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Impact of the Global Financial Crisis on Households in Pekalongan City*

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Women working on Batik textiles. Batik is one of the small scale industries in Pekalongan City affected by the Global Financial Crisis.

Source: CBMS-Indonesia

Macro level data show that Indonesia as well as Pekalongan City experienced an economic downturn due to the global financial crisis (GFC). Apart from this, however, there are also other local shocks which occurred in the city such as the closing of a factory due to internal mismanagement, *batik's* competition shock, and the closing of the local fish trading place. These crises somehow affected the economic sector which later affected households that depend on them as sources of income. Thus, households' experiences and responses at any given moment not only would indicate effects of economic downturn but also accumulated effects of more localized shocks that compound their effects (Hossain *et al*, 2010).

To understand which groups of households were affected by the compound crises during the period from June 2008 to June 2009, a combined analysis of the CBMS 2009 census and the impact of the GFC survey is needed. The CBMS 2009 census is a data collection of all households in West and North Pekalongan City. It provides information about household members' characteristics and their living condition but does not include an instrument about income or expenditure of households. The impact of the GFC survey, meanwhile, is a survey that piggybacks on the CBMS 2009 census and aims to provide information about the impact of the crisis on the households. With a certain timeframe — June 2008–June 2009 — the survey tries to capture the changes in households' livelihood (employment) and the socioeconomic impact of the crisis on the households, in particular, on their food consumption, healthcare and education patterns. The survey was conducted in five villages in Pekalongan City that were assumed to be affected by the GFC. Each village represents a certain core industry that has indications of having felt the GFC impact. Based on the Industry and Trade, Cooperative and Small Medium Enterprises Agency listing, the core industry in each kelurahan is as follows: Medono (batik, sarong and other garments), Tirto (batik), Pasirsari (batik), Krapyak Lor (batik) and Panjang Wetan (fisheries and its products).

Table 1 shows several poverty indicators and their status based on the CBMS 2009 census. In general, Kelurahan Pasirsari

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shows the highest indication of poverty across five kelurahan. The Pekalongan City's house renovation program is a way to improve households' standard of living which means better living condition that would result in better health status. Local government helped renovate houses in aspects related to making toilets available, having protected water sources and installing appropriate roofing and flooring.

With lack of income or expenditure data, Table 1 could only show the difference of the poverty situation among villages without being able to indicate household welfare status and to identify who the poor are. The authors used the Principal Component Analysis (PCA) method to develop groups of the households' welfare based on the variance of their socioeconomic background variables such as education, occupation and ownership of assets.[1] The variables used also include several poverty indicators as seen in the Table. With the PCA having been conducted in each village, the determination of household welfare is therefore local and specific to each village.

Table 2 shows the number of households from the merged data and after the PCA was applied. About 76 percent (75.55%) of total households from the merged data (10,111 households) had complete variables that can be used for the PCA. The PCA ranks each household in each village and splits up a set of ranked data into quintiles (5 groups). It then comes up with the households with the lowest rank (lowest 20% of total households per village) which were classified as the poorest, and the households with the highest rank (highest 20% of total households per village) which were in turn classified as the richest.

From these 5 groups, one can analyze the location of the poorest based on the village's administrative level.[2] Table 3 shows that in Kelurahan Medono, the poorest are mostly located in Rt 3 of Rw 4 while in Panjang Wetan, most of the poorest live in Rt 5 of Rw 13.

Impact of Crises on Households

Besides being able to locate the poorest group within the village by using PCA, the merged data also enable one to identify households that felt the compound crises (Table 4). Impacts of the crises on households are shown through indications of any household member switching jobs, particularly getting a worse job and of households having declining incomes. Job switching also indicates that there are a lot of households in the village working in the informal sector, thereby making them vulnerable to economic crisis. The impact of crises also affect income received by households since informal workers working in the batik industry work on a lesser size (in square meters) of *mori* cloth to be painted or dyed; contract labor in the garments industry get to work less in terms of number of hours; and most household members are switching to worse jobs. Based on quintiles, most of the affected households come from the poorest group (first quintile). The proportion of the affected households in the first quintile is higher than the non-affected households (32.52% compared to 14.66%) as seen in Table 5.

Table 1. Poverty Situation in Sampled Villages

Poverty Situation	Medono	Tirto	Pasirsari	Krapyak Lor	Panjang Wetan
Total households (n)	3,178	2,326	2,066	2,606	3,207
Household head — never attended nor finished primary school	13.86	13.33	22.65	17.27	17.76
High dependency ratio*	6.23	4.94	5.86	7.64	5.89
Living in house with dirt floor	2.71	5.55	8.13	3.65	5.52
Received health insurance for poor	18.69	23.99	38.29	22.76	36.23
Received Unconditional Cash Transfer 2008 (BLT2008)	14.85	18.7	30.88	18.23	33.61
Received Pekalongan City's house renovation program	8.78	8.94	17.52	5.37	8.61

Source: Author's calculation using CBMS 2009 census data
*Household with higher number of members aged <15 compared to the number of household members

Table 2. Number of Households in Sampled Villages

Village/Kelurahan	Before PCA		After PCA	
	N	%	N	%
Medono	3,178	23.74	2,431	24.04
Tirto	2,326	17.38	1,803	17.83
Pasirsari	2,066	15.44	1,568	15.51
Krapyak Lor	2,606	19.47	1,931	19.11
Panjang Wetan	3,207	23.96	2,378	23.52
Total	13,383	100	10,111	100

Source: Author's calculation using CBMS 2009 census data

Table 3. Neighborhood Location of the Poorest

Village/ Kelurahan	The Poorest (The Lowest 10% of Total Households)	Group of Neighborhood Unit with Most of the Poorest		Neighborhood Unit with Most of the Poorest	
	n	Rw	N	Rw, Rt	N
Medono	486	Rw 4	96	Rw 4, Rt 3	36
Tirto	360	Rw 5	89	Rw 5, Rt 3	34
Pasirsari	313	Rw 1	56	Rw 1, Rt 3	21
Krapyak Lor	386	Rw 1	137	Rw 1, Rt 5	27
Panjang Wetan	475	Rw 13	90	Rw 13, Rt 5	27

Source: Author's calculation using CBMS 2009 census data

[1]PCA method develops artificial index that could only be applied if variables needed from each observation are complete.

[2]The Rt is the lowest administer, a neighborhood unit that consists of a number of households. And Rw consists of several neighborhood units.

Table 4. Characteristics of Affected Households Compared with Non-affected Households

Indicators	Description	Number of Affected Households (A)	Number of Non-Affected Households (B)	% of A to Total Affected Households (N=326)	% of B to Total non-Affected Households (N=13,057)
Villages	Medono	68	3,110	20.86	23.82
	Tirto	51	2,275	15.64	17.42
	Pasirsari	32	2,034	9.82	15.58
	Krapyak Lor	48	2,558	14.72	19.59
	Panjang Wetan	127	3,080	38.96	23.59
Sex of household head	Male	289	11,207	88.65	85.83
	Female	37	1,850	11.35	14.17
Household head, never attended nor finished primary school	Yes	69	2,131	21.17	16.32
	No	257	10,926	78.83	83.68
Head of household working sector	Agriculture	23	748	7.06	5.73
	Industry	117	3,670	35.89	28.11
	Trade	25	1,258	7.67	9.63
	Services	96	5,581	29.45	42.74
	Receiving transfer	16	573	4.91	4.39
	others	12	415	3.68	3.18
	missing values	37	812	11.35	6.22
Quintiles of household	Quintile 1	106	1,914	32.52	14.66
	Quintile 2	53	1,970	16.26	15.09
	Quintile 3	47	1,973	14.42	15.11
	Quintile 4	29	1,994	8.90	15.27
	Quintile 5	12	2,013	3.68	15.42
	missing values	79	3,193	24.23	24.45
Dependency ratio of household member aged <15	Depr<=0.5	296	12,265	90.80	93.93
	Depr>0.5 (high)	30	792	9.20	6.07
Living in house with dirt floor	Yes	38	617	11.66	4.73
	No	288	12,440	88.34	95.27
Received health insurance for the poor	Yes	137	3,561	42.02	27.27
	No	189	9,496	57.98	72.73
Received unconditional cash transfer 2008 (BLT2008)	Yes	99	2,999	30.37	22.97
	No	227	10,058	69.63	77.03
Received house renovation program	Yes	55	1,210	16.87	9.27
	No	271	11,847	83.13	90.73

Source: Author's calculation using CBMS 2009 census data

Coping Mechanisms Adopted by Households

Changes in food consumption patterns

During the period from June 2008–June 2009, 8.47 percent of the total number of households (1,134 of 13,383 households) experienced a reduction in quantity and quality of food consumption (Table 6). Of the 1,134 households, 81.83 percent reduced their meal frequency from three times a day to twice per day while 16.14 percent had a meal frequency reduction from twice a day to once per day. Some households (0.88%) had smaller portions of meal consumed while 1.15percent of the households had to turn to food of lesser quality.

Table 5. Affected Households, by Quintiles

Quintiles	Affected Households		Non-affected Households	
	N	%	N	%
1	106	32.52	1,914	14.66
2	53	16.26	1,970	15.09
3	47	14.42	1,973	15.11
4	29	8.9	1,994	15.27
5	12	3.68	2,013	15.42
Missing value	79	24.23	3,193	24.45
Total	326	100	13,057	100

Source: Author's calculation using CBMS 2009 census data

Meanwhile, Table 7 shows that from 1,134 households, 115 (10.14%) are from the affected households and 1,019 (89.86%) from the non-affected ones. The majority of changes in food consumption selected by households are the reduction of their meal intake frequency from 3 to 2 times, that is, 77.39 percent for the affected households and 82.34 percent for the non-affected households. The proportion of households which reduced their frequency of meal intake from 2 times to once a day is higher in

the affected households compared to non-affected households.

When the survey results are combined with the household welfare status determined from the PCA, the highest number of households that had negative changes in their food consumption is in the poorest quintile/group (i.e., 314 households or 27.69%). The number of households that had negative changes in food consumption due to the impact of the shocks is shown to be decreasing as their welfare increases. Selected changes in terms of reducing the quantity of food consumption such as from 1 piece of chicken to half a piece is done by the upper quintiles (3rd and 4th quintiles) at about 20 percent (2 of 10 households) and 40 percent (4 of 10 households) of households, respectively (Table 8).

Table 6. Changes in Frequency and Quality of Meals, by villages

Villages	From 3x to 2x	From 2x to 1x	Reduced Quality of Food	Reduced Quantity of Food	Total
Medono	257	28	2	5	292
	88.01%	9.59%	0.68%	1.71%	100%
Tirto	142	41	9	5	197
	72.08%	20.81%	4.57%	2.54%	100%
Pasirsari	66	34	0	0	100
	66.00%	34.00%	0%	0%	100%
Krapyak Lor	238	31	2	0	271
	87. 82%	11.44%	0.74%	0%	100%
Panjang	225	50	0	0	274
Wetan	82.12%	17.88%	0%	0%	100%
Total	**928**	**183**	**13**	**10**	**1,134**
%	81.83%	16.14%	1.15%	0.88%	100%

Source: Author's calculation using CBMS 2009 census data

Table 7. Households with Negative Changes in Food Consumption in June 2008-June 2009, by Affected Groups

Changes in Food Consumption	Affected Households		Non-affected Households	
	N	%	N	%
From 3x to 2x	89	77.39	839	82.34
From 2x to 1x	24	20.87	159	15.60
Reduced Quality of Food	2	1.74	11	1.08
Reduced Quantity of Food	0	0	10	0.98
Total	115	100	1,019	100

Source: Author's calculation using CBMS 2009 census data

Changes in healthcare patterns

Between June 2008 and June 2009, there were 647 households (4.83% of total households) that changed their healthcare patterns. The highest number of households that changed their healthcare pattern is in Kelurahan Pasirsari (Table 9). When said data are combined with household welfare based on the PCA, a clear pattern does not appear on whether these changes mean that household financial ability became less or not. It is possible that changes in accessing healthcare took place because severe illness forced households to change their treatment to advanced healthcare. About 40 percent of 647 households across all kelurahan which consulted with midwives, private practice and government hospitals had changed their preferences and thereupon used community health centers for their current healthcare.

Moreover, 367 of 13,383 households (2.74%) experienced a change in the payment for healthcare services while others did not. Twenty five out of 367 households (6.81%) are from the affected households while 342 (93.19%) are from non-affected households (Table 10).

The negative changes that households did to cope with the crises are focused on the change in the manner of payment, i.e., from using their personal fund to using health insurance for the poor, which exist in both affected (60%) and non-affected households (57%). The incidence of change in affected households is slighlty higher. The change of payment method from using their personal fund to making loans (borrowing money) is the second selected change chosen by affected households (16%) and non-affected households (12.3%).

Table 11 shows that 66 of 367 households (18%) across villages that did some changes in payment of healthcare during June 2008 – June 2009 are from the poorest. These households began to reduce their health expenses by using health insurance for the poor. They also borrowed money if they do not have enough or received the insurance. The proportion of households changing their healthcare payment from using personal fund to making loans is 19.6

Training of data encoders

Source: CBMS-Indonesia

Table 8. Households with Negative Changes in Food Consumption in June 2008-June 2009, by Household Welfare

Changes in Food Consumption	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
From 3x to 2x	251	27.05	158	17.03	121	13.04	85	9.16	58	6.25	928
From 2x to 1x	61	33.33	33	18.03	25	13.66	7	3.83	4	2.19	183
Reduced Quality of Food	1	7.69	3	23.08	2	15.38	3	23.08	3	23.08	13
Reduced Quantity of Food	1	10	1	10	2	20	4	40	0	0	10
Total	314	27.69	195	17.2	150	13.23	99	8.73	65	5.73	1,134

Source: Author's calculation using CBMS 2009 census data

Table 9. Number of Households That Changed Healthcare and Payment Method

Kelurahan	Changes in Healthcare		Changes in Payment Method	
	N	%	N	%
Medono	156	24.11	66	17.98
Tirto	59	9.12	15	4.09
Pasirsari	196	30.29	139	37.87
Krapyak Lor	125	19.32	40	10.9
Panjang Wetan	111	17.16	107	29.16
Total	**647**	**100**	**367**	**100**

Source: Author's calculation using CBMS 2009 census data

Table 10. Household Changes in Healthcare Payment Method in June 2008-June 2009, by Affected Groups

Payment Method		Affected Households		Non-affected Households	
Past	Current	N	%	N	%
Personal pocket	Health Insurance	3	12	30	8.8
	Health Insurance for the Poor	15	60	195	57.0
	Reimbursement from Company	0	0	11	3.2
	Loan	4	16	42	12.3
Health insurance	Personal Pocket	0	0	13	3.8
	Health Insurance for the Poor	0	0	3	0.9
	Loan	0	0	2	0.6
Health insurance for the poor	Personal Pocket	2	8	33	9.6
	Health Insurance	0	0	1	0.3
	Loan	0	0	2	0.6
	Personal Pocket	1	4	5	1.5
Reimbursement from company	Health Insurance for the Poor	0	0	1	0.3
Loan	Personal Pocket	0	0	4	1.2
	Total	25	100	342	100

Source: Author's calculation using CBMS 2009 census data

Positive changes in healthcare payment are shown by the incidence of using health insurance and reimbursement facility from company in the current period. However, the proportion of these changes are higher in the 5th quintile, at 27.3 percent (9 of 33 households) and 45.5 percent (5 of 11 households), respectively.

Households selling or pawning their assets

A cross tabulation of reasons cited by the households for selling or pawning their assets with the households' welfare shows which group makes use of pawning or selling assets as a coping mechanism. Although the majority come from the first quintile or the poorest group (22.89%), said coping mechanism appears evenly across quintiles. For the poorest households, the reasons mostly given for said practice were

Table 11. Household Changes in Healthcare Payment Method in June 2008-June 2009, by Household Welfare

Payment Method		Quintiles										Total
		1		2		3		4		5		
Past	Current	N	%	N	%	N	%	N	%	N	%	
Personal pocket	Health Insurance	3	9.1	3	9.1	5	15.2	2	6.1	9	27.3	33
	Health Insurance for the Poor	49	23.3	38	18.1	37	17.6	25	11.9	5	2.4	210
	Reimbursement from Company	0	0	0	0	2	18.2	3	27.3	5	45.5	11
	Loan	7	15.2	7	15.2	9	19.6	4	8.7	2	4.3	46
Health insurance	Personal Pocket	0	0	2	15.4	3	23.1	3	23.1	2	15.4	13
	Health Insurance for the Poor	0	0	1	33.3	0	0	1	33.3	0	0	3
	Loan	0	0	0	0	0	0	0	0	0	0	2
Health insurance for the poor	Personal Pocket	4	11.4	7	20	5	14.3	7	20.0	1	2.9	35
	Health Insurance	1	100	0	0	0	0	0	0	0	0	1
	Loan	1	50	0	0	1	50	0	0	0	0	2
	Personal Pocket	0	0	0	0	1	16.7	1	16.7	2	33.3	6
Reimbursement from company	Health Insurance for the Poor	0	0	0	0	0	0	0	0	1	100	1
Loan	Personal Pocket	1	25	1	25	2	50	0	0	0	0	4
	Total	**66**	18	**59**	16.1	**65**	17.7	**46**	12.5	**27**	7.4	**367**

Source: Author's calculation using CBMS 2009 census data

percent (9 of 46 households) in the 3rd quintile, the highest percentage among quintiles. Households in the highest quintile accessing health insurance for the poor could also indicate an inclusion error of the social protection program.

to: fulfill daily needs, pay the children's school expenses, pay debts, and pay health expenses. On the other hand, households in the fourth (31.15%) and fifth (22.95%) quintiles admitted that they pawned or sold assets but more to use for business capital. As for the reason saying "to get a job", it was possible that the money earned from the sale or pawn had to be used in applying and getting a job position in private or public institutions or in paying for overseas workers' licenses. However, there was no further explanation given for this particular reason (Table 12).

Table 12. Households Pawning or Selling their Assets in June 2008-June 2009, by Household Welfare

Reasons for Pawning or Selling Asset	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
daily needs	191	29.80	131	20.44	105	16.38	62	9.67	23	3.59	641
pay school expenses/needs	25	20	23	18.4	25	20	22	17.6	9	7.2	125
pay debt	19	23.17	12	14.63	10	12.20	13	15.85	8	9.76	82
health expenses	14	20.90	9	13.43	9	13.43	9	13.43	9	13.43	67
for business capital	2	3.28	8	13.11	7	11.48	19	31.15	14	22.95	61
to get a job	8	33.33	7	29.17	0	0	2	8.33	1	4.17	24
daily and school need	8	34.78	2	8.70	4	17.39	4	17.39	0	0	23
to renovate house	2	14.29	4	28.57	1	7.14	2	14.29	4	28.57	14
daily need & business capital	0	0	5	50	1	10	1	10	1	10	10
for family occasion	1	14.29	1	14.29	2	28.57	1	14.29	0	0	7
secondary need	0	0	0	0	1	20	2	40	1	20	5
pay debt & school needs	1	25	1	25	0	0	2	50	0	0	4
pay debt & daily needs	1	33.33	0	0	0	0	1	33.33	1	33.33	3
school needs & business capital	0	0	0	0	1	33.33	0	0	1	33.33	3
salary is not enough	1	7.14	4	28.57	4	28.57	0	0	1	7.14	14
did not have money	11	13.92	19	24.05	19	24.05	9	11.39	6	7.59	79
urgent need	10	11.63	11	12.79	15	17.44	19	22.09	12	13.95	86
did not want to borrow	1	50	0	0	0	0	0	0	0	0	2
others	0	0	0	0	4	33.33	5	41.67	1	8.33	12
do not know	71	21.07	70	20.77	47	13.95	37	10.98	35	10.39	337
Total	366	22.89	307	19.20	255	15.95	210	13.13	127	7.94	1599

Source: Author's calculation using CBMS 2009 census data

Children aged below 15 who started working

For a definitivealysis, the merged data of the CBMS 2009 census and the impact of the GFC survey were also used as a cross-checking mechanism. The authors also used minimum age to limit the analysis. The minimum age recorded as child labor, according to the Statistics of Indonesia, is 10 years old. Based on the survey, there are 467 households with household members below 15 years who started working. By applying the minimum age of 10 years old to the household data, it shows that there are 234 households that actually have household members aged 10 to 14 years old who have started working.

In Table 13, it shows that there are 14 affected households (5.98%) and 220 non-affected households (94.02%) with children aged 10-14 years old who started working. The proportion of households with two children who started working is slighlty higher in the affected households than in the non-affected households (21.43% versus 15.91%).

Table 14 shows a combination of the 234 households with the households' welfare based on the PCA. Again, the majority of the poorest households have children aged 10-14 years old who started working (68 of 234 households or 29.06%). The number of households with children who started working idecreases as the households' welfare increases.

Children aged 15-18 years old who started working

Between June 2008 and June 2009, there were more household members aged 15–18 years old who started working than those aged below 15 who did. From the impact of the GFC survey, there are 1,166 households with members aged 15–18 years old who started working. After having it cross-checked using the CBMS census, however, only 677 households actually have household members aged 15-18 years old who started working.

As seen in Table 15, twenty five of the 677 households (3.69%) are from the affected households which needed assistance from younger members to generate income or to help the parents in generating income. The proportion of households with one child aged 15-18 years old who started working is slighlty higher in the affected group (80%) than in the non-affected group (79.29%).

Table 16 also shows that 181 of 677 households (26.74%) come from the poorest group. On average, households in the bottom 3 quintiles, middle to poor, suffer more difficulties due to the compound crises than the upper 2 quintiles, which force them to have their 15-18 year-old children work.

Children aged 6-15 years old who dropped out of school

During the period of crisis, June 2008–June 2009, there is an indication of households having their children's education discontinued as can be gleaned in Table 17. They did it to cope with the crises as their financial ability had decreased. There are 121 households with children aged 6-15 years old who dropped out of school. Ten of them (8.26%) are from the affected households while the 111 households are from the non-affected ones. The proportion of households with drop-out children from the junior high school level is slightly higher in the affected households at 40 percent than in the non-affected households at 36.94 percent. There are 5 out of 69 households from the non-affected households with indication of having more than one drop-out child from primary and junior high school.

The highest proportion of households with children dropping out from primary school is in the first quintile, with 28 out of 75 households (37.33%). There is one household with a child aged between 6-15 years old who dropped out

from senior high school (Table 18). Considering the age boundary, it is possible that the child was dropped out during the first year of his/her senior high school. There is no household in the fifth quintile with drop-out children since they enjoy the highest level of welfare among all the quintiles.

Policy Responses to the Impact of the GFC

As a response to the economic downturn that occurred in the fourth quarter of 2008 resulting from the GFC's impact, the Government of Indonesia (GoI) proposed for the approval of the Fiscal Stimulus Package (FSP) to the Parliament. The FSP aims to (i) maintain people purchasing power, (ii) maintain the stability of the business climate, and (iii) create job opportunity and absorb laid-off labor.

To fulfill the first objective, the GoI provided incentives such as the reduction of individual income tax, the increase of the minimum limit of non-income tax, and the grant of various subsidies. For the second objective, the GoI gave the business sector incentives on taxes as well as various subsidies. The third objective was to be accomplished through the allocation of the FSP fund for labor-intensive projects in infrastructure and the extension of the National Program for Community Empowerment (PNPM).

The GoI allocated Rp73,3 trillion for the FSP fund, which is about 1.4 percent of the 2009 gross domestic product (GDP). The FSP fund is allocated to all provinces across Indonesia but only several districts/cities in each province received the fund. The use of this fund is determined by the GoI, e.g., whether to be used to build new infrastructure or to restore existing infrastructure.

Based on Hastuti *et al* (2011), the FSP fund is not being allocated based on the area that was severely affected by the GFC since data about the GFC's impact across regions are not available. Thus, the allocation was given based on deprived area, economic zone, political decision and other criteria. Although the project is aimed to absorb laid-off labor, there is no regulation about using local labor who were laid-off.

Pekalongan City received about Rp1,933 million from the National Budget through the Deconcentration and Co-administration Fund at the district/city level. However, there is no further information about the use of the FSP fund in Pekalongan City.

Based on the GFC household survey, the observed time frame of the GFC's impact on households is from June 2008 – June 2009. As for the utilization of the FSP fund, it was started in the beginning of August 2009 (Hastuti *et al*, 2011). Therefore, the survey is unable to capture the result of the GoI's mitigating strategy as a response to the GFC impact. Since the mitigating strategy was not given to the targeted receiver such as the home industry of batik and fisheries industry, it is difficult to observe the outcome.

Based on the impact of the GFC survey, 2,161 households stated that they have received special aid programs in relation to the global

Table 13. Households with Children Aged 10-14 years Who Started Working in June 2008-June 2009, by Affected Groups

Numbers of Children Aged 10-14 Years Old Who Started Working	Affected Households		Non-affected Households	
	N	%	N	%
1	11	78.57	183	83.18
2	3	21.43	35	15.91
3	0	0	2	0.91
Total	14	100	220	100

Source: Author's calculation using CBMS 2009 census data

Table 14. Households with Children Aged 10-14 Years Old Who Started Working in June 2008-June 2009, by Household Welfare

Numbers of Children Aged 10-14 Years Old Who Started Working	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
1	56	28.87	45	23.20	30	15.46	22	11.34	3	1.55	194
2	12	31.58	10	26.32	5	13.16	3	7.89	0	0	38
3	0	0	0	0	1	50	1	50	0	0	2
Total	68	29.06	55	23.50	36	15.38	26	11.11	3	1.28	234

Source: Author's calculation using CBMS 2009 census data

Table 15. Households with Children Aged 15-18 Years Old Who Started Working in June 2008-June 2009, by Affected Groups

Number of Children Aged 15-18 Years Old Who Started Working	Affected Households		Non-affected Households	
	N	%	N	%
1	20	80	517	79.29
2	5	20	117	17.94
3	0	0	18	2.76
Total	25	100	652	100

Source: Author's calculation using CBMS 2009 census data

Table 16. Households with Children Aged 15-18 Years Old Who Started Working in June 2008-June 2009, by Household Welfare

Number of Children Aged 15-18 Years Old Who Started Working	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
1	138	25.70	118	21.97	95	17.69	44	8.19	11	2.05	537
2	39	31.97	34	27.87	17	13.93	12	9.84	1	0.82	122
3	4	22.22	5	27.78	4	22.22	2	11.11	0	0	18
Total	181	26.74	157	23.19	116	17.13	58	8.57	12	1.77	677

Source: Author's calculation using CBMS 2009 census data

financial crisis. The data also provide information about the source of the aid programs, i.e., Government, private and religious institutions as well as mass-based organisations. The analysis will be focused on aid programs given by the Government, regardless of whether it is from the National Government or from Pekalongan City.

Table 19 shows 310 households had received capital loan and 598 households received capital goods from the government. However, the data could not give further explanation on whether the capital loan/ goods received by households from the government is in a specific form of PNPM or not.

Other than as a response to the GFC, the GoI also spent about Rp200,000 for 18.2 million poor households across Indonesia in the form of Unconditional Cash Transfer 2009 (BLT 2009). Targeted households in 2009 are the same as households which received BLT2008 since the database used is from the PPLS08.[3] According to a local newspaper, Suara Pantura (2009), there are 22,983 households in Pekalongan City which received the BLT 2009. The distribution of the BLT2009 in the city was conducted on 20-27 April 2009.

Table 17. Households with Drop-Out Children Aged 6-15 Years Old in June 2008-June 2009, by Affected Groups

School Level of Drop-Out Children	Affected Households		Non-affected Households	
	N	%	N	%
Primary school	6	60	69	62.16
Junior high school	4	40	41	36.94
Senior high school	0	0	1	0.90
Total	10	100	111	100

Source: Author's calculation using CBMS 2009 census data

Table 18. Households with Children Aged 15-18 Years Old Who Started Working in June 2008-June 2009, by Household Welfare

School Level of Drop-Out Children	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
Primary school	28	37.33	15	20	8	10.67	4	5.33	0	0	75
Junior high school	14	31.11	9	20	4	8.89	6	13.33	0	0	45
Senior high school	0	0	1	100	0	0	0	0	0	0	1
Total	42	34.71	25	20.66	12	9.92	10	8.26	0	0	121

Source: Author's calculation using CBMS 2009 census data

Table 19. Households Which Received Special Aid Programs from Government

Form of Special Aid Programs	Medono	Tirto	Pasirsari	Krapyak Lor	Panjang Wetan	Total
Capital loan	32	109	19	22	128	310
	14.10	27.59	8.72	6.49	13.03	14.35
Capital goods	30	80	62	33	393	598
	13.22	20.25	28.44	9.73	40.02	27.67
Others	157	191	135	280	457	1,220
	69.16	48.35	61.93	82.60	46.54	56.46
Do not know	8	15	2	4	4	33
	3.52	3.80	0.92	1.18	0.41	1.53
Total	**227**	**395**	**218**	**339**	**982**	**2,161**
	100	100	100	100	100	100

Source: Author's calculation using CBMS 2009 census data

A man acting as facilitator counts votes cast during a focus group discussion.

Source: CBMS-Indonesia

The CBMS census 2009 does not include a question about households receiving the BLT2009 but the impact of the GFC survey was able to capture households that received the BLT in the period June 2008 – June 2009. From 'Others' special aid programs (1,220 households), the data reveal that households received BLT2009, Rice for the poor (Raskin), Health Insurance for the poor (Jamkesmas), scholarship/school operational assistance (BOS) and House renovation program.

[3]Pendataan Program Perlindungan Sosial 2008 (PPLS08) is a database of targeted households for the GoI social protection program. The data are collected by Statistics Indonesia through a survey.

Table 20. Households Which Received Unconditional Cash Transfer in June 2008-June 2009, by Affected Groups

Villages	Affected Households		Non-affected Households	
	N	%	N	%
Krapyak Lor	1	2.78	131	17.01
Medono	3	8.33	113	14.68
Panjang Wetan	21	58.33	261	33.90
Pasirsari	4	11.11	119	15.45
Tirto	7	19.44	146	18.96
Total	36	100	770	100

Source: Author's calculation using CBMS 2009 census data

Table 20 shows 806 households admitting that they received BLT2009. There are 36 households from the affected households (4.46%) and 770 from the non-affected households (95.54%). The majority of affected households which received the BLT2009 are living in Kelurahan Panjang Wetan.

Cross-tabulating households which received BLT2009 with household welfare using the PCA method allows one to show a description of the receiver (Table 21). The poorest group has the highest number of households receiving BLT2009, with 229 out of 806 households (28.41%). Households in the highest quintile also received BLT2009, indicating an inclusion error of the social protection program or a defect in the PCA process.

Conclusion

Through this study, indications of the GFC's impact in Pekalongan City across macro and microeconomic levels were ascertained. Two main economic sectors in Pekalongan City were affected by the GFC impact. Textile/batik industries were affected through weakened export demand and increased prices of imported cotton. The fisheries industries, meanwhile, were also affected by the weakened export demand. During the period of the GFC, other crises existed in the local context such as the closing of a garment factory due to mismanagement and family conflict, batik's competition shock and the closing of a local fishers trading place. However, there is no indication of GFC's impact on the return of overseas workers from Pekalongan City where most of them are working as domestic workers. Furthermore, these shocks are accumulated and difficult to be set apart in micro level thereby leading to compound crises experienced by households.

This study represents the first attempt of using merged data of the CBMS 2009 census and the impact of the GFC survey in 5 kelurahan in Pekalongan City. It gives more information needed for identifying the affected groups of households, particularly when the PCA method is applied to these data.

The 326 affected households were identified through the incidence of households with members switching job, particularly to worse jobs, and of declining income in the June 2008-June 2009 period. Based on households' charactheristics, the affected households are households with heads who never attended or finished primary school, work in the industrial sector, come from the poorest group (first quintile), live in houses with dirt floor and had received several social protection programs from government. Based on quintiles, it appears that the poorest group — the lowest quintile — has the highest number of affected households.

Table 21. Households Which Received Unconditional Cash Transfer in June 2008-June 2009, by Household Welfare

Villages	Quintiles										Total
	1		2		3		4		5		
	N	%	N	%	N	%	N	%	N	%	
Krapyak Lor	36	27.27	33	25.00	11	8.33	1	0.76	0	0	132
Medono	35	30.17	25	21.55	12	10.34	0	0	1	0.86	116
Panjang Wetan	71	25.18	46	16.31	39	13.83	28	9.93	0	0	282
Pasirsari	33	26.83	14	11.38	17	13.82	9	7.32	1	0.81	123
Tirto	54	35.29	25	16.34	17	11.11	3	1.96	0	0	153
Total	229	28.41	143	17.74	96	11.91	41	5.09	2	0.25	806

Source: Author's calculation using CBMS 2009 census data

> "majority of households carrying out these (coping) strategies are households in the poorest group"

With regards to the crises, households adopt several coping strategies such as changing their food consumption pattern and healthcare payment method, pawning or selling assets, and driving their children to enter the labor force and drop out from school. Once again, the majority of households carrying out these strategies are households in the poorest group, particularly the affected ones.

The GoI needs to have a good database of targeted households since the social protection programs had helped poor households during the crises. They used health insurance for the poor and BLT2009 as their safety nets when they do not have other financial assistance. An early response system requires a good database that will support immediate action from government in handling any crisis. Infrastructure projects from the FSP fund are less likely to reach the targeted households since there is no regulation to prioritize the poor. Government awareness of the vulnerable economic sectors as well as preventive action like giving incentives for the industries in the time of crisis is very important. The local government should initiate the provision of the database on vulnerable economic sectors and targeted households at their own cost such as household data given through the CBMS project in Pekalongan City.

CBMS study finds food inflation as the most common, most severe type of household shock

Preliminary results of a study on household coping strategies conducted by the CBMS Team in two urban and two rural villages in the Philippines reveal that increase in the prices of basic food commodities is the most common and most severe type of shock experienced by households. The study also notes that when faced with food price shocks, the most common strategy adopted by households is to shift to cheaper food items as was actually done by more than half of the severely affected households.

Conducted during the third quarter of 2011, the study likewise indicates that about 74.3 percent of the households experienced at least one type of shock during the reference period. Fuel price shock is the second most common type of shock in the selected sites which was experienced by more than a quarter of surveyed households, followed by serious illness (5.4%) and natural calamities, particularly floods and typhoons, which affected 2.6 percent and 1.6 percent of the households, respectively (Table 1).

Table 1. Distribution of major shocks experienced by households

Type of shock	Magnitude	Proportion
Increase in food prices	1,406	66.5
Increase in fuel prices	562	26.6
Serious illness	114	5.4
Flood	54	2.6
Typhoon	34	1.6
Death	29	1.4
Pest infestation	20	0.9
Serious accident	9	0.4
Disability	7	0.3
Total No. of Households	**2,108**	

Note: Some households also experienced other types of shocks which include the occurrence of tsunami in Japan which affected the demand for some of the Philippine exports, increase in power rates and increase in toll rates, among others.
Source: CBMS Survey, 2011

The various shocks experienced by the households have affected them in different ways. For instance, some resulted in loss of job, decrease in income, loss of assets or increase in expenses. Most of the severely affected households generally experienced an increase in expenses due to the various shocks. Almost all households which were severely affected by fuel price increases reported an increase in their total household expenses. Meanwhile, shocks generally have greater impact on income than on assets. A majority of the households severely affected by typhoon and flood suffered a decrease in their income (Table 2).

The households were asked to identify the top three most severe shocks that they have experienced. The rankings, which were provided by the respondents themselves, are as follows: the most severe shock is ranked first, the second most severe shock is ranked second and so on. Severely affected households are those which were affected by the top three most severe types of shocks.

Several households in the survey sites experienced various combinations of shocks. For instance, about 71.4 percent of the households were affected by the increase in both food and fuel prices while 6.1 percent suffered from a serious illness, serious accident or disability of a member. There were also several households (3.7%) which were affected by flood and typhoon at the same time.

Moreover, some households experienced shocks of different nature. For instance, there were some who were affected not only by price shocks but health-related shocks as well. Based on the survey data, 104 households, representing 4.9 percent of the total households covered, reported that they experienced food/fuel price shock and serious illness/accident/disability during the last 12 months prior to the date of the interview. There are also several households (i.e., 56 households or 2.7%) which suffered from the increase in the prices of food or fuel and at the same time were affected negatively by flood or typhoon.

Experiencing more shocks during a specific period of time would mean that impact on households will be greater. In addition, given the differences in the nature of these shocks,

Table 2. Impact of the most severe shock on households (% of households)

Type of shock	Total No. of HHs "severely" affected	Job loss	Decrease in income	Asset loss	Increase in expenses
Increase in food prices	1,393	-	-	-	97.6
Increase in fuel prices	545	-	-	-	94.6
Serious illness	111	47.5	63.9	-	99.1
Typhoon	28	34.6	69.2	34.6	45.0
Death	28	36.0	56.0	-	89.3
Flood	52	9.8	62.0	30.0	61.2
Pest infestation	18	17.7	70.6	17.7	83.3
Serious accident	8	37.5	62.5	25.0	100.0
Disability	7	71.4	85.7	-	85.7

Note: This table includes estimates for households which reported each specific type of shock as the most severe shock they experienced in the past 12 months.
Source: CBMS Survey, 2011

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CBMS-Burkina Faso Team and international NGO collaborate in building capacities of local authority

Among the trainings conducted by CBMS-Burkina Faso Team is the training of enumerators.

Source: CBMS-Burkina Faso

The International Alliance for Development and Solidarity in Africa (AIDAS), a nongovernment organization (NGO) operating in Burkina Faso, has, once again, requested the support of the CBMS-Burkina Faso Team in its work in project areas covering the communes of Arbolé and Gompoussoum in Passoré province. The support requested included the provision of trainings on data enumeration using CBMS survey instruments and on data processing. The trainings, which began in July 2011, were aimed at increasing the awareness of the local authorities, various NGOs, and stakeholders on the relevance of the CBMS methodology for capacity building in the communes.

AIDAS has been operating in the country since 2005 and among its objectives are: to promote professional development activities; to help protect the environment and improve the living standards; to support the ongoing decentralization process in the country; and to promote human rights, peace, equity and justice. The AIDAS has undertaken successful partnerships with CBMS-Burkina Faso since 2006. It has been using the CBMS to establish baseline information before they implement their own intervention projects.

Meanwhile, the CBMS Team also reported that data collection in the communes of Yako, Diébougou and Koper has been completed early this year amid serious social unrest due to military mutinies in the country. The data collection was completed more than a month after it began in March in Yako and in April in Diébougou and Koper. The data collection for all sites was completed in June 2011.

Apart from the data collected based on the CBMS indicators on health, nutrition, food security, housing and living conditions, income and community involvement, this round of CBMS implementation also involved the collection of information on the Global Financial Crisis (GFC), climate change, and coping mechanisms employed by households in times of crises and shocks.

The CBMS-Burkina Faso Team is headed by Dr. Lassina Konate.

CBMS study finds...from page 10

some households also behaved differently in terms of the coping strategies. For instance, the coping behaviour of households during price shocks may be different from the strategies in case of a serious illness, serious accident or disability of a member.

When households are faced with food or fuel price shocks, the most common strategy that they adopted is the shifting to cheaper food items which was actually done by about half (i.e., 46.2%) of the households severely affected by the increase in the prices of food or fuel. Limiting the use of electricity and lessening the frequency of dining out are also common among severely affected households, with 30.9 percent and 30.1 percent of them reporting such actions, respectively.

Meanwhile, in terms of the order of coping strategies taken by households, the data confirm that modifying their food consumption pattern, in particular, by shifting to cheaper food items, is also the first thing that households usually do when faced with price shocks.

Furthermore, when households experienced serious illness, serious accident or disability, most of them (38.9%) resorted to borrowing money in order to cope with these problems. In addition, about one-third of the affected households received financial support from relatives when they encountered such problems. And when they experienced death of a member, most of the households received financial assistance from relatives (53.6%).

Launched in collaboration with the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF), the study titled "Monitoring Household Coping Strategies During Complex Crises and Recoveries" used data from two urban barangays (Barangay 192 in Pasay City, Metro Manila and Barangay Poblacion 3 in Sto. Tomas, Batangas) and two rural barangays (Barangay San Miguel in Llorente, Eastern Samar and Barangay El Rio in Sibagat, Agusan del Sur).

More results from this study will be presented during the 9th PEP Research Network General Meeting which will be held in Siem Reap, Cambodia on December 3-9, 2011.

CBMS-Peru presents results

The presentation of CBMS results was attended by various stakeholders from the local government, academe, nongovernment organizations and civil society organizations.

Having completed the processing, analysis and validation, the Community-Based Monitoring System (CBMS) Team of Peru presented the CBMS results of the district of Villa El Salvador on September 14, 2011 to the Metropolitan Municipality of Lima and to the Ministry of Women and Social Development. The event was held at the Hall of Mirrors, Metropolitan Municipality of Lima.

The presentation was attended by representatives from Lima, state institutions, and civil society organizations among others. The aim of the event was to made the public aware of the social problems the district is facing as well as to inform them that there are problems of exclusion—there are poor areas that were not covered by poverty alleviation measures.

CBMS-Peru is planning to present some of the results to other CBMS-implementing countries, researchers and various stakeholders during the 9th Poverty and Economic Policy Network Meeting to be held in Cambodia on December 3-9, 2011. A new proposal is being drafted that focuses on the continuation of the project.

A video of the validation of results is available in http://www.youtube.com//watch?v=ZOqK39_paaE and in http://www.observatoriourbano.org.pe/sistemas_cbms.html.

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The ***Updates*** may be downloaded free from the Project's website: http://www.pep-net.org.

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