

Learning from Evidence: Designing Effective Social Protection Programs

Elan Satriawan
Head of Policy Working Group TNP2K

Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K)

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Outline

- About TNP2K
- Answering to emerging policy challenges:
 1. **Identifying Eligibility of Beneficiaries:** Evidence from the establishment of the Unified Database
 2. **Designing Effective Models:** A case study from reforming Indonesia's financial assistance in education
 3. **The Impact of Programs on Welfare:** Evidence from long-term cumulative CCT program
- Key Takeaways: lessons from Indonesia

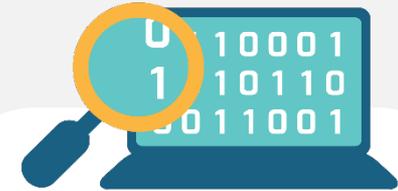
About Indonesia's National Agency for Acceleration of Poverty Reduction (TNP2K)



Established in 2010 to promote **coordination across ministries**, as well as to provide support for **evidence-based policy making**.



Experiments in combining **high-level policy decision making forum** led by the Vice President with support by a **policy think tank**.



Its mandate includes **building and running a Unified Database** for social protection programs and to **reform various welfare programs**.

How do we generate evidence at TNP2K?

- **We conduct randomized evaluations** to rigorously establish a program/policy's causal impact, if successfully executed, its **results are relatively simple to convey** to decision-makers.
- We also conduct other **methods of impact evaluations**
- How we generate evidence depends on **nature of problems and resources availability**

Why has Indonesia slowly shifted to targeted anti-poverty programs?

- Resource availability has never been the same since the Asian Financial Crisis in the 2000s, which made **the shift to a targeted anti-poverty policy regime** necessary.
 - Resulted to new policy questions surrounding **issues in targeting, effective design** and **impact of the programs**
- This shift required a **beneficiary database as a targeting instrument.**
 - Initiated in 2005
 - Improved to support the social protection system in 2012

1. How do we identify eligibility of our beneficiaries?

Evidence from our work in developing the Unified Database

Government agencies: The Ministry of National Development Planning (Bappenas), The Ministry of Social Affairs (Kementrian Sosial), The Bureau of Central Statistics (BPS) and TNP2K

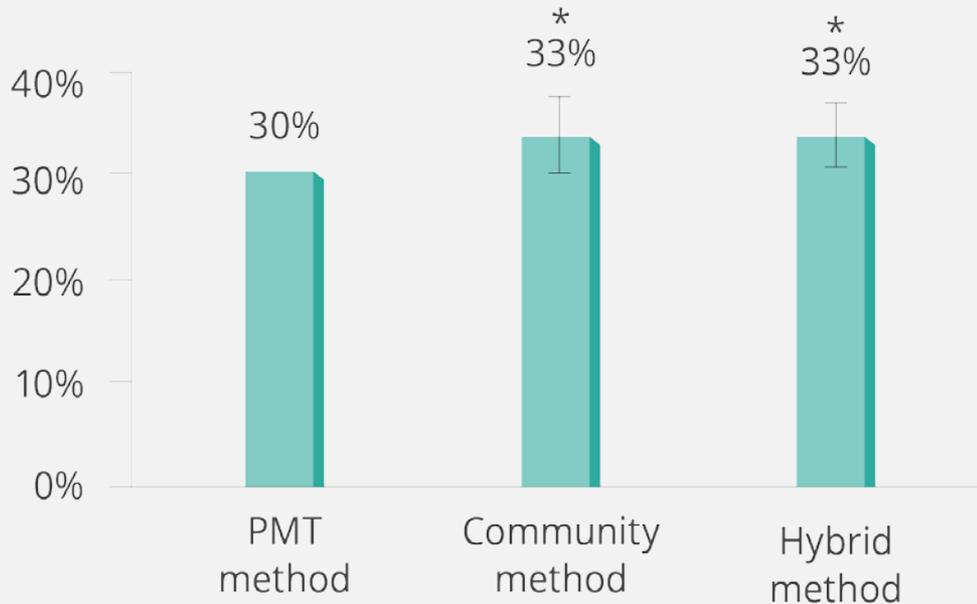
Researchers: Vivi Alatas, Abhijit Banerjee, Rema Hanna, Ben Olken, Ririn Purnamasari, Sudarno Sumarto, Julia Tobias, Matthew Wai-Poi

Identifying beneficiaries is a challenge in most emerging economies

- As governments do not usually collect data on the poorest households' income.
- Govt as a result determines eligibility based on assets through proxy-mean tests (PMT)
- However, the question is whether such approaches could **capture an accurate picture of the poor and vulnerable population**
- Indonesian and international researchers worked with the Indonesian Government to pilot and evaluate different targeting methods using randomized evaluation

Key Evidence 1

Comparing the different targeting approaches: Proxy-Means Test showed slightly better accuracy



Proxy means tests had slightly lower targeting error, but errors were concentrated amongst people close to the poverty threshold.

However, **community targeting led to much higher community satisfaction** and better selected households that self-identify as poor.

Alatas, V, A. Banerjee, R. Hanna, BA. Olken, and J. Tobias. 2012. "Targeting the Poor: Evidence from a Field Experiment in Indonesia." American Economic Review 102(4): 1206-1240.

Key Evidence 2

Effects of Asset-Based Eligibility: PMT does not distort investment behavior of households

Concerns that households would reduce asset ownership to secure eligibility



Poverty targeting questions did not seem to be introducing real economic distortions.

- Television sales did not decline, indicate no change of behavior



What does the evidence on targeting mean for policy in Indonesia and around the world?

- Incorporating community feedback in the PMT process can **improve citizen satisfaction** and **better accommodates the poor's own concept of poverty**.
- PMT asset surveys do not seem to distort real consumption decisions.

2. Designing Effective Models

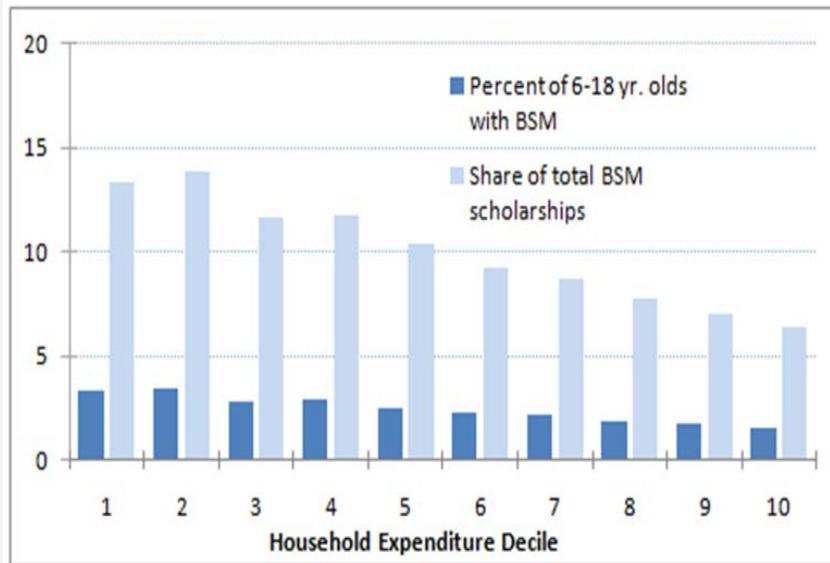
A Case Study from reforming Indonesia's Financial Assistance for Poor Students (BSM)

Government agencies: The Ministry of National Development Planning (Bappenas), The Ministry of Education and the Ministry of Religious Affairs, The Bureau of Central Statistics (BPS), TNP2K

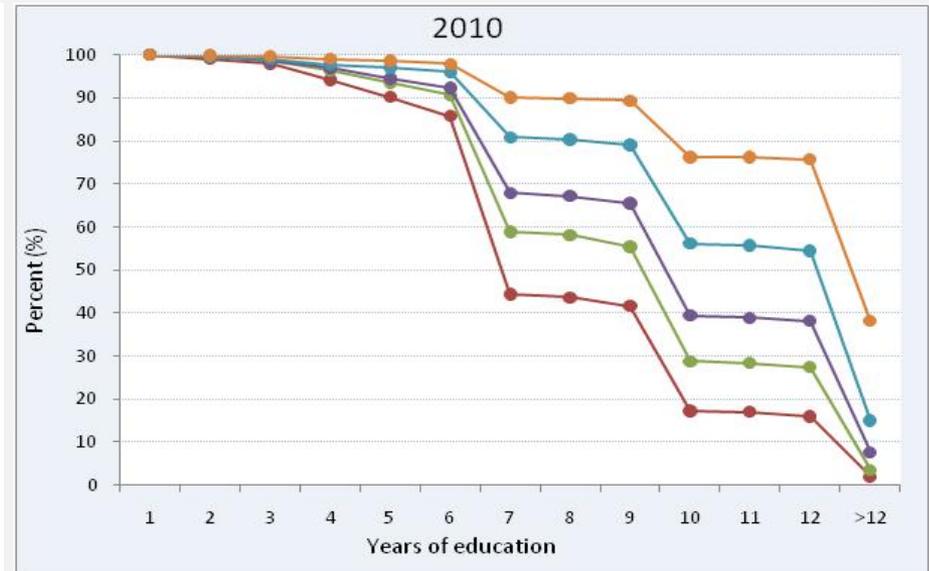
Researchers: Rizal Adi Prima, Elan Satriawan, Wisnu Setiadi, Ekki Syamsulhakim

Rooms to improve effectiveness of education assistance program *Bantuan Siswa Miskin (BSM)* to address:

Low Targeting Performance



Drop in Enrollment Across School Levels



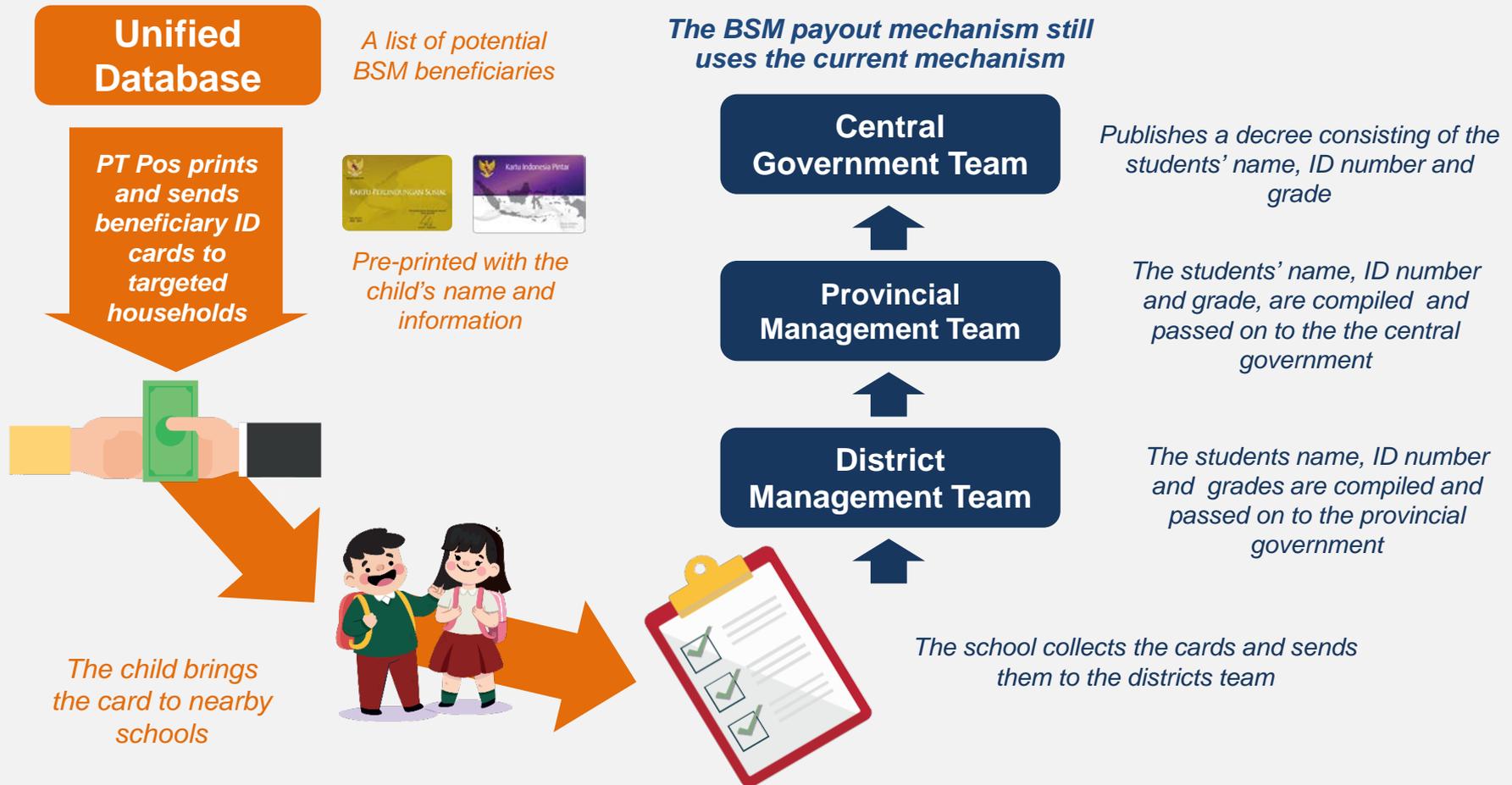
Source: Susenas

The reform

The government decided to increase effectiveness of delivery by:

- Improving targeting process using **unified database**
- Empowering beneficiaries (students) through better system of information using **entitlement cards**

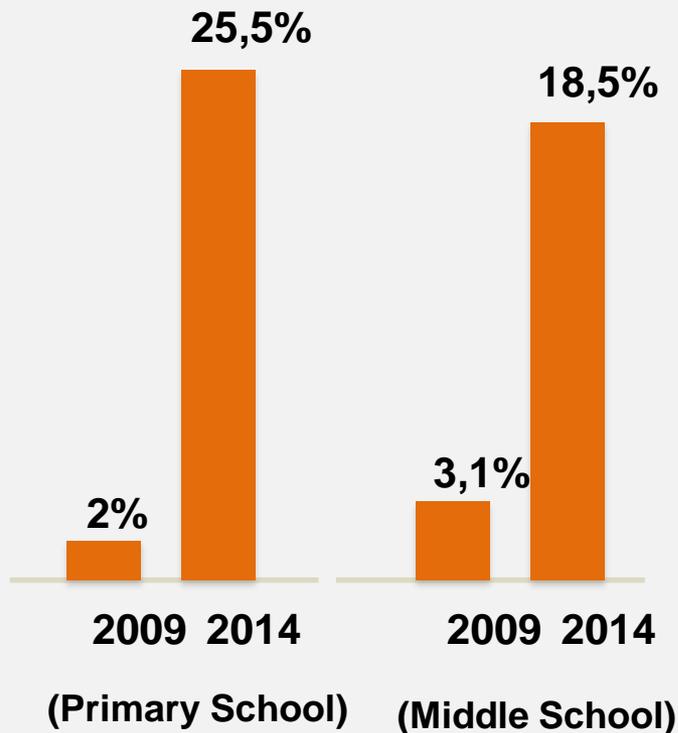
The reform was deemed necessary to improve effective selection of beneficiary, transparency and take-up



The reform also ensured that the decision on entitlement as well as the benefit payout should be sent or disbursed to the beneficiaries before school enrollment.

The use of Unified Data Base (UDB) since 2012 improves targeting performance on the BSM program

Targeting performance has improved



Sources: Susenas, 2009 and 2013

(Prima, Satriawan, and Setiadi, 2017)

Providing information through beneficiary cards eventually led to improved education outcomes

- Enrolment rate increased significantly from 6.6 p.p in the 6th grade to **7.3 p.p in the 7th grade**
- Evidence in other countries also show a relatively comparable impact size.
 - CCT in Colombia by 5-7 % (*Attanasio, 2005*),
 - Bosca Escola in Brazil by 5.5 % - 6.5% (*Glewwe & Kassouf, 2011*),
 - Education Assistance in Malawi by 5% (*Miller, 2012*)



(Prima, Satriawan, and Setiadi, 2017)

3. Do our Programs Generate the Intended Impact on Welfare?

Evidence from the Long-Term Evaluation of Indonesia's Biggest Conditional Cash Transfer (CCT)

Government agencies: The Ministry of National Development Planning (Bappenas), The Ministry of Social Affairs (Kementrian Sosial), The Bureau of Central Statistics (BPS), TNP2K

Researchers: Nur Cahyadi, Rema Hanna, Ben Olken, Rizal Adi Prima, Elan Satriawan, Ekki Syamsulhakim

Majority of evidence worldwide reveals short-term impacts of CCTs

On Household Consumption

- Transfers generally have been well targeted to poor households
- Raised consumption levels

On education and health related behaviors:

- Can increase school enrollment and attendance
- Can increase preventive health checkups, growth monitoring, immunization rates



Why do we have less global evidence on the long-run impacts?

- Many CCTs began with a randomized evaluation prior to a scale-up and then extend CCTs to the comparison group after
- This makes it **difficult to estimate cumulative effects from sustained program exposure.**

(Baird et al. 2010, 2011, 2012; Banerjee et al. 2016; Fiszbein et al. 2009)

Family Hope Program (PKH): Indonesia as a Unique Setting to Observe the CCT's Longer-term Impacts

Initial randomized evaluation of PKH measured the impact after 2 years across 360 sub-districts
(*Alatas et al., 2011*)



Experiment continued for 6+ years without researcher intervention as PKH was scaled up:

- By 2013, PKH had reached over 3,400 sub-districts, spread over 336 districts in all provinces, expanding to new provinces and districts
- **However, 60% of the original comparison group remained untreated, leaving the opportunity to conduct another RCT**

Findings showed that PKH has led to cumulative investments in human capital over 6 years

Large reductions in stunting

- Driven by prolonged attention to weight and nutrition over child's early life cycle
- Effects may be larger in long run for children who benefited from program during early childhood

Increase in high school completion rates

- Older kids more likely to stay enrolled in school for longer and less likely to be working
- No increase in wage employment
 - Children were young adults when PKH started and did not receive the same investments in early childhood

How could this evidence improve PKH?

- 1** **Increasing the program's benefits**, along with the strengthening of facilitators for beneficiary families
- 2** **Strengthening the program's conditionality monitoring** to improve beneficiary compliance
- 3** **Strengthening the implementation capacity and organization** of the Ministry of Social Affairs as the managing agency
- 4** **Improving coordination with actors in the supply side of health and education**
 - Ministry of Health
 - Ministry of Education
 - Agencies at the regional level

Key Takeaways: Lessons from Indonesia

An iterative and collaborative process between government and researchers enables better policymaking

- 1** Long-term partnerships between the government and researchers can generate evidence relevant to policies, which could be used to improve social program designs.
- 2** Programs can be tested at small scales or piloted and later **scaled-up based upon the generated evidence.**
- 3** Collaboration process needs to go **beyond** generating evidence and **support the process of evidence based policymaking**

Thank You
