

CAN MULTIDIMENSION POVERTY LINE BE APPLIED IN INDONESIA?

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ABSTRACT

Rapid economic growth has led to a significant reduction in the incidence of poverty in Indonesia since 1997. However, that significant reduction of the poor has been criticized. It is argued that the poverty reduction using the conventional national poverty line was only true in terms of statistical figure, but not in terms of the requirement to maintain a minimum living standard by the poor. The national poverty line established by the government underestimates several elements that affect poverty. This research paper aims at examining whether or not the multidimensional poverty line (MPL) can be applied in Indonesia. The data were collected using the qualitative survey based on the in-depth interview with the poor and the non-poor and the Focus Group Discussion with the government official, academicians, NGO and other community institutions in five survey location in the Capital city of Jakarta, Bogor (West Java), Semarang (Central Java), Surabaya (East Java) and Padang (West Sumatera). The study found that the MPL can be applied in Indonesia. Of the four dimension of the MPL, it was argued that there were only three dimensions that are absolutely important to be accommodated in the construction of the MPL. These three dimensions were empowerment, capability and opportunity. Of the variables under these three dimensions, it was argued that public facility, adequacy, and all variables in the opportunity dimension were considered important. The security dimension, however, was argued to be unimportant in constructing the MPL in Indonesia. This dimension is considered necessary only for the purpose of formulating policy and strategy to alleviate the incidence of poverty in Indonesia.

Keywords: *Multidimensional poverty line (MPL), empowerment, capability, opportunity, security.*

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INTRODUCTION

Rapid economic growth has led to a significant reduction in the incidence of poverty in Indonesia since 1997. However, that significant reduction of the poor has been criticized. It is argued that the poverty reduction using the conventional national poverty line was only true in terms of statistical figure, but not in terms of the requirement to maintain a minimum living standard by the poor (Asra, 2011). The national poverty line established by the government underestimates several elements that affect poverty. These elements include the updated consumption data specific to Indonesia's poor, the impact of volatile and rising costs associated with food insecurity and the increasing vulnerability to natural disasters, climate change, economic crisis, and other shocks (ADB, 2014). Thus, it is a must for the government to change the present static measure of poverty line approach.

Of the static poverty measures, the subjective or self-rated poverty approach has been often suggested in the literature (Dolan et.al, 2011; Mangahas, 2008; Firdausy, 2012; Kingdon and Knight, 2004). Mangahas (2008), for instance, argued that the subjective poverty line as the world's most rapid and most up-to-date system for statistical monitoring of poverty and hunger in a country at the national level. This approach is not only simple, but it is also easy to be implemented, and quicker as it is developed on the basis of individual perception toward definition of the poor.

The method above has been applied in the developed countries (Goedhart, et.al, 1977) as well as in the developing countries (Mangahas, 2008; Gustafsson dan Yue 2006). In the Philippines, for instance, this method has been used by the Social Weather Station (SWS) since 1983 to complement the poverty data collected by National Statistical Coordination Board, Phillipines (Mangahas, 2008). In China it is argued that the used of this method has not been much different to the estimate of the poor using the World Bank's poverty line (Gustafsson dan Yue 2006).

However, the application of this method in Indonesia has not been problems free. Firdausy (2013) based on their recent research conducted in 2012 on 360 respondents (both the poor and the non-poor) at three locations, namely in rural Bantul, Yogyakarta province, Gowa, South Sulawesi province and in urban Palembang, South Sumatra

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province, found that this approach was sensitive to differences in socio-economic characteristics of respondents surveyed. In other words, the poverty line stated by the respondents varies depending on education level, gender, type of work and the income level. Poor respondents, for instance, tend to emphasize the absolute necessity of food intake, while the non-poor tend to emphasize both the needs of food and non-food intake in the measurement of the incidence of poverty. Due to this reason, the subjective poverty line cannot be recommended as the official poverty line in Indonesia.

In recent years there has been suggestion advanced in the literature to use a multidimensional poverty line (MPL) (Sen, 1999; Lustig and Stern, 2000; Clark, 2005; Alsop and Heinsohn, 2005; Van Praag and Carbonel, 2006; Alkire, 2011; Alkire and Santos, 2010; UNDP, 2004) to estimate the incidence of poverty. This approach includes capability dimension as proposed by Sen (1999), and the dimensions of opportunity, empowerment and security as developed by the World Bank (see the World Development Report, 2000). As this approach has not yet been studied in Indonesia, this paper aims at discussing the research findings undertaken in 2014 to examine whether or not the multidimensional poverty line (MPL) approach can be applied in Indonesia.

RESEARCH METHOD

The method used to collect the data and information is by undertaking a qualitative survey. The instruments used are the in-depth interviews and the Focus Group Discussion (FGD). The in-depth interviews were conducted with 30 poor and non-poor respondents. While the FGD was conducted with resource persons from the government offices, academicians in universities (sociologists, anthropologists and economists), NGOs and other community organizations. The survey was undertaken in five locations. These five locations were in Semarang, Central Java province, Surabaya, East Java province, Padang, West Sumatra province, the capital city of Jakarta and the city of Bogor, West Java province. These five locations were selected as these places were assumed able to represent Indonesia as a whole.

The survey materials questioned in the in-depth and the FGD covered four dimensions. These four dimensions consisted of dimensions of empowerment, capability,

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opportunity and security. In each dimension, variables and indicators were addressed in the in-depth interviews as well as in the FGD. In empowerment dimension, for example, variables questioned in the in-depth interview and the FGD were political empowerment, empowerment to utilize public services, the empowerment of gender issues, legal empowerment, physical empowerment, and empowerment in social relationships (Table 1).

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.

Source: World Development Report, 2000.

In contrast to empowerment dimension above, capability dimension has only three variables, namely sufficiency (adequacy), dignity (pride) and freedom. However, it should be noted here that not all of these variables and indicators under capability dimension suggested by Sen (1999) were adopted as the instruments in the in-depth interview and the FGD. This is particularly for the variable of adequacy (sufficiency) in that the indicators questioned were adjusted in the context of poor in Indonesia. While for the indicators of variables related with dignity and freedom, they were entirely drawn from the concept defined by Sen (1999). Detail Variables and indicators of Capability dimension were given in Table 2.

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Table 2. Variables and indicators of Capability Dimension

Dimension	Variables	Indicator
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?

Source: Sen, 1999.

The same was done for opportunity dimension. In this case almost all indicators of the seven variables in the opportunity dimension were taken from the World Development Report 2000. Detail of the variables and indicators under the opportunity dimension were shown at Table 3.

Table 3. Variables and indicators of Opportunity Dimension

<i>Dimension</i>	<i>Variables</i>	<i>Indicator</i>
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?
	Access Roads	<ul style="list-style-type: none"> • Is access to business center, schools, hospitals, and other social facilities important or not? • Is distance from home to markets, schools, hospitals, and other social facilities important or not ? • Is easy access to the road important or not? • Is the availability of transportation facilities / public transport from home to a business center, schools, hospitals, and other social facilities important or not?
	Access Electricity / Energy	<ul style="list-style-type: none"> • Is access to electricity important or not? • Is access to purchase of fuel such as oil, gas, etc important or not?
	Market Access, Education, Health, Water and Sanitation	<ul style="list-style-type: none"> • Is the availability of market important or not? • Is the availability of buyers important or not? • Is the availability of school or other educational institution? • Is easy access to schooling important or not? • Is the availability of health centers, hospitals, or other health care facilities important or not? • Is access to hospital treatment important or not? • Is the availability to water supply and sanitation systems important or not? • Is easy access to utilize the facilities of sanitation and clean water important or not?

Source: World Development Report, 2000.

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In terms of security dimension, all variables and indicators were taken from the World Development Report 2000. Details of variables and indicators of security dimension were given at Table 4.

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?

Source: World Development Report, 2000.

RESULTS AND DISCUSSION

The results from the in-depth interviews and the FGD confirmed that the MPL was considered to be the most comprehensive way in formulating poverty alleviation strategy. However, to determine which dimension, variables and indicators that should come first or should be given a higher ranking in poverty line was argued to be not so simple. The reason is due to the fact that the four dimensions above are not only complementary, but also have a relation to one another. 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. This indicates that the four dimensions in general have the same

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level of importance to be accommodated in policy making decision to alleviate the long standing problem of poverty in Indonesia. This finding is consistent with the statement of the World Bank in the World Development Report 2000 as follows.

" There is no hierarchy of importance. The elements are deeply complementary. Each part of the strategy affects the underlying causes of poverty addressed by the others. "

However, in terms of the construction of the MPL, it is argued that there are three dimensions that absolutely need to be accommodated. These three dimensions were capability, opportunity and empowerment, while security dimension was considered as a necessary condition. These views seem to be understood. This is because variables and indicators under security dimension defined in the research instrument (see Table 4) were not specifically needed only by the poor, but also the non-poor. Thus, the security dimension is important only for the sake of poverty alleviation policies, but not for the construction of the MPL.

In terms of the detail variables in each dimension, it was found that all of the six variables under empowerment dimension were important to be considered in the construction of the MPL. However, of these six variables, there were four variables that absolutely important to be accommodated in the MPL. These four variables were empowerment in public services, gender equality, equality of law and physical limitations. The indicators of these four variables include the right to use public services provided by the central/local governments, the right to obtain jobs, the right to have an equal gender treatment, and the right to have assistance when there is a physical limitations (Table 1).

In terms of variable in the capability dimension, the study found that adequacy variable was considered important for the purpose of the MPL's construction, while the pride and freedom variables were found to be unimportant. The indicators in the group of adequacy variable were the capability to have 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 (Table 2).

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Of the variables under the opportunity dimension, it is argued that all variables were important for MPL construction. These variables were access to credits, employment opportunity, access to telecommunication, access to business training, access to roads, access to electricity and energy supply and access to markets, education, health, sanitation and clean water. Note that the access of telecommunication and sanitation and clean water variables have been considered less important for the construction of MPL in Indonesia. For further details indicator of these variables were exhibited at Table 3.

Therefore, it can be concluded that the MPL can be applied in Indonesia. Of the four dimension of the MPL, it was argued that there were only three dimensions that are absolutely important to be accommodated in the construction of the MPL. These three dimensions were empowerment, capability and opportunity. Furthermore, of the variables under these three dimensions, it was found that public facility, adequacy, and all variables in the opportunity dimension were considered important. This suggests that the construction of MPL should not exclude these variables.

The security dimension, however, was argued to be unimportant dimension in constructing the MPL in Indonesia. This dimension is considered necessary only for the purpose of formulating policy and strategy to alleviate the incidence of poverty in Indonesia. In other words, policies and strategy to alleviate poverty in Indonesia should not only accommodate empowerment, capability and opportunity dimensions, but it should also accommodate security dimension.

However, the MPL approach was argued to have the following drawbacks. First, it is difficult to quantify all the three dimensions in terms of the rupiah or dollars (monetary form). This is simply because the dimensions under investigation are in the form of qualitative variables and indicators. Second, there were difficulties in defining the difference of the words opportunity and accessibility. Also, there were difficulties to differ clearly between the words empowerment and capability. While these might be problems, the application of the MPL is more realistic than the conventional official poverty line as it covered not only economic variables, but also the non-economic variables.

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In terms of the application of MPL toward the poverty alleviation policy, the following notes need to be given attention. First, there is a need to pay attention not only on the aspect of availability, but attention should also be given to the aspect of accessibility, affordability as well as the aspect of awareness of the poor people to optimize any assistances given by the government. Second, the poor need also to have a sense of efficacy in using any given facility by the government. Third, policies and programs to alleviate poverty need to be differed on the basis of 4L categories, namely the last (i.e. the most recent poor), the least poor, the loss (i.e. the most disadvantaged poor), and the lowest (the poorest of the poor).

In summing up: the application of the MPL is more reliable in estimating the incidence of the poverty in Indonesia. This approach is adequate and it does not underestimate many dimensions that affect poverty in Indonesia. The application of MPL is also useful in deriving policies and programs to alleviate the incidence of poverty in Indonesia in comparison with the present expenditure of national poverty line.

CONCLUDING REMARKS

The application of MPL can be argued to be more 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. Also, it is able to determine the condition and portraits of poor people who are not only limited to economic variables, but most importantly can also find other dimensions beyond the economic dimension to maintain a minimum living standards of the poor.

Of the four dimension of the MPL, the study found that there were only three dimensions that are absolutely important to be accommodated in the construction of the MPL. These three dimensions were empowerment, capability and opportunity. Of the variables under these three dimensions, it was found that public facility, adequacy, and all variables in the opportunity dimension were considered important. This suggests that the construction of MPL in Indonesia should not exclude these variables.

The security dimension, however, was argued to be unimportant dimension in constructing the MPL in Indonesia. This dimension is considered necessary only for the purpose of formulating policy and programs to alleviate the incidence of poverty in

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Indonesia. In other words, policies and programs to alleviate poverty in Indonesia should not only accommodate empowerment, capability and opportunity dimensions, but it is also security dimension.

However, the MPL approach under this study is hard to be quantified in quantitative or money term. This is because the dimensions, variables and indicators under investigation are not in quantitative terms. Therefore, the MPL approach used in the study is still problematic to change the present national poverty line. For that reason, much remain to be done to improve the MPL in a better shape.

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