Protection and Livelihood Program: The Indonesia’s Experience on PKH

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Introduction

- How social assistance programs for households can also aim to provide protection, livelihood and improved health and education status of children?

- How can such program be simple enough and administratively feasible?

- An extreme situation: post-war or post-conflict. But also during peaceful time.

Indonesia’s conditional cash transfer (PKH)
From the video lecture: Challenges with current approaches

- How to provide bridging and accelerated learning programs for education catch-up?

- How to match vocational training program with market opportunities? Through job placement programs?

- How MFIs can target youth and provide start-up funds?

- How should the proper monitoring and evaluation activities be?
Indonesia’s social assistance programs

- Unconditional cash transfers
  - Money is given to the family and can be used for anything

- Rice transfer for the poor
  - Similar to cash transfers but in the form of rice

- Health insurance for the poor
  - Similar to cash transfers in the form of medical subsidies

- Scholarships for poor students
  - In practice, reaching only those who are currently at school
Program Keluarga Harapan (PKH): a conditional cash transfer

- Following the steps of Progresa, Bolsa Familia

- Idea: using cash transfer as incentives for poor HHs to improve their children’s health and education

- Eligible households are those with:
  - A) pregnant moms, B) children below 5, C) elementary and junior secondary school age-children

- Households will keep receiving cash providing:
  - Pregnant moms visit health clinic each month
  - Children below 5 visit health clinic for weight/height measurement and immunization
  - School-age children maintain at least 85% attendance each month
Targeting and coverage of PKH

- Begin as a pilot program in 2007, delivered cash to >432,000 very poor households in 7 (of 32) provinces
  - Expanded in 2010 to reach >700,000 HHs in 13 provinces
  - Up to 3 children per HH, so the program covers up to 2.1m children

- Compared to HHs with similar characteristics and poverty level but had not received the program, PKH has:
  - Significantly increased HH consumption
  - Significantly increased health service utilization
  - Significantly increased health expenditure as % of HH budget
  - Not shown significant impact in education variables
Why lack of impact in education?

- PKH is good at keeping current student at school but it hasn’t done too well in picking up children who are out of school
  - Drop-out children.
  - Child workers.
  - Street children.
    - They need bridging, acceleration and transitional program (safety/temporary house) to adjust their street lifestyle
  - Is the monetary benefit of PKH enough to create disincentives to send children to street?

- PKH hasn’t been much helpful in the transition from elementary to junior secondary school
  - High associated cost, (new uniform, books). Not tuition fees

Indonesia’s conditional cash transfer (PKH)
High drop-out rate during transition

Education Attained by Indonesian Age 26-28, Year 2009

![Graph showing the drop-out rate during transition](image)

### Table: Baseline mean

<table>
<thead>
<tr>
<th>Indicator</th>
<th>7-12 yrs</th>
<th>13-15 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Participation rate</td>
<td>0.93</td>
<td>0.69</td>
</tr>
<tr>
<td>Net Enrollment rate</td>
<td>0.86</td>
<td>0.50</td>
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<tr>
<td>Attendance ≥ 85% rate</td>
<td>0.94</td>
<td>0.94</td>
</tr>
<tr>
<td>Hours in school last week</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>Late enrollment rate (SD)</td>
<td></td>
<td>0.03</td>
</tr>
<tr>
<td>Drop-out rate (SD)</td>
<td></td>
<td>0.03</td>
</tr>
<tr>
<td>Transition rate (SD to SMP)</td>
<td></td>
<td>0.73</td>
</tr>
</tbody>
</table>

Indonesia's conditional cash transfer (PKH)
High associated cost to continue to junior secondary school

Theoretically, PKH students can receive top-up scholarships for poor students from the Ministry of Edu
But in practice, schools allocate the scholarships to different students for “equal distribution”
Other issues – implementation

- Coordination across different agencies
  - PKH is under the Ministry of Social Affairs (and street children transitional programs)
  - (Public) schools are under Ministry of Education (as well as child labor bridging programs).
    - Religious schools under Ministry of Religious Affairs
  - Health facilities: Ministry of Health

- Socialization to affiliated providers was weak
  - Providers may not have understood that conditionalities (and compliance monitoring) wasn’t important and the PKH was not just “business as usual” for them

- Facilitators were not as effective at encouraging education
  - Facilitators and the community generally did not make effort to re-insert drop-outs into the system; facilitators were sometimes too diffuse to be able to visit remote households as soon as drop-outs were noted
Lessons from PKH

- How big should the cash assistance be?
  - Not too big to create dependency and incentives to be poor
  - Big enough to compensate costs to go to school, clinic and keep children away from street or workplace

- How to minimize administrative and targeting costs?
  - Identifying the poor has always been a difficult task
  - Improper targeting will create negative effects

- How to ensure conditionalities are met?
  - Administrative costs and efforts.
  - Otherwise, the program will be another unconditional cash transfer

- Coordination across agencies

- Supply-side: availability and quality