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Social Policy in Reducing Poverty in Indonesia: A Systematic Literature Review

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ABSTRACT

Poverty in Indonesia is a problem that requires social policies to overcome it. This study aims to determine the extent to which social policies can reduce poverty in Indonesia. The research method used is a systematic literature review (SLR) with the PRISMA approach to identify, filter, and analyze relevant research. The results show that social policies such as the Family Hope Program (PKH), fiscal decentralization, infrastructure development, and improved access to education and health services have had a positive impact on reducing poverty. However, these policies still face various challenges, such as inaccurate targeting of beneficiaries, lack of coordination between central and local governments, and limited access to basic services in remote areas. Therefore, it is necessary to improve the accuracy of beneficiary data, strengthen coordination between agencies, increase investment in social infrastructure, and implement social inclusion-based policies so that people can be economically independent and it is hoped that social policies in Indonesia can be more effective in reducing poverty and improving community welfare equally.

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INTRODUCTION

Poverty is a condition in which individuals or groups are unable to meet their basic needs due to inadequate income and limited access to essential services. This condition is often manifested through the inability to afford daily necessities such as nutritious food, safe and stable shelter, appropriate clothing, access to health care, and educational opportunities. According to the World Bank (2020), poverty should not be narrowly defined by financial deprivation alone. Instead, it constitutes a broader denial of the opportunities, rights, and choices that enable individuals to lead lives of dignity and self-determination. The multidimensional nature of poverty encompasses not only economic hardship but also social exclusion, powerlessness, and vulnerability to shocks. It includes barriers to accessing adequate housing, quality health services, clean water, sanitation, and equitable education, all of which are essential components of human development.

As such, poverty must be understood as a deeply embedded and multidimensional phenomenon that reflects persistent socioeconomic vulnerabilities. These vulnerabilities are shaped by interrelated structural factors such as inequality, marginalization, lack of voice and representation, and exclusion from productive economic participation. Moreover, poverty often intersects with other forms of disadvantage, including geographic isolation, disability, age, and gender, which exacerbate an individual's or community's exposure to deprivation. The consequences of such layered disadvantages are not merely individual but systemic, impeding broader social cohesion, economic resilience, and the achievement of national development goals. Poverty, therefore, is not only an economic issue but also a profound social and political concern that demands holistic and long-term solutions.

In public policy discourse and societal perception, however, poverty is frequently reduced to a matter of insufficient income. This reductionist view tends to drive policy responses that prioritize short-term financial assistance or macroeconomic stimulus as primary solutions. While income support measures are vital, this one-dimensional approach often fails to address the underlying structural and institutional causes of poverty. In practice, especially in developing nations like Indonesia, poverty is perpetuated by systemic issues such as the absence of adequate social protection systems, weak public infrastructure, entrenched regional and gender disparities, and limited social mobility. The deprivation experienced by affected communities is further aggravated by the uneven distribution of public services, insufficient investment in human capital, and lack of voice in governance processes. Access to quality education, reliable healthcare, clean water, and proper sanitation remains unequal, resulting in intergenerational cycles of poverty that are difficult to overcome without comprehensive intervention. These challenges illustrate that poverty is not just a condition of having less, but of being excluded from the systems and opportunities that allow individuals and communities to thrive. Addressing such a complex issue requires more than just economic growth; it necessitates transformative policies that are inclusive, participatory, and responsive to the diverse needs of the population.

This multidimensional and dynamic understanding of poverty is particularly evident in the Indonesian context. As one of the largest and most populous developing countries in Southeast Asia, Indonesia has made notable progress over the last few decades, particularly in terms of economic growth, infrastructure development, and improvement in various human development indicators. Nevertheless, despite these achievements, poverty remains a persistent and evolving challenge. The benefits of economic growth have not been evenly distributed, and significant disparities exist between urban and rural regions, as well as between different provinces. Remote and underdeveloped areas often lack adequate infrastructure and access to public services, resulting in higher concentrations of poverty.

Additionally, the implementation of poverty alleviation programs in Indonesia continues to face challenges such as misallocation of resources, data inaccuracies in targeting beneficiaries, and limited coordination between central and local government agencies. These issues often lead to inefficiencies in program execution and undermine the long-term impact of poverty reduction strategies. As a result, many well-intentioned interventions fail to reach the people most in need or to address the root causes of their deprivation. This situation highlights the urgent need for policy frameworks that are not only based on empirical evidence and best practices but also designed with a clear understanding of the local socio-economic context. Inclusive, participatory, and adaptive policies are key to ensuring that poverty alleviation efforts are both equitable and sustainable.

To provide a clearer and more grounded understanding of Indonesia's current poverty landscape, the following table presents official data from the Central Bureau of Statistics (Badan Pusat Statistik or BPS). This table tracks the trends in poverty rates in Indonesia over the last ten years, illustrating the evolution of poverty in response to various social and economic conditions. The data not only reflect changes in the number and percentage of people living below the poverty line but also offer insights into how policy interventions such as social protection programs and development investments may have influenced these outcomes over time.

Table 1. *Poverty rates in Indonesia*

Year	Number of Poor People (Million people)	Percentage of Poor People (%)
2015	28,51	11,13
2016	27,76	10,70
2017	27,77	10,12
2018	25,95	9,66
2019	25,14	9,41
2020	26,42	9,78
2021	27,54	10,14
2022	26,36	9,54
2023	25,90	9,36
2024	25,22	9,03

Source: Central Bureau of Statistics in March each year

Based on the data, we can observe that the poverty rate in Indonesia has fluctuated modestly over the years. While there have been some years marked by a decrease in both the number and percentage of poor people, periods of economic disruption such as the COVID-19 pandemic in 2020 have caused setbacks. These fluctuations, although generally within the range of one to two percentage points, still represent millions of individuals whose lives are directly affected. The persistence of poverty despite ongoing government programs indicates that the issue is structural in nature and requires more than temporary financial relief.

It is also important to note that poverty is not experienced uniformly across regions in Indonesia. Rural areas, especially those with limited infrastructure and public services, tend to have higher poverty rates than urban centers. In addition, marginalized groups such as women, people with disabilities, elderly citizens, and indigenous communities are often more vulnerable to poverty due to systemic barriers in access and participation. This highlights the need for targeted, context-sensitive policy measures that consider the diverse realities of Indonesia's population.

Recognizing the global and national urgency to combat poverty, the Indonesian government has aligned its poverty alleviation agenda with international frameworks such as the Sustainable Development Goals (SDGs). The first goal of the SDGs, "No Poverty", underscores the importance of eradicating poverty in all its forms everywhere. Nationally, this is reflected in Asta Cita point six, which prioritizes the development of rural areas and grassroots communities as a strategy for achieving economic equity and long-term poverty eradication. These policy directions reaffirm that poverty is not only a national concern but also a global imperative that requires collective action and shared responsibility.

In addressing poverty, a fundamental question arises: What kinds of policies should be adopted to reduce poverty in a way that is both effective and sustainable? Over the past decades, the Indonesian government has implemented various social assistance programs aimed at alleviating the burden of poverty, especially among the most vulnerable segments of society. Among these initiatives are the Family Hope Program (Program Keluarga Harapan or PKH) and Direct Cash Transfers (Bantuan Langsung Tunai or BLT). These programs are designed to provide conditional and unconditional financial support to low-income households, with the aim of improving access to education, health care, and basic living standards.

The implementation of these programs has shown some positive outcomes. For instance, evaluations of the PKH program reveal improvements in school attendance among children from beneficiary families, as well as better health check-up compliance for mothers and infants. BLT, on the other hand, has played a crucial role in maintaining consumption levels and reducing economic shocks during times of crisis, particularly during the COVID-19 pandemic. Despite these achievements, however, there remain challenges related to program coverage, targeting accuracy, sustainability of impacts, and dependency risks.

It is increasingly evident that single-dimensional interventions are insufficient to tackle the complexity of poverty. Therefore, a shift toward a multidimensional approach is crucial. Such an approach integrates multiple aspects of well-being such as education, health, income, housing quality, and access to clean water and sanitation, into the formulation and evaluation of social policies. This perspective allows for more precise identification of deprivations experienced by the poor and enables the design of more effective, context-relevant interventions.

In light of these considerations, this study aims to evaluate the effectiveness of existing social policies in Indonesia through a systematic literature review. The focus is placed on assessing how a multidimensional framework can improve the formulation, targeting, and impact of poverty reduction strategies. Through an in-depth analysis of previous research and policy evaluations, this study seeks to provide insights and recommendations for enhancing the design and implementation of future social protection programs in Indonesia. By understanding what works and what does not, policymakers can better address the root causes of poverty and move toward sustainable, inclusive development.

LITERATURE REVIEW

Poverty encompasses both material and non-material aspects, making it a complex issue that goes beyond mere financial deprivation. According to Gopal et al. (2021), poverty includes dimensions such as income, education, health, employment, and even psychological factors such as social exclusion and lack of self-esteem. This view is aligned with the argument put forward by Li (2022) who emphasizes that poverty in developing countries is a multidimensional problem characterized by the inability to meet basic human needs and access essential public services. Both sources highlight that poverty is not solely about insufficient income but is deeply rooted in structural and systemic shortcomings that affect many areas of human life.

The multidimensional nature of poverty is not only visible in the academic discourse but also in empirical realities, particularly in the contrast between urban and rural poverty. In urban areas, where economic activity and infrastructure are generally more developed, the poverty rate stands at 6.66%. This is relatively low compared to rural areas, where the poverty rate reaches 11.34%. This discrepancy indicates that location significantly influences access to opportunities and services that are vital for improving one's quality of life. Moreover, regional disparities further underscore the complexity of poverty in Indonesia. For instance, on the island of Java where infrastructure, education, and healthcare systems are relatively more advanced the poverty rates are comparatively lower: West Java at 7.07%, Central Java at 9.58%, and East Java at 9.07%. Meanwhile, provinces in the eastern part of Indonesia exhibit substantially higher poverty rates: Papua at 27%, East Nusa Tenggara (NTT) at 20.73%, and the combined regions of Maluku and North Maluku at 17.85%.

These stark contrasts are consistent with findings from Sihombing (2019) who stated that eastern Indonesia continues to lag behind the western parts of the country, particularly the island of Java. The disparities reflect long-standing inequalities in development, infrastructure, human resource investment, and access

to public services. Such findings underline the need for regionally adapted and context-sensitive social policies. This means that policies aimed at reducing income inequality and poverty should not adopt a "one-size-fits-all" approach, but rather must be tailored to the specific needs, capacities, and challenges of each region.

To address poverty, the Indonesian government has implemented various social protection and assistance programs as part of its broader social policy framework. Two flagship programs are Direct Cash Assistance (Bantuan Langsung Tunai or BLT) and the Family Hope Program (Program Keluarga Harapan or PKH). These programs are designed to provide financial support to low-income households while also linking recipients to basic services such as healthcare and education. According to the Ministry of Social Affairs of the Republic of Indonesia (2022), both programs have demonstrated measurable success in enhancing the well-being of their target populations. They serve not only as short-term economic relief but also as long-term investments in human capital.

In particular, research conducted by the World Bank has confirmed that the PKH and BLT programs have had a significant impact on reducing poverty levels and improving access to education and health services. Families enrolled in the PKH program have shown improved rates of school enrollment for children, better maternal and child health outcomes, and increased participation in public health services. However, while these achievements are commendable, challenges remain. As noted by Yusril et al. (2024), some recipients have become economically dependent on these forms of assistance, which raises questions about the sustainability of such programs in the long term.

The implementation of social policies is also confronted by several operational challenges. One of the most pressing issues is the inaccuracy of data used in identifying and verifying beneficiaries. According to BPS (2023), inaccuracies in population data have led to misallocation of assistance and uneven distribution of benefits, which can exacerbate feelings of injustice and distrust among the public. Another major obstacle is the limited access to technology and digital infrastructure, particularly in rural and remote areas. This digital divide, as highlighted by Kominfo (2021), hampers the delivery and monitoring of aid programs, especially those that rely on digital platforms for registration, verification, and disbursement.

In addition to these challenges, social enterprises which often collaborate with the government in implementing community-level programs face broader systemic barriers such as economic volatility, political instability, and bureaucratic inefficiencies, as noted by Iskandar et al. (2022). These conditions can limit the effectiveness of even the best-designed programs and highlight the need for stronger institutional support and governance reform.

Given these realities, it becomes increasingly clear that addressing poverty cannot rely solely on monetary interventions. Measuring poverty based solely on income is inadequate and fails to capture the full extent of deprivation experienced by individuals and communities. Gopal et al. (2021), referring to the Capability Approach introduced by Amartya Sen in 1990, argue that poverty should be evaluated

based on a person's real opportunities to live the kind of life they value. This includes not only access to financial resources, but also the ability to access quality education, health services, clean water, housing, and political participation. The Capability Approach highlights the importance of expanding individuals' freedoms and capabilities as a central goal of development policy.

In line with this thinking, the Multidimensional Poverty Index (MPI) developed by Alkire and Foster (2010) offers a more comprehensive framework for understanding and measuring poverty. The MPI considers three key dimensions health, education, and living standards and assesses deprivation in each. This approach allows for more nuanced identification of who is poor and in what ways, enabling social policies to be more precisely targeted and effective.

Supporting this view, Gopal et al. (2021) also found that adopting the MPI as a basis for designing social policy can enhance the efficiency and impact of poverty reduction efforts. By understanding poverty through multiple dimensions, policy interventions can be better tailored to address the specific deprivations experienced by different populations. For example, if a household is not income-poor but lacks access to clean water and education, assistance programs can focus on infrastructure and service delivery rather than cash transfers. In this way, policies become more responsive, equitable, and transformative.

In conclusion, the multidimensional and regionally diverse nature of poverty in Indonesia requires a rethinking of conventional social policy strategies. While programs such as PKH and BLT have shown positive impacts, their sustainability and inclusiveness depend on how well they are aligned with a multidimensional framework such as the MPI. Integrating this approach into national and regional development planning will not only improve the precision of poverty measurement but also ensure that social assistance reaches those who need it most and contributes to meaningful, long-term poverty alleviation.

METHODS

The research conducted in this study adopts a *Systematic Literature Review* (SLR) approach to assess the extent to which social policies have contributed to poverty reduction in Indonesia. The use of SLR enables researchers to systematically collect, categorize, and analyze relevant academic literature that directly addresses the intersection of social policy and poverty alleviation. Unlike traditional literature reviews, which may rely heavily on subjective selection and interpretation of sources, the SLR methodology emphasizes a structured, transparent, and replicable process. This ensures that the review not only synthesizes existing findings effectively but also allows for the identification of key patterns, contradictions, and gaps within the body of research. The method is especially beneficial in the context of evaluating policy effectiveness in a developing country like Indonesia, where socioeconomic complexities demand a nuanced and evidence-based understanding of how various social interventions have performed over time.

The data collection process for the SLR was conducted through a comprehensive and targeted search using *Google Scholar*, one of the most widely used academic databases that provides access to scholarly publications across disciplines. To ensure the search remained relevant and focused, a carefully curated set of keywords was employed. These keywords included combinations such as: (“role of social policy” OR “social policy” OR “policy interventions”) AND (“poverty reduction” OR “poverty alleviation”) AND (“Indonesia”) AND (“literature review” OR “systematic review” OR “literature synthesis”). The selection of these terms was based on their relevance to the research objectives and their ability to capture literature that not only discusses poverty alleviation efforts but also frames them within a policy context, particularly in Indonesia. The inclusion of variations such as “systematic review” and “literature synthesis” ensured the retrieval of studies that adhered to similar methodological standards.

To enhance the methodological rigor and credibility of the selection process, this study employed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework as a guiding tool. The PRISMA framework provides a set of standardized procedures and checklists that assist researchers in transparently documenting the process of literature identification, screening, eligibility assessment, and inclusion. This structured approach helps mitigate potential biases that may arise during the selection of sources and ensures that only literature meeting predefined criteria is considered in the final analysis. According to Rethlefsen (2021), the use of PRISMA is instrumental in maintaining the academic integrity of a systematic review by offering a methodological roadmap for documenting decisions at every stage of the review process. By applying PRISMA, this study not only increases the validity and reliability of its findings but also contributes to the reproducibility of the review process, enabling future researchers to replicate or extend the study.

Furthermore, the inclusion and exclusion criteria applied during the review process were carefully designed to align with the scope and focus of the research. Only peer-reviewed journal articles published between 2020 and 2025 were considered, to ensure that the literature reflects the most current discourse, policy evaluations, and empirical findings on poverty reduction in Indonesia. Studies that were purely theoretical without policy relevance or that focused on poverty in contexts outside Indonesia were excluded. This allowed the final selection of articles to remain tightly aligned with the research objectives, namely to examine how social policies defined broadly to include government programs, interventions, and regulatory measures have addressed multidimensional poverty in the Indonesian setting.

By applying this systematic and structured approach, the study ensures a strong analytical foundation from which reliable insights and policy recommendations can be drawn. The combination of a comprehensive keyword strategy, a credible academic database, and the PRISMA framework positions this research to contribute meaningfully to both academic discussions and practical policy formulation concerning social inclusion, poverty reduction, and equitable development in Indonesia.

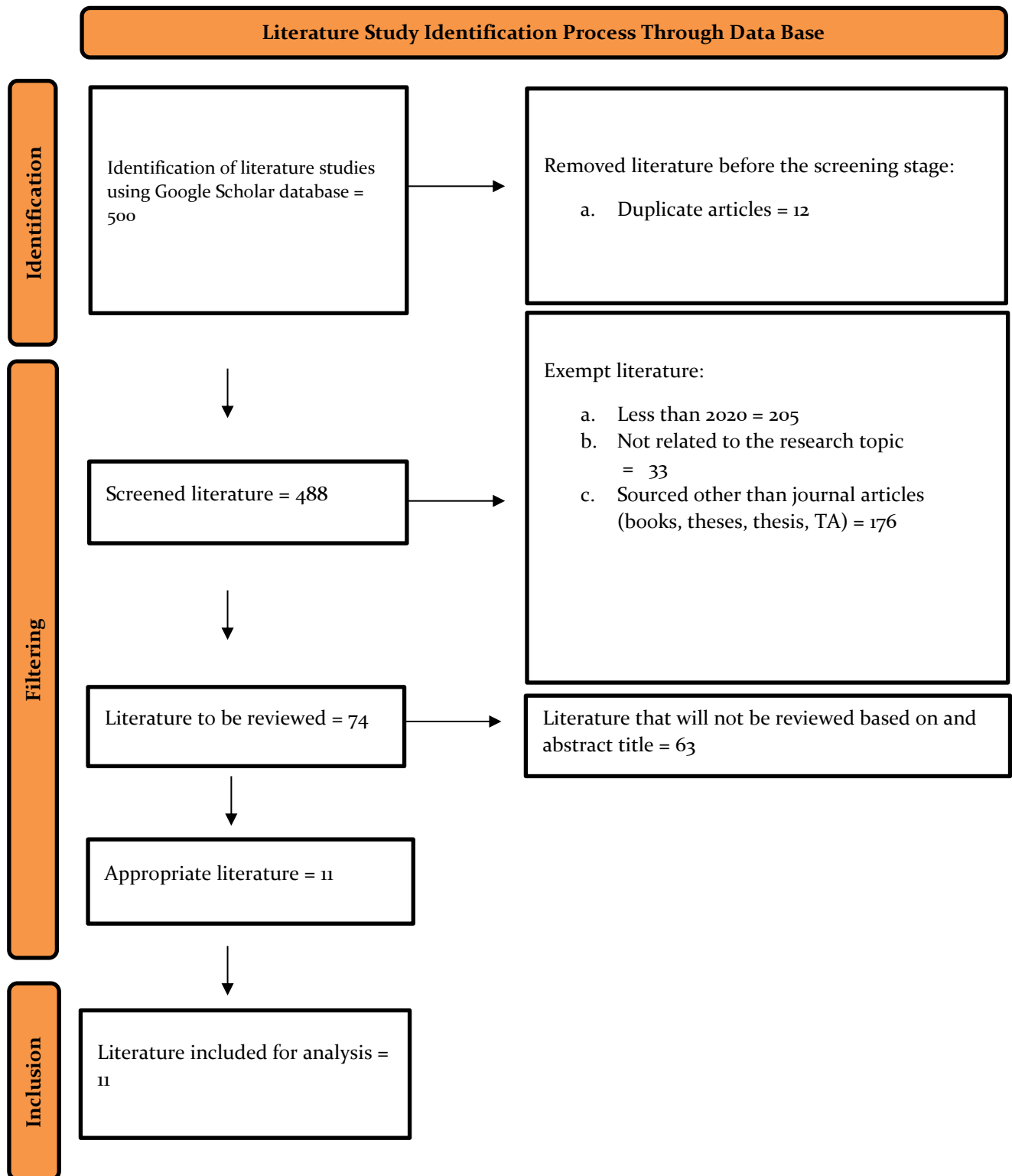


Figure 1. *PRISMA Identification Process*

From the PRISMA figure above, it can be seen that the process of screening and analyzing the literature study was carried out through four main phases, each of which played a critical role in ensuring the rigor, transparency, and reliability of the systematic literature review. These four phases are: Identification, Filtering, Eligibility, and Inclusion. Each step was executed systematically and carefully to

ensure that only the most relevant, high-quality, and thematically appropriate literature was retained for further analysis.

1. Identification

The identification phase served as the starting point in the systematic review process. At this stage, the researcher conducted an extensive search for scientific literature using Google Scholar, an academic search engine known for its broad access to scholarly publications. The purpose of this phase was to gather as much potentially relevant literature as possible related to the research focus, namely the role of social policy in poverty reduction in Indonesia. To facilitate organization and monitoring, all collected literature was documented and compiled in a Microsoft Excel spreadsheet, which enabled easier tracking, annotation, and sorting of articles. During this phase, duplicate entries articles that appeared more than once due to overlapping search results or multiple versions were identified. A total of 12 duplicate articles were found and subsequently removed from the dataset to avoid redundancy and bias in the next stages of review. This initial identification process resulted in a refined and organized list of candidate articles for screening.

2. Filtering

The second phase involved a more detailed screening process, where the researcher applied a set of exclusion criteria to eliminate literature that did not meet the required standards or fell outside the scope of the research. This phase was essential for narrowing down the vast amount of literature to only those works that were relevant and of acceptable academic quality. Several exclusion criteria were implemented in this stage. First, articles that were not directly related to the main themes of social policy and poverty reduction were excluded. Second, only peer-reviewed journal articles were considered; thus, literature derived from books, student theses, final assignments, or non-academic sources were removed. Third, articles whose research methodologies were not aligned with the goals or scope of this study such as opinion papers or conceptual essays lacking empirical analysis were also excluded. Lastly, to maintain the relevance and timeliness of the findings, only articles published within the last five years (from 2020 onwards) were retained. As a result of applying these strict criteria, a total of 414 articles were excluded, reducing the initial pool significantly and leaving 74 scientific articles to be examined further in the next phase.

3. Eligibility

In the eligibility phase, the researcher undertook a more focused assessment of the remaining 74 articles by closely examining their titles and abstracts to determine their relevance and alignment with the research objectives. This phase emphasized a qualitative judgment about the content and scope of each article to ensure that they addressed the intended research themes. Articles were evaluated on whether they clearly discussed the implementation, effectiveness, or challenges of social policy interventions in poverty alleviation, particularly within the Indonesian context. Despite meeting the initial filtering criteria, many of the articles did not

demonstrate a strong thematic connection or analytical focus consistent with the study’s aims. After this more rigorous and focused evaluation, 63 articles were found to be insufficiently relevant or lacking the analytical depth required. As a result, only 11 articles were considered eligible to proceed to the final phase.

4. Inclusion

The inclusion phase represented the final and most decisive stage of the literature screening process. Here, the 11 selected articles were subjected to a thorough reading and analysis to confirm their alignment with the study’s framework and research questions. These articles had successfully met all predetermined inclusion criteria, including: (1) being published between 2020 and 2025; (2) being empirical research articles (as opposed to literature reviews, opinion pieces, or policy briefs); and (3) having a clear and focused discussion on the role of social policy in reducing poverty in Indonesia. These 11 selected pieces of literature then formed the primary dataset for the study and served as the basis for conducting a comprehensive synthesis and evaluation of Indonesia’s social policy strategies in addressing poverty.

The use of clear inclusion and exclusion criteria was a vital component of the entire screening process. These criteria served not only as a filter to determine the relevance and quality of the literature but also as a safeguard to maintain the objectivity and transparency of the systematic review. By setting strict parameters from the outset, the researcher ensured that the final selection of literature was rigorous, thematically focused, and able to contribute meaningfully to the research objectives. This methodological rigor strengthens the reliability of the findings and supports the development of well-founded conclusions and recommendations.

Table 2: *Inclusion and exclusion criteria*

Criteria	Inclusion	Exclusion
Year of publication	2020-2025	Before 2020
Document type	Research article	In addition to research articles, books, theses, thesis or final assignments
Scope	Indonesia	Not Indonesian
Access	Open access	Closed access
Topic	Social and poverty-related policies in Indonesia	Not Social and poverty-related policies in Indonesia

Data analysis was conducted by evaluating the quality of the selected articles based on a set of methodological criteria established in the literature. These criteria included the clarity of research objectives, the relevance of the topic to the study’s aims, and the quality of the research findings presented in each article. The analysis process utilized a thematic synthesis approach, which involved filtering, classifying, and analyzing the content of each article to identify key insights and draw meaningful conclusions. This method enabled the researchers to systematically interpret the data while highlighting recurring patterns and themes related to social policy and poverty.

The analysis also ensured the validity and reliability of findings by applying the PRISMA framework throughout the research process. This approach maintained

a consistent structure and ensured that the selection and analysis of literature were both methodical and objective. The thematic synthesis approach allowed the research to capture nuanced understandings of how social policies impact poverty in Indonesia by identifying and organizing key topics, emerging patterns, and connections between findings. As a result, the final output provides a deeper and more comprehensive understanding of the effectiveness and limitations of current social policy measures in alleviating poverty in Indonesia.

RESULT

The included literature studies were published within the five-year range from 2020 to 2025, which aligns with the criteria determined in the inclusion phase of this systematic review. A total of 11 articles successfully met all eligibility requirements and were selected for more detailed review and analysis. These selected articles represent a focused body of scholarly work that specifically explores the relationship between social policy implementation and poverty reduction in the context of Indonesia. The distribution of the selected articles based on the year of publication includes two articles published in 2020, followed by three articles in 2022, three in 2023, and another three in 2024. This consistent spread over the years indicates a continuing academic engagement with the topic and reflects the dynamic evolution of policy responses and socio-economic challenges faced by Indonesia during this period.

Each of the reviewed articles shares a common geographical and thematic focus, centering on the Indonesian context. This national focus ensures that the policy findings, evaluations, and implications derived from the articles are directly relevant to the country's unique socio-political environment and institutional landscape. The assumption underpinning the selection is that all policies analyzed within these articles are either designed, implemented, or assessed specifically within Indonesia, thus providing relevant empirical data that supports this study's objective of understanding the country's social policy performance in reducing poverty.

To provide a clearer understanding of the substance of these articles, the findings from the literature review have been organized into a classification table. This table was designed to present each article based on three dimensions: the type of social policy discussed, the key outcomes or results identified in the study, and the major challenges faced during policy implementation. Through this structure, the table offers a comparative overview of different policy approaches and helps to draw connections across various studies regarding what works, what doesn't, and why certain interventions succeed or fall short.

The types of social policy discussed in the reviewed literature are diverse and reflect the multidimensional strategy needed to address poverty effectively. These include national-level programs such as the Family Hope Program (Program Keluarga Harapan or PKH), which provides conditional cash transfers to low-income families to promote better health and education outcomes. Direct Cash Assistance (Bantuan Langsung Tunai or BLT) also features prominently, particularly in response to economic crises, serving as a mechanism to stabilize household consumption. In

addition to these, the studies examine the role of fiscal decentralization, village fund allocations aimed at promoting rural development, and more targeted interventions focused on improving education, health care, infrastructure, and the social inclusion of marginalized groups.

Despite the generally positive assessments reported in the literature regarding the impact of these policies, several persistent challenges continue to be highlighted. One of the most frequently mentioned issues is the problem of inaccurate targeting, which results in the exclusion of eligible beneficiaries and the inclusion of ineligible ones. This challenge not only diminishes the effectiveness of the program but also undermines public trust. Other commonly reported obstacles include limited coordination among implementing agencies and government institutions, which can result in fragmented or duplicative efforts. The studies also reveal ongoing disparities in access to public services such as health, education, clean water, and sanitation, which are often more severe in rural or remote areas. Additionally, variation in the quality and effectiveness of implementation across regions points to broader governance issues and differences in local capacity and infrastructure.

These findings collectively illustrate that although a range of social policies have been introduced and have shown some degree of success, many of these initiatives still encounter structural and operational barriers that hinder their potential impact. This underscores the importance of adopting an inclusive, data-driven, and context-sensitive approach to social policy development. It also highlights the need for continuous monitoring, stronger institutional coordination, and capacity building at the local level to ensure that policies not only reach those who need them most but also generate sustainable improvements in well-being.

In conclusion, the reviewed literature offers valuable insights into the evolving landscape of social policy and poverty reduction in Indonesia. The evidence gathered demonstrates both the achievements and the limitations of existing interventions, pointing to the need for a more integrated and adaptive framework that takes into account the multiple dimensions of poverty. By learning from past experiences and current challenges, policymakers can formulate more effective strategies that address the root causes of poverty and contribute to a more inclusive and equitable development agenda.

Table 3. *Classification of literature review findings*

No	Title, year and author	Social policy used	Research Results	Challenges of the policy
1	Social And Bureaucratic Problems In Social Policy Implementation In Indonesia: A Study On The Program Keluarga Harapan (Pkh);	Family Hope Program (PKH)	PKH recipients have consumption habits and patterns that are influenced by limited access and resources, as well as misuse of the program by assistants and beneficiaries.	lack of coordination between PKH Facilitators and target recipients, as well as the complexity of establishing effective two-way communication patterns. In addition, the problem of inaccurate data, where 21.54% of

	2023; Wimmy Haliim dan Dano Purba			PKH recipients are not poor families, which indicates that the targeting of the program is not appropriate.
2	Rural Development Policy And Poverty Alleviation: The Case Of Village Funds In Aceh Province, Indonesia; 2020	The social policies undertaken in the study include improving the quality of education, health, and consumer purchasing power.	Social variables, such as education and population, also have significant and negative effects on the poverty rate and the number of people living in poverty in Aceh.	The inability of village fund allocations to reduce poverty rates in 23 districts/cities
3	Infrastructure and Leading Commodity Identification on Poverty Alleviation in Buru Regency, Indonesia; 2020; Tri Wahyuningsih, Arsad Matdoan, Dan Zubair Saing	Increased investment and development of road infrastructure	Shows that road infrastructure and leading commodities have a significant influence on poverty reduction in Buru Regency.	Inequality among the poor, which can complicate poverty alleviation efforts.
4	Reducing poverty strategy through educational participation, clean water, and sanitation in Indonesia; 2022; Sidik Budiono dan John Tampil Purba	Prioritization on education, clean water availability and adequate distribution, and sanitation facilities	It shows that better and more education, financed by the public budget, can boost economic growth and significantly reduce unequal income distribution.	There are no challenges because the policy is working well
5	Fiscal Decentralization and Its Effect on Poverty Alleviation: A Case Study of Indonesia.; 2022; Rima Melati Anggraeni, Mohamad Khusaini, dan Ferry Prasetyia	Pro-poor fiscal decentralization through strengthening regional financial capacity, which includes optimization of regional own-source revenues (PAD), allocation of Regional Transfer Funds which are specific grants, improving the quality of regional financial expenditure and	Fiscal decentralization has a significant role in reducing the poverty rate in districts/municipalities in Indonesia nationwide.	(1) Suboptimal utilization of TKDD, (2) Low local tax ratio, (3) Unqualified expenditure structure, (4) Limited use of alternative financing, and (5) Suboptimal fiscal synergy between central and local government.

		management, and monitoring and evaluation mechanisms.		
6	Realizing a Village Without Poverty: The Challenges of Implementing the Village SDGs Policy in Indragiri Hilir Rgency, Riau Prvince; 2022; Muammar Alkadafi	Community empowerment program and village fund transfer	Village development and empowerment programs in Indragiri Hilir Regency have not contributed significantly to reducing poverty.	The inability of village governments to make a significant contribution to reducing poverty
7	Perspectives of Online News Media on Extreme Poverty and Regional Budget Policy Response; 2023; Dwiyanto isk, Darmanto Sahat Satyawan	Allocate BTT (Unexpected Expenditure) in the form of non-cash assistance schemes	The management of extreme poverty by local governments through budget policies is relatively satisfactory.	There are no challenges because the policy is relatively satisfactory
8	Local Government Policy in Combating Extreme Poverty: A Systematic Literature Review; 2024; M. Ervan Marzuki	Targeted Social Assistance, Community Empowerment and Social Inclusion, Education Policy, Access to Health and Social Services, Gender Equality Policy and Women's Empowerment, Strengthening Social and Economic Networks in Rural Areas	Local government policies play a crucial role in addressing extreme poverty. Approaches that are tailored to local conditions are more effective than general policies.	inaccuracy of targeting in the provision of assistance, lack of coordination between central and local governments, gaps in infrastructure and access to basic services, natural disasters, crop failures, and food crises, gender inequality and dependency mindset.
9	Poverty Alleviation Policies; 2024; Basrowi, Ahmad Maulana, Wiwik Handayani, dan Nasywa Roudhotul A. F.	e-Warong program in Padang, Community-based empowerment program in Papua, Fiscal policy interventions such as the Family Hope Program (PKH), the importance	The Family Hope Program (PKH), e-Warong, and social rehabilitation of inadequate housing have had a positive impact on improving the welfare of poor communities.	1. Accuracy in the determination of beneficiaries, where there are often errors in targeting the right beneficiaries. 2. Challenges related to uneven distribution of aid.

		of access to education, health services, and community empowerment.		3. Limited access to basic services such as education and health, especially in remote areas. 4. Variations in the effectiveness of program implementation in different regions
10	Poverty and Public Policy: Local Government Efforts to Reduce Extreme Poverty; 2024; Suranto Eko Widodo & Ratna Wulandari	Direct Cash Assistance, business capital, access to education and health, infrastructure development, community involvement in policy planning	Local government policies in reducing extreme poverty have had a positive impact	Local government policies in reducing extreme poverty have had a positive impactsosial.
11	Examming social policies in homelessness issues: Insight from Indonsia grasseots; 2023; Ahmad Izudin	Implementation of regulations aimed at improving the living standards of marginalized people on the streets, creating an integrated social protection system	This shows that the Indonesian government has not been able to accurately record the number of homeless people.	Difficulties in identification, high mobility of homeless people, uniform policy approach, inaccurate data and assumptions

Table 3 presents a classification of the findings from the literature review. Each entry includes the title of the study, the year of publication, and the name(s) of the author(s), followed by the type of social policy examined, the research results, and the challenges or limitations identified in the implementation of the policy. These studies reveal a range of social policies used in Indonesia, including but not limited to: the Family Hope Program (PKH), village funds, infrastructure investments, fiscal decentralization, targeted cash assistance, education and health access policies, and community empowerment initiatives.

From the analysis of these studies, it is evident that various social policy interventions have been employed to address poverty across different regions of Indonesia. These policies are diverse in form and scope, covering both urban and rural contexts, and are implemented at both central and local levels. The Family Hope Program (PKH), for example, is one of the most frequently studied programs, and is shown to influence consumption patterns of poor households, although its effectiveness is hindered by issues such as miscommunication and data inaccuracies (Budiartiningsih et al., 2022).

Village fund programs and infrastructure development policies, particularly in rural and underdeveloped areas such as Aceh and Buru Regency, have also been shown to have varying degrees of success. In some cases, they contribute positively to poverty reduction through better education and health services or improved road access, while in other cases, they fail to make a significant impact due to challenges in implementation, such as weak governance or lack of capacity at the village level.

Other studies highlight the significance of fiscal decentralization and its impact on poverty alleviation (Hussain et al., 2021). Decentralized fiscal policies that focus on pro-poor budgeting and strengthening of regional capacities have proven effective, yet are still faced with barriers such as low local tax ratios and inefficient expenditure structures.

Furthermore, studies such as those conducted in Riau Province and Papua also emphasize the importance of tailored policies that consider the local context, demonstrating that policies that are well-designed but poorly adapted to regional needs may not achieve desired outcomes.

A recurring theme across many of the articles is the challenge of inaccurate targeting, where assistance is either misdirected or not optimally distributed (Aiken et al., 2022). Other challenges identified include lack of coordination between institutions, uneven access to essential services, inadequate data, infrastructure disparities, and socio-cultural barriers such as dependency mentality and gender inequality.

Overall, the findings suggest that while social policies in Indonesia have demonstrated some effectiveness in addressing poverty, they are not without significant challenges. Continued policy innovation, better data management, improved coordination among stakeholders, and more context-sensitive approaches are essential to enhance the impact of these interventions.

DISCUSSION

Based on the various studies analyzed in Table 3, it is evident that social policies in Indonesia exhibit a mixture of success and ongoing challenges. Several policies have demonstrated measurable positive impacts on poverty reduction, while others continue to face significant implementation barriers that undermine their effectiveness.

Among the policies proven to have a positive impact, the Family Hope Program (PKH) has generally improved the welfare of low-income families. However, it still struggles with program misuse and inaccuracies in targeting beneficiaries (Haliim & Purba, 2023). Similarly, fiscal decentralization, through the strengthening of regional financial capacity and optimization of local revenues, has been shown to contribute significantly to poverty alleviation at the regional level (Anggraeni et al., 2022). In another study, public investment in education, sanitation, and clean water infrastructure was linked to improved quality of life and reduced income inequality, confirming the relevance of human capital development as a poverty reduction strategy (Budiono & Purba, 2022). Moreover, infrastructure development and

identification of leading local commodities were found to be effective in improving economic conditions in areas such as Buru Regency (Wahyuningsih et al., 2020).

Despite these positive outcomes, the literature also highlights recurring challenges that hinder the optimal impact of social policy implementation. A major issue is inaccurate targeting in social assistance distribution, often due to outdated or imprecise data, resulting in non-poor households receiving benefits (Haliim & Purba, 2023; Basrowi et al., 2024). This challenge is exacerbated by similar findings in programs like e-Warong and social housing rehabilitation, which show disparities in aid distribution and limited access to essential services in remote regions (Basrowi et al., 2024). Furthermore, poor coordination between the central and regional governments emerges as a critical barrier, as observed in the failure of village development programs to make a meaningful impact in certain areas (Alkadafi, 2022) and the underutilization of transfer funds in the decentralization framework (Anggraeni et al., 2022).

These findings indicate that while Indonesia's poverty reduction strategies are broad in scope, their effectiveness depends heavily on implementation quality. To enhance their impact, several areas require attention. First, improving data accuracy and establishing stricter verification systems are crucial for ensuring that social assistance reaches the intended beneficiaries. Second, strengthening intergovernmental coordination mechanisms can foster more coherent and aligned policy execution across administrative levels. Third, efforts must be made to reduce disparities in infrastructure and basic services, ensuring more equitable access for rural and marginalized communities. Lastly, incorporating social inclusion strategies, including a focus on gender equity and addressing dependency mindsets, is vital for building sustainable and community-responsive poverty reduction policies.

CONCLUSION

Based on a systematic review of the literature concerning social policies and poverty reduction in Indonesia, it can be concluded that various programs and policy interventions implemented in the past five years have produced diverse impacts. Among the most notable and consistently mentioned are the Family Hope Program (PKH), fiscal decentralization, village funds, direct and non-cash social assistance, infrastructure development, and efforts to enhance education and sanitation. These policies, when designed and executed effectively, have demonstrated their potential to improve the welfare of underprivileged communities, reduce income inequality, and promote better access to basic services.

The Family Hope Program (PKH), for instance, has provided financial support to poor households and contributed to improved access to education and health services, especially for children and women. Similarly, fiscal decentralization, by allowing local governments to manage and allocate resources more independently, has played a crucial role in tailoring poverty alleviation efforts to regional needs. The development of infrastructure, such as roads and sanitation systems, along with the identification and support of leading commodities in rural areas, has further strengthened local economies and helped generate employment opportunities.

Programs aimed at improving educational participation and access to clean water have also shown measurable success in breaking the cycle of poverty in several regions.

However, the review also reveals that the implementation of these policies continues to face recurring challenges that hinder their overall effectiveness. The issue of inaccurate targeting, often due to incomplete or outdated beneficiary data, is a central problem. Many studies highlight that a significant proportion of recipients do not fall within the actual criteria for poverty assistance, resulting in leakage and inefficiency. In addition, lack of coordination between central and regional governments often leads to inconsistent policy implementation, overlapping programs, and administrative bottlenecks. In some regions, village-level programs fail to produce significant impacts due to weak institutional capacity, inadequate planning, or insufficient monitoring mechanisms.

Furthermore, limited access to basic services such as education, healthcare, and social protection in remote and rural areas exacerbates existing inequalities. The infrastructure gap, especially in eastern and outer islands of Indonesia, remains a significant barrier to inclusive development. Other studies emphasize that policy uniformity, without local contextual adaptation, tends to reduce policy relevance and sustainability. Issues such as gender inequality, low participation in decision-making, and dependency mentality also emerge as deeper social factors that influence the success or failure of poverty-focused interventions.

To address these persistent issues, it is imperative for policymakers to pursue a more integrated and evidence-based approach. This includes improving the accuracy of beneficiary identification through the development of dynamic and transparent data systems that are regularly updated. Effective use of digital technology and cross-sectoral data integration could significantly enhance the targeting and delivery of services.

Moreover, intergovernmental coordination must be improved through clearer regulatory frameworks, better communication, and shared accountability mechanisms between ministries, local governments, and implementing agencies. This would help ensure that program goals are aligned and resources are utilized more efficiently. Alongside this, the government should invest more substantially in social infrastructure, particularly in underserved areas, to create equitable access to services and opportunities.

The implementation of social inclusion-based policies is also critical. Rather than merely providing temporary aid, programs should be designed to empower individuals and communities economically and socially. Strategies that promote community-based empowerment, entrepreneurship, vocational training, and gender-responsive policies can reduce long-term dependence and foster resilience. Attention should also be given to strengthening monitoring and evaluation systems, which can provide real-time feedback and support adaptive policymaking.

Finally, social policy must remain dynamic, innovative, and responsive to Indonesia's changing socio-economic context. Periodic policy evaluations, involving academic experts, civil society, and local stakeholders, are essential for ensuring that interventions remain relevant, effective, and equitable. A forward-looking poverty reduction strategy should thus be holistic combining structural reforms, social protection, economic inclusion, and institutional strengthening to achieve sustainable poverty reduction and improve the overall quality of life for Indonesia's most vulnerable populations.

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