

CAN MULTIDIMENSIONAL POVERTY LINE BE APPLIED IN INDONESIA?

Carunia Mulya Firdausy

National Center for Economics Research
Indonesian Institute of Sciences
(P2E-LIPI)

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OUTLINE OF PRESENTATION

1. SIGNIFICANCE OF THE RESEARCH
2. RESEARCH OBJECTIVES
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4. RESULTS AND DISCUSSION
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SIGNIFICANCE OF THE RESEARCH

- ❑ Critics on Indonesia's poverty line (IPL):
 - Food calorie intake exclude protein intake
 - High food calorie, but low price
 - Exclude perception of the poor
 - Differences of urban and rural condition
 - Top down approach
 - Arbitrary
 - The impact of volatile and rising costs associated with food insecurity
 - Increasing vulnerability to natural disaster, climate change, economic crisis and other shocks

THE DEVELOPMENT OF POVERTY LINE CONCEPT

- World Bank concept on Multidimensional poverty line (Empowerment, capability, opportunity, and Security)
- Sen's concept (1999) includes capability and security dimensions
- See, also Asian Development Bank (2014)

OBJECTIVES OF THE RESEARCH

- to examine whether or not the multidimensional poverty line (MPL) approach can be applied.
- To highlights variables, dimension and indicators of MPL

RESEARCH METHODS

- Review Literature
- Focus group discussion by inviting experts and other relevant stakeholders at the national and regional level
- In-depth interview with the poor and the non-poor and the government official, academicians, NGO and other community institutions
- Five survey location in the Capital city of Jakarta, Bogor (West Java), Semarang (Central Java), Surabaya (East Java) and Padang (West Sumatera).

WHAT
DIMENSIONS, VARIABLES
AND INDICATORS OF MPL
QUESTIONED IN THE
SURVEY ?

Table 1. Variables and Indicators of Empowerment
Dimension

| Dimension | Variables | Indicators |
|-------------|----------------------|--|
| Empowerment | Political Rights | <ul style="list-style-type: none"> • The right to elect and to be elected in the election • The right to give political opinion |
| | Public Service | <ul style="list-style-type: none"> • The right to use public services provided by the central/local governments • The right to obtain jobs |
| | Gender Equality | <ul style="list-style-type: none"> • The right to have an equal gender treatment |
| | Equality Law | <ul style="list-style-type: none"> • The right to have equality of law |
| | Physical Limitations | <ul style="list-style-type: none"> • The right to have assistance when there is a physical limitations |
| | Social relationships | <ul style="list-style-type: none"> • The right to have social communication and networks. |

Table 2. Variables and Indicators of Capability Dimension.

| Dimension | <i>Variables</i> | <i>Indicator</i> |
|--------------|------------------------|--|
| 9 Capability | Adequacy (sufficiency) | <ul style="list-style-type: none"> ● Having food adequacy ● Having clean water for drinking ● Having Clothes ● Having housing ● Owns land ● Having Basic health facility ● Having Food sufficiency for the baby ● Having protection from severe disease ● Having a higher educational level ● Having school for the children ages 7 s / d 15 years |
| | Pride | <ul style="list-style-type: none"> ● Is satisfying condition important or not ? ● Is motivation important or not ? ● Is protection from harassment important or not? |
| | Freedom | <ul style="list-style-type: none"> ● Is the freedom to voice their opinions important or not? ● Is the freedom to choose in politics important or not? ● Is having the same right to choose in politics important or not? ● Is gender equal treatment important or not? ● Is protection of crime important or not? ● Is the equal legal treatment important or not? |

Table 3. Variables and Indicators of Opportunity Dimension

| <i>Dimension</i> | <i>Variables</i> | <i>Indicator</i> |
|-------------------|----------------------------------|--|
| 10 Opportunity | Access Credit | <ul style="list-style-type: none"> • Access to credit • For what purposes the credit is used? (Consumptive or productive) |
| | Employment Opportunity | <ul style="list-style-type: none"> • Access to employment opportunity • Is access to jobs important or not? • Is the availability of jobs important or not? |
| | Access Telecommunication Network | <ul style="list-style-type: none"> • Is the availability of internet important or not? • Is having mobile phone important or not? |
| | Access Business Training | <ul style="list-style-type: none"> • Is access to obtain training in business important or not? • Is distance to the business training important or not? |

Table 4. Variables and Indicators of Security Dimension

| Dimension | Variables | Indicators |
|-----------|--|--|
| Security | Vulnerability Against Financial Crisis | <ul style="list-style-type: none"> ● Is a regular job important or not? ● Is having steady income important or not? ● Is resistance toward financial crisis important or not? |
| | Vulnerability to Disaster | <ul style="list-style-type: none"> ● Is residential location away from prone to disaster important or not? ● Is protection from disaster important or not? |
| | Vulnerability Against Social Conflict | <ul style="list-style-type: none"> ● Is protection from social conflicts important or not? ● Is protection from criminality important or not? |
| | Vulnerability Against Disease | <ul style="list-style-type: none"> ● Is protection from infectious diseases or serious illnesses important or not? ● Is a good environmental condition away from disease important or not? |

RESULTS AND DISCUSSION

- It was argued that the MPL was considered to be the most comprehensive way in formulating poverty alleviation strategy.
- However, to determine which dimension, variables and indicators was argued to be not so simple.
- A capability dimension, for instance, has a close link with the opportunity, empowerment and security dimensions.
- Similarly, security dimension has relationship with empowerment, capability and opportunity dimensions.

- The construction of the MPL should need to accommodate 3 dimensions of capability, opportunity and empowerment.
- But, security dimension was considered as a necessary condition.
- Reason: Security dimension defined in the research instrument was not specifically needed only by the poor, but also the non-poor.
- Security dimension is important only for poverty alleviation policies, but not for the construction of the MPL

Variables and Indicators of Empowerment Dimension

- **4 out of 6 Variables:** *empowerment in public services, gender equality, equality of law and physical limitations.*
- *But not, political rights and social relationship*
- **Indicators:**
 - *the right to use public services*
 - *the right to obtain jobs*
 - *the right to have an equal gender treatment*
 - *the right to have assistance when there is a physical limitations*

Variables and Indicators of Capability Dimension

- **Variables** : Adequacy of basic needs, but not the pride and freedom
- **Indicators:**
food adequacy, clean water for drinking, clothing, housing, land, basic health facility, food sufficiency for the infant, protection from severe diseases, and a higher educational level

Variables and Indicators of Opportunity Dimension

Variables :

- *Access to credits, employment opportunity, access to business training, access to roads, access to electricity and energy supply and access to markets, and education.*
- But for access of telecommunication and sanitation and clean water variables are less important

Drawbacks of MPL

- MPL is difficult to quantify in terms of monetary form
- Difficulties in differing Opportunity and Capability dimensions
- Also, difficulties in differing Empowerment and Capability Dimensions

Notes in the application of MPL

- Need to pay attention on the following aspects:
 - availability
 - accessibility
 - affordability
 - awareness of the poor people to optimize any assistances given by the government

- The poor need also to have a sense of efficacy in using any given facility by the government
- Policies and programs to alleviate poverty need to be differed on the basis of 4L :
 - the last (i.e. the most recent poor),
 - the least poor,
 - the loss (i.e. the most disadvantaged poor)
 - the lowest (the poorest of the poor)

Concluding Remarks

- The application of MPL was comprehensive than the conventional official poverty line in estimating the incidence of poverty in Indonesia
- The MPL can be useful in setting a better anti-poverty policies and programs
- MPL is able to determine the condition and portraits of poor not only to economic variables, but also non economic dimension to maintain a minimum living standards of the poor.

- Out of four dimensions of the MPL, three dimensions were important.
- Three dimensions are empowerment, capability and opportunity.
- Indicators of these dimensions include public facility, adequacy of basic needs, and access to basic needs

- The security dimension is argued unimportant dimension in constructing the MPL
- This dimension is considered necessary only for the purpose of formulating policy and programs to alleviate the incidence of poverty
- Thus, policies and programs to alleviate poverty in Indonesia should not only accommodate empowerment, capability and opportunity dimensions, but it is also security dimension.

- The MPL approach is hard to be quantified in quantitative or money term.
- Therefore, the MPL approach used in the study is still problematic to change the present national poverty line.
- More research remain to be done to improve the MPL in a better shape.

THANK YOU