

July 2020

Policy Note

Maximising the Benefits of Program Sembako During the Covid-19 Pandemic

KEY MESSAGES

- The Covid-19 pandemic not only affects health but also social and economic conditions.
- The issuance of Government Regulation in Lieu of Law (Perppu) No. 1/2020 provides a new instrument to minimise the social and economic impact of Covid-19 pandemic.
- The government has tried to reduce household expenditures, meet the community's food needs, and improve nutrition by increasing the number of Staple Food Card (*Program Sembako*) recipients and the benefit value.
- A rapid evaluation of Program Sembako 2019 showed that, on average, a beneficiary family (*Keluarga Penerima Manfaat: KPM*) had to pay more to purchase Non-cash Food Program (*Bantuan Pangan Nontunai: BPNT*) rice than to purchase premium- or medium-grade rice in the market.
- There is a direct relationship between KPM satisfaction with the quality of Program Sembako rice and its affordability in comparison with the market price.
- To maximise the effectiveness of Program Sembako during the Covid-19 pandemic, program organisers must ensure that the price is affordable, that the staple food's quality is better, implementation is done in a timely manner, and that the program's staple foods are available in sufficient quantity.

Background

The Covid-19 pandemic has not only affected health but also social and economic conditions for both individuals and households. In the short term, the impact on health is evidenced by the increased spread and severity of the virus, with the mortality rate reaching 8.5 per cent as of 9 April 2020. The pandemic has caused a slump in domestic economic activity and the possibility of a fall in society's welfare. In the medium-term, it is projected that

the economic growth rate will be in the range of -0.4 per cent to 2.3 per cent for 2020. This is a significant decrease compared with the growth rate in 2019 (5 per cent). The virus has taken its toll on many business sectors, causing employment terminations and falling employment recruitment. If this condition cannot be mitigated, social instability may occur, the gap between income groups will widen and there will be disparity between villages and cities in the long term.

Government Policy Response to the Pandemic

Compared to the economic crisis in 1997-98, the current pandemic crisis in Indonesia is relatively less severe. Although Covid-19 could cause an economic crisis, the government today is more prepared as they have established social assistance and protection programs that

can alleviate socioeconomic distress. The government's policy of providing stimulus to anticipate the impact of the Covid-19 pandemic by improving and expanding the social safety net is deemed appropriate (Table 1). Social assistance and protection programs that act as a social and economic anchor can be the initial instrument to improve program benefits while at the same time increasing beneficiary coverage.

Table 1. Social Assistance Programs Before and After Covid-19 Pandemic

Program	Component	Before	After	Change
Family Hope Program (Program Keluarga Harapan: PKH)/ Ministry of Social Affairs (MoSA)	Target	9.2 million families	10 million families	Additional 800,000 families
	Distribution Period	Every 3 months	Monthly	Distribution frequency
	Budget Allocation	Rp 29.1 trillion	Rp 37.4 trillion	Rp 8.3 trillion
Program Sembako (BPNT)/MoSA	Target	15.2 million families	20 million families	Additional 4.8 million families
	Benefit Value	Rp 150,000/month	Rp 200,000/month	Additional Rp 50,000/month
	Budget Allocation	Rp 27.4 trillion	Rp 43.6 trillion	Rp 16.2 trillion
Electricity Rate/ Ministry of Energy and Natural Resources	Number of Beneficiaries: 24 Million Electricity Accounts			
	450 VA Rate	Subsidised	Free	Average saving of Rp 40,000
	Number of Beneficiaries: 7 Million Electricity Accounts			
	900 VA Rate-Underprivileged	Subsidised	Discount 50%	Average saving of Rp 40,000
Housing Incentive/ Ministry of Public Works and Housing	Subsidies on Down Payment	150,000 units	Rp 4 million/unit	
	(+175,000 unit)	Rp 800 billion		
	Subsidies on Interest	677,000 units	5% interest difference	
	Ordering bank 607%			
	(+175,000 unit)	Rp 700 billion		
Pre-Employment Card (Kartu Prakerja) Program/ Coordinating Ministry for Economic Affairs	Beneficiary Target	n.a.	5.6 million people	New program
	Training Incentive	n.a.	Rp 1 million	New program
	Post-Training Incentive	n.a.	Rp 600,000 x 3 months	n.a.
Other Programs (In Discussion)	Budget Allocation	n.a.	Rp 20 trillion	Rp 20 trillion

Source: Ministry of Finance (Restricted Cabinet Meeting Material, 7 April 2020), MoSA (Restricted Meeting Material, 13 April 2020).

The issuance of Government Regulation in Lieu of Law (Perppu) No. 1/2020 and Presidential Regulation No. 54/2020 provide new instruments to minimise the impact of Covid-19 on social and economic conditions. An additional Rp 110 trillion was allocated for the social safety net in 2020 to increase the value of benefits received by KPM. To meet food needs, the current fiscal stimulus policy has added around five million Program Sembako KPMs—making a

total of 20 million KPM. Based on National Socio-Economic Survey (Susenas) data in March 2019, that number is equal to around 30 per cent of the total population in the lowest welfare level. In addition to expanding the ongoing program, the Covid-19 stimulus is given in the form of staple food assistance in several affected areas (Table 2).

Table 2: Staple Food Assistance as Covid-19 Stimulant in Several Affected Areas

Program	Component		
Program Sembako Assistance (MoSA)	Target	78 urban villages	Packages were given to 78 urban villages that are in Covid-19 Red Zones in DKI Jakarta, targeting informal sector workers; online transportation drivers; pedicab/horse-drawn vehicle (<i>Becak/Andong</i>) drivers; parking attendants; public transport drivers; day labourers; street sweepers; people with disability
	Benefit Value	225,000 packages	
	Budget Allocation	Rp 60 billion	
Social Assistance (Bantuan Sosial: Bansos) Program Specific for Jabodetabek (MoSA)	Target	- 1,3 million families in DKI Jakarta - 600.000 families in Bodetabek	* Distribute 2 times per month IDR300.000 per families in 3 months period (April-June 2020) * Distribute in commodities and sent directly to families
	Benefit Value	Rp 600,000/month	
	Budget Allocation	Rp 1.08 trillion/3 months	
Bansos Program Specific for Outside Jabodetabek (MoSA)	Target	9 million families	It is planned to be given in a form of cash to each recipient's.
	Benefit Value	Rp 600,000/month	
	Budget Allocation	Rp 16.2 trillion/3 months	

Source: Presentation material for MoSA, Coordinating Meeting for Food Social Assistance, 17 April 2020.

BPNT Program Benefits

Program Sembako was initiated in 2020 as the latest incarnation of a food assistance program formerly known as BPNT. Unlike *Raskin Program* that provided assistance in the form of rice, under Program Sembako, funds are transferred directly to the beneficiary family's account. These funds are then exchanged for sources of carbohydrate, protein, and vitamins, such as corn, chicken, beef, nuts, vegetables, or fruit that can be bought from a local market.

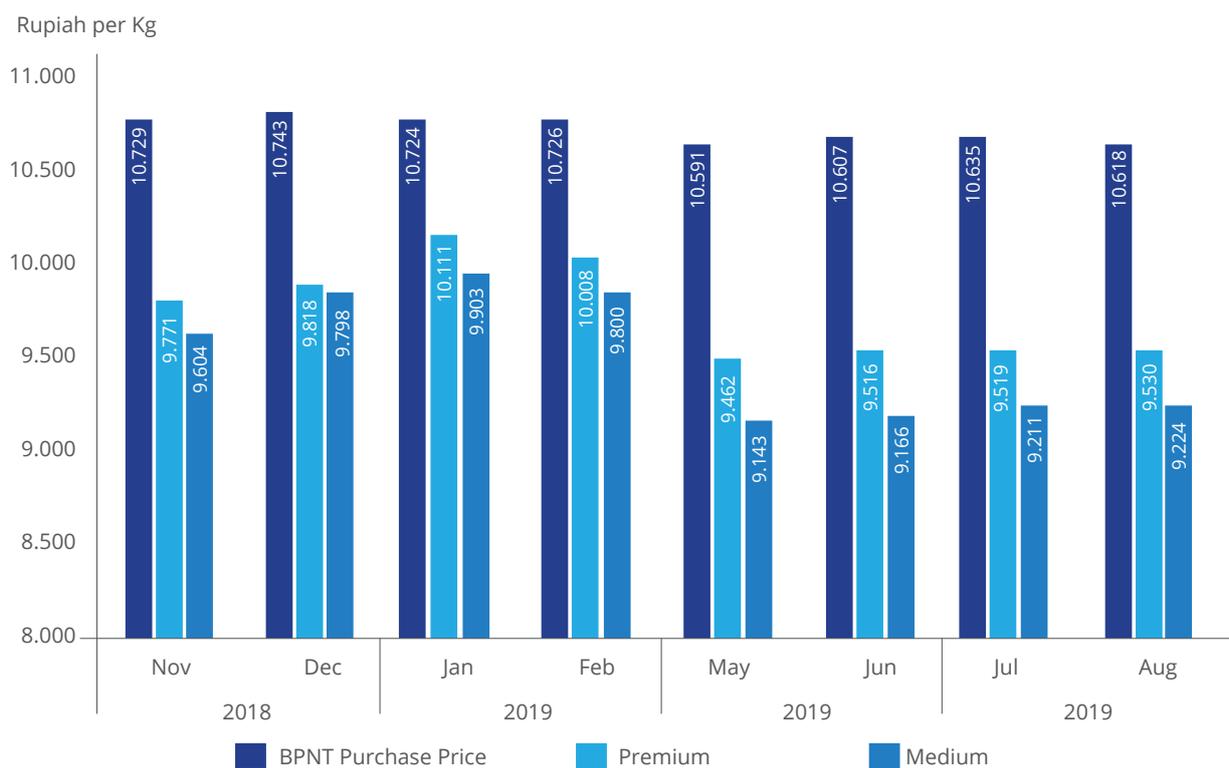
By increasing the number of Program Sembako participants and the value of the benefit, the government is attempting to reduce household expenses, especially expenses to meet nutritious food needs. To maximise the benefits of the program, however, several improvements are required, based on an evaluation of the BPNT Program that was initiated in 2017. These improvements are in the areas of price, choice, quality, and availability.

Maintaining Stable Rice Selling Price

To maximise the effectiveness of Program Sembako during the Covid-19 pandemic, program administrators should ensure KPM are able to purchase the food they need at a competitive market price. KPM will then be able to obtain a larger quantity of food compared to that under the former BPNT Program. This is important to the KPMs—bearing in mind that the pandemic has caused some residents to lose their employment and income.

Based on a Susenas 2019 analysis, during implementation in 2019, the BPNT beneficiary families paid, on average, a price for BPNT rice that was 10 per cent higher than the market price for premium-quality rice and 12 per cent higher for medium-quality rice at milling (Figure 1). The price difference equates to 0.09 kilograms of premium-quality rice and 0.12 kilograms of medium-quality rice. In other words, one kilogram of rice purchased by a BPNT beneficiary family could have purchased 1.09 kilograms of premium-quality rice or 1.12 kilograms of medium-quality rice at the market price.

Figure 1: Comparison Between BPNT Rice Purchase Price and Market Price at The Milling level price (Premium, Medium)



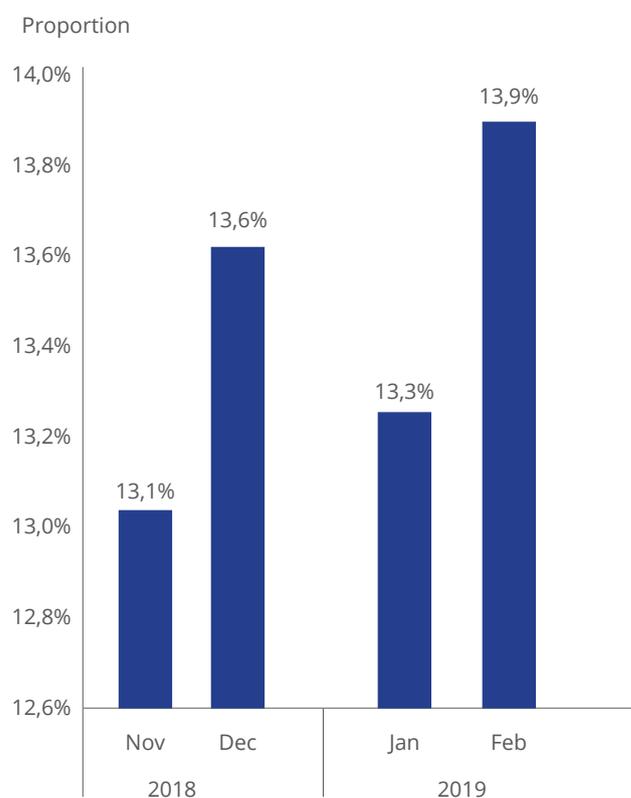
Source: BPS, Susenas March and September 2019, processed by TNP2K staff.

Based on field observations, one of the contributing factors to the increase in the BPNT rice selling price is the provision cost borne by e-warong. E-warong's inability to provide adequate rice stock forced them to apply a consignment system, thereby making the price for BPNT's rice higher than the market price. It is crucial for the Program Sembako organiser, particularly regional government, to ensure that the food selling price, especially for rice, is not much different to the market price. This can be done by ensuring the selected e-warong as program administrator can sustain a large volume of stock. Another contributing factor is the limited number of e-warong that can be accessed by KPM, leaving KPM with very few options to where they access assistance.

Maintaining Staple Food Choice

When the M&E Team monitored BPNT implementation in 2019, they found that there were only a small number of beneficiary families that were able to choose their own food. Susenas 2019 data show that below 15 per cent stated that they have the option to choose (Figure 2). This shows the lack of regulatory enforcement and a lack of socialisation regarding the program administrator's obligation (regional government and e-warong) to allow the KPM to choose the types and quality of the food that they want to purchase.

Figure 2: Proportion of Respondent's Able to Choose Goods (2019)



Source: BPS and Susenas March 2019, processed by TNP2K staff.

From March 2020 the benefit available under Program Sembako has been increased from Rp 150,000/KPM/month to Rp 200,000/KPM/month. With this increase, a KPM family can obtain additional food commodities for consumption. All respondents have received socialisation regarding information both on the benefit change and types of food that they can purchase using the funds from Program Sembako. KPM who own a KKS Card (*Kartu Keluarga Sejahtera*: KKS) can immediately utilise the assistance.

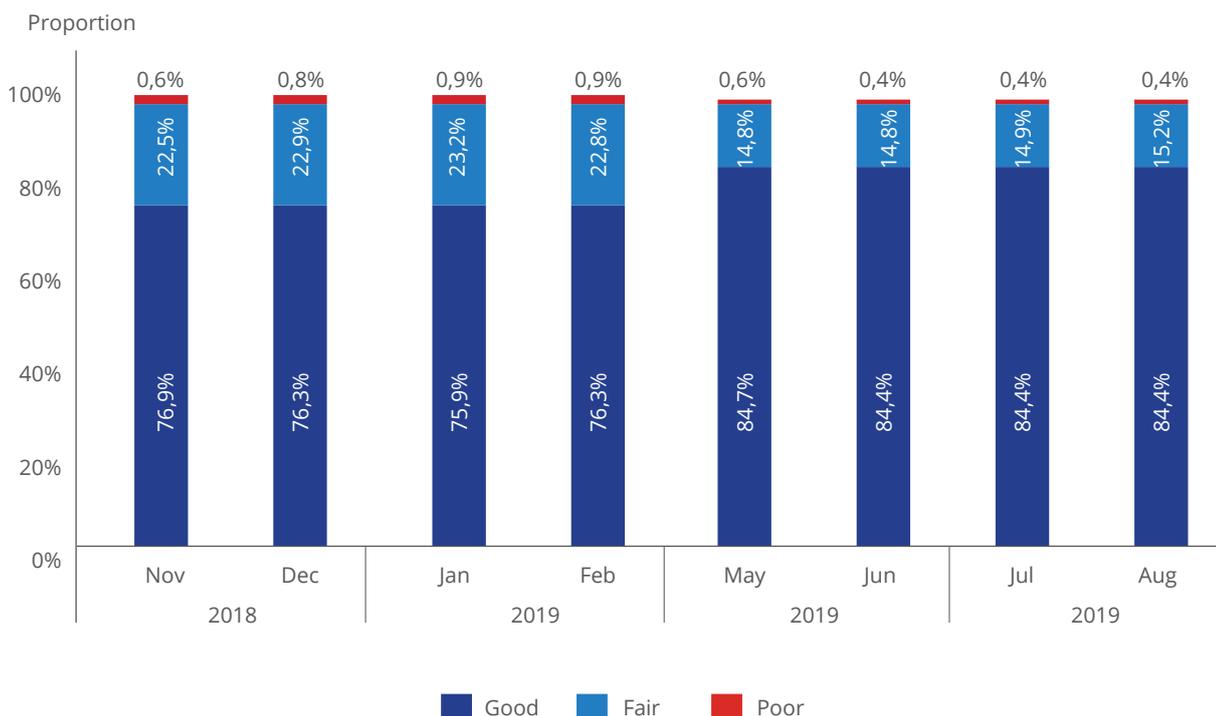
There are various strategies applied by e-warong to anticipate the purchase of fresh food—by opening a pre-order system prior to the distribution date and making an agreement with KPM on the types of food they want during the following distribution. Nevertheless, from the coordination meeting with several operating areas, it was found that some e-warong still made their own food packages as they deem it easier for transactions and to ensure all foods—especially fresh foods—will be disbursed quickly so they do not require specific storage.

On the 10th day of each month, the types of food are also varied. To date, KPM are not only utilising the funds to buy rice and eggs, but also to buy other types of food such as meat, fish, vegetables, or fruit.

Maintaining and Improving Food Quality and Safety

BPNT implementation in 2019 emphasised the quality of goods that can be purchased compared to those under Rastra. Some 84 per cent of BPNT Program beneficiary families stated the rice they purchased was in good condition (Figure 3). This is a significant improvement compared with the 39 per cent of KPMs during the same period who stated that rice from the Rastra Program was in good condition (Table 3). Another interesting point is that KPM's level of satisfaction with the quality of rice is directly correlated with a more affordable price. The level of satisfaction rose during May-August 2019 when the price was more affordable compared to the previous period.

Figure 3: BPNT Rice Quality Received by Households (2018-2019)



Source: BPS and Susenas March and September 2019, processed by TNP2K staff.
 Note: Totals may not equal 100 per cent because of rounding.

Distribution of Program Sembako commodities should abide by Covid-19 health protocols (wearing face masks, keeping physical distance, washing hands or providing soap, and providing a notice to avoid a crowd). This will change the implementation strategies in the field. Several areas are already arranging a schedule for food purchasing so that KPM will not come to an e-warong simultaneously.

To ease and expedite transactions, foods are being packaged while KPM are still considering the types of food they need. This practice disregards several program implementation principles to ensure the program can still be implemented in the field and abide by the stipulated health protocols.

Table 3: Value of Rastra Rice Benefits

Description	Feb 2019	Jan 2019	Dec 2018	Nov 2018
Cost Incurred (Rp)	1,347.87	783.48	1,902.74	1,908.77
Quantity Received (Kg)	5.02	2.20	5.43	5.14
Cost Incurred (Rp)	305.72	360.04	385.63	416.19
Satisfaction Level (%)				
Good	39.28			
Average	54.77			
Bad	5.95			

Source: Susenas March 2019, processed by TNP2K staff.

Policy Recommendations

To maximise the effectiveness of Program Sembako during the Covid-19 pandemic, program organisers should:

- Ensure KPMs can buy food at the average market price.
- Ensure KPMs can choose foods they need based on quality, quantity, and amount.
- Improve the quality of goods purchased by KPM and maintain the price to make it more affordable.
- Ensure the availability of staple foods covered by the program.
- Ensure the realisation in the field is in accordance with the arranged disbursement schedule.
- Ensure protocols for Covid-19 prevention are followed during the implementation of Program Sembako.

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