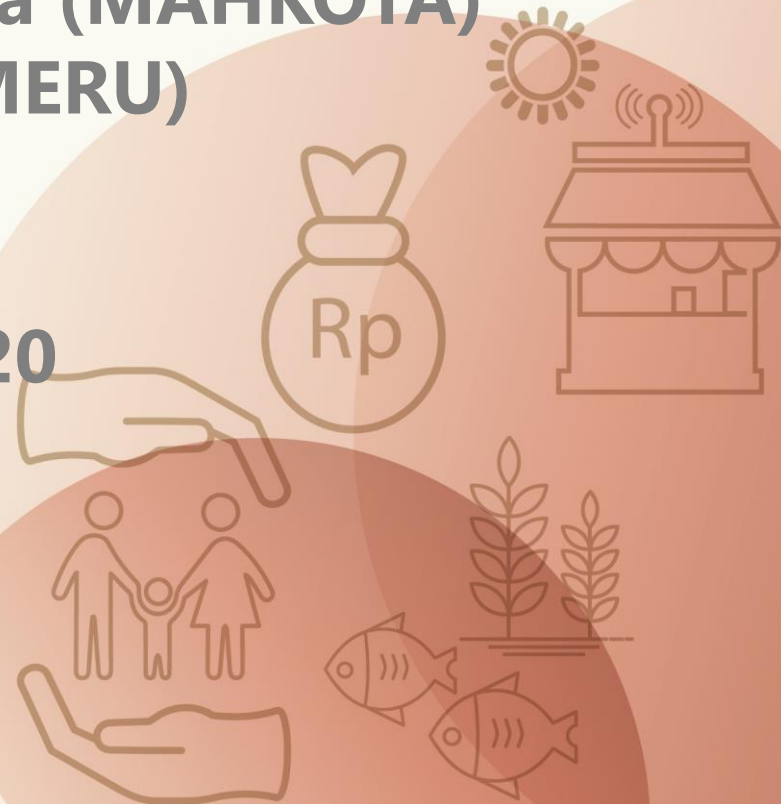


STRENGTHENING ECONOMIC OPPORTUNITIES FOR PROGRAM KELUARGA HARAPAN FAMILIES

**Speakers: Karishma Huda (MAHKOTA)
Widjajanti (SMERU)**

February 2020



Agenda

1. Rationale
2. Methodology
3. Economic profiles
4. Constraints and opportunities
5. Recommendations

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Indonesia's challenges to sustainable employment



- Economic growth does not always result in an expansion of decent work
- Relatively undereducated work force as compared to the rest of the region
- Concerns that vocational schools and secondary schools not adequately preparing people for formal sector employment

Cash transfers alone cannot overcome barriers to sustainable employment

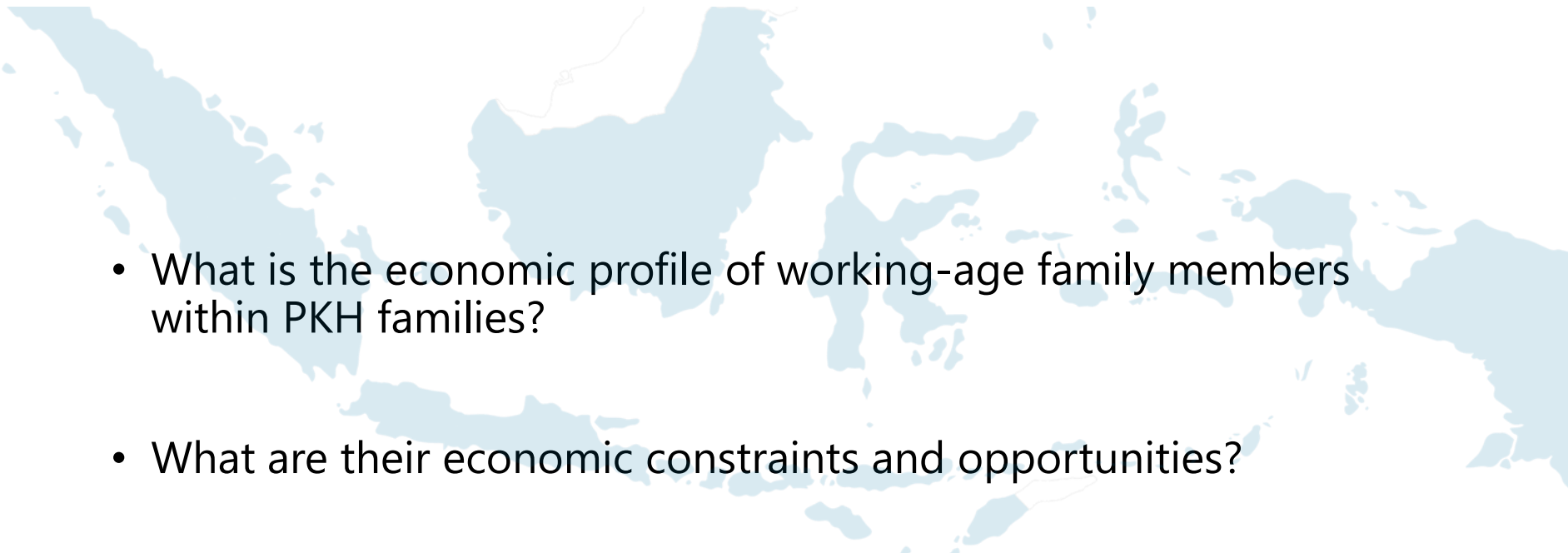
- Indonesia's flagship conditional cash transfer, Program Keluarga Harapan, is reaching 10 million families
- PKH has significantly improved human capital development, but the economic impact is still limited (Cahayadi et. Al. 2018)
- **We must understand the livelihood barriers that PKH families face in order to address them**



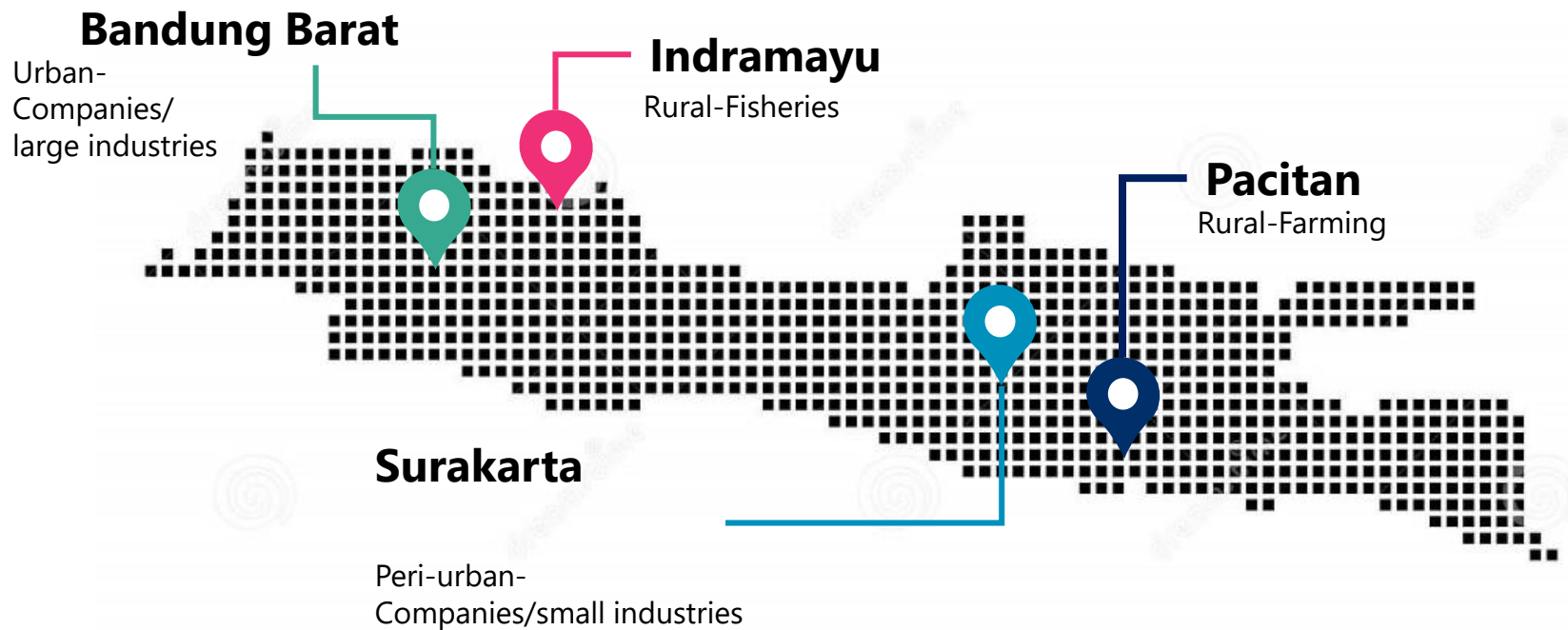
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Key questions

- 
- What is the economic profile of working-age family members within PKH families?
 - What are their economic constraints and opportunities?
 - Are they benefiting from complementary livelihoods interventions offered by the government?
 - What are the recommendations moving forward?

Lokasi



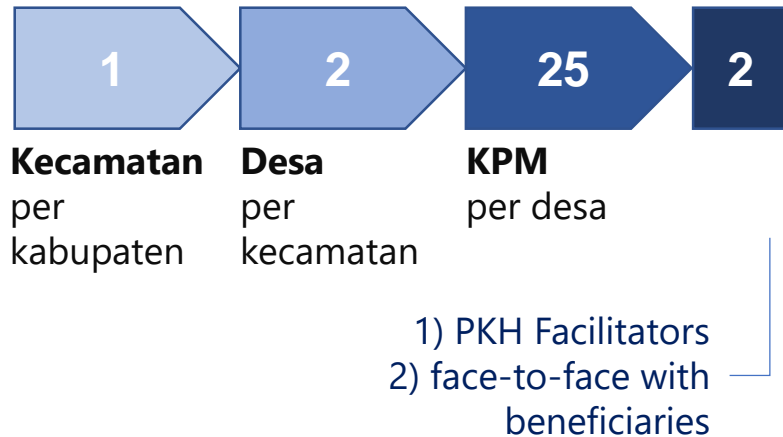
Pulau Jawa

Mixed-methods



KUANTITATIF

Survei KPM



- Sample: 200 PKH families; 883 individuals
- Beneficiaries with productive age members **(15-59 tahun)**
- PKH beneficiaries data and UDB from Kemensos



KUALITATIF

FGD KECAMATAN: 4 activities
KPM PKH: 32 activities

In-Depth Interview

Total 82 informants

- Kabupaten: 27
- Desa : 46
- Kecamatan : 6
- KPM PKH : 3

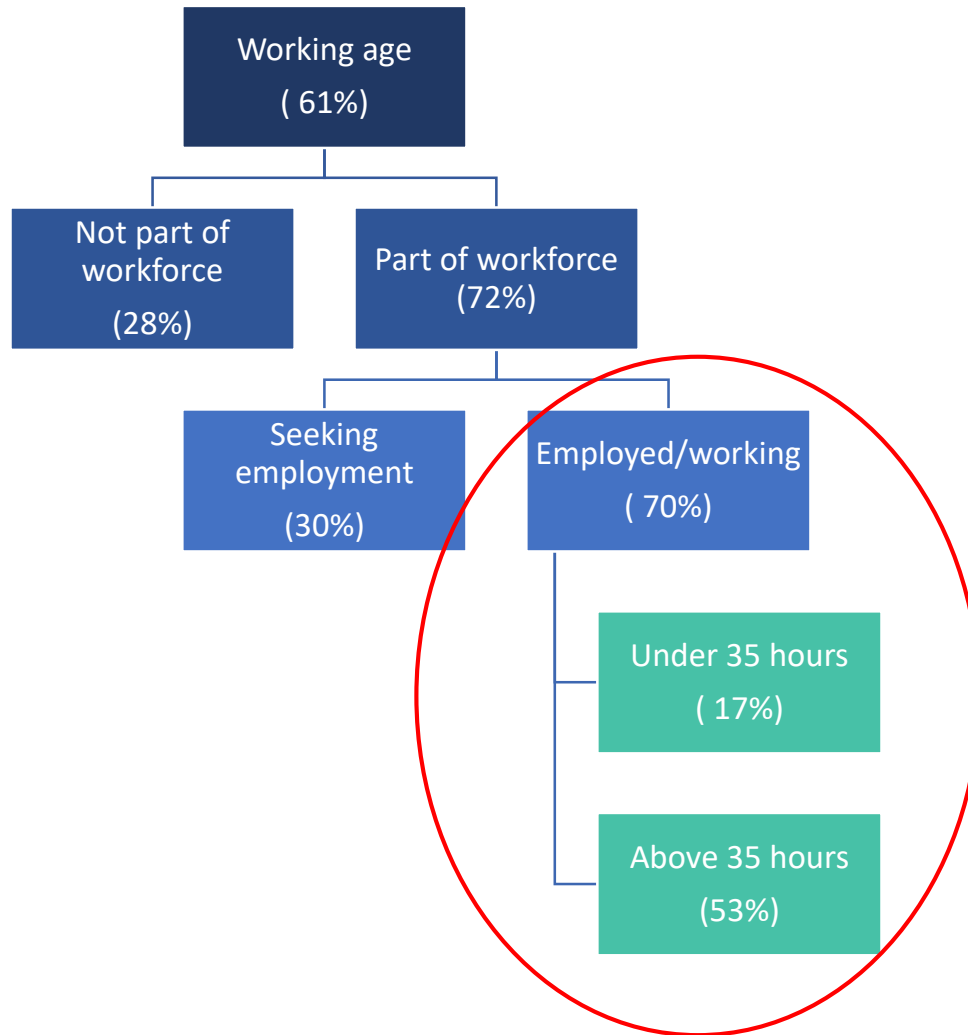


Literature Review

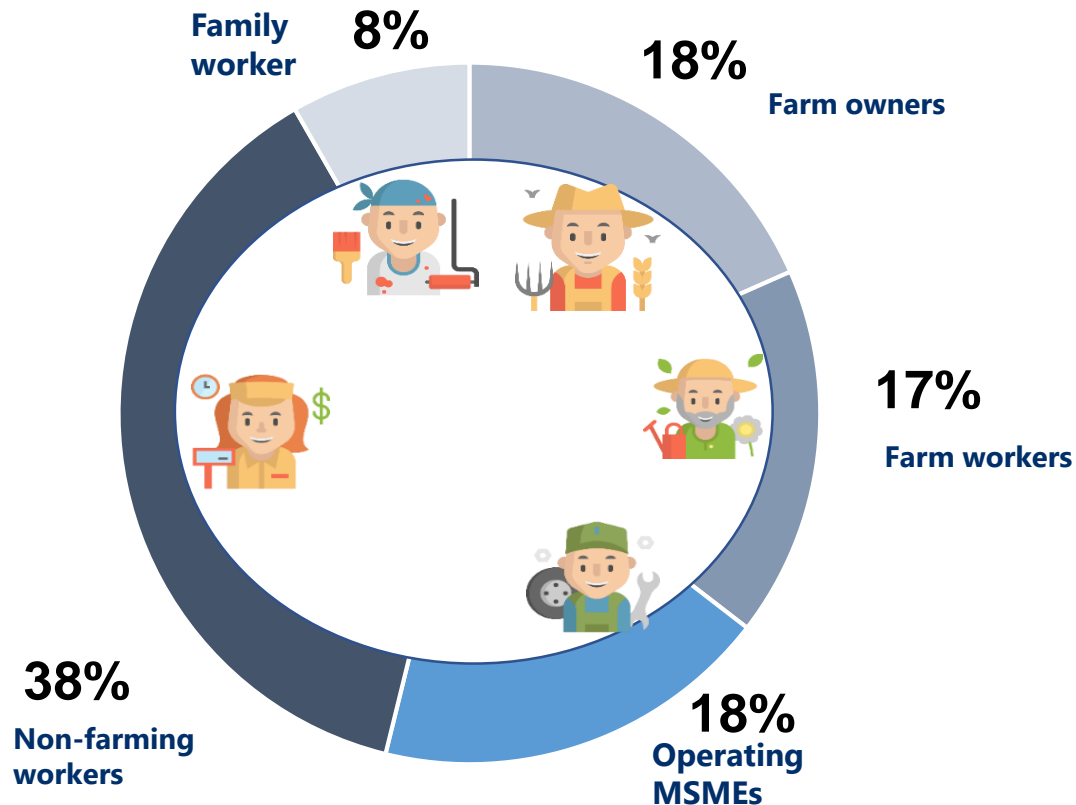
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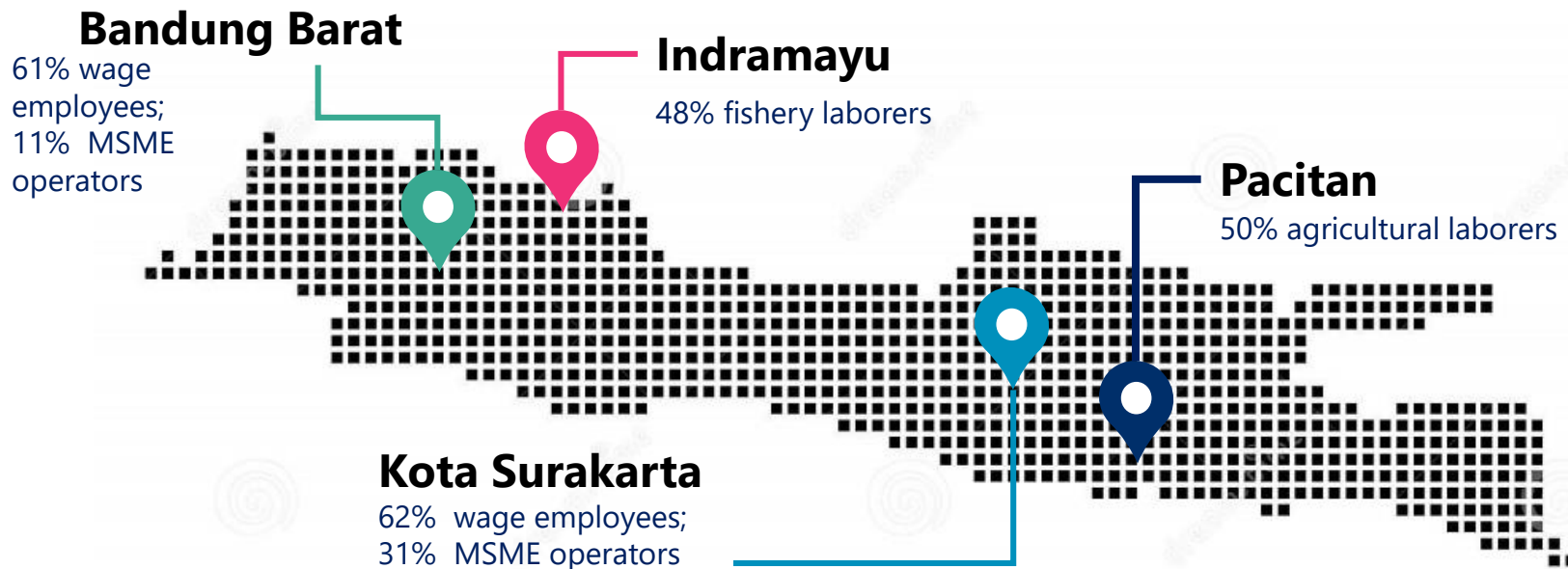
Most PKH working-age household members are engaged in full-time work...



But the nature of the work is mainly informal...



Penguatan Peluang Ekonomi Keluarga Penerima Program Keluarga Harapan Studi Kasus di Empat Kabupaten di Jawa



Their constraints in each sector limits their income potential...



LABOR MARKET

- No written or contracts in place (69%)
- Can't meet education or certification requirements
- Often excludes women who need flexible working hours



AGRICULTURE/ FARMING

- Poor quality land and insufficient irrigation
- No capital equipment
- Only selling to neighbours and middlemen (limited market access)



MSMEs

- Cannot produce high quality products that buyers demand
- Lacking business permits – cannot access large markets
- Poor bookkeeping and business management skills

Illness and disability are also real economic constraints....



26% of PKH families have a member with chronic disease

13% have a member with a moderate or severe disability.

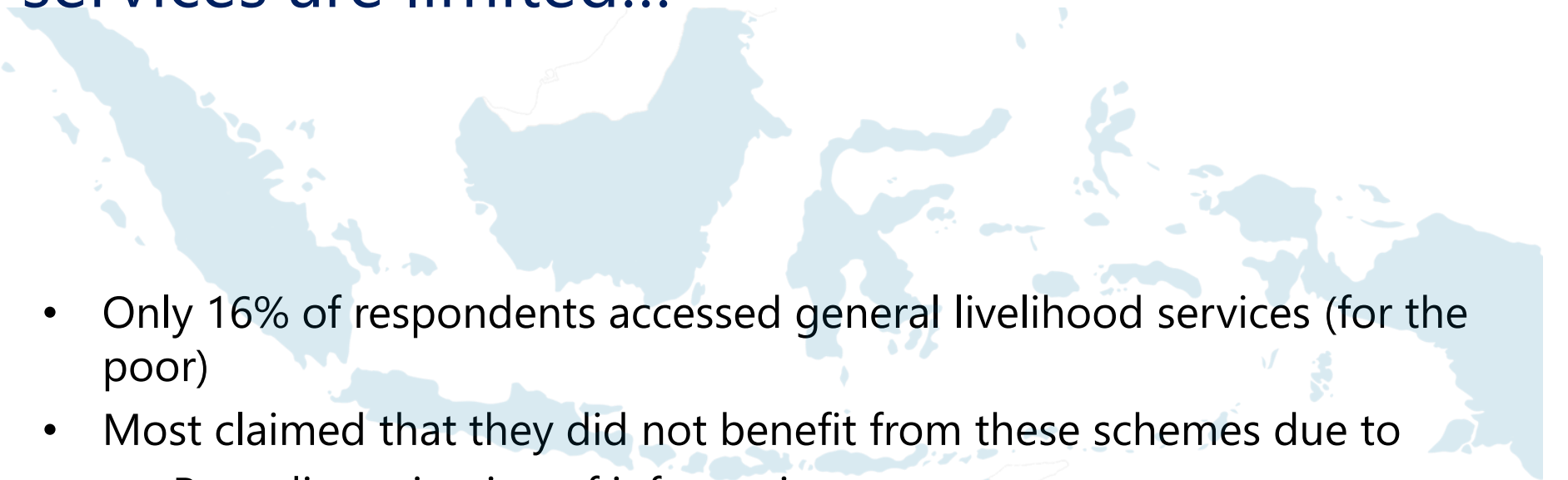
25% of members with illness and disability are between the ages of 15-40.

Less economic capacity due to the burden of caring for vulnerable household members.

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Their access to complementary livelihood services are limited...

- 
- Only 16% of respondents accessed general livelihood services (for the poor)
 - Most claimed that they did not benefit from these schemes due to
 - Poor dissemination of information
 - Incomplete business training
 - Lack of book keeping
 - Generally, interventions excludes the poorest and most vulnerable

Local innovations are addressing these gaps...

Leveraging PLUT facilitators– Pacitan

- PKH facilitators linking with PLUT facilitators (Ministry of SMEs and Cooperatives) to extend business services to PKH families engaged in SMEs

'Issuing business licenses – Indramayu

- Local government actively issuing business permits across 31 sub-districts, including for PKH small businesses

MoUs for employment – Surakarta

- Local government signed MOUS with hundreds of companies to offer BLK trainees with jobs at minimum wage (UMR) rates

Age and context matter: 'older' PKH family members face specific livelihood constraints

- 80% of working age PKH family members are between the ages of 31-59.
- 67% of them have only elementary education or below (esp in rural areas)
- They mostly rely on inherited skills from their parents with low productivity
- Lack literacy/numeracy skills and are generally risk-adverse



Age and context matter: 'younger' PKH family members have greater economic opportunities

- The average PKH family has at least one young adult (ages 15-30)
- 13% completed high school (1% in university)
- Only 20% are contributing to household economy
- They aspire to flexible 'office jobs,' – waiting for the right opportunity
- Have numeracy/literacy skills, are more risk-taking, comfortable with technology



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Key lessons....

Intervention should be for the PKH family, not just the beneficiary

All working age members within PKH KPM families have economic capacities, but youth/adolescents often have the highest earning potential. Need to leverage this capacity

Coaching should focus on how to access markets

PKH entrepreneurs are in need of more 'business skills' coaching (e.g. how to create a business plan; how to price goods; linking with buyers, etc.)

Affirmative actions for PKH families into other livelihood interventions

One agency can't do it alone! Set KPIs for Dinsos, Disnaker and Dinas Koperasi dan UKM, and other line agencies to include PKH families into their interventions

The way forward: a twin-tracked approach



Productive inclusion

- Identify PKH **family members** with **enterprise potential**
- Provide business coaching and seed capital for investment
- Improve production, establish market linkages, mentor and monitor



Employment

- Connect PKH **youth** to **employment and training opportunities**
- Access to job fairs, apprenticeships, and certification courses
- Prioritise PKH families for Kartu Prakerja



- Families with disability or chronic illness may not have the same economic ability.
- Individual agency to participate is critical
- Not a graduation pathway