

# **The Challenge of Poverty Research in Indonesia: *Should Poverty Alleviation Data be Politically Correct?***

**Victoria Fanggidae**

Perkumpulan Prakarsa, Indonesia

International Development Conference, Auckland, 4 Dec 2012

---



**P R A K A R S A**  
Welfare Initiative for Better Societies

# Outline

- Contexts
- Review of concepts
- The story
- Lessons drawn
- Conclusions

# Contexts

- Development research is oriented to influence policymaking process and to change policy; policy makers are encouraged to formulate policies based on 'valid and objective' evidence.
- Valid & objective=quantified ?
- Need of valid criteria to be categorised as 'poor', and their level of poverty –poverty line
- Poverty data can be the indication of government effectiveness in reducing poverty.

## Contexts –cont'd

- Image of Indonesia as a new emerging economy
- Poverty rate declined from >17% in 2006 to 12.5% in 2011; govt target: 8% by 2014
- Inefficient poverty alleviation programme budget: increase Rp 19.5 T poverty alleviation budget=poverty rate decline 0.9% the next year
- Food subsidies was cut from Rp 3.8 trillion because of the claim that number of poor people declined; Energy subsidies increased 35 % between 2012 -13
- Actors: state's statistics agency, donors, academicians-technocrats, civil society-independent researchers.

# Review of concepts

- The ambiguity of the concept of poverty
- Dimensions of poverty debate and their trade off (Maxwell, 2009; Barder, 2009; Ludi and Bird, 2007; etc)
- Multidimensional faces of poverty
- Human Development Index (HDI) as indicator of development success reflects the international recognition of multidimensionality of poverty.
- MDG Target 1: still use 1 dollar/day

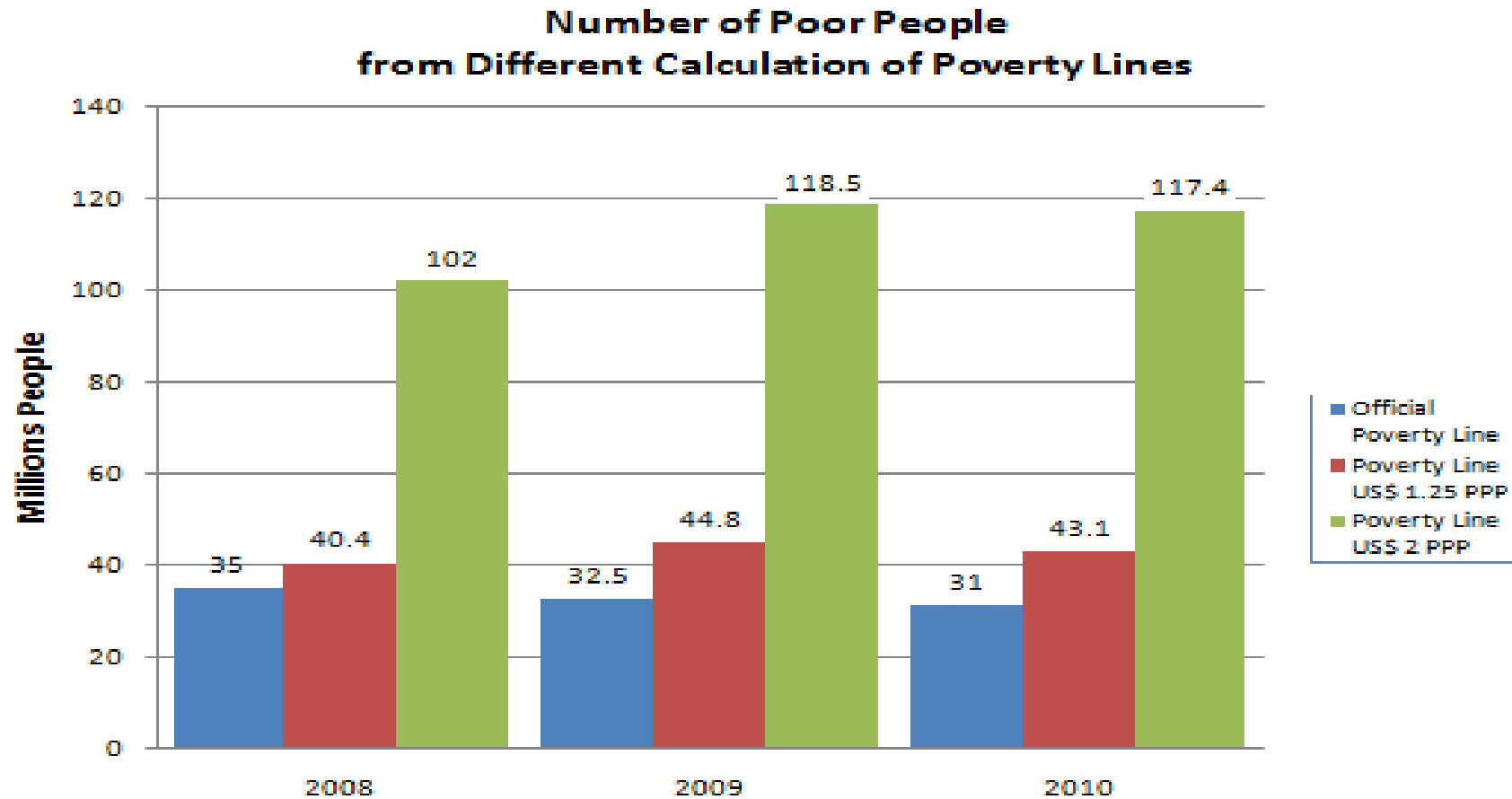
# Review of concept-cont'd

- Poverty line is a tool for policy makers to redistribute resources to the poor through poverty alleviation programmes.
- Choice of poverty lines depends on ‘...an interplay between statistics and politics’; it is ‘half science and half politics’ (Deaton & Kozel, 2005)
- Tool for targeting : efficiency of poverty reduction programmes (Sen, 1992).

# The story..

- Impact of poverty reduction data: budget for food subsidies is cut, energy subsidy is increased.
- Poverty reduction programme budget increase significantly, poverty incidence decline insignificantly over time.
- Policy Review: poverty, worrying inequality in Indonesia, low quality growth, critique to state's statistics agency.

# Using different poverty lines



Source : BPS, 2011 and ADB, 2011 (processed)

Notes :

1. Official poverty line in 2010 is equal to Rp 7,060
2. Poverty line US\$ 1.25 PPP in 2010 is equal to Rp 7,800
3. Poverty line US\$ 2 PPP in 2010 is equal to Rp 12,474



# Objection from donor & govt

- Data was mis-interpreted.
- Data are from different sources (BPS, PovCal WB, modelling)
- Incorrect citation
- Rebuttal on the newspaper
- Poverty elasticity analysis estimation to prove poverty decline

## Political interests

- ADB as main loan provider (3<sup>rd</sup> largest, share > 16% of the total loan).
- TNP2K: under vice president (deemed unconstitutional); high caliber academicians/technocrats; mostly funded by foreign donor; has target to reduce poverty rate to 8 % in 2014 to prove govt performance;
- BPS: appointed by president ,directly report to president,

## Lessons drawn

- Debating poverty line -quantitative - remains the most appealing poverty related conversation in Indonesia.
- Raw data are not all accessible (and/or affordable) for public– imbalance access to do high quality analysis.
- Poverty research must be linked through media to spark public debate –to hold govt accountable.

## Lessons drawn – cont'd

- Media has not yet taken the responsibility to educate public and raising public awareness.
- Interests might affect actors' position through poverty data interpretation.
- Lack of oversight role and engagement of parliament in poverty debate.

# Conclusions

- The importance of developing a more constructive and progressive poverty debates from more diversified actors, including independent researchers, policy makers, media and the parliament ; and also from different tradition (qualitative).
- Different statistical data interpretation brought different results. Actors' interests might be reflected in their data interpretation.
- State's statistical agency must encourage more access to raw data to spark public debate, as a means to hold the policy makers accountable.