

Social Protection Floor in Indonesia

Summary, 22 October, 2011

Social protection systems help develop productive, educated, skilful and healthy workforce, which is a precondition for sustainable development and equitable growth. To that end, Indonesia amended its Constitution in 2002, which now recognizes the right to social security for all and the responsibility the State has towards its development.

In addition, Indonesia's *Medium Term National Plan (2010-2014)* also contributes towards universal social protection and prioritizes the development of existing education, health and poverty alleviation programmes, along with the expansion of measure to increase job opportunities and provide a minimum income security for the elderly and disabled. Through the assemblage of various contributory and non-contributory programmes, the national social protection floor of Indonesia is progressively being built.

The *Bantuan Operasional Sekolah (BOS) Programme*, is one of the programmes that makes up the social protection floor in Indonesia. This programme transfers block grants to schools with the objectives of providing free basic education (from grade 1 to 9) to poor students and ensuring that all students attain a set quality basic education. The per capita grants are different between rural and urban areas, as well as for primary and junior secondary schools. However, recent evolution shows that the budget allocation for BOS programme in the last five years has increased from IDR 4.8 trillion in 2005 to IDR 19.8 trillion in 2010, which also leads to an increase in the number of beneficiaries – from 34.5 million students in 2005 to 44.1 million students in 2010

A community empowerment programme, *Program Nasional Pemberdayaan Masyarakat (PNPM)* has also been set up in communities in poor districts and sub-districts. The design of the PNPM is to give the control over planning, design, implementation and monitoring of development projects to local communities. The main projects which are carried out through this programme are (but not limited to) infrastructure and labor intensive activities (roads, sanitation, etc.) that will benefit either the whole community or targeted households (poor households).

A pilot programme for the informal sector has also been branched off from the employment injury and death grant for formal sector workers, *PT Jamsostek*. This programme provides death and occupational injury benefits for informal workers, earning at least the minimum wage (approx IDR one million with variations across provinces). It is estimated that there are around 500,000 beneficiaries, but the number constantly changes since people can sign in and out of the programme at anytime.

Government of Indonesia also prioritizes the further development of social security systems through the progressive implementation of the National Social Security Law No 40 of 2004, which mandates the extension of social security coverage to all. The social security strategy follows a stair-case approach with non contributory schemes for the poorest, contributory schemes (with flat rate contributions) for self employed and statutory social security schemes for formal sector workers. The Law although enacted has not yet been implemented for lack of decrees of implementation. In the future, ways to enhance policy coherence across programmes, reduce fragmentation and increase efficiency through better targeting mechanisms will need to be developed to effectively reduce life risks, particularly for the most vulnerable population.

