

Inclusive Social Protection: a Transformative Vision for Indonesia

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Abstract:

The Convention on the Rights of the Child and the Constitution of Indonesia set out the right for children to access social security. But, how is this right best realised in countries like Indonesia where the proportion of children in need of social security is much higher than often thought, reaching perhaps 60-70% of all children? Countries can adopt two basic approaches to the design of national social security systems: either poor relief – which targets resources at the extreme poor – or an inclusive approach that offers a range of social security benefits addressing risks across the lifecycle, combined with high or universal coverage. The choice of which approach to follow is ideological since focusing resources on the poor is much cheaper than an inclusive approach to social security and requires lower taxation. A growing number of developing countries are following the example of developed countries and adopting an inclusive, lifecycle approach. In Indonesia, a universal child grant is both feasible and affordable and would have very significant impacts on poverty, transforming the lives of tens of millions of children. These impacts could be further enhanced if a child grant were combined with a universal pension and disability benefit. An inclusive, lifecycle approach to social security in Indonesia could be an effective, pro-poor – and sustainable – means of redirecting resources from the fuel subsidy.

