A new decade for social changes
Poverty alleviation and inequality of rural economics in Indonesia

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Abstract. This article aims to provide an overview of poverty alleviation and economic inequality in rural areas in Indonesia. To provide this description, the analysis building in the article will attempt to articulate some of the themes of poverty alleviation programs by data reduction, triangulation of the results of the article and then a presentation of data in the form of narrative texts. The conclusion from the findings of this article is that the program that has been carried out has reduced the amount of poverty nationally quantitatively. However, it should be noted that in poverty alleviation programs don't just prioritize quantitative measures in terms of the number of poor people, because the qualitative phenomena that occur in the field are not explored. Therefore a qualitative (subjective) approach is needed to complete and explore non-economic variables that influence poverty assessments.

Keywords. Hope Family Program, Non-Cash Food Aid, Poverty Alleviation, Prosperous Rice, Rural Areas

1. Introduction

In today's world, poverty and inequality continue to occur creating a very real difference between rich and poor growing on a global and national scale in various countries. Therefore (Anriquez and Stamoulis, 2007) argued that the challenges of poverty, inequality and food security globally must be "won or lost in rural areas of developing countries. Because poverty is a conse-quence experienced by the poor, hunger and low income in the regions rural in low-income countries. The above statement is reasonable because it is estimated that 1.2 billion poor people live on $ 1.25 or less every day and 75% of them fall into extreme global poverty and 870 thousand people are starving every day (UN, 2013). Likewise (FAO, 2014) that 805, thousand poor people have an impact on their food security.

Rafailion, (2001) argues that in making policies to combat poverty, we must pay attention to the impacts felt by the poor, these policies must not ignore the diversity of average impacts. This diversity is an important clue for the government regarding what needs to be done in making poverty alleviation policies and promoting economic growth.

The term poverty does not have the right definition. According to (Laca, 2011) poverty is often associated with the concept of inequality, but these are not identical concepts, even though they are related. One of the causes of poverty is income inequality between regions and very high income per capita. (Jaka Sumanta, 2015) suggested that poverty is a
Absolute poverty is an expression of high poverty levels per capita income due to low levels of investment. The low level of investment per capita is due to the low domestic demand per capita, also due to high poverty rates and so on.

On another occasion (Arno et al., 2019) argued that not always high economic growth would reduce poverty, it could instead give birth to a paradox, which rapid economic development at this time could experience a trickle-up effect the result would cause inequality where income was not enjoyed evenly but only a handful of rich people.

As noted above, poverty is often associated with inequality. Production and distribution mechanisms in the market economy (low labor productivity, unequal access to material resources, unbalanced market share of production distribution, which leads to the marginalization of certain groups in the population) not only produce wealth but also poverty, which is an extreme expression of social inequality (i.e., bipolarity of wealth and poverty.

Therefore defining poverty by using a single definition will bias other indicators related to poverty. If explored thoroughly, other factors may have a significant impact on a person's poverty. Poverty has many dimensions not only related to one's material and income but includes other aspects, including non-material namely mental stress, feelings of vulnerability to external events, a sense of helplessness (Michalek, 2000).

The problem of poverty occurs especially in rural areas is not a trivial problem, and should also be considered by the government not only the concentration of poverty alleviation in urban areas but also poverty, which often occurs in rural areas, this does not mean that the right of people in rural areas to be considered has not been given government.

Since the 1950s rural issues have been included in development (Jerve, 2001) and during the 1970s and 1980s, it gave a strong emphasis on rural development. At present, the rural problem reappears as a priority area for international development policy. Development problems, especially in urban-rural areas, have resulted in inequality which is one of the main threats to growth and sustainable development in developing countries.

The above also happened in Indonesia, about 21.4 percent of Indonesia's population currently living in absolute poverty and 53.8 percent living in relative poverty (Pekerti, 2020). Absolute poverty as defined by the UN is These people do not have access to at least two of the Indicators of Poverty and Hunger; medical care during serious illness and pregnancy, clean and adequate shelter, education, communication, and safe drinking water. While the relative poverty of people who can provide for these important needs, but if it happens constantly risks slipping below the poverty line.

Poverty in Indonesia is focused in rural areas, with around 25.14 million people or around 9.82% of the total population of Indonesia living below the poverty line as defined by Statistics Indonesia. As the World Bank notes, three-quarters of the world's poor are farmers in rural areas. This statistic reflects three out of five Indonesians, who live in rural areas where agriculture is the main occupation. Many people tend to small areas of their land or their neighbors, able to achieve food self-sufficiency due to lack of agricultural knowledge and property rights (Pekerti, 2020).

Seeing the above phenomenon so that the Government of Indonesia cooperates with the world bank to alleviate poverty based on collaborative results from research on poverty and poverty alleviation covering many fields, such as poverty trends, social assistance, social security, community-based programs, and more job creation more and better. The collection of studies serves as the basis for the World Bank to provide policy recommendations to the Government of Indonesia. The World Bank also provides technical support to implement government programs. For example, the PNPM Support Facility provides analytical and implementation support for the National Community Empowerment Program.
Poverty alleviation programs and activities currently being implemented by the Government include: (1) Family Hope Program (PKH), (2) Raskin Program (now Rastra / Prosperous Rice) is a food subsidy program (rice) for low-income people; and (3) Joint Business Group Program (KUBE) is a group of citizens or social fostered families formed and fostered through the Social Welfare Program to carry out business in a spirit of togetherness as a means to improve the level of social welfare (Ernada and Gaol, 2015)

This article aims to identify poverty alleviation programs and income inequality in rural areas globally in Indonesia and see the impact of poverty alleviation programs that have been carried out

2. Method

This article uses a qualitative research approach, building analysis in the article will attempt to articulate some of the themes of poverty alleviation programs using data reduction, triangulation of the results of the article and then the presentation of data in the form of narrative texts. The data used in this study are secondary in the form of literature, articles and research journals that have been carried out with themes related to rural development and related to poverty alleviation in rural areas.

3. Literature Review

IFAD, (2001) writes that the majority of the world's poor live in rural areas and 1.2 billion people are living in poverty who survive on less than one dollar a day, which is not enough to cover their food needs.

Ravallion et al., (2007) suggested that three-quarters of 75 percent of poverty still grows in rural areas if it is based on an international poverty line whose valuation is based on the real income that is constant in urban and rural areas in a country. Ravallion also added that some countries indirectly define the poor as identical to rural areas, which is caused by one of the characteristics is the decline in the agricultural market share where the main activities of the rural economy tend to be agriculture. The same was stated by (Anriquez and Stamoulis, 2007) that under certain conditions, especially in developing countries, agriculture is still always the starting point for rural development.

Hermanto, (2017) concluded in a journal that over the past two decades, poverty in Indonesia has experienced a marked decline. Although poverty in rural areas has also experienced a significant decline, data shows that poverty is still concentrated in rural areas.
Díaz, (2010) suggested that the level of education of a person from the poor group will get more opportunities from each additional level of education than those who did not get an education in the poor group caused by income distribution thus suggesting that there are certain factors needed that can increase income-poor people like the quality of social networks so they have the opportunity to receive an education.

Mihaela Mihai, Emilia Titan, (2015) suggested that education is one form of poverty alleviation that can be done because basically, people who live in poverty are aware of the fact that sending their children to school gives them opportunities they don't have to get out from the poverty trap. However, the fact that there is a lack of advanced education in rural areas results in the majority of rural communities only having an elementary school education. The lack of highly educated people encourages increased unemployment which then leads to poverty.

Likewise, (Silva-Laya et al., 2019) argued that to overcome poverty and education requires multisectoral policies, coordination between other social actors to ensure the condition of educability for poor families, and at the same time, it is needed the progress of school institutions that meet the right to learn to expand the capabilities of the poor.

4. Result and Discussion

Poverty Alleviation

Kartasasmita, (1996) states that poverty reduction policies can be stated in three policy directions. First, indirect policies directed at creating conditions that guarantee the continuity of every effort to reduce poverty; second, direct policies aimed at low-income groups; and third, specific policies intended to prepare the poor themselves and the apparatus directly responsible for the smooth running of the program, while simultaneously spurring and expanding poverty reduction efforts.

Based on the 2015-2019 National Medium-Term Development Plan (RPJMN), the poverty reduction strategy rests on three pillars, namely: comprehensive social protection, improvement of basic services, and sustainable livelihoods. The government has organized various social protection and poverty reduction programs. As stated, in addition to KIS and KIP, other welfare programs have also been carried out, such as the Family Hope Program (PKH), the Subsidized Rice Program for Poor Families (Raskin) which later turned into Prosperous Rice (Rastra), and in 2017 it was again transformed into Non-Cash Food Assistance, Joint Business Groups (KUBE), and others, in addition to social protection programs organized by local governments, such as the Regional Health Insurance (Jamkesda). Besides, programs that are nuanced with social protection and poverty reduction—by providing productive economic business assistance, education costs, and health costs for disadvantaged families, are also carried out by religious institutions (Islam) for example, through the National Amil Zakat Agency (BAZNAS), the Institute of Zakat Infaq and Sadaqah Muhammadiyah (Lazismu) and others organized by various other religious institutions, Society and Business World (Muhtar, 2017).

The programs carried out in the effort to reduce poverty have not been able to have a big impact so that until now the goals of national development related to the problem of equity and improving people's welfare are still a prolonged problem. Therefore, in the context of poverty alleviation programs currently being implemented by the Government include:

Family Hope Program (PKH)

The latest legal umbrella for the Family of Hope Program (PKH) is Social Ministerial Regulation No. 1 of 2018 concerning the Family of Hope Program which is a
PKH provides cash assistance to Very Poor Households (RTSM) if they meet the requirements related to efforts to improve the quality of life in education and health. Similar programs have been implemented and have been quite successful in several countries known as Conditional Cash Transfers (CCT) or conditional cash transfers.

The main objective of PKH is to reduce poverty and improve the quality of human resources, especially in poor communities. The purpose is at the same time as an effort to accelerate the achievement of MDGs targets. In its implementation, PKH has general objectives and specific objectives.

The general objective is to reduce numbers and break the poverty chain, improve the quality of human resources, and change the behavior of RTSM which is relatively lacking in welfare. Specifically, the objectives of PKH consist of:

a) Improve the socio-economic conditions of RTSM;
b) Improve the level of education of RTSM children;
c) Improve the health and nutrition status of pregnant women, post-partum mothers, and children under 6 years of RTSM;
d) Improve access and quality of education and health services, especially for RTSM.

The target or PKH beneficiaries are Very Poor Households (RTSM) who have family members consisting of children aged 0-15 years and/or pregnant/childbirth mothers and are in selected locations. Beneficiaries are mothers or adult women who take care of children in the household concerned because this is to fulfill these requirements effectively.

In the 2019 State Revenue and Expenditure Budget (Draft State Budget), the government proposes to increase the budget of the Family Hope Program (PKH) to Rp 34.4 trillion from the 2018 APBN only Rp 17 trillion. For information, the government will increase the social assistance protection budget in the 2019 RAPBN to Rp 381 trillion from Rp 287.7 trillion in the 2018 APBN so that the PKH budget can be doubled. The number of family beneficiaries (KPM) Program Family Hope in the last 5 years can be seen in the graph below:

**Graph 1. Number of Beneficiary Families (KPM) of the Harapan Families Program**

In the graph above it can be seen that in the last five years the number of family beneficiaries of the hope family program experienced a significant increase, which is 2019 the total number of KPM PKH members was 17,911,452 with details of pregnant women 165,851 people, early childhood 3,210,000 people, elementary school children 6,644,900 inhabitants, SMP 3,581,800 inhabitants, SMA 2,585,400 inhabitants, elderly 1,612,200 inhabitants and persons.
The Joint Business Group Program (KUBE) is a group of poor families formed, growing and developing on their initiative in carrying out productive economic ventures to increase family income. The Joint Business Group Approach (KUBE) is an integrated approach of 15 programs for handling the poor or continuing Social Empowerment Direct Aid (BLPS). With the establishment of the KUBE program, disadvantaged groups of people can participate in carrying out economic ventures to increase family income.
can meet their daily needs. The purpose of the issuance of this program is none other than for the sustainability of the community, especially the people who are unable to get the opportunity to improve the economy so that they get jobs to maintain their livelihoods, in turn, able to prosper the community, move the national economy in the lower classes, develop an entrepreneurial spirit, develop the system business networks, increasing people's economic independence, and increasing income.

**Inequality in the Rural Economy**

In measuring the level of inequality in Indonesia, the Central Statistics Agency (BPS) uses expenditure data as a proxy for income sourced from the National Socio-Economic Survey (Susenas). This is done considering income data is difficult to obtain. The level of income inequality is one aspect of poverty that needs attention because basically the level of income inequality is a measure of relative poverty. The most commonly used measure in measuring income inequality is the *Gini Ratio* and the percentage of income in the lowest 40 percent population group, also known as the World Bank size. Data for the April 2020 edition of the monthly economic data (BPS, 2018) is the ratio between urban and rural areas in Indonesia by province.

**Table 2 Gini Ratio by Province and Region**

September 2019 *

<table>
<thead>
<tr>
<th>No</th>
<th>The province</th>
<th>Urban</th>
<th>Rural</th>
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<tbody>
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<tr>
<td>1</td>
<td>Aceh</td>
<td>0.35</td>
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<tr>
<td>2</td>
<td>Bengkulu</td>
<td>0.37</td>
<td>0.28</td>
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<tr>
<td>3</td>
<td>Jambi</td>
<td>0.35</td>
<td>0.29</td>
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<tr>
<td>4</td>
<td>Bangka Belitung Islands</td>
<td>0.27</td>
<td>0.22</td>
</tr>
<tr>
<td>5</td>
<td>Riau islands</td>
<td>0.34</td>
<td>0.26</td>
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<tr>
<td>6</td>
<td>Lampung</td>
<td>0.35</td>
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<td>7</td>
<td>Riau</td>
<td>0.37</td>
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<tr>
<td>8</td>
<td>West Sumatra</td>
<td>0.32</td>
<td>0.27</td>
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<td>9</td>
<td>South Sumatra</td>
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<td>10</td>
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<td>11</td>
<td>Banten</td>
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<tr>
<td>12</td>
<td>Gorontalo</td>
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<td>0.39</td>
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<tr>
<td>13</td>
<td>Jakarta</td>
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<tr>
<td>14</td>
<td>West Java</td>
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<td>0.32</td>
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<tr>
<td>15</td>
<td>Central Java</td>
<td>0.38</td>
<td>0.32</td>
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<tr>
<td>16</td>
<td>East Java</td>
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<td>0.31</td>
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<td>17</td>
<td>West Kalimantan</td>
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<td>18</td>
<td>South Borneo</td>
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<td>19</td>
<td>Central Kalimantan</td>
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<td>East Kalimantan</td>
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<tr>
<td>21</td>
<td>North Kalimantan</td>
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<tr>
<td>22</td>
<td>Maluku</td>
<td>0.29</td>
<td>0.29</td>
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<tr>
<td>23</td>
<td>North Maluku</td>
<td>0.30</td>
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<tr>
<td>24</td>
<td>Bali</td>
<td>0.37</td>
<td>0.31</td>
</tr>
<tr>
<td>25</td>
<td>West Nusa Tenggara</td>
<td>0.40</td>
<td>0.33</td>
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<td>26</td>
<td>East Nusa Tenggara</td>
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<tr>
<td>27</td>
<td>Papua</td>
<td>0.29</td>
<td>0.41</td>
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In September 2019, the Gini ratio was recorded at 0.380, down from the Gini Ratio in March 2019 of 0.382. This figure also decreased when compared to the Gini Ratio in September 2018 which amounted to 0.384. This condition shows that the distribution of expenditure in Indonesia experienced an improvement during the period September 2018-September 2019.

Based on residential areas, the Gini Ratio in urban areas in September 2019 was 0.391, down compared to the March 2019 Gini Ratio of 0.392, and unchanged compared to the September 2018 Gini Ratio which was also 0.391. Meanwhile, the Gini Ratio in rural areas in September 2019 amounted to 0.315. This figure is down when compared to the March 2019 Gini Ratio of 0.317 and the September 2018 Gini Ratio of 0.319. Distinguished by region, in September 2019 the percentage of population expenditure in the lowest 40 percent population group in urban areas was 16.90 percent. Meanwhile, in rural areas, it was recorded at 20.66 percent. Therefore, based on World Bank criteria, urban areas are classified as moderate while rural areas are classified as low.

Based on statistical data from programs that have been carried out and also data on the amount of poverty nationally that tends to decrease this indicates that there has been progressing in poverty alleviation.

However, it might be worth noting that data collection on the amount of poverty needs to be monitored and monitored. Also related to specific data for poverty alleviation programs that have been carried out in the opinion of the writer should be done 1) Evaluation of data especially data on Beneficiary Families (KPM) in each poverty alleviation program, is done aims to determine whether the beneficiary families are still entitled to receive or can be categorized out of the poverty line so that they are not entitled to receive benefits from existing programs. 2) Moral of beneficiary families who have completely separated from the category of Beneficiary Families from the program with their awareness to report to the local government, to be excluded from the list of beneficiary families. 3) The role of the Companion must be further increased given that programs that are run when not accompanied will seriously result in programs that are running as expected.

The findings in this article are from several articles on poverty alleviation programs using a quantitative measurement approach. By only prioritizing quantitative measures, the qualitative phenomena of poverty that occur in the field are not explored. Therefore we need an approach other than quantitative (objective) data, namely qualitative (subjective) measurement to complete an objective approach or economic measurement in measuring poverty will provide an opportunity to explore non-economic variables that influence the assessment of poverty.

Therefore several things related to the phenomenon that must be resolved in rural areas in the context of poverty alleviation and to narrow the gap of inequality, namely with sustainable rural development. These developments are:

**Rural Infrastructure Development**

At present the proportion of the rural population compared to urban areas is no longer very different, however, it has a high economic disparity. Namely, the disparity in economic
growth, the high number of poor people in rural areas, and the low level of infrastructure services in rural areas are one of the problems faced in improving the local economy is the lack of adequate infrastructure, especially in rural areas. The condition of rural infrastructure services is generally still lacking, this can be seen from the majority of residents in underdeveloped villages who have to travel long distances to the marketing center (especially the subdistrict center), with poor road conditions.

Lack of access to markets to market products produced in rural areas as a result of the lack of infrastructure is a major obstacle to economic growth in rural areas. Several studies show the importance of investing in infrastructure improvements such as roads as a key step to increase access to new markets (Mu & Walle, 2009) can increase household productive capacity (Jacoby, 2000), and reduce transportation costs, which leads to cheaper inputs and higher levels of production, which culminates in higher household income and employment levels (Haughton and Khandker, 2009). These results tend to indicate that better connectivity between rural and urban areas provides a greater market for inputs and outputs. Although rural to urban connectivity has proven to be beneficial in terms of efficiency, it tends to harm the deterioration of community culture and traditional livelihoods, which impacts disproportionately poor populations. Another important infrastructure that must be built in rural areas, namely infrastructure in the fields of education, health, and public services is very important to maximize the benefits of rural development.

**Diversification of the Agricultural Sector**

The current rural economic activity in agriculture is still an integral part of any serious rural development strategy to overcome poverty. Also, for more remote rural areas, where obstacles to increasing income are not overcome, agriculture is one of several viable options.

The agricultural approach proves to be more pro-poor than non-agricultural alternatives, with some research showing that the contribution of agri-cultural growth to poverty reduction can be four times that of industrial and service growth (Ravallion, Chen and Sangraula, 2007)

Examples of countries with strong rural bases such as China, with the scale of rampant urbanization in the last few decades, have been a blessing from some pretty impressive rural areas in China. The inequality coefficient calculated for rural China alone exceeds 0.4, a figure generally considered excessive when it is based on a country with a rich urban core and poor rural interior (Unger, 2002).

Seeing this the local government initiative should utilize the policy of agricultural modernization to encourage rural growth. By focusing on local issues, namely how local governments can recommend healthy and progressive rural development policies.

Diversification of the agricultural sector is needed if the agricultural sector is no longer able to be the main source of the community to earn income where due to the limited agricultural land in the village that has changed functions. Therefore the initiative to turn agriculture into a good rural growth driver and can reduce poverty.

Examples of regions that have successfully implemented diversification in the Agriculture sector are India, which have succeeded in shifting regions to higher values, such as horticultural cultivation (fruits and vegetables). Agricultural processing that is designed with good technicality based on local conditions (Kumar et al., 2011)

By promoting agriculture with diversification in the emphasis on marketing and production innovation, the effect is to increase rural income and generate new jobs. For farm laborers, it is very useful to reduce poverty. Further-more, by strengthening
the local knowledge and skills needed to develop jobs outside agriculture, the agricultural processing sector, encouraging new enterprises in the countryside to form so that development in the economy will be more advanced than other villages.

While it is clear that the agriculture-based approach to rural development remains important as a driver of growth and poverty reduction, another alternative also needs to be considered that is balancing the agricultural sector with non-agricultural strategies that offer the best hope for the majority of rural areas.

In most cases, the agricultural sector cannot provide sustainable livelihoods for the number of rural poor, as a consequence that communities are increasingly dependent on additional income from non-agricultural sources. However, farmers in rural areas are often reluctant to leave agriculture, this allows some family members of farmers to find work elsewhere usually urban and become urbanites in urban areas which will also impact on being urban poor if they are unable to compete for jobs with another society.

5. Conclusion

The programs that have been carried out indicate that there has been progressing in poverty alleviation that has been done with quantitative measurement indicators, namely the reduction in the number of poverty nationally that tends to decrease. However, it should be noted that data collection on the amount of poverty needs to be monitored and monitored. Diversification of the agricultural sector is needed if the agricultural sector is no longer able to be the main source of the community to earn income where due to the limited agricultural land in the village that has been converted

References