

Cash Transfer Programs: An Institutional Management Lessons from Semarang Central Java Indonesia

*ANGELINA IKA RAHUTAMI and WIDURI KURNIASARI
Economics Faculty, Soegijapranata Catholic University, Indonesia*

ABSTRACT

Social protection is one of poverty alleviation programs that is conceptualized as a set of public actions to address poverty. The most popular program is cash transfer. In October 2005, Indonesia government made an unpopular policy that removed fuel subsidy. The subsidy was changed to be Unconditional Cash Transfer (UCT) and Conditional Cash Transfer (CCT). This study is preceded for three purposes; they are (i) describing condition of cash transfer program in selected Asian countries; (ii) analyzing factors that affect cash transfer program ineffectively in Central Java; and (iii) analyzing assessment of cash transfer program in Central Java, based on government's perception. A summary of cash transfer schemes in selected Asian Countries showed that social protection scheme in Asian countries relied on cash transfer. Another concern was about the development of harmonized approach for the identification of poor households. The result of the study showed that reports of public dissatisfaction of cash transfer in some areas indicated that the program might experience problems.

Keywords: Institutional Management, Poverty, Cash Transfer Program, Central Java Indonesia

INTRODUCTION

The success or failure of government program is not only related to macroeconomics policy but also related to institutional management. Government should act as manager that

¹ This paper has been presented in International Conference in Management Sciences and Decision Making, Tamkang University Taiwan on May 22, 2010

guide, assist, and adapt programs to suit local need to make the policy running properly. How to make a decision through policy is an important thing in institutional management. Nowadays, one of the main problems for developing country is poverty. Social protection is one of poverty alleviation programs conceptualized as a set of public actions to address poverty, vulnerability and risk throughout the lifecycle. The most popular program is cash transfer. Cash transfer (conditional and unconditional) can reduce monetary poverty through an increase in households' income. It also enables poor family to invest for their children, and it can play a redistributive role.

Because of strategic to economic crisis recovery and government expenditure reduction, in October 2005, Indonesia government made an unpopular policy that removed fuel subsidy. The subsidy was changed to be Unconditional Cash Transfer (UCT) to poor and near-poor families to compensate them for inflationary effects of the fuel price increase. This UCT was called by Bantuan Tunai Langsung (BLT). Every poor and near-poor household that has income under USD 15 receives IDR 100,000 (approximately USD 10) to improve their purchasing power. The main purposes of BLT are:

- 1) Reducing the poor household expenditure caused by fuel subsidy removing,
- 2) Alleviating poverty indirectly, and
- 3) Redistributing the gain effect of subsidy

Indonesian government also evaluated this program and found many inappropriate systems, implementations and poor household targets. The main reasons of this condition were:

- 1) Poor households data used was not current data but it was based on 2005 data
- 2) Data verification did not involve government apparatus optimally
- 3) There were many incorrect BLT targets caused by inconsistency of poor household criteria (Bank Indonesia-SCU, 2009).

Based on this fact, since 2008, government has modified the cash transfer program in health, nutrition, education and small business fund support. This lack of BLT program in Indonesia and the modifying cash transfer program are interesting to analyze because related to institutional management and decision-making problem in government level. This study analyzed more about stakeholders' perception to cash transfer program, and described how the government resolves the institutional management and decision-making problems.

PURPOSES

This study is proceeded in three purposes, they are:

- 1) Describing condition/best practices cash transfer program in selected Asian countries
- 2) Analyzing factors that affect cash transfer program ineffectively in Semarang, Central Java Indonesia
- 3) Making assessment of cash transfer program in Semarang Central Java Indonesia, based on government's perception.

CASH TRANSFER PROGRAM AND POVERTY REDUCTION

A central aim of social-welfare policies is to reduce poverty. Nowadays, the crucial

things to alleviate poverty are investing in the human capital of the poor and protecting households via social safety nets (Maluccio, 2007). The broad characteristics of poverty and vulnerability are multidimensionality, embracing both monetary and non-monetary aspects of poverty; and changes over the course of the lifecycle (UNICEF, 2009). One of investing in the human capital and social safety net kinds is social cash transfer.

Social cash transfer is assistance in term of cash money for the poor or near poor households and the vulnerable without transfer (Tabor, 2002). Social cash transfer can be given in form of social aids, insurance, tax reduction, and non-public transfer. Based on ILO data, cash transfer is a main kind of social safety net that is used by eighty percent of industrialized countries, but only a little of developing countries used it. Cash transfers also enable poor families to invest in their children and thereby contribute to human capital development, create multiplier effects at the local level economy, and play a redistributive role (UNICEF, 2009)

The benefits of social cash transfer program are (i) do not distort price directly, (ii) stabilize macro-economic (only if cash transfer target increases when economy declines, vice versa, and (iii) cost of operation is cheaper than goods and services aids. Social cash transfer gives also more flexibility usage to poor households to improve their welfare than goods transfer. When the poor and vulnerable people improve their welfare, hence they enhance their capacity to cope with poverty. Samson (2009) found that social cash transfer is able to contribute to pro-poor growth by empowering poor households to lift themselves out of poverty.

Cash transfer programs have taken on an increasingly important role in the anti-poverty programs of middle income countries (Agauero, Michael, and Ingrid, 2006). Social cash transfer can be divided into unconditional cash transfer (UCT) and conditional cash transfer (CCT). Witteveen (2006) demonstrated the following possible benefits of UCT:

1. Cash provides households with greater degree of choice to choose on spending priorities.
2. Cost effective because it is cheaper and faster than alternatives commodity distribution.
3. Cash maintains people's dignity by not making them passive recipients of relief.
4. Induce economic recovery.
5. Meets a variety of needs.
6. Empowerment society

On the other hand, CCT programs represent a relatively new approach to social assistance by fostering demand-side use of social services. CCTs are aimed at complementing, not replacing supply-side interventions. Demand-side interventions, besides helping to make these services affordable for low-income families, motivate them towards changes in behavior to improve their health and education. CCTs aim at reducing poverty and improve human capital development by giving cash to selected beneficiaries with the requirement that they fulfill certain conditions (Rawlings and Rubio (2005), Schwartz and Abreu (2007), Schwartz (2007), Adato and Hoddinott (2007), and Janvry and Elisabeth (2005)).

CCT programs are transfer of cash to targeted beneficiaries, a required counterpart to receive the cash benefits, and decentralized administration. Beneficiaries are chosen through a targeting system that identifies the poor households. CCT program can vary in terms of design, targeting system and required conditions. Legovini and Regalia (2001) described that CCT are aimed at complementing, not substituting supply-side interventions. This demand-side program only works if the supply side works sufficiently well. The demand and supply-

side interventions have to work well together to decrease poverty, address social risk and reduce economic vulnerability.

Adato and Hoddinott (2007) explained that implementation of CTT is not easy because of many problems such as (i) there must be reasonable access to schools and clinics, (ii) governments and NGOs must be able to handle the costs and administrative requirement or adapt them to local circumstances, (iii) if poor people's preferences differ sufficiently from the conditions placed on their behavior by the government, the restrictions that conditionality imposes may actually reduce total welfare gains, (iv) poverty, culture, social exclusion, discrimination, and other historical processes may prevent people from participating in activities regardless of the benefits.

Cash transfer programs can be evaluated in terms of their relative efficiency in reducing poverty, as measured by the poverty headcount and the poverty gap (Barrientos and Jocelyn, 2006). Rigorous evaluations show that many, but not all, CCT programs have been successful in improving human capital outcomes (Adato and Hoddinott, 2007). Adato and Hoddinott (2007) found that CCT programs still affect communities—positively or negatively—depending on their design and implementation. Such experiences around the world show that cash transfers have a positive impact on the reduction of monetary poverty through an increase in household income (UNICEF, 2009).

Kenworthy (1998) explained that there are three reasons why social-welfare programs may fail to reduce poverty. One is that too little of the money reaches the poor, the second is that redistributive programs do in fact have detrimental effect, and fail to reduce the number of poor in the long run, even if they do provide some temporary near-term assistance.

Developing countries tend not to use cash transfer program because: (i) government resources are limited, hence government prioritizes the infrastructure programs, (ii) informal sectors tend to be dominant, consequently government cannot collect income and wealth information, and (iii) people distribution and limited social services infrastructures in rural increase administration cost of cash transfer program (Tabor, 2002). Even though social cash transfer is hard to implement in developing countries, nowadays social cash transfer is emerging in many developing countries as a leading social protection.

DESIGN OF EVALUATION, METHODOLOGY AND VALIDITY

Semarang, the capital of Central Java, Indonesia was used as a research location. Semarang has 16 Kecamatan (small region) and 177 Kelurahan. The Semarang map can be seen below.

Research data were collected by questionnaire and in-depth interview to BLT beneficiaries and government apparatuses. Proportional random sampling was used to both of BLT households' beneficiaries and government apparatuses. This study used 10 Kecamatan² [small region] that was chosen based on the biggest BLT households' beneficiaries.



Figure 1: Semarang Map

2 Kecamatan (small region) that were used in this study are Semarang Barat, Semarang Utara,

Total sample was 100 households and 67 government apparatuses. Secondary data was also used in this study to strengthen the in-depth interview results.

Data collecting used in-depth interview guideline that was distributed and interviewed by surveyor. The in-depth interview guideline asked about respondents' perspectives that are related to benefits, failures, process, system, and mechanism of BLT. Descriptive and qualitative analysis was used to interpret and analyze data systematically and comprehensively.

RESEARCH RESULTS

Condition Cash Transfer Program in Selected Asian Countries

Many international lessons of cash transfer program proved that implementing of well-designed and effectively managed programs is needed to reduce poverty and promote social development. Best practices of cash transfer program showed that the good cash transfer programs required:

- 1) Programs and needs matching. Government needs good assessment to choose suitable applicable programs that can fulfill the societies' needs (Tabor, 2002).
- 2) Beneficiaries' selection. Information approach is needed to select who are proper beneficiaries (Tabor, 2002).
- 3) Enrollment and targeting systems (Samson, 2009). The system needed to reduce fraud and promotes greater coverage.
- 4) Gender equality promotion. Social protection concerning with gender equality issues could give poverty alleviation effect better than without concerning.
- 5) Administrative ability development. Documentation processes must be flexible (Tabor, 2002, Samson, 2009). The poor documentation system and targeting mechanisms frequently fail to reach the poor and sometimes generate regressive outcomes.
- 6) Payment processes. Appropriate technology and sound management can create opportunities to expand the payment mechanism (Samson, 2009)
- 7) Pilot programs. Pilots serve more effectively to generate concrete evidence on how to implement social cash transfer programs (Samson, 2009).
- 8) Evaluation. Monitoring and programs evaluation is a must

Not all of Asian countries implement cash transfer schemes for poverty lessening. The next description showed some lessons from selected ASIAN countries about cash transfer programs (www.ipc-undp.org/publications/cct/asia/CashTransferExperiences.pdf, Bloom, 2009).

Table 1 Summary of Cash Transfer Experiences of Selected Asian Countries

No	Country	Cash Transfer experiences
1	Cambodia	There was no CCTs. The last poverty reduction program came from Japan Foundation namely Targeted Assistance for Poor Girls and Indigenous Children

No	Country	Cash Transfer experiences
2	Bangladesh	There were many cash transfer programs such as Female secondary school Assistance, Local governance Support project, Cash for education, Fund for Natural Disasters, and so on
3	Brunei	The most popular program was for old age and disability pension
4	China	There were two main programs, Minimum Living standard guarantee scheme and five guarantees for elderly
5	India	National old pension scheme for elderly, natural rural employment that assures at least 100 days employing in rural area for at least one adult per household
6	Indonesia	Bantuan Tunai Langsung (a kind of UCTs), health and nutrition programs in kind of pre-natal care visits, iron tablet for pregnant women, complete immunization of children under, education program for primary and junior secondary school.

Source: www.ipc-undp.org/publications/cct/asia/CashTransferExperiences.pdf, Bloom, 2009

Design and Implementation of Cash Transfer in Indonesia

Poverty alleviation always is the one of development priorities in Indonesia year by year. The national poverty line in Indonesia is defined in terms of ability to afford a minimum food intake, and some non-food items. The poor are those who fall below this real income or consumption standard line. This is equivalent to US\$ 1.55 per day which is stricter than the conventional \$2 per day measure (ILO, 2006). Although many poverty alleviation programs have been designed and implemented on national wide since 1965 but poverty ranking in Indonesia did not show significance decreased (Royat, 2009). That is the one of reasons why government and any stakeholders continuously evaluate and prepare appropriate and accurate program design that can be effectively to decline poverty rate in Indonesia.

Indonesia has experienced cash transfer program since 2005 until now. The first program was Bantuan Tunai Langsung (BLT). This unconditional cash transfer (UCT) program is compensatory cash program or social safety net. BLT is a cash transfer program for the poorest, poor and nearly poor beneficiaries and compensates fuel subsidy reduction (Social Department, 2008). In 2008, BLT for the poor beneficiaries was IDR 100.000,00 per month for 7 months.

There are 14 poor criteria that are applied to select the beneficiaries, for example (i) households have no electricity, (ii) households use charcoal or firewood as fuel, (iii) the house floor is ground or low quality board, (iv) frequency of eating is under twice each day, (v) households cannot buy milk/chicken/meat in a week, (vi) households unable to go to doctor when the members are ill, and (vii) income per month is under IDR 600.000,00. Based on these criteria, society is grouped into three groups i.e. nearly poor (who meet with 9-10 criterions), poor (who fulfill to 11-13 criterions) and the poorest.

The goals of BLT program are:

- 1) Helping the poorest, poor and nearly poor people for surviving at least for complying their basic needs
- 2) Preventing the poorest, poor and nearly poor welfare because of economic difficulties

3) Improving social responsibility

BLT is given based on the fact that the poor households are economically vulnerable.

The vulnerable households receive the biggest social impact of fuel subsidy reduction so that the protection program is required.

Since 2008, government has created more comprehensive cash transfer programs, namely:

- 1) Program Keluarga harapan (PKH)
- 2) Rice for the poor households (Raskin) that was valued approximately IDR 4.2 billions
- 3) Bantuan operasional Sekolah (BOS) is an educational cash transfer program
- 4) Jaminan Kesehatan Masyarakat (Jamkesmas) is a cash transfer program for health
- 5) Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri is a program for society development through Small Medium Enterprises empowerment. PNPM Mandiri is distributed via societies' Business credit (Kredit Usaha Rakyat – KUR) without collateral requirement

The new cash transfer programs are applied in order to reach more appropriate beneficiaries. The new cash transfer programs are designed based on more specific and tighter criteria.

Stakeholders' Perception of BLT

To seek more comprehensive results, this study does not only show the current study, but also make a comparison of related study in Semarang. There are two studies used to explain more detail BLT beneficiaries perception i.e. research of Bank Indonesia (The Central Bank) collaborated with Soegijapranata Catholic University (SCU) in 2008, and Widuri et.al. (2009). The comparison analysis is needed to compare and look for perception changing.

The comparison can be used because the poor criterion from BPS-Statistics Indonesia has not changed since 2005 until 2008. The beneficiaries sample in this study were daily workers (48%), ones who did not have a regular job (24%), small traders (8%) and drivers (7%). Most of them did not have fixed income and had to finance for 4-7 persons. Respondents who had income under IDR 500.000,00 were 64.63%. The maximum income of respondents was IDR 700.000,00. This respondents profile did not differ greatly with BI-SCU (2008) and Widuri et.al research (2009). 77% of respondents consumed meat/egg/fish/chicken/milk less than twice in a week, while 23% could consume 3-5 times. On the other hand, 50% of respondents said that they ate vegetables and fruits 3-5 times in a week, whilst 39% of them consumed it less than twice a week, others could consume it 6 times. This fact indicated that vegetables and fruit were cheaper food than meat or chicken. Their limited income made them could not afford protein food like meat/milk and egg.

Other poverty indicators showed that 62% of respondents did not have permanent houses and 35% of them had semi-permanent houses. 79% of respondents did not have ceramic floors or motorcycle and most of them had a terrible bathrooms and electricity.

Table 2 Accuracy of BLT Beneficiaries Target Based on BLT Criterion

Criteria	2009		2010	
	Not accurate	accurate	Not accurate	Accurate
House floor made from ground, bamboo, poor quality wood	14.17	85.83	21	79
No toilet	89.17	10.83	98	2

No electricity	68.33	31.67	100	0
Meat, milk, chicken consumption one times per week.	50.00	50.00	23	77
Clothing buying one times per year	100.00	0.00	100	0
Eating once or twice per day	100.00	0.00	100	0
Lack of health access ability	100.00	0.00	100	0
Income under IDR 600.000 per month	31.09	68.91	43	57

Sources: Widuri et.al. (2009), survey data (2010)

This study showed that accuracy of BLT recipients target in 2010 is not better than that in 2009 and 2008. Almost all the beneficiaries were not suited with poverty and BLT criteria. The previous study (BI-SCU, 2008; Widuri et.al, 2009) showed that many recipients could not be categorized as the nearly poor, poor or the poorest. Many of beneficiaries had a permanent house, ceramic floor, motorcycle, bathroom and electricity. This beneficiaries' incorrectness showed that government did not evaluate and control the BLT recipients' determination optimally.

Even though government tried to control the process, the appropriate BLT beneficiaries were still a big issue. Based on in-depth interview with government apparatus, the main problem was not in the BLT recipients' determination process but in the poverty and BLT criteria. Not all of poverty and BLT criteria were proper to urban and big city condition. Electrical property, bathroom, permanent houses, ceramic floors were not suitable criteria. Almost all of the households in Indonesia have electricity now because electricity has been a governmental program. Government needs to adjust their poverty and BLT recipients' criteria for seeking a more proper result.

The next problem was distribution process of BLT. Respondents of previous researches (BI-SCU, 2008, Widuri, et.al, 2009) and this study showed the most important aspect of BLT distribution if BLT recipients card is given to the head of household in their own home delivered by the post office clerk. This study showed that roughly 50% of them received the card at home, others received at the post office or Kelurahan office.

Based on the standard mechanism, BLT will be disbursed at post office. The obstacles of this process were beneficiaries could not show their identity or could not delegate to others. Distance of BLT recipient residence to the nearest post office was far, so it needed high transport costs. Another problem was the long queues for the fund disbursement. This problem appeared because the beneficiaries felt worry that funds was not enough. Respondents perceived queue factor as an inhibiting factor not only in 2010, but also in 2008 and 2009. This condition indicated that they felt not safe. Government should announce and give guarantee that BLT funds are sufficient. Other problems of BLT distribution were number of officers and lack of service.

Table 3 Inhibiting Factors of BLT Distribution

Answer	2008	2009	2010
	%	%	%
The number of officers at every post office is too small	25.00	17.81	10.00
The queues are too long for the release of funds	71.67	38.36	48.00
Distance of beneficiary's house is far	0.00	27.40	20.00
The lack of service	3.33	16.44	22.00
other	0.00	0.00	0.00

Sources: BI-SCU (2008), Widuri et.al. (2009), primary data (2010)

BLT disbursement of the post offices to beneficiaries has done without cutting occurs. However, there are various “illegal” charges. Some people who were asked to donate some money for other households are considered poor but they did not get BLT. They are also asked to fill the village treasury and officers’ pocket. Government should design a more effective BLT distribution mechanism to cope these problems. Government can use not only post office, but also Kelurahan or Balai Desa as distribution offices.

As well as previous researches (BI-SCU, 2008, Widuri et.al., 2009), this study found that BLT was used by beneficiaries for reducing living-cost burden, but could not improve purchasing power and handle inflation effect. Based on survey data, beneficiaries tended to utilize BLT only for 1 to 2 weeks. The biggest portion of BLT used to consume (82%), pay their debt (10%) and pay their children school-cost (2%). If the purposes of BLT are to improve purchasing power and deal with inflation effect, the survey fact showed that BLT purposes failed. Government should give larger amount of BLT or give BLT in the same amount but for longer term. 82% of respondents said that IDR 150.000 -300.000 was a suitable amount of BLT, and 23% wanted to receive more.

This study also explored about beneficiaries’ satisfaction related to all BLT process (starting with BLT socialization to BLT deliverance). Not all of respondents felt satisfied with BLT mechanism. This fact did not differ with the previous study. The previous study showed that more than 30% respondents felt unsatisfied with BLT determination, socialization, and deliverance. This condition showed that the method that government has developed and advanced the BLT mechanism was not optimal.

Table 4 BLT Beneficiaries’ Satisfaction

Criterion	Answer	%
Satisfying with BLT beneficiaries determination	Very not satisfy	0
	Not satisfy	37
	Satisfy	62
	Very satisfy	1
Satisfying with BLT socialization process	Very not satisfy	5
	Not satisfy	50
	Satisfy	4
	Very satisfy	31
Satisfying with BLT deliverance	Very not satisfy	0
	Not satisfy	24
	Satisfy	70
	Very satisfy	6

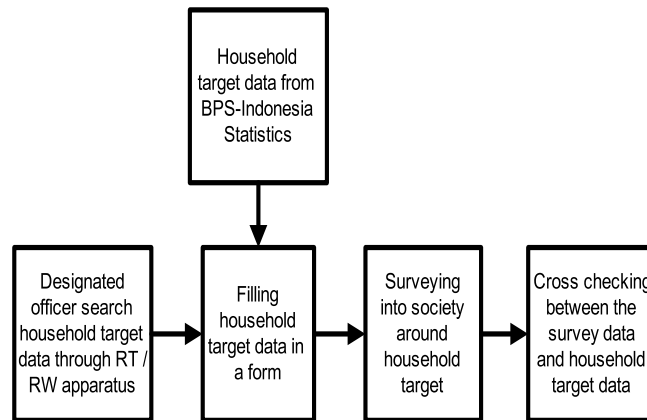
Source: Survey data (2010)

Government Apparatuses’ Perception of BLT

In 2008, BLT disbursement still used the old 2005 households target data. The old data was verified in each region by BPS-Statistics Indonesia apparatus accompanied by RT/RW (local government) apparatus. RT/RW apparatus had to validate the data because they know the real condition more than the BPS-Statistics Indonesia apparatus. After verification, data was sent to POSINDO for BLT card printing. The BLT card was named as Kartu Kompensasi BBM (KKB – Fuel Compensation Card). The next step, desa/kelurahan apparatus checked households target list correctness, and distributed the KKB. The last process was BLT disbursement in post office.

The previous research (BI-SCU, 2008) explained that RT/RW was not fully involved in the BLT process. Apparatus respondents (76.76%) said that they knew the data collecting process, but did not get involved in households target determination. Half of apparatus respondents stated that there was no coordination in the field. This previous facts confirmed that apparatus participation rate starting from data collecting into disbursement was still low.

In 2009, apparatus respondents still considered that the BLT process was not ideal. The ideal BLT mechanism based on apparatus perception (Widuri, et.al, 2009) described in figure below.



Source: Widuri et.al, 2009

Figure 2 The Ideal Data Collection Mechanism Based on Apparatus Perception

The mechanism was not applied well. Generally, data collection was more simple than the official procedure that involved three parties i.e. BLT household target, RT leader and RW leader. RT and RW leader tended to take over the BPS-Statistics Indonesia because they judged the data was invalid and they did not verify the current real condition. On the other hand, sometimes RT/RW received the BLT beneficiaries “quota” from kecamatan. This quota was usually more or less than the actual condition of poor household or raised BLT recipients’ data inaccuracy.

The consequence of data collecting inaccuracy was more data recollecting. This study found that government tried to adjust and improve BLT mechanism. More than 90% of apparatus respondent stated that apparatus involvement in data adjustment and decision-making was better than in the previous period.

Cash Transfer Alternatives

There were pros and cons about BLT. Some people stated that BLT disbursement did not educate the poor because it created fund dependency. BLT was regarded as charity that could cause unproductive culture and instantaneous consumer culture. Although BLT was stated not productive, but respondents answering about BLT still indicated that respondents preferred economically improvement “shortcut”. The data said that 42.50% of BLT recipient respondents still wanted BLT and they hoped that it was not replaced by another form. On the other side, 39.17% chose the subsidy in form of cheap basic food, and 10.83% of respondents preferred free school tuition per month. The detailed answers are as follows.

Table 5 Subsidies alternative

Answer	%
BLT (not change)	42.50
Goods subsidies in term of cheap food	39.17
Free health treatment per month	3.33
Free school tuition per month	10.83
Other	4.17

Source: Survey Data

BI-SCU study (2008) found that 36.67% apparatus inferred that BLT was contra productive for society empowerment. 20% apparatus respondents and 43.33 % of beneficiary respondents stated that BLT just like giving the fish and not the hook for society. This condition showed that BLT recipients needed aids not merely help to increase the instantaneous purchasing power, but also aids for small business development and productivity improvement. The business aids like working capital credit and bank access facilities would be more beneficial than unconditional cash transfer.

This apparatuses and BLT recipients' opinion was worth the attention of government. The poverty alleviation programs could not be a hit and run programs, but it needed a comprehensive program to encourage, leverage and empower the poor's potencies and resources.

Another cash transfer program that has been conducted in Semarang is Program Jaminan Kesehatan Masyarakat (JAMKESMAS). Jamkesmas is a health treatment subsidy program for society. In 2007, the distribution of Jamkesmas reached IDR 4.584 trillions, whereas in 2008 reached IDR 4.6 trillions. In 2009 the allocation was IDR 4.6 trillions for 76.4 million people using the same service system as in the 2008.

Program Bantuan Operasional Sekolah (BOS) also has been conducted in Semarang. BOS program is aimed to achieve the target of enforced education up to Junior High School for Indonesian children. In addition, BOS also directed to raise Indonesia's position in the Human Development Index (HDI). In 2008, BOS is distributed over IDR 11.9 trillions for 42 million elementary school students, and IDR 358.3 billions was for the BOS books. In 2009, the BOS funds per student in primary school was as much as IDR 400,000 per student per year, whereas IDR 575,000 was for each Junior High School student per year.

The last cash transfer program that has been run in Semarang was National Program for Community Empowerment (PNPM-Mandiri). PNPM-Mandiri was begun in 2007 and aimed to increase the effectiveness of poverty reduction and employment creation. PNPM-Mandiri involves elements of society, beginning from planning, implementation, monitoring and evaluating. Through the participatory development process, critical awareness and independence of the community, especially the poor, can be nurtured. So they are not as objects but as subjects of poverty reduction efforts.

Implementation of the PNPM Mandiri in 2007 began with Program Pengembangan Kecamatan (PPK) as the basis for community empowerment in rural areas. The supporting programs i.e. PNPM Generasi, Urban Poverty Reduction (P2KP) as the basis for urban community development; and Percepatan Pembangunan Daerah Tertinggal dan Khusus (P2DTK) for the accelerating development of remote, post-disaster and conflict area. Since 2008, PNPM Mandiri extended to Program Pengembangan Infrastruktur Sosial Ekonomi Wilayah (PISEW)

to integrate the centers of economic growth in the surrounding area. By integrating various community development programs into the PNPM Mandiri framework, development coverage is expected to be extended so that it could achieve the millennium development goals or the Millennium Development Goals (MDGs).

This study found that the desired type of assistance, except the BLT, were PNMP mandiri, BOS, Jamkesmas and BKM. PNPM Mandiri benefits could be experienced by the general public rather than individual beneficiaries. PNPM could improve road, social infrastructure and education. The apparatus also viewed that PNPM was more effective than BLT because it was not related with data collection and distribution obstacles. Almost the same reason was also addressed if aid in the form of BOS, Jamkesmas and BKM. The detailed subsidies preferred by apparatus were as follows.

Table 6 Other Subsidies Based on Apparatus Preference

Subsidy	%
PNPM	16.67
BOS	15.00
RASKIN	7.00
JAMKESMAS	5.00
BLT	36.67
BKM	13.33

Source: Survey Data

Lessons from Cash Transfer Programs in Semarang

Poverty alleviation is not just about how the funds are channeled to the community but also depend on government management. This study result showed that the community preferred getting instant funds than having to receive funds for productivity improvement. Since 2007, government has conducted BLT mechanism evaluation, but it was not enough to improve the existing system. Mismatch target and ineffective distribution process still occurs.

Economically, BLT utilization in Semarang also did not indicate that this subsidy could increase productivity. Other fact showed that BLT recipients chose subsidy in the form of BLT compared to other forms. Consequently, to correct inaccuracy that occurred in the past and design a better system in the future, it is necessary to implement good governance. The most important characteristic of good governance is participation (Osman, downloaded 2010). Participation will ensure all residents are considered sound. Policy makers should be transparent, objective and accountable in reflecting public opinion.

Based on this study results, the government should consider the following things:

- 1) Beneficiaries. Governments must have the latest data on the poor households. Determination of the poor families target must be based on poverty standards and improved continuously well-timed. Poor households target data collection should also involve government officials that know the actual condition of society
- 2) The program's goals. Each cash transfer program has different goals. If the government only wants to help reducing the burden of expenditure, UCT is the right program. But if the government wants to empower the people, then the CCT is much better.
- 3) Monitoring. Monitoring functions cannot be abandoned because the distribution of subsidies in the field does not always run smoothly. The government needs to appoint an agency to monitor the distribution of subsidies and guarantee that subsidies distribution runs by the rules.

- 4) Communities also must always be increased its awareness. Subsidy is only an assistance. Aid utilization must be done in an optimal manner so community does not grow lazy and only depends on the government. Utilization of funds must also provide the economic effects to the surrounding community.

CONCLUSIONS

Since 2005, Indonesia has made cash transfer programs to reduce poverty and help people to overcome the effects of inflation due to rising oil prices. The government provides cash transfer programs in the form of UCT and CCT. This study found that the BLT is still not on target, and have several problems in its distribution. The government has tried to manage these obstacles by performing an evaluation and making a more comprehensive mechanism, but has not been able to work optimally. Inaccurate BLT beneficiaries targeting, the use of funds for instant consumption, and inability to drive productivity are things that are important to note. Based on this condition, in 2007, the Indonesian government began to implement the CCT programs with a more clear targets.

Based on respondents' and government officials' perceptions, this study showed that the improvement system of cash transfer programs could not be partial. Good governance was needed to optimize the performance of the cash transfer program. Lessons about the cash transfer programs from Semarang showed that the determination of beneficiaries, the program's goals, and monitoring should be done by the government. On the other hand, public awareness must be developed, that the cash transfer program is part of government efforts to society empowerment. Development and empowerment of the poor potency cannot just depend on cash transfer programs, but must be integrated with the role and awareness of society itself.

REFERENCES

- _____, *Summary Of Social Environment Protection And Cash Transfer Schemes In Selected Asian Countries*, available at www.ipc-undp.org/publications/cct/asia/CashTransferExperiences.pdf, Retrieved January 2011
- _____. (2006). *Indonesia: Conditional Cash Transfer to the Poor. Social Security Extension Initiatives in South East Asia*. ILO Subregional Office for South East Asia Working Paper. P.1-5
- Adato, Michelle, and John Hoddinott, (2007). Conditional Cash Transfer Programs: A Magic Bullet For Reducing Poverty, *2020 Focus Brief On The World's Poor And Hungry People*. October 2007, P. 1-4
- AgAuro, Jorge M., Michael R. Carter, and Ingrid Woolard (2006). *The Impact of Unconditional Cash Transfer on Nutrition: The South African Child Support Grant*. P. 1-33, www.cgdev.org/doc/events/unconditionalcashtansfer.pdf, retrieved 8 May 2011
- Bank Indonesia and Soegijapranata Catholic University (2008). *Survey of the Effectiveness of Bantuan Tunai Langsung in Semarang*. Research Report. Unpublished.
- Barrientos, Armando, and Jocelyn Dejong (2006). Reducing Child Poverty with Cash Transfers: A Sure Thing?, *Development Policy Review*, 24 (5): 537-552.
- Bloom, Karin Schelzig (2009). *Conditional Cash Transfers: Lessons from Indonesia's Program Keluarga Harapan*. 24 July 2009.
- Janvry, Alain De, and Elisabeth Sadoulet (2005). Making Conditional Cash Transfer Programs More Efficient: Designing For Maximum Effect of The Conditionality. *University Of California At Berkeley Working Paper*. May 2005 P 1-32
- Kenworthy, Lane (1998), Do Social-Welfare Policies Reduce Poverty? A Cross National Assessment.

- Luxembourg Income Study Working Paper* No. 188, P.1-40, September
- Legovini, A., and Regalia, F. (2001). Targeted Human Development Programs: Investing in the Next Generation. Sustainable Development Department, Poverty and Inequality Advisory Unit, Washington, DC: Inter-American Development Bank *Working Paper*, 2001.
- Maluccio, John A. (2007). The Impact of Conditional Cash Transfers in Nicaragua on Consumption, Productive Investments, And Labor Allocation. *ESA Working Paper*, No. 07-11, June 2007, P 1-32
- Osman, Magued (2010). Knowledge Management To Build Trust In Government, Institutional And Regulatory Framework Issues”, available at www.unpan1.un.org/intradoc/groups/public/documents/unpan/unpan026619.pdf, retrieved in September 2010
- Rawlings, Laura B., and Gloria M. Rubio (2005). Evaluating the Impact of Conditional Cash Transfer Programs. *The World Bank Research Observer*. Vol. 20, No. 1 (Spring 2005) 20:29–55
- Royat, Sujana (2009). The PNPM Generasi: Conditional Cash Transfer for Poor People Driven by Community for Better Health and Education in Indonesia. www.adb.org/documents/events/.../S-Royat-PNPM-Generasi.pdf. Retrieved in 1 May 2011
- Samson, Michael (2009). Social Cash Transfers and Pro-Poor Growth. *Promoting Pro-Poor Growth: Social Protection Working Paper*, OECD.
- Schwartz, Analice, and Gisleide Abreu (2007). Conditional Cash Transfer Programs for Vulnerable Youth: Brazil’s Youth Agent and Youth Action Programs. CICE Hiroshima University. *Journal of International Cooperation in Education*. Vol.10 No.1 P 115-133
- Social Department (2008). *BLT Distribution Technical Guidelines For Target Households*. Research report. Unpublished.
- Tabor, Steven R.(2002). Assisting the Poor with Cash: Design and Implementation of Social Transfer Programs. *Social Protection Discussion Paper No. 0223*. World Bank, Washington, DC.
- UNICEF (2009). Child Poverty: A Role For Cash Transfers?. *West And Central Africa Regional Thematic Report 3 Study*. UNICEF Regional Office For West And Central Africa, February.
- Widuri, Kurniasari, Yusni Warastuti, Eva Maria S (2009). Effectiveness Bantuan Langsung Tunai Utilization. *Strategic Grant of National Priority Research Report*. Unpublished.
- Witteveen, Ann (2006). No Small Change Unconditional Cash Transfers as a Response to Acute Food Insecurity, a Description of Oxfam’s Projects in Malawi and Zambia from November 2005 – March 2006. Workshop: “Social protection initiatives for Children, Women and Families: An Analysis of Recent Experiences. October 30-31, www.unicef.org/unconditional_cash_transfer_as_a_response_to_acute_food_insecurity.pdf. Retrieved in 1 May 2011