

Policy Analysis of the Family Hope Program (Program Keluarga Harapan) from a Long-Term Investment Perspective for the Indonesian Government

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Abstract. Indonesia faces a significant challenge in addressing poverty, with over 26 million low-income families as of 2023. Poverty impedes economic progress and threatens social stability and the quality of life for many. The Family Hope Program (Program Keluarga Harapan/PKH), launched in 2007, provides cash transfers to improve access to essential services like education, health, and food security, showing positive impacts such as increased school attendance and reduced financial burdens. However, issues remain in the program's implementation, including inefficient data management and a lack of transparency, leading to misdirected assistance and limited reach. This paper explores *E-Monitor: A Digital-Based Reporting Scheme for PKH Beneficiaries* as a policy recommendation to enhance the PKH. E-Monitor aims to digitise beneficiary registration, cash transfer distribution, and monitoring, thereby increasing transparency, efficiency, and accessibility. Using an exploratory research design and investment analysis theory, this study evaluates E-Monitor's potential to improve the program's effectiveness and data management.

Additionally, this policy aligns with Indonesia's digital transformation agenda, promoting equitable access and streamlined administrative processes. Implementation considerations include pilot testing, community engagement, and data security. By addressing the PKH's existing limitations, E-Monitor represents a strategic long-term investment for poverty alleviation and sustainable development in Indonesia. This recommendation aims to inform policymakers of the benefits of digitalisation in social assistance programs, ultimately contributing to improved service delivery and poverty reduction outcomes.

Keywords: Family Hope Program (PKH); policy analysis; policy investment; economic development.

INTRODUCTION

As a developing country, Indonesia still has a big task to fulfil the fundamental rights of its people, such as education, health, and economic growth through decent work. According to data from the National Statistics Agency, the number of low-income families in 2023 will reach 26 million or 9% of the total population. Poverty will threaten economic degradation and a decline in the human development index [1]. Furthermore, poverty will have social impacts, such as increased crime and poor quality of life [2]. Therefore, vari-

ous policy and program initiatives continue to be carried out by the government every year to reduce poverty rates.

The Family Hope Program (PKH) implements various government policies to overcome poverty in Indonesia. This program has been implemented since 2007 and aims to provide cash transfers to improve the welfare of people experiencing poverty by fulfilling basic needs such as access to education, health, and economic and social fulfilment. PKH has provided an increase in the economy of beneficiaries as a financial lifeline

that enhances food security [3] and helped during the COVID-19 pandemic [4]. This finding is supported by research conducted by the [5] in four districts on the island of Java, where most PKH recipients have jobs (Figure 1).

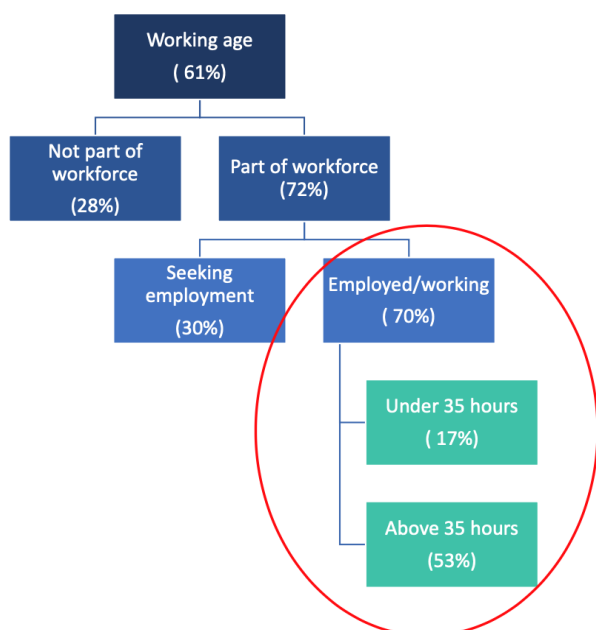


Figure 1 – Number of workers from program recipients

This program also increases access to hospital visits [6], increases student attendance at school [7], and is effectively able to reduce the economic burden on underprivileged families [8]. Furthermore, low-income communities can access important aspects such as education and health as an investment in improving the quality of human resources in the long term. According to research by several scholars, the cash transfer scheme can be suitable for overcoming extreme poverty.

Research Problem. On the other hand, the design and implementation of the program still have many things that could be improved, leaving room for improvement. Research [9] found a need for more clarity in the participation scheme, which causes many poor households to be excluded. This issue is influenced by the absence of synchronisation and proper data processing [10], leading to misdirected assistance and making it difficult to achieve the program's overall goals [11]. Integrated data processing is crucial as an investment for the smooth implementation of the program, covering aspects such as the

membership system for beneficiaries, the distribution of cash transfers, and the monitoring and evaluation of the program. This is important for the government as policymakers and program implementers in achieving the goal of poverty alleviation. Therefore, this policy analysis report will outline 'E-Monitor: A Digital-Based Reporting Scheme for PKH Beneficiaries' as a potential policy option and recommendation for the government.

Research Objective. This paper aims to explore the role of the Family Hope Program (PKH) as a long-term investment in poverty alleviation in Indonesia and to assess the potential of implementing E-Monitor, a web-based technology, to enhance its delivery. Since its inception in 2007, the PKH has been a flagship initiative to improve the quality of life for Indonesia's population by providing targeted cash transfers to low-income families. This study examines how digital tools like E-Monitor can streamline PKH processes, increase transparency, and improve access to essential services, ultimately enhancing the program's effectiveness in poverty reduction.

METHODOLOGY

The study employs an exploratory research design and applies investment analysis theory adapted from [12]. This approach promotes a structured evaluation of investment opportunities by combining theoretical insights with practical applications. It highlights the value of various analytical tools and models to support decision-making processes in investment contexts.

RESULTS AND DISCUSSION

Potential Policy Option. E-Monitor is a web-based technology or application that streamlines participant registration, cash transfer distribution, fund usage tracking, and evaluations of services received in the PKH program. This digital method is crucial, as the program has relied on manual and unintegrated data recording for nearly two decades. Digitisation of cash transfers is also being actively implemented in sub-Saharan Africa [13]. This policy option aligns with the Indonesian government's goal of digital transformation for public services outlined in President Joko Widodo's development plan. E-Monitor will be developed by the Ministry of Social Affairs and the Social and Community Welfare Office, target-

ing both current and potential PKH beneficiaries. Key stakeholders, including extension workers, village governments, and the media, will play a vital role in promoting its use.

E-Monitor aims to enhance data efficiency through digital implementation of the PKH program, improving access to information and services while facilitating quicker responses to beneficiaries' needs, as outlined in Presidential Regulation Number 39 of 2019 on One Data Indonesia. This scheme also promotes equity by speeding up assistance distribution, reducing errors, and improving accuracy in beneficiary selection, thus enhancing fairness among communities, supported by Minister of Social Affairs Regulation Number 1 of 2018 on Social Assistance Distribution. Additionally, it provides the public with more equitable access to information and simplifies administration by reducing leakage and increasing transparency. This assessment can be illustrated in the following table.

Table 1 – Goals – Alternatives Matrix

Goals: Enhancing data efficiency through the digital implementation of the PKH program	Policy Alternatives		
	E-Monitor	A Regulation	Provision of Information
Efficiency	1	2	3
Equity	1	2	3
Administrative Simplicity	1	1	2

Notes: 1 = Top score 2 = Middle Score 3 = Lowest Score

An Investment Analysis

1) Focus on Existing Policies and Programs. Implementing the PKH program has provided significant assistance and improved access to basic needs for poor communities. However, there are still areas for enhancement. Instances of misdirected aid have caused social jealousy among community members, raising speculation about the neutrality of village officials or program administrators [14]. This stems from a lack of transparency and clarity in the participant registration and benefit distribution scheme, which can be optimised using E-Monitor data digitisation.

2) Gather Policy Evidence. Research suggests that the government should improve institutional management and data synchronisation to enhance the effectiveness of PKH [15]. Additionally, authors [16] found that the activities of the multi-functional centres "My Documents" (MFC) in Russia successfully bridge community needs with government desires. Similar systems have proven successful in over 80 countries worldwide.

3) Measure Desired Effects. The effects and measurements of the E-Monitor scheme are detailed in the following table.

Table 2 – Desired Effects of E-Monitor Implementation Scheme

Desired Effects	Before	After
Provision of Information	Provided through posters limited to specific locations, such as village offices	Accessible anytime and anywhere via a website or app with internet access
Participant Registration Flow	Explained by program officers and administrators. Prospective participants must collect documents manually.	The process can be done digitally by uploading files, making it more effective and efficient.
Cash Transfer Disbursement Process	Participants must go to the bank in person to show proof of participation.	Participant verification occurs through integrated, data-driven systems that directly transfer funds to participants' accounts.
Tracking Benefit Distribution	As the provider of benefits, the government cannot track how participants allocate the funds.	Participants must report their previous fund allocations through the website or

Desired Effects	Before	After
		app to be eligible for subsequent assistance.
Participant Satisfaction Evaluation and Survey	The government needs to conduct specific surveys with dedicated time and budget to assess participant satisfaction and identify necessary improvements.	Surveys can also be conducted online and must be completed by participants before receiving further aid.

4) Assess Costs and Benefits in Context. Authors [12] emphasise the importance of understanding the costs of implementing policies and programs and their return on investment when analysing policy as an investment. The authors add that cost-benefit analysis is a tool to predict outcomes before taking action.

First, this policy recommendation focuses on digital data processing to facilitate the administration and disbursement of PKH assistance.

Second, a potential negative effect is poor rural communities' slow acceptance of digital systems, which is linked to low education levels and limited internet access.

The third consideration is estimating costs and benefits. Economists Irving Fisher and John Maynard Keynes emphasise that "a dollar today is worth more than a dollar tomorrow," underlining the value of investment. For E-Monitor, website development costs range from \$5,000 to \$30,000, with annual maintenance of around \$3,000. Depending on the complexity, app development may cost \$15,000 to \$150,000, plus \$5,000 for maintenance. These investments are expected to enhance program targeting, improve aid distribution, and enable regular evaluations, leading to annual improvements. This can reduce poverty, boost education and health, and stimulate economic growth, increasing tax revenue from a larger, higher-income population.

The fourth step is to consider opportunity costs when allocating expenses. The best alternative is to use part of the PKH program funds to create a digital, integrated system which provides value

in terms of time efficiency, smooth administration, and, most importantly, convenience for participants. Regular evaluations will carefully assess the allocation of these opportunity costs.

The fifth step involves calculating the net present value. As the need for digital systems increases, implementing this policy recommendation will yield benefits that align with technological advancements. In conclusion, digitalising data in PKH is a sound long-term investment option.

5) Offer robust advice. Digitalising the implementation of social assistance programs like PKH is a valuable long-term investment. Several follow-up actions should be considered to implement the policy recommendations outlined in the next section.

Institutional Arrangements and Implementation.

Employing a design thinking strategy is essential to ensure the effective implementation of this policy. Authors [17] outline key design thinking strategies that combine strengthening targeting, development, and implementation of public policies. In this policy analysis, the design thinking strategy for program implementation is illustrated in Figure 1. The data collected to address the five main components can be discussed in meetings to align opinions among all relevant stakeholders [17]. Additionally, there are several critical points for institutional agreements and policy recommendation implementation, as follows:

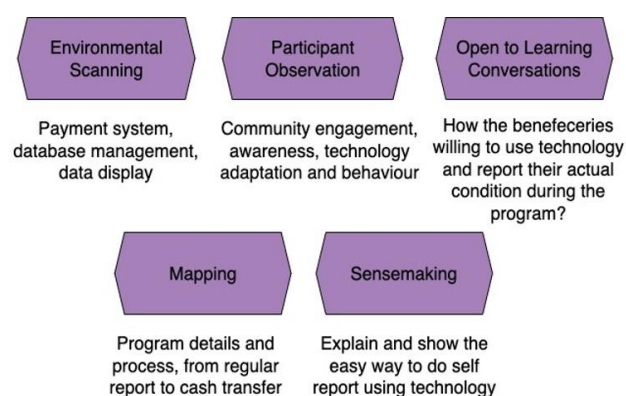


Figure 2 – Design thinking strategy

1) Identifying Tasks and Task Dependencies. E-Monitor will operate with a new digital data system for PKH, with the Ministry of Social Affairs and local governments as key actors responsible for task distribution. Digital data development may be handled by government employees or in collaboration with private web developers. Long-

term collaboration in this system change is crucial for the successful implementation of E-Monitor.

2) Identifying Threats to Successful Implementation. Potential threats to E-Monitor's implementation include software and internet network issues, system failures, and the community's ability to adapt to technology. The author [18] identifies challenges in Indonesia's digital transformation, such as data security, technology accessibility in remote areas, and community readiness. Ensuring software stability, adequate socialisation, and monitoring implementation are essential to mitigate risks.

3) Closing Knowing-Doing Gaps. E-Monitor will shift PKH from a manual to a digital system, a transition that may pose challenges for some government entities and program participants [16]. However, this digital transition also brings numerous benefits, and raising awareness of these will help address these challenges. Gradual socialisation can be effective, starting with pilot projects in select areas.

4) Planning for Evaluation. Testing the designed website or app before the implementation is a key step in our preparedness to prevent potential technical issues. This reassures our stakeholders about our commitment to a smooth implementation.

Other Considerations. Transitioning from a manual to a digital system is a promising policy investment. Research [19] highlights the success of

the Netherlands and Denmark in developing digital systems in response to social needs. Authors [20] also emphasise that digital solutions are essential for adopting a data-driven society. Moreover, technology has been effectively utilised in social programs in the European Union, Australia, and Canada. In conclusion, implementing E-Monitor in the Program Keluarga Harapan represents a strategic policy investment for the Indonesian government.

CONCLUSIONS

To enhance the efficiency and effectiveness of social programs like PKH, the Indonesian government should prioritise funding for digital infrastructure, such as E-Monitor. Collaborating with public sector employees and private web developers will be essential for the successful design and implementation of the system, as long-term partnerships can help overcome technical challenges. A gradual rollout, starting with pilot projects in select regions, will allow for testing and feedback before wider implementation, helping to identify and address issues early. Additionally, increasing community engagement through workshops and training will raise awareness of digitalisation's benefits among government entities and program participants. Finally, it is crucial to enhance data security and accessibility, particularly in remote areas, ensuring that all communities can fully benefit from the digital system.

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