

Pre-CGI
Poverty Reduction Breakout Session
January 19, 3:30-4:30

Speaker: Djoharis Lubis, Deputy Minister for Poverty Alleviation, Coordinating Ministry for People's Welfare

Moderator: Andrew Steer, Country Director, World Bank

Update on Poverty Reduction

Pak Lubis reviewed the current poverty indicators noting that while poverty levels have continued to decline, a high percentage of the population continues to be vulnerable to falling below the poverty line. Several regions of the country remain less developed with corresponding implications for development indicators. He indicated that the national poverty reduction strategy (SNPK) was close to being finalized after the contribution of many stakeholders. The Government has worked to integrate the SNPK into the national medium term development plan (RPJM).

He further provided an overview of the efforts of the Ministry of Home Affairs, as well as his own Ministry, to support provincial and district governments to prepare poverty reduction strategies. He stressed the importance of empowering the province and district governments to meet the challenges of poverty reduction in their respective jurisdictions.

Questions and Comments

Donors broadly congratulated the government in finalizing the national poverty reduction strategy (SNPK) and embedding it into the government's medium term plan (RPJM). They expressed their desire to receive the final SNPK as soon as it is available.

The discussion focused on a series of issues, largely focused on implementing the RPJM and SNPK to effectively reduce poverty:

- **Implementing the medium term strategy to reduce poverty through the annual budgeting process.** In the context of implementing the SNPK, the donors queried who in government would be responsible to: (i) communicate/disseminate the SNPK to all stakeholders, and (ii) ensure that the SNPK targets and programs are integrated into the annual government work plan (RKP), annual ministry plans and budgets (RKA-KL) and the annual state budget (APBN). The Government indicated that they anticipated there would be an instruction from the President regarding institutional responsibilities in implementing the SNPK.

- **Regional efforts to reduce poverty.** Several donors reinforced comments in the opening remarks regarding the important role that sub-national governments play in poverty reduction efforts. They stressed the need for continued support to governments to develop poverty reduction strategies and/or pro-poor plans and budgets. They were interested to know more about the central government's plans to provide more systematic capacity building and support to sub-national governments. Government delegates indicated that SNPK identifies roles and responsibilities for the respective levels of government, and concurred that it was important to work with regional governments.
- **Pro-poor growth.** Some delegates emphasized the importance of accelerated economic growth for poverty reduction. In the same vein, another delegate emphasized the importance of rural development and agriculture for poverty reduction in Indonesia.
- **Pro-poor special allocation grant.** Donors noted that the DAK was intended to fund programs to achieve national objectives that may not be given appropriate emphasis by local governments. They expressed their hope that the government will expand the use of the DAK where appropriate to meet the goals and targets in the SNPK. This remains a key issue to be followed up with the Ministry of Finance, Bappenas, and sectoral ministries.
- **Poverty monitoring and data.** Several participants stressed the importance of adequate data and monitoring systems, particularly at the district level. The President and Minister of Planning's stated desire to monitor poverty indicators against poverty maps was welcomed. It was noted that BPS's new kecamatan level poverty maps could also be used for better (geographical) targeting.
- **Pro-poor budget re-allocation: fuel subsidy.** It was noted that the government has indicated it intends to reduce fuel subsidies this budget year, and delegates queried what specific priority areas the savings were going to be channelled to. The Government indicated that planning was still underway but that the focus for reallocation would likely be education, health and infrastructure.