

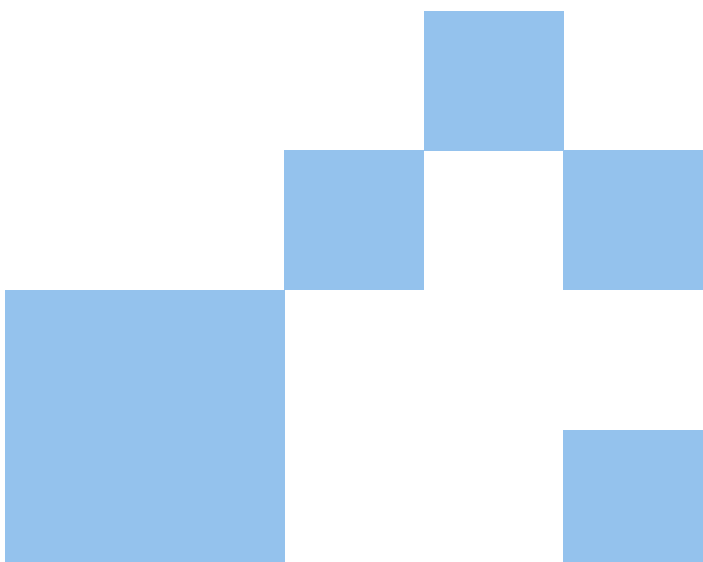
Graduating from a Conditional Cash Transfer Program in Indonesia:

Results of a household survey of prosperous-independent graduates of the Family Hope Program (PKH) in 2020

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Abbreviations

Bappenas	National Development Planning Agency (<i>Badan Perencanaan Pembangunan Nasional</i>)
BPS	Central Bureau of Statistics (<i>Badan Pusat Statistik</i>)
CCT	Conditional Cash Transfer (<i>Bantuan Tunai Bersyarat</i>)
CPPS UGM	Center for Population and Policy Studies, University of Gadjah Mada (<i>Universitas Gadjah Mada</i>)
DTKS	Unified Social Welfare List (<i>Data Terpadu Kesejahteraan Sosial</i>)
FDS	Family Development Session
FGD	Focus Group Discussion
GoI	Government of Indonesia (<i>Pemerintah Indonesia</i>)
Himbara	Association of State-Owned Banks (<i>Himpunan Bank Rakyat</i>)
JSK	Family Social Security (<i>Jaminan Sosial Keluarga</i>)
KKS	Prosperous Family Card (<i>Kartu Keluarga Sejahtera</i>)
KPM	Beneficiary Families (<i>Keluarga Penerima Manfaat</i>)
KUBE	Joint-business group program (<i>Kelompok Usaha Bersama</i>)
KUR	People's Business Loans (<i>Kredit Usaha Rakyat</i>)
Linjamsos	Social Protection and Insurance (<i>Perlindungan Jaminan Sosial</i>)
MoA	Ministry of Agriculture Republic of Indonesia (<i>Kementerian Pertanian RI</i>)
MoF	Ministry of Finance Republic of Indonesia (<i>Kementerian Keuangan RI</i>)
MoM	Ministry of Manpower Republic of Indonesia (<i>Kementerian Ketenagakerjaan RI</i>)
MoMF	Ministry of Marine and Fisheries Republic of Indonesia (<i>Kementerian Kelautan dan Perikanan RI</i>)
MoSA	Ministry of Social Affairs Republic of Indonesia (<i>Kementerian Sosial RI</i>)
MoV	Ministry of Villages, Development of Disadvantaged Regions, and Transmigration Republic of Indonesia (<i>Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi RI</i>)
PBI-JKN	Premium Assistance Beneficiary-National Health Insurance (<i>Penerima Bantuan Iuran-Jaminan Kesehatan Nasional</i>)
PDSE	Socio-Economic Data Updating (<i>Pemutakhiran Data Sosial Ekonomi</i>)
PIP	Cash Transfer for Poor and Vulnerable Students (<i>Program Indonesia Pintar</i>)
PKH	Family Hope Program (<i>Program Keluarga Harapan</i>)
PMT	Proxy Mean Test
Posyandu	Integrated Healthcare Center (<i>Pos Pelayanan Terpadu</i>)
Program Sembako	Non-Cash Food Assistance
Pusdatin	Center of Data and Information, MoSA (<i>Pusat Data dan Informasi</i>)
Rp/IDR	Indonesian Rupiah
RPJMN	Medium-Term National Development Plan (<i>Rancangan Pembangunan Jangka Menengah Nasional</i>)
	National Labor Force Survey (<i>Survei Angkatan Kerja Nasional</i>)
Sakernas	National Socioeconomic Survey (<i>Survei Sosial Ekonomi Nasional</i>)
Susenas	National Team for the Acceleration of Poverty Reduction (<i>Tim Nasional Percepatan</i>
TNP2K	<i>Penanggulangan Kemiskinan</i>)
ToE	Training of Enumerators
ToT	Training of Trainers
UCT	Unconditional Cash Transfer (<i>Bantuan Tunai Tidak Bersyarat</i>)
USD	United States Dollar
VA	Volt-Ampere
UMi	Ultra-Micro Financing (<i>Pembiayaan Ultra Mikro</i>)

Executive Summary

Indonesia has made remarkable progress with its social protection (SP) system over the past two decades, in support of the country's vision for sustained and equitable growth. The country's SP system features a package of social assistance benefits and services, social insurance, labor market programs, and social protection delivery systems which have evolved over the years to address a range of risks across the life cycle.

The Family Hope Program (*Program Keluarga Harapan* - PKH), a conditional cash transfer (CCT) program launched in 2007, has become one of the country's flagship social protection programs, targeting the poorest families in Indonesia to reduce their expenditure burden and improve their well-being through education, health, and social welfare services. In the last 13 years, PKH has expanded to 10 million beneficiary families across all districts/cities in Indonesia. Studies have provided evidence of PKH's desirable impacts, which include usage of health services, education participation, and stunting reduction (Cahyadi, et al., 2020; Alatas, 2011). However, there is still limited evidence on how families who have already left the program are doing, particularly in regard to their socio-economic status, employment and livelihood activities, program complementarities, and sustainability of the previously incentivized behavior.

The World Bank, with the Ministry of Social Affairs (MoSA), the National Development Planning Agency (Bappenas), and the Secretariat of the National Team for the Acceleration of Poverty Reduction (TNP2K), collected quantitative evidence through a phone survey to PKH graduate families who left the program in 2020 to understand their experience post-PKH. For the PKH program, graduation is defined as the end of program participation, which can occur when a family no longer meets the eligibility/participation criteria (called 'natural graduation' or known as exit in other countries) or when a family has better socio-economic conditions or voluntarily requests to be removed from PKH (called 'prosperous-independent graduation'). In the past two years, PKH facilitators, i.e. social workers are responsible for beneficiary monitoring, have been required to graduate 10 percent of their beneficiaries per year. The study focused on families who graduated from the program due to "better socio-economic conditions" or voluntarily requested to be removed from the program, called "prosperous-independent graduates" It was carried out using a phone survey to 2,600 prosperous-independent graduates spread across 25 districts and cities in December 2020.

The survey provided important evidence about the current situation of PKH graduates with respect to their socio-economic status, employment and livelihood activities, program complementarities and sustainability of

the previously incentivized behavior by the PKH program. Importantly, the survey found that compared to active beneficiaries, prosperous-independent graduates did indeed have socio-economic characteristics that supported their productive capacity. The graduate households tend to have higher education levels, own more types of assets, have better housing conditions, work in non-agriculture sectors, and be led by household heads who are non-female, of productive age, and are more likely to work in the formal sector. Yet, very few prosperous-independent graduates have had access to economic empowerment programs such as training and capital-support programs within the past five years. Also, fewer prosperous-independent graduates claimed to receive the non-cash food transfer, *Program Sembako* and the cash transfer for poor and vulnerable students, *Program Indonesia Pintar* (PIP) in the last year compared to active beneficiaries.

The graduation process for PKH beneficiaries was generally implemented organically, in the absence of technical guidelines. The graduation process seemed to correctly identify the targeted beneficiaries, as almost 60 percent of the prosperous-independent graduates were in deciles four or

above, which is the program's target group for graduation. However, there were 7.9 percent of graduates in decile one, which might be a result of a lack of standardized prosperity indicators for graduation. The survey also found that prosperous-independent graduates in the Sumatera region and those who were in the program for a short period of time seemed to have higher decile positions, which might be related to their initial deciles when entering PKH. Almost 70 percent of prosperous-independent graduates left PKH at their own initiative. Graduates in Java or those who were enrolled in PKH for shorter periods were more likely to graduate due to their own initiative. Of these, 65.7 percent claim that their economic conditions had improved and/or considered that other families needed the program more.

Despite the positive findings, a systematic process for graduation and reassessment of socioeconomic conditions was still not in place, and there remained several possibilities for subjective decision making during the graduation process. Half of the prosperous-independent graduates reported that they did not know the graduation rules and only a few were informed about other empowerment programs when leaving PKH.

"DESPITE THE POSITIVE FINDINGS, A SYSTEMATIC PROCESS FOR GRADUATION AND REASSESSMENT OF SOCIOECONOMIC CONDITIONS WAS STILL NOT IN PLACE, AND THERE REMAINED SEVERAL POSSIBILITIES FOR SUBJECTIVE DECISION MAKING DURING THE GRADUATION PROCESS."

Importantly, the study provides quantitative evidence of the price of labeling. Labeling is a practice commonly performed in Java to graduate PKH beneficiaries, where PKH facilitators, based on directives from local government, use practices to publicly identify beneficiaries who are perceived as having better socio-economic conditions but refuse to graduate, by putting stickers on beneficiaries' homes or even in some cases spray-painting them. This practice creates stigma and puts pressure on PKH beneficiaries to graduate, including those who could still be considered eligible for the program. The study found that graduates who left the program due to labeling were at significantly lower deciles on average. The practice points to the possibility that some labeled households may still need PKH, and signals that it is important for MoSA to discourage labeling by local governments and provide standardized graduation procedures.

Amid the COVID-19 pandemic, prosperous-independent graduates still maintained positive education and health behaviors. 98.4 percent and 87.1 percent of graduate household members between the ages of 7-12 years old and 13-18 years old respectively, were still in school for up to 11 months after leaving the program. A vast majority (92 percent) of former PKH caretakers (i.e. mothers who receive the PKH benefit on behalf of their families) who gave birth in 2020, also reported pregnancy check-ups at least four times during the pregnancy, as required by PKH. Almost all of these mothers delivered their babies in a healthcare facility. The survey also observed an increase in the proportion of graduate household members who were working in December 2020 as a way of mitigating the impact of COVID-19 pandemic. Similar to the national labor market trend, more graduate household members were primarily occupied in the agricultural or informal sectors in December

2020 (during the pandemic), compared to February 2020 (pre-pandemic). Almost all prosperous-independent graduates claimed to receive at least one type of COVID-19 social assistance response from either central or local government, particularly the electricity subsidy.

This survey re-affirms the need to have transparent, consistent, and defensible PKH graduation criteria, and the importance of developing practical and sustainable procedures for re-assessment of PKH families' socio-economic conditions, with a pre-determined timeframe based on their duration in PKH. These procedures should ensure that graduation targets are supported by a robust monitoring and evaluation system to make sure that the graduation procedure is taking place effectively. Once MoSA finalizes the graduation criteria and re-assessment procedures, it is crucial to provide standardized graduation training for PKH facilitators and communicate these to the beneficiaries clearly from the outset, and frequently through the monthly group meetings. To help families graduate from the program, MoSA needs to make sure PKH families receive the complementary benefits (e.g. *Program Sembako*, *Program Indonesia Pintar* (PIP), the health insurance subsidy, *Program Bantuan Iuran Jaminan Kesehatan Nasional* (PBI-JKN)), as well as appropriate economic inclusion support (e.g. training, capital assistance, coaching etc.), including those provided by other ministries or institutions outside of MoSA. This will require improving the quality of information in its e-PKH application as well, to better connect PKH beneficiaries to other programs. To prevent PKH graduates from falling back into poverty once they leave the program, MoSA should consider developing partnerships with other ministries and/or institutions so these graduates will receive further economic inclusion support.

1. INTRODUCTION



1.1

Background and Context

Indonesia's National Medium-Term Development Plan (RPJMN) for 2020-2024 includes a vision to accelerate economic growth; and improving the welfare of the poor and vulnerable is seen as a critical contributor to that outcome. Over the years, Indonesia has made impressive progress in developing a set of social protection policies and programs to protect the poor and vulnerable from absolute poverty and empower them to invest in their children's human development and improve their livelihoods. Several core social assistance programs such as *Program Keluarga Harapan* (PKH), *Program Indonesia Pintar* (PIP), *Program Bantuan Iuran Jaminan Kesehatan Nasional* (PBI-JKN), and *Bantuan Pangan Non Tunai* (BPNT)/ *Program Sembako* have seen their coverage expand significantly during recent years.

PKH is a Conditional Cash Transfer (CCT) program targeting the poorest 20 percent of households in Indonesia, aiming to improve beneficiaries' quality of life through access to education, health, and social welfare. PKH requires the beneficiaries to be registered and visit health facilities regularly and for school-aged beneficiaries to actively attend in school. PKH beneficiaries receive a cash benefit, the amount of which varies depending on the type, number of PKH criteria met by the family and participation in Family Development Sessions (FDS), a monthly learning session organized by the program's facilitators on key life skills, e.g. parenting, health, and financial management. With its coverage expanded to 10 million beneficiaries, the program has grown to become the second largest CCT program in the world, second only to Brazil's Bolsa Familia. According to the World Bank's Indonesia Public Expenditure Review (2020), PKH was able to allocate 47 percent of program benefits to the poor and vulnerable population. Only seven percent of total program benefits were received by the economically secure middle class, who are not targeted by these programs. The short-term impacts of PKH in consumption, utilization of health and education services, livelihood-related behavior changes, and social empowerment are also quite consistent with the findings from CCT and Unconditional Cash Transfer (UCT) impact evaluation literature such as (Fiszbein & Schady, 2009) and (Bastagli, et al., 2016). Moreover, Kusumawardhani, Izzati, and Suryahadi (2019) estimate that the poverty rate in 2018 would have been 0.24 percentage points higher if PKH had not been implemented. A more recent study concludes that PKH has also shown desirable cumulative impacts in stunting reduction and increased high school completion rates (i.e. senior high school for the age bracket is 18-21 years old) (Cahyadi, et al., 2020).

PKH does not place any time limit on a beneficiary's enrollment duration in the program, so membership relies on continued eligibility for the program. For the PKH program, graduation is defined as the end of program participation, which can occur when a family no longer meets the demographic eligibility/participation criteria (called 'natural graduation' or known as exit in other countries) or when a family has improved socio-economic conditions, or voluntarily requests to be removed from PKH (called 'prosperous-independent graduation'). Natural graduation/exit happens as a result of regular data updating every three months which checks whether the family still meets the criteria for receiving PKH benefits: education, health, severe disability, and/or elderly status (referred to as social welfare in PKH). The results inform the amount of assistance that the family receives in the next PKH cycle. Similarly, prosperous-independent graduation is supposedly conducted based on socio-economic data updating (called Socio-Economic Data Updating-PDSE, Unified Database Updating-PBDT, or recertification), which assesses the family's social welfare using the same criteria as their entry - that is the decile position generated by a Proxy Means Test method (PMT). However, this socio-economic data updating occurs more infrequently as it depends on budget availability (either from the Ministry of Social Affairs, MoSA, or local government) and facilitator workload. In practice, prosperous-independent graduation has been conducted based on the facilitator and community's own assessment of the family's condition, something that may be hard to assess objectively, and even more so considering regional variation. The assessment does not include standardized consideration of the sustainability of the welfare improvement or the family's resilience to shocks. More information is also needed in terms of whether and how PKH graduates sustain their formerly incentivized behavior post-intervention.

Access to decent employment is key to providing a sustainable income and a way out of poverty. In 2019, the National Labor Force Survey, Sakernas, showed that 55.72 percent of Indonesian workers worked in the informal labor market, which consisted of self-employees (with or without unpaid labor), casual workers, and unpaid workers. Over sixty-three percent (63.32) of PKH household members were in informal employment according to the National Socioeconomic Survey, Susenas 2019. Informal workers generally earn less than formal workers. In 2018, the median earning of informal workers was IDR 1.4 million, compared to IDR 2.2 million for formal workers. Furthermore, 27.33 percent of Indonesian workers were working in agriculture, livestock, forestry, and fisheries - sectors that provided the lowest earnings compared to manufacturing and services for all types of workers, formal and informal.

In Indonesia, sustainable livelihood programs have also been administered by various Ministries. Micro-enterprise development programs, such as MoSA's Joint Business Group (KUBE) and Social Entrepreneurship (ProKUS), specifically target PKH beneficiaries to help them transition from the program through grant provision and business mentoring. In addition, the Ministry of Cooperatives and SMEs also provides a sustainable livelihood program that focuses on micro-enterprise development for a wider target population, including the poor and vulnerable. The program covers entrepreneurship training, counseling, and program facilitation, as well as product marketing and credit facilitation. In addition, the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (MoV) and the Ministry of Manpower (MoM) have been implementing various types of micro-enterprise development programs targeting poor and vulnerable populations/districts and youth respectively. Access

THE PRIMARY PURPOSE OF THIS STUDY IS TO DEVELOP AN UNDERSTANDING BEHIND THE EXPERIENCE OF PKH BENEFICIARIES WHO MANAGED TO GRADUATE FROM THE PROGRAM.

to microcredit has been supported by Government programs, such as People's Business Credit (Kredit Usaha Rakyat -KUR), through interest subsidies. The Ministry of Finance (MoF) also launched a short-term, ultra-micro credit (UMi) for non-bankable entrepreneurs through non-bank financial institutions, such as pawnshops (Pegadaian), complemented with mandatory training and facilitation.

Employment programs are mainly facilitated through public employment services and skills training. Public employment services, covering labor market information, career guidance, and placement, are provided by MoM. Skills training has been administered by various Ministries, often with respect to the sectors they are responsible for. There are at least eight Ministries providing short-cycle (non-degree) skills training in Indonesia. Some Ministries also complement their skills training with certification and direct placement. Meanwhile, sector-specific interventions have also been provided by the Ministry of Marine and Fisheries (MoMF) and the Ministry of Agriculture (MoA). MoA provides agriculture-related training and fertilizer subsidies for farmers. Similarly, MoMF provides counseling, entrepreneurship training, and credit facilitation targeting fisherfolk and people in coastal regions. In addition to sustainable training and credit facilitation, both Ministries also provide livelihood insurance for

farmers and fishermen. Insurance may prevent vulnerable populations from selling productive assets in times of shocks and therefore prevent them from falling into poverty.

Complementing cash transfer programs with other interventions to improve livelihood and productive inclusion may enable families to improve their welfare through more sustainable income generation activities. Integrating productive inclusion into social assistance can also be a way to graduate the poor out of social assistance (Rigolini, 2016). MoSA's Strategic Plan 2020-2024 aims to strengthen the transformation of PKH beneficiaries' livelihoods through complementing PKH with other social programs provided internally by MoSA (e.g. Program Sembako/BPNT, KUBE, ProKUS, social rehabilitation programs for the elderly and people with disabilities) and externally by other ministries/institutions (e.g. KUR, UMi). Nevertheless, it is unclear how much these complementary programs have contributed to the income generation of PKH beneficiaries or to what extent the programs have been used as a graduation strategy.

The primary purpose of this study is to develop an understanding of the experience of PKH beneficiaries who managed to graduate from the program. Primarily, the study looks at: (i) employment and livelihood activities of each family member in PKH beneficiary families; (ii) the influence of government interventions that are complementary to PKH; (iii) how such interventions contribute to providing a sustainable income for beneficiaries that ultimately help them graduate sustainably (socio-economically) from the program; and (iv) the sustainability of incentivized behavior post-PKH intervention. The study was carried out using a phone survey with 2,600 prosperous-independent graduates spread across 25 districts/cities in December 2020.

1.2

Overview of PKH

PKH, launched in 2007, is a conditional cash transfer (CCT) program that currently targets the poorest 20 percent of families.

The program has covered 10 million families since 2018. According to MoSA's regulation No. 1 Year 2018, PKH's objectives include: (i) improving the living standards of beneficiary families (commonly known as KPM) through access to education, health, and social welfare services; (ii) reducing the expenditure burden and increasing the income of poor and vulnerable families; (iii) creating behavior change and autonomy of the beneficiary families in accessing the health, education, and social welfare services; (iv) reducing poverty and inequality; and (v) introducing financial products and services to beneficiary families.

To be registered for PKH, families must be included in the Unified Social Welfare List (DTKS) in which their decile position is calculated using the PMT method.¹

DTKS is a database of the poorest 40 percent households² in Indonesia, managed by MoSA's Center of Data and Information (*Pusdatin*). In addition to PKH, DTKS is used to target beneficiaries for Program Sembako/BPNT, PIP, PBI-JKN, and the electricity subsidy. To be included in DTKS, families can apply via the Village Heads by bringing their National Identity Card (KTP) and Family Card (KK). The Village Heads organize village forums

(*Musyawarah Desa/Kelurahan*) to discuss family eligibility for DTKS. If families are deemed eligible by the forum, the Village Head will send the list of families to the Social Affairs Unit in the sub-district to be verified and validated. The Sub-District's Social Affairs Unit will verify and validate the family's information through home visits, and the results are inputted in the Social Welfare Information System Next Generation application (SIKS-NG). Pusdatin uses this information in SIKS-NG to add or update family data in DTKS, including calculating the families' decile positions using the PMT method.

PKH, LAUNCHED IN 2007, IS A CONDITIONAL CASH TRANSFER (CCT) PROGRAM THAT CURRENTLY TARGETS THE POOREST 20 PERCENT OF FAMILIES.

¹ PMT uses linear regression to proxy household's expenditure per capita using education, employment, housing characteristics, and asset ownership variables. The predicted expenditure per capita will then be plotted to the deciles already generated from the real expenditure per capita. The decile informs which group the family is: bottom 10%, bottom 10-20%, and so on.

² The Government of Indonesia has future plans to increase DTKS's coverage to the poorest 60% families.

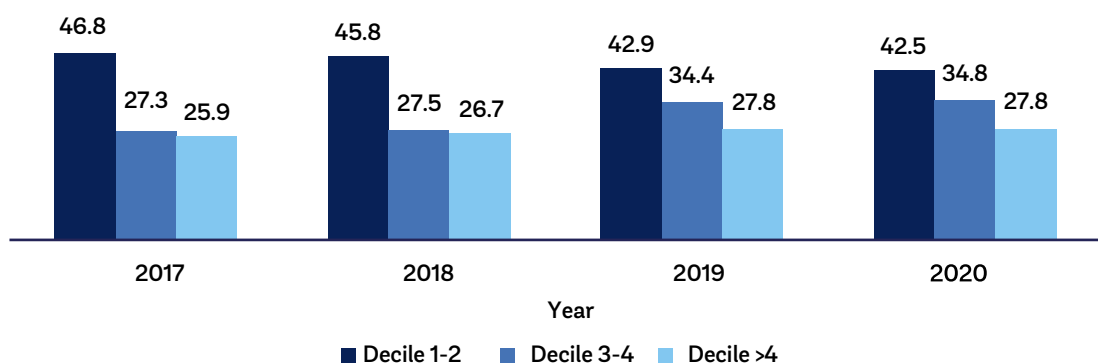
Table 1 - PKH Expansion over the Years

Year	Number of Provinces	Number of Districts/ Cities	Number of Sub-districts	Number of Beneficiary Families	Program Budget (IDR millions)
2007	7	48	337	387,947	843.6
2008	13	70	637	620,848	981.8
2009	13	70	781	726,376	1,100.0
2010	20	88	946	774,293	1,300.0
2011	25	119	1,387	1,052,201	1,610.0
2012	33	169	2,001	1,454,655	1,884.9
2013	33	336	3,417	2,326,533	2,951.5
2014	34	418	4,870	2,871,827	3,874.5
2015	34	472	6,080	3,511,088	5,580.2
2016	34	504	6,402	5,981,528	7,620.8
2017	34	509	6,730	6,228,810	11,340.0
2018	34	512	7,214	10,000,232	17,520.0
2019	34	512	6,709	9,841,270	32,747.1
2020	34	514	6,709	10,000,000	36,991.6

Source: PKH Implementation Guidelines 2020 and 2021

PKH targets families in deciles 1 or 2 in DTKS³. Targeting errors for PKH are broadly in line with international experience from different CCT programs. Figure 1 shows that targeting accuracy appears to have slightly declined following the rapid program expansion that began in late 2018.

Figure 1 - Incidence of PKH Beneficiaries Across Deciles Between 2017-2020 (%)



Source: Susenas March 2020 data

³ Since 2020, MoSA has used a poverty classification similar to that of the Central Bureau of Statistics Indonesia (BPS) to make it easier for general stakeholders to understand. The new category is still calculated using the PMT method, but plots the predicted expenditure per capita into the poverty classification: very poor, poor, near poor, and not poor. According to the JSK Directorate, PKH targets beneficiaries that are classified as very poor, poor, and near poor.

In addition to fulfilling the socioeconomic eligibility criteria, PKH beneficiary families must meet at least one of five criteria, these include: (i) pregnant/breastfeeding mothers; (ii) children up to six years old; (iii) children from six to 21 years old who have not completed twelve-year compulsory education (including elementary, junior high, and senior high school); (iv) elderly ages ≥ 70 years old; or (v) people with severe disabilities (including physical and mental disabilities). After receiving the list of PKH beneficiary candidates from Pusdatin, the Family Social Security (*Jaminan Sosial Keluarga*) JSK Directorate (known as JSK) through PKH facilitators, perform a validation process to check whether the information from SIKS-NG (e.g. family members' name,

age, identification number (*Nomor Induk Kependudukan* – NIK), marital status, pregnancy status, disability status, severe illness status, highest education level, main occupation, receipt of complementary programs) is still relevant. The validation process is conducted by organizing a validation meeting with all the candidates at the village office or visiting the candidates' homes if they do not come to the validation meeting. PKH facilitators then submit the validation results to e-PKH.⁴ Families who are eligible based on the validation results will proceed to the account opening of a Prosperous Family Card (KKS). Families can check whether they are to receive PKH through the website <https://cekbansos.kemensos.go.id/> using their identity in their National Identification Card (KTP).

Table 2 - PKH Benefit Amounts by Program Criteria

Criteria	Annual Benefit (IDR)	Annual Benefit (USD) ⁵	Note
Pregnant/Breastfeeding Mothers	3,000,000	207.1	Up to the second pregnancy
Children Aged 0 to 6 Years Old	3,000,000	207.1	Maximum 2 per family
Children in Elementary School	900,000	62.1	
Children in Junior High School	1,500,000	103.5	
Children in Senior High School	2,000,000	138.0	
Elderly (≥ 70 Years Old)	2,400,000	165.7	Maximum 1 per family
People with Severe Disability	2,400,000	165.7	Maximum 1 per family

Source: DG of Social Protection and Insurance Decision Letter No 02/3/BS.02.01/01/2020

⁴ e-PKH is an information management system developed by JSK launched in September 2019. e-PKH aims to support PKH business including validation, data updating, commitment verification, FDS, human sources, disbursement, reconciliation, complaint handling, and termination.

⁵ Using currency IDR 14,487.8 per USD per July 27, 2021

The number of program criteria that the family meets affects the amount of PKH benefit they receive (see Table 2). PKH provides benefits for up to four individuals in the family that meet the above criteria, with the following restrictions: up to the second pregnancy; maximum two children between the under the age of six; one person maximum for elderly; and one person maximum for people with severe disability. The benefit is estimated to cover around 21 percent of the median monthly household consumption of the poorest 10 percent (Holmemo, et al., 2020).

The PKH benefit is disbursed using KKS, a debit card for social assistance transfers provided by the Government, every three months for regular areas and every six

months for geographically challenging/ remote areas, known as PKH Akses.⁶ Every district/city has a designated state-owned bank (or Himbara) that is responsible for the payment distribution: Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Tabungan Negara (BTN), or Bank Mandiri.⁷ Bank officials distribute the KKS to the mother or other adult woman in the family, called the 'PKH caretaker'. PKH beneficiary families can then collect their PKH benefits via ATMs or bank agents. In response to the COVID-19 pandemic, the PKH benefit was distributed monthly for April-September 2020 and reverted to the regular schedule in October 2020. In addition, the PKH benefit was doubled for April-June 2020 and all PKH beneficiaries also received 15 kilos of rice assistance per month for August-October 2020.

Table 3 - FDS Module and Sessions (December 2020)

Module	Session
Children Education and Parenting	<ul style="list-style-type: none"> • Becoming better parents • Understanding children's behavior • Understanding early childhood learning • Helping children to succeed at school
Health and Nutrition	<ul style="list-style-type: none"> • Importance of nutrition and health services for pregnant mothers • Importance of nutrition for breastfeeding mothers and children under 3 years old • Childhood illnesses and the importance of a healthy environment
Financial Management and Business Planning	<ul style="list-style-type: none"> • Managing family finances • Smart borrowing and saving • Smart utilization of banking facilities • Starting a business
Child Protection	<ul style="list-style-type: none"> • Preventing violence against children • Preventing child neglect and exploitation
Social Welfare	<ul style="list-style-type: none"> • Improving elderly wellbeing • Supporting a severely disabled family member

Source: PKH Implementation Guidelines 2020

⁶ PKH Akses includes coastal and small islands, remote areas, and country-frontier areas. According to the DG Linjamsos Decision Letter No 01/3/OT.01/02/2021, there are 1,236 sub-districts considered as PKH Akses, spread in 201 districts and 28 provinces. In addition to the less frequent disbursement, PKH Akses also has more relaxation in the facilitator recruitment process, number of beneficiaries managed by a facilitator, and other aspects of PKH business processes (e.g. validation, verification, FDS, and data updating).

⁷ Since July 2021, PKH distribution in Aceh province has used Bank Syariah Indonesia.

PKH beneficiary families must be registered and present themselves at the nearest health, education, and/or social welfare facility, as well as attend Family Development Sessions (FDS). Under the health criteria, PKH family members must commit to routine visits to health facilities. PKH pregnant mothers need to ensure frequent checks during their pregnancy and deliver the baby at the health facilities, while children under six years old should be taken to health facilities (e.g. Integrated Healthcare Center-Posyandu) for general health monitoring (including their weight and height), nutrition support, as well as immunization. Meanwhile, school-aged children of PKH families must be registered at school and attend school for a minimum of 85 percent of effective school days. Elderly and people with severe disabilities must also be registered at the social welfare facility and attend an appropriate social welfare activity at least once a year. PKH facilitators verify the beneficiary family's registration and attendance at the facilities every month. In each cycle, beneficiary families who do not commit to the requirements/ comply with program conditions will be sanctioned, e.g. PKH payments will be temporarily stopped. In addition to these commitments related to the criteria, all PKH beneficiary members are required to attend the FDS, organized by PKH facilitators during the monthly group meetings. For the FDS, PKH beneficiary families, represented by the mothers or adult women in the families (PKH caretakers), are grouped between 25-40 people usually by village or hamlet (*Dusun/ RW*). Launched in 2014, FDS are educational sessions, which aim at improving the beneficiary families' knowledge and skills in five main areas: (i) health and nutrition; (ii) children's education and parenting; (iii) family's financial management; (iv) child protection; and (v) social welfare. Each module has several sessions that take around 120

minutes per session (see Table 3 for details regarding session topics). More FDS modules/ sessions are also being developed, including for family planning, smoking prevention/ cessation, online marketplace usage, access to microcredits, and disaster preparedness. However, during the COVID-19 pandemic, FDS implementation has been postponed for safety reasons.

PKH's budget is mostly covered by MoSA, including for the program's benefits, business process activities, management, as well as recruitment and capacity building for PKH facilitators and coordinators. However, the socio-economic data updating activity requires additional training for the coordinators and facilitators on data collection as well as travel – so this activity is covered by an additional budget either by MoSA or local government. According to the PKH Implementation Guidelines 2020, the Province and District governments are responsible to commit some budget to support PKH operations in their regions. According to MoSA letter to governors and regents in Indonesia on December 28, 2018, MoSA suggested that governors and regents allocate at least five percent of the amount of PKH benefits distributed for the province and district in their budgets, though there is no real enforcement for this "suggestion". This supporting budget is generally intended to cover setting up a PKH secretariat in provinces/ districts/sub-districts (e.g. office space, laptop, printer), transportation support, operational costs related to FDS implementation, and additional incentives for the PKH facilitators and coordinators to do a particular job per the regional government's request (e.g. socio-economic data updating).

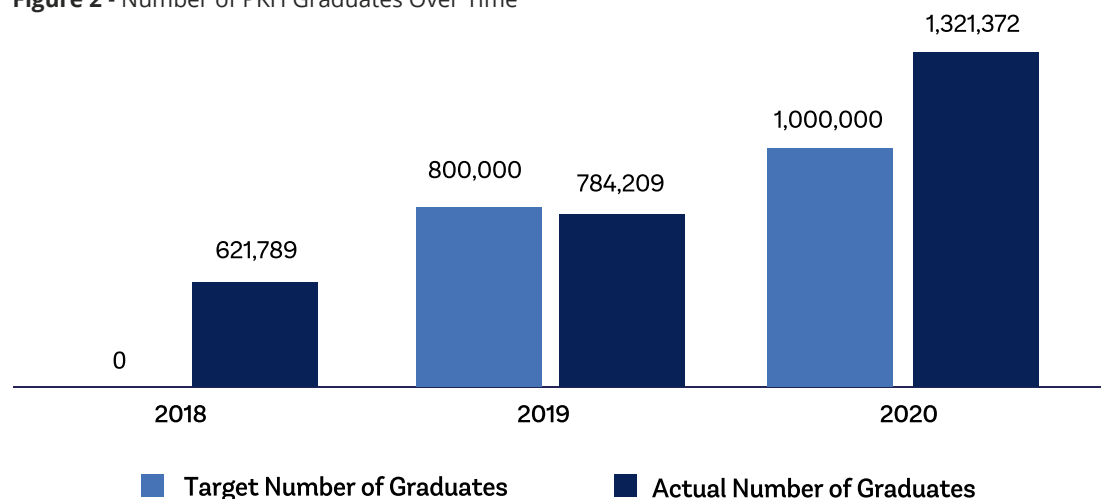
1.3

Current graduation practice in PKH

According to the Strategic Plan for 2020-2024, one of MoSA's goals is to increase the poor's autonomy in fulfilling their basic needs through strengthening PKH's complementarity with other social assistance and economic empowerment programs. One of the success indicators of this goal under the Strategic Plan is that 10 percent of PKH families are graduated annually. Corresponding to this success indicator, PKH facilitators are all required to graduate 10 percent of their beneficiaries per year as part

of their key performance indicators. It is not clear where the policy originated from and the rationale behind it. Based on the team's discussion with MoSA, the target seemed to have been made in an effort to improve the benefit incidence of the program, and aims to reduce inclusion errors, while giving space for those who are eligible. Despite this, PKH's Graduation Guidelines finalized in October 2020 outlines processes to graduate PKH families that fall in deciles 4 or above after socioeconomic reassessment.

Figure 2 - Number of PKH Graduates Over Time



Source: JSK's Presentation on PKH Graduation Strategy in 2021

PKH does not establish a maximum length of time for beneficiary families to remain enrolled in the program, thus graduation is determined by whether the beneficiary family still meets the PKH eligibility criteria. PKH beneficiary families who do not meet the criteria to receive any PKH benefit (education, health, or social welfare) will exit

naturally, and this process is called Natural Graduation (*Graduasi Alamiah*). In addition, PKH beneficiary families can exit the program if it is determined that they no longer meet the socio-economic eligibility criteria to be in the program, regardless of whether the family members still meet any PKH criteria. A family can also voluntarily request to exit the program.

Both circumstances lead to what is called Prosperous-Independent Graduation (*Graduasi Sejahtera Mandiri*). Figure 2 shows the number of PKH graduates between 2018-2020. In 2020, the number of PKH graduates exceeded the target with 1,321,372 families of 10 million PKH beneficiaries graduated (equal to 13.2 percent). Only 26.7 percent of the graduates were prosperous-independent graduates, while the remaining were natural graduates.

PKH facilitators have not received proper training on graduation, mostly due to the fact there were no technical guidelines for PKH graduation procedures until late 2020. Facilitators mostly received fragmented instructions from JSK officials on graduation and informal coaching from their district/city coordinators on how to graduate a beneficiary family. In general, PKH facilitators take the following steps to graduate a family: (i) list targeted beneficiaries for graduation from the decile position in DTKS, socio-economic data updating results, and entry cohort; (ii) inform the targeted beneficiaries on PKH graduation during FDS or individually; (iii) visit the targeted beneficiaries' home for assessment (though there is significant variation on how to do the assessment and how the indicators are applied); (iv) if eligible to graduate, ask the beneficiary to sign a resignation letter from PKH; and (v) submit all the documents in e-PKH. Meanwhile, if the beneficiary families are still considered eligible for PKH, they will be classified as being in a transition period. According to the MoSA Regulation No 1 Year 2018 and PKH Graduation Guidelines (2020), during the transition period, these families keep

receiving PKH benefits based on their criteria, while receiving further support to improve their capacity for graduation. However, it is unclear how long this transition period will last and what additional support these families receive during the transition period.

Based on MoSA Regulation No 1 Year 2018, termination of PKH membership should rely on data updating. There are two types of data updating in the program: regular data updating and socio-economic data updating. Regular data updating is performed by PKH facilitators who inform the program of the PKH criteria that the family still meets. Regular data updating is conducted whenever there is any change in the PKH beneficiary family/family members' information, particularly: address, name, gender, birth date, NIK, family relationship status, pregnancy status, education status, school participation status, education level, receipt of complementary programs, and death status. The results of the regular are due every three months, as they determine the amount of PKH benefit that the family will receive in the next disbursement cycle or whether the family will naturally exit the program (natural graduation). In 2011-2019, the regular data updating was performed on paper, while the data was entered by district operators for the program's previous management information system (MIS), called SIMPKH. Since 2019, data updating has been switched to the e-PKH beneficiary registry, so PKH facilitators can enter the data in the application on their own, to speed up the data updating process.

“ONLY 26.7 PERCENT OF THE GRADUATES WERE PROSPEROUS-INDEPENDENT GRADUATES, WHILE THE REMAINING WERE NATURAL GRADUATES.”

Socio-economic data updating is supposed to be performed annually by PKH facilitators according to the PKH Data Updating Technical Guidance (2019), yet this has not translated into practice. The socio-economic data updating is aimed at collecting the current information regarding the variables needed to calculate the family's decile position using the PMT method: education, employment, housing characteristics, and variables on asset ownership. Socio-economic data updating was performed in 2013 and 2014 for PKH beneficiaries from cohorts enrolled in 2007 and 2008 or those who had been in PKH for 5-6 years (known as Recertification), and in 2015 for all families listed in the DTKS through the Unified Data Base (UDB) data updating (known as PBDT). These data collection exercises were performed with budget support from outside MoSA. In 2017, PKH facilitators performed socio-economic data updating for 2012-2013 cohort beneficiary families (again, for those who had been in PKH for 5-6 years – this process is known as PDSE). The data collection was administered on paper using a similar instrument as that used for PBDT and with JSK budget. However, the data results suffered from significant missing variables, especially related to asset ownership and housing characteristics modules. This poor data quality made it impossible for Pusdatin to calculate the new decile position using the dataset. Since PDSE in 2017, socio-economic data updating for PKH beneficiaries has been performed sporadically, relying on local government budget availability and facilitator initiative. The team has no information on how many PKH beneficiaries have had their data updated and how much of these updated data were used by Pusdatin to re-calculate the decile position. In 2020, JSK initially budgeted to perform PDSE, particularly for beneficiary families who joined PKH for ≥ 5 years and for those who were listed as deciles 4 or above in DTKS, using the SIKS-NG application that was previously used by Pusdatin for DTKS data updating for better

system integration between PKH and DTKS. However, due to the COVID-19 pandemic, the budget for PDSE in 2020 was reallocated. Therefore, it is very likely that the decile position of the PKH beneficiaries in DTKS has not been updated since 2015.

With limited socioeconomic data updating of the PKH beneficiary families, prosperous-independent graduation has generally been carried out without any standardized indicators. Though a socio-economic data updating instrument is available in the e-PKH and SIKS-NG applications⁸, it is not clear how and when the decile position will be updated using the newly entered data. As the result, to determine if a family is eligible for prosperous-independent graduation, facilitators often use their own subjective judgment or compare the family's well-being with the local definition of poverty. If the family seems to have more assets, better housing characteristics, or better income than what is seen as reasonable for poor people in the community, then the family is determined to be prosperous. However, such assessment may not be thorough and focuses only on a few characteristics. For example, during a focus group discussion (FGD) on graduation with PKH facilitators in Brebes, Central Java, in October 2020, a facilitator claimed to graduate a beneficiary family because the family had a car, though the family's housing was still in poor condition. During a field pilot for this survey in February 2020 (before the pandemic started), the team learned that a beneficiary family in Gunung Kidul, Yogyakarta, was requested to leave PKH by facilitators after the family received compensation for its land from the nearby toll road construction. Meanwhile, some facilitators perform a more community-based approach to determine which beneficiary families should be graduated. These facilitators invite beneficiary families for a meeting to define collectively the characteristics of poor people and discuss who among them still meet these characteristics

⁸ Both applications have the same instrument for socio-economic data updating, that is the PBDT/PDSE instrument.

(known as Poverty Reflection Strategy). The meeting is intended to make the beneficiary families aware of their own well-being and encourage them to graduate if they are no longer fulfilling the agreed characteristics.

Some beneficiary families also voluntarily graduated from PKH due to nudges from facilitators or the community and are considered 'prosperous-independent graduates.' Some facilitators personally approach beneficiary families, particularly those who seem to have better socio-economic conditions, to graduate. The facilitators use regulation, empathy, or religion to encourage them to voluntarily leave PKH. If the beneficiary families refuse to graduate from the program, facilitators often seek help from law enforcement officials (e.g. village supervisory non-commissioned officers (*Bintara Pembina Desa* - Babinsa). Some local governments/ PKH facilitators in Java even put stickers on (some with degrading words) or spray paint the beneficiary family's home – a practice referred to in this report as 'labeling.' This labeling aims to publicly shame the "prosperous" beneficiary families, so they will decide to leave PKH on their own. In some areas, labeling is not only targeted at the "prosperous" beneficiary families, but also at all PKH beneficiary families. In the FGD on graduation with PKH facilitators in Brebes, Central Java, in October 2020, a facilitator shared that due to labeling, a beneficiary family who was still considered poor requested to be removed from PKH. The family's children were bullied at school since the sticker exposed the fact that the family

received PKH. This makes the labeling practice very concerning as it may not only push the non-eligible beneficiary families out, but may also add pressure on eligible families to exit the program.

Overall, a graduation process without any standardized indicators is prone to challenge by beneficiary families and other stakeholders and is also vulnerable to error.

Until now, no study has assessed how well these non-standardized indicators compare with the actual PMT-based decile position that MoSA adopts for the PKH entry criteria. Thus, this study will provide a unique insight to this critical question.

Furthermore, the program rules do not explicitly mention whether prosperous-independent graduate families are still entitled to receive other complementary social assistance when they graduate.

Every social assistance program has different coverage capacity and entry criteria. For example, Program Sembako/BPNT targets the poorest 30 percent of households. Ideally, the updated decile position from PKH graduation can be used to inform whether the family is still eligible for other social assistance. However, PKH facilitators rarely update the beneficiary families' socio-economic data in e-PKH or SIKS-NG when graduating them. Therefore, the families do not have their updated decile position recorded in DTKS. MoSA is exploring how these prosperous-independent graduates should be treated in DTKS and what benefits (if any) should be provided to them.

"OVERALL, A GRADUATION PROCESS WITHOUT ANY STANDARDIZED INDICATORS IS PRONE TO CHALLENGE BY BENEFICIARY FAMILIES AND OTHER STAKEHOLDERS AND IS ALSO VULNERABLE TO ERROR."

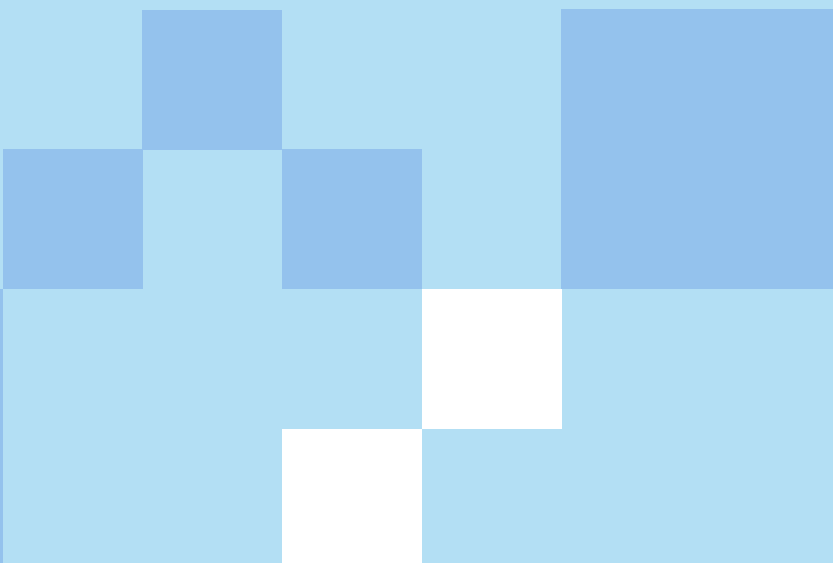
1.4

Report Objectives and Outline

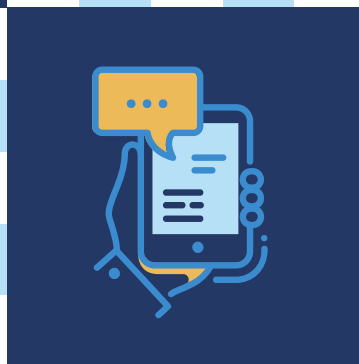
The study aims to gain an understanding of the experience of families who have graduated prosperous-independently from PKH. This study is a collaborative effort by JSK, the Ministry of National Development Planning/National Development Planning Agency (Bappenas), the National Team for the Acceleration of Poverty Reduction (TNP2K), and the World Bank, supported financially by the Government of Australia's Department of Foreign Affairs and Trade (DFAT) through the Australia World Bank Indonesia Partnership (ABIP). The data collection for this study was administered by Center for Population and Policy Studies at the University of Gadjah Mada (CPPS UGM). Key research questions related to: (i) the employment and livelihood activities of each family member in PKH beneficiary families; (ii) the influence of government interventions

that are complementary to PKH; (iii) how such interventions contribute to providing sustainable incomes for beneficiaries that ultimately help them graduate sustainably (socio-economically) from the program; and (iv) the sustainability of incentivized behaviors post-PKH intervention.

Following this Introduction, Section 2 looks in detail at the study design, including the phone survey sampling, data collection, and implementation. Sections 3 to 7 then look at the survey results particularly on the profile of the prosperous-independent graduates, the complementary assistance received by the graduates, the graduation process experienced, the impact of COVID-19 on the graduates, and sustainability of PKH behaviors. Finally, Section 8 provides conclusions and policy recommendations.



2. STUDY DESIGN



The survey was originally planned to be conducted face-to-face in March-April 2020, but this plan was canceled due to the COVID-19 pandemic. The survey was then transformed into a phone survey in December 2020. The survey instruments and target respondents were also changed. The face-to-face survey had two modules with each estimated to take around 90 minutes. To avoid survey fatigue during the phone interview, each module was cut significantly to be 40 minutes each. The face-to-face survey was also initially targeted to interview PKH prosperous-independent graduates from entry cohort 2016 to 2020, with the hope of being able to ask recall questions on their socio-economic conditions in 2015 as the baseline. However, with the phone survey, the team decided to change the target respondents to be only prosperous-independent graduates that left PKH in 2020, regardless of their entry cohort. The team observed that due to the high turnover of PKH facilitators, many PKH facilitators did not have information on the earlier graduates. Thus, the team chose to focus on the graduates who exited in 2020 to maximize the possibility to obtain current phone numbers. The sampling was not only representative of these graduates' population, but also allowed analysis by their region (Sumatera, Java, and Kalimantan-East Indonesia) and duration in PKH (1-2 years, 3-5 years, and > 5 years).

2.1

Phone Survey Sampling

The number of districts/cities was selected based on a proportional probability of the number of prosperous-independent graduates in each region: Java, Sumatera, and others. Based on the population data of prosperous-independent graduates who left PKH in 2020 (see Figure 3), districts/cities in Java or Sumatera have a larger number of Prosperous-Independent graduates. As a result, districts/cities in these regions have a higher probability of being selected compared to other regions. The number of sub-districts was then selected by Probability Proportional to Size (PPS) Systematic Sampling in each district/city, sorted by the sub-district code. Figure 4 shows the 25 selected districts/cities from the sampling.

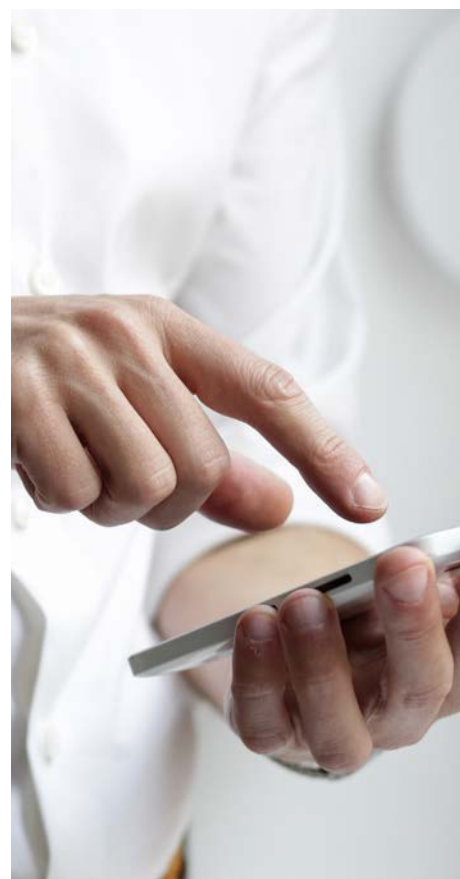
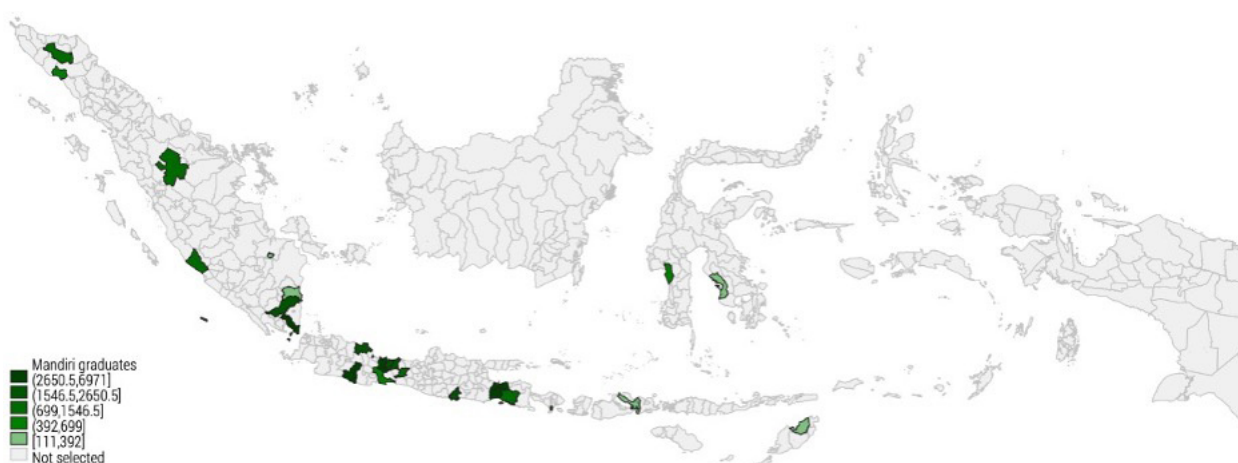


Figure 3 - Number of Prosperous-Independent Graduates in 2020



Figure 4 - Selected Districts/Cities



To be able to conduct the phone survey, the team collected phone numbers of the graduate families (the caretakers and spouses) through the PKH facilitators.

The phone survey targeted 2,600 graduates in 25 districts/cities. Data collection for phone numbers was completed using an online form distributed to PKH facilitators between November 18, 2020 - December 14, 2020. The team, with full support from the JSK Termination team, created a WhatsApp group for all PKH district/city coordinators in

the selected districts/cities for coordination.

The district/city coordinators then shared the unique link for each district and city with the facilitators responsible for the selected sub-districts. The link already listed the prosperous-independent graduates in the selected sub-districts, using the information retrieved from e-PKH. In the online form, facilitators were asked to fill in the graduates' phone numbers and left notes if the phone numbers were missing, as e-PKH did not have data on the graduate's phone numbers.

Of the 16,660 prosperous-independent graduates in the pilot and survey sites who left PKH between January and early October 2020, the team was able to collect phone numbers for 65.8 percent. The share of the remaining graduates (32.3 percent) did not have phone numbers, could not be found, or were in fact not prosperous-independent graduates. Meanwhile, 1.9 percent were missing, as the PKH facilitators did not know the graduates or simply did not fill in the data. During the phone numbers data collection process, the team had to replace three districts/cities from the original selection. Kapuas and Central Kalimantan were replaced by Pinrang and South Sulawesi respectively, as facilitators noted that 249 of 261 graduates left PKH in 2010, while the remaining were natural graduates. In addition, the City of Jayapura, Papua, was also dropped as none of the graduates' phone numbers provided by the PKH facilitators could be contacted by CPPS UGM's enumerators. Initially the City of Jayapura, Papua, was replaced by Bolaang Mongondow Utara, North Sulawesi, yet 440 of 441 prosperous-independent graduates listed in e-PKH turned out to be natural graduates. An error in beneficiary data migration happened when there was a change in PKH facilitators for the area. Because of the error, the families had to be removed again from the system by marking them as prosperous-independent graduates. In the end, the City of Jayapura, Papua, was replaced by the City of Denpasar, Bali. Lastly, North Aceh, Aceh, was replaced by North Bengkulu, Bengkulu, as North Aceh was hit by severe flood and was

in emergency status between 7-20 December 2020 at the time of data collection for phone numbers.

Graduates whose phone numbers were available in each sub-district were then randomly selected based on their time in PKH: 1-2 years, 3-5 years, and > 5 years.

During the face-to-face pilots, the team observed that prosperous-independent graduates with a shorter duration in PKH might leave the program because they were already experiencing better socio-economic conditions even before receiving PKH (*inclusion error*), while those with a longer duration might actually have experienced changes in socio-economic condition due to the program. Therefore, the team created another stratification on the length of time in PKH to provide quantitative evidence on this issue.

"GRADUATES WHOSE PHONE NUMBERS WERE AVAILABLE IN EACH SUB-DISTRICT WERE THEN RANDOMLY SELECTED BASED ON THEIR TIME IN PKH"



2.2

Phone Survey Implementation

Before the phone survey implementation, the team and CPPS UGM organized several pilots to test the phone survey procedures and questionnaires. The phone survey questionnaires were largely based on the planned face-to-face survey questionnaires. The face-to-face survey team completed pilots in Sleman and Kulonprogo, Yogyakarta, on 24-26 February, 2020 in 14 graduate households; a field test during the Training of Trainers (ToT) in Bantul and Sleman, Yogyakarta, on March 4, 2020 in 12 graduate households; and another field test during the Training of Enumerators (ToE) in Bantul and Sleman, Yogyakarta, on March 13, 2020 in 48 graduate households. Unfortunately, the survey had to be canceled due to the COVID-19 outbreak. Specifically, for the phone survey, the team first tested the questionnaires and survey procedure in an interview test during the ToT in the graduate households in Sleman and Kulonprogo, Yogyakarta, on November 19-20, 2020. From the test, the team learned that the enumerators had to call 31 graduate households to complete interviews with 13 graduate households. The second interview test was performed during the ToE to 120 graduate households spread across all districts and cities in Yogyakarta on 27 November 2020. The team contacted 229 graduate households and successfully completed interviews for both modules in 115 graduate households.

CPPS UGM recruited 60 enumerators to perform the phone survey. These

enumerators were divided into six groups, each led by a supervisor. CPPS UGM prioritized supervisors and enumerators who had joined the training for the face-to-face survey in March 2020. All the supervisors and 22 enumerators were able to join the phone survey. The supervisors received ToT on November 4, 2020, performed an interview test on November 19-20, 2020, and continued with a post-test discussion on November 23, 2020. Meanwhile, the enumerators were trained (ToE) on November 25-28, 2020, including an interview test on November 27, 2020 and a post-test discussion on November 28, 2020. In addition to the supervisors and enumerators, CPPS UGM also hired a data cleaning coordinator and 20 data cleaning staff.

The survey was implemented between 1-16 December 2020 in 2,600 selected graduate households spread across 13 provinces, 25 districts/cities, and 132 sub-districts (see Table 4). The team provided CPPS UGM with the list of sampled households with the following information: beneficiary name, home address, beneficiary phone numbers, spouse's name, spouse's phone numbers, PKH entry and exit years, PKH membership ID, household stratum sample status (main/alternative samples), and sample ID. The interviews prioritized the main samples. However, if the main household samples could not be interviewed after the third call, then the alternative household samples could be used as a replacement, considering that they

came from the same stratum in the same sub-district. If the reserve household samples from the same stratum were exhausted, then the replacement could take the reserve household samples from other strata in the same sub-

district. If all reserve households in the same sub-district ran out, the replacement could interview households from other sub-districts with the same stratum, preferably from the same district and at least from the same region.

Table 4 - List of Survey Areas

Number of Province	Province	Number of District	District	Number of Sub-Districts	Number of Respondents
1	Aceh	2	Central Aceh	5	112
			Southwest Aceh	3	34
2	Riau	1	Kampar	3	32
3	Bengkulu	1	North Bengkulu	6	42
4	South Sumatera	1	City of Palembang	2	6
5	Lampung	3	South Lampung	5	174
			Central Lampung	9	137
			Tulangbawang	4	19
6	West Java	3	Garut	13	217
			Indramayu	9	135
			City of Cirebon	2	93
7	Central Java	5	Cilacap	5	17
			Banjarnegara	7	104
			Pemalang	5	88
			Tegal	6	148
			Brebes	6	306
8	East Java	4	Trenggalek	4	87
			Lumajang	7	477
			Jember	9	113
			Probolinggo	8	174
9	Bali	1	Denpasar	2	45
10	West Nusa Tenggara	1	Dompu	1	23
11	East Nusa Tenggara	1	Timor Tengah Utara	1	2
12	South Sulawesi	1	Pinrang	2	13
13	Southeast Sulawesi	1	Kolaka	1	2
Total		25		132	2,600

Each graduate household completed two questionnaire modules, with each module taking approximately 40 minutes.

The first module was intended for the former PKH caretakers, mostly the mothers in the family, as PKH payments target women. The first module covered questions on household roster, education, regular and COVID-19 social assistance complementarity, asset ownership, pregnancy experience, and visit to health facilities (Posyandu). To avoid any error in the respondent selection as observed in the pilots for the face-to-face survey, the first module started with a screening section to make sure that respondents indeed had received PKH before, but were no longer receiving PKH. Meanwhile, the second module targeted the spouses of the former PKH caretakers, or the fathers. The second module included questions on employment, participation in training programs, housing characteristics, business conditions, participation in business support programs, and economic disruption. If the spouse was not available for the second module, enumerators could ask the mother or PKH caretaker to be interviewed for Module

2 as well. However, this interview would be conducted 5-6 hours after the first module to avoid survey fatigue. For each interview, the graduate household received IDR 50,000 in phone credits as compensation for their time.

To reach 2,600 respondents, CPPS UGM contacted 4,756 graduate households, which means that for one successful interview, CPPS UGM had to call 2-3 households.

The rate significantly improved after the pilots due to intense coordination with the PKH districts / cities coordinators and facilitators in the survey sites. The team found that graduate households often checked with the facilitators first to make sure that the phone survey was legitimate. Figure 5 presents the comparison of the estimated and target population by the regional stratum (Sumatera, Java, and Kalimantan-East Indonesia) and duration stratum (1-2 years, 3-5 years, and > 5 years). Figure 5 shows that the weighted survey results are representative of the population of prosperous-independent graduates who left PKH between January and early October 2020, based on the regions and the length of time in PKH.

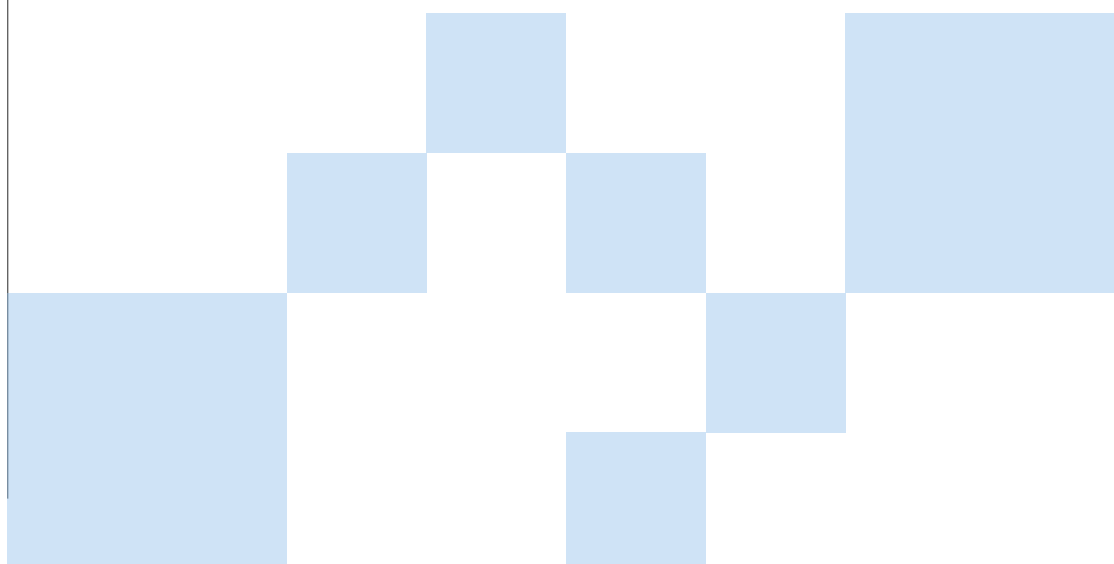
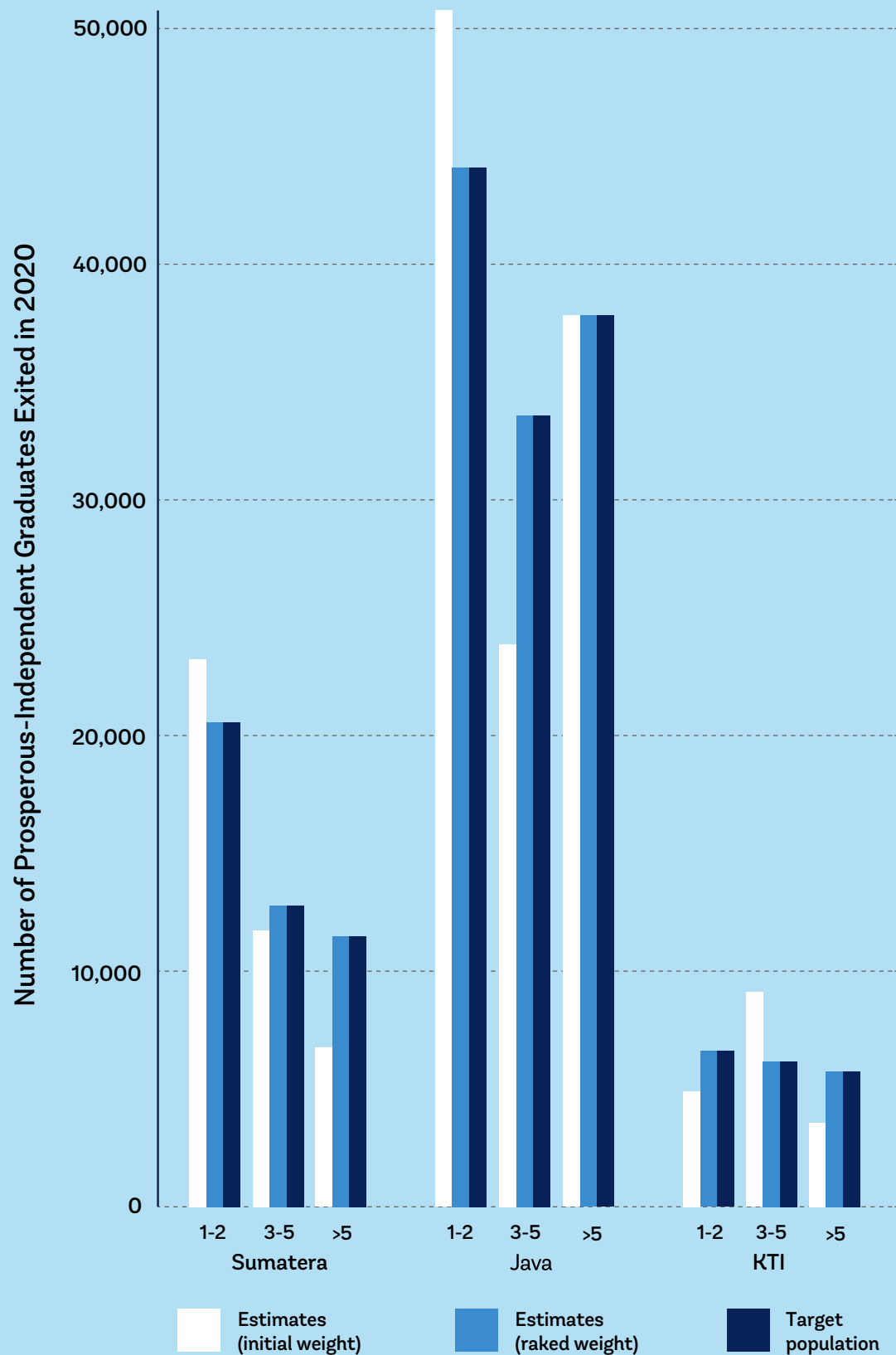


Figure 5 - Comparison of Estimated and Target Population by Region and PKH Duration



3.

PROFILE OF PROSPEROUS- INDEPENDENT GRADUATES



3.1

Many graduates were recent enrollees in PKH

According to e-PKH, almost 40 percent of prosperous-independent graduates who left PKH in 2020 were in PKH for 1-2 years, with most entering the program in 2018, when there was an increase in the number of PKH beneficiaries from 6.2 to 10 million (Figure 6). 30.8 percent of the prosperous-independent graduates had been in PKH for over five years. Although beneficiaries that have been in PKH for over five years are supposed to be socio-economically re-assessed to determine whether they still meet the PKH criteria, in practice, the re-assessment implementation is subject to budget availability.

Over half (56.4 percent) of prosperous-independent graduates left PKH in the first cycle of the program in 2020 (January-March). Meanwhile, 20.2 percent graduated in the second cycle (April-June), 23.1 percent in the third cycle (July-September), and 0.2 percent in the fourth cycle (October). It is important to note that the sampling frame of the survey uses the population of prosperous-independent graduates that exited PKH between January and early October 2020 according to the e-PKH data.

Figure 6 - Prosperous-Independent Graduates' Duration of Enrollment in e-PKH (%)

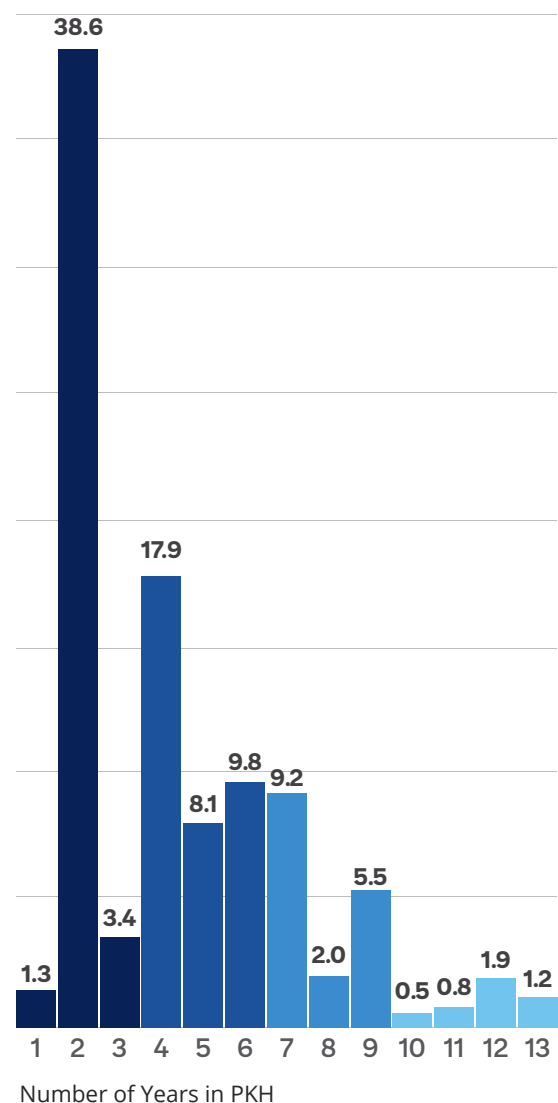
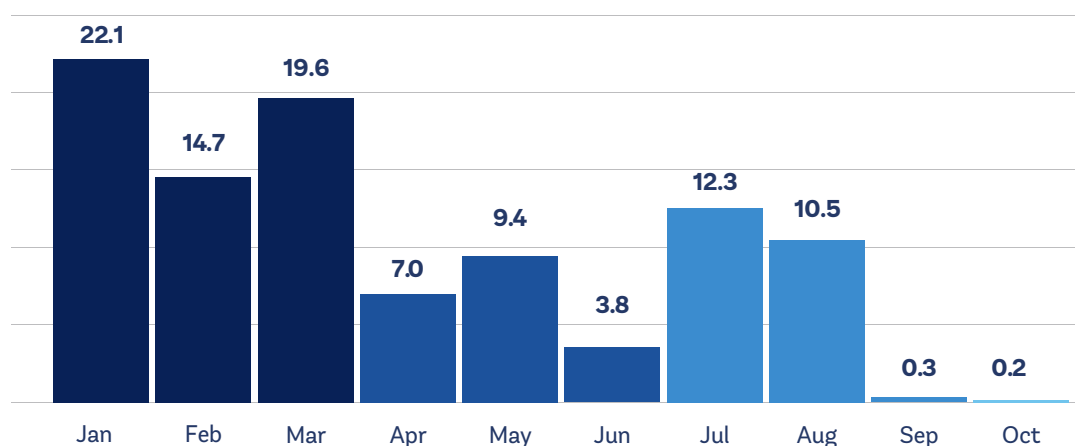


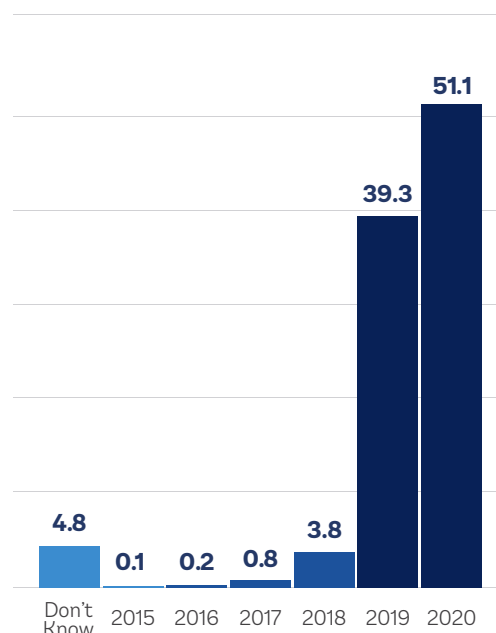
Figure 7 - Prosperous-Independent Graduate's Month of Exit in e-PKH (%)



When cross-checked with the graduates during the survey, only half of the graduates reported leaving PKH in 2020, while the remaining claimed they graduated earlier than 2020, mostly in 2019. This discrepancy

might be due to recall error by the respondents. Moreover, the graduation process required some time to be processed, which might be an explanation for those who answered 2019. Beside these two possibilities, during the phone number data collection process in Bolaang Mongondow, North Sulawesi, the survey team also found an error during data migration when there was a change in the PKH facilitator. This error required the new facilitator to re-mark the already graduated families as non-eligible in e-PKH. For the remaining analysis, the survey team applied the entry and exit years according to e-PKH for consistency.

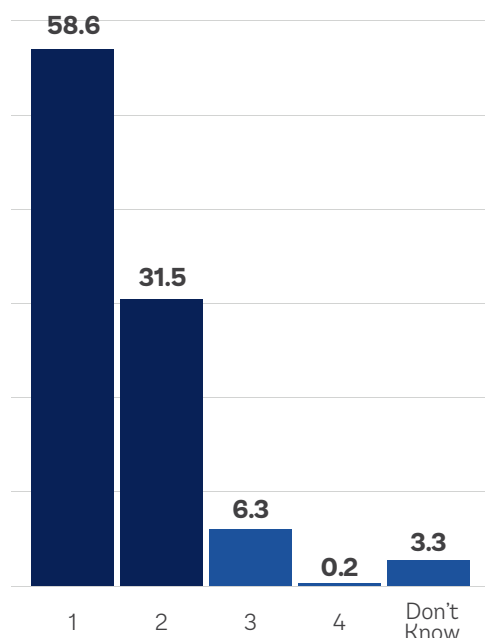
Figure 8 - PKH Exit Year According to Respondents' Answers (%)



More than 90 percent of the graduates met one or two of the program's participation criteria, and having elementary and junior high school-aged children were the two most reported criteria (see Figure 9 and Figure 10). In PKH, a beneficiary can list up to four family members who fulfill the PKH criteria with some restrictions applied, as explained in Table 2. The amount of the PKH benefit for a family ranges from IDR 900,000 or

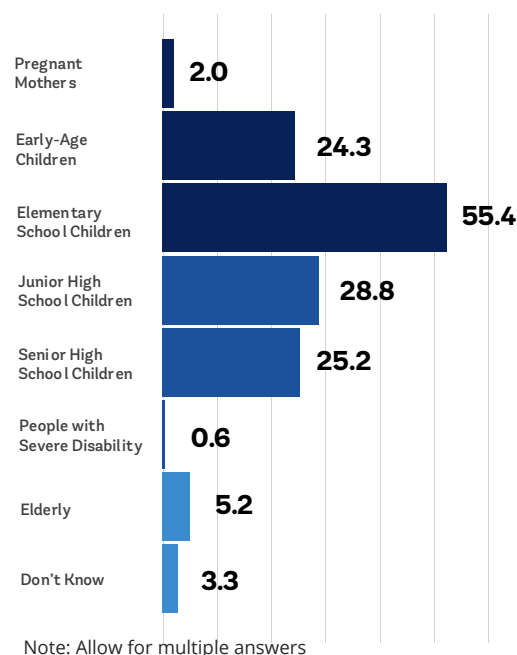
USD 62.1 per year (if the family only meets an elementary school criteria) to IDR 11.4 million or USD 786.9 per year (if the family has two children under the ages of six, a pregnant/breastfeeding mother, and an elderly/person with a severe disability). On average, prosperous-independent graduates claimed to receive around IDR 500,000 or USD 34.5 for their last PKH payment, equal to IDR 2 million or USD 138.0 per year.

Figure 9 - Number of PKH Criteria Among Respondents (%)



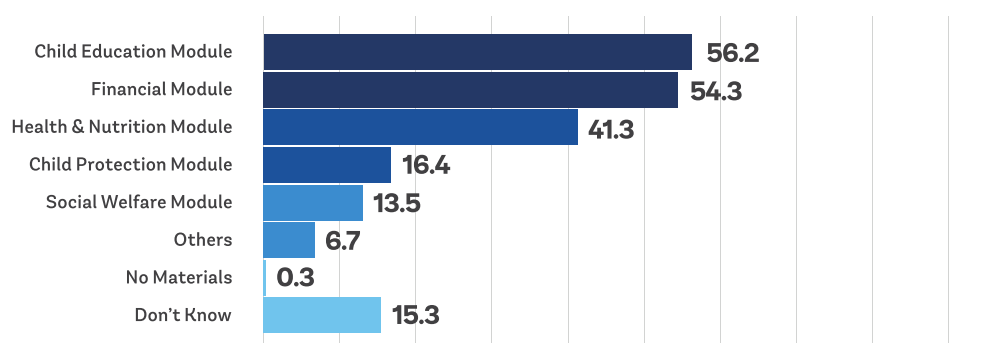
Almost all the prosperous-independent graduates (97.8 percent) reported attending program group meetings while in PKH. These group meetings were mostly those under FDS, where modules aim to strengthen the beneficiaries' key life skills and to further improve their quality of life (see Table 3 for the session details). Half of the prosperous-independent graduates claimed to have received either the Child Education and Parenting Module or Family Financials Module during the group meetings. These two modules were the first FDS modules

Figure 10 - Type of PKH Criteria Among Respondents (%)



introduced by MoSA in 2014. The economic module is meant to teach the beneficiaries how to manage money, be strategic in saving and taking a loan, initiate a business, and utilize banking facilities.⁹ Meanwhile, 41.3 percent of graduates had received the Health and Nutrition Module that serves to create awareness of the importance of nutrition and health within the first 1,000 days of life, to prevent stunting. However, it is important to note that the data below is based on respondents' recall of the modules, which may not represent actual FDS implementation.

Figure 11 - FDS Modules that the Graduates Participated in (%)



Note: Allowed multiple responses. The answers were based on respondent's inventory.

⁹ Session on utilizing the banking facilities was added to the family financial module in 2019.

3.2

Most Graduates were in decile four or above

On paper, PKH Graduation targets families in decile four or above who comprised 43.7 percent of active beneficiaries according to Susenas March 2020 (see Figure 12).

Nevertheless, as mentioned in Chapter 1.3 on Current PKH Graduation Practices, Pusdatin rarely updates PKH beneficiaries' decile positions due to infrequent socio-economic data updating. In practice, prosperous-independent graduation has taken place based on the facilitator and community's assessment and is subjective, with no standardized indicators. Therefore, it has been one of the key interests of this study to better understand whether these prosperous-independent graduates were not eligible for PKH using the decile position, calculated by the PMT method.

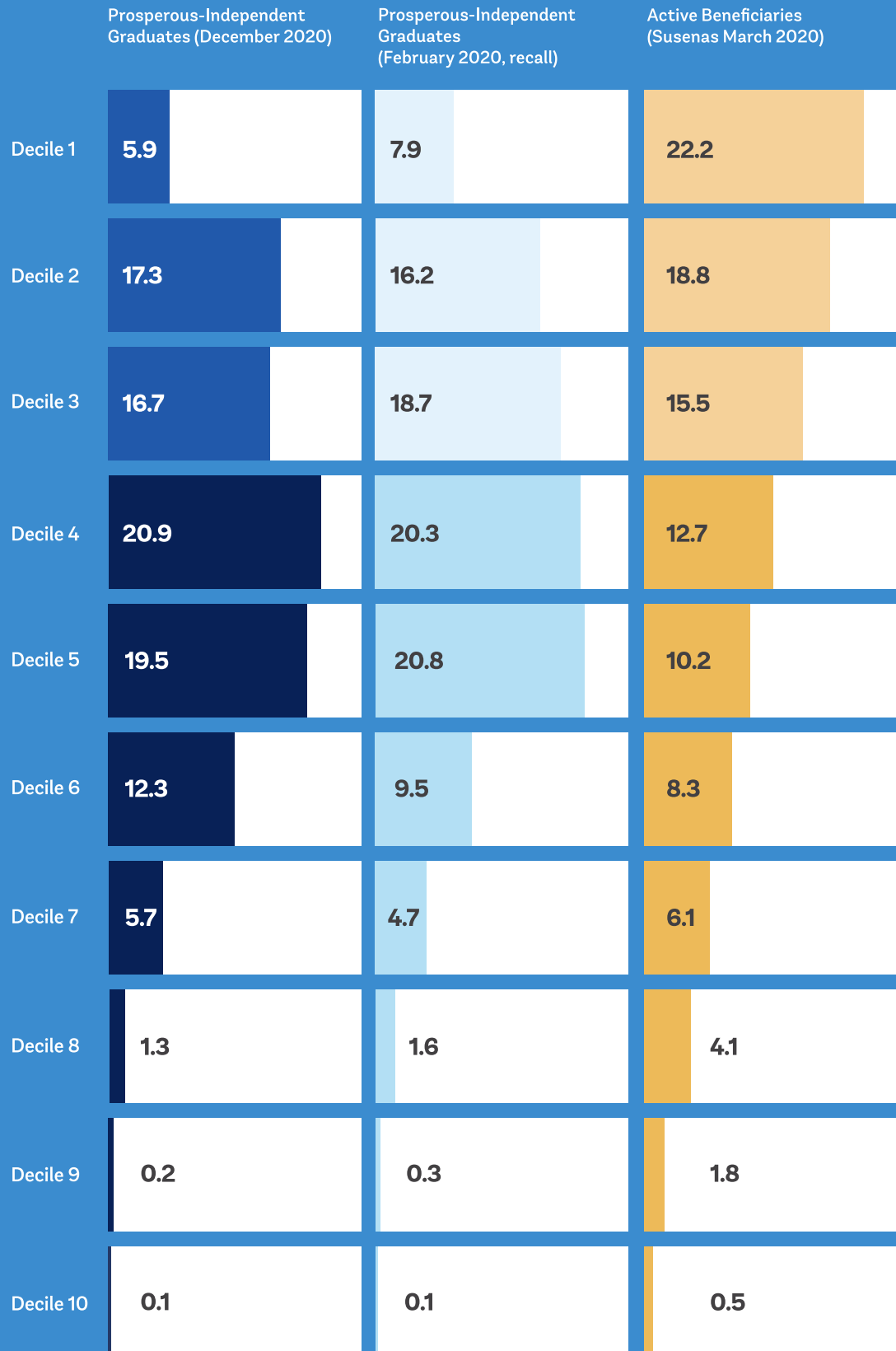
To calculate the decile position of the prosperous-independent graduates, the team used the same PMT variables and coefficients as applied by Pusdatin.

The variables include asset ownership (e.g. computer, fridge, jewelry, phone, motorcycle, car, motorboat, boat); housing characteristics (e.g. homeownership, floor, wall, roof, toilet, septic tank, cooking fuel, water, lighting); household members' demography (e.g. household size, age, education); household members' employment (e.g. job status and sector); and geography difficult index (*Indeks Kesulitan Geografis*, IKG) generated by the Central Bureau of Statistics (*Badan Pusat Statistik* - BPS). By summing up the multiplication of these variables generated from the survey with their respective coefficients taken from Pusdatin, the team

logged predicted expenditure per capita of the household, which then was plotted to the decile distribution from Susenas March 2020. In December 2020, survey respondents were asked recall questions to describe their employment and asset ownership in February 2020. The purpose of this was to capture the household's condition before the COVID-19 pandemic. The team also proxied the education level in February 2020 by deducting one class if the household member was still enrolled in school in December 2020 and calculated the age in February 2020 by deducting one year from the age in December 2020. These recalled and proxied data for February 2020 allowed the team to estimate the household's decile position before the COVID-19 pandemic in February 2020.

“IN PRACTICE, PROSPEROUS-INDEPENDENT GRADUATION HAS TAKEN PLACE BASED ON THE FACILITATOR AND COMMUNITY'S ASSESSMENT AND IS SUBJECTIVE, WITH NO STANDARDIZED INDICATORS.”

Figure 12 - Distribution of Prosperous-Independent Graduates by Decile (%)

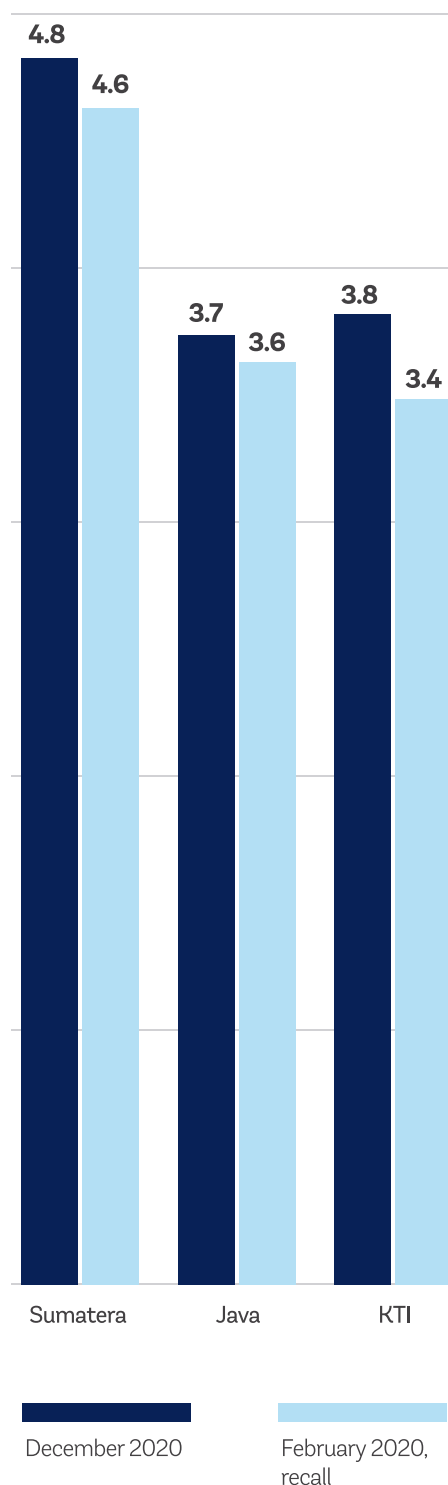


Based on the PMT calculation, 57.3 percent of the prosperous-independent graduates were in decile four or above in February 2020. This means that more than 40 percent were still in deciles 1-3, and may be still eligible for PKH.¹⁰ This exclusion error may happen due to an absence of standardized socioeconomic indicators and a lack of socioeconomic data updating used to determine readiness for graduation among the beneficiaries.

Surprisingly, more prosperous-independent graduates were in decile four or above in December 2020 than in February 2020. In December 2020, 60 percent of the Graduates were in decile four or above. As will be shown in the COVID-19-focused chapter, the team observed that more household members worked in December 2020 as they tried to perform more income-generating activities due to the pandemic and possibly due to missing the benefit from PKH as well. The households also reported owning more assets in December 2020, especially those supporting business (e.g. fridge, motorcycle) and education related to the COVID-19 pandemic (e.g. computer/laptop, TV).

There was a significant difference in graduates' average socioeconomic conditions across regions (see Figure 13 below). Prosperous-independent graduates in the Sumatera region ranked, on average, between decile 4 and 5, higher than graduates in other regions, for whom the average was between decile three and four. These findings are also consistently observed in the average decile in December 2020. This is consistent with the observed difference in reasons for graduating. More graduates in Sumatera region left due to improved economic conditions while in PKH (40.7 percent), compared to Java (35.8 percent) and Kalimantan-East Indonesia (20 percent). In addition, more graduates in Sumatera region either felt or were told that their economic conditions had been good even before PKH (9.5 percent) than Java (9.1 percent) and Kalimantan-East Indonesia (1.1 percent). Kalimantan-East Indonesia (1.1 percent).

Figure 13 - Average Decile of Prosperous-Independent Graduates by Region

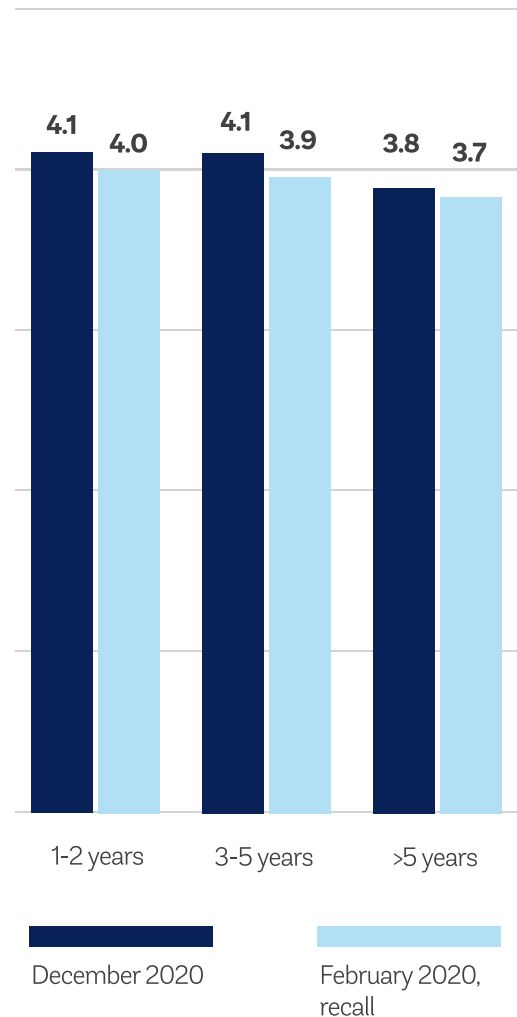


¹⁰ Although PKH is targeted to beneficiaries in deciles 1 and 2; the Graduation Guidelines of October 2020 focus graduation processes on PKH families that fall in deciles 4 or above after socioeconomic reassessment.

On the other hand, there was a slight difference in the average decile of the prosperous-independent graduates based on how long they had been in the program.

These observations were found both in February 2020 and December 2020. Graduates who had spent a shorter time in PKH tended to demonstrate better socioeconomic status compared to those that had been in the program longer (over five years). This may be related to PKH's ambitious expansion over the years. For instance, in 2018, PKH added around four million new beneficiaries to the program. Such expansion may have affected the entry deciles, where PKH no longer targeted only cover the poorest families, but also families in higher deciles. More graduates who were enrolled in the program between 1-2 years prior (or from Cohort 2018-2019) claimed/ were told that their economic condition was improving before PKH (13.1 percent), compared to graduates who were enrolled in PKH for 3-5 years (or from Cohort 2015-2017) with 5.7 percent; or PKH duration > 5 years (or from Cohort 2007-2014) with 4.9 percent. To see whether the length of time spent in the program contributed to the graduates' conditions, the team made a request to MoSA for the entry decile position data of these graduates, but did not receive the data.

Figure 14 - Average Decile of Prosperous-Independent Graduates by Duration in PKH



3.3

Differences between Active PKH Beneficiaries and PKH Graduates

This chapter explains the key characteristics of prosperous-independent graduates that distinguishes them from active beneficiaries. The data for active beneficiaries was taken from Susenas March 2020, a national household survey on socio-economic conditions. Meanwhile, for data on prosperous-independent graduates, the team used the February 2020 recalled data collected during the phone survey to provide a picture of the graduates' characteristics before the COVID-19 pandemic.¹¹

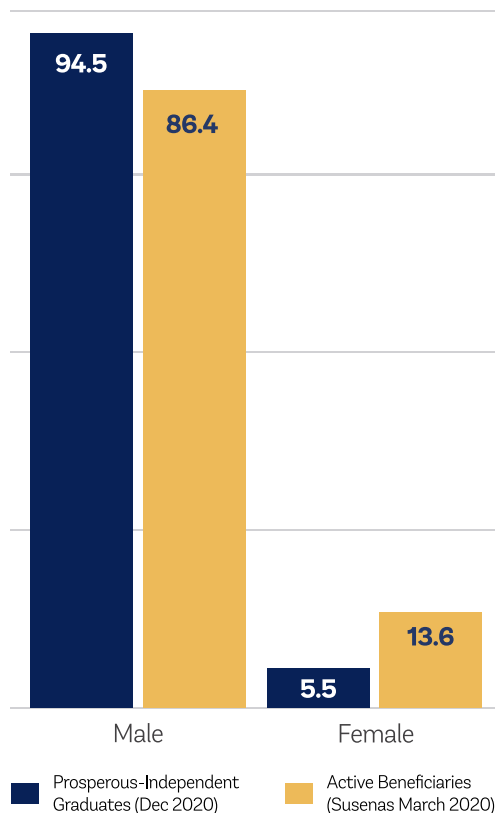
3.3.1 Graduate household heads tended to be male, of productive age, and better-educated

Compared to the household heads of active PKH beneficiaries, prosperous-independent graduate household heads are more likely to be male (see Figure 15). 94.5 percent of the graduate households have male household heads, significantly higher than the active beneficiaries (86.4 percent). Female household heads may occur due to divorce or death of a spouse, which often corresponds with a smaller number of working household members.

There are more prosperous-independent graduate household heads of productive age (15-64 years old), than for active beneficiary

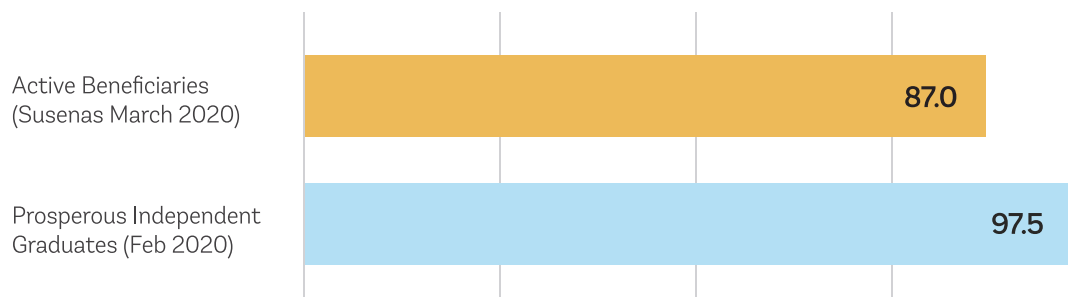
households. Based on Figure 16, 97.5 percent of the graduate household heads were of productive age in February 2020, significantly larger than the active beneficiaries (87 percent). Household heads of productive age are more likely to work than not, which allows them to contribute to household livelihood.

Figure 15 - Household Head's Gender (%)



¹¹ The team acknowledge that there may be discrepancies because of different sampling frame and data collection method. SUSENAS and the phone survey for this study had different sampling frames, though both samplings are nationally representative to each respective population. SUSENAS is also administered in person, so they were more likely to include households in remote areas. Meanwhile, the survey for this report was conducted by phone due to the pandemic, thus reducing possibilities for participation among households in remote areas.

Figure 16 - Household Head in Productive Age (%)



Household heads among prosperous-independent graduate households also seem to be better educated than active beneficiaries. According to Figure 17, 40 percent of the graduate household heads had attended junior high school or higher, compared to the active beneficiary household heads (30.8 percent). In general, graduate household members who are 15 years or

older are likely to have higher education level compared to active beneficiary household members. Figure 18 shows that 51.3 percent of graduate household members of age 15 years old or above have education levels at least junior high school, higher than for active beneficiary household members, at 46.5 percent.

Figure 17 - Household Head's Education Level (%)

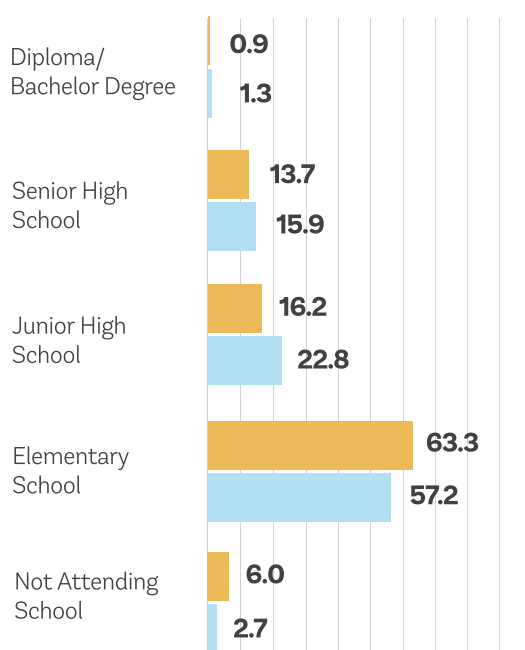
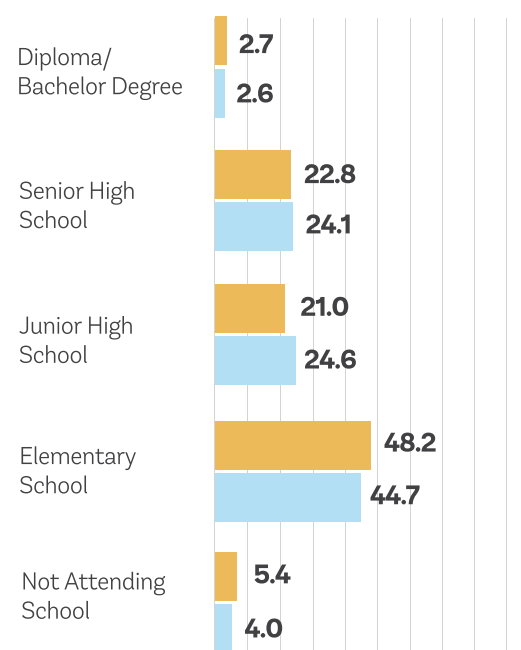


Figure 18 - Household Members (≥ 15 years old) Education Level (%)



Active Beneficiaries
(Susenas March 2020)

Prosperous-Independent
Graduates (Feb 2020)

Active Beneficiaries
(Susenas March 2020)

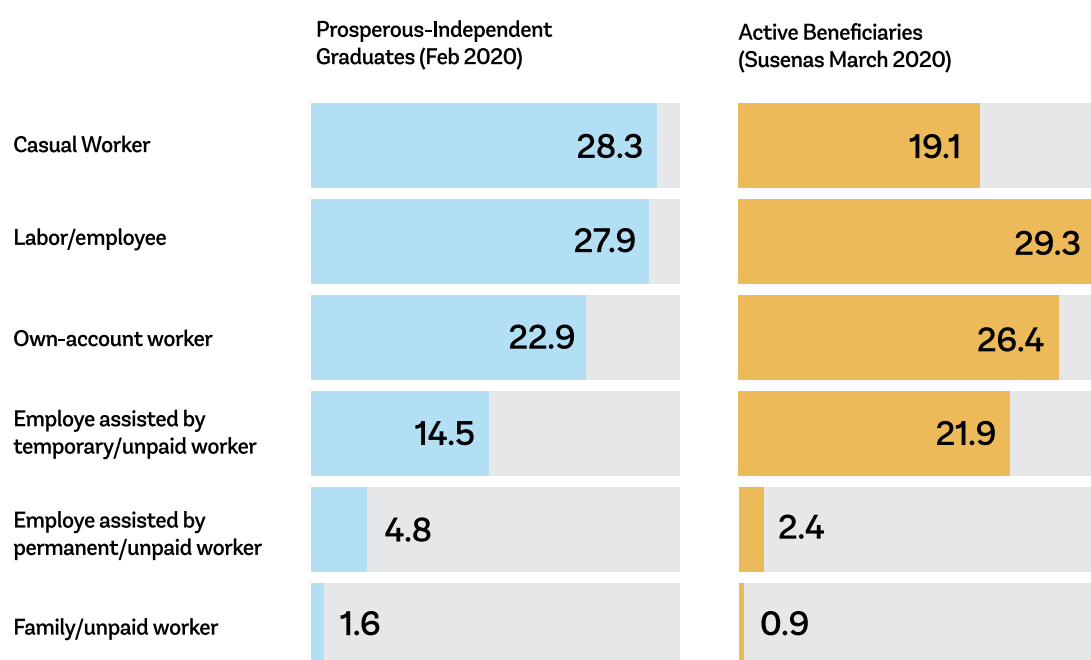
Prosperous-Independent
Graduates (Feb 2020)

3.3.2 Graduate household heads were more likely to work in formal and non-agricultural sectors

The majority (87.2) percent of prosperous-independent graduate household heads were working in February 2020, with 28.3 percent of them working primarily as casual workers (e.g. construction workers, farmworkers, drivers), and 27.9 percent as laborers/employees. The percentage

of working graduate household heads was slightly lower than the active beneficiaries (90.1 percent), though both seemed to have different job characteristics. Compared to the active beneficiaries, more graduate household heads had their primary job status as casual workers, employers assisted by permanent/paid workers, and interestingly, family/unpaid workers. On the other hand, fewer graduate household heads worked as laborers/employees, own-account employees, or employers assisted by temporary/unpaid workers than the active beneficiaries.

Figure 19 - Household Head's Primary Job Status (%)



PROSPEROUS-INDEPENDENT GRADUATE HOUSEHOLD HEADS WERE MORE LIKELY TO WORK IN FORMAL AND NON-AGRICULTURAL SECTORS

Slightly more graduate household heads worked in the formal sector (32.9 percent), compared to the active beneficiary household heads (31.7 percent). According to BPS, the formal sector includes laborers/employees and employers assisted by permanent/paid workers, while informal sector covers self-employed, employers assisted by temporary/unpaid workers, casual workers, and family/unpaid workers.

Graduate household heads tend to work in non-agricultural sectors (58.3 percent), compared to active beneficiary household heads (51.8 percent). However, across the sectors, agriculture remained the leading primary job sector for both household heads with 41.7 percent for the graduates and 48.2 percent for the active PKH beneficiaries.

Figure 20
Household Head's Primary Job Sector (%)

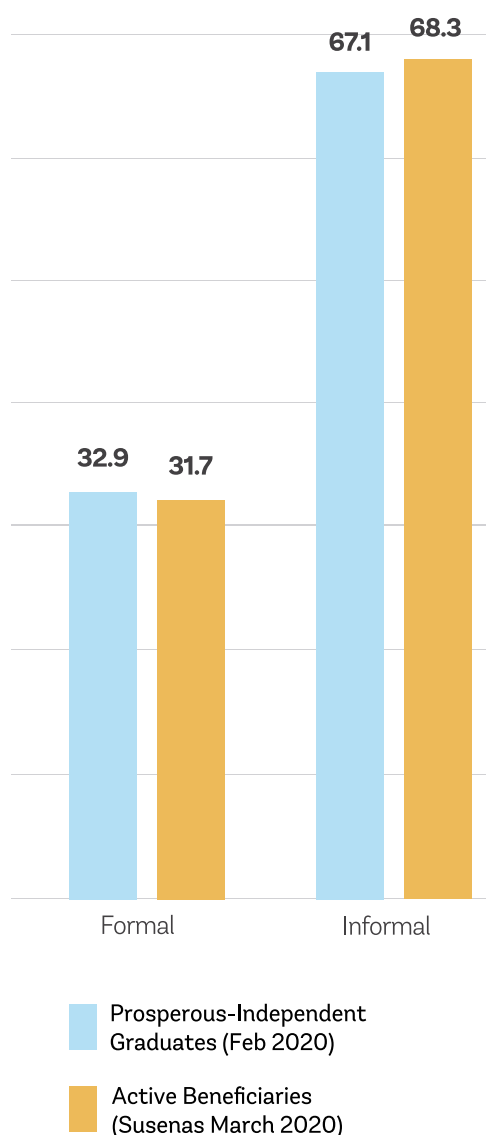
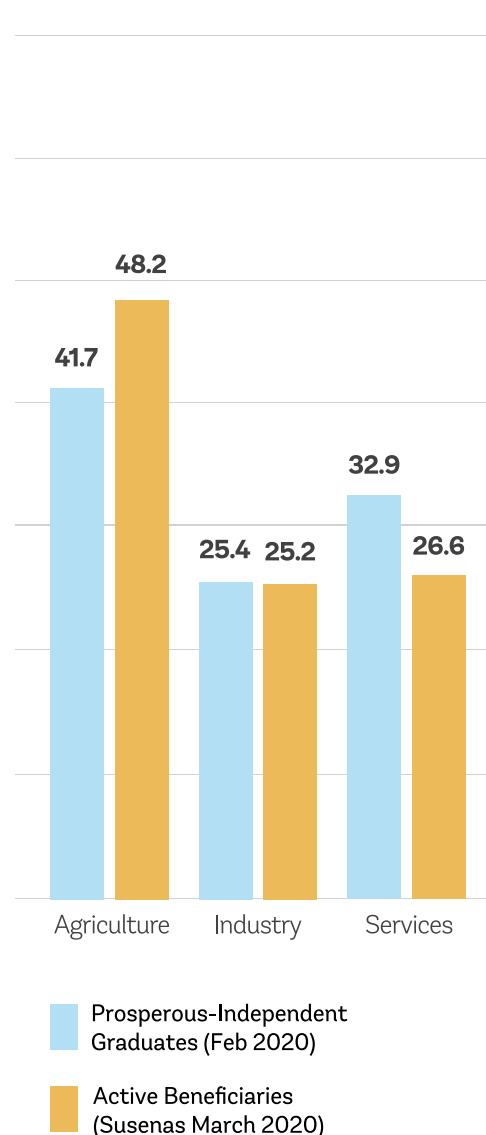


Figure 21
Household Head's Primary Job Field (%)

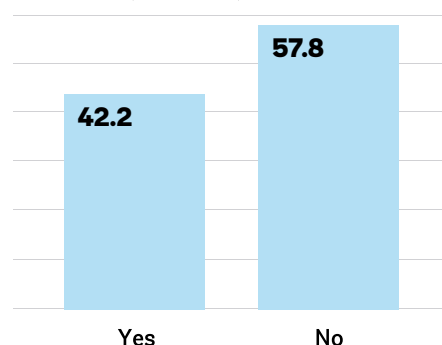


PKH has long championed entrepreneurship as a means of improving beneficiary livelihoods, and of facilitating prosperous-independent graduation from the program among beneficiaries. In fact, initiating a

business is one of the sessions taught in FDS. However, Figure 22 shows that it may be useful to reconsider such an entrepreneur-centric approach. The proportion of prosperous-independent graduate household heads who have a business (either own-account workers, employers assisted with temporary/unpaid worker, or employers assisted with permanent/paid workers) was significantly less than for active beneficiaries. Only 42.2 percent of the graduate household heads had a business, compared to 50.8 percent of active beneficiary household heads. Most of these businesses were in agriculture, hunting, forestry, and fishing (see Figure 23). With this evidence, PKH may want to be more open to other types of economic empowerment programs, so PKH beneficiaries' aspirations could be better supported, and to facilitate other avenues for sustainable economic inclusion through formal sector employment.

Figure 22 - Business Activity of Household Heads (%)

Prosperous-Independent
Graduates (Feb 2020)



Active Beneficiaries
(Susenas March 2020)

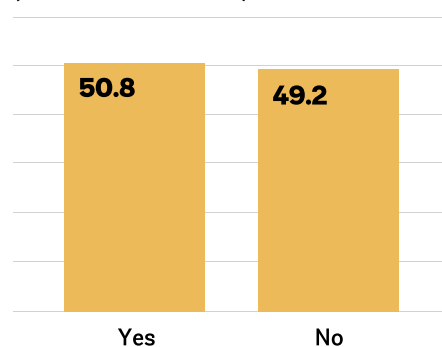
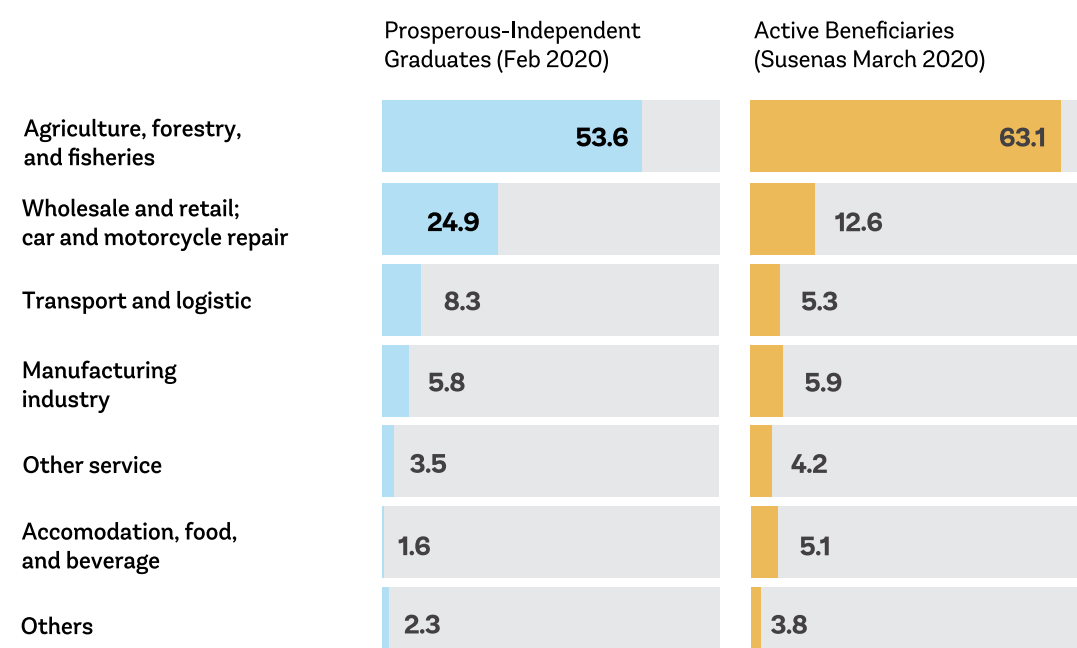


Figure 23 - Household Heads' Business Sector (%)



Similar experiences were also reported for household members who were 15 years or older. 60.8 percent of the graduate household members were working in February 2020, compared to 63.0 percent of active beneficiary household members according to Susenas March 2020. According to Figure 24, laborer/employee seems to be the most common primary occupation of the household members for both prosperous-independent graduates (28.8 percent) and active beneficiaries (34.4 percent). Corresponding to the household

heads, prosperous-independent graduate household members ages 15 years old or above were also more likely to work as casual workers, family/unpaid workers, and employers assisted by permanent/paid worker. Meanwhile, less prosperous-independent graduate household members worked primarily as laborers/employees, own-account workers, and employers assisted by temporary/unpaid workers than the active beneficiary household members.

Figure 24
Household Members' Primary Job Status (%)



Prosperous-independent graduate household members also were more like to work in non-agricultural sectors, though most worked in the informal sector. 42.5 percent of active beneficiary household members worked primarily in the agriculture

sector, while this was 38.1 percent for the graduate households. Unlike the household heads, the proportion of graduate household members who worked in the formal sector seemed smaller than the active beneficiary household members (Figure 26).

Figure 25 - Household Members' Primary Job Field (%)

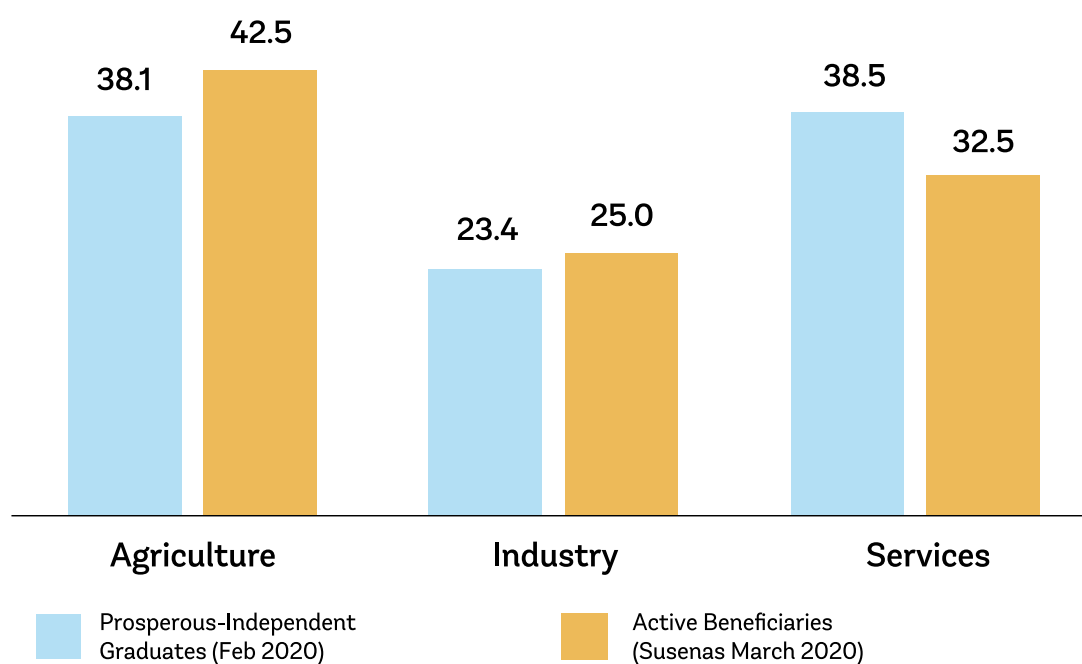
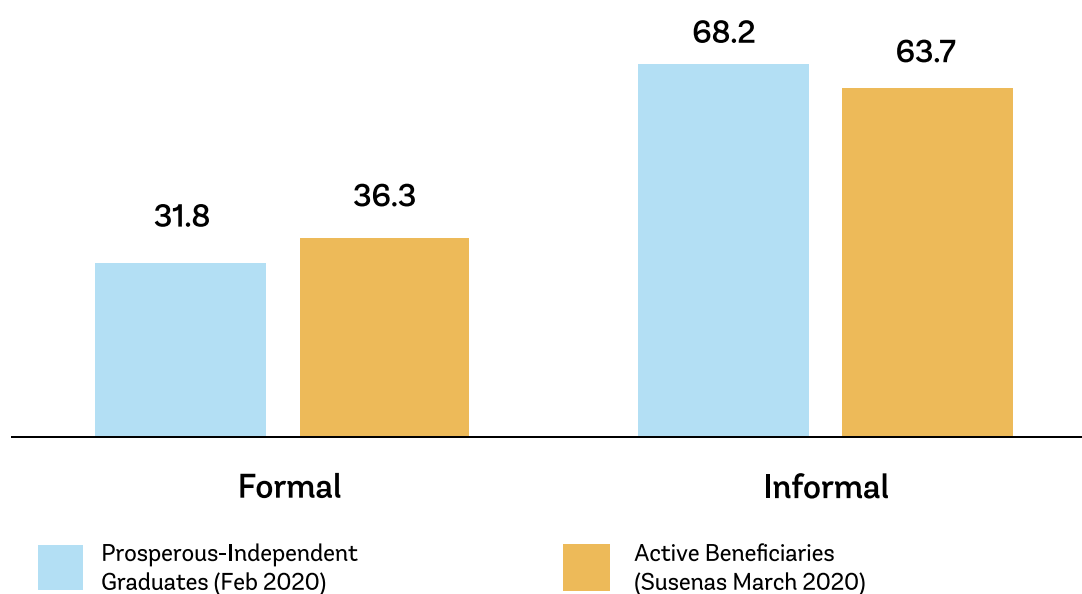


Figure 26 - Household Members' Primary Job Sector (%)



Likewise, less prosperous-independent graduate household members who were 15 years old or above had a business as their primary job (36.4 percent) compared to active beneficiaries (39.6 percent).

Compared to the business field of prosperous-independent graduate household heads, the business owned by the household members

seemed to be in more diverse sectors, not primarily agricultural (40.5 percent), but also including wholesale and retail, car, and motorcycle repair (38.4 percent), manufacturing (9.9 percent), etc. Meanwhile, active beneficiary household members' businesses were still very concentrated in the agricultural sector (52.9 percent).

Figure 27 - Business Activity of Household Members (%)

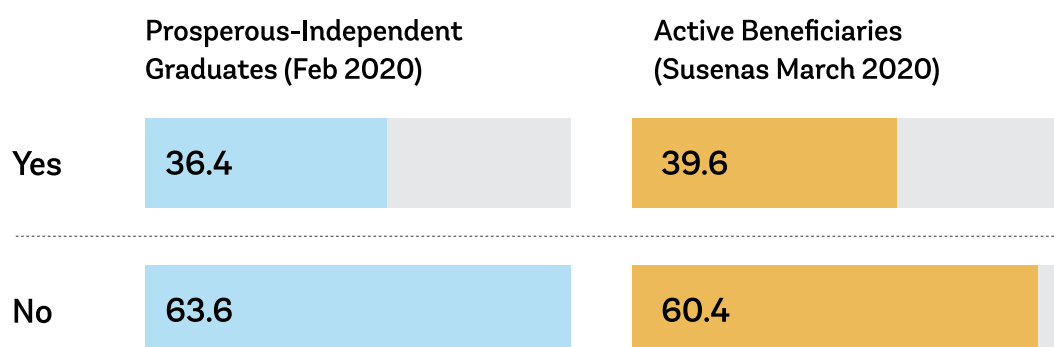
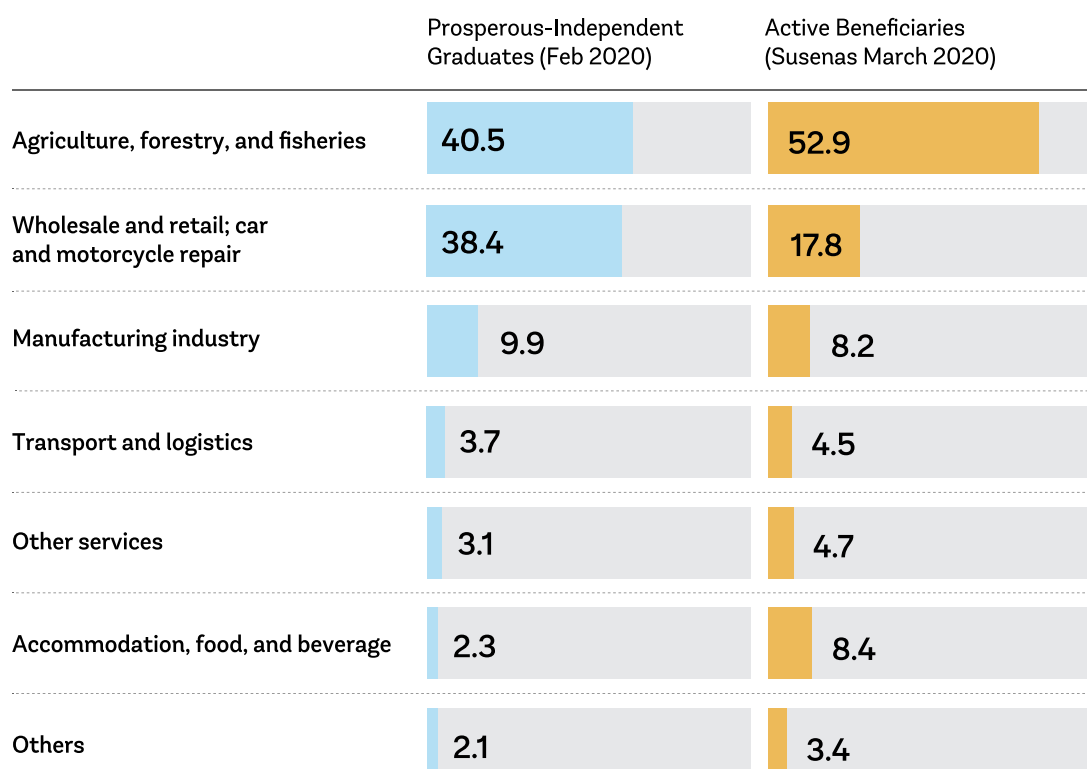


Figure 28 - Household Members' Business Sector (%)



3.3.3 Graduate households had more assets and better housing conditions

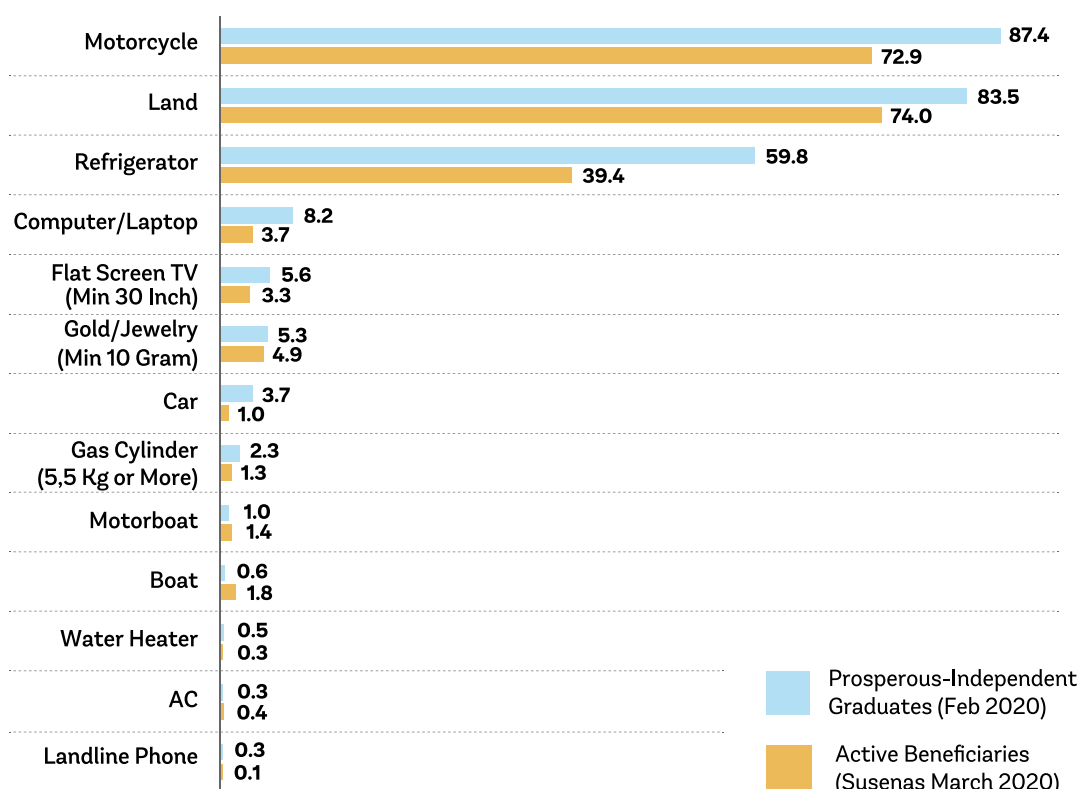
Asset ownership and housing characteristics are often used by PKH facilitators or the community to assess whether a PKH family should be graduated prosperous-independently as they are easily observable.

Therefore, in this sub-chapter, the team identifies the differences in asset ownership and housing characteristics between prosperous-independent graduates and active beneficiaries. However, it is important to note that these prosperous-independent graduates left PKH without any standardized graduation indicators. Thus, as seen in Figure 12, around 40 percent of the graduates were in decile 1-3 and might in fact still be eligible for PKH.

Prosperous-independent graduate households generally have more types of

assets than active beneficiaries. According to Figure 29, motorcycles seemed to be generally owned by both graduate and active beneficiary households, with 87.4 percent of the graduate households having motorcycles, significantly higher than for active beneficiary households (72.9 percent). The next largest asset category owned by both graduate and active beneficiary households was land, either for residency, farming, or other purposes. For graduate households, 83.5 percent had land, while only 74 percent of active beneficiary households did. The most striking difference between the two groups appeared for refrigerator ownership, with 59.8 percent of prosperous-independent graduate households owning a refrigerator, much higher compared to the active beneficiary households, at 39.4 percent. Figure 29 illustrates that the proportion of the graduate households who own assets was higher for any type of asset, except for boat and motorboats. This finding may have been caused by the selection of survey sites.

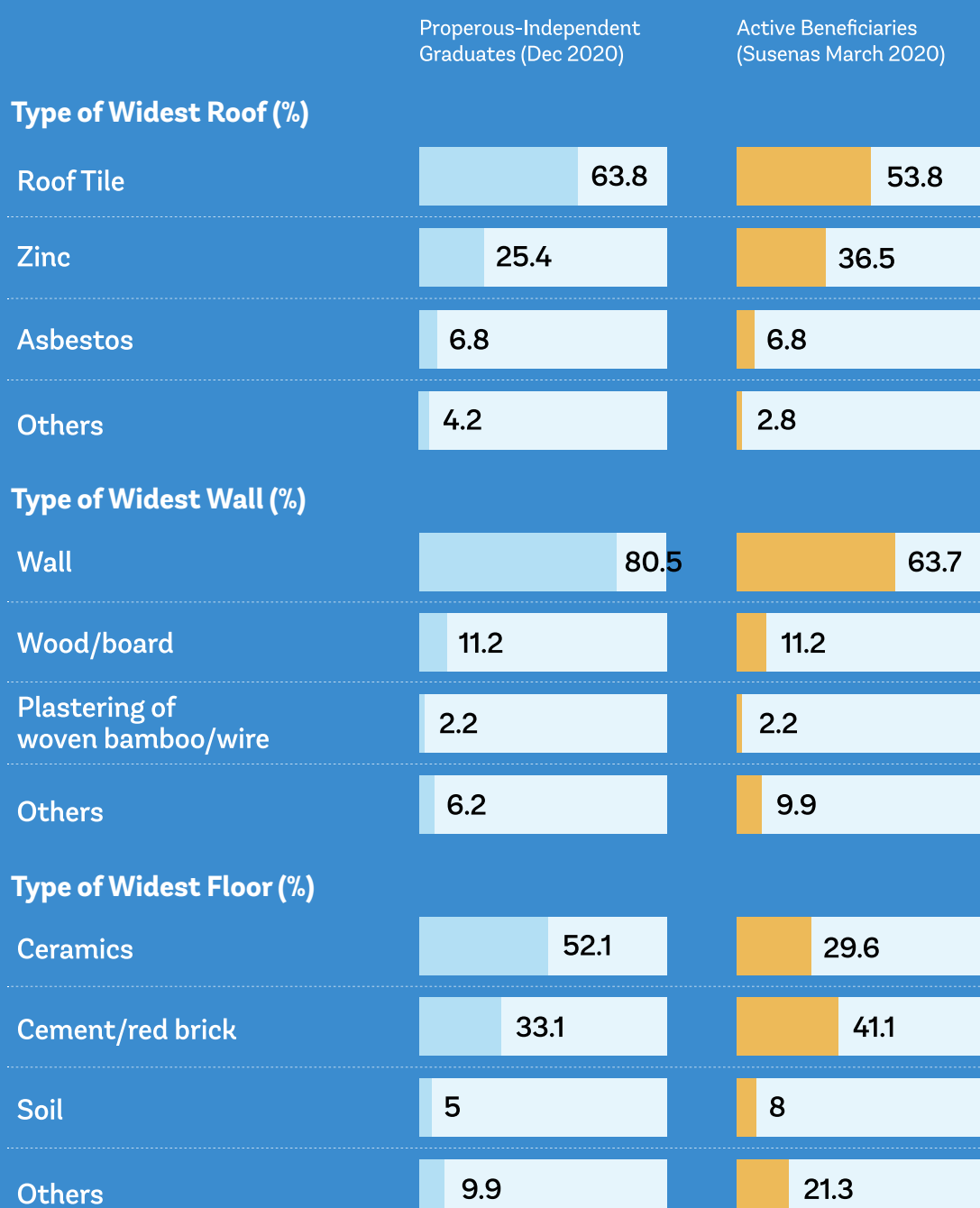
Figure 29 - Households' Asset Ownership (%)



Prosperous-independent graduates also lived in better housing conditions, compared to active beneficiaries. The graduates were more likely to have roof tiles as their widest roof, wall (i.e. brick plastered by cement) as their widest wall, and ceramic tiles as their widest floor as seen in Figure 30. In addition, the graduate houses were

more likely to have their own toilets (82.8 percent), compared to only 73.1 percent of active beneficiary houses. 95.2 percent of the prosperous-independent graduate houses also received their electricity from the State Electricity Company (PLN) with a meter box, significantly higher than the active beneficiary households, at 85.7 percent.

Figure 30 - Type of Housing Roof, Wall, and Floor (%)



4.

COMPLEMENTARY ASSISTANCE RECEIVED



4.1

Almost all graduates received at least one complementary social assistance program

In addition to PKH, there are other important social assistance programs in Indonesia that provide cash and in-kind benefits to poor and vulnerable households.

Program Sembako (also known as BPNT) provides non-cash food assistance from MoSA, targeting the bottom 30 percent of the population¹². Program Sembako's benefit (IDR 200,000 or USD 13.8 per month in 2020) is distributed using KKS, the same card used for PKH payments. Unlike PKH, the Program Sembako benefit cannot be withdrawn in cash and functions as an e-wallet. Beneficiaries can use it to purchase eligible food items (e.g. rice, eggs, beef, chicken, fresh fish, tempe, tofu, vegetables, fruits) using the KKS in e-Warungs, which are Program Sembako's partner shops located in almost every village. Meanwhile, Program Indonesia Pintar (PIP) is a cash transfer program for poor students, managed by the Ministry of Education, Culture, Research and Technology (MoECRT) and the Ministry of Religious Affairs (MoRA). Parents can apply for PIP through schools. PIP benefits vary depending on the school level: elementary school (IDR 450,000 or USD 31.1

per year), junior high school (IDR 750,000 or USD 51.8 per year), and senior high school (IDR 1,000,000 or USD 69.0 per year). Lastly, PBI JKN, targeting poor households, covers the third class level premium of the Indonesian universal healthcare (JKN) which costs to IDR 35,000 or USD 2.4 per month per individual. With JKN, poor households can access free outpatient and inpatient services in healthcare facilities. As PKH targets the poorest 20 percent of households, PKH beneficiaries should receive both Program Sembako and PBI JKN. If the PKH beneficiaries fulfil education criteria, they are also eligible for PIP.

Both prosperous-independent PKH graduates and active PKH beneficiary households reported receiving at least one of the other main social assistance programs in the past 12 months. As our survey respondents are prosperous-independent graduates who left PKH in 2020, the last 12 months (January-December 2020) may also include their time in PKH. Unfortunately, the survey did not ask specifically about the last time graduates received the assistance.

¹² Sembako replaced a previous food subsidy program called Rastrea at the end of 2019.

Compared to PKH active beneficiary households, prosperous-independent graduates seem less likely to have received PIP and Program Sembako, but were more likely to receive PBI JKN. 81.8 percent of the graduate households claimed to receive Program Sembako between January-December 2020, slightly lower than active beneficiary households (81.8 percent). As Program Sembako's coverage is supposedly the bottom 30 percent, all PKH beneficiaries ideally should also receive Program Sembako. However, PKH's complementarity with Program Sembako is still far from ideal. One of the contributing factors is that e-PKH, the monitoring information system of PKH, is

still not fully integrated with DTKS, particularly for earlier PKH beneficiaries. Similarly, fewer prosperous-independent graduate households were included as PIP beneficiaries (42.6 percent) between January-December 2020 than active beneficiary households (44.5 percent). Figure 32 may provide a reason for this observation. On average, prosperous-independent graduate households have fewer school-age children (7-18 years old) compared to active beneficiary households. To our surprise, slightly more prosperous-independent graduate households reported receiving PBI JKN (86 percent) compared to active beneficiary households (84.4 percent).

Figure 31 - Receipt of Main Complementary Social Assistance Programs (%)

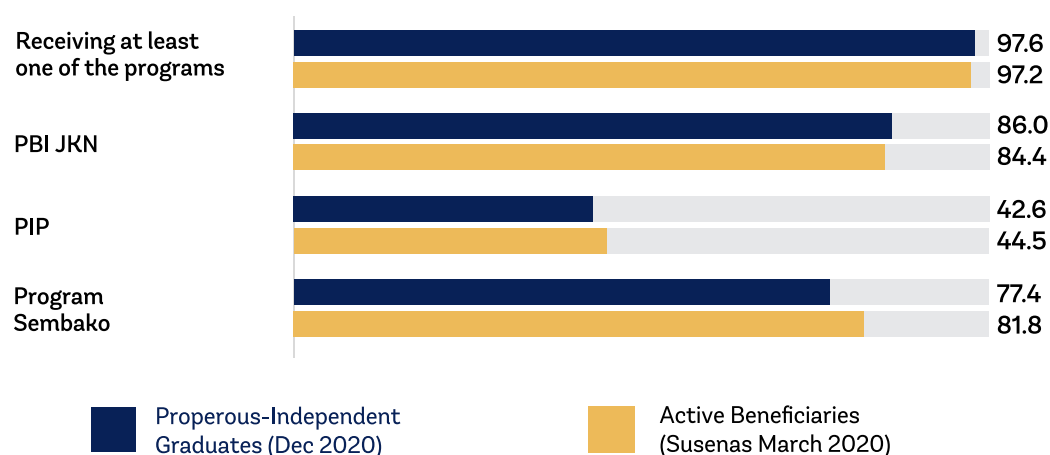


Figure 32 - Average Number of School-Aged Children (7-18 Years Old)



Among all other social assistance programs and benefits, the highest complementarity can be found with the subsidy for three kilogram gas cylinders (LPG subsidy).

The majority (90.2 percent) of prosperous-independent graduates reported receiving the LPG subsidy, which reduces the price of three kilogram gas cylinders to almost half the market price.¹³ Initially this program was meant to make LPG more affordable for poor households and encourage them to convert

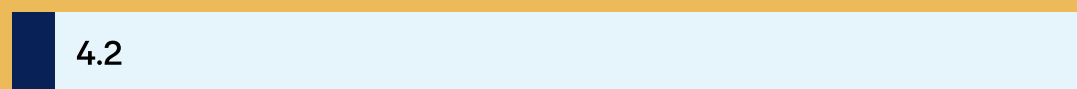
their cooking fuel to LPG. However, in practice, non-poor households also consume these subsidized gas cylinders. In addition to the LPG Subsidy, the other complementary social assistance benefits provided to prosperous-independent graduates, e.g. Cash for Work or *Padat Karya Tunai*, assistance for neglected elderly or ASLUT, assistance for severely disabled people or ASPDB, and tuition fees plus living allowance support for poor college students, remain considerably small.

Figure 33 - Complimentary of Other Social Assistance (%)

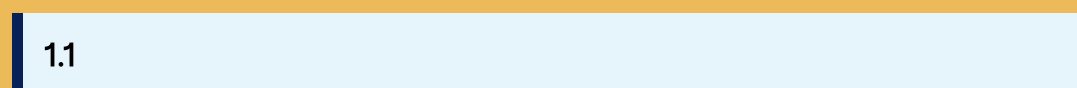
LPG Subsidy



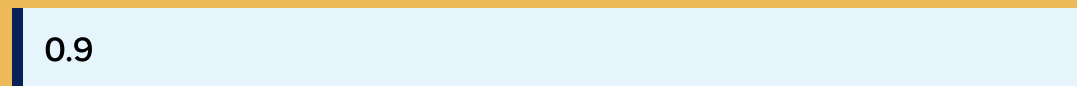
Cash for Work



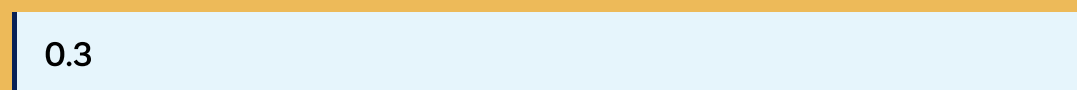
ASLUT



PIP Kuliah



ASPDB



■ Prosperous-Independent Graduates (Dec 2020)

¹³ LPG 3 kg is sold at around IDR 6,600 per kg, while LPG 12 kg (non-subsidy) is sold at around IDR 12,500 per kg.

4.2

Few graduates had access to capital and credit

Most prosperous-independent graduate households (75 percent) reported having a business between January-December 2020, either as their primary or secondary occupation. The graduate household may have more than one business. In this case, the survey focused on the business that generated the largest income for the household (also referred to as the most productive business).

Figure 34 - Had a Business in the Last 12 Months (%)

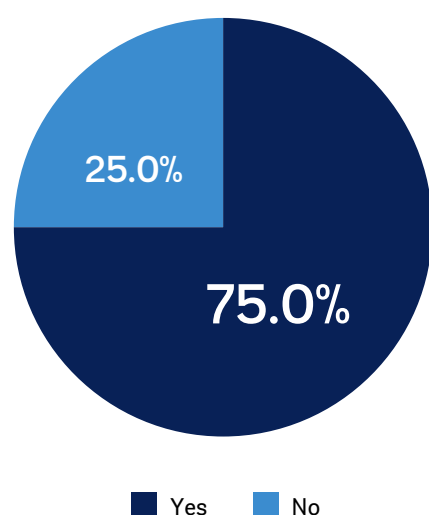
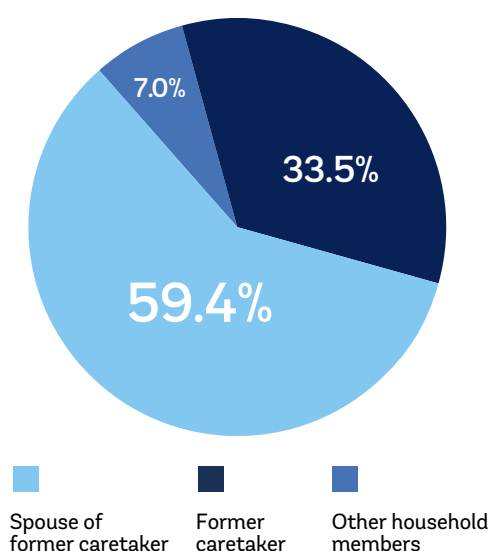


Figure 35 - Owner of the Most Productive Business (%)



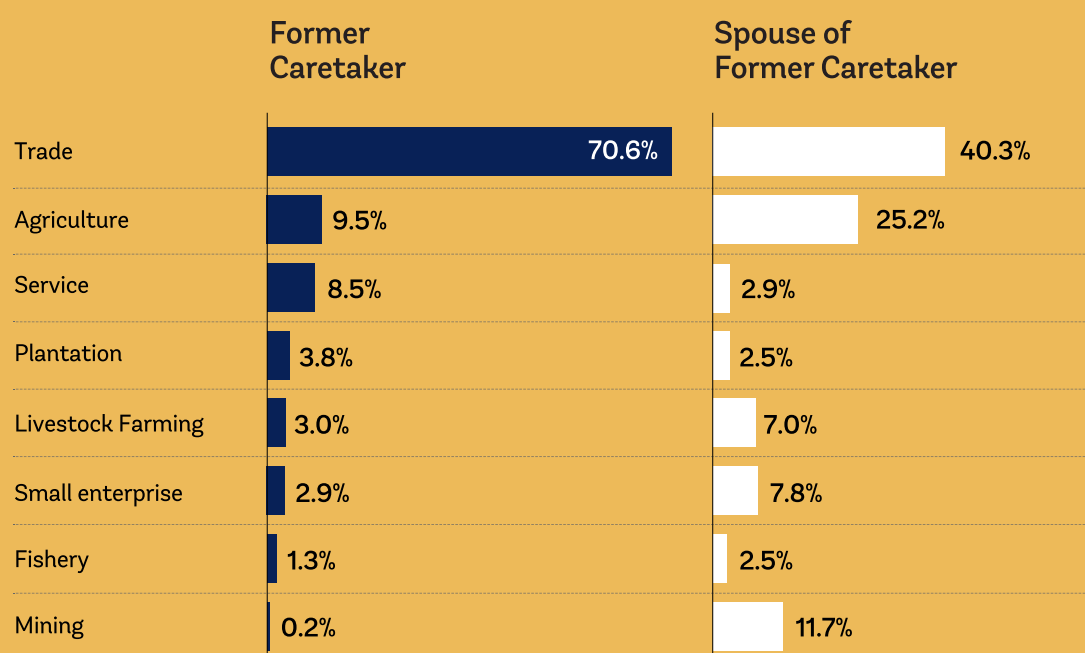
Based on the survey, more than half of the most productive businesses (59.4 percent) were owned by the spouse of the former PKH caretakers or the fathers. Only 33.5 percent of the most productive business were managed by the former PKH caretakers or the mothers, while the remaining (seven percent) were managed by the other household members (see Figure 35). 40.7 percent of these businesses were established after they joined PKH. Although most businesses had 2-5 workers, on average, only one worker got paid. The unpaid workers

were mostly family workers.

There was a significant difference between the business field owned by the former PKH caretakers and their spouses.

Former PKH caretaker businesses were mostly concentrated in the trade sector. Meanwhile, about 40 percent of the spouse businesses were engaged in the trade sectors (e.g. food stalls, culinary, groceries shops, mobile trading), and 25.2 percent in the agriculture sector as farmers (e.g. rice, corn, vegetables).

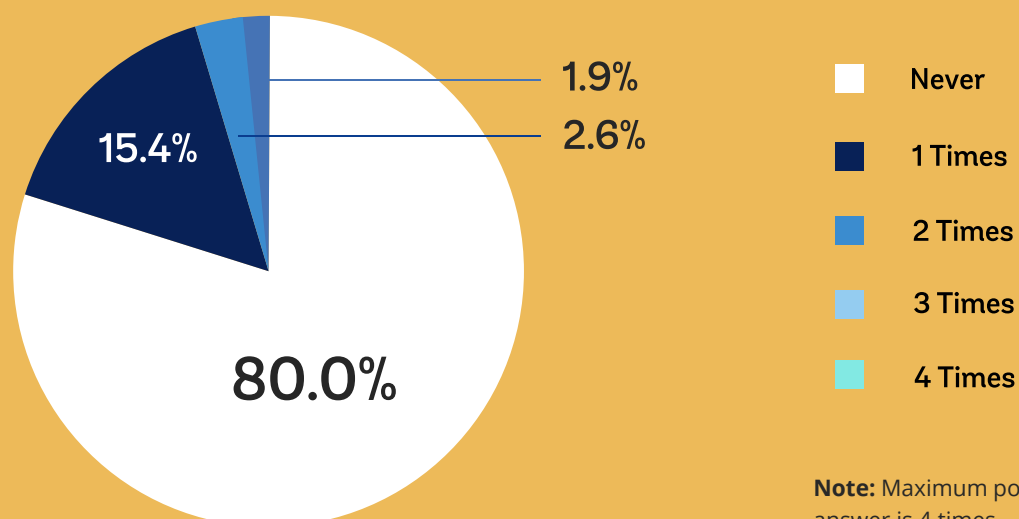
Figure 36 - Sector of the Most Productive Business by the Owner (%)



Unfortunately, 80 percent of these businesses reported never receiving any capital assistance or credit in the last five years (2016-2020). According to Figure 37, 15.4 percent of the graduate businesses only obtained capital assistance or credit once.

There are numerous formal capital assistance/ credit programs in the market either provided by other government institutions, banks, or other private sector actors, as well as informal assistance and credits. These programs are listed in Figure 38.

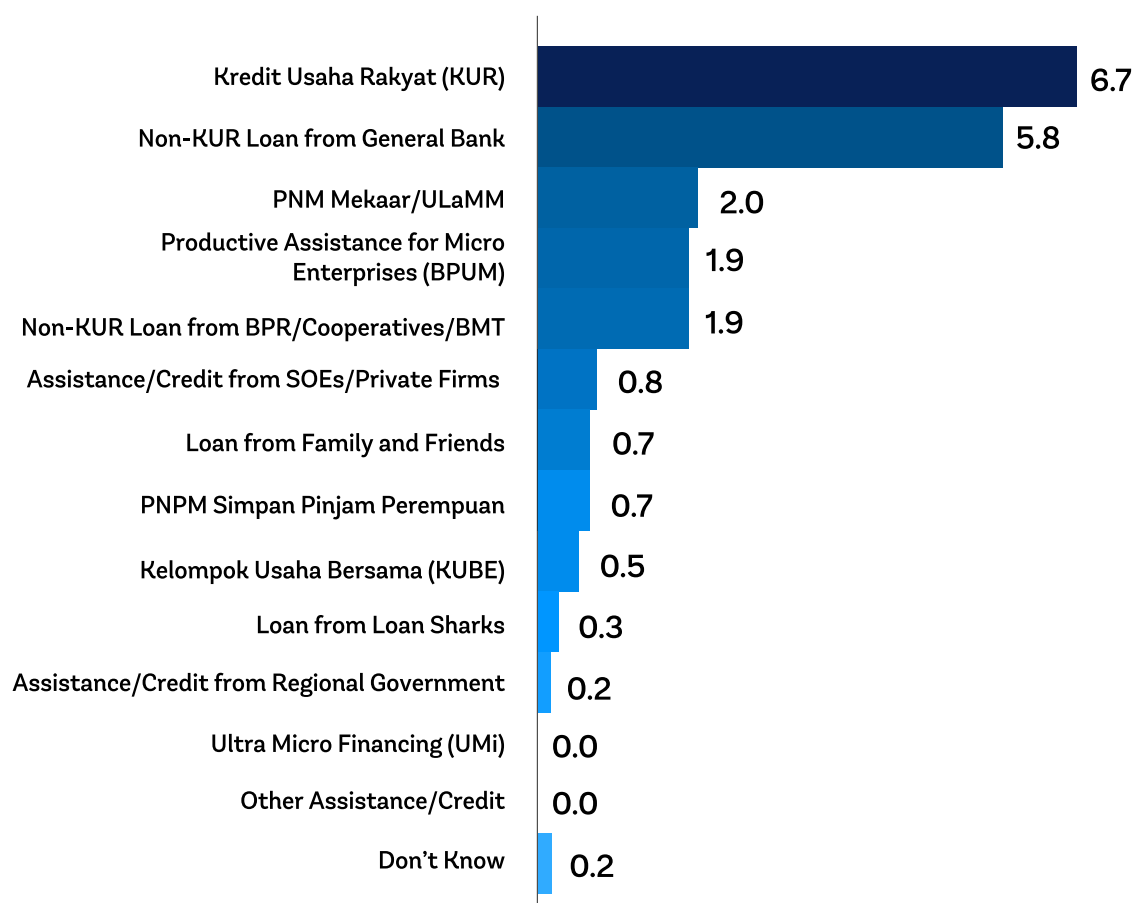
Figure 37 - Receipt of Capital-Related Assistance/Credits among Graduate Businesses in the Past Five Years (%)



Among all the capital assistance/credit programs, People's Business Credit (KUR) seemed to be the most commonly received program among prosperous-independent graduate businesses within the past five years. KUR is a credit program under the Coordinating Ministry of Economic Affairs (CMoEA), which partners with bank-and-non-bank financial institutions to provide IDR 10 to 500 million credit for super micro, micro,

small, and medium enterprises as well as to international migrants. The credit products feature subsidized interest rates and more relaxed collateral requirement than regular commercial bank loans. Despite being the most common type of capital assistance/credit received, the percentage of the graduate businesses receiving KUR was only 6.7 percent, still very small.

Figure 38 - Type of Capital Assistance/Credit Received Within the Past Five Years (%)



Note: Allowed for multiple answers

Only very few graduate businesses received Joint Business Group (KUBE) support in the past Five years (0.7 percent), even though the program had been considered the champion economic empowerment intervention for PKH beneficiary families. In KUBE, PKH beneficiary families were required to form a group and submit a proposal to apply

for a grant of IDR 2 million (USD 138) per family and mentorship support from KUBE facilitators. KUBE was the largest social/economic empowerment program implemented by MoSA, but its coverage remained relatively low, with 101,800 beneficiaries in 2019 (Kementerian Sosial Republik Indonesia, 2020), many of whom were PKH recipients. As of 2020, MoSA

began implementing a new business support program (ProKUS), exclusively targeting PKH graduates and recipients. Like KUBE, ProKUS provides grants and mentorships, but it allows beneficiaries to apply individually instead of as part of a group, and partners with business incubators to deliver the mentorship component. ProKUS started with coverage of

1,000 beneficiaries in selected districts/cities in Java in 2020 and this is gradually expected to increase. In addition to these formal capital assistance/credit programs, a few prosperous-independent graduate businesses also received financing from informal channels such as family and friends (0.7 percent) and even loan sharks (0.3 percent).

4.3

Most former PKH caretakers and graduate business owners did not receive entrepreneurship or skills-related training

Most former PKH caretakers reported never receiving any training to develop their entrepreneurship/skills between 2016-2020. Only 2.9 percent of the former PKH caretakers reported participating in such training programs in the past five years (Figure 39). 90 percent of the training attended by the former PKH caretakers were in the culinary, sewing, and crafting fields. Similarly, there was a limited number of graduate business owners who received any training within the

past 5 years. Only 3.6 percent of the graduate business owners reported ever receiving training on entrepreneurial/vocational skills between 2016-2020. In general, the training received by these business owners depended on the type of their business. The most received training types were vocational skills (e.g. sewing, cooking, crafting) and agriculture-related skills (e.g. farming, plantation, fishery, livestock).

Figure 39 - Receipt of Training among PKH Caretakers in the Past Five Years (%)

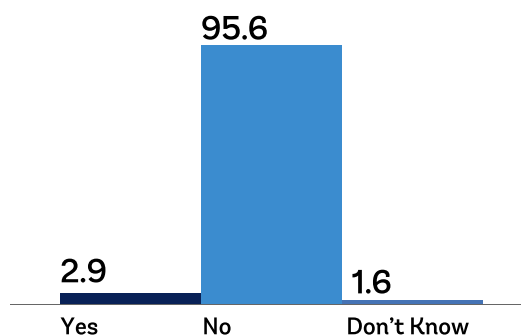
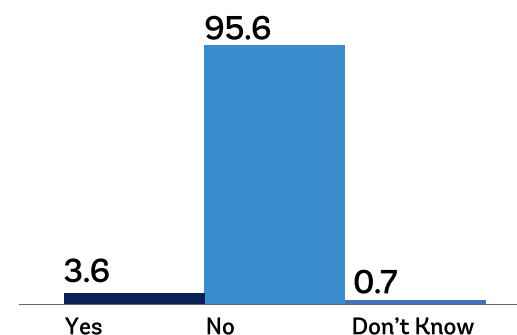


Figure 40 - Receipt of Training among Graduate Business Owners in the Past Five Years (%)



5.

GRADUATION PROCESS



5.1

Although most graduates left PKH of their own accord, only one-third reported economic improvement

Approximately 70 percent of the prosperous-independent graduate families claimed to have left PKH voluntarily, though this may have been at the encouragement of PKH facilitators or communities. The proportion of those who graduated at their own initiative seems significantly higher in Java and for those enrolled for a shorter time in PKH (1-2 years).

Figure 41 - Whether Families Left PKH at their Own Initiative (%)

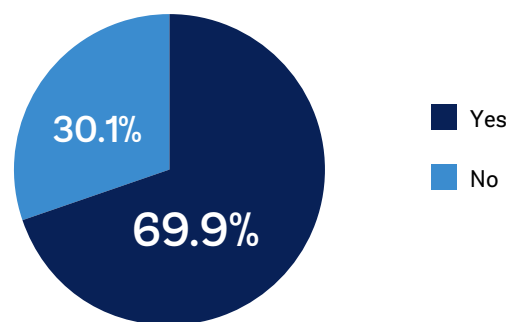
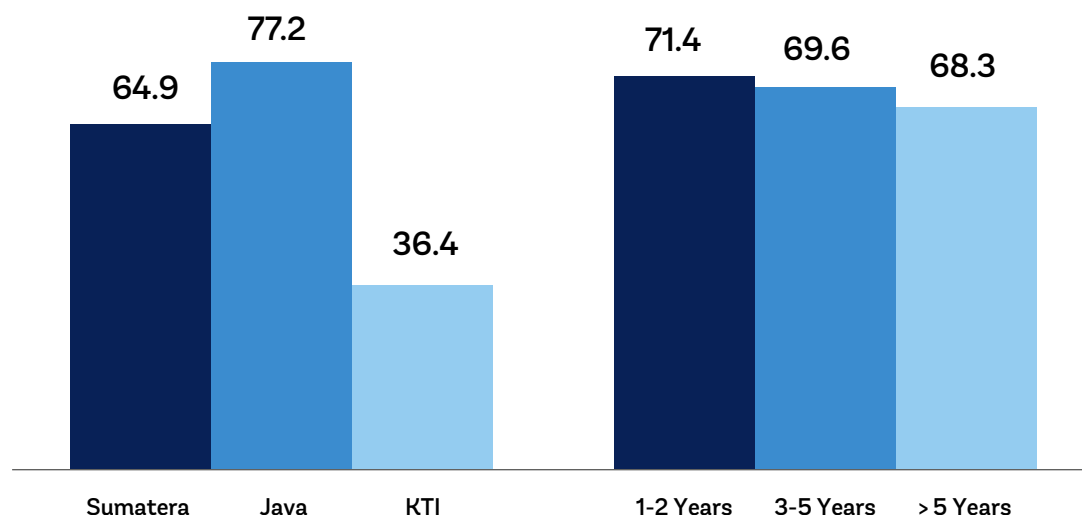


Figure 42 - Proportion of Graduation due to Graduate's Own Initiative by Region and Duration in PKH (%)

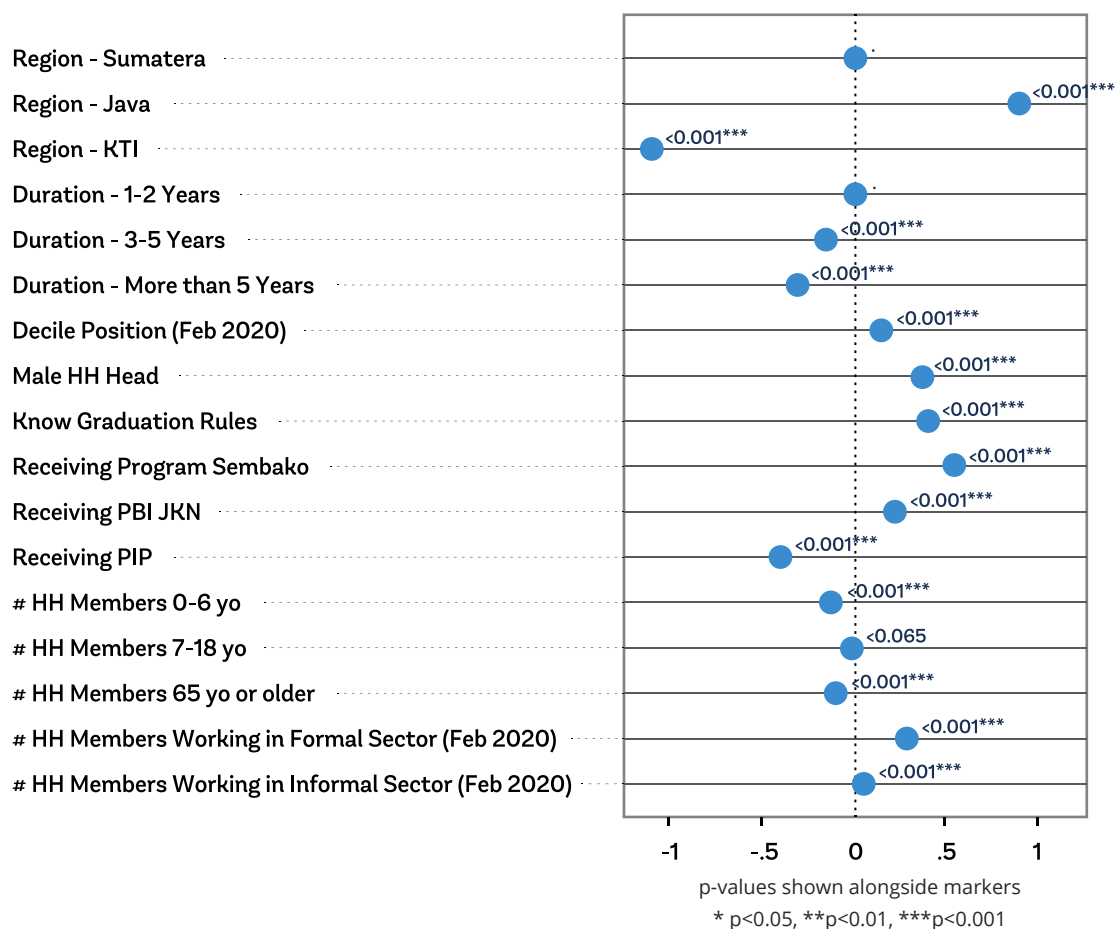


Using a logit model, the team also predicted factors that contributed to the probability of a beneficiary voluntarily graduating. As

seen in Figure 42, region and duration seemed to affect the probability of own-initiative graduation. In addition to these factors, the logit model also found that decile position; knowledge of graduation rules; receipt of complementary social assistance; number of household members of an early age, school age, and old age; and the household members' primary job status significantly contributed to the probability that a prosperous-independent graduate family would leave PKH at their own initiative (see Figure 43). A higher decile position of the household was significantly correlated to an increase in the probability of voluntary graduation. If the household received Program Sembako or PBI JKN, the household

tended to graduate at their own initiative, but this was not the case for PIP. Households with more members of an early age (0-6 years old), school age (7-18 years old), and elderly (65 years old or older) also seemed to be less likely to graduate at their own initiative. This could be because these categories served as PKH criteria as well. Therefore, having more household members in the categories led to higher PKH benefits received by the household, which made the opportunity cost to leave PKH higher. Lastly, the probability of own-initiative graduation was also positively correlated to the number of employed household members. However, the probability of own-initiative graduation was significantly higher if more household members worked in the formal sector, compared to the informal sector.

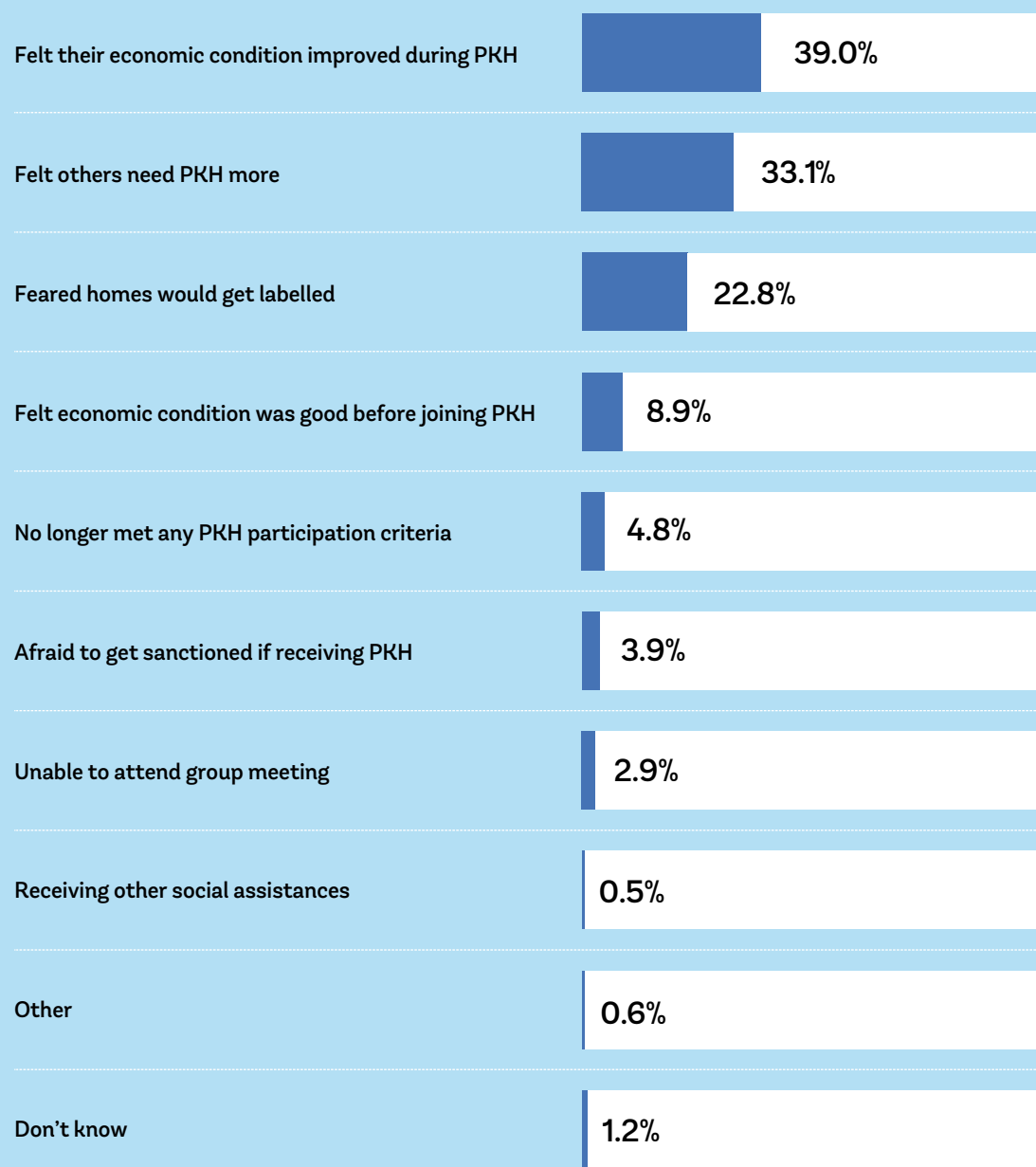
Figure 43 - Factors Contributing to the Probability of Own-Initiative Graduation (%)



Most of the own-initiative graduate families claimed that they either experienced an improvement in their economic conditions during PKH (39 percent) or felt that other families may need PKH more than them (33.1 percent). However, it is concerning that 22.8 percent of these own-initiate graduate

families left because of labeling. Labeling, or plastering the beneficiary's house with stickers or spray-paint, has been commonly used in Java as it was viewed as a method to persuade beneficiary families to graduate. However, as we will demonstrate later, this comes at a price.

Figure 44 - Reasons for Graduation at Own Initiative (%)

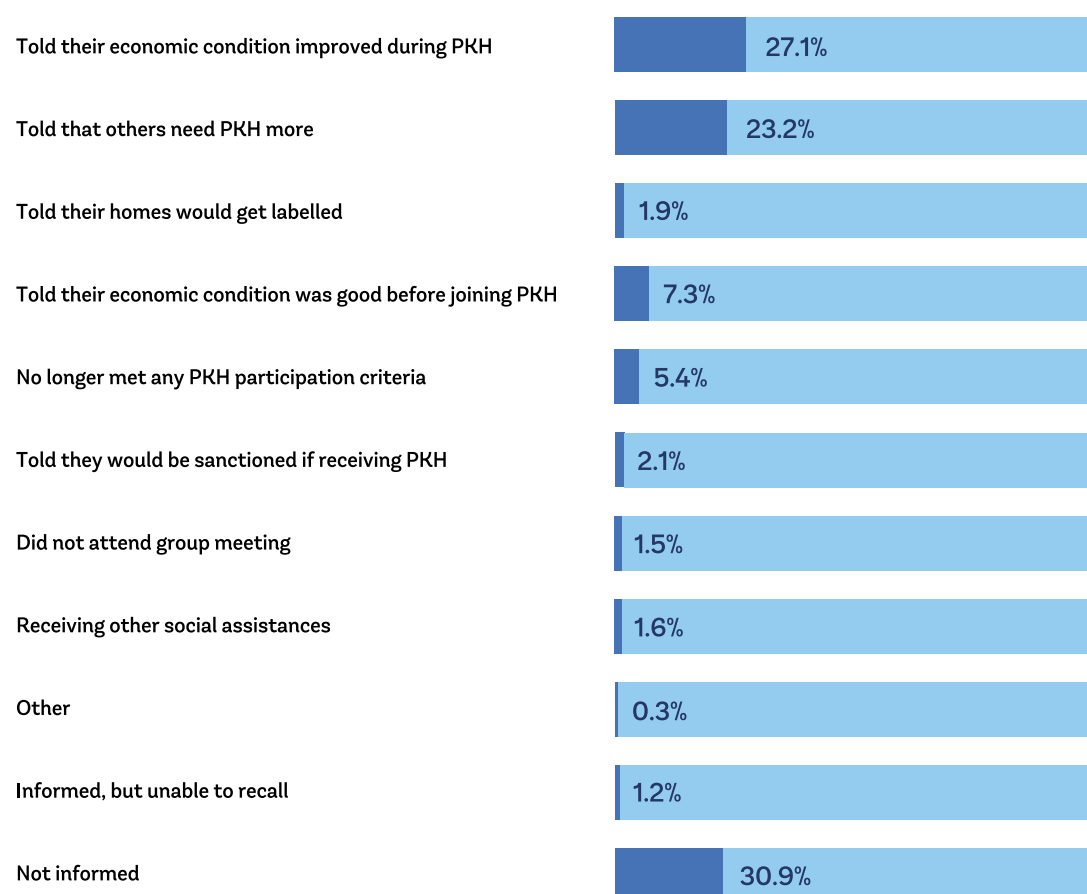


Note: Allowed for multiple responses. Only answered by those who graduated due to their own initiative.

For prosperous-independent graduate families who graduated for reasons other than their own initiative, 30.9 percent reported that they were not informed by PKH facilitators about the reasons for their graduation. This observation was reported by graduate families from various cohort entries, though 31.3 percent of them were from the 2018 cohort. This was surprising, as PKH facilitators are supposed

to communicate the reasons for graduation to the PKH beneficiaries. Close to a third (27.1 percent) of these graduate families left because the facilitators considered their economic conditions to have improved during PKH. Another reason that was commonly shared by the facilitators was that other people may have had greater need for PKH benefits (23.2 percent).

Figure 45 - Reasons for Graduation NOT at Own Initiative (%)

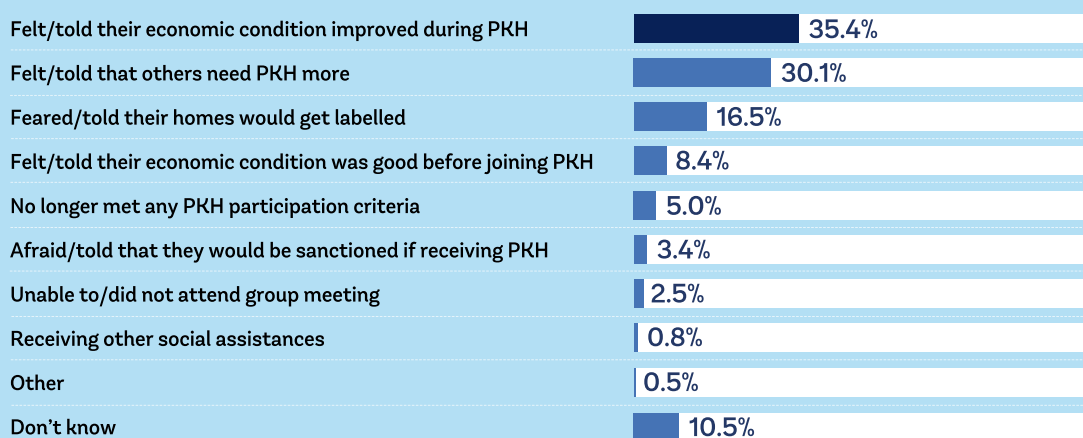


Note: Allowed for multiple responses. Only answered by those who graduated NOT due to their own initiative.

Overall, improved economic conditions during PKH seemed to be the most reported reason that led to prosperous-independent graduate families leaving PKH (35.4 percent), although they were not systematically re-assessed. 30.1 percent of the graduate families perceived or were told

that other families might need PKH more than them. Unfortunately, labeling is also included in the three most reported reasons for graduation (16.5 percent). 78.1 percent of the graduate families who had labeling as their graduation reason lived in Java.

Figure 46 - Overall Reasons to Graduate (%)



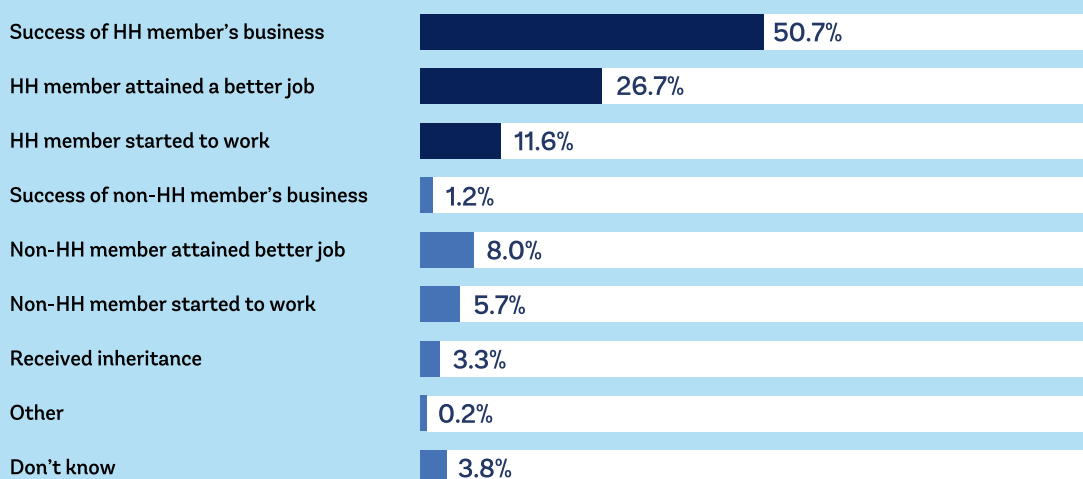
Note: Allowed for multiple responses. The reasons to graduate include the reasons of those who graduated due to their own initiative or the reasons that the facilitators provided.

Most prosperous-independent graduate families who left PKH because they perceived or were told that their economic conditions had improved, reported that their improved circumstances were due to their own efforts.

Among these prosperous-independent graduate families, 83.4 percent of them shared that the improvement happened due to opportunities or efforts of household members themselves (in purple in Figure 47). This might be due to reported successful business (50.7 percent), better jobs (26.7 percent), or a new working household member (11.6 percent). The reason for the economic improvement could also be

affected by other family members who were not in the household. For example, eight percent claimed to experience improved economic conditions because of support from non-household family members who got better jobs. For the graduate families who experienced economic condition improvement during PKH due to their household members' own efforts, 46.2 percent experienced this during the first two years after receiving PKH. 65.7 percent of such improvement was attributed to the spouse, while 45.5 percent was attributed to the former PKH caretakers (multiple responses were allowed).

Figure 47 - Reasons for Economic Improvement (%)



Note: Allowed for multiple responses.

5.2

Most graduates were ready to leave PKH, especially those in Java

In general, 68.3 percent of prosperous-independent graduate families claimed they were ready for graduation at the time of their exit from the program, though the definition of readiness is subjective, based on the perception of each respondent. According to Figure 49, there were more graduate families reported to be ready to leave PKH in Java (73.1 percent), compared to other regions. On the other hand, not much variation was observed across the PKH duration.

Figure 48 - Proportion of Graduate Families that were Ready to Graduate (%)

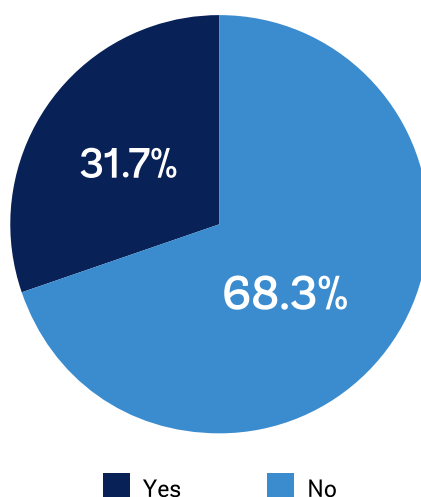
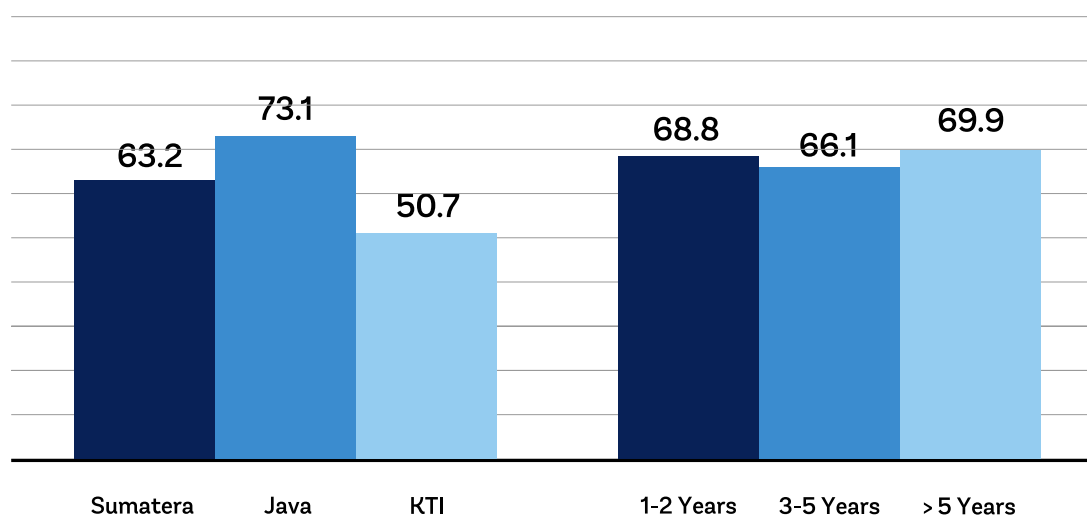


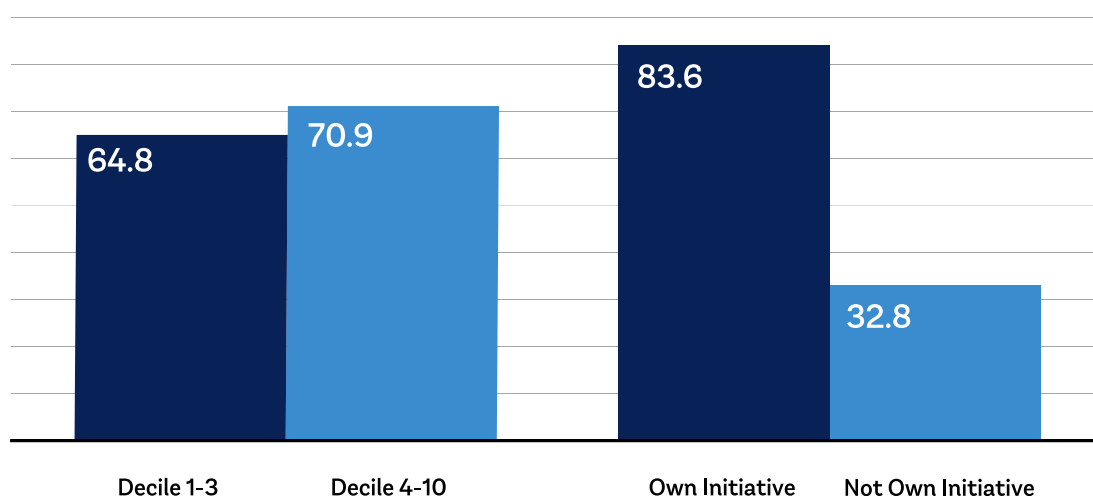
Figure 49 - Proportion of Graduate Families Ready to Leave PKH by Regions and PKH Duration (%)



The proportion of graduate families who claimed they were ready to leave PKH also seemed to be affected by their decile position and whether the families graduated at their own initiative. The proportion was significantly higher if the families were in decile four or above in

February 2020 (70.9 percent) than if they were in deciles 1-3 (64.8 percent). Families who graduated at their own initiative were also more likely to claim to be ready to graduate (83.6 percent), compared to those who did not (32.8 percent).

Figure 50 - Graduation Readiness by Decile and Initiative to Graduate (%)



5.3

Almost half of the graduates did not know about graduation rules

Graduate families who responded to this survey generally exited PKH before the PKH Graduation Technical Guidelines were enacted on October 1, 2020. Up to that time, the graduation process was largely implemented based on instructions from JSK officials, inputs from district/city coordinators, or at the facilitator's initiative.

Only half of the prosperous-independent graduates reported knowing that if they did not meet PKH criteria or were considered prosperous, they would be removed from PKH. This indicates a lack of understanding regarding the graduation process, even for the graduates themselves, who had already experienced the process. This finding points to a critical gap in educating beneficiaries about the program's graduation rules.

Figure 51 - Whether the Graduates Knew about PKH Graduation Rules (%)

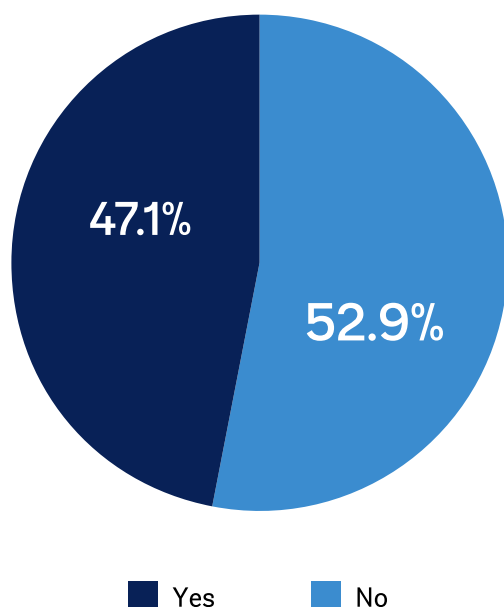
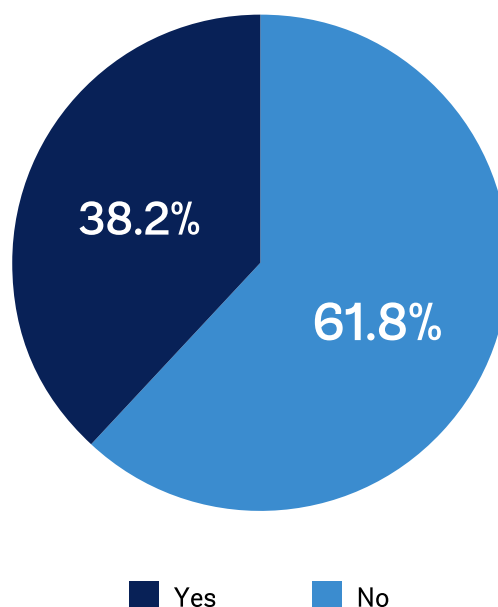


Figure 52 - Whether PKH Facilitators Visited the Families Before Graduation (%)



More than 60 percent of the prosperous-independent graduate families reported that PKH facilitators visited them before graduation. This percentage may be lower than it should be due to the COVID-19 pandemic. The visit was aimed to assess the families' wellbeing and livelihoods, including verifying the information with their surrounding neighbors.

The graduation process appeared to be largely formalized, with 77.5 percent of graduate families noting that they were asked to sign a document upon exiting PKH, in line with the required procedure.

The letter stipulated that the beneficiary agreed to voluntarily be removed from PKH, regardless of whether the graduation was initiated by the beneficiary or not. After the letter was signed by the beneficiary, the letter was then sent to the district/city coordinator as well as the district's Social Affairs unit, and finally uploaded to e-PKH.

MORE THAN 60 PERCENT OF THE PROSPEROUS-INDEPENDENT GRADUATE FAMILIES REPORTED THAT PKH FACILITATORS VISITED THEM BEFORE GRADUATION.

Figure 53 - Whether the Graduate was Asked to Sign a Document to Graduate (%)

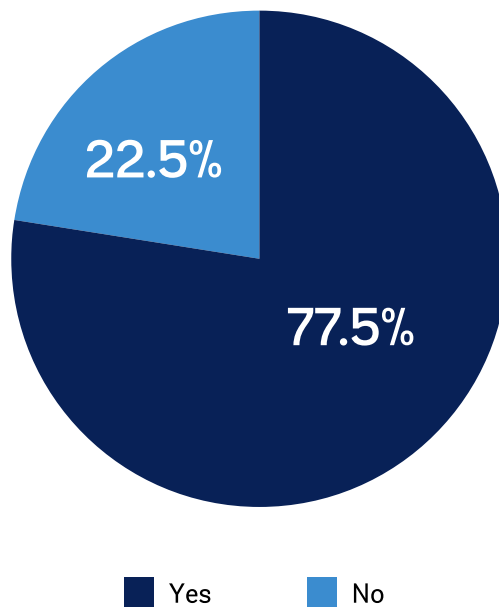
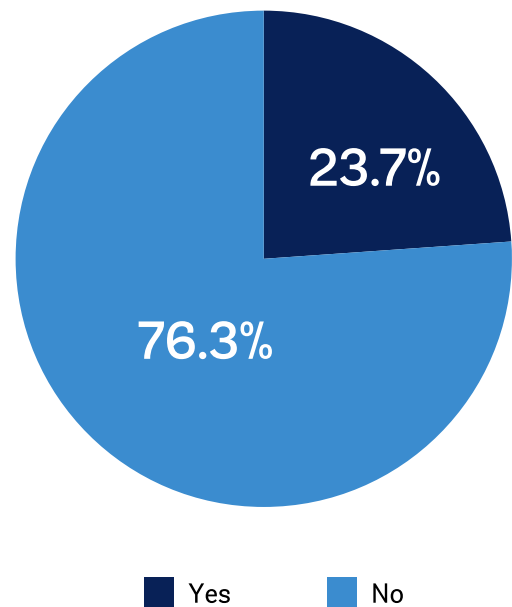
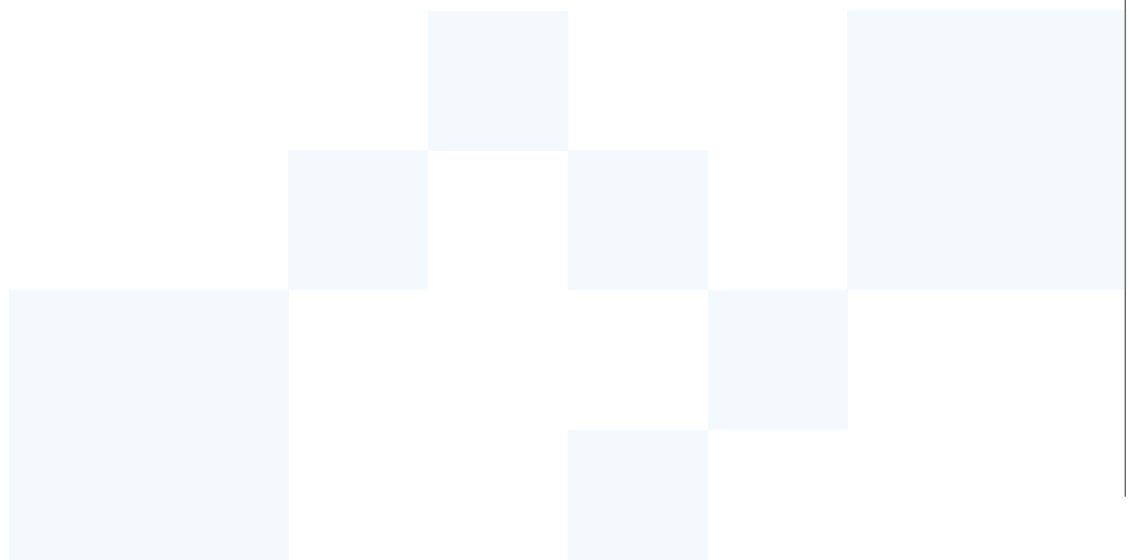


Figure 54 - Whether the Graduate was Provided Information on Other Empowerment Programs (%)



Unfortunately, only a small portion of the prosperous-independent graduate families (23.7 percent) were given information related to other socioeconomic empowerment programs when exiting PKH.

This information is important to help connect these graduates to other socioeconomic empowerment programs that can support their sustainable exit from poverty.



5.4

Labeling may be leading to exclusion of eligible beneficiaries

The survey revealed that 17.4 percent of prosperous-independent graduate families reported that their houses had been affixed with stickers or spray painted to mark that they were PKH beneficiaries (labeling). Most of these families were in East Java, Central Java, West Java, Aceh, and Lampung. In these areas, labeling had become a common practice to encourage PKH beneficiary families to graduate. Graduates who had been in PKH for a longer time also seemed to be more likely to experience labeling compared to those who entered the program recently.

Figure 55 - Share of Graduates Whose Homes Were Labeled (%)

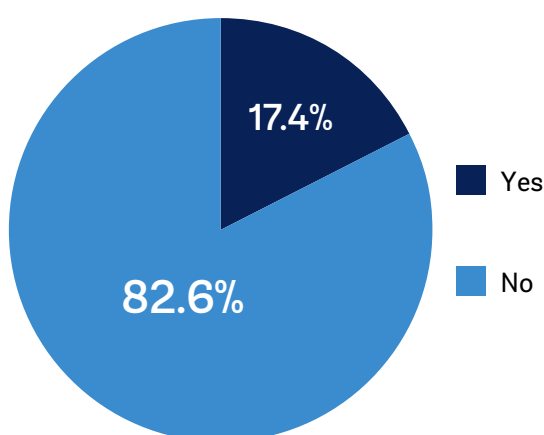
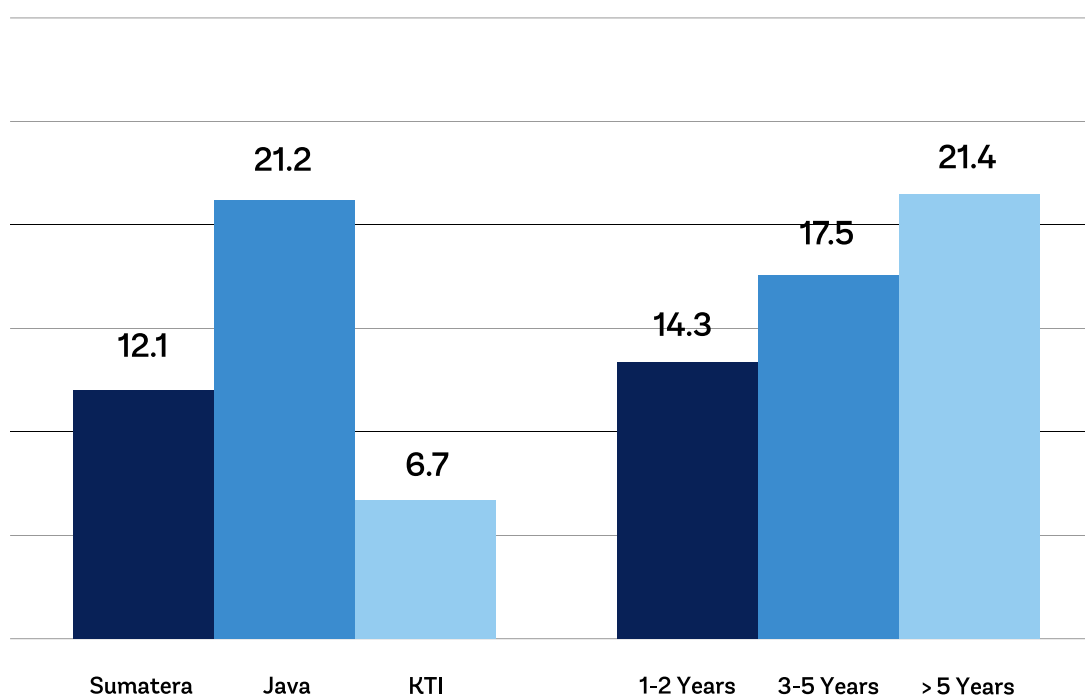


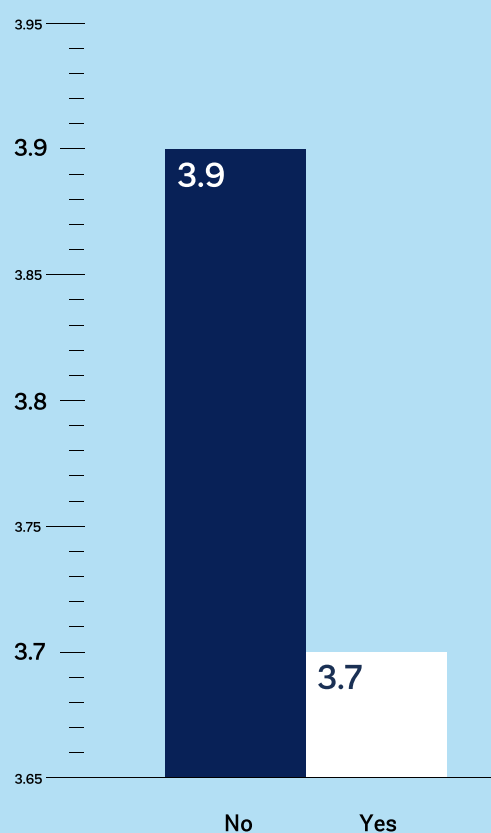
Figure 56 - Percentage of Graduates who Experienced Labeling by Regions and Duration in PKH (%)



As mentioned in Chapter 5.1, 16.5 percent Prosperous-Independent graduates left PKH because they feared their homes would get labeled. Graduate households who exited PKH due to labeling in fact were significantly from lower deciles on average. The percentage of

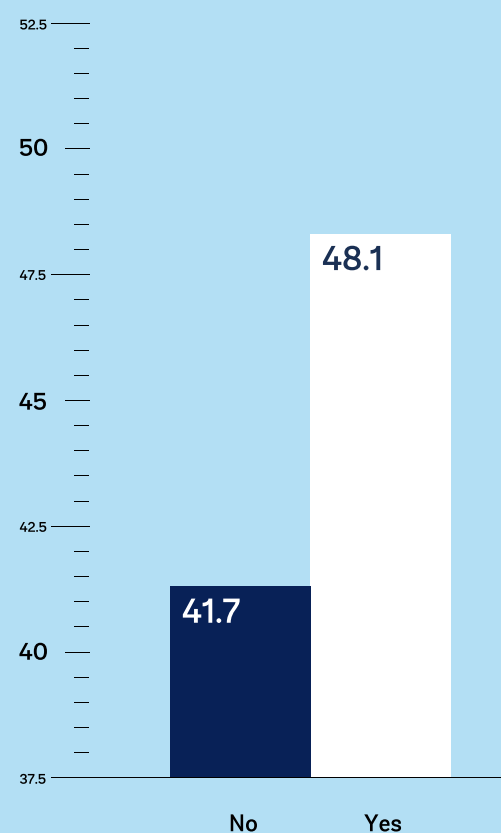
graduate households in deciles 1-3¹⁴ was also significantly higher if the graduates left PKH due to the fear of labeling. This validates the concern that labeling could lead to exclusion of eligible beneficiaries from the program.

Figure 57 - Average Decile in February 2020 by Whether Reason to Graduate is due to Labeling



Note: Whether reason to graduate is due to labeling

Figure 58 - Percentage of Graduates in Decile 1-3 in February 2020 by Whether Reason to Graduate is due to Labeling (%)



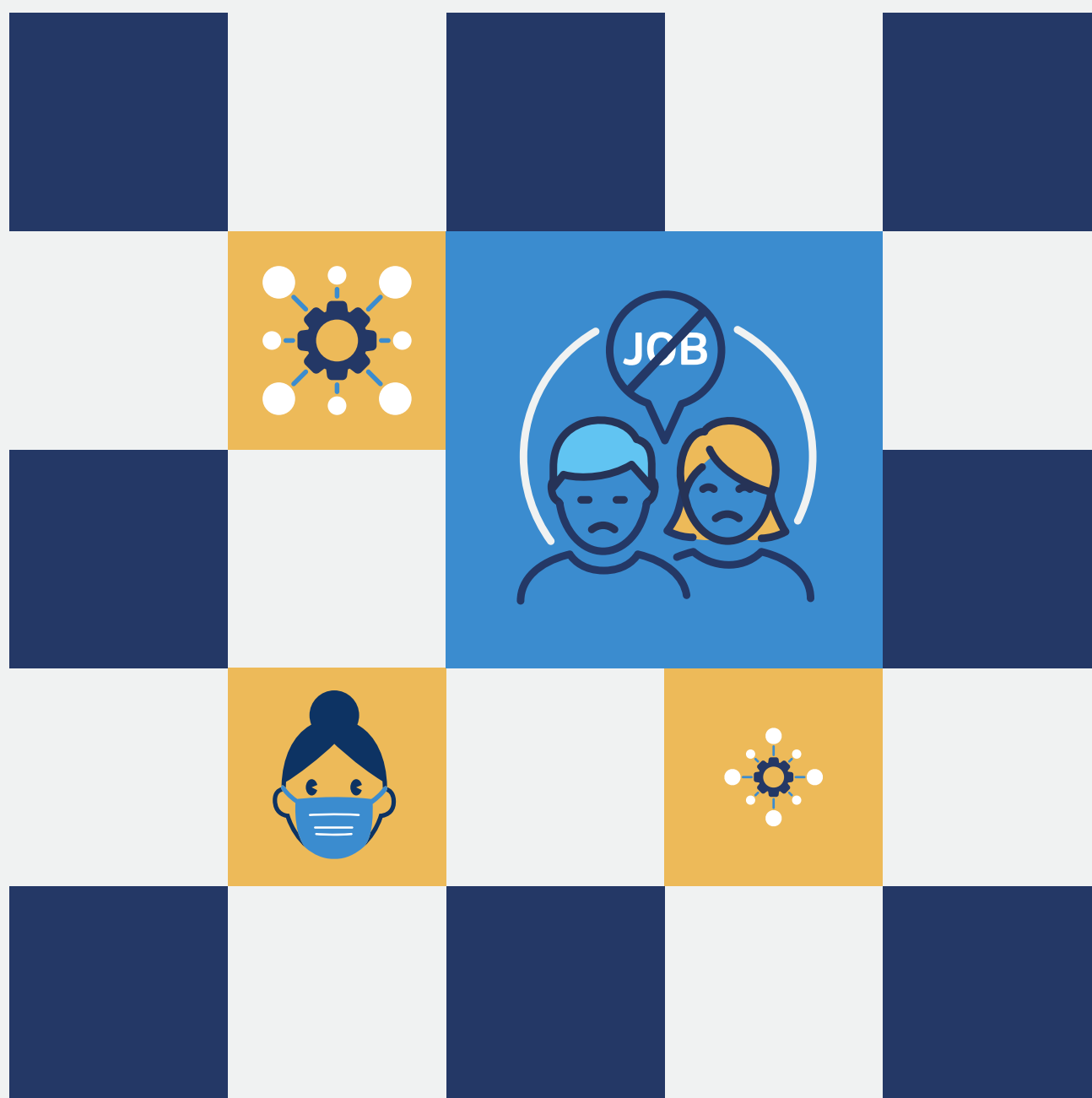
Note: Whether reason to graduate is due to labeling

THE PERCENTAGE OF GRADUATE HOUSEHOLDS IN DECILES 1-3 WAS SIGNIFICANTLY HIGHER IF THEIR GRADUATES LEFT PKH DUE TO THE FEAR OF LABELING

¹⁴ Although PKH is targeted at beneficiaries in deciles one and two; the Graduation Guidelines of October 2020 focus graduation processes on PKH families that fall in deciles four or above after socioeconomic reassessment.

6.

COVID-19 IMPACT



This section explores the impact of the COVID-19 pandemic as experienced by the prosperous-independent graduate households, including its impacts on primary occupation and asset ownership and whether these households received any COVID-19 social assistance. In order to observe the impacts, the team asked questions on primary occupation and asset ownership both at the time of the survey in December 2020 and through recalled questions referring to the graduate households' conditions in February 2020. February 2020 provides observations prior to the COVID-19 pandemic, while December 2020 provides a view of these conditions during the COVID-19 pandemic. However, it is also crucial to note that during this time, these households also graduated from PKH. Therefore, changes between February-December 2020 might also be due to the fact that these graduates were no longer in PKH. Unfortunately, the team cannot differentiate the two factors in this section due to a lack of counterfactual data.

6.1

The COVID-19 pandemic has been a major economic shock for graduate households

More than 70 percent of the prosperous-independent graduate households experienced economic shocks in 2020. Among these households, a decrease in income (73.2 percent), job loss (28.5 percent), and harvest failure (16.6 percent) were the three most common economic shocks experienced by the prosperous-independent graduate households. Almost half of the prosperous-independent graduate households only experienced one type of economic shock in 2020.

Figure 59 - Share of Graduates who Experienced Economic Shock in 2020 (%)

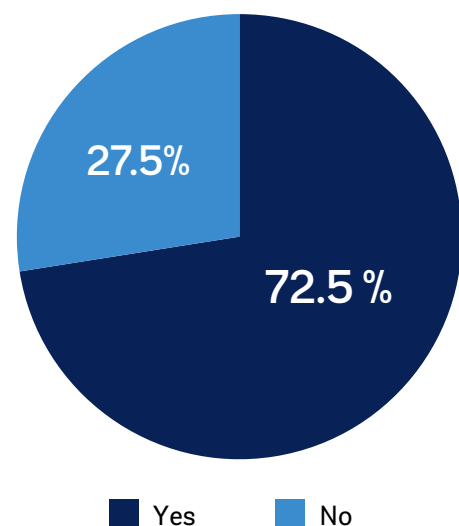
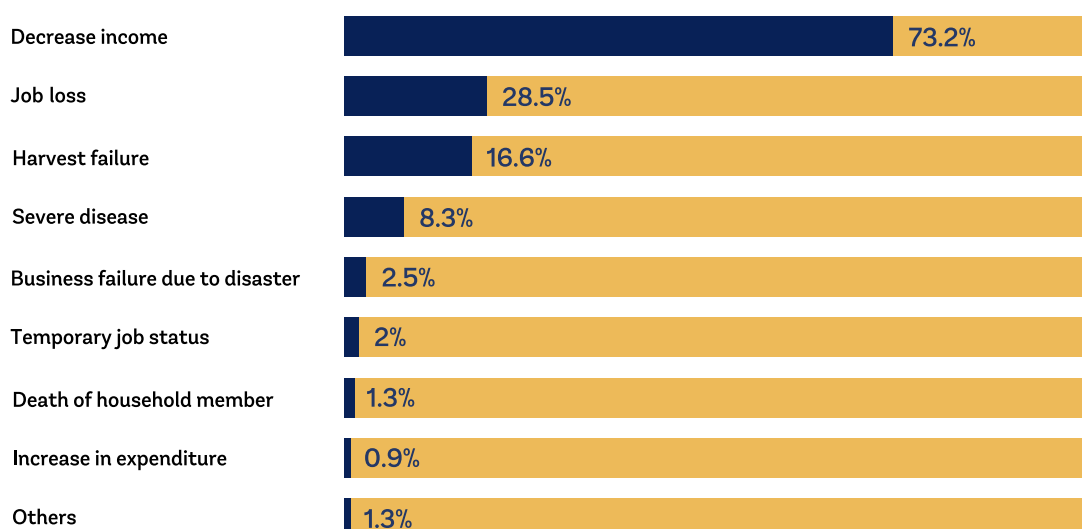


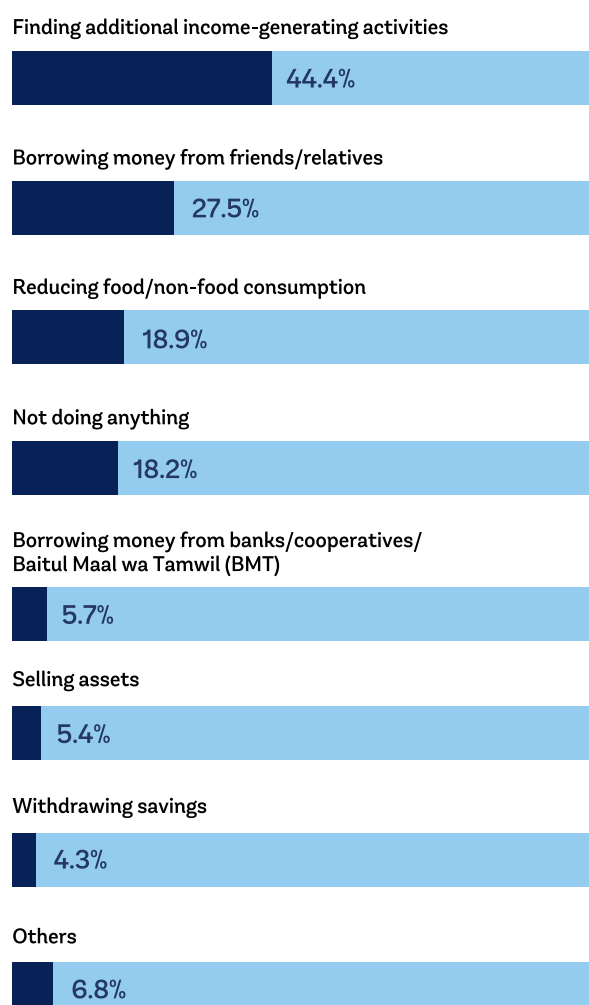
Figure 60 - Type of Economic Shock Experienced in 2020 (%)



Among the households who experienced economic shocks in 2020, 81.9 percent said that the economic shock was related to COVID-19 pandemic. More than 80 percent of the COVID-19 affected households experienced a decrease in income, while 30.1 percent lost their jobs. The remaining households attributed the shocks to natural disasters or personal circumstances. The National Board for Disaster Management indeed recorded 2,925 natural disasters in Indonesia in 2020, including heavy floods, flash floods, landslides, earthquakes, and volcanic eruptions.

Almost half of the prosperous-independent graduate households coped with the economic shocks in 2020 by performing additional income-generating activities. This might explain the increase in the proportion of household members who worked between February to December 2020. Meanwhile, 27.5 percent borrowed money from friends and relatives, while 18.9 percent reduced their food/non-food consumption.

Figure 61 - Graduate Coping Mechanisms (%)



6.2

More PKH graduate household members were working in December 2020 than in February 2020

Compared to February 2020 (87.2 percent), more prosperous-independent graduate household heads were working in December 2020 (92.3 percent). Although this diverged from the general labor trend in Indonesia during the pandemic (BPS, 2020)¹⁵, this was in line with the graduates' claim above that they engaged in more income-generating activities to mitigate the economic shocks in 2020. As seen in Figure 62, the increase was absorbed by the informal and agricultural sectors. In December 2020, 69.9 percent of the graduate household heads worked in the informal sector, higher than in February 2020

(67.1 percent). More graduate household heads worked as own-account workers, employers assisted by temporary/unpaid worker, or family/unpaid workers in December 2020. At the same time, there were decreases in the proportion of graduate household heads working as laborers/employees, casual workers, and employers assisted by permanent/paid worker in December 2020. The percentage of graduate household heads working in the agricultural sector was also larger between February to December 2020 from 41.7 percent to 44.9 percent, while it decreased in the industry and services sectors.

Figure 62 - Livelihood of Graduate Household Heads Pre- and During COVID-19 (%)

	February 2020	December 2020
Working	87.2%	92.3%
Primary Job Sector		
Informal	67.1%	69.9%
Formal	32.9%	30.1%
Primary Job Sector		
Services	41.7%	44.9%
Agriculture	32.9%	30.8%
Industry	25.4%	24.3%
Primary Job Status		
Labor/Employees	28.3%	28.2%
Own-Account Workers	27.9%	25.2%
Casual Workers	22.9%	24.9%
Family/Unpaid Workers	14.5%	14.8%
Employers Assisted by Temporary/Unpaid Worker	4.8%	4.6%
Employers Assisted by Permanent/Paid Worker	1.6%	2.3%

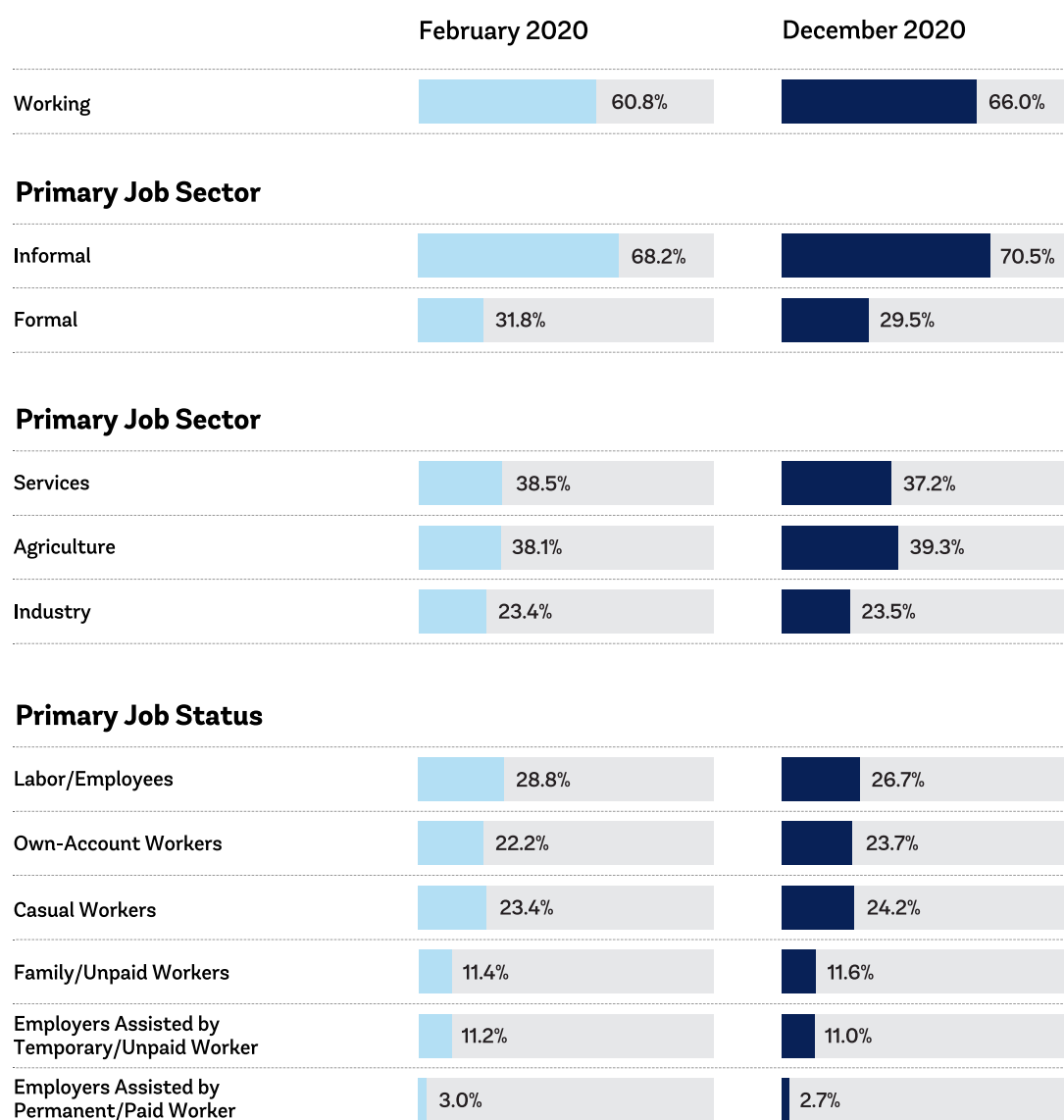
¹⁵ The total number of working people in Indonesia in August 2020 was 128.45 million people, decreased by 4.84 million people (3.63 percent) compared to the condition in February 2020 (133.29 million people).

Similarly, more prosperous-independent graduate household members who were 15 years old or above, were working in December 2020 (66.0 percent) than in February 2020 (60.8 percent), echoing the earlier observations for the household heads.

There was also an increase in the percentage of graduate household members working in the informal sector between February-December 2020, from 68.2 percent to 70.5 percent. In addition, more graduate household members worked primarily in the agricultural sector in December 2020

(39.3 percent) compared to February 2020 (38.1 percent), flipping the majority sector from services to agriculture. The proportion of graduate household members that had a primary occupation as laborers/employees, employers assisted by temporary/unpaid workers, and employers assisted by permanent/paid workers seemed to decline in December 2020. Meanwhile, a larger proportion of graduate household members primarily worked as own-account workers, casual workers, and family/unpaid workers during the COVID-19 pandemic.

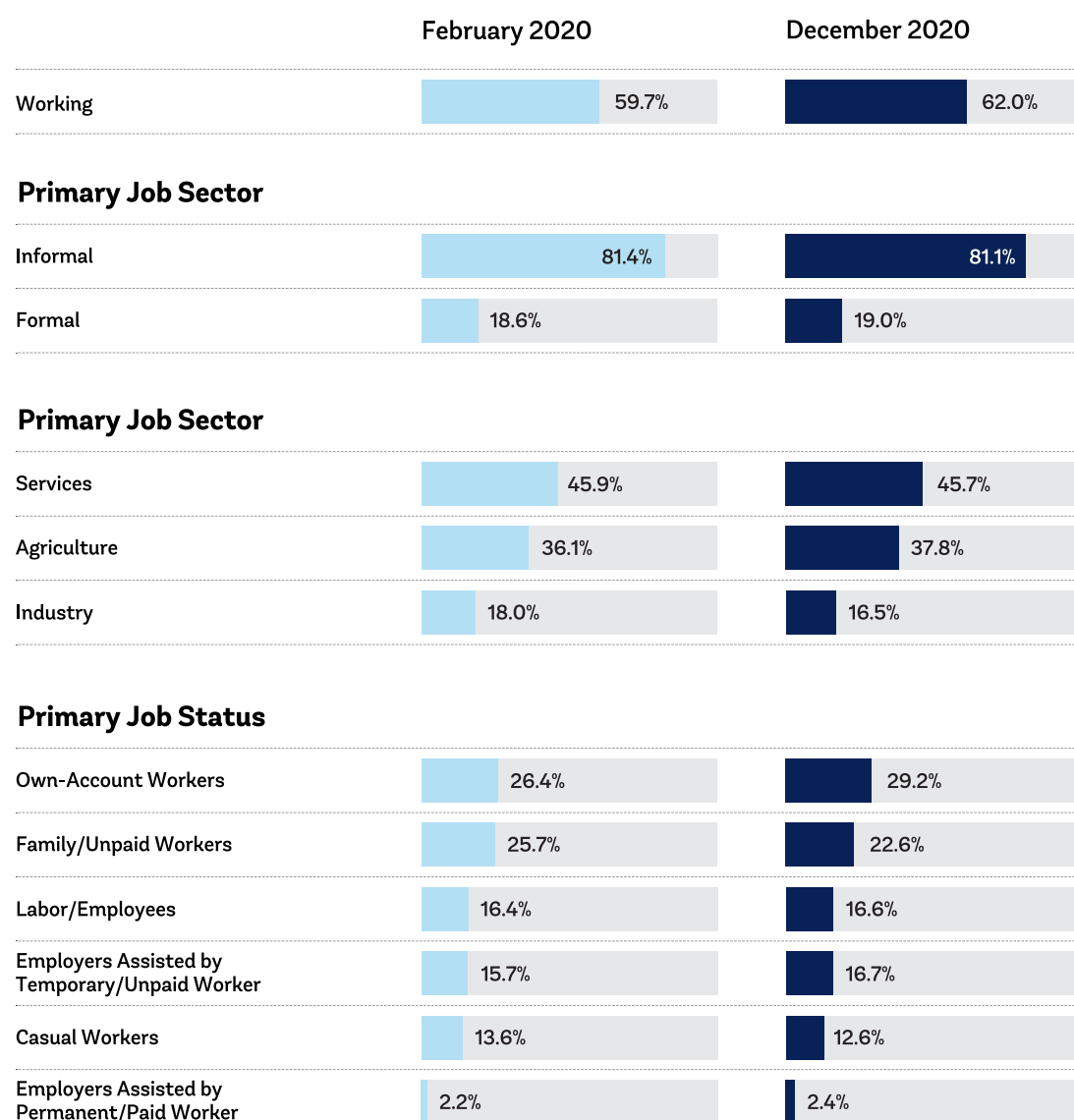
Figure 63 - Livelihood of Graduate Household Members Pre- and During COVID-19 (%)



More former PKH beneficiaries worked in December 2020 (59.7 percent) compared to February 2020 or before the COVID-19 pandemic (62 percent). Unlike the graduate household heads or household members, there seemed to be a slightly increasing proportion of former PKH beneficiaries working in the formal sector between February-December 2020 (18.6 percent to 19 percent), though more than 80 percent of them remained in the informal sector. Most former PKH beneficiaries worked in the services sector. However, during the COVID-19 pandemic, more former PKH

beneficiaries worked in the agricultural sector. Self-employment remained the most common primary job status for former PKH beneficiaries. The percentage even increased between February-December 2020, from 26.4 percent to 29.2 percent. More former PKH beneficiaries also worked as laborers/employees, working with the assistance of temporary/unpaid workers, and working with the assistance of permanent/paid workers, while fewer former PKH beneficiaries worked as family/unpaid workers and casual workers in December 2020, compared to February 2020.

Figure 64 - Livelihood of Former PKH Caretakers Pre- and During COVID-19 (%)



6.3

Graduates seemed to accumulate more assets during the pandemic

Prosperous-independent graduate households also reported having more assets in December 2020, compared to February 2020. This observation might seem to conflict with the observation presented in Figure 60 that most the prosperous-independent graduate households experienced a reduction in income. Unfortunately, the survey did not probe the reasons or how the households got the assets. It was also possible that the households received assets as a transfer from non-household family members.

However, when looking closely, the increase in asset ownership occurred for assets that might support household businesses, such

as refrigerators, motorcycles, and cars.

For instance, 89.1 percent of the prosperous-independent graduate households had a motorcycle in December 2020, increasing from 86.8 percent in February 2020. There was also a significant increase in refrigerator ownership among the prosperous-independent household members between February-December 2020 from 61.2 percent to 67.3 percent. Refrigerators are an important asset for grocery shops, culinary, and fishing businesses. At the same time, more prosperous-independent household members also reported owning a car in December 2020 (6.6 percent) than in February 2020 (3.9 percent), which could be utilized for businesses in transportation services.

Figure 65 - Changes in Prosperous-Independent Graduates' Asset Ownership (%)

	February 2020	December 2020
Motorcycle	86.8%	89.1%
Land	82.8%	83.9%
Refrigerator	61.2%	67.3%
Computer/Laptop	8.2%	9.3%
Flat Screen TV Min 30 Inch	5.5%	7.0%
Car	3.9%	6.6%
Gold/Jewelry Min 10 Gram	5.5%	4.8%
Gas Cylinder 5 Kg or More	2.3%	2.1%
Motorboat	1.0%	1.0%
Boat	0.6%	0.5%
AC	0.4%	0.4%
Landline Phone	0.4%	0.3%
Water Heater	0.4%	0.3%

Some of the increase in assets (such as computers/ laptops, flat-screen TVs min 30 inches) might be also related to the graduate household responses to the COVID-19 pandemic. For instance, 9.3 percent of the prosperous-independent reported owning a computer/laptop in December 2020, higher than in February 2020 (8.2 percent). As schools were closed due to COVID-19 pandemic, computers/laptops were needed to support remote learning for school-aged children. 70.1 percent of those who reported owning a laptop in December 2020, but not February 2020, were from decile 4 or 4+. Close to half (49.9 percent) of them also lived in Java. Furthermore, there was also an increase in the ownership of flat-screen TVs with a minimum of 30 inches from 5.5 percent in February 2020 to seven percent in December 2020. This increase in TV ownership may have also been the result of COVID-19 coping mechanisms, as people were required to stay at home and TVs entertained them during the pandemic. The majority (95.2 percent) of those who reported this new TV ownership were in Java, where COVID-19 restrictions were strongest due to the rate of infections compared to other regions. Unlike for laptops, graduate families who just

owned a TV in December 2020 seemed to come from various deciles, with 57.1 percent from deciles 4 or above, and 42.9 percent from deciles 1-3.

On the other hand, ownership of gold/ jewelry and gas cylinders of five kilograms or more seemed to decrease. This observation may be in line with the previous findings on the prosperous-independent graduate households' coping mechanisms to deal with the economic shocks caused by the pandemic in 2020. Gold/jewelry has been perceived as another form of saving or liquid asset that can be cashed in if necessary. The decline of gold/jewelry ownership between February-December 2020 might be related to household efforts to maintain cash flow during this time. Large gas cylinders are not subsidized by the government and have a significantly higher price per kilogram compared to the subsidized three kilogram gas cylinder. Slightly fewer prosperous-independent household members reported having a gas cylinder of five kilograms or more in December 2020 (2.1 percent) than in February 2020 (2.3 percent) possibly due to efforts to reduce non-food consumption during this time.



6.4

Most graduate households received COVID-19 social assistance

A large share (88.4 percent) of prosperous-independent graduate households reported receiving at least one type of COVID-19 related social assistance since April

2020. The most common type of COVID-19 related social assistance that they received is the Electricity Subsidy (77.4 percent). The program provided a fee waiver for households subscribing to 450 Volt-Ampere (VA) and 50 percent off bills for households subscribing to R1/900VA or R1/T900VA¹⁶ for April-December 2020. In fact, 94.8 percent of the graduate houses indeed had electrical power of 450 watts or 900 watts.

In addition to the electricity subsidy, both central and local government distributed numerous social assistance benefits to mitigate the COVID-19 impact, particularly for poor households and affected workers.

For example, MoSA provided one-time Unconditional Cash Transfer (UCT) of IDR 500,000, or USD 34.5, for Program Sembako beneficiaries who did not receive PKH in August 2020. According to our survey, 13.1 percent of the graduate households reported receiving this UCT. Meanwhile, 7.9 percent of the graduate households also claimed to receive 15 kilograms of rice per month between August-October 2020, which was targeted at all PKH beneficiaries. Furthermore, 5.8 percent of the graduate households received the UCT from the Village Fund (BLT Dana Desa), targeted

rural households affected by COVID-19 pandemic who were not covered by Program Sembako, PKH, and the new social assistance benefit targeting jobseekers called the Prakerja Card program. The Village Fund cash transfer provided IDR 600,000 or USD 41.4 per month for April-June 2020 and IDR 300,000 or USD 20.7 per month for July 2020 up to the time of writing this report in November 2021, though it is unclear whether the beneficiaries receive this UCT regularly every month. Meanwhile, only a few graduate households reported participating in the Prakerja Card program (2.5 percent). The program provided beneficiaries with (i) training voucher (IDR 1 million or USD 69) to improve their skills whereby the beneficiaries can select the training on their own in the online platforms partnered with the program; (ii) UCT of IDR 600,000 or USD 41.4 per month for four months, disbursed after completing the training; and (iii) and incentives for three post-training surveys (IDR 150,000 or USD 10.4). Detailed information on the COVID-19 assistance from the central government can be found in Appendix 2. On top of these COVID-19 assistance programs from central government, regional governments also had their own programs. The assistance from the regional governments included cash transfers, food transfers, or provision of health-related equipment (e.g. mask, soap, and hand sanitizer).

¹⁶ The state electricity company (PLN) categorized the electricity tariff based on the Minister of Energy and Mineral Resources Decree no 28/2016. There are 8 categories: social services (S), households (R), Business (B), Industry (I), government agencies (P), public transport (T), cooperatives which manage electrical power (C), and special service/other (L). Each category is further divided depending on their voltage (different categorization for different services). For households, the categorization is as followed: R1= household, power=450VA to 2200VA; R2= household, power=3500 VA to 5500VA; and R3=6600 VA and above. The "T" before the power means that the customers have a pre-paid ("Token") service.

Figure 66 - Share of Graduate Households that Received Any COVID-19 Assistance (%)

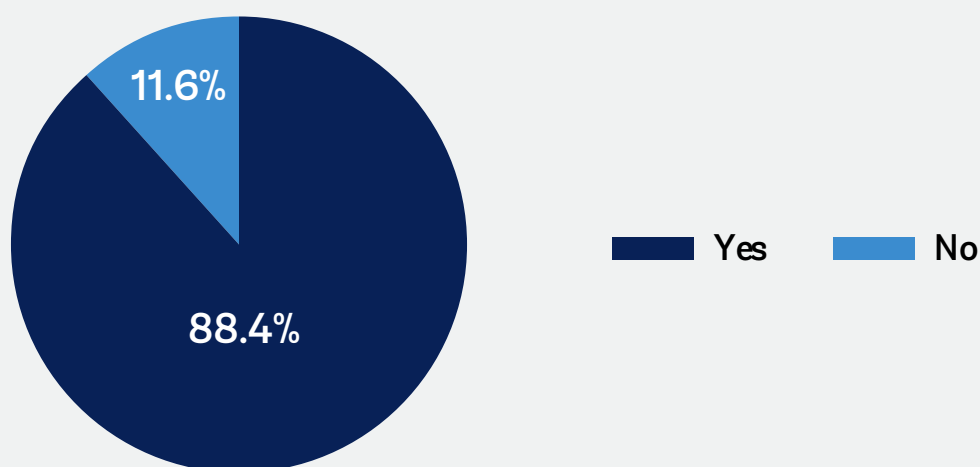
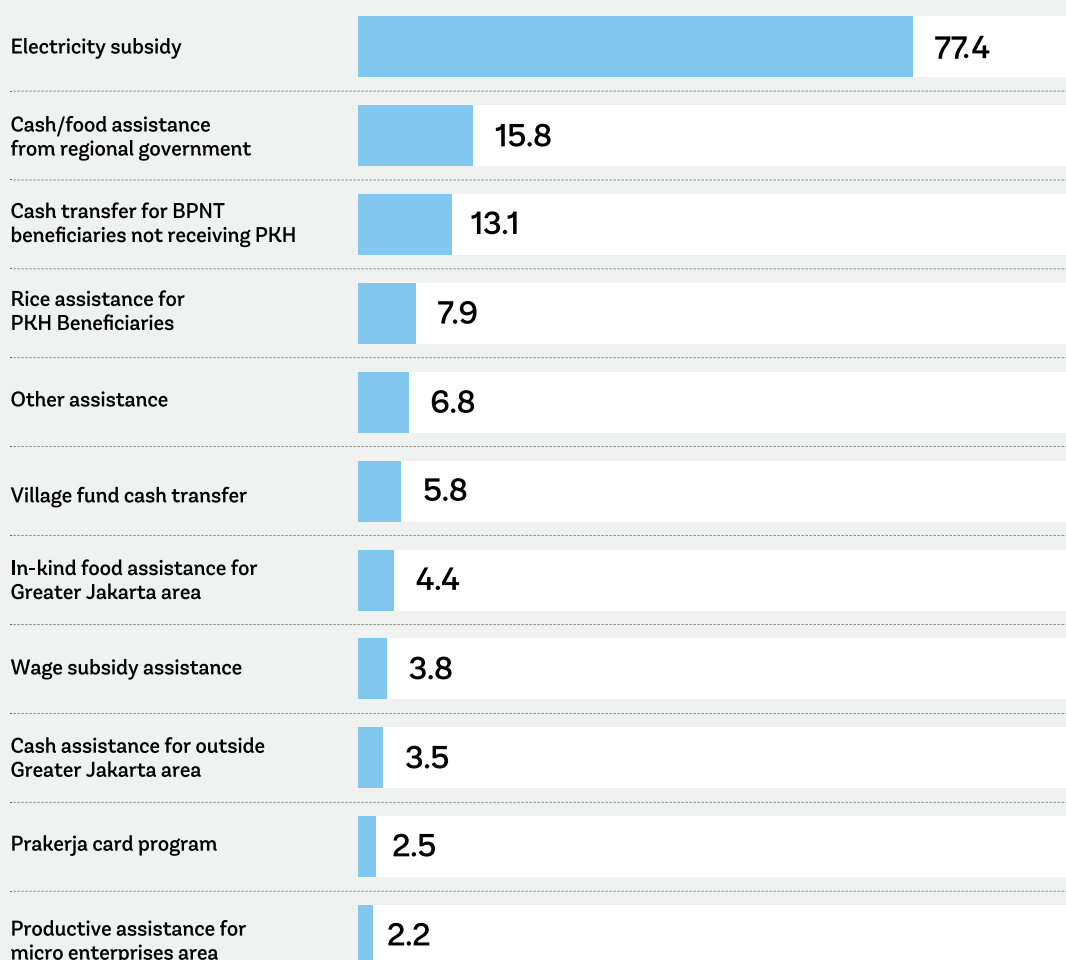


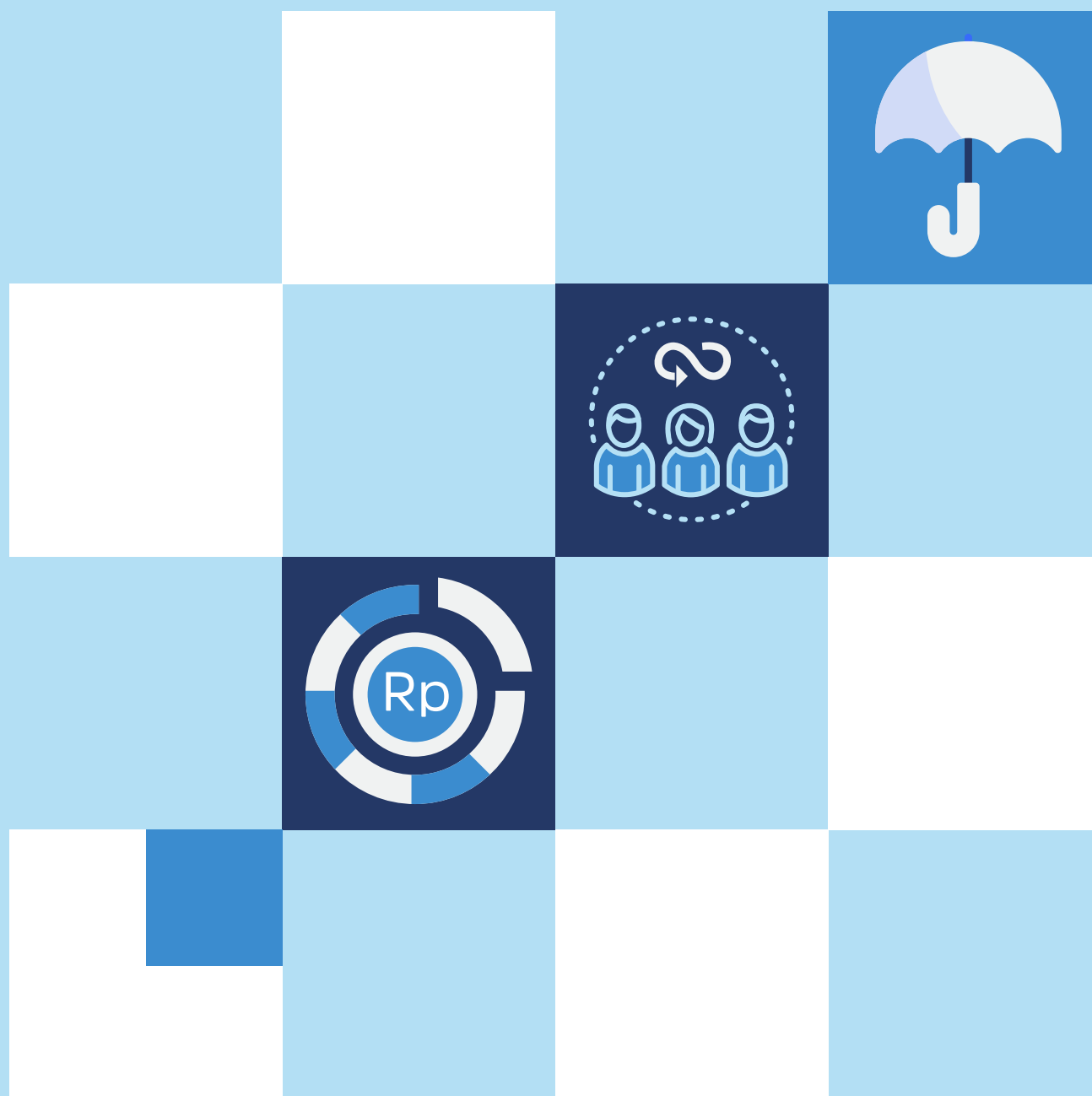
Figure 67 - Type of COVID-19 Assistance Received (%)



Note: Allowed for multiple responses

7.

SUSTAINABILITY OF PKH CONDITIONS



One of the key objectives of this study is to see whether the prosperous-independent graduate households continue to apply the education and health behaviors as required while in PKH. It is important to note that this was an early observation as the graduates left PKH between January-October 2020, while the survey was performed in December 2020. Moreover, the findings were taken amid the COVID-19 pandemic. The pandemic forced schools to switch from face-to-face to remote learning, which might have affected school participation. In terms of the healthcare services, some integrated health centers (Posyandu), especially in Java, were closed or opened less frequently due to the COVID-19 pandemic. Pregnant mothers or children might have been less likely to visit healthcare facilities due to concerns about contracting the COVID-19 virus. Above all these challenges, this chapter showed a promising observation that the prosperous-independent graduate households continued to follow the education and health behaviors that were required when they were enrolled in PKH.

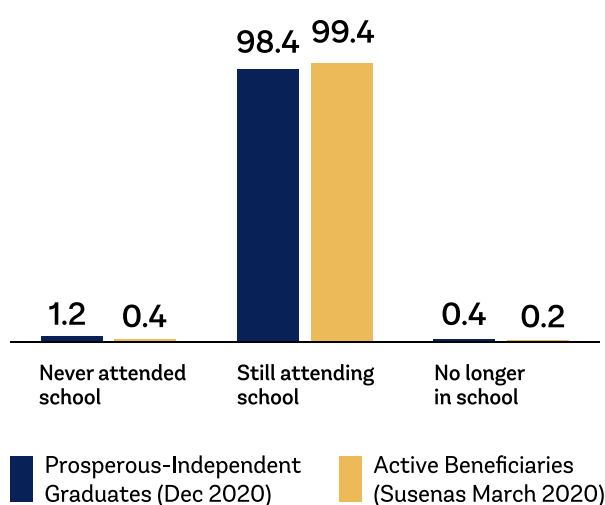
7.1

Graduate household members of school age remained in school

Prosperous-independent graduate household members seemed to continue attending school after they left PKH.

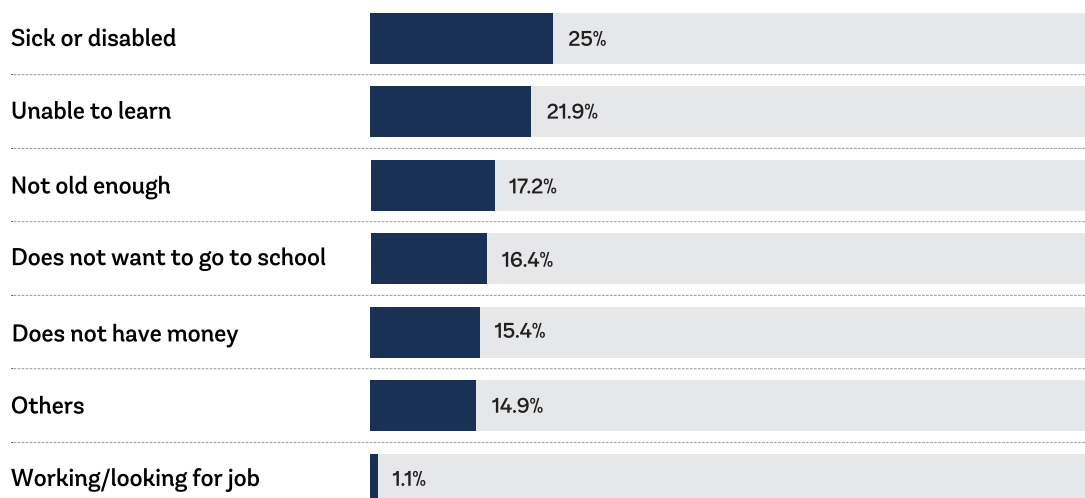
Nearly all (98.4 percent) graduate households' members ages 7-12 years old were still in school. This did not differ much from active beneficiary household members. For those who never attended school or were no longer in school (1.6 percent), the primary reasons were related to sickness/disability or inability to learn. Only 15.4 percent reported not going to school because they did not have funds.

Figure 68 - School Participation of Household Members 7-12 Years Old (%)¹⁷



¹⁷ Susenas March 2020 was administered before COVID-19 pandemic, which may affect the school participation rate.

Figure 69 - Reasons for Not Attending School - Household Members 7-12 Years Old (%)



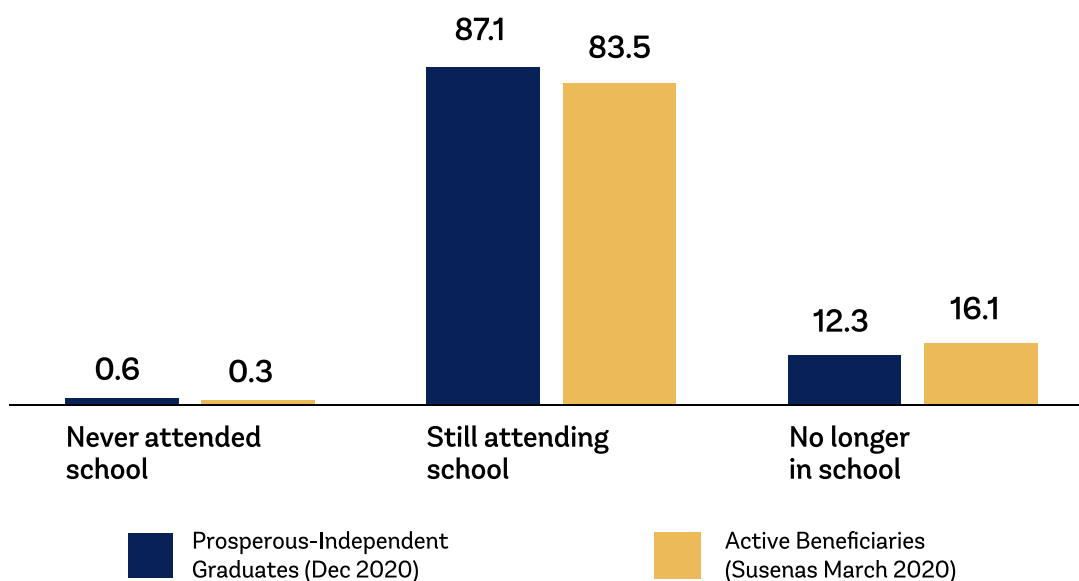
Note: Only for respondents who answered that they never attended school or were no longer in school

Similarly, most graduate household members aged 13-18 years old were attending school, at even higher rates than active beneficiary household members.

This provided evidence that the graduates still followed the incentivized education behavior, even amid the COVID-19 pandemic. For those

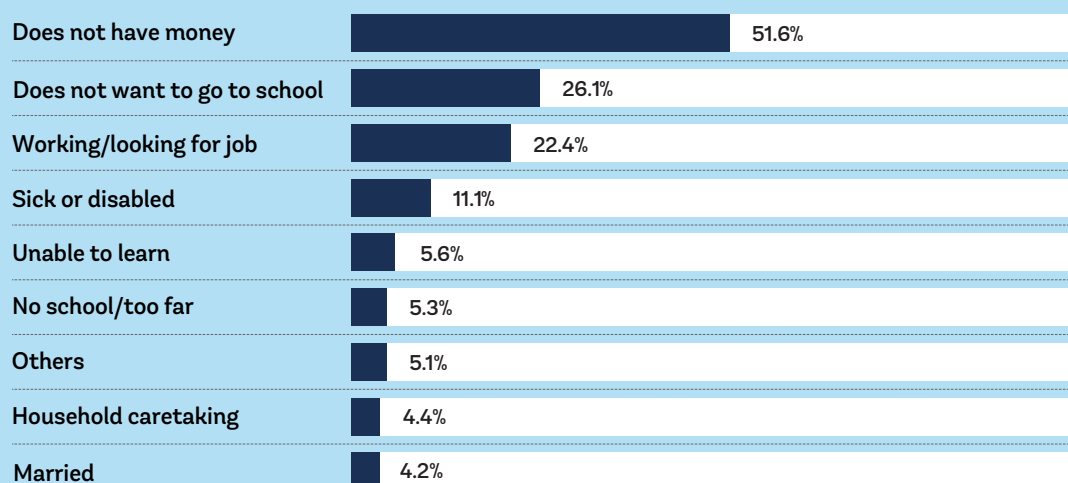
who never went to school or were no longer attending school (12.9 percent), more than half reported not having money for school as the main reason. 22.4 percent also mentioned that they dropped out of school because they wanted to work or look for jobs.

Figure 70 - School Participation for Household Members 13-18 Years Old (%)¹⁸



¹⁸ Susenas March 2020 was administered before the COVID-19 pandemic, which may affect the school participation rate.

Figure 71 - Reasons for Not Attending School for Household Members 13-18 Years Old (%)



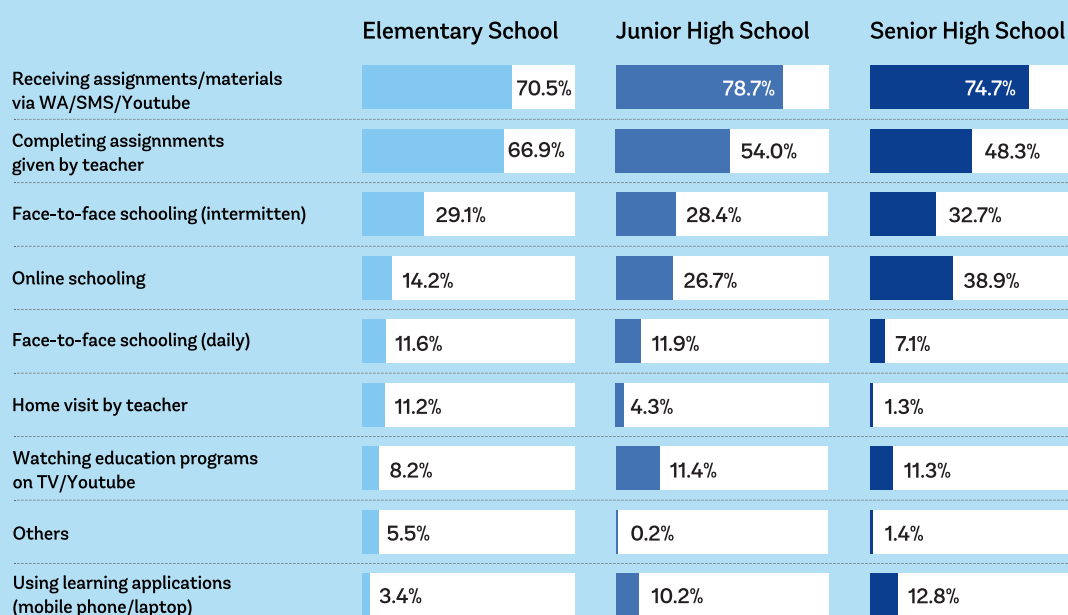
Note: Only for respondents who answered that they never attended school or were no longer in school

During the COVID-19 pandemic, most prosperous-independent graduate household members learned remotely.

The most common school method across the levels was by receiving assignments/materials both online (WhatsApp/Short Message Service (SMS)/YouTube) or offline. Senior high school students were more likely to have face-to-face

schooling, mostly to take examinations. Online schooling either via online class, applications in mobile phones/laptops, or educational programs on TV/YouTube seemed to be more commonly used for senior high school students, compared to students in lower grades.

Figure 72 - Graduate Household Members School Methods During the COVID-19 Pandemic¹⁹



¹⁹ The data was collected in December 2020.

7.2

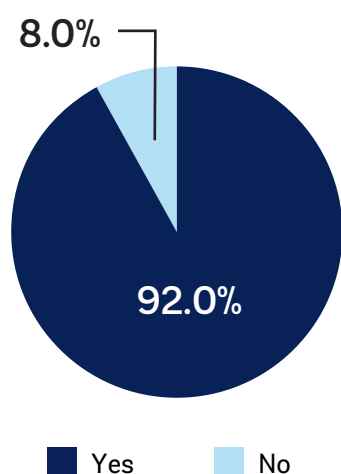
Mothers continued to visit healthcare facilities for pregnancy check-ups and childbirth²⁰

Former PKH beneficiaries seemed to continue to visit healthcare facilities for maternal care after leaving PKH.

The majority (92 percent) of former PKH beneficiaries who gave birth in 2020 reported checking their pregnancy at least four times during the pregnancy, as conditioned while in PKH. According to Figure 74, former PKH beneficiaries in Java and Kalimantan-East Indonesia seemed to be less likely to check their pregnancy at the healthcare facilities regularly. Particularly for the former PKH

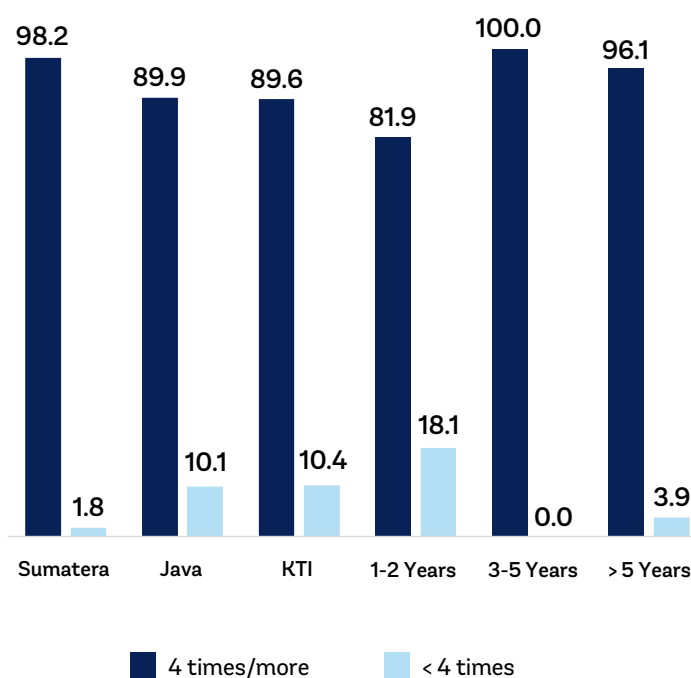
beneficiaries in Java, this observation might be caused by fear of contracting COVID-19 at healthcare facilities, as Java has been the region reporting the most COVID-19 positive cases in Indonesia. Meanwhile, there seemed to be a positive trend between the pregnancy check-up compliance among former PKH beneficiaries enrolled for a longer duration in PKH. However, it is important to keep in mind that this finding might be significantly affected by the COVID-19 pandemic as well and cannot be attributed solely to the duration in PKH.

Figure 73 - Frequency of Pregnancy Check-Ups Among Former PKH Beneficiaries (%)



Note: Only for respondents who gave birth in 2020

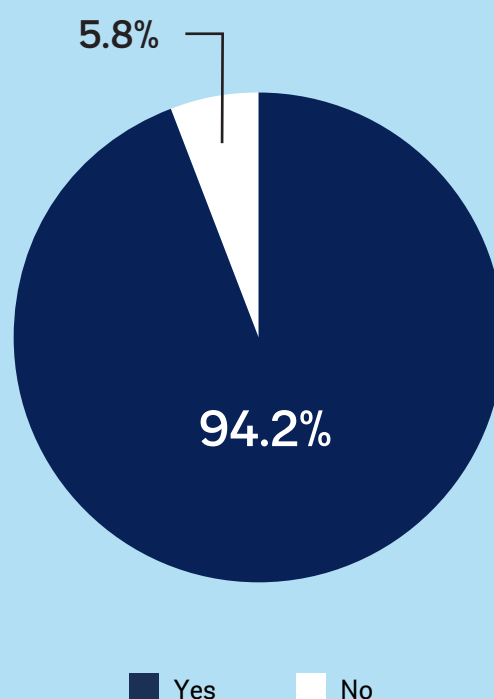
Figure 74 - Pregnancy Check-Ups Among Former PKH Beneficiaries by Regions and Duration in PKH (%)



²⁰ These findings on health access need to be taken with caution due to the pandemic and possible fears of the COVID-19 virus which may have affected health behaviors.

Furthermore, 94.2 percent of the former PKH beneficiaries who gave birth in 2020 delivered their babies in healthcare facilities. The remaining delivered their babies at home, while only a few utilized traditional midwives. According to Figure 76, all former PKH beneficiaries in Sumatera and Kalimantan-East Indonesia reported giving birth in healthcare facilities. However, the percentage was lower in Java with 86.8 percent. This might be related to COVID-19, as Java has been the epicenter of the pandemic for the country. Pregnant mothers may have been reluctant to deliver their babies in healthcare facilities due to worries about contracting COVID-19. On the other hand, Figure 76 also seemed to show a downward trend between the delivery compliance and duration in PKH. However, this observation might be heavily affected by the COVID-19 pandemic.

Figure 75 - Share of Birth Delivery in Healthcare Facilities Among Former PKH Beneficiaries (%)



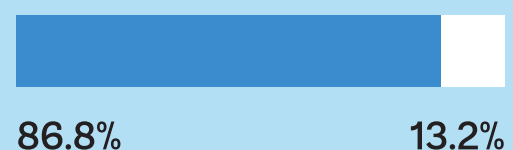
Note: Only for respondents who gave birth in 2020

Figure 76 - Birth Delivery in Healthcare Facilities Among Former PKH Beneficiaries by Regions and Duration in PKH (%)

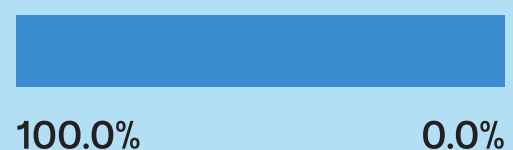
Sumatera



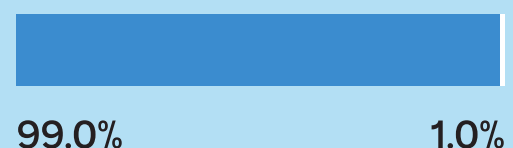
Java



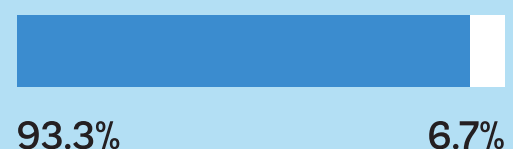
KTI



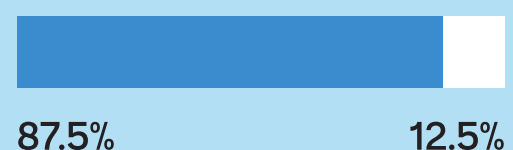
1-2 Years



3-5 Years



> 5 Years



Yes No

On the other hand, only 57.9 percent of former PKH beneficiaries who had children 0-3 years old visited integrated health centers at least once per month in the last three months.

A concerning finding was that 19.8 percent of former PKH beneficiaries did not take their children to Posyandu in the last three months. According to PKH Verification Technical Guidelines 2019, children from 0-5 years old are required to visit Posyandu every month for weight and height monitoring, immunization, nutrition support, and general health checks. This low percentage of compliance might have resulted from some Posyandu being closed or opened less frequently due to the COVID-19 pandemic.

Figure 78 also showed that former PKH beneficiaries in Java, the region that was worst hit by the COVID-19 pandemic, seemed less likely to take their children to Posyandu every month, compared to other regions. Only 45.2 percent of the former PKH beneficiaries in Java brought their children to Posyandu every month, significantly lower than in Sumatera (64.9 percent) and Kalimantan-East Indonesia (83.3 percent). In terms of PKH duration, even though there seemed to be a negative trend between the duration in PKH and compliance with Posyandu visits in Figure 78, this observation was not conclusive as it might be affected by COVID-19 pandemic as well.

Figure 77 - Share of Former PKH Beneficiaries Visiting Posyandu in the Last Three Months (%)

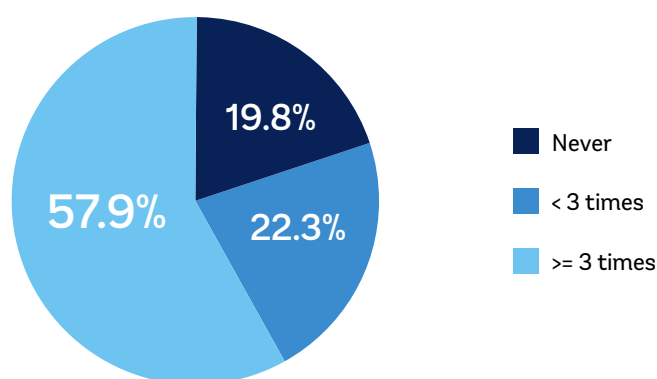
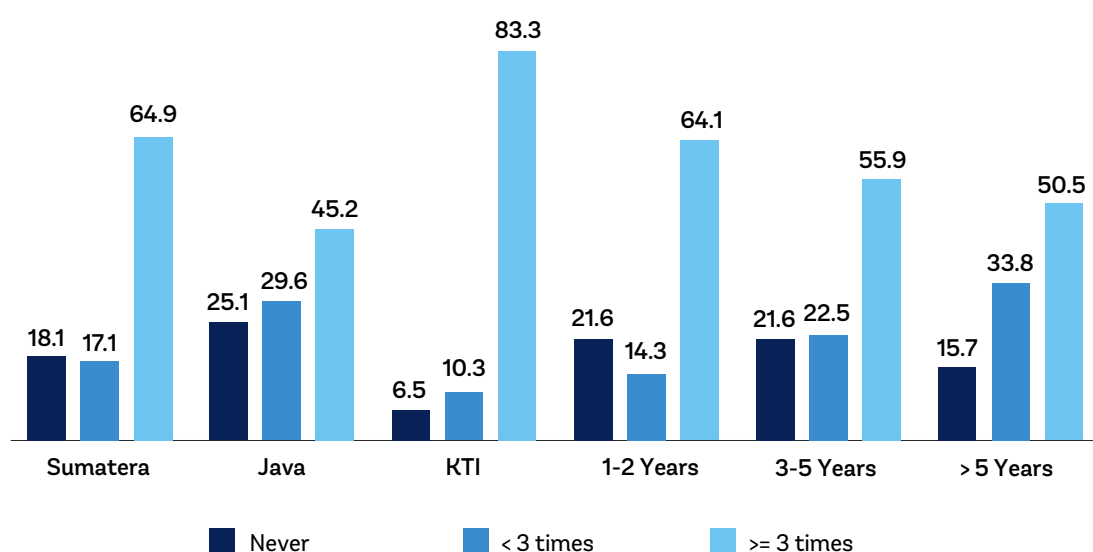


Figure 78 - Proportion of Former PKH Beneficiaries Visiting Posyandu in the Last Three Months by Regions and Duration in PKH (%)



8.

MAIN FINDINGS AND POLICY RECOMMENDATIONS



8.1

Main Findings

This study provides quantitative evidence about the current situation of PKH graduates with respect to their socio-economic status, employment and livelihood activities, program complementarities and sustainability of the previously incentivized behavior by the PKH program. The experiences shared from the survey respondents provides important lessons, which if addressed, can help strengthen the effectiveness of PKH's graduation process.

The survey has found that:

- **The graduation process seemed to correctly identify beneficiaries in better socioeconomic deciles most of the time. However, a significant share of still-eligible beneficiaries seemed to have been graduated as prosperous-independent graduates.** Almost 60 percent of the respondent prosperous-independent graduates were in deciles four or above, which is the target group for graduation. The remaining 40 percent however were in lower deciles. In particular, there is about seven percent of the sample who were still in decile one. This is consistent with the understanding that the graduation process did not follow a standardized method for reassessing socioeconomic conditions.
- **Prosperous-independent graduates in higher observed deciles demonstrated some key distinguishing characteristics, compared to those in lower deciles.**
 - **This included primarily being located in Sumatera compared to other regions.** On average, respondents in Sumatera were in higher deciles compared to other regions: 4.8 compared to 3.7 in Java and 3.8 in Kalimantan-East Indonesia in December 2020. This may be associated with the higher decile when they enter PKH.²¹
 - **These graduated households also appeared to be in the program for a shorter period of time.** Among the sampled graduates, the more recent entrants in PKH belonged to slightly higher deciles (4.1 in December 2020 for those who were in PKH for 1-2 years, compared to 3.8 for those in the program for more than 5 years). There is a possibility that this is due to the expansion of PKH which happened in 2018.
 - **Graduates who left PKH at their own initiative tended to be in higher deciles than those who did not.** Sampled graduates who left PKH at their own initiative were in higher deciles (decile four in December 2020) than those who did not (3.8).

²¹ The entry PMT level of graduate households could not be assessed in this survey, but would be a welcomed area for additional research.

- **Prosperous-independent graduates demonstrated socio-economic characteristics that seem to bode well for their productive capacity.** The sample households of prosperous-independent graduates tend to be led by male household heads (94.5 percent compared to 86.4 percent for active PKH beneficiary households); and of productive age (97.5 percent compared to 87 percent for active PKH beneficiary households). In addition, these graduate households owned more types of assets, with the most significant differences in asset ownership between the sampled graduate households and active PKH beneficiary households being refrigerators, motorcycles, land, computers/laptops, and cars. Moreover, the head of households among the sampled graduate households tend to have higher education levels (about 40 percent attended junior high school or higher) than those from active PKH beneficiary households (30.8 percent); working in non-agriculture sectors (58.3 percent compared to 51.8 percent for active PKH beneficiary household heads); and working in the formal sector (32.9 percent compared to 31.7 percent for active PKH beneficiary household heads).
- **Access to complementary social assistance seemed to decrease after graduation.** While almost all of the respondents reported receiving at least one complementary social assistance in the past year, fewer reported receiving Program Sembako (77.4 percent compared to 81.8 percent of active beneficiaries) and Program Indonesia Pintar (42.6 percent compared to 44.5 percent of active beneficiaries). Furthermore, very few prosperous-independent graduates had access to economic empowerment programs e.g. training and capital-support programs.
- **The labeling process has created stigma and pressure for still-eligible beneficiaries to leave the program.** Labeling has been used mainly by facilitators in Java, partly to achieve their target to graduate 10 percent of their beneficiaries per year as part of their key performance indicators. The finding that 16.5 percent of prosperous-independent graduates left PKH because they feared homes would be labeled, and graduate households who exited PKH due to labeling in fact were from significantly lower deciles on average.
- **Prosperous-independent graduates maintained positive education and health behaviors on leaving the program.** PKH has been able to persistently influence the behavior of its graduates. Despite the COVID-19 pandemic, a larger proportion of graduates still maintained positive education and health behaviors following their exit from the program.
- **A systematic process for reassessment of socioeconomic conditions and graduation of PKH beneficiaries is not fully in place.** Despite some progress over the last five years in establish guidelines and procedures to support the graduation process, possibilities for subjective decision making by PKH facilitators remain. Additionally, beneficiaries were not systematically informed of requirements for graduation, such as graduation rules and empowerment programs.

8.2

Policy Recommendations

The findings of this study reveal the importance of the PKH program in facilitating improved socioeconomic conditions and welfare among poor households. The survey's findings signal potential for even more meaningful and sustainable poverty reduction outcomes among the poor families that participate in the PKH program. To accomplish these outcomes, it would be useful for the Government of Indonesia consider adjustments to the current graduation process and guidelines for PKH beneficiaries. These adjustments could improve both the efficiency and transparency of the graduation process itself, but also result in more effective outcomes for PKH beneficiaries, and ultimately ensure that the program more effectively supports Government's poverty reduction policy objectives. The suggested policy recommendations arising from this survey include:

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- **Define transparent, consistent, and defensible graduation criteria.** Transparency will ensure that all PKH stakeholders including beneficiaries, facilitators, local and central government, have access to, and hence understand, the criteria used for graduation. Consistent criteria would guarantee that PKH beneficiaries receive the same treatment when they are graduating from the program, irrespective of their location or other variables. The graduation criteria also need to be defensible, in the sense that they are based on rigorous and accountable research or program experience. The graduation criteria should also be in line with the entry criteria into the program, for example by using the same PMT score method that is applied to assess eligibility for the program to reassess socioeconomic conditions and determine readiness for graduation. In addition, JSK/MoSA needs to set up a threshold/exit cut-off score based on the PMT regarding who can continue to receive PKH or not based on this reassessment.
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- **Establish a sustainable and consistent reassessment procedure.** Reassessment needs to be planned on a regular basis or pre-determined timeframe based on the family's entry in the program. Additionally, it is recommended that the reassessment should be done as efficiently as possible, avoiding long time lags, costly updating exercises, or relying on other update exercises (e.g. DTKS updating). It is also recommended to use the same instrument for reassessment that is used on entry to PKH, for consistency. A switch to such a process could provide a rolling, but manageable, basis for reassessment.
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- **Provide standardized graduation training for facilitators.** This is very important to avoid potential bias and inconsistencies in the processes used by facilitators to graduate PKH families. It would also be important that such training is updated to reflect revised procedures and to integrate appropriate monitoring mechanisms to ensure adherence to these processes as well as to identify implementation challenges and to respond to these quickly.
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- ***Communicate graduation rules to beneficiaries clearly and frequently.***

Optimally, this should begin from the beneficiary's enrollment in PKH and continue frequently during participation in the program through group meetings as well as through facilitator interactions. Dissemination of information on the graduation process should be conducted as early as possible, so that beneficiaries are aware of the steps necessary for them to move forward. This will help manage beneficiary expectations about duration of enrollment and continued eligibility.

- ***Improve the provision of support services and complementary benefits for beneficiaries during participation in PKH.***

The provision of support services and complementary benefits to extreme poor and poor households are critical to helping improve their livelihoods and socioeconomic conditions. PKH beneficiaries currently have access to complementary benefits, including PIP, Program Sembako, and PBI-JKN; and economic inclusion through ProKUS, however there remain gaps in coverage, adequacy, and impact, which if addressed could help improve graduation outcomes. To warrant successful graduation, all active PKH families need to receive other support programs (such as Program Sembako, PIP, and PBI-JKN) as complements. In addition, it is also important for PKH beneficiaries to receive other programs such as LPG / Electricity subsidies.

- ***Consider expanding access to economic inclusion programs for graduating households.***

Graduation from PKH does not guarantee that improved socioeconomic conditions will be maintained, particularly if not incentivized through systematic coaching, accompaniment, and complementary support to improve the sustainability of behaviors and livelihoods. While prosperous-independent PKH graduates have demonstrated sustained positive behaviors in health and education, they may also benefit from improved access to economic inclusion to support diversification of livelihoods where necessary, sustainable livelihoods, expanded markets, and increased earnings post-graduation. Establishing formal partnership with economic inclusion programs (not only those managed within MoSA, but those managed by different ministries or institutions),²² and providing access to graduating families may be useful to support these objectives. This will also require improving the quality of information in e-PKH to better connect beneficiaries to economic inclusion programs. Currently, e-PKH has limited information or variables with respect to the type of business the beneficiaries own. It may be necessary to enrich e-PKH with business history and performance indicators as well.

²² For example, KUR, the revolving fund programs managed by Ministry of Cooperatives and Small Medium Enterprise, Mekaar program, and UMi program.

- ***Discourage the practice of labeling.*** The economic and social costs of labeling are high and create stigma among beneficiaries. A worrying finding from the survey was that labeling could lead to exclusion of eligible beneficiaries from the program, which in turn potentially hinders efforts to break the cycle of inter-generational poverty among these families. In addition, labeling is a form of stigmatization which may cause a feeling of shame among PKH beneficiaries. The consequences of feeling shame may include: (i) hiding, dissociation and turning away from responsibilities; (ii) self-oriented distress; (iii) anger and aggression; and (iv) psychological problems such as depression.²³ Those behaviors may lead to further social problems. Furthermore, a systematic process of reassessment – or “recertification” – accompanied by standardized graduation procedures may reduce the pressure to use labeling as a strategy to graduate families.

- ***Develop a strong Monitoring and Evaluation (M&E) system to evaluate the performance of the graduation process as well as graduation outcomes.*** At the moment, PKH facilitators are given incentives based on how many PKH beneficiaries they can graduate annually. Without a robust Monitoring and Evaluation system, there may be a risk associated with stopping the benefits for families who are still eligible to receive PKH. A robust M&E system, ideally accompanying standardized graduation procedures, will help MoSA better monitor implementation and track graduation outcomes. This would also require sound systems to ensure that contact information for PKH beneficiaries (during and after enrollment) is up-to-date or can be updated easily. Such a system should optimally be linked to e-PKH and can help MoSA adjust graduation procedures as needed.

²³ Tangney, Stuewig and Mashek 2007, in Teroni and Bruun 2011 in Rolean 2017

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Appendix 1

Summary of COVID-19 Response Social Assistance Programs in 2020

Program Name	Description	Coverage and Realization	Benefit	Payment Method
Program Keluarga Harapan (PKH)	Existing family conditional cash transfer, targeting the poorest 20 percent in the DTKS	Expansion from 9.2 to 10 million families identified among those already in DTKS per April 2020.	Increased annual benefits by 25% (equal to additional 3 months) and the increase was distributed in April-June 2020. Benefit was distributed monthly for April-September 2020, then reverted to quarterly per October 2020.	Transfer to the bank account in the KKS (Prosperous Family Card). The bank is assigned for each district/city, using the same bank as Program Sembako (BNI, BRI, BTN, Mandiri).
Program Sembako or Non-Cash Food Transfer (BPNT)	Existing food assistance program, targeting the poorest 30 percent included in the DTKS. The benefit is used to purchase eligible food items in Program Sembako's e-Warung.	Expansion from 15.2 to 20 million households, identified among those already in the DTKS (April-December 2020).	Increased benefits of IDR 200,000/month from IDR 150,000/month (March/April 2020 – December 2020): <ul style="list-style-type: none"> For existing beneficiaries, the additional benefit starts from March 2020 For new beneficiaries, the additional benefit starts from April 2020 	Transfer to the e-Wallet in the KKS (Prosperous Family Card). The bank is assigned for each district/city (BNI, BRI, BTN, Mandiri, BPD Aceh).
Electricity Subsidy for Households, Business, Industries, and Social Activities	Newly launched electricity fee waiver and partial discounts for households with electricity connection of R1/450VA, R1/900VA, and R1/T900VA; small businesses (B1/450 VA); and small industries (I1/450 VA). In 2021, the program also includes customers related to social activities (S1/450 VA).	Targets all households subscribing to electricity connection of R1/450VA (24 million HHs) and R1/900VA or R1/T900VA (7.2 million subsidized households, listed in DTKS), B1/450VA (430,000 customers) and I1/450VA (335,000 customers).	<ul style="list-style-type: none"> April-December 2020 450 VA: Fee waiver 900 VA: 50% off bills 	<ul style="list-style-type: none"> Pre-paid: token number can be retrieved via www.pln.co.id or by sending WhatsApp chat to 08122-123-123. Since January 2021, the pre-paid customers can get the token number via New PLN Mobile application. Post-paid: automatically deducted in the bill

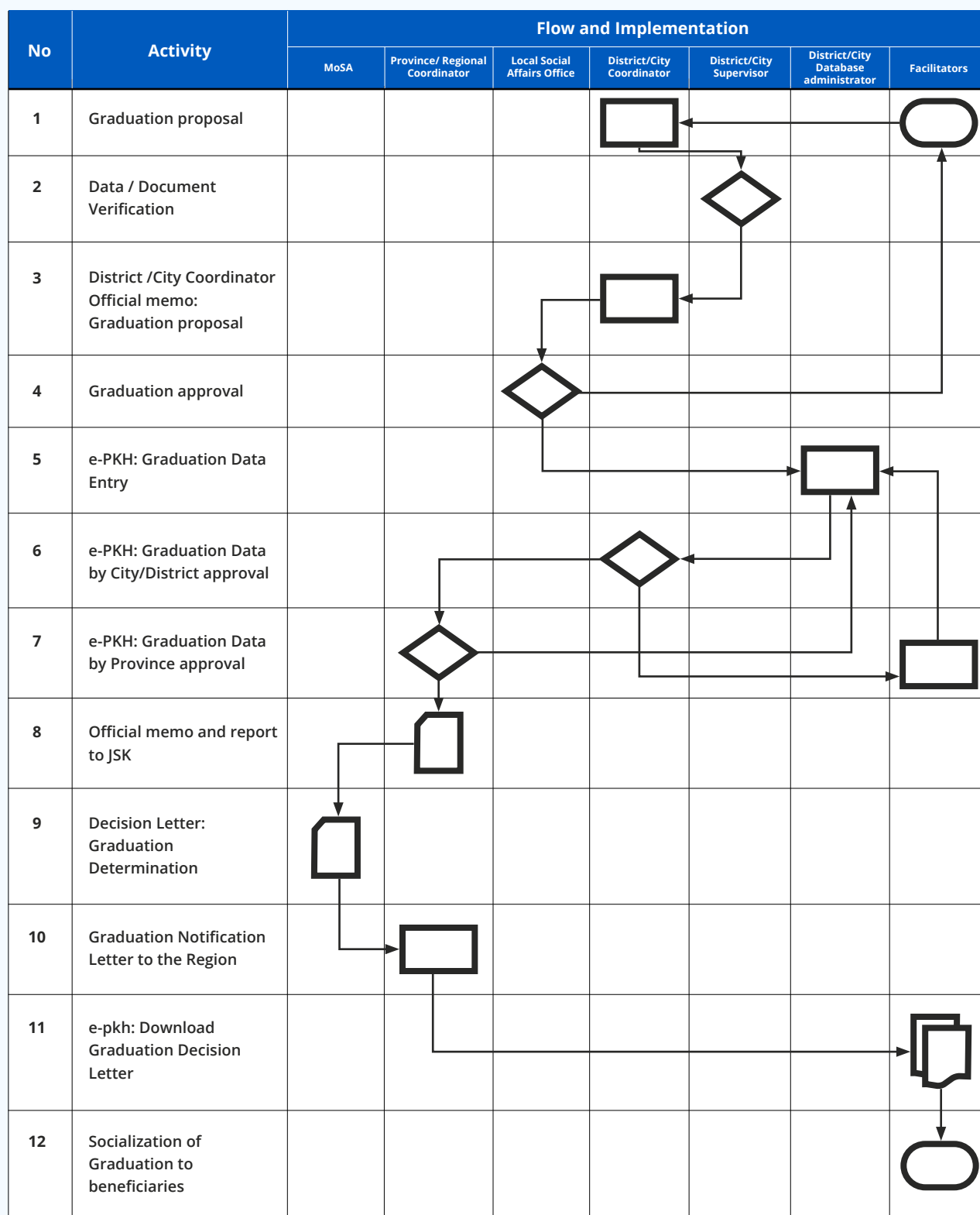
Program Name	Description	Coverage and Realization	Benefit	Payment Method
UCT or Bantuan Sosial Tunai (BST)	Newly launched unconditional cash transfer targeted for families who are listed in DTKS, but not currently covered in any of existing programs (Program Sembako, PKH). In April-December 2020, BST is targeted for families <i>outside</i> Jabodetabek area. However, since January 2021, BST also includes Greater Jakarta areas as a replacement of Bantuan Sosial Sembako. Initially BST targets households in DTKS, however the program also receives names from regional government and ministries.	Targeted 9 million families (April-December 2020).	<ul style="list-style-type: none"> • April-June 2020: IDR 600,000/month • July-December 2020: IDR 300,000/month 	<ul style="list-style-type: none"> • Most via the post office, while the remaining via transfer to the bank account for those who have accounts in BNI, BRI, BTN, or Mandiri
UCT funded by village fund or BLT-Dana Desa	Newly launched unconditional cash transfer using Indonesia's Village Fund (Dana Desa), targeting rural households, uncovered by Sembako, PKH, BST, and Prakerja programs, and affected by COVID-19. Village government has full discretion for the household selection.	Target 11 million households.	<ul style="list-style-type: none"> • April – June 2020: IDR 600,000/month • July – December 2020: IDR 300,000/month 	<ul style="list-style-type: none"> • Distributed in cash by the village government
Pre-Employment Card or Kartu Prakerja	New social assistance targeting jobseekers, age 18 or above who are not in formal education and not receiving PKH, Sembako, or BST. Launched in April 2020 and rolling out progressively.	Targeted 5.6 million individuals in 2020.	<ul style="list-style-type: none"> • The benefits in 2020 are: training with value IDR 1 million (one time), post-training benefit of IDR 600,000/month (4 months), post-program survey incentives of IDR 50,000/survey (3 surveys) 	<ul style="list-style-type: none"> • The training benefit is transferred via BNI virtual account • The post-training benefit is transferred to the payment method selected by the beneficiaries (BNI, LinkAja, OVO, GoPay, or DANA)

Program Name	Description	Coverage and Realization	Benefit	Payment Method
Internet Quota Subsidy	Newly launched internet quota provision for students and teachers/ lectures of pre-schools, elementary schools, junior high schools, senior high schools, and universities listed in MoECRT or MoRA.	Targeting: - MoECRT: 50,704,847 students; 3,424,176 teachers, 5,156,850 university students, and 257,217 lectures. - MoRA: 7,635,376 million beneficiaries.	September – November 2020 • Pre-school students: 20 GB/month • SD-SMA students: 35 GB/month • PAUD-SMA teachers: 42 GB/month • University students and lecturers: 50 GB/month	• Transfer to the beneficiary's phone numbers
Rice Assistance from Bulog or Program Bantuan Beras Bulog	Newly launched rice assistance. In August-October 2020, rice assistance (medium quality) is provided to all PKH beneficiaries.	Targeted 10 million PKH families for August-October 2020.	• August-October 2020: rice 15 kg/month	• Distributed in-kind by BULOG
UCT for Sembako Beneficiaries	New one-time unconditional cash transfer, targeting Sembako beneficiaries who are not receiving PKH.	Targeted 9 million families in 2020.	IDR 500,000 (one time) in August 2020	Transfer to the bank account for Program Sembako
Bantuan Sosial Sembako (Jabodetabek)	New food transfer covering COVID-19 affected vulnerable residents of Jakarta and districts surrounding the capital (Bodetabek). In 2021, the food transfer is replaced by BST.	Targeted 1.3 million households in Jakarta and 600,000 households in periphery districts (Bodetabek).	• April-June 2020: Food package equivalent to IDR 600,000/month • July-December 2020: Food package equivalent to IDR 300,000/month	Distributed in-kind by MoSA
Wage Subsidy	Newly launched unconditional cash transfer managed by MoM. In September-December 2020, the program covers workers with salary < IDR 5,000,000 and registered on BPJS TK.	Targeted 15.7 million workers in 2020.	• In September-December 2020: IDR 1,200,000/ two-month for 2 times	Transfer to the bank accounts listed in the BPJS TK's enrollment

Program Name	Description	Coverage and Realization	Benefit	Payment Method
Cash for work or Program Padat Karya Tunai	Regular social empowerment program where individuals perform public work and get paid. The budget sources can be from the Village Fund, Ministry of Public Work and People's Housing, and other ministries as well.	<ul style="list-style-type: none"> • Village Fund - In 2020, targeted 8,73 million workers • Ministry of Public Work and People Housing - In 2020, targeted 638,990 workers. • Other Ministries (no information yet) 		
Cash Assistance for Micro Enterprises or Banpres Produktif Usaha Mikro (BPUM)	Newly launched grant for micro/ultra-micro enterprises affected by Covid-19 and not receiving credit program.	<ul style="list-style-type: none"> • Targeted 12 million micro/ultra-micro enterprises in 2020. 	<ul style="list-style-type: none"> • August-December 2020: IDR 2,400,000 per enterprise. 	Transfer to the enterprise's bank account or, if not available, will be opened new bank account in BRI, BNI, Bank Syariah Mandiri, or BPD Aceh.

Appendix 2

PKH Graduation Procedure (2020)



Source: PKH Graduation Technical Guidelines, 2020

Explanation:

- a) Facilitators make a graduation proposal letter addressed to the Local Social Affairs through the District/City Coordinator.
- b) Facilitator supervisor conducts verification of eligibility and document completeness, written in the Graduation Verification Report (*berita acara hasil verifikasi graduasi*).
- c) District / City Coordinator makes an official memo to the chief implementor (*Ketua Pelaksana*) of PKH (Head of Social Service (*Kabid Dinas Sosial*) in Local Social Affairs Office) which contains review and recommendations of the list of PKH beneficiaries who are proposed to be graduated submitted by facilitators, accompanied with the BNBA data and graduation verification report.
- d) Local social affairs office approves the submission of the list of PKH beneficiaries who will graduate, and order the database administrator for data entry in e-PKH application.
- e) District/City database administrator enters the list of PKH beneficiaries who will graduate through e-PKH application.
- f) District/city coordinators approve/reject the data entry of PKH beneficiaries who will graduate in e-PKH application.
- g) Regional coordinators approve/reject the data entry of PKH beneficiaries who will graduate in e-PKH application.
- h) District/City Social Affairs reports to the Director of Family Social Security (*Jaminan Sosial Keluarga/JSK*) about the list of PKH beneficiaries who will graduate from PKH and the submission of proposals for replacement candidates in their area – cc Provincial Social Affair Office.
- i) Director of JSK establishes Graduation Decision Letter (*SK Penetapan Graduasi*) and delivers letter of notice to the region.
- j) The local social affairs office receives the Graduation Decision Letter and orders the facilitators through District/City Coordinators to follow-up.
- k) The facilitators download the Graduation Decision Letter and share with their assisted beneficiaries.

