

Working Paper 2014-14

Expanding Social Security in Indonesia

The Processes and Challenges

Asep Suryahadi, Vita Febriany and Athia Yumna

prepared for the UNRISD project on
Towards Universal Social Security in Emerging
Economies: Process, Institutions and Actors

November 2014



The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: +41 (0)22 9173020
Fax: +41 (0)22 9170650
info@unrisd.org
www.unrisd.org

Copyright © United Nations Research Institute for Social Development

This is not a formal UNRISD publication. The responsibility for opinions expressed in signed studies rests solely with their author(s), and availability on the UNRISD Web site (www.unrisd.org) does not constitute an endorsement by UNRISD of the opinions expressed in them. No publication or distribution of these papers is permitted without the prior authorization of the author(s), except for personal use.

Contents

Acronyms	ii
Abstract.....	iii
1. Introduction	1
2. Development of Social Security in Indonesia	2
Ups and downs of Indonesian economic growth.....	2
Post-independence period (1945–mid-1960s)	2
New Order government (1967–1996).....	2
AFC (1997–1999).....	3
Post-AFC period (2000–2007)	4
GFC (2008–2009).....	4
The recent growth (2010 onwards).....	5
Development of social security in Indonesia.....	5
Social security at the beginning of the state (1945–mid-1960s)	6
Social security during the rapidly growing economy (late 1960s–mid-1990s).....	6
Social security in the midst of the AFC and afterwards	8
The SJSN Law	10
3. The Nature of Social Security in Indonesia.....	11
Social security provision	11
Health services provision.....	12
4. The Challenges	15
Slow preparation of the related regulations	15
Budget allocation.....	16
Unclear roles of local governments	16
Supply side readiness	17
Lack of hospital beds	17
Lack of service providers	18
Lower quality of community health centre (PUSKESMAS)	18
Informal sector inclusion	18
5. Conclusion.....	19
References	21

Acronyms

AFC	Asian Financial Crisis
ASABRI	Indonesian Armed Forces' Social Insurance (<i>Asuransi Angkatan Bersenjata Republik Indonesia</i>)
ASKESKIN	Health Insurance for Poor Households (<i>Asuransi Kesehatan bagi Keluarga Miskin</i>)
ASTEK	Employees' Social Insurance (<i>Asuransi Tenaga Kerja</i>)
BPDPK	Agency for Healthcare Funds (<i>Badan Penyelenggara Dana Pemeliharaan Kesehatan</i>)
BPJS	Social Security Implementing Agency (<i>Badan Penyelenggara Jaminan Sosial</i>)
BPS	Statistics Indonesia (<i>Badan Pusat Statistik</i>)
CSO	civil society organization
DASPERI	Civil Servant's Welfare Fund (<i>Pembelanjaan Pegawai Negeri</i>)
GDP	gross domestic product
GFC	Global Financial Crisis
ILO	International Labour Organization
JAMKESMAS	Health Security for Society (<i>Jaminan Kesehatan Masyarakat</i>)
JAMSOSTEK	Workers' Social Security (<i>Jaminan Sosial Tenaga Kerja</i>)
JKN	National Health System (<i>Jaminan Kesehatan Nasional</i>)
JPS	Social Safety Net Programme (<i>Jaring Pengaman Sosial</i>)
POSKEDES	Village Health Post (<i>Pos Kesehatan Desa</i>)
POSYANDU	Integrated Health Post (<i>Pos Pelayanan Terpadu</i>)
PT	private limited liability company (<i>Perseroan Terbatas</i>)
PT or PT Persero	state-owned limited liability company
PUSKESMAS	Community Health Centre (<i>Pusat Kesehatan Masyarakat</i>)
PUSTU	Sub-PUSKESMAS (<i>PUSKESMAS Pembantu</i>)
Rp	rupiah
SJSN	National Social Security System (<i>Sistem Jaminan Sosial Nasional</i>)
TASPEN	Civil Servant Insurance Savings (<i>Tabungan Asuransi Pegawai Negeri</i>)
WHO	World Health Organization

Abstract

This paper reviews the development of social security provision in Indonesia, which has evolved from very little in its early years to the privilege of formal sector workers during the New Order period to universal coverage, at least in principle, in the current period. These changes were in line with and driven by the developments of the Indonesian economy in general, which has gone through various episodes marked by both booms and crises. There are two important milestones in the development of social security in Indonesia. First, after the change in government during the chaotic mid-1960s, the New Order government gradually developed various social security schemes, but limited to formal sector workers only. Second, after the Asian Financial Crisis at the end of 1990s exposed the weaknesses of the social security system in place, successive governments established a stronger social security system by adopting universal coverage. The challenges for implementing it, however, are formidable due to Indonesia's vast geography, huge population and diverse availability and quality of infrastructure.

Asep Suryahadi is Director, SMERU Research Institute, Indonesia. Vita Febriany and Athia Yumna are researchers at the SMERU Research Institute.

1. Introduction

In Indonesia, the right to social security is currently enshrined in its Constitution. It forms the social contract between the state and society, aimed at guaranteeing that every Indonesian citizen can live a dignified life. Nevertheless, the road to achieving this objective has been long, difficult and mired with uncertainties. Although most agree with this noble objective, the way to achieve it is controversial, marked by forceful and rigorous debate over how Indonesia should develop its social security system.

For a long time, social security was the privilege of a few. During the three decades of the New Order government from the late 1960s to the late 1990s, social security schemes were reserved only for civil servants and formal private sector employees in medium and large enterprises. A large majority of the population, whose livelihoods were in the informal sector, had to rely on informal social protection from their families and communities. When the Asian Financial Crisis (AFC) struck in the late 1990s, a time when social security was expected to be most useful, the social security system that Indonesia had at that time proved to be meaningless. A large portion of the population who had escaped poverty by virtue of three decades of economic miracle turned out to be still vulnerable and found themselves back in poverty.

Once the chaos of the AFC started to stabilize in 2000, reform of the social security system was initiated, resulting in an amendment to the Constitution that adds a clause on the universal right for social security. After a controversial process, viewed as less than inclusive by some, Law No. 40/2004 on the National Social Security System (*Sistem Jaminan Sosial Nasional* or SJSN) was passed near the end of 2004. This new SJSN Law provides a framework for integration of various social security schemes that already existed and new social security schemes, as well as the expansion of social security coverage to the entire population as mandated by the Constitution.

However, for the law to be operational, various derivative laws and regulations needed to be issued as its implementation guidelines. The SJSN Law specified a five-year period for the issuance of the derivative laws and regulations. Unfortunately, it was signed into effect just a few months after the presidential election, but prior to the new president taking office. Hence, the issuance of the derivative laws and regulations became the responsibility of the new government and although it never explicitly stated any objection to the social security law, five years passed without a single derivative law or regulation issued.

The government was re-elected in 2009 for another five years without a clear prospect for the implementation of the SJSN Law. Hence, the new Parliament took the initiative to propose a law on the social security implementing agency. This is a crucial derivative law for the implementation of the SJSN Law. After some protracted deliberations with the government, the Parliament passed Law No. 24/2011 on Social Security Implementing Agency (*Badan Penyelenggara Jaminan Sosial* or BPJS) at the end of 2011. The new law created two social security implementing agencies: BPJS Health, which began operation in January 2014; and BPJS Employment, which would begin operation in July 2015.

The establishment of these two social security implementing agencies marked a new era in the development of social security in Indonesia as they are responsible for providing social security benefits to the entire population. BPJS Health is responsible for

managing the universal social health insurance, while BPJS Employment is responsible for managing the schemes on pension, old-age, death and work accident benefits.

Both implementing agencies face great challenges in providing social security benefits to more than 250 million Indonesians. Discussing these challenges is the focus of this paper, which is organized as follows. Section 2 discusses the development of social security in Indonesia. Section 3 considers the nature of social security in Indonesia, while section 4 examines the challenges faced in the expansion of social security in Indonesia. Finally, the section 5 concludes.

2. Development of Social Security in Indonesia

The development of social security in Indonesia is very much related to and driven by the development of the Indonesian economy in general. Therefore, the first part of this section discusses the ups and downs of economic growth that Indonesia has experienced and how these trends affect the socioeconomic conditions. Their links to social security development is discussed in the second part of this section.

Ups and downs of Indonesian economic growth

In general, the trends of economic growth in Indonesia can be divided into several chronological periods: (i) the postindependence period (1945–mid-1960s); (ii) the New Order government or pre-AFC period (1967–1996); (iii) the AFC period (1997–1999); (iv) the post-AFC period (2000–2007); (v) the Global Financial Crisis (GFC) period (2008–2009); and (vi) the recent and future prediction of growth (2010 onwards).

Post-independence period (1945–mid-1960s)

After proclaiming its independence in 1945, the war for independence continued until 1949 when the Dutch government and the international community finally formally acknowledged Indonesian sovereignty. The government's focus on ensuring political stability during this period took attention away from economic concerns, leaving the economy weak in the years immediately following independence. From 1949 to 1965, Indonesia recorded little economic growth, predominantly from 1950 to 1957. The growth was fuelled by two main tradable commodities, oil and rubber, whose prices were rising in the world market. However, the growth shrunk in the period from 1958 to 1965, again due to political instability in the country.

The introduction by Sukarno, Indonesia's first president, of the Guided Economy (*Ekonomi Terpimpin*) regime in 1959, which eliminated all foreign economic control in

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_20851

