

Indonesia to enhance social safety net

Rachel Lim

TODAY, 29 July 2009

Buoyed by a robust domestic economy and anticipating a recovery in exports, Indonesia plans to enhance the social safety net for the poor as part of three key priorities for the Yudhoyono administration, Vice-President designate Boediono said yesterday.

The other two thrusts include improving the business and investment climate and developing the country's infrastructure — priorities that are a legacy from President Susilo Bambang Yudhoyono's first term.

At a forum in Singapore organised by the **S Rajaratnam School of International Studies**, Mr Boediono said the initiatives would be rolled out within the first 100 days of the new administration, which will begin its five-year term on Oct 20. He did not give specific details.

Mr Boediono — the former governor of Indonesia's central bank — said the measures would help Indonesia achieve its target of 7 per cent average annual economic growth in the next five years and reduce unemployment in South-east Asia's biggest economy from 8.1 per cent this year to between 5 and 6 per cent by 2014.

Indonesia's economy will expand about 4 per cent this year and it is one of the few Asian countries registering significant economic growth amid the downturn, he noted.

"The main purpose of our collection of policies or actions is to ensure that confidence in Indonesia remains intact," said Mr Boediono, who also served as finance minister under former President Megawati Sukarnoputri.

He said the new administration would look into setting up a national social security system to help the low-income group that is most vulnerable to the effects of the global financial crisis.

Mr Yudhoyono's government had handed direct cash transfers to the poor to soften the impact of the 30-per-cent hike in fuel prices last year in the wake of soaring global oil prices.

Drawing from his personal experience of meeting the needy while campaigning for the election, Mr Boediono said targeted fuel and food subsidies for the poor were necessary.

But the new administration aims to go further.

"We would like to set up a sustainable social safety net. In the end, not just emergency actions like cash transfers ... something more sustainable, something more focused on the basic factors affecting poverty," he said.

Improvement will also be made to anti-poverty programmes already in place, he said.

Analysts welcomed the plan but remained sceptical over the implementation.

"Social safety nets are in place, but the implementation of the programmes are very weak," said Mr Sunny Tanuwijaya, a political analyst at Indonesia's Centre for Strategic and International Studies.

"Not a lot of Indonesians are aware of how to get and what rewards they can get from the system," he said, adding that there should be long-term measures to ensure access to healthcare and free education for all.

Still, Mr Sunny applauded the initiatives, saying that "the three agenda show that the focus of the next administration is to sustain or improve current economic growth".