Social Protection Programme (SPP)
A key element in the drive for prosperity and inclusive growth

The challenge

Indonesia was hit hardest by the Asian financial crisis of 1998 when a double-digit GDP (Gross Domestic Product) contraction destroyed millions of jobs and increased poverty rates dramatically. Against this background, the Indonesian Government decided to establish a strong, equitable and sustainable social protection system aimed at providing universal access to healthcare, eliminating catastrophic expenses in cases of ill health and enabling the poor to meet their basic needs and escape the poverty trap. Two important pillars of this reform process were the establishment of the national health insurance programme (Jaminan Kesehatan Nasional - JKN) and the massive increases which were made to conditional cash transfers to poor families (Program Keluarga Harapan - PKH).

German support for the reform of the Indonesian social protection system was initiated back in 2011. Aligned with the Indonesian Government’s National Medium-Term Development Plan 2015 – 2019, Social Protection Programme provides technical expertise, capacity development, process facilitation and opportunities for South-South dialogue within the following areas of intervention: (a) Social Health Insurance; (b) Inclusion of Persons with Disabilities; (c) Social Assistance; and – within the framework of social protection – (d) Financial Inclusion for Poor and Vulnerable Groups.

Objectives

The project’s objective is to offer support to the Government of Indonesia as it attempts to address the life-cycle risks endured by poor and vulnerable sections of society more comprehensively and effectively through the strengthening of integrated social protection systems.

Our approach

Social Protection Programme supports the expansion of social protection systems based on the principles of availability, coverage of basic social risks, appropriateness and accessibility.

The project supports the National Social Security Council as well as the National Social Security Carrier for Health in their goal of expanding national health insurance, which was first introduced back in 2014, to hitherto uninsured sections of the population, as well as promoting its ongoing financial sustainability.

The project team consults with the Ministry of Social Affairs regarding both the professionalization and expansion of the national social assistance programme for poor families (PKH). Additionally, the team provides technical assistance for a number of processes which were initiated by the ministry, including organizational reform and the piloting of electronic social transfers, as well as the introduction of e-learning for social workers.

Also within the area of inclusion of persons with disabilities, the project offers advice to the Ministry of Social Affairs. Special focus has been placed upon improving options for vocational training and integration into the labour market. The project also supports the National Social Security Carrier for Labour as regards the creation of a programme for the reintegration into the labour market of victims of work accidents.
The project supports the Ministry of National Development Planning, the state postal firm (PT Pos Indonesia) and Indonesia’s Financial Services Authority as regards efforts to improve access to basic financial services for poor and vulnerable households. This should ultimately benefit their participation in systems of social protection, reduce transaction costs and promote graduation from social assistance programmes.

Results achieved so far

Over the past five years, the Indonesian Government has – with the support of Social Protection Programme – made great progress regarding the development of its social protection system. The most important milestones in this process are as follows:

- Indonesia introduced the world’s largest contribution-financed social health insurance scheme (following the “Bismarckian” model) on 1 January 2014. Since then, the number of persons with health insurance cover has risen from 120 million to 163 million (i.e. 60% of the Indonesian population). From this total, 91 million persons are living in poverty and thus have their contributions paid by the Government.

- The number of poor families receiving conditional cash-transfer PKH has increased six fold – from 1 million back in 2011 to 6 million (which equates to approximately 24 million individuals) in 2016. Currently, PKH is being rolled out to highly remote and logistically challenging regions across Papua and West-Papua and its disbursements are being upgraded from cash-based handouts to accounts-based electronic transfers.

- In June of 2015, the Indonesian President – building upon the UN Convention on the Rights of Persons with Disabilities – enacted a National Action Plan on the Inclusion of Persons with Disabilities (PP 75/2015). A Secretariat is currently being set up to coordinate and monitor the implementation of this National Action Plan across different ministries and agencies.

- In collaboration with the vocational training school BBRVBD (Balai Besar Rehabilitasi Vokasional Bina Daksa – National Vocational Rehabilitation Centre) Cibinong, new curricula have been developed in order to prepare students with disabilities for the demands of the labour market. These new curricula were launched by the Minister of Social Affairs in October of 2015 and will soon be used as a reference for social rehabilitation units located throughout the country.