



# A neo-institutional analysis of social protection: Insights from Indonesia

Global Social Policy

2023, Vol. 23(2) 268–285

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DOI: 10.1177/14680181221144559

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## Abstract

Inaccurate distribution is one of the major problems of social protection programs in developing countries. Program implementation experiences difficulties at the local level, especially during the COVID-19 pandemic. This research aims to explain the institution of social protection programs in Indonesia and identify the deficiencies and ways to improve it in other developing countries. It analogically describes the institution as a phenomenon of ‘square peg for round hole’ to represent the mismatch between the state program design with local social constraints and the cultural-cognitive of the implementers. The result showed that complementing decentralization to the existing institution can overcome the problems. This study helped fill the void in understanding the crisis, which led to changing the implementation, thereby paving a way to revise the macro policy and improve the institution.

## Keywords

Neo-institutionalism approach, poverty analysis, social protection

## Introduction

Social protection programs have been broadly implemented in developing countries for the past few decades. These include social insurance, labor market intervention, and cash and in-kind transfer to help the beneficiaries. The design varies depending on the countries’ political objectives, socio-economic conditions, and fiscal capacity. They reduce the negative impacts of monetary crisis (Hossain et al., 2012), natural disasters (Akerkar et al., 2016; Rai and Smucker, 2016), and pandemics (Abdoul-Azize and El Gamil, 2021; Gerard et al., 2020; Tirivayi et al., 2020) and are also expected to alleviate poverty (Holmemo et al., 2020; Skoufias et al., 2010). The programs aim to provide a decent living for the population and overcome the problems of vulnerability and inequality.

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The governments in many developing countries face difficult situations due to a lack of budget. They cannot always provide universal coverage and prefer to ration the benefits. Two main issues hamper the program's effectiveness, namely the ability to determine whether the less privileged are officially listed and whether they benefited from the entire initiative (Cook and Pincus, 2014; Gabel, 2012; Ramesh, 2014). The majority cannot provide flexible targeting and timely provision after certain shocks (Schwan and Yu, 2018). During the COVID-19 pandemic, their capacity to target the people was limited due to misinformation and administrative constraints (Razavi et al., 2020). In addition, many programs were unable to handle the circumstance (Gerard et al., 2020; Razavi et al., 2020; Sparrow et al., 2020).

Most studies tend to focus on the macro level, managerial aspects, and mathematical analysis to improve these programs. The distribution problem is expected to be resolved, assuming the government can make administrative improvements. Some of them recommended a new formula to represent a more comprehensive poverty profile (Artha and Dartanto, 2018; Sumarto et al., 2007), utilization of integrated data of the beneficiaries (Barca, 2017), revision of the implementer's remuneration system (McLaren et al., 2020), and the combination of a self-targeting method to improve accuracy (Alatas et al., 2016). Various efforts have been conducted, yet they cannot solve the problems of distribution entirely. Many eligible people are excluded from these programs in developing countries for multiple and complex reasons (Cook and Pincus, 2014; Gabel, 2012; Kidd, 2017; Ramesh, 2014).

The continued problems of implementation show that they are deeply imbedded in the political, social, and cultural contexts. It was further argued that the programs are not implemented in a vacuum but framed by various formal and informal rules within the community. The challenge is that, in many developing countries, regulations and norms are often incompatible. In such situations, the implementers tend to deviate from these policies based on personal preferences. Specific patterns of deviation are a response to the existing rules and norms, and this is in order to ensure that these programs fulfill the logic of appropriateness. Policy improvement, therefore, requires a comprehensive understanding of the designed program and a structured mapping of the implementation contexts. The rooted problems are dismantled from a broader perspective of cultural rules, norms, and beliefs, as constraining and enabling factors on the behavior of policy implementers.

This study adopted the neo-institutionalism approach to analyze the macro-micro connection of institutions, or more specifically, the interaction among rules, norms, and perceptions that led to the current issues associated with its implementation. A practical contribution was recommended by further formulating the institutional structure deemed able to solve distribution problems in developing countries. The case of Indonesia is highly relevant for developing countries, as it progressively expands social programs. For instance, before the 1998 monetary crisis in Indonesia, virtually all struggling households did not benefit from these initiatives. Presently, food, scholarship, insurance, and cash are being distributed. There was a hike in its expenditure from virtually nothing in the 1990s, to 15% of the state budget in 2020 (Ministry of Finance, 2021). The design is repeatedly changed to minimize leakage, although it does not entirely resolve the root cause of these problems. The government still cannot prevent inclusion and exclusion

errors (McCarthy and Sumarto, 2018) due to weak management and problematic criteria of deservingness.

The first objective of this study is to explain the institution of social protection programs in Indonesia by mapping its design and the predominantly framed implementation. The program design and deficiencies were reviewed to better understand the relationship between various institutional elements. The second objective is to identify ways to improve the institution, which is also expected to be applicable in other developing countries with similar experiences. This is realized by observing certain implementations related to handling economic shock during the COVID pandemic in 2020. The pandemic provides opportunities for new initiatives that were never thought of initially; besides, it is perceived as a critical juncture for institutional change. Based on the local context, certain innovations to formulate macro-level recommendations and to build an upward theoretical discussion were identified and used to improve these programs in Indonesia and other developing countries.

## **Neo-institutionalism approach for social protection programs**

Institution means societal rules and humanly devised constraints that shape the political, economic, and social interactions (North, 1991). This can be formal, namely regulations, or informal, such as norms, values, and habits of appropriateness; hence, both are important as the reference behavior. Scott (2010) stated that an institution is built from three pillars: regulative, normative, and cultural-cognitive. The regulative pillar includes state-formalized rules with their capacity to enforce rewards and punishments. Meanwhile, normative refers to prescriptive and evaluative obligations to social life based on the conception of good or bad. The cultural-cognitive pillar is an interpretative process by individuals based on culture, which provides the bedrock for normative prescriptions and regulatory controls.

This study focuses on the interaction among the institutional pillars in agreeing on who, among the community members, deserves a program. Conceptually, deservingness refers to the ways to distinguish individuals, who are entitled to aid, from the rest of the society (Van Oorschot, 2000). It is ideally measured based on income level; however, this information is not available in most developing nations. Either the government or the community is interested in a specific scheme of deservingness. The applied criteria of deservingness heavily depend on the country's political economy and capacity to finance the program.

Communities often expect universalism and maximized coverage of social programs, also citing morality and social justice about people's rights and obligations. Five criteria are used to evaluate the level of deservingness: Control, Need, Identity, Attitude, and Reciprocity (Van Oorschot, 2000). The level of a person's deservingness is deemed to increase along with his inability to control the needs, the level of the needs, the closeness of his identity to 'us', behavioral compliance, and willingness to contribute to society. The identity in question can be, among others, the place of residence or kinship relations, while the attitude includes behavior standards of compliance or kindness. Different emphases on the criteria depend on socio-economic factors, opinions, perceptions toward

social securities, values, and attitudes. Support from citizens for the programs is significantly influenced by their acceptance of the criteria of deservingness, besides demographic characteristics and political identification (Kallio and Kouvo, 2015; Van Oorschot, 2000).

The governments in developing countries prefer simplified criteria suitable for planning, calculation, and financing. Many countries minimize administrative costs and maintain time efficiency for collecting information by applying a Proxy Means Testing (PMT) method (Barca, 2017). PMT refers to information about household characteristics that correlate with welfare levels in a formal algorithm to estimate their income. Enumerators use demographic profiles and asset ownership to calculate the welfare index. Only those with the minimum score are eligible for the programs. However, various levels of agencies often have different preferences, respectively. Kallio and Kouvo (2015) find that field agencies may not share a similar understanding when talking about the programs, deservingness, and the most effective way for distribution. Local circumstances are characterized by high informality, limited fiscal space, institutional fragmentation, and competing priorities.

Making clear the measurement of deservingness is vital for program effectiveness; hence, it must be agreed upon by all actors and levels of administration. Institutionally, this will operate from the macro level, such as the state, to the micro level, namely individuals and communities. Effective implementation requires an acceptable regulative pillar to select the beneficiaries. It comprises the state-formalized rules that define the eligibility criteria, ways to select beneficiaries, and bureaucratic structures. It also constitutes the macro-level institution of social protection itself. The normative pillar includes traditions and norms of a community, especially those related to the system to protect it from shock and share risks, resources, and benefits. Finally, the cultural-cognitive pillar is formed by the understanding of the power holders at the local level in terms of interpreting the regulation and norms. This results in a specific pattern of action that constructs the micro-level institution.

At the macro level, many social programs are launched in developing countries after implementing democratization and electoral competition. The programs are always formulated based on political reasons (Aspinall, 2014; Cronert and Hadenius, 2021). They are designed to target every eligible household; unfortunately, the problems associated with the distribution process usually emerge during the implementation. The limited bureaucratic capacity causes these programs to suffer from weak administration (Barca, 2017; McLaren et al., 2020), transparency, and quality service (Aspinall, 2014). Preliminary studies stated that the capacity to acquire information to identify eligible households is a prerequisite for accurate distribution. Based on reports from 56 programs in eight Latin America and Caribbean countries, Skoufias et al. (2010) stated that the appropriate establishment of deservingness criteria increases targeting effectiveness. It was suggested that geographic targeting be combined with an individual assessment. Household information can be improved through an integrated system managed by an autonomous agency authorized to coordinate stakeholders (Barca, 2017).

At the micro level, certain regulations and norms often collide, thereby creating institutional conflicts. For instance, social protection in developing countries also comes from informal arrangements within the community. The introduction of state programs

encounters micro-politics that blur the distinction between legal and extra-legal means of accessing aid (Rai and Smucker, 2016). The combination of state programs and informal schemes creates a dilemma in selecting which principle of distribution is being applied, as it is found in Indonesia (Sumarto, 2017) and India (Akerkar et al., 2016; Rai and Smucker, 2016). The power holders at the local level are the main actors trying to resolve these issues. According to Leftwich (2010), their actions are guided by the desire to maintain the status *quo*. This shifts from the expected ideal situation to its adjustment by local actors. Intersubjective norms and collective identity guide them to handle the circumstances. For this to be effective, local officers need to be empowered. Involvement of the poor also improves social inclusion (Cherayi and Jose, 2016) and access to information and transparency, which are important for targeting efficiency (Shankar et al., 2011).

An effort to change an institution involves endogen and exogen attributes. Endogen factors include innovations emerging and diffusing within the structure (DellaPosta et al., 2017), shaped by experimentation and entrepreneurship (Furnari, 2016). Exogen factors are shocks and crises (Furnari, 2016). Institutional change often requires a critical juncture or point where a crisis occurs, and the decision to adopt a new system is made without any opportunity to turn away (Mahoney and Thelen, 2009). Irrespective of where it emanates from, the change needs to be legalized by the state for survival.

## The existing institution of social protection in Indonesia

### *Programs and distribution mechanism*

In Indonesia, social protection originated from the safety net programs during the 1998 monetary crisis, when the government implemented open market operations, scholarships, nutritional supplements, health insurance, and labor-intensive projects. Interestingly, some were modified and continued thereafter. Various momentums were favorable to the expansion. Direct election of the president and local government heads led to an increased number of these programs (Aspinall, 2014; Wardhana, 2021). Fiscal capacity to finance these initiatives was getting higher after the government reduced the subsidy of fuel prices in 2005, 2008, and 2015.

Social programs are essentially a development strategy mandated by Law 40/2004 on the System of National Social Insurance, Law 11/2009 on Social Welfare, and Law 13/2011 on the Handling of the Poor. Initially, assistance and cash were directly given to the beneficiary, but recently it was changed to bank transfers and vouchers. Presently, there are varieties of programs with benefits and delivery systems (Holmemo et al., 2020; TNP2K, 2018):

1. Health insurance, which originated from the *Askeskin* program in 2005, was changed to *Jamkesmas* in 2008 and National Health Insurance in 2014. It provides the beneficiaries with a card for free medication.
2. Food program, which originated from the *Raskin* scheme in 1999, distributed 15 kg of rice to the beneficiaries every month. In 2017, it was transformed into the Cashless Food Program (*Bantuan Pangan Non-Tunai* [BPNT]), distributing vouchers in exchange for stuff at specific shops.

3. Scholarship, which originated from *Bantuan Siswa Miskin* in 2008, was changed to *Program Indonesia Pintar* in 2014. It transferred approximately IDR 450,000–IDR 1,000,000 per year into the bank accounts of the less privileged students.
4. Conditional Cash Transfer originated from *Program Keluarga Harapan* in 2007. Funds were transferred into the bank accounts of poor households with pregnant women, children under 5 years, pupils, the elderly, and the disabled. It is aimed at increasing access to education and health services.
5. Unconditional Cash Transfer, which originated from *Bantuan Langsung Tunai*, was implemented to help the less privileged deal with the withdrawal of fuel subsidies in 2005, 2008, and 2013. It was re-implemented in 2020 during the pandemic by transferring cash through the post office.

### **Beneficiary selection**

On paper, these programs are targeted at the poor, whose standard of living is below the national poverty line at US\$ 2.20 Purchasing Power Parity (PPP) per day, and the vulnerable, living between US\$2.20 and US\$3.30 PPP per day (Holmemo et al., 2020). In 2005, an enumeration for the detailed information of households was carried out and periodically repeated in 2008, 2011, and 2015. Enumerators supposedly visited the households and observed the conditions of the floor, wall, roof, electricity, clean water, and asset ownership. These indicators were used to create a welfare index for ranking. The formula was revised over time, and recently it was combined with the Geographical Difficulty Index. The result is unified into an Integrated Social Welfare Data (*Data Terpadu Kesejahteraan Sosial* [DTKS]) containing the name, address, and demographic information of 40% of the population with the lowest status (TNP2K, 2015). Some of this information is accessible online on the government homepage (<https://dtks.kemensos.go.id/> and <https://cekbanksos.kemensos.go.id/>).

The DTKS standardizes the criteria of deservingness for all programs, irrespective of the fact that it is not free from weaknesses. It was criticized as being unsuitable for the diverse standard of living, including the features of poverty. The DTKS is also criticized for obtaining invalid data due to problematic enumeration processes. The enumerators do not always visit these households, but they fill the questionnaires based on estimation (Sutiyo et al., 2018). The process does not mandate the local governments to verify the data, which then undermines its legitimacy in the eyes of the community. Neither local officers nor community members tend to understand how their rank was calculated. There is no clear answer to the question of why poor households are not considered recipients while the rich are listed.

### **Administrative constraints**

The programs are managed by various administrative agencies. Health insurance and scholarship are handled by the Ministry of Health and Ministry of Education, respectively. Meanwhile, the Ministry of Social Affairs is responsible for food programs and cash transfers. The statistical agency is responsible for collecting household data every 3 years. The Ministry of Social Affairs creates a welfare index and unifies it into the DTKS

as a list of program beneficiaries (TNP2K, 2018). Local governments are less involved in the beneficiary selection but are responsible for annually updating the household data and submitting to the Ministry of Social Affairs. The delivery of the programs involves various street-level offices. Cash is transferred through banks and post offices, while vouchers for food are exchanged in specific shops. Multiple agencies in the province or district supervise the implementation.

The complex administrative framework leads to issues relating to coordination. The Ministry of Social Affairs mandated that local governments update household data every year but cannot monitor the process because only the Ministry of Home Affairs is authorized to supervise them. In 2019, a report by the Ministry of Social Affairs stated that 12% of the local governments failed to update the data. Even when the street-level offices updated their beneficiary data, these changes were not fed into the national system (Barca, 2017). Consequently, the DTKS does not contain the most recent information.

Efforts to improve coordination are made by establishing an ad hoc team. At the central level, The National Team of Poverty Reduction Acceleration is established, comprising various ministries led by the vice president. Meanwhile, a local team is established at the district level, led by the vice district head, to coordinate various indigenous agencies. The national team can still not consolidate the programs spread across ministries due to the reluctance of some officers to lose power (Sumarto, 2017). Similarly, the local team cannot solve the coordination problems rooted in the egoism of government agencies, a weak understanding of the operational functions, and leadership within the team itself (TNP2K, 2014). A lack of knowledge among government bodies hampers institutional effectiveness (Barca, 2017).

### **Social constraints**

Indonesia is a very diverse country, with 350 ethnic groups spread throughout archipelagoes. Despite the varying norms and cultures, a common value of social cohesion exists. There are traditions of consensual decision-making (*musyawarah*) and mutual help (*gotong-royong*) throughout localities. According to Koopman (2021), the traditions already existed since the pre-colonial period and are now the key cultural concepts in Indonesian society life. In rural Java, community life is guided by moral principles of cohesiveness: close interaction, low conflict, strong cooperation, and high solidarity (Sutiyo et al., 2018). Findings from other localities in South Sumatra, South Kalimantan, East Java, Yogyakarta (Yuda et al., 2021), and Lombok (Koopman, 2021) present various cases of solidarity and togetherness within the community. They become the basis of resource mobilization and participation in various activities, such as teamwork in building public facilities (Sutiyo et al., 2020), scheduling neighborhood night patrol, helping one another in sickness, death, and during house renovation (Sumarto, 2017).

Traditions of mutual help and cohesiveness become a moral principle. Free riders are sanctioned by being gossiped about, which discourages people from violating the laws. Helping one another is also a social investment, where the doer expects similar treatment when in the same situation (Sutiyo et al., 2018). It provides informal social protection, which is more timely, responsive, and easy to access than the state programs. Various

supports such as credit, food, and jobs come from relatives, neighbors, and local organizations during the crises (Hossain et al., 2012).

The cohesiveness, solidarity, and reciprocity inherited from the past provide a social constraint when communities are introduced to social programs by the state. The government's assistance is considered the rights of all, especially those already performing citizenry obligations. That it was given only to the listed beneficiaries was difficult to accept because the villagers believe that they collectively encountered a similar crisis. Besides, the difference between the poor and the middle-class does not do much in rural areas. Therefore, they feel entitled to the programs. There is usually a conflict between an informal provision of social protection and state programs, and they tend to harm each other (Sumarto, 2017). The collaborative behavior and cohesiveness of villagers are weakened by the distribution of the state programs, and vice versa.

### *The adjustment in the field*

The accumulated administrative problems and social constraints culminated during the program delivery. Complaints were mainly directed to the food and cash programs. There were cases of community discontent, especially the cash transfer programs executed after the withdrawal of fuel subsidies in 2005 and 2008 (Hossain et al., 2012). Local authorities reported that the programs harm the tradition of self-help, thereby inducing laziness and dependency of the poor on charities, although preliminary studies have presented no evidence (Al Izzati, 2020; Banerjee et al., 2017).

The distribution activities of these programs are assisted by the village government, which is the lowest administration that has daily interactions with the people. In this locality, the state regulatory pillars encounter existing administrative challenges and social constraints. The situation is interpreted by the local officers based on their cultural-cognitive ways. Widespread protests relating to cash transfers made in 2005 and 2008 placed them as the first to deal with, and this bad experience was memorable for a long period.

Village leaders are traditionally responsible for all aspects of government and welfare. He is the most influential actor in public decision-making, resource distribution, and informal conflict resolution within the community. The leaders are morally obligated to give fair treatment, to ensure everyone is benefited, and to act based on consensus (Sutiyo and Maharjan, 2014). The programs are perceived as a burden because certain responsibilities are imposed upon them without the provision of adequate resources and manpower, thereby leading to management discontent (Hossain et al., 2012). The limited acquisition of data collection portrayed the DTKS as invalid, and communication bottlenecks to the higher administration made various adjustments unavoidably. Based on their understanding, the officers maintained cohesiveness by employing multiple approaches, such as ensuring the unregistered, less privileged, or even all villagers benefited (Hossain et al., 2012; Sutiyo et al., 2018), especially in villages that participated in the protests.

Food programs are the most affected by the practice of equal distribution. In 2009, TNP2K (2014) disclosed that bags of rice were shared evenly among more prosperous groups and relatively 12.5% of the most well-off. Reports from various localities present

that the rice was exactly distributed in West Sumatra, shared equally in East Java, and alternated to 4–10 kg in Southeast Sulawesi (TNP2K, 2014). Sutiyo et al. (2018) carried out research in 18 villages in Central Java and reported that only 10% of the poor received the stipulated amount of 15 kg, while the majority received only half. The program was nationally targeted at 22% of the population in 2018, yet it was received by 35% (Kusumawati and Kudo, 2019).

The above practices are agreed upon by the village council to prevent social unrest. Surprisingly, when the chief officers in the district knew about it, sanctions were rarely applied. Leaks were tolerated as long as it was perceived as a solution to the invalid beneficiary list or as the best way to maintain harmony. Local officers acknowledged it was unavoidable and did not engage in deliberate manipulation. At the same time, the cohesivity and solidarity of the community motivate the poor to accept a reduced amount of funds while expecting not to lose help and care from their neighbors (Sutiyo et al., 2018; TNP2K, 2014).

The cash transfer also suffered from similar problems. In 2005/2006, it was estimated that 10% of the beneficiaries' money was reduced, and in 2008/2009, the number increased to 40% (TNP2K, 2014). There were no reports on reducing benefits in social insurance and scholarship programs. This is because insurance does not involve cash transfer, while the benefits of scholarships are directly transferred to the students.

## **Paving the ways to improve the institution**

### *Research method*

This section is centered on the dynamic interaction between various rules and actors in program implementation during the pandemic crisis to form new institutional stability in the field. The study site is the village of Kedarpan, in Purbalingga District, Central Java Province. Javanese society was selected as the largest ethnic in Indonesia. The district and the village represent the areas with high incidences of poverty. Observation of the process of program distribution, semi-structured interviews with community and local officers, and documentary reviews of the DTKS and government reports were carried out to gain comprehensive data. Fieldwork was intensively carried out in July 2020, a period when various assistants were offered to the households. Information about community protests and program deviations was continuously monitored till the end of 2021 through local news. This study uses a qualitative technique of data analysis.

### *Description of the study site*

The site has an area of 6 km<sup>2</sup> with 519 households.<sup>1</sup> Most of the residents are landless farmers with landholding less than 0.5 Ha. They cannot rely on the income from farming, thus also breeding chickens and goats, or becoming petty traders and masons. When asked to mention the most secured job, many villagers cited civil servants, army, and police because they earned proper wages and were financially secure. Furthermore, consuming foods did not necessarily mean buying from the market because some were harvested from the garden. Identifying the poor based on income or expenditure was

challenging because of these informal economies. For the residents, there was no ‘rich’ or ‘poor’, but only ‘enough’ and ‘not enough’ in the village.<sup>2</sup>

The governance of the study site relied on informality and close interaction. Cohesiveness, such as visiting and donating money to the sick, and helping out with the repairs of neighbor’s houses, was evident. Many public facilities were built from labor and cash contributions. Various gathering events, such as weekly prayers in the mosque and monthly meetings of diverse farmers’ groups, existed.

The economic impact of the pandemic was identifiable in the study site after the government implemented large-scale social restrictions in April 2020. Traders lacked buyers, broiler breeders suffered from declining prices, while migrants returned from the city after losing their jobs. Even in the second quarter of 2021, people were still under pressure. Six people died suspected of being due to COVID, dozens more were quarantined at home, while some neighborhoods were isolated for 2 weeks. This locality is a reflection of the national condition where the gross domestic product (GDP) contracted by  $-2.07\%$ , and 2.76 million people became the new poor in 2020 (BPS, 2021). In this economic uncertainty, the interviewed villagers highlighted the importance of cash and food assistance.<sup>3</sup>

### *Dynamics of program implementation during the COVID pandemic*

There are three programs from the central government to help the community deal with the pandemic: Conditional Cash Transfer (PKH), Cashless Food Program (BPNT), and Unconditional Cash Transfer (BST). The beneficiaries were selected from the DTKS. They directly withdrew the money from post offices and banks located 3 km from the village.<sup>4</sup> This method prevented any form of leakage or unilateral reduction by local officers. Food vouchers were exchanged in specific shops owned by village enterprises. By regulation, the beneficiary had the rights to select foodstuffs as long as they are not on the prohibited list. In fact, it was unilaterally chosen and packed by local officers to prevent exchange with prohibited items, thereby making the procurement easier.<sup>5</sup> The beneficiaries did not complain and were even unaware of the fact that they had the rights to choose.<sup>6</sup>

Before the pandemics, 331 households in the study site were listed in the DTKS. Afterward, the central government increased the number of those listed in the DTKS to 351 households. The DTKS’ inaccuracy relating to the recent condition of the households was detected. Some villagers whose names were not on the list questioned the village chief’s competence by sending messages and negatively commenting on social media. The tension was high, but the chief did not know how to update the DTKS. They reported to the sub-district head, who only requested to hope for the best because the list was only replaceable by the Ministry of Social Affairs. They could only explain to the community that they had no authority and that beneficiaries were directly selected by the central government.<sup>7</sup> Up to December 2020, the DTKS was not revised.

Relying only on the central government programs and the DTKS, many households were not covered by social protection. At the same time, the tradition to help each other did not work after the crisis persistently occurred for a long period. It was because all households had similar difficulties and limited ability to help the other. Fortunately, a

couple of weeks later, the province and district governments initiated a food assistance program. Village governments were also instructed to implement local cash transfer from their budget. These resulted in the availability of three others to complement those of the central government, which were food programs from the province and the district government, and unconditional cash transfer from the village government.

Beneficiaries of the local programs were selected based on new enumeration. Food packages were distributed based on simple criteria: those negatively affected by the pandemic but are yet to receive aid. Each package contained 10 kg of rice, 2 L of cooking oil, 1 kg of eggs, soy sauce, noodles, and sardines. Some were incompatible with the recipient's needs and diet<sup>8</sup> and even expired. Administrative procedures were not always reliable, and the packages were often delivered late. The government claimed that it was worth IDR 200,000 (Dinkominfo, 2020a), but no guarantee that the received package was equivalent to the set value.

Cash transfer was perceived as the safety belt; this simply means it was targeted at those not covered by the other programs. Village officers had the freedom to formulate the criteria of deservingness to rapidly collect data. A public meeting was held to transparently select the beneficiaries. It was fair enough, excluding the emotional nuances related to attitude and reciprocity.<sup>9</sup> It was also helpful to minimize miss-targeting and to ensure the village officers were not blamed for errors. It helped to maintain social stability after the complaints laid against the DTKS-based programs. Cash was directly given in the village office, and there was no case of embezzlement or reduction.

The majority of the informants were satisfied with the local enumeration. It complemented the DTKS whose revision system was unreliable due to rapid shock. Cash was favorable, but bank transfer was acceptable. The programs with already-procured staff were criticized in terms of quality and quantity. Food programs were supposed to be locally procured to increase quality, compatibility, and impact on the local economy.<sup>10</sup>

Various factors support the success of the village cash transfer. First, the criteria of deservingness were flexible and locally made. There was also some sort of guidance, in which circular letters and implemented regulations were quickly issued by higher authorities (Regulation of the Ministry of Village No. 6/2020). Second, communities had been habituated to participatory decision-making. Various structures, such as the council bodies, youth groups, and neighborhood heads, enabled local collaboration. Third, the resources to finance the local programs were made available, as every village receives annual grants from the central and the district government.

The collaboration dynamics within the village were inversely proportional to that of the district level. There, a local team comprising various agencies was established and was responsible for making plans, updating, and handling complaints (Local Regulation of Purbalingga District Head No. 050-171-2020). Without the authorization to revise the DTKS, the team was not working optimally. Its exclusivity, which was because most of its members were high-placed officers, made it unable to be flexibly involved in the field. During the fieldwork, various programs were implemented simultaneously, each involving different methods and organizations: bank, post offices, and village government. The implementation relied only on the roles of the Social Agency, sub-district heads, and village officers.<sup>11</sup> They collaborated more with various volunteer groups. The district head publicly stated that the assistance offered was supported by the volunteer

groups comprising 18 social workers, 178 facilitators, and 40 youth group members (Dinkominfo, 2020b).

## **Discussion**

### *Phenomena of a Square Peg for Round Hole*

In Indonesia, the rapid establishment of macro-level institutions is challenged by micro-level execution. Administratively, the centralized mechanism and weak coordination led to the formal governance of the programs unexecuted in the field. Economically, it is difficult to precisely differentiate the poor from the community based on income level. The process of government enumeration is imperfectly conducted and results in inaccurate data of beneficiaries. Such conditions are complicated by the social challenges coming from the locally understood meaning of distributive justice, that every citizen has equal rights to the programs, and that all are similarly facing difficulties during the crisis. For local officers, their priority is to maintain harmony and cohesivity and to prevent protests from community members.

Most existing studies reported that leakage is a problem related to program design (Barca, 2017; Sumarto et al., 2007; Yuda et al., 2021) and its implementation (Hossain et al., 2012; McLaren et al., 2020). Neo-institutional framework applied here additionally provides a broader view by presenting an understanding beyond the technical and managerial issues of the programs and also the linkage between various elements leading to the current problem. It was the problem of enumeration creating inaccuracy of the beneficiaries, which was then complicated by a misunderstanding of distributive justice framed by cohesivity and cultural cognition of local actors. The reduction of aid, alternate beneficiary, or equal distribution to the non-listed household is the consequence of the problematic criteria of deservingness in the local context. Based on the perspective of local actors, it is also an alternative to deal with the problems entailed by the program, to make the program accepted by the community. The practice existed for a long time and was preferred by the local actors because it contributes to social stability. They regarded it as a solution to the conflicting relationship between the formal program and the informal provision of social protection, which according to Sumarto (2017) are harmful to each other.

The mismatch between macro and micro institutions can analogically be described as a 'Square Peg for Round Hole' phenomenon. The peg is the regulative pillar, which is the design of programs made by the state: criteria of deservingness, beneficiary selection, and coordination pattern among government bodies. The hole is the normative and cultural-cognitive pillars: tradition and social constraints, and the attitude of local authorities toward the programs. The peg does not fit the hole, leaving space for various implementation problems. The space was then filled by various measures employed by the local actors guided by the desire to maintain the status quo: preventing protest and conflict from those unlisted in the program, and maintaining community cohesiveness and social harmony.

### *Decentralization as a complement*

The case of Kedarpan village presents a way to solve the problem of Square Peg for Round Hole, which may provide valuable insight into the national context. During the pandemic,

decentralization was used to solve the problems created by the central government programs. Local enumeration and decentralized programs have been a safety belt for the central government's weaknesses in delivering social programs. They tend to aid those whose names were omitted by the central government. Decentralization also enables rapid response, flexible movement, and adaptability of various innovations. It provides a space for participation through public consultation and deliberative meetings. Decentralization is impactful not only in beneficiary selection but also in procurements of assistance as long as local shops can provide the needed goods. Local procurement tends to be compatible with indigenous needs, while community and village officers control both its quality and quantity.

It is important to note that decentralization does not function to alternate the existing design of social protection but to complement the system. Cash transfer from the village does not replace those from the central ministries. Meanwhile, local enumeration does not substitute the welfare index created by the central government and the utilization of national unified poverty data. Rather, it covers various problems that were unresolved by the centralized system. Combining central programs design with decentralization provides the flexibility as a continuum between two sides: one pole is the very minimal role of community in the Proxy Means Testing system, and the other pole is the very flexible and intensive role of community in the local targeting system.

The biggest challenges of the government in developing countries now involve the establishment of acceptable criteria of deservingness, precise enumeration, accurate distribution, and rapid response to help the people. The utilization of decentralization to complement macro institution is expected to be more reliable in terms of rapidly handling crises than state programs and informal provision of social protection by the community. Because it is formalized by the state, decentralization provides a stronger legal base for the local authorities to initiate various programs and formulate local criteria of deservingness. More importantly, the local authorities will not see the central government programs as a burden because they are given the power and resources to tackle these imperfections.

Findings obtained from the study site also reported that for decentralization to be effective, certain conditions need to be implemented. First, there should be a clear arrangement of tasks among various levels of government. The larger portion of financing and distribution is the responsibility of the central government. The lowest administration complements it and helps the eligible that are excluded from the central enumeration. Placing the local government as the safeguard enables a rapid response to the problems associated with central programs. Second, its fiscal capacity needs to be increased to supplement the central programs. Intergovernmental financial transfers should be structured in a way that allows local administration to finance local initiatives. Third, there has to be good local governance to facilitate participation, transparency, and fairness. This enables collaboration with non-government stakeholders, thereby overcoming the weaknesses of government teams.

## **Conclusion and recommendation**

The Indonesian government has implemented and expanded social protection in a relatively short period. The design has evolved, with the recent one being underpinned by a cashless and voucher distribution system, and the beneficiaries centrally selected based on

a welfare index created from Proxy Means Testing combined with the Geographical Difficulty Index. It consolidates the implementation structure to improve coordination among multi-agencies and diverse administration levels. Yet, the effectiveness of these designs is disputed by the administrative practices, community tradition, and various socio-economic and cultural factors. The consolidated structure still cannot resolve the issues of coordination, in which various agencies are trapped by sectoral ego, miss-communication, and lack of integrity in handling the deficiencies at the grassroots level. It cannot rapidly and accurately respond to large economic shocks. Moreover, the program is challenged by the locally embedded meaning of distributive justice. The entire mismatch between design and implementation context is explained as the 'Square Peg for Round Hole' phenomenon. The state regulative pillar is disputed by those of the normative and cultural-cognitive. Local actors unilaterally deviate from this design, guided by the desire to maintain stability and cohesiveness in the community and to make 'the peg fit the hole'.

One way to resolve the mismatch between macro and micro institutions is by implementing decentralization that enables local administration to back up the unregistered less privileged and to rapidly respond to shock. This complements the existing macro-level institution and overcomes various problems left behind by the existing state regulative pillars in the implementation field. It provides a continuum between strict government selection of beneficiaries and the community expectation in terms of distributive justice. Indonesia, and the other developing countries having similar problems, needs to consider a decentralization format to supplement the central programs. In the long term, social protection programs need to be more localized by considering social, economic, and political conditions as important factors that affect policy design.

## Acknowledgments

Insightful suggestions from Hasna A. Fadhilah and Adfin R. Baidhowah, both are lecturers in the IPDN, are gratefully acknowledged.

## Funding

The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: The author was received financial support from the IPDN for the fieldwork of this article.

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## Notes

1. Interview with the village head in 22 July 2020.
2. Interpreted from various interviews with villagers in July 2020.
3. Interviews with villagers in July 2020.
4. Interview with the village head in 22 July 2020.
5. Interview with the village head in 22 July 2020.
6. Interviews with villagers in July 2020.
7. Interview with the village head in 22 July 2020.

8. Interviews with villagers in July 2020.
9. Interview with the member of village council in 31 July 2020 and the Sub-District Head in 27 July 2020.
10. Interviews with villagers in July 2020 and the Village Head in 22 July 2020.
11. Interview with the Head of Social Agency in 20 July 2020 and the Sub-District Head in 27 July 2020.

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