

PRESS RELEASE

THE LAUNCHING OF THE 2015 POVERTY AND LIVELIHOOD MAP OF INDONESIA

Challenges for Poverty Reduction Policies

Current poverty reduction policies in Indonesia are geared towards reaching the targets set in the 2015–2019 National Mid-term Development Plan (RPJM) to reduce the poverty rate down to 7–8% by 2019. Indonesia is also among the countries dedicated to meeting the new global development targets by 2030, laid out in the *Sustainable Development Goals* (SDGs). Of the 17 development targets outlined in the SDGs, poverty is the first issue on the list and by 2030 the SDGs aim to reduce of all forms and dimensions of poverty and the eliminate extreme poverty.

Indonesia's national agenda on poverty reduction policies and the direction poverty reduction will take continues to face severe challenges. Over the last 16 years, Indonesia's economic growth has been relatively stagnant, standing at 5.0%. Even though economic growth has reduced poverty rates from 19.1% in 2000 to 10.9% in 2016, poverty reduction continues to slow down. In 2008–2009, the poverty rate decreased as much as 8%; however, in 2015–2016 it only dropped around 3%. If this trend continues, the RPJM target for poverty reduction will not be achieved. Over the past two years, the number of poor people only decreased by around 500,000 per year, while to reach the targets set in the RPJMN, a decrease of at least 2 million poor people is required.

Therefore, in a Plenary Meeting held by the Working Cabinet on 4 April 2017 at the Istana Negara, President Joko Widodo and Vice President Jusuf Kalla set five directive points in relation to the indicative ceiling of the draft revenue and expenditure budget (RAPBN); one was the need to focus on the indicative ceiling of the 2018 RAPBN in order to reach development targets, particularly to reduce poverty to a single digit. However, it will be difficult for the government to solely rely on its development budget to significantly reduce poverty. Various social protection programs in the form of health cards (Kartu Indonesia Sehat) and student subsidies (Kartu Indonesia Pintar) will only help the poor to fulfill their basic needs (access to food, health, and education). While to increase the income of the poor, a combination of aid and programs from various parties is required, including from the central and regional governments, as well as nongovernmental organizations, whose roles have become gradually more important in increasing the income of the poor.

One of the essential aspects of an integrated poverty reduction strategy is the availability of poverty data—including data on various poverty dimensions, as well monetary and nonmonetary poverty data—which are accurate and accessible to development actors. In order to increase the availability of data, the government has developed an integrated database (BDT) containing the data of 40% of the poorest

citizens, including names and addresses. This data can be used to set individual targets. Regional poverty data is also needed to set the geographical target of a program, particularly data that provides information down to the lowest administrative level (*village/kelurahan*¹) and on the various dimensions of poverty.

The 2015 Poverty and Livelihood Map of Indonesia

To support the availability of multidimensional poverty data down to the *kecamatan* (subdistrict) and *village/kelurahan* level, the SMERU Research Institute with the support of the Ford Foundation, continues to develop a poverty and livelihood map which is accessible to the public. To develop the map, first, a small-area poverty estimate based on the national poverty line (GKN)² standard was collected using the 2000 Population Census (SP), the Village Survey (Podes), and the National Socioeconomic Survey. In 2005, for the first time, SMERU published the poverty estimate of all *kecamatan* and *village/kelurahan* in Indonesia, which represents the conditions in 2000.

When the 2010 Population Census was released, SMERU with the support of the Ford Foundation and UNICEF, updated and added data on general poverty and child poverty based on the international poverty line standard, the US\$2 purchasing power parity³, and added various other indicators related to people's livelihood conditions. In 2015, SMERU re-launched the Poverty and Livelihood Map, which can be accessed at www.indonesiapovertymap.org. Up to April 2016, the map has been accessed by more than 400 users. More than half of the users are from government, academic, and research institutions which used the map for various purposes, including as a source for papers and budgeting.

Changes in poverty conditions call for updates to the map so that the data provided is in line with socioeconomic developments in Indonesia. Although previously updates on poverty estimates could only be conducted after a new Population Census, SMERU with the support of the Ford Foundation, has used an estimation technique that made it possible to update the poverty data to represent the conditions of 2015. In addition, the two previous maps were improved by making them more dynamic and interactive.

Today, SMERU is launching the 2015 Poverty and Livelihood Map of Indonesia which provides estimates of the poverty rate in all *villages/kelurahan* in Indonesia (more than 75,000 *villages/kelurahan*). Aside from poverty estimates, this map also provides information about inequality rates (*rasio Gini*), infrastructural conditions, as well as other socioeconomic indicators, to provide a comprehensive overview of the conditions of poverty in each area. One of the new features included in the 2015 Poverty and Livelihood Map is qualitative information for 50 *villages* in different provinces. The qualitative information includes information about the history of the village, the population's occupations and access to infrastructure, as well as village topography. We hope that this qualitative information will continue to develop with the contribution of various parties, so that the Poverty and Livelihood Map can become a dynamic and interactive source of information.

The 2015 poverty estimate per *village/kelurahan* shows that 58% of *villages/kelurahan* have a poverty rate above the national poverty rate (11,22% in 2015). The same pattern is found in almost all regions,

¹A *kelurahan* is a village-level administrative area located in an urban center.

²The national poverty line set by Statistics Indonesia (BPS).

³The purchasing power parity is a method used to calculate the relative value of a country's currency to another country's, in this context Indonesian Rupiah against the US dollar.

except the Province of Kalimantan. The largest percentage of villages/*kelurahan* with a poverty rate higher than the national rate is found in Maluku-Papua (81%), followed by Bali-Nusa Tenggara (77%); while the smallest percentage is found in Kalimantan (22%). There are about 2.5% of villages/*kelurahan* in Indonesia which have a poverty rate of more than 50%, and most of them are found in Maluku-Papua, where 26% of all villages have a poverty rate of more than 50%. Compared to 2010, the proportion of villages/*kelurahan* with a poverty rate higher than the national rate has only slightly increased from 53.6% to 57.8%. This trend is found in all regions, except for Kalimantan where the proportion of villages with a poverty rate higher than the national rate has tended to decline.

The poverty map launched today has various uses and benefits. The map provides data about the proportion of poverty and the different levels of welfare between regions down to the smallest administrative unit. This map can also be used as baseline data source to evaluate program and policy impacts, improve targeting and the effective use of resources, as well as increase transparency and credibility in decision-making in relation to poverty targeting, both by government and nongovernmental institutions. With the availability of public data on various poverty dimensions, SMERU hopes that the map will facilitate integrated efforts and increase the synergy of various parties to reduce poverty. Academics and students can also use the data provided in this map for analysis and research to further increase the number and quality of studies on the various dimensions of poverty.

Contact:

Mayang Rizky/081218296758 /mrizky@smeru.or.id

Ratri Indah Septiana/08161361514/rseptiana@smeru.or.id