



Policy on Poverty Alleviation in Indonesia

Directorate for Poverty Alleviation

May 6th – 8th, 2014



Today's Talk

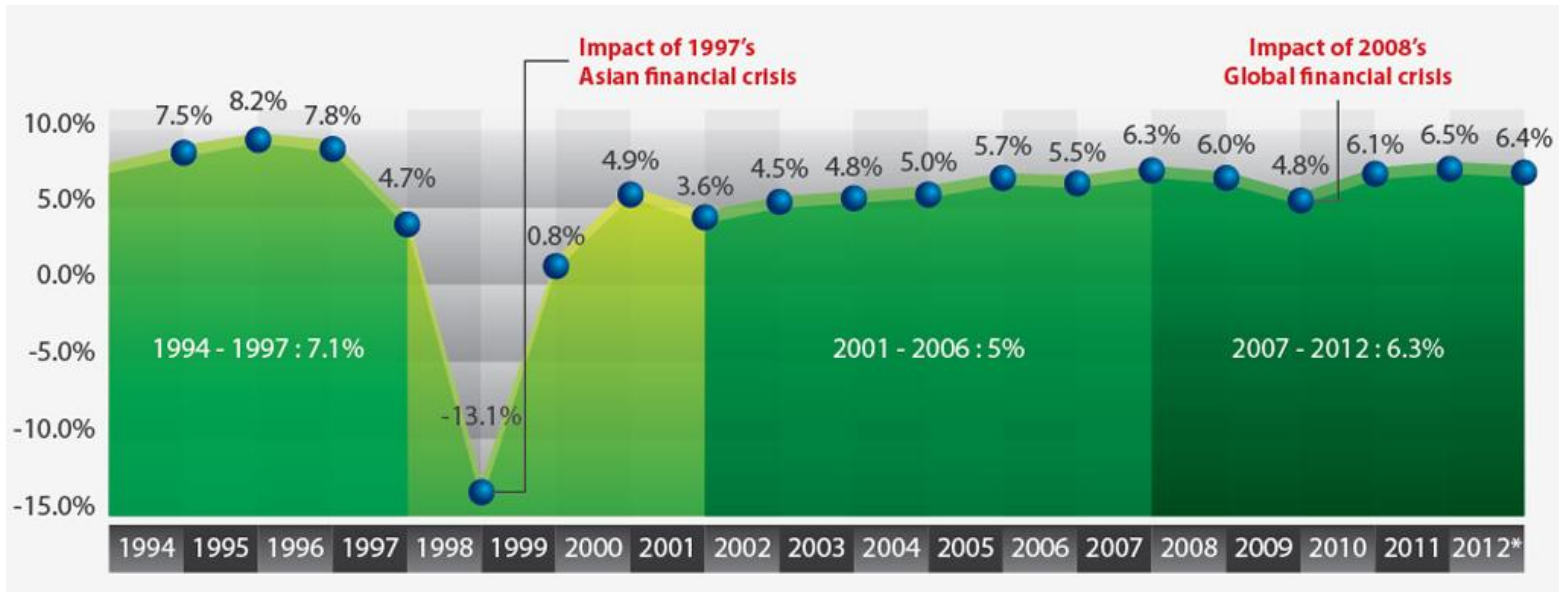
- Overview of macroeconomic condition
- Poverty alleviation in Indonesia
- Livelihood approach, introduction



OVERVIEW AND POVERTY ALLEVIATION STRATEGY

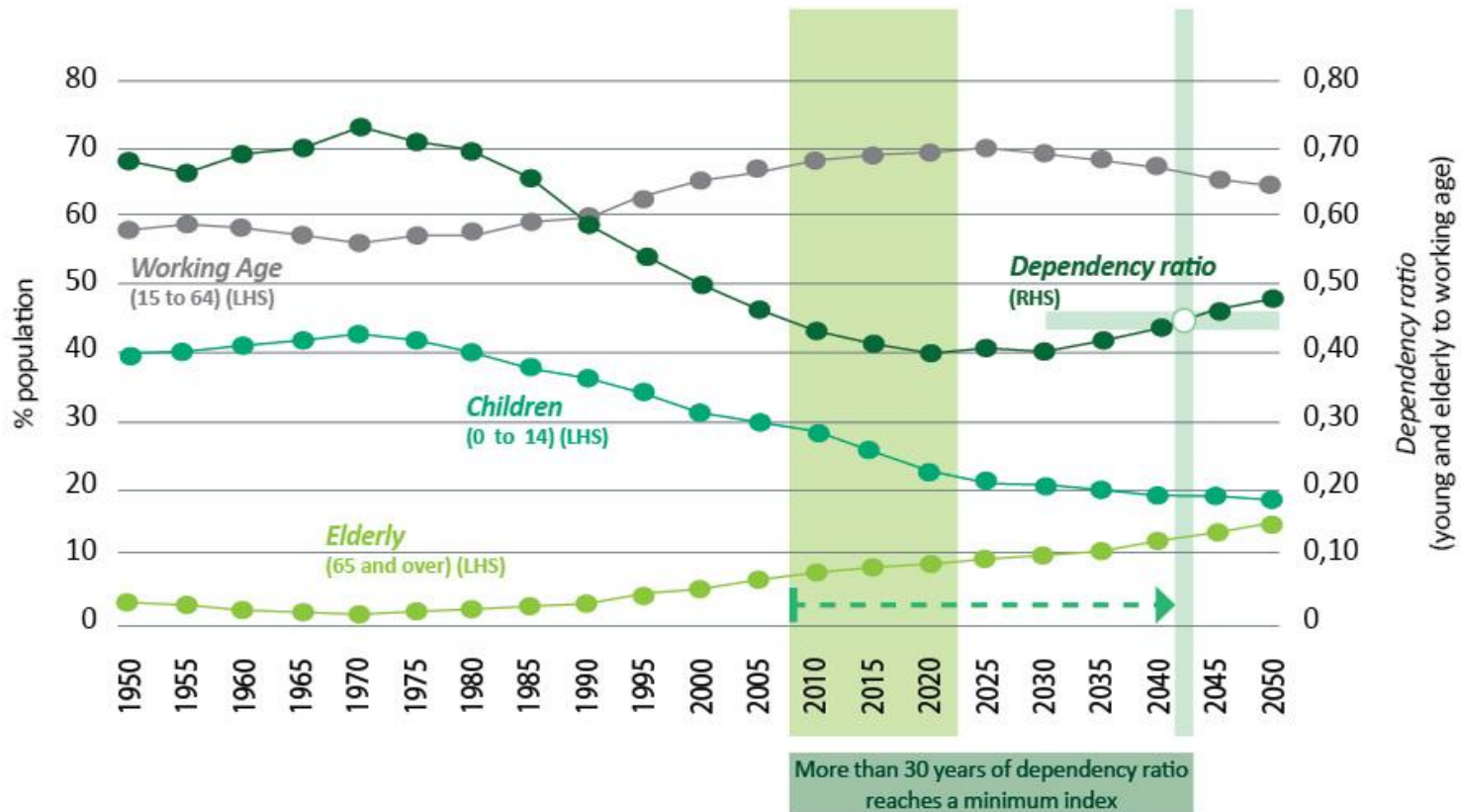
Introduction About Indonesia Economy

GDP GROWTH HAS BEEN STEADY FOR LAST FIVE YEARS

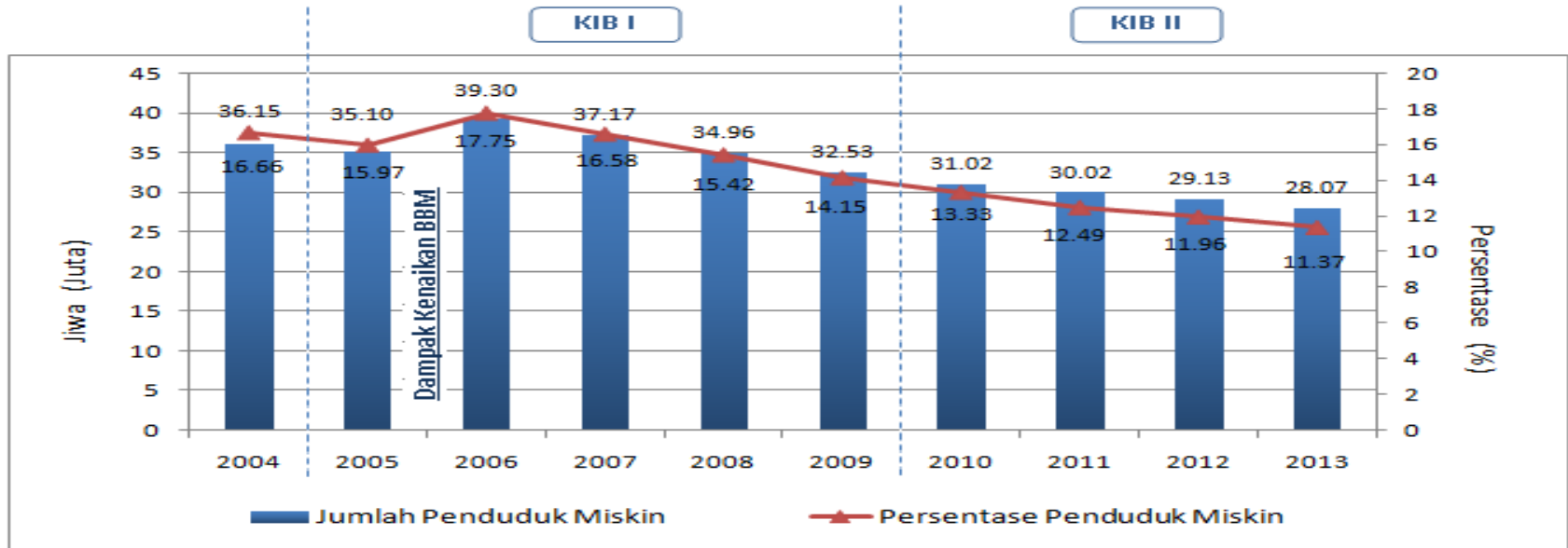


Indonesia Economy has Demonstrated a Strong Resilience Towards Uncertain Global Economy

Sixty seven (67) % of The Indonesian Population will be Between 15 and 64 : Most Productive Age.

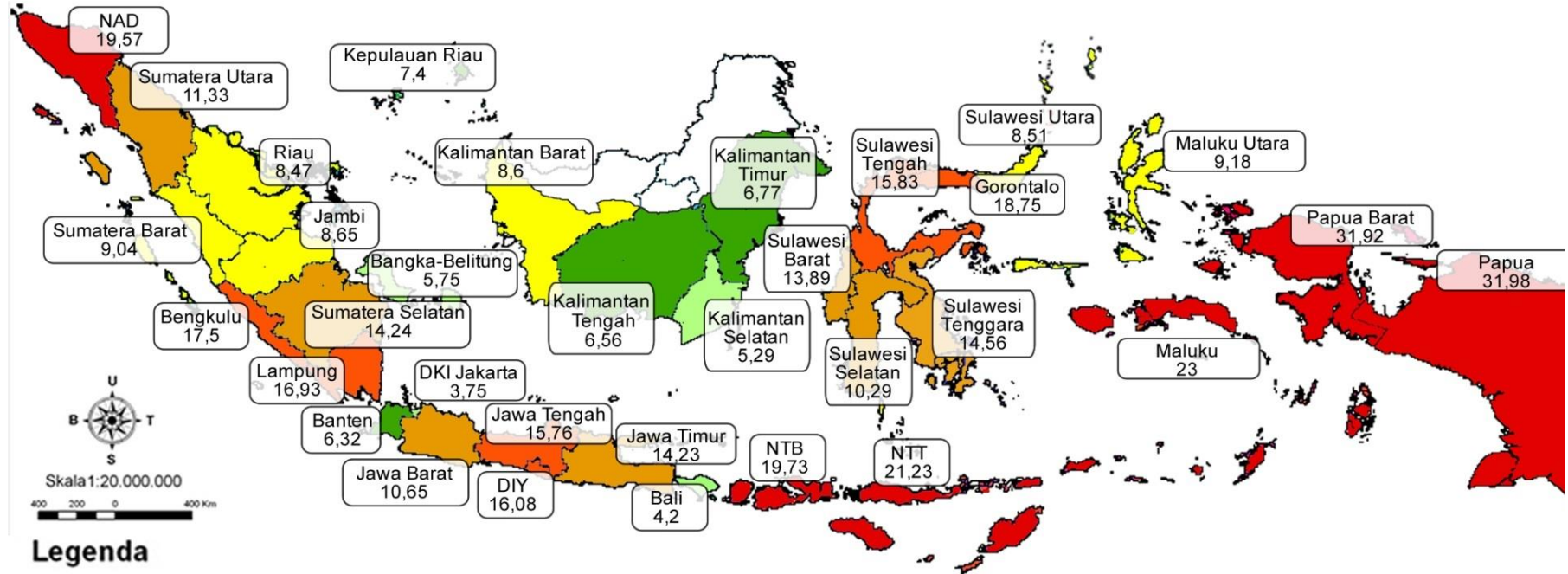


Poverty rate has been declining in 2004-2014



- Since 2010, poverty rate has been reduced in a slower growth. In absolute number, only one million poor population were alleviated per year.
- Last point of poverty rates was 11,47 percent in September 2013, while the target was 10,5 percent or approximately 28,55 million poor population.

Poverty Rate Per Province (by March 2011)



Legenda

Penduduk Miskin berdasarkan Proyeksi Moderat



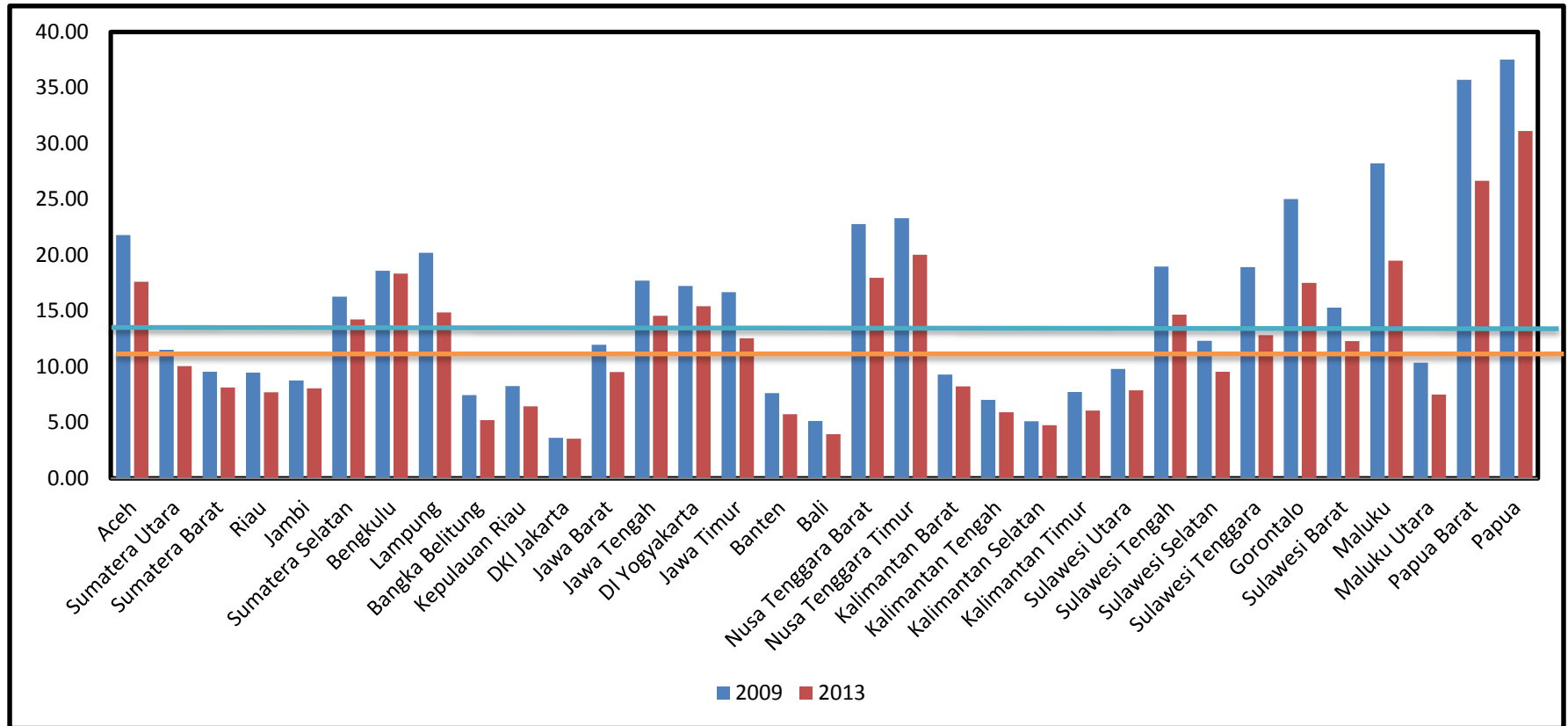
NAD	19,57 %
Sumatera Utara	11,33 %
Sumatera Barat	9,04 %
Riau	8,47 %
Jambi	8,65 %
Sumatera Selatan	14,24 %
Bengkulu	17,5 %
Lampung	16,93 %
Kep. Bangka Belitung	5,75 %
Kep. Riau	7,4 %
DKI Jakarta	3,75 %
Jawa Barat	10,65 %
Jawa Tengah	15,76 %
DI Yogyakarta	16,08 %

Jawa Timur	14,23 %
Banten	6,32 %
Bali	4,2 %
NTB	19,73 %
NTT	21,23 %
Kalimantan Barat	8,6 %
Kalimantan Tengah	6,56 %
Kalimantan Selatan	5,29 %
Kalimantan Timur	6,77 %
Sulawesi Utara	8,51 %
Sulawesi Tengah	15,83 %
Sulawesi Selatan	10,29 %
Sulawesi Tenggara	14,56 %
Gorontalo	18,75 %

Sulawesi Barat	13,89 %
Maluku	23 %
Maluku Utara	9,18 %
Papua Barat	31,92 %
Papua	31,98 %
<hr/>	
Indonesia	12,49 %

Sumber: Susenas, Maret 2011

Disparity Among the Provinces (2009 vs 2013)



- All provinces in general have experienced a declining poverty rates in the last five years. But, the disparity among the provinces still persists.
- Number of poor population are the highest in Java island, though poverty rates are highest in the eastern part of Indonesia

Poor Population are still vulnerable

		2010 (%)				
		Poor	Near Poor	Near Not-Poor	Not Poor	Total
2 0 0 9	Poor	44.30	20.21	15.14	20.34	100.00
	Near Poor	21.52	22.66	21.76	34.06	100.00
	Near Not-Poor	11.54	15.16	23.90	49.41	100.00
	Not Poor	2.94	4.71	9.74	82.61	100.00

Sumber : BPS

Catatan:

Poor : Below Poverty Line
 Near Poor : Between 1 - 1,2 PL
 Near non-Poor : Between 1,2 - 1,5 PL
 Non-Poor : Above 1,5 PL

Between 2009 and 2010 :

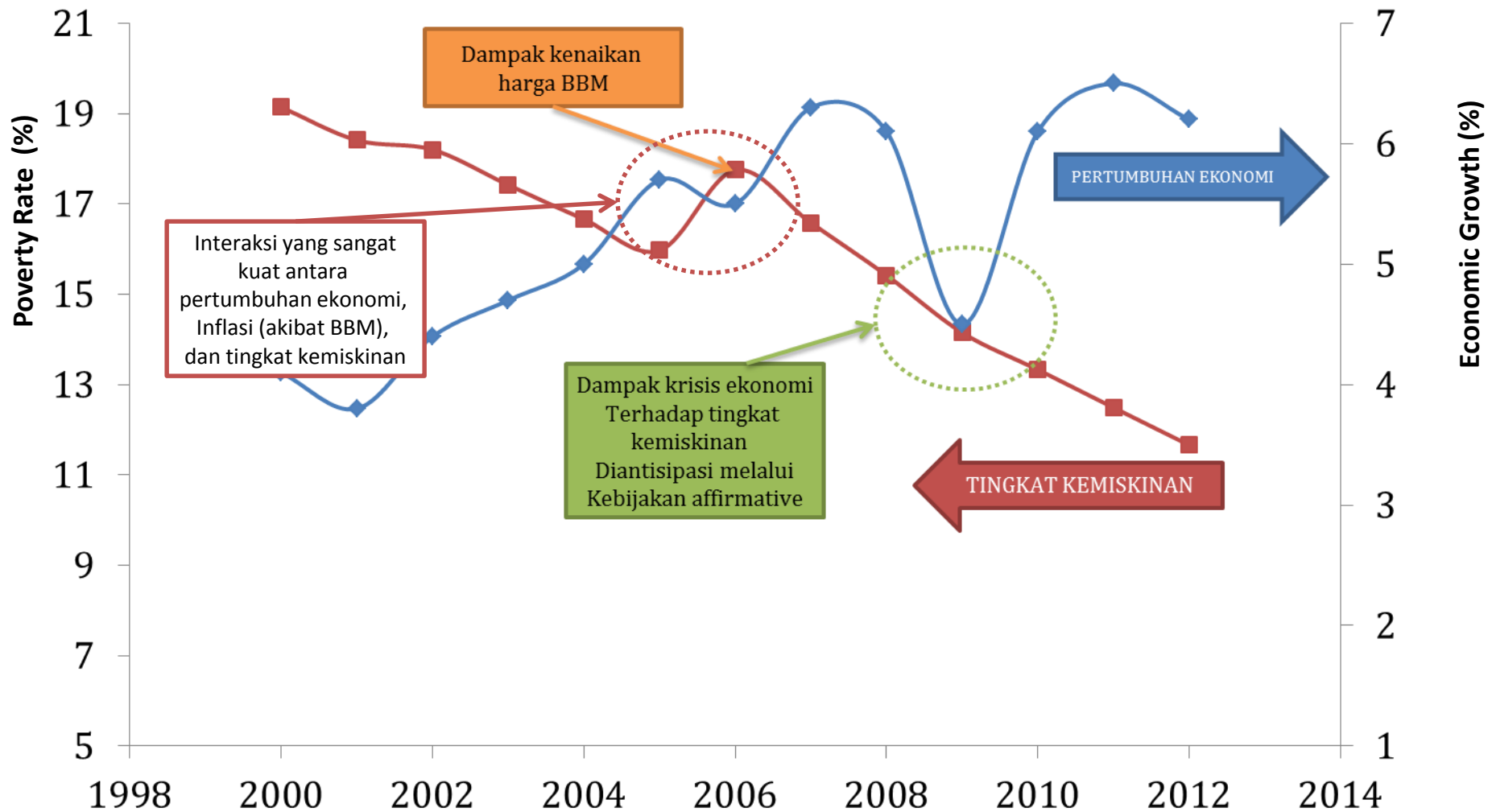
- *About 55,7% poor population moves their status in 2010*
- *On the other hand, 21,52% of near poor became poor in 2010*
- *11, 54% poor became near non-poor in 2010*

Out of Poverty

Trap to be poor

Stay the same state

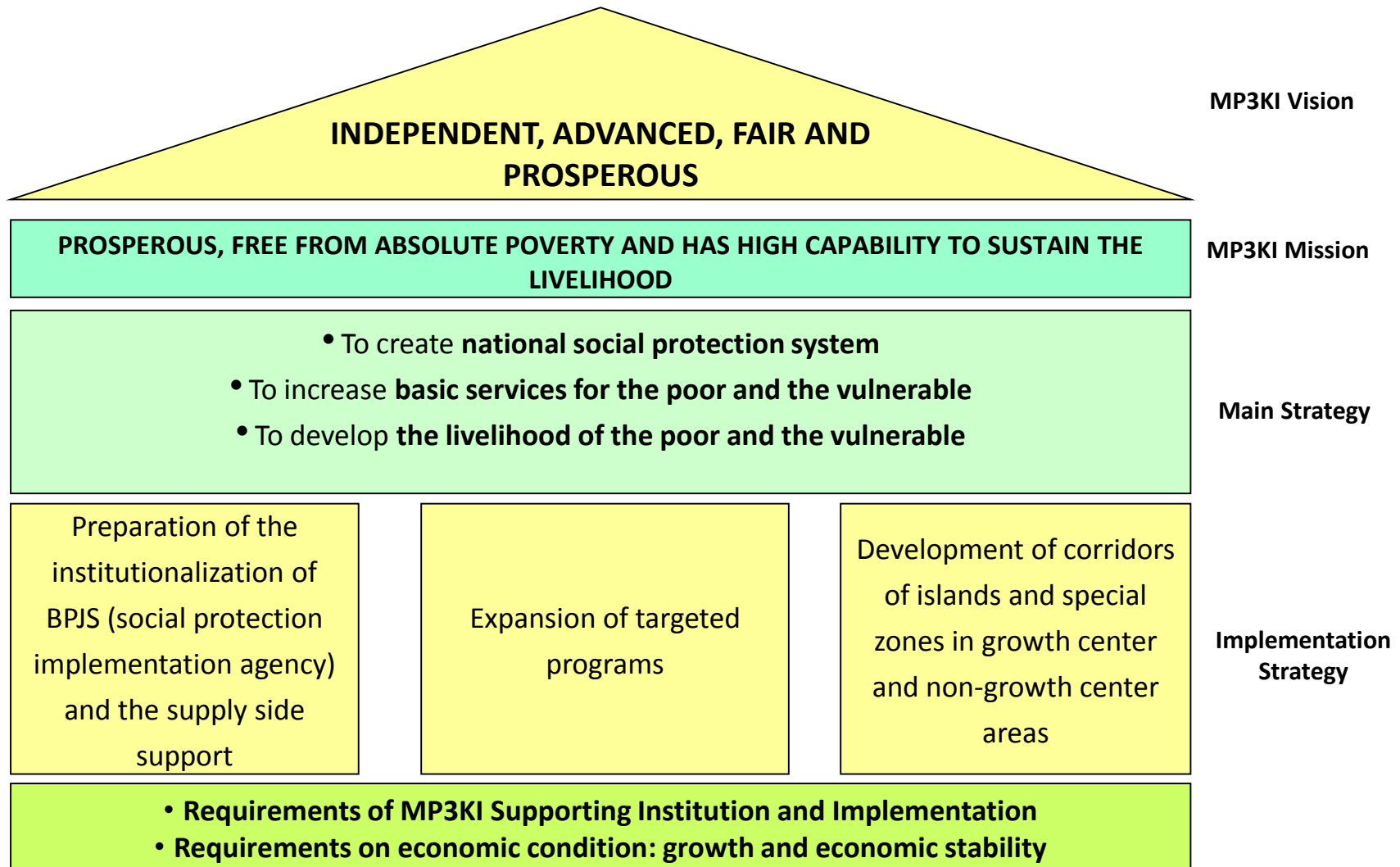
Affirmative Action and Economic Growth are the key to poverty alleviation in Indonesia



With all current challenges, special plan is required to accelerate the poverty reduction

- High population growth
- Farmers and Fishermen have limited land and resources
- Capacity and business opportunities of the poor are still low
- Urbanization
- Isolated areas with low access of basic services
- Comprehensive Social Protection Guarantee is not available, yet
- *Social exclusion* (marginalization) of the people with difability, chronic illnesses, illegality, etc.

Design Framework for Poverty Alleviation Acceleration

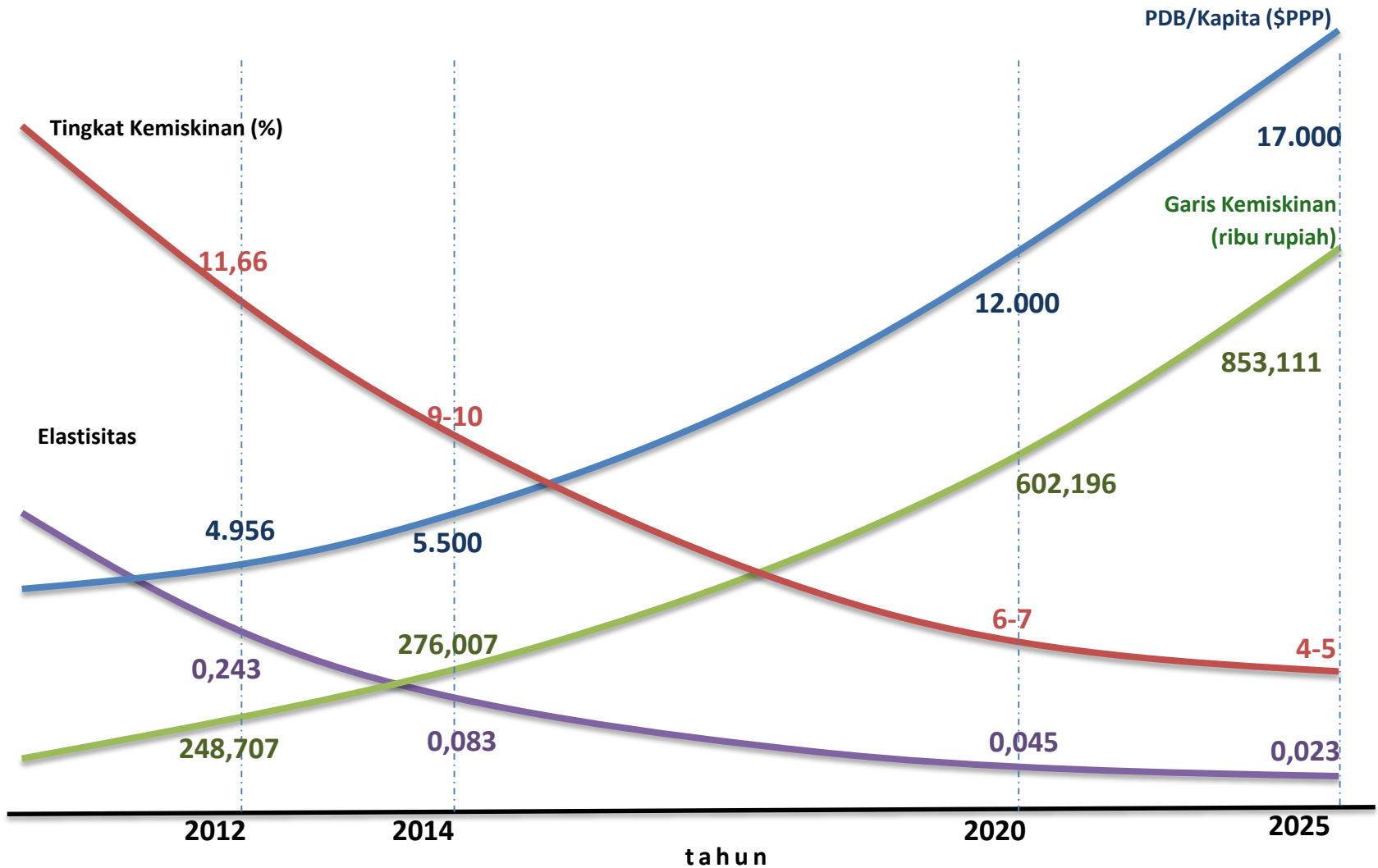


Road Map of Poverty Reduction Acceleration emphasizing on People, Public, Private Partnerships



ACTIONS	CURRENT CONDITION	2013 – 2014 RECONSOLIDATION	2015 – 2025 TRANSFORMATION AND SUSTAINABILITY
A. Economy Mechanism			
- Growth		INCLUSIVE GROWTH	
- Macro economy Stability		Inflation control and fiscal sustainability	
B. Affirmative Action			
- Four-Cluster Program	Insynchronized location, time, and target	<ul style="list-style-type: none"> • Synchronize location and time • Synergize with local programs and Corporate Social Responsibility 	<ul style="list-style-type: none"> • Consolidation of social assistance programs → unified data base
- Social Safety Program	Limited coverage, targets and menus	<ul style="list-style-type: none"> • System reform 	<ul style="list-style-type: none"> • Complete system and universal coverage
- Sustainable Livelihood	Limited and un-focus	<ul style="list-style-type: none"> • Increased income generating activities (entrepreneurship, financial inclusion and MP3KI supply chain) 	
C. Support			
- Information System	Un-integrated Data	<ul style="list-style-type: none"> • Integrated target data (PPLS), in stages towards social security number (e-KTP) 	

Targets: Poverty Rates and Economic Growth



Within 15 years, Indonesia is Expected to be a High Income Country

2010

GDP: USD 700 Billion
Income/capita
USD 3,000

2025

GDP: USD 4-4,5 Trillion
Income/capita
Estimated
USD 14,250 – 15,500

2045

GDP: USD 15-17,5 Trillion
Income/capita
Estimated
USD 44,500 – 49,000



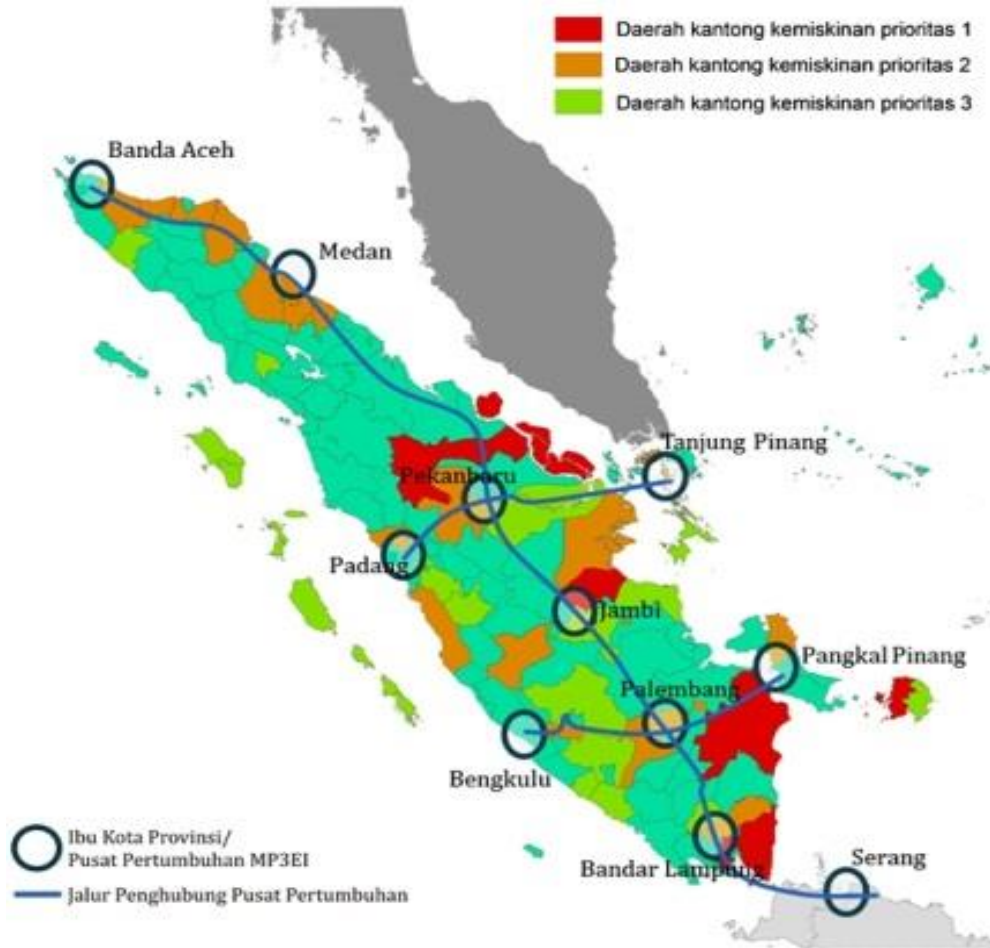


STRATEGIES FOR EACH ECONOMIC CORRIDOR

The main title is centered on a light green horizontal band. To the left of the text is a vertical decorative bar consisting of three stacked rectangular segments: orange at the top, green in the middle, and blue at the bottom. The text 'STRATEGIES FOR EACH ECONOMIC CORRIDOR' is written in a bold, black, serif font.



Sumatera Economic Corridor



Main Strategies

- Increased employment of poor and vulnerable into the productive sectors of the leading processing industries
- Development of the production chain activities giving more added value to support local economic development (emphasizing on agro-based industry)
- Improving distribution chain of pro-poor production industries
- Local economic development in outer islands base on natural potential local

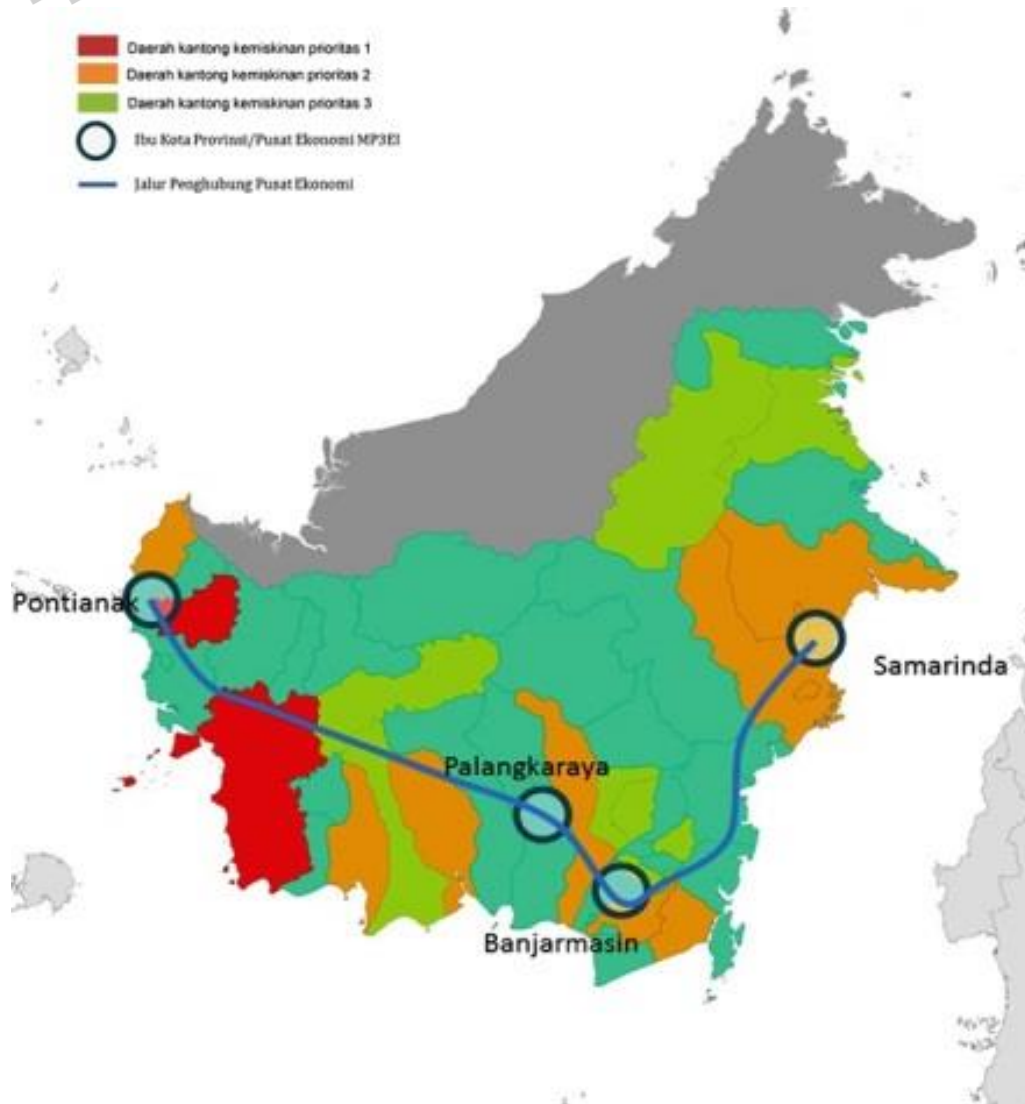
Java Economic Corridor



Main Strategies

- Improving employment of poor productive age to the formal sector in urban areas
- Strengthening and development of informal economy in the urban areas
- Guarantee of basic services and social protection for the poor and vulnerable, especially in remote areas
- Economic development of rural agriculture and non-agricultural labor-intensive

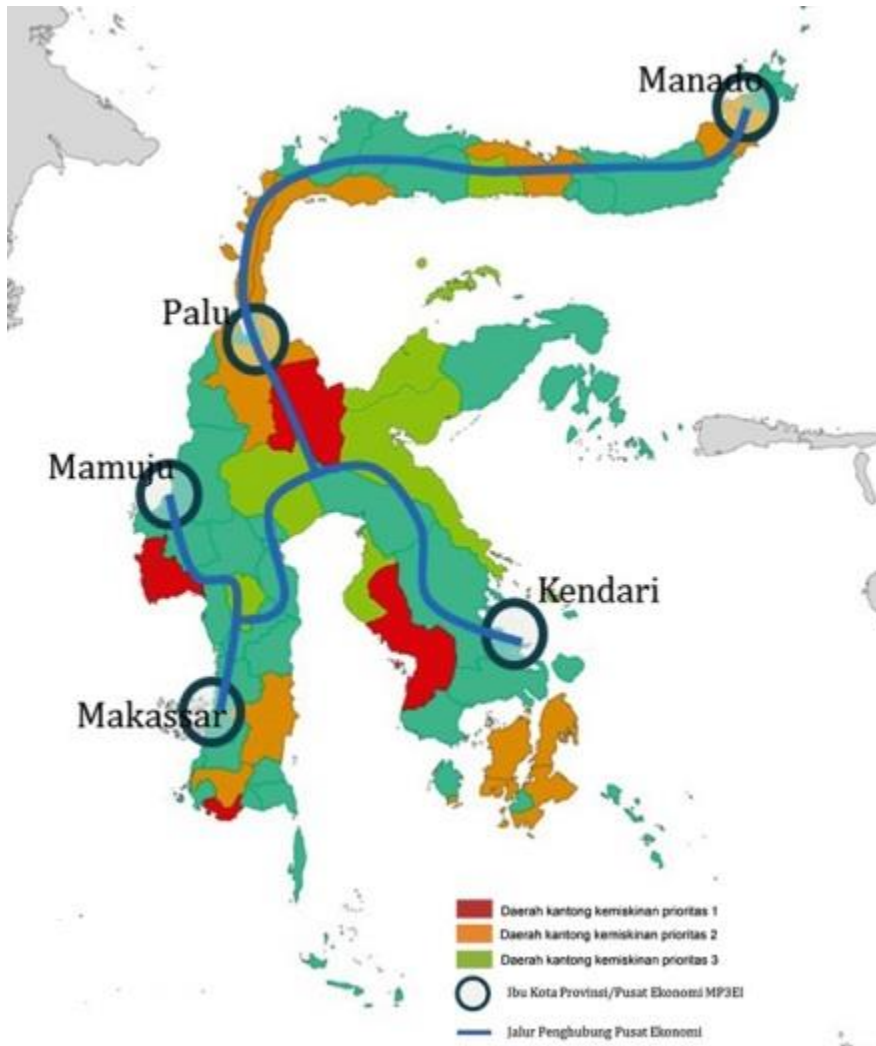
Kalimantan Economic Corridor



Main Strategies

- Improving the quality and competitiveness of poor people in rural and urban
- Development and diversify the business of poor people based on natural resource
- Provision of an integrated basic infrastructure, namely: electricity, saniti, clean water, and alternatives transportation for rural communities
- Giving assurance of basic services and social protection in the rural, remote and border areas

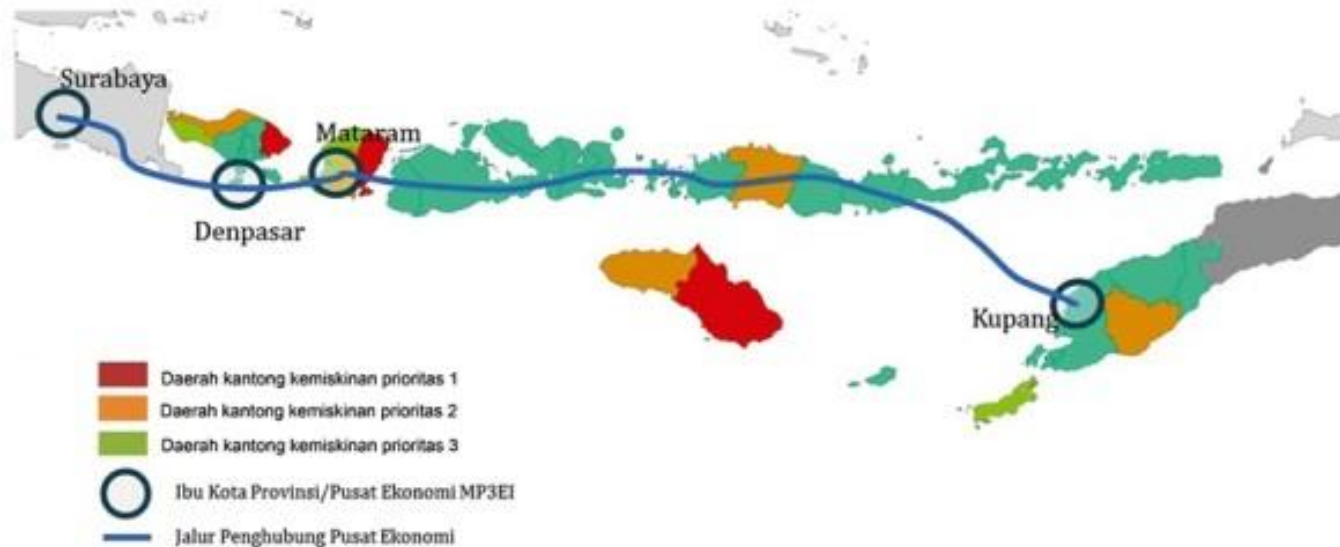
Sulawesi Economic Corridor



Main Strategies

- Fulfillment of basic needs
- Social protection for the poor and vulnerable groups
- Rural economic development and development of agriculture
- Development marine fishery resources

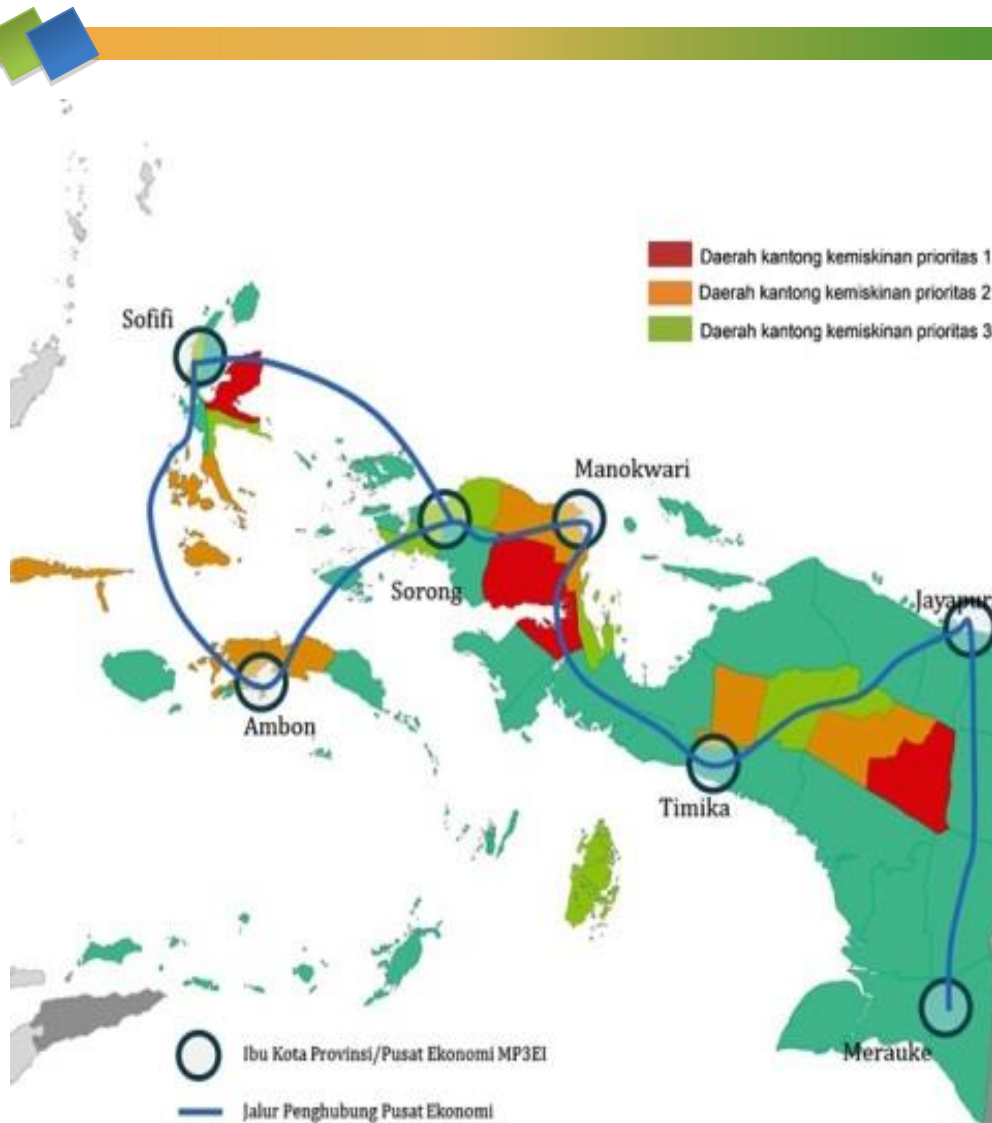
Bali - Nusa Tenggara Economic Corridor



Main Strategies


- Fulfillment of basic needs, focusing on efforts to overcome obstacles on uneven population distribution
- Increasing accessible of poor people to social protection, especially in remote areas
- Livelihood development in both growth center and non-growth areas

Koridor Papua – Kep. Maluku



Main Strategies

- Development of agriculture and fisheries culture
- Development of integrated residential areas
- Provision of basic services and broadening access to education, health, and finance for the poor, particularly in isolated regions
- Expansion of nautical tourism that emphasizes the use of local human resources



IMPROVING QUALITY OF BASIC SERVICES FOR THE POOR



Frontline service delivery model

to ensure basic services comes to the community

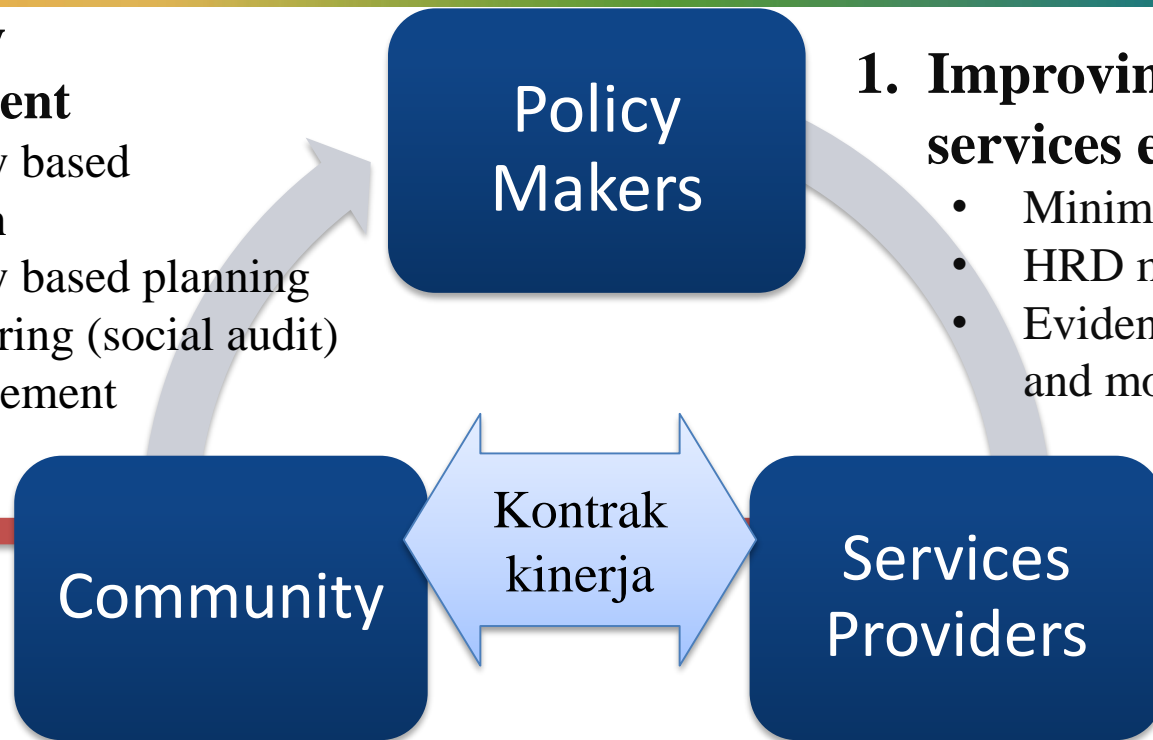
3. Community Empowerment

Community Empowerment

- Community based information
- Community based planning and monitoring (social audit)
- Law enforcement

1. Improving public services efficiency

- Minimum standard (local)
- HRD management
- Evidence based planning and monitoring



2. Improving effective coverage

- Increasing facilities and improving access
- Debottlenecking and integrated planning (inter-sectors coordination in the community level)
- Incentive for service providers
- Reference system and integrated service center

Minimum Basic Services Package

Poor communities at the least to gain these services

Identity

- Individual ID services
- Birth certificates, Family Records, ID

Health

- Basic health services
- Family Planning

Education

- School access from early childhood to senior high school

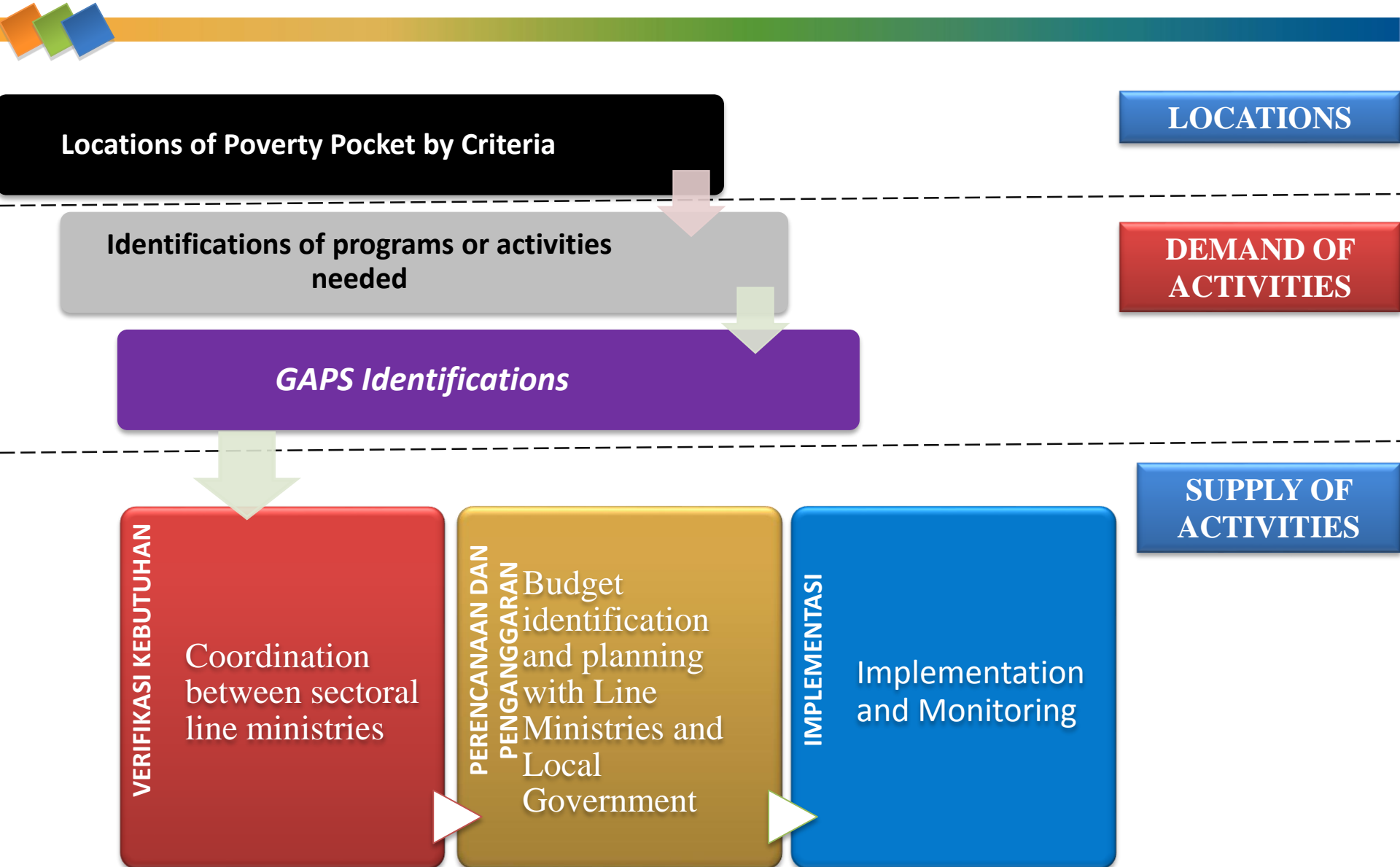
Protection

- Reference system and service center

Basic Infrastructures

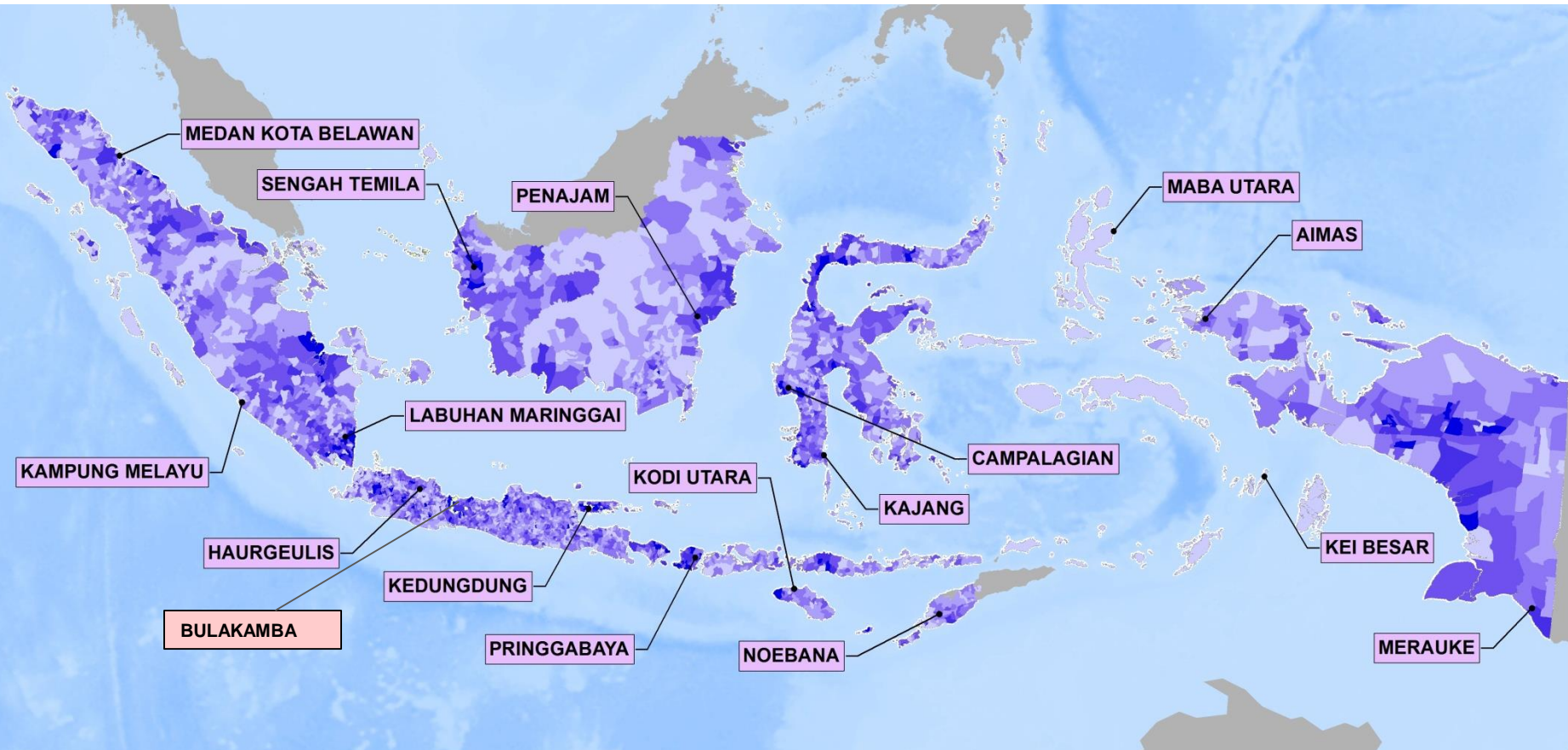
- Housing, water, sanitation, electricity, transportation, and telecommunication

Intervention to the Poverty Pocket on Provision of Basic Services

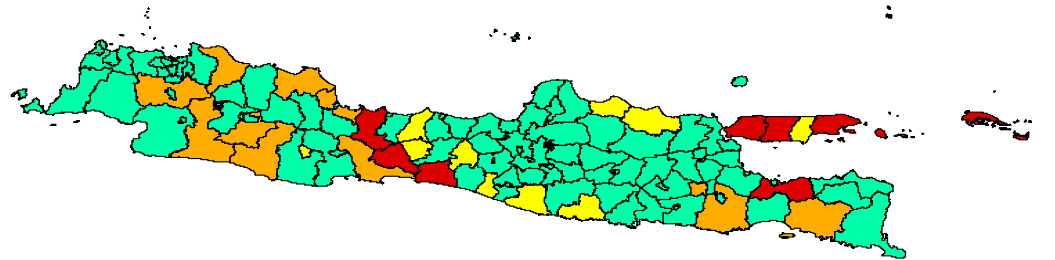






Quick Wins Locations in 2013

- Quick Wins are chosen at the sub-district level in each economic corridors
- Quick Wins are expected to be pilot projects to accelerate reduction of poverty rates and number of poor population
- Located mainly as the poverty pockets and alleviate the poor in these districts will significantly contribute to reduction of the poor at national level.



Quick Wins in Sub-District Haur Geulis, District Indramayu



Koridor jawa
 Daerah Umum
 Area Prioritas 1
 Area prioritas 2
 Area Prioritas 3

- Number of poor populations is largest in West Java
- Sub-district Haur Geulis is one of the poorest area in District Indramayu (28.19 percent of population is poor and very poor).
- 70% of population works as farmer or paid farmer
- Water is scarce, but it is important for irrigation
- Alternatives of source of income are limited

Identified Activities In Sub-district Bulukamba

1. River revitalization



3. Cheap house development and structuring slums



2. Improving value added of fisheries products



4. Constructing irrigation and dams



5. Financial management training

Identified Activities Sub-District Kajang, District Bulukumba as an isolated area



1. Housing improvement



2. Health services



3. Local Economy improvement



Identified Activities Needed in Sub-District Haur Geulis, District Indramayu

1. Irrigation and Dam Revitalization



3. Housing financial management training

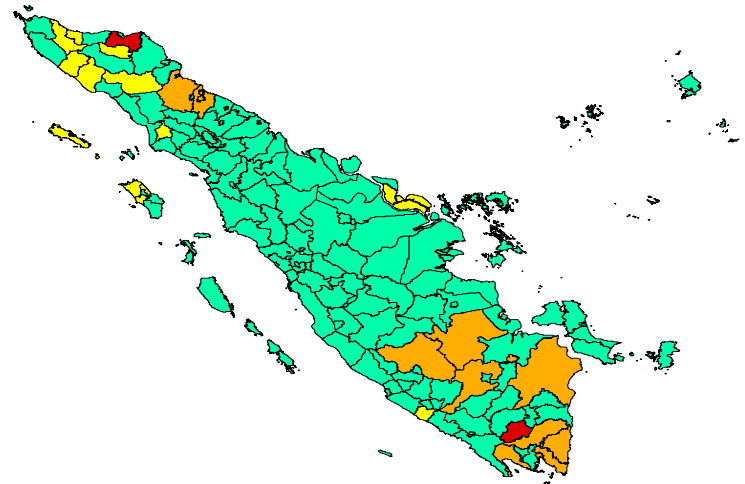






2. Skill development to produce main products of village



Intervention of poverty alleviation in one of poverty pocket in Sub-District Kampung Melayu, Bengkulu City

- One of poorest sub-district in Bengkulu City
- Majority of fisherman
- Percentage of the poor and very poor is approximately 13%.
- Majority of the poor live as fisherman with poor housing and bad environment condition



Koridor Sumatera
 Daerah Umum
 Area Prioritas 1
 Area Prioritas 2
 Area Prioritas 3

Intervention Activities in Sub-district Kampung Melayu

1. Development of fishery or aquaculture



2 Development of decent coastal environment



3. Development of value added of fishery products



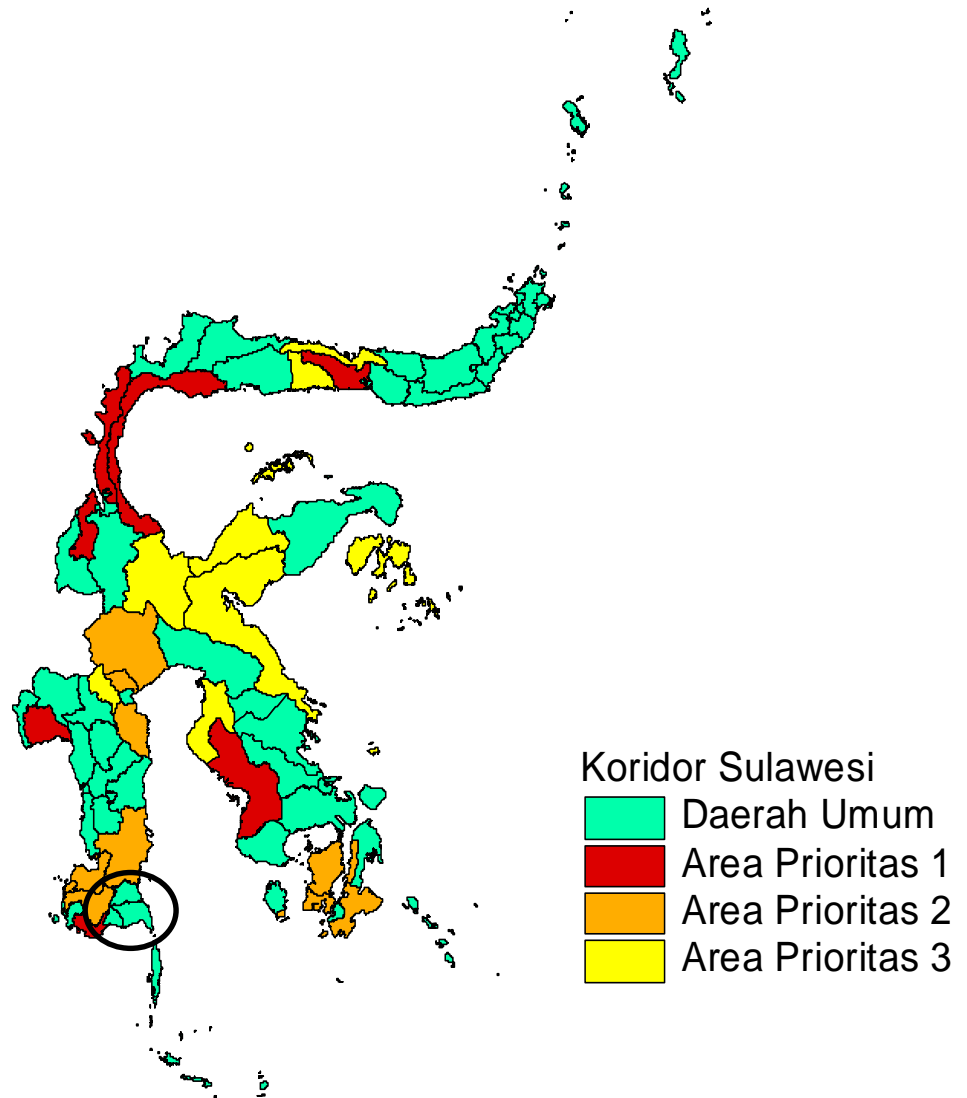
4. Improvement of housing environment



Example QUICK WINS Location

Sub-District Kajang, District Bulukumba as an isolated area

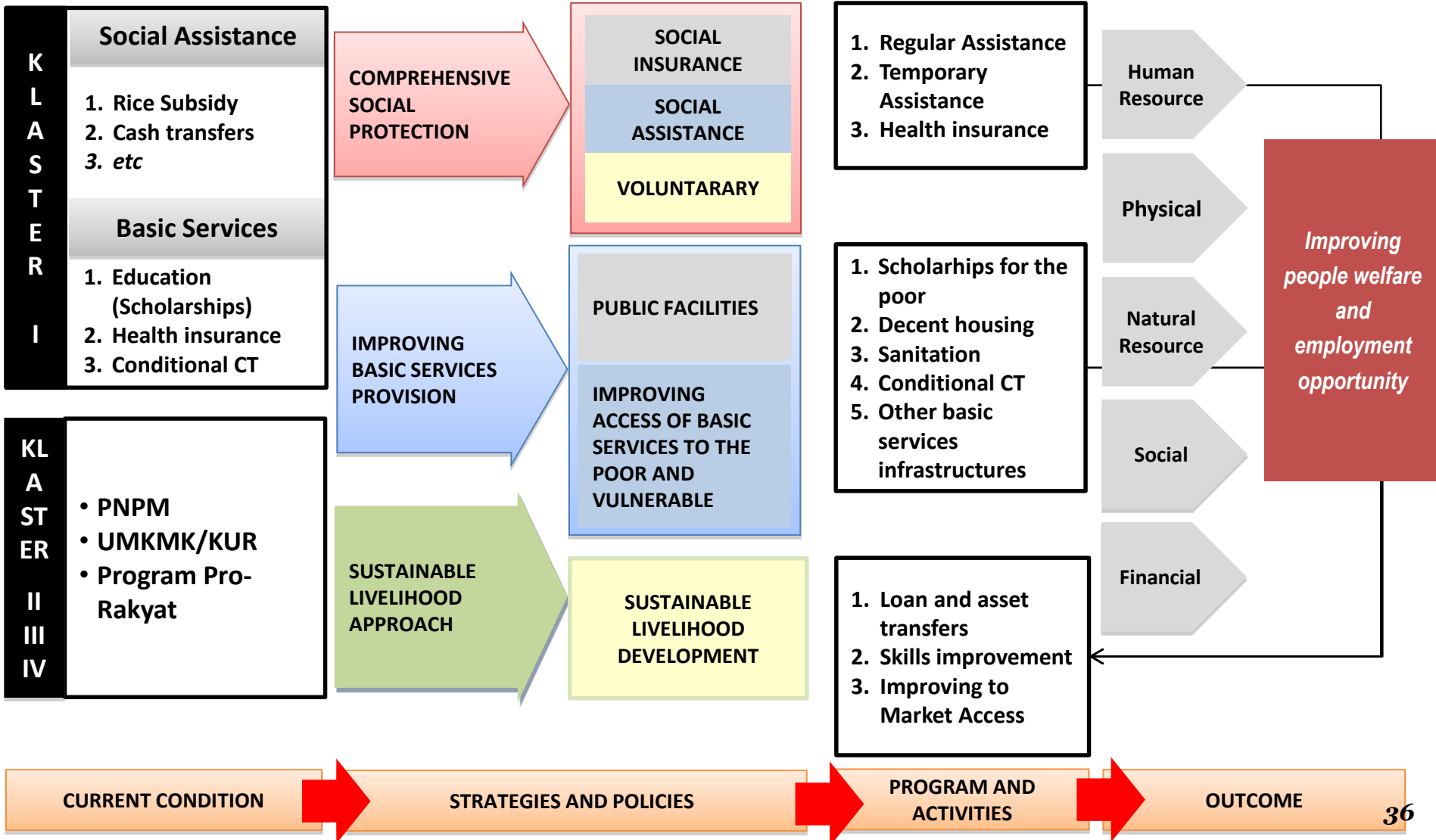
- **Sub-District Kajang is one of the poorest area in District Bulukumba**
- Percentage of poor population is 15,67%
- Largest poor population is located in the cultural areas Ammatoa (Village Tana Toa) that is close and Tana Jaya Village that is dominated with slums fisherman
- Quality and quantity of infrastructures are very limited.
- Low education
- Bad sanitation





SUSTAINABLE LIVELIHOOD APPROACH

Transformation of Poverty Alleviation Program to Sustainable Livelihood Approach



Objective and Strategies of SLA Implementation

OBJECTIVE

Improving the capability of the poor to cope with and recover from stress and shocks, by maintaining or enhancing its capabilities and assets, and provide sustainable livelihood opportunities for the next generation

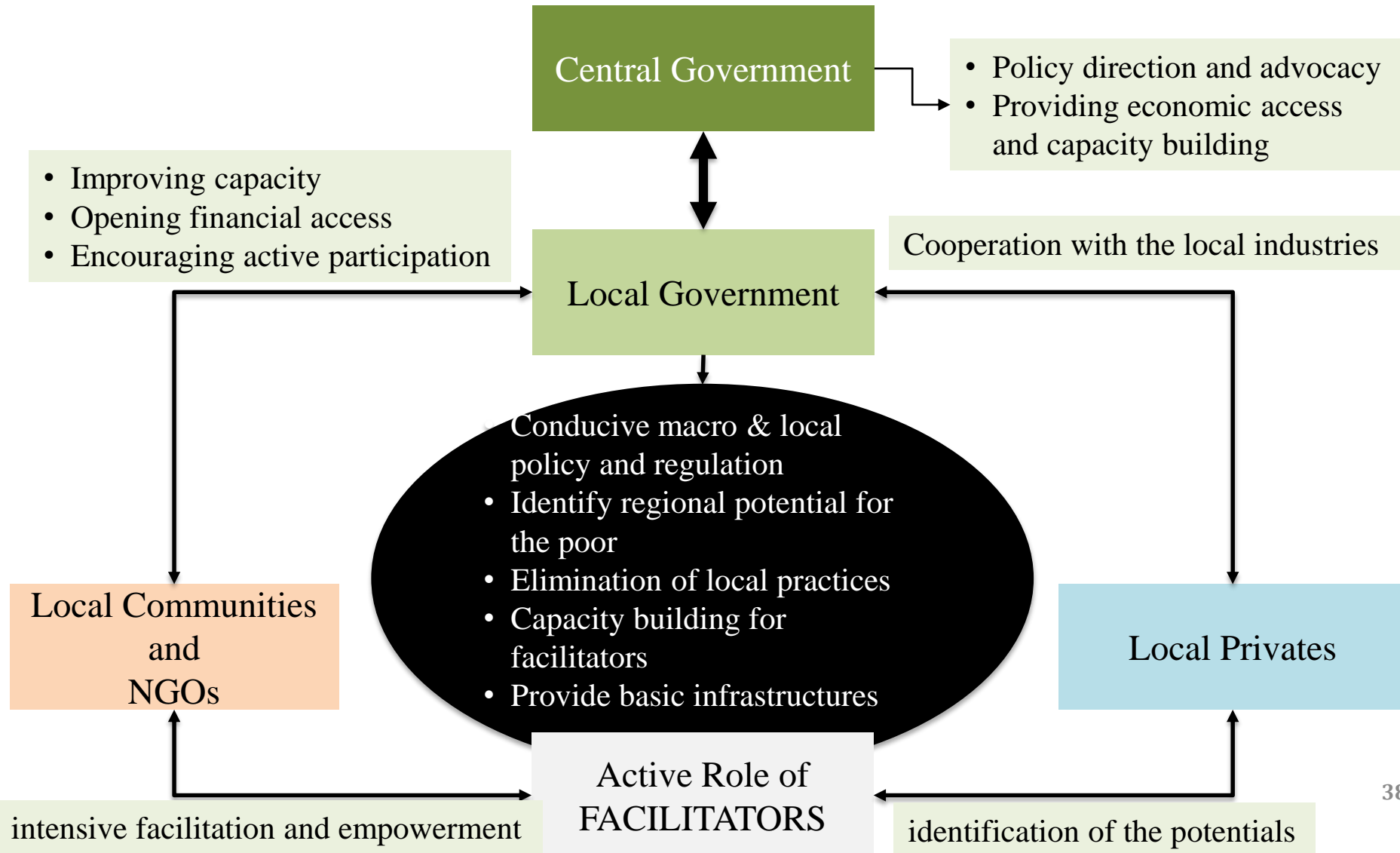
STRATEGIES

Improving productivity

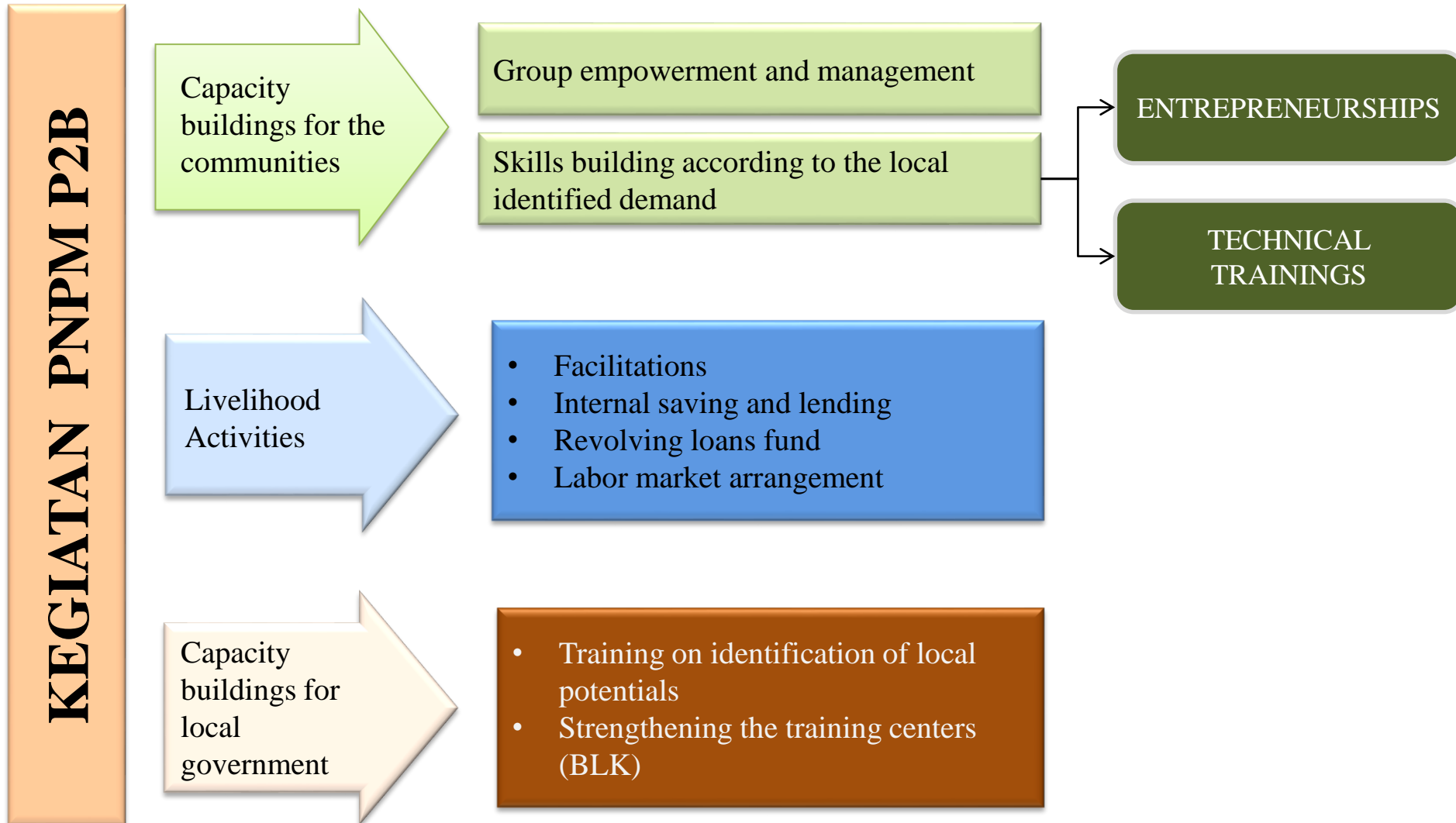
Improving entrepreneurships

Improving competitiveness to seek labor opportunities

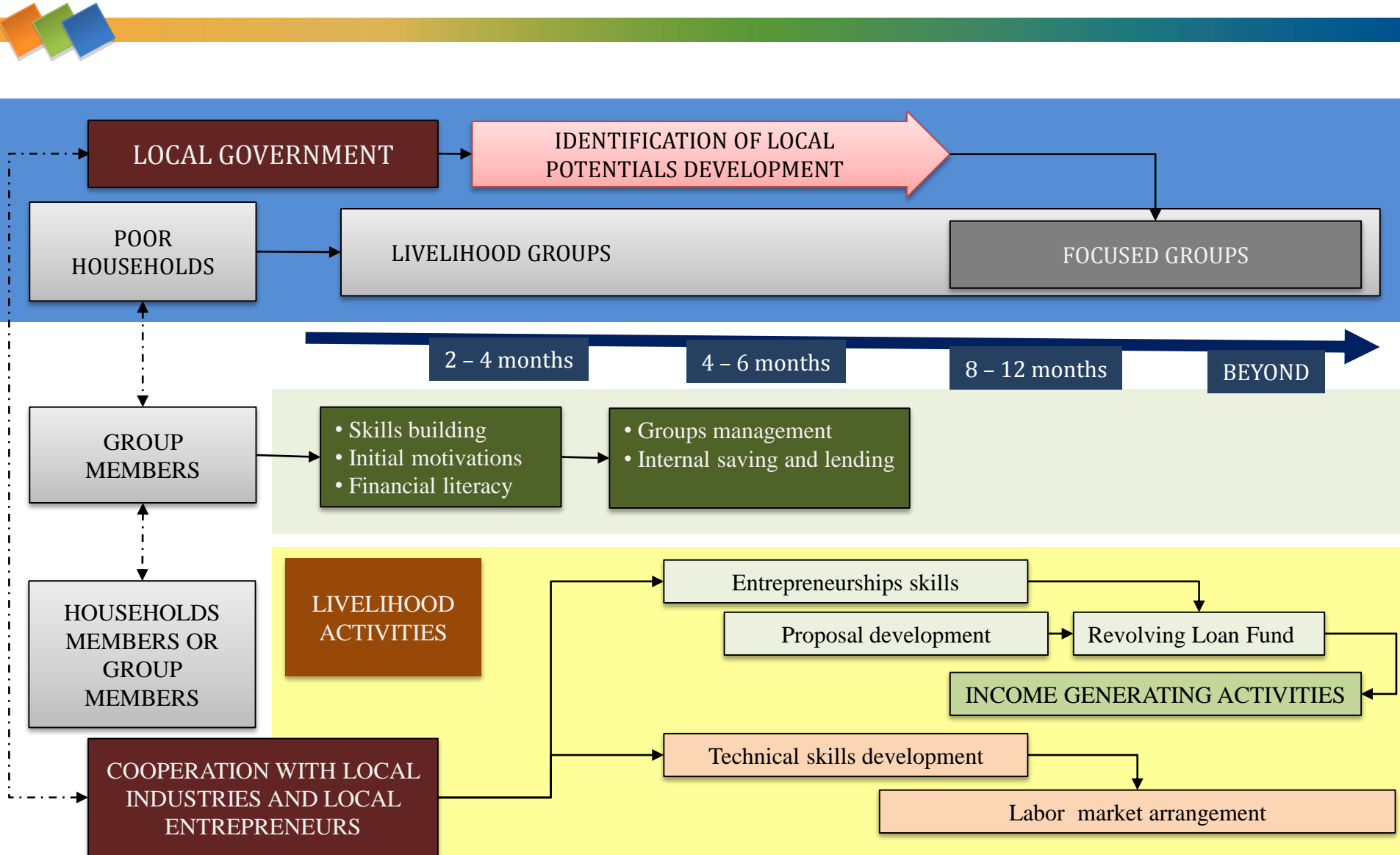
SLA Implementation Encourages Active Role of Local Government, Local Communities, and Local Privates



Main Activities of SLA (PNPM P2B)



Mechanisms of Group Development, Facilitations, and Local Government Involvement



Implementation Strategy on Improving the Accessibility of the Poor to Economic Activities (1/2)



POLICIES	IMPLEMENTATION STRATEGIES
Empowerment and strengthening micro and small enterprises in pro-poor sectors	<ul style="list-style-type: none"> • Improving the quality of business management, • improving the quality of goods and services produced, • Increasing access to markets and access to updates technology, and • Improvement of business certainty through adequate legal protection.
Increasing access to micro-credit financial services, savings, and insurance-	<ul style="list-style-type: none"> • Increasing access to financial services (financial access), • Providing consumer protection (consumer protection) • Improving financial literacy
Improving entrepreneurship for the poor	<ul style="list-style-type: none"> • Establishment of institutions that facilitate the improvement of entrepreneurship qualification and the quality of the workforce. • Empowerment and development of micro and small enterprises in small urban areas.

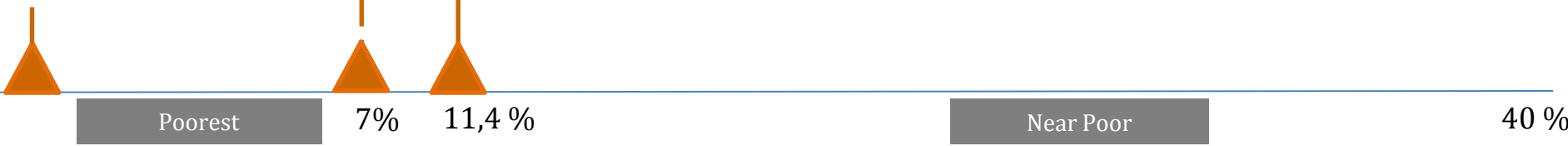
Implementation Strategy on Improving the Accessibility of the Poor to Economic Activities (2/2)



POLICIES	IMPLEMENTATION STRATEGIES
Increasing the productivity of the poor and the profit of agriculture	Development of initiatives that support innovation, adoption of technology, business management and value-added agriculture production
Rural Economy Development	<ul style="list-style-type: none"> • Participatory based resource development • Comprehensive and on-going facilitation of business assistances • Development of sustainable partnerships with all stakeholders, especially the business world.
Development of employment opportunities for the poor	<ul style="list-style-type: none"> • Development of the more sustainable training system • Expanding access to employment information and job placement facility for poor workers and less educated.

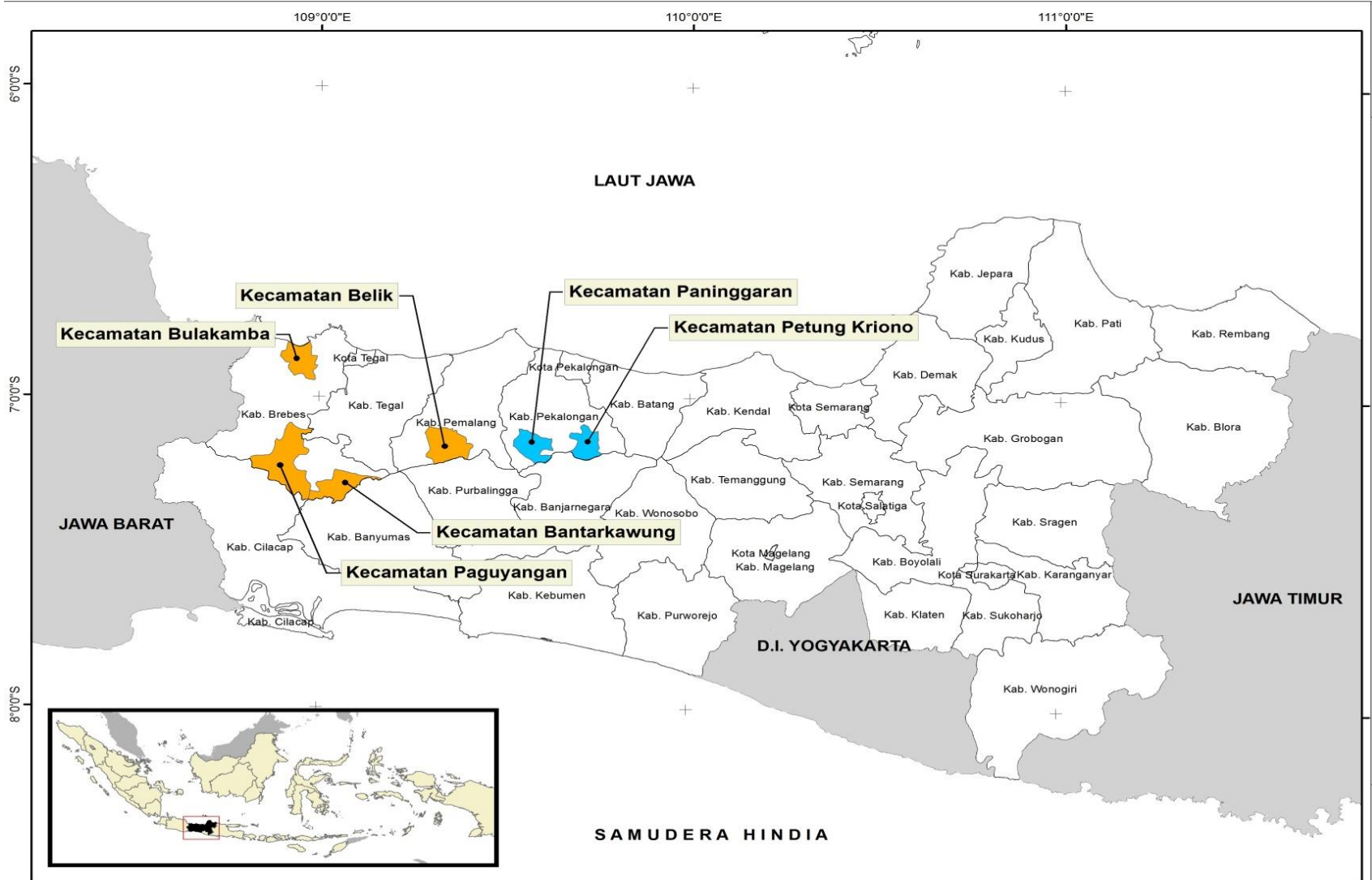


Extreme poverty | *Poverty Line*

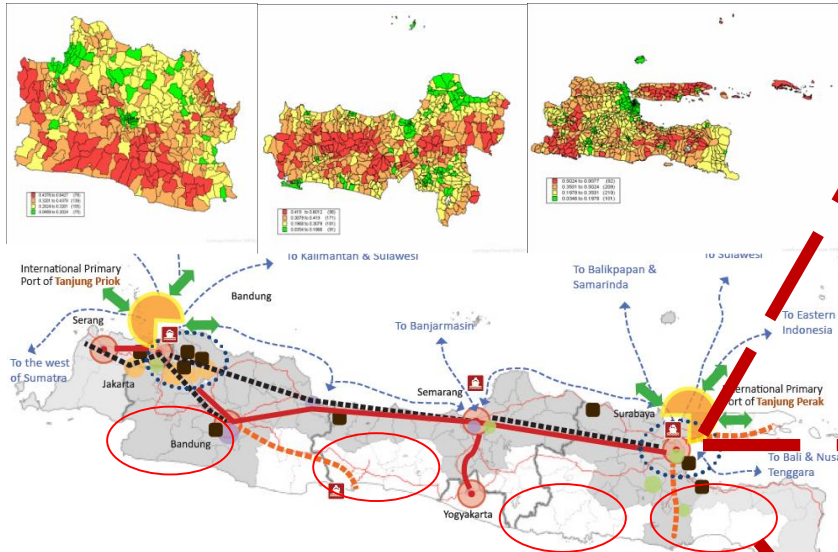


Source: Adapted from Graduation model, CGAP

SLA Pilot Locations



EXAMPLES OF IMPLEMENTATION



Intervention in Growth Centers for Trained Citizens:

- Supporting policy to improve employee-intensive industries
- Improve the partnerships program

Intervention in the Growth Centers for Low-Trained Citizens :

- To building Vocational Schools
- To Improve capacity of human resources by trainings and entrepreneurs (post-school training)
- To facilitate the business initiates

Intervention in the non-Growth Centers :

- Affirmative action by integrated programs in the poverty pockets (including village infrastructures)
- To improve access from growth centers to non-growth centers
- Policy to support workers transition from agriculture to industries
- Policy to support agriclutlure modernisation
- Policy to support land utilization

PROFILES:

1. 17 Millions of the poor (53% of the national poverty and 14 percent of the populations in Java Economic Corridor)
2. The poors are concentrated in the south part of Java
3. 56% of the poors work in agricultures
4. 56% of the poors stay in the rural areas
5. 60% productive age population of 15-55 do not have diplomas



**Kementerian PPN/
Bappenas**

Thank You

