

# ACCELERATING IN THE IMPLEMENTATION OF THE 2030 AGENDA – WORLD WITHOUT POVERTY IN INDONESIA

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## Introduction

The preamble of Indonesia's Constitution has mandated the government to protect its people, promote public welfare and educate the nation. It is not an easy task for the government as Indonesia is a home for about 258 million people, who live spread all over around 17 thousand islands. Currently, around 26.6 million people, or about 10,12% of population still live under national poverty line. In addition, there are around 70.2 million people who are considered vulnerable or live around 1,5 time above the poverty line. The persistent poverty requires multidimensional approaches, more targeted effort, and continuous coordination. The poverty reduction, therefore, has become one of national priority within the development agenda.

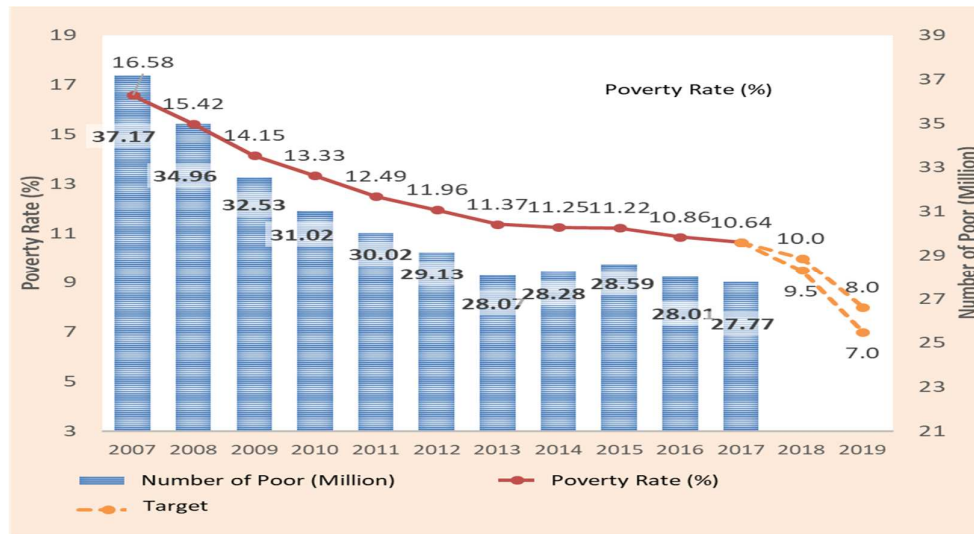
The implementation of 2030 Agenda means implementing Indonesia development agenda. Many of the SDGs principles and targets are aligned with the vision and mission of the President in the mid-term National Development Plan (RPJMN) 2015-2019. The RPJMN, specifically, has set a national policy direction to improve: (1) economic growth, (2) social development, (3) environmental sustainability, and (4) governance for a transparent, participative and inclusive development. The main contributions of SDGs is then to sharpen indicators of development achievement that are more measurable and to ensure that development benefits all. There are also several innovative policies in implementing SDGs agenda, including developing some regulation framework for the action plan, involvement of stakeholders, and synergizing with international development partners. This paper will describe more detail with the following structure: 1) the challenges; 2) Poverty reduction strategies; and 3) Initiative to accelerate 2030 Agenda.

## The Challenges

Indonesia's challenge to achieve SDGs is enormous, in particular to ensure that no one will be left behind for its 258 million people, spread over approximately 17 thousand islands, with vast differences in cultures, ethnics, religions and languages. Within the last decade, poverty in Indonesia has continue to decline from 16.6% in 2007 to 10.12% in the last September 2017. A group of population with 40% lowest economic and social status has been the focus of poverty reduction programs. However, the rate of reduction gets slower, while and gini ratio has also been stagnan in the last 4 years. Approximately 10% of vulnerable population in 2007 became poor by 2014 (IFLS 2007-2014).

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**Figure 1. The progress and target of Indonesia's poverty rate, 2007 - 2017**

Inequality increased due to unequal opportunities and capacities among people in society. Changes in consumption share have occurred in all deciles over the past 15 years, yet the top 10% of population has the biggest increase --more than 5 percentage point. There are several factors contributed to this situation, i.e.: high population growth of middle to lower income groups, incapability of population to have access to productive resources, lack of opportunity to adequate basic services, lack of competency and skills, and unproductive asset ownership.

In the implementation side, furthermore, there are also some challenges, among others, are:

1. **Data and targeting.** The government has developed a Unified Data Base (UDB) since the economic crisis in 2005. The UDB consist of the 40 percent lowest income group, covering the poor and the vulnerable, *by name and by address*. Despite this micro data of poverty has been a source of targeting form anti poverty and social protection programs, it could not capture every socio economic changes in community so that it always contain of exclusion and inclusion error. As updating was considered very costly, the challenge now is to develop more regular and participatory mechanism that could capture the dynamic changes, valid and reliable.
2. Despite that the government pays the social health insurance contribution of almost 40% of the lowest income group, **the gap in coverage** remains significant. The remaining population such as indigeous people in remote islands, informal sectors, and hidden population in the cities including person with disabilities and other vulnerable groups do not yet have registered in civil registration. Solving the exclusion error require multiple coordination, including finding new way to outreach those people.
3. **The coherence of the social assistance programs.** Triggered by the Corruption Eradication Commission (KPK) finding about potential corruption in many social assistance programs, there is a need to converge them into an integrated social assistance. Applying family-based transfer, i.e. through conditional cash transfer, is one of ideas to converge basic need programs (food, health, education, and housing). It is

still a challenge because there is a different political commitment, capacity of fiscal and technical, as well as objectives of different programs.

4. **Improving human and organizational capacities.** Expanding coverage and improving quality of programs require technical and organizational capacities that should be adjusted continuously. Programme facilitation has an important role in program implementation. Human resources that require different approach of capacity development include facilitators, social workers and volunteers. Their role in development is crucial, however their capacity vary and sometimes inadequate compare to the roles that have been asked by the programs.
5. **Coordination.** The current decentralization system, which provides more autonomy to local governments as well as villages, has made coordination among programs and between central and province, district, and villages take more time, energy, and cost. The coordination is quite challenging with regions in Eastern part, lacking of fiscal, capacity, and commitment.

## The Poverty Reduction Strategies

The Government has endeavored to ensure effective implementation of programs for reducing the number of poor and vulnerable and maintain the underprivileged purchasing power. The budget of social protection, for example, has increased from 11.5% of National Budget in 2016 to 15% in 2018. Within the RPJMN 2015-2019, there are three pillars of poverty reduction strategy: a) Comprehensive social protection; b) basic service provision; and c) sustainable livelihood.

- **Comprehensive social protection**

Comprehensive social protection in Indonesia context consists of social security and social assistance programmes. Designing a comprehensive protection strategy includes strengthening of social security institutions, restructuring of social assistance programs, developing a supporting social system, and enhancing an inclusion of vulnerable groups.

A major change has begun in 2014 when the Government established its National Social Security System, which consists of insurance of health, work accident, death benefit, old age, and pension. One study (by LPEM, 2015) found that after a year implementation, health insurance has improved not only health access but also reduced financial burden of members (improve income security). Yet, continuous improvement has to be made in some aspects as memberships, payment system, operation, and impact. Expanding the coverage of membership, disseminate the understanding of all citizen for healthy behavior pattern and the goodness of having social labor insurance, as well as improve access to health facilities and quality of services in remote, islands and border areas are the remaining challenges that the government try hard to solve. To achieve universal health coverage, for example, the Government pays the premium of National Health Insurance for almost 40% lowest income group.

The other scheme of social protection is social assistance programs, which main funding derives from taxes. Regular Social Assistance Programmes include the Conditional Cash Transfer (PKH), food voucher that currently can be provided to purchase only rice and

egg, cholarship for students from poor families, the child rehabilitation and protection programme for children with social problems; Social Service for the Elderly, and social rehabilitation for People with Disabilities. There are also programmes that were temporarily implemented, such as social assistance for disasters victims, as Indonesia prone to series of natural events such as earthquake, tsunami, volcanic eruption, flood, and drought. To overcome economic shocks due to an increase of oil and food prices in the years 2005 and 2008, Indonesia also launched the community temporary direct assistance to the poor and vulnerable during a specified period of time or until the impact of economic shocks reduced.

- **Basic services provision**

The government put high priority on infrastructure, particularly to provide access to basic services to the 40% poorest population and Eastern of the country. Disaggregated data by welfare quintiles reveal significant gaps in basic services. For example, around 25.8% children 0-17 years old of the 40% lowest income group do not have birth certificate. On the educational attainment, 88% of the richest 26 – 28 years old have attained at least a senior secondary school degree, while just 50% of the poorest in the same age category. Around 47.6% households still do not have access to proper sanitation and clean water.

Along with massive development of infrastructure outside Java, the Government has increased local transfer to province, districts, as well as village levels. As an ultimate decentralization tool, the size of Village Fund has been tripple within the last three years. It is assumed that local governments and community have more in-depth knowledge of local conditions in designing and developing poverty alleviation policies and have the capacity to more accurately identify program beneficiaries. Facilitators assist the community to plan, implement, as developing social accountability. In doing so, the provision of basic services in the periphery and remote islands could be done directly by the community. Cash for work utilizing the Village Fund would smooth the poor's income. Besides providing SOP on the how to plan and optimize the use of Village Fund on basic service provision, the Government also sets regulations and guidelines on the achievement of minimum standards for basic services.

- **Sustainable livelihood**

The government also recognises that poor families need all basic needs met for basic survival as well as an income-generating strategy. There are building blocks efforts of government led for productive inclusion. These include encouraging the poor to have savings/investments as social resilience, promoting the local potential to support productions and market, providing different schemes of capital and technical assistance, and enhancing livelihood support system (networking and institutional) to synchronize all activities. Through the Village Fund, Productive Economic Activities and Joint Venture Group are also endorsed. Livelihood empowerment is also target the indigenous people community. It is aimed to gradually improve their well being so that they earn a living and opportunities as other community.

## **Initiatives to accelerate 2030 Agenda**

Indonesia is committed to implement SDGs to achieve a prosperous and just Indonesia, in accordance with its national development goals. As a continuation of MDGs, SDGs have provided meaningful instruments as the reference for sustainable development that is universally followed by many countries. Several initiatives that are inline to accelerate toward the implementation of the 2030 Agenda are as follow:

### **1. Institutionalization of the Unified Database (UDB)**

The Government of Indonesia has develop the UDB for Social Protection programs to improve the targeting system of poverty reduction. Some regulations has been set to institutionalized the UDB under the Ministry of Social Affairs. As we all know, there are possibilities that there are people who come out of the social criteria and and there are also those who fall into the social criteria. If the determination of programmes beneficiaries is not continuously adjusted with the conditions, there will be inclusion and exclusion errors. Hence, several initiatives have been created and piloted to update the UDB. For example, along with the effort to converge social protection programmes, around 70 districts have developed a single window service and an integrated referral system (SLRT). SLRT is a system to help identify the needs of the poor & vulnerable and direct them to the most suitable national and local programs to meet their needs, as well as helps identify complaints, make referral, and keep track of the complaints to ensure that the complaints are properly addressed. These units work together with social workers at villages level to perform on demand application and outreach. After data of the poor and vulnerable verified and validated, they are compiled, recheck and uploaded to UDB, now called as SIKS NG, by the district government trough application. The MoSA will then manage the data for targeting. There is interministerial team to set up standards, quality assurance, and optimize the use of the UDB by related programs. Currently, the UDB can be updated more regularly through participatory process involving local governments. Currently, the UDB is updated twice a year (by end of May and November), while for health insurance premium subsidy beneficiaries could be monthly updated.

### **2. Convergence of Social Assistance Programs**

A convergence of social protection programmes is done through the use of the UDB as a source of targeting, integration of non cash payment through banking system. At least, there are three expectations to be achieved: increased effectiveness of programmes through better targeting and adequacy of the benefit received by the beneficiaries, improved efficiency through the settlement of programme fragmentation problems; and smoothness of the graduation process of social protection programmes beneficiaries and increased participation of people who have come out from poverty and vulnerability in the labour market.

Currently, the beneficiaries of the Conditional Cash Transfer (PKH) and the food voucher (BPNT) have received non cash payment. Using a combo card with an e-wallet of each program, beneficiaries could receive cash of purchase rice and egg at kiosk or warong in their neighborhood or village. These *e-warongs* are bank's agent that are equipped with *electronic data capture* to facilitate the payment.

As the programs become more efficient, the beneficiaries could be expanded. In 2017, the PKH has been expanded to cover 10 million families with children, pregnant mothers, disable, and elderly. Based on the latest World Bank's Social Assistance Expenditure Report, PKH has been considered effective for reducing poverty and inequality. In short term, it has direct effect as additional income for beneficiaries, while in longer term PKH gives price effect as it effectively reduce working children, change behaviour of the poor, and improve access and value better education, health, and nutrition. Mother beneficiaries have to meet monthly to receive Family Development Session, which consist of modul for parenting education, health and nutrition, child protection and family financial management as well as entrepreneurship. In this regard, it has accelerated the achievement of SDGs targets, including poverty, access to health and education, pregnant mothers and under five years old services, gender, and inequality.

Along with the convergence policy of social assistance, the Subsidised Rice for Low Income Communities (Raskin) has been transformed to be food social assistance. Receiving as a food voucher, the beneficiaries could purchase not only rice, but also egg to improve the nutrition of the poor family. In accordance to this effort, the nutrition modul of the Family Development Session of PKH urge mother to complement the consumption with vegetables and other nutritious food. In 2018, 10 million families will receive the food voucher, while around 5.6 million families still receive in kind as they live in the regions that still lack of communication infrastructure (network, signal) and agents. The government has form the interministerial oversight body to gradually solve the remaining problems and expand the convergent with other social protection programs and subsidy, including electricity and gas received by households.

### **3. Toward Universal Coverage for Social Insurance**

In the year 2019, it is targeted that all of the Indonesian population have entered into the health security system (universal coverage). As a large proportion of the population works in the informal sector, the government tries several strategies to achieve the target. Besides continuous dissemination, the government works together with provincial governments to integrate local level health insurance (Jamkesda) schemes with the nationally-managed health insurance (JKN). As Jamkesda implementation varies considerably between locations, in terms of management approach, payment methods, size of contributions, benefits and, people who are covered, this strategy has been done incrementally. The other is law enforcement strategies to impose administrative sanctions procedure to the employer and workers who stop the Social Security Contribution. The imposition of gradual administrative sanctions is done through written reprimand, sanctions, or public service sanctions. For example, employers must register their employees become participants JKN to still get public services in licensing such as business licenses, bidding the project, hiring foreign workers, service providers and IMB, while individuals must be registered as a JKN active participant to get public services, such as driver's license, passport, vehicle registration, permit and certificate of land. Enforcement administrative sanctions would be gradually enacted to employers and individuals. Started in 2016 will be implemented administrative sanctions against employers, whereas administrative sanctions against the individual would begin implemented in 2019. Thus, a universal coverage of health security in Indonesia is expected to be achieved in the year 2019.

Similar to the National Health Insurance, the employment social security is also a new thing for many of Indonesian. Nevertheless, the Law does not mandate the Government to provide contribution assistance for the poor and vulnerable to access employment security. Therefore, employment security membership expansion efforts is done along the the effort to increase a formality of employment. Some things that will be achieved from the implementation of this employment social security system are, among others, availability of uniform and easily accessible information, achievement of high membership numbers, and financial sustainability. Besides through regular dissemination, an innovation for the expansion has been intensified, for instance by simplifying the registration process and premium payment, or by linking liabilities as social security members with other public services (electricity, drinking water, or residence documents services). The capacity of the Employment BPJS should also be gradually improved to be able to manage the programme and the collected trust fund with trustworthy, sustainability, and in accordance with the principles of the National Social Security System.

#### **4. Institutionalisation SDGs Colaboration**

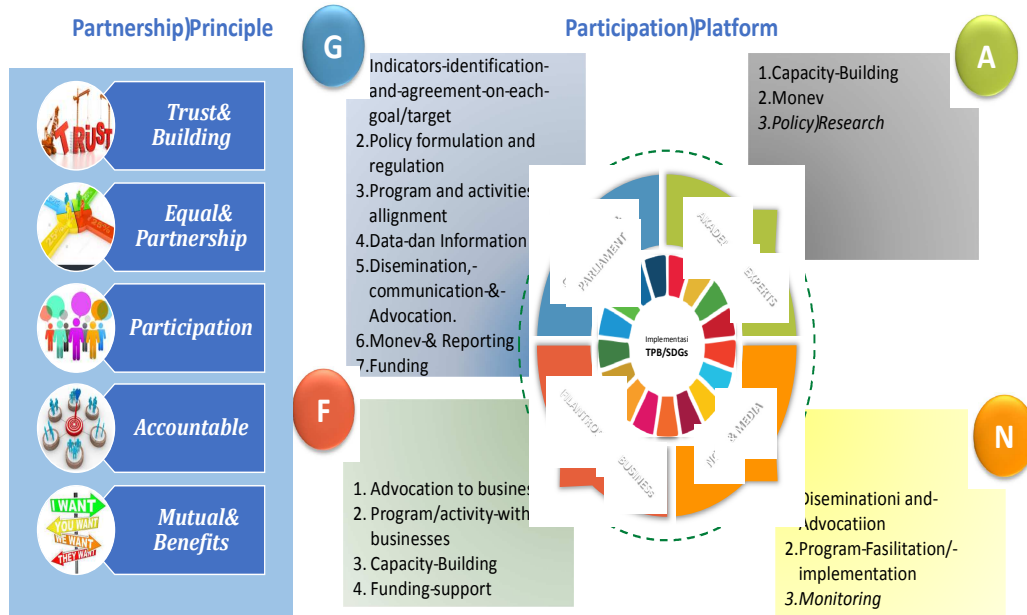
The collaboration for 2030 Agenda that involves all stakeholders is forged long before the adoption of the SDGs at the global level, specifically since the deliberations of the post-2015 agenda with the appointment of Indonesia as one of the Co-chairs for the High Level Panel of Eminent Persons (HLP) for the Post 2015 Development Agenda (2012 – 2013). Under the HLP, Indonesia has succeeded in bringing to attention and promoting the importance of global partnership for the implementation of sustainable development.

The Ministry of the National Development Planning/Bappenas is assigned to coordinate related government entities, CSO, philanthropy and business, as well as academics in the Implementing Team and Working Group within the SDGs National Coordinating Team. All stakeholders are not only involved in the implementation, but also in determining the direction of the SDGs implementation. One of the examples of multi-stakeholder involvement is the offline and online public consultations in the development of SDGs metadata and guideline for formulating the National and Sub-National Action Plans. The president issued instruction on the development of National and Sub-Nation Action Plans to converge national and local effort toward the implementation of 2030 Agenda.

The implementation of the no-one left behind principle is also reflected in the data disaggregation for Indonesian SDGs. Indonesia has already developed 87 of the total 241 global indicators, and the rest is still being developed. In addition, to ensure alignment with its national priorities and circumstances, Indonesia also has 234 proxy indicators. The operational definitions, calculations, benefits, data sources, data collection frequencies and disaggregation of each indicator have been developed to ensure that no-one is left behind. Several disaggregations are not yet available for all indicators, for instance the disaggregation of disability groups and migration status. Indonesia will endeavour to ensure the availability of data disaggregation through various existing censuses, surveys and research.

The principle of inclusiveness was applied in the preparation of the VNR last year that focus on poverty eradication. To prepare the VNR, a technical team was established, which consists of the representation of all relevant stakeholders. The VNR formulation is conducted in several stages, namely harmonizing perception, formulating outline, adopting the schedule, formulating analysis of each chapter, establishing consultation

mechanism, formulating main message, and finalizing the full VNR report. All the outcomes of the offline consultation is then communicated online via email, the website of SDGs Indonesia ([www.sdgindonesia.or.id](http://www.sdgindonesia.or.id)) and the social media to obtain inputs from the general public. The National Coordinating Team ensures all stakeholders involvements so that the principle of no one left behind is fully implemented.



**Figure 2. SDGs Participation Platform**

## 5. New Source of Funding

It is estimated that the global finance gap to meet SDGs is estimated at \$2.5 Trillion. As a business-as-usual approach to attract funding could not be longer relevant, Indonesia government has explored some other source of funding. For example, the partnership between Creative Economy Agency (BEKRAF) and several start ups and angel investors has created on line platform as virtual meeting point for both entrepreneurs and capital providers to meet and explore possible ways to interact and support each other to grow the digital economy. UNDP has also contributed to make this platform incorporate SDGs principles into the business of these growing social enterprises.

Having the largest muslim population in the world, Indonesia do possess some hidden potentials trough optimizing Islamic social funds. Especially *zakat* and *waqaf*, it an be utilized to support poverty alleviation programs. The latest data showed that *zakat* collection in 2016 was around 2,3 trillion rupiah, in which it is estimated that this amount is only 3 percent of its true potential. Some local governments have actually incorporated *zakat* and *waqf* as additional sources for tackling poverty, for instance in West Java Province, Bantaeng Regency, and Sragen Regency through Integrated Services Unit in Poverty Reduction. The Indonesian Ulema Council (MUI) has also issued a fatwa on the utilization of Islamic social funds, especially *zakat*, for the development of clean water and sanitation. Central Bank of Indonesia in collaboration with BAZNAS has initiated Zakat Core



Principles, which is a document containing 18 principles which regulate six major aspects in *zakat* management. The main principles of *zakat* management aims to improve the quality of *zakat* to be more effective in mobilizing public social funds for improving people's welfare. Various parties need to work together intensively to facilitate the community in performing *zakat*, so that *zakat* mobilization can be optimized to other uses, which will be significant in reducing poverty.

## **Conclusion**

Accelerating the implementation toward the 2030 agenda in Indonesia has been in line with the Government development agenda. Some policy frameworks, programs, and indicators have been set up, yet the real implementation, as always, will involves some challenges. Inclusive development through all process is increasing viewed as part of a broader strategy to address economic growth, longer term structural poverty, human capital development, as well as inequality. Thus, Inclusive growth that enables everyone to both contribute to and benefit from economic growth is a must. Indonesia is open to share its experience to mainstreaming SDGs into national development, as well as keen to learn from other countries' experiences on accelerating SDGs implementation.