



Fourth Session of OIC Statistical Commission

21-23 April 2014, Ankara–Turkey



Enhancing National Capacities in Poverty Statistics

Presented by **BPS-Statistics Indonesia**



Today's Presentation

- 1. Data uses for situation analyses:** assessment on the Indonesia's past efforts on policy formulation and design programs on poverty reduction
- 2. Data production:** breakthrough in developing data collection system to produce stats uses for planning cycles
- 3. Strategy:** measures in producing reliable and relevance statistics for development

Key message: statistics is a key tool in producing quality planning, monitoring and evaluation for the successful of development , and reducing the poor in particular

Policy Measures: *statistical perspective*

- Evidence-based Policy Making
 - Measurable goal and target of developments set out in Long-term Development Plan (RPJP) and Medium-term Development Plan (RPJM)
 - K/L needs to ground policy formulation with the measurable fact that should be updated and regular based reporting
 - cross-cutting issues and sectoral links of policy and programs
- Performance-based budgeting
 - K/L states in the strategic planning measurable and attainable target within the time frame of development plans (either short (1 year) or medium (5 years) planning)
 - Budget for each programs and activities easily determined
- Needs for data and statistics is inevitable

Poverty Stats for Development Planning

- **Commitment to Poverty Reduction**

MDGs #1 and National Devt Plan 2010-2014

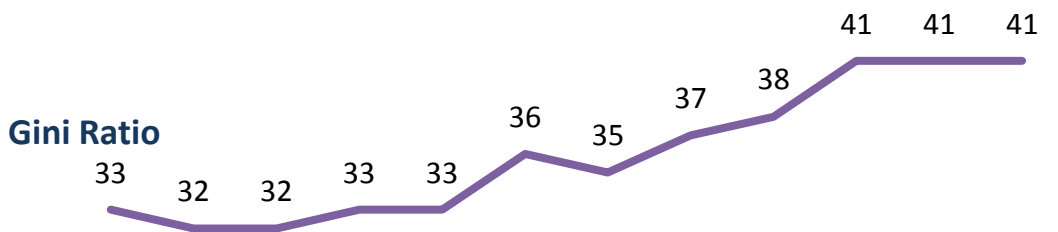
- Reducing poverty incidence and improving poverty gap
- Significant achievement within time frame

National Plan: 3-5 %-age point reduction within 5 years

- **Social protection and poverty reduction**

- Addressing issues on inequality, deprivation, exclusion is imperative as part for holistic solutions
- Statistics relate to quality of most basic public services (including coverage and equality of access) important to provide
- Poverty related indicators

INDONESIAN ECONOMY: PROGRESS WITH NEW CHALLENGES

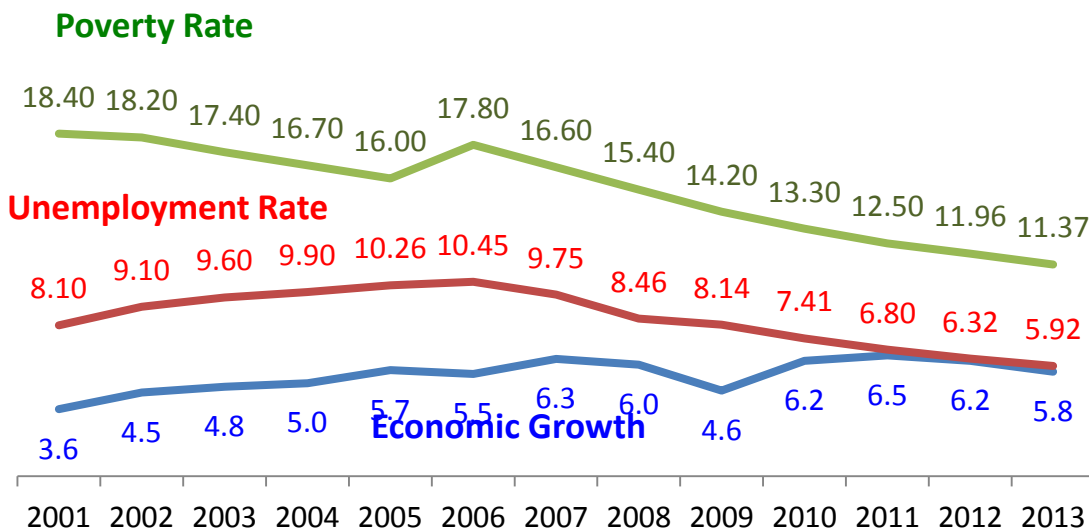


- Improvements in last decade in terms of economic growth, unemployment reduction, and poverty alleviation

- Great potential to move further

- Increasing inequality

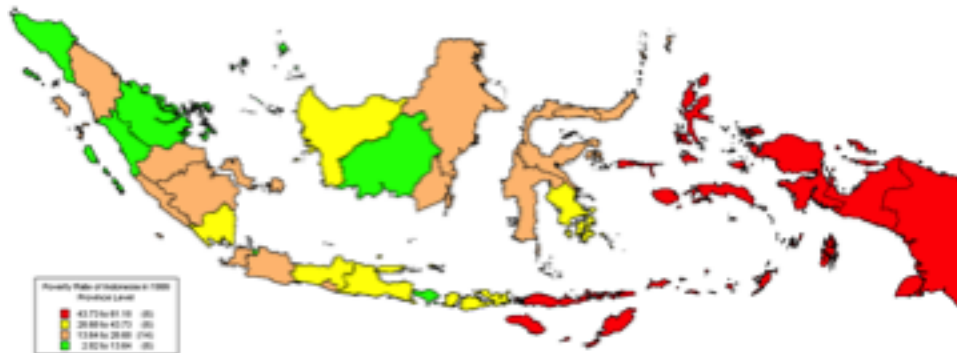
- Poverty alleviation and social protection programs



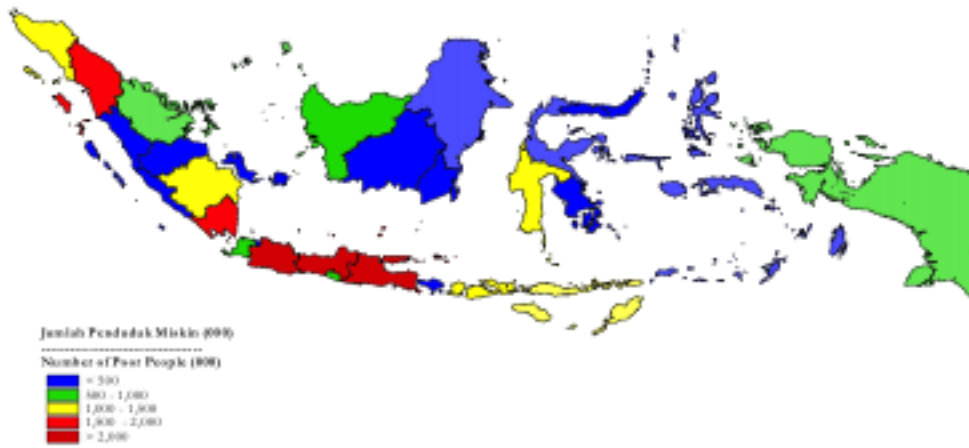
Percapita Income (USD)

772	922	1,098	1,186	1,318	1,663	1,938	2,238	2,346	3,003	3,525	3,583	3,500
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INEQUALITY of POVERTY ACROSS DIFFERENT REGIONS IN INDONESIA



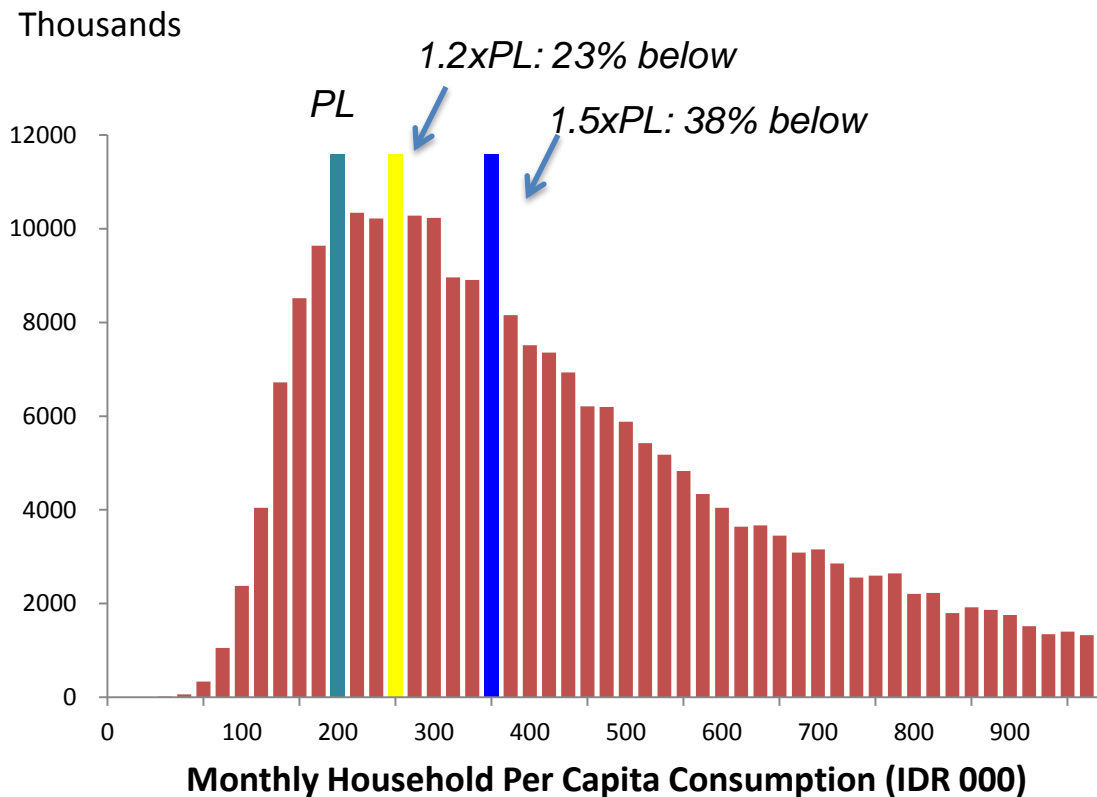
High poverty intensity in Eastern Islands (Maluku, Papua, and Nusa Tenggara)



High concentration of poor people in Java Island

Below Poverty Line: 12% of population (approx. 29 million people) but about 40% population lives around Poverty Line

2012 Monthly Household Percapita Consumption



Poverty Line

Approx. USD (PPP) 38/cap/
mo. (national average)

For capital city Jakarta approx.
USD (PPP) 57/capita/mo.

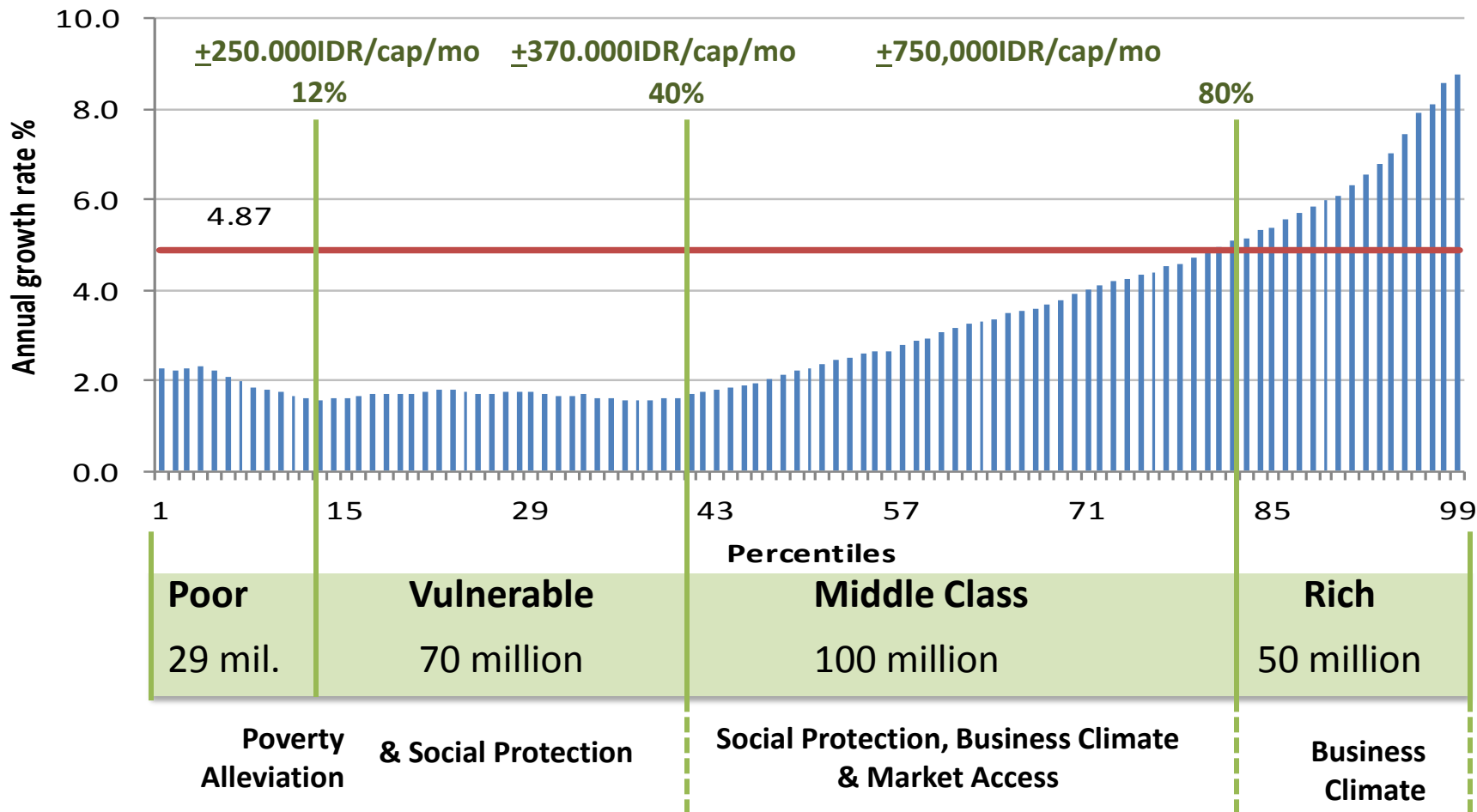
High vulnerability around the
Poverty Line

Poverty programs needs to
**cover the poor and the near
poor**

FOUR GROUPS WITH DIFFERENT NEEDS

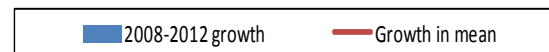
THE POOR, VULNERABLES, MIDDLE CLASS, RICH

Growth of Per capita Expenditures, 2008-2012



Source: BPS & TNP2K

22 APRIL 2014



Thus, when the Government tasked a national team (TNP2K) to accelerate poverty reduction...

...one task was to improve targeting performance of social assistance programs.

National Strategy

Cluster 1 (family-based)

- Scholarships
- Health fee waivers
- Subsidized rice
- Cash transfers

Cluster 2 (Community-based)

- Community Empowerment Programs (PNPM)

Cluster 3 (SME-based)

- Credit for SMEs
- Other programs to stimulate job creation

Cluster 4 (other pro-poor programs)

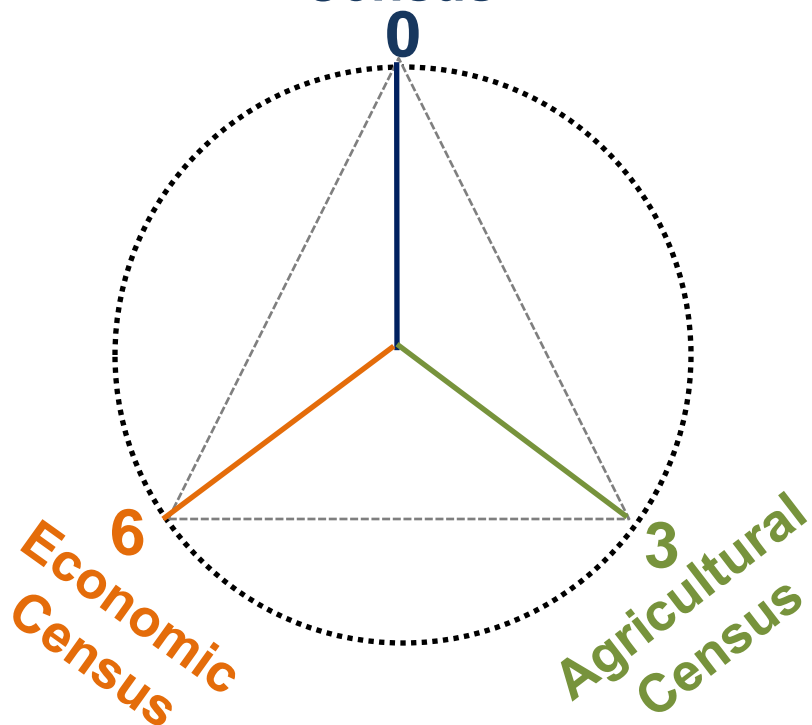
- Housing
- Transportation
- Clean water
- Electricity
- Livelihood

The TNP2K Secretariat bridges researchers and policymakers, and acts as a “policy broker”:

- Research:** Building the analytical foundations
- Policy Reform:** Translating research findings into policy actions

10-year cycle BPS main data collection

Population
Census



Year ends	Data Collection	Unit of enumeration	Poverty related Data
0	Population Census	Individual and households	Yes
3	Agricultural Census	Farmers and agricultural establishments	Yes
6	Economic Census	Business firms and SMEs	Yes
5, 8, 1	Poor HHs registration	50% below	Yes

Surveys	Periodicity	Sample Size	Poverty related data	Represent
Socioeconomic Survey (SUSENAS)	Quarterly	75,000 hhs	Yes	N, P (U/R)
Labor Force Survey (SAKERNAS)	Quarterly	50,000 hhs	Yes	N, P (U/R)
Survey on SME	3 yearly	36,000 hhs	Yes	N, P (U/R)

Poverty Stats in the cycles of planning

- Demands Sides

- Users: planner, programmer, evaluator from ministries; researchers from universities, research institutions
- Needs for (1) situation analysis and assessments, (2) policy formulation and policy making, (3) designing program, and (4) monitoring and evaluation of program implementation
- Types of data/stats (1) reference, (2) input, (3) process, (4) output, (5) outcome

- Supply Sides: NSO perspectives

- Questions? Intensive and extensive use of data/stat for further developing planning and programs for poverty alleviation
- Periodicity of data/stats availability; variety of stats availability
- Secure budget for regular data provision

Data/stats for targeting

- **Geographic targeting:**
fiscal and resources allocations to province/district based on basic characteristics of poverty
 - poverty incidence, poverty gap, inequality in food access
 - inequality access to basic services (safe water, sanitation, education, health)
- **Individual targeting:**
direct targeting to individual eligible for specific interventions (UCT, CCT, rice for the poor, assistances for poor students, etc.); registry of 40% population below
 - by name by address
 - other characteristics: sex, age, education and schooling status, disability, housing, employment,

stats for developing strategy for poverty alleviation

- Needs to know characteristics of poverty
 - Dynamics of income of people about poverty line
 - Access to basic services, to food, employment by segment of population
 - Tracking move in/out of poverty
- Availability of poverty stats on regular basis
 - Longitudinal survey
 - Chronic and transient poverty
 - Chronic: people with expenditure below poverty line [PL]
 - Transient: people with expenditure bet. PL and $1.4*PL$
- Grand policies for poverty alleviation
 - Social protection
 - Community development
 - Empowerment

Conditions for providing poverty stats

- **Necessary condition**

- nationally approved methodology to construct poverty line; cost of basic needs (food & nonfood)
- national measure of calorie intake (options: per capita vs. adult equivalent scale); per capita is preferable, due to practical and easily understood
- internationally comparable

- **Sufficient condition**

- data consumption from household survey
- regular surveys (annually, 3-yearly) to facilitate evidence-based monitoring and evaluation of implementation program

Foster, Greer, Thorbecke (FGT) index

- Statistics used in poverty statistics

$$FGT_{\alpha} = \frac{1}{N} \sum_{i=1}^H \left(\frac{z - y_i}{z} \right)^{\alpha}$$

where

z : poverty line,

N : number of people in an economy,

H : number of poor (those with incomes at or below z),

y_i : individual incomes, and

α : "sensitivity" parameter

- FGT_0 = head count ratio, % poor in population
- FGT_1 = average poverty gap, % poor in population
- FGT_2 = severity index, which combines information on both poverty and income inequality among the poor.

Poverty Line

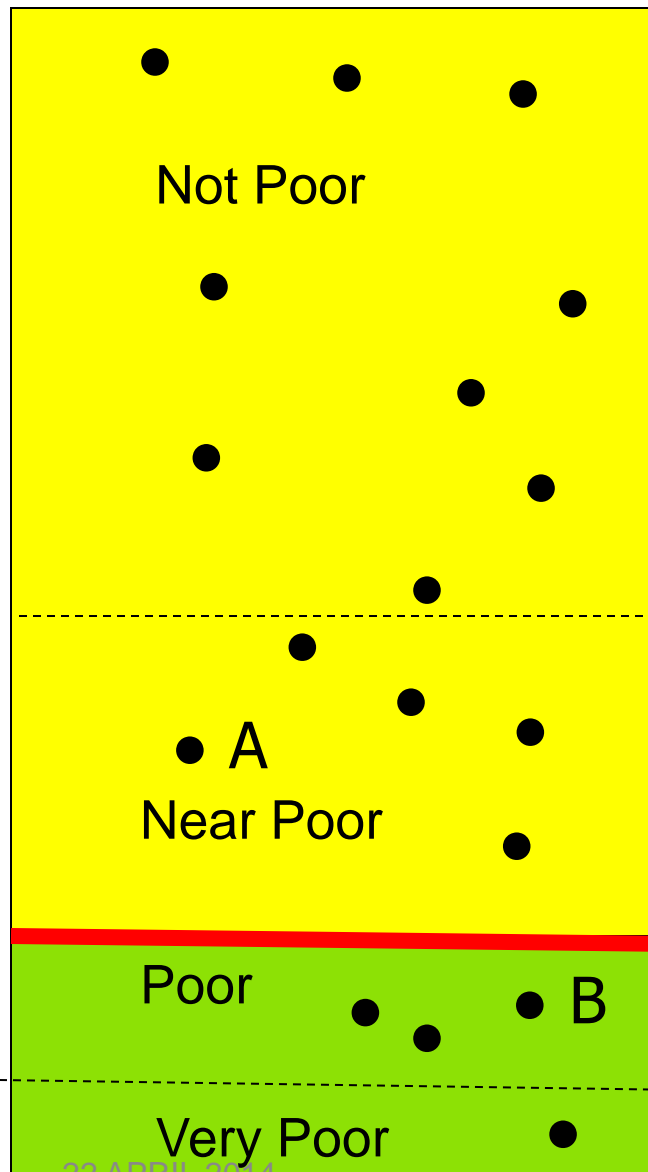
- **Definition**

- Amount of money required to sustain decent life
- Threshold to distinguish person whose income below the line is categorized as poor

- **Constructing Poverty Line**

- Basic Needs: fulfilment of needs for essential foods and non-foods; with the norm essential foods to meet standard minimum nutritional requirement of 2,100 kcal per capita per day
- Population reference: a group of people whose income just above the poverty threshold
- Food basket: number of food items that most consumed by people
- Non-food basket: number of most essential goods and services, the quantity is determined
- Cost of Basic Needs approach: cost of 2,100 kcal a day resulted from food basket and consumption of non-food basket consumed by reference population

Poverty Measurement in Indonesia



COMPONENT OF POVERTY LINE (PL):

1. **Food PL** => the value of money (in rupiah) for minimum nutritional requirement of 2,100 kcal per capita a-day. Calculation is based on **average price of calorie of 52 selected commodities** consumed by reference population (*decile 2-3 population distribution by expenditure*)
2. **Non-Food Poverty Line** => **Average expenditures of 27 essential non-food commodities of reference population** (51 items for urban and 47 for rural), based on Survey of Non-Food Basket Commodities

Poverty Line (PL) :
Different for every province

This method has been applied since 1998.

% poor and % near poor by province: 2010

Province	% poor	% near poor	Province	% poor	% near poor
Aceh	19.57	32.98	West Nusa Tenggara	19.73	38.04
North Sumatera	11.33	21.44	East Nusa Tenggara	21.23	36.41
West Sumatera	9.04	27.72	West Kalimantan	8.60	27.57
Riau	8.47	29.16	Central Kalimantan	6.56	22.66
Jambi	8.65	31.71	South Kalimantan	5.29	19.84
South Sumatera	14.24	28.84	East Kalimantan	6.77	25.76
Bengkulu	17.50	24.08	North Sulawesi	8.51	34.43
Lampung	16.93	26.59	Central Sulawesi	15.83	29.03
Bangka Belitung	5.75	22.50	South Sulawesi	10.29	40.34
Kepulauan Riau	7.40	14.22	Southeast Sulawesi	14.56	38.56
Jakarta	3.75	7.70	Gorontalo	18.75	40.62
West Java	10.65	24.84	West Sulawesi	13.89	35.90
Central Java	15.60	31.66	Maluku	23.00	27.80
Yogyakarta	16.08	30.10	North Maluku	9.18	21.43
East Java	14.33	29.42	West Papua	31.92	34.19
Banten	6.32	23.12	Papua	31.98	43.49
Bali	4.20	29.01	INDONESIA	12.49	27.51

* poor: % people whose expenditure below PL; near poor: % people whose expenditure lies between PL and 1.6*PL

Table 1. Monetary Poverty Indicators

Indicator	Available for	Indonesia 2013
Head Count Index [FGT ₀]	N, P [U/R] , D	11.37
Poverty Gap Index [FGT ₁]	N, P [U/R], D	1.748
Poverty Severity Index [FGT ₂]	N, P [U/R], D	0.433
Gini Coefficient	N, P [U/R], D	0.413
Energy consumption per capita per day (kcal)	N, P [U/R]	1,842.76
Proportion of food expenditure (Engel coefficient)	N, P [U/R], D	0.594
Share of lowest quintile to total consumption	N, P [U/R], D	6.87

N: National, P: Province, D: District, U/R: Urban/Rural

Table 2. Poverty Related Indicators

Indicator	Available for	Indonesia 2013
% popn with calorie intake below 1,400 kcal/day	N, P [U/R]	19.04
Adult illiteracy rate	N, P [U/R], D	6.52
% popn without access to safe water	N, P [U/R], D	35.08
% popn without access to basic sanitation	N, P [U/R], D	18.82
% households without access to electricity	N, P [U/R], D	3.69
% popn 7-15 years who are not schooling	N, P [U/R], D	4.26
% households with dirt floor	N, P [U/R], D	8.14
% working children	N, P [U/R], D	3.67
Unemployment rate	N, P [U/R], D	6.25
% informal sector employment	N, P [U/R], D	59.6

DATA COLLECTION: PPLS 2011

DATA COLLECTED BY BPS – *Statistics Indonesia*

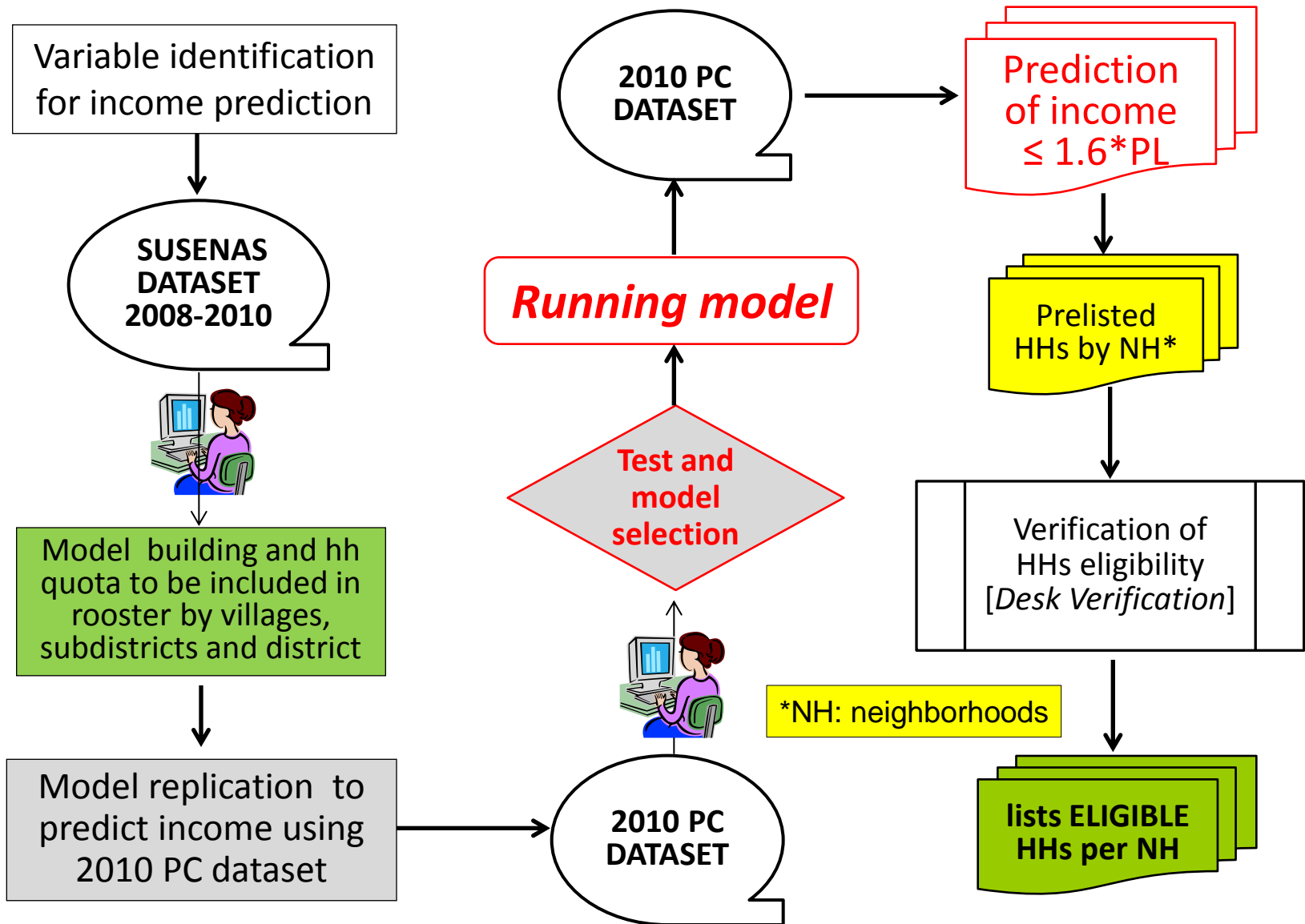
METHODOLOGY (REGISTRATION & PMT) DEVELOPED BY BPS AND TNP2K

Pre-listed Names & Addresses

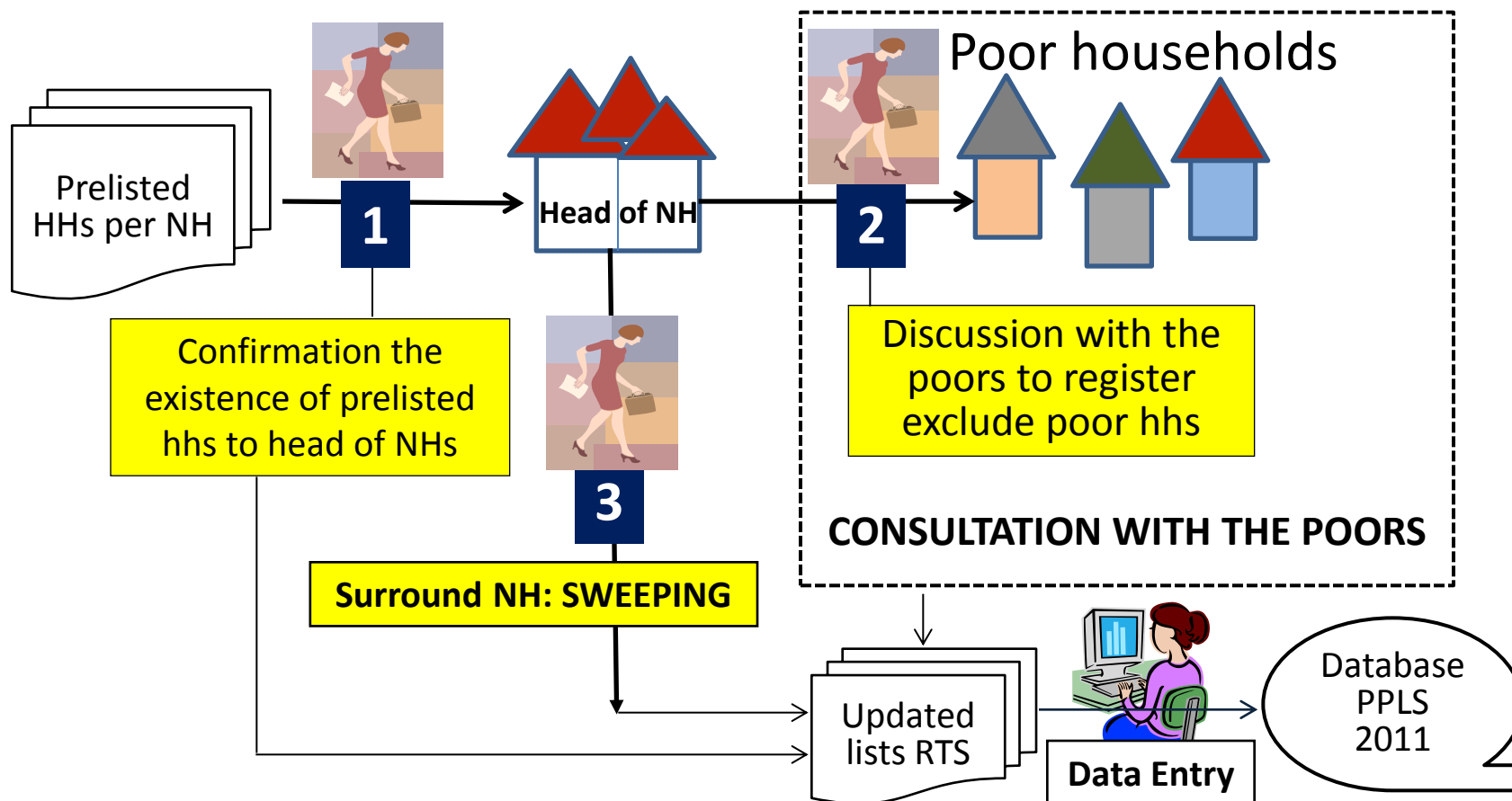


As the Unified Database comes in the middle of (existing) program implementation, the question: Will the Program use the new database?

Stages on determining of households eligibility



Registration Stages



Special treatment for Papua and West Papua:

- Visiting NH/households to accessible areas
- Desk verification only for the unaccessible areas, make sure to delete military, police, civil servant and other govt employees, employee of state own enterprises

HOUSEHOLD CHARACTERISTICS

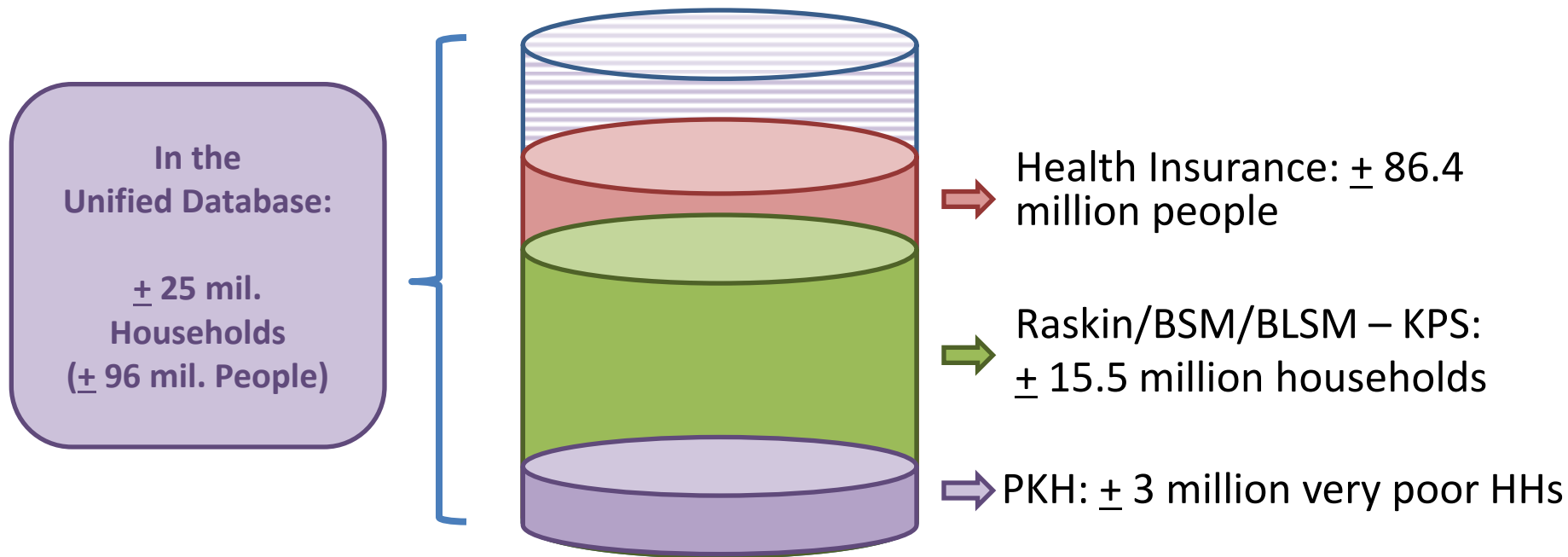
STANDARD Household & Individual Characteristics

- Relationship with the family head
- Gender
- The Month-Year of Birth
- Marital Status
- Identity card ownership
- Type of disability
- Chronic disease
- School participation: highest grade attended, highest certificate owned
- Working/assisting work for a week
- Field of business of the main occupation
- Position status in the main occupation
- Housing conditions
- Assets ownership
- Program participation

Type of disability

0. No disability
1. Physical disability
2. Blind
3. Deaf
4. Mute
5. Deaf & mute
6. Blind & physical disability
7. Blind, deaf & mute
8. Deaf, mute & physical disability
9. Deaf, mute, blind & physical disability
10. Retardation mental disability
11. Former mental disorder patient
12. Physical & mental disability

SINGLE REGISTRY IMPROVES PROGRAM COMPLEMENTARITY



- Household ranking with
PMT Index = f (household & regional characteristics)
- The household characteristics includes housing conditions and status of ownership, assets, number of household members, level of education, working status, etc. → specific for each district/city

Capacities for providing poverty stats

- **Needs for evidence-based policy formulation**
 - Government commitment for budget
 - Real needs for planning purposes (planning, program implementation, monitoring and evaluation)
 - Frequent uses
 - National planning agencies and line ministries
 - Universities and research centers
- **Providing stats for development uses**
 - household survey: consumption, labor force
 - regular surveys (annually, 3-yearly) to facilitate evidence-based monitoring and evaluation of implementation program

Capacities for providing poverty stats

- **Capacity building and strengthening on**
 - Survey planning and implementations
 - Data analyses for data quality control and producing statistics
 - Assessments for evaluating program
 - Statcom-OIC initiative
- **Type of data produces: filling data gap**
 - Accommodate requirement for MDGs, post-2015 development agenda, and other global commitment
 - Disaggregated to subnational level and other segment of populations needs to be address on the issue of inequality, social exclusion



Thank You