



## Malaysian Journal of Social Sciences and Humanities (MJSSH)

Volume 4, Issue 1, January 2019

e-ISSN : 2504-8562

Journal home page:  
www.msocialsciences.com

### Re-designing Poverty Eradication Programs in Indonesia

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#### Abstract

Poverty is a global phenomenon that normally reflects a minimum necessary standard of living. In fact, poverty in every country is affected by multiple factors (social, cultural, economic, and political). Sen (1985) and Nussbaum (2000) noted that poverty takes many forms, including human functioning and abilities, to develop basic 'capabilities' in education, health, and social life. Indonesia is among the countries that has programs to eradicate poverty, creating not only successful stories, but also some debates of the government's efforts to maintain stability of the country. On the other hand, the private sector plays an important role in the economy of a country and has become a strategic partner of the government in the national programs for alleviating poverty. Of course, people's participation also determines the success of poverty eradication programs. Reflecting all the points of poverty and the imperative of partnership between strategic stakeholders (state, the private sector, and community), this paper aims to explore the phenomena of poverty, national programs of poverty alleviation in Indonesia, and the importance of developing partnerships among the government, private sector, and community development organizations. The discussions cover two main points: 1) the Indonesian Conditional Cash Transfer (CCT) program, or what is known as the Hopeful Family Program (*Program Keluarga Harapan* (PKH)), and the Non-Cash Food Aid System Program (BPNT), and 2) re-designing the poverty alleviation programs by connecting with other similar programs through coordination and partnerships with strategic stakeholders.

**Keywords:** poverty, poverty alleviation programs, partnership, community economic development

#### Introduction

Generally speaking, economic growth is well-known as a major indicator of development success. Conversely, a severe economic condition is considered a failure of development and is mainly attributed to poverty that has become concentrated, especially for developing countries such as Indonesia. The Central Statistics Agency, or *Badan Pusat Statistik* (BPS), reported that in September 2017, the number of poor people (population with per capita expenditure per month below the poverty line in Indonesia) reached 26.58 million people (10.12% of the whole population). When compared with the conditions in March 2017 which amounted to 27.77 million people (10.64%), there was a decrease in the poverty rate by 1.19 million people. As an important point of this trend, there are still high disparities between villages and cities; the percentage of poverty in villages (13.93%) is almost double what it is in cities (7.72%). This shows that the problem of poverty still exists in the countryside.

Economic indicators applied to Indonesia can be shown by stabilities in the price of goods, the Rupiah's rate, and people's ability to meet their daily needs. A variety of targeted measures applied in Indonesia show the impact of development and cover employment creation, food subsidies, education, and health provision for the poor.

In addition, data shows that poverty, as an inability to meet basic needs, is measured by individual expenditure. In 2017, BPS data shows that in the first semester (January to March) the poverty line amounted to Rp361,496 and Rp370,910 in the second half of 2017, whereas the average poverty line in March 2018 was IDR 401,220 per capita per month (BPS Poverty Report, 2018). In fact, these numbers caused controversy and debates. Such calculations could create more problems as individuals, families, and local conditions and situations are varied in fulfilling basic needs. Some people protested that those who spent about Rp500,000 per month were not considered poor. If the amount was per person, for instance in a family of four, they were still considered poor when their expenses were less than Rp2,000,000 per month.

Research conducted by Laksani (2010) analyzed Pro-Poor Growth in Indonesia through identifying the influence of economic growth on income inequality and poverty. Additionally, an analysis performed by Kakwani and Son (2006) involving several Asian countries shows the importance of economic growth for poverty reduction and indicates that economic growth in Korea and Vietnam during the 1990's was pro-poor by using panel data from developing countries from the 1980s and 1990s. They explained that the most important goal of development is to reduce the poverty level through economic growth and/or through income redistribution.

The idea of income redistribution is described by the trickle-down effect theory developed by Arthur Lewis (1954) and extended by Ranis and Fei (1968). The theory explains that poverty will be reduced on a very small scale if the poor only receive little benefit from the total benefits arising from economic growth. This condition can open the possibility of an increase in poverty as a result of increasing 'income inequality' caused by economic growth that favors the rich over the poor. In other words, there is an interconnectivity between positive economic growth with income equality and poverty, which should be responded to through income redistribution.

According to the theory, the progress gained by a group of people will 'trickle down' to create jobs and various economic opportunities that, in turn, will foster various conditions for the creation of equitable distribution of the results of economic growth. Furthermore, the theory implies that economic growth will be followed by a vertical flow from the rich population to the poor, which will happen by itself. Consequently, benefits of economic growth will be felt by the rich first, and then in the later stages the poor may start to benefit from the economic growth.

However, there is still a number of people who cannot access the resources, opportunities, and information that are beneficial to improve their living condition. To tackle the negative impact of the global system of economy, partnership among three actors of globalization (states or nations, corporations, and people) should be taken into account, emphasizing interests, aspirations, or voices of these three actors in developing social programs and services for the poor. In addition, any efforts in addressing poverty through the development process need to be followed by coordination, collaboration, and partnership with all stakeholders in order to improve the effectiveness of policies, programs, and services available for the poor. At this point, governments have a vital role in producing regulations, controlling all the implementation and evaluation processes, and ensuring redistribution of the benefits of the economic growth. Then, developing human potential and capabilities are necessary so that the poor can work and support one another for more collective success. In general, some countries have social protection programs designed to reduce poverty and vulnerability by promoting an efficient labor market, reducing social disparities, and increasing the capacity of communities to manage economic and social risks such as unemployment, prevention and treatment of diseases, care for the elderly, and support for people with disabilities.

The Indonesian government, for instance, has implemented several programs to support the lives of poor families. There are three main poverty alleviation programs regarding price stability, village

subsidy and fund programs, and social assistance. Based on data in March 2018, the poverty rate dropped to one digit, namely 9.82%, which happened for the first time in the country. The Ministry of Social Affairs is a governmental institution that is responsible to implement social programs (social protection, social rehabilitation, and social empowerment). President Joko Widodo explained that one of the social assistance reforms was the implementation of the Non-Cash Food Aid system (BPNT) using e-cards. This type of social assistance is more targeted, accessible, and more effective to reduce waste. The BPNT program is integrated with the Hopeful Family Program, or *Program Keluarga Harapan* (PKH), that mainly expects to reduce the number of people living in poverty. The next part of this paper focuses on both poverty reduction programs (Hopeful Family Program (PKH) and Non-Cash Food Aid System (BPNT). In this case, PKH provides cash transfers while BPNT is distributed in rice and access to e-warung.

## Poverty Reduction Programs in Indonesia

### *Learning from the Hopeful Family Program*

Some countries (e.g. Bangladesh, Indonesia, Philippines, Brazil, Mexico, and Turkey, as well as pilot programs in Cambodia, Malawi, Morocco, Pakistan, and South Africa, among others) have applied conditional cash transfers (CCTs) programs to help poor households. According to de Janvry and Sadoulet (2006), the CCT program has been highly successful in Latin American countries. Well-known programs that follow this approach include the *Progresa* (now called *Oportunidades*) in Mexico, *Bolsa Familia* in Brasil, and Food-for-Education (FFE) in Bangladesh.

Gelan (2006) applied an economic modeling approach to compare cash and in-kind goods (food assistance) and found that cash assistance provides efficiency benefits for logistical savings, avoids disincentives for local food production, and has a greater multiplier effect (education, health, economy, etc.). Furthermore, CCT programs are increasingly perceived as an effective tool for poverty alleviation. They have increased the use of education and health services as the programs transfer money to the mother of the households or to the student in some circumstances (Fizbein and Schady, 2009; Son, 2008).

For education, the program supports health and nutrition conditions that generally require periodic checkups, growth monitoring, and vaccinations for children less than 5 years of age, perinatal care for mothers, and attendance by mothers at periodic health information talks. At this point, the program has improved the lives of poor people in the ways of improving consumption levels, upgrading the quality of the safety net, and reducing poverty by a substantial amount in some countries (Ministry of Social Affairs, 2018; World Bank Policy Report, 2009).

In the Indonesian case, the CCT Program, better-known as the Family Hope Program (PKH), provides cash transfer for poor households. This program aims to break the transmission of poverty to the next generations by re-distributing resources (education and health funds along with associated services) and improve welfare by providing regular cash payments to fulfill the families' basic obligations. The indicators of welfare and human development applied by PKH are: 1) reductions in poverty, malnutrition, and child working hours, 2) improvement in the consumption of high-energy and high-protein foods, and 3) increase the attendance rate and the average educational attainment of children (World Bank, 2011). Figure 1 shows the main objectives of PKH in tackling the issues in education and health of the poor (children, pregnant women, disabled, and elderly people).

Some factors might contribute to the lack of good health: not being able to afford health care, lack of awareness of the importance of a healthy life, having an unhealthy life influenced by cultural practice (unhealthy preserved food and consuming unclean water), and seeing that pain or sickness as a 'test' of patience from God. On the other hand, a low education level is caused by an inability to access and/or pay for education expenses, involvement in child labor to help parents, feeling satisfied with a low level of education, and becoming a migrant worker.

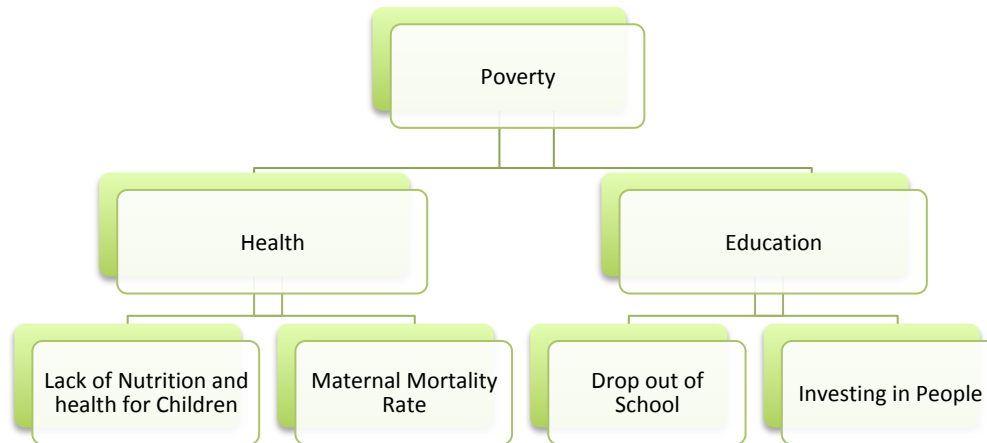


Figure 1: Hopeful Family Program (PKH)

In accordance with the ultimate purpose of the PKH program to help families break out of the ‘vicious cycle whereby poverty is transmitted from one generation to another’, the households or families could make a pre-specified investment in the human capital of their children. The fund is used to help pregnant women (for their health) and children (for their education). The other targeted groups under this program are the elderly and people with disabilities. Furthermore, families are expected to be aware and to change their behavior to be more independent after receiving cash through the program. The roles of parents are important to gain the desirable outcomes of the program.

The Family Hope Program, as one of the government's policies to accelerate poverty reduction, will continue. Through PKH, the government is present and shows the country's partiality towards its people. In 2016, there were 6 million PKH recipients (KK), but since 2018, the number of PKH recipients has risen to 10 million households. The allocated budget has almost doubled from Rp13,9 trillion to Rp34 trillion in 2019. In the year 2020, the Indonesian Republic of Indonesia wants the coverage of this program to be expanded to approximately 15.6 million households.

Son (2008) mentioned some ways that countries that use CCT Programs assess their feasibility including: 1) specific human capital outcomes and key constraints causing low outcomes in human capital, 2) monitoring and evaluation to ensure effectiveness and success of the program, 3) good governance and political support, i.e. improving school attendance and quality of schooling versus dropping out of school, 4) operational transparency to minimize corruption and to ensure that beneficiaries, as well as the wider population, know the program's function.

Furthermore, the direct beneficiaries of PKH are expected to have economic independence so that they no longer depend on social assistance. Then, these underprivileged people must also be given an understanding of business development by utilizing funds from PKH. The beneficiaries are expected to be able to manage the money and not to use it for things that are consumptive, but in ways that are productive. For the future, the implementation of PKH will help members of the larger community and improve human resources (Ministry of Social Affairs, 2018).

However, there are some challenges in implementing the Family Hope Program, or *Program Keluarga Harapan* (PKH). First, feeling secure with ‘financial assistance’ has positive and negative impacts for the beneficiaries of the program. The Family Hope Program provides assistance for education and healthcare for poor families. On the other hand, the parents’ work participation after joining the program may result in misuse of the money in order to fulfill their daily needs or for paying their children’s education fees, or in providing assistance for the elderly or other family member’s lives. Therefore, the transferred money, or PKH’s funding expected to help families, could be used to develop each family’s income by having a business or towards any effort to earn more money; not just depending on the funding from PKH.

Second, PKH funds are regularly transferred to each beneficiary's bank account. Using an ATM machine is not common for some people who live in rural areas, so they might not be familiar with how to use the machine or they are unable to use the card to access their money, on top of that, the location of ATM machine may be far from their homes. To address this issue, the assistants of PKH (*pendamping*) help the beneficiaries make withdrawals after receiving information of the availability of the funds. However, there is another issue of *pendamping* (social workers) who sometimes keep and misuse the beneficiaries' cards (Media Indonesia, 2018). Responding to this issue, the government will report the case to the police institution and then follow it to court. Therefore, it is necessary to provide sufficient information and skill to access, use, and develop the funds for the beneficiaries in order to create a sustainable impact.

Third, there are often inaccuracies in updating the data of recipients of the programs. Continuously updating the information on the program's beneficiaries in order to reach eligible people is a common issue for Conditional Cash Transfer (CCT) programs in many countries. Designing a program with a weak or nonexistent targeting strategy not only reduces the payouts to beneficiaries, but also leads to leakages to the non-poor, driving down its impact and effectiveness (Son, 2008). It is important to emphasize 'conditionality' rather than targeting in order to reach eligible people to improve the effectiveness of PKH.

Fourth, as the program applies the points of targeting and conditionality, it requires an effective administrative system. Targeting based on social categories tends to involve major inclusion and exclusion errors; for example, including parents who are not poor and not including poor adult. Therefore, it is appropriate if the policy focus is on poverty reduction for the broader category of society.

Responding to the issues of implementing PKH as mentioned above, the program is expected to not only reduce the level of poverty, but also to change the behavior of PKH's beneficiaries. Some strategies might help to increase the effectiveness of PKH: 1) Professional and competent supervisors and workers. They should be able to develop their capacity (knowledge, skills, and experience), motivation, and commitment to the program. PKH's assistants and supervisors have to be more responsible, responsive, and creative to tackle any issue by providing sufficient information and a support system that can help the beneficiaries understand and achieve the main goals of the program, improve collaboration and coordination with all related parties, institutions, and organizations during the implementation of the program, 2) Monitoring and evaluation taken of all strategic groups or shareholders (Ministry of Social Affairs, Local Government, Himbara (State-owned Bank Association), Bulog (Public Logistics Agency), and 3) Interconnection with other social services programs (i.e. programs related to people with disabilities and the elderly under the Directorate General of Social Rehabilitation).

### **Non-Cash Food Aid Program (BPNT)**

The Indonesian government continues to work to improve various assistance programs so that they can be right on target, effective, and able to have a significant impact in reducing the number of people in poverty. Some governmental assistance programs are provided as direct government assistance, such as rice assistance for the poor, non-cash food assistance, and subsidizing agricultural inputs.

Currently, the Ministry of Social Affairs is implementing two types of poverty reduction programs; an in-kind transfer program (Rastra) and two cash-transfer programs (BPNT and PKH). Both programs have a different impact on poverty reduction and the results of the interaction between the two programs were able to reduce poverty. Cunha et al. (2011) states that in-kind and cash-transfer programs will increase consumption of certain goods because prices at the local level will decline. However, in terms of the effectiveness, cash transfer programs are better than in-kind transfers. Meanwhile, the cash transfer program will cause an increase in prices at the local level (Currie and Gahvari 2008; Grosh et al. 2008).



To improve the effectiveness and accuracy of the target of channeling social assistance and to encourage financial inclusion, the President of the Republic of Indonesia (RI) in 2016 produced Presidential Regulation (Perpres) no. 82 of 2016 concerning the National Strategy for Inclusive Finance that states the strategy of financial management and community relations with banks as an effort for poverty alleviation. Currently, the strategy is implemented through a program (BPNT) focusing on the distribution of non-cash food aid. Previously, BPNT had gradually replaced the program for low-income people distributing subsidized rice, or well-known as 'rice for the poor' (*Raskin*), aiming to reduce the burden of spending on Beneficiary Target Families (KPM) through fulfilling some of the rice food needs (TNP2K, 2017). Next, *Raskin* was replaced by *Rastra*, 'rice for a prosperous family', also to increase access and fulfill basic food needs as one of their basic rights.

The target of the Rastra Program is to reduce the expenditure burden of KPM in fulfilling the food needs of rice through the distribution of subsidized rice with an allocation of 15 kg per KPM every month or in accordance with central government policies. The food received with the planned BPNT Program is not limited to rice and sugar, but other staple foods are also possible. Basically, the addition of food items to KPM can be done because the more options offered, the better KPM can choose according to their needs. However, due to the lack of ready food and other supporting infrastructure, the implementation of the BPNT Program is more relevant by optimizing 2 (two) types of food, namely rice and eggs as a source of carbohydrates and protein (Ministry of Social Affairs, 2017).

The transformation of BPNT from Rastra involves cooperation among various parties such as ministries, local governments, banks, *Bulog*, and the poor. Since the Rastra and BPNT policies are closely related to the role and capacity of the National Logistics Agency in carrying out grain-rice uptake from farmers and maintaining rice price stabilization (Inpres No. 5/2015), the government needs to improve the Government Rice Reserve.

The amount of BPNT is implemented in the form of an e-voucher (known as the Family Welfare Card / KKS) implemented since February 2017. The fund is Rp110,000 per family provided every month (Ministry of Social Affairs, 2017). People who get e-vouchers can buy rice and other food items according to the desired quantity and quality. The electronic account mechanism can only be used to buy food from food traders or e-warung.

The BPNT program cooperates with Himbara (State-Owned Bank Association) so that it will be easier in dispersing aid to the beneficiaries of BPNT thanks to interconnection and interoperability technologies. This technology allows social assistance recipients (*penerima bansos*) to withdraw the funds at ATMs. Meanwhile, for the collection of foodstuffs, the program cooperates with electronic warung (e-warung). The types of e-warung consist of: (1) traditional markets, (2) stalls, (3) grocery stores, (4) e-warung KUBE, (5) Village Warung, (6) *Rumah Pangan Kita* (RPK), (7) Smart 'Laku' Agent (ALP), (8) Digital Financial Service Agents (DFS), and (9) other retail businesses that have cooperated with channel banks. The effectiveness of the implementation of the Rastra and BPNT programs can be measured by 6 (six) aspects, namely: Right Target, Right Amount, Right Price, Right Time, Right Quality, and Appropriate Administration and formulation of policy recommendations (Ministry of Social Affairs, 2017).

The implementation of these programs is often faced with various problems such as time for program implementation, wrong targets of beneficiaries, and the amount of assistance provided (equally distributed so that there are no differences between rich and poor or all are given assistance), and there are additional costs in receiving assistance (Corruption Eradication Commission, 2016). Therefore, the government needs to ensure the implementation of BPNT by conducting several strategies: first, updating the integrated database. In Law No. 13 of 2011 concerning the Handling of Poverty, it is stated that all systems are based on an Information Technology system and processed by the regional or local government as updated by the Ministry of Social Affairs. In addition, synchronizing the data of poor people is extremely needed as all PKH beneficiaries also receive BPNT.

Furthermore, Himbara (State-owned Bank Association) will not disburse funds if there are differences in data between the Integrated Data Base (UDB) and that of the Ministry of Religious Affairs. The

effort is necessary to improve the effectiveness of poverty reduction programs. Another issue is the emergency condition of natural disasters causing many deaths; extra effort is needed to update the data of BNPT beneficiaries (KPM) or who will replace them (Ministry of Social Affairs, 2018).

Second, participation by the local government on the distribution areas in cooperation with Himbara can improve the distribution of Rastra to reach the recipients (KPM). Evaluation of the implementation process not only focuses on updating the beneficiaries' data, but also in the distribution of e-cards by Himbara, emphasizing aspects of transparency, accountability, and effectiveness. Then, the plan for completely replacing Rastra with BPNT can be conducted from January to February 2019.

Third, transforming the pattern of rice subsidy into a pattern of assistance (BPNT) needs to be carefully considered because the readiness of the supporting infrastructure (number and distribution of e-warung, as well as a General Packet Radio Service, GPRS) is not ready. Therefore, if it is to be massively enacted in 2019, this transformation process must be carried out in stages by reducing the number of recipients of Rastra and increasing the number of recipients of BPNT with a fixed KPM (combination of Rastra and BPNT); 15 million KPM.

Fourth, responding to local issues regarding the price of rice should also be taken into account. Areas that lack public transportation and are difficult to reach often affect the scheduled distribution of Rastra. Consequently, a lack of quality rice also has impacts resulting in late distribution. Supervision and checking the final locations of the distribution point (with the village leaders/ *kelurahan* / RT) is necessary before being submitted to the beneficiaries. Both forms of food assistance are not optional, but complement each other in accordance with the availability of infrastructure and readiness to implement food security by the central and regional governments. For cities and regencies classified as having surplus rice, the implementation of food assistance is carried out in the form of vouchers (BPNT), while the areas with rice deficits receive Rastra.

## Re-designing Poverty Alleviation Programs

The previous part explained the two schemes of social assistance, Hopeful Family Program (PKH) and Non-Cash Food Aid Program (BPNT), which are provided to assist the needy or poor families. At this point, the first program has focused on education and health aspects while the second is for food. Also, all the beneficiaries (KPM) of PKH automatically become eligible to receive BPNT as they fall into the category of poor families who have children (school age), a pregnant mother, disability, and/or elderly people.

The Program, as mentioned previously, aims to invest in public services (improving the quality of facilities and effectiveness of public services), in human capital (developing potential), and in increasing resilience and competitiveness of individuals, families, groups, and communities (Ministry of Social Affairs, 2017; World Bank Report, 2011). The idea of re-designing the two main poverty reduction programs (PKH and BPNT) is based on the assumptions that the programs are not permanent; they mainly focus on meeting urgent needs (Food, Education and Health), and with the fulfillment of the basic needs, KPM can be more motivated to be independent and not beneficiaries.

Although some issues still need to be addressed for both programs, efforts have been conducted to support and improve their effectiveness. These poverty alleviation programs should be followed by checks and balances of policies and programs, supported by transparency and democratic processes throughout the entire processes of implementation and evaluation. In the future, the programs are expected to not only reduce absolute poverty (measured by US\$2 per individual per day) and relative poverty (considered as a poor person compared to others in his/her circumstances), but also cultural poverty (cultural-stereotype justification), and structural poverty which is caused by injustice in social, economic, and/or political systems.

Moreover, the development programs have to bring a positive impact to the poor people's lives and work effectively in the sectors where they mostly work (e.g. agriculture or labor-intensive sectors) and

widely open accessibility to available resources, information, and sufficient public facilities. Additionally, empowerment programs are strategic and comprehensive efforts to reduce poverty. At this point, the program recipients must also have an understanding of starting and developing a business. This is conducted in order to improve their insights related to the improvement of human capital, developing independency, and utilizing the funding. Then, several empowerment strategies need to be developed at the level of individuals, families, groups, and communities.

The first strategy is empowering families or beneficiaries of PKH and BPNT by increasing the awareness of parents on the importance of health and education for their children. They also are expected to show their responsibility by working to fulfill family needs and improving their knowledge and skills to access proper jobs. Poverty alleviation programs need to take all of these points into account. For example, a family assistance program in America called TANF (Temporary Assistance for Needy Family) provides cash for parents who do not have a job so that they are able to meet the needs of their children. The benefits are provided with a maximum period of 6 months under the program. The amount obtained differs between those who have one child and more. A vocational training program is also provided so that parents can improve their knowledge and skills. When they complete the education or training, the government prepares opportunities to work, of course, with the choice of work determined by the participants themselves. Furthermore, the government prepares daycare (child care that provides facilities for learning and playing) when their parents attend training programs.

The second strategy is developing 'independence, discipline, and responsibility' from social service users. The three necessary points developed throughout the program to establish independence for the beneficiaries; or it is expected that within a relatively short period of time they will be no longer be service users, but will be even more successful because of the support they received through the empowerment programs.

Furthermore, awareness of collective responsibility to create mutual success should be shared among individuals, families, and within the community. For instance, an economic empowerment program in the form of entrepreneurial training (entrepreneurship training and producing business products) should be followed by a savings and loan division to start or develop a business. Trainers of the program should be successful business people or those that could develop and sustain their own businesses. They are expected to transfer knowledge, skills, and experience of how to make business products, share tips for having a successful business, and open opportunities for collaboration with the program participants. In the future, trainers might be former program participants, themselves, who have successfully developed their business and can share their stories and business strategies to help their friends be successful together. Furthermore, carrying out the empowerment program must be done with sincere intentions for fundamental changes in community.

Therefore, the government needs to “enable” behavioral changes by recognizing the practical and structural barriers that people face. In addition, policy-makers should remember that the contexts in which people find themselves shape the options that are available to them and affect their ability to select from these options. Attempts to encourage changes in behavior that do not recognize these contextual factors are likely to breed frustration only. Any attempt to encourage new behavior needs to consider the wider context and choices available to the people rather than narrowly focusing on the desired behavior (Institute for Government, 2014).

The third strategy is community empowerment that emphasizes local resources (human, nature, existing facilities, and localities). Ife (2002) mentioned that localities refers to knowledge, skills, resources, process, or participation by the local people. These points are very important in developing a sense of community; for example, poverty alleviation programs providing capacity development training to build motivation, knowledge, skills, and experience of the program participants (individuals). In implementing the program, the involvement of women, youth, and other community members is very important by increasing their knowledge regarding how to empower the community, resulting in the transfer of knowledge to them. As a result, they will be able to empower themselves with the knowledge, skills, and experience that has been acquired and practiced.



In designing and implementing community empowerment programs, it is necessary to emphasize the principle of 'synergy', or mutual support between other poverty reduction programs. Synergy is needed so that the coverage, efficiency, and effectiveness of the program can be enlarged and improved. For instance, community economic improvement programs should be followed by other programs such as individual level programs (consultation, raising awareness, and capacity training), families (improving health, children's education, and family harmony), and certain groups (disability, children, and women) in the form of social services that guarantee their rights and participation in social life. The paradigm that must be developed is how to design empowerment programs or social services that are comprehensive, holistic, effective, and sustainable. These points must also be ensured in the implementation of the program, monitoring, and evaluation stages. Of course, coordination with national Poverty Reduction Programs implemented by other ministries is necessary to improve the effectiveness of all the programs provided for poor families.

Fourth, enhancing interconnectivity among all poverty reduction programs can be gained by developing collective business groups (KUBE) focused on: 1. Availability of access to business opportunities by establishing individual businesses through provision of livestock (chickens / ducks / goats), productive plant seeds (vegetables and fruits), availability of land that can be planted and fertilized, and 2) Maximizing joint business groups (KUBE and e-warung managed together by groups in communities). In line with this idea, Allo (2016) suggested that poverty reduction policy must be carried out in an integrated manner, because if it is done partially, the impact of the programs will not reach its objectives.

The fifth strategy for re-designing poverty reduction programs is by developing 'partnerships' (cooperation and networking) with all stakeholders or related parties that will help the success of the program. In fact, an important aspect of inter-agency coordination for conditional cash transfer programs is to ensure that health and education services are prepared for additional uptake of patients and school children. To address this issue, only districts with sufficient availability of services (i.e. supply-ready) were eligible for participation.

Despite this precaution, implementation assessment reports found that there were still significant problems in service availability in provinces to the sub-districts, or *Kecamatan*, where PKH is implemented. Local government plays a major role in community development. Sureshkumar, et al (2015) states that the government's role is to build and maintain networks of relationships among the people in a community so that they can achieve economic and social progress. This is a strategic step that could have national impacts for the program's success. Furthermore, a wide range of central agencies should collaborate in designing and implementing the PKH program, including: the National Development Planning Agency (*Bappenas*), the Coordinating Ministry for Social Welfare (*Kemenkokesra*), the Ministry of Social Affairs (*Kemensos*), the Ministry of National Education (*Kemdiknas*), the Ministry of Health (*Kemenkes*), Statistics Indonesia (*BPS*), the Ministry of Communications and Information Technology (*Kemenkominfo*), and Banking (World Bank Jakarta, 2011). Of course, families or beneficiaries of PKH and BPNT are the main agents of change and when the benefits can be felt in a sustainable manner, it will be clear that the social welfare program is successful and on target. Therefore, all parties involved must have a sense of ownership of the program and will ultimately be more independent using their own resources rather than entirely relying on assistance from other parties.

Inter-agency coordination difficulties also emerged in the targeting of household-centered social assistance programs. For instance, although health insurance (BPJS Program) is provided for the poor, not all PKH households were included as beneficiaries. In another case, some beneficiaries of PKH were also included in scholarship programs provided by the Ministry of Religious Affairs (Center for Health Research, University of Indonesia, 2010). The Indonesian government has worked with strategic groups and stakeholders from governmental institutions and/or organizations, the private sector, and civil society. Then, the need to re-design all the programs for poverty alleviation is necessary to improve the effectiveness of the programs in order to provide comprehensive assistance and services to the poor.

## Conclusion

Poverty reduction programs have become a major development concern in line with economic sector development. Economic growth, itself, is directed to reduce the number of people living in poor conditions. Some countries are considered successful in addressing the needs of the poor such as Brazil and Mexico in Latin America, and Indonesia and Bangladesh in Southeast Asia. In this case, Indonesia has combined several programs available for citizens in poverty.

The conditional cash transfer program is a program provided for the poor to support their living conditions in aspects of education, healthcare for children, pregnant mothers, the elderly, and people with disabilities. To show their seriousness, the Indonesian government has increased the amount of cash transferred and the coverage of *Program Keluarga Harapan* (Hopeful Family Program) in order to improve the access to public services and invest in human capital (increasing health and education of children). However, there is still a need to improve the effectiveness of the poverty alleviation programs by conducting strategic efforts involving all stakeholders.

The second program is the Non-Cash Food Aid Program (BPNT). It mainly focuses on helping families in need meet their basic needs (food consumption). There is another program called Rastrea (rice for a prosperous family) that subsidizes each family or beneficiary with 15 kg of rice every month. Under BPNT, the food received is not limited to rice and sugar that can be purchased using e-vouchers, but also other foodstuffs available at e-warung. These poverty alleviation programs have been conducted throughout all provinces in Indonesia by involving central and regional governments, Himbara (State-owned Bank Association), *Bulog*, and the beneficiaries. Lastly, coordination and interconnectivity among programs needs to be improved in order to improve the effectiveness of the programs in terms of cost, service delivery, and efficiency.

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