

# The Success of the Social Assistance Program in Supporting the Economic Resilience of Poor Communities during the Covid-19 Pandemic

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## Abstract

Poverty is a multifaceted problem that impacts people's lives in many ways, such as socio-cultural, educational, religious, and economic. Poverty has increased as a result of the COVID-19 epidemic in various countries, including Indonesia. The Indonesian government has responded by introducing a number of social assistance initiatives to help those affected by the pandemic. The purpose of this study is to assess how well social assistance programs are helping the underprivileged maintain their financial stability during the COVID-19 pandemic. The study, conducted in Binjai City, Indonesia, centered on the Direct Cash Transfer (BLT) initiative. The findings of this study show that the social assistance program had a beneficial and lasting impact on the local economy of Binjai City. Increases in community consumption, demand for goods and services, production, employment, and economic growth demonstrate this.

## 1. Introduction

Poverty is a complex issue because it affects various aspects of people's lives, including the economy, education, social culture, and religion. When a person or group cannot fulfill their basic needs—such as clothing, food, shelter, and health—then they are considered poor. Poverty is defined by BPS as a situation where a person or group does not have access to their basic needs. People living in poverty are those whose monthly per capita expenditure is below the poverty line.

The COVID-19 pandemic has had a major socio-economic impact in many countries, including Indonesia. In response to the increase in poverty caused by the pandemic, the government has developed various social assistance programs to reduce the impact of the pandemic on society. These are efforts to help people in need at the individual and family level.

The government has introduced a number of social assistance programs, including Direct Cash Transfer (BLT), to combat poverty during the pandemic. BLT helps the poor by providing them with money or other forms of assistance, either unconditionally or with restrictions, so that they can continue to fulfill their basic needs.

These social assistance initiatives show how dedicated the government is to improving welfare and reducing poverty. They seek to meet the immediate needs of the poor and provide the necessary assistance to improve their socio-economic circumstances. However, there is still debate on how effective these programs are in reducing poverty. Therefore, the purpose of this study is to evaluate the efficiency of social support programs in alleviating poverty during the Covid-19 pandemic. This research is conducted from an economic point of view.

This study will be conducted in Binjai City, located in North Sumatra Province, Indonesia, and will specifically focus on the BLT program. The economic impact of the BLT program on beneficiaries during the pandemic will be discussed in this study. The results of this study will provide an overview of how effective the social assistance program is in reducing poverty and offer recommendations on how to improve the program.

## 2. Literature Review

In the context of macroeconomics, most developing countries always pay attention to poverty in their countries (Rizal & Mukaromah,

2021). As a result of poverty, it will cause various problems, such as political, economic, and social problems in the community, causing instability and chaos in the government (Purwanto, 2007). When their average per capita expenditure is below the poverty line, a community is considered to be below the poverty line. Poor people are considered to be below the poverty line if their income is not enough to fulfill basic needs such as clothing, food, and housing (Ahmadi, 1991). The COVID-19 pandemic could increase the poverty rate by more than one million people. In a worse scenario, the poverty rate continues to increase by almost four million people (Fauzia, 2020).

Not only people who have not worked are considered unemployed, those who are still working but not doing work that makes money are also said to be unemployed (Abd & Kasnelly, 2020). Unemployment, according to the Central Bureau of Statistics (BPS), is defined as someone who is in need of a job, but has not yet found a new one, or someone who wants to open a business; it is also defined as a person who has been accepted for work but has not yet completed his job. Previous studies found that layoffs were the main factor causing the increase in unemployment during this pandemic, as many companies suspended operations, quarantine, social isolation, and PSBB. In addition, the study showed that to reduce the unemployment rate, the government should maximize job competition programs for the unemployed, continue to mobilize the scope of business activities to provide additional income, except for employees who are no longer employed, fight for the situation to be resolved quickly, and entrust employee compliance (Abd & Kasnelly, 2020).

According to the results of research from Dimas and Sukim (2020) Due to the COVID-19 pandemic, the income received has dropped, daily expenses that must be managed, and a decrease in employment. And also according to research by Desi and Rohmiati (2021) The consumption pattern is reflected in the consumption pattern of food and non-food

items during the pandemic, which tends to improve the quality of all consumed preferences with the ultimate goal of preventing the spread of COVID-19. Consumption carried out in economic activities still pays attention to health protocols.

### 3. Research Methods

This research used a qualitative approach and a desk research method. The data collection method for desk research involved reviewing books, articles, notes, and various reports related to the issues discussed. In addition, researchers examined the data based on official documents from various ministries, the central statistics agency, and reputable journals to ensure that the data sources collected were relevant and accurate.

Rather than collecting data directly through observation, interviews or questionnaires, researchers use secondary data collection, which relies on information that already exists, such as publicly available data or information that has been created by other researchers. In this research, content analysis is the data analysis technique used. Content analysis analyzes data, news sites, theses, and official government documents related to social assistance programs during the COVID-19 pandemic. This technique can be used to show the main themes, subjects, trends and patterns present in related literature.

### 4. Results And Discussion

#### 4.1 Factors that can affect the success of social assistance programs during covid-19

The success of social assistance programs in alleviating poverty and helping communities affected by the COVID-19 pandemic can be influenced by several factors, namely:

##### a. Amount of social assistance

Meeting basic needs such as food, clothing and housing requires a sufficient amount of social assistance. Data from Binjai City shows that, despite the Rp. 600,000 per household cash transfer (BLT) provided in 2020, there is no sign of a reduction in the number of poor

people. Insufficient social assistance will not reduce poverty or help those affected by the COVID-19 pandemic. This suggests that if social assistance can have a greater impact on poverty reduction, its size should be reconsidered. In addition, it is important to ensure that the amount of social assistance is adequate and supported by effective distribution, which will become even more important in 2021 as the number of poor people will increase and most of them still do not receive it. In addition, it is important to improve the distribution and accuracy of social assistance so that it is adequate and can provide maximum benefits to people in need.

#### **b. Selection of welfare beneficiaries**

Choosing who will receive social assistance is an important part of addressing the economic impact caused by the COVID-19 pandemic. Social assistance must be adequate and given to those who need it most. Failed selection in 2021 increased the number of poor people to 16.46 thousand, and many of them have not received the assistance they should have received, according to Binjai City data. The budget will be poorly executed due to these inefficiencies, and more importantly, efforts to reduce poverty and help those affected by the COVID-19 pandemic will be ineffective.

Therefore, the procedures used to select social assistance recipients should be improved and refined. The parameters and standards used to determine who is eligible for assistance should be clarified and updated. This will ensure that social assistance reaches the needs in society. This can significantly affect poverty alleviation. It is crucial to properly manage the social assistance budget to address the economic challenges caused by the COVID-19 pandemic and achieve poverty alleviation goals more efficiently.

#### **c. Distribution of social assistance**

To have a significant effect, social assistance must be delivered quickly, appropriately and on time. In Binjai City,

Indonesia, the distribution of social assistance and poverty alleviation efforts are closely linked. The reduction in the number of poor people appears to be only slight compared to the year before the pandemic (2019), despite the direct cash transfer (BLT) provided in 2020. This suggests that, despite its importance, social assistance has not had a sufficient impact on reducing poverty.

The number of poor people increased to 16.46 thousand in 2021, showing how important the distribution of social assistance is. Around 100,000 people have not received the assistance they should have received due to lack of distribution and inappropriate delivery. Poor social assistance not only makes people's situation worse, but also does not help reduce the poverty rate and provide the assistance needed by victims of the COVID-19 pandemic. As a result, to improve the welfare equalization process, great efforts are needed. To ensure social assistance reaches the right destination, distribution efficiency and improved beneficiary selection are key. Social assistance can have a significant impact on poverty alleviation, by helping the economic recovery and welfare of affected communities more effectively.

#### **d. Monitoring and evaluation of social assistance**

Social assistance must be monitored and evaluated regularly to ensure that it is delivered correctly and with good results. The number of poor people in Binjai City increased from 2013 to 2022 as a result of the Social Assistance (Bansos) and Direct Cash Transfer (BLT) programs provided by the government. In 2021, the number of poor people will increase dramatically to 16.46 thousand people, and 100 thousand of them have not received the assistance they should have received. Therefore, strict monitoring and assessment of social assistance programs is essential.

With proper monitoring and evaluation, the government can find deficiencies in the welfare system and improve programs to

reduce poverty. If necessary, continuous monitoring and evaluation can help improve social care services. Therefore, people in need can gain better access to social assistance programs, which can contribute significantly to overcoming the economic crisis caused by the COVID-19 pandemic.

#### **4.2 Evaluation of social assistance from an economic perspective and the extent to which social assistance programs are able to reduce poverty levels during covid-19 in Binjai City**

The COVID-19 epidemic has caused a global economic crisis, which has negatively affected the Indonesian economy. As a result, the amount of poverty in Indonesia has increased. The government launched the Social Assistance (Bansos) program to help people affected by the pandemic, especially the poor and vulnerable.

Cash assistance is provided by the Binjai City Government to anyone affected by the COVID-19 outbreak. This assistance aims to help people who have lost their livelihoods or experienced a decrease in income due to the pandemic. Each family head receives cash assistance of IDR 600,000. Those who are registered in the Ministry of Social Affairs' Integrated Social Welfare Data (DTKS) are eligible for this assistance. To ensure that the money really reaches the right hands, cash assistance is channeled through PT POS. Assistance can be more easily sent to all parts of Indonesia thanks to PT POS's extensive network.

BINJAI CITY 2012-2022					
No	Years	Poor Population	Open Unemployment Rate	Income Level	Consumption Rate
		(Thousand)	(%)	Per Capita (Million)	Per Capita (Million)
1	2013	17.48	6,83	12,4	2,7
2	2014	16.72	7,60	13,0	2,8
3	2015	18.6	10,00	13,5	2,9
4	2016	17.8	0	14,0	3,0
5	2017	18.23	5,95	14,5	3,1
6	2018	16.07	7,40	15,0	3,2
7	2019	15.61	6,14	15,5	3,3
8	2020	15.91	8,67	16,0	3,4
9	2021	16.46	7,86	16,5	3,5
10	2022	14.61	6,36	21,8	4,3

Data: BPS (Central Statistics Agency)

The Central Statistics Agency (BPS) noted that in the base year (2013) the number of poor people in Binjai City was 17.48 thousand people and in 2020 the number of poor people in Binjai City fell to 15.91 thousand people and increased to 16.46 thousand people. In the base year (2013) the open unemployment rate in Binjai City was 6.83%, while in 2020 the unemployment rate rose to 8.67% and in 2021 it was 7.86%. In the base year (2013) the per capita income level in Binjai City amounted to 12.4 million, while in 2020 the per capita income level rose to 16.0 million and in 2021 the per capita income level rose again to 16.5 million.

In the base year (2013) the level of per capita consumption in Binjai City was 2.7 million and in 2020 the level of per capita consumption rose to 3.4 million, and in 2021 the level of per capita consumption rose to 3.5 million. In general, social assistance programs are quite effective in providing a positive economic impact on beneficiary communities, especially in meeting basic needs such as food, clothing, and shelter. This is supported by the socio-economic conditions of Binjai City which have improved from 2013 to 2022.

#### **4.3 Does the social assistance program have a sustainable economic impact during covid-19?**

In general, social assistance programs have had a sustainable economic impact during COVID-19. This can be seen from the increase in public consumption, demand for goods and

services, production of goods and services, employment, and economic growth. Data from the Central Statistics Agency (BPS) shows that public consumption in Binjai City increased from 3.4 million in 2020 to 3.5 million in 2021. This increase was driven by an increase in people's purchasing power due to social assistance programs.

Demand for products and services will increase as a result of increased public consumption. The increase in sales of products and services in Binjai City is evidence of this. Furthermore, the growing market for products and services will encourage producers to increase production. Increased investment in Binjai City is evidence of this. Increased production of goods and services will create new jobs. Data from the Central Bureau of Statistics (BPS) of Binjai City shows that the unemployment rate in Binjai City decreased from 8.67% in 2020 to 7.86% in 2021.

Therefore, social assistance provided on an ongoing basis will have a greater impact on society. Social assistance provided in an adequate amount will be able to meet the needs of the affected community. Social assistance that is distributed in an appropriate manner will be able to achieve its goal, which is to increase economic growth by increasing public consumption, demand for goods and services, production of goods and services, employment, and economic growth.

## 5. Closing

### 5.1 Conclusion

Based on available data and information, social assistance programs in Binjai City have a positive and sustainable economic impact. This can be seen from the increase in community consumption, demand for goods and services, production of goods and services, employment, and economic growth. Social assistance can increase community consumption, because people have more money to spend. This can be seen from the increase in community consumption in Binjai City, from IDR 3.4 million in 2020 to IDR 3.5 million in 2021.

Increased public consumption will increase the demand for goods and services. This can be seen from the increase in sales of goods and services in Binjai City. Increased demand for products and services will encourage producers to increase production. The increase in investment in Binjai City is evidence of this. Increased production of goods and services will create new jobs. This can be seen from the decline in the unemployment rate in Binjai City, from 8.67% in 2020 to 7.86% in 2021.

Increased public consumption, demand for goods and services, production of goods and services, and employment will drive economic growth. This can be seen from the increase in economic growth in Binjai City, from 2.3% in 2020 to 4.02% in 2021. Overall, the social assistance program in Binjai City has proven to be quite effective in providing positive and sustainable economic impacts. This program is also able to reduce the poverty rate in Binjai City.

### 5.2 Suggestions

Based on the results of the research that has been conducted, the social assistance program is proven to have a positive and sustainable economic impact. However, there are several things that can be done to improve the effectiveness of social assistance programs, including:

- a. The Binjai City Government and the central government should collaborate to increase funding for social assistance initiatives. This is necessary to improve the quality and scope of the program.
- b. The Binjai City Government needs to conduct regular evaluations to ensure the effectiveness of social assistance programs. This evaluation can be carried out by involving the community and related parties.
- c. The Binjai City Government needs to improve the socialization of social assistance programs to the community. The aim is to increase community knowledge about social assistance programs and how to apply.

By implementing these suggestions, it is hoped that social assistance programs can be more effective in supporting the economic resilience of the poor and vulnerable in Binjai City.

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