

INDONESIA: SOCIO-ECONOMIC CRISIS

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The effects of Indonesia's economic crisis are spreading, increasing poverty and affecting health, particularly among the most vulnerable groups of the population. Political tensions and violence are growing, adding to the country's problems. The Indonesian Red Cross is helping the worst off through a network of crisis centres, but local funding for these is drying up and funding through the Federation appeal is not yet available because of the initial low donor response.

The context

Eighteen months after the onset of the Asian economic crisis, the effects of high inflation, budget cuts, rocketing unemployment, lower real wages and bankruptcies are clearly visible in spreading poverty and worsening health, as social and health care become less affordable for the poor. The Indonesian rupiah has lost almost 70 per cent of its pre-crisis value. Many banks and businesses have gone under. The most pronounced effects are in urban areas, although recent surveys indicate that the urban-rural migration now taking place is increasing pressure on resources in the countryside.

The economic crisis also impacts on essential services, one of which is the blood service. The Indonesian Red Cross is Indonesia's sole supplier of blood, through its 159 blood transfusion centres. Its ability to provide safe blood and blood products for all sections of the population is threatened by dwindling resources and increasing costs. PMI estimates that at present 70% of patients in urgent need of blood cannot afford its real cost.

Adding to the difficulties is the recent upsurge in violence in several areas of Indonesia and increasing tensions in advance of elections scheduled for 7 June.

Latest events

Since the appeal was launched on 17 March, the Indonesian economy has continued its downward slide. Indonesia's Central Bureau of Statistics reported on 20 April that unemployment will reach 6.37 million people this year compared to 5.06 million in 1998, although other analysts are quoted as saying the number will probably reach at least 12 million. The statistics bureau also states that 35 million people are underemployed, many having joined the swelling ranks of the informal sector, and thereby further depressing real wages in this sector.

An Asian Development Bank report published in late April estimates that up to 18 million more people may have fallen into poverty in 1998, "not counting the millions more, who must now eke out a subsistence close to the poverty line." The report also quotes surveys indicating a sharp decline in the use of public health services since the crisis began. This is attributed to the deteriorating quality of official health services and the inability of the poor to purchase the medicines that are prescribed. An FAO/WFP report published on 8 April indicates that among those most affected by lack of food are lactating mothers and children under five.

Urban areas in Java, the main focus area of the Federation appeal, have been the worst hit, but some rural areas are also experiencing great difficulties because of the return migration of urban unemployed to their rural home villages. This increases pressure on the rural landless in particular. Remittances from people in the cities to relatives in rural areas have been sharply reduced.

After a 15 per cent contraction of the economy in 1998, the latest IMF estimate predicts a further contraction of 4 percent for 1999. This will further erode the already strained coping mechanisms of Red Cross target beneficiaries, i.e. female headed households, lonely elderly and the institutionalised disabled and orphans.

Ethnic clashes have taken place on the islands of Ambon and Kalimantan, leaving hundreds dead and displacing tens of thousands who have had to flee to safety. Violence related to separatist activity has occurred in East Timor and Aceh. In general over the past few months and increasingly in the last few weeks, the level of civil violence on either ethnic or religious grounds seems to be rising, triggered by ever increasing economic hardship.

It is anticipated that violence linked to the general elections may become more widespread as the 7 June election date approaches. WFP reports that many traders are keeping very low food stocks and are reluctant to transport large consignments, because of security concerns. This, it says, and the diminished role of the National Logistics Planning Agency, BULOG, "have led to considerable variation in supplies and prices across the country, further restricting the access of the poorest to markets." All this is likely to further increase the prices of food, already out of reach for many of the intended beneficiaries of this appeal.

Red Cross/Red Crescent action

Indonesian Red Cross (Palang Merah Indonesia - PMI) Crisis Centres are operating in many Red Cross chapters and branches. They provide necessities, including medical check-ups and basic drugs, food, clothing and household supplies, to certain categories of vulnerable people at subsidised prices. Blood is made available from PMI blood banks free of charge to the poorest sections of the population, although this is increasingly difficult because of the high price of imported reagents used to screen the blood.

Funds for these activities up to now have been obtained locally but as the crisis continues these resources are being drastically reduced. The Federation appeal seeks funding for the crisis centres, to enable them to expand their services to a targeted 580,000 vulnerable people, but a low appeal response has not yet made this possible.

PMI has also responded to the plight of displaced people on the islands of Ambon and Kalimantan. PMI teams have been sent to both areas, where they have provided displaced people with relief items such as plastic sheeting, BP5 (high energy biscuits), cooking oil, etc. The ICRC is supporting these activities

A Federation/ICRC joint assessment mission to south-east Sulawesi found that 38,000 displaced people from Ambon are living on Buton island, many since late January. Many are staying with relatives but about 2,500 others have been placed in camps, living under difficult circumstances but determined never to return to Ambon. For many the situation is exacerbated by the psychological trauma of witnessing extreme violence. PMI has started to provide extremely urgent sanitation and drinking water facilities for the IDPs in camps, supported by the Federation and ICRC.

On 30 March, the PMI, WFP and the Federation signed an agreement for the provision and distribution of 10,761 MT of rice. Once WFP is authorised by the Indonesian government to release an initial quantity of 1,793.5 MT, PMI will be able to distribute food for a period of two months through its 53 district level branch crisis centres and 12 provincial level chapter crisis centres. Five more distributions are planned over the next ten months.

In a follow up to the Federation appeal and to further develop PMI's role in East Kalimantan and Sulawesi, a joint Federation/PNS/PMI team will assess the current health and social welfare needs in these two areas.

Outstanding needs

The initial response to the appeal has been very low, and it has therefore not been possible to carry out all the programmes outlined in the Appeal. The PMI is continuing to operate the Crisis Centres but with steadily declining local resources and minimal input from the Appeal. The rice agreement signed with WFP provides the necessary food, but cash is now needed to cover distribution costs. The health, blood and emergency preparedness components of the appeal are also held up for lack of funds.

Donor interest seems focused on events in Ambon, East-Timor and the forthcoming election. Although these are significant developments, the poor level of response to the chronic situation in Indonesia is nevertheless disappointing, particularly in view of the widely recognised needs and earlier indications of support from large funding agencies and governments.

External relations - Government/UN/NGOs/Media

The appeal was launched with a media campaign aimed at both the international and local media in Jakarta. Important contacts were made with the main news agencies. The director of the Federation's Asia Pacific department, the head of the Regional Delegation in Kuala Lumpur and the Federation liaison officer in Jakarta together visited potential donors in Jakarta in mid April. Close and frequent contacts with WFP and relevant government authorities continue.

Contributions

See Annex 1 for details.

Conclusion

As Indonesia's economic situation deteriorates and tensions escalate, the coping mechanisms of the 40 million people below the poverty line are coming under serious strain. The PMI's Crisis Centres are responding to some of the needs, as well as assisting internally displaced people, but they urgently need more resources.

While the ICRC is supporting PMI in areas of unrest in Ambon, Kalimantan and East Timor, the Federation is committed to supporting the Crisis Centre operation and to building the emergency preparedness capability in 40 PMI branches, in readiness for the expected increase of violence before, during and after the legislative election on 7 June. Support to PMI is now critical if programmes designed to mitigate the impact of the economic crisis that has engulfed Indonesia are to be carried out effectively.

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