

# **ALTERNATIVE MEASURE OF POVERTY IN INDONESIA**

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# **OUTLINE OF PRESENTATION**

- 1. SIGNIFICANCE OF THE RESEARCH**
- 2. RESEARCH OBJECTIVES**
- 3. RESEARCH METHODS**
- 4. RESULTS AND DISCUSSION**
- 5. CONCLUDING REMARKS**

# **SIGNIFICANCE OF THE RESEARCH**

- **Critics on Indonesia's poverty line:**
  - **food calorie intake excludes protein intake**
  - **high food calorie, but low price**
  - **exclude perception of the poor**
  - **top down approach**
  - **differences of urban and rural condition**
  - **Thus, rupiah equivalent poverty line is too low**

**Sen's concept (1999) include capability and security dimensions**

**World Bank concept on Multidimensional poverty line (Empowerment, capability, opportunity, and Security)**

**Mangahas' poverty line concept on subjective poverty line**

**Others including relative poverty line**



## **CHANGES OF POVERTY LINE CONCEPT**

# OBJECTIVES OF THE RESEARCH

- **Examines the possible concept of subjective poverty line as the alternative measure**
- **Highlights variables, dimension and indicators of subjective poverty line**
- **Examines the rupiah expenditure of poverty line**

# RESEARCH METHODS

- Review Literature
- Focus group discussion on national level by inviting experts and other stakeholders on poverty
- Research field work in three locations (West, Central and Eastern Part of Indonesia)

- Other instruments :
  - Observation at the field work.
  - In-depth interview to the poor and the non-poor individuals
  - Questionnaires of 360 respondents in three districts (South Sumatra, DI Yogyakarta and South Sulawesi provinces)

## UNIT ANALYSIS AND TYPES OF DATA COLLECTED

- Poor and non poor respondents
- Using show card to determine Poor and non poor respondents
- Data collected using questionnaires : social-economic characteristics (including number of household member, age, sex, work status, income and expenditures per capita per month)



- Respondents Perception on variables and dimension of poverty line (details of food and non food such as education, health and other items)
- Respondents perception on rupiah income/expenditure of poverty line

# RESULTS AND DISCUSSION

## Using FGD and In-Depth Interview :

- Poverty line concept can use :  
Food and non-food approaches  
OR  
Income or expenditure approach.
  
- Variables that should be accommodated:
  - Expenditure on Food and non-food (health, education and housing unit) items
  - Expenditure on social contribution to any social activities in the community is a must

- Average Income / expenditure of poverty line was Rp. 500 thousand/capita/moth (US\$ 49.0/capita/month) or Rp. 1.5 million or US\$ 140.0 for household with two school age children. Thus, higher than Rp. 300 thousands (us\$ 28.00) per capita/month in comparison to national poverty line

What is respondents' perception on definition of Poor Individual ?

RESPONDENTS' PERCEPTION ON THE MEANING OF POOR INDIVIDUAL  
BASED ON ITEMS' RANKING

<i>Items</i>	<i>Ranking</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Inadequate food intake	64,2	20,2	8,0	5,3	1,4
<i>Unable to have health service when ill</i>	1,7	8,1	21,0	26,5	17,1
Unable to finance the children to school	1,7	10,5	10,1	22,7	31,4
Bad housing units	7,5	24,1	26,5	18,9	15,7
No jobs	9,7	15,4	18,5	10,6	24,3
Others	15,3	21,7	16,0	15,9	10,0
<i>Total</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>
N	360	332	238	132	70

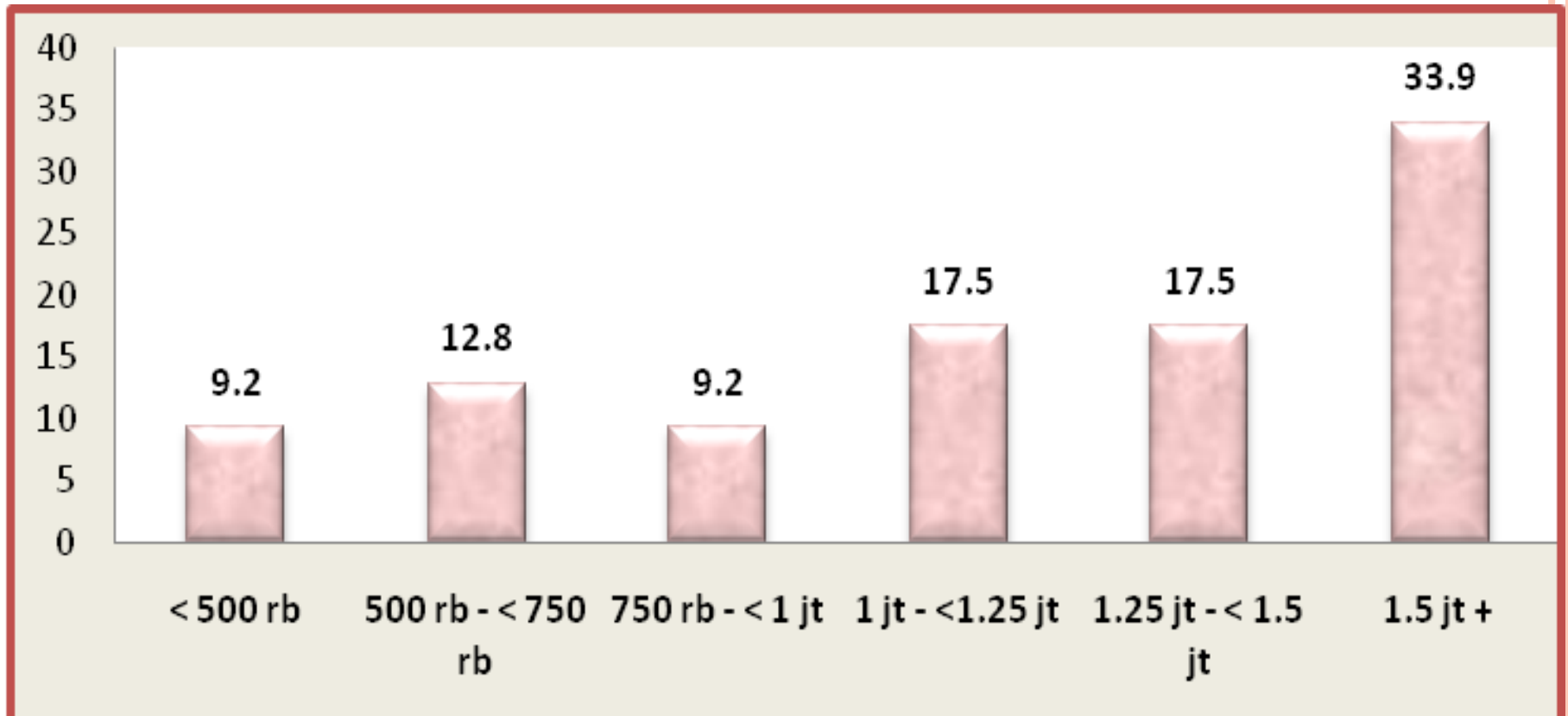
Source: Primary data collected using questionnaires, August 2014.

## RESPONDENTS' PERCEPTION ON THE MEANING OF POOR INDIVIDUAL BASED ON ITEMS

<i>Items</i>	<i>Urutan</i>							
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Food	85,8	7,8	3,7	1,0	-	-	-	-
Daily needs	1,7	46,5	13,2	9,0	5,3	3,9	1,3	0
Energy consumption	0,3	6,1	13,6	11,6	13,5	12,7	10,7	2,1
Education	0,8	12,4	14,3	23,6	24,1	11,8	4,0	4,3
Health	1,9	4,0	17,9	19,1	15,0	9,8	10,7	6,4
Electricity	-	1,7	4,0	5,5	21,1	39,2	22,7	10,6
Telephone	-	-	0,4	15,1	3,0	13,7	24,0	31,9
Social contribution	-	5,2	16,1	-	11,3	4,9	18,7	38,3
Others	8,1	16,2	16,8	13,6	6,8	3,9	8,0	6,4
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
N	360	346	273	199	133			

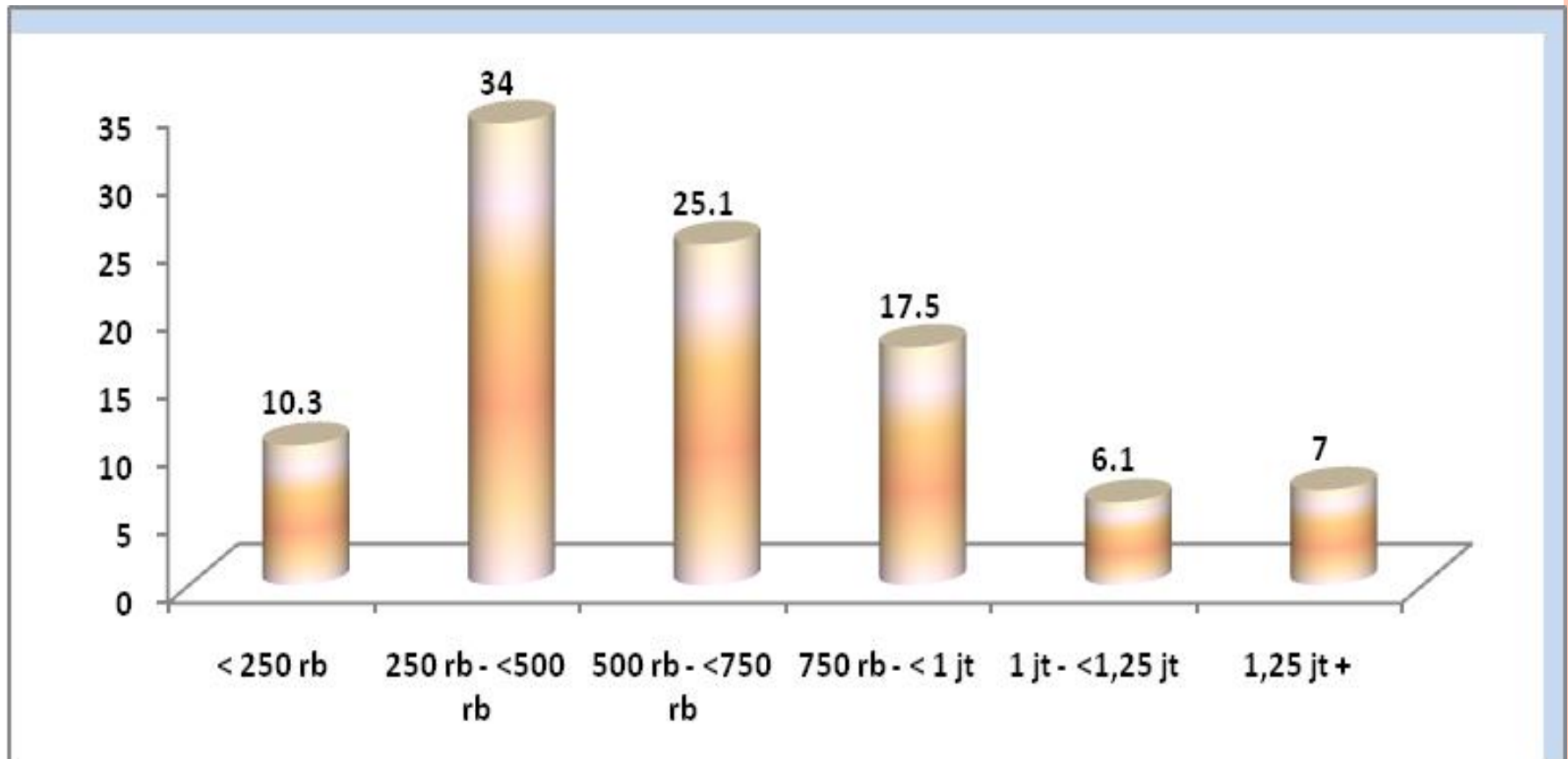
Source : Primary data collected from questionnaires, August 2014

## RESPONDENTS' PERCEPTION ON THE MEANING OF POOR INDIVIDUAL IN TERMS OF RUPIAH EXPENDITURE (PERCENT)



Source : Primary data collected using questionnaires, August 2014.

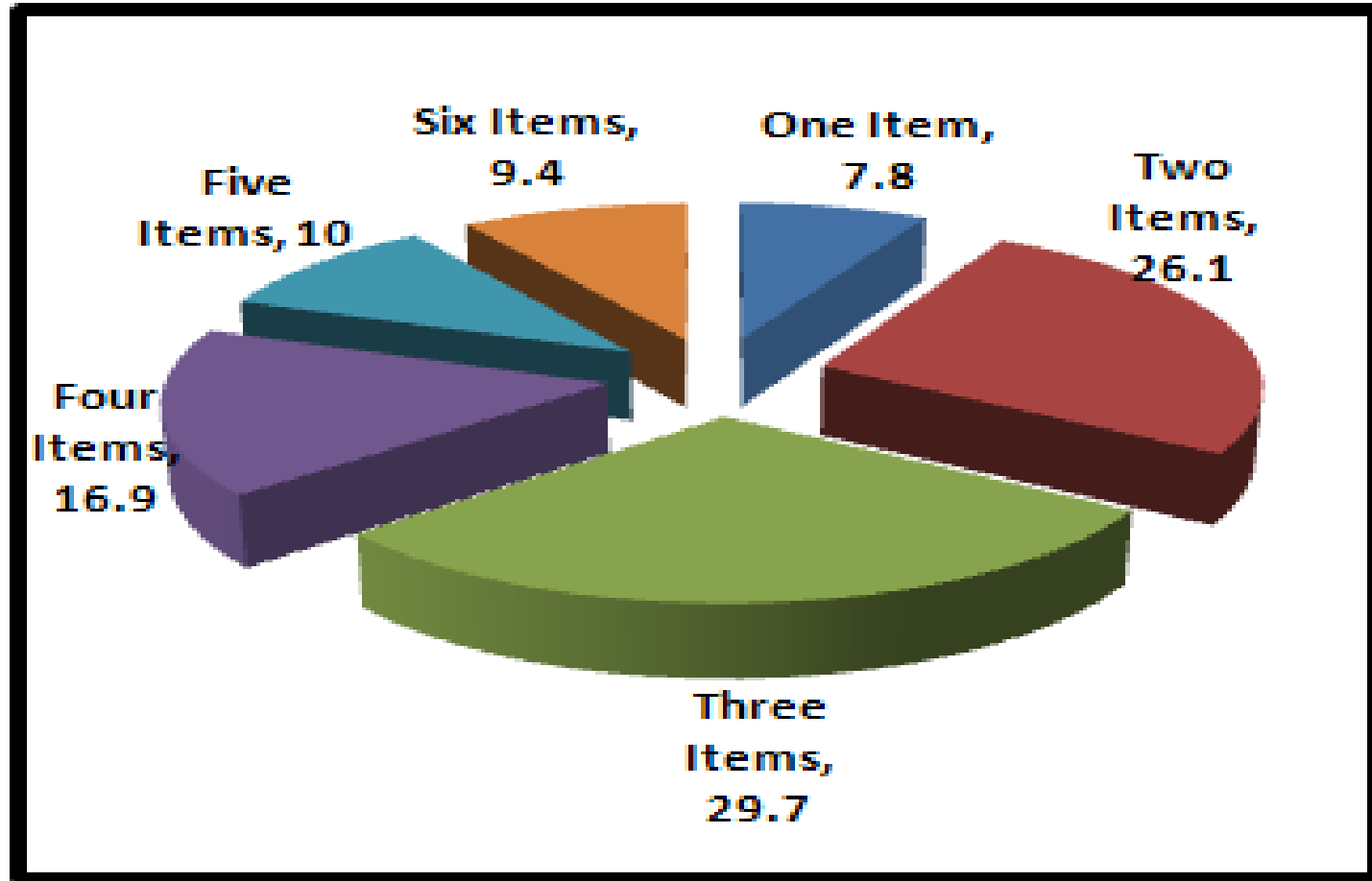
## RESPONDENTS' PERCEPTION ON THE MEANING OF INDIVIDUAL POOR BASED ON THE RUPIAH EXPENDITURE



Source : Primary data collected using questionnaires, August 2014.



## RESPONDENTS' PERCEPTION ON THE MEANING OF POOR BASED THE NUMBER OF ITEMS



Source : calculated from primary data using questionnaires, August 2014.

## RESPONDENTS' PERCEPTION ON THE MEANING OF POOR BASED ON RESPONDENTS' SOCIAL-ECONOMIC CHARACTERISTICS

- Level of Education
- Type of employment
- Number of household members
- Expenditure per capita per month

# PERCEPTION ON THE MEANING OF POOR BASED ON EDUCATIONAL LEVEL

PERCEPTION ON THE MEANING OF POOR BASED ON THE NUMBER OF ITEMS AND RESPONDENTS' EDUCATIONAL LEVEL (UNIT: PERCENT)

Educational level of respondents	Number of items											
	1	5	1, 5	1,4	1, 4, 5	1, 4, 6	1, 5, 6	1, 2, 3, 4	1, 2, 4, 6	1, 4, 5, 6	1, 2, 3, 4, 5	1, 2, 3, 4, 5, 6
A	1,67	1,39	3,61	1,67	4,72	1,94	1,11	0,83	1,39	2,22	1,11	2,78
B	0,83	0,83	0,00	1,11	1,67	2,22	0,56	0,83	1,94	1,11	1,94	2,22
C	0,56	0,28	0,28	1,11	0,56	2,50	1,11	0,28	0,56	0,56	0,56	1,39
D	0,28	1,11	0,00	0,56	0,56	1,39	0,28	1,11	0,00	1,67	3,33	2,50
E	0,28	0,00	0,00	0,00	0,00	0,28	0,28	0,00	0,00	0,00	0,00	0,56
F	0,00	0,00	0,28	0,00	0,28	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total percentage (N=360)	3,61	3,61	4,17	4,44	7,78	8,33	3,33	3,06	3,89	5,56	6,94	9,44

Note : A = not completed primary school; B: completed primary school; C: completed Junior High school; D :Completed Senior High school; E : not completed university; F : completed university

1. Inadequate food intake ; 2. unable to buy medicine when ill; 3. unable to send children to school; 4. Bad housing unit; 5. no works; 6 others

Data below 3 percent was not shown and hence the total was not 100 percent.

Source : Primary Data collected from questionnaires

# PERCEPTION ON THE RUPIAH EXPENDITURE IN DEFINING THE POOR INDIVIDUAL BASED ON EDUCATIONAL ATTAINMENT (UNIT : PERCENT)

Educational attainment	< 500	500-750	750-1000	1000-1250	1250-1500	> 1500
Not completed Primary school	4,17	6,11	4,17	6,94	6,67	6,67
Completed primary school	1,39	3,61	2,50	3,89	3,89	8,61
Completed Junior high school	1,67	1,39	1,11	2,50	3,89	6,67
Completed High School	1,94	0,83	1,11	3,89	2,22	10,28
Not completed University	0,00	0,56	0,28	0,00	0,28	0,56
Completed University	0,00	0,00	0,00	0,28	0,56	1,11
Total percentage	9,17	12,50	9,17	17,50	17,50	33,89

Source : Primary data collected from questionnaires, August 2014.

# PERCEPTION ON THE MEANING OF POOR BASED ON EMPLOYMENT TYPE

PERCEPTION ON THE MEANING OF POOR BASED ON THE NUMBER OF ITEMS AND TYPE OF EMPLOYMENT

Respondent s' type of employment	1	1,4	1, 6	1,4,5	1,4,6	1,4,5,6	1,2,3,4,5, 6
Government officials	0,28	0,28	0,00	0,56	0,56	0,00	0,00
Private employees	0,00	0,28	0,28	0,56	0,28	0,28	0,28
Farmers	0,56	1,94	3,33	2,22	3,33	1,39	1,67
Blue collar workers	0,56	1,11	3,06	1,39	3,33	2,22	3,06
Small traders	0,28	0,83	1,39	0,83	0,56	0,56	2,50
Veterinarian	0,00	0,00	0,28	0,00	0,00	0,00	0,56
House wife	0,56	0,00	1,11	0,28	0,00	0,28	0,00
Entrepreneurs	0,00	0,00	0,00	0,56	0,28	0,56	0,56
Unemployed	0,56	0,00	0,56	1,11	0,00	0,00	0,00
Others	0,83	0,00	0,56	0,00	0,00	0,28	0,83
Total Percentage	3,61	4,44	10,56	7,50	8,33	5,56	9,44

Note : 1.Inadequate food intake ; 2. unable to buy medicine when ill; 3. unable to send children to school; 4. Bad housing unit; 5. no works; 6 others

- Data below 3 percent was not shown and hence the total was not 100 percent.

Source : Primary Data collected from questionnaires

## PERCEPTION ON THE MEANING OF POOR BASED ON THE RUPIAH AND TYPE OF RESPONDENTS' TYPE OF EMPLOYMENT (PERCENT)

Respondents' type of employment	< 500	500-750	750-1000	1000-1250	1250-1500	> 1500
Government officials	0,00	0,56	0,00	0,56	0,83	0,83
Private workers	0,00	0,28	0,28	0,28	0,83	1,11
Farmers	6,39	3,89	2,50	4,17	3,89	3,61
Blue collar workers	1,11	2,78	3,06	5,56	5,56	12,50
Small traders	0,56	1,11	0,56	1,94	2,78	6,11
Husbandry	0,00	0,28	0,00	0,00	0,56	0,56
House wife	0,28	1,67	0,83	1,11	0,83	0,83
Entrepreneurs	0,00	0,56	0,83	0,56	0,28	3,06
Unemployed	0,56	1,11	1,11	1,39	1,39	0,83
Others	0,28	0,56	0,00	1,67	0,56	4,17
Total percentage	9,17	12,78	9,17	17,22	17,50	33,61

Source : Primary data collected using Questionnaires from the field work, August 2014.



RESPONDENTS' PERCEPTION ON THE MEANING OF  
POOR BASED ON THE NUMBER OF HOUSEHOLD  
MEMBERS

## PERCEPTION ON THE MEANING OF POOR BASED ON THE NUMBER OF HOUSEHOLD MEMBER AND THE NUMBER OF ITEMS (PERCENT)

Number of household members	Number of items					
	1,6	1,4,5	1,4,6	1,4,5,6	1,2,3,4,5	1,2,3,4,5,6
1	0,28	0,56	0,28	0,28	0,00	0,00
2	1,39	0,28	1,39	0,83	0,56	1,11
3	1,39	2,22	0,83	0,56	1,11	2,22
4	3,06	1,94	2,22	1,67	1,94	2,22
5	1,94	1,11	1,67	0,56	1,11	1,67
6	0,00	0,83	0,83	0,56	1,39	0,83
7	1,39	0,28	0,28	0,56	0,56	0,83
8	0,56	0,00	0,56	0,28	0,00	0,00
9	0,56	0,28	0,28	0,28	0,00	0,00
10	0,00	0,28	0,00	0,00	0,28	0,56
<b>Total percentage</b>	<b>10,56</b>	<b>7,78</b>	<b>8,33</b>	<b>5,56</b>	<b>6,94</b>	<b>9,44</b>

Note : 1. Inadequate food intake ; 2. unable to buy medicine when ill; 3. unable to send children to school; 4. Bad housing unit; 5. no works; 6 others

Data below 3 percent was not shown and hence the total was not 100 percent.

Source : Primary Data collected from questionnaires, August 2014.

PERCEPTION ON THE MEANING OF POOR BASED ON THE NUMBER OF HOUSEHOLD MEMBER AND THE RUPIAH EXPENDITURE OF POVERTY LINE (UNIT: PERCENT)

The number of Household member	The rupiah expenditure poverty line					
	< 500	500-750	750-1.000	1.000-1250	1250-1500	>1500
1	0,83	0,83	0,56	0,28	0,83	0,56
2	0,56	2,50	0,83	2,50	1,39	2,78
3	1,94	3,06	1,39	3,33	3,89	3,89
4	1,94	3,06	3,33	3,61	4,44	11,11
5	2,22	1,39	1,11	3,33	1,94	6,94
6	0,83	0,56	1,67	1,94	3,33	3,06
7	0,28	0,56	0,00	0,83	1,11	3,06
8	0,56	0,00	0,00	0,83	0,56	1,67
9	0,00	0,56	0,28	0,28	0,00	0,28
10	0,00	0,00	0,00	0,56	0,00	0,56
Total percentage	9,17	12,50	9,17	17,50	17,50	33,89

Source : Primary data collected using questionnaires, August 2014.

# PERCEPTION ON THE MEANING OF POOR BASED ON RESPONDENTS' EXPENDITURE

PERCEPTION ON THE MEANING OF POOR BASED ON RESPONDENTS' EXPENDITURE AND THE NUMBER OF ITEMS (UNIT: PERCENT)

Respondents , expenditure	1	1,4	1,5	1,6	1,4,5	1,4,6	1,2,4,6	1,2,3,4,5	1,2,3,4,5,6
< 500.000	0,83	1,11	0,28	1,67	2,22	2,50	1,67	0,28	0,28
Rp.500.000 - Rp.750.000	0,56	0,56	1,67	2,78	1,94	1,39	0,83	0,28	1,67
Rp.750.000 - Rp.1.000.000	0,83	1,39	1,11	2,78	1,11	1,39	0,83	1,39	1,67
Rp.1.000.000 - Rp.1.250.000	0,83	0,56	0,56	1,67	1,11	1,39	0,28	1,11	1,67
Rp.1.250.000 - Rp.1.500.000	0,28	0,00	0,28	0,56	0,83	1,67	0,28	0,56	1,67
> Rp.1.500.000	0,28	0,83	0,28	1,11	0,56	0,00	0,00	3,33	2,50
Total	3,61	4,44	4,17	10,56	7,78	8,33	3,89	6,94	9,44

Note :

1. Inadequate food intake ; 2. unable to buy medicine when ill; 3. unable to send children to school; 4. Bad housing unit; 5. no works; 6 others

Data below 3 percent was not shown and hence the total was not 100 percent.

Source : Primary Data collected from questionnaires, August 2014.

## PERCEPTION ON THE MEANING OF POOR BASED ON RESPONDENTS' EXPENDITURE (UNIT: PERCENT)

Respondents' expenditure per month	< 500	500-750	750-1000	1000-1250	1250-1500	> 1500
< 500.000	4,17	6,11	2,50	0,83	0,56	1,39
Rp.500.000 - Rp.750.000	3,06	3,06	3,33	4,44	2,78	4,17
Rp.750.000 - Rp.1.000.000	1,11	1,94	1,94	4,72	5,83	3,61
Rp.1.000.000 - Rp.1.250.000	0,28	0,00	0,56	3,89	4,44	6,11
Rp.1.250.000 - Rp.1.500.000	0,28	1,11	0,00	0,56	2,78	5,56
> Rp.1.500.000	0,28	0,28	0,83	3,06	0,83	13,06
Total Percentage	9,17	12,50	9,17	17,50	17,22	33,89

Source : Primary data collected using questionnaires, August 2014.

## CONCLUDING REMARKS

- Subjective poverty is useful to detail variables in determining poverty line. And hence, bottom up approach.
- Poverty line should not only accommodate food variables, but also non-food variables (education, health, housing unit, working status and social contribution)
- Food adequacy is the most important variable in establishing poverty line

- ▶ The expenditure/income poverty line was Rp. 500 thousand/capita/month (or \$ 42.0) Or Rp. 1.5 million/household with two members per month (or US \$ 125) which is higher than the national poverty line of Rp. 300 thousand (US\$ 25) per capita/month.
- ▶ Subjective poverty line is useful to measure the real condition of the poor
- ▶ Subjective poverty line is useful not only to measure the incidence of poverty, but also able to details the problems of the poor. Hence, better policy and programs can be successfully implemented



THANK YOU