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# PUBLIC EXPENDITURE REVIEW SUMMARY

## SOCIAL ASSISTANCE PROGRAM AND PUBLIC EXPENDITURE REVIEW 1

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# List of Abbreviations, Acronyms and Indonesian Terms

| | |
|---|---|
| APBN | *Anggaran Pendapatan dan Belanja Negara* (Central Government Budget) |
| Askes | *Asuransi Kesehatan* (Health insurance for government employees including military and pensioners) |
| Askeskin | *Asuransi Kesehatan Masyarakat Miskin* (Health insurance for the poor) |
| Badan POM | *Badan Pengawas Obat dan Makanan* (National Agency of Drug and Food Control) |
| BKKBN | *Badan Koordinasi Keluarga Berencana Nasional* (Family Planning Coordination Agency) |
| BKSN | *Badan Kesejahteraan Sosial Nasional* (National Social Welfare Agency) |
| BLT | *Bantuan Langsung Tunai* (Unconditional cash transfer) |
| BPS | *Badan Pusat Statistik* (Statistics Indonesia) |
| BSM | *Bantuan Siswa Miskin* (Cash transfer for poor student) |
| Bulog | *Badan Urusan Logistik* (National Logistics Agency) |
| Desa | Village |
| Dinsos | *Dinas Sosial* (Regional level Kemensos) |
| GDP | Gross Domestic Product |
| GOI | Government of Indonesia |
| IDT | *Inpres Desa Tertinggal* (Left behind villages project) |
| Jamkesda | *Jaminan Kesehatan Daerah* (Local level health insurance scheme for the poor) |
| Jamkesmas | *Jaminan Kesehatan Masyarakat* (Health insurance scheme for the poor) |
| JPS | *Jaring Pengaman Sosial* (Social safety net) |
| Kabupaten | District/regency |
| KDP | *Kecamatan* Development Project |
| Kelurahan | Urban precinct |
| Kemdagri | *Kementerian dalam Negeri* (Ministry of Home Affairs, MOHA) |
| Kemdikbud | *Kementrian Pendidikan dan Kebudayaan* (Ministry of Education and Culture, MOEC) |
| Kemenag | *Kementerian Agama* (Ministry of Religious Affairs, MORA) |
| Kemeneg PDT | *Kementerian Pembangunan Daerah Tertinggal* (Ministry of Rural Development) |
| Kemenkes | *Kementerian Kesehatan* (Ministry of Health, MOH) |
| Kemenkeu | *Kementerian Keuangan* (Ministry of Finance, MOF) |
| Kemenkokesra | *Kementrian Koordinator Kesejahteraan Rakyat* (Coordinating Ministry for Social Welfare) |
| Kemenkop | *Kementerian Koperasi dan Usaha Kecil dan Menengah* (Ministry of Cooperatives Small Medium Enterprise) |
| Kemenkumham | *Kementerian Hukum dan HAM* (Ministry of Law and Human Rights) |
| Kemensos | *Kementerian Sosial* (Ministry of Social Affairs, MOSA) |
| Kementerian PU | *Kementerian Pekerjaan Umum* (Ministry of Public Works) |
| Komnasham | *Komisi Nasional Hak Asasi Manusia* (National Commission for Human Rights) |
| Kota | Autonomous municipality |

| | |
|---|---|
| KPP & PA | *Kementerian Pemberdayaan Perempuan dan Perlindungan Anak* (Ministry of Women's Empowerment and Child Protection) |
| LHS | Left hand side (of graph) |
| OPK | *Operasi Pasar Khusus* (Special market operation for rice) |
| PK | *Padat Karya* (Labor intensive public works) |
| PKH | *Program Keluarga Harapan* (Conditional cash transfer) |
| PNPM | *Program Nasional Pemberdayaan Masyarakat* (Umbrella organization for all PNPM and community-driven development initiatives) |
| PNPM-Generasi | *PNPM Generasi Sehat dan Cerdas* (PNPM Healthy and Smart Generation Program) |
| PNPM-Mandiri | *Program Nasional Pemberdayaan Masyarakat Mandiri* (National Community Empowerment Program) |
| Posyandu | *Pos Pelayanan Terpadu* (Integrated health service post) |
| Raskin | *Beras Miskin* (Program for sale of subsidized rice to the poor) |
| RHS | Right hand side (of graph) |
| Rp | Indonesian Rupiah |
| RPJM | *Rencana Pembangunan Jangka Menengah* (Medium-Term Development Plan, MTDP) |
| SIKD | *Sistem Informasi Keuangan Daerah* (Regional Financial System) |
| SP | Social Protection |
| SA | Social Assistance |
| Susenas | *Survei Sosio-Ekonomi Nasional* (National Socio-Economic Survey) |
| Taspen | *Tabungan dan Asuransi Pegawai Negeri* (Civil servant pension savings and insurance) |
| UCT | Unconditional Cash Transfer |
| UGM | University of Gadjah Mada |
| UPP | Urban Poverty Program |
| US$ | United States Dollars |

# Executive Summary

**Public expenditure on household-based social assistance (SA) in Indonesia has increased significantly since 2005.** From a low base in the early 2000s, Indonesia's aggregate national public expenditures on SA permanently increased from 2005 after the central government allocated a portion of the savings from fuel subsidy reforms to a number of SA initiatives. In 2010, national expenditures on SA are estimated at Rp 29,709 billion (US$ 3.3 billion), equivalent to 2.6 percent of total national expenditures and 0.5 percent of GDP.

**Indonesia's strong fiscal position leaves Indonesia well placed to further increase SA expenditures.** Declining debt payments and subsidy reductions have opened up fiscal space over the past decade and supported a general increase in social sector and SA spending. With debt-to-GDP of just 25 percent in 2010, Indonesia could further increase expenditure on both items without raising debt levels.

**Nonetheless, current expenditures on SA are dwarfed by spending on regressive energy subsidies which in some years consume over 20 percent of total national expenditures.** Subsidies' high costs and poor targeting are well known and the current Indonesian Administration has more than once signaled its intention to reduce energy subsidy spending, but reform is currently stalled. Progress on subsidy reform would further strengthen Indonesia's fiscal position and enhance its capacity to increase expenditures on more targeted SA programs.

**The increase in spending after 2005 primarily reflects greater central government investment in programs to protect poor households from fuel and food shocks as well as large health and education expenses.** The central government is the dominant player in the SA sector, accounting for almost 90 percent of total expenditures. In years when the government has increased regulated fuel prices (2005-06 and 2008-09), the largest compensatory SA response has been an unconditional cash transfer program (BLT) to vulnerable households to help cushion them from the inflationary shock.

**Outside of these years, a rice program for the poor (Raskin) consumes over half of total SA expenditures, followed by a health insurance program for the poor (Jamkesmas, 18 percent of expenditures), a scholarship program for poor students (BSM, 14 percent), a conditional cash transfer (PKH, 4 percent) and programs for especially vulnerable groups (2 percent).** Responsibility for executing these programs is shared by six central institutions, while remaining central SA expenditures are highly fragmented and are distributed across 12 Ministries, 12 programs and 87 activities.

**The central government has increased expenditures on many programs with poverty alleviation and social protection goals like community driven development and social insurance for civil servants.** The central government has also been increasing its expenditures on Indonesia's national poverty reduction program (PNPM), which promotes community development and funds rural investment projects and other poverty programs which lie outside of the SA sector. In 2010, the central government also spent at estimated Rp 54,326 billion on social insurance, equivalent to 7.7 percent of total central government expenditures and 0.8 percent of GDP, mainly to cover the pensions and health premiums of civil servants. Overall, the central government now spends 1.3 percent of GDP on social protection, of which around one-third goes to SA and two-thirds to social insurance.

**Subnational governments allocate a small amount of SA resources, primarily for staff salaries and general administration in support of centrally-financed and centrally-designed programs.** Local governments account for just over 10 percent of national SA expenditures, a majority of which is executed by district governments. While little is known about the composition or impacts of this expenditure, case studies indicate that districts have few discretionary resources and spend most of their SA budgets on administration and salaries to support central government programs.

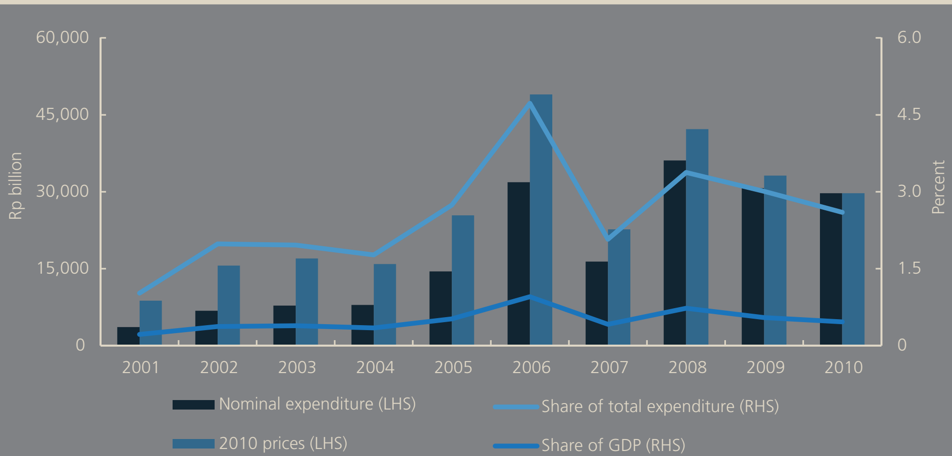
# Overview of Public Expenditures on Social Assistance

## 1.1 Levels and Trends in Aggregate Public Expenditures on Social Assistance

*Public expenditures on social assistance have increased significantly since 2005, primarily reflecting greater investment in SA initiatives by Indonesia's central government.*

**This chapter summarizes public expenditures; a number of qualifications are necessary given the data available.** Social Assistance are here defined as noncontributory cash or in-kind transfer programs targeted in some manner to the poor or vulnerable. Indonesia does not have a SA sector per se, but the Government of Indonesia (GOI) articulates its poverty alleviation strategy around three "clusters" (where households, communities, and micro-enterprises are targeted); the first pillar (households) is roughly equivalent to the definition of SA used in this report. No official budget category meets either the SA definition used here or the definition of the GOI's first poverty reduction cluster. Economic classifications in Indonesia's budget expenditures include a "social assistance" category which is used broadly and includes a wide array of social spending in areas such as education, health, agriculture, industry and disaster relief. Functional classifications of Indonesia's budget expenditures include a "social protection" category which is used narrowly and consists mainly of initiatives at Kemensos (*Kementerian Sosial*, Ministry of Social Affairs). This report aggregrates identifiable SA expenditures and examines the total as if it were a standalone sector and budget item. At the central government level, eight major SA programs (see Table 2) as well as remaining Kemensos and minor social protection expenditures are aggregated to create total SA expenditure. At the subnational level, where budget data is more limited, the functional classification "social protection" expenditures are used as a proxy for aggregate SA expenditures.

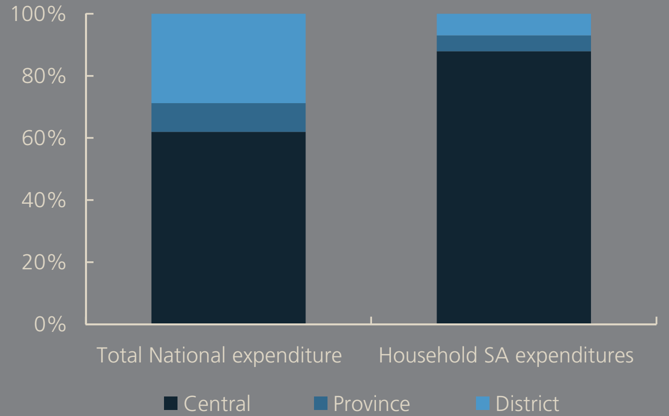
**Figure 1: Levels and Trends in Aggregate Public Expenditures on Social Assistance**




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

**Indonesia's public expenditures on SA increased significantly beginning in 2005 and are typically equivalent to around 0.5 percent of GDP.** From a low base in the early 2000s, Indonesia's aggregate national public expenditures (Central + Provincial + District) on SA roughly doubled in 2005 in both nominal and real terms. In that year, a portion of the savings from fuel subsidy reforms were reallocated to a number of SA initiatives. Thereafter, spending has remained permanently higher, and was especially high in 2006 and 2008 (between 0.7 and 1.0 percent of GDP) when unconditional cash transfers (UCTs) were temporarily disbursed to vulnerable households to help mitigate the impacts of fuel price increases and other economic crises. In 2009, which included a few months of disbursement of the last temporary UCT, national expenditures on SA amounted to Rp 30,689 billion (US$ 3 billion), equivalent to 2.6 percent of total national expenditures and 0.5 percent of GDP. In the non-UCT years 2007 and 2010, national SA expenditures are estimated at around 0.4 to 0.5 percent of GDP.

**Figure 2: National Public Expenditure Shares by level of government, 2010**




*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

**SA spending increases are primarily central government investments; the central government accounts for almost 90 percent of national SA expenditures.** Since Indonesia embarked on an ambitious decentralization program (circa 2001 and continuing today) sub-national governments – especially district governments – have been delegated greater responsibility for delivering public services and executing public expenditures. Today, sub-national governments execute around 40 percent of total national expenditures, and over half of expenditures in the education, health, infrastructure and agriculture sectors (among others). The central government remains the dominant player in SA spending, however, accounting for 88 percent of estimated national expenditure in 2010. Subsidy expenditure is the exclusive domain of the central government, and it was subsidy reform and greater investment in SA initiatives by the central government beginning in 2005 that drove the increase in national SA expenditures and that has subsequently sustained it at a permanently higher level. Estimates of sub-national SA spending indicate that since 2005 the remaining 6 to 12 percent of national SA expenditure is (and has been) split roughly equally between provinces and districts: 2010 province and district shares are 5.1 and 6.9 percent (of total national expenditure) respectively.

**Table 1: Levels and Trends in Aggregate Public Expenditures on Social Assistance**

| | 2004* | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|
| National SA expenditures (nominal, RP bn) | 7,935 | 14,471 | 31,848 | 16,396 | 36,092 | 30,689 | 29,709 |
| Constant 2010 prices, RP billion | 15,915 | 25,384 | 48,969 | 22,659 | 42,217 | 33,150 | 29,709 |
| US$ (nominal, billion) | 0.9 | 1.5 | 3.5 | 1.8 | 3.7 | 3.0 | 3.3 |
| Share of total national expenditures (%) | 1.8 | 2.7 | 4.7 | 2.1 | 3.4 | 3.0 | 2.6 |
| Share of GDP (%) | 0.3 | 0.5 | 1.0 | 0.4 | 0.7 | 0.5 | 0.5 |
| By level of government: | | | | | | | |
| Central | 6,730 | 12,846 | 29,681 | 14,213 | 33,089 | 27,459 | 26,127 |
| Share of national SA expenditures (%) | 85 | 89 | 93 | 87 | 92 | 89 | 88 |
| Province | 529 | 646 | 820 | 808 | 1,184 | 1,375 | 1,520 |
| District | 677 | 978 | 1,348 | 1,375 | 1,818 | 1,855 | 2,062 |
| Memo item: | | | | | | | |
| Total national expenditures (nominal, RP bn) | 448,492 | 528,283 | 674,065 | 791,058 | 1,069,111 | 1,020,276 | 1,143,413 |

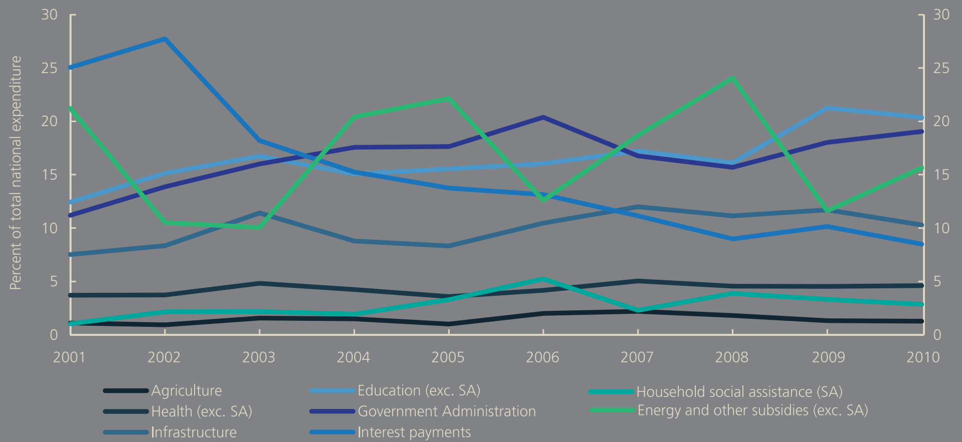
*Sources* and *Notes*: Kemenkeu, BPS and World Bank staff calculations and estimates. *2004 SA expenditures are approximated by Raskin and social protection expenditures.

## 1.2 National Expenditure Trends and the Social Assistance Sector

*Growing fiscal space has supported increased social expenditures, although spending on Social Assistance remains very low when compared to expenditures on untargeted energy subsidies*

**Public spending priorities have changed dramatically since 2001, a shift helped by declining debt payments.** A decade of political stability, sustained economic growth, and sound fiscal and monetary management have helped increase public revenues and other public resources. Sustained debt reduction has significantly expanded Indonesia's fiscal space through declining interest burdens, which have fallen from 25 percent to 9 percent of total expenditures from 2001 to 2010 (Figure 3). Spending on education, a national priority, now accounts for over 20 percent of total national expenditures. There have been steady but minor increases in infrastructure (10 percent in 2010) and health (5 percent) while agriculture has been flat in relative terms at approximately 1 percent in 2001 and 2010. At the same time, however, government administration spending has risen as rapidly as education (from 11 percent in 2001 to 19 percent currently) while energy subsidies still consume a large share of fiscal space (20 percent or more in years when global oil prices have been elevated). In comparison, the SA "sector" – which includes programs normally classified under education, health and subsidy expenditures – accounted for 2.9 percent of total national expenditures in 2010, up from 1 percent in 2001.

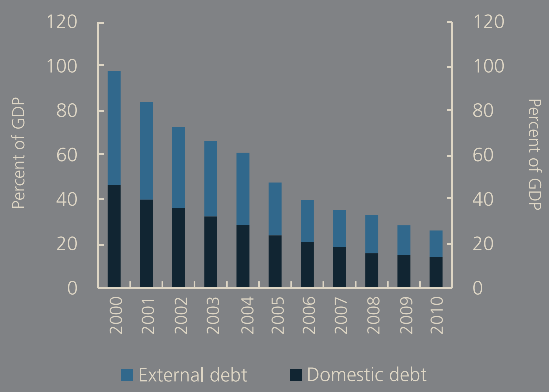
**Figure 3: Sectoral Composition of National Public Expenditures, 2001-2010**




*Source*: Kemenkeu data and World Bank staff calculations and estimates. Energy and other subsidies includes: fuel, electricity and tax subsidies. Other expenditures not shown include: Mining, Trade, Manpower, Environment, Tourism and Culture, and Religious affairs, defense and national security expenditures. As classified by the GoI Education, Health and Subsidies include programs that here are classified as "SA".

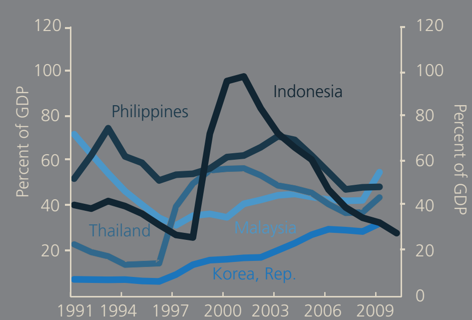
**Indonesia's impressive fiscal consolidation enhances capacity for further increases in SA expenditures.** Indonesia has been one of the most successful countries in reducing its public debt over the past decade, with debt-to-GDP declining from around 90 percent in 2000 to just over 25 percent in 2010[1] (Figure 4). Looking forward, Indonesia's debt sustainability appears favorable: the strong starting position, and baseline outlook for growth relative to real interest rates, points to a continued downward trajectory across different scenarios, with a baseline scenario indicating a debt-to-GDP ratio of around 18 percent by 2014. Even in extreme scenarios, debt would continue to move downwards in the medium-term. This strong fiscal position affords Indonesia the option to increase expenditures on key development objectives such as poverty reduction through higher borrowing (without raising debt ratios). Under a baseline outlook, higher fiscal deficits of up to 3 percent of GDP would still be consistent with stable debt-to-GDP ratios.

**Figure 4: Indonesia Debt-to-GDP Ratio, 2000-2010**




*Source*: Kemenkeu, BI, BPS, World Bank staff calculations.
*Note*: Debt-to-GDP ratios may differ to Kemenkeu figures due to exchange rate used to convert external debt to local currency.

**Figure 5: Regional Debt-to-GDP Ratios, 1991-2010**



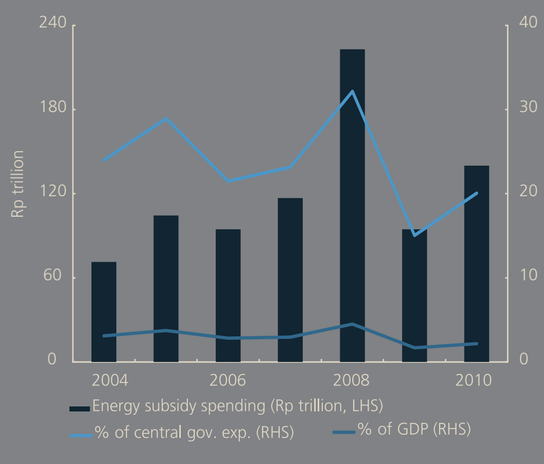

*Source*: Kemenkeu, BPS, World Bank staff calculations, IMF public debt database.
*Note*: Indonesia is central government debt. Definition for other countries varies. IMF database used for Indonesia pre-2000.

1 Indonesia's fiscal consolidation is notable relative to other Asian crisis economies as well as other emerging economies which have experienced debt crises and the rising indebtedness of many economies following the global downturn that began in late 2008.

**Continued spending on regressive fuel subsidies far outweighs targeted and progressive SA expenditures.** Indonesia revised its fuel subsidy system in 2005 following a sustained rise in global oil prices: regulated fuel prices more than doubled for households and the transportation sector while subsidies for industrial users were eliminated. Additional adjustments to fuel subsidy regime have been made, including the launch of a kerosene-to-LPG conversion program in 2007 and a temporary increase in fuel prices at the height of another spike in global oil prices in 2008. These reforms helped reduce the immediate burden of fuel subsidies on the budget, but subsidies remain a major public expense, especially (and automatically) during periods of heightened global oil prices (Figure 6). At the height of global oil prices in 2008, Indonesia's annual spending on fuel subsidies reached Rp 139 trillion (US$ 14 billion), equivalent to 2.8 percent of GDP, and consumed 20 percent of total central government expenditure (Figure 7). The 2011 budget – which assumes an oil price of US$ 80 per barrel and further fuel subsidy reform – allocates Rp 96 trillion or 11 percent of total central government expenditure to fuel subsidies. This large fiscal burden does not necessarily benefit poor households, as household survey data indicate that commercial users and wealthier households consume the vast majority of subsidized fuel, while poor and nearpoor households do not consume significant quantities of fuel. Despite this regressive character, spending on fuel subsidies was more than 4 times greater than spending on targeted SA programs in 2008 and more than 3 times greater in 2010.[2]

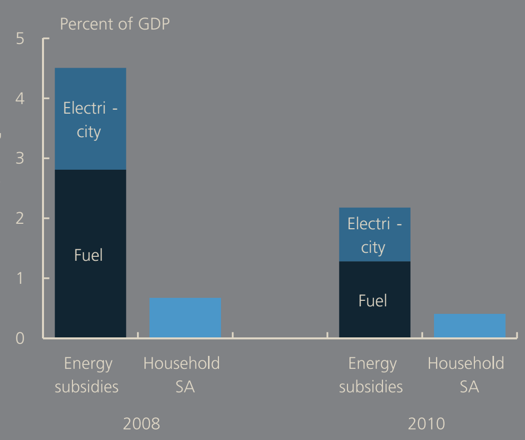
**Indonesia's could further increase SA and other expenditures could by additional subsidy reform.** Citing their large costs and poor targeting, the GOI signaled its intention to reduce spending on energy subsidies, particularly fuel subsidies, primarily by improving their targeting, shortly after taking office in late 2009. However, fuel subsidy reform has subsequently stalled: in March 2011 and again in February 2012, amidst uncertainty over the future path of oil prices, the GOI and Parliament abandoned reform plans under consideration in order to resist inflationary pressure. This has created renewed uncertainty about the future path of subsidy spending. The GOI's Medium Term Development Plan (RPJM) has projected a sharp decline in nominal spending on fuel subsidies by 2014, with projected spending totaling just Rp 211 trillion between 2011 and 2014. However, if reform plans remained stalled, spending could rise by an extra Rp 250 to Rp 350 trillion over 2011-2014 with oil prices at US$ 80 per barrel as assumed in the RPJM plans. However, if oil prices instead remain around their recent levels of US$ 100 per barrel over the next few years, then spending could be as much as Rp 500 trillion higher. Such large and unplanned additional spending on fuel subsidies could jeopardize the Government's plans to increase spending on other key development plans outlined in the RPJMN, such as increased spending on infrastructure, health insurance and SA.

**Figure 6: Public Expenditures on Energy Subsidies, 2004-2010**




*Source*: Kemenkeu, BPS and World Bank staff.

**Figure 7: Public Expenditure on Energy Subsidies and Household Social Assistance, 2008 and 2010**




*Source*: Kemenkeu and World Bank staff calculations

2 See the March 2011 Indonesia Economic Quarterly add to references for a fuller discussion of current issues in Indonesia's fuel subsidy system.

# 1.3 Central Government Expenditures on Social Assistance

*The central government has increased expenditures on social assistance as well as other poverty alleviation programs and social protection initiatives.*

**The first generation of SA programs in Indonesia began in the wake of the 1998 Asian Financial Crisis (AFC).**[3] In response to the crisis, the central government established a broad safety net (Jaringan Pengaman Sosial, JPS) including large food subsidies (*Operasi Pasar Khusus*, OPK). The JPS also included temporary, short-term programs including public works (*Padat Karya*, PK), scholarships and funding for health services. The purpose of this first generation of SA programs was to ensure that poor households had access to affordable food, health, and education services during the crisis period. Of the major JPS initiatives, only rice for the poor (renamed Beras untuk *Rakyat Miskin* or Raskin from 2002) continued to receive significant, and growing, budget allocations and become a permanent SA program.

**Indonesia's second generation of SA programs followed the partial removal of fuel subsidies in 2005.** A portion of the savings from the subsidy cuts were reallocated to three SA programs: an expanded Raskin, health insurance for the poor (*Asuransi Kesehatan Masyarakat Miskin*, Askeskin) and a large-scale temporary unconditional cash transfer (*Bantuan Langsung Tunai*, BLT) to help over 19 million poor and near-poor households cope with the inflationary shock caused by the increase in regulated fuel prices. Today, these programs form the foundation of an emerging, permanent SA system targeted to poor and near-poor households. Askeskin, re-named Jamkesmas (*Jaminan Kesehatan Masyarakat*), now covers over 70 million beneficiaries, making it the largest social assistance program, in terms of intended coverage, in Indonesia. Raskin continues to distribute rice to millions of families across the country. BLT was temporarily re-launched in 2008-2009 to mitigate the inflationary impact caused by an additional fuel price adjustment in mid-2008. These programs were joined by an array of small social welfare programs implemented by Kemensos, targeting especially vulnerable groups including at-risk children, the disabled, and neglected elderly.

**More recently, social assistance programs with a focus on breaking the intergenerational transmission of poverty were introduced.** In 2007 the GOI began piloting a conditional cash transfer program (*Program Keluarga Harapan*, PKH) executed by Kemensos. PKH assistance is transferred only when families obtain preventive basic health and nutrition services, and send their children to school. The program has to date reached over 800,000 poor households and is preparing for further expansion. In 2008, the government refocused general scholarship programs towards students from poor households (*Bantuan Siswa Miskin*, BSM).

3 See also "Social Assistance Program and Public Expenditure Review 8: History and Evolution of Social Assistance in Indonesia" for more detailed information on the evolution of social assistance from independence onward.

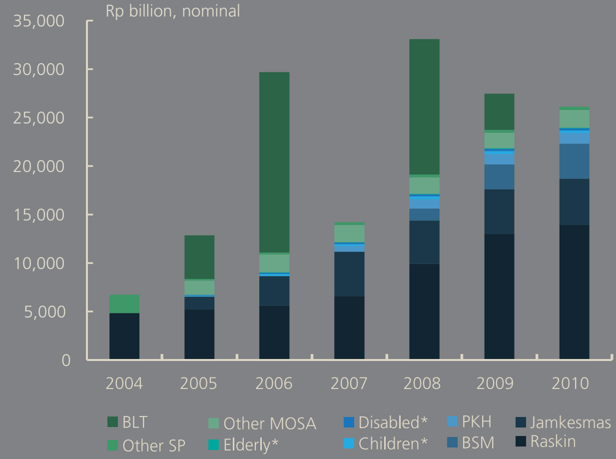
**Table 2: Central Government Expenditure on Social Assistance by program**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|
| BLT, Unconditional Cash Transfer | - | 4,487 | 18,619 | - | 13,966 | 3,733 | - |
| Raskin, Subsidized Rice | 4,831 | 5,218 | 5,570 | 6,584 | 9,926 | 12,987 | 13,925 |
| Jamkesmas, Health Service Fee Waiver | - | 1,300 | 3,074 | 4,567 | 4,448 | 4,620 | 4,763 |
| BSM, Cash Transfers for Poor Students | - | - | - | - | 1,238 | 2,562 | 3,607 |
| PKH, Conditional Cash Transfer | - | - | - | 605 | 946 | 1,068 | 1,123 |
| Child Social Services | n/a | 104 | 211 | 187 | 311 | 296 | 254 |
| Disabled Social Services | n/a | 65 | 130 | 152 | 190 | 217 | 209 |
| Elderly Social Services | n/a | 26 | 53 | 57 | 69 | 82 | 75 |
| Other Kemensos | n/a | 1,467 | 1,827 | 1,764 | 1,696 | 1,592 | 1,819 |
| Other Social Protection (SP) | 1,899 | 180 | 197 | 295 | 297 | 302 | 352 |
| Total SA expenditures | 6,730 | 12,846 | 29,681 | 14,213 | 33,089 | 27,459 | 26,127 |
| Constant 2010 prices | 13,498 | 22,535 | 45,637 | 19,642 | 38,705 | 29,662 | 26,127 |
| % total central government expenditures | 2.3 | 3.6 | 6.7 | 2.8 | 4.8 | 4.4 | 3.7 |
| % GDP | 0.3 | 0.5 | 0.9 | 0.4 | 0.7 | 0.5 | 0.4 |
| Total SA expenditures (ex. BLT) | 6,730 | 8,360 | 11,062 | 14,213 | 19,124 | 23,726 | 26,127 |
| Constant 2010 prices | 13,498 | 14,665 | 17,009 | 19,642 | 22,369 | 25,630 | 26,127 |
| % total central government expenditures | 2.3 | 2.3 | 2.5 | 2.8 | 2.8 | 3.8 | 3.7 |
| % GDP | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |

*Sources* and *Notes*: KEMENKEU and World Bank staff calculations and estimates.

**Reflecting these development, central government SA expenditures increased significantly in 2005 and have remained permanently higher.** Jamkesmas and BSM also consume significant shares of spending. Supported by large BLT disbursements, SA expenditures were especially high in 2006 (6.7 percent of total central expenditures and 0.9 percent of GDP) and 2008 (4.8 percent and 0.7 percent respectively). Excluding BLT, SA expenditures are more modest but have been rising steadily in absolute real terms and as a share of total expenditures and GDP. In 2010, a non-BLT year, central government SA expenditures were approximately Rp 26,127 billion, equivalent to 3.7 (0.4) percent of total expenditures (GDP).

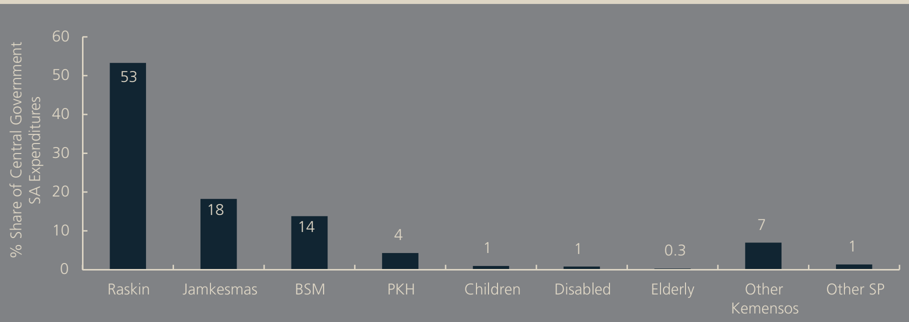
**Figure 8: Central Government Expenditures on Social Assistance by program, 2004-2010**




*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates. * Refers to all spending in the directorate implementing these programs.

**Excluding BLT years, Raskin dominates SA expenditures, accounting for over half of total expenditures.** Jamkesmas, BSM and PKH also consume significant shares of spending. In years when it has been deployed, BLT consumes a large share of central SA expenditures, peaking at over 60 percent in 2006 and 40 percent in 2008. Outside of BLT years, Raskin typically accounts for over half of total SA expenditures: in 2010 Raskin accounted for an estimated 53 of central government SA epxenditure (Figure 9). Jamkesmas is the second largest initiative in terms of expenditure (accounting for almost a fifth of central government expenditures in 2010), followed by BSM (14 percent) and PKH (4 percent). Initiatives targeted at children, the disabled and vulnerable elderly collectively account for around 2 percent of SA expenditures.

**Figure 9: Social Assistance Program Expenditure Shares, 2010**




*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates. Children, Disabled, and Elderly entries refer to all spending in the directorates implementing those programs.

**Responsibility executing SA funds is shared by six key institutions; Kemensos executes only a minor share of total spending.** Responsibility for executing the bulk of SA spending is shared by: Bulog (which is responsible for Raskin), the *Kementerian Kesehatan* or Kemenkes, Ministry of Health (Jamkesmas), the *Kementrian Pendidikan dan Kebudayaan* or Kemdikbudor Kemdiknas, Ministry of National Education (BSM for secular school students), the *Kementerian Agama* or Kemenag, Ministry of Religious Affairs (BSM for religious school students) and Kemensos (PKH, BLT and initiatives for especially vulnerable groups). In 2010, Kemensos executed just 14 percent of total central government SA expenditures.

**Outside of the major programs and agencies, remaining SA expenditures are highly fragmented and are shared by 12 Ministries, 12 programs and 87 activities.** The bulk of the remaining SA expenditures are executed by Kemensos and consist of 37 very small (in terms of both expenditure and coverage in the population) social protection activities, grouped under 8 programs, together with requisite salary and administrative costs. After that, SA expenditures are divided between 50 additional very small social protection activities, grouped under 14 programs and spread across 11 Ministries. The average budget allocation for these remaining 87 activities is just Rp 20 billion (US$ 2 million) and most of the activities outside of Kemensos are significantly smaller (Table 3).

**Table 3: Minor Social Protection Initiative Expenditure by program and activity**

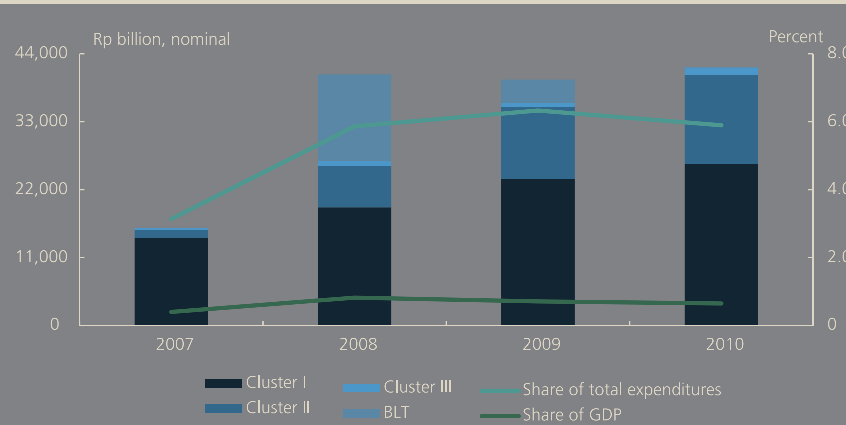
| Ministry | Program name/s | Number of budget 'programs' | Number of budget 'activities' | Total budget (Rp billion) | Average budget per activity (Rp billion) |
|---|---|---|---|---|---|
| 1. Supreme Court | Gender and children mainstreaming | 1 | 1 | 0.7 | 0.7 |
| 2. General Attorney | Gender and children mainstreaming | 1 | 1 | 0.8 | 0.8 |
| 3. Kemenkumham | Gender and children mainstreaming | 1 | 4 | 0.5 | 0.1 |
| 4. Kemdikbud | Gender and children mainstreaming | 1 | 1 | 17.3 | 17.3 |
| 5. Kemenag | Gender and children mainstreaming | 1 | 5 | 2.2 | 0.4 |
| 6. Kemensos | Social welfare insurance and assistance (exc. PKH), Social services and rehabilitation (exc. children, disabled and elderly), Poor family, remote area and social welfare issues empowerment, Social welfare research and development, Development program for social protection system, Gender and children mainstreaming, Social services institutional empowerment, Quality improvement program for social extension services | 8 | 37 | 1,417.9 | 38.3 |
| 7. Kemenkokesra | Development program and synchronization of community welfare policies | 1 | 10 | 52.5 | 5.3 |
| 8. Kemenkop | Gender and children mainstreaming | 1 | 1 | 1.0 | 1.0 |
| 9. KPP & PA | Gender and children mainstreaming, Development program for child protection, Quality improvement program and women protection | 3 | 18 | 82.0 | 4.6 |
| 10. Badan Pom | Social services and rehabilitation | 1 | 2 | 5.4 | 2.7 |
| 11. BKKBN | Family empowerment program | 1 | 4 | 119.8 | 30.0 |
| 12. Komnasham | Gender and children mainstreaming, Quality improvement program and women protection | 2 | 3 | 2.0 | 0.7 |
| **Total** | | **22** | **87** | **1,702.1** | **19.6** |

*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

**In addition to Cluster 1, the central government increased public money for poverty alleviation generally, especially for community driven development initiatives.** As noted above, the central government subdivides its poverty alleviation programs into three distinct clusters. The first cluster is roughly equivalent to SA as defined here (but excluding BLT); it accounted for around 63 percent of total poverty alleviation spending in 2010. The second cluster consists of community development and empowerment programs and comprises: (1) Indonesia's national

poverty reduction program (*Nasional Pemberdayaan Masyarakat Mandiri*, PNPM-Mandiri), which promotes community development and funds rural investment projects; (2) rural infrastructure and empowerment; (3) agribusiness development, and (4) social and economic assistance to isolated and underdeveloped areas. Cluster II has seen a large increase in spending in recent years as PNPM has been scaled up, and most of this spending has been concentrated in rural areas. In 2010, approximately Rp 14,400 billion was spent on Cluster II, equivalent to around 35 percent of total poverty alleviation spending. Of this, around Rp 12,500 billion was spent on PNPM which spread across four Ministries: Kemdagri, the Ministry of Home Affairs (PNPM Rural), Kementerian PU, Ministry of Public Works (PNPM Urban and PNPM Rural Community Infrastructure), and the Kemeneg PDT, Ministry of Rural Development (PNPM Disadvantaged Areas). The third cluster accounts for just less than 3 percent of poverty alleviation expenditures and includes a collection of 15 tiny initiatives spread across six Ministries that focus on issues specific to remote and underdeveloped areas (fishing industries, coast communities etc) and support for small and medium enterprises and cooperatives. In total, the central government spent around Rp 42,000 billion on poverty alleviation in 2010, equivalent to 6 percent of total central government expenditures and 0.7 percent of GDP.

**Figure 10: Poverty Alleviation Expenditures by cluster, 2007-2010**




*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

**Table 4: Poverty Alleviation Expenditure Summary, 2007-2010**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Poverty Alleviation (Rp, nominal) | 15,836 | 40,653 | 39,805 | 41,772 |
| Constant 2010 prices | 21,885 | 47,552 | 42,998 | 41,772 |
| % total central government expenditures | 3.1 | 5.9 | 6.3 | 5.9 |
| % GDP | 0.4 | 0.8 | 0.7 | 0.7 |
| Poverty Alleviation (Rp, nominal) | 15,836 | 40,653 | 39,805 | 41,772 |
| Cluster I: Household SA (ex. BLT) | 14,213 | 19,124 | 23,726 | 26,127 |
| Cluster II: Community Development | 1,289 | 6,735 | 11,605 | 14,434 |
| PNPM Rural | 0 | 3,668 | 6,795 | 10,080 |
| PNPM Urban | 0 | 742 | 1,033 | 1,017 |
| PNPM Rural Community Infrastructure | 673 | 499 | 843 | 1,180 |
| PNPM Disadvantaged Areas | 67 | 349 | 322 | 240 |
| Other | 549 | 1,478 | 2,612 | 1,917 |
| Cluster III: Special Areas, Small & Medium Enterprises | 334 | 828 | 741 | 1,211 |
| BLT | | 13,966 | 3,733 | - |

*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

**Box 1: Community-based development and PNPM**

**Indonesia has a long history of linking poverty reduction to community-based organizations and community-administered initiatives.** These programs – often referred to as "community driven development" – take advantage of the political-administrative structure that has been central in administering most local-level activities since the early 1970s. The system includes the RT (*Rukun Tetangga*), RW (*Rukun Warga*), and village (*Desa/Kelurahan*), which are political-administrative units that spatially organize households into consecutively larger self-governing groups. These groups administer social assistance, deliver public goods, and have historically fulfilled the state's need for information, control and surveillance. This system, which was first introduced during the Japanese occupation of Indonesia, has historically been strongest, more visible, and judged to be most effective on the island of Java. Examples of the community administrative system in action include delivery of the basic health care for children 5 years of age or less (*Posyandu*), delivery of family planning services, delivery of basic infrastructure and slum upgrading (Kampung Improvement Program), the Program for Left Behind Villages (Inpres Desa Tertinggal) and more recently Program Nasional Pemberdayaan Masyarakat (PNPM).

**PNPM, launched in 2006, deserves special attention as it is the operational umbrella for most of Indonesia's poverty alleviation programs using a community-based approach.** PNPM builds on and consolidates the successful experience and structures of three community-based poverty alleviation programs: (1) the Kecamatan Development Program (KDP), (2) the Urban Poverty Program (UPP), and (3) the Program for Left Behind Villages (IDT). PNPM's overarching objective is to alleviate poverty through both improved socioeconomic conditions, including more and higher quality public goods, and improved community-level governance. PNPM provides grants directly to community-level organizations; these organizations essentially apply for those grants by hosting collaborative and consultative meetings where members discuss and decide on a proposal for the use of the block grant monies. PNPM grants reach every sub-district in Indonesia every year, and a competitive process allocates the grants to community groups with the best proposals.

**In urban areas, PNPM block grants facilitate the achievement of a collaborative community development plan.** Communities also benefit from support for activities jointly proposed by the government and funded on a cost-sharing basis. The main poverty alleviation activities that urban areas have so far chosen to use PNPM funds for include: infrastructure projects, increased poverty awareness through social mapping at the community level, elections for community organizations, women's empowerment through increased participation in community governance and access to revolving credit, and disaster recovery in the form of housing reconstruction.

**In rural areas PNPM delivers two types of block grants. The first funds village investment proposals (as in urban areas) and the second supports the participatory planning process it self.** Besides a limited list of prohibited activities, investment opportunities for communities are open. Villages can also participate in a number of special pilot programs. These include responses to natural disasters, community-based post-conflict reintegration, conditional cash transfers to improve health and education outcomes, natural resource management and renewable energy initiatives, technical assistance and financial resources for poor farmers, and other pilots that focus on remote geographic areas and cultivating localized approaches to poverty alleviation.

**Indonesia has an impressive record at successfully reducing poverty through community-based programs.** The achievements in poverty reduction through public expenditure in this area are well documented.[4] Some of the most robust evidence comes from recent impact evaluations of PNPM.[5] The Cluster II community development approach has the potential to address manifestations and correlates of household or individual poverty that are related to access to, or the quantity and quality of, local public goods and locally-produced entitlements (like health and education services) as well as issues that have to do with community organization and voice and links to local government.

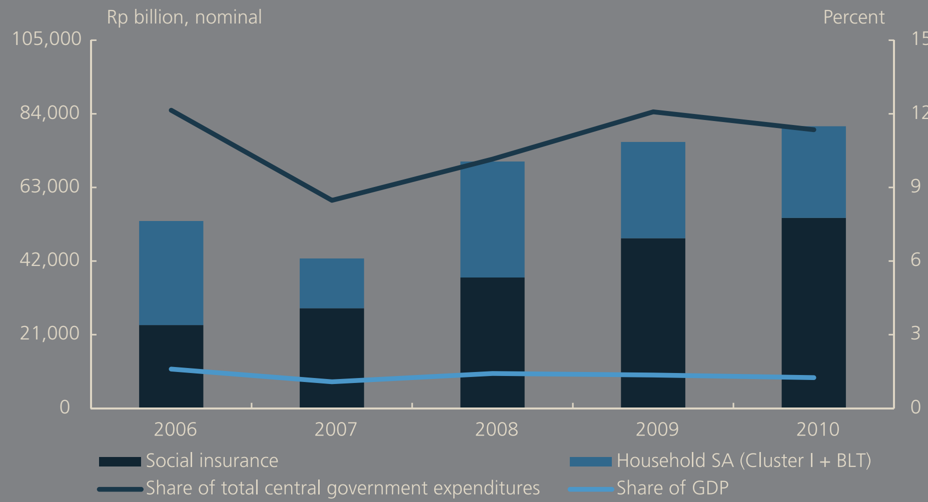
**Social insurance expenditures, which mainly fund servant pensions, have also increased and still exceed SA expenditures although far fewer families and individuals are covered by centrally-funded insurance programs.** In 2004, the central government passed the National Social Security System Act which included the promise of universal social coverage for all Indonesia. This system has not yet been implemented, but public expenditures on social insurance are still growing quickly in real terms and exceed SA expenditures. In 2010, the central government spent an estimated Rp 54,326 billion on social insurance, equivalent to 7.7 percent of total central government expenditures and 0.8 percent of GDP. These funds go almost exclusively to cover civil servant pensions.[6] A portion of public funds for social insurance also goes towards premiums for health insurance services provided through PT Askes; again, this health insurance covers mainly current and retired civil servants.

4 See SMERU (2008) and World Bank (2008).

5 See World Bank (2010) for a full report.

6 Since 2009, 100 percent of civil servant pension funds have been covered by the central government.

**Figure 11: Social Protection Expenditures by intervention, 2006-2010**




*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

**Overall, the central government now spends 1.3 percent of GDP on social protection, of which around one-third goes to SA and two-thirds to social insurance.** If SA and social insurance expenditures are combined to create a "social protection" category, budget data indicates that central government expenditures on social protection were Rp 80,453 billion in 2010, equivalent to 11.4 percent of total government expenditures and 1.3 percent of GDP. Outside of large BLT years such as 2006 and 2008, around one-third of social protection expenditures goes to SA and two-thirds to social insurance.

**Table 5: Social Assistance and Social Protection Expenditures**

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Social Protection | 53,439 | 42,763 | 70,393 | 75,979 | 80,453 |
| Constant 2010 prices | 82,168 | 59,098 | 82,339 | 82,073 | 80,453 |
| % total central government expenditures | 12.1 | 8.5 | 10.2 | 12.1 | 11.4 |
| % GDP | 1.6 | 1.1 | 1.4 | 1.4 | 1.3 |
| Social Assistance | 29,681 | 14,213 | 33,089 | 27,459 | 26,127 |
| Constant 2010 prices | 45,637 | 19,642 | 38,705 | 29,662 | 26,127 |
| % total social protection expenditures | 55.5 | 33.2 | 47.0 | 36.1 | 32.5 |
| % total central government expenditures | 6.7 | 2.8 | 4.8 | 4.4 | 3.7 |
| % GDP | 0.9 | 0.4 | 0.7 | 0.5 | 0.4 |
| Social insurance | 23,758 | 28,550 | 37,303 | 48,520 | 54,326 |
| Constant 2010 prices | 36,531 | 39,456 | 43,634 | 52,412 | 54,326 |
| % total social protection expenditures | 44.5 | 66.8 | 53.0 | 63.9 | 67.5 |
| % total central government expenditures | 5.4 | 5.7 | 5.4 | 7.7 | 7.7 |
| % GDP | 0.7 | 0.7 | 0.8 | 0.9 | 0.8 |

*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates.

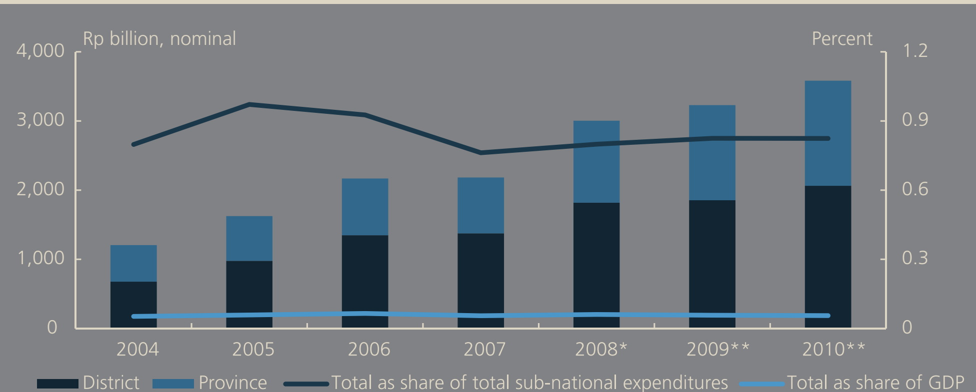
# 1.4 Sub-national Government Expenditures on Social Assistance

***Sub-national governments allocate small budget shares for SA spending; expenditure goes primarily to staff salaries and general administration.***

**Sub-national governments have official responsibilities for social welfare; nonetheless it is estimated they execute just 12 percent of national expenditures on SA, though information and data on programs and expenditure is extremely limited.** Law 32/2004 on local government gives to provinces and districts responsibility for social welfare of all residents and local authorities are expected to have more comprehensive knowledge regarding the local nature of poverty and impoverished households. Local governments also have some flexibility to adjust implementation of SA programs to reflect local preferences. However, very little is known about local SA program expenditure[7] while detailed sub-national expenditure data remains difficult to access, making analysis challenging especially for relatively small sectors like SA. This section makes some progress in understanding provincial- and district-level SA expenditure through analysis of aggregate data and select case studies.

**Sub-national social protection expenditures have been rising steadily from a low base; district governments account for a slight majority of spending.** At the subnational level, the functional budget category "social protection" (SP) is used to approximate aggregate SA expenditures. From a relatively low base, these expenditures have been steadily rising in real terms but still represent a small share of total sub-national expenditures and a small share of GDP (Figure 12, Table 6). In 2007, the last year for which actual realized expenditure data is currently available, sub-national expenditures amounted to Rp 2,200 billion, equivalent to 0.8 percent of total sub-national expenditures and 0.1 percent of GDP. District governments execute just over 60 percent of this expenditure, with the rest executed by provincial governments.

**Figure 12: Sub-national Government Expenditures on `Social Protection`**




*Sources* and *Notes*: Kemenkeu and World Bank. *Planned budget. **Estimates/projections.

**Poorer local governments allocate a larger share of public resources to social protection, while there is significant variation in budget shares for social protection, especially at the district level (Figure 13).** Poorer local governments have greater need for social protection for relatively larger poor and vulnerable populations; however, poorer local governments often have lower capacity to raise revenues and lower capacity to deliver social services (including social protection services).[8] This places them in a difficult position, as all provinces and districts (not just poor ones) benefit from, for example, general social sector spending and infrastructure investments in addition to social

7 One exception is local health insurance programs for the poor (Jamkesda) which have proliferated in recent years; see Box 2 below as well as "Social Assistance Program and Public Expenditure Review 4: Jamkesmas" in this collection.

8 However, this is not always the case in Indonesia. For many social sector indicators as well as infrastructure outputs, there are as frequently as many district governments that rely on relatively few inputs (in terms of revenues and personnel) to produce relatively good outcomes as district governments that receive relatively many inputs but produce relatively poor outcomes. In other words, the efficiency of government spending is not necessarily higher in less-poor districts; see World Bank (2011) for details.

protection spending. In Indonesia, provinces spend around 1.5 percent (of total expenditures) on social protection, though the share ranges from a low of 0.7 percent (East Kalimantan Province) to a high of 2.5 percent (West Papua Province). Poorer provinces in Eastern Indonesia, where needs are greatest but resources scarce, tend to have the highest shares of social protection expenditure relative to total expenditures. District budget social protection shares vary even more than do province shares, ranging from approximately zero in some districts to as much as 8 percent in others. These shares are again positively correlated with district poverty rates.

**Figure 13: Provincial Government `Social Protection` Expenditure as % of total expenditure**


*Source*: Sistem Informasi Keuangan Daerah (SIKD) and Kemenkeu projections.

**Table 6: Sub-national Government Expenditures on `Social Protection`**

| | 2004 | 2005 | 2006 | 2007 | 2008* | 2009** | 2010** |
|---|---|---|---|---|---|---|---|
| Total sub-national SP expenditures | 1,205 | 1,624 | 2,167 | 2,183 | 3,002 | 3,230 | 3,583 |
| Constant 2010 prices | 2,417 | 2,849 | 3,332 | 3,017 | 3,512 | 3,489 | 3,583 |
| % total national SA expenditures | 15 | 10 | 6 | 12 | 8 | 10 | 12 |
| % total sub-national expenditures | 0.8 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 |
| % GDP | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| By level of government | | | | | | | |
| Provincial SP expenditures | 529 | 646 | 820 | 808 | 1,184 | 1,375 | 1,520 |
| % total province expenditures | 1.6 | 1.8 | 1.7 | 1.5 | 1.5 | 1.4 | 1.4 |
| % of total sub-national SP expenditures | 43.9 | 39.8 | 37.8 | 37.0 | 39.4 | 42.6 | 42.4 |
| District SP expenditures | 677 | 978 | 1,348 | 1,375 | 1,818 | 1,855 | 2,062 |
| % total district expenditures | 0.6 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
| % of total sub-national SP expenditures | 56.1 | 60.2 | 62.2 | 63.0 | 60.6 | 57.4 | 57.6 |

*Sources* and *Notes*: Kemenkeu and World Bank staff calculations and estimates. *Planned budget. **Estimates/projections.

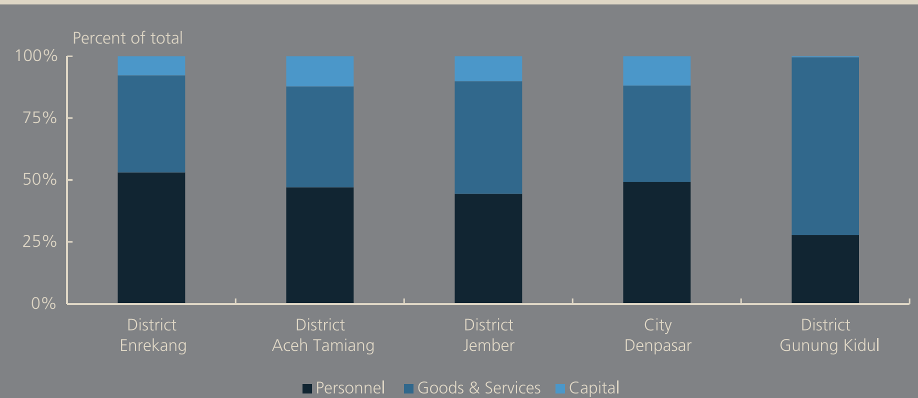
**Table 7: Characteristics in Expenditure Tracking Study Districts**

| District/City | Province | Poverty rate (%) | Number of Poor (thousand) | Total SP budget (Rp million) | Share of district budget allocated to SP | Number of budget programs |
|---|---|---|---|---|---|---|
| District of Enrekang | South Sulawesi | 20.51 | 38.4 | 1,166 | 0.2% | 15 |
| District of Aceh Tamiang | Aceh | 22.29 | 50.8 | 1,139 | 0.2% | 9 |
| District of Jember | East Java | 17.74 | 399.5 | 3,012 | 0.5% | 11 |
| City of Denpasar | Bali | 2.9 | 13.1 | 3,274 | 0.3% | 11 |
| District of Gunung Kidul | DI Yogyakarta | 25.96 | 173.5 | 10,399 | 1.4% | 22 |

*Sources* and *Notes*:Kemenkeu, Susenas, APBD documents and World Bank staff calculations and estimates.

**Case studies and field visits indicate that districts have little discretion over budgets and that the majority of expenditure is absorbed by staff salaries and general administration in support of central and provincial government programs.** Hard copies of five district budgets were examined in detail and a field visit was undertaken to the District Social Affairs office (*Dinas Sosial*, Dinsos) of District *Gunung Kidul* in order to shed some light on the composition of district SP expenditures (a summary of district characteristics are presented in Table 7).[9] The economic classification of expenditures indicates that, on average, these five districts spend about half of all SP expenditures on salaries. The majority of remaining expenditures goes to various goods and services and capital expenditures.10 Similarly, the breakdown of expenditures by major programs indicates that general administration accounts for about 60 percent of total expenditures. These expenditures might go towards construction and maintenance of office buildings, routine operational expenses, training, financial reporting, and the development of information systems (for example). Officials from Gunung Kidul indicate that most staff time and administrative costs are absorbed by coordination and monitoring and evaluation of central and provincial government programs, including PKH and the Elderly and Disabled cash transfers discussed above, and few discretionary funds remain to support independent local programs.

**Figure 14: District `Social Protection` Expenditure Shares by economic classification**



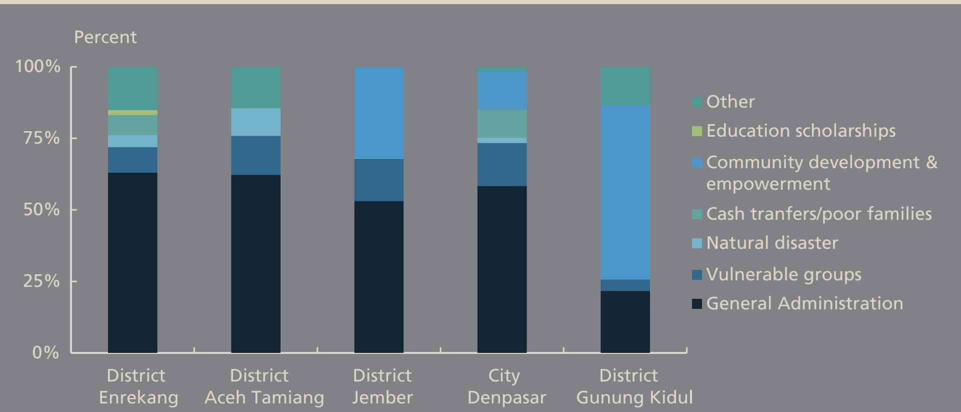

*Sources* and *Notes*: Kemenkeu, APBD documents and World Bank staff calculations and estimates.

9 Detailed program level data on five districts were obtained from hard copies of district budgets provided by Kemenkeu Regional Financial System (SIKD) Directorate. Twelve districts, selected to ensure broad coverage across geographical regions, urban/rural (Kabupaten/Kota) areas and high/low SP spending districts, were requested but due to missing budget books and other challenges, ultimately just five districts were used.

10 District Gunung Kidul, which spends considerably more on SP relative to other districts, is an outlier.

**Some districts spend on own programs for vulnerable groups and poor families as well as more general social programs, for natural disaster relief, and community development and empowerment.** Outside of general administration, these five districts spent an average of 13 percent of SP funds on a number of their own programs for especially vulnerable groups such as children, the disabled, the elderly and other groups with social problems. Some districts also allocated funds to cash programs or initiatives targeted to poor families. The remaining SP expenditure went to general social programs such as programs for natural disaster planning and community development and empowerment (especially in District Gunung Kidul which counts a large village development program under its SP function). Outside of the social protection function, some districts spent funds on scholarship programs for the poor under the education function (Jember and Denpasar) and others spent funds on health programs for the poor under the health function (Enrekang, Aceh Tamiang and Gunung Kidul), see Box 2 below for more information on a popular locally-developed health services program.

**Figure 15: District `Social Protection` Expenditure Shares by program categories**




*Sources* and *Notes*: Kemenkeu,APBD documents and World Bank staff calculations and estimates.

**Box 2: Locally-driven Health Programs in Indonesia**

**When the national health fee waiver program for poor households was inaugurated in 2005, enterprising local governments established additional, complementary, and locally-funded health insurance schemes,** which become known collectively as *Jamkesda* for *Jaminan Kesehatan Daerah*. These programs were initially intended to reduce coverage gaps at the local level as the coverage and prioritization in the Jamkesmas program was felt to have left too many vulnerable and deserving households uncovered (see World Bank (2012) for more detail). The Jamkesda schemes that sprung up typically provided coverage to those judged to be poor or near poor but not covered by Jamkesmas program, or, in fewer cases, provided additional benefits or coverage to additional nonpoor households.

Another Jamkesda variant – free public health services for all residents, funded by local government – has also been gaining in popularity (especially after the direct election of local heads of government started in 2005). Gani et al. (2009) recorded that in 2008 there were 65 districts providing "free health care" schemes and 38 providing other Jamkesda schemes. In 2009, the number of districts providing "free health care" schemes is estimated to have more than doubled. 2010 estimates indicate as many as 335 (or 67 percent of all 498 districts in Indonesia) are providing Jamkesda programs to approximately 27.5 million households.[11]

**Currently, there are no harmonized local and national regulations** regarding Jamkesmas, Jamkesmas, and the National Social Security Law (which calls for universal coverage of all citizens with five insurance products including health). Neither is there a definitive division of roles and responsibilities between central and local governments. Partially as a result, Jamkesda schemes have developed widely different population group coverage, benefit package, member contribution, and operational principles while health service providers have been prevented from using Jamkesmas funds when the use of such funds would conflict with local-level regulations including on Jamkesda and "free healthcare" for all residents; see World Bank (2012) for more detail on the effect of disharmonized regulations on Jamkesmas implementation.

**Jamkesda schemes are not yet required to report coverage, utilization, cost, or other operational and financial information.** However, for the last three years, Kemenkes has been collecting limited budget and expenditure information on a voluntary basis. In 2008 and 2009, 140 to 150 districts submitted reports to Kemenkes; this was more than double the number that reported in 2007, but still less than 60 percent of districts have managed to send two consecutive yearly reports. Yearly budgets allocated range widely, from less than Rp 10 million (around US$ 1000) to more than Rp 30 billion (US$ 3 million), which is consistent with the variation mentioned above.

Though Jamkesda schemes can clearly involve large sums of money, generous benefit packages, and comprehensive coverage, an absence of registration, financial, and utilization data makes it difficult to estimate their contribution to protecting households from high healthcare costs as well as their impact on overall health spending.

11 Soewondo, 2010.

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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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