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BLT TEMPORARY UNCONDITIONAL CASH TRANSFER

SOCIAL ASSISTANCE PROGRAM AND PUBLIC EXPENDITURE REVIEW 2

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List of Abbreviations, Acronyms and Indonesian Terms

AFC	Asian Financial Crisis
Askeskin	*Asuransi Kesehatan Masyarakat Miskin* (Health insurance for the poor)
Bappenas	*Badan Perencanaan dan Pembangunan Nasional* (National Development Planning Agency)
Baswada	*Badan Pengawasan Daerah* (Regional Supervision Board)
BKKBN	*Badan Koordinasi Keluarga Berencana Nasional* (Family Planning Coordination Agency)
BLT	*Bantuan Langsung Tunai* (Unconditional cash transfer)
BOS	*Bantuan Operational Sekolah* (School Operational Grants)
BPM	*Badan Pemberdayaan Masyarakat* (Community Empowerment Agency)
BPS	*Badan Pusat Statistik* (Indonesian Central Statistics Agency - Statistics Indonesia)
Dinsos	*Dinas Sosial* (Regional level Kemensos)
GDP	Gross Domestic Product
GOI	Government of Indonesia
IP	*Infrastruktur Pedesaan* (Rural infrastructure program)
Jamkesmas	*Jaminan Kesehatan Masyarakat* (Health insurance scheme for the poor)
Kabupaten	District/regency
Kecamatan	Sub-district
Kemenkeu	*Kementerian Keuangan* (Ministry of Finance, MOF)
Kemenkokesra	*Kementrian Koordinator Kesejahteraan Rakyat* (Coordinating Ministry for Social Welfare)
KemenkomInfo	*Kementrian Komunikasi dan Informatika* (Ministry of Communications and Information Technology)
Kemensos	*Kementerian Sosial* (Ministry of Social Affairs, MOSA)
LHS	Left hand side (of graph)
MIS	Management Information System
NGO	Non-governmental Organization
PKH	*Program Keluarga Harapan* (Conditional cash transfer)
PNPM	*Program Nasional Pemberdayaan Masyarakat* (National Program for Community Empowerment)
Podes	Potensi Desa (Survey of village potential)
Propinsi	Province level
PT Pos	*Perseroan Terbatas Pos Indonesia* (National post office system)
Pusat	Central level
Puskesmas	*Pusat Kesehatan Masyarakat* (Community health center)
Raskin	*Beras Miskin* (program for sale of subsidized rice to the poor)
RHS	Right hand side (of graph)
Rp	Indonesian Rupiah
SSN	Social Safety Net
Susenas	Survei Sosio-Ekonomi Nasional (National Socio-Economic Survey)
UCT	Unconditional Cash Transfer
UPP	*Unit Pelaksana Program BLT* (BLT Program Implementing Units)
US$	United States Dollars

Executive Summary

The *Bantuan Langsung Tunai* (BLT) program had a clear and modest objective: supplement consumption for poor households facing unprecedented price increases. In 2005 subsidy cuts raised household fuel prices by an average of over 125 percent with 88, 186, and 105 percent increases in gasoline, kerosene, and solar (diesel) fuels respectively. BLT, a direct cash transfer in four installments over one year, funded from the implied budgetary savings from subsidy reductions, was in many respects the most significant Government of Indonesia (GOI) response to these programmed increases in fuel prices. It was targeted to the poor households who were benefiting least from the old subsidy regime and most at risk from the negative impacts on consumption from price increases. A mostly-similar BLT was introduced again in 2008 when international crises in both financial markets and in food prices combined with another domestic reduction to fuel subsidies.

Though designed and deployed in less than 5 months, BLT reached households everywhere in Indonesia. Over 19 million households – more than a third of all households in Indonesia – received BLT in 2005. The post office (PT Pos) distributed benefits in every one of Indonesia's provinces. In 2008, there were approximately 600,000 fewer beneficiaries but every province continued to be served.

BLT provided just-in-time cash assistance to households affected by an economic shock. BLT added cash amounts to a household's budget equal to approximately 15 percent of regular expenditures in 2005. These transfers were more than enough to cover increased expenditure on fuels. Benefits continued for one year as shocks from government policy reverberated through the rest of the macroeconomy, allowing beneficiaries time to readjust spending patterns to new relative prices.

BLT recipients received modest income protection and BLT transfers were associated with greater community-wide expenditure. Education, labor, and health outcomes were slightly improved in BLT households. Household expenditure was protected for BLT households where local economies exhibited the weakest performance. There was a small spillover effect of BLT on non-BLT household expenditure. Magnitudes of improvement in child labor were greater for BLT households. Health service utilization increased, especially for those with health insurance (including GOI-provided health service fee waivers). Neither nutrition nor consumption of harmful goods were affected by the receipt of BLT transfers. BLT households found new work at increased rates and did not leave their jobs more frequently or work fewer hours than non-BLT households.

All BLT support operations and procedures - from targeting through to complaint resolution - show much room for improvement. Compressed delivery schedules, insufficient guidelines and incentives, a lack of clear accountability between BLT agencies and operational bodies, poor technology, and a difficult and varied poverty environment combined to make implementation problematic. Targeting of BLT to poor households was moderately successful; failed socialization led to protest activity and delivery disruption as well as worse targeting outcomes; the lack of either a complaint monitoring, information management, or audit system prevented any improvements to implementation in real time or between 2005 and 2008. Efforts were made to arrange less costly access to BLT disbursement locations, but travel times and costs remained elevated.

Deductions of BLT benefits increased markedly between 2005 and 2008. It is unknown in most cases whether these deductions are petty corruption or whether they produce community-desired outcomes that bypass the unsatisfactory original allocation (see above and below). Regardless, they are not recorded, monitored, or evaluated. Neither BLT guidelines nor program officials are equipped to manage or stop such re-distribution, and a lack of socialization kept beneficiary households from interrupting, reporting, or acting on these modifications to the program.

Original dissatisfaction with BLT – which originated in different quarters for different reasons – has abated moderately but not completely disappeared. Beneficiaries and non-beneficiaries alike saw both inclusion and exclusion mistakes in BLT's original allocation (2005), which led to community-wide tension, envy, allegations of corruption and protests. Protest and violent activity subsided, but did not completely disappear, by the 2008 BLT. Political figures, policymakers, and commentators were also dissatisfied with BLT for other reasons: the program's objectives (as a simple and temporary cash transfer) would not provide beneficiaries with skills, knowledge, or capital necessary to earn their way out of poverty; BLT could create a class of households who would become dependent on government handouts and would stop looking for work; and BLT could be used for vote-buying by unscrupulous political figures. Again, some of these worries have abated as evidence on BLT's impacts (see above) has been publicized and beneficiaries have demonstrated their appreciation for the program, but political manipulation of BLT remains a worry.

BLT served a clear objective well, but it is not a social assistance or poverty reduction *system*. BLT provided *temporary* protection to poor households in a manner that was more progressive than the subsidies it was replacing. Moderately-sized benefits were delivered at the right time, for the right duration, and with a very lean administrative apparatus. However, for long-term poverty reduction goals, BLT is not appropriate. Continuing investments in health, education, and business, which can help disrupt the intergenerational transmission of poverty, are better promoted by programs like conditional cash transfers, free health insurance, secondary and university scholarships, and micro loans for entrepreneurs.

1. Background

Macroeconomic stress, national social or economic policy changes, and regional shocks like natural disasters are difficult for poor households to manage.

During times of national macroeconomic or financial stress, regional economic downturns, or natural disasters, poor households in Indonesia are exposed to shocks they must manage. For example, during the Asian Financial Crisis (AFC) in the late 1990s, poor households and those newly entering poverty increased their expenditures on food items while cutting expenditures on health and education. As a result, poor children were 5 times more likely to be out of school during and shortly after this period than rich children. Health service utilization rates and preventative health behaviors also decreased for poor households. The increase in food expenditure did not mean an increase in the quality of food consumed – in fact nutritional status decreased for women from poor households while micronutrient concentrations dropped as well. In other words, households switched into larger quantities of low quality food while overall expenditures dropped.[1]

These responses, which in the short-term can safeguard consumption, have negative implications for future household productivity. The young children removed from the schooling system suffer a long-term skills and productivity deficit relative to their peers who stayed in school. Missed preventative health interventions and malnutrition or under-nutrition can have long-lasting consequences for both mental and physical development of young children. In addition, many Indonesian households made up income shortfalls by sending more household members to work, including children and those attending school, and sold productive assets.[2] Both expenditure reductions and consumption

1 There have been many studies discussing the impacts of a financial crisis for poor households in Indonesia including Frankenberg et al. (1999) Levinsohn et al. (1999), Thomas et al. (2001), Cameron (2002), Block et al. (2003), and Giles and Satriawan (2010).

2 See Sumarto et al (2010) for more detail.

safeguarding can have deleterious long-term consequences; these strategies are often the only ones available to poor households during a general crisis as other informal and community mechanisms for insuring welfare typically break down when the crisis affects all households.

The Government of Indonesia significantly reformed its fuel subsidy system in 2005 following a sustained rise in global oil prices beginning in 2004. As global oil prices began a sustained rise in 2004, the share of GOI expenditures devoted to all subsidies rose from 13 percent in 2002-03 to a peak of 29 percent in 2005. Between 1998 and 2005, fuel subsidies alone averaged a 75 percent share of all subsidy and transfer spending.[3] These fuel subsidies were regressive in that larger shares of benefits went to the larger consumers: rich households with motorcycles, automobiles, and large agricultural holdings as well as commercial transport operators. Over the course of 2005, the GOI removed subsidies for industrial users and raised the regulated price of household gasoline and kerosene purchases, leaving prices 150 to 185 percent higher at the end of 2005 than in 2004.[4]

Further reductions occurred in 2008 when macroeconomic growth was still strong but international crises buffeted Indonesia. International fuel prices continued their rapid ascent[5] forcing the GOI to cut subsidies again in the second quarter of 2008, leaving household prices for gasoline and kerosene 33 and 50 percent higher respectively.[6] A simultaneous international crisis in basic food commodity prices in 2007 and 2008 was followed by an international financial crisis and credit crunch that worsened significantly throughout 2008 and early 2009.

3 Subsidized prices included fuel, electricity, bank interest, fertilizer, and some pharmaceuticals. Transfers included a health card and a scholarship scheme. In 2005, the fuel subsidy alone accounted for nearly 25 percent of all government expenditures and about 5 percent of GDP.

4 The largest one-time reduction occurred in October 2005. Prices paid by Indonesian households on kerosene, fuel, and diesel had remained roughly constant during 2003 and 2004 while international prices rose 80 to 125 percent (crude oil and kerosene spot prices quoted in Singapore). See Augustina et al. (2008) for more detail.

5 Between early 2006 and 2008 crude oil and kerosene prices rose another 110 percent. For reference, core inflation in Indonesia was approximately 35 percent from January 2005 to January 2009.

6 Similarly-sized subsidy cuts and price increases during 2003 had sparked massive protests which lead to reversals in end-2002 subsidy reductions.

These policy changes and crises would have been difficult for poor households to manage…. Though fuel subsidies are regressive in incidence, poor households do benefit from lower fuel prices as direct consumers and as *indirect consumers* of public transport, foodstuffs, and fertilizers or agricultural inputs (all of which contain a significant fuel-cost component). Poor households spend 65 to 75 percent of their budget on food alone, and domestic inflation in the poor household food basket has serious consequences for both poor and near-poor households. Adding worldwide inflation in food prices and tighter food supplies plus an international credit crunch to the GOI's subsidy reductions made future prices and macroeconomic scenarios difficult for households to predict and prepare for.

…so the GOI chose to use a portion of subsidy savings on a direct cash transfer to poor and vulnerable households. As the subsidy cuts were being discussed in 2005, the GOI decided to collect redirect spending to quickly assist at-risk households during the transition to the new price regime. From the available options the GOI chose an unconditional cash transfer.[7] BLT transfers were already in beneficiaries' hands by October, meaning BLT went from inception and design to implementation and delivery in less than 5 months. In 2008, BLT was used again to provide some immediate consumption relief to poor households and again the GOI used subsidy reform and macroeconomic turbulence as the backdrop for a progressive transfer of benefits through household-targeted programs.[8]

An unconditional cash transfer is a social assistance tool that can achieve national coverage very rapidly and deliver universally useable benefits to address acute consumption difficulties when they occur – see Table 1 below. Health and education fee waivers are very valuable and relatively easy to distribute, but cannot be used for general income support during a crisis or shock. Conditional cash transfers require administrative and physical capital that often takes months or years to assemble; conditional cash transfers are not typically used as temporary income support in times of acute need but rather as a long-term program that encourages repeated investment in health and education.[9] Likewise, cash for work schemes require considerable time to properly identify, scope, and plan useful projects that can absorb large numbers of workers as well as a large administrative apparatus or secondary workforce to handle logistics, supervision, and quality control. Allocations of an in-kind food transfer were increased during the crisis, but in-kind transfers fail the "universally useable" test and the Indonesian version provides very small benefits.[10]

In Indonesia, the introduction of BLT sparked media political and media debates regarding the effectiveness and appropriateness of unconditional cash transfers. BLT debates centered on whether cash handouts were appropriate for poor households. Cash with no strings attached *could not be beneficial* for poor households, it was thought, because they would not receive the skills or awareness encouraging them to pull themselves out of poverty; in other words BLT would be equivalent to handing out fish, *not teaching households how to fish for themselves*. The lack of conditions for receiving BLT and lack of monitoring of transfer spending produced anxiety that beneficiaries would become dependent on handouts, less likely to find work, and more likely to misspend BLT funds on non-productive goods like alcohol or tobacco.[11] As a cash handout without enduring governance protocols and automatic procedures, BLT was also open to charges that it could be politically motivated and manipulated.

7 Other social sector programs, with different objectives, were simultaneously introduced and funded by implied savings from subsidy reductions. Bantuan Operasional Sekolah (BOS) was meant to cancel school fees and provide scholarships by transferring operational aid directly to primary and junior-secondary schools; Asuransi Kesehatan Miskin (Askeskin) provided free healthcare at the Puskesmas (health clinic) level and inpatient care at third-class hospital beds; and Infrastruktur Pedesaan (IP) gave grants directly to villages for infrastructure and labor-intensive employment opportunities. BOS, Askeskin and IP were oriented towards reducing long-term poverty rather than immediate (and temporary) consumption support. BOS and Askeskin (known since 2008 as Jamkesmas, an abbreviation of Jaminan Masyarakat) have undergone modifications to their original designs. The IP program was folded into Program Nasional Pemberdayaan Masyarakat (PNPM), the umbrella organization for most community-driven development initiatives in Indonesia. See "Social Assistance Program and Public Expenditure Review 4: Jamkesmas" in this collection for Askeskin; World Bank (2010b) for BOS; and Smeru (2008), World Bank (2008), or World Bank (2010a) for PNPM.

8 Though it coincided with programmed subsidy reductions on domestic goods, the second BLT was intended to soften impacts on poor households of the externally-produced food and finance shocks as well.

9 Conditional Cash Transfers are usually targeted to poor households with pregnant mothers or children. BLT was targeted to any poor household regardless of composition.

10 For more information on the Indonesian version of a health fee waiver, a conditional cash transfer, and a food-based in-kind transfer see "Social Assistance Program and Public Expenditure Review 4: Jamkesmas", "Social Assistance Program and Public Expenditure Review 6: PKH", and "Social Assistance Program and Public Expenditure Review 2: Raskin" (respectively), all in Volume 2 of Protecting Poor and Vulnerable Households in Indonesia (World Bank, 2012b).

11 In addition to misgivings about the appropriateness of BLT, others were worried that BLT benefits were too small to affect household poverty anyway and also that program administrators or village political officials would misappropriate BLT funds for their personal enrichment.

Table 1: Social Assistance Options in Indonesia

Program Type (*Indonesian name*, year introduced)		Objectives	Appropriate for acute consumption crisis?	Additional issues
Conditional Cash Transfer (*PKH*, 2007)		Provide cash for sending children to school and regularly visiting health facilities; long-term poverty reduction and interruption of the transmission of poverty.	**No**. Requires extensive administration. Payments are fixed. Usually given only to households with pregnant mothers or school-age children.	Significant investments in monitoring and compliance checks must be made at the outset. Sophisticated MIS and skilled labor also typically included.
Fee Waivers	Health (*Askeskin*, 2005) Education (*BOS*, 2005)	Increase access to and encourage attendance at health and education providers.	**No**. Households do not actually receive transfers. General consumption support not possible.	Relatively easy to distribute, but transfers are usually provided to service providers instead of households directly. This requires increased central oversight or additional penalties to prevent malfeasance.
In-kind transfers (*Raskin*, 1998)		Provide additional calories, food security (where markets are not functioning), and stabilize prices.	**Yes** – for calorie deficient households only. Households can not choose, but as long as extra calories are *infra*-marginal, households can use savings to purchase other necessities.	Relatively easy to distribute or top off *if* there is a previously-existing logistics and distribution infrastructure and staff. Such infrastructure is costly to maintain.
Public Works (*Infrastruktur Pedesaan*, 2005; *Padat Karya*, 1999)		Provide work for the unemployed or under-employed. Supplement consumption budgets with exchange of cash (wages) for labor on government-provided projects.	**No**. Projects, resources, and logistics and supervisory staff must be identified *before* work can begin.	Costly program operation means benefit/wage transferred a relatively small share of overall program budget. Setting the correct wage for self-targeting is tricky, time-consuming, and likely iterative.
Unconditional Cash Transfer (*BLT*, 2005)		Consumption support	**Yes**. Rapid scale-up and distribution. Cash easy to distribute. Households have freedom to choose.	Not likely to change incidence of poverty or behaviors associated with poverty. Transfer amounts are *not usually* large enough for households to invest in productive opportunities.

This note summarizes all the available evidence on the BLT programs to determine how well poor households were served and examines both quantitative and qualitative evidence to address worries about the negative effects of BLT on households. This report will provide definitive accounts of BLT strengths and weakness as a household-targeted income transfer. It will also present in one document the available first-hand data on all aspects of BLT delivery and operations. It addresses concerns about the effects of BLT by summarizing the average and representative Indonesian household experience with BLT and without reliance on anecdotes. The note concludes with recommendations regarding BLT's place in Indonesia's social protection system and operational reforms to make a future BLT more effective.

2. Objective, Program Size and Benefit Adequacy

Bantuan Langsung Tunai is an unconditional and temporary cash transfer targeted to poor Indonesian households during economic crises.

BLT transferred immediately useful cash to nearly one third of Indonesian households precisely when severe cuts to consumption were most likely. BLT transfers continued long enough for households to adjust smoothly to the new price schedules. Over 19 million households, spread across all provinces, in even the most remote and topographically-challenging regions, received BLT transfers.[12] In 2005, transfers of Rp 300,000 delivered via post offices began in October; three additional Rp 300,000 payments, spread over the following year, were made before the BLT window closed permanently after transferring a total of Rp 1.2 million per household. In 2008 the number of transfers was reduced to three, and the total household transfer was Rp 900,000 while the BLT window was closed after nine months.

BLT was designed as emergency income support; it was not designed to affect household behavior or permanently lower the poverty rate. BLT transfers were modest (around 15 percent of the average consumption budget of target household), temporary, and unconditional and the program's objective was to provide income support during a time of emergency. BLT could not and did not address either household behaviors or the correlates of poverty. Programs introduced during the same era, like education and health fee waivers, public works, and conditional cash transfers (see Table 1 above) are better suited for those objectives.[13]

Table 2: BLT at a Glance

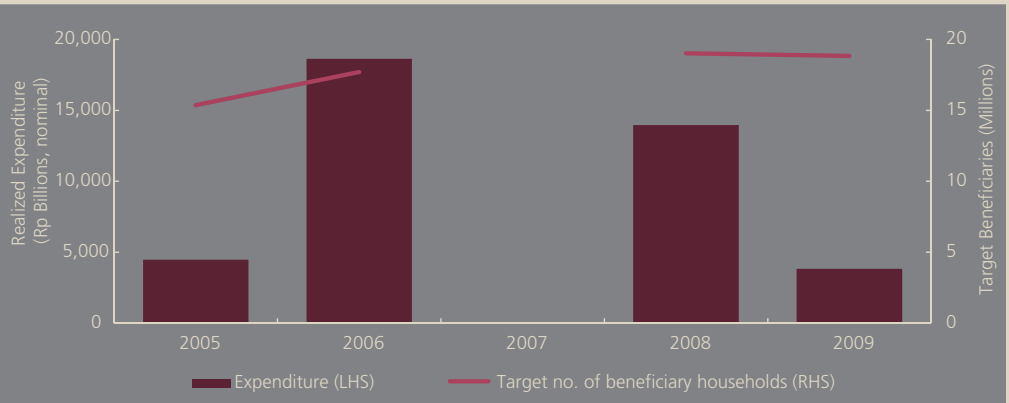
Official name:	Bantuan Langsung Tunai (BLT)
Program type:	Unconditional Cash Transfer (UCT)
Program Type and inaugural year (start/usage year):	Temporary, tax-financed, 2005-06 and 2008-09
Coverage:	National (100% provinces, 100% districts)
Official Number of beneficiaries (2008-09):	18.5 million households
Official value of benefit (2008-09):	Rp 100,000 per month for 9 months (Rp 900,000 in total)
Public expenditure (2008-09):	Rp 18,966 billion (US$ 1.8 billion)
Administrative cost per recipient (2008-09):	Approx. Rp 50,000 (USD 5)
Percent of poor households covered, household records (2008-09):	54
Key policy and executing agency:	*Kementerian Sosial* Ministry of Social Affairs (Kemensos)
Key implementation agencies (role):	Kemensos - cross-sector coordination and supervision in BLT funds distribution.
Support operations partners (role):	*Badan Pusat Statistik,* Statistics Indonesia (BPS) (targeting and eligibility, printing and card distribution to local governments); *Kementrian Komunikasi dan Informatika*, Ministry of Communications and Information Technology (Kemenkominfo) (socialization); PT Pos Indonesia (fund distribution); *Kementerian Keuangan* Ministry of Finance (Kemenkeu) (silent fund disbursement)
Local Government participation:	Socialization, card distribution, monitoring and evaluation

12 In terms of total benefits transferred, BLT was the largest such transfer program in the developing world at the time it was introduced.

13 As mentioned above, the operational features of these more complex programs make them unsuitable for rapid set-up and disbursement of benefits.

BLT consumed a significant amount of the central government's budget for household-based social assistance (SA), but it did not have large administrative costs nor did BLT require any new physical capital or skill upgrading. BLT was a major expenditure: in 2005, government expenditure on BLT – Rp 23 trillion (approximately US$ 2.3 billion) – was three times larger than spending on Raskin and Askeskin combined and accounted for approximately four percent of all central government expenditure and over 50 percent of all household-targeted social assistance spending. BLT's administrative footprint was relatively light as most regular monitoring and evaluation functions (beneficiary tracking, program monitoring, complaint evaluation, information management) were not performed before the BLT window closed approximately a year after opening.

Figure 1: BLT Expenditure and Coverage Summary



Sources and *Notes*: Kemenkeu, Bappenas, and World Bank staff calculations

Table 3: BLT Expenditure Summary, 2005-2006 and 2008-2009

	1st instance			2nd instance		
	2005	2006	2005-06	2008	2009	2008-09
Total BLT (Nominal, Rp billion)	**4,487**	**18,619**	**23,106**	**13,966**	**3,844**	**17,809**
Analytical series:						
Total BLT (Constant 2009 prices, Rp bn)	7,286	26,503	33,789	15,123	3,844	18,966
Total BLT (US$, Rp million)	460	2,037	2,497	1,431	371	1,803
Share of central gov. SA spending	46.2	67.0	61.6	44.2	15.0	31.1
Share of total central government spending (%)	1.2	4.2	2.9	2.0	0.6	1.3
Memo items:						
Official target number of beneficiary households (Million)	15.4	17.7		19.0	18.8	
Number of months of payments	3	9	12	7	2	9
Official monthly benefit (Rp) (disbursed quarterly)	100,000	100,000		100,000	100,000	

Sources and *Notes*: Kemenkeu, Bappenas, BPS and World Bank staff calculations

Kemensos was made the key policy and executing agency for BLT, but transfers went directly from Kemenkeu to households. Kemensos was made overseer and in some cases coordinator of support and safeguarding operations, but in practice funds proceeded directly from the Ministry of Finance to households through the post office system while targeting and socialization activities were delegated to the national statistics bureau (BPS) and *Kementrian Komunikasi dan Informatika*, Ministry of Communications and Information Technology (KemenkomInfo). The procedures and roles of each implementing agency were regulated in the Presidential Instruction number 3 in 2008 regarding implementation of BLT for targeted households and in BLT technical guidelines that was prepared and published by *Kementrian Sosial,* Ministry of Social Affairs.

3. Targeting

BLT was modestly pro-poor and targeting performance compares favorably to other household-based social assistance programs in Indonesia.

BLT reached households everywhere in Indonesia under severe time constraints. Approximately 19 million households – more than a third of all Indonesian households – received BLT in 2005 and benefits reached every one of Indonesia's provinces. Program designers[14] correctly predicted that simple, rapid and reliable delivery would be the key to reaching poor households when they were most vulnerable, so they agreed on a cash benefit[15] delivered directly to beneficiaries through the national postal system (PT Pos). BLT went from initial design to deployment in less than 5 months.

Overall BLT is the most well-targeted of any Indonesian SA initiative with national coverage. Approximately 50 percent of all households in the poorest quintile (according to expenditure) received BLT. The poorest 40 percent of households received nearly two-thirds of total BLT benefits available (Figure 2). This progressivity is a mirror image of the pre-2005 fuel subsidy scheme in which the richest 10 percent of households captured 5 times the share of benefits that the poorest households captured; the richest 40 percent captured 60 percent of all benefits; and the poorest 20 percent captured less than one-twentieth of all benefits. BLT incidence and coverage also makes it the most well-targeted of the current national social assistance schemes in Indonesia: in a comparison of targeting outcomes, and with 100 percent representing perfect targeting according to program design, BLT performs the best at 24 percent better than random, with Jamkesmas and Raskin at 16 and 13 percent respectively.[16] BLT's lower inclusion and exclusion errors resulted in a higher percentage of total benefits being received by target households. If households below 1.4 times the poverty line or below 1.6 times the poverty line are allowed to count as targeted households, the targeting gains for BLT increase to 35 and 44 percent (respectively), indicating that a significant proportion of BLT benefits received by the non-poor go to households with relatively low consumption.

Figure 2: BLT Coverage and Incidence, 2005-06 and 2008-09

Source: Susenas various years.

14 The BLT design team was primarily a technocratic team within the National Development Planning Agency (Bappenas) operating with support and oversight from the Vice President.

15 Equivalent to approximately 15 percent of the 2005 expenditure poverty line.

16 That is, targeting outcomes under BLT (Jamkesmas, Raskin) are 24 (16, 13) percent better than if the same number of benefits had been distributed randomly. See World Bank (2012a) for more detail.

…and BLT reached many vulnerable households most exposed to government policy shocks… Poor households in Indonesia mention changes in government regulations (such as subsidy reductions) and economic risks (earnings losses) as those events most frequently affecting welfare.[17] Table 4 shows that the frequency of many of the non-income characteristics of poverty occur at nearly equal rates among all poor households and all BLT households. For example, poor households are more often in rural areas and more frequently have less education; likewise BLT households exhibit those same characteristics at approximately the same rate.

Table 4: Characteristics within Indonesian Populations, 2008-2009

	% of all Indonesians who:	% of poor population who:	% of BLT recipients who:
Do not have access to bottled, tap, or well water	19	30	27
Do not have access to private sanitation	35	58	56
Live in villages without a primary school	1	2	2
Live in villages without a junior secondary school	36	42	42
Live in rural areas	52	63	67
Live with more than 5 household members	27	43	31
Have less than primary education	19	32	31
Are illiterate	9	15	15
Work in agriculture sector	38	59	54

Sources: Susenas 2008, Susenas 2009, Podes 2008, World Bank calculations.
Note: "Work in …" refers to shares of working individuals, not all Indonesians.

…but BLT targeting was not free of error and there is room for improvement. While the total number of BLT recipients are similar to the number of near-poor (27 percent of all households during the 2005 BLT), households who were neither poor nor near-poor received 30 to 40 percent of all BLT benefits (see below) indicating that more poor and near-poor households could have been reached. Table 5 demonstrates that poor households *not receiving* BLT are more likely to be urban, less likely to be working in the agricultural or informal sectors, and have higher levels of education. Non-poor households *receiving* BLT have similar levels of education as poor beneficiaries (and less education than those not receiving BLT), but they are more urban and less likely to be in agriculture. BLT households have fewer members (regardless of expenditure levels), while poorer households in Indonesia are larger than average. Targeting performance also varies across regions: much of Sumatra and Kalimantan have worse targeting performance and Eastern Indonesia generally performs better (see also Figure 4). Variation in targeting performance could be a result of greater difficulty of targeting in urban areas,[18] differing quality of program socialization and local government supervision of targeting, and differing local norms of conflict avoidance or sharing. See Section 5 below for more detail on these and other difficulties encountered in BLT implementation.

17 World Bank (2006).

18 For example, local authorities were responsible for nominating potential BLT beneficiaries (that would later be surveyed). Urban areas typically submitted more nominations (per capita) and more households – both poor and non-poor – were surveyed and included as a result.

Table 5: Characteristics within BLT and non-BLT Populations, various years

Household or Household head is/has:		Poor households		Non-poor households	
		Non - BLT	BLT	Non - BLT	BLT
Primary school or less		81	70	76	43
Agricultural Sector		63	53	55	29
Formal Employee		17	23	19	39
Urban	2005-06	21	26	31	55
	2008-09	27	35	34	58
		(average among households)			
Household members		4.5	4.7	3.3	3.7
Child dependency ratio	2005-06	58	52	37	37
	2008-09	60	58	38	39

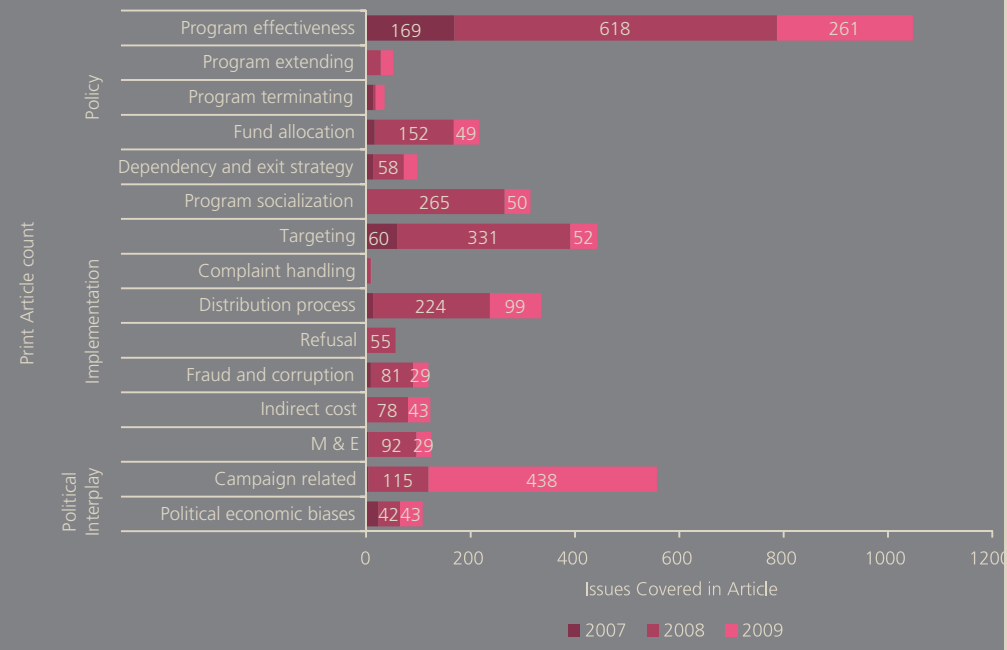
Source: Susenas 2005-2009 and World Bank calculations.
Note: Figures are 2005-06/2008-09 averages unless otherwise stated.

4. Impacts

BLT had positive effects on household welfare: there were increases in expenditure, health service utilization, and adult employment, as well as decreases in child labor.

The effectiveness of unconditional cash transfers has received healthy attention and debate in media outlets. For example, the BLT program garnered over half of all traditional print-media mentions of any of the BLT, Raskin, or Jamkesmas programs over 2007 to 2009[19] and the majority of these BLT articles focused on the program's effectiveness for poverty reduction (Figure 3). In addition, an ongoing political discussion centered on whether cash transfers increase the dependency of beneficiaries on the state. This section discusses recent research that uses nationally representative socioeconomic data to answer, from the average household's perspective, questions regarding the effectiveness of BLT as well as whether it engendered dependency.

Figure 3: BLT Media Coverage by key issue and year



Source: Media analysis by MediaTrac

BLT benefits were rapidly consumed on essential items. BLT cash transfers added income equal to approximately 15 percent of monthly expenditure among target households in 2005 (and closer to 12 percent of monthly expenditure in 2008).[20] Field studies reported that BLT benefits were spent within a week of receipt.[21] BLT was used to buy basic necessities (especially rice because it could be stored) or to take care of current and pressing one-time expenditures like schooling costs or clothes for the annual *Eid ul-Fitr* religious holidays.[22] Spending on fuel and transport (which contains a fuel cost component) were also popular uses of BLT funds (see below).

19 Media analysis by Media Trac

20 World Bank staff calculations based on Susenas 2005, 2008.

21 Smeru (2009).

22 Smeru (2009). If most BLT funds were spent within a week on basic necessities, consumption choices over BLT funds can not generally be tracked in the nationally representative household survey (Susenas). Susenas enumerators ask households to recall weekly food consumption and the arrival of Susenas enumerators did not likely occur precisely one or even two weeks after households received BLT funds. In other words, BLT had long been spent by the time Susenas enumerators arrived.

BLT households made regular and safe consumption choices.[23] As food prices rose steeply during 2008, all Indonesian households cut back on meat consumption and instead consumed more fish, vegetables, rice, and dairy, but BLT households did not switch into lower quality foods more often than non-BLT households. BLT households actually had slightly smaller rates of increase in tobacco expenditure relative to the rest of the poor population while rates of increase in alcohol consumption were approximately equal.[24] Retiring or taking on new debt was a popular use for BLT according to beneficiaries and such asset and financial management is a common mitigation and prevention behavior in Indonesia.[25] During the second round in 2008, BLT funds were more often spent on education, but this is likely an artifact of disbursement timing: major urban centers received the first 2008 BLT payment at the end of May, or close to when school fees and other non-fee school costs would have been assessed.[26]

BLT allowed poor households to plan for and adjust to increases in fuel prices.[27] The first BLT disbursement in October 2005 coincided with the greatest one-time nationwide increase in fuel prices and households were able to rely on BLT payments for the next twelve months.[28] Just prior to the 2005 and 2008 subsidy reductions, poor BLT target households spent approximately Rp 29,000 and Rp 85,600 (respectively) per month on kerosene and gasoline, meaning that for poor BLT households fuel consumption as a share of total expenditure reached a long-run equilibrium of just under nine percent in between the two separate subsidy reductions.[29] Therefore, the 2005 to 2008 nominal increase in fuel expenditure (of approximately Rp 55,000 monthly) could have been absorbed by a Rp 100,000 monthly BLT transfer. Or, had BLT households wished to consume fuel quantities at the same rate as they had before the price hikes, BLT funds would have equaled approximately twice the additional expenditure poor target households would have borne.[30] Had poor BLT households reduced their fuel consumption quantities in a manner similar to what non-poor and non-target households actually did, BLT could have covered more than three times the additional expenditure necessary. As it turned out, poor BLT households adjusted fuel purchases downwards in the short run – by approximately 4 percent for gasoline and 40 percent for kerosene[31] – and BLT funds were spent as frequently on other goods like food and debt.

The rest of this section summarizes estimates of the changes in household welfare indicators directly attributable to the BLT transfers. These impact estimates are calculated by examining welfare indicators both before and after BLT transfers. For all indicators, the impacts of the BLT program are measured relative to changes in the same indicators in similar households who did not receive BLT; the data for the impact estimates comes from Susenas, the twice-yearly socioeconomic survey of households.[32] BLT impacts in health and expenditure are estimated using a triple-difference strategy and BLT impacts in education, child labor, and head-of-household employment are estimated using a matched difference-in-differences strategy. Greater detail about impact estimatation methodology can be found in the technical annex at the end of this report.

23 Unless otherwise noted, evidence for the following two paragraphs is from Susenas 2005, 2006, 2007, and 2008.

24 In 2005 slower rates of increase in tobacco shares of expenditure for poor BLT households relative to poor non-BLT households were more noticeable. Initial shares of tobacco and alcohol expenditure in total expenditure were roughly equal (and small) between BLT and non-BLT poor households in both 2008 and 2005.

25 Unfortunately, Susenas modules summarizing asset and financial data are not available for either 2005-06 or 2008-09 panel households, so a confirmation of BLT households' financial management behavior is not possible.

26 As mentioned previously, beneficiaries reported using all BLT benefits within a week either on immediate or on other accounts (clothing, education expenses) that happened to be "due" when BLT was disbursed. BLT funds were on average insufficient for either business capital or home improvements.

27 World Bank staff calculations based on Susenas 2005, 2008.

28 In 2008 when prices rose less steeply, BLT delivery was not everywhere simultaneous with price increases but in some areas followed one to two quarters later, and as previously mentioned both amounts and the number of disbursements decreased (to Rp 900,000 and 3 respectively). Fuel price increases historically take one to three months to pass through to household prices on other significant expenditure categories (like food and transport).

29 In 2005, immediate adjustment to these long-run fuel expenditure shares (after the fuel price increases) would have implied an approximately 60 percent reduction in fuel consumption. In between 2005 and 2008, the quantity of kerosene consumed by poor BLT households did fall by approximately 45 percent (in repeated cross-section) while gasoline consumed rose by 13 percent.

30 In 2005, estimations indicated that October fuel price increases would have led to a 5.6 percentage point increase in the headcount poverty rate in the absence of any compensation to households; see World Bank 2006. In 2008 when subsidy reductions were less severe, BLT would have covered approximately six times the increase in the additional expenditure poor target households would have borne by consuming fuels at the same rate as before the price hike, but as mentioned previously BLT in 2008 was meant to address more than the subsidy reductions alone.

31 These reductions were not quite as large as that for non-poor, non-BLT households. Poor households not receiving BLT (incorrectly excluded) actually lowered kerosene consumption rates the least and increased (in the short run) consumption of gasoline.

32 In both 2005 - 2006 and 2008 - 2009, Susenas visited a panel of households before and after the first BLT transfers were disbursed.

Where average household spending was most anemic, BLT households increased their expenditure most; BLT had positive effects on community-wide expenditure.[33] In *kabupaten* (districts) where average per-capita expenditure levels either fell or stayed roughly constant over the BLT period, or in other words areas with weak local economies, BLT recipients were able to increase their expenditures at significantly higher rates than all other non-BLT households.[34] In addition, BLT was good for wider communities, as there is a positive but small BLT multiplier on non-BLT household expenditure in 2008: *kabupaten* with higher shares of BLT recipients experienced increases in expenditure among the non-poor, non-BLT population that were on average 10 percent higher than *kabupaten* with lower shares of BLT recipients.

BLT households protected children by encouraging reductions in child labor… Rates of child labor fell faster in poor BLT households, though these same households had slightly higher rates of child labor before BLT.[35] For all children of school age (6 to 18 years old), household receipt of BLT led to increased school participation rates (over and above the increase observed in non-BLT households) though the estimated impact is not statistically distinguishable from zero. For 12 to 18 year olds only, estimates of the positive BLT effect on school participation were twice as large, but still mostly statistically indistinguishable from zero[36] (Table 6). Qualitative, field-based reporting (SMERU, 2009) as well as household reporting captured in Susenas (various years) indicate that BLT was more often spent on education in 2008-2009. Increased spending from BLT combined with larger estimated impacts for older children in BLT households are together encouraging as it has been shown that transition rates between primary and secondary school are precipitously low for the poorest 20 percent of Indonesian households and that increased school expenses are a major contributing factor.[37]

Table 6: BLT and Children 6 to 18 years old

BLT Impacts, 2008-2009:	(percentage points)		
School participation			
All 6-18 yr olds	+1.2		
12-18 yr olds	+2.6		
Labor participation			
All 6-18 yr olds	-2.3**		
2008 household averages (%)	**poor BLT**	**all BLT**	**all non-BLT**
Gross Enrollment rate	72	76	84
Labor Participation rate	13	13	9

** Significant at the 1 percent level.
Note: Impacts measured as increases over rates in matched poor non-BLT households.

…and health services. During 2005, households potentially benefitted from two new initiatives that should have increased demand for healthcare services, one on the income side (BLT) and one on the price side (the new Askeskin program was a health service fee waiver). Impact analysis shows that BLT increased outpatient utilization and that effects of BLT were statistically significant and equal to approximately two-thirds the size of the Askeskin impact.[38] More recently during the 2008-09 BLT, BLT households from areas most heavily affected by epidemics (a plausibly exogenous source of

33 Beginning in 2004, growth in Indonesian real GDP has been averaging approximately five percent per year while core inflation has averaged between seven and eight percent per year. Relative to their previous expenditure levels, cross-section households in lower expenditure deciles gained more in expenditure terms than did households in higher expenditure deciles during both the 2005 and 2008 BLT periods, making it difficult to precisely observe the effect BLT had on protecting expenditure for recipients relative to non-recipients as all households experienced significant gains in expenditure. See Bazzi, Sumarto, and Suryahadi (2011) for alternative methodologies and estimates of the consumption impacts of the 2005 BLT program.

34 Relative to kabupaten with well-performing local economies. In 2005 the BLT impacts on expenditure (estimated using the same triple difference strategy) are larger in magnitude than in 2008 and statistically significant.

35 In 2005, cross-section relative rates are similar (from higher initial rates, child labor falls by a greater amount in BLT households), but the estimated impact is not statistically significantly different from zero. Interestingly, rates of child labor in poor BLT households (in cross section) are 17 percent pre-BLT 2005, 14 percent post-BLT 2006, and 13 percent pre-BLT 2008, suggesting that BLT-supported reductions in child-labor persisted.

36 See the Technical Annex at the end of this note for details.

37 See "Social Assistance Program and Public Expenditure Review 5: BSM" in this series.

38 Sparrow et al. (2008); impacts were estimated using Susenas panel data from 2005 and 2006 and estimates controlled for Askeskin and other insurances, household characteristics, and village characteristics (among other things).

healthcare demand) showed an increase in both inpatient and outpatient utilization rates relative to non-BLT households from the same areas, but measured impacts were not statistically distinguishable from zero.[39]

BLT did not create handout-dependent households… BLT has in the past been portrayed as a program that encourages households to drop out of labor markets or discourages recipients from "learning how to fish", or from seeking the jobs, skills, opportunities, and business opportunities that can help households pull themselves out of poverty. However, from as early as 2005 BLT recipients have reported that "the value of BLT was not enough to fulfill all living needs" and therefore did not create work apathy. Recipients and their larger social communities thought that poor households both with and without BLT spend much of their time searching for work because job supply is both limited and frequently seasonal.[40]

… and in fact, households receiving BLT cash benefits found new jobs at increased rates (Table 7)**.** In 2008, BLT household heads who were not working and without a job or business were more likely (by 10 percentage points) to report that they moved into employment.[41] BLT heads of households were not more likely to leave work. In repeated cross section in 2005 (pre-BLT) and 2007, the reduction in hours worked among BLT recipients was small and not much different from changes reported by non-BLT households.[42] In nearly all of the sectors most frequently employing both BLT and non-BLT households (agriculture, industry, construction, trade/services and logistics), BLT households left at approximately the same rates as non-BLT households, so BLT household heads did not leave higher-productivity sectors more often. For household heads remaining employed pre- and post-BLT, BLT households were more likely to switch into sectors like agriculture and construction.[43]

Table 7: BLT and Employment

BLT Impact: % Increase in likelihood of finding jobs, 2008-09	32**	
	BLT	non-BLT
% Finding Jobs, 2008-09	36	30
Working Hours		
2005	39.2	41.0
2007	37.7	39.8
Change	-1.5	-1.2
2009 BLT working sector:		
1st most common	Agriculture	
2nd most common	Service	
3rd most common	Construction, Retail	

** Significant at the five percent level.
Note: Impacts are measured as increases over matched poor and non-BLT households (for previously unemployed heads of household only). The 2008/2009 Susenas do not allow calculation of hours worked. Working sector choices for BLT household heads are ranked the same regardless of employment status in 2008.

39 The small positive effect of BLT on health care utilization is greatest for uninsured households consuming inpatient services, but the impact for these households and these services is also not statistically distinguishable from zero.

40 SMERU (2008).

41 In 2009, the frequency of household heads not working or without a job or business (prior to BLT) was two to three percentage points higher in eventual BLT households than non-BLT households. In 2005, there are similar patterns (unemployed BLT household heads are more likely to move into employment) but estimated impacts in 2005 are not statistically different from zero.

42 Based on a repeated Susenas cross section of near-poor (and below) households. Spouse (of household head) hours worked increased for both BLT and non-BLT households. The 2008 and 2009 Susenas surveys do not allow calculation of hours worked.

43 There is very limited evidence showing that BLT household heads did not report wage gains equivalent to non-BLT households. However, given (1) correlations between wages, expenditures, and the likelihood of being selected into BLT and (2) the likelihood of being in a non-wage or informal sector for BLT or poor households, self-reported wage data is not appropriate for measuring productivity among BLT recipients.

5. Cost Effectiveness

BLT's estimated administrative costs are low relative to other Indonesian and international social assistance programs. BLT was temporary and crisis-driven; as a consequence available budget data is limited, especially for the 2005-06 BLT. Data from the 2008-09 BLT indicate average administrative costs per beneficiary of approximately Rp 50,000 (roughly US$ 5 at current nominal exchange rates) with an overall administrative overhead ratio of 5.2 percent (Table 8). These costs are low compared to more permanent cash transfer interventions in Indonesia. For example, the GOI's pilot conditional cash transfer (PKH) – which has comparable generosity to BLT – is estimated to have had an administrative overhead of 14 to 15 percent in 2008 and 2009 and average administrative costs per beneficiary of around US$ 20. The two smaller-coverage, larger-benefit pilot social cash transfer programs for the severely disabled and abandoned elderly had estimated administrative overheads of 11 to 13 percent in 2009, and higher per beneficiary administrative costs of around US$ 50 per year. BLT costs are also relatively low compared to UCTs in other countries. For example, an international survey of 16 cash and near cash programs found that average administrative costs were around 8 percent.[44]

BLT's implementation was spread across many ministries and agencies, none of which received much for administration or support operations. Table 8 demonstrates that seven different GOI institutions received funds for implementing some part of the 2008-2009 BLT program. Reflecting their larger administrative roles, BPS, PT Pos, and Kemensos accounted for 99 percent of this administrative budget for BLT, but even the largest administrative budget received (by PT Pos in 2008) was only 2 percent of total BLT expenditures (cumulative over 2008 and 2009). The ministry that was delegated information dissemination and PR duties for BLT (Kemenkominfo) received a budget equivalent less than one percent of total BLT expenditures. See the next section for the effects of this diffuse structure and underfunding of support operations on implementation outcomes and household satisfaction with BLT.

Table 8: Spending Efficiency Indicators, 2005-2006 and 2008-2009

	1st instance			2nd instance		
	2005	2006	2005-06	2008	2009	2008-09
Unit Cost (Total spending/no. beneficiaries, Rp)	291,969	1,051,921	1,343,890	734,338	204,094	938,433
Administrative costs per beneficiariy (Non-benefits/No. beneficiaries, Rp)	n.a.	n.a.	n.a.	42,910	5,948	48,858
in US$				4.4	0.6	5.0
Administrative overhead ratio (Non-benefits/Total spending)	n.a.	n.a.	n.a.	5.8%	2.9%	5.2%
Cost of delivering benefits ratio (Non-benefits/Benefits)	n.a.	n.a.	n.a.	6.1%	3.0%	5.4%
Memo items:						
Number of beneficiary households assisted (Million)	15.0	17.7		18.8	18.7	
Value of annual benefits (Rp)	300,000	900,000	1,200,000	700,000	200,000	900,000
Total spending (Rp bn)	4,487	18,619	23,106	13,966	3,844	17,809
o/w benefits	n.a.	n.a.	n.a.	13,159	3,733	16,892
o/w Non-benefits	n.a.	n.a.	n.a.	807	111	918
Kemensos (Policy and execution)	n.a.	n.a.	n.a.	130	n.a.	n.a.
BPS (targeting & eligibility)	n.a.	n.a.	n.a.	300	n.a.	n.a.
PT Pos (fund distribution)	n.a.	n.a.	n.a.	366	n.a.	n.a.
Coordinating Ministry for Economy (Policy)	n.a.	n.a.	n.a.	0.2	n.a.	n.a.
Bappenas (Policy)	n.a.	n.a.	n.a.	2.0	n.a.	n.a.
Kemenkominfo (Socialization)	n.a.	n.a.	n.a.	7.0	n.a.	n.a.
Kemdagri	n.a.	n.a.	n.a.	0.5	n.a.	n.a.

Sources and notes: Kemenkeu, BAPPENAS and World Bank staff calculations.

44 Grosh et al. (2008).

6. Implementation

Progam support processes – including management and supervision, monitoring and evaluation, socialization and grievance systems, and targeting – are BLT's notable weakness and need improvement.

BLT implementation partners operated with a lack of overall authority and accountability and there were very few positive or negative incentives for implementation performance. BLT program implementing units (UPP) – responsible for coordinating socialization, program monitoring and evaluation, and complaint and grievance efforts, among other support operations – were composed of government officials from Kemenkominfo (socialization), BPS (targeting), Kemensos (general coordination, monitoring and evaluation, and complaints), the Community Empowerment Agency (BPM), and others. UPP were replicated at each of the central (*pusat*), provincial (*propinsi*), district (*kabupaten*), and subdistrict (*kecamatan*) levels of government.

A clear delegation of UPP tasks was not formulated and lines of authority between UPP at different levels remained confusing. As a consequence, weaknesses in operation and implementation were not addressed. The UPP "made no serious efforts to organize follow up or…systematic monitoring and evaluation" and the "institutions seemed to be more focused on fulfilling formal requirements."[45] When program rules and implementation were interfered with by officials at the village level and below (see the example below), there was little effort by UPPs at any level to address these new arrangements. UPP-kecamatan were often forgotten or received too little information from higher levels of government to function.[46] Delays in budget funds from the central government forced some UPP-kabupaten to suspend BLT monitoring activities and some to cancel monitoring altogether. Socialization, compliance monitoring, grievance management, and targeting all suffered from an organizational structure with few clear divisions of authority or accountability.

Socialization was incomplete.[47] Beneficiaries and their communities received information about the program from a variety of sources including word of mouth, local agencies, local village heads, the media, community organization notices, and religious services.[48] However, messages were neither systematic nor consistent. Some beneficiaries only received information accidentally and some heard nothing at all.[49] Little was communicated regarding program goals and strategies. In 2006, 80 percent of community members knew how much a BLT benefit package included and 75 percent were aware it was specifically for poor households, but only 51 percent considered themselves knowledgeable about BLT's objectives, 48 percent considered themselves knowledgeable about eligibility, and less than 16 percent knew where to lodge a complaint.[50] Media coverage of BLT implementation problems also focused on socialization, knowledge sharing (Figure 3). A BLT assessment team in 2006 stated the issue succinctly:

> "The emergence of various problems…was associated with the weakness of the socialization program. This deficiency occurred at all stages of the implementation, starting from the data collection to the complaint mechanism. It could be said that the socialization to communities essentially did not take place."[51]

45 SMERU (2009).

46 For example, though a piece-rate financial incentive was supposed to be distributed by a kecamatan organizer to village level (or below) program officials for the distribution of BLT cards, these payments were variously forgotten, distributed to the wrong officials, or re-allocated evenly to all officials regardless of their effort distributing cards. (SMERU 2009).

47 SMERU (2006).

48 SMERU (2009). Two-thirds of individuals surveyed in Susenas 2006 heard about BLT through TV or radio, and eighteen percent heard something through print media. Other equally common sources were village or sub-village officials (65 percent), religious leaders (25 percent), program officers (24 percent), and village meetings (13 percent). Only 46 percent considered media (print or electronic) to be the first source of information on BLT and 32 percent considered village or sub-village officials the primary source.

49 For example, in 2005 only 13 percent of respondents heard anything from BPS regarding targeting procedures and rationale and in 2008 an awareness campaign was delivered sometime after BLT had been disbursed. (SMERU 2009).

50 Susenas 2006.

51 SMERU (2006), Executive Summary.

Complaints and grievances were mostly not heard and rarely prompted action by program administrators or supervisors. In 2005 approximately one third of beneficiary households had some complaint about BLT but only one quarter of these reported their complaints. For those who chose not to report, a full 60 percent either didn't know where to report or felt it would be a waste of time to report.[52] Households that chose to provide suggestions, lodge complaints, or indicate malfeasance reported directly to the agency and individuals they considered to be "in charge" of the BLT program.[53] Complaints were not collected or collated for review by Kemenos (BLT's formal administrator), PT Pos, BPS, or any other central agency.[54] A lack of complaint management had by 2008 led to apathy and dissatisfaction:

> "The poor members of the community had given up and were resigned to the fact that no matter how long they struggled with…BLT, they never succeeded. In their opinions, complaints or any form of protest…had no impact whatsoever, because things were not decided by the village-level officials."[55]

Weaknesses in program management and operations led to unintended outcomes. For example, deductions from payments were common and increased over time (Table 9). BLT guidelines, manuals, and divisions of authority extend only as far as the receipt of BLT benefits by PT Pos offices. Subsequent exchanges are not regulated and beneficiaries or community members probably do not receive enough information to effectively monitor this stage nor communicate malfeasance. As a result, BLT funds are sometimes deducted and sometimes voluntarily surrendered for different services or for different objectives. Recipients experienced deductions by both post office officials and community officials.[56]

Table 10 below shows that deduction rates by 2008 had increased substantially to nearly 50 percent (from just 10 percent in 2005) and that deducted amounts were still on average approximately one-fifth to one-third of the regular Rp 300,000 quarterly benefit.[57] Deductions from BLT are most commonly made by village or sub-village level officials, ostensibly so that BLT funds can be redistributed among non-beneficiaries (the most common reason for deductions).[58] These deductions can be a sign of corrupt activities, or they might be legitimately requested, acceptable to communities, and equality-enhancing. However, there was no regular community monitoring of such deducted funds nor formal accounting of deductions and the uses to which they were put.[59]

52 Less than 16 percent of all those with complaints had their complaint followed up and less than half of those were satisfied with the resolution.

53 These included: BPS, PT Pos, regional Kemensos offices or officials (Dinsos), the Regional Supervision Board (Baswada), the village head, or community leaders. Administrators at the district level thought BLT complaints would be handled by a monitoring unit under the authority of the Community Empowerment Agency (BPM), an agency not otherwise involved in BLT or other household-level programs. (SMERU 2006 and SMERU 2009.)

54 At least one local government attempted to bridge beneficiaries and the program administration by opening an information and complaints hotline, but the initiative failed as no calls were received.

55 SMERU (2009).

56 SMERU (2006), SMERU (2009), and Susenas 2006, 2009.

57 During the inaugural BLT tranche in 2005 the mode (most frequent) deduction was only 3 percent of the benefit amount rather than 33 percent as in the second 2005 tranche and the 2008-09 tranches. In 2008, deduction frequency can only be calculated (from Susenas) as 1) the proportion of beneficiaries receiving less than the stipulated benefit amount (46 %) or 2) one minus the proportion of beneficiaries who answer "No" to all questions asking about deductions made by different actors, including a catch-all "other" category (54 %).

58 These results broadly agree with data from a much smaller sample of beneficiaries in five Indonesian villages. That data indicates between 20 and 50 percent of beneficiaries experienced deductions, and they ranged in size from 5 to 35 percent of the benefit amount. See SMERU (2009).

59 It would take an incredible effort to monitor the multiple communities and community leaders in Indonesia's over-75,000 villages and urban neighborhoods.

Table 9: BLT Deduction Frequencies, Amounts, Actors, and Uses

	2005-06		2008-09
Frequency (%)	10		46 - 54
Amount (Rp '000)	1st tranche	2nd tranche	
Mean	53	72	67
Median	20	60	50
Mode	10	100	100
Deducted by:			
1st most common	Sub-village Admin. (51%)		N/A
2nd most common	Village Admin. (25%)		N/A
Deducted for:			
1st most common	Redistribute Equally (63%)		Redistribute Equally (42%)
2nd most common	Collective Transport (26%)		New Identity Card (29%)

Note: Mode is the amount most frequently deducted. Deduction frequency as derived in 2005 cannot be calculated in 2008. In 2008, deduction frequency is calculated 1) as the percent of beneficiaries receiving less than the stipulated benefit amount (46 percent) and 2) as one minus the percent of beneficiaries who answer "No" to all questions asking about deductions made by different actors, including a catch-all "other" category (54 percent). Source: Susenas 2005, 2009 and World Bank calculations

Village institutions cannot make up for a lack of attention at higher levels to program implementation. Susenas survey data and PODES village census data together show that neither age nor education of the village head are associated with the frequency or amount of BLT deductions. Likewise, greater NGO, church activity group, and television availability are all uncorrelated with BLT deductions. Indicators capturing quality of governance show no relationship to BLT deduction frequency or amount. BLT's lean administration infrastructure is completely absent from the post-disbursement stage; other national-, regional-, or village-level institutions have not filled this gap; and households, whether they are beneficiaries or not, have not been given the information and tools necessary to be stakeholders or overseers (see below).

Targeting and the prioritization of BLT to poor households was also hampered by weakness in BLT operations.[60] Decisions regarding which poor households would receive BLT was on paper a collaborative effort between village officials and BPS. After village officials developed lists of poor households, enumerators from BPS surveyed these households' observable characteristics. Then, BPS in Jakarta developed and applied a scoring system to the surveyed information to determine BLT eligibility for households. In reality, enumerators inconsistently applied BPS instructions and failed to visit some households; sometimes consulted too few sources of information on household welfare (for example from BKKBN, BPS regional censuses, and local government data); sometimes claimed intuitive knowledge of poor households without making visits; and indicated to communities that there were village-level BLT quotas which discouraged application by poor and near-poor households.[61] After initial BPS results based on this poorly-surveyed information were delivered, there were further rounds of iteration between village and BPS officials, and ultimately the final list of beneficiaries depended on village officials' involvement and persistence in lobbying for increased BLT quotas in governed areas.

Results from these procedures, which did not benefit from consistent oversight, can be seen in broad strokes in Figure 4, which details over- and under-subscription by province in 2008, and Table 10, which summarizes the joint coverage of the three large, national social assistance transfers in Indonesia – Jamkesmas, Raskin, BLT – also in 2008. Figure 4 shows that the poor and near-poor are underserved by BLT – there are too few BLT beneficiaries in the province given the share of poor households in the province population – in much of Java (where 56 percent of Indonesia's poor live), and parts

60 Two special factors increased the degree of difficulty in BLT targeting. First, as mentioned above, in 2005 speed was paramount. BPS was tasked to quickly finalize the list of eligible beneficiaries so assistance could be delivered to households when it would be needed. The entire targeting apparatus and assembly of the beneficiary register was designed and deployed in less than three months. Second, the distribution of consumption among the poorest 50 percent of the Indonesian population is compressed and it is difficult to precisely separate the poor from the near-poor from the non-poor. Accurate BLT targeting would have been difficult even if it was not rushed.

61 SMERU (2006).

of Sumatra and Sulawesi. Kalimantan, Papua, Nusa Tenggara and other parts of Sumatra and Sulawesi are generally overserved.[62] Table 10 shows that though targeted populations were meant to be the same for all three of Jamkesmas, Raskin, and BLT, results from the ground indicate that only about 30 percent of the time does a poor household receive all three.[63] This indicates that de facto allocations and prioritization vary between programs, which is partly a result of the local-level variation in practices described above. Figure 5 presents more detail on results from BLT targeting in 2005 and 2008. Nearly 20 percent of all BLT beneficiaries came from the richest 40 percent of Indonesian households (by expenditure). Households in rural areas (either poor or rich) were covered at slightly higher rates than in urban areas and female-headed households were covered at higher rates than poor male-headed households.[64]

Figure 4: BLT Under- and Over-coverage by Province, 2008

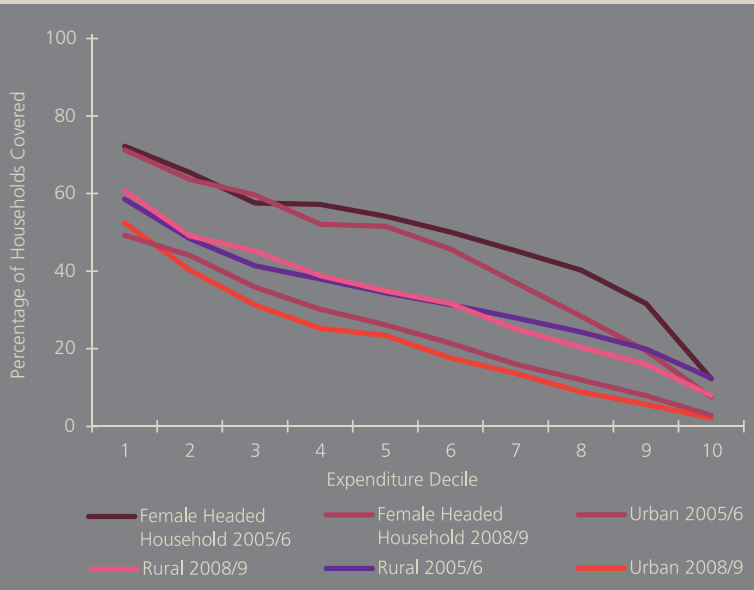
Source: Susenas 2008 and World Bank calculations.

62 Over- (under-) subscription is the amount by which the share of BLT beneficiaries exceeds (falls short of) the share of the BLT target population as determined by near-poverty rates in the Susenas household survey. In Figure 4, the units are "percent of the target population". In oversubscribed areas, BLT frequently ends up in non-poor households. See World Bank (2012a).

63 Interestingly, Table 10 demonstrates that the total coverage of the "safety net" composed of Jamkesmas, BLT, and Raskin is approximately 16 percent, or close to the 2008 and 2009 poverty rates, which were near 15 percent. However, overall coverage of 16 percent is composed of 31 percent coverage of poor and near-poor households and 12 percent coverage of non-poor households.

64 In 2008, female-headed households represented 13 percent of all Indonesian households and 16 percent of poor BLT households. SMERU (2006) also found that widows and single-parent households (regardless of other socioeconomic status) were more likely to be included on BLT registries.

Figure 5: BLT Coverage by subgroup and decile, various years



Source: Susenas various years.

Table 10: Joint Coverage of Jamkesmas, Raskin, and BLT; 2009

Programs Received	Percentage of Each Poverty Classification by Number of Programs Received								
	Very poor	Poor	Near-poor	All poor	25-50th percentile	51-80th percentile	81-100th percentile	Non-poor	Total
0	9	14	19	16	28	51	81	49	41
1	24	27	31	28	33	27	12	26	26
2	28	25	23	24	20	13	4	13	16
3	39	34	27	31	19	10	2	12	16
Total	100	100	100	100	100	100	100	100	100

Source: Susenas and World Bank calculations.

Only minor reforms were instituted after 2005 and by 2008 BLT targeting operations had not improved – see Figure 2 or Figure 5 above. There was little monitoring and complaint reporting systems did not function. BLT agencies and UPP could not receive real-time indications regarding where BLT needed modification. As a temporary program motivated by acute crisis, there was also no clear delegation of authority over BLT policy post-crisis and therefore no agency to pursue improvements. There essentially was no re-targeting of BLT in 2008. Instead, working off of the same census of households and lists that had determined eligibility in 2005, PT Pos checked only to see whether households could be located and whether original BLT beneficiaries were still alive. Only households which had moved or beneficiaries who had died were removed from the list; removal of households who might no longer be considered eligible for BLT was seldom done and anyway most communities were unaware that there was a formal re-verification process.[65] As a result, 93 percent of all 2008 BLT households were also BLT recipients in 2005.[66] Figures 2 and 4 above show that BLT coverage changed very little between the 2005 and 2008 rounds.

65 BPS completed an updated census of very poor, poor, and near poor households by October 2008, but it was several months too late to use for deciding an updated list of BLT beneficiaries.

66 Susenas, 2009. A 93 percent retention rate in BLT registries is especially surprising given the continuing strong macroeconomic growth and reductions in headcount poverty rates (after 2006) in most of Indonesia during that period.

Communities observed and were upset by mistargeting and mass media commented negatively. In 2006, over half of all Susenas respondents were aware of poor households who should have received BLT but did not, and one quarter were aware of non-poor households who received BLT when they shouldn't have. Likewise, though most aspects of the BLT program received positive coverage in print media during 2008 and 2009, targeting-related media coverage has generally been negative. Issues identified in the media – undercoverage (exclusion of eligible poor households), leakage (inclusion of non-eligible households), and inaccurate determination of eligibility (based on irrelevant criteria) – are the same as those mentioned previously by communities and beneficiaries.[67]

Poor socialization of targeting objectives led to complaints, protests, and delivery disruptions. Most complaints submitted came from households that were not included in beneficiary lists; the overwhelming majority voiced dissatisfaction with the method and implementation of BLT targeting and allocation procedures (Table 11). Many protests, demonstrations, vandalism, and threats of violence were an expression of frustration over the lack of socialization of the BLT targeting process and the program's objectives and priorities.[68] In 2005, only 13 percent of respondents heard anything from BPS regarding targeting procedures and rationale and up to 50 percent of respondents who experienced protests recall that they were a result of "inaccurate data collection". Though protests rarely turned violent and less than one percent of violent incidents reported in local newspapers during 2004 to 2008 were related to social assistance programs, the majority of social-assistance-related violence centered on BLT.[69] Disruptions to delivery make BLT access more costly for beneficiaries.

Table 11: Source and Reason for Complaints about BLT

Percent of Total Complaints	
Those who didn't receive assistance	81
Those who did receive assistance	7
Community leader	7
Village officials	2
Others	3

Reason for Complaint	
The listing and selection was not transparent	32
Unfair distribution	24
Assistance given to those not eligible	20
Nepotism in beneficiary selection	10
The amount was not as specified	5
Untransparent implementation of the program	3
Assistance was late	2
Illegal fees charged during program implementation	1
Other	4

Source: IFLS 2007

A lack of monitoring and follow-up within targeting operations likely led to increased re-distribution of benefits within communities (see Table 9 above). As discussed above, none of the BLT agencies nor the UPP made any serious efforts at follow-up and beneficiaries turned instead to the community or village apparatus to voice their dissatisfaction with targeting procedures and the distribution of benefits.[70] The community or village apparatus, aware that intra-community or intra-village conflict would occur if BLT was not re-allocated, re-distributed benefits in a way that produced short-term harmony.[71]

67 Media analysis by Media Trac 2010.

68 SMERU (2006).

69 World Bank, Violent Conflict in Indonesia Study (ViCIS).

70 As mentioned previously, about half of households were aware of poor households who should have received BLT and one quarter were aware of non-poor households who shouldn't have.

71 Priority over the deducted funds also varies by community: in some cases funds taken from beneficiaries were distributed to all non-beneficiaries equally while in other cases the same funds went to poorer households (by the community's estimation) first.

7. Public Financial Management and Sustainability

BLT – a temporary, crisis-driven initiative – did not follow standard budget formulation procedures; this area demonstrates a need for improvement. Both in 2005-06 and again in 2008-09, BLT funds were allocated outside of the normal budget cycle from special reserve accounts held by Kemenkeu. Information on budget allocations are largely confined to Presidential Regulations and internal working documents and do not appear in standard State Budget items or program reports such as POKs, DIPAs or LAKIPs. In addition, the Kemensos implementation unit was quickly disbanded following the conclusion of the program and it appears that follow-up documentation and financial audits may not have followed standard budget procedures (including archival). Relative to other social assistance programs, BLT budget information and data is patchy and difficult to obtain, which limits examination of budget formulation, execution and implementation.

The data available suggests high budget execution rates and relatively smooth disbursement. *Ad hoc* data from Bappenas indicates that, with only minor exceptions, budget execution rates for BLT were consistently and uniformly high across all provinces in Indonesia, reaching an average of 97 percent in 2005 and 99 percent in 2008-09. By design, funds were disbursed to households every three months and anecdotal reports indicate that funds reached households in a timely fashion.

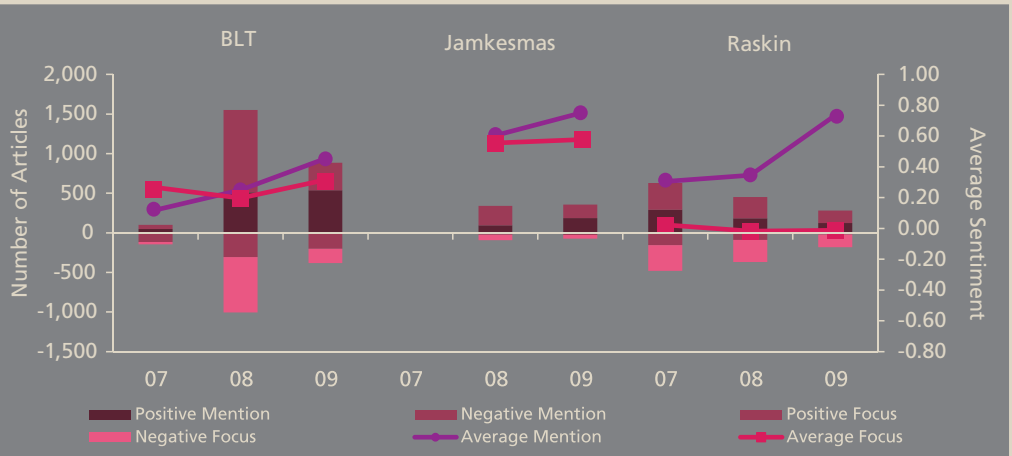
The magnitude and sustainability of future BLT outlays will ultimately depend on the size of the shock addressed and the duration of the payments to households. Indonesia's strong fiscal position leave it well placed to redeploy BLT again in response to further fuel price increases, global economic shocks or other crises. A future BLT deployment could again be linked to fuel subsidy reform (and therefore automatically affordable), for example. Spending on 9 months of BLT payments in 2008 and 2009 consumed a modest 2 percent of central government expenditures and was funded from the savings achieved from fuel subsidy reductions. The total cost of a future BLT deployment will ultimately depend on: the size of the shock the government is trying to mitigate (e.g. larger fuel price increases or a deep domestic recession would require larger levels of assistance in order to households); the number of beneficiaries; the benefit amount; and the duration of the payments. In addition, addressing BLT's implementation weaknesses (see Sections 5 and 6) will require more resources allocated to administration costs.

8. Summary and Recommendations

BLT has proven to be an effective consumption-protection *component* in Indonesia's social protection system. A social protection system should give vulnerable households more options for effectively managing the difficult choices that shocks bring. In Indonesia, shocks from changes in government regulations are a frequently-mentioned source of discomfort for poor and vulnerable households. The BLT rapid cash delivery system in Indonesia allowed households to continue spending normally while adjusting smoothly to new price regimes.

This is reflected in largely positive public opinion of BLT (Figure 6)**.** The average trend in opinions about BLT – determined by comparing the number of positive articles to negative ones – steadily improved over time, from 58 percent positive in 2007 to 61 percent in 2008 and 70 percent in 2009.[72] Despite vocal opposition from some critics, the program was largely popular, possibly due its effectiveness in protecting households from the shocks that they were experiencing.

Figure 6: Social Assistance Media Coverage and Sentiment



Sources: World Bank, media analysis
Notes: Articles are divided into "mention" (mention the program in passing and "focus" (in-depth treatment). Articles are evaluated as positive (including neutral) or negative in sentiment. Positive sentiment takes a +1 and negative sentiment a -1, making average sentiment between -1 (all negative) to +1 (all positive).

Developing protocols, procedures, and institutional authority for an *automatic* BLT will ensure timely disbursement during future crises or shocks. During future economic and social shocks, the merits and effectiveness of a BLT-like program will likely be debated again, as the worries about political manipulation, mistargeting, and dependence (discussed above) have persisted. Such debate is healthy and productive during regular times, but when held during a crisis period can needlessly delay benefits and strategies that have proven to be effective. Before the next crisis, both the evidence on BLT effectiveness and procedures for initiating the next BLT (as a response to crisis) should be codified and automated so that BLT becomes an apolitical, technical tool for combating the stresses and difficulties that households experiencing crisis face. This standard operating procedure should include, at the very least, (1) protocols for establishing that a crisis or shock has occurred and for deciding (based on technical grounds) whether the severity of the crisis merits a BLT-like response; (2) agreed procedures that include an automatic request to Kemenkeu to release BLT funds (into the agreed delivery system) for an agreed number of households; and (3) agreements on the targeting and allocation procedures to be used (if the disbursement is not universal or categorical).

However, temporary, crisis-motivated cash transfers are not a poverty reduction strategy by *themselves*. Poverty reduction strategies, the social protection system, and obligations Indonesia has to disadvantaged households are distinct issues from – but not necessarily decided in isolation from – the objectives of an unconditional and temporary cash transfer delivering 15 percent of household income for a year or less. Different objectives are better pursued with different instruments. The programs well-suited to tackling the determinants of long-term and continuous vulnerability

72 Percentages are measured as shares of all reporting in print media where each articles is judged to be either positive (including neutral) or negative in tone.

(such as the damage done by child malnutrition or leaving and re-entering the school system) are very different from the programs that will most effectively cover sudden, acute losses.

BLT experience shows that well-timed benefits are effective. When BLT benefits arrived simultaneously with major once-yearly fees, BLT was used to cover those bills; however, this timing was mostly accidental. Timing and delivery should be based on shock impact forecasts made from readily available nationally representative survey data; impact forecasts can also help determine appropriate benefit levels.

Households responded positively to BLT transfers in both 2005 and 2008 and were better off in many areas of consumption and investment. The BLT experience confirms that even when spent immediately on basic necessities small and fungible transfers can provide households a cushion for later expenditure and investment. Children's education and labor outcomes were better in BLT households. Health expenditures were protected. Effects on the non-BLT community were generally positive: local expenditure by BLT households made expenditure increases by other households possible.

Worries that BLT transfers encourage laziness, dependence or harmful consumption are misguided. In fact, BLT households were more likely to find jobs. The Indonesian experience with unconditional cash transfers thus aligns with the majority of international experience, evidence from which documents that beneficiary households do not stop working (see Grosh et al. (2008) for example). Likewise, beneficiary households did not switch to harmful goods.

Support operations – targeting, socialization, complaint resolution, and monitoring and evaluation – should be delegated to a technical agency and BLT should streamline administration even further. Agencies that were delegated important tasks like socialization, program monitoring, complaint handling, and targeting received too little guidance or incentives to encourage effective operation. Continued lack of attention and ineffective delivery of these essential elements has prevented BLT beneficiaries from becoming stakeholders. In addition, while modified procedures led to fewer disruptions to delivery in 2008, BLT delivery to remote beneficiaries may require further attention as transport costs in particular rose between 2005 and 2008.

Some community or village control over benefits is inevitable – BLT needs to plan and prepare for such redistribution. BLT has been increasingly "shared" among more than just intended beneficiaries. Raskin benefits are similarly redistributed before being consumed.[73] It is not immediately evident whether such sharing is a legitimate expression of community will or petty corruption by either program or village officials. Household-targeted programs should be aware that delivery to households has *not necessarily* been *achieved* when households collect benefits from distribution points.

73 Jamkesmas cards, though given to individuals, are often shared by entire households or between households with common dependents.

Annex. Impact Evaluation Methodologies and Results

A. Triple Difference Local Estimates

Note: BLT impacts on expenditure and health are discussed in Section 4, pages 19 through 21.

Triple difference compare district averages of household changes in outcomes across three dimensions: (1) before and after the introduction of BLT, (2) in households receiving the BLT transfer and those not receiving the BLT transfer, and (3) in districts characterized by high levels of a chosen environmental feature versus those districts characterized by low levels of the same environmental feature. For example, for calculating BLT impacts on household expenditure, we characterize districts as either macroeconomically "strong" or macroeconomically "weak", where strong (weak) refers to a district with average per-capita expenditure growth equal to the 75th percentile or above (25th percentile or below) of the Indonesia-wide distribution of kabupaten average per-capita expenditure growth. For BLT impacts on health, the district environment is characterized as "exposed to epidemics" or "not exposed to epidemics", where exposed (not exposed) means a district with a 2008 frequency of epidemics equal or greater than the 70th percentile (equal or less than the 30th percentile) of the Indonesia-wide kabupaten average epidemic frequency.

Household expenditure and health service utilization rates, as well as district averages of household per-capita expenditure growth, are calculated from Susenas panels in 2005-2006 and 2008-2009. In both panels, the earlier year records pre-BLT outcomes and the later year records post-BLT outcomes. For health, district average frequency of epidemics is calculated from the PODES 2008 village census.

The impact of BLT is estimated in the following manner: (1) Calculate the change in the outcome of interest in BLT households and non-BLT households over the panel period. The two observations from which the change is calculated represent a pre-BLT outcome (the earlier year) and a post-BLT outcome. (2) Calculate the double difference (DD) by taking the difference between BLT and non-BLT households in the mean changes in the outcome of interest. (3) Finally, compare the size of the DD estimator calculated in the two types of district (weak or strong, exposed or not exposed to epidemics). The final difference measures the size and statistical impact of BLT in districts with the characteristic relative to those without.

A1. BLT Impacts on Household Expenditure

Beginning in 2004, growth in Indonesian real GDP has averaged approximately five percent per year while core inflation has averaged between seven and eight percent per year. This national average masks considerable heterogeneity in macroeconomic strengths: for example, while Jakarta has had the highest mean GDP per capita and Papua the fastest rates of growth, Bali and Kalimantan experienced the greatest reductions in poverty and it was primarily Sumatera that has had the best performance in terms of equality in the distribution of income. It is difficult to precisely observe the effect BLT had on protecting expenditure for recipients relative to non-recipients when all households experience significant gains in expenditure. Relative to their previous expenditure levels, cross-section households in lower expenditure deciles gained more in expenditure terms than did households in higher expenditure deciles during both the 2005 and 2008 BLT periods and the frequency (at the province level) of decreases in average expenditure was much lower for poorer than richer segments of the population. Province-year correlations between average expenditure gains (in panel households) for the 2^{nd} and 9^{th} deciles are positive but small (≈ 0.23, n=61).

For this reason, we compared the DD estimator (of changes in household expenditure in BLT and non-BLT households) in weak and strong districts. Strong districts were defined as those with average per-capita expenditure growth equal to or above the 75th percentile of the Indonesia-wide distribution of district-average per-capita expenditure growth. Weak districts are defined symmetrically as those with average per-capita expenditure growth equal to or below the 25th percentile of the Indonesia-wide distribution of district-average per-capita expenditure growth. The intuition is as follows: if on average in Indonesia household expenditures were rising, and were rising fastest (by some measures) for poor households, then we might be interested in whether BLT protected household expenditures in areas where household expenditure was not growing for anyone. In other words, when incomes are rising on average, then we want to know if BLT protects incomes for the least well-off, or those unlucky households who lived in areas where incomes were not rising as quickly or not rising at all.

The table below summarizes the triple-difference estimate in household expenditure growth for BLT and non-BLT households in weak and strong districts. The triple difference estimate is taken over district-level averages of panel household differences.

Finally, in 2005 the BLT impacts on expenditure estimated using the same triple difference strategy are larger in magnitude for either all households or poor households only. For all households, the estimated triple difference is significant at the 10 percent level (for a one-tailed test) or the 13 percent level (for a two-tailed test). For poor households only, the triple difference estimate is significant at the 5 percent level (for either a one- or two-tailed test). Results are presented in Table A1.3 below

Table A1.1 shows that over 2008 to 2009, BLT recipients were able to narrow the expenditure gap between them and all other non-BLT households in weak districts, where average per-capita expenditure levels either fell or stayed roughly constant, relative to strong districts. In other words, where district performance was weak, expenditure in BLT households was protected.

Table A1.1: Household Expenditure, 2008-2009

a. Average per capita expenditure (Rp)				
Period	Weak Districts		Strong Districts	
	BLT	Non-BLT	BLT	Non-BLT
Pre-BLT	285,211	489,272	236,481	396,859
Post-BLT	283,779	461,704	304,475	543,119
b. Triple difference				
District	Mean (%)		Diff (%)	t-stat
Weak	8		16	3.277
Strong	-8			

When the sample is restricted to poor households only, as in able A1.2 below, the triple difference is not statistically distinguishable from zero.

Table A1.2: Poor Household Expenditure, 2008-2009

a. Average per capita expenditure (Rp)				
Period	Weak Districts		Strong Districts	
	BLT	Non-BLT	BLT	Non-BLT
Pre-BLT	149,410	152,759	142,952	147,427
Post-BLT	213,644	229,971	231,940	265,039
b. Triple difference				
District	Mean (%)		Diff (%)	t-stat
Weak	-11		-2	-0.277
Strong	-9			

Table A1.3: Household Expenditure, 2005-2006

POPULATION: POOR + NON -POOR				
a. Average per capita expenditure (Rp)				
Period	Weak Districts		Strong Districts	
	BLT hhs	Non-BLT hhs	BLT hhs	Non-BLT hhs
Pre-BLT	193,830	384,304	151,914	260,097
Post-BLT	176,699	330,338	206,906	493,563
b. Triple difference				
District	Mean		Diff	t-stat
Weak	0.09		0.37	1.518
Strong	-0.27			
POPULATION: POOR				
a. Average per capita expenditure(Rp)				
Period	Weak Districts		High Districts	
	BLT hhs	Non-BLT hhs	BLT hhs	Non-BLT hhs
Pre-BLT	101,187	108,534	91,381	100,560
Post-BLT	111,173	125,460	144,830	187,150
b. Triple difference				
District	Mean		Diff	t-stat
Weak	0.04		0.38	2.284
Strong	-0.33			

A2. BLT Impacts on Health Service Utilization Rates

As in measuring the impact BLT on expenditure, the same methodology and data (with the addition of the PODES village census to characterize exposure to epidemics) can be used to compare changes in healthcare service utilization between BLT and non-BLT households. A district is categorized as a "high epidemic" district if the incidence of epidemics (as recorded by the 2008 PODES) in that district is equal to 70th percentile or above the nationwide distribution of district average epidemic incidence. "Low epidemic" districts are defined in parallel: if the average epidemic incidence is equal to or less than the 30th percentile (of the nationwide distribution of average epidemic incidence), then the district is a low epidemic district. Epidemics include diarrhea, dengue fever, measles, acute respiratory infection, malaria, avian influenza, and tuberculosis.

The intuition is as follows: health seeking behavior depends on both household demand (which in turn depends on baseline health status as well as any health-related events) as well as cost of access. Exposure to epidemics is a proxy for a (mostly) exogenous source of demand that any given household cannot affect. In areas with many epidemics, we expect

the level of healthcare to demand to rise (on average) regardless of the baseline level of household health status. In areas without many epidemics, we do not observe any supra-household environmental factor that would have increased demand roughly equally for all households.

The impact of BLT on health service utilization rates is estimated exactly similar to 1a above, but in step (3) we compare the size of the DD estimator calculated in "high exposure" and "low exposure" districts. The final difference measures the size and statistical impact of BLT in districts where there were many epidemics and therefore a reason to believe healthcare demand should have been increasing for everyone. The triple difference estimate is taken over district-level averages of panel household differences.

This triple-difference panel estimate cannot be replicated for the 2005-2006 BLT period due to more limited data availability on epidemics in the 2005 village census (PODES). However, Sparrow et al. (2008) use the introduction of both Askeskin and BLT in 2005 to identify the effects of both of these programs on inpatient and outpatient health care service utilization. They find statistically significant increased outpatient utilization among BLT households (controlling for Askeskin and other insurances, household characteristics, and village characteristics) equal to approximately two-thirds of the size of the Askeskin impact on outpatient utilization.

Table A2.1 shows that over 2008 to 2009, BLT households in high exposure districts increased their healthcare service utilization rates (over non-BLT households) both for inpatient and outpatient services by greater amounts than in areas with low exposure but the measured impacts were not statistically significantly different from zero.

Table A2.1: Outpatient and Inpatient visits, 2008-2009

a. Average outpatient visit per household				
Period	High epidemic Districts		Low epidemic Districts	
	BLT	Non-BLT	BLT	Non-BLT
Pre-BLT	0.26	0.25	0.26	0.26
Post-BLT	0.25	0.23	0.24	0.24

b. Triple difference (outpatient visit per household)			
District	Mean	Diff	t-stat
Low	0.006	0.006	-0.167
High	0.012		

c. Average inpatient visit per household				
Period	High epidemic Districts		Low epidemic Districts	
	BLT	Non-BLT	BLT	Non-BLT
Pre-BLT	0.11	0.18	0.09	0.16
Post-BLT	0.12	0.13	0.08	0.13

d. Triple difference (inpatient visit per household)			
District	Mean	Diff	t-stat
Low	0.03	0.02	-0.49
High	0.05		

B. Propensity Score Matching with Difference-in-Differences Estimates

Note: BLT impacts on child labor, education, and adult employment are discussed in Section 4, pages 21 through 22.

As discussed in this note, BLT targeting was pro-poor, but not perfectly so (see Section 3). As a result, BLT and non-BLT households (in either 2005/6 or 2008/9) are not perfectly distinguishable on observable characteristics. For example, many, but not all BLT households had less than primary-school education; many, but not all BLT households had low levels of expenditure; and many, but not all BLT households did not have access to private sanitation. To increase the similarity between a group of BLT households and a counterfactual group of households that did not receive BLT, propensity score matching (PSM) builds a statistical index probability by modeling BLT participation as a function of observed characteristics that were present before the program began. In other words, baseline levels of the characteristics included in the PSM index could not have been affected by the program itself.

When all households can be assigned an estimated probability of BLT receipt based on observable characteristics, actual participants (BLT households) can be matched to, or paired with, nonparticipants (non-BLT households) on the basis of this probability. Each such pair of households, which are matched to each other on the basis of an estimated probability which is itself based on observable characteristics, can be thought of as a program participant and a counterfactual (for the matched participant) who did not receive the program. In a statistical sense, the counterfactual household can be used as an estimate of what a similar household not receiving the program would have done. The table below shows list of observed characteristics used to estimate the probability of receiving BLT funds.

Table B.1: Observed Variables for Propensity Scoring

Variable name	Variable	Unit
Head of household characteristics		
hhage	Age	year
hhage2	Age squared	year
Hhmale	Male	dummy
Hhmarried	Married	dummy
Hhmalemarr	Male and Maried	dummy
hhsector1	Working in agriculture	dummy
hhsector2	Working in industry	dummy
hhsector3	Working in services	dummy
informal	Working in informal sector	dummy
hheduc1	No education degree	dummy
hheduc2	Primary	dummy
hheduc3	Junior Secondary	dummy
hheduc4	Senior Secondary and above	dummy

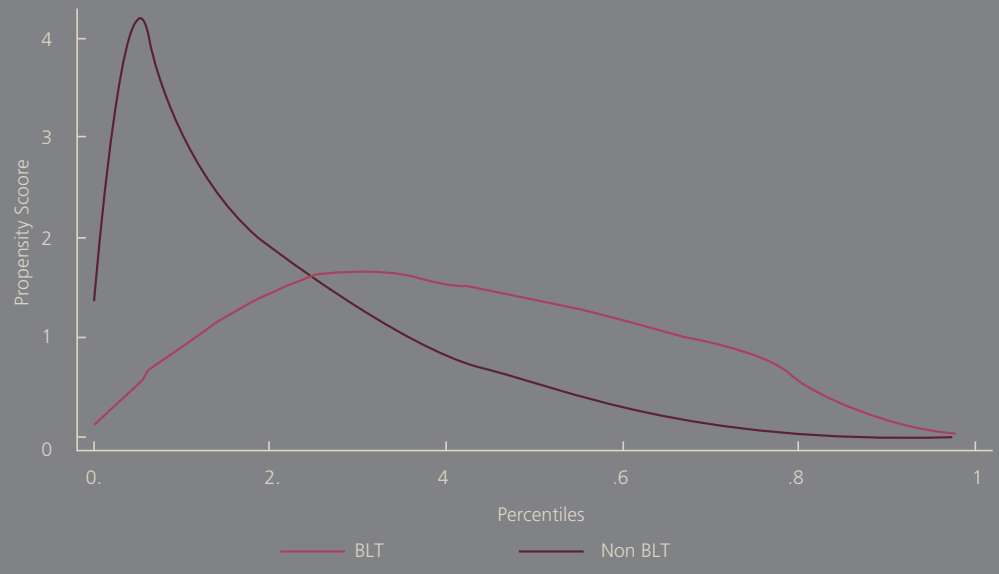
Variable name	Variable	Unit
	Household characteristics	
age04	Number of children below 4	persons
eschild	Number of children in elementary school	persons
jschild	Number of children in junior secondary school	persons
sschild	Number of children in senior secondary school	persons
higheduc1	Highest education: no degree	dummy
higheduc2	Highest education: elementary school	dummy
higheduc3	Highest education: junior secondary school	dummy
higheduc4	Highest education: senior secondary school	dummy
depratio	Dependency ratio	%
urban	Live in urban area	dummy
house	Ownership of house (1=Private 0=Others)	dummy
credit	Having Micro Credit	dummy
hhsize	Household Size	persons
hhsize2	Household Size squared	persons
	Housing characteristics	
pcfloor	Per capita floor	meter square
tfloor	Type of Floor is earth	dummy
twall	Type of Wall is brick/cement	dummy
toilet	Toilet Facility is private	dummy
water	Drinking Water source is clean water	dummy
lighting	Electricity is available	dummy
troof	Type of Roof is concrete/corrugated	dummy
	Village characteristics	
popdensity~s	Population density	persons
sd_pds	Availability of SD	dummy
smp_pds	Availability of SMP	dummy
puskesmas_~s	Availability of Puskesmas	dummy
polindes_pds	Availability of Polindes	dummy
posyandu_pds	Availability of Posyandu	dummy
doctor_pds	Availability of doctor	dummy
bidan_pds	Availability of midwives	dummy
road_pds	Road type is asphalt	dummy
market_pds	Availability of semi permanent market place	dummy
credit_pds	Availability of credit facility	dummy
hhagr_pds	Main income source is agriculture	dummy
lighting_pds	Higher share of PLN users	dummy
fcook_pds	Most fuel used is LPG	dummy

Figures B.1 and B.2 below present probability density functions (pdfs, or distributions) of propensity scores for both BLT and non-BLT households estimated from the observed characteristics listed above. Figure 2.1 presents the pdf of the estimated propensity scores for the entire population, both poor and non poor households, present in a Susenas survey. Figure 2.2 presents the pdf of the estimated propensity score when only households from the bottom 30 percent of a Susenas survey population are included; the bottom 30 percent of Indonesian households was roughly the target population of the BLT cash transfer.

In Figure B.1, where the propensity score has been estimated over an entire Susenas population, it is noteworthy that a significant portion of the mass of BLT households - the area under the blue curve - is contained within 20th and 80th percentiles of the propensity score. This means those observable characteristics in the propensity score regression provide an index that does not clearly distinguish BLT households from all other households. Though those who did not receive BLT have a mass that is concentrated at somewhere less than the 10th percentile of the propensity score pdf, households who did receive BLT are present across nearly the entire range of the propensity score index. While the mass of BLT households at the lower end (at the 10th percentile or less) of the propensity score distribution is very small and the mass of non-BLT households at the upper end (at the 60th percentile or more) of the propensity score distribution is also very small, there is nonetheless a significant mass of both types of household across the common support (or areas of the propensity score distribution where both BLT and non-BLT households are represented) between approximately the 20th percentile and the 60th percentile of the propensity score.

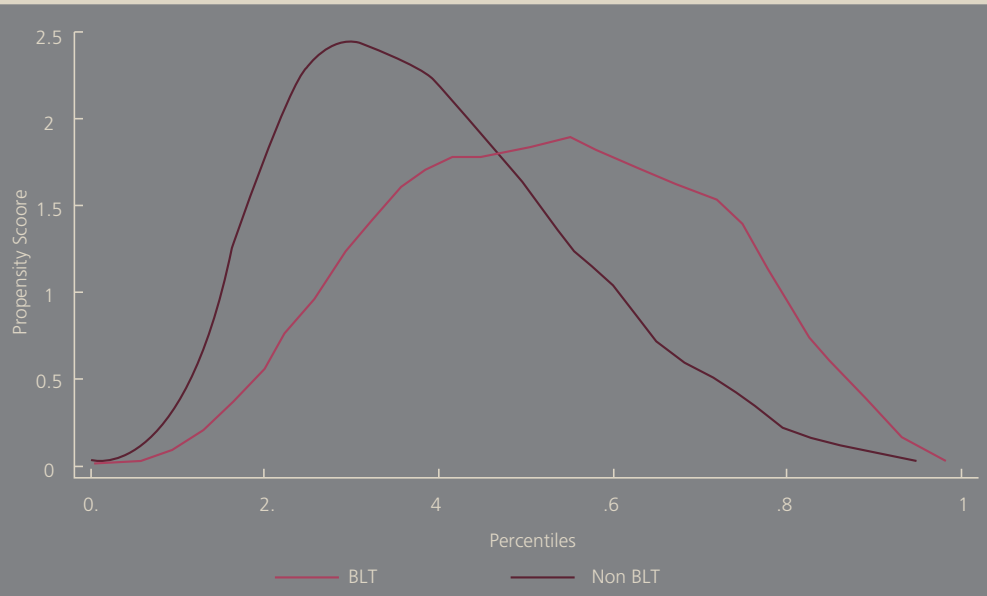
In Figure B.2, where the propensity score has been estimated over households from the bottom 30 percent of a Susenas survey population, both the BLT and non-BLT populations have more similar distributions of the propensity score index, which in essence means a greater number of BLT and non-BLT households have similar index levels of observable characteristics. While the non-BLT households are massed at propensity scores between the 20th and 40th percentiles and the BLT households between the 40th and 80th percentiles, nonetheless there are very significant masses of both types of households (BLT and non-BLT) from just to the right of the 20th percentile to just left of the 70th percentile. So, for either an entire Susenas survey population or a limited, bottom-thirty-percent sample, a propensity score regression and scoring exercise demonstrates that there are a sizable number of good "matches", or non-BLT households that are plausible counterfactuals for BLT households (based on observable characteristics) for most of the entire range of the propensity score index.

Figure B.1: Propensity scores, entire Susenas population



Source: Susenas 2008-2009 & Podes 2008

Figure B.2: Propensity scores, poorest 30%



Source: Susenas 2008-2009 & Podes 2008

Once a counterfactual matched household has been established for each (or most) participant household, BLT impact is estimated as the difference-in-differences (DD) of the change in outcomes (over the pre- to post-BLT period) between BLT households and matched non-BLT households.

B1. BLT Impacts on Child Labor and Education

First, Table B1.1 summarizes coefficients (and statistical significance levels of those coefficients) from the logit estimate of the probability of receiving BLT (called the "propensity score"). This probability is estimated for a sample of Susenas households with at least one 6 to 18 year old in 2008 (prior to BLT). Characteristics entering the propensity score regression insure that we are matching households with many household- and village-level correlates of poverty. For example, sector of work, education, and physical assets all affect the probability of receiving BLT, as does district-level population density and availability of health services.

Table B1.1: Propensity Score coefficients for population samples in child labor and education regressions

No.	Variable	Coefficient	s.e	p-value	No.	Variable	Coefficient	s.e	p-value
1	totanakf8*	0.11	0.04	0.01	25	tfloor	-0.43	0.05	0.00
2	hhage	-0.03	0.02	0.08	26	twall	-0.46	0.04	0.00
3	hhage2	0.00	0.00	0.05	27	toilet	-0.15	0.04	0.00
4	hhmale	-0.09	0.24	0.71	28	water	-0.01	0.04	0.72
5	hhmarried	-0.40	0.21	0.05	29	lighting	-0.15	0.07	0.02
6	hhmalemarr	-0.03	0.30	0.91	30	troof	0.04	0.05	0.36
7	hhsector1	-0.24	0.12	0.04	31	house	-0.01	0.06	0.81
8	hhsector2	-0.14	0.12	0.22	32	credit	-0.02	0.09	0.85
9	hhsector3	-0.11	0.13	0.36	33	hhsize	0.03	0.07	0.72
10	hhsectorgrp3	-0.10	0.08	0.24	34	hhsize2	0.00	0.01	0.99
11	informal	-0.01	0.05	0.79	35	popdensity~s	0.00	0.00	0.41
12	hheduc1	0.16	0.10	0.11	36	sd_pds	-0.12	0.12	0.34
13	hheduc2	0.07	0.09	0.44	37	smp_pds	0.04	0.04	0.33
14	hheduc3	0.03	0.10	0.78	38	puskesmas_~s	-0.04	0.04	0.36
15	age04	-0.02	0.04	0.62	39	polindes_pds	0.05	0.04	0.20
16	eschild	-0.02	0.04	0.57	40	posyandu_pds	-0.57	0.19	0.00
17	jschild	-0.12	0.05	0.01	41	doctor_pds	0.14	0.05	0.01
18	sschild	-0.17	0.07	0.01	42	bidan_pds	-0.03	0.06	0.57
19	higheduc1	0.27	0.10	0.01	43	road_pds	0.05	0.05	0.25
20	higheduc2	0.28	0.08	0.00	44	market_pds	-0.05	0.05	0.26
21	higheduc3	0.17	0.07	0.02	45	credit_pds	-0.05	0.04	0.23
22	depratio	-0.01	0.05	0.90	46	hhagr_pds	-0.02	0.07	0.75
23	urban	-0.02	0.06	0.71	47	lighting_pds	0.00	0.09	0.99
24	pcfloor	-0.01	0.00	0.03	48	fcook_pds	-0.10	0.11	0.33
					49	_cons	2.23	0.47	0.00

* Regression for household in lowest 3 deciles with constant household size (totanakf8) over the panel period.

Table B1.2 shows that according to the matched DD estimates over 2008 to 2009, rates of child labor fell faster in all BLT households relative to all non-BLT households (significant at the 5 percent level), and much faster in poor BLT households relative to poor non-BLT households (significant at the 1 percent level)."

Table B1.2: Child Labor, 2008-2009

a. Cross-section child labor rate (%)				
Period	Poor + Non-poor		Poor	
	Non-BLT	BLT	Non-BLT	BLT
Pre-BLT	13	9	13	10
Post-BLT	12	7	12	9
b. Matched DD estimates				
Average Treatment on the Treated/ATT (%)		Standard Error		t-stat
All populations	-1	0.005		-1.993
Decile 3 and below	-23	0.008		-2.856

In 2005, cross-section patterns are the same: from higher initial rates (pre-BLT), the incidence of child labor falls by a greater amount in BLT households than it does in all non-BLT households. However, in 2005, the estimated impact – again from a matched DD estimator – is not statistically significantly different from zero; see Table B1.3 below.

Table B1.3: Child Labor, 2005-2006

a. Cross-section child labor rate				
Period	Poor + Non-poor		Poor	
	BLT	Non-BLT	BLT	Non-BLT
Pre-BLT	15%	9%	17%	13%
Post-BLT	12%	8%	14%	9%
b. Matched DD estimates				
Average Treatment on the Treated (ATT)		Standard Error	t-stat	
0.025		0.023	1.062	

In panel matched double-difference estimates for 2008 (Table B1.4), the estimate for the decrease in the non-participation rate for children 6 to 18 years old is larger (at 1.2 percentage points) for poor-only households with BLT than the same estimate for all households with BLT, but neither estimate is significantly different from zero. For 12 to 18 year olds only the impact in poor-only households is larger at approximately 2.6 percentage points and statistically significant at the 10 percent level in a one-tailed test, but not statistically different from zero in a two-tailed test.

Table B1.4: Education Participation, 2008-2009

a. School non-participation rate 6-18 yrs old			
ATT (%)		Standard Error	t-stat
All populations	0.008	0.007	1.157
Decile 3 and below	0.012	0.010	1.177
b. School non-participation rate 12-18 yrs old			
ATT (%)		Standard Error	t-stat
All populations	0.007	0.012	0.534
Decile 3 and below	0.026	0.019	1.367

In panel matched double-difference estimates for 2005 (Table B1.5), the point estimate for the decrease in the non-participation rate for children 6 to 18 years old from all BLT households is positive (i.e., the school non-participation rate is decreasing) but not statistically significantly different from zero. For those from poor households only, the point estimate is negative (meaning school non-participation is increasing) but also not statistically significantly different from zero. For 12 to 18 year olds only the estimated increase in poor-only households is larger at approximately 7 percentage points, but still not statistically distinguishable from zero.

Table B1.5: Education Participation, 2005-2006

a. School non-participation rate 6-18 yrs old			
ATT (%)		Standard Error	t-stat
All populations	0.015	0.021	0.720
Decile 3 and below	-0.036	0.028	-1.305
b. School non-participation rate 12-18 yrs old			
ATT (%)		Standard Error	t-stat
All populations	-0.047	0.034	-1.371
Decile 3 and below	-0.071	0.055	-1.281

B2. BLT Impacts on Adult Employment

Table B2.1 below summarizes coefficients (and statistical significance levels of those coefficients) from the logit estimate of the probability of receiving BLT (called the "propensity score"). This probability is estimated for a sample of Susenas households in the bottom three deciles of the nationwide expenditure distribution. This is approximately equivalent to the set of poor and near-poor households targeted through the BLT program. As above, sector of work, education, and physical assets all affect the probability of receiving BLT.

Table B2.1: Propensity Score coefficients for population samples in adult employment regressions

No.	Variable	Coefficient	s.e	p-value	No.	Variable	Coefficient	s.e	p-value
1	hhage	0.03	0.02	0.13	23	lighting	-0.22	0.19	0.25
2	hhage2	0.00	0.00	0.22	24	troof	0.07	0.10	0.51
3	hhmale	-0.09	0.17	0.62	25	house	-0.41	0.16	0.01
4	hhmarried	-0.43	0.26	0.09	26	credit	0.04	0.27	0.90
5	hhmalemarr	0.34	0.31	0.26	27	hhsize	-0.14	0.10	0.15
6	hheduc1	0.69	0.22	0.00	28	hhsize2	0.01	0.01	0.16
7	hheduc2	0.47	0.21	0.03	29	popdensity~s	0.00	0.00	0.39
8	hheduc3	0.30	0.25	0.23	30	sd_pds	0.50	0.38	0.18
9	age04	-0.09	0.10	0.37	31	smp_pds	-0.05	0.10	0.61
10	eschild	-0.13	0.09	0.14	32	puskesmas_~s	-0.06	0.10	0.55
11	jschild	-0.05	0.11	0.68	33	polindes_pds	-0.14	0.10	0.14
12	sschild	-0.09	0.14	0.52	34	posyandu_pds	-0.20	0.40	0.62
13	higheduc1	0.02	0.18	0.89	35	doctor_pds	0.07	0.11	0.55
14	higheduc2	0.03	0.14	0.86	36	bidan_pds	-0.01	0.14	0.96
15	higheduc3	-0.11	0.13	0.43	37	road_pds	-0.08	0.12	0.49
16	depratio	0.11	0.07	0.14	38	market_pds	-0.02	0.10	0.81
17	urban	0.16	0.11	0.16	39	credit_pds	-0.16	0.10	0.11
18	pcfloor	-0.02	0.00	0.00	40	hhagr_pds	0.16	0.14	0.23
19	tfloor	-0.39	0.12	0.00	41	lighting_pds	0.02	0.27	0.93
20	twall	-0.48	0.10	0.00	42	fcook_pds	0.08	0.20	0.69
21	toilet	-0.26	0.10	0.01	43	_cons	0.40	0.80	0.62
22	water	-0.08	0.09	0.35					

In 2008, BLT household heads who were not working and without a job or business were more likely (by 10 percentage points) to report that they moved into employment. The estimated impact is measured relative to the change in matched non-BLT households from the bottom three expenditure deciles, meaning BLT households experienced a 10 percent increase over and above the change in the probability of finding employment in all other similar households not receiving BLT; see Table B2.2 below. In 2008 (prior to BLT), the frequency of household heads not working or without a job or business was two to four percentage points higher in eventual BLT households than non-BLT households; see Table B2.2 below.

Table B2.2: Employment Outcomes, 2008-2009

a. Baseline Unemployment Rates, 2008 (heads of household)*		
	BLT	Non-BLT
All populations	12%	10%
Poor and Near poor	12%	8%

b. Rate of finding employment				
In 2009	Poor + Non-poor		Poor	
	BLT	Non-BLT	BLT	Non-BLT
move out to unemployment	7%	5%	6%	4%
move into employment	36%	31%	39%	40%

c. Matched DD estimates (Move into employment)			
ATT (dummy)		Standard Error	t-stat
All populations	0.018	0.031	0.590
Poor and Near poor	0.101	0.058	1.748

d. Matched DD estimates (Move out of employment)			
ATT (dummy)		Standard Error	t-stat
All populations	0.001	0.004	0.351
Poor and Near poor	-0.001	0.005	-0.218

*Unemployment rates are calculated from the set of balanced panel Susenas household data 2008-2009.

In 2005, there are similar patterns: for all BLT household heads, those unemployed prior to BLT are more likely to move into employment (relative to all non-BLT households). The 2005 estimated impact of BLT on employment is not statistically different from zero; see Table B2.3 below.

Table B2.3: Employment Outcomes, 2005-2006

a. Baseline Unemployment Rates, 2005 (heads of household)*		
	BLT	Non-BLT
All populations	14%	12%
Poor and Near poor	13%	9%

b. Rate of finding employment				
In 2006	Poor + Non-poor		Poor	
	BLT	Non-BLT	BLT	Non-BLT
move out to unemployment	8%	6%	9%	5%
move into employment	38%	29%	33%	43%

c. Matched DD estimates (Move into employment)			
ATT (dummy)		Standard Error	t-stat
All populations	0.073	0.082	0.885
Poor and Near poor	-0.032	0.195	-0.162

d. Matched DD estimates (Move out of employment)			
ATT (dummy)		Standard Error	t-stat
All populations	0.017	0.011	1.638
Poor and Near poor	-0.001	0.017	-0.067

*Unemployment rates are calculated from the set of balanced panel Susenas household data 2005-2006.

BLT heads of households were not more likely to leave work: the difference in the rate of entering unemployment is statistically insignificant in either 2008/9 or 2005/6. For BLT households where household heads were working or had a job or business prior to receiving BLT benefits in 2008 (2005), the rate of entering unemployment was 6.5 (8.5) percent in 2009 (2006) while in matched non-BLT households the rate of entering unemployment was approximately 4.5 (6.0) percent in 2009 (2006); see Table B2.4 below. Unemployed is defined as a person who is "not working" or "without a job or business" according to Susenas.

Table B2.4: Rates of Unemployment after BLT, 2006 and 2009

			Post-BLT (Population: Poor+non-poor)		Post-BLT (Population: Poor)	
		Pre-BLT	Unemployed	Employed	Unemployed	Employed
BLT 2008/2009	BLT Beneficiaries	Unemployed	63.6%	36.4%	61.4%	38.6%
		Employed	6.5%	93.5%	6.0%	94.0%
	Non-BLT Beneficiaries	Unemployed	69.3%	30.7%	59.5%	40.5%
		Employed	4.6%	95.4%	4.4%	95.6%
BLT 2005/2006	BLT Beneficiaries	Unemployed	61.7%	38.3%	66.9%	33.1%
		Employed	8.5%	91.5%	9.0%	91.0%
	Non-BLT Beneficiaries	Unemployed	70.5%	29.5%	57.0%	43.0%
		Employed	5.9%	94.1%	5.3%	94.7%

C. BLT Spillover Estimates

Finally, any "spillover" or "multiplier" effects that BLT distributions might have had on the non-poor and non-BLT-recipient populations can be summarized by a simple linear regression of the increase in district-wide average household expenditures for the non-poor, non-BLT populations on the share of households within that district who received BLT benefits. The intuition is as follows: when the proportion of households receiving BLT in a district is relatively high, this higher (proportional) amount of BLT cash is expected to end up circulating through the local economy in which the non-poor and non-BLT populations also participate. When demand is higher in general for all goods, those non-poor households who are suppliers are expected to benefit, as will current employees of non-BLT households. Table C.1 below shows that in 2008, non-poor, non-BLT households in kabupaten with higher shares of BLT recipients experienced expenditure increases that were on average 10 percent higher than increases in districts with relatively smaller proportions of BLT recipients. These district-level proportions (of BLT recipients) range from approximately 20 to 100 percent with a mean and median of 31 and 27 percent respectively in 2008 and 2009. In the regression analysis, districts where Susenas indicates that BLT was distributed to nearly 100 percent of households were dropped.

Table C.1: BLT Expenditure Spillovers, 2008-2009

Regression: Increase in expenditure for non-poor and non-BLT recipient	Coefficient	Standard Error	t-statistics	P>|t|	[95% Conf. Interval]	
Kabupaten BLT shares	0.10	0.06	1.74	0.08	-0.01	0.21
Constant	0.18	0.02	8.70	0.00	0.14	0.22

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Indonesia Social Assistance Program and Public Expenditure Reviews are policy notes summarizing current issues in the Government of Indonesia's major household-targeted social assistance programs. Design, implementation, coverage, impacts, budgetary demands, cost effectiveness, stakeholder perceptions, and program history will be examined through qualitative and quantitative analysis for each program: conditional and unconditional cash transfers, subsidized rice distribution, a health fee waiver, cash scholarships, and cash transfers for the neglected elderly, disabled, and at-risk youth. Evidence-based appraisal can assist policymakers in evaluating programs and deciding whether and how they are achieving Indonesia's social protection goals. Reviews 1 through 8 together comprise a companion volume to the "Protecting Poor and Vulnerable Households in Indonesia" report. "Protecting Poor and Vulnerable Households in Indonesia" provides a public expenditure review of the wider social assistance sector, summarizes results from Reviews 1 through 8, explores gaps in both population coverage and risk coverage of current social assistance programming, and offers recommendations and suggested reforms for achieving an integrated and coordinated household-based social assistance system.

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