

Rural Poverty Alleviation Programs Implemented under Decentralization in Indonesia: Case Study of three Villages in Purbalingga District, Central Java Province

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インドネシアにおける地方分権下での農村貧困削減プログラムに関する研究 —中部ジャワのプルバリングァ県内三つの村を事例に—

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途上国において地方分権化が農村貧困削減に影響を与えるるとよく言われる。本稿では、インドネシアにおける地方分権下で実施された農村貧困削減プログラムが農村貧困問題に与える影響について考察する。その際、社会福祉、村落開発、零細企業の促進の問題に関する三つのプログラムを中心に検討を行う。また、中部ジャワのプルバリングァ県内三つの村の事例地において、計 232 世帯の現地調査によるデータを用いて実証分析

を行う。その結果、事例地において地方分権化後約 12 年たった時点で、食糧確保、住宅状況、健康保険、飲料水、電気へのアクセス、収入および資産保有状況に改善がみられるが、肝心な貧困層においてそれが必ずしも浸透しておらず、地方分権下での農村貧困削減プログラムがその目的を達成しているとはいえない。その背景にはプログラム実施上の問題があり、それを明らかにするには今後さらなる関連研究が待たれる。

1. Introduction

Indonesia experienced remarkable reduction in poverty, with headcount poverty declining from 60% to 17% of the population during 1968-1997 (CSA, Bappenas & UNDP [1]). Although being impressive achievement, the government at that time had no specific poverty alleviation programs. The reduced levels of poverty are attributable to heavy price subsidies and the benefits of Green Revolution (CSA, et al [1], Manning [4]).

The 1998 economic crisis reversed many economic gains made under the Suharto Regime. With weakened financial position, the government was not able to continue most subsidy programs. The crisis also brought about the need for political reform, leading to the introduction of decentralization in 2001, whereby most tasks on poverty alleviation were transferred from central government to the local governments. With the devolution of power, the government also changed its strategy on poverty alleviation, moving away from price subsidies to programs directly targeting the poor.

There are three clusters of poverty alleviation programs under decentralization with wide coverage and funding, as identified by Daly and Fane [3]. They are:

(1) Cluster of Social Protection, which consists of individual targeting programs to distribute basic needs to the poor: 1) Program of Rice for the Poor (*Raskin*), which distributes 15 kg of rice per household per month; 2) Program of Health Insurance for the Poor (*Askeskin*), which provides a card of free basic medication for the poor in a government clinic; and 3) Program of Poor House Renovation (PPHR), which gives funds to the poor people for house renovation.

(2) Cluster of Community Driven Development, which consists of programs to improve infrastructure in poor villages: 1) National Program for Community

Empowerment (NPCE), which delivers grant from central government; and 2) Program of Village Allocation Fund (PVAFF), which distributes grant from district government.

(3) Cluster of Small Enterprise Development, which consists of programs to provide loans for the poor without collaterals. The prominent one is the Program of Women Saving Group (PWSG), which distributes funds to rural women in a microfinance arrangement.

Various studies have evaluated these programs in the past. However, the studies were separately conducted for each program. They still could not comparatively show how various dimensions of poverty were alleviated by these programs. By using household level data, this study aims to measure and compare the impact of the above-mentioned programs on some selected poverty indicators.

2. Research Location and Methodology

The study was conducted in Serang, Kedarpan and Sumilir villages in Purbalingga district, Central Java province. Central Java and Purbalingga were selected due to prevalence of high poverty rate in these areas. Further, the villages were selected from three different agro-climatical areas existing in Purbalingga district. Serang is dry high land area (± 900 masl¹), with vegetables commonly cultivated. It covers the area of 13.1 km² with about 1,326 households. Kedarpan is located in a dry area with moderate elevation (± 500 masl) and cassava is the main crop grown in this area. It covers the area of 2.3 km² with about 585 households. Sumilir is located in the low land (± 100 masl), dominated by paddy field. It covers an area of 2.3 km² with about 447 households.

The households were classified based on location (sub-village unit), gender and relative wealth status,

and some 10% of them were randomly selected. Survey questionnaires were administered, and interview and observation were conducted during January and February 2012. Some of the samples were dropped due to unavoidable reasons in the process, making the final total samples to be 232 households, 113 in Serang, 61 in Kedarpan and 58 in Sumilir.

In this study, poverty is defined as a multidimensional phenomenon covering not only lack of income but also other inputs to live properly (Sen [6]). This study uses some selected indicators derived from the proxies² of poverty set by the Indonesian government (CSA [2]). They include:

- (1) Dimensions of food, with indicators of poverty being whether a household can consume meat once a week or not; and whether a household can afford two meals a day or not.
- (2) Dimension of dwelling condition, the indicators of poverty being: whether the housing floor is mud or not; whether the housing wall is bamboo/poor wood/un-cemented brick or not; whether there is a private toilet or not; and whether wood/kerosene is used for cooking or not.
- (3) Dimension of income, with indicator of poverty being the threshold income level of IDR³ 600,000 per month.
- (4) Dimension of asset, with indicator of poverty being threshold asset worth of IDR 500,000.
- (5) Dimension of access to public services, with indicators of poverty being: whether household can pay for medical cost or not; whether household has electricity access or not; and whether household has access to clean water sources or not.

Data are analyzed through qualitative and descriptive statistical methods. Before-after comparison is made using 2001 (the year decentralization started) as the separating year.

3. Results

Although the coverage was different, all the six programs were implemented in the three selected villages. Social protection programs had been implemented since the initial year of decentralization, and other programs were started later in 2004 and 2006. The largest proportion of respondents benefitted from the *Raskin* program, followed by PWSG, *Askeskin* and PPHR. NPCE and PVAF, being the infrastructure development programs, have no fixed targeted beneficiaries (Table 1).

Table 1. Poverty Alleviation Programs and their Beneficiaries in the Study Villages

Program	The starting year	No. of beneficiaries			
		Serang	Kedarpan	Sumilir	Total
<i>Raskin</i>	2001	102	58	57	217
<i>Askeskin</i>	2001	44	24	25	93
PPHR	2002	18	12	6	36
PWSG	2006	106	50	58	214

Source: Field Survey, 2012

(1) Cluster of Social Protection

The Program of *Raskin* delivered rice to village government monthly. It was implemented with almost no supervision from district government. The program suffered from serious leakage since rice was distributed not only to the eligible villagers, but also to almost all the villagers. The interviewed village officers said that the rice was equally distributed to prevent social jealousy from the non-recipients. Some 94% of the total respondents received rice from this program monthly (Table 1). As a result, the amount of rice that the poor received was less than what it should be (15 kg per month). Some of them received only 8 kg, almost half of the amount they are supposed to receive.

The program of *Askeskin* delivered to the poor a card for free basic medication in government clinic for a year. There was almost no leakage in this program because the name of the recipients was printed on the identification card issued by the Statistical Agency, which was necessary to access the services. Some 40% of the respondents received free health cards from the program.

Further, the PPHR provided funds to renovate about five poor houses annually, amounting to IDR 2.5 million per house. Because of limited funds, only small amounts could be disbursed and only 16% of the respondents had ever received the fund. Most of them used the money to improve floors of their homes.

To assess the impact of social protection programs, this study analyzes the changes in the food, access to health service and dwelling conditions of the respondents. This study finds that many respondents have escaped from poverty in term of food, access to health service and dwelling condition. However, those escaping poverty are found to be higher from the non-beneficiaries than the beneficiaries. This means that social protection programs have no significant impact on poverty alleviation.

Table 2. Change in Food, Health Access and Dwelling Condition of Respondents, 2000-2012

Program	Poverty indicator	Program beneficiaries?	Respondents meeting poverty indicator		Respondents escaping from poverty indicator	P value
			2000	2012		
<i>Raskin</i>	Only able to take meal twice a day	Yes	29	25	4 (14)	0.023*
		No	1	0	1 (100)	*
<i>Askeskin</i>	Only able to consume meat once a week	Yes	207	176	31 (15)	0.273
		No	11	8	3 (27)	
<i>Askeskin</i>	Not able to pay medical cost	Yes	50	39	11 (22)	0.175
		No	37	24	13 (35)	
PPHR	Mud housing floor	Yes	30	11	19 (63)	0.679
		No	74	24	50 (68)	
PPHR	Bamboo/poor wood/un-cemented brick housing wall	Yes	36	35	1 (3)	0.00**
		No	145	80	65 (45)	*
PPHR	No private toilet	Yes	35	30	5 (14)	0.007**
		No	155	96	59 (36)	**
PPHR	Cooking with wood/kerosene	Yes	36	31	5 (14)	0.289
		No	194	152	42 (22)	

- Note: 1. Figure in parenthesis indicates percentage
 2. Chi square Test is used to see the significance of change between beneficiaries and non-beneficiaries.
 ***means significant at 1%, ** significant at 5%

Source: Field Survey, 2012

(2) Cluster of Community Driven Development

Two programs under this cluster are NPCE and PVAF. The programs distributed grants to village government annually by considering the landmass, population and prevalence of poverty. The village of Serang, Kedarpan and Sumilir received about IDR 256 million, 152 million and 180 million in 2010, respectively (Kedarpan Village Government [5], Serang Village Government [7], Sumilir Village Government [8]). However, disbursed amounts, according to village heads, are not large enough for rural infrastructure development. Most of the infrastructure development priorities are decided every year through the village meeting. The annual budget reports show that the largest share of the grant was used for road improvement, followed by irrigation, clean water facilities and school building.

To assess the impact of these programs, this study analyzes the change in access to clean water and electricity (Table 3). Among 227 respondents having no access to clean water in 2000, 19% were having clean water facilities in 2012. Further, out of 106 respondents having no access to electricity in 2000, 31% were having access to electricity in 2012. The changes are statistically significant, except in the case of electricity access in Kedarpan.

Table 3. Change in Access to Clean Water and Electricity of Respondents, 2000-2012

Poverty indicator	Village	No. of respondents			P value
		2000	2012	Change	
No access to clean water	Serang	113	101	12 (11)	0.000***
	Kedarpan	56	38	18 (32)	0.000***
	Sumilir	58	45	13 (22)	0.000***
	Total	227	184	43 (19)	
No access to electricity	Serang	54	36	18 (33)	0.000***
	Kedarpan	18	14	4 (22)	0.219
	Sumilir	34	23	11 (32)	0.001***
	Total	106	73	33 (31)	

- Note: 1. Figure in parenthesis indicates percentage
 2. Mc Nemar Test is used to see the significance of change from 2000 to 2012. ***means significant at 1%
 Source: Field Survey, 2012

Observations reveal that district waterworks do not exist, and only few clean water facilities exist in the study villages. Further, electricity networks have existed in each village before decentralization. Therefore, it is fair to say that the inability of some respondents to access electricity is due to the respondent's financial difficulties, and the low access to clean water facilities is due to limited infrastructure.

(3) Cluster of Small Enterprise Development

The government, through the PWSG, provided an alternative source of loan for the villagers to develop small business. The PWSG distributed funds to women groups to be utilized as revolving credit, amounting to IDR 10 million per group (Purbalingga District Government [9]). There were 5 women groups in Serang, 3 groups each in Kedarpan and Sumilir, respectively, which received funds from the PWSG.

Because of limited funds, the amount of loan that the clients could borrow was small. For example, in one hamlet of Kedarpan village, the head of a women's group said that her group reached a consensus to limit the amount of loan at IDR 500,000. Further, the interest rate was set at 10%. Yet, they mostly used the money for non-productive purposes, like education and health expenses, electricity bill or attending wedding party.

Among the 232 respondents, 92% had borrowed money from the program. However, there were no criteria used to determine who is eligible to apply for the loan. The effectiveness of this program to target the poor was also questionable. The wealthier became clients of the program while some of the poor had never accessed the loan because of the high interest rate and the fear of not being able to repay the loans.

To assess the impact of PWSG on poverty alleviation, this study analyzes the change in income and asset of respondents (Table 4). Compared to the non-client of PWSG, the number of PWSG clients who moved out of poverty was higher. In addition, many clients could significantly increase their asset worth as much as IDR 500,000.

Table 4. Change in Income and Assets of Respondents, 2000-2012

Poverty indicator	Access to the program	Respondents meeting poverty indicator		Respondents escaping from poverty indicator	P value
		2000	2012		
Income less than IDR 600,000 per month	Client	87	79	8 (9)	0.922
	Non client	12	11	1 (8)	
Asset worth not more than IDR 500,000	Client	73	39	34 (47)	0.021**
	Non client	5	0	5 (100)	

- Note:
 1. Figure in parenthesis indicates percentage
 2. The monetary value is in real terms
 3. Chi square Test is used to see the significance of change between beneficiaries and non-beneficiaries. ***means significant at 1%,
 Source: Field Survey, 2012

4. Discussion

After about 12 years of decentralization in Indonesia, many respondents, who were previously poor, have improved their conditions. However, it does not mean that these improvements can be simply attributed to the poverty alleviation programs implemented under decentralization during the period. This is because, the number of beneficiaries of the programs of *Raskin*, *Askeskin*, *PPHR* and *PWSG* who improved their living conditions was generally less than the non-

beneficiaries, especially in the dimension of food, dwelling, access to health service and asset ownership.

As a multidimensional phenomenon, poverty can also be categorized based on the degree of severity. Those who still face the problems of food insecurity and poor dwelling condition might be among the poorest group within the community. They need intensive government programs to move out of poverty. Social protection cluster (*Raskin*, *Askeskin* and PPHR) purposively targeted this group. If this cluster is successful in achieving its stated objectives, then the poorest people can take advantage of other programs. However, the leakage in targeting as observed in *Raskin* program where the rice was distributed to all the villagers, and insufficient funding as observed in PPHR program, had made these programs not able to achieve their objective completely.

Cluster of community driven development (NPCE and PVAF) has indeed improved the infrastructure in the study villages. Further, the changes in the access to electricity and clean water facilities were also significant. However, here too, it cannot be simply assumed that the poorest group benefitted from the existing infrastructure. Closer observation showed that it is usually the villagers with relatively better economic status who had better access to clean water and electricity.

In case of cluster of small enterprise development (PWSG), nearly half of the poor respondents were able to increase their assets worth to over IDR 500,000. However, in terms of income generation it could not meet its objective as the loan could not be delivered to the poor effectively due to leakage in targeting and inadequate funding. It can also be said that PWSG only prevented beneficiaries from falling deeply into poverty. Hence, they could not take advantage of PWSG to enable them escape poverty.

5. Conclusion and recommendation

This study analyzed the poverty alleviation programs implemented under decentralization in Indonesia consisting of social protection cluster, community driven development cluster and small enterprise development cluster.

The programs under the cluster of community driven development have generally achieved their stated objectives in alleviating poverty. In contrary, the programs under the cluster of social protection and cluster of small enterprise development had not completely achieved their stated objectives. The causes are the implementation challenges ranging from targeting leakage to lack of funds. These implementation challenges should be overcome to make the rural poverty alleviation programs meet their objectives completely. Hence, the future studies need to analyze the nature of program implementation at the village level more specifically.

Endnotes

¹ Meter above sea level

² Study by CSA [2] have established 14 indicators of poor households, which consist: 1) the education of household head's is primary or less; 2) the floor is <8m² per capita; 3) the floor is dirt; 4) the wall is bamboo/poor wood/un-cemented brick; 5) no private toilet; 6) no electricity access; 7) no clean water facilities; 8) cooking with wood/kerosene; 9) not able to pay medical cost; 10) only able to consume meat once a week; 11) only able to take meal twice a day; 12) only able to buy new clothes once a year; 13) having no asset worth more than IDR 500,000; 14) having income less than IDR 600,000 per month (\pm the food poverty line for a family with 4 members). The government uses these indicators to identify the poor households by name and address, as well as to identify the recipients of social protection programs.

³ Indonesian Rupiah. 1 US\$ is equivalent to IDR 9,000.

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