

## Poverty update June-2002

Authors: Vivi Alatas and Menno Pradhan

### Main findings:

- ❑ The poverty head count ratio decreased by 2 percentage points from 15.2 percent in February 2000 to 13.2 percent in February 2001.
- ❑ Poverty trends were similar across Java/non-Java and Urban/Rural areas.
- ❑ School enrollment at the primary and junior secondary level stayed constant or improved slightly.
- ❑ Gross senior secondary enrollment fell by 3.7 percentage points from 50.2 percent to 46.5 percent. The drop was the largest in absolute terms in Java, among the better off and in urban areas.
- ❑ Trends in nutritional indicators of children indicate improvements in food security but problems in its nutritional value.
- ❑ After years of decline, the fraction of population that visited a modern health care provider in the previous month increased again by 0.58 percent point from 9.04 in February 2000 to 9.62 percent in February 2001.
- ❑ The share of the public sector in providing outpatient care, now around 40 percent, has been decreasing almost continuously since 1995. From 2000 to 2001 the drop was particularly large.

### Expenditure poverty

Trends in the head count ratio for Indonesia are presented in Table 1. Poverty trends have been similar across urban / rural and Java / off-Java areas. The difference between Java and off-Java is fairly small. Rural areas are much poorer than urban, but the gap shrunk substantially from 1999 to 2000 and remained about constant the year thereafter.

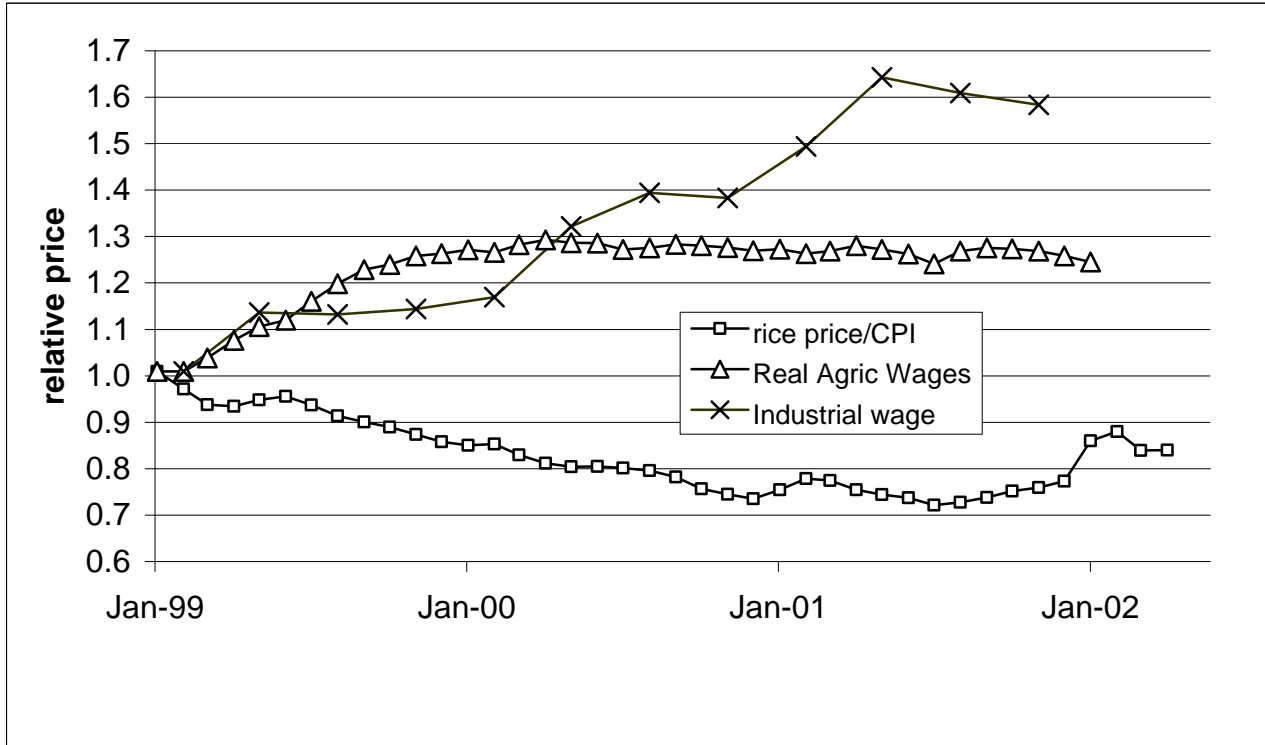
**Table 1**  
**Percentage poor from 1999 to 2001**

	1996	1999	2000	2001
Urban	7.2	16.3	7.3	5.5
Rural	20.5	34.1	20.7	19.0
Java	15.5	28.3	15.0	12.3
Off Java	16.0	25.5	15.6	14.2
Indonesia	15.7	27.1	15.2	13.2

Source: Authors calculations based on Susenas using World Bank poverty lines developed for 1999 (Pradhan et al 2001), 2000 and 2001 estimates based on Core consumption measure (see box 1)

Recent trends of prices and wages suggest that poverty has remained stagnant or increased since the latest Susenas data was collected in Feb 2001 (see Figure 1). Poor people spend a relatively large share of their income on rice. The sharp fall in the relative price of rice over the period from January 1999 to January 2001 was a key factor driving the decline in poverty over that period (Alatas 2002). However, since the 2001 Susenas survey the relative price of rice has increased while real agricultural wages did not rise which suggests that rural poverty levels may have been on the rise. Moreover, owing to minimum wage legislation by local governments, industrial wages have increased at a much faster pace than agricultural wages suggesting a rise in inequality.

**Figure 1**  
**Relative price of rice and wages**  
*(indexed, base year is January 1999)*



Source: BPS price data based on provincial capital cities. CPI is consumer price index. Wage data are from Papanek (2002)

**Box 1**  
**Estimating poverty with a proxy consumption measure**

Indonesia's official poverty statistics are published once every three years. It is in those years that both a detailed and a simplified consumption questionnaire are fielded. The official poverty statistics are based on the consumption measure resulting from the detailed questionnaire. The last year this was done was in 1999; the 2002 data are not yet processed. In 2000 and 2001 only the simplified consumption questionnaire was fielded, which underestimates consumption as compared to the detailed questionnaire (Pradhan 2000). The poverty data for 2000 and 2001 are obtained by rescaling the poverty line for 1999 so that it yields the same head count ratio when applied to the consumption measure obtained from the simplified questionnaire. This poverty line is then updated for 2000 and 2001 to take account of inflation.

## Education Poverty

Enrollment trends for primary and secondary education are in Table 2. Continuous improvements are observed for primary and junior secondary enrollment. However, for senior secondary enrollment the positive trend observed from 1995 to 2000 suffered a setback in 2001. The net senior secondary enrollment rate dropped by 2.1 percentage points. Subgroup analysis shows that the drop in net senior secondary enrollment was greater in urban (-3.3 percent point) areas, in Java/Bali (-3.1 percent point) and among the wealthier (-3.6 percent in richest quintile). More opportunities in the labor market and lower

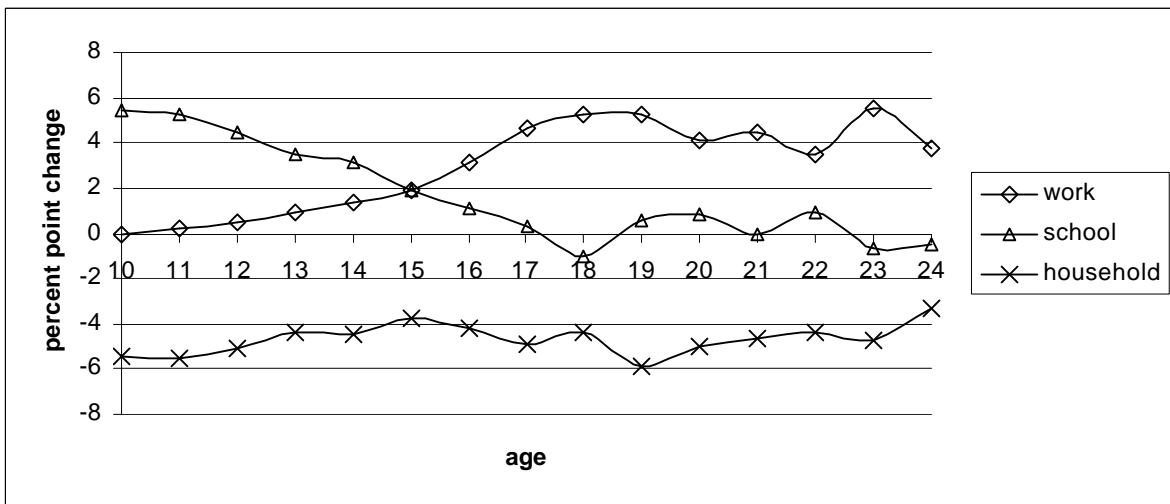
perceived returns to senior secondary education thus seem to be driving this result. The Susenas also collects information on respondents' main activity in the previous week. Choices are between going to school, work and household activities. Figure 3 shows the percent point changes in the main activity in the past week from 2000 to 2001. All age categories report to be spending less time at home. For the younger, this results in higher school attendance while for those above 15 years old, this results in more hours worked. Those in the senior secondary age group thus seem to favor work over investing in education.

**Table 2**  
Gross en net enrollment in primary, junior secondary and senior secondary level in 1995 and 1997-2001

	1995	1997	1998	1999	2000	2001
<b>Gross enrollment</b>						
Primary	107.0	108.0	107.6	108.0	107.7	107.2
junior secondary	65.7	74.2	73.4	76.1	77.6	78.1
senior secondary	42.4	46.6	47.4	48.4	50.2	46.5
<b>Net enrollment</b>						
Primary	91.5	92.3	92.1	92.6	92.3	92.8
junior secondary	51.0	57.8	57.1	59.2	60.3	60.5
senior secondary	32.6	36.6	37.5	38.5	39.3	37.1

Source: Authors calculations based on Susenas

**Figure 3**  
Percent point changes in the main activity in the past week from 2000 to 2001



Source: Authors calculation based on 2000 and 2001 Susenas

## Health Poverty

Anthropometrical data for young children are relatively simple health outcome indicators. The Indonesia Family Life Survey (IFLS) collects height, weight and hemoglobin levels – an indicator for iron anemia but can also be a result of infection - from blood samples in October 1997 and October 2000. The results from this survey are in Table 3. The Nutrition Surveillance Survey (NSS), fielded on a quarterly basis, also collects this information. Recent trends from rural Central Java are provided in table 4. The trends give mixed signals but are similar across the two surveys. Height for age, an indicator of long term nutritional status, continues to improve from very low levels. Weight for height, which is sensitive to food shortages, remains at similar levels. Hemoglobin levels, correlated with the iron content of food, have worsened from already very low levels by international comparison. The results indicate that it is not

**Table 3**  
Changes in nutrition deficiencies for young children  
(percentage below the 5<sup>th</sup> US percentile)

	1997	2000	Difference
<b>IFLS</b>			
<b>Low height for age</b> (z score < -2)			
Male children 3-59 month	43.2	33.2	-10.0*
Female children 3-59 months	39.6	32.8	-6.8*
<b>Low weight for height</b> (z score < -2)			
Male children 3-59 month	11.0	10.9	-0.1
Female children 3-59 months	10.5	10.9	0.4
<b>Low Hemoglobin level</b> (<11.1% g/dL)			
Males aged 12-59 months	51.9	57.4	5.5*
Females aged 12-59 months	48.8	52.7	3.9

Source: Strauss et al (2002), \* indicates significant difference at the 5 perc level. The IFLS surveys 7000 households and is representative for 13 provinces of Java, Bali Sumatra, Kalimantan, Sulawesi and Nusa Tenggara

so much the quantity but more the nutritional value of food that is still problematic.

**Table 4**  
Changes in nutrition deficiencies for young children  
in rural Central Java  
(percentage below the 5<sup>th</sup> US percentile)

	Nov 1998- nov 1999	Sept 2000- aug 2001	Difference
<b>NSS</b>			
<b>Low height for age</b> (z score < -2)			
Children 12-23 months	46.3	38.0	-8.3
<b>Low weight for height</b> (z score < -2)			
Children 12-23 months	8.1	7.2	-0.9
<b>Low Hemoglobin level</b> (<11 % g/dL)			
Children 12-23 months	56.3	61.7	5.3

Source: Helen Keller (2002)

The NNS operates in a total of 13 project areas, including 9 rural provinces and urban poor areas in 4 large cities. The sample size for rural central Java is 7200 households.

After years of absolute declines in rates for outpatient visits to health professionals, outpatient utilization (consultation visits) as recorded in the Susenas increased from 2000 to 2001. The share of the public sector clinics and hospitals in the provision of outpatient services declined, continuing a rapid trend of shifting health care provision to the private sector. Table 5 presents outpatient utilization rates by type of provider. Overall, utilization of modern care in 2001 is still below the levels observed from 1995 to 1999. In 2001, 40 percent of outpatient visits were to public hospitals and clinics. Bidan desas – village midwives working on a contract basis for the government – provide since their introduction an increasingly larger share of outpatient services.

**Table 5**  
**Percentage of people who visited a health care provider on an outpatient basis**  
**at least once in the past month**

Provider	Contact rate					
	1995	1997	1998	1999	2000	2001
Public hospital	0.64	0.6	0.64	0.59	0.5	0.42
Private hospital	0.4	0.41	0.4	0.39	0.39	0.32
Private doctor	3.01	3.14	2.84	2.63	2.73	2.84
Primary health center	4.66	4.31	3.25	3.46	2.74	2.54
Subsidiary health center	1.69	1.66	1.01	1.01	0.73	0.86
Clinic	0.42	0.39	0.34	0.31	0.33	0.37
Posyandu	0.19	0.2	0.12	0.1	0.13	0.1
Paramedical practitioner	2.82	2.93	2.8	2.7	2.28	2.35
Traditional healer	0.73	0.63	0.43	0.4	0.29	0.16
bidan desa					0.41	0.43
All modern care (excl traditional healer)	13.8	12.8	10.5	10.6	9.04	9.62
Public clinics and hospitals as Percentage of all modern care	50.7	51.3	46.7	47.7	43.9	39.7

Source: Authors calculation based on Susenas surveys

## References

- Alatas, Vivi (2002) "What Happened to Indonesia's Poverty? A Micro Simulation Exercise Using Household Surveys", Mimeo, World Bank, Jakarta.
- Helen Keller (2002) "Nutrition and Health Surveillance in rural Central Java – key results for the period: Nov 1998 – Aug 2001"
- Papanek, Gustav (2002) Poverty Monitoring Report Volume 4, BPS, Indonesia.
- Pradhan, Menno (2000) 'Welfare Analysis with a Proxy Consumption Measure. Evidence from a repeated experiment in Indonesia', Tinbergen Institute working paper nr 01092, Amsterdam.
- Pradhan, Menno, Asep Suryahadi, Sudarno Sumarto and Lant Pritchett 'Eating Like Which "Joneses?" An Iterative Solution to the Choice of a Poverty Line "Reference Group"', *Review of Income and Wealth*, December 2001, 47(4): pp473-487.
- Strauss, Beegle, Dwiyanto, Pattinasarany, Sikoki, Sukamdi and Witoelar (forthcoming), "Indonesian Living Standards Three Years After the Crisis: Evidence from the Indonesia Family Life Survey", June 2002.

## Acknowledgements:

The authors would like to thank Helen Keller Indonesia, John Strauss, Gustav Papanek for their help in preparing this note. We are responsible for all possible errors.