

Final Report

Participatory Poverty Assessment In West Java and South Sulawesi

Volume 1: Synthesis, Analysis and Recommendations

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For



By:



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FOREWORD AND ACKNOWLEDGMENT

Final Report for Participatory Poverty Assessment (PPA) in West Java and South Sulawesi was written to report and document the result of field research on assessment of poverty based on the poor community themselves that were conducted in October 2009. The reports consist of two volumes, namely Volume 1 and Volume 2. They are prepared by a team led by Dr. Kabul Sarwoto (Technical Manager) and Novi Anggriani, MA (Survey Manager) under supervision of Alit Merthayasa, PhD (Project Manager). The writer team includes Herry Widjanarko and Alma Arief. Other field research team members are Firkan Maulana, Kartawi, Asep Kurniawan, Nasthain Gasba, Ronald Sendjaja, Anna Nur Rahmawaty, Andrey A Pratama, Nissa C Adinia, Permana, Endang Turyana, Ida D Yulawati, Lutfi Purnama, Suaib Hamid, Budie Ichwanuddin, Saleh Yasin and Harwan A Kunna.

PPA in West Java and South Sulawesi is conducted in order to gather information on poverty based on poor people perception as well as collecting information or evaluation on anti-poverty programs implemented by government in several regions in Indonesia. Objectives of the assignment are: identify different perceptions of poverty status, identify the multidimensional causes of poverty, explore the perceived solutions to poverty, especially how to cope with "economic crisis" and evaluate the effectiveness of various anti-poverty programs that had been launched by the government.

YIPD was contracted by Waseda University, Japan and financed by JICA (Japan International Cooperation Agency) to conduct PPA in West Java and South Sulawesi. YIPD's tasks include: provide overall management of the survey, preparing research tools, establishing a survey team for each location, conducting training for the researchers, conducting survey in each location include in-depth interview and focus group discussion, writing report as well as analyzing the information gathered from the field. At the end of the project YIPD also formulate recommendation on better anti-poverty programs in the future. Apart from PPA, there is also one Focus Group Discussion conducted on poor people with micro credit scheme. A special section made by Kartika Sari Juniwaty on Examining Individual Behavior on Group Lending Practice.

The YIPD team consulted and worked under supervision of JICA Team, Mr. Takeshi Daimon, Suahasil Nazara and Kartika Sari Juniwaty. The team is very grateful to the guidance given by the JICA team and to the excellent cooperation during the timeline of the research.

A workshop on Social Safety Net and Poverty Allevation was conducted, also to gather inputs for better of the reports. An external reviewer, SMERU Research Institute conduct review on the both volumes. The YIPD team feels grateful to all participants of the workshop, who give valuable comments and recommendations especially Endah Murniningtyas and the team from Bappenas and Jossy P.Moeis from FE-UI, and to the external reviewer of Asep Suryahadi and Widjajanti from SMERU.

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ABBREVIATIONS AND ACRONYMS

ADD	: Alokasi Dana Desa or <i>Village Allocation Fund</i>
Angdes	: Angkutan Pedesaan or Village public transportation
BLT	: Bantuan Langsung Tunai or unconditional cash transfer
BOS	: Bantuan Operasional Sekolah or School Operational Fund
BPD	: Badan Perwakilan Desa or Village Representative Board
DKM	: Dewan Keluarga Masjid (Mosque Family Board)
FGD	: Focus Group Discussion
FKPM	: <i>Forum Komunikasi Polisi Masyarakat</i> or Community Police Communication Forum
Gapoktan	: Gabungan Kelompok Tani, Farmer Group Collection
IPIP	: a government program on infrastructure particularly for road construction
Jamkesda	: Jaminan kesehatan daerah or region health guarantee/insurance
Jamkesmas	: Jaminan Kesehatan Masyarakat or Community Health Guarantee/Insurance
JPS	: jaring pengaman sosial or social safety net
Kadus	: Kepala Dusun (dusun head)
KB	: Keluarga Berencana, Family Program
KF	: Keaksaraan Fungsional, or Functional Literacy
KJA	: Keramba Jaring Apung or floating net cafes, plenty above Cirata Reservoir, Purwakarta
KK	: Kepala Keluarga (head of household)
KUD	: Koperasi Unit Desa, Village Unit Cooperative
KUR	: Kredit Usaha Rakyat, or People Business Credit
LKMD	: Lembaga Ketahanan Masyarakat Desa or Village Community Defense Institution
MCK	: Mandi Cuci Kakus (Bathing, Washing and Toileting/Latrine)
P2KP	: Program Penanggulangan Kemiskinan Perkotaan or known as UPP, Urban Poverty Program
PAUD	: <i>Pendidikan Anak Usia Dini</i> or education for children at early age
PDAM	: Perusahaan Daerah Air Minum (Local owned enterprise for Drinking Water)
Perhutani	: Perkebunan Nusantara; National Plantation
PKH	: Program Keluarga Harapan, or Conditional Cash Transfer, a national government program to overcome poverty
PKK	: Pendidikan Keterampilan Keluarga or Family Skill Education
PNPM	: <i>Program Nasional Pemberdayaan Masyarakat</i> or Community Empowerment National Program
Posyandu	: Pos Pelayanan Terpadu or Integrated Service Post
Puskesmas	: Pusat Kesehatan Masyarakat or Community Health Center
Pustu	: Puskesmas Pembantu (Puskesmas Branch)
Raskin	: Beras untuk Orang Miskin or Rice for the Poor
RK	: Rukun Kampung or Village Resident Organization
RSUD	: Rumah Sakit Umum Daerah, a public hospital
RT	: Rukun Tetangga, Neighborhood Organization in the RW

RW	: Rukun Warga or Citizen Organization in the village; one RW consist of several RT, one village consists of several RW
Satlinmas	: <i>Satuan Perlindungan Masyarakat</i> or Community Protection Guard
SD	: Sekolah Dasar or Primary School or Elementary School
SMA	: Sekolah Menengah Atas or Senior High School
SMK	: Sekolah Menengah Kejuruan or Vocational High School
SMP	: Sekolah Menengah Pertama or Junior High School
SPAS	: <i>Sanggar Pendidikan Anak Saleh</i> or Good Child Education Studio
SPP	: Simpan Pinjam Perempuan or Women Loan Saving
TKW	: Tenaga Kerja Wanita (women overseas worker)
Wartel	: Telecommunication Kiosk

GLOSSARY

Anjukan	: a kind of debt
Arisan	: A unique social gathering in which a group of friends and relatives meet monthly with a private lottery similar to a betting pool. Each member of the group deposits a fixed amount of money into a pot, then a name is drawn and that winner takes home the cash. After having won, the winner's name is removed from the pot until each member has won and then the cycle is complete. This is called a <i>fixed lottery</i> because it is fair to all participants in that each member wins an equal amount over the course of a complete cycle.
Bank Keliling	: mobile bank
Bête-bete	: city public transportation in South Sulawesi
Bujang	: farm labor at Jaya Bakti Village, Bekasi, or known as <i>Kuli Tani</i>
Buruh Tani	: farm worker
Buwu	: give contribution to the one having ceremony, in Cirebon Regency
Dukun	: traditional healer
Dusun	: sub-village
Goloran	: an activity to clean up the water canal for paddy field irrigation, in Jaya Bakti Village
Gotong Royong	: mutual cooperation
Ijon	: buy rice from a farmer by paying it long before the harvest; practice of buying and selling rice long before the harvest
Kadarzi	: family that aware of nutrition
Karang Taruna	: young institution at the village
Kentongan	: traditional alarm in the village
Kuli nandur	: rice paddy planting worker
Mantri	: heath official, usually at the village
Miliner	: term of Rich in Jaya Bakti Village, Bekasi
Nderep	: harvest worker at Gegesikkulon Village, Cirebon
Nggembot	: an activity to make the paddy seed dropped off; common term in Jaya Bakti Village, Bekasi
Ojek	: motorcycle rental
Paketan	: a fund collecting mechanism when the harvest time comes in Jaya Bakti Village, usually used for hold a ceremony
Panen Gadu	: harvest at dry season
Pengajian	: Recitation
Pengijon	: the person(s) who apply <i>ijon</i> system
Pesantren	: a religious school teaching Islamic views, usually provide accomodation for the Student
Petani	: farmers who rent the paddy field
Penggarap	
Raksa Desa	: a West Java Province Government Program, year 2004, in forms of business support and infrastructure
Rentenir	: money lender or creditor, usually gives very high interest rate

Santri : pesantren graduate
Sugih : rich, in Javaness term; it is '*Sugi*' in South Sulawesi language
Tape : sweet fermented cassava
Tesang : local term for profit sharing system in Maros Regency
Uztadz : religious leader
WC Cemplung : a kind of public toilet, usually above river, without water closet

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EXECUTIVE SUMMARY

Introduction

It is important that anti-poverty programs are designed with knowledge on the nature of poverty at the micro level. It includes issues such as the characteristics of poverty, actual problems faced by the poor, and perceived solutions to the poverty. The status of poverty in a specific place has a great deal to do with perceptions of the poor in the area. A perception on whether one feels that (s)he is poor is fundamental for a particular alleviation program. Also, perceptions on various institutions which may influence one's live, as well as reactions on certain poverty reduction programs or activities, may be important in program design.

Objectives

Those micro issues on poverty are best collected by the Participatory Poverty Assessment (PPA). Such an assessment places the people, especially poor families, as the center of poverty problems. PPA takes a look at poverty from the perspectives of poor people or poor families. The objectives of this PPA are:

- a. Identify different perceptions of poverty status;
- b. Identify the multidimensional causes of poverty;
- c. Explore the perceived solutions to poverty, especially how to cope with "economic crisis";
- d. Evaluate the effectiveness of various anti-poverty program that had been launched by the government.

All of this information would be of great importance for policy makers to formulate the anti-poverty policies.

Selected Villages

The PPA was conducted at eight villages in West Java and four villages in South Sulawesi, which were chosen from different sub districts (Kecamatan) in different districts (Kabupaten or Kota).

The eight villages in West Java and four villages in South Sulawesi were selected based on the following criteria:

- The different poverty phenomena based on the geographic locations and anticipated causes.
- The different characteristics of rural and urban areas.
- Specific areas having specific problems, if any.
- Representative sample of the area having similarity in the poverty characteristics.

The villages for the PPA were selected from:

- List of Locations and Allocations of *PNPM-PPK* 2007
- List of Locations and Allocations of *PNPM-P2KP* 2007
- List of Urban Locations of *PNPM* 2008
- List of Rural Villages of *PNPM-PPK* 2008

Assessment Method

At the village, the PPA process was conducted using the following methods:

- Focus Group Discussion (FGD):
 - The community FGD with the village apparatus, basic service provider and civic leader participants
 - The poor FGD with the poor household participantsThe participants of each FGD is about 15 – 20 persons.
- In-depth Interviews:
 - Interviews with 10 – 15 poor household respondents
 - Interview with head/staff of village apparatus, basic service provider, civic leader respondents
- Direct village observation through transect walks
- Secondary data review
- Case study

Results of PPA on Sites

The PPA field works at eight (8) villages in West Java and four (4) villages in South Sulawesi were conducted by six (6) teams. Each team consisted of three (3) facilitators to conduct PPA at two (2) villages. The PPAs at villages were conducted from October 7 through 16, 2009.

The results of PPA on sites are presented in **The Final Report for Participatory Poverty Assessment, Volume 2 – Site Report on Twelve Villages in West Java and South Sulawesi**.

Poverty Characteristics

Based on the results of the FGD with the community leaders and representatives and clarified at the FGD with the poor group, the characteristics used as indicators to identify the welfare and poverty conditions at eight villages in West Java and four villages in South Sulawesi are similar and as follow:

- Type of house owned
- Ownership of land, paddy field, plantation, fish pond, cattle
- Ownership of vehicle
- Occupation
- Income
- Health Care
- Child Education
- Access to Clean Water & Sanitation
- Meal Pattern
- Others

Trend of Welfare Change

The trends of welfare conditions from 1999 to 2009 at the research villages in West Java and South Sulawesi are generally as presented below.

<u>Village</u>	<u>Trend of Welfare Change</u>
West Java	
Jaya Bakti	Decrease
Pasir Jambu	Increase
Gegesik Kulon	Increase
Neglasari	Decrease
Nanggerang	Increase
Sukanagara	Increase
Padasuka	Increase
Lengkongjaya	Decrease
South Sulawesi	
Raya	Increase
Kalegowa	Increase
Manjangloe	Increase
Batu Nilamung	Increase

Factors Affecting Welfare Change

The welfare change at the rural villages in West Java is affected mostly by the facilities and infrastructure i.e. road, education, water and sanitation, health, communication, irrigation. The livelihood such as employment opportunity, prices of *sembako* (nine basic necessities), wage of workers become important factors affecting the welfare change. Ownership of farm is also important factors affecting the welfare change.

Decreasing Welfare at Rural Villages in West Java

In the rural villages of West Java being assessed the welfare of Jaya Bakti, and Neglasari had decreased during the ten year period.

The trend of welfare at **Jaya Bakti** village decreased in the period from 1999 to 2009. Although the facilities and infrastructure were improved especially the education facilities and road, but the irrigation water condition decreased. The water flow could not arrive at the rice paddy field and need pumping which cost a lot, and consequently the income from harvesting decreased. In addition to the irrigation water flow, some sea water intrusion was harmful to the rice paddy field.

Since the conversion of kerosene to gas stove, the informal trader of kerosene could not be done anymore. The difficulty in finding daily job in Jakarta made the people become unemployed when the period of working at the rice paddy field had finished.

The above factors had made the welfare at Jaya Bakti village declined.

The welfare at **Neglasari** village decreased in the period from 1999 to 2009. The decreasing welfare was due to the decrease of the farm land ownership. About 80% of the farm had been sold to buy vehicle and/or gave to their children as inheritance, so the ownership of farm land by one household became much less. Unsecured jobs because of contract labor system made the people become unemployed when the contract had finished, and consequently they did not have income any longer.

Increasing Welfare at Rural Villages in West Java

The village welfare of Pasir Jambu, Gegesik Kulon, and Nanggerang, had increased during the period from 1999 to 2009.

When the Cirata dam was constructed to make an impounding reservoir, the infrastructure development at **Pasir Jambu** village increased, especially the improvement of access road to the market at Cikalong Kulon. The capital owners had a new opportunity in the fishery cultivation business at the Cirata reservoir, using *Keramba Jaring Apung* (floating fish net). The access of villagers to seek jobs out of the village became easier, including the opportunity to become *TKI* or *TKW*.

Some poor households increase their welfare when the member of the family work as *TKW* in Saudi Arabia. Some of them benefit from being the workers of the floating fish nets, some others works as the construction workers in Jakarta and Bandung.

However, the rice paddy fields were suffered from the construction of the Cirata reservoir, since the majority of the rice fields had become the reservoir. The use of mechanized agricultural tools had reduced the opportunity of the farm workers.

At **Gegesik Kulon** village the community condition has improved in many areas, especially related to infrastructure and telecommunication. Although during the ten year period there was dramatic increases in the prices of *sembako* (nine basic necessities), the welfare of Gegesik Kulon community generally appeared to increase, especially the poor group moved to the moderate group. This increase of welfare is as a result of becoming *TKW* or *TKI*.

The rich group and the very poor group relatively remained the same. Beside the welfare increase of the poor group to become moderate group, at the same time many villagers of the moderate group moved to the poor group. The last condition was because the increase of prices for farming cultivation, so they did not rent the farm land anymore, but they become the farm workers.

Compared to the condition of ten years ago, the welfare of **Nanggerang** villagers tend to increase. Many poor people now become at the moderate welfare group. This welfare improvement was due to the improvement of the quality of facilities and infrastructures, such as access road, education facilities for *SMP* and *SMK*, which help improve the education level of children. The development of the housing complex had created employment as housemaids and the makers of veils. The veils were ordered by the housing complex residents.

The observed urban villages are Sukanagara (semi urban), Padasuka (semi urban) and Lengkong Jaya (urban). The source of livelihood in those villages is predominantly rice paddy field mixed with dry farm. However, there are also embroidery craft exists at Padasuka village and leather craft industry exists at Lengkong Jaya village. Traders exist at Sukanegara. Construction workers and motor cycle transportation riders can be found at most of the villages.

Decreasing Welfare at Urban Villages in West Java

The welfare condition at **Lengkong Jaya** in the past ten years (1999 – 2009) decreased. Although during the ten year period there were development in the area of telecommunication/information, education and health services, but the welfare of this village decreased as indicated by the increase of the poor group.

The decrease of welfare at Lengkong Jaya started when the leather craft businesses went bankrupt. The bankruptcy of these businesses had made the leather craft business persons became no longer the business owner but they became the leather craft sewing workers. Some of them became the farm workers.

The changes of farm ownerships from the villagers to the people outside the village became a contributing factor to the decrease of the village welfare. Furthermore, the difficulty in getting the fertilizer and the pollution of Cimanuk river from the leather processing had caused the failure of the harvesting to achieve desired result, the skin irritation of the villagers and clean water supply problems.

Increasing Welfare at Urban Villages in West Java

The strategic location of **Sukanegara** village, at the crossing main road connecting the southern coast area, Sukabumi and Cianjur cities has made the trading business at Sukanagara village grow rapidly. Goods from southern part of West Java such as those of fishery, agriculture and livestock and also the daily necessities are marketed and traded in Sukanagara.

As the capital village of the sub district of Sukanagara, there are many government branch offices and public service companies like telecommunication, electricity, water supply, banks, post office, etc. The presence of these offices make a large turnover of goods and services. The development of offices, lodging, housing etc. provides a lot of job opportunity for the villagers, which can then increase their welfare.

Although in general the community welfare at **Padasuka** village increased during the period of 1999 to 2009, the increase relatively was not so much. The improvements are more in the

infrastructure such as road, electricity and communication. The welfare improvement is not significant for the poor and very poor. It is more for the moderate and rich groups.

Young people are reluctant to work at the rice paddy field. The work at the paddy field is considered more difficult and harder due to the price increase of fertilizer, less irrigation, and less income/wage. The paddy field areas become smaller. Most of the farm workers now are people of more than 40 years old. Young people prefer to work at the embroidery industry, due to the development of electricity distribution, better access road and communication, which make the production process faster and payment to workers faster also.

The observed rural villages are Manjang Loe, Batuninglampung, Raya and Kaligowa. The source of livelihood in those villages is predominantly rice paddy field with occasional dry farm. There are also informal sector labors such as tricycle riders, construction workers.

The welfare change at the rural villages in West Java is affected mostly by the facilities and infrastructure i.e. road, education, health, electricity. The livelihood such as employment opportunity, immigrant workers, prices of *sembako* (nine basic necessities), wage of workers are important factors affecting the welfare change.

Increasing Welfare at Rural Villages in South Sulawesi

The 3 rural village communities at South Sulawesi increased their welfare during the period of 1999 to 2009. At **Raya** village, the factors affecting the increase of welfare are the irrigation for the rice paddy field to enable harvesting twice in a year. The access road and transportation availability make the transport of *sembako* (nine basic necessities) easier. The improved facilities for electricity, health care with *Jamkesmas*, education and communication. The negative factors are the low education and no land ownership of the poor community.

At **Manjang Loe** village, the factors affecting the increase of welfare are the improvement the facilities and infrastructure i.e. road, water and sanitation, health care with *Jamkesmas* and *Jamkesda*, and free education at elementary schools. There are also *Gapoktan* (farmer group organization) to distribute the government assistance for the farmers. However, the village community is still having problems with the farm during the dry season.

The welfare of **Batunilampung** village increased during the ten year period. The factors that positively affect the welfare are the improvement of road, free education and free health care using *Jamkesmas*. The negative factors are the difficulty in getting clean water from a distance of 2 km. Another negative factor is the income which earned from working outside the village.

Increasing Welfare at Urban Villages in South Sulawesi

The urban village where the PPA was conducted in South Sulawesi is **Kalegowa** village. The positive factors affecting the welfare are the improvement of road, clean water supply, transportation, electricity, education facility, and health center branch. The negative factors are

scarcity of employment, low education level, and continued increased prices of *sembako* (nine basic necessities).

Causes and Effects of Poverty

The factors influencing household poverty are interconnected, acting as both causes and effects. By acting as both cause and effect, such factors perpetuate the cyclic nature of poverty. Communities often had difficulty in differentiating causes and effects so that the two were used interchangeably. For example, an effect of poverty is ill health due to poor nutrition, overwork and inability to afford medical treatment. In turn, ill-health causes poverty as the ability to work productively is compromised and medical expenses drain limited household finances. Focus group discussions (FGD) and cause and effect diagram were used to analyze the relationships of influencing factors on their lives.

Based on the FGDs, confirmed by in-depth interviews and the observations at the researched villages in West Java and South Sulawesi, the causes of poverty basically include the groups of insufficiencies of education & skills, employment opportunities, income, health care, land ownership, willingness to work, business capital, land fertility, facilities & infrastructures, gender equity, and family planning. A cause and effect diagram was used at the FGD to illustrate the discussion.

Coping Strategies to Sustain Living and to Face Crisis

The coping strategies of the male group is to face the following main problems:

- Scarcity of employment, No fixed job
- Business capital not available
- Insufficiency in business experience, skill and education
- Insufficient irrigation water
- Daily needs not fulfilled, prices keep increasing
- No land, land ownership keeps decreasing
- Scarcity of drinking water sources
- Insufficient information
- Difficult transportation to school during wet season
- Health care
- Paddy field plant disease

The coping strategies of the female group is to face the following main problems:

- Scarcity of employment
- Business capital not available
- Daily needs not fulfilled, insufficient income
- Scarcity of drinking water
- Insufficient irrigation water
- Insufficient education

- Many child dependents
- No land ownership
- Difficult transportation to school during wet season
- No house ownership. need to rent
- Insufficient skill

Importance and Closeness of Institutions to Community

There are many institutions and programs at the villages which are intended to provide benefit to the communities. During the FGDs and cross checked with in-depth interviews, transect walks and other sources of information, the benefit of the institutions and programs at the village were assessed from the perception of the participants of FGDs. The institutions were measured in terms of their importance and closeness from the opinion of the FGD participants.

The closeness level of an institution with community is determined by the community experience to interact with the institution. Institution can be represented by a board/organization or individual, community relationship with individual that represent an institution that hold very important role. The easier the community access, the higher is its closeness. This institutional analysis was held together with poor community that became FGD participants in each region.

Benefits of Programs to the Community

The programs commonly felt most beneficial by FGD participants at several (4-8) villages in West Java are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), PNPM/P2KP, and *Jamkesmas*.

The programs commonly felt less beneficial by FGD participants at several (-4) villages in West Java is *BLT* (Cash Direct Assistance).

The benefit of a program may be felt differently by different participants at the same FGD at the same village. For example, *BLT* (Cash Direct Assistance) was felt most beneficial by certain participants as well as felt less beneficial by other participants at the same FGD at the same village. The opinions of the participants were dependent upon their condition for the BLT, whether they received it or not. Not all BLTs were distributed properly.

The programs commonly felt most beneficial by FGD participants at several (3-4) villages in South Sulawesi are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), *Jamkesmas*, and PNPM/P2KP.

Every program written above was felt less beneficial by at least one village in South Sulawesi.

Special Section: Examining Individual Behavior on Group Lending Practice

Two main objectives in incorporating this microcredit games is to understand the behavior of poor people in group lending as well as a tools in introducing group lending mechanism to

Indonesian poor. This study might have taken a new step closer in attaining these two important goals.

The first lesson drawn from this micro credit game is that it is highly suspected that changing the rules of the game will also change credit repayment behavior and it should be noted that men and women might respond to the same rule differently. Second and most importantly is that social sanction apparently can play a significant role in reducing non performing loans.

This study has set a ground on study on group lending practice in Indonesia. Nevertheless, this study on group lending behavior using micro credit game might be subject to considerable bias, thus this research is not intended for a generalization of all micro credit borrowers in Indonesia.

A more careful research on the behavior of micro credit borrowers in Indonesia by using better tools in isolating possible bias with a better statistical representation such as a thorough study on group lending practice (as part of) PNPM including its potential impact on the poor well being would be an interesting research field in the future.

Conclusion

The discussions above can conclude the following:

1. The village people often describe poverty as a lack of the means to satisfy basic material and social needs, as well as a feeling of powerlessness.
2. The factors common to several researched villages affecting the welfare change are employment opportunity, education, irrigation, nine basic necessities (*sembako*), wages of workers, immigrant workers (*TKI/TKW*), health, clean water & sanitation, road, communication, and electricity.
3. The causes of poverty common to several researched villages are scarcity of employment, low education of parent, and insufficient income to fulfill basic needs.
4. The effects of poverty common to several researched villages are child could not continue schooling, insufficient knowledge, frequent illness, insufficient/irregular meals, scarcity of employment, and not capable to get needed goods/services.
5. The main problems of male group common to several researched villages are employment scarcity or difficult to find jobs, insufficient skill, business capital not available, no irrigation water during dry season, basic need prices go up more.
6. The main problems of female group common to several researched villages are employment scarcity, insufficient household income, business capital not available, and many child dependents.
7. The programs commonly felt most beneficial by FGD participants at several researched villages are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), PNPM/P2KP, and *Jamkesmas*.
8. The programs commonly felt less beneficial by FGD participants at several researched villages is *BLT* (Cash Direct Assistance), due to inappropriate targeting and distribution.
9. The special section on study using micro credit game has set a ground on study on group lending practice in Indonesia. Nevertheless, this study on group lending behavior using micro credit game might be subject to considerable bias, thus this research is not intended for a generalization of all micro credit borrowers in Indonesia.

Recommendation

Based on above conclusions of the PPA at twelve villages in West Java and South Sulawesi, we propose the following recommendations:

1. The national government and the local governments need to plan and implement poverty eradication programs based on the local poverty and need assessments participatorily. The programs should cover the long-term (20 year horizon), medium-term (5 year horizon) and annual development plan, which are integrated bottom-up and top-down planning covering the national government, the provincial governments and the *kabupaten/kota* (regency/municipality) governments. Integrated local economic development should be plan and implemented starting from the village, sub district, *kabupaten/kota*, provincial and national coverage. The productivity of each village, sub district, and *Kabupaten/Kota* should be improved in terms of their competitive products, which can be agricultural products and/or labor intensive industry products. The micro, small and medium enterprises should develop by providing support to improve their capability in product marketing, quality, finance/cost and delivery/distribution, and access to financial capital. A total quality management should be improved to obtain credibility both to the customer and financial institution. Cluster analysis should be conducted to have the competitive supply chain for the product in the region, to be able to compete in the market. Supports can be provided by the government programs and/or private business development services to improve.
2. All the government programs need to support the local economic development as mentioned above including the provision of the financial support, public services, facilities and infrastructures. The local economic development will create jobs for various degree of skills and education, which will provide the required income to the village people to have a quality life. Public services should be provided to maintain the productive condition of the village people including health care, education, water and sanitation, road, communication, basic need availability, etc. The education and skill of the people need to be improved.
3. Before the village people can improve their living quality, assistance for the livelihood should be provided for a limited time period, i.e. *BLT* and *Raskin*. *Jamkesmas*, *PKH* and *PNPM* are for longer term assistance and empowerment.
4. A more careful research on the behavior of micro credit borrowers in Indonesia by using better tools in isolating possible bias with a better statistical representation such as a thorough study on group lending practice (as part of) *PNPM* including its potential impact on the poor well being would be an interesting research field in the future.
5. In its poverty reduction programs, the government need to manage it properly by:
 - *Measurement, analysis and targeting*. The analysis is of particular importance in the development of indicators to measure local change, and in the identification of vulnerable groups for targeting.

- *Priority areas for poverty reduction interventions.* For example, feeder roads, primary health care, and improvement of agriculture to increase productivity, water and sanitation, depending on the local condition.
- *Attitudes, behaviour and implementation.* Good governance is a prerequisite for reducing poverty. Corruption was associated with the inability to move forward, and was described at all levels of government. The need for accountability, transparency and participation in the implementation of the government poverty reduction program is imperative to be realized.

1 INTRODUCTION

1.1 Background

Poverty is a multidimensional problem in different ways. It is multidimensional in terms of the variables on which the poverty is measured, as it can be stated in terms of income, assets, or other various basic necessities that people are deemed to have. Poverty is also multidimensional as it correlates with other education, health, or infrastructure variables. As such poverty may exist because of different reasons.

Poverty alleviation has been the policy objectives for Indonesia for close to four decades. However, the end of 1990s economic crisis did interrupt the course of poverty alleviation in the country. In 1996, prior to the crises, the number of poor was recorded at around 22 million people. It was an impressive record, given 54 million people two decades earlier. Subsequent to the crises there was an increase of the number of poor as well as the incidence. In 2009, the number of poor is still around 32 million people (about 14% of the population).

The Government of Indonesia (the “GoI”) launches various anti-poverty programs. In recent years the GoI initiated the cash transfer to mitigate the earlier reduction in oil subsidy. The rice-for-poor program is still in existence as a continuation of the similar program launched as the social safety net during the end-1990s economic crisis. Poor families also have free access to health services. Other schemes to help poor families and villages include those in education and micro credits.

It is important that anti-poverty programs are designed with knowledge on the nature of poverty at the micro level. It includes issues such as the characteristics of poverty, actual problems faced by the poor, and perceived solutions to the poverty. The status of poverty in a specific place has a great deal to do with perceptions of the poor in the area. A perception on whether one feels that (s)he is poor is fundamental for a particular alleviation program. Also, perceptions on various institutions which may influence one’s live, as well as reactions on certain poverty reduction programs or activities, may be important in program design.

1.2 Objectives

Those micro issues on poverty are best collected by the Participatory Poverty Assessment (PPA). Such an assessment places the people, especially poor families, as the center of poverty problems. PPA takes a look at poverty from the perspectives of poor people or poor families. The objectives of this PPA are:

- a. Identify different perceptions of poverty status;
- b. Identify the multidimensional causes of poverty;
- c. Explore the perceived solutions to poverty, especially how to cope with “economic crisis”;
- d. Evaluate the effectiveness of various anti-poverty program that had been launched by the government.

All of this information would be of great importance for policy makers to formulate the anti-poverty policies.

1.3 Selected Villages

The PPA was conducted at eight villages in West Java and four villages in South Sulawesi, which were chosen from different sub districts (Kecamatan) in different districts (Kabupaten or Kota).

The eight villages in West Java and four villages in South Sulawesi were selected based on the following criteria:

- The different poverty phenomena based on the geographic locations and anticipated causes.
- The different characteristics of rural and urban areas.
- Specific areas having specific problems, if any.
- Representative sample of the area having similarity in the poverty characteristics.

The villages for the PPA were selected from:

- List of Locations and Allocations of *PNPM-PPK* 2007
- List of Locations and Allocations of *PNPM-P2KP* 2007
- List of Urban Locations of *PNPM* 2008
- List of Rural Villages of *PNPM-PPK* 2008

The locations and allocations of PNPM - Mandiri (National Program for Community Empowerment – Self Sustained) with their predecessors i.e. PPK (Kecamatan Development Program) were selected to make sure that government program(s) have been implemented at the villages selected. PNPM locations of 2007 and 2008 were used as references in the village selection in order to have villages for PPA where PNPM and its predecessors have been considerably implemented enough for review by the community.

Various conditions of the villages were used as the criteria for selecting the villages for PPA. Different geographic locations will facilitate the analysis of different poverty phenomena and causes due to the livelihood of the communities at different geographic locations, i.e. villages located close to the coast, villages located in hinterland. Urban and rural villages are expected also to have different poverty phenomena and anticipated causes. Among the geographic locations and rural/urban conditions of villages, the expected villages having specific problems were selected. If there are villages having similar conditions, then one village in the sub district is selected for PPA. The PPAs at these villages are expected to reveal the different perceptions of the poor on the different poverty characteristics and the perceived causes and effects, and the expected solutions to get out of the poverty trap.

The geographic locations of the villages are shown in Figure 1.1 and Figure 1.2. The list of selected villages for PPA in West Java and South Sulawesi with their general conditions is presented in Table 1.1 and Table 1.2 respectively.

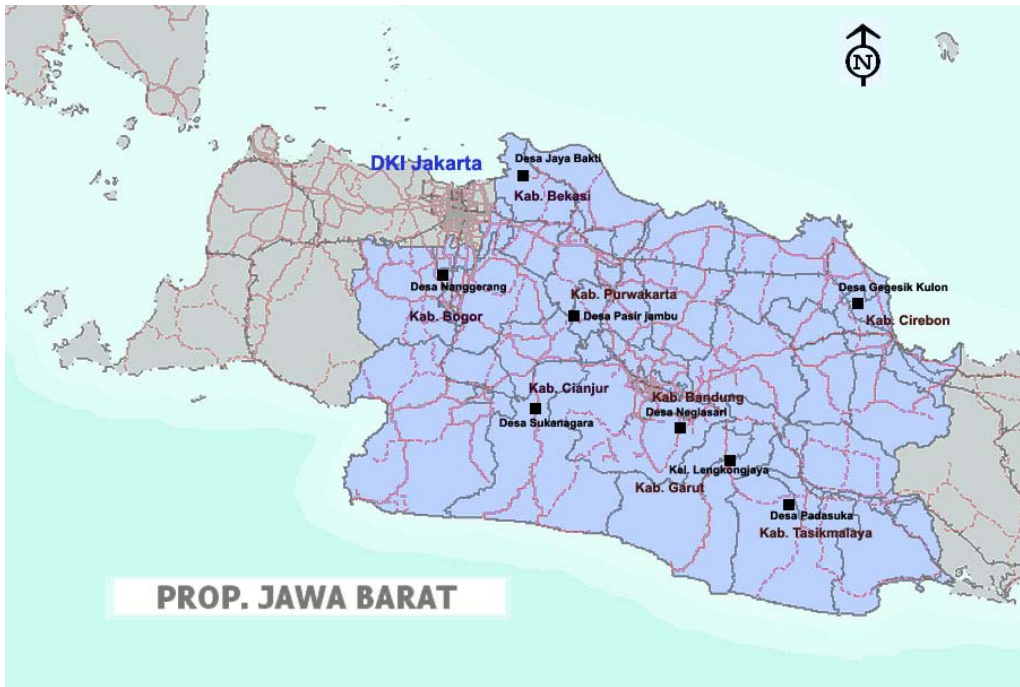


Figure 1.1 Location Map of Eight Villages in West Java

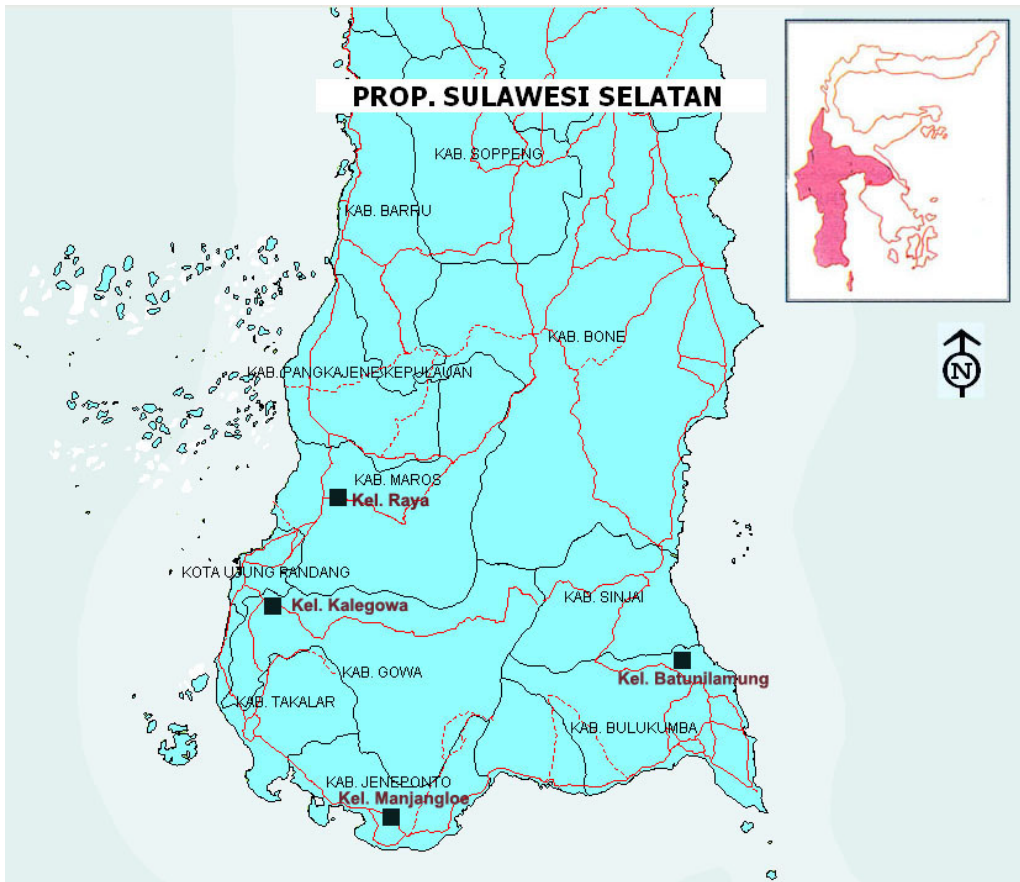


Figure 1.2 Location Map of Four Villages in South Sulawesi

Table 1.1 – Selected Villages in West Java

No.	Regency (Kabupaten)	Sub district (Kecamatan)	Urban/Rural Villages (Kelurahan/ Desa)	Area Information				
				Area Characteristic	Livelihood	Accessibility	% Poor	Urban/ Rural
1	Bekasi	Cabangbungin	Jaya Bakti	Land area. Plain topography	Agriculture, fishermen/fishpond	Located north of Bekasi, close to sea (behind one village, public transport available.	34,8% at Sub district	Rural
2	Cianjur	Sukanagara	Sukanagara	Plain topography on hill	Agriculture	Close to Bogor, located in the middle of Cianjur regency, public transport available	39,8% at Sub district	Rural
3	Cirebon	Gegesik	Gegesik Kulon	Land area. Plain topography	Agriculture and plantation	Located in the northwest area of Cirebon, northern coast lane, public transport available.	55,5% at Sub district	Rural
4	Purwakarta	Maniis	Pasirjambu	Hilly topography	Agriculture /cultivation field	Southwest area of Purwakarta, close to Plered, public transport available	35,8% at Sub district	Rural
5	Bogor	Tajurhalang	Nangerang	Land area. Plain topography	Agriculture, labor, and fishery	Located north of Bogor city, less than 30 minutes from Bogong Gede railway station, public transport available	66,69% at Village	Urban
6	Bandung	Majalaya	Neglasari	Land area. Plain topography	Textile industry	Located southeast of Bandung, public transport available	81,49% at Village	Urban
7	Tasikmalaya	Sukarame	Padasuka	Hilly topography	Agriculture	Adjacent to Tasikmalaya city at the south / southwest area, public transport available	83,59% at Village	Urban
8	Garut	Karang-pawitan	Lengkongjaya	Land area. Plain topography	Agriculture	Close to Garut city in the direction to Tasikmalaya/Cibat, public transport available	65,04% at Village	Urban

Table 1.2 – Selected Villages in South Sulawesi

No	Kabupaten (Regency)	Kecamatan (Sub district)	Urban/Rural Villages (Kelurahan/ Desa)	Area Information				
				Area Characteristic	Livelihood	Accessibility	% Poor	Urban/ Rural
1	Jeneponto	Tamalatea	Manjang Loe	Hilly topography	Small industries	Located at the west end of South Suawesi, public transport available	48,1% at Sub district	Rural
2	Bulukumba	Kajang	Batuninglampung	Coastal area	Tourism and fishery	Located about 200 km from Makassar city, public transport available	26,1% at Sub district	Rural
3	Maros	Turikale	Raya	Land area. Plain topography	Agriculture	Public transport available	76,61% at Village	Urban
4	Gowa	Somba Opu	Kalegowa	Land area. Plain topography	Animal husbandry	Located 9 km from Makassar city, public transport available	72,21% at Village	Urban

1.4 Assessment Method

At the village, the PPA process was conducted using the following methods:

- Focus Group Discussion (FGD):
 - The community FGD with the village apparatus, basic service provider and civic leader participants
 - The poor FGD with the poor household participants
 The participants of each FGD is about 15 – 20 persons.
- In-depth Interviews:
 - Interviews with 10 – 15 poor household respondents
 - Interview with head/staff of village apparatus, basic service provider, civic leader respondents
- Direct village observation through transect walks
- Secondary data review
- Case study

The typical time frame of PPA at each village was as follows:

Table 1.3 – Typical Time Frame of PPA at each Village

Time Frame	Activities
Day 1	<ul style="list-style-type: none"> - Travel to location - Team introduction with village apparatus and civic leaders - Prepare FGD schedule - Travel to location - Team introduction with village apparatus and civic leaders - Prepare FGD schedule - Transect walk
Day 2	<ul style="list-style-type: none"> - Community FGD (village level FGD) - Interview with village apparatus - Interview with Head/staff Community Health Center and schools - Transect Walk
Day 3	<ul style="list-style-type: none"> - The poor FGD - In-depth interview with poor households - Transect Walk
Day 4	<ul style="list-style-type: none"> - In-depth interview with poor households - Transect Walk
Day 5	<ul style="list-style-type: none"> - In-depth interview with poor households - Transect Walk - Leave the village.

The following table shows the content of the Community FGD and the Poor FGD.

Table 1.4 The Content of FGDs

	The Community FGD	The Poor FGD
Participants	Community representatives from the whole area and also welfare group including apparatus, civic leaders, and ordinary community members.	Representatives from poor households, both male and female.
Number of Participants	15-20 persons, male and female participants are balanced	15-20 persons, male and female participants are balanced
Tools	<ol style="list-style-type: none"> 1. Welfare Classification 2. Trend Analysis 3. Government Program Evaluation 	<ol style="list-style-type: none"> 1. Poverty Perception 2. Trend Analysis 3. Cause and Effect of Poverty 4. Priority of Problem and Strategy to Sustain Living 5. Venn Diagram and Government Program Review
Estimated Duration	2.0 – 2.5 hours	2.5 – 3.0 hours

1.4.1 Community FGD

The Community FGD or the Village Level FGD is intended to get the picture of the community general living condition and problems, both the better welfare group and the poor group. This is important to understand the difference between both groups. The FGD uses three tools as follows:

1.4.1.1 Welfare Classification

The welfare classification is intended for:

- Understanding the level of community welfare at the village in accordance with the criteria and terms defined by the community.
- Identifying the characteristic of each level of welfare.
- Understanding the community perception on the condition and characteristic of poor community at the village.
- Getting the proportion of the household numbers based on the existing levels of welfare.
- Getting the proportion of the household number based on the level of welfare 10 years ago.
- The above proportion was determined using 100 shirt buttons in a simulation at the FGD.

1.4.1.2 Trend Analysis

The objective of trend classification is for:

- Knowing the factors that change in the last ten years (1997/1998) and currently (2009) which influence the people's living.

- Knowing the trend of change in the living of community in the last 10 years, whether it becomes better or worse, and the factor that is felt to influence most their living.

1.4.1.3 Program Evaluation

This evaluation on programs aims for:

- Knowing various programs and supports for the community, especially the government programs.
- Knowing the strength and weakness of the programs that are felt by the community.
- Uncovering the perception of the community on the programs and the kind of development that is expected by the community.

1.4.2 The Poor FGD

FGD with the poor group is intended to know the living condition and problems faced by the poor group directly from their perception. The following tools are used:

1.4.2.1 Poverty Perception

The objectives of the poverty perception are for:

- Clarifying the welfare/poverty status from the welfare classification at the Community FGD.
- Knowing the perception on poverty based on the view of the poor community.

1.4.2.2 Trend Analysis

The objective of trend classification is for:

- Knowing the factors that change in the last ten years (1997/1998) and currently (2009) which influence the people's living.
- Knowing the trend of change in the living of community in the last 10 years, whether it becomes better or worse, and the factor that is felt to influence most their living.

1.4.2.3 Cause and Effect Diagram

The cause and effect diagram tool has objectives as follows:

- Knowing various causes of poverty based on the perception of the poor community, either direct and/or indirect causes.
- Uncovering various effects as a result of the poverty, both direct and/or indirect effects.
- Knowing the interrelation among various causes those results in poverty.

1.4.2.4 Problem Priority and Strategy for Sustaining Life to Cope with the Economic Crisis

The objectives of this tool are for:

- Knowing the main problems felt by the poor community in their living, either problems of male and/or female people.

- Knowing the impact of the main problems on the living of the poor community.
- Knowing the pattern that usually carried out by the poor community to cope with those problems.
- Identifying the sources of assistance that are usually accessed by the poor community to cope with the problems faced.

1.4.2.5 Venn diagram and Program Review

The objectives of this tool are:

- Identifying various institutions, either formal and/or informal having important roles in the living of the poor community.
- Identifying the close relationship and the easiness of access by the poor community to those various institutions.
- Identifying various programs especially government programs that are felt by the poor community.
- Knowing the benefits that are felt by the poor community from those programs.
- Uncovering the expectations of the poor community for the beneficial programs to be developed.

1.4.2.6 Transect Walk

The general overview of transect walk is as follows:

- Transect walk is a direct observation process carried out at the neighborhood of the community to get the overview of the village condition and community living.
- Transect walk may be carried out at any time as required, however it is suggested that the PPA team allows some time at the beginning of their arrival at the village, so that before the FGD the PPA team has had an overview of the village condition.
- Transect may be carried out together with some community members which can provide additional independent information, or if necessary the assistance to introduce the PPA team to the community.
- Visit to the central activity area of the village community to have an overview of the living at the village.
- Focus the visit on the residential areas of the poor to understand more about their condition.
- Transect walks are also conducted when going to the respondents for in-depth interviews.
- Obtain or make a sketch for the village map.

1.4.2.7 In-depth Interview

The objectives of the in-depth interview are for:

- Understanding someone biography to see the dynamics of his/her welfare.
- Identifying the factors and processes helping or hampering the change of the welfare condition of the community member.
- Understanding the factors that help the community improve their welfare.
- Understanding the factors that make the community kept at the poverty condition.
- Identifying the vulnerability factors.

- Knowing the difference between female and male persons in experiencing various problems mentioned above and the difference in the cause and perception.

Issues explored are, among others:

- The household condition of the respondents and the dynamics of their welfare.
- Change of living condition
- Perception on poverty
- Basic service delivery (access, role, benefit)
- Problems and constraints faced
- Programs and assistance available.
- Efforts to cope with the crisis
- Expectation.

1.5 Results of PPA on Sites

The PPA field works at eight (8) villages in West Java and four (4) villages in South Sulawesi were conducted by six (6) teams. Each team consisted of three (3) facilitators to conduct PPA at two (2) villages. The PPAs at villages were conducted from October 7 through 16, 2009.

The results of PPA on sites are presented in **The Final Report for Participatory Poverty Assessment, Volume 2 – Site Report on Twelve Villages in West Java and South Sulawesi.**

2 PERCEPTIONS OF POVERTY

The local people have their own perceptions of the nature of poverty. The local people often describe poverty as a lack of the means to satisfy basic material and social needs, as well as a feeling of powerlessness. It is seen as multi-dimensional conditions, and can be seen from many indicators of poverty as a status of welfare. Some of the indicators identified are common across all sites, but differences may exist between villages and communities, and between regions.

Certain groups can be perceived as more vulnerable to poverty than others. Such groups include household with no land ownership, unskilled workers, women, widows, widowers with children, orphans and neglected children, the youth and the elderly, the chronically sick, the displaced and refugees, people living in areas prone to natural calamities, and large families. In general, a poor household is seen as one without productive assets, income, and basic necessities. A poor community is seen to lack adequate basic services and infrastructure, has few livelihood opportunities, or is affected by insecurity.

The social, economic and demographic causes and effects of poverty were assessed. The most frequently cited causes of household poverty are lack of education and skills, scarcity of employment, very limited access to financial services and capital, poor health, ignorance, poor access to markets, unemployment, lack of cooperation, large families with many dependents. The major effects of poverty on the household may include poor health, inability to meet the basic needs of the family, low production, food insecurity, and loss or sale of assets.

Poverty can be seen as a dynamic phenomenon that changes over time, within each year and over longer periods. The effect of the dry and wet seasons on the livelihoods and the lives of the poor leads to times of relative abundance and hardship throughout the year. This is due to climatic patterns, and the seasonal nature of primary agriculture production and income-generation and expenditure.

Through analysis of trends in poverty, many local people may feel that poverty is worsening or decreasing, and they identify the criteria that pull people further into poverty or which allow them to move out gradually from it.

2.1 Poverty Characteristics

Based on the results of the FGD with the community leaders and representatives and clarified at the FGD with the poor group, the characteristics used as indicators to identify the welfare and poverty conditions at eight villages in West Java and four villages in South Sulawesi are as follow:

Table 2.1 Perceived Indicators of Poor Households at Eight Villages in West Java

No.	Criteria	Indicators
1	Type of house owned	<ul style="list-style-type: none"> - Small, half masonry and half bamboo or wooden board wall, earth floor or stage - No house ownership, stay at someone's house - A few people have old TV set
2	Ownership of land, paddy field, plantation, fish pond, cattle	<ul style="list-style-type: none"> - No ownership - Some own few chicken and ducks - Some take care someone's sheep with profit sharing
3	Ownership of vehicle	<ul style="list-style-type: none"> - No ownership - Some own bicycle - Some own old motor cycle
4	Occupation	<ul style="list-style-type: none"> - Farming coolie, construction worker, factory worker, waste recycling collector - Cultivating farm - Unemployed
5	Income	<ul style="list-style-type: none"> - Rp.15,000 - Rp.30,000/day not continuous - No income
6	Health Care	<ul style="list-style-type: none"> - Community Health Center with Community Health Security (<i>Jamkesmas</i>) - Traditional herbal medicine, medicine from the shop - Not able to buy medicine even from shop - Vulnerable to illness due to bad nutrition
7	Child Education	<ul style="list-style-type: none"> - Maximum up to elementary schools, some did not finish or attend elementary schools. A few could finish junior high school
8	Access to Clean Water & Sanitation	<ul style="list-style-type: none"> - From dug well with bailer - No toilet/WC, waste feces at paddy field, or river - Public bath, wash and toilet (<i>MCK</i>) - Buy clean/drinking water from water trader
9	Meal Pattern	<ul style="list-style-type: none"> - Twice a day with vegetables - Twice a day with vegetables and once at the farm - Once a day with insufficient nutrition
10	Others	<ul style="list-style-type: none"> - Old, descriptit, infirm, disable - Not able to buy clothes/dress - A lot of debt at shops or unable to get credit - Many children - Receiving tithe/donation

The above indicators of household poverty were collected from FGDs at eight villages in West Java, which are basically not so much different between villages. The indicators of poverty as perceived by the local community can be grouped into the lacks of:

- non-productive assets (indicator numbers 1, 3)
- productive assets (indicator number 2)
- livelihood (indicator number 4 and indicator number 5)
- daily consumption (indicator number 9)
- access to public services (indicator number 6, 7, 8)
- powerlessness (indicator number 10).

The indicator numbers 1, 9 and part of number 10 show the lack of fulfillment of the daily necessities of life.

The poverty indicators described at FGDs at four villages in South Sulawesi are presented below.

Table 2.2 Perceived Indicators of Poor Households at Four Villages in South Sulawesi

No.	Criteria	Indicators
1	Type of house owned	- Bamboo or wooden hut of 5X7 M2, <i>nipah</i> , <i>lontar</i> or <i>rumbia</i> roof, earth/bamboo/wooden board floor - No house ownership, rent house, having house at someone's land, or stay at relative's house - A few people have TV set
2	Ownership of land, paddy field, plantation, fish pond, cattle	- No ownership - Cultivate someone's farm, take care of someone's cattle
3	Ownership of vehicle	- No vehicle ownership
4	Occupation	- Farm coolie, carrying worker, sand quarry worker, factory worker, washing worker, tricycle worker
5	Income	- No fixed earning, wage below Minimum Regional Wage (<i>UMR</i>) - Rp.150,000 - Rp.500,000/month - Rp.15,000 – Rp.20,000/day
6	Health Care	- Community Health Center with <i>Jamkesmas</i> , Community Health Center Branch (<i>Pustu</i>) - Indigenous medical practitioner (<i>dukun</i>)
7	Child Education	- Maximum elementary school (<i>SD</i>), some did not pass <i>SD</i> some have no education, a few until junior high school
8	Access to Clean Water & Sanitation	- Waste feces at the farm or other place - Slum environment - People at a certain place need to get clean water by walking 2 km away

No.	Criteria	Indicators
9	Meal Pattern	<ul style="list-style-type: none"> - Once to three times a day, rice with instant noodle or any meals - Some places eat rice mixed with corn or corn only, with fish and vegetables
10	Others:	<ul style="list-style-type: none"> - Own nothing, no waste basket/place, narrow mind set no strategic vision - Electricity from neighbor - Buy clothes/dress once a year under Rp.100,000 - No saving

The poverty indicators collected at FGDs at four villages in South Sulawesi basically are not much different between villages and communities and also between those in South Sulawesi and those in West Java.

2.2 Trends of Poverty

The trend of welfare conditions at the village was uncovered by having the participants at the two FGDs to describe the conditions during the monetary and economic crisis in 1999 and the current condition. The trend analysis results in West Java and South Sulawesi are presented on Table 2.1, Table 2.2 and Figure 2.1 and Figure 2.2 below.

2.3 Factors Affecting Trend of Welfare Change

The trends of welfare conditions at the research villages in West Java and South Sulawesi are presented below.

Table 2.3 Trend of Welfare Change

Village	Trend of Welfare Change
Jaya Bakti	Decrease
Pasir Jambu	Increase
Gegesik Kulon	Increase
Neglasari	Decrease
Nanggerang	Increase
Sukanagara	Increase
Padasuka	Increase
Lengkongjaya	Decrease
Raya	Increase
Kalegowa	Increase
Manjangloe	Increase
Batu Nilamung	Increase

Table 2.4 – Trend of the Welfare Change at Eight Villages in West Java

Village	Jaya Bakti			Pasir Jambu			Gegesik Kulon			Neglasari			Nanggerang			Sukanagara			Padasuka			Lengkongjaya		
Category	R	M	P	R	M	P	R	M	P	R	M	P	R	M	P	R	M	P	R	M	P	R	M	P
% in 1999	7	25	68	5	16	79	10	25	65	10	30	70	9	16	75	8	49	43	0	17	83	7	25	68
% in 2009	7	23	70	10	21	69	12	48	40	5	20	75	15	32	53	19	59	22	7	10	83	7	16	79
Trend of the Welfare Change	Decrease			Increase			Increase			Decrease			Increase			Increase			Increase			Decrease		
<i>Kabupaten</i>	Bekasi			Purwakarta			Cirebon			Bandung			Bogor			Cianjur			Tasikmalaya			Garut		

Legend:

R: Rich

M: Moderate

P: Poor

Table 2.5 – Trend of the Welfare Change at Four Villages in South Sulawesi

Village	Raya			Kalegowa			Manjang Loe			Batuninglampung		
Category	Rich	Moderate	Poor	Rich	Moderate	Poor	Rich	Moderate	Poor	Rich	Moderate	Poor
% in 1999	3	20	77	10	48	42	4	14	82	0	15	85
% in 2009	15	30	55	19	47	34	14	29	57	6	24	70
Trend of the Welfare Change	Increase			Increase			Increase			Increase		
<i>Kabupaten</i>	Maros			Gowa			Jeneponto			Bulukumba		

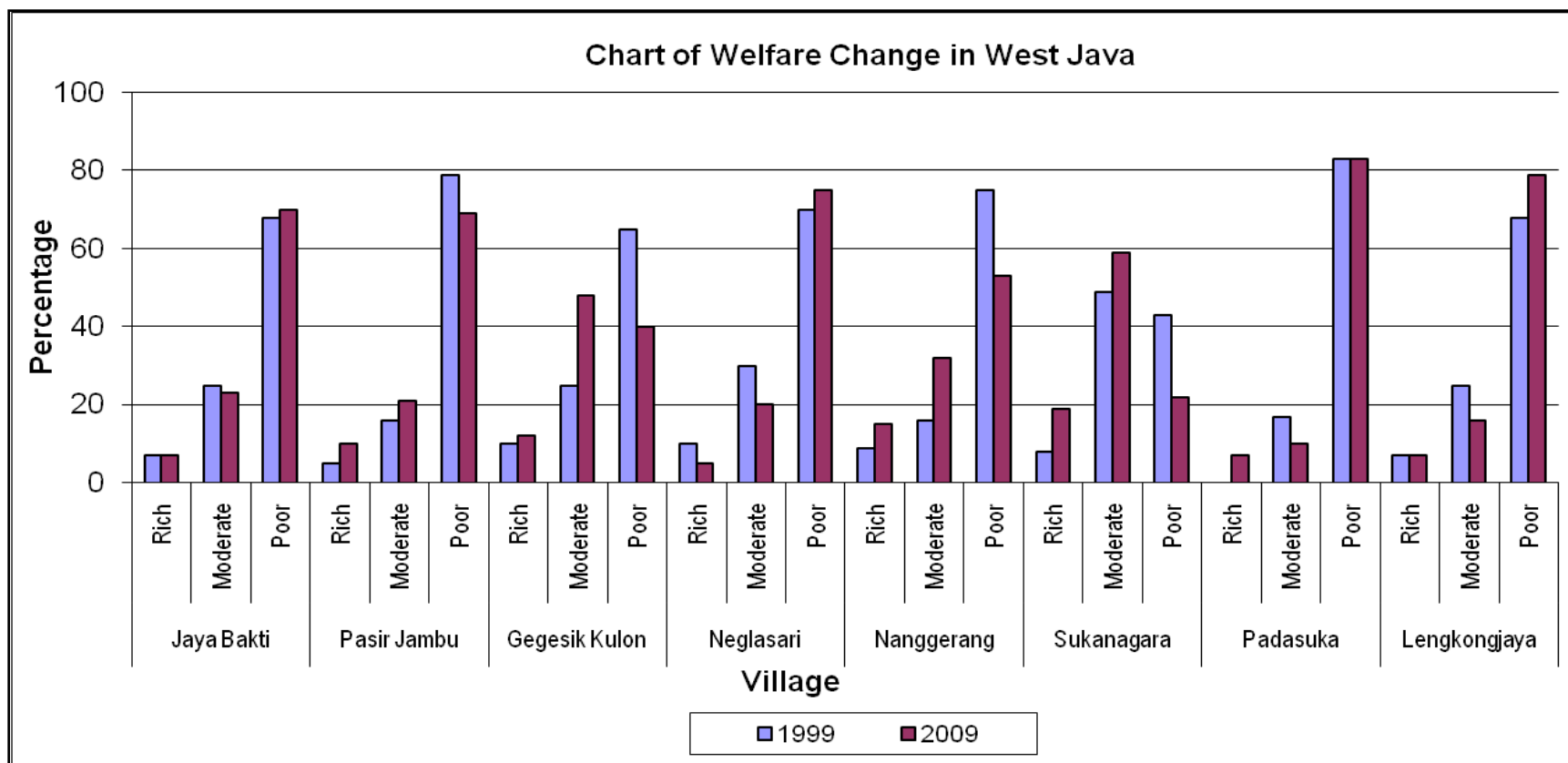


Figure 2.1 Trend of Welfare Change in West Java

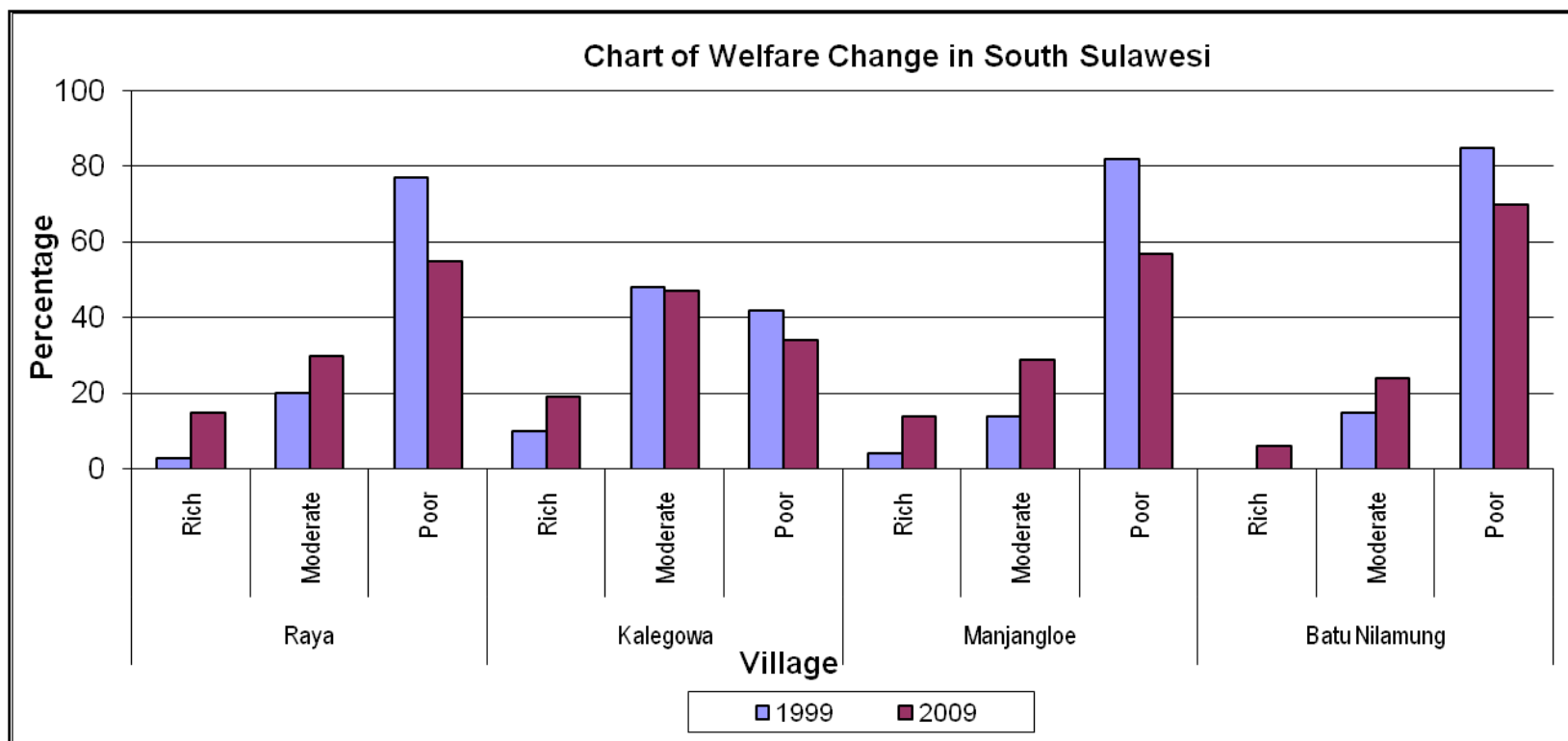


Figure 2.2 Trend of Welfare Change in South Sulawesi

The welfare is considered to increase when the percentage of the poor decreased. When the rice paddy field could not yield good harvesting any longer e.g. due to irrigation water problems, either the water debit or pollution, the income of the paddy field owners and also the workers decreased. The welfare also decreased when the opportunity for the poor to get daily work in Jakarta decreased e.g. as the tricycle workers.

Factors affecting trends of welfare change in the twelve research locations based on the FGDs and in-depth interviews were as follow, namely:

1. Facility and Infrastructure
 - Road, education facility, water facility, health facility, electricity, communication means, irrigation, transportation, trade, etc.
2. Community Livelihood
 - Main livelihood; side job / other livelihood
3. Change on Prices
 - Nine Basic Necessity (*sembako*) prices, fertilizer price, fuel price, rice price, woof price
4. Community Income or Earnings
 - Level of increase of income compared to increase of basic necessity prices
5. Ownership
 - Land / paddy field ownership, business capital, transportation modes; livestock
6. Social
 - Debt/*ijon*; traditional ceremonial events

Generally, facilities and infrastructures in the villages and *kelurahan* of the 12 locations have increased or developed, although the quality and quantity are different among locations. The access of community in a village/*kelurahan* to the facilities and infrastructures are also different one to each other. Several important facilities that have not yet fulfilled the community needs are irrigation and provision of clean water or drinking water. Irrigation in several regions is available but the function has decreased since water debit is much less then before. Only irrigation in South Sulawesi –except in Manjang Loe Village, Jeneponto Regency- that tends to be better since it is still in the development process, while in West Java the irrigation has been established for long time and the condition needs improvement. At Manjang Loe, Jeneponto regency, South Sulawesi, agriculture that depends on the rain fall still cannot yet be intervened by the irrigation, since the water resource is ground water at 70 meters depth. What can be done at the moment is to provide clean water facility through deep well establishment and piped water facility to the household and community.

Community livelihood in general has become the negative factor that affects change on welfare. Main livelihood of community is working at farm or agriculture area and this cannot be pledged for the life of poor community. It because the poor does not have land, or the paddy land in the village has been smaller in size. This makes the work in the paddy field reduced, while the employment force is increasing. The fertilizer prices that are soaring cannot balance the harvest result. The side job or other livelihood for the community is really limited and not continuous, so people do any kind of work at irregular time.

Basic necessity prices keep increasing and sometimes the increase is very high such as during the Idul Fitri (*Eid Mubarak*) time. This has made the life more difficult for the people. Limited income has made difficulty for the people in fulfilling their life necessities.

For the poor people, to have debt is one way for continuing life, when the life necessities cannot be fulfilled. This debt is probably will never be paid fully during their life time since other problems may never be solved for long time. In several regions, the social activity such as traditional ceremony that is inherited from time to time, become the burden not only for the ones who have the ceremony but also for the invitees as they have to allocate some budget for the gift. This activity that is usually done at the same time after harvest time has made most of community income from their harvest result almost finished. Meanwhile part of their harvest result is also allocated for paying their debt to other people.

2.3.1 Factors Affecting Welfare Change in West Java

Based on the FGD of the community leaders and representatives and FGD of the Poor, the factors affecting the welfare change are generally in the groups of structure and infrastructure, livelihood, prices, property/material ownership, income and social conditions, as shown in the following table.

Table 2.6 Factors Affecting Welfare Trends in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Factors Affecting Change									
Facilities and Infrastructure Condition									
Education	1	1	1	1	1	1	1	1	8
Road	1	1	1	1	1	1	1	1	8
Communication device	1	1	1		1		1	1	6
Facilities for clean/drinking water & sanitation		1	1		1	1	1	1	6
Irrigation	1		1		1	1	1	1	6
Health		1		1	1		1	1	5
Transportation		1			1	1	1	1	5
Electricity		1			1	1	1		4
Pollution		1						1	2
Cooking fuel/kerosene					1				1
Hotel & lodging						1			1
Housing						1			1
Market						1			1
Mini market & shop/informal mobile trader						1			1
Religion							1		1
Terminal						1			1
Livelihood									

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Factors Affecting Change									
Employment opportunity	1	1	1	1			1	1	6
Unemployment		1	1			1			3
Floating fish net Keramba, fish pond	1	1		1					3
Immigrant workers (TKI/TKW)	1	1							2
Wood plantation		1			1				2
Harvesting failure	1		1						2
Working on any kind		1							1
Prices									
<i>Sembako</i> (nine basic food substances)	1	1	1	1			1	1	6
Fertilizer	1		1				1	1	4
Kerosene	1	1							2
Rice	1								1
Fuel		1							1
Feeding woof		1							1
Ownership									
Land/farm	1	1		1	1		1	1	6
Motorcycle from loan	1	1		1	1				4
Motorcycle mortgage bought	1	1							2
Buffalo					1				1
Income, salary, and wage									
Wage of worker		1		1	1		1	1	5
Income of <i>ojeg</i> driver	1	1							2
Harvesting result	1								1
Land rent						1			1
Waste/broken good collector					1				1
Social									
<i>Ijon</i>	1	1	1						3
<i>Hajatan</i> (family event; marriage, circumcision)	1		1						2
Farmer group		1							1
Migrant villagers (new comers)					1				1

Legend of Villages:

JB: Jaya Bakti
 PJ: Pasir Jambu
 GK: Gegesik Kulon

NS: Neglasari
 NG: Nanggerang
 SN: Sukanagara

PS: Padasuka
 LJ: Lengkongjaya

The factors common to several (6-8) villages affecting welfare change in West Java are road, education, clean water & sanitation, communication, irrigation, and employment opportunity.

2.3.1.1 Rural and Urban Villages in West Java

The description of rural and urban villages in the List of Locations PNPM in 2007 and 2008, after observations on sites, are somewhat different as follows:

Table 2.7 Rural and Urban Villages in West Java

Name of Village	PNPM Description 2007/2009	Observed On Site Condition
Jaya Bakti	Rural	Rural
Sukanagara	Rural	Semi Urban
Gegesik Kulon	Rural	Rural
Pasirjambu	Rural	Rural
Nanggerang	Urban	Rural
Neglasari	Urban	Rural
Padasuka	Urban	Semi Urban
Lengkongjaya	Urban	Urban

2.3.1.2 Change Factors at Rural Villages in West Java

The observed rural villages are Jaya Bakti, Gegesik Kulon, Pasirjambu, Nanggerang, and Neglasari. The source of livelihood in those villages is predominantly rice paddy field mixed with dry farm. However, there are also *TKW/TKI* (female/male workers who work overseas) at Jaya Bakti village. Fishery exists at Pasir Jambu village and Nanggerang village. Textile industry workers exist at Neglasari village. Traders exist at Nanggerang. Construction workers and motor cycle transportation riders can be found at most of the villages.

The welfare change at the rural villages in West Java is affected mostly by the facilities and infrastructure i.e. road, education, water and sanitation, health, communication, irrigation. The livelihood such as employment opportunity, prices of *sembako* (nine basic necessities), wage of workers become important factors affecting the welfare change. Ownership of farm is also important factors affecting the welfare change.

Decreasing Welfare

In the rural villages of West Java being assessed the welfare of Jaya Bakti, and Neglasari had decreased during the ten year period.

The trend of welfare at **Jaya Bakti** village decreased in the period from 1999 to 2009. Although the facilities and infrastructure were improved especially the education facilities and road, but the irrigation water condition decreased. The water flow could not arrive at the rice paddy field

and need pumping which cost a lot, and consequently the income from harvesting decreased. In addition to the irrigation water flow, some sea water intrusion was harmful to the rice paddy field.

Since the conversion of kerosene to gas stove, the informal trader of kerosene could not be done anymore. The difficulty in finding daily job in Jakarta made the people become unemployed when the period of working at the rice paddy field had finished.

The above factors had made the welfare at Jaya Bakti village declined.

The welfare at **Neglasari** village decreased in the period from 1999 to 2009. The decreasing welfare was due to the decrease of the farm land ownership. About 80% of the farm had been sold to buy vehicle and/or gave to their children as inheritance, so the ownership of farm land by one household became much less. Unsecured jobs because of contract labor system made the people became unemployed when the contract had finished, and consequently they did not have income any longer.

Increasing Welfare

The village welfare of Pasir Jambu, Gegesik Kulon, and Nanggerang, had increased during the period from 1999 to 2009.

When the Cirata dam was constructed to make an impounding reservoir, the infrastructure development at **Pasir Jambu** village increased, especially the improvement of access road to the market at Cikalong Kulon. The capital owners had a new opportunity in the fishery cultivation business at the Cirata reservoir, using *Keramba Jaring Apung* (floating fish net). The access of villagers to seek jobs out of the village became easier, including the opportunity to become *TKI* or *TKW*.

Some poor households increase their welfare when the member of the family work as *TKW* in Saudi Arabia. Some of them benefit from being the workers of the floating fish nets, some others works as the construction workers in Jakarta and Bandung.

However, the rice paddy fields were suffered from the construction of the Cirata reservoir, since the majority of the rice fields had become the reservoir. The use of mechanized agricultural tools had reduced the opportunity of the farm workers.

At **Gegesik Kulon** village the community condition has improved in many areas, especially related to infrastructure and telecommunication. Although during the ten year period there was dramatic increases in the prices of *sembako* (nine basic necessities), the welfare of Gegesik Kulon community generally appeared to increase, especially the poor group moved to the moderate group. This increase of welfare is as a result of becoming *TKW* or *TKI*.

The rich group and the very poor group relatively remained the same. Beside the welfare increase of the poor group to become moderate group, at the same time many villagers of the moderate group moved to the poor group. The last condition was because the increase of prices

for farming cultivation, so they did not rent the farm land anymore, but they become the farm workers.

Compared to the condition of ten years ago, the welfare of **Nanggerang** villagers tend to increase. Many poor people now become at the moderate welfare group. This welfare improvement was due to the improvement of the quality of facilities and infrastructures, such as access road, education facilities for *SMP* and *SMK*, which help improve the education level of children. The development of the housing complex had created employment as housemaids and the makers of veils. The veils were ordered by the housing complex residents.

2.3.1.3 Change Factors at Urban Villages in West Java

The observed urban villages are Sukanagara (semi urban), Padasuka (semi urban) and Lengkong Jaya (urban). The source of livelihood in those villages is predominantly rice paddy field mixed with dry farm. However, there are also embroidery craft exists at Padasuka village and leather craft industry exists at Lengkong Jaya village. Traders exist at Sukanagara. Construction workers and motor cycle transportation riders can be found at most of the villages.

Decreasing Welfare

The welfare condition at **Lengkong Jaya** in the past ten years (1999 – 2009) decreased. Although during the ten year period there were development in the area of telecommunication/information, education and health services, but the welfare of this village decreased as indicated by the increase of the poor group.

The decrease of welfare at Lengkong Jaya started when the leather craft businesses went bankrupt. The bankruptcy of these businesses had made the leather craft business persons became no longer the business owner but they became the leather craft sewing workers. Some of them became the farm workers.

The changes of farm ownerships from the villagers to the people outside the village became a contributing factor to the decrease of the village welfare. Furthermore, the difficulty in getting the fertilizer and the pollution of Cimanuk river from the leather processing had caused the failure of the harvesting to achieve desired result, the skin irritation of the villagers and clean water supply problems.

Increasing Welfare

The strategic location of **Sukanagara** village, at the crossing main road connecting the southern coast area, Sukabumi and Cianjur cities has made the trading business at Sukanagara village grow rapidly. Goods from southern part of West Java such as those of fishery, agriculture and livestock and also the daily necessities are marketed and traded in Sukanagara.

As the capital village of the sub district of Sukanagara, there are many government branch offices and public service companies like telecommunication, electricity, water supply, banks,

post office, etc. The presence of these offices make a large turnover of goods and services. The development of offices, lodging, housing etc. provides a lot of job opportunity for the villagers, which can then increase their welfare.

Although in general the community welfare at **Padasuka** village increased during the period of 1999 to 2009, the increase relatively was not so much. The improvements are more in the infrastructure such as road, electricity and communication. The welfare improvement is not significant for the poor and very poor. It is more for the moderate and rich groups.

Young people are reluctant to work at the rice paddy field. The work at the paddy field is considered more difficult and harder due to the price increase of fertilizer, less irrigation, and less income/wage. The paddy field areas become smaller. Most of the farm workers now are people of more than 40 years old. Young people prefer to work at the embroidery industry, due to the development of electricity distribution, better access road and communication, which make the production process faster and payment to workers faster also.

2.3.2 Factors Affecting Welfare Change in South Sulawesi

The factors affecting trends of welfare conditions at research villages in South Sulawesi, based on the PPA, are presented below.

Table 2.8 Factors Affecting Welfare Trends in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Rural / Urban	Rural	Urban	Rural	Rural	
Poverty %	55%	34%	57%	70%	
Factors Affecting Change					
Structure and Infrastructure					
Road	1	1	1	1	4
Education	1	1	1	1	4
Health	1	1	1	1	4
Electricity	1	1	1	1	4
Facilities for clean/drinking water & sanitation	1	1	1		3
Communication device	1		1		2
Irrigation	1				1
Mini market & shop/informal mobile trader	1				1
Livelihood					
Employment opportunity	1	1	1	1	4
Immigrant workers (<i>TKI/TKW</i>)	1		1	1	3
Unemployment				1	1
Floating fish net Keramba, fish pond				1	1
Prices					
<i>Sembako</i> (nine basic food substances)	1	1	1	1	4
Ownership					
Land/farm	1		1		2
Motorcycle from loan		1			1

Village	RY	KG	ML	BN	Frequency
Rural / Urban	Rural	Urban	Rural	Rural	
Poverty %	55%	34%	57%	70%	
Factors Affecting Change					
House		1		1	2
Income, salary, and wage					
Wage of worker		1	1	1	3
Social					
<i>Hajatan</i> (family event; marriage, circumcision)			1		1
Farmer group			1		1

Legend of Village:

RY: Raya

KG: Kalegowa

ML: Manjang Loe

BN: Batuninglampung

The factors common to several (3-4) villages affecting welfare change in South Sulawesi are road, education, health, electricity, nine basic necessities (*sembako*), immigrant workers (TKI/TKW), and wage of worker.

2.3.2.1 Rural and Urban Villages in South Sulawesi

The description of rural and urban villages in the List of Locations PNPM in 2007 and 2008, after observations on sites, are somewhat different as follows:

Table 2.9 Rural and Urban Villages in South Sulawesi

Name of Village	PNPM Description 2007/2009	Observed On Site Condition
Manjang Loe	Rural	Rural
Batuninglampung	Rural	Rural
Raya	Urban	Rural
Kalegowa	Urban	Urban

2.3.2.2 Change Factors at Rural Villages in South Sulawesi

The observed rural villages are Manjang Loe, Batuninglampung, Raya and Kaligowa. The source of livelihood in those villages is predominantly rice paddy field with occasional dry farm. There are also informal sector labors such as tricycle riders, construction workers.

The welfare change at the rural villages in West Java is affected mostly by the facilities and infrastructure i.e. road, education, health, electricity. The livelihood such as employment opportunity, immigrant workers, prices of *sembako* (nine basic necessities), wage of workers are important factors affecting the welfare change.

Increasing Welfare

The 3 rural village communities at South Sulawesi increased their welfare during the period of 1999 to 2009. At **Raya** village, the factors affecting the increase of welfare are the irrigation for the rice paddy field to enable harvesting twice in a year. The access road and transportation availability make the transport of *sembako* (nine basic necessities) easier. The improved facilities for electricity, health care with *Jamkesmas*, education and communication. The negative factors are the low education and no land ownership of the poor community.

At **Manjang Loe** village, the factors affecting the increase of welfare are the improvement the facilities and infrastructure i.e. road, water and sanitation, health care with *Jamkesmas* and *Jamkesda*, and free education at elementary schools. There are also *Gapoktan* (farmer group organization) to distribute the government assistance for the farmers. However, the village community is still having problems with the farm during the dry season.

The welfare of **Batunilamung** village increased during the ten year period. The factors that positively affect the welfare are the improvement of road, free education and free health care using *Jamkesmas*. The negative factors are the difficulty in getting clean water from a distance of 2 km. Another negative factor is the income which earned from working outside the village.

2.3.2.3 Change Factors at Urban Village in South Sulawesi

Increasing Welfare

The urban village where the PPA was conducted in South Sulawesi is **Kalegowa** village. The positive factors affecting the welfare are the improvement of road, clean water supply, transportation, electricity, education facility, and health center branch. The negative factors are scarcity of employment, low education level, and continued increased prices of *sembako* (nine basic necessities).

3 CAUSES AND EFFECTS OF POVERTY

3.1 Perceived Causes of Poverty

The factors influencing household poverty are interconnected, acting as both causes and effects. By acting as both cause and effect, such factors perpetuate the cyclic nature of poverty. Communities often had difficulty in differentiating causes and effects so that the two were used interchangeably. For example, an effect of poverty is ill health due to poor nutrition, overwork and inability to afford medical treatment. In turn, ill-health causes poverty as the ability to work productively is compromised and medical expenses drain limited household finances. Focus group discussions (FGD) and cause and effect diagram were used to analyze the relationships of influencing factors on their lives.

Based on the FGDs, confirmed by in-depth interviews and the observations at the researched villages in West Java and South Sulawesi, the causes of poverty basically include the groups of insufficiencies of education & skills, employment opportunities, income, health care, land ownership, willingness to work, business capital, land fertility, facilities & infrastructures, gender equity, and family planning. A cause and effect diagram was used at the FGD to illustrate the discussion.

3.2 Perceived Causes of Poverty at Villages in West Java

The perceived causes of poverty at researched villages in West Java are presented below.

Table 3.1 Perceived Causes of Poverty at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Causes of Poverty									
Scarcity of Employment	1	1		1	1	1	1	1	7
Low Education of Parent	1	1	1	1			1	1	6
Income could not fulfill needs		1	1	1		1		1	5
No skill owned					1	1	1		3
Prices and expenses keep increasing		1					1	1	3
Farm worker/collie employment	1	1	1						3
Many child dependents	1		1						2
No ownership of paddy field/farm/land		1				1			2
No capital available					1	1			2
Lazy for working					1	1			2

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Causes of Poverty									
Harvesting late/failed						1		1	2
Unemployment, educated people are not willing to be coolie or <i>ojeg</i> worker	1					1			2
Mechanized agriculture		1						1	2
Land ownership decreased				1			1		2
Insufficient willingness					1		1		2
Fuel prices increased							1	1	2
Not in good health / frequent illness						1			1
Family planning not free	1								1
Needs not fulfilled		1							1
No heritage property		1							1
Women privilege for employment				1					1
Contract employment				1					1
Many factory bankruptcy				1					1
Insufficient work experience				1					1
No income				1					1
Fertilizer price increased				1					1
Land not fertile					1				1
Bad road					1				1
Natural disaster						1			1
Insufficient health services						1			1
Insufficient education services						1			1
Weather problems						1			1
Insufficient clean water infrastructure						1			1
Paddy field disease								1	1
Believing that women are not important to learn at school			1						1
Debt with <i>Ijon</i>			1						1
Large expenditure			1						1

Legend of Villages:

JB: Jaya Bakti
PJ: Pasir Jambu
GK: Gegesik Kulon

NS: Neglasari
NG: Nanggerang
SN: Sukanagara

PS: Padasuka
LJ: Lengkongjaya

The causes of poverty common to several (5-7) villages in West Java are scarcity of employment, low education of parent, and income could not fulfill needs.

3.2.1 Perceived Causes of Poverty at Rural Villages in West Java

The rural villages in West Java are Jaya Bakti, Pasir Jambu, Gegesik Kulon, Neglasari, and Nanggerang. The perceived causes of poverty at those rural villages are predominantly scarcity of employment, low education of parent, income could not fulfill needs, and being farm worker/coolie.

All of the above perceived causes of poverty at the end will result in insufficient income to fulfill basic daily needs. Low educated person can only get low income employment which will lead to poverty.

3.2.2 Perceived Causes of Poverty at Urban Villages in West Java

The urban villages in West Java are Sukanagara (semi urban), Padasuka (semi urban) and Lengkong Jaya (urban). The causes of poverty at the above urban villages are predominantly scarcity of employment, low education of parent, income could not fulfill needs, no skill owned, prices and expenses keep increasing, harvesting failed, and fuel price increase.

3.3 Perceived Causes of Poverty at Villages in South Sulawesi

The perceived causes of poverty of the communities at the researched villages in South Sulawesi are presented below.

Table 3.2 Perceived Causes of Poverty at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Rural / Urban	Rural	Urban	Rural	Rural	
Poverty %	55%	34%	57%	70%	
Causes of Poverty					
Scarcity of Employment	1	1	1	1	4
Income could not fulfill needs	1	1	1	1	4
Low Education of Parent		1	1	1	3
No skill owned	1	1	1		3
Many child dependents	1	1		1	3
Prices and expenses keep increasing		1		1	2
No ownership of paddy field/farm/land	1		1		2
No capital available	1		1		2

Village	RY	KG	ML	BN	Frequency
Rural / Urban	Rural	Urban	Rural	Rural	
Poverty %	55%	34%	57%	70%	
Causes of Poverty					
Lazy for working		1	1		2
Harvesting late/failed			1	1	2
Unemployment, educated people are not willing to be coolie or <i>ojeg</i> worker		1		1	2
Not in good health / frequent illness	1			1	2
No house ownership/rent	1				1
Old age		1			1
Insufficient water			1		1
Dry land			1		1
Work not fixed			1		1

Legend of Village:

RY: Raya KG: Kalegowa ML: Manjang Loe BN: Batuninglampung

The causes of poverty common to several (3-4) villages in South Sulawesi are scarcity of employment, income not balanced with expenditure, and low education of parent.

3.3.1 Perceived Causes of Poverty at Rural Villages in South Sulawesi

The rural villages in South Sulawesi are Raya, Manjang Loe and Batuninglampung. The predominant factors causing poverty are scarcity of employment, low education of parent, income could not fulfill needs, no skill owned, many child dependents, no ownership of paddy field/farm, no capital available, harvesting failed, and not in good health.

3.3.2 Perceived Causes of Poverty at Urban Villages in South Sulawesi

The urban village in South Sulawesi is Kalegowa. The factors affecting poverty at this village are mainly scarcity of employment, low education of parent, income could not fulfill needs, no skill owned, prices and expenses keep increasing, and many child dependents.

3.4 Perceived Effects of Poverty at Villages in West Java

The effects of poverty based on the FGDs at the researched villages in West Java are as shown below.

Table 3.3 Perceived Effects of Poverty at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Effects of Poverty									
Child could not continue schooling	1		1	1	1	1	1	1	7
Frequent illness	1	1	1	1		1		1	6
Insufficient/irregular meals/food					1	1	1	1	4
Insufficient nutrition		1			1	1			3
Criminals/thefts		1				1			2
Child becomes coolie	1		1						2
Quarrel in households	1	1							2
Much debt		1		1					2
Family divorce				1		1			2
Wife becomes <i>TKW</i>			1	1					2
Not clever/insufficient knowledge					1				1
Stress		1							1
Not capable to buy needed goods			1						1
Child got married young	1								1
Meals not enough nutrition	1								1
Difficult living		1							1
No money for cost of transportation/snacks		1							1
Child lazy for going to school		1							1
Emotional				1					1
Powerless					1				1
Not capable to find job					1				1
Disease/death						1			1
Many child dependent						1			1
Not capable to by pills for family planning						1			1
Many were punished						1			1
Mind set decreased /disturbed						1			1
Gambling						1			1
Religious service not focused						1			1

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Rural / Urban	Rural	Rural	Rural	Rural	Rural	Semi Urban	Semi Urban	Urban	
Poverty %	70%	69%	40%*	75%*	53%	22%	83%	79%	
Effects of Poverty									
Selling owned goods						1			1
Insufficient income							1		1
Weak buying capacity							1		1
House not suitable								1	1
Not capable for self supporting to make clean water canal			1						1

The effects of poverty common to several (4-7) villages in West Java are child could not continue schooling, frequent illness, insufficient/irregular meals/food.

3.4.1 Perceived Effects of Poverty at Rural Villages in West Java

The perceived effects of poverty at Jaya Bakti, Pasir Jambu, Gegesik Kulon, Neglasari, and Nangerang villages are predominantly child could not continue schooling, and frequent illness.

The poor people can not send their children to continue schooling, because they do not have enough income. Since they do not have enough income they cannot buy meals with sufficient nutrition, so they can easily be ill.

3.4.2 Perceived Effects of Poverty at Urban Villages in West Java

The effects of poverty at Sukanagara (semi urban), Padasuka (semi urban) and Lengkong Jaya (urban) villages are predominantly child could not continue schooling, frequent illness and insufficient/irregular meals.

Insufficient or irregular meals will make the human body weak and susceptible to illness.

3.5 Perceived Effects of Poverty at Villages in South Sulawesi

The perceived effects of poverty at the researched villages in South Sulawesi are presented below.

Table 3.4 Perceived Effects of Poverty at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Rural / Urban	Rural	Urban	Rural	Rural	
Poverty %	55%	34%	57%	70%	
Causes of Poverty					
Child could not continue schooling	1		1		2
Frequent illness			1	1	2
Not clever/insufficient knowledge	1		1		2
Not capable to buy needed goods		1		1	2
Insufficient/irregular meals/food			1		1
Insufficient nutrition		1			1
Criminals/thefts				1	1
Child becomes coolie			1		1
Stress		1			1
Not capable to go to hospital to by medicine	1				1
Depend on assistance	1				1
Wandering to look for job			1		1
Disorder condition				1	1

Legend of Village:

RY: Raya KG: Kalgowa ML: Manjang Loe BN: Batuninglampung

The effects of poverty common to several (2) villages in South Sulawesi are scarcity of employment, frequent illness, not clever/insufficient knowledge, and not capable to buy needed goods.

3.5.1 Perceived Effects of Poverty at Rural Villages in South Sulawesi

The predominant factors causing poverty at Raya, Manjang Loe and Batuninglampung villages are children could not continue schooling, frequent illness, and not clever.

Poverty will result in children not continuing school, because there is no money to pay the expenses, and therefore children will not be clever. The insufficient income will have an effect of being unable to buy healthy meals which will result in frequent illness.

3.5.2 Perceived Effects of Poverty at Urban Villages in South Sulawesi

The factors affecting poverty at Kalegowa village are mainly insufficient nutrition, stress, and not capable to buy needed goods. All of the above factors are resulted from poverty which is basically having insufficient income to get them.

3.6 Problems Faced by Male and Female Groups

Since the role of man and woman in a household is usually different, the problems of male group and woman group were assessed during the FGDs.

The perceived problems of male group at the researched villages in West Java are shown below.

Table 3.5 Perceived Main Problems of Male Group at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Main Problems									
Employment scarcity	1	1		1		1	1		5
Business capital not available		1				1		1	3
No irrigation water for agriculture during dry season	1		1				1		3
Income and Expense not in balance	1	1							2
No clean water during dry season			1				1		2
Insufficient skill						1			1
Insufficient business experinece					1				1
Insufficient information					1				1
Rice paddy field ownership decreased more				1					1
Rice paddy plant disease								1	1
Health care						1			1
Difficult transportation to school during wet season								1	1

The main problems of male group common to several (3-5) villages in West Java are employment scarcity, business capital not available, and no irrigation water during dry season.

The perceived problems of female group at the researched villages in West Java are shown below.

Table 3.6 Perceived Main Problems of Female Group at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Main Problems									
Scaracity of employment	1	1	1			1	1	1	6
Insufficient household income	1	1		1		1			4
Business capital not available		1			1				2
No clean water during dry season			1				1		2
Insufficient education					1				1
No irrigation water for paddy field during dry season							1		1
Difficult transportation to school during wet season								1	1

The main problems of female group common to several (4-6) villages in West Java are scarcity of employment and insufficient household income..

The perceived problems of male group at the researched villages in South Sulawesi are shown below.

Table 3.7 Perceived Main Problems of Male Group at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Main Problems					
Prices go up more		1		1	2
Business capital not available	1		1		2
Insufficient skill	1	1			2
Difficult to find job	1	1			2
Insufficient income				1	1
No land ownership			1		1
Low education				1	1
Insufficient irrigation water			1		1

The main problems of male group common to several (2) villages in South Sulawesi are prices go up more, business capital not available, insufficient skill, and difficult to find jobs.

The perceived problems of male group at the researched villages in West Java are shown below.

Table 3.8 Perceived Main Problems of Female Group at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Main Problems					
No house ownership, need to rent house	1				1
Business capital not available	1	1	1		3
Many child dependents	1			1	2
Employment scarcity		1		1	2
Insufficeint education				1	1
Insufficient skill		1			1
No land ownership			1		1
Insufficient irrigation water			1		1

The main problems of male group common to several (2-3) villages in South Sulawesi are business capital not available, many child dependents, and employment scarcity.

4 COPING STRATEGIES TO SUSTAIN LIVING AND TO FACE CRISIS

The coping strategies to sustain living and to face the crisis were discussed separately for the male group and female group.

The results of the FGDs for the male coping strategies and where to find assistance at researched villages are presented in the Table 4.1 below.

The results of the FGDs for the female coping strategies and where to find assistance at researched villages are presented in the Table 4.2 below.

Table 4.1 Coping Strategies to Sustain Living and to Face Crisis – Male Group

Main Problems	Efforts by Communities to Cope with Problems	Assistance Resources
Scarcity of employment, No fixed job	<ol style="list-style-type: none"> 1. Working in the city: construction worker, tricycle worker, informal trader (vegetables, iced fruit drink) wasted/broken good collector, good carrying worker 2. Rice huller collie 3. Digging collie 4. Grass cutting collie 5. Rice harvesting worker 6. Cultivating unused land 7. Collecting tree branches for cooking burner 8. Fishing 9. Women become factory workers 10. Embroidery/sewing worker 11. Changing profession 	<ol style="list-style-type: none"> 12. Friends 13. Relatives 14. Rich people 15. Boss of waste/broken good collectors 16. Construction foreman 17. Boss of factory 18. Business association 19. Land owner 20. Tricycle owner
Business capital not available	<ol style="list-style-type: none"> 21. Looking for loan for business capital 22. Got into debt 23. Cooperation / profit sharing 	<ol style="list-style-type: none"> 24. PUAP 25. Mobile Bank 26. Raksa Desa 27. Relatives 28. Neighbors 29. Paddy field owner 30. PNPM 31. Cooperative/KUD
Insufficiency in business experience, skill and education	<ol style="list-style-type: none"> 32. Looking for information 33. Self learning 34. Learn from others 35. Heritage skill learning (making soybean curd / tofu, <i>tempe</i>, <i>oncom</i>) 36. Apprentice worker 37. Participating in A, B, or C examination package 	<ol style="list-style-type: none"> 38. Friends 39. PNPM 40. Parents 41. Neighbors 42. NGOs 43. Government
Insufficient irrigation water	<ol style="list-style-type: none"> 44. Cleaning canal 45. Using pump 46. Asking help from irrigation department / local government 47. Planting crops for dry season 48. Devide river water for drinking water and irrigation 	<ol style="list-style-type: none"> 49. Farmer association/goup 50. Village government 51. Agriculture department
Daily needs not fulfilled, prices keep increasing	<ol style="list-style-type: none"> 52. Taking any kind of work 53. Got into debt 54. Selling cattle 55. Tighting expenditure 56. Looking for food in the garden / farm 	<ol style="list-style-type: none"> 57. Friends 58. Relatives 59. Shops 60. Boss/rich people

Main Problems	Efforts by Communities to Cope with Problems	Assistance Resources
No land, land ownership keeps decreasing	61. Cultivate other's paddy field/farm 62. Farming worker, taking any kind of work 63. Motor cycle transportation worker (<i>ojek</i>) 64. Collecting unhulled rice paddy left over	65. Relatives 66. Neighbors 67. Rich people
Scarcity of drinking water sources	68. Buying water 69. Looking for water at another village 70. Taking water from dug hole well	71. Assistance for mobile water tank from local government 72. Program of PNPM
Insufficient information	73. Watching TV 74. Frequent asking	75. Relatives and friends 76. Government
Difficult transportation to school during wet season	77. Taking alternate road more further away but it cost more	78. Each household to solve
Health care	79. Buying medicine at shop 80. Taking traditional medication	81. Shop
Paddy field plant disease	82. Fight against it using <i>pospit</i> 83. Fight against it using smoke	84. Each household to solve

Table 4.2 Coping Strategies to Sustain Living and to Face Crisis – Female Group

Main Problems	Efforts by Community	Sumber Bantuan
Scarcity of employment	85. Taking any kind of work, farming worker, washing worker, construction worker 86. Cultivating state land 87. Become Womern immigrant Worker (<i>TKW</i>) 88. Sell for a living 89. Learning embroider/sewing skill 90. Selling cakes 91. Harvesting worker at other's paddy field outside the region	92. Sponsor for <i>TKW</i> 93. Relatives 94. Neighbors 95. Friends 96. Business association
Business capital not available	97. Borrow money from mobile bank 98. Borrow from PNPM 99. Selling land/cattle for business capital 100. Cooperation / profit sharing 101. Selling cakes in small scale 102. Present a proposal to the related institution	103. Mobile bank (for individuals) 104. PNPM (must be in a group) 105. Paddy filed ownerP 106. Cooperative/ <i>KUD</i> 107. UED-SP 108. Rich people
Daily needs not fulfilled, insufficient income	109. Conducting <i>ijon</i> / borrow money 110. Got in debt at shop 111. Looking for vegetables at paddy field / farm 112. Selling cattle 113. Selling rice for buying side dish 114. Quarrelling with husband to make him work harder 115. Taking any kind of work 116. Becoming factory worker 117. Collecting unhulled rice left over after harvesting	118. Shop 119. Vegetable/fish informal trader 120. Rich people/boss 121. Trader 122. Mobile bank 123. Factory 124. Relatives, neighbors, friends 125. Government program
Scarcity of drinking water	126. Buying water and tighting other expenditures 127. Washing clothes with available water even it is dirty 128. Using water from dug hole well	129. Assistance from mobile water tank of local government 130. Program of PNPM
Insufficient irrigation water	131. Sharing river water for drinking and irrigation 132. Proposing to government for assistance in making drilled well	133. Farmer group 134. Agriculture department
Insufficient education	135. Participating in training conducted by NGO 136. Looking for scholarship 137. Utilizing <i>PKH (Family of Hope Program)</i>	138. NGOs 139. Government
Many child dependents	140. Participating in <i>KB (Family Planning) Program</i>	141. BKKBN
No land ownership	142. Cultivating other's land	143. Rich people and land lord
Difficult transportation to school during wet season	144. Taking alternate road more further away but it cost more	145. Nothing

Main Problems	Efforts by Community	Sumber Bantuan
No house ownership. need to rent	146. Stay where it is available	147. Government
Insufficient skill	148. Learn in sewing	149. PNPM (P2KP)

5 ROLES OF INSTITUTIONS AND PROGRAMS

5.1 Importance and Closeness of Institutions to Community

There are many institutions and programs at the villages which are intended to provide benefit to the communities. During the FGDs and cross checked with in-depth interviews, transect walks and other sources of information, the benefit of the institutions and programs at the village were assessed from the perception of the participants of FGDs. The institutions were measured in terms of their importance and closeness from the opinion of the FGD participants.

The rank of importance of institutions based on the results of FGDs at the researched villages in West Java is as follows.

Table 5.1 Institutions based on Rank of Importance Perceived by the Poor Groups at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Institution									
Village or <i>Kelurahan</i> Government / Apparatus		1	3	4		4		1	5
Shop / Kiosk	3		1	1			1	4	5
Movable Bank / Money Lender		2	4	3	6	7			5
<i>RT (Rukun Tetangga)</i>				3	2	2	4	3	5
<i>Ustadz/Kyai/Pesantren</i>		2				2	2	1	4
Head of <i>Dusun</i> / /Neighborhood (<i>Pak Punduh</i>)	5					3	5		3
Neighbor	1			2				2	3
Paddy Field Owner/The Rich / <i>Pengijon</i> /factory boss	4	4	9						3
<i>RW (Rukun Warga)</i>					1	2		1	3
Head of Village					5	5	6		3
<i>Posyandu</i> (Integrated Post Health Service)					4	2			2
Recitation/DKM/ <i>Majelis Taklim</i>					2	2			2
<i>Puskesmas/Pustu</i> or Community Health Center / Branch			6	1					2
Elementary School (SD)			8			3			2
BLT		1				1			2
<i>Raskin</i> (Rice for the Poor)		2				1			2
Credit		3						5	2
Midwife		3				1			2
<i>Perhutani</i> /National Plantation of XII		4				6			2
BKM/ <i>Kelurahan</i> Development Institution							7		1
PNPM		1							1

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Institution									
Cooperative				3					1
<i>Arisan</i>					3				1
Household Industry/Craft Industry Group						6			1
Relatives	2								1
Teacher		3							1
Sponsor of migrant worker			5						1
Village Credit Bank			7						1
Factory Boss			2						1
Traditional Healer				4					1
Community protection guard (<i>Satlinmas</i>)						4			1
Market						6			1
BRI (Bank Rakyat Indonesia)						7			1
<i>LPK (Lembaga Perkreditan Kecamatan or Sub-District Credit Institution)</i>						7			1
Foundation (Education)							3		1

The rank of importance of institutions based on the results of FGDs at the researched villages in West Java is as follows.

Table 5.2 Institutions based on Rank of Importance Perceived by the Poor Groups at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Institution					
Village or <i>Kelurahan</i> Government / Apparatus	3	1	1	1	4
<i>Posyandu</i> (Integrated Post Health Service)	6		1	3	3
Recitation/DKM/ <i>Majelis Taklim</i>	7	2	2		3
Mosque Youth	2	3	2		3
UED-SP		2	2	4	3
School of <i>TK/TPA/PAUD/SPAS</i>		3	3	7	3
<i>PKK</i>		2	3	5	3
Head of <i>Dusun</i> / /Neighborhood (<i>Pak Punduh</i>)	1		3		2
<i>Puskesmas/Pustu</i> or Community Health Center / Branch		1	1		2
<i>BKM/Kelurahan</i> Development Institution		1	2		2
Farmer Group (<i>Gapoktan</i>)	4		1		2
<i>Karang Taruna</i>		3	2		2
LKMD		1		8	2
Elementary School (SD)				2	1

Village Institution	RY	KG	ML	BN	Frequency
PNPM	5				1
Cooperative		2			1
<i>Arisan</i>	8				1
Household Industry/Craft Industry Group			3		1
FKPPI		2			1
WARAKAURI		5			1
FKPM		4			1
PEPABRI		5			1
BPD				6	1

The rank of closeness of institutions based on the results of FGDs at the researched villages in West Java is as follows.

Table 5.3 Institutions based on Rank of Closeness to Community Perceived by the Poor Groups at Eight Villages in West Java

Village Institution	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Shop / Kiosk	1	1	1	1			1	3	6
Village or <i>Kelurahan</i> Government / Apparatus		1	3	3		5		5	5
Head of <i>Dusun</i> / /Neighborhood (<i>Pak Punduh</i>)		2	2	4	5	9			5
Recitation/DKM/ <i>Majelis Taklim</i>				2	3	1	1	1	5
<i>Puskesmas/Pustu</i> or Community Health Center / Branch		1				3	1	1	4
Movable Bank / Money Lender	2					5	2		3
Neighbor		1		3		4			3
Elementary School (SD)					6	6	5		3
<i>RW (Rukun Warga)</i>	3	2	2						3
UED-SP					2	2		2	3
BKM/ <i>Kelurahan</i> Development Institution	1			3				4	3
<i>RT (Rukun Tetangga)</i>					2	1			2
<i>Posyandu</i> (Integrated Post Health Service)					4	4			2
<i>Ustadz/Kyai/Pesantren</i>			4	1					2
<i>PKK</i>			5			3			2
<i>Raskin</i> (Rice for the Poor)		4				8			2
<i>Perhutani</i> /National Plantation of XII		3						6	2
<i>Arisan</i>		1				7			2
Farmer Group (<i>Gapoktan</i>)		2				8			2
Paddy Field Owner/The Rich / <i>Pengijon</i> /factory boss							4		1

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Instituiton									
PNPM					1				1
Midwife				4					1
Household Industry/Craft Industry Group		3							1
<i>Karang Taruna</i>			3						1
LKMD			4						1
Teacher						7			1
Sponsor of migrant worker				5					1
Traditional Healer		3							1
Community protection guard (<i>Satlinmas</i>)						1			1
BRI (Bank Rakyat Indonesia)						7			1
<i>LPK (Lembaga Perkreditan Kecamatan or Sub-District Credit Institution)</i>						2			1
FKPPI						5			1
WARAKAURI	1								1
FKPM			6						1
BPD							3		1

Table 5.4 Institutions based on Rank of Closeness to Community Perceived by the Poor Groups at Eight Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Instituiton					
Village or <i>Kelurahan</i> Government / Apparatus	2	1	1	1	4
Movable Bank / Money Lender	1		4		2
<i>RT (Rukun Tetangga)</i>	4	2	5		3
<i>Posyandu</i> (Integrated Post Health Service)	4		2	2	3
<i>Ustadz/Kyai/Pesantren</i>		1	2		2
Paddy Field Owner/The Rich / <i>Pengijon</i> /factory boss		1	4		2
Head of Village		2	6	2	3
Mosque Youth	3	3	4		3
School of <i>TK/TPA/PAUD/SPAS</i>		3	4	3	3
<i>PKK</i>				2	1
BLT		2	4	2	3
PNPM	2				1
Credit	2		3		2
Midwife		2			1
Cooperative		1		3	2
Household Industry/Craft Industry Group	3				1
Relatives				2	1

Village	RY	KG	ML	BN	Frequency
Instituion					
Village Credit Bank		4			1
Factory Boss		2			1
Market		3			1
Foundation (Education)		5			1
PEPABRI		5			1

The closeness level of an institution with community is determined by the community experience to interact with the institution. Institution can be represented by a board/organization or individual, community relationship with individual that represent an institution that hold very important role. The easier the community access, the higher is its closeness. This institutional analysis was held together with poor community that became FGD participants in each region.

5.2 Benefits of Programs to the Community

During the FGDs, the benefits of assistance programs for the community were also discussed. The programs felt by FGD participants most beneficial at the villages in West Java are as shown below.

Table 5.5 Programs Felt Most Beneficial at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Most Beneficial Progam									
Raskin	1	1	1	1	1	1	1	1	8
BLT	1		1		1	1	1		5
PNPM/P2KP		1		1	1	1		1	5
Jamkesmas			1	1			1	1	4
Gas Stove					1	1		1	3
BOS					1	1	1		3
Concrete Road	1								1
PKH			1						1
SLPTT			1						1
ADD				1					1
P2D				1					1

The programs commonly felt most beneficial by FGD participants at several (4-8) villages in West Java are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), *PNPM/P2KP*, and *Jamkesmas*.

The programs felt by FGD participants less beneficial at the villages in West Java are as shown below.

Table 5.6 Programs Felt Less Beneficial in Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Less Beneficial Program									
BLT	1	1		1				1	4
PKH				1	1			1	3
PNPM	1								1
PUAP		1							1
Village Rice Barn (<i>Lumbung Desa</i>)			1						1
Village Cooperative			1						1
P3K			1						1
Raksa Desa (<i>Village Guarding</i>)						1			1
Gas Stove							1		1

The programs commonly felt less beneficial by FGD participants at several (-4) villages in West Java is *BLT* (Cash Direct Assistance).

The benefit of a program may be felt differently by different participants at the same FGD at the same village. For example, *BLT* (Cash Direct Assistance) was felt most beneficial by certain participants as well as felt less beneficial by other participants at the same FGD at the same village. The opinions of the participants were dependent upon their condition for the BLT, whether they received it or not. Not all BLTs were distributed properly.

The programs felt by FGD participants most beneficial at the villages in South Sulawesi are as shown below.

Table 5.7 Programs Felt Most Beneficial in Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Most Beneficial Program					
Raskin	1	1	1	1	4
BLT	1	1	1	1	4
Jamkesmas	1	1	1		3
PNPM/P2KP		1	1	1	3
BOS		1			1
P2D			1		1

The programs commonly felt most beneficial by FGD participants at several (3-4) villages in South Sulawesi are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), *Jamkesmas*, and *PNPM/P2KP*.

The programs felt by FGD participants less beneficial at the villages in South Sulawesi are as shown below.

Table 5.8 Programs Felt Less Beneficial in Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Less Beneficial Program					
PNPM (P2KP)	1				1
Rice Paddy Seeds	1				1
CBD (Road)		1			1
PDM-DKE		1			1
Gapoktan			1		1
Assistance for Drilled Water Well				1	1
Assistance for Cattle Provision				1	1

Every program written above was felt less beneficial by at least one village in South Sulawesi.

In addition to benefit of the assistance programs at the villages, when the programs mentioned by the participants of FGDs were also summarized for all villages. Those for researched villages in West Java are as follow.

Table 5.9 Programs most frequently mentioned at Eight Villages in West Java

Village	JB	PJ	GK	NS	NG	SN	PS	LJ	Frequency
Program									
<i>Raskin (Rice for the poor)</i>	1	1	1	1	1	1	1	1	8
<i>BLT</i>	1	1	1	1	1	1	1	1	8
<i>PNPM</i>	1	1	1	1	1	1	1	1	8
<i>Jamkesmas (Community health insurance)</i>	1	1	1	1	1	1	1	1	8
<i>Gas Stove</i>	1		1	1	1	1	1	1	7
<i>BOS</i>	1	1			1	1	1		5
<i>Raksa Desa (village guarding)</i>	1	1		1		1	1		5
<i>PKH</i>			1	1	1			1	4
Neighborhood road /fund stimulant /IPIP/CBD	1					1			2
Pumping (Irrigation)	1								1
Village Electricity				1					1
<i>P2D</i>		1							1
<i>BKKPD</i>		1							1
<i>PACA</i>						1			1
<i>KB</i>								1	1

The programs that were not mentioned by the community (FGD participants and interview respondents) do not mean that the programs not exist at the village. Lack of information or limited socialization has caused the community not familiar with the programs.

The programs most frequently mentioned for researched villages in South Sulawesi are as follow.

Table 5.10 Programs most frequently mentioned at Four Villages in South Sulawesi

Village	RY	KG	ML	BN	Frequency
Program					
<i>Raskin (Rice for the poor)</i>	1	1	1	1	4
<i>BLT</i>	1	1	1	1	4
<i>PNPM</i>	1	1	1	1	4
<i>Jamkesmas</i> (Community health insurance)	1	1	1	1	4
<i>BOS</i>		1	1	1	3
Neighborhood road /fund stimulant / <i>IPIP/CBD</i>	1	1		1	3
<i>MCK/SAB</i>	1		1	1	3
KF (Functional Literacy)	1	1			2
Live stock support			1	1	2
<i>PUAP</i>	1		1		2
Gas Stove		1			1
Pumping (Irrigation)			1		1
Village Electricity			1		1
<i>Posyandu</i>	1				1
Health card	1				1
<i>PDMDKE</i>	1				1
Agriculture Seed Support		1			1

6 Special Section: EXAMINING INDIVIDUAL BEHAVIOR ON GROUP LENDING PRACTICE

Indonesia is a country with more than 230 millions citizen, 14 percent of the population were classified as poor. Despite of the fact that 32 million people remain poor in 2009, this has been a major accomplishment of anti-poverty policies, almost 15 million poor people have been lifted up ever since the Asian crisis exploded ten years ago. Numerous poverty alleviation programs conducted by the government under the support of multi donor agencies focusing on rural areas empowerment as well as community based productivity support.

As Indonesia entered the recovery period, the Government of Indonesia (GoI) continues the commitment to reduce poverty. President Yudoyono issued this commitment in two planning documents: (i) Law 17/2007 on Long Term National Development Plan (*Rencana Pembangunan Jangka Panjang Nasional* or RPJP), and (ii) Presidential Regulation 7/2005 on Medium Term National Development (*Rencana Pembangunan Jangka Menengah* or RPJM) 2004-2009.

In the Presidential Regulation 13/2009, the poverty alleviation agenda is classified into three clusters, namely: social protection and assistance, community development, and empowerment of micro and small enterprises through microcredit.

As the third cluster scheme developed by the GoI, credit distribution will play a crucial role in poverty alleviation in Indonesia. Kredit Usaha Rakyat (KUR) which literarily means the Business Loan for the People will focus on helping the poor household that has successfully graduates from the 1st and 2nd cluster to be able independently empower and self develop their economies. To increase access to credit of the poor who usually has no collateral, KUR is designed to give credit up to 500 million rupiahs without any collateral.

The KUR program is supported by several state-own banks in Indonesia namely Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Bukopin, Bank Tabungan Negara (BTN), and Bank Syariah Mandiri (BSM). The mechanism and requirement of credit application depends on each bank's regulation.

Nevertheless, the banks only give credit to the existing small scale enterprise. In BRI for example, only enterprises that have been established at least 6 months are eligible for applying, while for BSM, the enterprises should have been operated at least 2 years before eligible to apply the loan.

Hence, the KUR does not support the new establishment of small scale enterprise that actually can be done by the poor to support their live. To help the poor at this stage, the second cluster of community development program might be more powerful.

The second cluster, known as Program Nasional Pemberdayaan Masyarakat (PNPM)-National Program of Community Development, has mandated that 25% of the fund received should be allocated for the establishment of microcredit for woman. In many cases, this credit scheme adopt the group lending mechanism as introduced by Muhammad Yunus, a Nobel laureate who was the founder of Grameen Bank, an institution that shows the beneficial impact of small credit distribution to the poor in Bangladesh.

Yunus observed that the poor population has a considerable untapped demand of credit, he then learned that the poor response on dynamic incentive surprisingly positive. The poor will handsomely repay the loans when they expect another loan to be redistributed and furthermore

external (social) pressure and social capital might be an effective way in sustaining repayment rates. Therefore, his method of group lending has been successfully implemented and has been adopted in many countries including Indonesia.

In this Participatory Poverty Assessment (PPA), a game that replicate the group lending mechanism is played in each village. The main objective of the game is to observe the behavior of the people in credit repayments when they are localized in groups. Another important objective of the game is to make the respondents participate in group lending alike environments; hence they would learn the principal idea of group lending mechanism. This second objective is particularly important for the village that never heard about group lending previously.

6.1 The rule of the game

In the game, participants were given a small amount of credit with no collateral needed, the only thing they were asked to do is to form a small group and they will repay their debt in group.

Participants will decide whether they will repay their credit or not, however in the case that one member of the group fails to fulfill its duty in paying the debt, the other member of the group should compensate the loss. Such loss will be shared evenly among all member of the group. There are several rounds of installment in a game and the participants were asked to repay their debt in small amounts of money in each round. In each installment, different rule is implemented, such as participants may communicate with other member of group or not and whether the name of the one who fail to pay the debt will be announced or not.

6.2 Participants

In each village where the PPA was being conducted, 15 people participated in this game mounting up to 180 respondents in all 12 villages. Most of the games were conducted with the village representatives, while in two villages in South Sulawesi, the game was conducted with the poor community as participant.

Table 1. Characteristics of Participants

Female	59.52%
No Education	11.05%
Primary Education	59.30%
Junior Secondary Education	13.95%
Senior High Education	13.95 %
Undergraduate (or above)	1.74%
Have no child	2.31%
Have 1 child	13.29%
Have 2 children	27.17%
Have 3 children	18.50%
Have 4 children	8.09%
Have more than 4 children	13.87%
Have access to credit	44%
Receive credit from PNPM	61.11%
Receive credit from Banks	26.39%

Even though the meeting held in villages prefers equal gender representation, women domination in the game participation with 60 percent of total participant is inevitable. The age of participant is ranging from 21 years old to 70 years old with the average age of participant is 42 years old. Most of the participant have very low of education, 59.3 percent of participant only attained primary education level, while 11.05 percent of total participant not even completed primary education. Only 1.74 percent of participants succeed in continuing their studies in undergraduate level (or higher). Half of the participants live in the rural area and two third of participant live in West Java, while the rest live in South Sulawesi. Around 44% of the participants have experienced of receiving credit, and more than half of the recipient received credit from the PNPM while slightly above a quarter of the recipients receive credit from the bank using some collateral such as the land certificate and vehicle certificate.

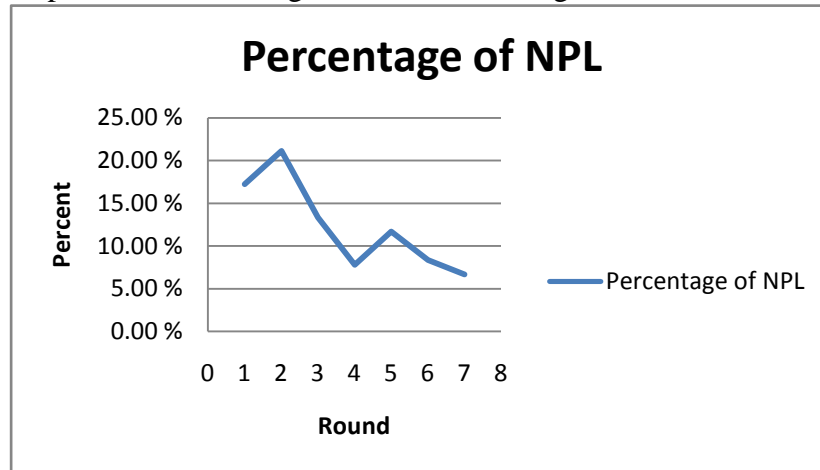
6.3 Problems

Problem that encountered in the field are that many of participants not even able to read or write, or even worse some of participants in villages not even able to speak national language (Bahasa Indonesia). Fortunately, some local facilitators were able to translate the rule of the game and the details of the questionnaires to the local language. In addition, the facilitators, helped by literate participants, need to explain the questionnaire to each single illiterate respondent. This problem has put higher risk on language and facilitator bias.

6.4 Results

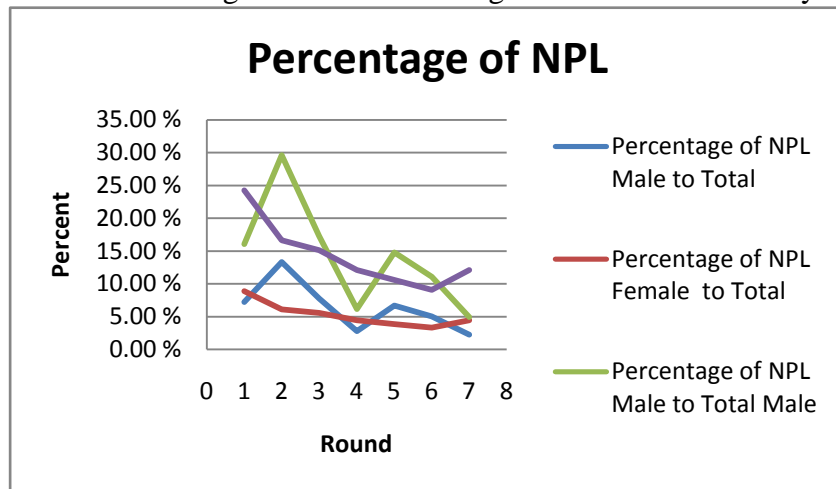
As mentioned above, the microcredit game formulated in this PPA study is held under several different rules of game. There are seven rounds of installment periods in total and in several rounds different rules are used. It is highly suspected that these changes will also affect the behavior of participants in repaying installments.

Graph 1. The Percentage of Non Performing Loan in Each Round



As shown in the graph above, there are sharp declines of nonperforming loans across rounds. This is possibly because tighter control mechanisms were implemented as the installment period goes further. For example, before the third round began, the participant were told that the total number of member who failed to pay installments in each group will be announced, by the end of the third round, the sharp declines of non performing members might be the measure of announcement effects. Overall, the differences in non performing individuals tend to have strong relation with announcement threat. The best outcome is achieved when the members of in each group were allowed to have conversation about the game in combination with the announcement threat.

Graph 2. The Percentage of Non Performing Loan in Each Round by Gender



In Graph 2, the percentage of NPL is broken down by gender. The graph shows that men’s decisions are more responsive to the changing rule compare to women’s decision. In addition, it seems that there might be opposite response by men and women to the different rule impose on the game.

Using a simple logit regression analysis, it is shown that there are some characteristics of participant that are significantly associated with tendency to fail in fulfilling installments. A participant is categorized as fail to repay if in at least in one of the round, he chose not to repay the loan. As shown in the table below, there are two variables that significantly associated with repayment rates. These variables are used in the model to explain the tendency of not repaying back their credit. First it is shown that individual having higher number of children will have less probability of not paying credit installment. The second variable associated with repayment rates is the variable age with positive association; older participants have higher probability of not repaying back his debt.

Table 2. The Output of Logit Regression

age	0.041*
	(0.023)
sex	0.126
	(0.370)
status	0.771
	(0.686)
number of child	-0.331**
	(0.137)
access to credit	0.036
	(0.356)
rural	0.046
	(0.351)
no education	-0.796
	(0.586)
Constant	-1.715
	(0.997)
Log-likelihood	-96.030
N	148

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Based on the regression outcome, it seems that individuals with more children are more willing to repay their debts. Having more children means more risk for the future health and education cost, possible explanation for this finding is that may be households with more kids are more risk averse than small families thus they prefer to pay installments hoping that they will be offered future loans. Another possible explanation is that families with more kids may have a strong benevolent sense with a stronger responsibility, to explore further the reason of this fact we may need a more thorough studies.

Older participants show stronger tendencies of not performing well in repayment. One possible reason is they might take advantage of the younger member of the group who highly respect them in the round where there is no announcement threat so that their loan will be pay by others.

Surprisingly the outcomes of the game did not show any significant relation between sex and repayment rates, while it is widely assumed that women will have higher propensities to pay their debt, because women will tend to spend money for less risky expenses, and not to mention women will be more vulnerable to social sanctions. This puzzling result may be due to unobserved characteristics that are not yet incorporated in the model.

The credit repayment behavior did not show any significant differences across education level, historical data of previous credit experience also did not show desirable results and neither do the Location characteristics captured by rural dummy.

6.5 Conclusion

Two main objectives in incorporating this microcredit games is to understand the behavior of poor people in group lending as well as a tools in introducing group lending mechanism to Indonesian poor. This study might have taken a new step closer in attaining these two important goals.

The first lesson drawn from this micro credit game is that it is highly suspected that changing the rules of the game will also change credit repayment behavior and it should be noted that men and women might response the same rule differently. Second and most importantly is that social sanction apparently can play a significant role in reducing non performing loans.

This study has set a ground on study on group lending practice in Indonesia. Nevertheless, this study on group lending behavior using micro credit game might be subject to considerable bias, thus this research is not intended for a generalization of all micro credit borrowers in Indonesia.

A more careful research on the behavior of micro credit borrowers in Indonesia by using better tools in isolating possible bias with a better statistical representation such as a thorough study on group lending practice (as part of) PNPM including its potential impact on the poor well being would be an interesting research field in the future.

7 CONCLUSION AND RECOMMENDATION

7.1 Conclusion

The discussions above can conclude the following:

10. The village people often describe poverty as a lack of the means to satisfy basic material and social needs, as well as a feeling of powerlessness.
11. The factors common to several researched villages affecting the welfare change are employment opportunity, education, irrigation, nine basic necessities (*sembako*), wages of workers, immigrant workers (*TKI/TKW*), health, clean water & sanitation, road, communication, and electricity.
12. The causes of poverty common to several researched villages are scarcity of employment, low education of parent, and insufficient income to fulfill basic needs.
13. The effects of poverty common to several researched villages are child could not continue schooling, insufficient knowledge, frequent illness, insufficient/irregular meals, scarcity of employment, and not capable to get needed goods/services.
14. The main problems of male group common to several researched villages are employment scarcity or difficult to find jobs, insufficient skill, business capital not available, no irrigation water during dry season, basic need prices go up more.
15. The main problems of female group common to several researched villages are employment scarcity, insufficient household income, business capital not available, and many child dependents.
16. The programs commonly felt most beneficial by FGD participants at several researched villages are *Raskin* (Rice for the Poor), *BLT* (Cash Direct Assistance), *PNPM/P2KP*, and *Jamkesmas*.
17. The programs commonly felt less beneficial by FGD participants at several researched villages is *BLT* (Cash Direct Assistance), due to inappropriate targeting and distribution.
18. The special section on study using micro credit game has set a ground on study on group lending practice in Indonesia. Nevertheless, this study on group lending behavior using micro credit game might be subject to considerable bias, thus this research is not intended for a generalization of all micro credit borrowers in Indonesia.

7.2 Recommendation

Based on above conclusions of the PPA at twelve villages in West Java and South Sulawesi, we propose the following recommendations:

6. The national government and the local governments need to plan and implement poverty eradication programs based on the local poverty and need assessments participatorily. The programs should cover the long-term (20 year horizon), medium-term (5 year horizon) and annual development plan, which are integrated bottom-up and top-down planning covering the national government, the provincial governments and the *kabupaten/kota* (regency/

municipality) governments. Integrated local economic development should be plan and implemented starting from the village, sub district, *kabupaten/kota*, provincial and national coverage. The productivity of each village, sub district, and *Kabupaten/Kota* should be improved in terms of their competetitive products, which can be agricultural products and/or labor intensive industry products. The micro, small and medium enterprises should develop by providing support to improve their capability in product marketing, quality, finance/cost and delivery/distirbution, and access to financial capital. A total quality management should be improved to obtain credibility both to the customer and financial instituion. Cluster analysis should be conducted to have the competitive supply chain for the product in the region, to be able to compete in the market. Supports can be provided by the government programs and/or private business development services to improve.

7. All the government programs need to support the local economic development as mentioned above including the provision of the financial support, public services, facilities and infrastructures. The local economic development will create jobs for various degree of skills and education, which will provide the required income to the village people to have a quality life. Public services should be provided to maintain the productive condition of the village people including health care, education, water and sanitation, road, communication, basic need availability, etc. The education and skill of the people need to be improved.
8. Before the village people can improve their living quality, assistance for the livelihood should be provided for a limited time period, i.e. *BLT* and *Raskin*. *Jamkesmas*, *PKH* and *PNPM* are for longer term assistance and empowerment.
9. A more careful research on the behavior of micro credit borrowers in Indonesia by using better tools in isolating possible bias with a better statistical representation such as a thorough study on group lending practice (as part of) *PNPM* including its potential impact on the poor well being would be an interesting research field in the future.
10. In its poverty reduction programs, the government need to manage it properly by:
 - *Measurement, analysis and targeting*. The analysis is of particular importance in the development of indicators to measure local change, and in the identification of vulnerable groups for targeting.
 - *Priority areas for poverty reduction interventions*. For example, feeder roads, primary health care, and improvement of agriculture to increase productivity, water and sanitation, depending on the local condition.
 - *Attitudes, behaviour and implementation*. Good governance is a prerequisite for reducing poverty. Corruption was associated with the inability to move forward, and was described at all levels of government. The need for accountability, transparency and participation in the implementation of the government poverty reduction program is imperative to be realized.