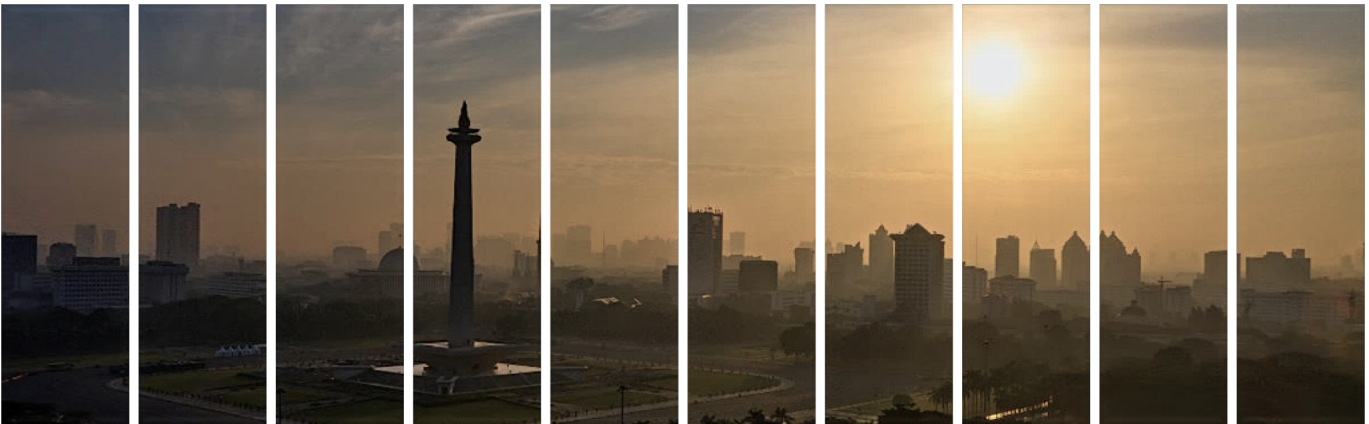




Ministry of National  
Development Planning/Bappenas  
Republic of Indonesia

## A vision for the future of G2P in Indonesia



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# Outline

- Context of G2P in Indonesia
- Current G2P Architecture & Mechanism
- Future G2P Implementation (G2P 4.0)



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## Context of G2P in Indonesia

**4<sup>th</sup>** most populous  
country in the world  
(273 million, 2020)

**89** Number of G2P programs  
identified under the  
national budget in 2018

### Example of Major G2P Programs in Indonesia



Budget : 27,5 Trillion IDR (2023)  
Number of Beneficiary:  
10 Million Families (2023)



Budget : 45 Trillion IDR (2023)  
Number of Beneficiary: 18.8  
Million Families (2023)

**BST**

Budget : 839 Million USD (2021)  
Number of Beneficiary: 10  
Million Families (2021)



Budget : 4,3 Trillion IDR (2023)  
Number of Beneficiary: 1 Million  
(2023)

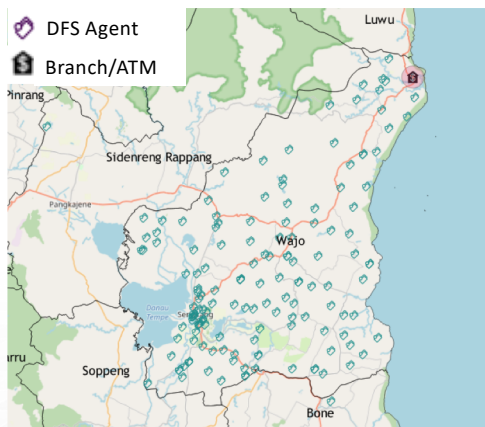
## Challenge Illustration: Wajo, South Sulawesi

- Bank A is appointed as a social assistance distributor.
- But Bank B actually has more branches, ATMs, and agents.

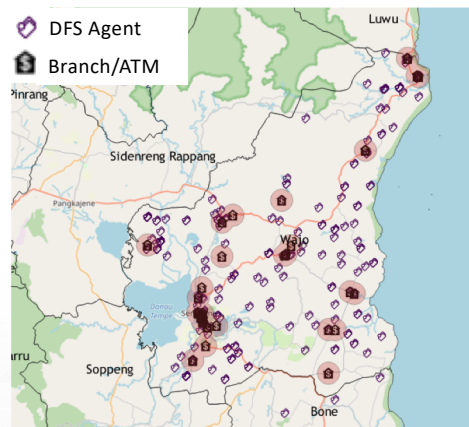
### Impact on beneficiaries:

- Lower agents' service quality due to lack of support from bank branch.
- Less financial deepening – agents offer fewer financial services.

Bank A access points



Bank B access points



Infrastructure - Access Comparison	Bank A	Bank B
Bank Branches	None	23
ATM	1	32
Agent	158	276
Agent/Branch Ratio	N/A	12
Beneficiary/Branch Ratio	22,200	965
Farthest reach from access point	81 km	18 km



# Current Architecture | PRAKERJA (almost 4.0)

Beneficiary self register to the program and link the account

Beneficiary

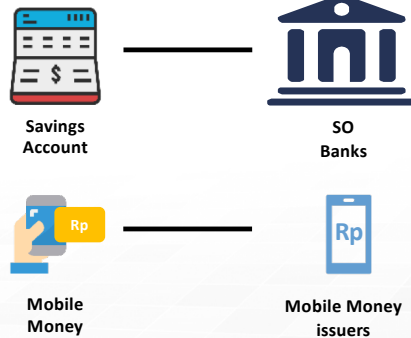


SO Banks as Sponsor Bank

SO Banks and Mobile Money as Account Provider

Bank Account and Mobile Money Account as the type of account

Decentralized account opening



Training Vouchers



Prakerja Account



Prakerja Partners

Incentives Fund

Debit card and Mobile Money as payment instrument

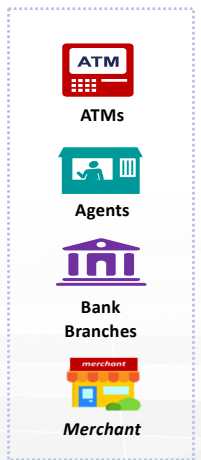
Interoperable



Debit Card



Mobile Money





## New Architecture | G2P 4.0

Enable right for the beneficiaries to choose type of account and PSP based on their need and convenience

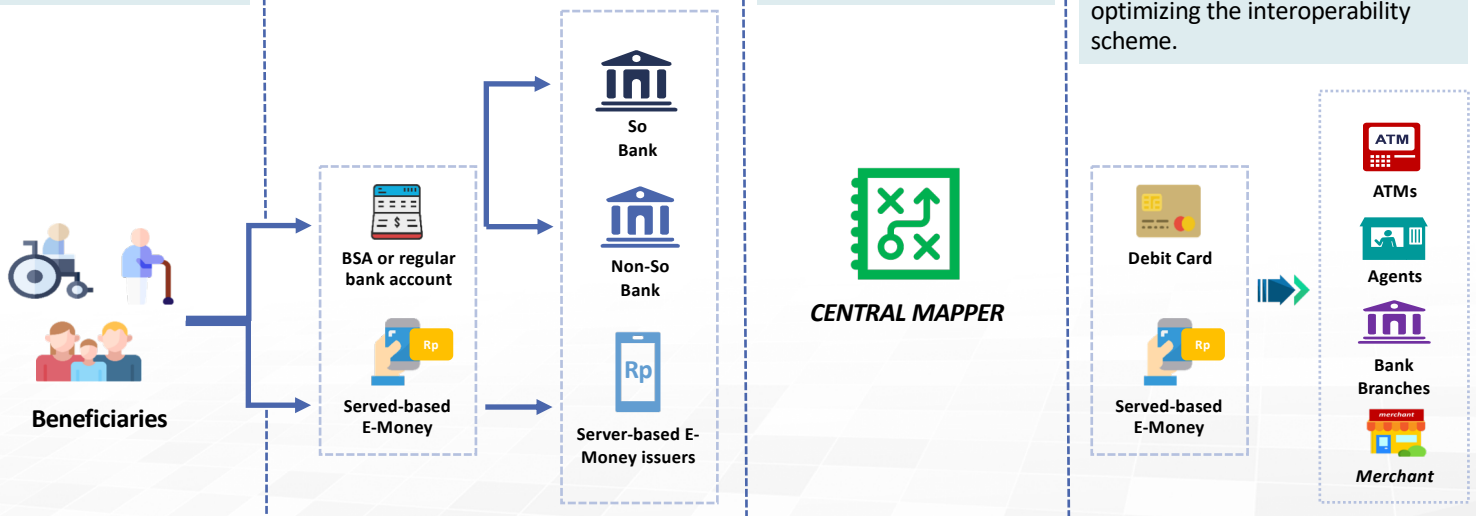
Expand the choices of account and Payment System Providers (PSPs)

Decentralized account opening

Introduce the function of *Central Mapper* to make the distribution of benefits becomes more effective and well targeted.

Expand the choices of payment instrument

Expand the options of access points to utilize the benefits by optimizing the interoperability scheme.





# Social Economic Data Registry in Indonesia and G2P 4.0 in Indonesia

Socio-Economic Registry covering 78 Million Households

## 1 Data Updating

- On demand
- interoperability
- Data collecting

MoHA MoV

Local government data coordination and updating

Data updating and QA-QC modules

Statistics Indonesia

## 2 Quality Assurance

Statistics Indonesia



One data Indonesia



Personal data protection

## 3 Data Utilization

Kementerian PPN/Bappenas

- Planning and budgeting
- Monitoring and evaluation



Kementerian/Lembaga/ Daerah

- Program criteria;
- Program targeting;
- monitoring.

## 4 Central Mapper

KEMENKEU MoF

Payment System

Transferring to beneficiaries



Beneficiaries

Data Updating



## Lessons for Consideration



Digitalization is an empowerment:  
literacy and power of choices.



Put beneficiaries at the  
center: accessibility,



Leverage and connect existing  
infrastructures as much as possible



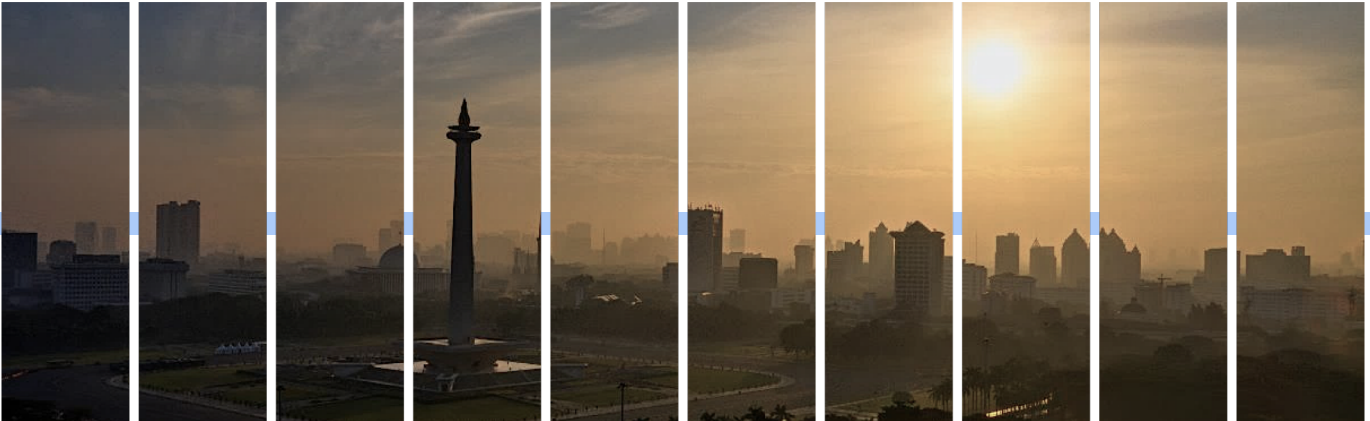
gradual short-term reform to  
reach the long-term goal





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# THANK YOU





## Current status of the G2P Payments intervention

### Fund Transfer Allocation



- Budget process and disbursement.
- Line Ministries, Bappenas, MoF, The House of Representative.

### Administration of the Program



Registration and ensuring eligibility of recipients.

### Distribution or Payment Process



- Distribution or payment process
- Line Ministries, MOF, Central Bank.



## Challenges

### Support & Infrastructures

- Urban/rural divide in digital infrastructure especially outside the Java islands.
- Fragmentation of program payment in various ministries.
- Limited use of shared infrastructure that links the beneficiary's unique national ID with program IDs and bank account number.

### Payment Technology

- Regulated payment instruments are still limited to card and cash based.
- Heavy reliance on the use of ATM and EDC to conduct transactions.
- The current PIN-based authorization poses problems for recipients with low literacy level.

### Distribution Channels

- Limited interoperability and uneven distribution of access points (ATM and appointed G2P agents).
- Low number of active & economically sustainable agents.
- Low level of liquidity and food variants at agents.

#### For Payment Service Providers

- Direct and regional-based appointment in PSPs procurement system and is limited to SOEs Bank and Postal Office.
- Difficulties in performing standard KYC procedures for benefit recipients, rendering an accurate and compliant onboarding process difficult to achieve.
- Incentive system is yet to be developed, affecting PSP's quality of services delivery.

01

#### For Beneficiaries

- Gaps in cellphone ownership among G2P beneficiaries.
- Low financial literacy and low level of awareness on security issues.
- Beneficiaries have limited/no options to select the PSPs and instruments as well as to access a wider range of access points for their convenience and cost savings..

02



## Current status of the G2P Payments intervention (2)

Based on the invoice submitted by the Line Ministries Spending Unit, in term of cash, there are two main mechanism of payments of distributions to the person/recipient (either a group of recipient or individual recipient).

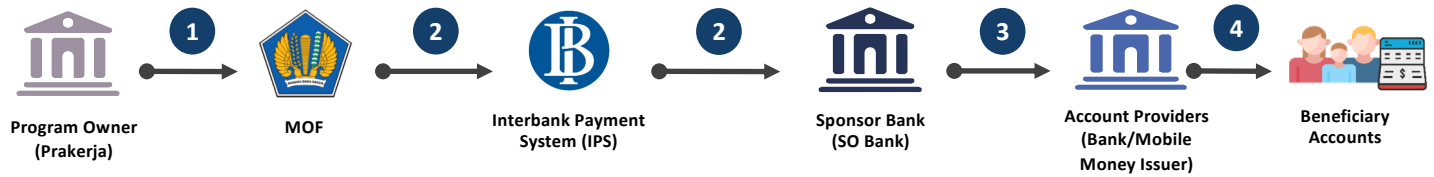


- Payment from Treasury (MoF) through a channeling bank that enter into a contract service with Line Ministries.
- The Channeling Bank will further transfer to recipient account and accountable with report to the Line Ministries.

Payment from Treasury (MoF) that incurs transfer directly from the State's Bank Account (*Rekening Kas Umum Negara/RKUN*) to the recipient's bank account (a group or individual).



## Flow of Funds | PRAKERJA



1.  
Program Owner instructs  
MOF to release funds to  
Prakerja Sponsor Bank.

2.  
MoF instructs BI to release funds to  
Prakerja Sponsor Bank.

3.  
The Sponsor Bank processes fund  
transfer to Account Providers of the  
Beneficiaries.

4.  
The Account Provider  
disburse the fund to  
Beneficiary Account.



## G2P Reform as a Solution..



Focus of the new architecture: beneficiary choice & interoperable system.

### Pre-requisites



#### Connectivity

Electricity and telecommunication signal.



#### ID coverage

NIK for accurate account opening.



#### Provider competition

Fair incentives to draw in multiple providers.



#### Beneficiary rights

Facilitation, education, and grievance mechanism.



#### Offline alternative

Alternatives for customers in regions with limited signal.