

SEADI-13-R125

MEMORANDUM

DATE	: July 15, 2013
TO	: Timothy S. Buehrer
FROM	: Moekti P. Soejachmoen
CC	:
SUBJECT	: Reporting on the Outcome of the Academic Conference on Poverty Alleviation in Indonesia Grand Indonesia Kempinski, 12 – 13 June 2013

Introduction

Poverty in Indonesia is a persistent and dynamic problem. As the Indonesian economy has grown, the poverty-headcount has declined, but at a declining rate. The policy failures and successes of the last 25 years have provided researchers and practitioners with ample evidence and data to help shape future programs. The 2013 Poverty Alleviation Academic Conference, held at the Hotel Grand Indonesia Kempinski in Jakarta on June 12th and 13th, was organized by TNP2K and SEADI to bring together academics, experts, and government officials to gather and exchange information on the latest international and local poverty issues.

The Conference was prefaced by a pre-event dinner for presenters, where the World Bank's Ndiame Diop spoke on changes in Indonesia. Dr. Diop noted that Indonesia's challenges are common across the developing world, but its policy responses and political situation are unique. "No country has decentralized at the rate Indonesia has, and remained so stable, with such constant growth," Dr. Diop said. The rigor of the Conference presentations spoke to the gravitas of the challenges Indonesia faces, and an understanding of appropriate policy tools.

Over 200 attendees, speakers, and members of the press attended the 2013 Poverty Alleviation Academic Conference. Dr. Andrew Sisson, USAID Indonesia Mission Director, and Professor Armida Alisjahbana, Minister of National Development Planning, opened the event with speeches that highlighted the progress Indonesia has made in poverty alleviation and in applying economic analysis to identify appropriate policies to promote poverty reduction.

Dr. Bambang Widianto, Executive Secretary of TNP2K, and Professor James Haughton, of Suffolk University, delivered speeches during the first Plenary Session that highlighted the complexity of poverty in a growing economy, noted the mixed success of transfers and in-kind programs, and suggested areas for future reform. The dynamic nature of poverty in Indonesia underscored in this session set the tone for the overall conference.



Prof. Armida Alisjahbana, Minister of National Development Planning



From left to right, Dr. Sudarno Sumarto, Prof. Jonathan Haughton, Dr. Bambang Widianto

Each day of the Conference was divided into two parallel sessions, with three parallel panels in each session (A, B, and C). Each parallel panel featured the original research of 33 presenters, drawn from over 80 submissions. The panel sessions covered a range of topics, including decentralization, infrastructure, education, health, and migration.

All papers, presentations and abstracts are available at

<http://www.seadiproject.com/post/poverty-alleviation---academic-conference-2013>.

A collection of 10-15 Conference papers will be published by TNP2K to highlight the research of the presenters and provide an overview of the current status of poverty research in Indonesia.

This report will provide a brief summary of the Conference sessions, and follow this with lessons learned, recommendations for future events, and suggestions for future Poverty Alleviation Academic Conferences.

Conference Sessions

Below is a brief summary of each parallel session with the session themes noted in parentheses:

Parallel 1A (Decentralization): Julius Ary Mollet, of Cendrawasih University, spoke about how decentralization has affected poverty reduction efforts in Papua, with a special focus on the RESPEK program. Azrial Luthfi, of the International Centre for Aceh and Indian Ocean Studies, followed with a presentation that focused on decentralization in Aceh province, and the relationship between oil exploitation and social welfare.

Parallel 1B (Infrastructure): Riandy Laksono, from the Economic Research Institute for ASEAN and East Asia, analyzed the role of infrastructure in stimulating non-farm economic activity and the subsequent poverty reduction effects using probit and tobit models. Maxensius Tri Pambodo, from LIPI, examined access to electricity among the poor and used SUSENAS data to investigate possible public policy responses, and their effects, to this problem.

Parallel 1C (Government and Community Initiatives): PhD candidate at Australian National University, Andrey Damaledo explored the dimensions of poverty in East Nusa Tenggara (NTT), the "land of a thousand donors," and found that there was a general lack of coordination

between donors and participants. Harjoni Desky of Bappeda North Aceh presented an analysis of the Poverty Reduction Policy in the region, and called for more cross-sector cooperation. Ratna Fitriani of YSIK presented novel research on a sub-set of the poor population that is rarely mentioned: the transgender poor. Her presentation noted community work taking place in Jakarta to help and empower this underrepresented group.

Parallel Session 2A (Agriculture): Gustav F. Mamangkey, of Sam Ratulangi University, presented a detailed account of the history and challenges facing the Indonesia pearl industry, and the small-scale farmers trying to get a foot-hold in the farming business. Jayadi, from Bappenas, used macro-level research to show how monetary policy affects farmer welfare, and suggested that there is a significant correlation between the two. Rita Kathir, Syah Kuala University, closed this session with a presentation on cocoa production in Aceh province, and reported that not only is technical assistance required to help increase productivity, but poor people also require improved and increased services, in the form of roads, schools, and health centers.

Parallel 2B (Industry and FDI): Arief Anshory Yusuf of the Centre for Economics Development Studies (CEDs) presented research on “jobless growth” experienced in the Indonesian manufacturing sector in the post-Asian Financial Crisis period of 1999-2008, and noted that increases in income over this timeframe mostly benefitted the urban non-poor. R. Muhammad Purnagunawan, also from CEDs, used data from 1989 through 2012 to describe the characteristics of the working poor in Indonesia, and explained how employment is not always a direct path out of poverty. Eko Rahmadian, from BPS Jambi, presented research on foreign direct investment (FDI), and posited that it makes sense to compare cities, not nations, in the global competition to attract capital.

Parallel 2C (Migration): Jendral Sudirman University’s Tyas Retno Wulan presented on female migrant workers and the ways NGOs in West and Central Java have worked with them and their families to promote money management and entrepreneurship. Dini Ririn Andrias closed this session with study on food insecurity that used data from Riskesdas, and found that in East Java international migration did not significantly improve household welfare and food security.

Parallel 3A (Health): Pungkas Bahjuri Ali, a PhD student at Australia National University, examined healthcare inequality, and found that people with low incomes tend to use lower quality healthcare. Nur Afni Panjaitan, from CEDs, used a logit model and 2007 IDHS data to explore the effect of women’s participation in decision-making on utilization of antenatal care services. Juniarti, Lhokseumawe, presented results from a study of Health Insurance Aceh, and found that it does not have a significant effect on maintaining the health of the poor in Aceh, mostly due to the lack of a supportive regulatory environment for the insurance scheme.

Parallel 3B (Education): Australian National University PhD candidate, Suharti, presented research showing that low-income students are more likely to drop-out or not continue on to higher levels of education. Mohammad Fahmi of CEDs presented similar findings, but compared two social programs, a Conditional Cash Transfer and a Private Tutoring Voucher, and found that tutoring was best suited to the needs of the poor. Gek Sintha Mas Jasmin, of UGM, presented a benefit incidence analysis to identify groups receiving public benefits, and found that overall

spending on education in 2009 was regressive.

Parallel 3C (Finance): UIN's Muhammad Nadrattuzaman Hosen presented an analysis of Bank Syariah Mandiri (BSM), the regulation of KUR, and transaction costs for credit programs. Kartika Sari Juniwati, a PhD candidate at the Norwegian School of Economics, used data from the Indonesian Micro and Small Industries Survey to measure the impact of small loans, and found that loans, on average, increase production value. Irfan Syauqi Beik, of Bogor Agricultural University (IPB), examined the role of zakat in poverty alleviation.

Parallel 4A (Short-term programs): Bahtiar Rifai, of the Indonesia Institute of Sciences (LIPI) Jakarta, presented his work on the microcredit program, KUR, and found that it was able to generate savings, but did not significantly alleviate poverty. Göttingen University PhD candidate, Syamsul Hidayat Pasaribu, calculated the most effective amounts of cash transfer for different poverty groups, and noted that one-size-fits-all transfers are limited in their effectiveness.



Health Session, from left to right: Pungkas Bahjuri Ali, Nur Afni Panjaitan, Juniarti and Jayadi



Plenary Session 2, from left to left: Henry C. Widjaja, Noni Purnomo, Hikmat Hardono, Tri Rishmaharini and Moekti P. Soejachmoen

Parallel 4B (Long-term programs): Vita Febriany, of SMERU, presented a desk-study comparison of conditional and unconditional cash transfer programs in Indonesia, and noted that conditional programs were better for the poor and more politically palatable. Richard Stanford, a PhD candidate at Andalas University, provided a case study on welfare programs that target fishing communities in West Sumatra, and found substantial gaps between capacity, inputs, and outcomes. Yusniar Juliana Nababan, of IPB, examined the disconnection between forest exploitation, which has brought in large amounts of money to East Kalimantan, and the large presence of poverty in the region.

Parallel 4C (Targeting and Community Initiatives): SMERU's Asep Suryahadi used SUSENAS panel data from 2008-2012 to study the accuracy of poverty program targeting, and found that there were large inclusion and exclusion errors. Ni Kadek Suardani, of BPS Jambi, presented research on vulnerability and estimated the probability of individuals falling into or out of poverty using 2009 SUSENAS panel data and Podes data from 2008. Een Novritha Walewangko, of Sam Ratulangi University, presented research based on 2000-2007 IFLS data that found the existence of multi-dimension poverty traps in rural areas.

Parallel 5A (Corporate Social Responsibility): Lukas Wibowo, from the Ministry of Forestry Research Institute, presented research on community-company arrangements in rural areas,

and found that local people are typically powerless in negotiations. Pradhika Yunik Nurhayati, of UGM, explored community-based development programs in East Java as a means to alleviate poverty in mining areas. Bahtiar Rifai, of LIPI, showed how recipients of KUR were able to generate savings, but that microloans alone did not reduce poverty.

Parallel 5B (Local Government Action Plan): Zainal Abidin, of Kabupaten Merangin, Merliaty, of Kabupaten Sumba Timur, and Andi Besse Bahari, of Kabupaten Sidenreng Rappang, presented local action plans for poverty alleviation in each of their home provinces.

The conference closed with a Plenary Session featuring established practitioners, each of whom gave a brief presentation on their current work. The session was moderated by Dr. Moekti P. Soejachmoen, of SEADI, and featured Hikmat Hardono, from Indonesia Mengajar, Ir. Tri Rishmaharani, M.T., Mayor of Surabaya, Noni Purnomo, VP of Business Development for Blue Bird Taxi, and Mr. Henry C. Widjaja, of Yayasan Dharma Bhakti Astra. Each relayed difference experiences that underlined the general theme of the conference: poverty is a complex problem that requires creative thinking and a willingness to go against the dogma of economic efficiency in order to adapt to local conditions.

Lessons Learned

From the papers presented during the conferences, some lessons learned are:

1. Development of good infrastructure, not only physical but also in service and institutions, are important to alleviate the poverty since there is a negative relationship between quality of infrastructure and poverty rate.
2. Coordination among poverty programs needs to be improved since some case studies show the ineffectiveness of these programs are caused by lack of coordination.
3. Jobless growth which happened in the last several years benefited urban non poor compared to other groups (rural poor and non-poor and urban poor).
4. Although poor people are employed but it does not mean that they are out of poverty because the quality of job is low
5. Migrant workers should be equipped with good money management and entrepreneurship to be able enjoy their income longer and help their families out of poverty
6. In recent years, health and education access are biased towards non-poor group despite the increase of state budget for these two sectors. Poor people tends to use lower quality health services and low income students tend to drop out more
7. Evaluation of the government's poverty alleviation programs, both short term and long term programs, shows that there are still large inclusion and exclusion errors, conditional programs are better than unconditional programs, and one-size-fits-all transfers are limited in their effectiveness.
8. Not all CSR programs are successful, because local people are usually powerless in negotiation so they cannot receive the full benefit of the programs.

Recommendation for future work

1. Many participants especially the young researchers hope that an event like this can be held regularly to enable them to present their work and get input from others.
2. More involvement from government officials to share their real actions and best practices for poverty alleviation
3. It is important to have more involvement from local universities and research institutes, possibly by collaborating to organize similar events in the regions that could act as feeder events for a national conference
4. Broader publication and media sharing prior, during and post the event to get more attention and participation from stakeholders