

Digitising social protection system: Insights from Indonesia

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Agenda

1. Background

About
social protection

Digitising
social protection

Social protection
in Indonesia

2. Journey

Objectives

Reform journey

Digital solutions

3. Future

New development
and initiatives

Digitisation
roadmap

New cabinet
program

Background: Social Protection and Digitisation

Characteristics and
programs

Advantages and
challenges

The building blocks

Budget allocation

Disbursement
process

Beneficiaries



Social Protection

Characteristics and programs

Cash Transfer: direct cash transfers, unconditional or conditional

Social Security: unemployment, disability, retirement pensions

Social Assistance: food, welfare, housing, childcare

Healthcare Subsidies: insurance premiums, medical vouchers

Maternal and Child Support: well-being of mothers and children

Education: grants and Scholarships

Characteristics

- Targeted beneficiaries
- Direct assistance
- Poverty alleviation
- Social inclusion
- Economic stability
- Humanitarian response

Employment: job training, upskilling, job channelling

Elderly Support: pensions, social care services, home assistance

Housing: public housing projects, housing loans, tax exemptions

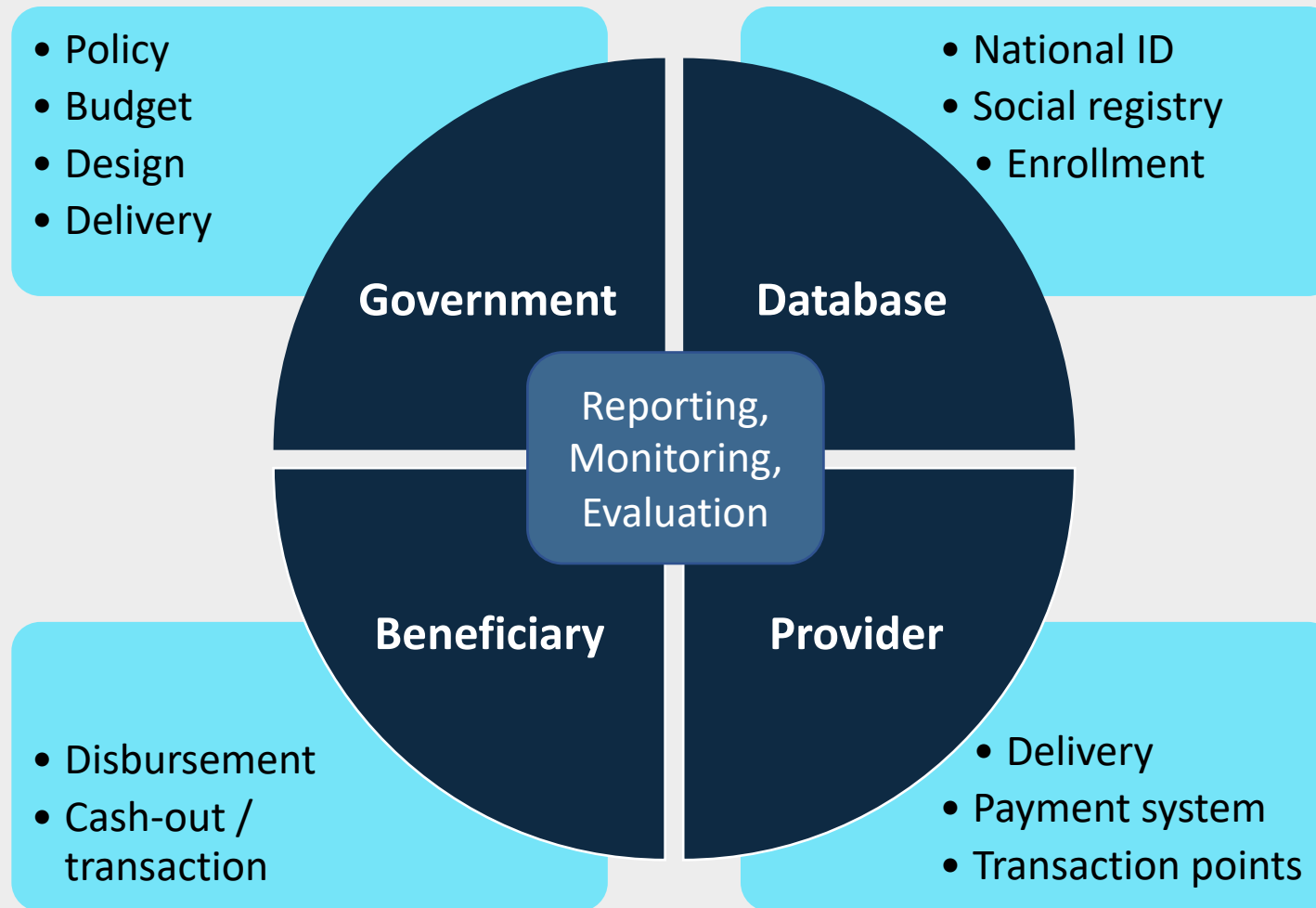
Energy and Utility: subsidies for electricity, water bills, cooking gas

Agricultural: fertilisers subsidies, price support, access to credit

Disaster Relief/Emergency: assistance during natural disasters or emergencies.

Social Protection

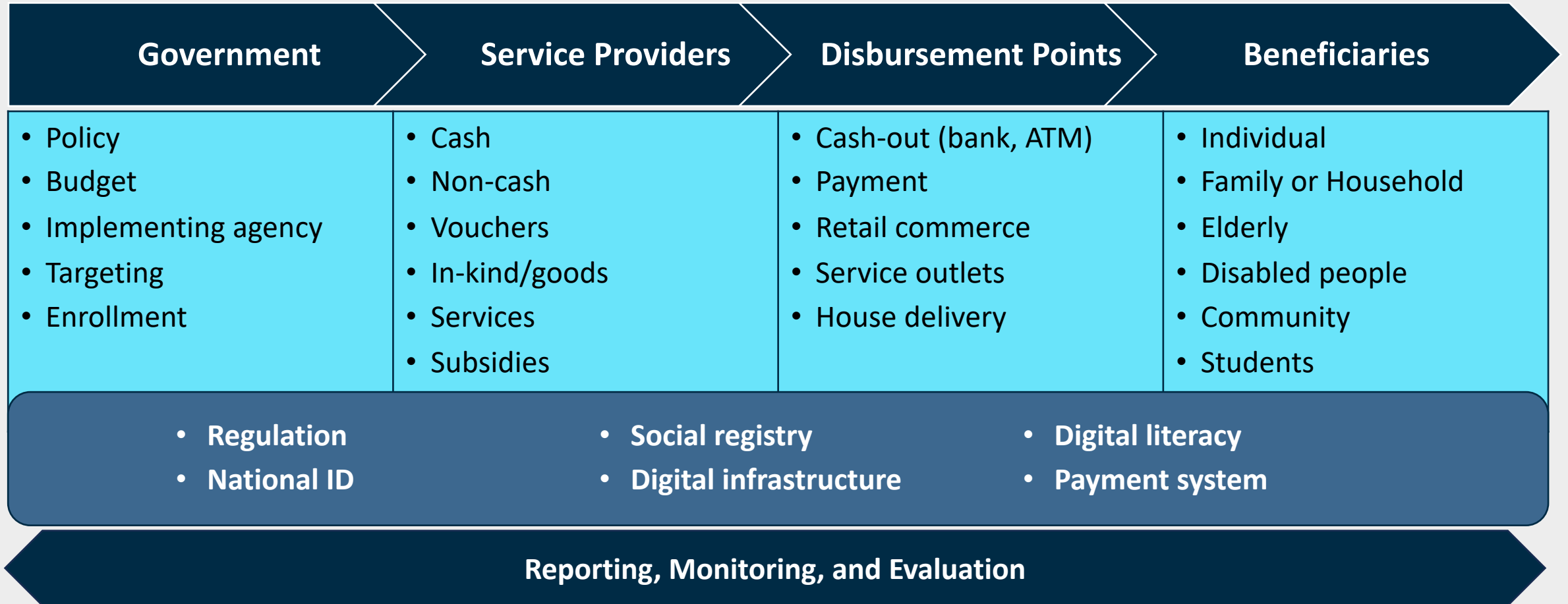
The building blocks



Adopted from the World Bank Social Protection System Building Blocks

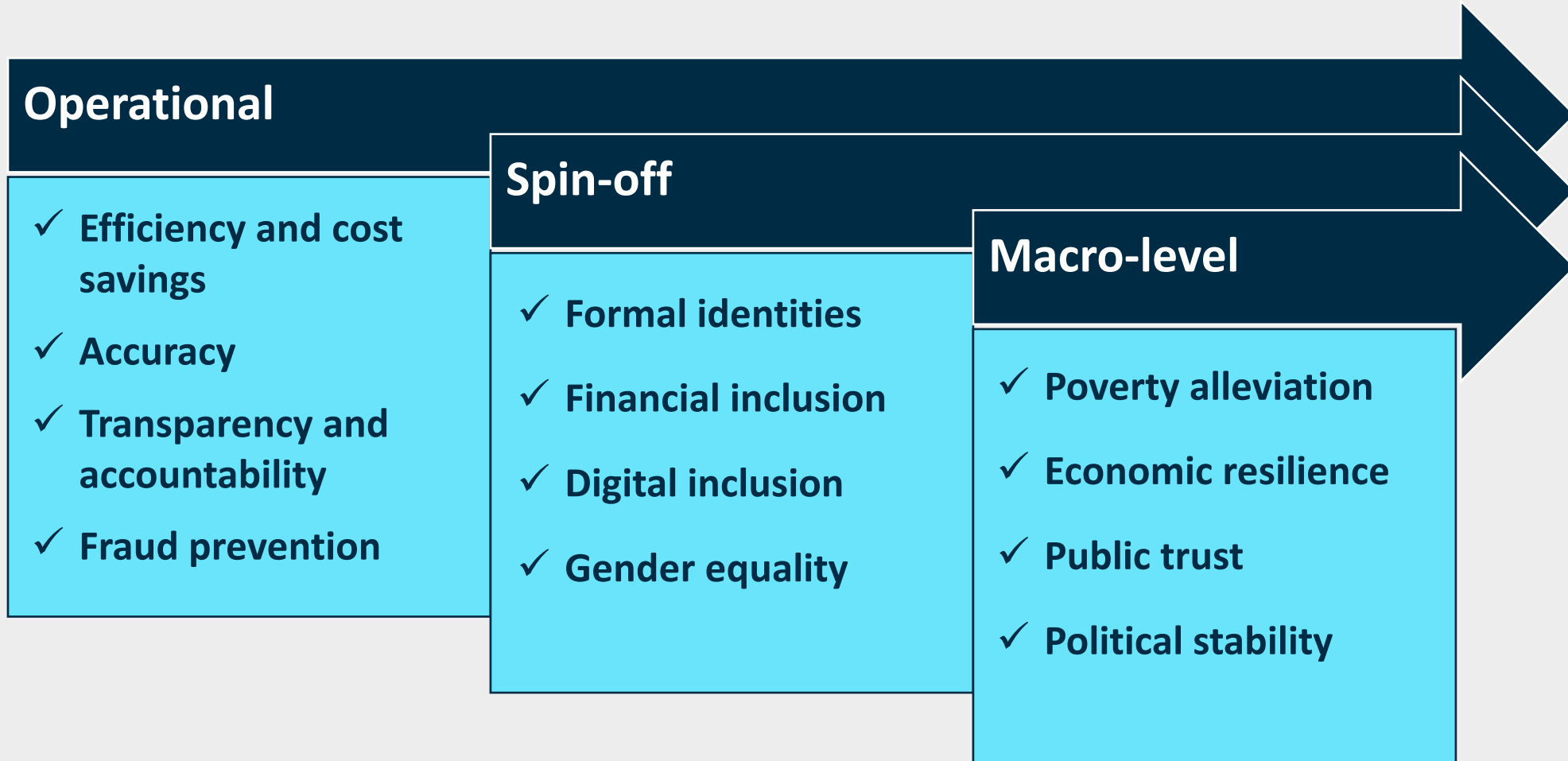
Social Protection

The stages and disbursement process



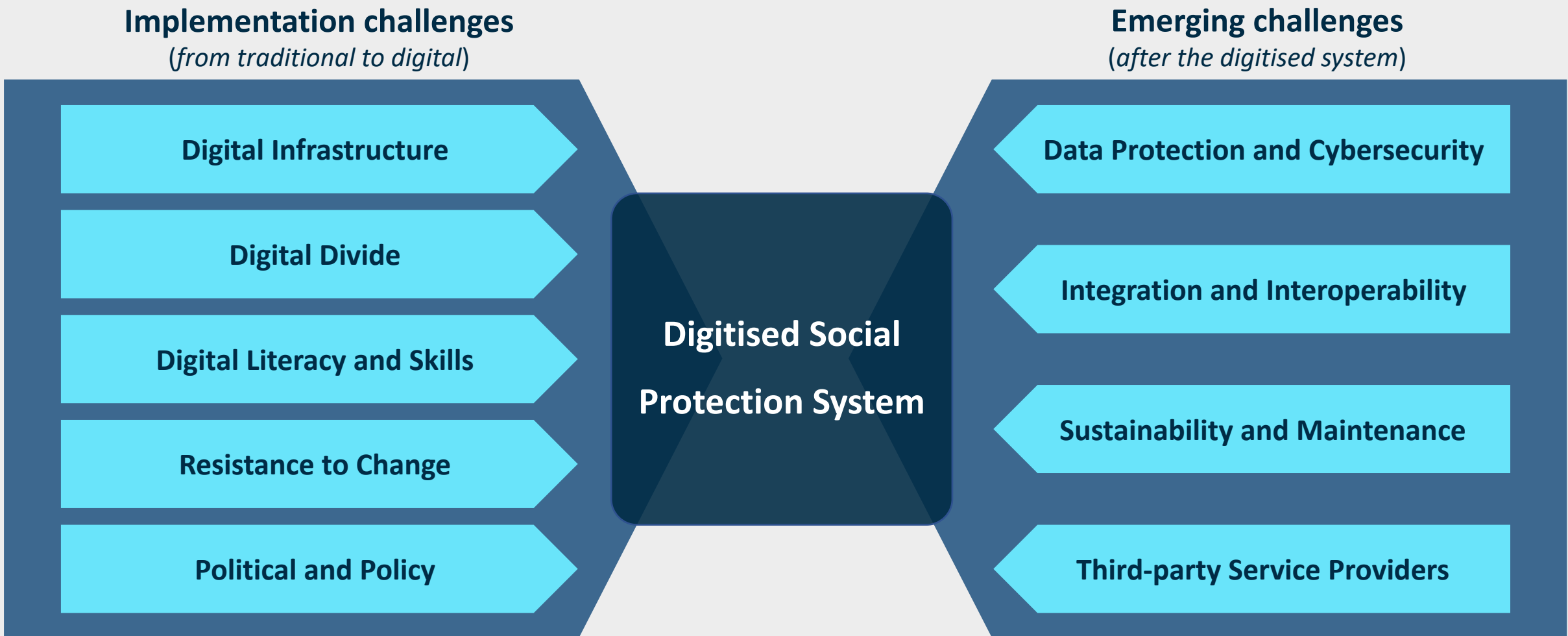
Digitising Social Protection

The Advantages



Digitising Social Protection

The Challenges

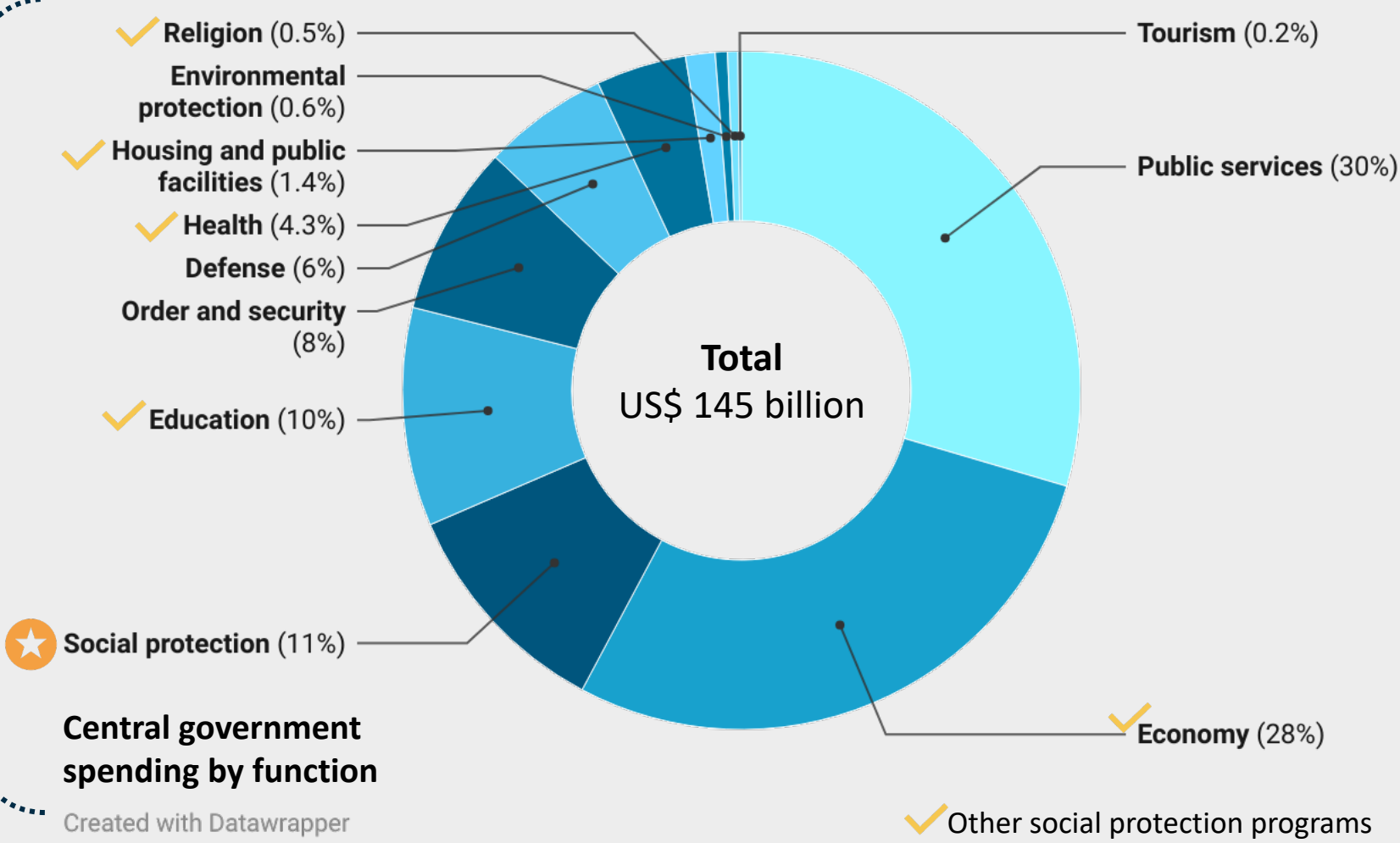
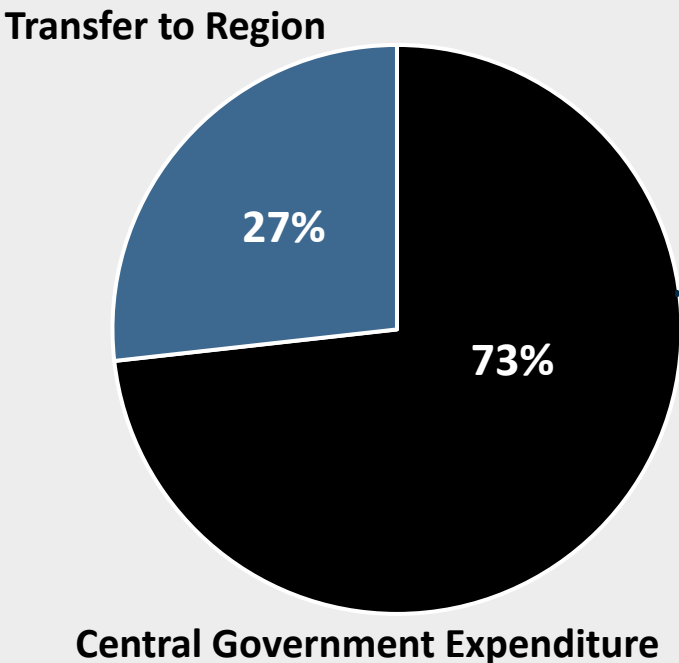


Budget Allocation

Social protection programs are spread across various functions/ministries



Total State Expenditure in 2023
US\$ 198 billion

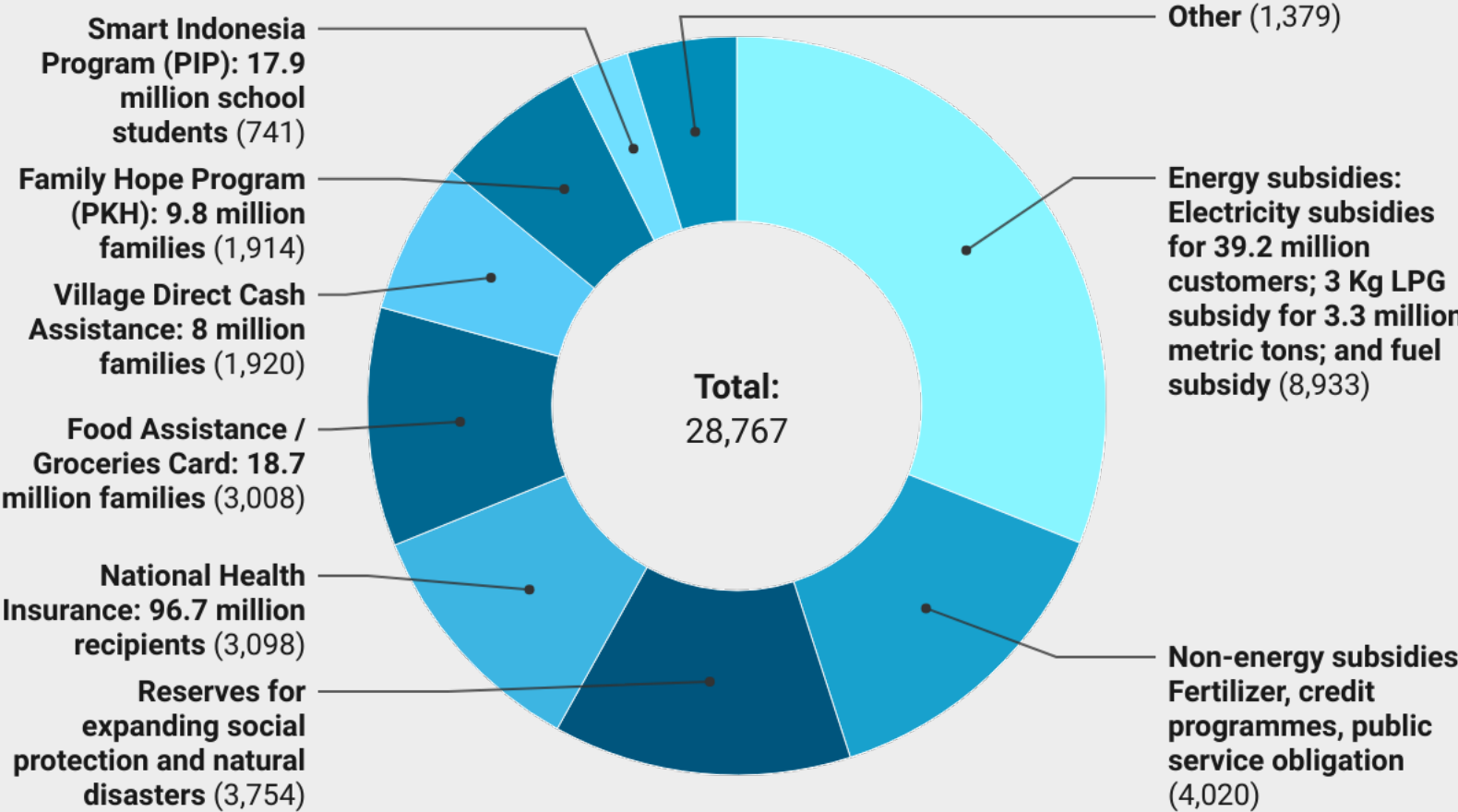


Source: Indonesia Ministry of Finance and Indonesia Statistics; USD 1 = IDR 15,500

Created with Datawrapper

Budget Allocation

Social protection programs in 2022 (US\$ million)



16%
of Total State
Expenditure in 2022

Created with Datawrapper

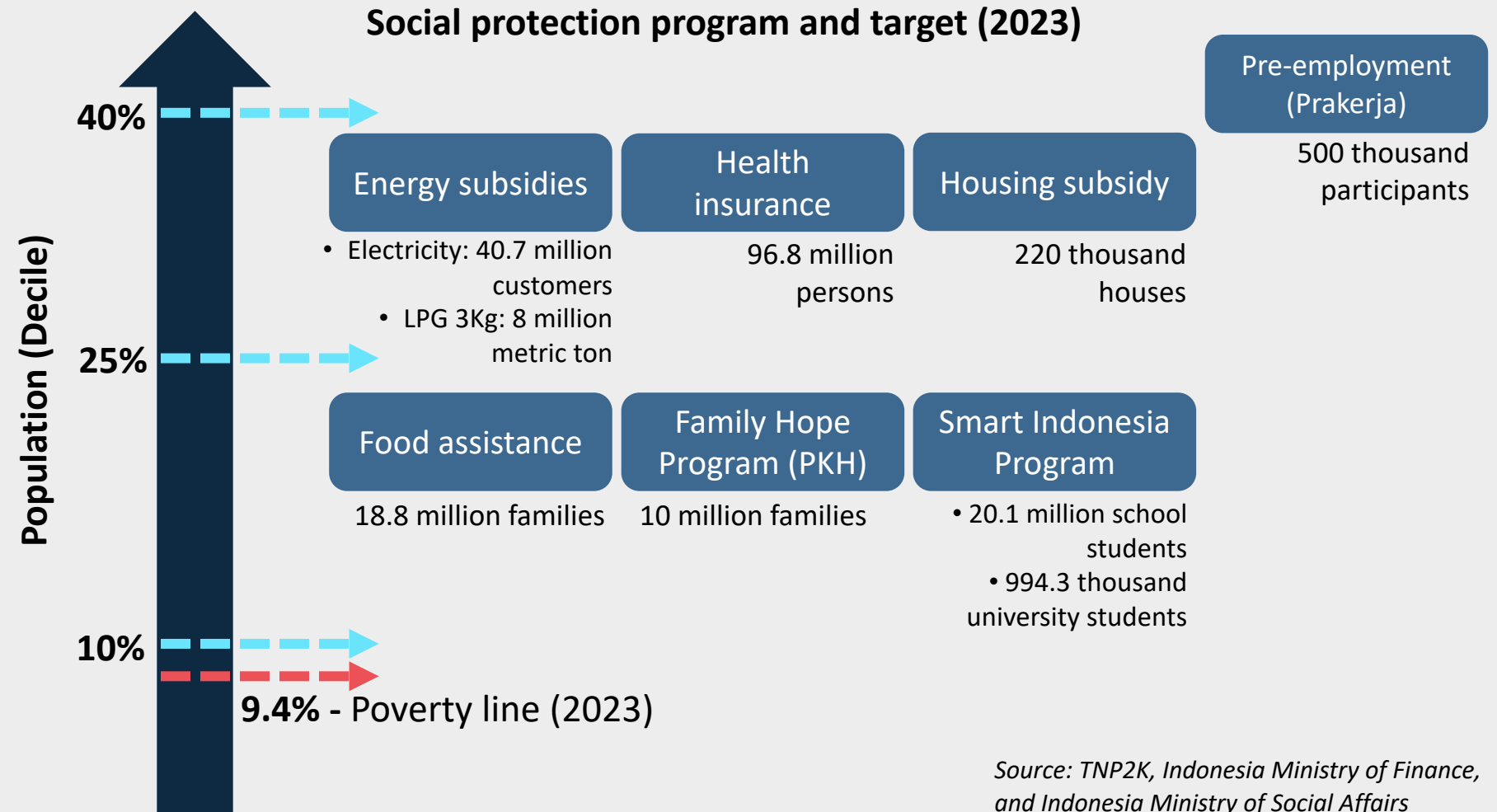
Source: Indonesia Ministry of Finance and Indonesia Statistics
USD 1 = IDR 15,000

Target Beneficiaries

40% of population with the lowest socio-economic background



Indonesia social registry:
Unified social protection beneficiaries' database, *Data Terpadu Kesejahteraan Sosial (DTKS)*.



Source: TNP2K, Indonesia Ministry of Finance, and Indonesia Ministry of Social Affairs

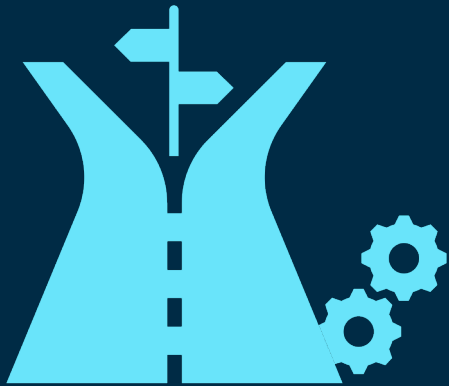
Journey: Digitising Social Protection

Objectives

Digital Solutions

The Reform

Pilot Projects

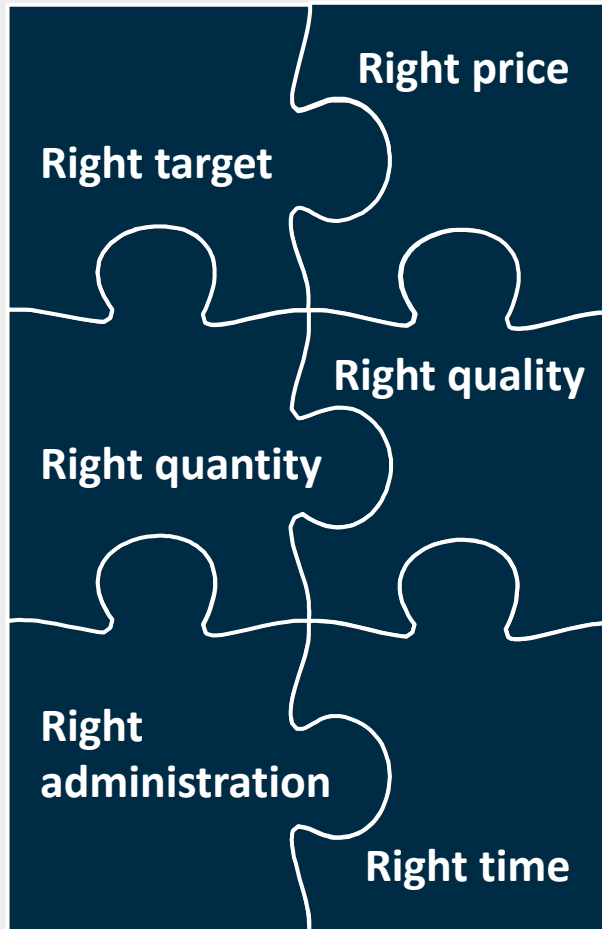


Reform Objectives

Indonesia's motivation for digitising social protection



6 Rights
(6 *Tepat* – 6T):



Efficiency and accountability

- A system that is responsive, cost-effective, and maximizes the impact for beneficiaries.

Transparency and public trust

- Eradication of corruption and benefits that reach those who need them most.

Technology adaptation

- Optimisation of the disbursement process and the transformation of Indonesia into a laboratory, positioning it as a global hub for innovative solutions.

Financial inclusion

- Expansion of access to formal financial services for low-income populations.

South-South cooperation

- Foster knowledge exchange and inspire other nations to enhance their social protection programs

Reform Strategy

New cabinet's support for social protection reforms, 2014



THURSDAY October 30, 2014

TWENTY-EIGHT PAGES Vo1.32 No.178



Reaching out: President Joko "Jokowi" Widodo (second left) visits evacuees of the Mt. Sinabung eruptions in Karo regency, North Sumatra, Wednesday. The visit was Jokowi's first official trip after being sworn in on Oct. 20.

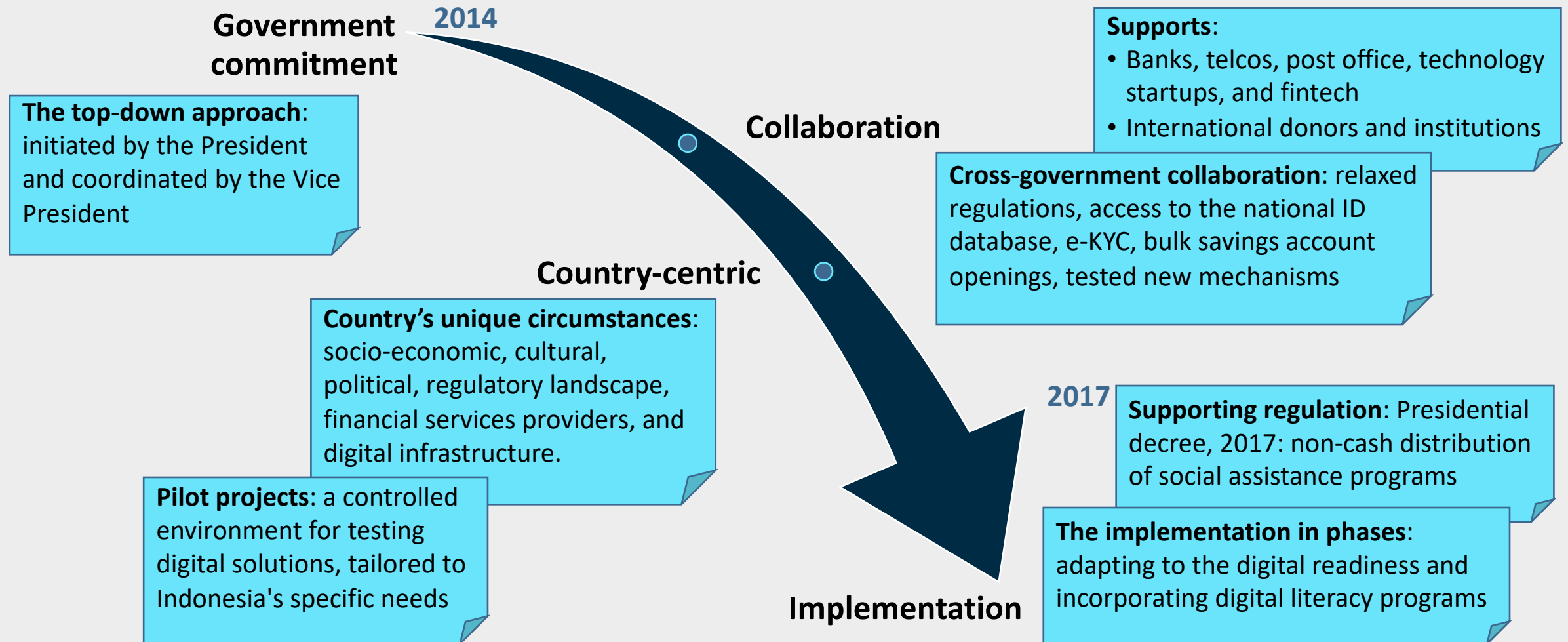


Quick-win agenda: initiating cash assistance through a savings account (bank) and mobile money (telco)

Three magic cards - *kartu sakti* - at the beginning of the Jokowi era (2014): Prosperous Family Card, Smart Indonesia Card, Healthy Indonesia Card

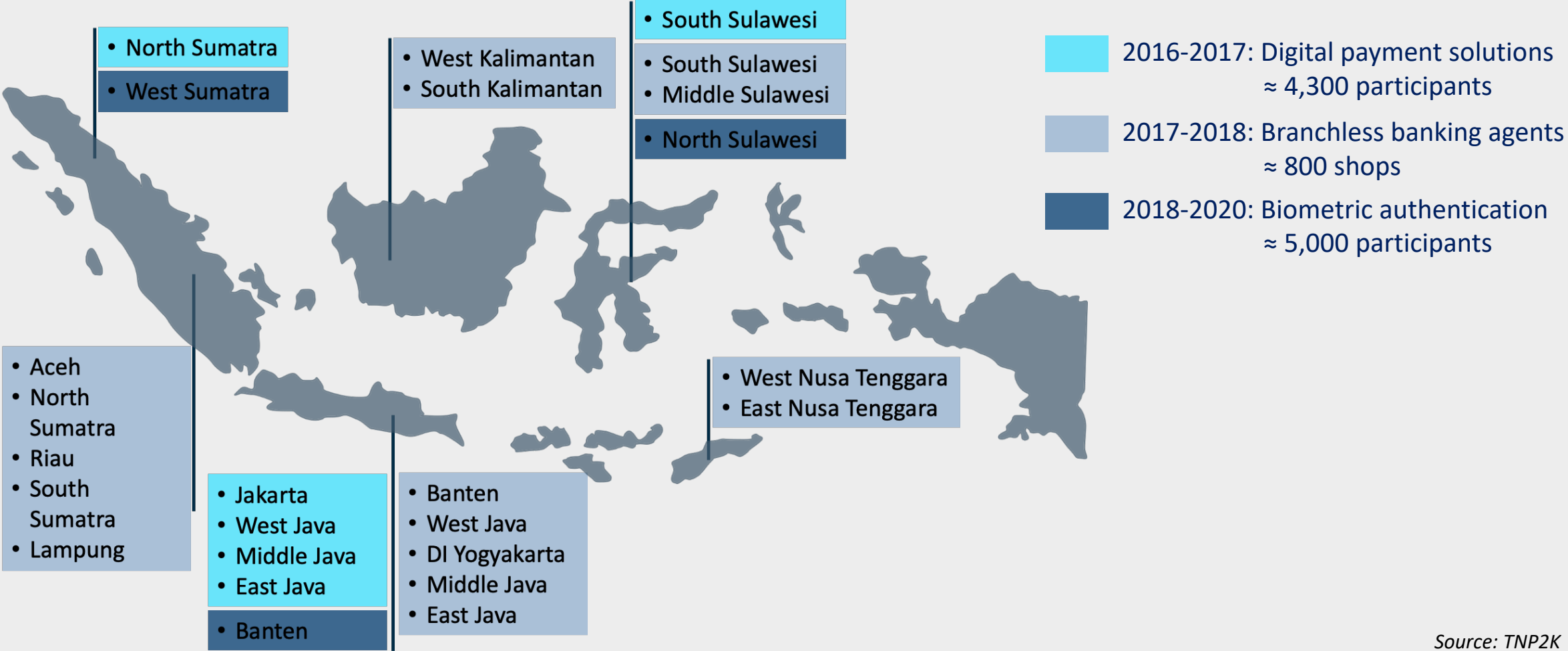
Reform Journey

2014 – 2017



Pilot Projects

Series of pilot projects and studies to test digital solutions



Source: TNP2K

Digital Solutions

Country-centric approach: determining the most suitable digital solution (2014 – 2017)



Debit card

- A plastic card issued to savings account holders, enabling cashless payments for purchases and ATM cash withdrawals.



NFC

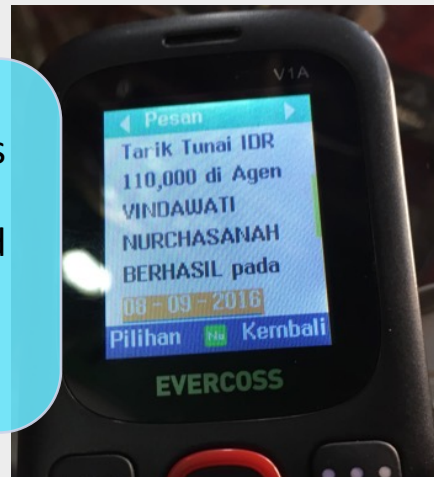
(near field communication)

- A payment method to wirelessly exchange data between two devices, like a smartphone or card, and a reader.



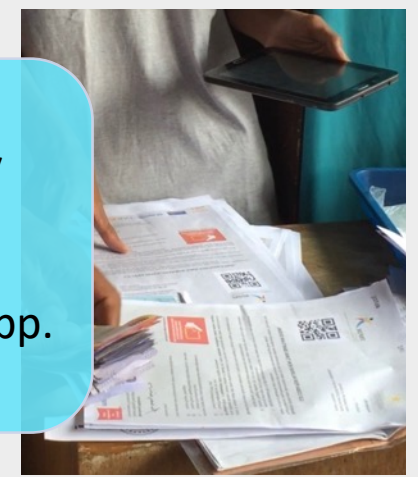
Mobile money

- A mobile number acts as an account for making payments and financial transactions using a cellphone.



QR code

- A payment method by scanning the unique quick response (QR) code using a mobile app.



Source: TNP2K

Combo Card

One debit card for various social protection programs, 2017



Combo Card:
A debit card featuring multiple digital wallets and savings account

Program

Implementing Ministry 1

Food program: subsidy/voucher

Implementing Ministry 2

Cash transfer

Implementing Ministry ...

Other programs

Combo card



Feature

Digital wallet: for e-vouchers (cannot be withdrawn in cash)

Cash transaction: (can be withdrawn in cash)

Other digital wallets

Savings account

Source: TNP2K and Indonesia State-owned banks

Findings

Further reform/improvement is needed



Debit cards and PINs

- Stacks of debit cards complete with PINs at the disbursement locations (local shops)
- Beneficiaries have difficulties remembering PINs

Source: TNP2K

Biometric Authentication

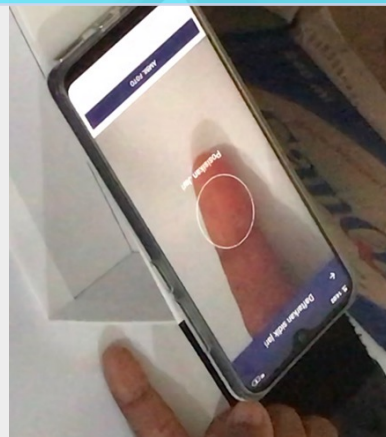
Ensuring that only beneficiaries can conduct transactions



Piloted in 2018 – 2020

Biometric authentication

- A payment uses unique physical characteristics to verify a person's identity e.g. fingerprint and face.



Liveness detection

- Ensuring facial recognition captures data from a live person, such as blinking and/or smiling.



Source: TNP2K

Future: Indonesia development agenda

Future Initiatives

The Progress

New Program



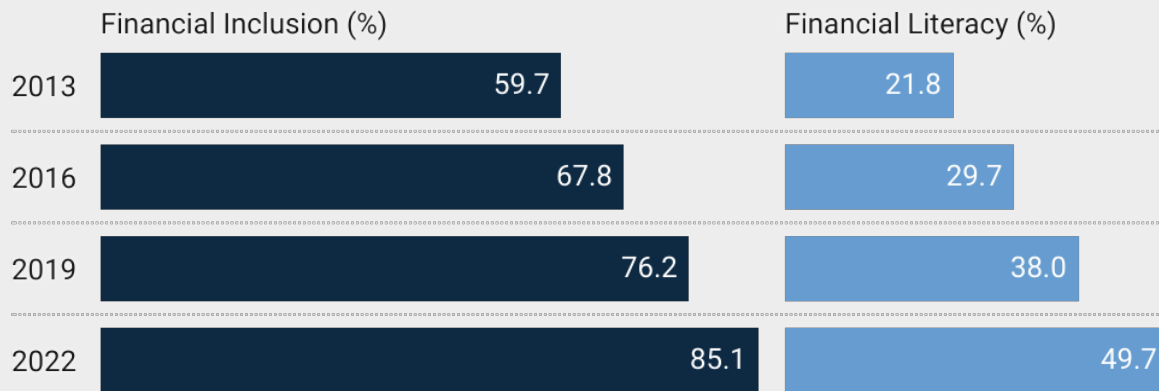
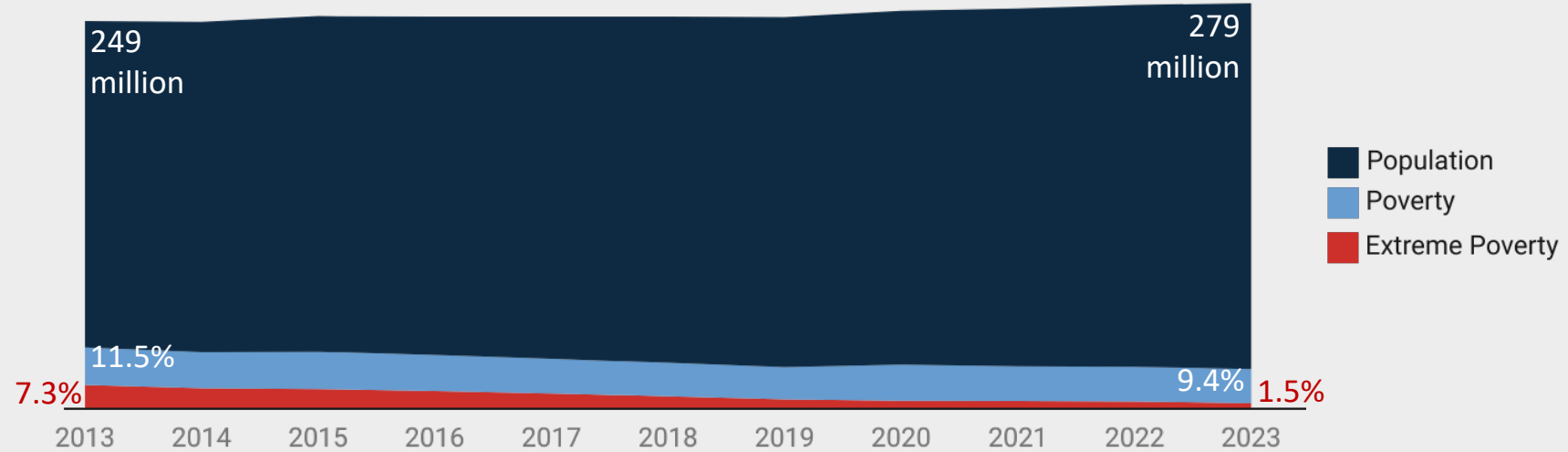
Digital Payment
Roadmap

The progress

Poverty alleviation and Financial inclusion



2024 target:
0% Extreme poverty



2024 target:
90% Financial inclusion

Future Initiatives

Indonesia's development agenda



Leveraging scope and access

- Universal Social Protection
- Gig-workers
- Climate change

Adopting a graduation strategy

- Graduation
- Re-certification
- Economic development programs

Promoting program integration

- The strategic coordination and alignment
- Program integration (across ministries)

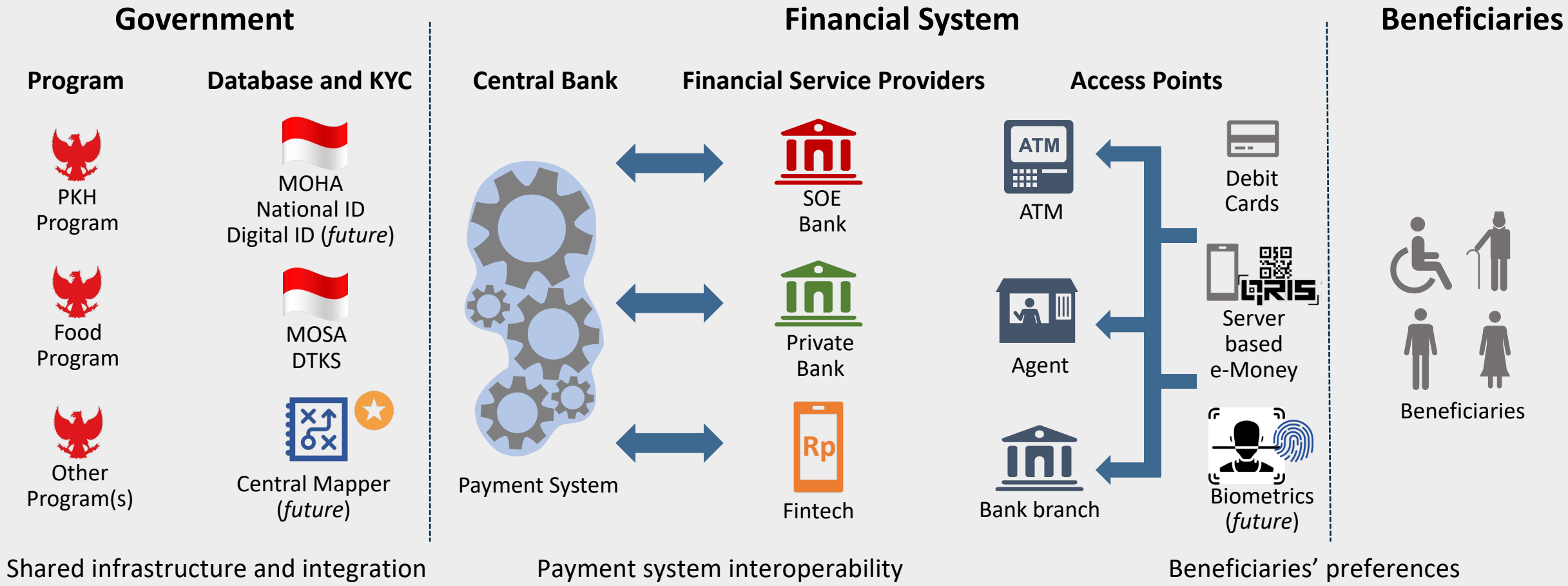
Implementing interoperability and beneficiary-centric design

- Interoperable digital financial services
- Beneficiary's choice
- Beyond payments

Source: TNP2K

Future Disbursement Mechanism

Indonesia G2P (government-to-person) payment 4.0 roadmap



Source: BAPPENAS, TNP2K, CGAP, The World Bank

New Program – the New Cabinet

Free lunch program



Makan Siang dan Susu Gratis

Bagi-bagi makan siang dan susu gratis kepada 82,9 juta orang miskin yang terbagi dalam 3 golongan.

- I 74,2 juta anak sekolah alias murid.
- II 4,3 juta santri.
- III 4,4 juta ibu hamil.

INI DAFTAR PENERIMA MAKAN SIANG GRATIS PRABOWO-GIBRANI

"KITA KAN MINTA ARAHAN PAK PRESIDEN JOKO WIDODO BAHWA PEMERINTAHAN ITU BERLANJUT. KEBERLANJUTAN. OLEH KARENA ITU PROGRAM YANG MEMERLUKAN ANGGARAN ITU DIPERSIAPKAN DI INMARK DI RAPBN 2025. KARENA NANTI PELAKSANAAN RAPBN ADALAH PEMERINTAH MENDATANG SUPAYA BISA BERJALAN LANCAR,"

"TERKAIT PROGRAM (MAKAN SIANG GRATIS) KITA LIHAT DEFISIT ANGGARAN MENCAPI 2,4% - 2,8% ITU UNTUK PROGRAM YANG MENJADI QUICK WIN DARIPADA PRESIDEN TERPILIH NANTI ATAU PEMERINTAH MENDATANG ITU POS-POSNYA SUDAH BISA MASUK,"

"JUMLAH PENERIMANYA SUDAH ADA, KITA SUDAH PUNYA ANGKA SEBETULNYA,"

DATA PENERIMA PROGRAM MAKAN GRATIS

*dari program sebelumnya di Kementerian Kesehatan

- Ibu Hamil: 4,4 juta orang
- Balita: 22,3 juta orang
- TK: 7,7 juta orang
- SD: 28 juta orang
- Madrasah - SMP: 12,5 juta orang

Mulai dilaksanakan pada tahun 2025 mendatang

PROGRAM MAKAN GRATIS

Program makan siang gratis ini dilakukan secara bertahap.

Airlangga Hartarto - Menteri Koordinator Bidang Perekonomian Indonesia

www.cnbcindonesia.com

SUMBER: CNBC INDONESIA / INFOGRAFIS: ARISTYA RAHADIAN

Consideration and preparation

- Supporting policy
- Implementing agency
- Budget
- Beneficiaries
- Service providers
- Delivery
- Risks:
 - Audit trails
 - Quality standards
 - Corruption potential

Infographic: CNN Indonesia, CNBC Indonesia



Thank you

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