The Potential Use of NTAs in Indonesia's Social Policy Formulation Process

Regional Meeting on National Transfer Accounts (NTAs) in Asia Pattaya – Thailand, February 14-15, 2014

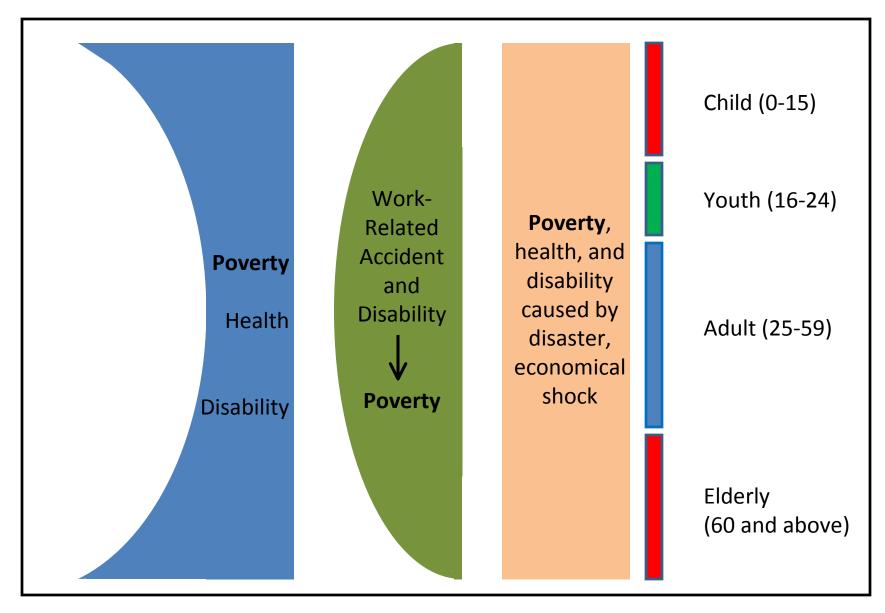
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Socio Economic Profile of Indonesia

Population (2010)	238.5 million
0 - 14	28.6%
15–64	66.5%
65 and above	4.9%
Population growth (2000-2010)	1.49%
Dependency Ratio (2010)	50.5
Unemployment rate (Feb 2013)	5.9%
Income/capita (2012)	USD 3,557
Economic growth (2012)	6.85%
Poverty index (Sept 2013)	11.47%
Human Development Index (2012)	73.29
Access to proper water source (2012)	41.11%.
Access to proper sanitation (2012)	57.82%.

Source: Statistics Indonesia, World Bank

Different Distribution of Risks Based on Life Cycle



Current Social Protection Programs in Indonesia Scheme and Coverage General Targeted

Age-Specific Targeted Social Protection **Social Protection** CCT: children in 3.2 M HH Social Assistance Scholarship: 16.2 M children Subsidized Rice Child (0-15) Other Social Services: 230 K children 15.5 M HH Temporary transfers related to economical shock Social Assistance Social Insurance Youth (16-24) and disaster Old age savings •Cash for work in 15.5 M HH contributors, work various ministries Social Services for Disabled Small business accident, and life People insurance: empowerment 80.5 K disabled people 15.4 M people through various small Adult (25-59) credit and Pension active Social Insurance contributors: empowerment Social Health Insurance 5.4 M people programs 110.8 M people Local Government Health Social Assistance **Social Insurance** Insurance Social Pension: Pension 40 M people Elderly 26.5 K elderly Health Funds and Private beneficiaries: (60 and above) Other Social Services: 2.7 M people Insurance 12 K elderly 19.8 M people

Source: Program documents

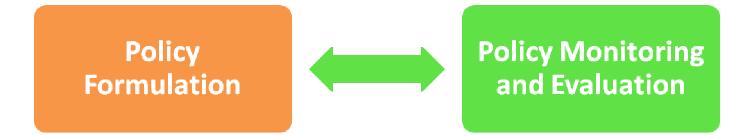
Future Social Protection Policy

- Improvement in Social Assistance Programs
 - Development of a more integrative system → Family Based Social Assistance.
 - More emphasize, commitment, and focus on elderly and disabled population.
- Improvement in Social Insurance Programs
 - Schemes development to include more population, especially those engaged to informal economy
 - Schemes improvement to provide more comprehensive protection
 - More emphasize to old-age related social insurance

Potential Use of NTAs in Policy Making Process







Potential Use of NTAs

Context: Social Protection Policy for Elder People

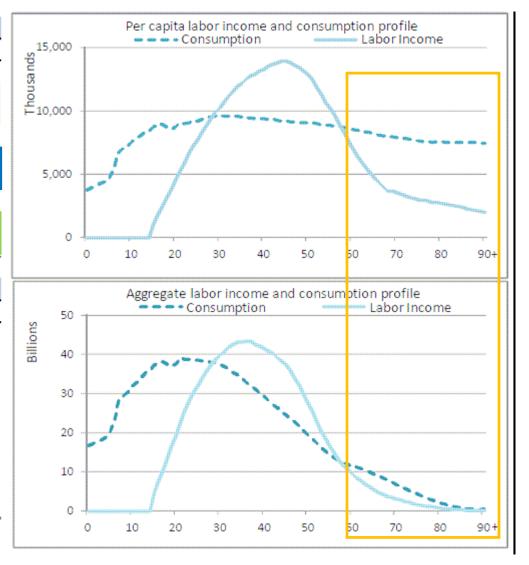
1. Policy Advocacy

- Evidence based policy making process
- Current situation on elderly's welfare
- The incoming aging population

Indonesia's NTAs (2005)

National Transfer Accounts summary, per capita values						
тнв	All ages	0-19	20-64	65+		
Lifecycle Deficit	1,955,138	6,126,404	-1,064,193	4,358,138		
Consumption	8,191,452	6,736,039	9,197,258	7,842,547		
Less: Labor Income	6,236,313	609,634	10,261,452	3,484,409		
Transfers	207,163	5,805,524	-3,314,343	-2,017,587		
Public Transfers	5,768	1,086,764	-724,671	94,327		
Private Transfers	201,395	4,718,760	-2,589,672	-2,111,914		
Asset-based Reallocations	1,747,975	320,880	2,250,150	6,375,725		
Asset Income	4,626,565	538,147	7,203,983	6,192,725		
Less: Saving	2,878,590	217,266	4,953,834	-183,000		

National Transfer Accounts summary, aggregate values						
1000000 THB	All ages	0-19	20-64	65+		
Lifecycle Deficit	441,984	523,914	-136,293	54,364		
Consumption	1,851,785	576,048	1,177,908	97,829		
Less: Labor Income	1,409,800	52,134	1,314,201	43,465		
Transfers	46,832	496,473	-424,473	-25,168		
Public Transfers	1,304	92,937	-92,810	1,177		
Private Transfers	45,528	403,536	-331,664	-26,344		
Asset-based Reallocations	395,152	27,441	288,180	79,531		
Asset Income	1,045,895	46,021	922,626	77,249		
Less: Saving	650,743	18,580	634,446	-2,283		



Source: Maliki in NTAs Country Report, Indonesia, 2005

Potential Use of NTAs

Context: Social Protection Policy for Elder People

1. Policy Advocacy

- Evidence based policy making process
- Current situation on elderly's welfare
- The incoming aging population

2. Policy Formulation

- Provide information for social policy planning
 - Type of intervention/transfer policy
 - Targeted beneficiaries
 - Formulating benefit type and level, etc

Panel A. Poor urban

Panel B. Non-poor urban

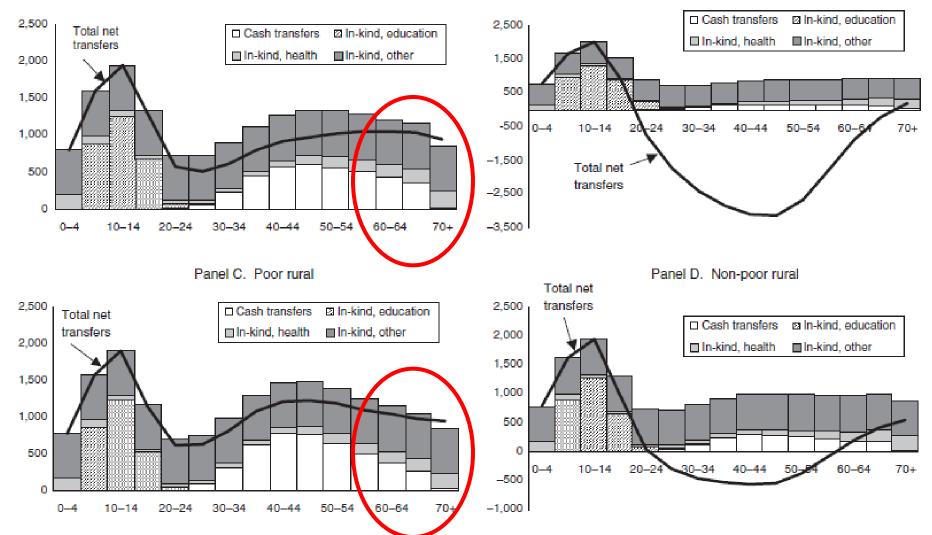


Figure 30.1 Per capita public transfer inflows and per capita net total public transfers, by income level, place of residence, and age group: Indonesia, 2005 (thousand rupiah)

Source: Maliki, 2011

Potential Use of NTAs

Context: Social Protection Policy for Elder People

1. Policy Advocacy

- Evidence based policy making process
- Aging population
- Create the political will

2. Policy Formulation

- Provide information for social policy planning
 - Type of intervention/transfer policy
 - Targeted beneficiaries
 - Formulating benefit type and level, etc

3. Policy Monitoring and Evaluation

- NTAs can be utilized as a general instrument to monitor and evaluate social transfer programs
 - Monitoring the sustainability of the program
 - Evaluating the scheme's potential and actual effectiveness
 - Evaluating the scheme's targeting effectiveness

Recommendations for Higher Utilization of NTAs

- Conduct more socialization and dissemination of NTAs → to increase awareness among policy maker about the availability and potency of NTAs instrument
- Create a more updated NTAs calculation/studies → to better inform policy making process
- Enable more variations on NTAs calculation/studies, addressing more specific issues/population group → to enable policy makers in generating more specific policies/addressing more specific problems

Thank you