



High-frequency monitoring of households

Summary of Results from Survey Round 1
01 - 17 MAY 2020

Main Messages

This brief presents findings from the first of five rounds of a nationally representative panel survey of 4,338 households across 40 districts and 35 cities in 27 provinces of Indonesia. The survey was implemented through 15-20 minute phone interviews.

KEY FINDINGS INCLUDE:

- ❶ Adverse impacts on income, employment and food security, with a quarter of households sampled reporting that breadwinners had stopped working, income losses among 64¹ percent of those who continued to work and increased food insecurity for about a third of households;
- ❷ Non-farm business and service sector workers most affected with agriculture acting as a partial buffer;
- ❸ 54 percent of households in the bottom 40 percent reported benefiting from at least one Government social assistance program and the share rose to 78 percent after accounting for loan deferment and electricity subsidy programs. Still just over two in five households in the bottom 40 percent had not received any assistance under the Program Keluarga Harapan (PKH), Sembako, Bantuan Langsung Tunai (BLT), Kartu Pra-kerja, or cash-for-work programs.

With businesses closed and large-scale mobility restrictions imposed after the Covid-19 outbreak, 24 percent of breadwinners – mostly wage workers and non-farm business owners – had stopped working by May 2020. The most frequently cited reasons for not working were closure of business or office due to Covid-19 mobility restrictions (54 percent of those not working) and being furloughed (16 percent). Another 5 percent reported being laid off from a business that continued operating. The vast majority of those working prior to the outbreak had been engaged in either wage work (57 percent) or non-farm businesses (30 percent), with the remaining in farm businesses working as owners, farmers, or cultivators. At the time of the survey, the crisis had taken a high toll in the first two groups: Among those who stopped working, wage workers constituted the largest share (59 percent), followed by those in non-farm businesses (36 percent) and a mere 5 percent in farm businesses.

Those who stopped working were concentrated in the service and industry sectors. Among those who stopped working, service sector workers constituted the largest share (55 percent), fol-



lowed by those in industry (33 percent), with the remaining in agriculture. Overall, 23 percent of service sector workers and 32 percent of those in the industry sector stopped working. Among industrial workers, those in manufacturing and construction were hit hardest, with just over a third no longer working (figure 1). In the services sector, transport, storage and communication workers were hit similarly hard, followed by those in trade, hotel and restaurants.

Among those who continued working, reductions in income were widespread across all sectors of employment, including agriculture. Overall, 64¹ percent of those who continued working received incomes lower than before the outbreak. Those engaged in non-farm businesses (mostly micro and small businesses) and wage work were most likely to report reduced incomes (88 and 59 percent of workers respectively), as did many in farm businesses (43 percent). Income shocks were widespread among services and industrial sector workers, as well as in agriculture (figure 2). 8 percent of workers switched sectors or type of work, mainly to agriculture.

Over a third of households reported eating less than usual in the week prior to the survey, suggesting that food insecurity may be rising. 31 percent of households reported shortage of food at least once during the past week because of lack of money or other resources, while 38 percent reported eating less than usual. These numbers indicate a significantly higher level of food insecurity than that reflected in the 2019 Susenas, in which the share of households reporting running out of food and eating less than they should in the year preceding the survey stood at 3 and 5 percent respectively.

The government's economic relief measures and expanded social assistance programs have yet to reach many of those adversely affected. Most households (54 percent) in the bottom 40 percent reported benefiting from at least one Government of Indonesia (GOI) social assistance program since February 2020, and the share rose to 78 percent after accounting for loan deferment and electricity subsidy programs. Still, just over two in five households in the bottom 40 percent had not received *any* assistance under the PKH, Sembako, BLT, Kartu Pra-kerja, or cash-for-work programs. The share stood at 51 percent of households whose breadwinners had stopped working, and 56 percent among those experiencing reduced incomes. 20 percent of households in the bottom 40 percent who reported shortage of food had not received Sembako, and coverage was still especially low among the recently launched Kartu Prakerja and BLT programs, standing at 1 and 4 percent of households respectively.

To mitigate the impact on the poor and vulnerable, relief measures need to be rolled out faster in coming months and expanded to include the neediest. The latest World Bank (WB) estimates suggest that in the absence of mitigation measures the economic fallout of the pandemic could push 5.5 to 8 million Indonesians into poverty². GOI's response has been strong. Economic relief measures rolled out include vertical and horizontal expansion and repurposing of several existing social assistance programs for the poor and vulnerable, and addition of new programs. WB analysis shows that these packages have the potential to fully mitigate the impact on the poor and the vulnerable. However, for this to be realized in practice, interventions must reach those who are targeted and be implemented in a timely manner. The findings above suggest that there is still much more work to be done on these dimensions. To achieve the program targets GOI has committed to, implementation efforts need to focus much more sharply on improving delivery of assistance to targeted poor and vulnerable households and ensure that those engaged in hard-hit non-farm businesses benefit either from expansion of existing social assistance or new economic relief programs.

Figure 1 Share of breadwinners who stopped working, by sector of employment (percent)

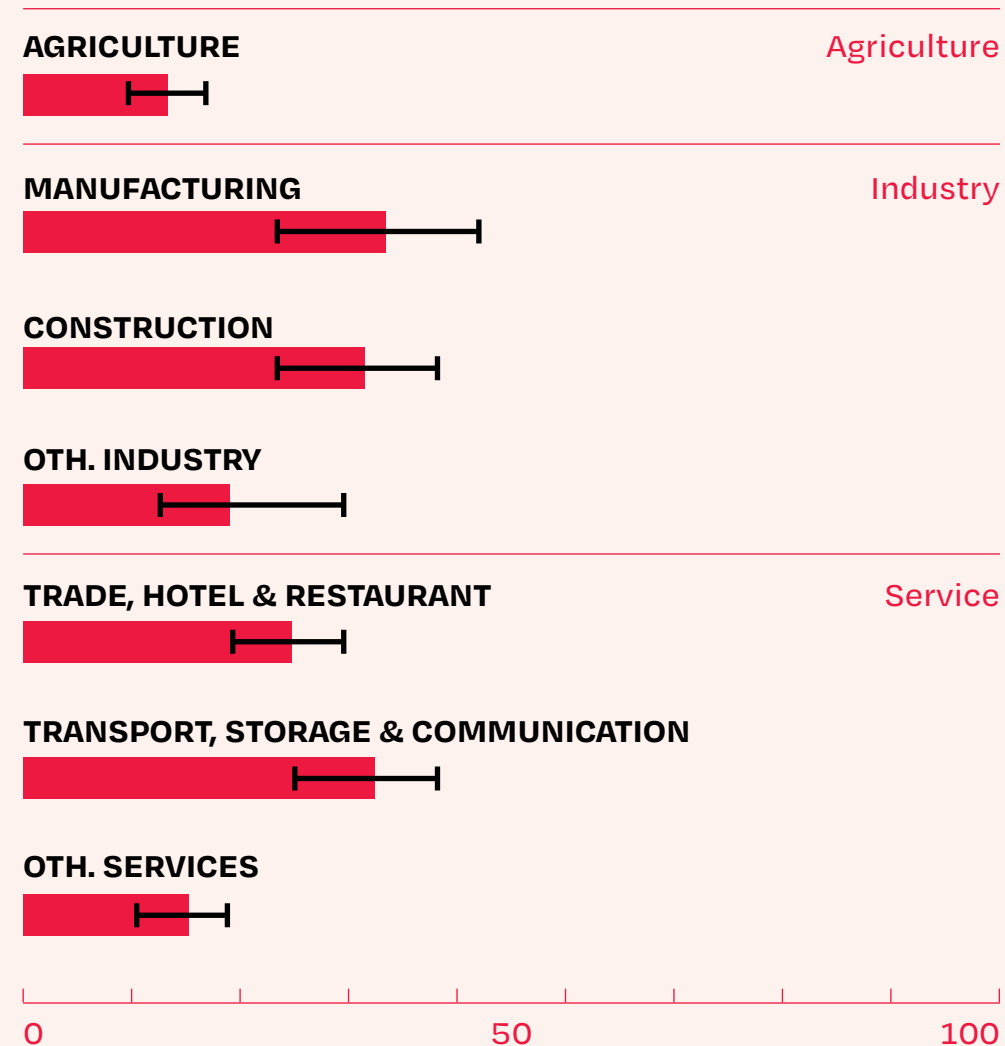
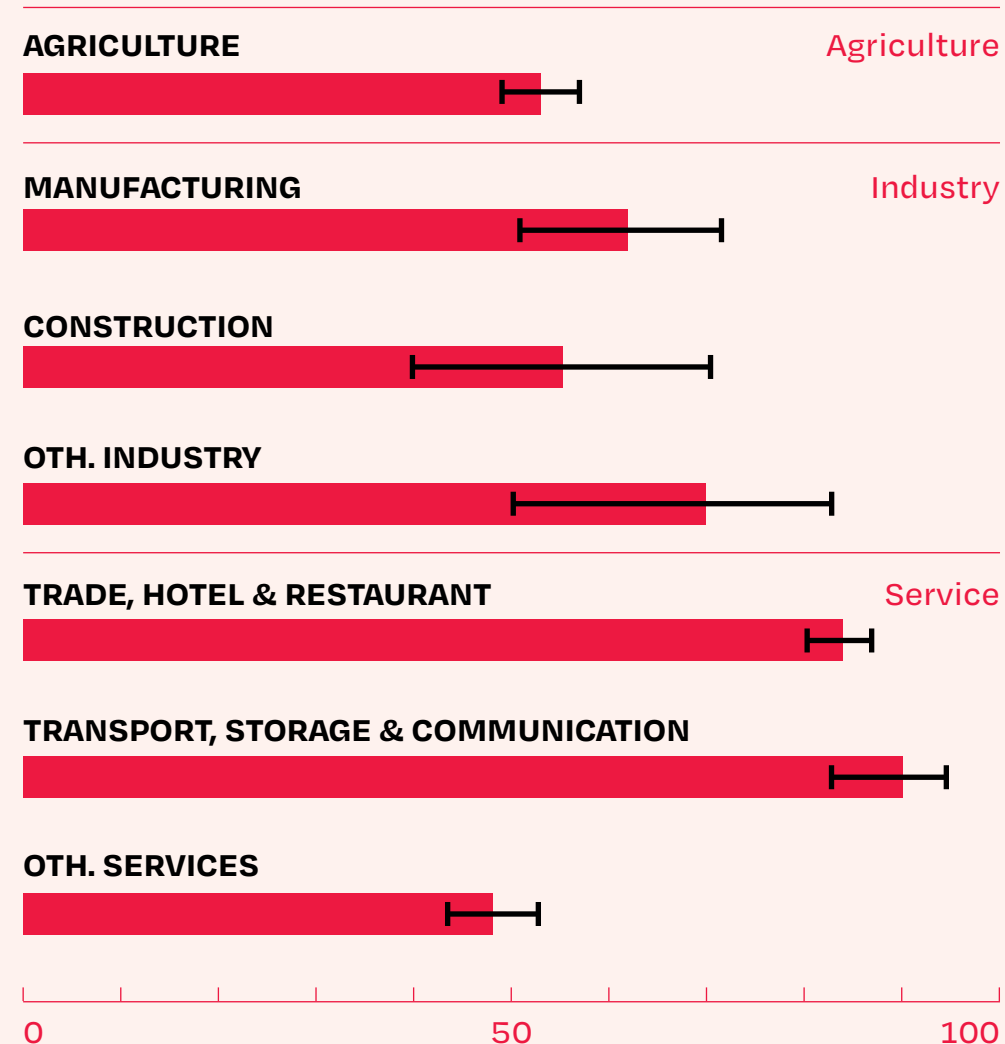


Figure 2 Share of households with reduced incomes, by sector of employment (percent)



¹ The June 12, 2020, version of this note reported that 'half' of those who continued working experienced a reduction in income. The correct share is 64 percent. 'Half' refers to share of still *working* breadwinners who experienced income reduction.

² The model for simulating the pandemic's impact on poverty combines macroeconomic projections for GDP and sectoral output growth with pre-crisis microdata from household and labor force surveys to predict income and consumption at the individual and household levels under three scenarios for 2020: (i) business-as-usual (growth estimate of 5.0 percent); (ii) a mild shock (growth estimate of 0 percent estimated under assumptions of a deep global recession and moderate domestic restrictions); and (iii) a severe shock (growth estimate of -2.0 percent estimated under assumptions of a deep global recession and severe domestic restrictions).