019 (out of the total allocated quota of 20.1 million school-aged children) are receiving the benefit of PIP, with a similar percentage for male (5.1 million), and female (4.9 million) beneficiaries. PIP beneficiaries in 2019 were dominated by children enrolled in elementary schools (59 per cent), while 26 per cent and 15 per cent were enrolled in junior secondary and senior secondary schools respectively. While more than one-half of PIP beneficiaries were enrolled in elementary schools, the program only reached 19 per cent of entitled students at this level.

Additionally, more PIP beneficiaries live in rural settings (57 per cent or 5.7 million children) than in urban settings (43 per cent or 4.3 million children) (see Box 1). Nevertheless, based on the PIP benefit incidence analysis, it was found that the program covered not only children from the lowest deciles (decile 1 to decile 2 of socioeconomic welfare status) but also children up to decile 10 (Figure 4). Ideally PIP benefits should only be received by children who come from the lowest 20 per cent, but instead, it also reached children coming from the higher expenditure deciles.

**Figure 4:** PIP Beneficiaries Proportion by Expenditure Decile and by Gender



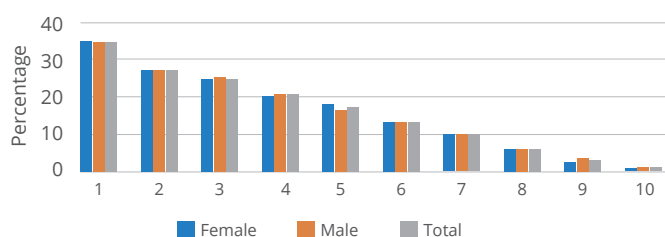
Source: Susenas 2019, as calculated by TNP2K in 2020.

Meanwhile, the number of children in PKH beneficiary families in 2019 was around 15.9 million from around 11.3 million beneficiary families (12.3 per cent of the total families in Susenas). Around 39 per cent of school-aged children in PKH families were enrolled in elementary schools, followed by children in junior secondary schools

with 18 per cent, and children in senior secondary schools (12 per cent), while 31 per cent are children who are not in school yet and the remainder (0.2 per cent) are university students.

**As with PIP, PKH benefit incidence analysis utilising Susenas (March 2010) shows that the program benefits also reach individuals in all expenditure deciles (Figure 5).** Based on the program performance assessment, however, it can be seen that PKH performance was slightly better in reaching the intended beneficiaries compared to PIP. Some 36 per cent of PKH families in the lowest decile who have children receiving PKH (Figure 5), compared to approximately 26 per cent of school-aged children in the lowest decile who are receiving PIP (Figure 4).

**Figure 5: Children in PKH Family Receiving PKH Benefit (by Expenditure Decile)**



Source: Susenas 2019, as calculated by TNP2K in 2020

### Box 1: PIP-PKH Program Performance at the Local Level

#### A. PIP Benefit Incidence Analysis in Six Provinces

**To complement the national level analysis, TNP2K also conducted analysis in six provinces to get a better understanding on the achievement as well as challenges of both programs at the local level.** The six provinces were selected based on the highest and lowest rate of PIP beneficiaries amongst school-aged children in the poorest 20 per cent by socioeconomic welfare. The provinces of DI Yogyakarta, Aceh, and Gorontalo performed better in 2019 in reaching poor children from the lowest two socioeconomic deciles of the total population of school-aged children to receive PIP benefits. Additionally, the PIP coverage for female is slightly higher than male children in Aceh and Gorontalo, while in the remaining case study provinces PIP coverage in male children is better than female (Table 3).

**Unfortunately, Central Kalimantan, North Maluku, and Papua have not been performing as well compared to the above three provinces in reaching children in the bottom 20 per cent to receive the programs.** This might indicate potential inclusion error, where more students from the higher deciles are included into the program (Table 3).

**Table 3: Highest and Lowest Three Provinces in PIP Benefit Incidence Performance**

Province	PIP Coverage from the Poorest 20 Per cent	PIP coverage by Gender (%)		PIP coverage by Living Area (%)	
		Male	Female	Urban	Rural
<b>Highest 3 Provinces</b>					
DI Yogyakarta	47%	32%	30%	26%	45%
Aceh	34%	28%	29%	19%	33%
Gorontalo	32%	27%	28%	19%	34%
<b>Lowest 3 Province</b>					
Central Kalimantan	11%	7%	7%	5%	8%
North Maluku	9%	9%	10%	7%	10%
Papua	9%	12%	12%	9%	13%

Source: Susenas March 2019, analysed by TNP2K 2020.

<sup>8</sup> Benefit Incidence Analysis performed for PKH beneficiaries with children component included all children in the PKH family. The analysis is done with the assumption that PKH families with several components (including children, pregnant women, and the elderly, could utilise PKH benefits for various expenses including children's education costs. This is in accordance with the General Guidelines for PKH Implementation where PKH benefits can be used by PKH families for health activities, education, social welfare, and other expenses as long as they support the achievement of PKH goals.

## B. PKH Benefit Incidence Analysis in Six Provinces

**Aceh and Gorontalo are the two provinces that have better performance in PKH as well PIP.** Coverage of PKH families with children in the bottom 20 per cent in Aceh and Gorontalo was 54 per cent and 51 per cent respectively higher than PIP targeting (34 per cent and 32 per cent). The coverage of PKH program is better in the rural areas than in urban, where all three provinces that considered as the best performer in PKH targeting show higher coverage in rural area.

**Furthermore, Papua has the lowest coverage of PIP and PKH program.** In 2019, Papua province reached only 3 per cent of children 7-18 years of age within KPM PKH households in the bottom 20 per cent. Two other provinces, DKI Jakarta and West Papua, also have low rates of coverage at 11 per cent and 10 per cent in the KPM PKH respectively. The low coverage in DKI Jakarta may be due to the large number of school-aged students who also receive the local level education cash assistance (Jakarta Smart Card/Kartu Jakarta Pintar: KJP) from the local government, that reached around 450,682 children (24 per cent).

**Table 4: Highest and Lowest Three Provinces in PKH Benefit Incidence Performace**

Province	PKH Coverage from the Poorest 20 Per cent	Coverage of PKH to Children in KPM PKH by Gender		Coverage PKH to Children by Living Area	
		Male	Female	Urban	Rural
<b>Highest 3 Provinces</b>					
Aceh	54%	36%	36%	21%	43%
Gorontalo	51%	31%	31%	21%	37%
East Nusa Tenggara	62%	42%	40%	16%	49%
<b>Lowest 3 Province</b>					
DKI Jakarta	11%	3%	4%	3%	n.a
Papua	3%	2%	2%	4%	2%
West Papua	10%	11%	9%	12%	9%

Source: Susenas March 2019, analysed by TNP2K 2020.

**Although there are still inclusion errors in PIP and PKH among the population groups coming from the poorest 20 per cent of socioeconomic conditions, the most recent data shows an increase in GER in junior and senior high schools in all of the above provinces (Table 5).** This improvement is consistent with the national improvement and because of a better investment of Gol in its education commitment.

**Table 5: Gross Enrolment Ratio (GER) (2009 and 2019)**

No.	Province	SD		SMP		SMA	
		2009	2019	2009	2019	2009	2019
1.	Aceh	111.8	109.9	88.6	97.4	82.8	90.1
2.	DI Yogyakarta	110.9	106.2	91.6	95.0	78.4	89.1
3.	Gorontalo	107.8	110.9	69.6	78.9	58.6	88.6
4.	East Nusa Tenggara	114.3	110.9	70.0	78.9	52.0	88.6
5.	Central Kalimantan	114.7	110.0	77.1	88.7	53.3	82.3
6.	North Maluku	113.6	109.7	81.7	86.5	72.7	93.2
7.	Papua	91.4	91.9	52.6	78.1	52.6	76.3
8.	West Papua	117.5	91.9	62.2	78.1	62.2	76.3
9.	DKI Jakarta	108.7	110.0	87.7	88.7	68.1	82.3

Source: Susenas 2009 and 2019, analysed by TNP2K 2020.

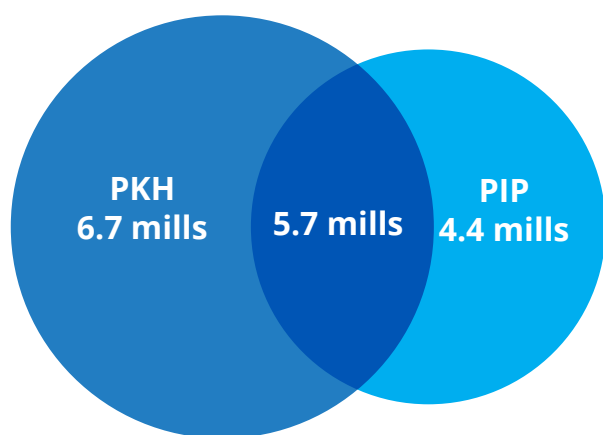
Note: The GER indicates the participation of a population who are currently studying according to their education level. GER can be greater than 100 per cent because the student population that attends school at a particular education level includes children outside the school-aged limit at the education level concerned. Commonly, GER is used to measure the success of educational development programs in expanding opportunities for a population to attain education.



## b. PIP and PKH Program Complementarity Analysis

One of the priority cohorts of school-aged children entitled to receive the benefit of PIP is children from PKH families/households. Based on TNP2K recent analysis, from the total 10 million PIP beneficiaries, around 5.7 million were from PKH families (Figure 6). Of the 5.7 million PIP children who are part of PKH, approximately 1.2 million belong to the lowest decile (decile 1), while the remainder were spread around various socioeconomic deciles. A total of 6.7 million children in PKH families did not receive PIP. This was probably because not all children in PKH families could benefit from PIP (due to limited conditionalities in PKH), and only children who were included in the PKH component were reported to have received PIP.

**Figure 6:** Individual Proportion of PIP Beneficiaries in PKH Beneficiaries



Source: Susenas 2019, as calculated by TNP2K in 2020.

## THE POTENTIAL OF PKH-PIP INTEGRATION AND GRADUATION INCENTIVES: PROPOSED RECOMMENDATION FOR SOCIAL PROTECTION REFORMS POST COVID-19

As mentioned in the earlier paragraphs on PIP and PKH program description, both programs target school-aged children, and share similar objectives which are removing barriers for poor and at-risk children to education access and reducing the drop-out rate. Based on TNP2K latest analysis as described above, however, there are still many children of PKH families as well as children eligible for PIP programs in the lowest deciles (decile 1 and 2) who have not received the benefit of either program. PIP also continues to be managed by different directorates under two different implementing ministries, the Ministry of Education and Culture (MoEC) and the Ministry of Religious Affairs (MoRA).<sup>9</sup>

Since 2018, TNP2K has been proposing and planning for the gradual integration of PKH and PIP with different line ministries—the Ministry of Planning (Bappenas), Ministry of Finance (MoF), MoEC, MoRA, and the Ministry of Social Affairs (MoSA). Given that the two programs have similar objectives and target the same groups of children, the main reasons for the proposal are: (i) so that MoEC and MoRA can focus more on the supply side (including infrastructure and quality of education); and (ii) that one program can be more effective and efficient in terms of management and budget. The PIP-PKH integration proposal has also been shared with the president of the Republic of Indonesia and received appreciation during the 2020-2024 RPJMN cabinet session.<sup>10</sup> As the two programs have been running for more than a decade, all ministries including TNP2K understand the complexity entailed in the integration process.

Initial efforts such as conducting an administrative database electronic matching of the PIP beneficiaries' database in MoEC Dapodik (Data Pokok Pendidikan: Education Database) system, and MoRA E-MIS (Education-Management Information System), with the DTKS and PKH database of MoSA was conducted in late 2019. The electronic matching result of these two databases were similar to complementarity analysis of PKH-PIP utilising Susenas 2019 (as described earlier), where around 5.7 million children receiving PIP are also children in PKH families.<sup>11</sup> All analysis and discussions that have happened so far have agreed on the need for both programs to integrate soon.

TNP2K also proposed a new initiative called the Graduation Incentives Program. The objectives of the new program will be to: (i) ensure that all children have the best access to 12 years of basic education, and to further reduce drop-outs (Figure 7). This innovative program is expected to provide a lump sum benefit to eligible children and will ideally be provided to school-age children as they reach the last year of its education level (from grade 6 to grade 7 and from grade 9 to grade 10). Children will receive more incentives if they successfully passed the senior secondary level (grade 12).

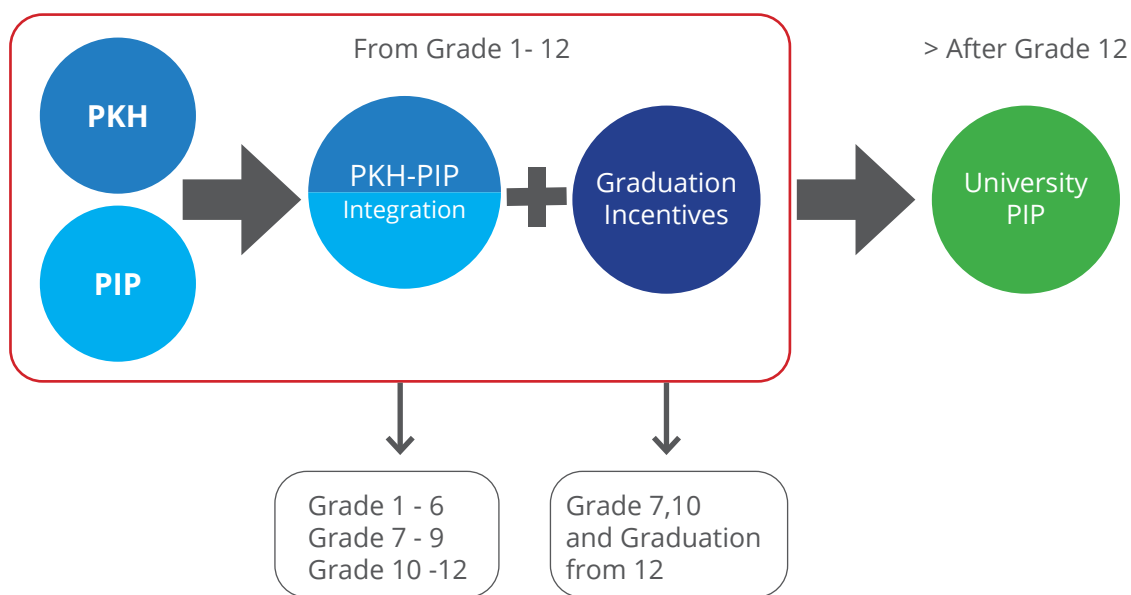
It is envisioned that the Graduation Incentive will not only encourage students to continue their schooling, but also will allow students to have saving funds that can help them when they enter the next level of their education. School-age children who receive this program will also be able to get a better awareness from an early age related to financial inclusion and the financial services sector, by having their own bank savings account.

<sup>9</sup> In 2020, the management of PIP which was previously managed by each education level directorate (such as Elementary PIP by the SD/Elementary Directorate, Junior Level PIP by the SMP Directorate and Senior Level PIP (SMA/SMK) by the Directorate of SMA/SMK), has been managed at the Education Financing Service Centre (Puslabdik/Pusat Layanan Pembiayaan Pendidikan) ([www.puslabdik.kemdikbud.go.id](http://www.puslabdik.kemdikbud.go.id)).

<sup>10</sup> Bappenas November 2019 presentation.

<sup>11</sup> MoSA DTKS Electronic Matching Result in 2019.

**Figure 7: TNP2K 2020 Social Protection for Children: Reforms Recommendation**



Source: TNP2K 2020.

**At the end of December 2020, Bappenas launched the National Strategy for Out-of-School Children (*Strategi Nasional Anak Tidak Sekolah/Stranas: ATS*).** The developed strategy aims to ensure the return to school of out-of-school children through several strategies including by: (i) improving data collection; (ii) ensuring effective outreach and mentoring; (iii) revitalising the previous back-to-school strategy; and (iv) developing appropriate learning models, especially for children with special needs, child labourers, children dealing with the law, neglected children, street children, and children in disaster areas.<sup>12</sup>

**The proposed recommendation is intended to not only contribute to ensuring a comprehensive and inclusive**

**social protection system in Indonesia in the future but, in the short term, to mitigate the potential added risks/consequences that poor and at-risk children will have to face a post COVID-19 pandemic.** Indonesia strives for a social protection system that can offer support to its people as they move through their lives, from childhood to old age. Integrating PIP and PKH into one program and the Graduation Incentives proposal are significant steps to address some of the key challenges that children in Indonesia are facing, and that can eventually lead to Indonesia having improved human resource capital that is productive, ready to compete, and able to contribute to Indonesia’s economic growth.

<sup>12</sup> Bappenas presentation “National Strategy for the Out of School Children” on 23 December 2020.

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