

## Identifying the Poor in Indonesia: Poverty Measures and Data Sources

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### ABSTRAK

*Peningkatan kemiskinan di Indonesia sejak meletusnya krisis kewangan pada 1997 telah menjadi isu utama yang mendapat perhatian pemerintah Indonesia, agensi antarabangsa dan para sarjana. Dalam makalah ini, penulis cuba mengenalpasti pelbagai dimensi kemiskinan, dan membincangkan masalah bagaimana mengenalpasti golongan miskin. Makalah ini mengemukakan maklumat mengenai sumber-sumber data yang utama di Indonesia dan menggariskan bagaimana kemiskinan diukur pada tahap nasional dan setempat. Dalam bahagian kesimpulan, makalah ini membuat perbandingan pelbagai set data dan ukuran kemiskinan yang berbeza serta membuat penilaian mengenai reliability dan kegunaan data dan ukuran tersebut.*

*Kata kunci: Indonesia, kemiskinan, sumber data, krisis kewangan*

### ABSTRACT

*The rise of poverty in Indonesia since the monetary crisis of 1997 has been of major concern to the Indonesian government, international agencies and scholars. In this paper the writer aim to identify the various dimensions of poverty and to discuss the problem of identifying the poor. The paper provides information on the main data sources in Indonesia and outlines how poverty is measured on the national and local level. In conclusion different data sets and poverty measures are compared and evaluated as to their reliability and usefulness.*

*Key words: Indonesia, poverty, data sources, monetary crisis*

### INTRODUCTION

Poverty alleviation emerged as one of the main goals of local and international development efforts in Indonesia in the 1990s, but became an urgent need since the economic crisis hit the country in 1997. To address poverty we need data to identify the poor and the areas where they live. Furthermore information on the dimensions of poverty and its causes is needed in order to implement interventions and thus reduce poverty.

This paper aims to contribute to the need to identify the various dimensions of poverty. It discusses the problem of targeting the poor and the areas where they live and provides information on the main data sources in Indonesia and how poverty is measured on the national and local levels.

After a brief overview on what is known about poverty in Indonesia, including the impact of the financial crisis on the poor, different definitions of poverty in current use and different approaches to measure poverty will be discussed. Commonly used indices of poverty and deprivation used by the World Bank and the United Nations Development Programme will be introduced and compared with indicators of poverty which are used in Indonesia today. Furthermore the main data sources on poverty and deprivation in Indonesia will be introduced and their relative reliability will be discussed.

### POVERTY IN INDONESIA

The New Order Regime under General Suharto is generally seen as responsible for a substantial decline of the poverty rate by scientists and development experts (Evers 1995). In 1976 there were an estimated 54.2 million people or 40.1 per cent of the population living below the poverty line. In 1987 the figure declined to 30.0 million or 17.4 per cent, and in 1996, 22.5 million people, or 11.3 per cent of the population were living below the poverty line (see Hayes 2000: 45ff). The decline of the poverty rate was visible in rural and urban areas, but among poor people, the large majority are still rural. The decline in poverty during the New Order was reached through top-down, growth-oriented economic development rather than specific programs targeting the poor. Most poverty reduction resulted from sectoral improvements, mainly in the health sector, in agriculture and in education. One exception was the *Inpres Desa Tertinggal* (IDT) program, which operated during 1994-1996, targeting villages "left behind by development" (Hill 1996). Block transfers of 20 to 60 million rupiah per village per year were given to about 20,000 poor or less developed villages (about one-third of the overall villages in Indonesia). The funds were allocated to promote income-generating activities through various economic activities. The target group of the program were poor households in less developed villages who were grouped into community groups called *Pokmas*. These *Pokmas* groups collectively received roll-over working capital to be used to establish their members' own productive enterprises to help them out of poverty. IDT was a short-term measure and the impact is discussed quite controversially.

Under the New Order, economic development was associated with an increase in real income at all income levels and Tjondronegoro et al. (1996:98) argue that while the economy developed "personal income distribution...also improved at the same time". Hayes (2000:46) noted that improvements in income distribution appear modest and income disparity did not increase. In 1976 the

lowest 40 per cent of the total population accounted for 19.6 per cent of total expenditure. In 1987 they account for 20.9 per cent of total expenditure.

Tjondronegoro et al. (1996:83) pointed out that the New Order Government was indeed sensitive to the need to reduce poverty, but the strong orientation toward economic growth going hand in hand with a top-down planning approach tended to prevent the identification of poor people's real needs. *Susenas* data, for example, allowed the calculation of poverty, but the data were inadequate for distinguishing who was poor for identification and targeting purposes. The commonly used *Susenas* indicators of poverty and deprivation could characterize the situation in Indonesia, but could not identify empirically the poor groups in the country most in need of help. Especially in rural areas policies to alleviate poverty faced the problem to clearly identify the target group.

According to Hill (1991), economic development during the New Order helped Indonesia to become a more integrated economic entity, even though serious economic disparities remained and still exist among provinces. In 1995, for example, GDP per capita was Rp 9.5 million in East Kalimantan, Rp 7.7 million in Jakarta and less than Rp 1 million in East and West Nusa Tenggara.

The financial crisis hit Indonesia in 1997 and there were quick predictions about the effects of the crisis on poverty. ILO-UNDP, for example, projected in 1998 that the population living in poverty would rise to 98.8 million by the end of 1998, or 48.3 per cent of the total population. But these predictions, which were usually based on the results obtained by changing the input values in pre-existing theoretical models, did not take the "coping strategies" of the people into account which were already described by scholars from the Sociology of Development Research Centre, University of Bielefeld for Indonesia (see Evers & Sumardi 1982, 1985; Evers 1980, 1989). These strategies include taking on extra work, i.e. moving working activities to safer sectors; relying to a greater extent on subsistence production; changing diet, i.e. eating cheaper food; selling assets etc.

In 1999 first data became available and a more accurate picture emerged. The *Kecamatan* Survey (Sumarto, Wetterberg and Prichett, 1999), using a qualitative approach, found that the impact of the crisis was very heterogeneous. Urban areas appeared to be harder hit than rural areas and especially the impact on Java was much more severe elsewhere. Many of the Outer Islands like large parts of Sumatra, Sulawesi, Maluku and Bali seemed to be doing quite well. Areas characterized as highly poor before the crisis were not necessarily the areas most severely affected.

*Susenas*-type provided the first quantitative assessment of the impact of the financial crisis for the whole country. To summarize the main findings it became obvious, that there was a modest increase in unemployment, but not as high as perceived (Irawan & Suhaimi 1999). The reason was that many workers were able to work fewer hours and/or to take a second job rather than accept total unemployment. A significant number of housewives appear to have en-

tered the labour force to help make up for lost household earnings. This process was formally described by Evers as coping strategies of the “floating mass” (Evers 1989).

There was, of course, an substantial increase in the incidence of poverty compared to the pre-crisis period, but the increase was not as dramatic as anticipated. In fact, “social resilience” was high in many areas (Betke 2002). Unfortunately we are not able to compare the 1996 and 1998 Susenas data, because the bundle of items used to define the poverty-line was significantly revised in December 1998, especially in the case of the non-food bundle, making the statistics at the two points incomparable. Taking the different measures of poverty into account the crisis seems to have increased the number of poor people by about 14 to 15 million (about 6.5 per cent). But the poverty gap increased and the quality of poverty became worse and thus poor people suffered more after than before the crisis. The effects on education could be measured as school participation rates declined slightly in 1998. Furthermore an increase in under-5 children with poor nutritional status from 34.9 per cent to 39.0 per cent was shown by the Susenas-type data (Irawan & Suhaimi 1999: 103). Some more recent data on poverty levels in NTB and NTT are found in our report on local economic data (Evers & Gerke 2002).

## MEASURES OF POVERTY IN INDONESIA

In this section we will provide some basic information about the most important indices of poverty which are used in Indonesia and on an international scale. Income poverty indices will be discussed as well as the more recent human poverty index used by UNDP.

### GENERAL MEASURES OF POVERTY

Until today there is no definition of poverty that is generally agreed upon and there are different approaches in the way poverty is studied. By some analysts poor people are seen as those who have yet not been reached by development or as “left behind”, others stress that development itself is often part of the problem. But regardless of differences in the definition of poverty the approaches usually refer to poverty as income poverty. The World Bank (1990) today presents the central definition of poverty “...as the inability to attain a minimal standard of living,...” and regards people in developing countries as living in “absolute poverty” who live on less than US\$1 a day.

### THE POVERTY LINE

But how to define the minimal standard of living? The general starting point for most approaches to study poverty and deprivation is to define a poverty line to

separate those parts of the population who are living in absolute poverty from the group of poor people who can actually meet their subsistence needs.

Different approaches vary according to how they define the relevant minimal living standard and how they determine whether a household has sufficient resources to reach this standard. A poverty line defining subsistence poverty is usually seen as relevant in the case of poor countries and is defined in terms of whether a household has enough food to meet the *basic physical needs* of its members. People, who are not able to consume about 2.100 calories per day are described as absolute poor. Another approach over the last 10 to 15 years is to define the minimal standard of living in terms of food consumption PLUS being able to satisfy a short list of non-food, or so-called *second floor basic needs* like clothing, housing, basic health, basic education, access to information and social and political participation. All in all there is a common agreement that poverty and deprivation has to be regarded in both absolute and relative aspects.

#### INCOME POVERTY INDICES

##### *Absolute number of the poor*

The total number of people below the poverty line in reference to the population.

##### *Headcount Index*

The number of people below the poverty line expressed as a percentage of the population. It does not tell us anything about the quality of poverty, i.e. how poor are the poor.

##### *Poverty Gap Index*

The poverty gap index provides information about the depth to which the poor fall below the poverty line. It is defined as the total amount of money that would have to be transferred to bring the income of every poor person just up to the poverty line, divided by the total number of people in the population, and expresses this average value as a proportion or a percent of the value of the poverty line. A poverty gap index of 0.4, for example, means that the aggregate deficit of income among the poor when averaged for the total population amounts to 40 per cent of the value of the poverty line. The World Bank (1990) expresses the poverty gap as a percentage of aggregate consumption.

#### HUMAN POVERTY INDEX (HPI)

In 1997 UNDP introduced a new poverty measure, the HPI, to incorporate a wider range of information about poverty than is included in the measurement of income poverty. UNDP states, that "Poverty can involve not only the lack of the necessities of material well-being, but the denial of opportunities for living a tolerable life" (UNDP 1997). By using a capabilities approach, poverty is not judged in terms of income, but by the capability to achieve some important human functionings (Sen 1992:125).

TABLE 1. Definitions of poverty

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Poverty (is) the inability to attain a minimal standard of living.  
World Bank 1990:29

Poverty is basically the inability to achieve a politically acceptable potential living standard.  
Mills and Pernia 1994:3

Poverty can mean more than a lack of what is necessary for material well-being. It can also mean the denial of opportunities and choices most basic to human development – to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and the respect of others.  
UNDP 1997:5

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The HPI relies on three dimensions of life which are already defined by the Human Development Index (HDI), namely, longevity, knowledge and living standard. But whereas the HDI measures the average level of development in a population by using these dimensions, the HPI focuses on those parts of the population which are seriously deprived and which therefore may be defined as 'poor' along these three dimensions.

Vulnerability to death at a relative early age is the first component of the HPI. It is measured by the percentage of people expected to die before the age of 40. The second component is related to denied opportunities and capabilities in knowledge. It is defined by the percentage of illiterate adults. The third component is related to a decent standard of living, which foremost includes "overall economic provisioning" (UNDP 1997:18). It is defined in the HPI by three variables: The percentage of people without access to safe water, the percentage of people without access to health services, and the percentage of malnourished children under 5. The HPI is calculated for 78 countries using a simple average of the three component percentages to express the HPI for each country as a percentage. A human poverty index of 20.8 per cent for Indonesia means that the simple average of the percentage dying before the age of 40, the percentage of illiterate adults and the percentage of people living below a decent living standard is 20.8 per cent. The per cent living below a decent standard of living is the simple arithmetic mean of the three percentages for the three variables. That means, if Indonesia has a score of 20.8 per cent we do not know whether all three scores are closely clustered around the mean of 20.8 per cent or if they are widely divergent.

## THE INDONESIAN POVERTY LINE

In Indonesia, the official poverty estimates are made by BPS (Biro Pusat Statistic) using Susenas data. Susenas is using a consumption and expenditure approach to estimate poverty and deprivation. Poverty statistics in Indonesia have been collected for more than 20 years but the current system of operational definitions and data collection dates from 1993. The Poverty Line (PL) is defined in terms of a minimum standard of basic consumption needs, including both food and non-food items. As Sutanto et al. put it, the "...poverty line is defined as the expenditure value of the minimum standard for food and non-food needs per capita per month" (Sutanto, Irawan & Said 1999:3).

The poverty line for the food component is defined as the total expenditure needed to satisfy a 2.100 calories per capita per day energy requirement. To calculate the income needed to provide these 2.100 calories BPS refers to the consumption pattern of people living close to the poverty line. The BPS approach since 1993 is to select a "reference population" who is believed to live just above the poverty line. Their food consumption patterns are used as a norm, measured and tabulated, and a bundle of essential food items is established. Different consumption patterns of "reference populations" are selected for each province in Indonesia taking into account the variation of diets and prices. Furthermore different "reference populations" are selected for urban and rural areas.

The non-food poverty line is established based on what is seen as essential among the reference populations non-food items, including clothing, housing, education, health, transportation etc. Items were selected together with their respective per capita costs per month. The poverty line was determined in this way in 1993 and in 1996 using data from the Susenas Income and Expenditure Module, which is normally conducted every three years. But as a consequence of the economic crisis in 1997, BPS decided in 1998 to significantly revise the composition of the non-food basket and agreed on a new bundle of non-food items to be used to define the standard of living. Furthermore BPS changed the weightings of these items and it is apparent that the estimated incidence of poverty crucially depends on the monetary value given to the poverty line. The revised non-food bundle was first applied in December 1998 and again in 1999. Thus results of 1998 and 1999 cannot be compared with those of 1993 and 1996. This means, when interpreting exactly what a published annual figure for the incidence of poverty really means, one needs to be clear about the exact poverty line which was used.

## MAIN DATA SOURCES FOR INDONESIA

In this chapter the main sources of data in the analysis of poverty and deprivation in Indonesia will be reviewed. The characteristics of the data such as their

methodology, geographical coverage, unit of analysis, the information content of the data, the sample size etc as well as the overall accuracy and reliability of the data will be analysed.

We will only include Data Sources which mainly rely on the collection of relevant data on poverty and deprivation and are carried out on a regular basis including the provinces of NTT and NTB.

#### SUSENAS (NATIONAL SOCIO-ECONOMIC SURVEY)

The main source on official data on poverty and welfare in Indonesia is the Survei Sosial Ekonomi Nasional or SUSENAS. This survey has been carried out by BPS (usually on an annual basis) since 1963. Susenas was introduced to provide the Government with information needed to monitor social welfare and examine selected social issues, and has been expanded and upgraded over the years. Together with the intercensal population survey (SUPAS), and the labour force survey (SAKERNAS), the census provides the main data on social characteristics of the Indonesian population (see: Surbakti 1997).

Consumption data have been collected since the inception of Susenas, both to measure the variation in standards of living which households can afford and specifically to measure poverty. Since 1981, the full set of consumption data have been collected only every three years, so as to allow more data on other aspects of welfare to be collected in the intervening years. By early 1990s the current system was established whereby each year, normally in February, 'core questions' are asked. These questions are initially based on demographic and education variables. Furthermore questions from one of three modules which rotate on a 3-year cycle are asked. Thus in 1993 the Income and Expenditure Module (Module 1) was implemented, in 1994 the Welfare, Socio-culture, Criminality and Tourism Module (Module 2) and in 1995 the Health, Nutrition, Education Cost and Home Environment Module (Module 3). Then, in 1996, Module 1 was used again, and so on.

Further changes were made in 1990 to establish the present Susenas system. First, the core questionnaire was expanded to include selected welfare questions every year. Second, in anticipation of decentralization, the sample size was increased in 1993 from 65,000 households to 202,000 households, so that statistically-representative welfare indicators can now be calculated at the kabupaten level.

The core questionnaire includes questions which have been selected so as to allow compilation of indicators on 9 areas mandated by the People's Consultative Assembly (1993) as priorities for development: health; food; consumption; nutrition; education; demography; family welfare; women, children and youth; and housing and residential areas (Surbakti 1997:8-9, 80). The module questionnaires provide more detailed information of these topics. Table 1 shows a range of welfare indicators which are routinely compiled from Susenas data.



TABLE 2. Selected indicators on poverty issues generated from SUSENAS

Indicator	Source of important variable
<b>Monetary</b>	
1. Average per capita expenditure	C,M
2. Average food share in total expenditure	C,M
3. Percentage of expenditure in the lowest 40% of population	C,M
4. Percentage of poor households	C,M
5. Gini Ratio of expenditure	C,M
6. Average calorie per capita consumption	M
7. Average protein per capita consumption	M
8. Average vitamin A per capita consumption	M
<b>Non-monetary</b>	
9. Average floor area per capita	C
10. Perc. of housing unit with good quality of wall	C
11. Perc. of housing unit with good quality of roof	C
12. Perc. of housing unit with good quality of floor	C
13. Perc. of housing unit with electricity	C
14. Perc. of housing unit with clean water	C
15. Perc. of housing unit with latrine facility	C
16. Perc. of housing unit with less than 10 sq.m. area per capita	C
17. Perc. of population employed in informal sector	C
18. Perc. of women-headed households	C
19. Perc. of under and unemployed head of households	C
20. Perc. of illiterate head of households	C

Source: Surbakti 1997; Table 3.

(C=core questionnaire; M=module questionnaire)

Information on poverty comes from both the core and the income and expenditure module (Tables 3 and 4).

In general Susenas is the best source of data for use in compiling poverty and deprivation indicators in Indonesia. It is the only source for the calculation of consumption based poverty indices which is representative for the whole country. Since 1993 the sample size is large enough for desegregation by province, and even by kabupaten. In the latter case the sampling error can be large and the sample is generally not large enough to break down even further. Susenas collects a wealth of data on social characteristics aside from consumption. So the data allow in-depth analysis of the correlates and causes of poverty. Some of the sectoral indicators allow poverty and deprivation to be analysed in relation

TABLE 3. Selected indicators on household welfare improvement generated from SUSENAS

Variable/Indicator	Block V Question number
<b>Primary Needs</b>	
1. Religious	14
2. Income	1
3. Food consumption	2
4. Living unit condition	3
5. Housing utilities	4
6. Clothing	5
7. Health	6
8. Access to medical services	7
9. Access to medicine	9
10. Access to primary school	10
11. Access to junior high school	11
12. Access to senior high school	12
13. Access to formal employment	20
<b>Others</b>	
14. Pleasantness of religious holidays celebration	15
15. Access to family planning services	8
16. Access to transportation services	13
17. Security feeling from crime act	16
18. Access to radio broadcast	17
19. Access to television broadcast	18
20. Access to reading material	19
21. Access to sport facilities	21
<b>Overall household welfare</b>	<b>22</b>

Source: Surbakti 1997, Table 4.

to sectoral development; other sectoral indicators measure development outcomes (e.g. child mortality rate, illiteracy, TFR). Some indicators can be regarded as policy instruments (e.g. accessibility to health services; percentage of births attended by health personnel; contraceptive prevalence rate). The data are collected annually and allow the monitoring of change through time.

#### VILLAGE POTENTIAL SURVEY (PODES)

Podes was first introduced in conjunction with the 1976 Indonesian Fertility Survey. It was intended to conduct Podes 3 times in a decade (in the years ending 0, 3 and 6) to accompany the Population Census, Agricultural Census

TABLE 4. Selected indicators on child welfare generated from SUSENAS

Indicator	Source of important variable
<b>Survival</b>	
1. Infant mortality rates (IMR)	C
2. Under-five mortality rates (U5MR)	C
3. Life expectancy	C
4. Morbidity rates	C
5. Percentage of children breast-fed	C
6. Number of months of exclusive breast-feeding	C
7. Nutritional status of under-fives	M
8. Percentage of under-fives immunized	C
9. Perc. of under-fives having access to health services	C
10. Perc. of household having dirt floor	C
11. Perc. of household having access to clean water	C
12. Perc. of children who smoke	C
<b>Development</b>	
13. Net enrolment ratio	C
14. Perc. of children in labour force	C
15. Drop out rate	C
16. Perc. of children participated in sport activities	M
17. Perc. of children participated in cultural activities	M
18. Perc. of children having visited tourist object	C,M
19. Total fertility rate	C
20. Average no. of children ever born to women aged 45-49 years	C
21. Perc. of disabled children	M

Source: Surbakti 1997; Table 1.

(C=core questionnaire; M=module questionnaire)

and Economic Census. In this survey data on conditions in each village are collected (see BPS 1998b). The questionnaire is filled out by the Village Head or Village Secretary. In 1993 the President introduced the IDT (Impres Desa Tertinggal) programme, whereby grants are given to poor villages. There was an urgent need for data which could identify poor villages and since 1994 Podes-like surveys (so-called Podes-Inti) have been conducted annually in the intervening years between Podes to help the Government target and monitor poor villages (Surbakti 1997:27). Podes collects information on:

1. general information regarding the respective village;
2. population and environment;
3. education;

4. socio-cultural facilities and services;
5. recreation;
6. health;
7. transport and communication;
8. land utilization;
9. economic facilities and services;
10. local finance;
11. characteristics of the village head.

The quality of the data is uncertain and the data is not generally tabulated. In 1996 Podes contained 417 variables and it is very unlikely that the village official can provide reliable answers to many of the questions. Local officials might in many cases simply repeat data reported in previous years if more recent data is not available. It is also very likely, that the data reflects the village heads perception of the economic and social conditions of the village and therefore the data depend a lot on the village heads' commitment and level of knowledge about the socio-economic conditions of the village population. BPS officials, however, regard PODES 2000 as more reliable than previous ones as it was conducted along with the Population Census 2000. PODES data should therefore be used very selectively. Some of the variables are reliable, others are not. So far, no systematic reliability check is available.

#### FAMILY REGISTRATION SYSTEM OF BKKBN

The family registration system was initially introduced to provide data at the local level in order to assist in the targeting of poor families and poor areas. Furthermore it should have an educational function in making community members aware that specific dimensions of welfare had to be improved. Some of the BKKBN (Family Planning Board) data are included in the PODES data set.

The rationale for the national family welfare registration survey, which is conducted by BKKBN in all provinces every year since 1994 (from January to March) is the Act No. 10 which was passed into law by the Government of Indonesia in 1992. According to the Act, a "Prosperous family refers to family which is formed on the basis of legal marriage, able to provide adequate spiritual and material needs, obedience to God, able to maintain a harmonious, compatible and balanced relationship among the members of the society and the environment" (Government of Indonesia 1992: Art. 1, paragr.11). The Act commits the Government to collect and analyse information in order to monitor efforts in the development process to achieve the "prosperous family" status as defined above. The survey collects information on 23 indicators. Families are classified according to the results.

TABLE 5. BKKBN family welfare indicators and welfare stages

Indicator	Stage
01. All members of the family worship according to their religion	Pre-prosperous
02. Consume minimal two meals per day	
03. Has different clothing for home, work/school and recreation	
04. Larger proportion of the floor is not earthen	
05. Obtain professional health service or modern medicine	
06. Regularly perform religious duty according to their religion	Prosperous I
07. Minimal once a week consume meal with meat/eggs/fish	
08. Have at least one pair of new clothes per year	
09. Minimum floor space of 8 square meter per person	
10. No sickness has occurred in the last three month	
11. At least one member above 15 years has regular source of income	
12. No member of the family between 10-60 years old is illiterate	
13. All children between 7-15 years old are at school	
14. Eligible couple has two children or more is currently using contraceptive	
15. Pursuing deeper religious knowledge	Prosperous II
16. Part of family income used as family savings	
17. All family members eat together at least once a day	
18. The family occasionally takes part in community activities	
19. The family has recreation together at least once every 6 months	
20. Have access to information/news from the media	
21. Have access to local public transportation	Prosperous III
22. Contribute regularly and voluntarily to community social activities	
23. Actively involved in the management of a community institution	Prosperous III+
Families with capabilities to help other families in the community	Prosperous III+

Source: BKKBN 1999: 28-30

A family will fall into:

- Pre-prosperous stage if it fails to fulfil any of the indicators 1 to 5. It is then unable to fulfil its basic needs.
- Prosperous I stage if it satisfies each of the first 5 indicators, but fails to fulfil all of the indicators 6 to 14.
- Prosperous II stage if it satisfies all of the first 14 indicators, but not all of the indicators 15 to 21.
- Prosperous III stage if it satisfies all indicators 1 through 21, but fails to fulfil any of the indicators 22 and 23.

- Prosperous III+ stage if it can fulfil all indicators 1 to 23.
- BKKBN (1999:12-13).

Families who fall into the first two stages are considered “poor” and will be further distinguished by economic and non-economic reasons. In order to compare the BKKBN data with BPS data on poverty, questions about food and non-food expenditures were asked of families in the first two stages.

The BKKBN conception represents a quite different approach in defining and measuring poverty compared to that of BPS. BKKBN adopts a more multidimensional approach as each indicator represents a different aspect of welfare. If reliable, the data would provide broad information about the level and geographical distribution of poverty in Indonesia.

There are several limitations of the BKKBN survey, which have to be taken into consideration. One could for example point to the cultural motivated fact, that in some parts of Eastern Indonesia earthen floors are preferred to wooden or concrete floors for several reasons, but that a family would automatically fail to meet the target of the prosperous I level, if they have an earthen floor for cultural reasons. It should be understood, that any program intervention must take cultural considerations into account and not simply suggest a lack of income in such a case. Besides, the general quality of the BKKBN data is not very reliable, because the data is collected by cadres (volunteers) with minimal training for that kind of work and a low incentive scheme to motivate them. Much of the information is collected from informants without going to all the houses. But taking into consideration, that the villagers knowledge of who is poor in the village and who is not is relatively reliable, the result at least reflects the villagers interpretation and conception about poverty in the village. Since the BKKBN family registration system is the only national data source which (in principle) lists all poor families and identifies them by name, it is a rich data source to help in targeting the poor and identifying poor areas.

## CONCLUSIONS

To address poverty we need data to identify the poor and the areas where they live. Furthermore information on the dimensions of poverty and its causes are needed in order to implement interventions and thus reduce poverty. At least we need data to monitor change and confirm that the results of intervention lead to a reduction in poverty.

Key indicators of poverty should thus meet the following criteria:

1. They should provide reliable measures of the incidence and depth of poverty.
2. They should be available at district level.

3. They should provide information on the composition of the poor by age, sex and social characteristics.
4. They should be relevant to policy interventions and most amenable to change through program activities.
5. They should be based on existing data systems which are regularly updated.

Because of its sample size, only Susenas allows a reliable breakdown of indicators to the kabupaten level and is, in general, the best source of data for use in compiling poverty and deprivation indicators in Indonesia. It is the only source for the calculation of consumption based poverty indices which is representative for the whole country. Since 1993 the sample size is large enough for desegregation by province, and even by kabupaten. Poverty data are based on the consumption module of Susenas to calculate the number and percentage of the population below the official poverty line with reference to a range of "basic needs".

SUSENAS has the following advantages:

- the data provide relatively reliable measures of the incidence and depth of expenditure poverty;
- the data provide a range of additional measures of deprivation by sector and measures causes of poverty;

But to target the poor villages and identify and monitor changes in poverty additional nationally representative surveys must be used.

To monitor poverty alleviation at the kabupaten level, several data sets should be used and compared.

1. *Monitoring the 'Poverty Line', based on SUSENAS data* The regionally adjusted poverty line, that is calculated by BPS on the basis of SUSENAS data can also be used to compute a poverty estimate for selected districts. These data can be purchased from BPS and a respective contract has to be negotiated.

The readily available SUSENAS data on the national and provincial level can be used for bench-marking purposes, i.e. evaluate, whether poverty alleviation progresses faster or at a lesser speed in a certain district than in the respective province.

2. *Monitoring poverty levels, based on an Engels Curve (SUSENAS data)* The so-called Engels curve, measuring the proportion of food expenditure as percentage of total household expenditure is a relatively simple, but nevertheless powerful tool to estimate poverty levels. The "District-level Engels Curve" can be constructed from data contained in the core of SUSENAS, collected each year.

3. *Monitoring localised poverty levels on the basis of BKKBN/PODES data* For further local-level poverty monitoring we recommend the use of two national data sources, namely PODES and the BKKBN family registration survey. Reliability problems have been discussed above. The BKKBN conception represents a quite different approach in defining and measuring poverty compared to that of BPS. BKKBN adopts a more multidimensional approach as each indicator represents a different aspect of welfare. The data provide broad information about the level and geographical distribution of poverty in Indonesia. There are no sampling problems, as all villages (*desa*) in Indonesia are enumerated and the village is the unit of analysis. Using BKKBN data would require collaboration with the BKKBN at the kabupaten and kecamatan levels.

For data below the kabupaten level (*kecamatan* and village), the BKKBN survey and PODES are the only data sources regularly available in Indonesia. Both surveys are based on a bottom-up rather than a top-down approach and will, without doubt, become more important in the future due to the Government's decentralization efforts.

To supplement BKKBN family welfare data, which are already an aggregate measure in the form of a composite index of five categories (see discussion above), some PODES data should be selected from the PODES survey (see Evers & Gerke 2002).

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#### LIST OF ABBREVIATIONS

BKKBN	Family Planning Board
BPS	Badan Pusat Statistik / National Bureau of Statistics
GTZ	Gesellschaft fuer Technische Zusammenarbeit GmbH
HPI	Human Poverty Index
IDHS	Indonesian Demographic and Health Survey
IDT	Inpres Desa Tertinggal / Presidential Decree on Poor Villages
Kecamatan	District
NTB	Nusa Tenggara Barat Province
NTT	Nusa Tenggara Timur Province
POKMAS	Farmers' Group
PODES	Potensi Desa Survey / Village Potential Survey
SAKERAS	National Labour Force Survey
SMERU	Social Monitoring and Early Response Unit
SUPAS	Intercensal Survey



SUSENAS            National Welfare Survey  
UNDP                United Nations Development Program

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