



KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

Indonesian Social Protection Program in the Midst of COVID-19 Pandemic

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THE URGENCY OF REFORM ON SOCIAL PROTECTION PROGRAM IN INDONESIA

optimizing the momentum of the demographic bonus and anticipating the aging population

INDONESIA 2020

 **269 mio**
population

 **\$4,175***
GDP per capita

 Top
16th
Economy
In the world

 **21.5%**
of population
is middle
income class

* 2019

CHALLENGES


- Demographic shift → aging population
- Low productivity
- Almost half as Aspiring Middle Class
- The Covid-19 pandemic is highly likely to impact social welfare negatively

INDONESIA 2045

 **319 mio**
population

 **\$23,199**
GDP per capita

 Top
5th
Economy
In the world

 **70%**
of population
will be middle
income class

SOCIAL WELFARE POLICIES

It is crucial to increase productivity, improve welfare, and anticipate the aging population



SOCIAL PROTECTION IN INDONESIA IS PROVIDED THROUGHOUT THE LIFE CYCLE

through social assistance, social security, and social safety nets in the future to encourage empowerment-based social assistance

		Infancy - Early Childhood 0 - 6	Compulsory Education Age 7 - 18	Productive Age 19 - 59	Late Adulthood >60	
Social Protection	Social Protection (Contributory)		National Healthcare Insurance			
				Employee Protection Insurance (JKK)	Monthly Pension (JP)	
				Monthly Pension (JP)	One-off Pension (JHT)	
	Social Protection (Non-Contributory)		Premium Subsidy of National Healthcare Insurance			
			Basic Food Subsidy			
		Early Childhood PKH	Education PKH	Maternity PKH		
	PKH for Disabled Individuals					
		PIP for primary and secondary education	KIP for undergraduate level			
Other Programs				Program Loans (UMi, KUBE, KUR)		
		Electricity and Gas Subsidy				
		Village Fund				

SOCIAL PROTECTION PROGRAM

Adaptive social protection is provided when an economic crisis or natural disaster occurs to prevent vulnerable people from falling into poverty or poor people from getting poorer.

GOVERNMENT RESPONSIVE MEASURES IN HANDLING COVID-19

Extraordinary policies are needed to address this extraordinary event

PERPPU 1/2020

(31 March 2020)

UU 2/2020

(18 May 2020)

- Perppu 1/2020 (later legalize to be UU 2/2020) as the legal basis for the government to flexibly adjust the fiscal policies, including budget and its deficit
- Allowing the government to continually **refocusing and reallocation budget to adapt with the urgent needs and to provide stimulus to provide the economic cushion in laying a solid foundation for economic recovery**

Key features:

Pres. Dec. 53/2020:

Enhancement of health spending to be prioritized for COVID-19 health treatments and other urgent social protection spendings

Pres. Dec. 72/2020:

Inclusion of National Economic Recovery Program (PEN) Budget

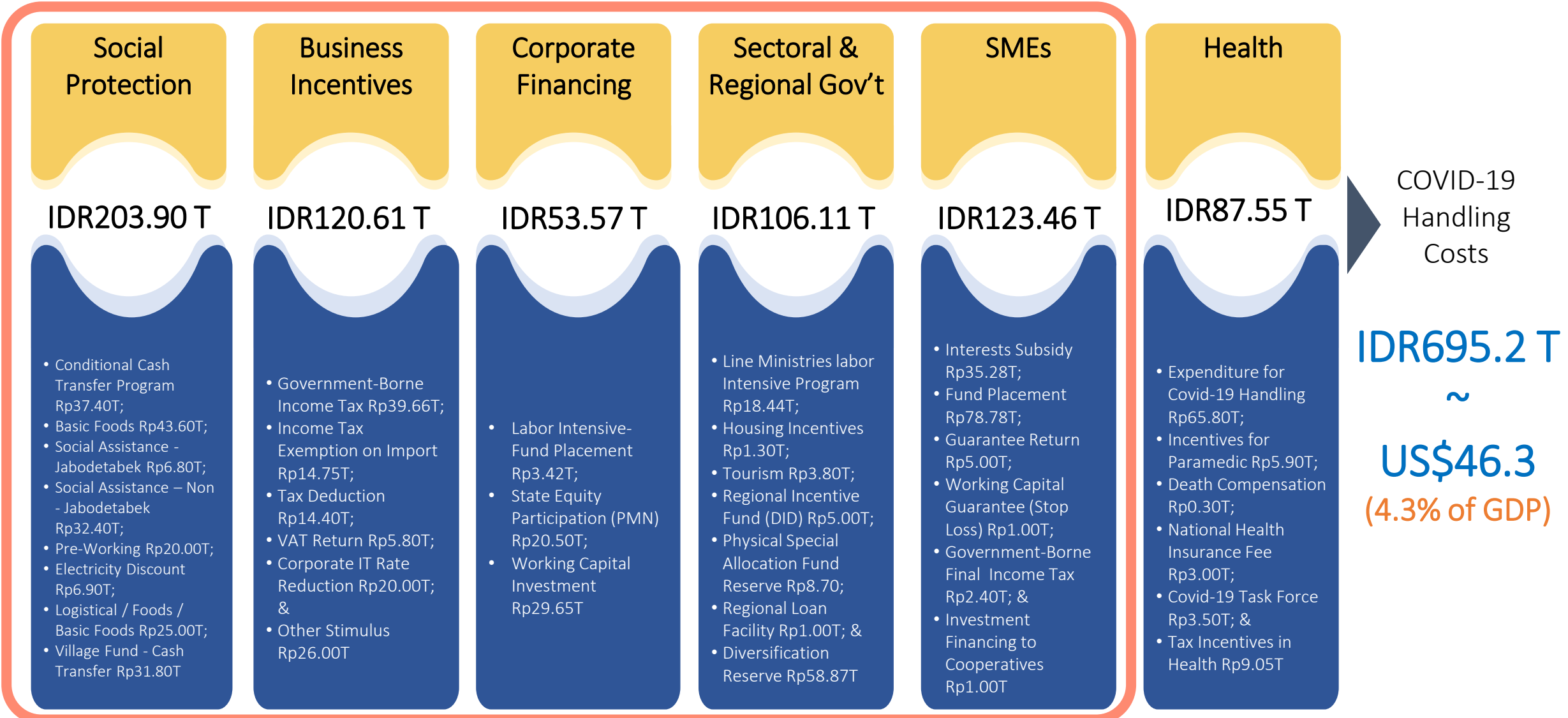
DESCRIPTION (IDR trillion)	Initial Budget	Pres. Dec. 54/2020	Pres. Dec. 72/2020
Revenue	2,233.2	1.760,9	1.699,9
Tax	1,865.7	1.462,6	1.404,5
Non-Tax	367.0	297,8	294,1
Expenditure	2,540.4	2.613,8	2.739,2
Central Gov't	1,683.5	1.851,1	1.975,2
Subnational Transfer	856.9	762,7	763,9
Deficit (% PDB)	(307.2) (1.76)	(852,9) (5,07)	(1.039,2) (6,34)
Financing	307.2	852,9	1.039,2

Source: Ministry of Finance Indonesia

THE GOVERNMENT OF INDONESIA'S ECONOMIC RECOVERY PROGRAM BUDGET

To deal with health, social protection, and support of MSMEs, the business world, and local governments

NATIONAL ECONOMIC RECOVERY PROGRAMS (PEN)



Source: Ministry of Finance Indonesia

NATIONAL ECONOMIC RECOVERY (PEN) ON SOCIAL PROTECTION BENEFICIARIES

Based on income deciles

1. UTILIZING EXISTING PROGRAMS

2. MODIFICATION OF EXISTING PROGRAMS

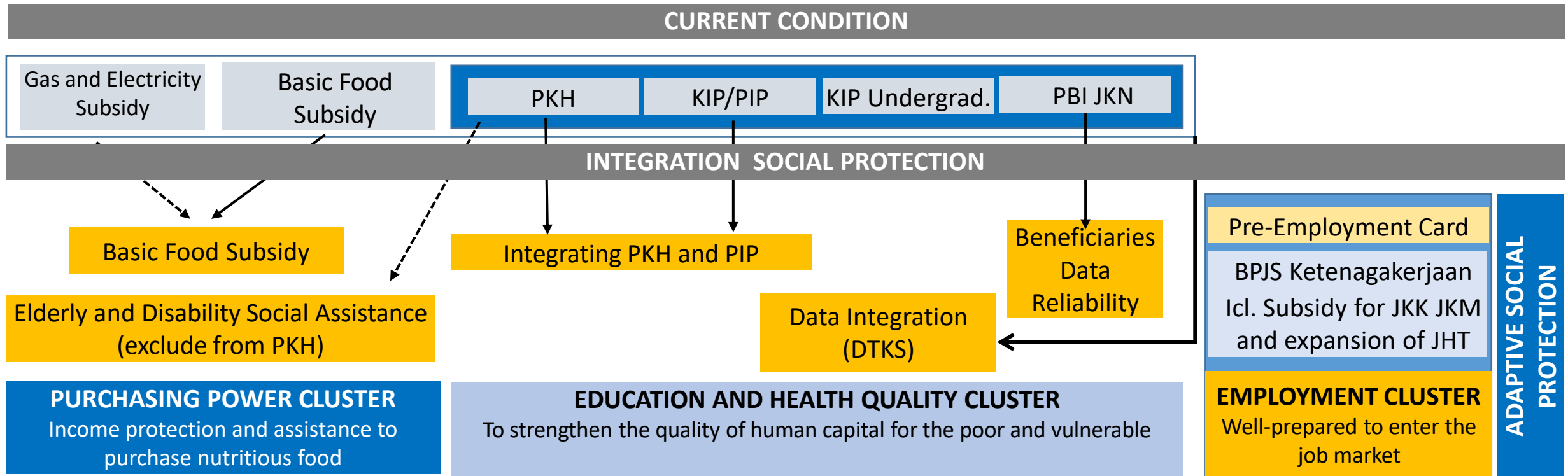
(PKH, Basic Food Cards, Pre-Work) Adjustment of the amount of assistance, expansion of targets, adjustment of distribution mechanisms

3. CREATE A NEW PROGRAM

(Jabodetabek Food Subsidy, Cash transfer for 9 Million KPM) distribution mechanism uses an existing or new scheme)

		Conditional Cash Transfer(PKH)	Basic Foods Card	Electricity Subsidy (Discount)	Basic Foods Support for Jabodetabek	Cash Transfer Non Jabodetabek	Cash Transfer Via Villa Fund	Pre-employment Card	Rice Subsidy	Cash Support Expansion	Productive Financing	Wage Subsidy
Income Deciles	6+							5.6k individuals			9.12 small enterprises IDR 2.4 mio/entity Has not received any loan	15.7 mio employees IDR 1.2 mio/2 mo • Earn at most IDR 5 mio/mo • Registered as BPJSTK member
	5			450 VA: 24 mio hh 900 VA: 7.2 mio HH	Jakarta:1.3 mio HH Bodotabek: 600k HH	9 mio HH	11 mio hh					
	4				Apr-Jun: 600k/mo Jul-Dec: 300k/mo	Not eligible for PKH and Food Cards beneficiaries	Apr-Jun: 600k/mo Jul-Dec: 300k/mo	Not eligible for other social protection beneficiaries				
	3	20 million HH		Not eligible for PKH and Food Cards beneficiaries					Not eligible for PKH and Food Cards beneficiaries	Not eligible for other social protection beneficiaries		
	2	10 million HH	Component index is increased by 25%		Not eligible for PKH and Food Cards beneficiaries	Not eligible for PKH and Food Cards beneficiaries	Not eligible for other social protection beneficiaries	10 million HH 15 kg/hh/mo				
	1			6 mos (Apr-Sept) proposed be extended					9 mos (Apr – Des)	9 mos (Apr – Des)		
Duration	Monthly for 12 months	Monthly for 12 months	6 mos (Apr-Sept) proposed be extended		9 mos (Apr – Des)	9 mos (Apr – Des)	9 mos (Apr – Des)	Apr – Okt/Nov			3 mos (Aug – Oct)	One off
Allocation	Rp37,4T	Rp43,6T	Rp6,9T	Rp 3,42T	Rp 16,2T	Rp 31,2 T	Rp20,0T	Rp4,6T	Rp4,6T	Rp22,01T	Rp37,87T	

AFTER 2020, REFORM FOR SOCIAL PROTECTION WILL BE MADE IN STAGES



STRATEGIC REFORM MEASURES

- To prioritize the support for households and/or employees impacted by the economic shock due to the pandemic
- To review the benefit as well as the amount of beneficiaries
- To improve the data integration quality and credibility (DTKS) as the base of social protection program eligible participants.

- To reform the mechanism for it to emphasize the function of social protection as automatic stabilizer in the risk of economic contraction as well as to promote the fiscal sustainability
- To synergize the social protection program with program loans and unemployment benefit



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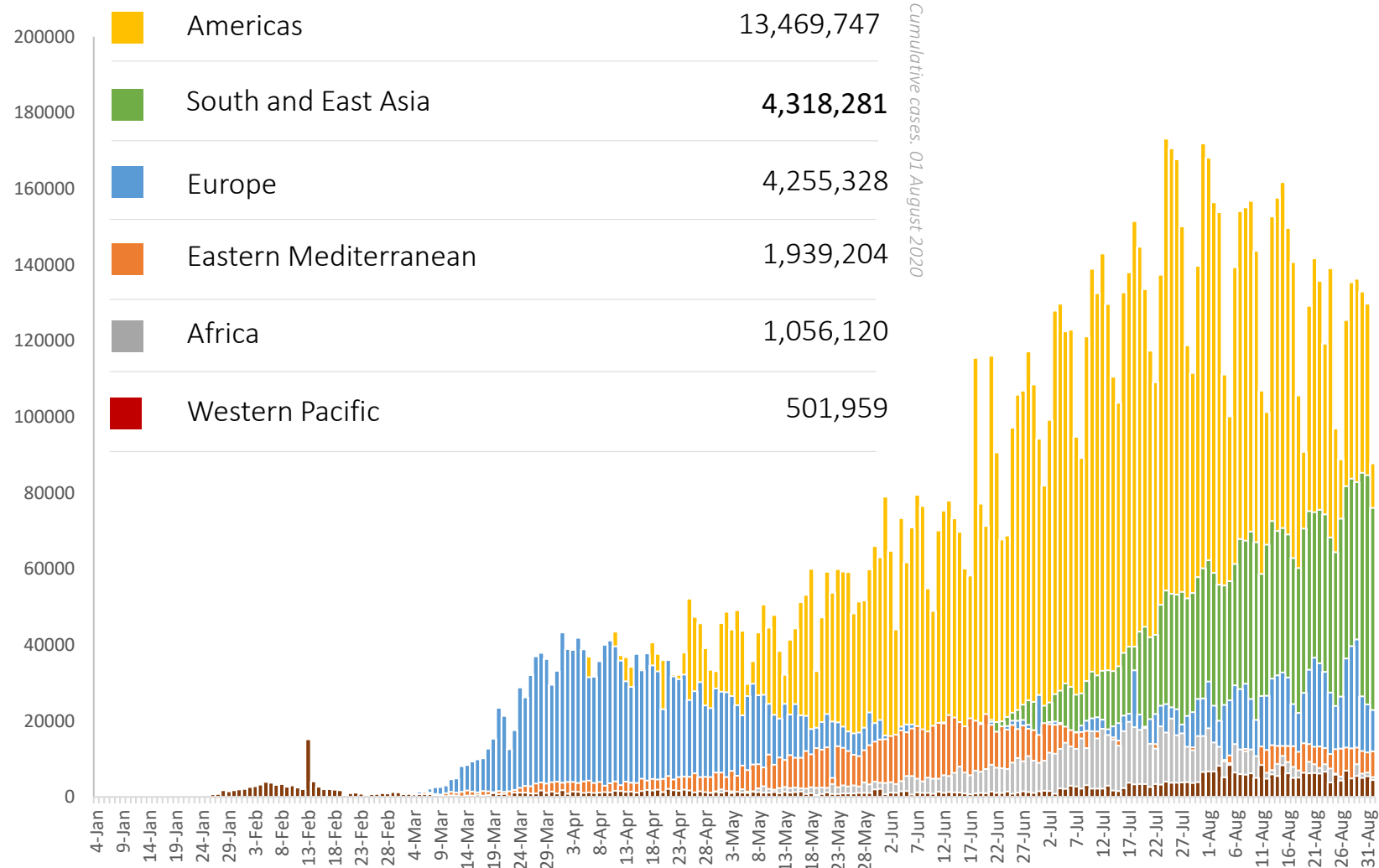
Thank You

GLOBAL COVID-19 CASES ARE INCREASING IN THE MIDDLE OF RELAXATION/NORMALIZATION

Cases in Indonesia has been escalating in the last couple weeks since the PSBB normalization

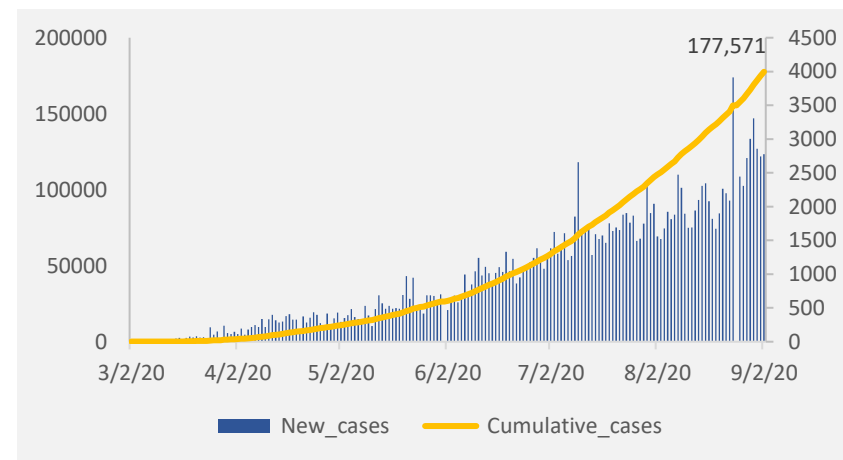
Worldwide COVID-19 Daily Cases

Source : WHO



Indonesia COVID-19 Cases

Source: WHO



Indonesia COVID-19 Death

Source : WHO

