

# POVERTY AND SOCIAL DEVELOPMENT IN INDONESIA

Muhamad Fadhil Nurdin, Ali Maksum, Indri Indarwati

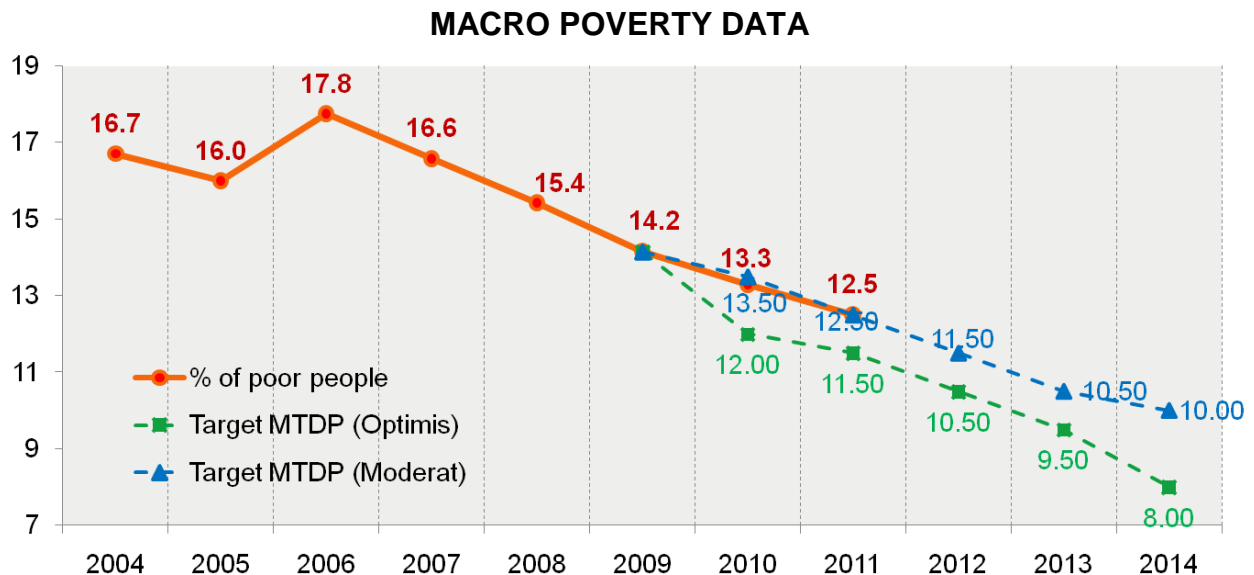
## **Abstract**

*This paper explains the wider concepts of poverty and the role of social development in Indonesia. Poverty reduction in Indonesia is still a top priority as part of the holistic programme in poverty eradication efforts. Nevertheless, poverty at the same time connotes social exclusion and a deprivation of the basic human rights in getting a decent life. This marginalized population is often excluded from the mainstream society. The Indonesian government regards social development as dependent on the development of the whole person. This paper focuses on the poverty dynamics and the significant social changes in the process of development of the nation. However, social development programme by itself is comprehensive has changed the poverty alleviation policies from a macro top-down approach to a community or household participatory approach. The existence of the current social development with effective social capital and enforcement of human rights and social security are expected to improve the social justice and social welfare of the people in Indonesia.*

*Keywords: Social development, poverty, social welfare, human right, Indonesia*

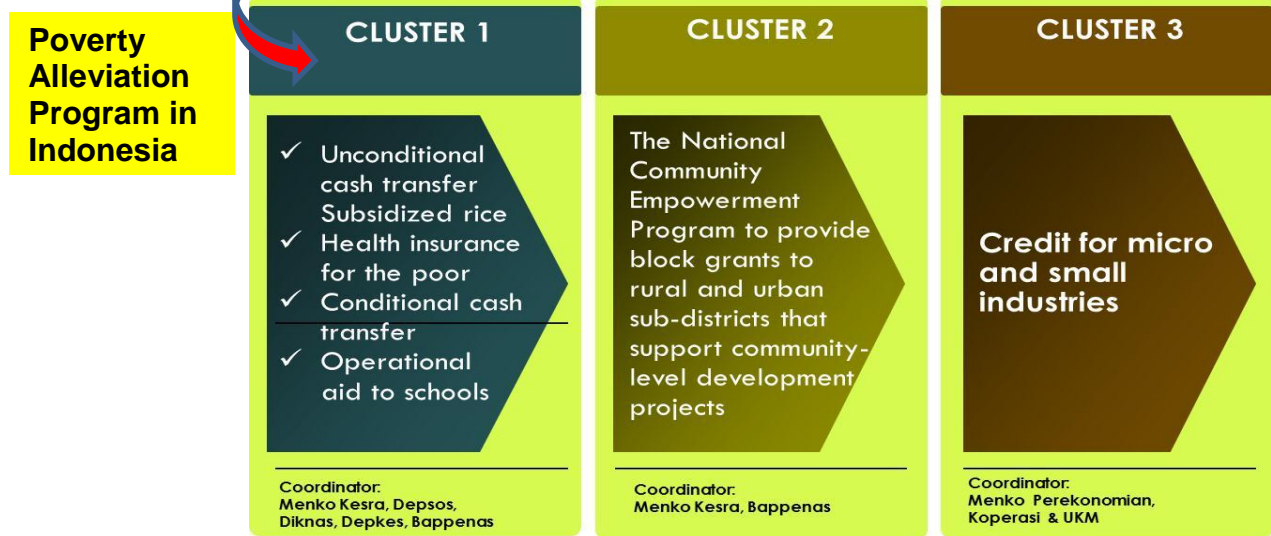
## **BACKGROUND**

Poverty in Indonesia is recognized internationally, and has been an area much researched by policy makers, international donors and scholars. Most of the poverty research in Indonesia, it is generally acknowledged that poverty is a dynamic phenomenon since the poor is a human being that is growing and changing over time. On the other hand, social development programme by the government of Indonesia itself has changed the poverty alleviation policies from a macro top-down approach into a community or household participatory approach (Villanger and Enes (2004).



## MICRO POVERTY DATA

Targetting Household (HH)	2005 (PSE 05)		2008 (PPLS 2008)	
	000 HH	%	000 HH	%
Very Poor	3.894,3	20,4	2.989,9	17,1
Poor	8.237,0	43,1	6.828,8	39,1
NEAR POOR	6.969,6	36,5	7.665,3	43,8
<b>TOTAL</b>	<b>19.100,9</b>	<b>100,0</b>	<b>17.484,0</b>	<b>100,0</b>



### PROBLEMS:

- Poverty disparities across region
- 63% of the poor live in rural area
- 58% of the poor work in agriculture
- Many households are clustered around poverty line

### Source of Data:

National Socioeconomic Survey (Susenas), conducted every March, number of sampel 68,000 HH  
Kecuk Suhariyanto, Director Of Statistical Analysis And Development, Bps-Statistics Indonesia 2011

In the last 10 years, the government has innovated and implemented several policies to alleviate chronic poverty such as educational subsidy (*Bantuan Operasional Sekolah*), scholarships, conditional cash transfers, community empowerment programmes (*Program Nasional Pemberdayaan Masyarakat*), credits for small-medium enterprises (microfinance) and infrastructure development projects (*Program Pengembangan Kecamatan*). In addition, Government also provides social safety nets to protect the poor from some external shocks through distributing subsidized rice (RASKIN), cash transfers (*Bantuan Langsung Tunai*) and health insurance targeted to the poor (ASKESKIN). Those policies are deliberated to cope with transient poverty. Sparrow, Suryahadi and Widyanti (2010) using the Susenas panel 2005 and 2006 showed that health insurance targeted to the poor (ASKESKIN) improves access to healthcare in that it increases utilization of outpatient healthcare among the poor. Thus, this policy would potentially protect households falling into the transitory poor category due to health shocks.

Development strategy in Indonesia is pro-growth, pro-job and pro-poor, However, the effectiveness of these policies in alleviating poverty is still **questionable**. Evaluating the impact of poverty alleviation policies in the static term or short period can be difficult since for some policies there is a lag between policy implementation and the results of the policy emerging. Further, it is generally acknowledged that the impact of human capital investment such as education and health on household welfare cannot be investigated immediately.

## **POVERTY DYNAMIC AND ITS IMPLICATION**

### **Poverty, Social Exclusion and Human Right ?**

Poverty is a contested concept; at a basic level it is about income (economic). The meanings of poverty has a strong link to a broader level (*social exclusion* and *human right*) is linked to security, autonomy, self esteem and well being. (De Haan and Maxwell, 1998). The concept of absolute poverty expressed only in terms of the minimum needs was considered inappropriate. It is argued that even the needs of food vary from one group to another and it is linked to the context in which one lives (Townsend, 2008). It is shown that the wider definitions of poverty and exclusion overlap with each other. De Haan and Maxwell (1998) raise issue for the need for two concepts. "So then why do we need the concept of social exclusion? Our existing concepts of poverty are broad enough to encompass the multi-dimensional concerns of the social exclusion school: and our explanations of poverty certainly cover much of the same territory" In answering the query raised, three key issues are identified. *Firstly* the exclusion offers a framework which includes the institutional processes causing deprivation. *Secondly* the exclusion embodies the issues of social justice which would

be a useful tool to investigate the issues connected to the poverty in developed world. *Finally* it would help to open up grounds for a new dialogue, as exclusion will provide opportunities to discuss the comparisons, convergence and connections.

Poverty has traditionally been defined as low income. Amartya Sen, has pushed for an understanding of poverty that moves away from an income-based measure towards a broader conception of human development ( Vizard, 2006). However, poor people generally see poverty through its different manifestations of deprivation: “*hunger, undernutrition, illiteracy, lack of access to basic health services, social discrimination, physical insecurity and social and political exclusion*”. They are also acutely aware of their lack of voice and power that leaves them open to exploitation and humiliation. Poverty means “*deficiency in necessary properties or desirable qualities*” and it is thus not limited to being in a state of need or lack of means of subsistence (*situations which determine the extent of financial need of a person / group*). Being impoverished is more than lacking financial means. It is inadequacy, destitution and deprivation of economic, political, and social and human resources. In broader perspective shows that poverty is multidimensional.

Since the poverty incidence can change over time, it is important to conduct the dynamic analysis to distinguish between poverty, social exclusion, human right problems and also to evaluate the effectiveness of government policies on changing poverty status in Indonesia. There has been very little analysis in poverty dynamics in Indonesia, i.e. investigating the welfare movements of a set of households over time; most studies analyse changes in the poverty incidence, depth and severity of poverty at a point in time. Dercon and Shapiro (2007) surveyed that the impact of risks and shocks on poverty mobility has received relatively limited attentions in the literature of poverty dynamics. Hence, analysis of poverty dynamics provides intuitions into the effects of socio-economic and anti-poverty policies and can help policy makers identify policies that effectively help households escape poverty.

### **Is Poverty A Human Rights Violation ?**

Poverty is an assault on human dignity, but it can also reflect a violation of human rights when it is the direct consequence of government policy or is caused by the failure of governments to act. A human rights approach to poverty calls for a paradigm shift in how we understand and address poverty. Poverty is a cause and consequence of human rights violations, while others contend that “*Poverty is itself a violation of Human Rights*”. These arguments, which are not necessarily mutually exclusive, suggest that violations of human rights can be cause, consequence or constitutive element of poverty (CESR Human Rights Insights (2008) :

- **Cause:** This suggests that poverty causes human rights violations – those living in extreme poverty are not treated as human beings worthy of human rights, and are discriminated against, often exploited, marginalized and stigmatized, and denied access to rights and resources on the basis of their poverty.
- **Consequence:** This suggests that poverty is a consequence of human rights violations or in other words, that human rights violations cause poverty. Violations of human rights e.g. forced eviction from homes or land, or the destruction or denial of access to productive resources can clearly cause poverty.
- **Constitutive:** This argument suggests that poverty, especially extreme poverty, is in itself a negation of human dignity and therefore a denial of human rights. Under this view, it is unacceptable to let any human being live in conditions of degrading deprivation, as neither their physical well-being nor their human dignity is protected.

However, these approaches has important practical implications for the way in which public policies and programmes are designed to address human rights within the context of poverty reduction strategies. These approaches is the growing understanding that “It is the poorest people in society - those with low incomes, education, insecure health, and political power - who are most vulnerable to severe abuses of their human rights.” Whether poverty itself is a violation of human rights depends on how we define ‘human rights’ and ‘poverty’; then the relationship with poverty will be framed in a very different way than if human rights are understood to include the full range of rights, including economic and social rights. Similarly, when the definition of poverty is broadened to include the deprivation of capabilities, then its relationship with the negation of human rights, especially economic and social rights, becomes clearer. Many have argued that it is simplistic to suggest that all people living in poverty have suffered from a human rights violation. This would be problematic because it again simply conflates poverty and human rights, treating them as one and the same thing.

## **SOCIAL DEVELOPMENT FOR SOCIAL JUSTICE ?**

### **Urgency of Social Policy Approach**

Social policy is especially pertinent, indeed critical, for achievement of the social development. Kohler & Keane (2006) mention that if it addresses these multiple roles, social policy can be considered transformative. Transformative social policy aims to enable all people to equally access their fundamental entitlements, secure and sustain a decent quality of life, and realise their full potential. It addresses the root causes and multidimensionality of poverty, inequality, and social exclusion. Transformative social policy is based on the human right principles of universalism, equality and non-discrimination, inter-dependence and interrelatedness, accountability and the rule of law, participation and inclusion, and indivisibility. A human right base approach to social policy strengthens the capacities of rights-holders to claim their entitlement and duty bearers to fulfil their obligations, and is therefore empowering (Makmur Sunusi, 2012).

Social capital is a urgent component in social development. Putnam (2008) defines social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. Grootaert and Narayan (2000) define social capital as formal and informal institutions of society, where norms, networks and social interaction enable people to synchronize action and achieve preferred goals. While Putnam’s analysis mainly focuses on ‘horizontal’ organizations, in which members relate to each other on an equal basis, Coleman (1988) suggests that it should also include ‘vertical’ organizations, in which the relationships are hierarchical and power is distributed unequally among members.

Social development have some goals to social justice and social welfare. Deacon (2006) argues that altruism can contribute to social justice and social welfare in a country by the way: reduce social inequalities - which is a prerequisite to the formation of a common culture and also to the formation of a harmonious social relations and prosperous in the country. DuBois and Miley (2005) define social welfare as those social provisions and processes directly concerned with the prevention and treatment of social problems, the development of human resources and the improvement of quality of life. Both definitions basically delineate that social welfare is an institution or a field of activities involving organized activities carried out by government and private institutions aimed at preventing and addressing social problems as well as at improving the quality of life of individuals, groups, and society. However, redistribution can and must be achieved through social services are not discriminated members of society, but rather, can / able to instill a sense of belonging. Welfare system to regulate or tightly managed by the government through a rigid case management system known as paternalistic welfare. Paternalistic welfare is illustrated by the following five characteristics government orders, responsibility of the government to the welfare of its people live, good citizens, embedding social obligations along with political rights - to form a civil society. Government to act as enforcement agents, agents make a direction and drive-way (direction) and monitoring (Siti Hajar Abubakar Ah, Abd. Hadi Zakaria, Muhamad Fadhil Nurdin, 2012).

### **Social Welfare: What Goes Wrong & What Should be Done ?**

Edi Soeharto (2009), the term social welfare in Indonesia can be found in Law No. 11 of 2009 concerning “Social Welfare”. The rate of poverty between 2002 and 2009 tends to decrease, the absolute number is still considerably high. This gloomy picture of Indonesian welfare will even look worse if it includes those categorized as “people with social problems”, dubbed by the Ministry of Social Affairs as “*Penyandang Masalah Kesejahteraan Sosial* (PMKS)”, comprising of millions of people, such as neglected child (3.9 millions), neglected child under five years (1.5 millions), disabled (3.1

millions), neglected elderly (2.7 millions) and other disadvantaged groups (homeless people, beggars, prostitute, persons with HIV/AIDS, remote traditional community, street children, child labor, etc) accounting for more than 11 millions people (MOSA, 2009). However, amid the on-going progress, the progress of other countries is faster than Indonesia (Husodo, 2006; Suharto, 2008). As a country with remarkable natural resources and the potentials of comparative advantages, the downside of Indonesia's development should make us aware that something is wrong in the development and the management of this country. In short and with reference to the Indonesia's development strategy and the issues of social welfare development, there is a number of factors explaining why the country still faces serious and multifaceted social problems. The mainstream approach of national development in Indonesia relies heavily on economic growth and foreign debt within the context of neoliberalism policy interventions. While it lacks of strategies that have direct impacts on poverty, the economy is often vulnerable due to "debt trap" and global crisis.

<b>What Goes Wrong ?</b>	<b>What Should be Done ?</b>
<p><b><i>Poverty alleviation programs are dominated by "project-oriented" interventions employing ad-hoc, partial and residual methods.</i></b> Poverty reduction programs as Family Hope Program (Program Keluarga Harapan/PKH), Rice for the Poor (Beras Miskin/Raskin), and National Program of Community Empowerment (Program Nasional Pemberdayaan Masyarakat/PNPM) are targeted to the poor. This approach cannot prevent people from becoming poor since beneficiaries should be poor first before receiving the anti-poverty programs.</p> <p><b><i>Public policy is mainly concerned with state administration and bureaucracy affairs. It lacks of responding social policy issues concerned with such welfare strategies as social rehabilitation, social security, social empowerment and social protection which are administered in institutionalised and sustainable ways.</i></b></p> <p><b><i>State commitment and obligation toward the fulfillment of citizen's social rights are low.</i></b> Indonesia notes very good progress over the past two years in reallocating spending (from inefficient subsidies) towards pro-poor programs. However, this country is still considered under-spending in key sectors, such as infrastructure and health. For example, the level of spending on the infrastructure and health sectors, accounting for 10.2 percent and 4.2 percent of total expenditures respectively, is rather low by most international standards (World Bank, 2007).</p>	<p><b><i>The result of development should benefits all people</i></b> In the past, the results of development benefited only a small portion of community which caused socio-economic gap. Now, we need to reform the process of development to make it more poor people-oriented by providing chances to people with social problems to get an access to development resources, including easy access to capital, social services and sustainable social protection schemes. The poverty reduction programs that have affect on direct income distributions to the poor need to be expanded, not be down-sized. For example, cash transfer programs such as Unconditional Cash Transfer or BLT and Family Hope Program or PKH need to be integrated into National Social Security System (Sistem Jaminan Sosial Nasional/SJSN) schemes so that the poor and other citizens can be protected by the institutionalized social protection schemes.</p> <p><b><i>The strategies of development need to considers human being as subject of development</i></b> The paradigm of development in the past focused more on economic growth and physical development, and considered human being as objects, so it caused dehumanization in development. The existence of people with social problems as objects of social welfare development had positioned them as passive recipients of social assistance which was given as charity.</p> <p><b><i>The approaches of development need to reflect on local potentials and culture</i></b> In the past, development tended to standardize models</p>

***Decentralization tends to limit the responsibility and capacity of local government in dealing with social problems.***

When receiving the allocation of power from central government, many local governments, especially at district level (kabupaten/kota), are applying the principle of “functions follow money” rather than “money follow functions.” Moreover, in terms of local regulations (PERDA), decentralisation has produced a number of PERDAs that are “not pro-poor”.

**Lessons Learned**

Economic development is necessary for the improvement of quality of life in a country. In order to be equitable and sustainable, economic development should be done fairly and in accordance with the development of social welfare. Social welfare is an important element in social policy strategies for eradicating poverty and reducing multidimensional deprivation. But social welfare is not the only approach of poverty reduction initiatives. In order to have sustainable and effective results, it needs to be implemented in combination with other approaches within the overall context of socio-economic development. Social welfare policies should be put integratively within a broader set of policies on macro-economic development, employment programs, and education and health policies and be established to reduce risks and deprivation as well as to encourage growth with equity and sustainability.

of development and hence to ignore local potentials and culture. As a result, people with social problems become dependent upon external assistance. The improvement of wellbeing of people with social problems need to involve active role, care and capacity of the people in accordance with their potentials and culture.

***Basic social services are provided for all citizens***

In the past, basic social services could only be enjoyed by the wealthy people or by selected poor (narrow targeting approach). Accessibility to basic social services should be open to all people (universal approach), including people with social problem who so far have been marginalized.

***Empowerment of people with social problems become joint-commitment between the central government and local government***

During the centralistic era, poverty eradication was the responsibility of central government. Following the decentralization of development, the policies and programs of empowerment should be the responsibility of both central government and local government. The relationship between central and local government is no longer structural but functional. Local governments need to have strong political will in designing and implementing social welfare programs for their citizens.

***Empowerment of people with social problems is done on individual, family, group and community basis, and in an integrated way***

In the past, the emphasis of intervention of people with social problems was on group approach. Assistance was in uniform in the form of objects/tools. Empowerment of people with social problems should not be done by group approach only, but also by individual, family, group and community approach. The facilities to be provided should also be in various forms in accordance with the potentials and needs of people with social problems, including access to financial assistance.

**Source:** Edi Soeharto, 2009

## **DISCUSSION**

There is a need to have the paradigm shift in the development of social welfare. While the system should be responsive to the dynamic and more complex social problems, the approaches need to celebrate the principles of human rights, democratization, and the role of civil society both in the formulation and in the implementation of social programs. This paradigm shift encompasses six broad themes:



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