

Executive Summary

Policy Advice for COVID-19 Economic Recovery in Southeast Asia – Impact Assessment of COVID-19 Active Responses and Expenditure Support (CARES) in Indonesia: Kartu Prakerja Case Study

July 2023

Jimmy Tanaya, Klara Esti, Mona L. Usmani, Trisha Devita Indraswari

Centre for Innovation, Policy, and Governance (CIPG)

Kartu Prakerja is a combination of training allowance/voucher and post-training incentive for the workforce. It was launched on 11 April 2020. Kartu Prakerja objective is to improve workforce competencies, increase workforce productivity and competitiveness, and develop entrepreneurship (Presidential Regulation 76/2020, Presidential Regulation 36/2020). Due to COVID-19 pandemic, throughout 2020-2022 all trainings were online, Kartu Prakerja had increased the amount of post-training incentives in order to help maintain people's purchasing power. From 2020 to 2022, Kartu Prakerja worthed IDR 3.55 million, which include IDR 1 million for voucher training, IDR 2.4 million (4 months x IDR 600,000) for post-training incentives, and additional cash incentive for the beneficiaries who completed the evaluation survey (3 surveys x IDR 50,000). The evaluation survey has been carried out by Project Management Office (PMO) of Kartu Prakerja since 2020.

“Impact Assessment of COVID-19 Active Responses and Expenditure Support (CARES) in Indonesia: Kartu Prakerja Case Study” is part of a qualitative impact evaluation study of CARES program in Indonesia, prepared by Centre for Innovation Policy and Governance (CIPG) for the Asian Development Bank (ADB). The specific purposes are (1) to generate insights on the impact assessment of the selected National Economy Recovery (PEN) programs as perceived by the beneficiaries, and (2) to facilitate consideration of improvement to the national economic recovery program, including in the post-pandemic context. In addition, this study also aims to obtain the framework for assessing the impact of the Kartu Prakerja program from the beneficiaries' perspective and to facilitate discussion between ADB, the Government of Indonesia (GoI), and relevant stakeholders regarding the program's impact.

This study employed a mixed-method approach, consisting of desk study, online surveys, and interviews. An online self-administered survey was conducted from 11 December 2022 to 6 January 2023, targeting 385 respondents from the 18th batch (August 2021) of Kartu Prakerja beneficiaries in 8 regencies/cities in West Java (15% response rate). Later, 10 respondents were selected to participate in in-depth phone interviews. The selection was based on three main criterias: (1) the respondents' background (gender, age, education, role in their family), (2) their main problem during COVID-19 pandemic in 2021, and (3) how Kartu Prakerja has helped them overcome their main problem during the Covid-19 pandemic. The interviews were conducted from 20 to 23 February 2023.

Kartu Prakerja beneficiaries in West Java consist of 54% male (209 respondents) and 46% female (176 respondents). On average, they are 30 years old, with the youngest is 19 years old and the oldest is 60 years old. In terms of education, more than half of the respondents (57%) are senior high school graduates; only 22% have bachelor's degrees and above, followed by 12% who are junior high school graduates.

Here are some **key findings** of the study:

KEY FINDING 1: ECONOMIC IMPACT OF COVID-19

The COVID-19 pandemic has brought a severe economic impact. **Our survey indicates that most respondents perceive economic impact as the main problem during COVID-19 pandemic.** The survey shows Kartu Prakerja respondents perceived the followings as their main problems during COVID-19 pandemic in 2021 (before joining Kartu Prakerja): **decreased income** (44%), **difficulties to find a job** (26%), and **layoffs** (17%).

According to the survey responses, 87% were not concerned about getting infected by COVID-19, increasing health cost or losing a family member during COVID-19 pandemic. Only 13% of respondents claimed that the health crisis was their main problem during COVID-19 pandemic. It is possible that the economic impact affects their daily lives more severely than the health crisis. Indeed, the interview results show that COVID-19 pandemic has disrupted the respondents' livelihood in many aspects. Without the means to earn an income, some of them were unable to feed themselves and their families. For women who used to bear caregiving roles, the impact of COVID-19 pandemic was even more profound. As the breadwinners lost jobs, fell ill, and died, their families were left struggling for life.

KEY FINDING 2: IMPROVEMENT IN KNOWLEDGE AND SKILLS

Kartu Prakerja has indeed succeeded in improving the knowledge (83%) and **skills** (78%) of its beneficiaries, **their ability to finish a job quicker** (79%), **ability to solve problems at work** (78%), **quality of work** (79%), **ability to meet the work targets** (77%), and **changing their way of thinking** (79%). Moreover, 74% **apply the training materials in their current job.** Based on the interview results, some respondents found that the training materials were useful as they had applied it themselves to set up their own small business. Meanwhile, some respondents thought that the training provided only theoretical understanding and not quite implementable since it lacked of hands-on practice. For some respondents, the training materials were not up to their expectation and required some updates.

Based on our survey, the top 7 training categories are food and beverage, sales and marketing, finance, lifestyle, information technology, management, and agriculture. Most of the respondents completed food and beverage training (28%) as their first training, and nearly half of them are currently preparing a business. The respondents also completed marketing and sales training (21%) and nearly half of them are currently working in the services sector, commerce, and manufacture. **Among all 385 respondents, half of them (50%) attached Kartu Prakerja training certificate when applying for a job; and, 46% of those who attached certificate have a job after the program. It indicates that Kartu Prakerja training certificate is valuable for job requirements.**

KEY FINDING 3: EMPLOYMENT IMPACT

Kartu Prakerja contributes to the employment increase. After participating in Kartu Prakerja, the number of the respondents who are employed increased by 12%. Male respondents are indeed dominant in employment, both before and after joining Kartu Prakerja.

KEY FINDING 4: CASH ASSISTANCE AS A SAFETY NET

Cash assistance is consequential during crisis. It is worth noting as well that **Kartu Prakerja, with its conditional cash transfer, has provided a safety net during the COVID-19 pandemic.** It calls attention to the need for a national emergency cash fund in times of crisis.

Both before and after joining Kartu Prakerja, most of the respondents' income falls in the range of IDR 500,000-1,500,000, followed by those with IDR 1,500,000-2,500,000 per month. Compared to the condition before joining Kartu Prakerja, 31% respondents reported they have an increase in income after the program. However, in West

Java, provincial minimum wage in 2022 is approximately IDR 1,841,487.31 (it was IDR 1,810,351 in 2021 and 2020); thus, **it suggests that there are 45% respondents whose income is remain below provincial minimum wage. Furthermore, 43% respondents do not have saving.** This result indicates that **they are just one paycheck away from poverty or without enough money socked away to cope with even a sudden disruption in income.** Understandably, majority of the respondents (86%) consider cash assistance as the most needed policy to help them coping with crisis due to the COVID-19 pandemic.

This is reflected as well in the respondents' post-training incentive usage (multiple answer allowed). Most respondents (80%) used the post-training incentives to buy food/meals. The incentives were also used to pay electricity or water bill (31%), for pre-paid phone or internet top-up (27%), for additional business capital (18%), and to cover transportation cost (13%).

KEY FINDING 5: DIGITAL TECHNOLOGY FOR TRAINING

Kartu Prakerja successfully provides training program using digital technology. Before and after joining Kartu Prakerja, all of the respondents have electronic devices and are able to connect to the internet quite easily. There are 68% of them who get the information about Kartu Prakerja mainly from online source (39% from online media, 20% from Instagram, 4% from Whatsapp/LINE/Telegram, 4% from Facebook, and 1% from Youtube); only 32% get the information from offline source (28% from one's family/friend/neighbor, 3% from television, 1% from government socialization). Moreover, the prevalence of Whatsapp as business platform is evident, as it is used by 46% of the respondents who run a business.

It is worth mentioning that married women who had to take care of their family (some were a single-mother whose husband passed away due to COVID-19) found that online training was quite convenient, because they did not have to pay extra costs for transportation to go to the training center and they could do it at home while taking care of household. Nevertheless, some respondents recognized that a more hands-on practice which required specific tools/equipment, specific ingredients, and/or thorough supervision might be better delivered through offline face-to-face training.

KEY FINDING 6: ACCESS TO AND KNOWLEDGE ABOUT FINANCIAL SERVICES

Kartu Prakerja seems to help broaden one's access to and knowledge about financial services. The ownership of bank accounts and e-wallet among respondents indicates that 16% of them first had an e-wallet or bank account after joining Kartu Prakerja. Moreover, 80% respondents withdraw the post-training incentives using their e-wallet account, while the remaining 20% use bank account. Preference to use e-wallet account is probably due to the easy access and easy to use in individual level. In addition to this, there is a quite significant increase in the number of respondents who have an investment (from 5% before joining Kartu Prakerja to 10% after).

KEY FINDING 7: CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT GOALS

From the respondents' perspective, Kartu Prakerja has positively contributed to the fulfillment of 8 Sustainable Development Goals (SDGs), particularly for:

- 1) **SDG 1: No Poverty** -- Kartu Prakerja functions as a social safety net to reduce poverty (85%), improves their standard of living (85%), and helps increase learning opportunities for the elderly (85%).
- 2) **SDG 2: Zero Hunger** -- Kartu Prakerja incentives provide a sense of security in meeting food needs during the COVID-19 pandemic (85%), help meet food needs (87%) and maintain the quality of the food being consumed (84%).

- 3) **SDG 4: Quality Education** -- Kartu Prakerja provides access to quality training that supports lifelong learning (88%), enhances learning habits with digital technology (89%), and provides training options that suit the respondents' interests and needs (90%).
- 4) **SDG 5: Gender Equality** -- Kartu Prakerja provides equal opportunity for both men and women to receive quality training (90%), has an easy registration and selection process (88%), as well as meets the interests and needs of both men and women through various types of training (91%).
- 5) **SDG 8: Decent Work** -- Kartu Prakerja helps the respondents obtain decent and better work through skills improvement (89%), broadens one's literacy about financial services (90%), and contributes to empowering entrepreneurship (89%).
- 6) **SDG 10: Reduce Inequality** -- Kartu Prakerja helps reduce inequalities in access to quality training (89%) as it provides online learning for persons with disabilities (89%) and reaches various income levels (88%).
- 7) **SDG 16: Effective Governance** -- Kartu Prakerja is a transparent and corruption-free program (88%), with satisfactory service (92%) as well as effective and efficient implementation (91%).
- 8) **SDG 17: Partnership for Sustainable Development** -- Kartu Prakerja encourages internet usage for training (91%), introduces a digital payment method (91%), and is seen as an ideal practice of cooperation between GoI and private institutions (89%).

Based on those key findings, this study offers some recommendation:

1. **Kartu Prakerja to consider the possibility to and avenue to contribute on the difficulties to find a job.** This may be achieved through **a continuous improvement on Kartu Prakerja's training material both for employment and entrepreneurship.**
2. **Improvement to the existing link and match program with the recent job market,** e.g. by sharing information regarding employment opportunities from state-owned enterprises and private companies to jobseekers. Prakerja has currently collaborated with four job portals to assist all Kartu Prakerja beneficiaries in finding their desired jobs. Kartu Prakerja might as well collaborate with the Workforce/Manpower Office (*Dinas Ketenagakerjaan*) to better understand the workforce requirements from the industries in the respective regions.

In line with the abovementioned agenda, this study encourages the Government of Indonesia to conduct further study on several topics: (1) the characteristics of the jobseekers and the employment barriers they face; (2) optimize/streamlining a sustainable public service delivery using an integrated database with interoperability, common platforms, and common databases.

This study is supported by:



How to cite this report:

Tanaya, J., Esti, K., Usmani, M.L., Devita, T. (2023). *Impact Assessment of COVID-19 Active Responses and Expenditure Support (CARES) in Indonesia: Kartu Prakerja Case Study*. Jakarta: Centre for Innovation Policy and Governance (CIPG).

For further informations and inquiries about the research, please email: office@cipg.or.id.