

Evaluation of the LPG 3 Kg Subsidy Program: how far has it Reached the Poor?

Uswatun Hasanah^{1*}, Haliah², Andi Kusumawati³
Fakultas Ekonomi dan Bisnis, Universitas Hasanuddin

Corresponding Author: Uswatun Hasanah uswatun.hasnh11@gmail.com

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ABSTRACT

Public service is a series of activities aimed at meeting the needs of the community in accordance with applicable laws and regulations. Every citizen and resident has the right to obtain goods, services, or administrative services provided by public service providers. The problem of poverty is an issue that must still be considered by a country, especially in developing countries such as Indonesia. This research aims to provide a deeper insight into the evaluation of the 3 kg LPG cylinder subsidy to ensure that the program is right on target and provides benefits for the poor, micro businesses, farmers and fishermen. This article uses a qualitative approach with a literature study analysis method. The result is that the 3 kg LPG subsidy program in Indonesia helps the poor, but there are still challenges in its implementation.

INTRODUCTION

Public service is a series of activities aimed at meeting the needs of the community in accordance with applicable laws and regulations. Every citizen and resident has the right to obtain goods, services, or administrative services provided by public service providers. Public services not only fulfill legal obligations, but also function as a means to ensure justice, equality and accessibility for all levels of society. This is in line with the mandate of Law No. 25/2009 on public services, which emphasizes that every state is obliged to serve citizens and residents in fulfilling their rights and basic needs (Faraswati et al, 2024).

Public services in Indonesia play an important role in overcoming poverty. The government is expected to provide fair and equitable services to all levels of society, especially to those in vulnerable conditions. However, in practice, public services often face various obstacles, such as a lack of transparency, accountability, and community participation in the decision-making process (Mardiasmo, 2018). This has the potential to result in community dissatisfaction with the services provided, especially for the poor who rely heavily on government assistance.

The problem of poverty is an issue that until now still has to be considered by a country, especially in developing countries such as Indonesia. Poverty in Indonesia cannot be separated from inequality in terms of income, geographical conditions, education levels, and the state of the environment itself (Purwanto, 2007). Poverty prevents millions of people from receiving a quality education, lack of access to public services, and difficulty in fulfilling their needs for clothing, food, and shelter.

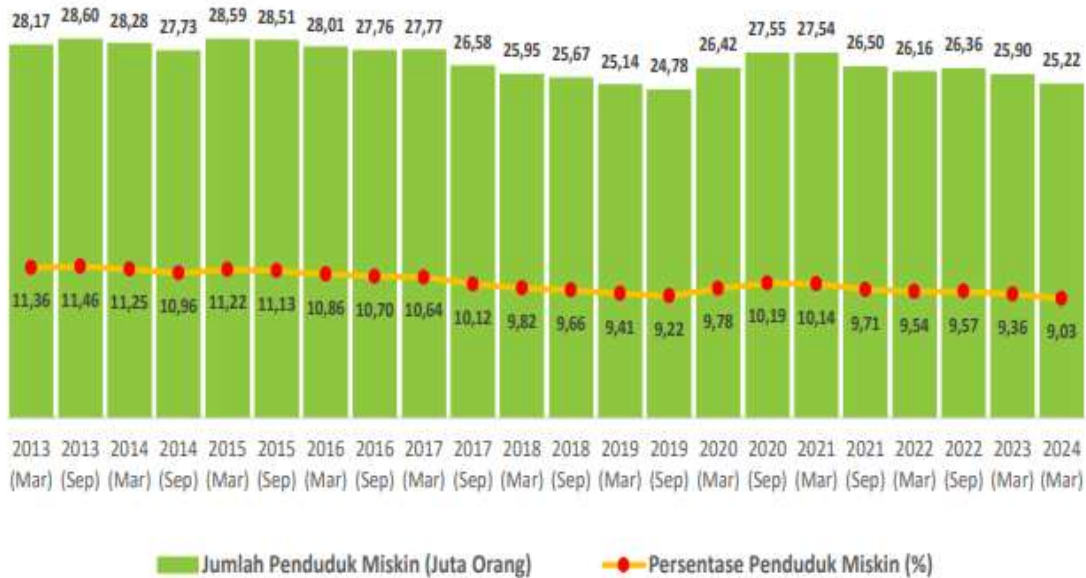


Figure 1. Percentage and Number of Poor People in Indonesia 2013-2024
 Source: BPS, 2024

Based on the figure above, from 2013 to 2024, the population and the percentage of poverty in Indonesia always fluctuate although not significantly, but in 2024 the poverty rate has decreased. This fluctuation in poverty is motivated by several indicators such as (Astriani et al., 2018): (i) limited food sufficiency and quality; (ii) limited access and low basic community life such as access to employment; (iii) uneven education, health, clean water services; and (iv) the safety of the entrepreneurial climate for local economic actors. From these indicators, the government is obliged to provide assistance and policies that favor the poor.

In line with Presidential Regulation (Perpres) No. 104/2007 on the Supply, Distribution, and Pricing of LPG (Liquefied Petroleum Gas) 3 Kilogram Tubes, the Government of Indonesia provides assistance in the form of 3 kg LPG subsidies as one of the subsidy programs that are expected to be enjoyed and relieve poor families or communities.

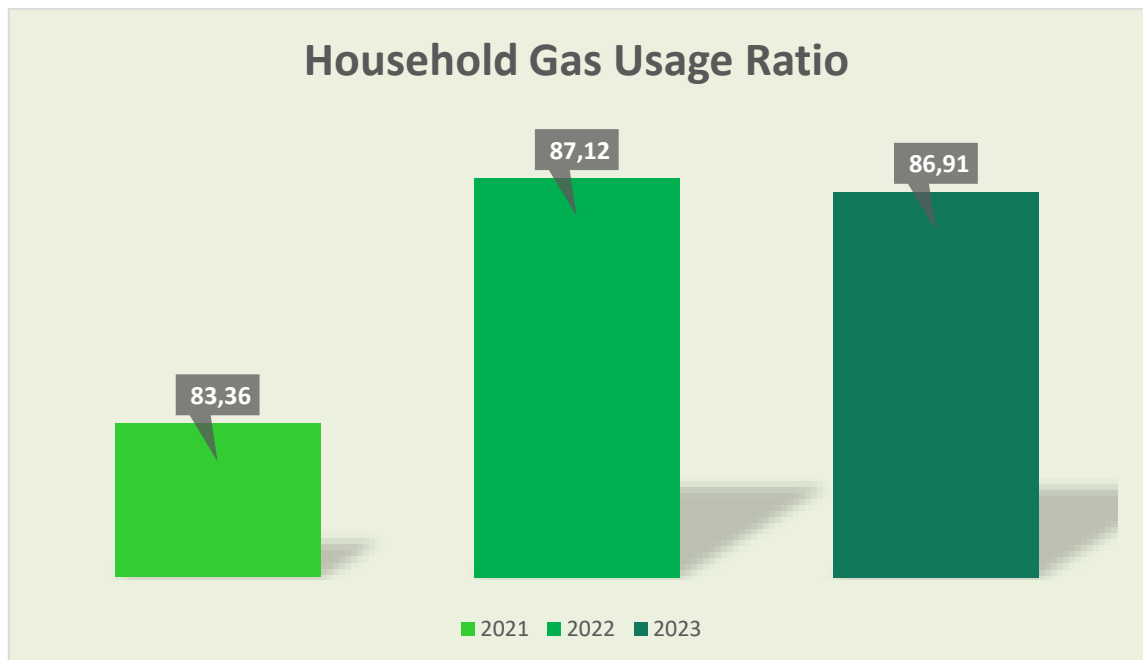


Figure 2. Household Gas Usage Ratio 2021-2023

Source: BPS, 2024

Based on the figure above, the ratio of household gas use from 2021-2023 has increased and decreased, starting from 2021 to 2024, there was an increase in household gas use of 3.76 and until 2023 it decreased by 0.21. This indicates an increase in the use of household gas is increasing.

Quoting from the page (ministry of esdm, 2023) the director general of oil and gas stated that the realization of the distribution of 3 kg cylinder lpg in 2022 reached 7.80 million mt. while in 2023 the 3 kg cylinder lpg quota was 8.00 million mt including a reserve of 0.5 mt with the realization of distribution until May 2023 reaching 3.32 million mt or 41.6%. commission vii and the director general of oil and gas of the ministry of esdm and the director general of pertamina set the 3 kg lpg quota for 2024 at 8.4 million mt.

Quoting from (CNBC Indonesia, 2021) the distribution of subsidized 3 kg LPG is currently still open, so that all groups of people can access this subsidized commodity. In reality, around 75% of the LPG subsidy budget is still enjoyed by the upper middle class. In fact, 3 kg LPG should have target users, namely households, micro businesses, fishermen, and farmers if adjusted to the applicable provisions. The increasing subsidy for 3 kg LPG cylinders and the large number of poor people who have not received these benefits mean that the government must make improvements to the distribution of this subsidy. Therefore, the government took steps by making Minister of Energy and Mineral Resources Decree Number 37.K/MG.01/MEM.M/2023 concerning Technical Guidelines for the Distribution of Certain LPG Refills on Target and Decree of the Director General of Oil and Gas Number 99.K/MG.05/DJM/2023 concerning Regional Staging and Implementation Time for the Distribution of Certain LPG Refills on Target to support and create effectiveness in the implementation of government programs in alleviating poverty.

This research discusses the evaluation of the 3 kg LPG cylinder subsidy program whose use is on target or not. Previously there have been several studies that discuss the 3 kg LPG subsidy through case studies, but this research focuses on a literature review of several previous studies. Through comprehensive analysis, this research aims to provide deeper insight into the evaluation of the 3 kg LPG subsidy to ensure that the program is well-targeted and provides benefits to the poor, micro-enterprises, farmers and fishermen. This research is expected to be useful and contribute to policy improvements for public sector accounting and government to ensure transparency and accountability for the 3 kg LPG cylinder subsidy in Indonesia.

LITERATURE REVIEW

Policy Theory

Policy theory is a framework used to analyze and evaluate public policies. One theory that is often used is the policy evaluation theory by William Dunn. Dunn (1994) argues that policy evaluation should consider five main indicators: effectiveness, adequacy, equity, responsiveness, and accuracy. These indicators are important to assess the extent to which a policy can achieve its intended goals and provide benefits to society. In the context of the LPG 3 kg subsidy program, the application of this theory allows researchers to analyze how the policy is implemented and its impact on the community, especially the poor (Febrian et al., 2024).

Poverty

Poverty is a complex and multidimensional social problem that involves various dimensions, including economic, social, and political. According to the World Bank (2020), poverty is defined as a condition in which individuals or groups do not have enough resources to fulfill their basic needs, such as food, shelter, and access to health services. According to the Central Statistics Agency (BPS), poverty in Indonesia remains a major challenge, with millions of people living below the poverty line.

Energy subsidy programs are expected to reduce the economic burden on the poor by providing affordable and accessible energy sources (Rosyadah et al., 2022). Research by Gertler et al. (2013) shows that access to affordable energy can contribute to poverty reduction by improving people's quality of life and productivity. Therefore, it is important to evaluate whether the 3 kg LPG subsidy program is actually reaching and benefiting the people who need it most (Febrian et al., 2024).

LPG Subsidy

The 3 kg LPG subsidy is one of the Indonesian government's policies to provide affordable energy to the poor. The program aims to replace the use of traditional fuels that are more expensive and harmful to health. According to Idrus (2009), energy subsidies, including LPG, are expected to reduce the economic burden on the poor and improve their access to energy sources necessary for daily life. While this program has the potential to help the poor, there are challenges in its implementation, such as uneven distribution and misuse by the better-off. An evaluation of the 3 kg LPG subsidy program in Surabaya City showed that despite the positive impacts, improvements are needed in monitoring and distribution systems to ensure that the subsidy reaches the right target (Febrian et al., 2024). Research by Sumarsono (2008) shows that the effectiveness of subsidy programs is highly dependent on the distribution system implemented. If the distribution is not on target, then the main purpose of the subsidy, which is to help the poor, will not be achieved. This is reinforced by Mirza & Rikp (2024) findings that many people who should receive subsidies are not reached, while better-off users often get better access.

The Relationship Between Subsidy Policy and Poverty

The 3 kg LPG subsidy policy has an important role in poverty alleviation efforts. According to BKF (2020), targeted subsidies can help reduce the cost of living for the poor and improve their access to energy. However, the effectiveness of this policy relies heavily on good implementation and monitoring. Without adequate supervision, there is a risk that subsidies will not reach those who really need them, thus not achieving the goal of poverty alleviation (Febrian et al., 2024).

METHODOLOGY

The method used in this research is a qualitative method with a literature study approach. Literature studies allow researchers to gain a more comprehensive and global view of the topic under study, so as to understand trends and developments in the field. The researcher collected data from various sources, including books, journal articles, research reports, and official government documents related to LPG subsidy policy. These sources were selected based on their relevance to the research topic and credibility. The researcher also sought information from publications that discussed the impact of the subsidy policy on the poor and the effectiveness of its implementation.

Webster and Watson (2019) emphasize that literature studies are not only about collecting and reviewing relevant literature, but also involve critical analysis of the literature. Researchers need to consider the quality, validity and reliability of the information sources used, as well as understand the different views in previous research and the methods used to collect and analyze data.

RESEARCH RESULT

The 3 kg LPG distribution program is a subsidy program from the government to the community in an effort to alleviate poverty. In its implementation, the 3 kg LPG subsidy is only intended for the poor or target groups. However, over time it became known that many users of 3 kg LPG gas came from entrepreneurs, industries or people who were classified as well-off, causing unrest for the underprivileged groups who felt burdened when the 3 kg LPG stock at the base was scarce. Departing from the problems surrounding the distribution of 3 kg LPG subsidies, the government has updated the rules on the procedures for purchasing 3 kg LPG gas with a mandatory KTP and KK system that is adjusted to the data on the MAP Lite application (Merchant Apps Pangkalan Pertamina Lite) when coming to the base so that the distribution of 3 kg LPG can be right on target for the poor.

Evaluation of the 3 kg LPG subsidy program in Indonesia shows that despite progress in distribution, challenges in reaching the poor remain. In Surabaya City, for example, the program has successfully reached the target group with the use of the Pertamina Lite Base Merchant Apps system, which ensures that only registered users can purchase subsidized LPG (Febrian et al., 2024). This demonstrates the government's efforts to avoid the misuse of subsidies by unauthorized parties, such as restaurants and other commercial businesses (South et al., 2018). While the 3 kg LPG subsidy program has made progress in distribution, there are challenges in adequacy and equity. In some areas, such as Nunukan District, evaluations show that despite efforts to distribute 3 kg LPG to the poor, there are still problems with availability and accessibility (Risal and Situmorang, 2024). The adequacy of LPG available to the poor is often insufficient, especially in remote areas, resulting in dissatisfaction among users.

Although the program aims to reach the poor, the reality is that there are still challenges in terms of equitable distribution. Several studies have shown that users of 3 kg LPG are not only from the poor, but also from business and industry (Huda et al., 2021). This raises concerns among the poor, especially when there is a supply shortage. Therefore, the government needs to tighten regulations and supervision to ensure that this subsidy actually reaches the rightful beneficiaries. The responsiveness of the LPG 3 kg subsidy program is an important concern in this evaluation. Research shows that supervision by local governments still needs to be improved to prevent subsidy abuse (Huda et al., 2021). Research by Bungin (2020) emphasizes the importance of policy evaluation in understanding the impact of LPG subsidies. The role of GOI supervisors is critical to identify and address fraud in LPG distribution. In addition, training and socialization on the

use of distribution applications also need to be conducted to improve the digital literacy of the community, so that they can make good use of technology.

CONCLUSIONS AND RECOMMENDATIONS

The 3 kg LPG subsidy in Indonesia has not fully reached the poor as expected. Although the program was designed to provide affordable energy access for the poor, many factors hinder its effectiveness. According to Sumarsono (2008), a non-transparent distribution system often leads to subsidy leakage, with unauthorized users getting better access than the poor who should be the main target of the program. Bungin (2020) emphasizes the importance of systematic evaluation to understand the impact of LPG subsidies. Without proper evaluation, the government cannot identify existing problems and make necessary improvements. Thus, more in-depth and continuous evaluation is needed to ensure that the LPG subsidy program is truly effective in reaching the poor. From the evaluation, it can be concluded that the 3 kg LPG subsidy program in Indonesia has a positive impact in helping the poor, but there are still challenges in its implementation. Better monitoring and a more efficient distribution system are needed to ensure that the program can achieve its main objectives. Therefore, there is a need for collaborative efforts between the government, communities and other relevant parties to improve the effectiveness of this program (Yusriadi et al., 2024).

ADVANCED RESEARCH

This study has several limitations. First, this research cannot be generalized more broadly, because it is only limited to certain regions and areas in the focus of study in Indonesia. This may affect the generalizability of the research results, as the social, economic and cultural conditions in other regions may differ. Therefore, the results obtained may not fully reflect the situation across Indonesia. Secondly, the data collection method is still qualitative. While this method provides in-depth insights into people's experiences and perceptions, the data obtained may not be quantifiable. This may limit the ability to draw broader conclusions about the overall effectiveness of the LPG 3 kg subsidy program. Finally, this study was conducted over a limited period of time, which may not have been sufficient to collect comprehensive data. This may affect the results of the study. Considering these limitations, it is hoped that the reader will be able to understand the content of this study as well as provide benefits to society.

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