

# Child Poverty and Social Protection Conference

## Berkas Rapporteur

Day/Date : Tuesday, 11 September 2013

Time : 09:00 – 10:00

Room : Singosari

Theme : Distinguished Speech: Inclusive Social Protection: A Transformative vision for Indonesia by Stephen Kidd

Rapporteur : Gita Nasution

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### Highlights of Conclusions and Recommendations:

Social Protection is a misunderstood concept, social security is a narrower concept.

Social security comprises 3 basic instruments:

1. Social transfers (different from tax)
2. Social insurance (financed by contribution from employers)
3. Labor legislations

Regarding children, we should look at social transfer element as it affects directly to them.

Poverty rates and poverty line as arbitrary concept:

- Many families move in and out poverty over short period, if combined with multi deprivation experienced by children, child poverty will be even higher than what is reported by national poverty rate.
- Poverty dynamics linked to risks faced by people across lies, which impact on children.
- Different generation linked to each other (life cycle), tackling child poverty and social poverty need to be whole-package social protection (from children to elderly)
- Social security scheme should include not only the poorest but also the vulnerable (near poor)
- Two different paradigms on shaping social security:
- Poor relief (only target the extreme poor)
  - State less money → low tax
- Universal social protection
  - Direct benefit to stages of lifecycle, universal coverage scheme
  - State spends more for social security → higher tax
- Developing countries like South Africa and Brazil move into inclusive lifecycle approach (58%-63% of children)
- Correlation between spending on lower child poverty



- How unified database excludes the poor (how to include the poor?) → how the poor should be included (the higher number of the poor is included, the better coverage and targeting)
- PKH excludes 90% of the poor, although how well-targeted it is.

Indonesia can move to inclusive lifecycle approach for social security. Using universal coverage can reduce child poverty and national poverty more effectively than the targeted one.

Political economy of targeting design: the poor are the very weak entity at the community → the middle class does not want to pay more tax, therefore poverty reduction is currently dedicated to the poorest (avoiding tax?).

It's all about taxation, Indonesia is a low-taxed country, and does not spend at least 0.5% of GDP on social security, compared to Nepal.

### **Questions and Answers :**

1. How do you get tax for informal workers? Different options for taxes: not merely income tax, but mining companies, VAT, etc

#### **2. Usha Mishra, UNICEF Cambodia**

There are midways in different situation.

Resources are not challenges, the government needs to work out on major decisions are made during election, etc., where promises are made → therefore tax design is important to increase resources. There is no such thing as budget – it can be worked out. It's a choice between cost and effectiveness. In developed country, it's cost effective than targeted paradigm.

#### **3. Karina, UNICEF Jakarta**

If we give people more cash, would there be more women with more child?

The investment is only Rp.100,000 per month, would not make them want to have more child because it will be a lot more expensive investment.

Instead of increasing fertility, it's better to pay pension for the elderly, because older generation would not be the object of care by their children.

Currently Indonesia has compulsory education and UHC in 2014.

#### **4. Augusto, UNICEF Philippines**

Social protection is not only demand side but also supply (build infrastructure, etc). How do you balance the money from demand and supply? What about corruption issue?

Challenge for social policy in a broader scheme – government has to make decisions on what are the area (health/education). Indonesia: 1,5% GDP for UHC is not enough. Indonesia should spend 5%.



To make SP free from corruption relates to targeting. A lot of country just delivers it from MOF to the bank, and bank directly to the beneficiary rather than providing it to the government → local government → beneficiaries.

Monitoring and Evaluation is important and with universal coverage it is much simpler since it is managed by electronic system by the bank and quite cheap.

#### **5. Suhaeny, UNICEF Indonesia**

How can targeting be more sustainable? What are the preconditions for Universal targeting?

If people can benefit, people would use it not only for consumption, but also to build social network.

6. Did you have experience using disaster-prone area for targeting?

Social security to avoid people from shock – it is quite not in my area of expertise

#### **FINAL CONCLUSIONS & RECOMMENDATIONS:**

1. Indonesia needs to consider a new paradigm on social protection from poor targeted to universal coverage because it will reduce poverty rate more effectively.

2. The universal coverage mechanism is very simple and easy to monitor, while at the same time avoids corruption.

3. A new paradigm of social security is possible even if it takes years to implement. (Not doing it in short period: start with 0-4, 0-7 and 0-12 years old children, and pension for people 70+ years of age, the cost would be only 0.6 % of GDP but poverty gap could fall 30%).

4. Tax regime needs to be changed by taking into account efficient taxation to increase revenue, which will support inclusive social protection.

5. Changes in taxation requires political support from politicians.

