Formulating the needs for producing poverty statistics

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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

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
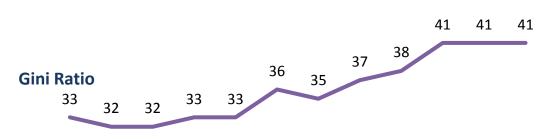 - Social protection
  - Community development
  - Empowerment

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. **Capacities for providing poverty statistics**

Key message: statistics is a key tool in producing quality planning, monitoring and evaluation for the successful of development , and reducing the poors in particular
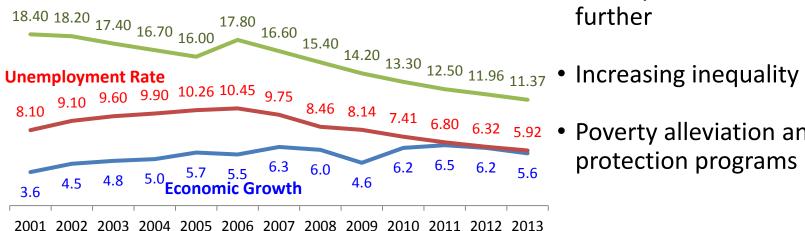
INDONESIAN ECONOMY:
PROGRESS WITH NEW CHALLENGES

Gini Ratio
33 32 32 33 33 36 35 37 38 41 41 41

Poverty Rate
18.40 18.20 17.40 16.70 16.00 17.80 16.60 15.40 14.20 13.30 12.50 11.96 11.37

Unemployment Rate
8.10 9.10 9.60 9.90 10.26 10.45 9.75 8.46 8.14 7.41 6.80 6.32 5.92

Economic Growth
3.6 4.5 4.8 5.0 5.7 5.5 6.3 6.0 4.6 6.2 6.5 6.2 5.6

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Percapita Income (USD)												
772	922	1,098	1,186	1,318	1,663	1,938	2,238	2,346	3,003	3,540	3,606	3,890

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

- Great potential to move further

- Increasing inequality
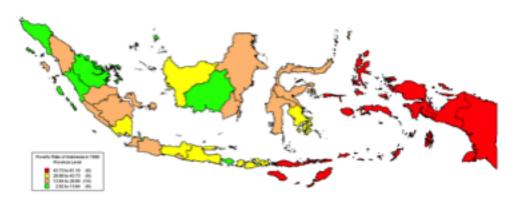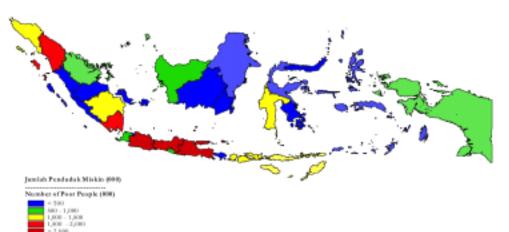
- Poverty alleviation and social protection programs

INEQUALITY of POVERTY
ACROSS DIFFERENT REGIONS IN INDONESIA

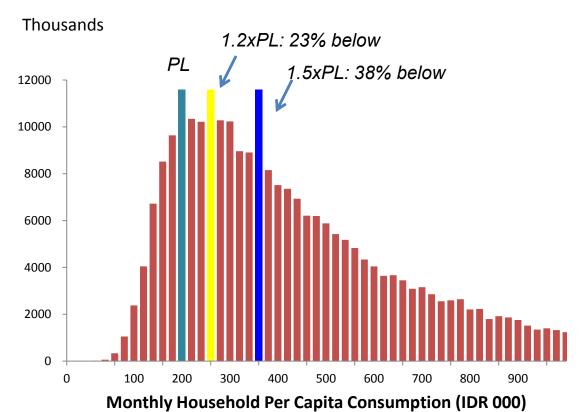*High poverty intensity in Eastern Islands (Maluku, Papua, and Nusa Tenggara)*

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 appox. USD (PPP) 57/capita/mo.

High vulnerability around the Poverty Line

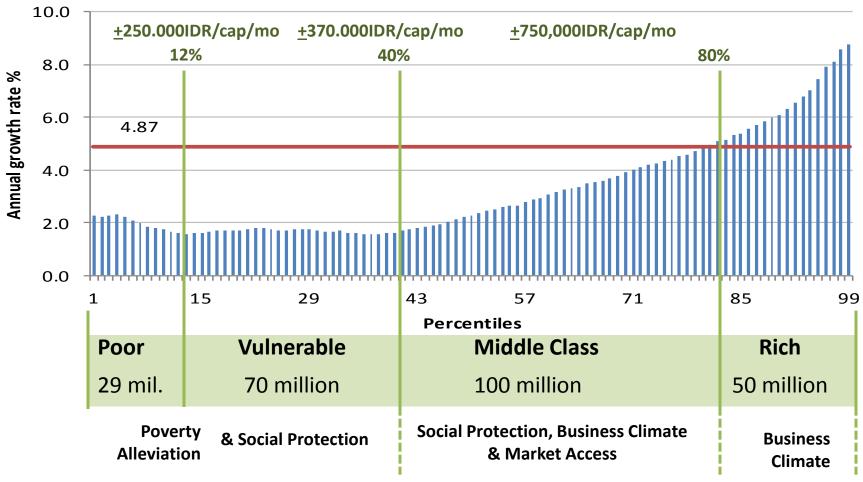Poverty programs needs to **cover the poor and the near poor**

Source: 2012 Susenas

FOUR GROUPS WITH DIFFERENT NEEDS
THE POOR, VULNERABLES, MIDDLE CLASS, RICH

Growth of Per capita Expenditures, 2008-2012

+250.000IDR/cap/mo   +370.000IDR/cap/mo   +750,000IDR/cap/mo
12%   40%   80%

4.87

Annual growth rate %

Percentiles

Poor	Vulnerable	Middle Class	Rich
29 mil.	70 million	100 million	50 million

Poverty Alleviation   & Social Protection   Social Protection, Business Climate & Market Access   Business Climate

Source: BPS & TNP2K

■ 2008-2012 growth   — Growth in mean

Policy Measures: *statistical perspective*

- Evidence-based Policy Making
  - Measurable goal and target of developments set out in Long-term Development Plan and Medium-term Development Plan
  - Ministries need 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
  - Ministries state 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 in the cycles of planning

- ## Demands Sides
  - Users: planner, programmer, evaluator from ministries; researchers from universities, research institutions
  - Needs for (1) situation analysis and assesments, (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

10-year cycle BPS main data collection

Population Census 0

6 Economic Census

3 Agricultural 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)
SME Survey (SMES)	3 yearly	36,000 hhs	Yes	N, P (U/R)

Data production: strategic steps

- breakthrough in developing data collection system to produce stats uses for planning cycles
  - Socioeconomic survey (Susenas) main vehicle to collect data on social welfare established since 1964
  - Susenas developed to meet the needs for data for the planning cycles of social development particularly in education, health, housing, and cross cutting issues (*social exclusion, inequality, gender*);
  - SMES collects data to monitor the progress of empowerment programs for small and micro entrepreneurship

- measures in producing reliable and relevance statistics for development
  - It is urged that ministries uses Susenas and SMES data for own planning cycles
  - Further assessment by research institutes to relate finding from surveys and ground check (in-depth independent study)

susenas parameter

- Susenas is an annual household survey aimed at providing stats on social welfare and other social indicators for use in planning, monitoring and evaluation at district level

- Based on Susenas poverty stats reported to public twice a year

Parameter	2011-2014	From 2015	Notes
Format	Core-module	Core-module	**2011-2014:** Core + consumption conducted quarterly **2015:** consumption conducted each semester; core conducted in 1st semester
Periodicity	quarter	semester	
Sample size	75,000 households	Core: 300,000 hhs Module: 75,000 hhs	
	Module 3 yearly in 3rd quarter (September)	Module 3 yearly in 2nd semester (September)	

3 Module questionnaires		
Health, housing, settlement	Education, Social welfare	Social capital, environment, social resilience

Core questionnaire collets information on:
Demographic, education, health, employment, fp, housing, social protection

Food and nonfood items collected

- Food classified into 15 groups consisting total 235 items
- Nonfood classified into 6 groups consisting total 109 items

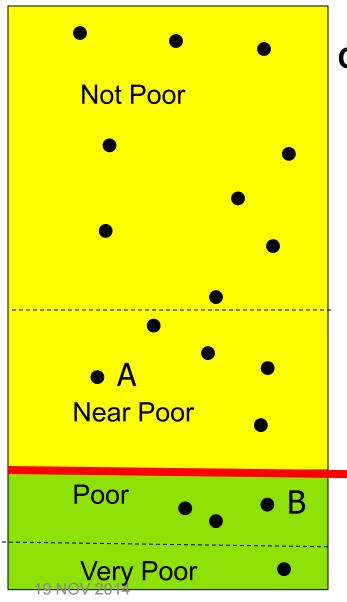|	Food group		Food group
A.	Cereal (12 items)	L.	Miscellaneous food (9 items)
B.	Tubers (9 items	M.	Prepared food and beverages (31 items)
C.	Fish: fresh fish, fresh shrimp, canned fish, canned shrimps (31 items)	N.	Alcoholic beverages (3 items)
D.	Meat: fresh meat, processed meat, others (17 items)	O.	Tobacco and betel (6 items)
E.	Egg and milk (13 items)		**Non food group**
F.	Vegetables (29 items)	A.	Housing and Household facilities (57 items)
G.	Legumes (10 items)	B.	Goods and services (16 items)
H.	Fruits (23 items)	C.	Clothing, footwear and headgear (12 items)
I.	Oil and fat (6 items)	D.	Durable goods (16 items)
J.	Beverage stuff (8 items)	E.	Taxes and insurance (5 items)
K.	Spices (13 items)	F.	Parties and ceremonies (5 items)

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	19.01		**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

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

Capacities for providing poverty stats (1)

- **Capacity building within BPS**
  - Established unit Statistical Analyses and Development, with tasks
    - assess on quality (reliability and validity) data resulting from surveys;
    - estimates and produces poverty stats and other indicators;
    - produces annual analyses on the progress of economic and social development, particularly the impact of socioeconomic progress on poverty reduction; and
    - reviews survey instrument to produce better quality data by reducing measurement error in the surveys and methodological aspects of measurements as well

- **Collaborations with ministries, research centers, donors**
  - joint studies, assessment
  - to increase the awareness of the importance of having common understanding of the nature and causes of poverty and poverty measurement as well
  - to increase the use of common indicator
  - technical assistance from donors: World Bank, ADB, UNDP
  - conduct training on poverty measurement and uses

Capacities for providing poverty stats (2)

- **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 (3)

- **Capacity building and strengthening on**
  - Survey planning and implementations
  - Data analyses for data quality control and producing statistics
  - Assessments for evaluating program

- **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