



The Longlasting Program Keluarga Harapan as Conditional Cash Transfer in Indonesia: The Existing Problems and the Policy Recommendations

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Abstract

Program Keluarga Harapan (PKH) is a conditional cash transfer program in Indonesia that requires beneficiaries to meet certain requirements such as school attendance and health checks. Adopted from similar models in Latin America, PKH aims to reduce short-term poverty and invest in the health and education of future generations. Since its launch in 2007, PKH has operated in various regions with different poverty and infrastructure issues. PKH faces several challenges, including mistargeting of beneficiaries and burdensome bureaucracy for the poor. To address this, improvements to the targeting system and simplification of document procedures are recommended. The program has also contributed to reducing stunting through improved nutrition and health education, although health facilities need to be improved. In the education sector, PKH has succeeded in increasing school enrollment and attendance, but has not significantly reduced child labor. In terms of livelihoods, PKH encourages beneficiaries to shift to non-agricultural jobs, although often only casual labor. This study uses descriptive and explanatory designs to describe and explain the evolution of the PKH policy from 2007. Descriptive design is used to describe policy changes that occurred during the period, while explanatory design is used to explain the factors that influence policy changes and their impact on program effectiveness. The results found that there were problems with PKH facilitators including insufficient numbers, high workloads, and low salaries, which affected their effectiveness. To improve the performance of facilitators, new recruitment, regular training, and increased salaries and working conditions are recommended.

Introduction

Program Keluarga Harapan (PKH) is a household-based conditional cash transfer (CCT) program in Indonesia. (Alatas, 2011). This program was initially implemented in Latin American countries in the 1990s. (Digilova et al., 2014; Suharto & Thamrin, 2012) and then adopted by more than 40 countries in the world with various program names. (Gonnet, 2020). CCT is a new and popular form of poverty alleviation program, supported by the World Bank. (Peck & Theodore, 2015). This program links the receipt of cash for beneficiaries to the fulfillment of certain conditions or requirements, which are considered valuable for social policy (Digilova et al., 2014).

In PKH, cash assistance recipients must meet several requirements, such as registering their children to school with a minimum attendance rate of 85%, and pregnant women and children aged 0-6 years are required to access health facilities for routine health checks. In addition, PKH beneficiaries are also required to attend family capacity building meetings or family development sessions held once a month. (Syamsulhakim & Khadijah, 2021). The meeting covered materials on nutritional health, education and childcare, and financial management.

With these requirements, PKH not only helps reduce the burden of household expenses in the short term, but also invests in future generations through improving health and education. (Nazara & Rahayu, 2013). Therefore, PKH is considered a leading program in poverty alleviation. (Larasati et al., 2019; Lenel et al., 2022; Yuda & Rezza, 2021).

PKH as a household-based CCT has been operating in Indonesia since 2007, along with PNPM Generasi as a community-based CCT. Both programs are part of the Fuel Subsidy Reduction Compensation Program (PKPS-BBM) amidst the fiscal reforms that were being carried out at that time (Kwon & Kim, 2015; Sumarto, 2017). In its first year, PKH and Generasi were tested in 7 provinces and 48 districts/cities, namely West Java, East Java, North Sulawesi, NTT, Gorontalo, DKI Jakarta, and West Sumatra. These initial locations were selected based on data on high incidences of poverty, high malnutrition, low levels of transition from primary to secondary education, and inadequate availability of health and education facilities (Suharto, 2018). While Generasi is prioritized in rural areas with minimal health and education facilities, PKH operates in most cities with facilities ready to be utilized (Kusuma et al., 2017). Although the Generasi program ended in 2014, PKH is still running until now (the end of Jokowi's term) and will continue in the next elected presidential candidate. In this transition period, it is important to identify problems that still exist in the implementation of PKH over the past 17 years, so that the effectiveness and efficiency of its implementation can be improved in the new government.

Methods

This study uses descriptive and explanatory designs to describe and explain the evolution of Program Keluarga Harapan (PKH) policy from 2007. Descriptive design is used to describe policy changes that occurred during the period, while explanatory design is used to explain the factors that influence policy changes and their impact on program effectiveness. This study uses a qualitative approach with content analysis or document analysis methods. The qualitative approach was chosen because it allows researchers to dig up in-depth information from various policy documents, government reports, and other written sources relevant to PKH. This study is not limited to a particular geographic location because it uses written documents and data as the main sources of information

Results and Discussion

The Existing Problems and Recommendation About Targeting

Research conducted by McCarthy (2023) found that there are still many poor people who are not recorded in official data (exclusion error), so they do not qualify to receive cash assistance. In addition, (McCarthy et al., 2023) also noted that targeting errors in PKH resulted in some ineligible recipients still receiving assistance (inclusion error). To address this issue, the government needs to continue to improve targeting to be more accurate and real-time. Data collection systems need to be improved to ensure that all poor people are registered and eligible to receive assistance. This could involve more detailed field surveys and the use of advanced technology to identify the poor. In addition, community-based targeting and self-targeting also need to be improved (Olken, 2019). A community-based approach can better understand the local context (McCarthy et al., 2023). Providing flexibility to local administrations in selecting beneficiaries and ensuring community participation in decision-making can increase transparency and fairness (Sutiyo, 2023).

The Cek Bansos application, which has begun to be used by the community today, is very good to continue. Through this application, the community can make suggestions and objections, propose those who are eligible to receive assistance to be registered as recipients of assistance, and refute recipients of assistance who are not eligible so that they are no longer registered as

recipients of assistance. Thus, it is hoped that exclusion errors and inclusion errors can be reduced and PKH beneficiary data will be of better quality.

There are several other reasons why there are still many poor people who are not recorded in official data. Based on observations, The process of qualifying for cash assistance requires a lot of paperwork and complicated procedures, which are often too burdensome for the poor. The poor must collect various documents such as birth certificates, identity cards, residence certificates, and proof of income to prove their poverty status, which often involves complicated bureaucracy and is time-consuming and expensive. The process of obtaining proof of identity can be very difficult, requiring multiple visits to various offices, and often facing uncertainty and inefficiency in processing. In addition, this process can be demeaning, cause social and psychological stigma, and distract from productive activities, ultimately reducing their income. This heavy administrative burden makes many poor people dependent on informal intermediaries who require payment, adding to their financial burden.

To overcome these obstacles, the government needs to simplify the document processing process by reducing the number of documents required and speeding up the verification process. The government can introduce a one-stop shop system where all documents can be processed in one place.

The existing problems and recommendation about health

The Family Hope Program (PKH) is one of the factors that has succeeded in narrowing the stunting gap between children from rich and poor families (Rizal & van Doorslaer, 2019). PKH contributes to stunting reduction through four main mechanisms (Hartarto et al., 2023). First, PKH improves the nutrition of beneficiary children through additional income earned by households, which can then be used to purchase nutritious food. Second, micronutrient interventions can prevent pregnant women from malnutrition and improve children's anthropometric measurements. Third, health and nutrition education from program facilitators can change the mindset of beneficiaries and increase their knowledge about child health. Finally, the obligation to visit a health clinic regularly can increase exposure to health workers, which in turn increases health-seeking behavior and utilization of health services.

Some facilities in health clinics still need improvement, such as the lack of weight measuring tools and limited budget for education and information about stunting. In addition, the program does not yet have a specific module on stunting, which limits the effectiveness of counseling to the community about stunting prevention. To overcome this problem, the government needs to take several strategic steps. First, improve health facilities by adding weight measuring tools and increasing the budget for communication, information, and education related to stunting. Second, develop and implement a special module on stunting in health clinics to improve the knowledge and understanding of the community and program facilitators regarding stunting prevention and management. Finally, strengthen coordination between various sectors and institutions, including local governments, the health sector, and universities, to support comprehensive stunting prevention efforts (Hartarto et al., 2023).

The Existing Problems and Recommendation About Education

Various impact evaluations show that the PKH has succeeded in increasing school enrollment and attendance (Alatas, 2011; Cahyadi et al., 2020; Hadna & Kartika, 2017). The program encourages children to stay in school and ensures that they attend regularly. PKH is also able to change the aspirations of parents to send their children to higher education (Hartarto & Wardani, 2023). Thus, if PKH assistance is stopped, it is unlikely that children's education will return to pre-program levels. Parents' motivation to continue educating their children and the desire for a better future are also deterrents to early marriage. (Hartarto & Wibowo, 2023). To

increase the effectiveness of PKH, it is recommended to complement the program with activities that strengthen parents' beliefs about the importance of education and the dangers of early marriage. These activities can take the form of additional training sessions, workshops, or direct support from education professionals (Hartarto & Wardani, 2023; Hartarto & Wibowo, 2023).

However, PKH does not have a significant impact in reducing the likelihood of children being involved in work activities. The financial assistance provided through PKH is not enough to cover the high cost of living and education. In addition, the program requirements only require children to attend school without preventing them from working. Some policies recommended among others (1) increasing the amount of assistance transferred through the PKH program to cover significant education costs; (2) implementing requirements that not only require children to attend school but also prevent them from working; (3) taking a more comprehensive approach by considering all factors that influence child labor; (4) improving the quality of education and access for all children to have a deeper and more sustainable impact on reducing child labor, thereby (5) ensuring that education becomes a more attractive and viable option compared to work.

The existing problems and recommendation about livelihood

As an increasingly popular form of social protection in developing countries, Conditional Cash Transfer (CCT) has not only protective effects, but also significant productive effects, such as increasing productivity and facilitating engagement with economic opportunities. In a broader context, CCT can encourage beneficiaries to move out of the agricultural sector, supporting the structural transformation of developing economies. Therefore, examines whether the PKH program has a potential impact on agricultural households to adopt more productive livelihood strategies or shift to other sectors.

The study found that PKH helped poor agricultural households shift to non-farm wage employment and non-farm micro-enterprises. However, most of the positive impact of PKH on non-farm employment was on casual workers, who did not provide long-term job security. Several factors contributed to this: (1) limited employment opportunities in rural areas hampered the impact of the PKH program, especially in terms of creating stable and sustainable jobs; (2) landless households did not experience significant impacts from the PKH program compared to households with small plots of land; (3) female-led households benefited less from the PKH program in terms of job change or diversification compared to those led by men; and finally, (4) distance to district centers or markets affected households' ability to access non-farm employment.

To overcome these obstacles, proposes that the government develop entrepreneurship programs as part of a complementary strategy to PKH to help beneficiaries create more stable and sustainable jobs; establish integrated economic zones in rural areas (KAPET) to create more job opportunities and support households' transition from the agricultural sector; improve access to financial services for landless households to help them transition from the agricultural to non-agricultural sectors; develop policies that support women's empowerment, including training programs and access to financial services, to address gender inequalities in PKH benefits; and improve infrastructure and reduce transaction costs for households far from district centers or markets to facilitate their access to non-agricultural employment. Emphasizes the need for a more comprehensive and location-based approach in designing entrepreneurship assistance and development programs to ensure that PKH programs and other supporting policies are tailored to the specific needs of certain areas, both in industrial and non-industrial areas, thereby supporting agricultural households in transitioning to the non-agricultural sector.

PKH also plays an important role in helping poor households cope with disasters and climate change through direct support and access to additional assistance (Fitritinia & Matsuyuki, 2023). However, PKH does not directly affect human and physical capital. Although there are indirect impacts, human capital that plays a strong role in adaptation strategies is also not directly improved by PKH. The PKH program has also not included many components of awareness and information related to climate change and the risks that accompany it, which as a result, beneficiaries are less equipped with knowledge and mechanisms for coping with climate risks (Sengupta & Costella, 2023).

To increase the effectiveness of PKH in terms of disaster mitigation, (Fitritinia & Matsuyuki, 2023) proposes the government to (1) link PKH with more integrated disaster adaptation and mitigation programs, particularly in the context of agriculture and disaster risk management; (2) include specific training on disaster adaptation and climate change in PKH activities to directly enhance human capital; (3) continue and increase the frequency of counseling meetings and workshops to expand social networks and provide additional economic opportunities; (4) develop more systematic programs to strengthen social networks and income opportunities among beneficiaries; (5) add training modules on disaster risk management and climate knowledge in regular PKH meetings such as FDS; and finally (6) encourage training in microeconomic skills, social skills, nutrition, agricultural strategies and alternative practices to increase income and economic resilience. By following these recommendations, PKH can be strengthened to be more effective in helping poor families adapt to and mitigate the impacts of disasters and climate change (Fitritinia & Matsuyuki, 2023; Sengupta & Costella, 2023).

The Existing Problems and Recommendation About Facilitator and Family Development Session

One thing that makes PKH a leading program in poverty alleviation in Indonesia is the existence of PKH facilitators and monthly meetings held by the facilitators to help households manage finances, live a healthier lifestyle, and understand the importance and practical guidelines for caring for vulnerable household members (children, the elderly, and people with disabilities). Therefore, the performance of the facilitators must also be optimal to ensure that the program's objectives are achieved maximally.

The study was conducted by (Lenel et al., 2022) found a number of problems in the de facto implementation of PKH groups that undermine the objectives of the program. Field evidence suggests that PKH groups often do not hold monthly meetings; even when they do, only a small proportion of beneficiaries attend each month (around 30 percent of women in our sample). In addition, most PKH meeting time is spent discussing cash disbursements, leaving little time for family development topics. Eligibility criteria are also often poorly monitored and sanctions are rarely applied.

Issues related to facilitators Program Keluarga Harapan (PKH) in Indonesia covers several significant issues according to various studies. McCarthy (2023) identified a shortage of facilitators, high workloads, and low salaries that affect their motivation and effectiveness. McLaren et al., (2022) adding that incentives that are not aligned with program objectives encourage social workers to select more accessible beneficiaries and engage in nepotism and administrative shortcuts. McCarthy et al., (2023) revealed conflicts of interest and social pressures influencing field officers' decisions, as well as tight supervision that can reduce beneficiary autonomy. Additional issues include reliance on inaccurate data and challenges in reaching remote locations or beneficiaries who frequently move. Addressing these issues requires a comprehensive approach that improves the effectiveness, equity, and sustainability of the PKH program.

McCarthy et al. (2023), dan McLaren et al. (2022) put forward various recommendations to address the problems faced by PKH facilitators in Indonesia. McCarthy (2023) recommends increasing the number of facilitators through new recruitment and equitable distribution in poor areas, as well as capacity building through regular training and technical assistance. He also stressed the importance of improving salaries and working conditions for facilitators, improving data and information systems, increasing the authority and flexibility of facilitators, and collaborating with local institutions and communities. McCarthy et al. (2023) emphasize the implementation of a code of ethics policy to address conflicts of interest, conflict management training to reduce social pressure, and the adoption of a support-based approach to reduce paternalism. They also recommend improving training and competency, psychosocial support to manage workload and stress, and educational programs to address stigmatization of beneficiaries. McLaren et al. (2022) suggested a revision of the incentive system so that social workers focus on service quality and outcomes relevant to the program's objectives, an increase in basic salaries and additional support, and strict procedures to prevent nepotism and administrative shortcuts. They also recommended optimizing targeting methods and access to remote households, as well as support for implementing a paradigm shift in social welfare. By implementing these solutions, it is hoped that the performance of PKH facilitators can be improved, so that more poor people can be served better and more efficiently.

Conclusion

Program Keluarga Harapan (PKH) in Indonesia has made a significant contribution to poverty alleviation through conditional cash transfers. However, there are a number of issues that need to be addressed to improve the effectiveness and efficiency of this program. Targeting errors, such as exclusion errors and inclusion errors, require improvements in data collection systems and increased targeting accuracy. In the health sector, PKH has helped reduce stunting but still needs to improve health facilities and education on stunting. In the education sector, PKH has succeeded in increasing school attendance and enrollment, but has not been effective enough in reducing child labor. In addition, PKH also needs to increase support for agricultural households and address the challenges of climate change and disasters. Issues in facilitators and family development sessions also require special attention, including increasing the number of facilitators, training, increasing salaries, and better supervision. By addressing these issues, PKH can continue to be a leading program in poverty alleviation efforts in Indonesia.

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