SENMABIS – Seminar Nasional Manajemen dan Bisnis
19 Oktober 2024

Absolute Poverty Reduction in Indonesia Presidential Instruction of the Republic of Indonesia Number 4 of 2022

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Abstract: Poverty alleviation is always being a development problem for Indonesia since the large areas covered in Indonesia. The phenomenon is not only experienced by Indonesia as developing country but also many developed countries. The president of Indonesia has been focusing on the poverty eradication programs and encouraged the parties to work together to build new programs to eradicate poverty in Indonesia. Under the Presidential Instruction number 4 of 2022, governments and the parties involved are trying to do the best as it could to achieve the goals. In 2024, the result of the word done hoped to be harvested. The method used in this study is normative juridical approach to review the topic from several point of views. It shows the countries like China, Thailand, Myanmar and Indonesia give an effort to alleviate the poverty with some approaches combined with policy initiatives and other things to achieve the goals.

Kata Kunci: *poverty reduction, presidential instruction, Indonesia*

Klasifikasi JEL: 132, 128
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ISSN: 2686-4789 (Print); ISSN: 2686-0473 (Online)
https://senmabis.nusaputra.ac.id/

INTRODUCTION

Presidential Instruction Number 4 of 2022 Concerning the Acceleration of the Elimination of Extreme Poverty, which was stipulated on June 8, 2022, mandates 22 (twenty-two) Ministries, 6 (six) Institutions, and Regional Governments (Governors/Regents/Mayors) to take steps necessary according to their respective duties, functions, and authorities to accelerate the eradication of extreme poverty.

The Indonesian government is taking serious steps to eradicate extreme poverty to zero percent by 2024, one of which is through impactful bureaucratic reforms that focus on poverty alleviation. Indonesia's approach to poverty so far has used pro-poor, pro-job, and pro-growth approaches. Pro-poor is the government's way of providing protection and affirmation through social assistance, social security, subsidies for basic needs, and improving public services for the poor. Pro-job is an effort to create jobs for the poor. Meanwhile, pro-growth is the creation of economic growth that is able to expand employment opportunities in the formal sector.

Poverty is a multifaceted phenomenon that has always existed historically and in addition to discussing poverty issues, the aspect of measuring poverty is an important topic (Ismail, et al., 2022). Almost all presidents tend to prioritize a pro-poor approach rather than pro-jobs and pro-growth. In fact, innovative pro-poor programs are very relevant to reducing the poverty rate. On the other hand, participatory pro-job programs need to be improved.

Poverty alleviation can achieve the desired output if participatory pro-job programs are directed at strengthening the village economy and creating employment opportunities based on local assets. Not to be left behind, large village funds can be directed to strengthening villagers' innovation in developing the economy rather than just for infrastructure development.

Extreme poverty is defined as a condition where people's welfare is below the extreme poverty line - equivalent to USD 1.9 PPP (purchasing power parity). Extreme poverty is measured using an "absolute poverty measure" that is consistent across countries and over time. Using this definition, in 2021 the extreme poverty rate in Indonesia is 4 percent or 10.86 million people. This extreme poverty rate is lower when compared to the national poverty rate based on Susenas data which is released regularly by BPS, which in March 2021 was 10.14 percent or 27.54 million people. In 2021, the extreme poverty rate in Indonesia will be 4%.

In 2021 efforts to eradicate extreme poverty are focused on 7 Provinces and prioritized on 35 Districts which already represent 20 percent of the total poor population nationally, totaling 10.4 million people, which means that in 2021 this will target 2.1 million people or 899 thousand households. The seven provinces are West Java, Central Java, East Java, East Nusa Tenggara, Maluku, West Papua, and Papua.

Efforts to reduce extreme poverty are carried out through special efforts in the form of multiple interventions. These efforts are carried out using two main approaches, namely: first, reducing the expenditure burden of the poor and vulnerable groups through various social protection programs and subsidies. Second, carry out empowerment in order to increase the productivity of the poor and vulnerable groups to increase economic capacity or income. Efforts to accelerate are carried out in areas that have pockets of poverty, bearing in mind that extreme poverty is common in these areas. Improving the human and physical capital of the poor is thought to alleviate chronic poverty, income stabilization and insurance schemes are more important when missions are mostly temporary (Mai & Mahadevan, 2015).

At the regional level, the Coordinating Team for Poverty Reduction (TKPK) has a very strategic role in accordance with its authority in Minister of Home Affairs Regulation Number 53 of 2020 in coordinating policy formulation, planning, implementation, and monitoring of poverty alleviation implementation. In Implementation Phase 1, special efforts to accelerate extreme poverty reduction in 2021 will be carried out in 35 districts in priority areas that have high extreme poverty rates. As a continuation of the implementation of Phase 1, an expansion of the Extreme Poverty Reduction area will be carried out in 2022 involving 25 provinces and 212 districts/cities. Reviewing the extreme poverty is needed fast since it has been correctly crushed the number of people attached with them.

LITERATURE REVIEW

Extreme Poverty Elimination Policy Framework

Extreme poverty reduction strategies require appropriate policy frameworks and interventions. The current poverty reduction policy framework divides interventions into two major groups, namely policies and programs to reduce expenditure burdens and policies and programs to increase income capacity. These two policies are policies that complement each other in efforts to reduce the acceleration of poverty reduction.

- The government implements policies and programs to ease the expenditure burden of the poor and vulnerable groups, which include social assistance and subsidies, social security, and social safety net programs.
- Programs implemented related to social assistance and subsidies, such as the Family Hope Program, the Staple Food Program, and the Smart Indonesia Program. The popularization of primary education implemented in China as a part of the poverty reduction especially in urban areas has significantly reduced the poverty (Song, 2012).
- Contribution assistance program through the Contribution Assistance Health Social Security Administration Agency (BPJS-PBI) is a program related to social security.
- Particularly in the Covid-19 era since 2020, programs and policies have also been implemented to help reduce the burden of spending, including through the Cash Social Assistance (BST) program, Direct Village Fund Cash Assistance (BLT-DD), assistance with paying electricity contributions, and assistance President.

In addition to reducing expenditure burdens, the government implements policies to accelerate poverty reduction through policies and programs to increase income. Within the income enhancement policy group there are four important sections which include:

- Empowerment of micro, small and medium enterprises (MSMEs); local economic development; job access; and policy response regarding Covid-19. These four sections are also aimed at increasing productivity and increasing financial inclusion for the poor and vulnerable groups.
- The Pre-Employment Card Program, Village Cash Work Intensity (PKTD), People's Business Credit, and access to capital through Ultra-Micro financing (UMi) and Fostering a Prosperous Family Economy (Mekaar) are some examples of programs that have been implemented to encourage increased income for the poor and susceptible.

In addition to the two policies above, the government is trying to minimize areas that are pockets of poverty as a complement to the policy. This effort is carried out by increasing access to basic services and increasing connectivity between regions. To realize this policy, the government is pushing for convergence in budget use, consolidation of programs and increasing the role of local governments and stakeholders at the regional level.

<table>
<tr><td colspan="2">Central and Regional Government Policies and Strategies</td></tr>
<tr><td>Decreasing Expenses</td><td>Increasing Revenue</td></tr>
<tr><td>➢ Social Assistance and Subsidies
➢ Social Security (Jamsos)
➢ COVID-19 Safety Network</td><td>➢ Empowerment of SMEs
➢ Local Economic Development
➢ Job Access
➢ Post COVID-19 Policy Response</td></tr>
</table>

➢ Consolidate and simplify programs ➢ Increase coverage and benefits ➢ Refine goal setting ➢ Maintain post-COVID-19 welfare	➢ Encouraging inclusive economic growth ➢ Creating added value and revenue ➢ Increasing the Minimum Work Wage (UMK) Post COVID-19
INTEGRATED SOCIAL WELFARE DATA (DTKS)	**INTEGRATED DATA OF BUSINESS ACTIVITIES (STKU) – BPUM, BSU, RDKK**
Minimizing Poverty Pocket Areas	
Improving access to basic services and Improving connectivity between regions	
Encouraging budget convergence, encouraging program consolidation and Increasing the role of regions and stakeholders	
Integrated Data on Priority Areas (Geographical Targeting)	

Funding for the Acceleration of Extreme Poverty Elimination aims to fund social assistance programs; education, health, and social services; clean water and sanitation interventions; as well as empowering the community's economy down to the village/kelurahan level. The three streams of funding sources used are divided into three groups:

- Funding sources originating from APBN Funding, the State Revenue and Expenditure Budget (APBN) funds programs and activities through ministries/agencies (K/L).
- Sources of funding that come from APBD funding, Regional Revenue and Expenditure Budget (APBD) are APBN transfers to the regions, Local Own Revenue (PAD), Balancing Funds, and other items that can be allocated specifically for the Acceleration of Extreme Poverty Elimination.
- Non-government sources of income. Non-government funding is an alternative in financing the implementation of accelerated elimination of extreme poverty both at the central and village/kelurahan levels. Non-government funding sources need to be coordinated so they can be recorded and integrated. This funding flow can be directly carried out by the relevant Ministries/Institutions and the local government based on the provisions of the applicable regulations.

METHODOLOGY

The research method used by the author in reviewing this law is namely normative juridical. The normative juridical approach is library research which is dominated by using primary materials, secondary materials, and tertiary legal materials. The primary legal sources of this research are Law Number 4 of 2022 concerning about Accelerating the Elimination of Extreme Poverty. Presidential Regulation Number 166 of 2014: Concerning the Acceleration of Poverty Reduction Program and Presidential Regulation Number 15 of 2010: Concerning the Acceleration of Poverty Reduction. The used of this method is practically to evaluate the growing number of extreme poverty. As it is done by Harina (2019) that normative research, namely research on legal principles and rules, statutory regulations, expert opinions, jurisprudence can be done to evaluate the Legal Politics of Law Reform.

DISCUSSION

The policy done by China where Poverty Alleviation Resettlement (PAR) is a national rural development policy that uses resettlement as a tool to address environmental and poverty-related problems in China's rapidly changing world (Yang, Shebinin, & Liu, 2020). The focus of future poverty alleviation work is to combine rural revitalization strategies and continue to increase the income levels and income growth rates of the poor, which will enhance the ability of the poor to increase their incomes, further contributing to poverty reduction (Li & Li, 2021).

A study done in Thailand related to agriculture and poverty reduction resulted the estimated coefficient on the change in agricultural productivity is negative and highly significant, implying that agricultural productivity growth does reduce rural poverty, holding other variables constant, although not more so than non-agricultural sources of income growth (Warr & Suphannachart, 2020). Therefore, public spending should be directed to productive areas for long-term growth, such as infrastructure development, health and education, and poverty alleviation programs (Oo, 2019), study done in Myanmar. Investing in enhanced multisectoral approaches for example nutrition-specific and nutrition-sensitive interventions with a focus on improving maternal nutrition is critical to reducing child malnutrition and contributing to further gains in the human and economic development of countries (Blankenship, et al 2020).

Based on the identification results of the National Team for the Acceleration of Poverty Reduction (TNP2K), poverty alleviation programs and activities, including the reduction of extreme poverty, which are spread across various ministries/agencies and local governments in the 2021 fiscal year are quite large, which are divided into two program groups, namely programs/activities in order to reduce the expenditure burden of the extreme poor through social assistance and subsidies, and empowerment programs to increase productivity in order to increase their economic capacity. Local government evaluates and directs various programs that lead to the improvement of the Human Development Index and poverty reduction (Hutahaean, 2020). According to data from the Ministry of Finance, the poverty-related budget in the 2021 fiscal year reaches Rp. 526 trillion. Thus, the main issue in accelerating extreme poverty reduction is how to ensure that social protection and empowerment programs can effectively reduce poverty, including extreme poverty. Convincingly, public spending spent on the right sectors such as on health and education has had a significant impact to reduce poverty rate in rural areas, while in the urban areas the cause of declining the poverty rate is influenced by spending on health (Taruno, 2019).

The Poverty Alleviation Strategy implemented by the Government can be divided into two major parts, first protecting families and community groups experiencing temporary poverty, and second helping people experiencing chronic poverty by empowering and preventing new poverty from occurring. The strategy is then set forth in three programs that are directly directed at the poor, namely: 1) provision of basic needs; 2) development of the social security system; and 3) development of business culture. In addition, the poor have their own strategy for overcoming poverty. The strategy adopted is by borrowing from informal institutions, increasing working hours, family members working, migrating, or saving money.

Meanwhile, the types of poverty alleviation programs implemented by the government can be seen based on the development model that underlies these programs to see the focus of the strategy implemented by the program. The development model adopted by developing countries is broadly divided into four development models. Development model I focuses on the growth of national income. Development model II focuses on equity and fulfillment of basic/basic needs. Development model III seeks to improve the quality of human resources through community participation and target groups in determining needs and participation in the development process. Meanwhile, development model IV focuses on increasing competitiveness to face the era of globalization and the era of regional autonomy. Poverty reduction strategies through family empowerment are contained in three main policy groups, namely social assistance and protection-based policies, participatory empowerment-based policies, and micro and small business empowerment-based policies (Fuad, 2022).

In order to achieve comprehensive poverty alleviation and the establishment of a “sufficiently prosperous society” in China, it is important to evaluate targeted poverty reduction policies (TPA) (Li & Li, 2021). Evaluation of the poverty alleviation program can be carried out, among other things, on the planning approach, the development model used and the implementation of the program. The criteria used to evaluate the implementation of the poverty alleviation program include target determination and data used to determine targets; the role of local government, general public and program target recipients; and program implementation at government and community levels.

Policy Recommendations

The government seeks to minimize areas that become pockets of poverty as a complementary policy. This effort is carried out by increasing access to basic services and increasing inter-regional connectivity. To realize this policy, the government is pushing for convergence in budget use, consolidation of programs and increasing the role of local governments and stakeholders at the regional level.

In order to eradicate extreme poverty by 2024, a detailed roadmap is needed that shows the achievement targets every year. The road map can at least be used as a reference in the government's work plan starting in 2021 which includes targets for extreme poverty and the national poverty rate. From these targets, it is possible to formulate the strategic steps needed to achieve poverty rates, both extreme and national periodic figures. Reflecting on how Malaysia has a new economic policy after 50 years, within the scope of affirmative action, this framework should focus on developing capabilities and competitiveness, and balancing identities, needs and benefits in the allocation of opportunities (Lee, 2022).

Strategic efforts are needed to reduce expenditure burdens through (1) program consolidation and harmonization, (2) increasing program coverage and benefits, (3) improving program targeting accuracy, and (4) maintaining population welfare during the Covid-19 pandemic through responsive programs. In addition, maintaining and updating the targeting system (DTKS) is an important part of the policy framework for reducing expenditure burdens.

Expanding efforts to increase the income of the poor and vulnerable groups through (1) empowering MSMEs, (2) creating added value and income, and (3) maintaining MSMEs during the Covid-19 pandemic through responsive programs. Efforts to increase revenue have not been supported by integrated targeting instruments. Therefore, the government needs to encourage efforts to develop integrated data on business activities to support the accelerated reduction of extreme poverty. Lastly, one of the main problem areas of SMEs is financing, where it could be solved by easing the rule of financial instrument actors. As stated by Fauzi & Rokhim (2023) that fintech rules are needed to ease the protection to finance SMEs further s it is proved to have helped SMEs to obtain financing easily.

Indonesia needs to view the problem of extreme poverty as not just one factor, but multi-factor causes. So, to be able to answer this problem is not only done with one program, namely social assistance. Because the roots are multifactorial, the solution must also be multisectoral and multifactor. Apart from that, the issue of measuring the multidimensional poverty index as it is done in other countries can also be an attractive offer, although of course it has to go through a deeper study of the relevant parties. The organic combination of political guidance, policy support and development conditions for rural households has made the poverty reduction results even more remarkable (Deng, Li, & Yang, 2022).

The practice of convergence programs carried out by China and other countries in efforts to eradicate extreme poverty should be emulated and developed in Indonesia. Program convergence, namely the implementation of the provision of assistance with various programs currently being carried out by the government to be given to the same target group. Although prioritizing program convergence, the government also needs to pay attention to the effectiveness of each program, so that the quality of each relevant program can be ensured to run well. For example, the Smart Indonesia Program (PIP), the Family Hope Program (PKH), or Non-Cash Food Assistance (BPNT) and other programs must also be evaluated for their effectiveness in efforts to improve people's welfare or reduce poverty and extreme poverty. However, when combining information from the two indicators, income poverty and material deprivation, transfers appear to be much more effective in reaching groups identified by both poverty indicators as part of the target group and transfers also appear to be much more efficient in excluding non-target populations (Notten, 2016), study done in Europe countries.

The task of handling poverty, including eradicating extreme poverty, cannot be carried out alone by the central government, but must also involve local governments as well as non-government agencies. Among them, philanthropic institutions such as LAZISMU and Dompet Dhuafa, as well as universities that can synergize directly with the local government. Government and private sectors should have a direction and support to strengthen economic society (Rapanna & Ansar, 2017).

In each province and district/city, there is a Coordinating Team for Poverty Reduction (TKPK) which is the spearhead of the extreme poverty eradication program in each region. The unit certainly needs assistance and technical support from the campus. The university is expected to take a strategic role in helping the regions to utilize their regional budgets for the effectiveness of poverty alleviation programs. Hutahaean (2020) on his paper recommended that the synchronization between the regions, central governments and international program in the regions could be one of the main part of decresing poverty reduction.

CONCLUSION

Poverty alleviation efforts in various countries, including China, Thailand, Myanmar, and Indonesia, reveal a multi-faceted approach combining policy initiatives, rural development strategies, and sector-specific investments. China's Poverty Alleviation Resettlement (PAR) policy showcases a national commitment to addressing environmental and poverty-related challenges, while countries like Thailand and Myanmar emphasize agricultural productivity and multisectoral development for long-term poverty reduction. Indonesia, on the other hand, is focusing on a multi-dimensional poverty reduction strategy involving social assistance, empowerment programs, and improving the Human Development Index through local government interventions.

Key strategies include strengthening rural economies, improving social security, and fostering sustainable income growth. Recommendations for future policies emphasize program convergence, precise targeting of benefits, and fostering local governmental and non-governmental collaboration. Additionally, enhancing multisectoral approaches, such as empowering micro and small businesses (MSMEs) and integrating health and education improvements, are critical. The importance of public-private partnerships and regional cooperation is underscored to sustain poverty alleviation initiatives. Through this comprehensive approach, these nations aim to achieve a significant reduction in both rural and extreme poverty while promoting human development and economic growth.

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