



Making Cooperation Work

# COMCEC STRATEGY

For Building an Interdependent Islamic World

## ***INSTITUTIONAL SYSTEMS OF THE SOCIAL SAFETY NET PROGRAMMES IN THE OIC MEMBER COUNTRIES***



4<sup>th</sup> Meeting of the Poverty Alleviation Working Group  
September 18<sup>th</sup>, 2014  
Ankara, Turkey

# OUTLINE

---

1. **Conceptual Framework and Methodology**
2. **Overview of the OIC Member Countries**
3. **Case Countries**
4. **Concluding Remarks**



**CONCEPTUAL  
FRAMEWORK AND  
METHODOLOGY**

# Social Safety Nets

interventions implemented by state for the purposes of providing social protection to all or a selected group of residents and citizens

- conditional and unconditional cash transfers
- in-kind transfers
- public works schemes.
- subsidies
- credit programs
- fee waivers

# Social Safety Nets

## Factors that affect SSN design

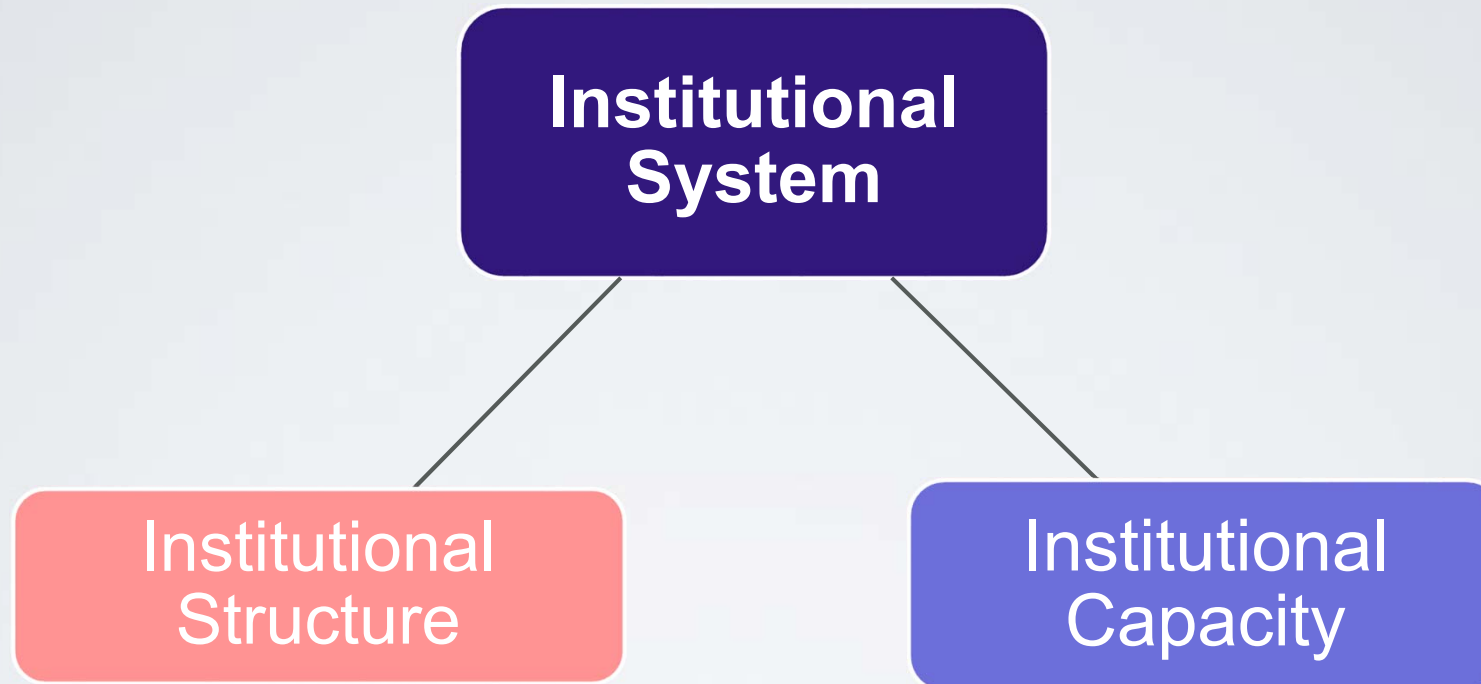
- political and economic context,
- fiscal space
- depth and prevalence of poverty
- labour market structure
- security situation
- availability of reliable infrastructure
- administrative capacity of implementing agencies

# Institutional Systems for Social Safety Nets

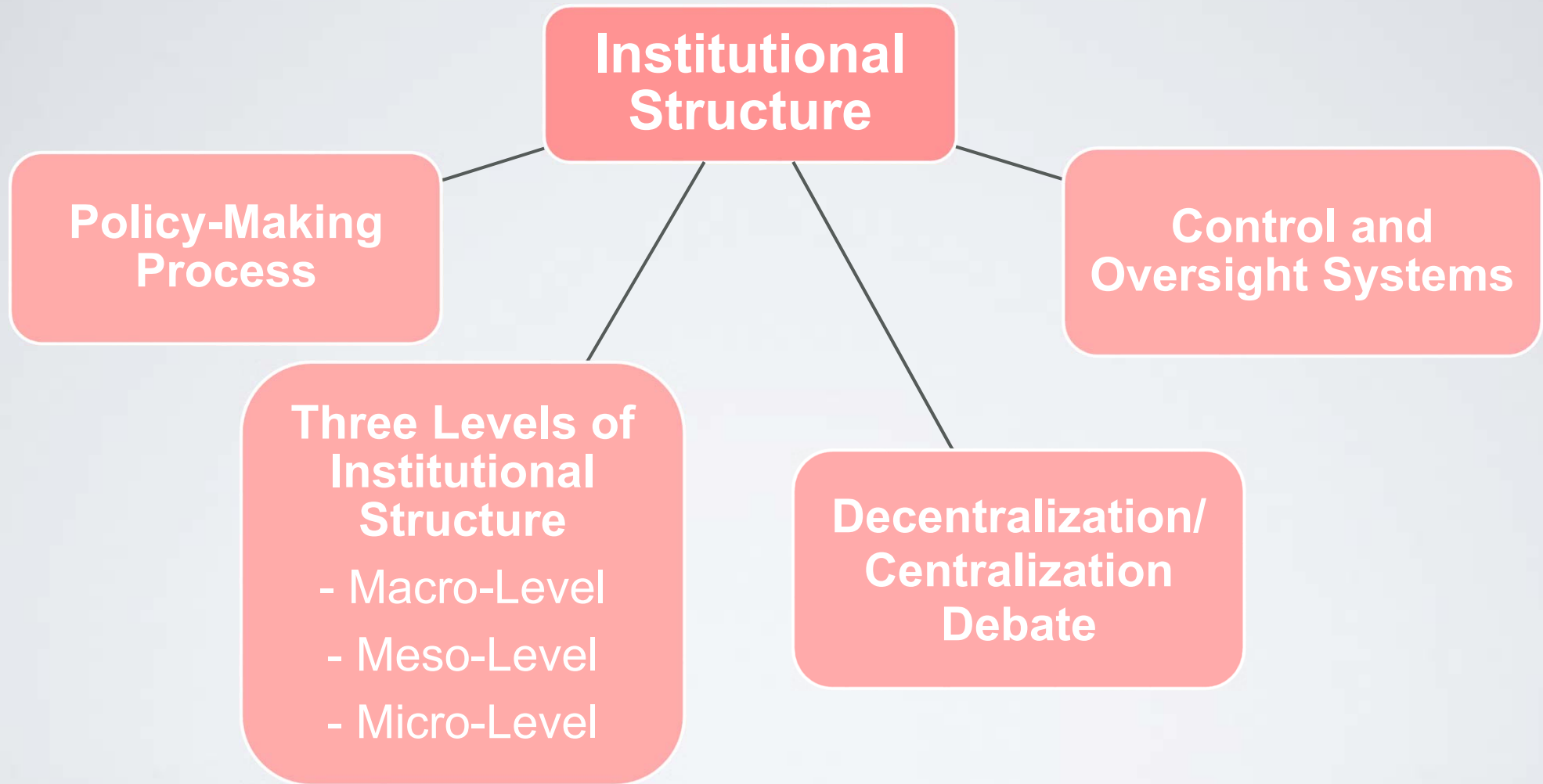
## Institutional Systems

- Formal and informal insitutions
- Organizations
- Administrative systems

# Institutional Systems for Social Safety Nets

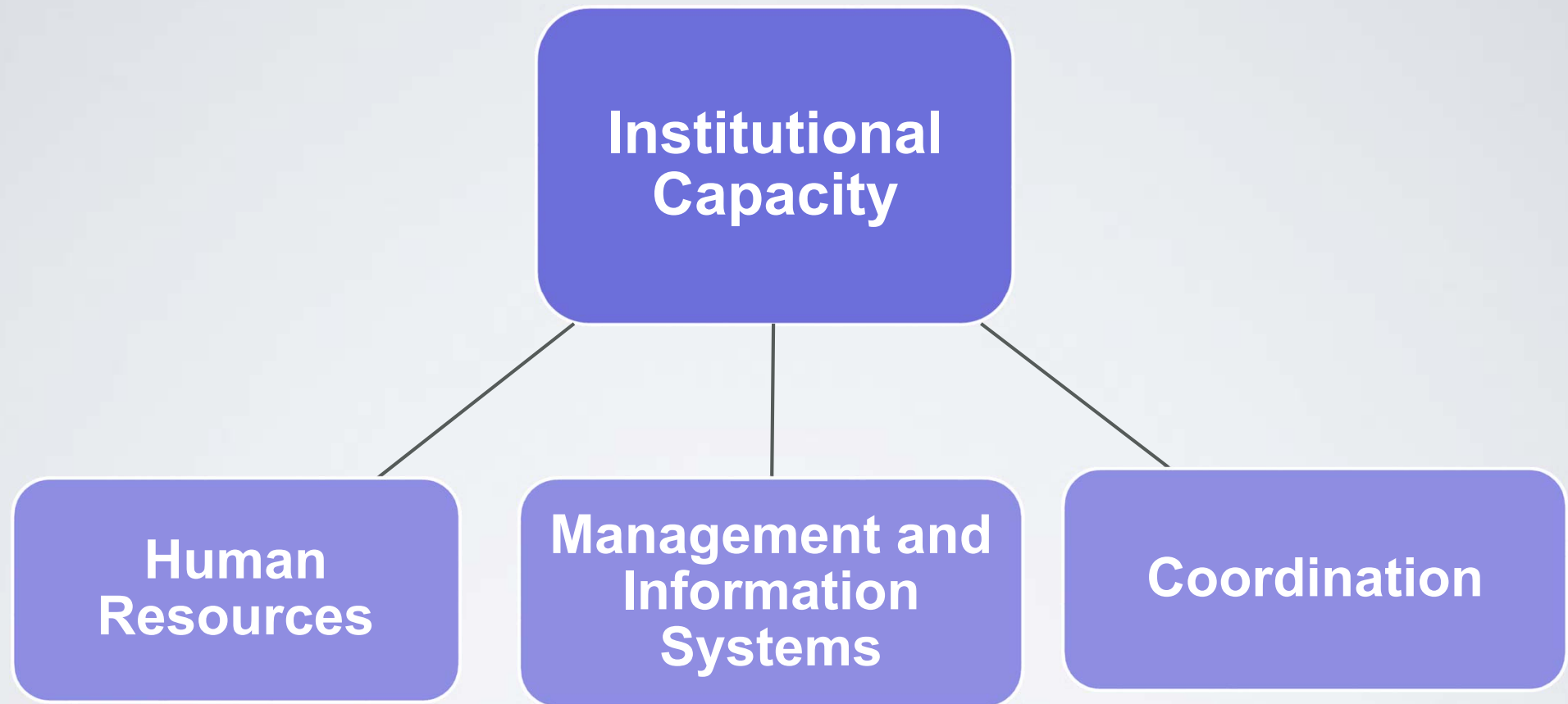


# Institutional Systems for Social Safety Nets





# Institutional Systems for Social Safety Nets



# Methodology of the Study

## 1. General review of 57 OIC member countries

internet searching and questionnaire

## 2. In-depth analysis of the selected five member countries

short fieldwork visits

A large, solid green oval shape is centered on the page, serving as a background for the text.

# **Overview of the OIC Member Countries**

# OIC Member Countries

More than **25 percent** of the total world population

**7 percent** of the total world GDP

Low income MCs → around **5 percent** of the total OIC GDP

High income MCs → **19 percent** of the total OIC GDP

People who live under \$ 1.25 a day is nearly 370 million

# Social Safety Net Systems in the OIC Member Countries

Various SSN policies → different levels of expenditures  
different levels of coverage

The average expenditure on SSN programmes is around one percent among the OIC member countries

Coverage rates of SSN programmes are between 66 and 2 percent

# Social Safety Net Systems in the OIC Member Countries

Two important factor on the SSN systems:

- 1) Income Level (Resource Wealth)
- 2) Aid-Dependency

# Social Safety Net Systems in the OIC Member Countries

High income member countries → universal, untargeted and long-term SSN programmes,

Middle income member countries → targeted and long-term SSN programmes

Low income member countries → short-term emergency assistances

# Social Safety Net Systems in the OIC Member Countries

Aid-dependency → Donor influence



# Institutional Structure

## Policy-making process

High income countries → Simple policy-making process which is led by the main implementing unit

Middle income countries → Policy-making is part of a larger social protection reform

Low income countries → Policy-making occurs as a response to an external shock;  
→ Donors involve

# Institutional Structure

## Macro-Level institutional structure

High and middle income countries → well-established administrative systems pave way to a wide range of policy choices

Low income countries → limited quality of general administrative system lead to a few policy choices with simple implementation processes

# Institutional Structure

## Meso-Level institutional structure

SSN bodies are mostly parliament-based.

Responsible units are not standard, either among the countries or within time.

SSN units have limited political weight and budget influence.

High and middle income countries → government-led structure

Low income countries → donor-led structures

# Institutional Structure

## Micro-Level institutional structure

High and middle income countries

- similar tasks and responsibilities assigned
- coordination is stronger
- incentives between providers and applicants: simple administrative rules, access to SSN benefits is easier
- incentives between sponsors and providers: financial responsibilities belong to central government

# Institutional Structure

## Micro-Level institutional structure

Low income countries

- duplications and ineffective implementation
- donor existence might double the problem
- incentives between providers and applicants:
  - complicated administrative rules, access to SSN benefits is harder
  - low staff salaries, low motivation, low human capacity
- incentives between sponsors and providers: block grants might be applied, but limited number of issues are affected by local agencies

# Institutional Structure

## Decentralization/centralization debate

Rules and procedures → central level

Selection of beneficiaries → local level

Low income countries → low budget and human capacities in  
local

→ NGOs are very active

# Institutional Structure

## Control and oversight systems

Mostly embedded in the implementing SSN institutions

Development level of monitoring mechanisms does not directly related with the income level

Middle income countries → utilize spotchecks, encourage citizen oversight for the targeted SSN programmes

# Institutional Capacity

## Human resources

- Low income countries → lack of qualified human resources in the policy-making process leads donor participation
- poverty reduction strategies involves quality enhancement for the human resources
  - lack of human resources both in central and local level
  - inadequate financial space for capacity building activities
  - some donor aids for capacity building



# Institutional Capacity

## Human resources

- Middle income countries → lack human resources in local level
  - lack of quantity
  - fiscal space for capacity building activities

# Institutional Capacity

## Management and Information Systems

MISs of SSN programmes are mostly separated and disconnected

Low and middle income countries

- donor aids for new MIS establishment or upgrading existing ones
- problems on technical infrastructure hinders advanced level MISs
- some have highly developed and comprehensive MISs are observed

# Institutional Capacity

## Coordination

Low and middle income countries

- Same type of SSN programmes, different institutions, limited coordination
- Overlapping responsibilities, mis-use of resources, weak accountability
- Interministerial committees or new institutions

For complex SSN programmes inter-programme coordination might be problematic

Lack of coordination between contributory social protection programmes and SSN programmes

A solid green oval shape centered on a light gray background. The text "Case Countries" is written in a bold, dark gray font inside the oval.

# **Case Countries**

# Indonesia-Background

- Prior to 1998, there were hardly any SSN programmes
- First National Strategy for Poverty Reduction in 2005
- Partial removal of fuel subsidies since 2005
- Poverty alleviation programmes in three clusters
  - Social assistance programmes
  - Community development and empowerment programmes
  - Support for small and medium enterprises and cooperatives

# Indonesia-Current SSN Programmes

- Subsidized rice for the poor (Raskin Programme)
- Public health coverage (Jamkesmas)
- Family Hope Programme (PKH)
- Cash Transfer for Poor Students (BSM)
- Other (subsidized programmes, unconditional cash transfers and other transfers for vulnerable groups)

# Indonesia - Institutional Structure

- Policy-Making Process is mostly part of responses to external shocks
- Lack of coordination among government agencies (including SSN area)
  - Coordinating Ministry of Economy
  - Coordinating Ministry of People's Welfare
- Institutions responsible for SSN programmes
  - Newly established institutions/departments (DG of Social Assistance and Security)
  - Existing institutions (e.g. Ministry of Education)
- SSN programmes are designed and financed by government

# Indonesia - Institutional Structure

- A wide range of actors in SSN system

- Bappenas
  - TNP2K
  - Coordinating Ministry of People's Welfare (Raskin)
  - Ministry of Social Affairs (PKH and cash transfers)
  - Ministry of Education and Culture (BSM)
  - Ministry of Religious Affairs (BSM)
  - Ministry of Health (Jamkesmas)
- general policies related to SSN system
- implementing bodies

- Overlap in responsibilities among institutions
- Eligibility process creates disincentives for applicants
- Lack of incentive for local SSN bodies



# Indonesia - Institutional Structure

- Decentralized general administrative system and highly centralized SSN system
  - Decisions about beneficiaries are given at central level
  - Local authorities can provide their own SSN programmes, but it's limited.
- Control and oversight systems are not efficient due to limited financial and technical support to this area.
  - Top-down monitoring system
  - Independent external auditing in Jamkesmas
  - Unawareness in the public about complaint mechanism of the programmes

# Indonesia - Institutional Capacity

## *Human Resources:*

- Problem both in quantity and quality of human resources
  - At local level, lack of skilled staff is vital problem which affects
    - Implementation
    - Monitoring
- PKH facilitators needs more skilled workers, since PKH aims behavioral change

## *Management and Information System:*

- There is a unified database which contains names and addresses of the poorest 40% of the population

Select Potential Beneficiaries  
for Social Programs

Conduct Analysis/Planning for  
Poverty Reduction activities

- Separate MISs for SSN programmes

# Indonesia - Institutional Capacity

- Obvious *coordination* problem in SSN system
- Establishment of TNP2K in 2010 with goals of
  - Design, plan and budgeting for poverty reduction policies and programs;
  - Synergize, synchronize, harmonize, and integration of poverty reduction policies and programs;
  - Supervise and control the implementation of the poverty reduction programs and activities
  - Reduce Indonesia's poverty rate to eight percent by 2014
- Regional teams of TNP2K are Poverty Alleviation Coordinating Teams (TKPKDs)
  - conduct regional poverty reduction coordination efforts and controlling regional implementation of poverty alleviation
  - submit reports on the results of coordination meetings at least three times a year
- Efficient coordination in the Indonesia's SSN system is still a challenge!!!

# Indonesia – The way forward

- More clear division of tasks and roles of institutions
- A single and powerful coordination unit
- Increasing the role local authorities to increase flexibility and targeting
- A more efficient monitoring mechanism
- Enhanced human resources
- A dynamic database for better targeting the poor population
- Less overlap in SSN programmes and responsibilities of SSN institutions
  - Consolidating BSM and PKH
  - Decreasing the number of institutions responsible for Raskin
- Besides cash transfers to the poor, extension of SSN programmes aiming to improve livelihoods of elderly, disabled and children at-risk

