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DOES THE SUBSIDIZED RICE PROGRAM (RASKIN) SUCCESSFULLY ALLEVIATE POVERTY?
(a Case Study in Central Java Province - Indonesia)

by

ARIS EKO PURNOMO
Student ID - 5521120035-8

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Supervised by

Dr. Masahiko MATSUDA

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ABSTRACT

In line with global concerns, Indonesia also put eradication of hunger and poverty which is the top goal in MDG's as a priority agenda. President of Indonesia Soesilo Bambang Yudhoyono has launched a jargon Pro Poor, Pro Job and Pro Growth to assert his commitment in combating poverty and hunger several years ago. Actually, the Constitution 1945 of Indonesia has established this notion since the independence of Indonesia in 1945. Consequently, the state has to take the main responsibility for society's welfare and alleviate them from all kinds of ignorance, backwardness, poverty and hunger. Therefore, various measures and policies are taken by government to eradicate poverty and hunger. One of prominent programs is Subsidized Rice Program or often mentioned as Raskin Program (Indonesian term) launched in 1998 as a response of multi-dimensions crisis bouncing the poverty rate more than 20% of population at the time.

Initially, the Raskin program was designated to avoid poor people from severe hunger by providing extremely cheap rice for those who are vulnerable for hunger, but after Indonesian economy grew gradually in the early of 2000. The Raskin Program was continued by government as one of poverty alleviation programs. The Raskin program is conducted by providing subsidized rice for poor people according to poor database built by Central Statistical Agency. During its implementation, the Raskin program has to obey the Six Precise (Precise in Quantity, Precise in Quality, Precise in Target, Precise in Price, Precise in Time and Precise in Administration) as its guidance. However, it is alleged that there are problems during its implementation hurting the spirit to alleviate poverty and hunger. That is why poverty and hunger are still the crucial problems faced by Indonesia. In fact, more than 28 million people of Indonesia still struggle to escape from poverty trap.

Since alleviating poverty of society is an obligation action for government, then scholar such as Matland says that it is basically a low conflict program, it means all of the parties (politician, government, society, etc) agree that such program has to be conducted by government. Yet, it is also categorized as high ambiguity, resulting not only from the abundant definition of poverty itself, but also the unclear concept to measure poverty and how to combat it. Indeed Raskin program has been agreed by involved parties/actors, that means the formulation of program was acceptable by them. However during its implementation, the difference of perspectives among parties often led the program fails to achieve its aim, alleviating poverty.

This research then tries to find out problems surrounding the implementation of such program, by identifying factors influencing the achievement of poverty alleviation programs especially Raskin program in Central Java Province, one of three densest provinces in Indonesia. From interview and data gained during this research, it shows that six Principles (6P) decided by central government as a guideline of Raskin implementation did not obey completely. There are many violations of rule found. No wondering, the Raskin Program is considered fail to help poor escape from their poverty. In addition, to boost the notion of program, some innovations are critically needed such as managing its budget and involving communities during the database development.

Keywords: *Poverty, Hunger, MDG, Raskin, Poor, Subsidized Rice Program, Indonesia, Central Java.*

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INTRODUCTION

1.1. Research Background

Internationally, combating poverty has become top priority in the development agendas of countries amidst current globalizing era, notably for developing countries such as Indonesia. It can be revealed from the leader's pledges from over 180 countries that commit to work towards achieving global goals, henceforth well known as Millennium Development Goals (MDGs). MDGs comprise of eight development goals, not surprisingly, eradicating extreme poverty and hunger is positioned at the top of the list of goals (Anger, 2010: p.138). Moreover, through his work, Sen (2000: p.161) asserted that hunger will be the world's problem that accompanies poverty problems. According to Sen, hunger is not simply a problem of imbalance between population and food supply, but it comes from inability of poor people to get sufficient food due to the absence of income, even they are surrounded by plenty of food. Hence, it can be imagined the dangerous of poverty and hunger. Since then, the world's commitment to eradicate poverty and famine is the most priority agenda made by countries around the world.

In line with global concern, Indonesia, which was built based on the marvelous notion to become a welfare state, had concerned in the people welfare already since long age before. It can be found in the preamble of the Constitution of 1945, one of the purposes of the establishment of the Republic of Indonesia is the improvement in society's general welfare. Consequently, the state has to take the main responsibility for society's welfare and alleviate them from all kinds of ignorance, backwardness, poverty and hunger.

However, in the reality, poverty and hunger are still the crucial problems faced by Indonesia up to now. According to the data from Central Statistics Agency of Indonesia/CSA (*Badan Pusat Statistic/BPS*), in 2012, the poverty rate in Indonesia reached 11.66 percent of Indonesia's total population or 28.59 million. It is true that poverty rate is decreasing since 5 years previously, the data from BPS shows that poverty rate in 2007 was 16.58 percent (BPS, 2013: p.1), hence it can be calculated that poverty rate decreases 4.5 points during 2007 - 2012. However, according to the news (Rejeki, 2010), generally the national budget which is spent to reduce the poverty increased more than 250 percent approximately in the 5 years. It means that cutting slightly the poverty rate needs an enormous national budget. Furthermore, the attention has to be concerned

to the government's ability in managing and executing its budget into poverty alleviation programs.

Table 1.1 Number and Proportion of Poor People in Indonesia 1976-March 2013

YEAR	Number of Poor (Million People)			Percentage of Poor			Poverty Line (Rp*/Capita/Month)	
	Urban	Rural	Urban +Rural	Urban	Rural	Urban +Rural	Urban	Rural
1970	n.a	n.a	70.00	n.a	n.a	60.00	n.a	n.a
1976	10.00	44.20	54.20	38.80	40.40	40.10	4 522,00	2 849,00
1978	8.30	38.90	47.20	30.80	33.40	33.30	4 969,00	2 981,00
1980	9.50	32.80	42.30	29.00	28.40	28.60	6 831,00	4 449,00
1981	9.30	31.30	40.60	28.10	26.50	26.90	9 777,00	5 877,00
1984	9.30	25.70	35.00	23.10	21.20	21.60	13 731,00	7 746,00
1987	9.70	20.30	30.00	20.10	16.10	17.40	17 381,00	10 294,00
1990	9.40	17.80	27.20	16.80	14.30	15.10	20 614,00	13 295,00
1993	8.70	17.20	25.90	13.40	13.80	13.70	27 905,00	18 244,00
1996 (a)	7.20	15.30	22.50	9.70	12.30	11.30	38 246,00	27 413,00
1996 (b)	9.42	24.59	34.01	13.39	19.78	17.47	42 032,00	31 366,00
1998	17.60	31.90	49.50	21.92	25.72	24.20	96 959,00	72 780,00
1999	15.64	32.33	47.97	19.41	26.03	23.43	92 409,00	74 272,00
2000	12.31	26.43	38.74	14.60	22.38	19.14	91 632,00	73 648,00
2001	8.60	29.27	37.87	9.79	24.84	18.41	100 011,00	80 382,00
2002	13.32	25.08	38.39	14.46	21.10	18.20	130 499,00	96 512,00
2003	12.26	25.08	37.34	13.57	20.23	17.42	138 803,00	105 888,00
2004	11.37	24.78	36.15	12.13	20.11	16.66	143 455,00	108 725,00
2005	12.40	22.70	35.10	11.68	19.98	15.97	165 565,00	117 365,00
2006	14.49	24.81	39.30	13.47	21.81	17.75	174 290,00	130 584,00
2007	13.56	23.61	37.17	12.52	20.37	16.58	187 942,00	146 837,00
2008	12.77	22.19	34.96	11.65	18.93	15.42	204 895,99	161 830,79
2009	11.91	20.62	32.53	10.72	17.35	14.15	222 123,10	179 834,57
2010	11.10	19.93	31.02	9.87	16.56	13.33	232 989,00	192 353,83
Mar-11	11.05	18.97	30.02	9.23	15.72	12.49	253 015,51	213 394,51
Sep-11	10.95	18.94	29.89	9.09	15.59	12.36	263 593,84	223 180,69
Mar-12	10.65	18.49	29.13	8.78	15.12	11.96	267 407,53	229 225,78
Sep-12	10.51	18.09	28.59	8.60	14.70	11.66	277 381,99	240 441,35
Mar-13	10.33	17.74	28.07	8.39	14.32	11.37	289 041,91	253 273,31

1 USD = Rp 11,500

Source: CSA, 2013.

Actually, the strong commitment of the government of Indonesia to combat poverty and concerning to poor people has been shown and performed well. At least, the data from CSA (BPS, 2013) revealed that there was a significant decrease of people living below poverty line from time to time especially during 1970 -1996. In that period, the number of poor was noted 60 percent of total Indonesia population in 1970 or around 70 million people (as shown in Table 1.1), and it became only 11.3 percent or 22.5 million in

early of 1996 particularly before suffering financial crisis. From this illustration, it can be seen how successful government's effort in alleviating poverty at the time.

Regrettably, from the end of 1996 to 1998, the fascinating Indonesian economy was hit by the worst catastrophic crisis, that was financial crisis and further followed by mass riots and protest against the official of New Order Regime. It is causing, then, unstable condition in Indonesia both political and financial situation. As a result, it blew up the number of poor people rapidly. Recorded in 1999 (Table 1.1), the number of poor was 48 million people, in other word, it was skyrocketing as twice as 22 million poor in the early of 1996.

Since then, the government of Indonesia attempts to boost so many programs in alleviating poverty. Several programs combating poverty have been launched by government to alleviate poverty and achieve its MDGs, for instance Backward Village Subsidy Program, Social Safety Net Program, Unconditional Cash Transfer Program, National Program of Society Empowerment, and certainty Subsidized Rice (called Raskin Program). The latter, furthermore, it will be scrutinized in this research.

Subsidized Rice program is one of the Poverty Reduction Programs launched by government aiming help for poor people to fulfill the need of food and reduce financial burden by providing subsidized rice. It is one of the government programs from 3 clusters in The Poverty Alleviation Program, namely:

1. **Cluster I (Social Protection and Assistance)**, intended to fulfill the basic needs of poor both individuals and households, for instance education, health care, food, sanitation, and clean water. The benefits of those programs usually can be delivered to the poor directly because it is given to them (poor) directly.
2. **Cluster II (Community Empowerment)**, this is a poverty reduction programs based on community empowerment. It is a further stage in the process of poverty reduction by encouraging society to participate actively in the development process. This cluster usually emphasizes on the infrastructure development involving the active role of society.
3. **Cluster III (Assistance in micro business)**, this cluster is based on empowering micro and small enterprises. Program aims to provide access and economic empowerment for actors in micro and small scale enterprises. Important aspect of strengthening is to provide the widest possible access for the poor to improve their life.

Based on its characteristic, Subsidized Rice Program is categorized in the First Cluster along with other social assistance programs i.e. Social Health Insurance, Unconditional Cash Transfer, and School Operational Assistance.

Through the Subsidized Rice Program government of Indonesia as stated in "*The Guideline of Subsidized Rice Distribution*" issued by Ministry of Social Welfare/MSW *(Kemenkokesra)* claims that it has contributed to 39.6% of the demand for rice each month for each Targeted Households. This calculation is found by assuming that the average of the current national rice consumption is 113.7 kg / capita / year and every targeted household consists of 4 (four) people (Kemenkokesra, 2012). It means every household needs 454.8 kg / year in average, and by subsidizing 15 kg monthly (180 kg per year) this program will reduce poor's burden by around 39.6%.

Why does this program emphasize in Rice? Certainly, because rice is the basic need for Indonesian people and the expenditure portion in food is higher for the poor. Moreover, according to CSA publications (Table 1.2), in September 2012, food commodities contributed the most impact on poverty line both in urban and rural areas. Being at the top of the list, the rice commodity influences the poverty line at 26.92 percent in urban areas and 33.38 percent in rural areas. This data indicates the dependence of our society on the circumstances of rice. Therefore, it can be understood that the most commodity influencing poverty line comes from food commodity, while non-food commodity only contribute slightly in the poverty line. Hence, the government's help in providing Subsidized Rice is reflected good effort to subsidize poor people as part of alleviating poverty program in advance.

Table 1.2 Commodities Influencing Poverty Line in 2012

Commodity		Commodity	
Food	Urban (%)	Food	Rural (%)
Rice	26.92	Rice	33.38
Cigarette	8.67	Cigarette	8.23
Chicken Egg	3.51	Sugar	3.86
Chicken Meat	3.12	Chicken Egg	2.61
Sugar	2.77	Instant Noodle	2.3
Soybean Cake /Tempe	2.44	Soybean Cake /Tempe	1.96
Soybean Curd /Tahu	2.15	Soybean Curd /Tahu	1.6
Instant Noodle	1.59	Onion	1.51
Onion	1.32	Coffee	1.5
Red Pepper	1.26	Tuna Fish	1.35

Non-Food	Urban (%)	Non-Food	Rural (%)
Housing	8.7	Housing	5.78
Education	2.71	Convection (Kid)	1.76
Fuel	1.91	Electricity	1.55
Transportation	1.86	Convection (Adult)	1.46
Convection (Kid)	1.79	Fuel	1.43

Source : CSA (2013, p.5)

1.2. Problem Identifying

Despite its importance in securing food, Subsidized Rice Program has some adverse issues as well. The determination of criteria for Subsidized Rice beneficiaries becomes a complicated issue frequently. The accuracy of data is often questionable and inviting hesitancy from society. Thus, improving data is absolutely needed by updating data involving the local policy through a deliberative meeting from lowest level authority, Rural/Urban Village. This meeting was the main strength program to provide justice for poor households. Beginning in 2007, the data of Poor Households provided by CSA is used as a baseline data to determine the beneficiaries of the implementation of Subsidized Rice Program. This data is an updating from the previous, so that it is considered better as well. According SMERU Research Institute (Hastuti, 2008), of the 19.1 million recorded in Poor Household list, 15.8 million of which received the benefit of the program in 2007, while the remaining households are given latter, in 2008.

In its implementation, Subsidized Rice program refers to the legislation that becomes the foundation in the implementation of the program, namely:

1. Presidential Regulation No. 15 Year 2010, about the Acceleration of Poverty Reduction.

2. President's Instruction Number 3 Year 2012 about Procurement and Distribution of Rice by Government.

3. Decree of Coordinating No. 35 Year 2008 about Team Coordination Center of Subsidized Rice.

4. The Guideline of Subsidized Rice Program for the poor, issued by Coordination Ministry of People's Welfare.

Moreover, all of the process have to be fitted with the principles of 6 (six) Precisions (Precision Target, Precision Quantity, Precision Quality, Precision Time, Precision Price and Precision Administration) which are used in running the program

(Hastuti et al, 2012). Then, this research will talk more in these six principles which to be achieved by this Subsidized Rice Program.

Needless to say, Subsidized Rice Program is one of good policy formulas which are made by government of Indonesia. Unfortunately, up to now Subsidized Rice Program has still faced many problems and constraints impeding the implementation of this program. According to Smeru Research Institute Jakarta the Subsidized Rice program indicates relatively low in effectiveness, that many problems emerge in the distribution of the rice from the primary distribution point to the beneficiaries, and that the issues faced are actually similar from year to year. There is also indicating that the performance of the programs has not always been satisfactory, often reflecting high administrative costs, corruption, and leakages to the non-poor(Hastuti et al., 2012: p.15). Even some news reported that Anti-Corruption Commission of Indonesia suspects that there is an abusing of budget in this program especially in the procurement process through cartel system (Halim, 2014).

As aforementioned above, despite its remarkable notion of the Subsidized Rice Program formulation in alleviating poverty, there is an unsatisfying emerging amidst the society, particularly beneficiaries, related to the inappropriate distribution and quality of rice. Hence, under such circumstance, concern has to be paid to the implementation process, because it will determine the success of the program in accordance with its formulated purposes. Furthermore, considering that Central Java Province in Indonesia is still struggling in lowering poverty rate signed by its high percentage of poverty comparing with national poverty rate, then how Central Java Province attempt to conduct poverty alleviation programs especially subsidized rice program is interesting researcher to scrutinize about it. That is why through this research, the Subsidized Rice Program in Indonesia will be explored, especially in Central Java Province, one of the provinces in Indonesia which has high poverty rate, even higher than national poverty rate.

1.3. Research Objectives

Furthermore, the objectives of this research study are to identify:

1. The implementation of Subsidized Rice Program in Central Java Province.

2. The context factors and the content of policy influencing the implementation of Subsidized Rice Program.

3. The innovation and anticipation needed to improve the Subsidized Rice Program in the future.

1.4. Research Questions

Departing from description above, the research questions can be formulated as follows:

1. To what extent the subsidized rice program is run in Central Java Province Indonesia?

2. Comparing to other similar programs, what are the benefit of Subsidized Rice Program in Central Java Province – Indonesia?

3. What are the supporting and constraining factors in the implementation of Subsidized Rice Program in Central Java Province?

4. By learning from other countries, what are necessities to improve the Subsidized Rice Program?

CHAPTER II

LITERATURE REVIEW AND GENERAL OVERVIEW OF SUBSIDIZED RICE POLICY IMPLEMENTATION

This chapter will emphasize on giving the understanding of Subsidized Rice Program in Indonesia at a glance. Previous researches show the problems faced found in this program. Here also covers the conceptual framework used in this research.

2.1. Previous Research

Based on the research conducted, then it is important to find out some previous researches related this topic. In addition, research about similar program in other countries also needed to be shown, in this case such program called SNAP in US reflected as well-developed country will be discussed, therefore what is needed by Indonesia government to improve this program can be learned from this country. Moreover, studying from less-developed country such as Sri Lanka is also important to identify problem faced by government, so that Indonesia can anticipate such problem. Here are those previous researches studied by researcher:

2.1.1 **Hastuti, et al., (2008)** uncovers the effectiveness of Subsidized Rice Program in achieving objectives as well as to obtain lessons learned to improve the program. This study is conducted by using qualitative study and three different approaches to data collection: document review and secondary data analysis or meta-evaluation; interviews of key informants at the central level; and field study.

The measurement used in this study refers to the Subsidized Rice Program General Guidelines. According to the guideline, Subsidized Rice's success can be measured based on the level of achieving the "6 Ps" (six precessions) indicators: precise target, precise amount, precise price, precise time, precise quality, and precise administration. In general, the results of the study on Subsidized Rice program's implementation show that the program's effectiveness is still relatively low. This is shown in the program's lack of socialization and transparency; inaccurate targeting, prices, amounts, and distribution frequencies; high management cost; below optimal monitoring; and poorly functioning complaints system. The low effectiveness of the program is alleged coming from the lack of program socialization and

transparency; inaccurate targeting, amount, and frequency of rice received by beneficiaries, as well as price of rice; high cost of program management, ineffective monitoring and evaluation; and ineffective complaint mechanism.

Finally, the research done by SMERU Research Institute also suggests that the Subsidized Rice program must be revitalized. This can be done by implementing a guided national information campaign (socialization) to increase the awareness and real understanding of the program's essence for all stakeholders, including local implementing agencies and the community. The target household category is also suggested to be clearly defined, including whether it is limited to very poor households only or including poor or near poor households. The last, empowering Local Government to play more important role, a policy is needed to force local governments to seriously support Subsidized Rice's implementation, through both providing funding support (through the Budget Planning) and helping to achieve the program objectives.

2.1.2 **Holmes et al., (2010)**, finds that Subsidized Rice Program faces many challenges in its design and implementation. By using methodology which combine among qualitative instruments developed related to: 1) the patterning and underlying causes of household level vulnerability to food insecurity, through a gender lens; 2) coping strategies which are used by households and different family members employ to overcome these vulnerabilities; 3) Effects of social protection program on food security with particular gender dimension; 4) Implication for future policy and program design to improve social effectiveness.

Generally, the research is more focus in the implementation of government's poverty alleviation program. Forth, it finds the fact that most of the programs are lack of attention to gender inequality in social protection, in particular food security program. Moreover, despite progress in gender mainstreaming at the national policy level, the system remains compartmentalized, lack of strategic vision and demands, no accountability in terms of implementation. Linkages between gender, social protection, and food security have been limited both conceptually and practically. So that, the research encourages government the effectiveness of poverty alleviation programs (not only

Subsidized Rice Program) by integrating gender perspective which should be considered an urgent priority.

In fact, this situation has been well identified and recognized through several research conducted by both NGO and Government. Ideally, the changing and improvement should be done by government to optimize the purpose of Subsidized Rice Program and other poverty alleviation programs. However, it can be avoided that the politicization of Subsidized Rice and other poverty alleviation programs makes it difficult to be changed without risking popular protest. The gap between political parties often makes the improvement cannot be formulated suitably. For instance, in 2008, the political discourse about social protection changed. Initially, all parties agreed that the food security was key element in the national program for poverty reduction. But, within highly contested national election, it is alleged that it becomes solely the way to gain more sympathy from voters. The specific mix of measures that government would support became controversial. Opposition parties criticized the government's program and proposed alternative ways to reduce waste and increase efficiency in the implementation of alleviation programs. Such situation above obviously reveals that poverty alleviation programs included Subsidized Rice programs are frequently used for politicization by political elites.

The research lights up the decentralization in Indonesia as well, especially in financial sector between central government and local government. Decentralizations drawn can present both challenges and opportunities for strengthening programs in improving food security, nutrition and gender concerns. In this term, financial is deemed a critical issue, because most social protection and nutrition programs are financed by the central government. Local government, although has contributed in those programs, but by central government, it is seen not much enough to support the implementation of programs. Therefore, this research inserts an encouragement for local government to show its commitment in poverty alleviation program at least, by increasing the budget spent for poverty alleviation programs.

2.1.3 **Hastuti et al., (2012)** also inquires the implementation of Subsidized Rice Program The Examination of Subsidized Rice Program's Implementation in achieving Six Precisions (6 P).

As other studies about Subsidized Rice Program, this paper also examines the ability of the program to meet aspects in Subsidized Rice program, that is Six Precision (Six P), Precision on target, quantity, quality, price, time and administration. This is because Six P is decisive in assessing the effectiveness of the successful implementation of Subsidized Rice program. Then, this paper specifically focuses on the aspect of accuracy the Subsidized Rice program in achieving 6Ps based on the analysis of secondary data, previous research and a various information about Subsidized Rice Progtram from any different sources.

Results of this research study showed that all indicators of 'Six P' yet fully achieved, so that the Subsidized Rice program still needs improvement in order to be better and more effective in achieving its goals. It is also explained that the difficulties encountered in trying to meet indicator 'Six P' is the distribution to the recipient communities often called as targeted household.

Remembering that each indicators of 'Six P' are related to others, hence improvement in one indicator could potentially improve the performance of other indicators. Therefore, this study recommends the improvements in the implementation of the Subsidized Rice program based on the 6P indicators.

There are 2 main recommendations in this study. The first, it needs to be disseminated widely and effectively so that it can raise the awareness of the entire stakeholders about the importance of this program for the community. This can be done by utilizing the social institutions in the village as a transmitter of information, not necessarily by the government directly.

Secondly, the determination of the household should be taken seriously and used consistently. The usage of PPLS-2011 data is actually very good, even much better than the previous data. However, considering that the demographic data is always dynamic, then, the update should always be performed to achieve the data as accurate as possible. If necessary, adjustments to the data can be done, but it must be transparent and easily to be understood by the public.

2.1.4 Another scholar **Tiehen et al., (2012)** explores the advantages and even adverse effects of The Suplemental Nutrition Assistance Program (SNAP),

the kind of food subsidy program applied in United States as poverty alleviation program..

The Supplemental Nutrition Assistance Program (SNAP, formerly called the Food Stamp Program) plays a crucial role in the social safety net in the United States, spending about $72 billion of US budget in 2011. An important measure of SNAP's effectiveness is the extent to which the program alleviate the poverty.

The Supplemental Nutrition Assistance Program (SNAP) is well-known as one of the largest safety net programs in the United States. This program served 44.7 million individuals in an average per month in 2011. To exploring this program, the researchers used Current Population Survey data to examine the result of SNAP on poverty from 2000 to 2009, by adding program benefits to income and calculating how SNAP benefits affected the prevalence, depth, and severity of poverty.

Specifically, This research found that:

1) SNAP benefits led to an average annual decline of 4.4 percent in the prevalence of poverty from 2000 to 2009, while the average annual decline in the depth and severity of poverty was much larger (10.3 and 13.2 percent, respectively).

2) When SNAP benefits are included in family income, the average annual decline from 2000 to 2009 in the depth of child poverty was 15.5 percent and the average annual decline in the severity of child poverty was 21.3 percent.

3) SNAP benefits reduced the depth and severity of poverty in both metro-politan areas and nonmetropolitan areas, with somewhat greater poverty reductions among individuals in nonmetropolitan areas.

2.1.5 Another perspective can be gotten from **Suresh C. Babu (2001)**, Senior Research Fellow and Training Advisor of International Food Policy Research Institute (IFRI), revealing the crosscutting issues related to the institutional design, targeting, evaluation, political process, and nature of the social safety nets in countries with varying degrees of development in Africa and also in South Asia especially in Sri Lanka.

The program interventions that have been designed in developing countries, while they provide opportunities for better understanding, are yet to be fully evaluated for various benefits and outcomes in terms of poverty alleviation. Actually, Sri Lanka was designing some poverty alleviation programs earlier than other developing countries in South Asia. They have Food Based Safety Net Programs, Supplementary Feeding Programs, Food-for-Work Programs and Food Stamp Programs.

The Food Stamp Programs then has been recently advocated in South Asian Countries. At the time, Food stamp programs in Sri Lanka could identify target groups efficiently although it did not cover all of the poor yet, since it still in the initial stage. It reduces the leakage that is prevalent in a general subsidy program.

However, implementing food stamps requires good governance and administrative setup from the public sector. Furthermore, the food stamp program in Sri Lanka is successful to reduce the role of the implementing agency in transporting food from one place to another and thus substantially reduces the cost of transferring food to beneficiaries, because government did not need to deliver the rice, but they only send the coupon by which poor people can buy rice in a certain price.

The research also said an international comparison of the leakage in food subsidy programs in different countries. It shows that the untargeted programs of food subsidies and food rations in India, Pakistan, Brazil, and Egypt have a leakage rate of 50-80 percent to the non-needy population. That is why the targeting is an issue that has received wide attention in designing safety net programs for reducing leakage as well as increasing the effectiveness of safety net programs in reaching the intended beneficiaries.

In addition, research also highlights the important of safety nets. Such programs have also proven to be an effective method of building human capital not only through interventions in the food providing but also health and education sectors.

To sum up, in line with the global trend, the Subsidized Rice Program is actually needed to be continued in Indonesia. Up to now, indeed government of Indonesia shows an inefficient in implementing the program especially to achieve 6P. In addition, the new trend of decentralization applied around the early of 2000s gives both challenges and

opportunities for the improvement of the program, especially related to the financial issue between central government and local government. In this case, indeed Local Government has to pay more concern to the validity of database and the distributing process to the grassroots, but in other hand, decentralization in Indonesia still allows Central Government to control financial budget. In fact, most social protection and nutrition programs in Indonesia are financed by the central government. Therefore commitment both central and local government to cooperate in implementing program is absolutely important to keep the program running well.

Improvement in its database of beneficiaries is also really crucial. As in Sri Lanka case, the larger number of beneficiaries the less accurate the data hence, government should realize this potential issue carefully and maintain the database regularly. For the further step, this program should be revitalized and redesigned, at least in the future, it is addressed not only to overcome hunger and poverty problems but also to give nutrition assistance for the poor as US did. As a result, this program can increase the quality of Indonesian human resources.

2.2. Brief History and Implementation of Subsidized Rice Program in Indonesia

The delivering of Subsidized Rice for poor actually began in 1998 when monetary crisis hit most countries especially in Asia. This program along with another financial measures taken by government of Indonesia were addressed to response the crisis, in which Subsidized Rice Program was intended to reduce poor burden in fulfilling their basic need, food. Initially, the program called Special Market Operation (Operasi Pasar KhusuS/OPK), then converted into Subsidized Rice Program (Beras Miskin/RASKIN) since 2002, this name has been used up to now. The targeted household of Subsidized Rice program in 2012 was 17.5 million household according to data from the Central Statistics Agency.

Some constraints faced in the implementation of Subsidized Rice Program this especially in attainment of 6 P's indicator and the classic problem, availability of budget. Up to this time, the amount of rice to be distributed a new set after the budget is available. In addition, the decision of rice amount per year is not always done at the beginning of the year, and often do change in mid-year due to various factors. This will complicate the preparation of stock planning, financial planning and calculation of costs.

Another difficulty is related to the criteria of poor. The criteria to determine beneficiaries of Subsidized Rice Program become complex issues. It comes from the dynamics of poverty data required the presence of local policies. This matter, finally

invites the disputes between beneficiaries and poor who does not cover in the data. Therefore, it is needed kind of a local meeting in village level, through which such problem can be reduced and minimized by giving explanation to society especially the poor. This meeting should become a major force of program to provide justice for the poor fellow. However, the data resulted from village meeting are often unreliable. Inevitably, further verification is needed even twice, the first one is done by Local Government and second one is conducted by Provincial Government.

While the flow of distributing subsidized rice in this program can be seen in figure below:
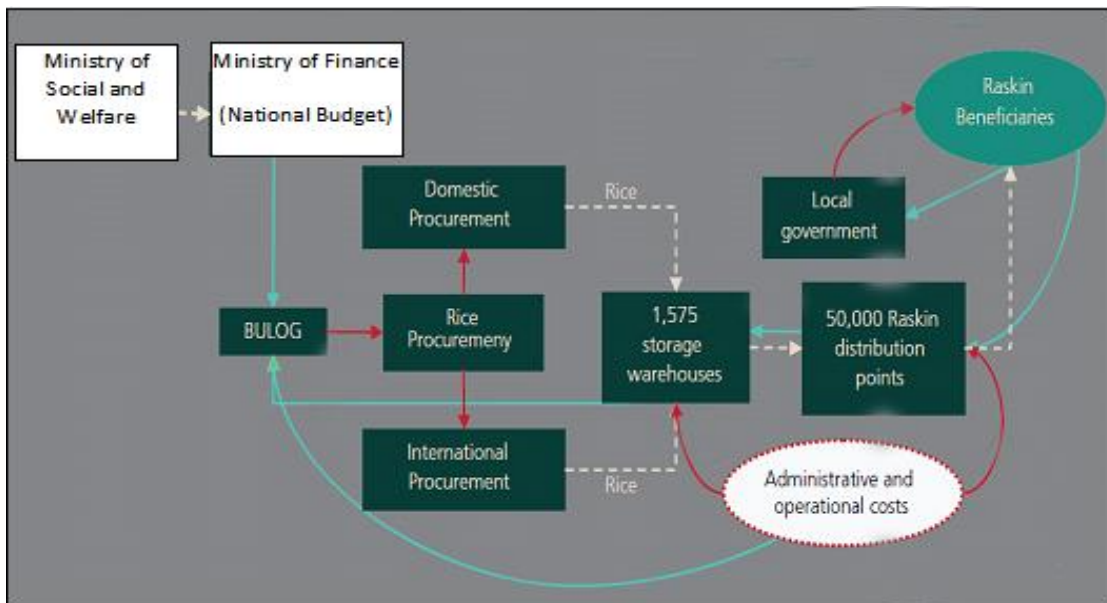
Figure 2.1 The Flow of Subsidized Rice Program in Indonesia
Source: The World Bank (2012)

As the figure show, Ministry of Social and Welfare and National Logistic Agency play the key role in executing the policy of subsidized rice program (respectively) in initial stage, while the responsibility for rice delivery to households in further stage is delegated to local governments. Ministry of Social and Welfare is tasked with determining the policy – monthly allocation, number of months over which program will operate, and the coverage levels – and communicating these directives to National Logistic Agency (NLA). NLA is then responsible for delivering these agreed quotas to all 50,000-plus distribution points. NLA receives a budget, which is negotiated with Ministry of Social and Welfare, for rice procurement, storage, and logistics. Local governments and village administrative apparatuses are then responsible for notifying eligible beneficiaries and arranging for the transport of rice from the distribution points to households. Regulations imply that local governments should fund their delegated process activities from general budget

allocations to regions. In this program, the beneficiaries are not solely receiving the subsidized rice freely. Instead, they have to pay in a certain price decided by government (Minister of Social Welfare every year).

During the policy implementation of subsidized rice program, there are 6 principles well known as 6 Precisions, which should be obtained by government/actors in the context of Subsidized Rice implementation, they are:

1) **Precision Target**: Beneficiaries of Subsidized Rice are only awarded to targeted household.

2) **Precision Quantity/Amount**: The amount of subsidized rice must be in accordance with the regulation, 15 kg/HH/ month.

3) **Precision Price**: Price to redeem Subsidized Rice is, Rp. 1,600. / kg.

4) **Precision Time**: The timing of the distribution of rice to the beneficiaries must be in accordance with the distribution plan.

5) **Precision Administration**: The fulfillment of administrative requirements has to be correct and complete.

6) **Precision Quality**: Although cheaper, the rice of Subsidized Rice has to be met with the minimum standard of rice as stated in President's Instruction Number 3 Year 2012 about Procurement and Distribution of Rice by Government.

The guideline of Subsidized Rice Program has also suggested Local Government to spread the clear information about Subsidized Rice Program to society. Efficient information through dissemination is one of the key to successful Subsidized Rice Program implementation, by which societies is understand of their rights and obligation in term of Subsidized Rice program, and this circumstance will increase the awareness and understanding.

As stated, information is one of the activities essential to the success of the Subsidized Rice program, therefore dissemination process should be spread to all society elements. The guideline notes that program dissemination has to provide complete information regarding the program not only for society or targeted household but also for the government institutions including village government's apparatuses involved in the implementation of Subsidized Rice program. It also explains that program dissemination can be done through various ways, such as:

1. Meeting coordination

    Meeting can be organized by the Subsidized Rice coordination team formed by all level of governments (ranging from Central to Village Government)

2. Mass Media

Mass media can be utilized to facilitate the fulfillment of program goals, largely by inducing implementation effort among community members.

3. Other Medias

There are Posters, booklet, banners and others to socialize to society as wide as possible.

2.3. Understanding of Policy Implementation

The understanding of public policy, then, is really important for researchers scrutinizing the implementation of public policy. There are several descriptions of public policy asserted by scholars who have their own definition, and even stressing on certain step of policy process. Here author takes David Dunn theory in defining the public policy process. Generally, according to Dunn, public policy is defined as the principled guide to action taken by the administrative executive branches of the state with regard to a class of issues in a manner consistent with law and institutional customs. Public policy is more or less a series of options that are interconnected (including a decision not to act) made by the agency or government (Dunn, 2003 : p.2). Moreover, Dunn asserts that the process of public policy analysis is a series of intellectual activities related to political interests. Steps in the public policy process, encompass:

1. Agenda Setting. This step is very important in determining public issue which will be lifted as a public agenda. Hence, it is closely related to a policy problem in the public.

2. Policy Formulation. The aim of this step is defining and the problem emerging, and then finding the solving solution. During this step, several alternative solutions might be examined to find the best solution, henceforth formed in policy formulation.

3. Policy Legitimating. It gives the authority for the formulated policy, so that the policy has to be obeyed because it represents the state sovereignty.

4. Policy Implementation. This is the critical step of policy process. During this step policy which has been formulated and legitimated, will be executed. Hence, it determines the way in which the policy is done by all parties involved / stakeholders.

5. Monitoring. Monitoring is the stage which determines whether the policy is conducted properly or not, and measuring the extent to which the policy had been conducted.

6.   Policy Evaluating. This step is essential to determine whether the current policy is relevant enough or not, so that policy makers think about making a modification or terminate if the policy is deemed inappropriate.

From the ideas above, we can pull opinion that the public policy process will continuously perform from each stage to another stage, when it arrives at the last stage, then it gives feedbacks to the beginning stage again, it becomes policy cycle. That is why in this research, policy of subsidized rice program need to be evaluated, finding the problems, the ways to solve them and improving the policy by knowing its policy implementation is the main reason.

Before arriving at the model of policy implementation used in this research, it should be known the consideration used to choose the implementation model studied in this research. Table 2.1 below is *Matland's Ambiguity Matrix*, in which the decision to choose a certain model of implementation is laid.

Table 2.1 Matland's Ambiguity Conflict Matrix

	LOW CONFLICT	HIGH CONFLICT
LOW AMBIGUITY	*1. Administrative Implementation*	*2. Political Implementation*
	Implementation decided by resources	Implementation decided by power
	Example: smallpox eradication, marriage policy, license	Example: Busing
HIGH AMBIGUITY	*3. Experimental Implementation*	*4. Symbolic Implementation*
	Implementation decided by contextual conditions	Implementation decided be coalition strength
	Example: Head start, Poverty eradication	Example: Community action agencies, gender mainstreaming policy.

Source: Matland (in Nugroho 2012, p.195)

Based on the matrix served Matland as shown in Table 2.1 above, programs related to poverty alleviation are categorized in third type of policy implementation. Poverty alleviation programs are deemed in high ambiguity but low potential conflict. It means that the policy of poverty alleviation usually, would be obeyed by public and stakeholders, but the implementation is very ambiguous. The ambiguity comes for instance from the unclearly ways to determine the beneficiaries. We might hear the news notifies that several people who basically have expedience perceive that they have to be

listed as beneficiaries, while in different place some of population members are having low income but they did not receive the benefit of poverty programs, because they are not recorded in poor list, or even they did not want to be considered poor as it degrades their social dignity. Such ambiguities could be much more found during the implementation of poverty alleviation programs.

Considering Matland's matrix above, which categorizes poverty alleviation policy in low conflict category, hence the role of government to manage and control the policy implementation is effective in order to achieve the policy's goals. In this term, top-down model of implementation is suitable. But, the poverty alleviation policy has potential high ambiguity. In other words, the implementation of the policy has to pay attention on the contextual condition of society. Inevitably, the role of society should be added in the implementation process. This case means the bottom-up model is used. Thereof, the mix between top-down model and bottom up model should be employed in the poverty alleviation programs.

Moreover, Grindle in Nugroho (2012: p. 188) reveals that basically the implementation of public policy is determined by two variables, namely, *content of policy and context of policy*. The first variable, *content*, highlights how the policy could be affected by implementation. It includes:

1. Interests which affect the policy
2. Types of benefits generated
3. The degree of desired change
4. Position of policy makers
5. Who are the program implementer, and
6. Resources deployed

The latter variable is *context* which things to see the circumstance of political policy and administration of the political policy itself. It encompasses:

1. Power, interests and strategies from involved actors
2. Characteristics of the authorities
3. Compliance and responsiveness

Furthermore, considering theory asserted by Merilee S. Grindle (Nugroho, 2012: p.188) has also developed the term of content and context in the policy implementation. It will be used in this research to analyze the implementation process. Likewise, Edward III also gives perspective to measure the implementation of policy through four perspective dimensions, *Communication, Resources, Bureaucratic System* and *Disposition* (George Edward III (1984, p.9-10), through which the implementation factors both supporting and

constraining can be identified. by mixing those matters above is perceived appropriate by researcher to scrutinize in this research.

2.4. Conceptual Framework

Therefore, to accommodate such condition, researcher deems that blending those models raised by Grindle and Edward III are appropriate enough to analyze the implementation subsidized rice program. Additionally, it also will try to find out the ways to improve the supporting factors, and in the other side to weaken the constraining factors in the implementation of Subsidized Rice program in Central Java Province to reduce the poverty rate. To sum up, the conceptual framework used could be explained into figure 2.2 below:
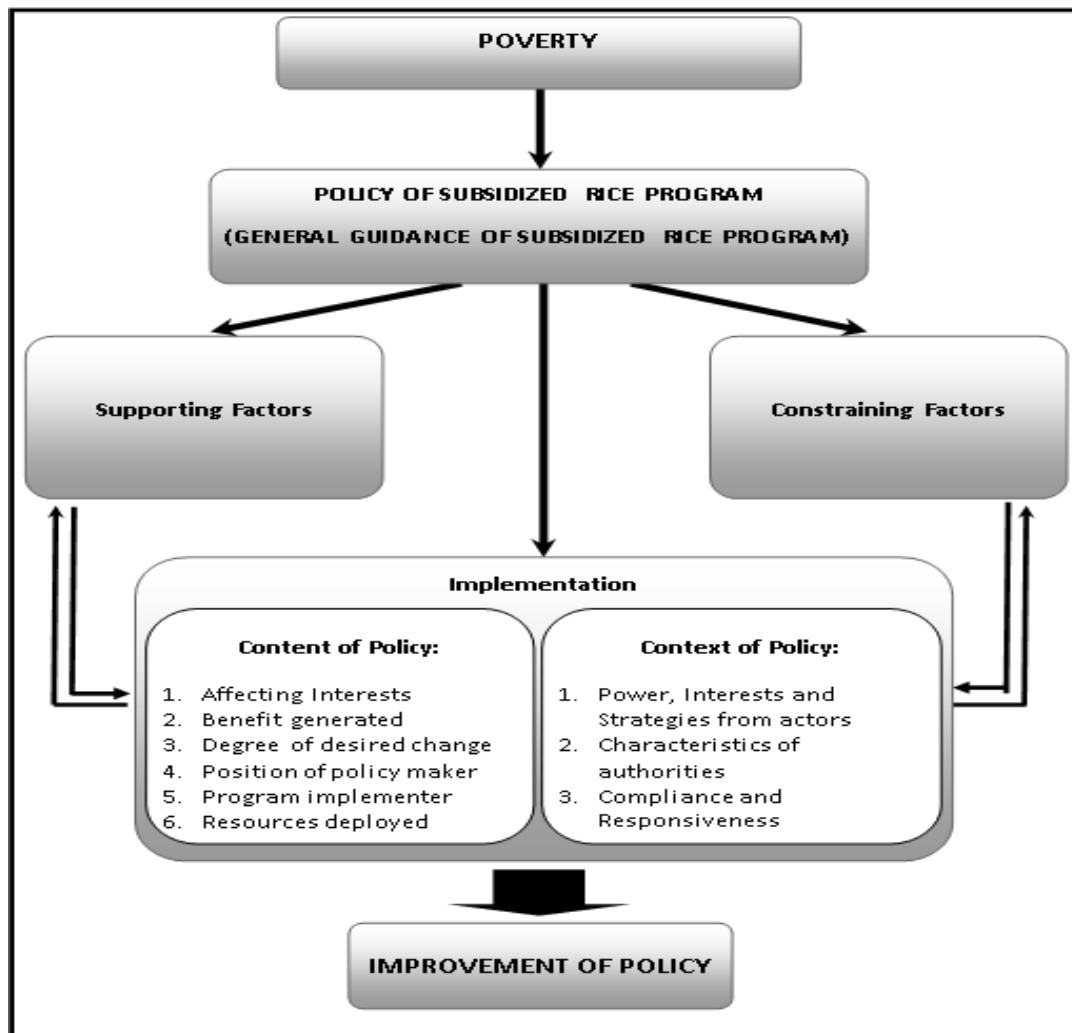
Figure 2.2 Conceptual Framework

CHAPTER III

RESEARCH METHOD

In this part, the method used for the research is revealed. How the research works is basically revealed in this chapter. It covers up on type of research, source, data collecting and design of analysis.

3.1. Type of Research

The approach which will be used in this research is qualitative Research. It is believe that qualitative research will be useful to seek the answers of the questions properly by examining various social settings and the individuals who inhibit these settings (Berg, 2004:7). Since qualitative research relies on the informal wisdom that has developed from the experiences of researchers (Neuman, 2000: p.123) therefore, direct observation is needed to deepen the understanding of the research topic. In this case, research is aimed to analyze the Implementation of Subsidized Rice for the Poor (Raskin Program) in Central Java Province of Indonesia, hence direct observing was conducted to gain data and information about the research.

In addition, the period of research is starting from 2013 to 2104, however although the data and interview were acquired mostly in 2014, yet they draw the situation and condition in previous years.

3.2. Source of the Data

In this qualitative research study, the data comes from the explanation and information, given by informants, facts from field, documents and survey:

1. Facts

    The facts were gotten from events, situation or phenomena, which are related to focus of research. Some facts can be seen by observing the distribution of Subsidized Rice from National Logistic Agency (Bulog) to the household. The experience of researcher in this matter has also contributed to understand the implementation of subsidized rice program.

2. Informants

    Choosing the informant is based on the person that masters the problems related to the research focus, owning some data and ready to give them to the researcher. For that reason, researcher perceives to find out the information related the

implementation of Subsidized Rice program to Chief of Central Statistical Agency. While another informant who is relevant to this issue is the chief of National Logistic Agency Central Java Division as the person who are in charge of managing Subsidized Rice Program in Central Java. Both are the competent persons and the key informants whose data, strategy and consideration related to the implementation of Subsidized Rice program.

Hearing from the beneficiaries is the most important part to gain the understanding, so that researcher interviews them randomly.

3. Documents

Several document related the issue of Subsidized Rice Program were used to deepen the understanding of the implementation of Subsidized Program. Relevant data related to the topic can be gained from various sources including from newspaper, by which researcher expects to analyze the data and serving it in this research.

3.3. Data Collecting Process

This study mainly used a qualitative data collection method (focus in-depth interview, interviews on the life stories of individuals, as well as observations). Data collection process covers the research and question problems. The data collection can be done with:

a. Interview

1) Depth Interview. This kind interview is used since depth interviews are deemed optimal for collecting data on individuals' personal histories, perspectives, experiences, particularly when sensitive topics are being explored, in this case deepen the issue correlated with the subsidized rice program and its implementation is conducted by discussing relevant matters surrounding the policy of subsidized program with key informants. As aforementioned, the informants in this depth interview are Chief of Economy Bureau in Central Java Province as the coordinator of program in Central Java Province, Officers in charge of this program, in addition the beneficiary's voice is also covered in the interview. Basically, the information derived from the interview was taken in the February of 2014.

2) Unstructured interview. This kind of interview is very different from the structured one. In the case of Subsidized Rice Program, the researcher needs

to make an interview with the beneficiaries of program, and the local government officers of some local government officers whose responsibility to conduct this program. The sources as mentioned above are deemed have understanding in the implementation of subsidized rice program. Eventually, to hold the interviews, researcher should not be limited by the time schedule.

b.   Observation

The observation is conducted as a direct observation to the location. The observation results will be written to support the researcher to solve the problem and to provide additional data that support the result. The experience of researcher in the involvement of subsidized rice program in Kudus Regency (one of cities in Central Java Province) may contribute to the understanding of the program, yet, the researcher tried to not be trapped in the perspective of officer, but still focus as researcher.

c.   Study of Documentation

The study of documentation is intended to obtain or to get accurate theories and references regarding to the data of the result findings related to the implementation of Subsidized Rice Program. Documents can be formed as data, Law, Act and regulation and etc. Researcher is convinced that those documentations can be found in the Government office, library, internet, and other related offices. However, because of the lack of 2013 data in government office, consequently, most of data employed in this research uses older data deemed still relevant to this study.

3.4.   Time of Research

As aforementioned in the beginning part of the thesis, the Subsidized Rice Program has been started since 1998. However to make a limitation for the thesis, then the period of research was limited from 2013 to 2104. It means the data and interview were acquired mostly during this period but it paid the attention in previous years, therefore it hopefully can draw the implementation of the Subsidized Rice Program both in general and detail perspective.

3.5.   Design of Data Analysis

As Miles and Huberman (1994, in Berg, 2004: p.56) suggest, "How data are stored and retrieved is the heart of data management…" A clear and working storage and retrieval system is critical if one expects to keep track of the reams of data that have been

collected; to flexibly access and use the data; and to assure systematic analysis and documentation of the data. Most theorists argue that data management and data analysis are integrally related.

Because the research will analyze the implementation of Subsidized Rice Program, the data analysis used in this research is interactive analysis taken from Miles and Huberman (1984 : p.23). In Qualitative Research, analysis can be defined as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification.

Processing data may work continuously as well as other process until the final conclusion found, and even there are some data which cannot be displayed due to lack of relation to the topic. Therefore, some data and interview done may be useless to the research, in this case new supporting data or interview results should be found to develop the research.

CHAPTER IV

GENERAL OVERVIEW OF CENTRAL JAVA PROVINCE

Having understood what the subsidized rice program is and what the method uses, then we have to take a look at Central Java Province in which the research is done. Here, author presents the situation in Central Java Province, it reveals the condition of society, geographic, its demography and its situation of poverty. This chapter also reveals some findings related to the implementation of Subsidized Rice Program included the fact about its failure in achieving double impacts/benefit claimed by government.

4.1. Geographic of Central Java Province

Central Java Province is one of the provinces of Indonesia located in Java Island and flanked between two large provinces, namely Jawa Barat/Jabar (West Java Province) in the west and Jawa Timur/Jatim (East Java Province) in the east. The southern part of Central Java is bordered by Indian Ocean and Daerah Istimewa Yogyakarta (Yogyakarta Special Region province, while the northern part is bordered by Java Sea. Central Java Province includes offshore islands, such as Karimun Islands in the north belonged to Jepara Regency, and Nusakambangan Island the southwest belonged to Cilacap Regency. Nusakambangan Island is well-known as the location of rigorous imprisonment.
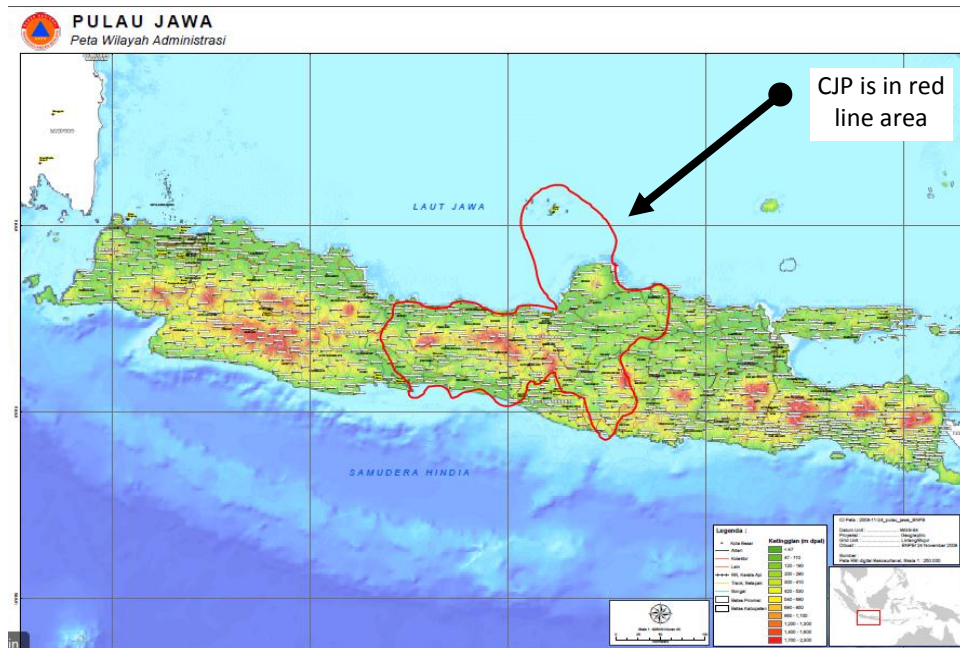
Figure 4.1 Map of Central Java Location

Source: National Board of Disaster Mitigation(BNPB, nd)

Central Java is located between 5° 40' and 8° 30' south latitude and between 108° 30' and 111° 30' east longitude (including the island of Karimun). Furthest distance from west to east is 263 kilometers while from north part to south is 226 kilometers (not including the Karimun island).

Based on its local administrative, Central Java Province is divided into 35 local governments consisted of 29 regencies and 6 municipalities as can be seen in figure 4.2 below.
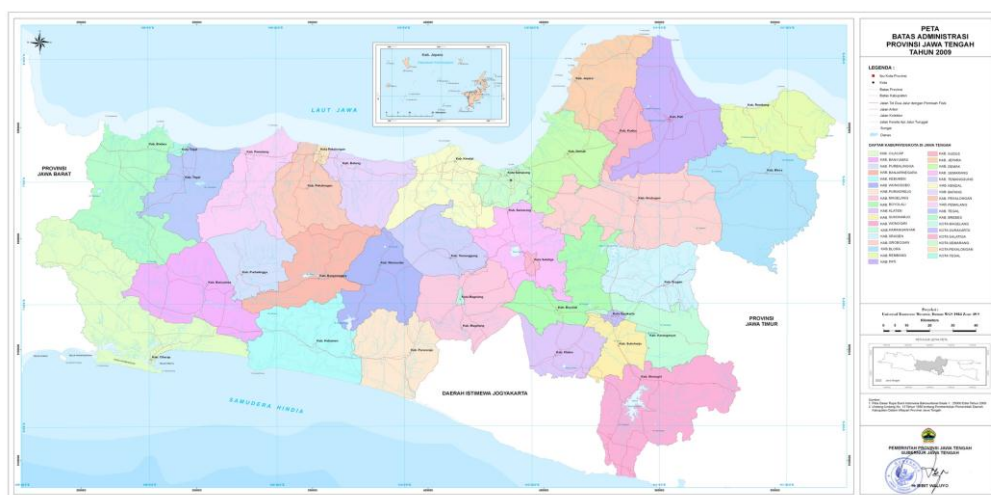
Figure 4.2 Map of Local Cities in Central Java Province
Source: Department of Infrastructure and Development of Central Java Province (2011)

The total area of Central Java in 2010 stood at 3.25 million hectares, or about 25.04 percent of the island of Java or around 1.70 percent of Indonesia. It consists of 992 thousand hectares (30.47 percent) of wetland and 2.26 million hectares (69.53 percent) is non-wetland (settlements, roads, etc). Compared with previous years, the area of paddy field in Central Java Province in 2010 fell by 0.013 percent, however the area of wetland increased by 0.006 percent (PDBCJ, 2010).

Based on its use, the percentage of wetland area equipped with the technical irrigation system is around 72.53 percent, 39.03 of which is wetland area equipped with good and developed irrigation system. While the 27.47 percent remaining is a land field without any irrigation system, therefore it relies on the rainfall. By using a good irrigation technique, many of wetland rice in Central Java Province can be planted more than two times a year. Among wetland equipped with irrigation system, it is noted that 78.70 percent of which can be yielded more than 2 times a year (PDBCJ, 2010). That is why the agriculture sector in Central Java, basically has a potency to contribute in alleviating

poverty since Central Java has vast agriculture area especially in paddy field. Table 4.1 below shows the production of paddy in Central Java.

Table 4.1 Paddy Field Production in Central Java 2006-2013

Year	Harvest Area (Ha)	Production (tonne)
2006	1,672,315	8,729,291
2007	1,614,098	8,616,855
2008	1,659,314	9,136,405
2009	1,725,034	9,600,415
2010	1,801,397	10,110,830
2011	1,724,246	9,391,959
2012	1,773,558	10,232,934
2013	1,845,447	10,344,816

Source: (CSA n.d.)

As aforementioned, although the total area of paddy field in Central Java slightly decrease in 2010 comparing to previous years, however table 4.1 shows the increasing trend of both harvest area and total production, it is resulted by some of paddy field can be harvested more than 2 times a year therefore total harvested area is more than the total area of paddy field itself, so it contributes to the significant increase of production. Considering this potency, governor of Central Java Province stressed to strengthen this sector to alleviate poverty in Central Java Province.

4.2. Demography

Population structure can be seen from the growth of the population based on age group. Figure 4.3 below shows the structure of the population according to age group in Central Java Province in the 2012.
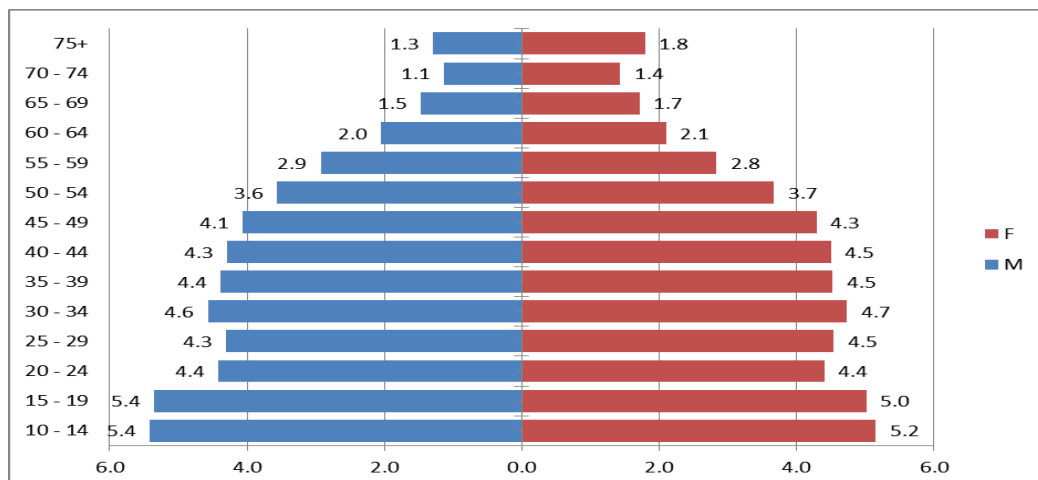

Figure 4.3 Population Structure of Central Java Year 2012 (over 10 years old)
Source : CSA, 2013

Figure 4.2 above obviously reveals that the population in Central Java Province is potential to grow considering the number of younger is higher than that of older persons. It seems that Central Java Province has a large number of manpower. Considering that Central Java Province also has plenty of field and most people of Central Java is also workers of agriculture sector (as shown in table 4.4.), then it should be balance between the number of farmer and land field. Regarding to poverty alleviation program, this situation should be perfect to support such program.

In addition, table 4.3 below also shows the number of productive age in Central Java Province from 2008- 2012, in which dependency ratio is displayed as well to illustrate that the dependency ratio lessened from year to year.

Table 4.2 Population and Dependency Ratio in Central Java Province (2008-2012)

YEAR	Population Based Productive Age			Total	Dependency Ratio (%)
	0-14	15-64 (Productive)	65+		
2008	8,669,153	21,423,535	2,533,702	32,626,390	52.29
2009	8,784,425	21,598,118	2,482,020	32,864,563	52.16
2010	8,515,686	21,543,529	2,323,542	32,382,757	50.31
2011	8,373,852	21,986,712	2,283,048	32,643,612	48.46
2012	8,440,155	22,369,646	2,460,406	33,270,207	48.72

Source: (CSA/BPS Jateng, n.d.)

Meanwhile, table above shows the dependency ratio in Central Java Province which tends to stable from year to year. The dependency ratio is the ratio between the population of unproductive age group (aged 0-14 years and over 65 years) to the population of productive age group (age 15-65 years). It can be seen in 2008, with a population of 32,626,390, the dependency ratio is 52.29%. In 2012 there was a shift in population increasing to 33,270,207, while the dependency ratio decreased to 48.72%. This condition indicates the burden of productive population decreases significant since the number of people in productive age increases. Indeed in the one hand, it creates problems related to job availability, however in the other hand it is a good opportunity to optimize economy in Central Java by utilizing abundant manpower.

Table 4.3 Contribution to Gross Regional Product (GRP) and Labor Distribution

in Central Java (2008 - 2010)

Sector	GRP (%)			Labor Distribution (%)		
	2008	2009	2010	2008	2009	2010
Agriculture	19.96	19.30	18.69	36.84	37.04	35.53
Mining	1.10	1.11	1.12	0.86	0.77	0.74
Processing Industry	31.68	32.51	32.83	17.48	16.78	17.81
Electricity, Gas and Water Resources	0.84	0.84	0.86	0.14	0.18	0.12
Building Development	5.75	5.83	5.89	6.51	6.49	6.62
Trading, Hotel and Restaurant	21.23	21.38	21.42	21.05	21.86	21.43
Transportation and Communication	5.16	5.20	5.24	4.63	4.30	4.20
Finance	3.71	3.79	3.76	1.09	0.98	1.14
Other Services	10.57	10.03	10.18	11.40	11.60	12.41
TOTAL	**100**	**99.99**	**99.99**	**100**	**100**	**100**

Source: (TNP2K, 2011)

Among the economic sectors, Agriculture sector absorbs the highest number of labor and significantly contributes to Gross Regional Product of Central Java as shown in table 4.4. According to table above, the agriculture sector contribution to Gross Regional Product of Central Java Province decreases gradually from 19.96% in 2008 to 18.69% in 2010, but it is still the third highest contribution. Yet, it absorbs 35.53% labor in 2010, the highest number of labor compared to other sectors.

Another fact about demography of Central Java according to CSA's 2013 Data shows that Brebes Regency has the highest population by its 1.732 million people, followed by Cilacap Regency by 1.644 million persons, and Banyumas Municipality by 1,553 million people. Distribution of the population is generally concentrated in urban centers, either the district or the city. A fairly dense residential area located in Semarang Municipality, since it is the capital of Central Java Province in which economy, trade and government are concentrated.

4.3. Poverty in Central Java Province

As aforementioned before, Central Java Province basically has a big potency in agriculture sectors since it has huge number of manpower in this sector and also it has plenty of agriculture area, some of which equipped with the well-developed infrastructure such as irrigation system and comfort road. However, the fact that its poverty rate is higher than national poverty rate is surprised. The implementation of many alleviation poverty program then, applied in Central Java Province to combat both poverty and hunger. The most prominent program is Subsidized Rice Program, because it needs much higher budget than other programs.
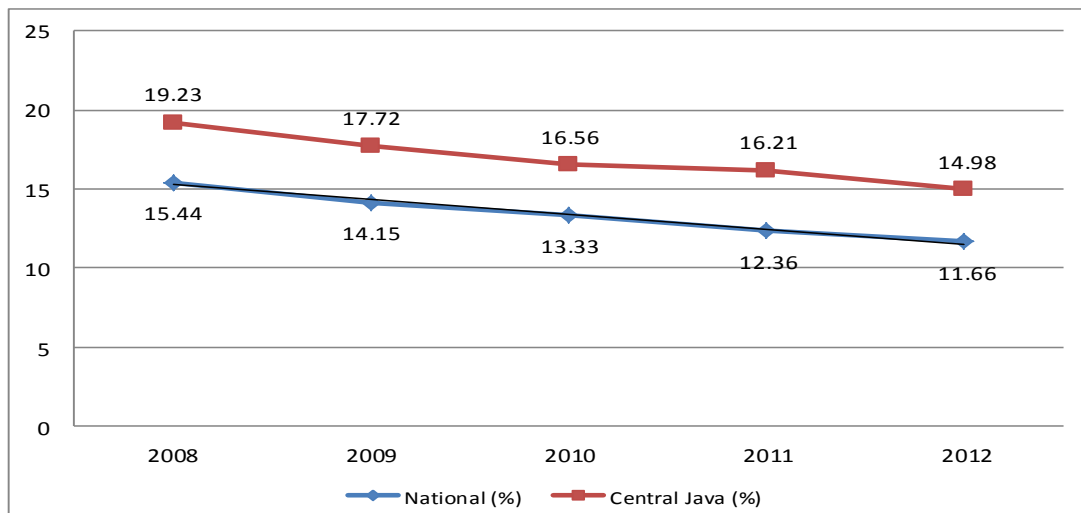
Figure 4.4 Comparison of National Poverty Rate and Central Java Poverty Rate Year 2008-2012

Source: (TNP2K, 2013)

From the Figure 4.4 above, it can be seen in that poverty rate of Central Java Province is higher than that of National from year to year, comparing 14.98% to 11.66% of the population in 2012. In addition, by using this simple comparison, it can be calculated that the decreasing poverty rate in Central Java Province is not significant enough to pursue the National rate. In other word, Central Java Province is left behind other provinces in Indonesia.

However, some cities (regencies and municipalities) in this province were successful in lowering poverty line, even lower than National Rate (Figure 4.4). Among 35 cities/municipalities/regencies in Central Java, 20 of which have lower poverty rate than Central Java, and 8 of 20 even lower than National Poverty Rate. This fact reveals that the situation among each area is quite different although still in one province.
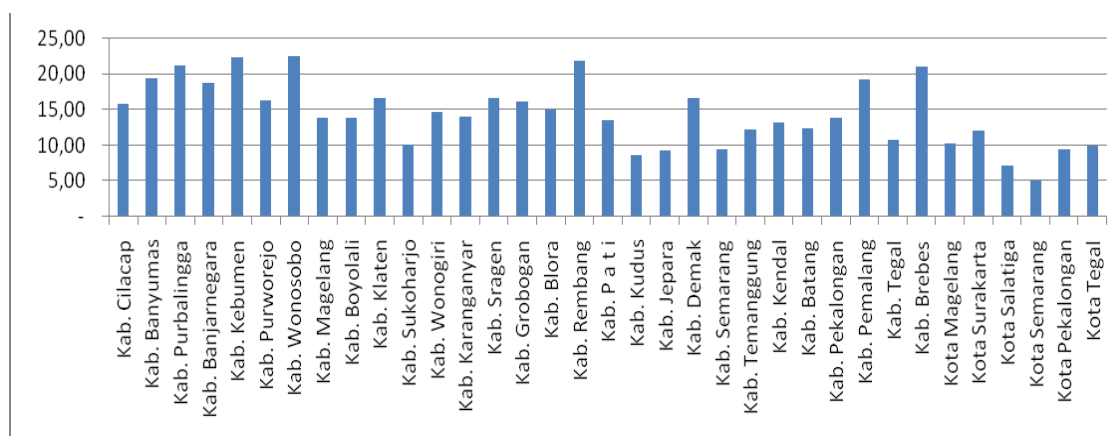
Figure 4.5 Poverty Rate in per Regional in Central Java Province in 2013

Source : (TNP2K, 2013.)

For that reason, therefore, this research scrutinizes the implementation of Subsidized Rice Program in Central Java Province which can be considered failed in lowering poverty rate.

In line with the national standard of poverty, Central Java province also uses some criteria to determine whether a household can be categorized as a poor or not. Previously, Central Java used the standard from *Badan Koordinasi Keluarga Berencana Nasional* (National Family Planning Coordinating Board/BKKBN) by which the family welfare is divided into 5 categories, namely (order from the worse):

1.   Pre welfare family

2.   Welfare Family Level I

3.   Welfare Family Level II

4.   Welfare Family Level III

5.   Welfare Family Level III Plus

Each of those categories has different and detail criteria to determine welfare level of household, therefore it is little bit difficult for the person in charge of categorizing welfare family. This condition often leads inaccuracy of poor database. However since 2012, Subsidized Rice Program used the data of PPLS-2011 developed by CSA. This data determines whether the family can be categorized as poor or not by considering 14 indicators which have been inquired by CSA. Those 14 indicators are:

1.   Residential building floor area is less than 8 M^2 per person,

2.   Type of dwelling floor made from earth/bamboo/cheap wood,

3.   Type of shelter wall made from bamboo/thatch/low-quality wood/walls without plaster,

4.   Does not have a toilet facility,

5.   Source of household lighting is not electricity,

6.   Source of drinking water comes from wells/unprotected springs/river/rain water,

7.   Fuel for daily cooking is firewood/charcoal/kerosene,

8.   Only eat meat/dairy/chicken once a week,

9.   Just buy one new set of clothes in a year,

10.   Only able to eat as much as one/two times a day,

11.   Could not afford the cost of treatment at the health center/clinic,

12.   Head of household's income is below Rp600.000,- (±USD55) per month for farmers with land area of 500 m^2, farm labors, fishermen, construction workers, farm workers and other employments,

13.   Educational attainment of household head is no school/did not pass Elementary School or Elementary School only,

14.   No saving money or goods such as motorcycle, gold, boats, or other goods as worth as Rp500.000,- (±USD45).

Finally, if at least 9 of those variables met the condition of households, then they are classified as poor households. Unfortunately, according to CSA data in 2012, 14.98% households in Central Java met those criteria of poor.

4.4. Subsidized Rice Program in Central Java Province

As explained before, precise in quantity, precise in quality, precise in time, precise in price and the precise in administration are the principles that the focus of the Raskin program implementation. However, those 6P requires the cooperative role from the Central Government, National Team of Poverty Alleviation (TNP2K), and Local Government (both Provincial Government and District/Municipality/City government), even the village government. All of them have contributions and own role. In the case of Provincial Government of Central Java, it is responsible for coordinating and monitoring the distribution of subsidized rice in its area. It includes monitoring the database drafting process made by CSA and Municipality Government.

As shown in the beginning part (Figure 3.1), the subsidized rice program is basically financed by Central Government (Ministry of People Welfare), while the procurement process is handled by National Logistic Agency, therefore procurement process is done in national scale. In the procurement process, there is no role at all of Provincial and Local Government so that they cannot make any measure in this process. Then, it often invites problems to rise, because most local governments actually want the procurement process done is conducted in local scale, it means that National Logistic Agency buys the rice from local farmer and given back to the poor in the same area. As a result the double benefit of program can be gained. The illustration of double benefits can be seen in the figure 4.6 as follow:

BENEFITS OF RASKIN PROGRAMS IN ALLEVIATING POVERTY

PROCUREMENT

1. Maintaining price of local farmer' products
2. Encouraging economic growth in rural area/agriculture baseline.

1. Improving farmer welfare, especially for poor peasant.
2. Decreasing poverty in rural area

RASKIN IMPLEMENTATION

1. Better food security condition of poor household
2. Stability of Rice price

1. Money transfer from urban to rural
2. Maintaining nutrition (increasing manpower productivity)
3. Economic stability (long term)

DOUBLE IMPACT OF RASKIN TOWARD POVERTY ALLEVIATION

Figure 4.6 Double Impact of Subsidized Rice Program

Here is how the double impacts work. From the figure 4.6 above, the benefit of Subsidized Rice Program comes not only in direct way to the beneficiaries of subsidy, in this case poor households, but also in indirect way through the procurement process by which it is expected to buy local farmer's product, so that the indirect benefit of program can be received by local farmers (whether they are poor or not).

In fact, some of beneficiaries of Subsidized Rice Programs in Central Java Province are farmers. It means that the indirect benefit did not work properly for farmers. Interestingly, Central Java actually generates surplus of rice from year to year, so that if the program works as it should be, Central Java Province will gain the big benefit of the program from such indirect benefit. In fact, some of them are farmers.

Looking at the table 4.1 about the rice production and table 4.2 about the population in the beginning of this chapter, it can be expected that Central Java Province can fulfilled their need of food. For instance in the year 2012 as shown in table 4.4, total rice production is 10,232,934 tonne, while the population is 33,270,207. At the time Central Java was contributing 14.8% of national product of rice, and basically its rice production is much enough to fulfill its need.

The example of calculating to prove that rice generated farmers in Central Java can be expected to fulfill its needs can be calculated by using the average per capita

consumption of food set by CSA. Based on CSA' data Central Java Province needs 85.235 kilograms per capita per year in 2012 (CSA, 2013), in that case the total rice needed by Central Java Province is 2,835,786,093.645 kilograms or 2,835,786 tonne. It means Central Java has generated around 7,397,147,906 tonne surplus of rice. Therefore, if the program works properly, farmers should get the benefit from the indirect way, not from the direct way as the beneficiaries. In the other word they are not poor anymore.

Table 4.4 Population and Rice Production in Central Java 2012

YEAR	POPULATION	RICE PRODUCTION (TONS)	NATIONAL RICE PRODUCTION	CONTRIBUTION TO NATIONAL PRODUCT (%)
2012	33,270,207	10,232,934	69,056,126	14.8

Source: CSA (2013)

Truthfully, to identify farmer's welfare, it is necessary to look up the Farmer Exchange Rate (NIlai Tukar Petani/NTP). The farmer exchange rate is the ratio between the index of prices received by farmers and the index of prices paid by farmers expressed in percentage (CSA, 2014). It is one of indicators to determine the level of farmer welfare. Generally, the best condition is indicated by more than 100% value. It means farmers have a surplus. If it indicates 100%, it means farmers experienced a break-even point. Worse condition is indicated less than 100%, it means farmers' income drops and smaller than its expenditures. And here the farmer exchange rate in Central Java Province

Table 4.5 Farmer Exchange Rate in Central Java Province 2008-2012

MONTH	JAN	PEB	MAR	APR	MEI	JUN	JUL	AGS	SEP	OKT	NOV	DES
YEAR	%	%	%	%	%	%	%	%	%	%	%	%
2008	98.7	97.8	95.5	96.7	98.3	99.8	100.3	101.1	102.3	102.4	101.7	102.7
2009	98.27	98.38	98	97.84	97.86	98.04	98.08	98.7	99.69	99.24	99.81	100.03
2010	95.92	95.29	95.03	95.19	95.42	96.36	96.99	97.9	97.67	97.97	98.66	98.8
2011	99.03	99.99	98.9	100.33	101.7	103.17	104.1	105.02	105.19	105.33	105.39	106.17
2012	106.56	105.42	104.51	104.51	104.4	104.54	104.88	105.45	105.57	106.15	105.78	106.37

Source: (CSA, bps.go.id n.d.)

Indeed, this table told that after the middle of 2011, famers gain profit continuously, yet the previous conditions are up and down. In other words, farmers still struggle to escape from poverty trap. As shown in 2010, they recorded lose all the time. To sum up, the double impacts claimed by government through the subsidized rice program are questionable. At least farmer did not perceive the benefit from indirect impact resulted from procurement process. They only receive the benefit from direct impact as the

beneficiaries of the program. National Logistic Agency was accused of not prioritizing local rice produced by farmers.

Moreover, both Provincial Government and Local Government should be involved in the procurement process, therefore they can contribute their role to support local farmers by encouraging National Logistic Agency to utilize local rice. Ideally, in the case of Central Java Province as the third largest rice producer in Indonesia (CSA, 2013) which has big surplus of rice, farmers should harvest profit from their product

CHAPTER V

FINDING AND ANALYSIS

This chapter basically shows the main findings of this research, mostly comes from the in-depth interview with the informants, both from the government perspective and beneficiary perspective. Here, some interesting findings are revealed and analyzed which show that some of the principles asserted in Six P are not well-running in Central Java, such as precise in quantity and precise in price. It also shows the comparison between subsidized rice program and other poverty alleviation programs in Indonesia, for example *Program Nasional Pemberdayaan Masyarakat/PNPM* (National Society Empowerment Program) representing alleviation poverty program of cluster II, and *Kredit Usaha Rakyat/KUR* (Microfinance Credit) representing program of cluster III. In addition, brief comparison to such program in other countries is also discussed in which we will learn from the experience of US and Sri Lanka.

5.1   The Extent of Subsidized Rice Program

5.1.1. Comparison to other Poverty Alleviation Program in Indonesia

As aforementioned above, Subsidized Rice Program is included in the first cluster among 3 cluster programs set by government of Indonesia to combat poverty. Those 3 clusters basically have different aim. Programs in the first cluster are addressed to perform basic right, reduce the burden of life, and improve quality of life for the poor, so that programs related to food security, education fund and health insurance.

Seen from the budget spent to operate subsidized rice program, the amount tend to rise from year to year.

Table 5.1 National Allocation and Budget of Subsidized Rice Program Year 2005 – 2012

YEAR	Poor Household	Targeted Poor HH	% of PH/TPH	Budget (Rp x Billion)	Allocation of Rice (Kg/HH/ Month)	Rice Ceiling (tonne)	Times per year	Realization (tonne)	% of Real/Ceiling
2005	15,791,884	8,300,000	52.56	(no data)	20	1,991,897	12	1,991,131	99.96
2006	15,503,295	10,830,000	69.86	(no data)	15	1,624,500	10	1,624,089	99.97
2007	19,100,905	15,781,884	82.62	(no data)	10	1,736,007	11	1,731,805	99.76
2008	19,100,905	19,100,000	100.00	(no data)	15	3,342,500	12	3,236,644	96.83
2009	18,497,302	18,497,302	100.00	(no data)	15	3,329,514	12	3,223,137	96.81
2010	17,488,007	17,488,007	100.00	11,400	15	3,147,841	12	3,100,082	98.52
2011	17,488,007	17,488,007	100.00	15,270	15	3,147,841	12	2,970,165	94.36
2012	17,488,007	17,488,007	100.00	15,600	15	3,147,841	12	3,066,627	97.42

Source: (Kemenkokesra/Ministry of People Welfare, 2013)

As shown in table 5.1 above, the trend of national budget for operating Subsidized Rice Program increases gradually from year to year, although the rice ceiling is relatively constant in the last 3 years but budget used increases a little. It is resulted from the average price in market is also increasing during the same period. At least, from the table especially the ratio of poor household and targeted poor household is improving, it means the number of poor people covered by such program also increases. Even in the last 5 years recently, all the poor people have been covered by the program. It can be said that Central Government has tried to develop their commitment in combating poverty through this program.

The similar trend also occurs in Central Java Province, the budget increase slightly during last 3 years, although the rice allocation distributed by central government is up and down as shown in table 5.2 below. The fluctuation of rice allocation in Central Java Province, basically because the number of poor people in this area is declining in average, so that the amount of subsidized rice for central java province was also reduced by central government and shifted to other provinces worse than Central Java in term of poverty rate.

Table 5.2 Central Java Province Budget of Subsidized Rice Program Year 2008 – 2012

YEAR	Budget Allocation for CJP (Rp x Billion)	Rice Allocation for CJP (tonne)
2008	-	561,568
2009	-	567,349
2010	1,930.0	523,319
2011	2,577.6	531,356
2012	2,616.1	527,893

Source: (Economy Bureau of Central Java Province 2013)

Another poverty alleviation program conducted by Government of Indonesia is National Program of Community Empowerment (*Program Nasional Pemberdayaan Masyarakat/PNPM*). This program is very popular because it do development in various infrastructure managed by society or community itself. This program is categorized in Cluster 2 of alleviation program and actually is further step of Cluster 1. At this stage, the poor are pushed to realize their potential and ability to get out of poverty. Empowerment approach as an instrument of this program is intended not only to improve their

awareness of their potential and the resources, but also encourage the poor to participate in a wider scale, especially in the process of development around their area.

The concrete program in this cluster including the development of new road connected between settlements and field so that farmers can harvest their yield easily. The prominent item in *PNPM* is the involvement of all element of community in the development process ranging from planning to executing and maintenance. For instance, when a farmer association is given budget to build an irrigation system, hence process of planning, preparing, developing is done by themselves under the supervision of expert appointed by government, therefore they have extra responsibility to maintain the infrastructure they build by themselves.

Because most activities of *PNPM* is related to infrastructure development, it is not wondering that this program absorb plenty of money. Table 5.3 below shows the use of money to operate PNPM in Central Java Province. It is obviously telling that the budget spent for such program is high enough, however it is still slightly lower than the budget used for buying rice in Subsidized Rice Program. Budget of PNPM is shared by both Central Government and Provincial Government as shown in table 5.3. As noted, PNPM is only conducted in rural area, while in the cities such program called Urban Poverty Alleviation Program (*Program Pemberantasan Kemiskinan Perkotaan/P2KP)* which also absorbs plenty of money similar to PNPM.

Table 5.3 Central Java Province Budget of PNPM Year 2007 – 2014

Year	Sharing National Budget (Rp x Billion)	Sharing Province Budget (Rp x Billion)	Total (Rp x Billion)
2007	166.15	36.40	202.55
2008	369.00	92.25	461.25
2009	705.64	174.16	879.80
2010	679.20	169.80	849.00
2011	734.57	175.39	909.96
2012	642.77	33.83	676.60
2013	971.24	50.77	1,022.0
2014 *)	923.73	48.44	972.18

*) Temporary Data

Source: (TNP2K n.d.)

Another comparison also comes from program in Cluster 3 of poverty alleviation program in Indonesia. Basically, Cluster 3 consists of programs giving help for small-micro-enterprises to expand and grow their business. One of the most prominent programs in this Cluster III is Society Enterprise Loan (*Kredit Usaha Rakyat/KUR*), a help formed as a soft loan. This loan aims to provide help for entrepreneurs especially in rural area by giving soft loan to be used for expanding their small-micro-enterprises, even for starting their new business. Hopefully, through this program, it will create many new entrepreneurs as well as new job slot in rural area, therefore unemployment rate can be pressure to the minimum level.

This loan is usually delivered by central government to the entrepreneurs via local bank. However its interest is really low, so that creditor would not be burdened by its installment and interest. Usually, characteristic of such program is to strengthen the capital to inovate small business and give market access by assisting them in certain business. The capital delivered to the entrepreneur from KUR program can be seen as table below:

Table 5.4 Capital Delivered in Central Java Province through KUR Program

YEAR	LOAN (Rp x Billion)	No. DEBITUR (Indiv)
2007	9,279.49	1,311,205
2008	-	-
2009	-	-
2010	-	-
2011	4,329.66	439,607
2012	13,972.07	1,734,339
2013	19,060.94	2,143,862

Source: (Kemenkokesra/Ministry of People Welfare n.d.)

Based on the comparison and explanation above, in term of budget spent for programs, it is clear that subsidized rice program use more money than other programs, but the beneficiaries of subsidized rice program is also high when comparing to the two other program. In term of number of beneficiaries, Subsidized Rice Program also covers much more people. In addition, it directly touchs the poor people by assisting them in fulfilling their basic need. However, due to the abundant budget used in Subsidized Rice Program in its implementation, it is quite vulnerable to be abused and corrupted. This situation is resulted from the fact that Subsidized Rice Program requires long process

ranging from national scale to village scale and involves many actors and institutions even private institution, therefore it cannot be avoided that there is some involved persons who try to abuse its power to get illegal benefit from this program. At least this matter recently becomes the concerning of Anti-Corruption Commission of Indonesia (KPK) of Indonesia.

Those problems such as long bureaucracy process, too much actors and alleged corruption eventually make the implementation of subsidized rice program is ineffective and inefficient. Therefore, supervising and improvement during policy implementation of subsidized rice program is critically needed. Learning other cases is supposedly worthy to be understood. The understanding of similar program from overseas is also relevant in order to know how to strengthen the policy implementation and anticipate potential problems.

5.1.2. Comparison to Similar Program in Overseas

There are other food-based approachs that has been recently advocated by some countries, the Food Stamp Program, which has been effectively used in the past in Sri Lanka, Egypt and even in well developed country, United States. Basically, among those countries, what is called Food Stamp Program is done in different ways (Babu and Prabudha, 2009). Mostly, government gives a coupon to poor people for buying food they need. In developed country, even it is formed as electronic payment to minimize the leakage and more secure (Shenkin and Jacobson, 2010).

Food stamp programs could identify target groups efficiently and restrict the use of food stamps to those who receive them. It reduces the leakage that is prevalent in a general subsidy program. However, implementing food stamps requires good governance and administrative setup from the public sector (Babu, 2001). Furthermore, the food stamp program reduces the role of the implementing agency in transporting food from one place to another and thus substantially reduces the cost of transferring food to beneficiaries.

UNITED STATES

As a well-developed country, even United States still uses such food subsidy program, well known as Suplemental Nutrition Assistance Program (SNAP). Unlike subsidized rice program in Indonesia which emphasize on providing food/rice for the poor, The SNAP as its name, emphasizes on the giving suplemental nutrition, in other word it

tends to concern in health. That is one of differences such program between well-developed country and less-developed country.

SNAP, formerly called the Food Stamp Program plays a crucial role in the social safety net in the United States. According to Tiehen et al., (2012), SNAP was spending around $72 billion in 2011. SNAP in US is also claimed successful in reducing the depth and severity of poverty both in Metropolitan or Non-Metropolitan. SNAP also contributes in the declining of poverty in US, it was reported that poverty rate decline by 4.4 percent during period of 2000-2009, yet the budget spent for this program is much higher than that of Indonesia Subsidized Rice Program Program. Table below shows the national budget spent in both countries, The US budget is almost 30 times Indonesian budget to cost such program.

Table 5.5 Budget Comparison of US SNAP and Indonesia Subsidized Rice Program

Year	US SNAP (USDxMillion)	US Beneficiary (person x 1000)	IND SRP (USDxMillion	IND Beneficiary (HHx1000)
2005	28,568	25,658	-	8,300
2006	30,187	26,549	-	10,830
2007	30,373	26316	-	15,782
2008	34,608	28,223	1,036	19,100
2009	50,360	33,490	1,328	18,497
2010	64,702	40,302	1,357	17,488
2011	71,811	44,709	-	17,488
2012	74,619	46,609	-	17,488

Source: CSA (2013) and (United State Department of Agriculture, 2014)

SRI LANKA

As a less-developed country, Sri Lanka has introduced a kind of food subsidy program since 1979. This program is unusual for its key role in extricating the government from an expensive ineffectual program of food subsidies by maintaining of low price. During the implementation of the program, government makes a certain coupon based on the number of poor. The coupon will be given to beneficiaries. The food stamp should be addressed to families earning less than USD 20. Indeed it yielded success in initial stage although the number of beneficiaries is relatively low and did not cover all of poor, yet government can manage this food subsidy program very well. But the problem rises since the list of targeted beneficiaries is somewhat inaccurate. In addition, within decade the

program loses its advantages since the number of beneficiaries is rocketing and eventually needed large number of budget, the problem starts to rise ranging from inappropriate beneficiaries to lack of budget. Furthermore, it eventually was phased out in the early of 1990's (Babu and Prabudha, 2009).

The Sri Lanka experience draws how difficult to manage such food subsidy program when list of target is overwhelmed, although it is handled well at the beginning. Indonesia has to learn from Sri Lanka's case so that the dispersion of Subsidized Rice Program can be avoided. It means the problem of database which is basically now faced by Indonesia as well has to be overcome immediately and carefully.

5.2. The Content and Context Factors in Subsidized Rice Implementation

Field research has been conducted by observing and interviewing some informants. Before doing this step, observation is addressed to get findings in the policy implementation subsidized rice program, especially related to the matter as follows:

1. Content of Policy

It is related to what is the content of policy which could affect the implementation. The indicators of this variable are:

a. Interest policy affected

   What is the interest of the Subsidized Rice Program.

b. Benefit

   What is benefit felt by the poor in Central Java Province from Subsidized Rice Program.

c. The degree of change desired.

   What are changes desired to achieve.

d. Position of Policy Maker

   What are decisions taken if there is an error in the implementation of the Subsidized Rice Program.

e. Implementer

   Who are actors involved in the implementation of the subsidized rice program in the Central Java Province.

f. Resources

   What are the available resources used in the realization of subsidized rice program in Central Java Province.

2. Context of Policy

It sees the circumstance of political policy and administration of the political policy itself. The indicators include:

a. Power, Interests and Strategies of the Actors involved.

Strategies used by local governments in the implementation of subsidized rice program in Central Java Province in order to achieve the six principles of precision needs to be studied.

b. Characteristics of Authority

Character of the decision makers needs to be studied. This greatly affects on how the implementation of the policy will run. Commitment of the executing program also contributed to the success of policy implementation.

c. Level of compliance and the response from the implementing

Level of compliance comes from officials and beneficiaries. The degree of their compliance will determine the implementation of the program.

Following are the findings of the research which is obtained through in-depth interview with the several relevant informants related to the implementation of subsidized rice program. The interview is made and based on its correlation with its content and context of program.

5.2.1. Content of Policy

a. Interest influencing the policy

According to Chief of Economy Affair in Central Java Provincial Office as a person in charge of Subsidized Rice program in Central Java, the implementation of the program in Central Java is of course, influenced by certain interest. It can be discovered from his statement below:

> "*Kebijakan beras miskin jelas merupakan salah satu upaya pengentasan kemiskinan yang dilakukan oleh pemerintah. Tujuannya juga jelas untuk mengurangi beban masyarakat miskin. Walaupun sebenarnya kita mengetahui adanya fakta bahwa beras tidak dibagikan sesuai ketentuan dengan ketentuan, yaitu sebanyak 15 kg per rumah tangga, namun alasan dibalik ityu juga jelas yaitu untuk mencapai cakupan yang lebih*

luas, sehingga manfaat dari program ini dapat dirasakan oleh lebih banyak penduduk yang tergolong miskin."

(Subsidized rice policy is definitely one of poverty alleviation efforts made by the government. The aim is obviously to reduce the burden of poor. Even though we are aware of the fact that the rice was not distributed in accordance with the provisions, as many as 15 kg per household, but the reason behind is also so clear that it is to widen the coverage, so that the benefits of this program can be felt by more people classified as poor)

Source: Interview in 17 February 2014 of, Chief of Economy Affair of Central Java Province.

Based on that statement, it can be concluded that the interests influencing subsidized rice program in Central Java Province is definitely to alleviate poverty. Therefore, during the implementation process, although there is an indication that the rice is not distributed properly, yet the upper authority still tolerates of it due to its understandable reason. In addition, Informant also affirm, that as long as the amount of distributed rice is not surpass the ceiling in each area/village, it is still tolerated.

Interestingly, there are some villages implementing the subsidized rice program in accordance with the guideline, by which Head of Village Government tries to minimize the risk of disputes appearing among society. In this case, Head of Village Government uses the data from CSA without modifying at all, it is a pure database based on CSA. Then, he distributes the subsidized rice to the beneficiaries as much as 15 kgs/household (exact amount as regulated). Surprisingly, instead of maintain conducive situation, such strategy which is in accordance with regulations invites disputes in society. It is caused by the data obtained from the CSA deemed inappropriate by the community/societies. As a result, public protests arise by the strategy taken by Head of village government that is different from the other villages' strategy. In this case, other villages uses the inappropriate strategy by spreading the rice as wide as possible to the society although they do not receive the right amount (they receive less than 15 kgs, even as reported they only receive around 5 kgs). This case can be found in the Village Bulung Kulon of Kudus Regency, one of regencies in Central Java provinces.

From this case, it can be analyzed, that the implementations although has been undertaken in accordance with the regulation, it can still reap the discontent of the society. The content of the policy or regulation may be the reason why society is unpleasant. Therefore it should be reviewed or even modified to improve the program.

b.   Benefit

From the perspective of benefit, one of respondent interviewed to whom the subsidized rice is given said that his family is grateful due to the program's help for him.

> *"Adanya beras murah ini sangat membantu kami dalam mengurang beban belanja. Seandainya tidak ada beras murah ini, mungkin kami harus lebih bersusah payah lagi untuk bertahan hidup. Setidaknya uang yang ada dapat kami gunakan untuk keperluan lain-lain"*

> (The presence of cheap rice has really helped us to reduce the burden of expenditures. If there is not this cheap rice, maybe we should be bothered more to struggle to survive. At least, by the program, we can use our money for the other necessities)

> *Source: Interview in 22 February 2014 of, beneficiaries of the Raskin program.*

According to the testimonial of beneficiary above, benefit of the program is absolutely helpful. Hence, from the benefit perspective, the implementation of subsidized rice has delivered advantages for the poor people, particularly to reduce their burden, so that they are able to fulfill their other necessities. In the other word, the benefit of the program is not only dealing with the reducing poverty, but also with the increasing of purchasing power of the poor. In the term of economy, then, purchasing power could push the economic growth. Thus, by which the subsidized rice program has reached multiple purposes, ranging from helping poor economy and increasing national macro economy in the wider perspective.

c.   The degree of desired change

One of the officers in village government whose duty in charge of administrating subsidized rice program in Village Bulung Kulon of Kudus Regency, One of Village in Central Java Province reveals that even though there is no hesitancy that the benefit of the program is deemed helpful for the beneficiaries, but regrettably, as his known, the welfare condition of most beneficiaries is still the same from year to year. Even, some of beneficiaries to whom he services have worsened. This officer also gives an addition that:

> *"Sebagian besar penerima memang merasa terbantu dengan diberikannya raskin ini, namun beberapa orang juga tidak merasakan manfaat apapun, bahkan ada warga miskin yang merasa bahwa beras raskin tersebut masih terlalu mahal baginya, sehingga mereka menolak untuk menerimanya dan lebih memilih untuk menjual kupon pengambilan beras kepada orang lain"*

(Most of the recipients do feel helped by the subsidized rice given, yet some people also did not feel any benefit, and even there is poor who feel that the subsidized rice is still too expensive for him, so they refused to accept it and prefer to sell the coupon of rice to others)

Source: Interview in 22 February 2014 of, Village Government Officer.

From this confession, it invites the curiosity, because the price of subsidized rice is actually much lower than ordinary rice, however, the poor still perceives so high that he decides to sell their coupon. By illustrating such condition, it can be concluded that indeed the program aims to shift the poor from poverty, however in the realization of the program. The desired condition is really hard to be achieved because few beneficiaries still perceive the price is too high for them. Adding the budget for the subsidized rice program may give better situation to reduce the price of subsidized rice, but it will reduce the budget for other programs as well. It can be said that the condition intended by government has not achieved yet. Nevertheless, the effort of government has to be appreciated due to its willingness to subsidy food.

d.   Position of Policy Makers

It is widely known that the policy subsidized rice is made by Central Government, in this case Ministry of Social Welfare is in charge of developing the program. However, during implementation the decision to conduct the program is in the provincial and local government, particulary in case of emergency needed fast response. This situation often leads to misunderstanding between Central Government and Local Government, because the policy created by Central Government is basically applied in around country, however the condition and situation of each provincial and local governments is practically different.

For instance, there is classical problem in the implementation of subsidized rice program related to the overdue payment. There are so many reasons behind the problem, unfortunately, one of which comes from the mischievous bureaucrat involved in the implementation process. From the interview, researcher finds out that there is illegal activity conducted by mischievous officer who collects the

payment from the beneficiaries but he uses the money for himself first instead of paying it immediately to bank account appointed by National Logistic Agency. Indeed, he is eventually responsible for paying to the bank account, but after several days or even months latter. However, this situation is so bad that society things all of the officers have the same attitude. Thus, it will impact in the further process due to the late payment and the hesitancy of society against government officials.

Inevitably, such situation needs the handling from top level bureaucrat. For that reason, Central Java Province will stops the distribution of rice program if the payment has yet to be paid into Bulog's account. As a result, if the money payment is used improperly by mischievous bureaucrat, the distribution will be suspended. Consequently, the mischievous officer will be encountered by society or poor, thus after that, not only law enforcement that will be faced but also social sanction from society.

However, Central Java Province also gives the award for the fastest village which pays in full the payment of subsidized rice. The award will be given monthly, to the village government. It is formed in various ways ranging from cash money to office equipment. By applying such reward and punishment system, hopefully the system can work properly and boosting the successful of program. Actually, what is done by Central Government above is not mentioned in the regulation or guideline set by Central Government or Ministry of Ministry of Social Welfare. But Central Java Province made its own regulation based on the local situation to improve the implementation.

The fact above proves that the commitment of leader is very crucial in the implementation of poverty alleviation programs, particularly in the subsidized rice program. The position of decision maker will greatly affect to overcome the problem appear and also to encourage the advantages, in which leader of Central Java Province commits to apply reward and punishment to reduce the abusing in the payment. In addition, Governor of Central Java also asserted that Central Java should become one of National Granary in Indonesia and push the increase of production. It is also important to be asserted that Central Government should accommodate the differences between areas in whole country to improve the implementation of program.

e.   Implementer

There are so many involved actors in the implementation of subsidized rice program. Dialogue with the Chief of Economy Affair of District Secretariat reveals:

"Semua institusi yang memegang peran, sama pentingnya dalam pelaksanaan program ini, dan semuanya juga saling terkait satu dengan yang lain. Misalkan bulog menyediakan beras untuk didistribusikan, hal itu perlu juga data yang telah terverifikasi dari pemerintah kabupaten mengenai jumlah riil kebutuhan. Padahal data yang telah diverifikasi oleh Pemerintah Kabupaten bersumber dari BPS, dan verifikasinya pun melibatkan masyarakat agar disepakati mengenai mekanismenya. Jadi seluruh elemen pelaksana menjalankan fungsinya masing-masing, dan saling terkait"

(All the institutions are responsible for their important role equally in the implementation of this program, and all of them are also linked to each other. Supposedly, Bulog which provides rice to be distributed needs the data verified by the local government. Though, the data that has been verified by the local Government was sourced from CSA, and the verification needs a confirmation from involving community (such as NGO, Groups of Society, etc) in order to determine the better and reliable database. To conclude all elements ranging from Central Governments represented by Ministry to Society represented by NGO have to perform their own functions to make the program success.

Source: Interview in 17 February 2014, Chief of Economy Affair of Central Java Province.

By analyzing the statement above, it is known that the implementation of the subsidized rice program needs strong coalition between involved actors to conduct the program thoroughly. Hence, in the author's opinion the coalition will also impact on the achievement asserted in the content of policy. Interestingly, society which consists of public figure, workers and even the poor has been involved in the implementation, particularly in deciding the pattern of distribution of rice and also in appointing the poor considered appropriate to receive the benefit of subsidized rice. In other word, the implementer of this policy is not only the bureaucrat (both street level and elites) but also the society itself. So, up to know this program is running well seen from this aspect.

f.   Resources

To see the implementation process from the resource perspective, researcher obtains the information by interviewing sub-district Jekulo officer who handle the program in that area. From whom researcher gets the report that:

"Sumber daya aparatur yang ada sebenarnya cukup banyak dan mencukupi, namun yang dapat diberdayakan masih minim terutama di tingkat desa. Alasannya bukan karena mereka tidak mampu, tetapi karena tidak mau untuk turut serta dalam pelaksanaan program ini"

(Actually, the number of apparatus is sufficient enough, but among them who can be empowered is still limited, especially at the village government level. There are only few personals which can handle the program properly. The reason is not because they are do not capable to handle, but because they do not want, it tends to be willingness problem of apparatuses)

Source: Interview in 17 February 2014 of, Staff of People Welfare Affair in Local Government.

However, from the observation during interview, there are some village government officers who show their interest to give the information about subsidized rice program in their cities and villages. In fact, this situation actually shows their high enthusiasm to the program. It is proven by their wide understanding and fluency to explain about the situation faced in the implementation of subsidized rice program in their village. Therefore, it can be said that in term of apparatuses, government has enough number of apparatuses that potential to be utilized to strengthen the program.

Moreover, in the term of financial resources, Central Java Province still has some potential resources that can be optimized to enhance Subsidized Rice Program. It is clear that Subsidized Rice Program need much budget in its implementation. Comparing to other poverty alleviation programs, the subsidized rice programs obviously costs much budget and absorb abundant of both national budget and provincial budget. However, there are also so many private industries in Central Java Province. Potential budget might be found in Corporate Social Responsibility (CSR) budget which is allocated by private. This is the opportunity for the Central Java Province to enhance its poverty alleviation programs by maximizing this potency. This resource could be really helpful to finance the costs spent for distributing and administrative process as long as it does not offence the regulation set by Central Government.

Yet, as aforementioned before, the problem of decentralization in Indonesia is Central Government still has a power to intervene the local government budget and expenses although in limited term, therefore the regulation about how to utilize CSR to support Subsidized Rice Program should be considered by Central Government, as a result it becomes legal to use CSR fund for financing Subsidized Rice Program since it is also a part of social program.

Moreover, another option to optimize the availability budget maybe reducing instead of adding budget of Subsidized Rice Program. Because, currently the

budget spent for the Subsidized Rice Program is so huge as shown in table 5.6 below. It is clear that budget spent for Subsidized Rice Program is the highest one of them. As a result, it is difficult to improve other poverty alleviation programs such as PNPM / People Empowerment Program, and KUR/Micro Finance Program. But actually, the best result to reduce poverty requires the synergy of all poverty alleviation programs. So that, reducing the budget of Subsidized Rice Program to be allocated in other poverty alleviations maybe good option to alleviate poverty. Indeed, reducing budget of subsidized rice program and shifting them for other programs may be good solution to maintain those two other programs running well but how to keep Subsidized Rice Program run well? Since the budget spent for Subsidized Rice Program decreases, inevitably, other resources such as CSR should be optimized.

Table 5.6 Comparison Between Budget of Poverty Alleviation Program

YEAR	SUBSIDIZED RICE PROGRAM/RASKIN (Billion Rupiah)	PNPM (Billion Rupiah)	KUR (Billion Rupiah)
2007	-	36.40	9,279
2008	-	92.25	-
2009	-	174.16	-
2010	11,400	169.80	-
2011	15,270	175.39	4,329
2012	15,600	33.83	13,972

Source: CSA, 2013 and Secretariat of Central Java Province 2013

5.2.2. Context of Policy

a. Power, Interest and Strategies

Researcher tries to ask relevant person in order to scrutinize the implementation of subsidized rice program related to power, interest and strategy. According to person in charge of Subsidized Rice Program in Central Java Province, there is a strategy applied by Government in realizing the rice subsidy program. During interview, he said that:

"Untuk mengidentifikasi permasalahan yang muncul, monitoring dan evaluasi secara berkala dilakukan secara kontinyu. Monitoring dan evaluasi tidak hanya dilakukan pada saat distribusi saja melainkan juga pasca distribusi meliputi pembayaran oleh penerima kepada pihak

pemerintah desa dan pelunasan oleh pemerintah desa kepada Bulog. Pemberian reward dan punishment juga terbilang cukup efektif sebagai strategi untuk meningkatkan kinerja aparatur."

(In order to identify problem rising, monitoring and evaluation is performed periodically and continuously. Monitoring and evaluation is not only done at the time of distribution but also after the distributing steps ranging from payment by the recipient to the village government, and the payment from village governments to Bulog. Giving reward and punishment strategy are also quite effective to improve the performance of the apparatus)

Source: Interview in 17 February 2014 Chief of Economy Affair of Central Java Province

Departing from the statement, there is monitoring and evaluating process which has been done by local government periodically. As asserted by public policy theorists who said that the policy implementation has to be evaluated in order to improve suitably, with the environment surrounding the policy itself.

Therefore, in Central Java Province, within its periodic monitoring and evaluating, the government has shown its sensitivity to the circumstance around the policy. This step is critical to recognize the problem appeared and even to handle it appropriately. In addition, there is also accommodate the contribution ideas from the society, for instance there is a complaint from the society resulted from his or her inconvenience due to bad quality of rice and mistaken quantity, yet, not only making a complaint, but they also has the chance to give the solution to overcome the problem. Those are can be absorbed by authority through periodic monitoring, inspecting and of course evaluating.

b.   Characteristic of the authorities

Characteristic of the authorities is believed can drive the implementation towards successful. As Neo and Chen said (in Nugroho, 2012: p. 245):

"The political leadership sets the policy direction, agenda, tone and environment of the public sector. If the political leadership is corrupt and ineffective, the potential of the public sector, no matter how competent, would be severely hampered"

The authority here can be meant the leader, is the key for public policy success. It gives the idea that how strong the influence of leader. Therefore, well-built commitment has to be shown by leader to drive the implementation toward its goal. In the term of subsidized rice program in Central Java Province, at least, the

commitment of authorities has been shown by awarding for the village government which achieves the best performance every month indicated by paying the debt of rice as fast as they can.

c. Compliance and Responsiveness

Compliance and Responsiveness is closely related to the question: how good the level of compliance of both implementing authority and the beneficiaries of this program?

> *"Pada dasarnya tingkat kepatuhan dari pelaksana sudah cukup baik dalam pelaksanaan program raskin ini. Tingkat kepatuhan masyarakat juga layak diapresiasi. Hanya saja dalam lingkungan yang cukup majemuk, beberapa orang tentu memiliki watak dan sifat yang berbeda. Perbedaan dalam pemikiran itulah yang sering kali berpengaruh pada kinerja."*

> (Basically the level of compliance of implementer is good enough in the implementation of the Raskin program. The compliance rate of beneficiaries should also be appreciated. It's just only in a quite diversity of environment, there are few people who have a different character and nature. Such differences in perspective will eventually affect their performance)

> *Source: Interview in 17 February 2014, Chief of Economy Affair of Central Java Province*

For instance, when the case of difference in perspective between officer and beneficiaries is happen in Pati regency (one of cities in Central Java Province), in which a recipient of program is unable to pay the rice price which has been received. As a result, one of village officer who chase the award for its achievement visiting him and asking the payment, however the beneficiary refuses to pay because of his lack of money. Unfortunately, this phenomena is happen from day to day, and eventually it becomes the dispute among them. Indeed, such condition can be reconciled at the end by the Head of Village, but it illustrates that actually the compliance and responsiveness are influencing greatly in the implementation process.

CHAPTER VI

CONCLUSIONS AND SUGGESTIONS

Finally, we have arrived in the last part of this research served conclusions and suggestion resulted from the research.

6.1. Conclusions

Based on the result of research conducted by collecting data related to the concern raised in the focus of this research, both through interviews and observation, and according to the data presented. It can be drawn some conclusion on the policy implementation of Subsidized Rice Program as follows:

1. When conducting the research, researcher finds that generally, the implementation of the subsidized rice program in Central Java Province indeed goes well partially, proven that some people have received benefit. This understanding is supported by a strong commitment from the bureaucrats leaded by Governor. However, there are some problems that are not in accordance with the conditions set, such as improper distribution of rice, it should be 15 kg/household/month, but some beneficiaries confess that they only receive 10 kg/month or even lesser.

2. It is also found that the payment is inappropriate, since beneficiaries pay more than it should be. But authority is arguing that it was used for operational expenses.

3. Implementation of the rice distribution has been good enough as almost always on time received by beneficiaries.

4. The benefits expected is not completely achieved yet, since only direct benefit that can be enjoyed by beneficiaries (poor household) to reduce their burden, while the indirect benefit expected from procurement process did not work properly since the procurement process welcomes imported rice for the program. Even imported rice dominated in this program. As a result, Indonesian farmers still struggle to find their own market. Actually, if the procurement process works as expected, rice generated by farmers should be bought by government (National Logistic Agency) to utilize as Subsidized Rice Program, so that farmers can sell well its product and get the benefit from its profit. This condition is especially perceived by farmers in rural area because generally they lack of access to sell the product.

5. Utilization and involvement of the private sector has to be improved, they provide vehicles to help deliver rice, but more involvement by utilize their CSR fund has to be intensified.

6. Subsidized Rice program solely cannot help poor to escape from poverty,, therefore strengthen other poverty alleviation programs is absolutely required. But, considering that Subsidized Rice Program can touch directly to poor households, hence continuing this program is good effort of government to help poor.

7. Learning from case of Sri Lanka, the problems of inaccuracy database of beneficiaries can lead to the discontinuation of programs, because the program becomes really costly but does not work effectively. Therefore, measure have to be taken immediately by authority to anticipate the problem.

8. It is possible to expand this program in the future, adopting from US SNAP, such program can be utilized not only to combat hunger but also to fulfill the nutrition of poor.

9. Supporting factors found in this research are, as follow:
   - There is a continuous coordination among involved actors/institutions during the stage of planning, distributing, monitoring and evaluating
   - There is a Coordinating Team of subsidized rice program in each level of government
   - Large number of apparatuses in local and village government
   - Central Java has vast paddy field. It reaches more than 30% of its area.
   - The Governor of Central Java Province has shown his commitment to combat poverty, at least he launch the program to make Central Java as the National Granary.
   - The reward and punishment strategy have been applied
   - Within hierarchical bureaucracy, technical problems which often appear in each stage/level are expected to be finished in lower level immediately

10. Constraining factors found during the research are:
    - There is unclear criteria to define the poor people, it lead the inaccurate of database.
    - Socialization to the society is rarely to be held, therefore it is a hard to find what the society wants.
    - Inactive experience of society
    - Only few apparatus who can be empowered to handle responsibility
    - Financial resource is really crucial due to government's lack of budget

- Public antipathy against the government because the government reputation is considered less serious to alleviate poverty
- There is also mischievous bureaucrat surrounding the government's kindliness
- The hierarchical bureaucracy usually takes a long time in almost everything especially when facing crucial issues. It means to solve the problem, for instance in miss-mentioning the name of beneficiary in database, it needs long time to verify and correct it.

6.2. Suggestions

Based on the results of in the research concluded as above, followings are author's advices or recommendations which are expected can help the further implementation of the subsidized rice program in Central Java Province, it can be done through a number of efforts as follows:

a. Tighten the monitoring and evaluating of implementation to avoid any abusing from personages or even officers who try to do illegal action. Surveillance can be initiated from the early planning where officers determine who the recipients are. After that, at the level of implementation and evaluation, it should be held a supervision to ensure the appropriate implementation. Supervision also can be made in collaboration with independent parties such as NGOs and others.

b. Regular meetings should be held, at least once a month among all involved actors or the implementers to discuss about the progress of the program implementation, it also keeps communication between people and society

c. Implementers (officer in charge of the program) should be fair for all of the poor, especially in the process of submitting beneficiaries during establishing and validating database. The rule in the Implementation Guidelines Subsidized rice should be strictly applied

d. Improving the accuracy of database is critically needed, because there are many inappropriate beneficiaries (non-poor beneficiaries) found. The appropriate and accurate database will lead the program to be effective and efficient. It is realized that it will be hard to make the perfect database listing all of the poor. However, it is possible to minimize such problem by utilizing communities in the society to select the real poor among them.

e. Empowering private sector to play actively in their role and optimizing its CSR fund as a resource. Their fund can be utilized to finance the cost of program in Local Government level, hopefully it can cover the operational cost needed by local government and village government, so that beneficiary does not need to pay the operational cost, in other word they only pay for the rice redeemed, as much as Rp1,600/kg

f. Innovations in needed, for instance giving additional supplemental food to increase the nutrition of poor household

g. Shifting the abundant budget of subsidized rice program to other poverty alleviation programs should be considered, therefore other programs are also well-running, and create better effect to reduce poverty rate.

h. Further research might be needed to be held to prove that the CSA database is appropriate enough to be used as beneficiary list. Research indicates the village which uses the CSA data thoroughly invites disputes among societies instead. However, village which modifies the data harvests better result, in term of people harmony.

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