



Indonesia rice subsidy program improves children's health

Hundreds of thousands of children in Indonesia are growing taller and heavier thanks to the government's rice subsidy program, which ensures better nutrition despite flaws in the scheme.

The government started RASKIN—rice for the poor—in 1998 to help poor and near-poor families cope with high food prices in the wake of the Asian financial crisis.

Under the program, currently the largest in-kind subsidy scheme in Indonesia, eligible households across the country receive subsidized rice.

Rice is a staple food, and accounts for nearly a quarter of the average monthly expenditure of poor households in Indonesia.

The program is expected to fulfill 39.5% of poor households' rice needs.

Between 2010 and 2013, the program helped 15.5 million to 17.5 million poor households per month, with each household getting about 15 kilograms of rice a month at 75% less than market price.

In 2012, the government allocated 15.7 trillion Indonesian rupiah, or about 1.7 billion US dollars, to subsidize 3.41 million metric tons of rice under the program.

Government spending on RASKIN accounted for about half of the total household-targeted social assistance in 2010.

That year, more than 50% of households reported to have received subsidized rice under the program.

Indonesia is the world's fourth most populous country, with a predominantly young population.

Children below 18 years old account for around 34% of the population.

Nearly 44.3 million, or 56%, of the child population, live in households earning less than \$2 a day, while 17% live below the national poverty line, the minimum income needed for one person to survive each day.

Children are seen to be the primary beneficiaries of food guarantee programs.

Substantial evidence has shown that poverty hinders child development.

The impact is most remarkable for children suffering from poverty in their very early years.

Childhood deprivation has been linked to behavioral problems, poorer health, lower IQ scores, and inferior academic achievement.

Children born in poor households did worse as adults and adolescents than those born in marginally richer households.

But children who benefited from the program became better nourished and healthier, based on their height and weight compared with world standards.

The program has its critics, who say it's inefficient in targeting or identifying beneficiaries and in delivering the rice to households.

Although the program has been found to be marginally pro-poor, some beneficiaries came from households with "average" income, and not all poor households were able to receive the subsidized rice.

On average, the amount of rice received by a household through the program was lower than the eligible amount, and some 26% of households reported not having enough money to buy the subsidized rice.

Another 21% reported subsidized rice was not available at distribution centers, while 26% decided against buying the subsidized rice because it was of inferior quality.

Households eligible for the rice subsidy were selected based on data collected by the National Family Planning Agency, the only data available to identify poor households.

Now, choosing beneficiaries is a multi-stage process and involves different agencies, the first of which is the key policymaking agency Kemenkokesra—the Coordinating Ministry of Public Welfare.

It determines the monthly allotments, coverage, and period of operation.

The information is then communicated to the execution agency Bulog—the Bureau of Logistics, Central Government—which is responsible for delivering rice to various distribution points in the country based on an agreed budget with the Kemenkokesra.

Local governments and the administrative department of the locality then identify eligible households and deliver the rice to them.

While the program's main rules are the same nationwide, implementation, such as decisions on eligibility criteria, distribution system, and the amount charged households for the rice, varies with local governments.

In practice, targeting beneficiaries is unmonitored, and determining eligibility of beneficiaries is discretionary, governed by local authorities.

The program's focus can be improved by fixing the system of screening households, increasing the number of beneficiaries, and making monthly rice allotments proportional to household size.

RASKIN continues to receive political attention, and it may be important for policy makers to have data that measures the actual benefits of the program.

This episode is based on [research](#) done for ADBI by Bihong Huang, an ADBI research fellow, and Prachi Gupta, an ADBI research associate when the work was published.

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