

RESEARCH REPORT

# Seeking a Way Out of Poverty In East Java, North Maluku, and West Timor

Ruly Marianti

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Jakarta  
June 2014**

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# ABSTRACT

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The study explores the community's understanding of the condition of their welfare and the experiences associated with the ups and downs of welfare. This report was written based on various reports generated in the two studies of *Moving Out of Poverty* carried out by SMERU. The main focus of the study is on the *movers* group, the group of people who managed to improve their welfare, both those who managed to move out of poverty and those who have not yet been able to do so. This report compares movers in three regions, namely East Java, North Maluku, and West Timor, to investigate the characteristics of movers and how the process of welfare improvement takes place.

Five research communities were selected for each region, including those located in rural areas and those located in (semi) urban areas. Data collection was conducted by combining the quantitative (household surveys) and qualitative (focus group discussions, life history interviews of men and women, interviews with community leaders/figures, and observation) methods.

The study found several patterns of processes of improving welfare and moving out of poverty, namely retaining the same work/livelihood but obtaining better returns; shifting to another occupation or livelihood that is larger or more stable in its returns; developing several sources of income; and having a fixed salary (by becoming a civil servant or an employee). Welfare improvement is affected by the capacity of the individual or household, the capacity of the community, and the local and regional contexts. Therefore, these three elements must be used as entry points in the making of policies and development programs to increase community welfare.

Keywords: poverty dynamics, welfare mobility, East Java, North Maluku, West Timor

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## LIST OF ABBREVIATIONS

Bappenas	Badan Perencanaan Pembangunan Nasional [National Development Planning Board]
Bawasda	Badan Pengawasan Daerah [Regional Inspectorate]
BPS	Badan Pusat Statistik [Statistics Indonesia]
BBI	Balai Benih Induk [Agricultural Seed Center]
CPNS	<i>calon pegawai negeri sipil</i> [probationary civil servant]
DPC	<i>dewan pimpinan cabang</i> [branch leadership council]
DPRD	Dewan Perwakilan Rakyat Daerah [Regional House of Representatives]
FGD	focus group discussion
GRDP	gross regional domestic product
HDR	human development report
HDI	human development index
HPI	human poverty index
HPD	hakim perdamaian desa [village peace officer]
IFLS	Indonesian Family Life Survey
IKIP	Institut Kejuruan Ilmu Pendidikan [Teachers' College]
MOP	moving out of poverty
MOPI	moving out of poverty index
MI	1) mobility index 2) Islamic primary school
NPI	net prosperity index
NTT	Nusa Tenggara Timur [East Nusa Tenggara]
PAC	<i>pimpinan anak cabang</i> [branch leadership]
PDI-P	Partai Demokrasi Indonesia-Perjuangan [Indonesian Democratic Party-Struggle]
PGA	<i>pendidikan guru agama</i> [education of religious teachers]
PLS	Pendidikan Luar Sekolah [Nonformal Education]
SK	<i>surat keputusan</i> [letter of appointment]
SMEA	<i>sekolah menengah ekonomi atas</i> [senior economics high school]
SMPS	<i>sekolah menengah pekerjaan social</i> [social work vocational school]
SMA	<i>sekolah menengah atas</i> [senior high school]
TPAK	<i>tingkat partisipasi angkatan kerja</i> [labor force participation rate]
TPT	<i>tingkat pengangguran terbuka</i> [open unemployment rate]
TTS	Timor Tengah Selatan
UNDP	United Nations Development Programme

# EXECUTIVE SUMMARY

## Introduction

Poverty is a dynamic process wherein various aspects, for example, the number and situation of the poor and also the causes of their poverty, can keep changing as a consequence of a range of factors. Besides that, poverty is always linked to a specific context. Therefore, poverty must be examined in a comprehensive manner at various levels (that is, trends at the macro level as well as reality at the micro level). It must also be understood through the perspectives of various relevant actors (for example, the top-down perspectives of policy makers and practitioners, including those from the government, and the bottom-up perspectives of those who experience poverty).

The study “Moving Out of Poverty: Understanding Freedom, Democracy, and Growth from the Bottom Up” commenced around the beginning of 2005. It involved more than ten countries in an exploration of the process of moving out of poverty and maintaining welfare over a period of five to ten years. This process was to be understood specifically from the perspective of people who had themselves experienced the dynamics of poverty; these people included men, women, and youth. The main research question that the study sought to answer was this: how and why is there a group of people who have been able to improve their level of welfare and move out of poverty, while there are other people who have actually fallen into or who are entrapped in poverty?

In Indonesia this study was carried out in three regions, namely, East Java and North Maluku, which were examined in Phase 1 (MOP<sup>i</sup> 1) and West Timor (NTT<sup>ii</sup>), which was studied in Phase 2 (MOP 2). Data collection for the MOP 1 and 2 studies combined the qualitative method (focus group discussions/FGDs, in-depth interviews with key informants and a number of community members from both men’s and women’s groups, and observations) and the quantitative method (household surveys). In various FGDs, community members were guided to explain their point of view and their understanding of various matters that affected their level of welfare. The households in a certain community were placed in four transitional groups or welfare groups: *always rich*, *movers*, *fallers*, and *the chronic poor*. Data for this study specifically took the form of the community’s interpretation of its welfare situation and experiences that were related to ups and downs in the level of welfare. These understandings and experiences were generally subjective, micro, and local in nature, but the methodology used in MOP 1 and 2 assumed that to complete the understanding and macro picture of poverty in a country, information was needed about realities at the micro level (the individual and the household) and also at the meso level (social, community, organizational interactions, etc.).

This report is based on various reports that were produced during the MOP 1 and MOP 2 studies (in particular the two regional reports) and its main focus is on the group of people who succeeded in raising their level of welfare or undergoing upward mobility. This group is hereafter referred to as *movers*. The movers group takes in all those who improved their welfare, both those who managed to move out of poverty and those who have not yet been able to do so. In this report, the movers groups in the three research regions are compared to

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<sup>i</sup>Moving Out of Poverty.

<sup>ii</sup>Nusa Tenggara Timur, or East Nusa Tenggara.



learn what the characteristics of *movers* are and how the process of welfare improvement takes place (the factors that influence the process and the nature of their patterns).

## The Regional and Local Contexts

The three provinces that form the regional context for this study, namely, East Java, North Maluku, and West Timor, have special characteristics. If the economy of each is viewed in terms of gross regional domestic product (GRDP), it is immediately apparent that in size the economy of East Java far exceeds those of North Maluku and NTT. If seen from rate of growth, however, the economy of NTT has the greatest and most stable rate. Furthermore, from the point of view of the growth rate of per capita GRDP, it can be concluded that in 2001 and 2002, the economic situation in East Java did not differ very much from that in NTT, whereas GRDP and its rate of growth in North Maluku were lower than those in the other two regions.

The labor situation, which is linked to the level of participation of the workforce and the extent of open unemployment, is better in East Java and NTT than in Indonesia as a whole. In North Maluku, workforce participation is lower and open unemployment greater than those in East Java and NTT. In terms of the human poverty index (HPI), NTT occupies the lowest position among the three. East Java has a far higher ranking than North Maluku and NTT. Even so, the figure for poverty stated in the 2004 Human Development Report (HDR) shows that the rate of poverty in North Maluku (14%) is the lowest and is even lower than the figure of 18.2% for Indonesia as a whole. Furthermore, the poverty line in North Maluku is also higher than the poverty lines for East Java and NTT. On the whole, it can be said that, of the three regions, NTT has the greatest poverty. In this region, the obstacles that individuals, households, or groups face in attempting to move out of poverty are bigger because people must make those efforts in the midst of a quality of life that is relatively worse than the situation prevailing elsewhere in Indonesia.

Five communities were selected in each of the three regions, making a total of 15 communities for the MOP study as a whole. In general, it can be said that all communities have experienced a rise in welfare. In each community, the number of households whose welfare increased is greater than the number of households whose welfare declined. In some communities<sup>iii</sup>, for example, in Tentram (East Java) and Asam (West Timor), there was high upward mobility. However, an increase in welfare does not always mean that those concerned can rise above the poverty line. Many poor people who undergo an improvement in their living conditions still do not succeed in moving out of poverty. Three of the five communities that have the highest indices for moving out of poverty are located in North Maluku. This is in keeping with the human development index, which shows that in North Maluku the quality of life is better in several respects than it is in East Java and NTT. On the other hand, two of the five communities with the lowest indices for moving out of poverty are in East Java and two are in NTT.

The fifteen communities that were studied can be divided into two categories, namely, those located in rural areas and those located in urban and semi-urban areas. Of the total number, eleven communities are in rural areas. Urban communities usually have better and more complete public facilities than those available in rural areas. Based on the distinction between

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<sup>iii</sup>In this report communities (*dusun*, villages, *kecamatan*) and work places as well as informants have been given fictitious names for anonymity.

urban and rural, it can be said that urban communities in the three regions tend to have a low degree of mobility (that is, they are not dynamic), which means that their net mobility and welfare indices are low. Urban communities, however, tend to have higher indices for movement out of poverty. Furthermore, urban communities generally have more complex socioeconomic conditions than those found in rural communities. Also, if seen from various aspects (livelihood, ethnicity, educational levels, and so on), the diversity that prevails within the community is greater. This heterogeneity can make large-scale movement from one socioeconomic level to another (especially to a higher level) rather difficult, despite the fact that economic stratification is generally open in nature. The different subgroups within the community face different obstacles and stimuli in trying to increase their own welfare.

The community that has the relatively highest level of welfare is the Maju community in East Java. This urban community has consistently high figures for welfare dynamics, the extent of upward mobility, and movement out of poverty. If considered from a range of indicators, the Maju community can be said to be the community that is most prosperous by comparison with the other communities. There are better and more complete physical and social infrastructure as well as public facilities in Maju than those in other communities. Residents say that the majority of women (homemakers) in their community are able to obtain additional income from petty trade, for example, by opening a food stall or kiosk. This source of income can often be combined with (regular) income from other sources, for example, from employment as a civil servant or as an employee. In Maju, 40% of residents work as civil servants. It appears that in Maju there are greater opportunities than elsewhere to undertake diversification in income sources.

The communities in which many people have experienced an improvement in welfare but have not yet moved out of poverty are the Tentram (East Java) and Asam (West Timor) communities. Both are relatively poor rural communities in which almost all of the people obtain a livelihood solely from the agricultural sector. This means that rises in the welfare level of the majority of residents are vulnerable to a number of factors that can cause crop failure (for example, natural factors). If crop failure occurs, there are no other income sources that can constitute replacements because non-agricultural economic activities are extremely limited. In both of these communities, it is difficult for households to undertake diversification in income sources.

## **Those Who Have Been Able to Move Out of Poverty**

The movers groups in the 15 research communities have both general and specific characteristics. Among the general characteristics are the following:

- a) The majority of people are of productive age (31 to 50 years old).
- b) The majority have had a formal education at primary and secondary levels. In urban communities, movers usually have a high school education and for that reason the educational level of movers is higher in urban than in rural areas.
- c) Movers have a stable income, which is due mainly to the fact that they have undertaken diversification in income sources or else because they receive a fixed salary. One means by which movers undertake diversification to ensure income stability is by having a source of earnings outside the agricultural sector. For that reason, the movers group generally tends to be less dependent on the agricultural sector than are fallers and the poor.
- d) Movers have a greater feeling of self-confidence than do fallers and the poor.

- e) Movers have a relatively high level of social participation. This can be seen particularly from the way in which they take part in a range of social activities and formal organizations in the community.

The specific characteristics of the movers group do not always appear in each community but are to be found only in certain subgroups. These specific characteristics are related to:

- a) **The ways in which movers undertake diversification in income sources both within and outside the agricultural sector.** Income diversification within the agricultural sector is achieved by seeking additional earnings from employment as an agricultural wage laborer or cultivating different kinds of crops (in particular commercial crops), while diversification outside agriculture involves undertaking secondary jobs in the sectors of petty trade, unskilled services, skilled services, or non-agricultural wage labor.
- b) **The involvement of movers in advantageous social relations (surplus).** These surplus social relations are generally linked to people or groups that have a higher, stronger, or more privileged socioeconomic position, for example, wealthy or influential people both within or outside the village; the local clan, community group, or aristocratic families; politicians; or officials outside the community. These connections with higher circles can be understood as vertical relations that enable a person or a group to move up to a higher social level.
- c) **The extent of the mobility achieved by movers.** Although all movers are able to improve their welfare, the extent to which they can do so is not always the same. Some movers are unable to rise above the poverty line. Economically, they are usually still very dependent on the agricultural sector and the small income obtained from agriculture. Movers with this specific characteristic can be regarded as the most vulnerable group of movers for, even though their welfare has experienced a relative improvement during the past ten years, this improvement can be easily undermined by such things as natural factors (floods, droughts, crop diseases and the like) that cause crop failure, as well as high production costs and instability in commodity prices. Movers who have not yet shifted out of poverty are generally to be found in rural communities where there is very little scope for undertaking economic activities outside agriculture. Hence, it is difficult for community members to attempt diversification in their livelihoods and to distribute financial risk outside the agricultural sector.

## Ways Out of Poverty

Several patterns can be distinguished in the process of improving welfare and moving out of poverty:

- a) **Undertaking the same work or livelihood but obtaining greater returns.** In this first pattern, the current livelihood is still regarded as having potential for further expansion, but several improvements need to be made so that income can rise. In the case of movers whose main work is in the agricultural sector, these improvements can take the form of better irrigation systems and technology, crop diversification, the use of superior-quality seed, and better market access.
- b) **Carrying out work or a livelihood, or establishing another undertaking or business that has higher or more stable returns.** In this second pattern, the current source of livelihood is regarded as having no further potential for expansion and for that reason, the

individual must shift to another form of employment or business. To make a shift of this kind requires the will and capacity to learn and to do new things. In addition, there must be economic opportunities that can form alternatives sources of livelihood or new undertakings.

- c) **Possessing several income sources.** In this third pattern, a household has multiple sources of income, which makes possible an accumulation of total income and a reduction in financial risk. Several income sources can be obtained if the main breadwinner undertakes several jobs, or if more than one person within the same household earns income.
- d) **Having a regular income.** In this fourth pattern, the main way to improve welfare is by becoming a civil servant or a salaried employee in the formal sector.

The factors that support the process of welfare improvement are:

- a) At the micro level: Advantageous networks and connections, adequate skills and education, relatively good health, and the will to work hard (motivation).
- b) At the macro level: The presence of business and employment opportunities, access to the provision of education or skills that can expand a person's capacity to increase his/her income, and development policies and programs that are suited to the needs of the community.

## Policy Recommendations

The processes and factors that support efforts to raise welfare, including efforts to move out of poverty, that some people (movers) have succeeded in undertaking are mainly linked to economic issues, especially those concerning improvements in employment and increases in income. Non-economic factors such as social relations, motivation, and levels of education and health are specifically seen in terms of their function of supporting improvements in the performance of work and raising income. This increase in welfare is influenced by at least three elements that are mutually interconnected, namely, the capacity of the individual or household, the capacity of the community, and the local and regional contexts. It is these three elements that need to be used as entry points in the making of development policies and programs to improve community welfare. This study, therefore, recommends:

### a) Development of the Capacity of the Individual and Household

- (1) **An increase in education and skills.** The capacity of the individual (household members) to obtain a better income (larger and more stable) is also determined by the existence of appropriate and adequate education and skills. Education and skills can be obtained in various social institutions, both formal (schools) and nonformal (family, neighborhood, livelihood groups). For that reason, there is need for an improvement in the level of community education, especially in rural areas, and systematic dissemination of the knowledge and skills to expand existing livelihoods and businesses and to make use of opportunities to undertake other livelihoods or businesses.
- (2) **An improvement in the quality of life, especially in the form of protection from the negative consequences of health problems.** This requires a guarantee that the community can obtain health services in the form of routine health care or special treatment that is adequate and affordable, especially in the case of those who are more

vulnerable to health shocks such as those with low income, the elderly, and families with children or underfives.

- (3) **An improvement in work motivation.** This can be done through various community development and empowerment activities such as those carried out by nongovernmental organizations. Activities designed to raise motivation are mainly focused on coaching in the exploration of new possibilities, identifying potential, and making use of existing economic opportunities.

## **b) Development of Collective Community Capacity**

Not everything that can raise welfare can be attempted at the level of the individual or household. There are things that can only be done or that can be done more effectively if they are carried out by collective strength at the community level. The collective strength that can support efforts to move out of poverty can take, for example, the form of an organization that provides credit as working capital or an organization that ensures the supply of cheaper production inputs and handles the marketing of output. As far as possible, development of this collective capacity must be compatible with the social networks and activities that already exist among the various community groups. In addition, there is also need for the provision of regular and sustainable technical guidance by relevant institutions.

## **c) The Creation of Local and Regional Contexts Conducive to the Expansion of Productive Economic Activities**

In view of the vulnerability of economic activities in the agricultural sector, priority must be given to:

- (1) The creation of employment and business opportunities that can integrate labor in the agricultural sector into non-agricultural economic activities. This integration can take the form of a shift in main livelihood from the agricultural to the non-agricultural sector or a combination of main livelihood sources in agriculture with additional sources outside the agricultural sector.
- (2) Improved access to financial institutions that provide credit for small businesses.
- (3) The provision and improvement of access to information, especially information that can facilitate the implementation of economic activities (for example, information about the availability and prices of raw materials and about marketing channels and networks, superior technology and seeds, sources of credit, business permits, and the like).

# I. INTRODUCTION

## 1.1 Two Studies on Moving Out of Poverty in Indonesia

### 1.1.1 Background and Focus

Poverty is a dynamic process wherein certain aspects, such as the number and situation of the poor and the causes of poverty, can change under the influence of a number of factors. Besides that, poverty is also a phenomenon that is always linked to a specific context. As a consequence, poverty has to be studied comprehensively on several levels (namely, trends at the macro level and the reality at the micro level) and it must also be understood through the perspectives of the related actors (for example, top-down perspectives from policymakers and practitioners, including people from the government, and bottom-up perspectives from those who have experienced poverty).

One study of poverty and the poor that stresses the importance of bottom-up perspectives is “Voices of the Poor. Can Anyone Hear Us?” (Narayan et al., 2000). After raising the issue of the understanding and life experiences of the poor, it is necessary to examine the understanding and experiences of those who have been able to move out of poverty. At the beginning of 2005, the World Bank commenced a global study entitled “Moving Out of Poverty: Understanding Freedom, Democracy, and Growth from the Bottom Up”. This study involved more than ten countries in an exploration of the process of moving out of poverty and attempts to maintain welfare over a period of five to ten years. This process was interpreted specifically from the perspective of those who had themselves experienced the dynamics of poverty, both men’s and women’s groups, and also young people’s groups. The main research question to which the study sought answers was: How and why are some groups of people able to move out of poverty and maintain their welfare and assets, whereas other groups actually fall into or are trapped in poverty?

Indonesia is one of the countries that was to be studied and it was for that reason that The SMERU Research Institute became involved in this global study in mid 2005. General training, attended by several Asian and Latin American countries, was conducted in Indonesia in May 2005 by the global team, which was led by Deepa Narayan (World Bank Office, India). Field research was then carried out from July to September 2005 in two regions, namely, East Java<sup>1</sup> and North Maluku<sup>2</sup> for the study (which is hereafter referred to in the present report as **MOP<sup>3</sup> 1**). At the beginning of 2006, a similar study of poverty was undertaken in a third region, namely, West Timor<sup>4</sup>. Field research was carried out from the third week of March to the second week of April 2006 for this study (hereafter referred to as **MOP 2<sup>5</sup>**).

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<sup>1</sup>In five communities: Tentram, Raya, Karya, Jaya, and Maju. These are fictitious names. The communities' real names have been concealed for anonymity.

<sup>2</sup>In five communities: Belibis, Nuri, Elang, Camar, and Kenari. These are fictitious names. The communities' real names have been concealed for anonymity.

<sup>3</sup>The MOP (Moving Out of Poverty) 1 report is entitled: ‘Moving Out of Poverty: Understanding Freedom, Democracy, Governance, and Growth from the Bottom Up. Indonesia Case Study: North Maluku and East Java’ (Rahayu and Febriany, forthcoming).

<sup>4</sup>In five communities: Kemiri, Asam, Cengkeh, Mente, and Cendana. These are fictitious names. The communities' real names have been concealed for anonymity.

<sup>5</sup>The MOP 2 report is entitled: ‘Moving Out of Poverty in West Timor: Understanding Social Mobility and Poverty Dynamics in a Conflict-Affected Area’ (Marianti and Fillaili, forthcoming).

Some of the countries involved in the global study “Moving Out of Poverty” looked specifically at the impact of conflict on the process of moving out of poverty. Indonesia was one of those countries. For that reason, in both MOP 1 and MOP 2, conflict is a major factor that is regarded as influencing poverty dynamics. In both studies, one of the main criteria in selecting research regions was ‘conflict intensity’ (high, medium, low). The difference is that in MOP 1, the focus was not set on a certain type of conflict, whereas in MOP 2, focus was on conflict related to the question of the entry of refugees from East Timor to West Timor in 1999, after East Timor freed itself from the Republic of Indonesia.

### 1.1.2 Methodology

Data collection for the MOP 1 and 2 studies involved a combination of qualitative and quantitative methods. The qualitative method that was used consisted of: (i) Focus group discussions, or FGDs, and (ii) in-depth interviews about life histories with key informants and various members of the community, including both men and women; in addition, the following were conducted: (iii) Interviews with community leaders and prominent figures, and (iv) observations. These methods were used to obtain answers about why and how a person could move out of poverty and to identify the linkages between the factors that influence efforts to move out of poverty. The quantitative method that was used took the form of a household survey. This method was used specifically to learn the frequency and magnitude of certain phenomena. In general terms, data collection activities for the two studies can be seen in Table 1.

**Table 1. A Summary of Data Collection Activities for the MOP 1 and 2 Studies**

Study	Type of Data Collection Activity			
	Number of Communities	Number of FGDs	Number of In-Depth Life History Interviews	Number of Households Surveyed
<b>MOP 1</b>				
• East Java	10	80	156	372
• North Maluku				
<b>MOP 2</b>				
• West Timor	5	40	75	180
<b>Total</b>	<b>15</b>	<b>120</b>	<b>231</b>	<b>552</b>

The methodology used in MOP 1 and 2 was intended primarily to obtain an understanding of the dynamics of poverty through the perspectives of people who had themselves experienced the process of moving out of or actually falling into and even becoming trapped in poverty. In the FGDs, members of the community were guided to explain their views and understandings of a range of matters that had affected their welfare. In the Ladder of Life FGDs, for example, people were asked to identify the different levels of welfare in their community and then to say which households belonged to each of the welfare levels. After the households in the community had been placed at the different welfare levels, it was possible to know which households could be classified as always rich, movers, fallers, and the chronic poor. These four categories were also described as transitional groups.

Data for these studies specifically took the form of the understandings of community members about their own welfare position and experiences that were related to the ups and

downs in their welfare. These understandings and experiences were generally subjective, micro, and local in nature, but the methodology used in MOP 1 and 2 assumed that to complete the understanding and picture of poverty in a country in the macro sense, information was needed about realities at the micro level (individuals and households) and at the meso level (social interaction, communities, organizations, and so on).

### **1.1.3 Outputs**

The two studies produced research reports concerning various levels:

- a) 15 community synthesis reports,
- b) 2 regional reports (“Moving Out of Poverty: Understanding Freedom, Democracy, Governance, and Growth from the Bottom Up. Indonesia Case Study: North Maluku and East Java” and “Moving Out of Poverty in West Timor: Understanding Social Mobility and Poverty Dynamics in a Conflict-Affected Area”), and
- c) 1 compilation of regional reports.

### **1.1.4 Compilation of MOP 1 and 2**

The present report, which is a compilation of various MOP 1 and 2 reports (in particular, the two regional reports), focuses mainly on the groups that have succeeded in improving their level of welfare or achieving upward mobility. These groups are hereafter referred to as movers. Included as movers are all those who have improved their welfare, both those who have succeeded in moving out of poverty and those who have not yet done so. In this compilation, the movers groups in the three regions will be compared in order to identify:

- a) The factors that influence the efforts of *movers* to improve their welfare and to move out of poverty and
- b) How the process of improving welfare and moving out of poverty takes place (specifically, the nature of the interactions between influential factors).

## **1.2 The Findings of Other Studies on Efforts to Move Out of Poverty**

### **1.2.1 The “Accounting for Households’ Movement Into and Out of Poverty” study (the Duke Center for International Development)**

#### **a) Outline of Concepts**

Poverty dynamics is a topic that has already been studied widely and deeply by a number of research institutes and groups. One research group that has undertaken studies of poverty dynamics in a number of countries, both developing countries (India, Kenya, Uganda, and Peru) and developed countries (the United States of America) is the Duke Center for International Development. These studies were done during the 2002–2006 period. Data collection for the study “Accounting for Households’ Movement Into and Out of Poverty” was carried out using the Stages-of-Progress method, which is very similar to the data collection method used in the MOP 1 and 2 studies. The Stages-of-Progress method also seeks primarily the collective and subjective understanding of the community about poverty and the poor (how members of the community interpret poverty and identify the characteristics of poor people in their community).



The concepts that form a background to this study include: First, the fact that the processes of moving out of and falling into poverty are linked to different factors. For that reason, these two trends need to be studied separately. Development policies and programs to get people out of poverty also need to be distinguished from development policies and programs to prevent people from falling into poverty. Thus, to design more appropriate programs, it is necessary to disaggregate poverty statistics into more specific components for certain trends. This disaggregation must also be done on a regional basis because poverty is very much influenced by the geographic, social, cultural, and political conditions that prevail in a given area.

Second, the method of defining and measuring poverty very much determines how the 'reality of poverty' is made to appear. It is, therefore, important to realize that the different definitions and ways of measuring poverty will cause different poverty realities to emerge. This study attempts to find definitions, yardsticks, and analyses that can produce poverty realities which can be considered closest to the understandings and experiences of the community. Even so, these definitions, yardsticks, and analyses might perhaps be difficult to use in the standardization of poverty and in the comparison of conditions between regions or countries.

Third, the collective understanding of poverty held by members of the community can be seen as a social construct of poverty. The efforts of individuals in the community to move out of poverty will refer to this collective understanding. For that reason, the process of moving out of or falling into poverty that occurs in a community must be understood and analyzed by taking into consideration the community's collective understanding of poverty and the poor. Community-based investigations must be made if we wish to obtain a better understanding of the factors that are important at the micro level in attempts to move out of poverty (Krishna, 2005).

#### **b) Moving Out of Poverty in Communities in India, Uganda, Kenya, Peru, and the United States of America**

In 35 villages in the State of Rajasthan in India, success in moving out of poverty has been mainly due to diversification in sources of income. Households that have sources of income in both the agricultural and the non-agricultural sectors are generally the households that can raise their level of welfare. Those who take part in economic activities in urban areas, for example, as vendors or in other jobs, are usually the young men in a family. To gain entry to these urban economic activities, they need individual ability and also assistance from relatives or friends. The findings of this study also show that people with connections or contacts that can provide information about economic opportunities in urban areas have a greater chance of succeeding. Where income improvements in the agricultural sector are concerned, the study shows that irrigation improvement projects, including the digging of wells, can help to raise the productivity of agricultural activities (Krishna, 2004: 129–131). The process of moving out of poverty in 36 villages in the State of Andhra Pradesh in India shows the same pattern: Diversification in sources of income is the main factor that can help people to improve their welfare. Diversification is generally done in a number of ways such as by opening a very small-scale business, sending family members to the city to work in the informal sector, and cultivating commercial crops. In addition, improvements in the welfare of farmers in Andhra Pradesh has also been helped by improvements in the irrigation system (Krishna, 2006: 280–281).

In 20 villages in Kenya, income diversification that is linked to urban economic activities is also very important for the majority of households that have moved out of poverty. Some of these households have family members working in the informal sector in an urban area or undertaking petty trading activities. Study findings show that a better level of education, the will to work hard, and departure to the city cannot guarantee that opportunities will be open for the absorption of newcomers in urban economic activities. People who have been successful usually had connections or contacts in the city (relatives, friends and the like) who could help by providing information and other facilities. Not all village people who are poor have the chance to become integrated into urban economic activities. Those who cannot find additional sources of income in urban areas must remain dependent on the agricultural sector. For this group, the process of moving out of poverty is still greatly influenced by improvements in agricultural infrastructure and reductions in production costs, particularly for small farmers (Krishna et al., 2004: 222–223).

Meanwhile, in 36 villages in Uganda, the process of moving out of poverty is linked to three matters, namely: (i) increased productivity in agricultural activities, including the cultivation of commercial crops, (ii) diversification in income sources, which mainly involves opening a new business, and (iii) employment in the private sector (Krishna et al., 2004).

Research findings in 40 communities in Peru show that households can generally improve their welfare and move out of poverty if they start small-scale businesses. Besides that, there are several other factors that can help households to improve their welfare, namely, (i) the size of the agricultural holding that they are cultivating, (ii) access to markets, and (iii) diversification in income sources in both agricultural (for example, by raising livestock) and non-agricultural activities. This research also shows that assistance from relatives and friends, including those who live outside the community, can also increase opportunities to move out of poverty (Kristjanson et al., n.d.).

Research in 13 communities in North Carolina, USA, shows that on the whole, the process of moving out of poverty is related to four factors, namely: (i) full-time employment or having more than one job (for example, if both husband and wife are working), (ii) the ability to handle money well, (iii) the absence of health problems, and (iv) assistance from the family. (Krishna et al., 2006)

### **c) General Patterns in Moving Out of Poverty**

Studies in various communities in these five countries reveal a number of general patterns in the move out of poverty:

- (1) Efforts to move out of poverty are still very much influenced by economic factors, in particular an increase and stabilization in income levels through diversification in sources of income.
- (2) For people whose main livelihood is in the agricultural sector, other or additional sources of income that can improve their welfare lie outside agriculture, for example, in petty trade, starting a new business, or obtaining other work in the urban informal sector. For those who still depend fully on the agricultural sector, an improvement in welfare can be achieved by moving away from traditional agricultural patterns. These people can increase their income by cultivating commercial crops that can be easily marketed (including meeting demands from urban areas). This means that linkages between rural and urban areas are very important in attempts to move out of poverty.

- (3) A social factor that arises is assistance from friends or relatives, especially those who can give information or facilities that enable poor people from rural areas to enter urban economic activities.

### **1.2.2 A Study of Poverty in 2006: *Making the New Indonesia Work for the Poor* (World Bank, Jakarta)**

In a 2006 study of poverty in Indonesia, the World Bank identified a number of ways out of poverty in this country. According to this report, there are two groups of poor people who warrant special attention, namely, the rural poor who have a very low level of education and who are generally engaged in low productivity work in the agricultural sector and the poor who live close to economic growth centers and struggle to participate in economic activities in those growth centers.

In referring to these two groups of poor people, the report says that in general, there are two ways out of poverty in Indonesia:

- a) A shift from agricultural activities of low productivity to the commercial agriculture sector. This is possible if intensification in food crop cultivation is increased and if diversification is undertaken in commodity production, mainly through the cultivation of higher value crops.
- b) An increase in the productivity of non-agricultural economic activities, including finding new work in the formal sector where incomes are stable and higher.

Thus two types of shifts would occur: (i) a sectoral shift (for those who move from one kind of livelihood to another, for example, from the agricultural to the non-agricultural sector) and (ii) a locational shift (for those who move from a rural to an urban area).

At the individual level,<sup>6</sup> the 2006 poverty report states that the most important ways out of poverty are through increased productivity in the agricultural sector and expansion in non-agricultural economic activities in rural areas. For that reason, government policies need to encourage transformation in rural areas and the process of urbanization.

## **1.3 Structure of the Report**

The present report is divided into five chapters. Chapter I consists of an introduction that explains two studies on moving out of poverty in Indonesia and a brief review on other studies of efforts to move out of poverty. Chapter II gives an overall and more specific picture of the regional and local context, namely the three areas (East Java, North Maluku, and West Timor) and 15 communities. Chapter III identifies the characteristics of movers from different aspects namely, demographic, economic, psychological, social, and health aspects. Chapter IV explains the ways to move out of poverty, especially the influential factors and the process itself. Chapter V draws conclusions from the main findings of the study and, based on these findings, offers a number of policy recommendations that can facilitate efforts to move out of poverty.

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<sup>6</sup>The data that are analyzed are from the Indonesian Family Life Surveys (IFLS) of 1993, 1997, and 2000.

## II. THE REGIONAL AND LOCAL CONTEXT

### 2.1 The Regional Context: East Java, North Maluku, and West Timor

#### 2.1.1 East Java

The Province of East Java covers approximately 47,000 km<sup>2</sup>. Geographically, the province consists of two parts, namely, the eastern section of the island of Java (90%) and the whole of the islands of Madura and Bawean (10%). The provincial capital is Surabaya, which is the second largest city in Indonesia, after Jakarta. East Java has 29 *kabupaten* (districts) and 9 *kota* (cities). In 2005, it had a population of more than 35 million and an annual population growth rate of 0.45%. The per capita gross regional domestic product (GRDP) of the province (including gas and oil) was Rp1.6 million in 2000.

#### 2.1.2 North Maluku

The Province of North Maluku has an area of around 164,400 km<sup>2</sup>. The province was formed on 4 October 1999 under Law No. 46/1999. The provincial government, however, only became effective in 2003 after a permanent governor was chosen by the local DPRD (Regional House of Representatives). The capital of the province is Ternate. North Maluku has six *kabupaten* and two *kota*. In 2005, the population of the province was 890,000 and the annual population growth rate was 1.78%. The per capita GRDP of the province (including gas and oil) was Rp1.1 million.

#### 2.1.3 West Timor

West Timor covers an area of 15,850 km<sup>2</sup> and takes in the western part of the island of Timor with the exception of Oecussi-Ambeno, which is an enclave belonging to Timor Leste (East Timor). Administratively, West Timor is a part of the Province of East Nusa Tenggara (NTT), the capital of which is Kupang. The Province of NTT consists of 15 *kabupaten* and 1 *kota*. Four *kabupaten*, namely, Kabupaten Kupang, Timor Tengah Selatan, Timor Tengah Utara, and Belu; and Kota Kupang are located in West Timor. In 2004, West Timor had a population of approximately 1.3 million, while the total number of people in the Province of NTT in 2005 was around 4.1 million and the annual population growth rate was 1.54%. The per capita GRDP of NTT in 2000 (including gas and oil) was Rp756,000.

#### 2.1.4 A Comparison of Characteristics and Trends in the Three Regions

A comparison of the GRDP indicates that in size the East Java economy far exceeds those of North Maluku and NTT (Table 2). In terms of growth rate, however, NTT has the greatest and most stable rate of growth (Table 3). The conclusion can be drawn from the rate of growth of per capita GRDP that in 2001 and 2002 the situation in East Java did not differ greatly from that in NTT, whereas GRDP and the growth rate in North Maluku were the lowest by comparison with the other two regions (Table 4).

In 2004, GRDP in NTT was mainly produced by the agricultural sector (food crops and livestock raising) and the trade sector. In East Java, GRDP came mainly from processing industries (food, beverages, and tobacco), the trade sector, the hotel and restaurant sector, and the agricultural sector (food crops).

**Table 2. Gross Regional Domestic Product (in millions of rupiah), 2001–2004<sup>a</sup>**

Region	2001	2002	2003 <sup>b</sup>	2004 <sup>c</sup>
East Java	209,838,116	217,878,040	228,301,906	241,564,892
North Maluku	1,911,043	1,957,716	2,032,572	2,128,108
NTT (including West Timor)	8,221,573	8.622.491	9.016.717	9,519,960
<b>Indonesia</b>	<b>1,280,638,841</b>	<b>1,345,814,249</b>	<b>1,432,865,995</b>	<b>1,511,756,777</b>

Source: Indonesian Statistics 2005/2006 (BPS Jakarta, 2006).

<sup>a</sup>At constant 2000 prices, not including gas and oil.

<sup>b</sup>Preliminary.

<sup>c</sup>Extremely preliminary figures.

**Table 3. Growth Rate of Gross Regional Domestic Product (%), 2001–2004<sup>a</sup>**

Region	2001	2002	2003 <sup>b</sup>	2004 <sup>c</sup>
East Java	3.88	3.83	4.78	5.81
North Maluku	1.67	2.44	3.82	4.70
NTT (including West Timor)	4.73	4.88	4.57	5.58
<b>Indonesia</b>	<b>5.11</b>	<b>5.09</b>	<b>5.80</b>	<b>6.17</b>

Source: Indonesian Statistics 2005/2006 (BPS Jakarta, 2006).

<sup>a</sup>At constant 2000 prices, not including gas and oil.

<sup>b</sup>Preliminary.

<sup>c</sup>Extremely preliminary figures.

**Table 4. Growth Rate of Per Capita Gross Regional Domestic Product (%), 2001–2004<sup>a</sup>**

Region	2001	2002	2003 <sup>b</sup>	2004 <sup>c</sup>
East Java	3.19	3.16	1.76	5.19
North Maluku	1.22	2.00	-10.60	2.94
NTT (including West Timor)	3.09	3.24	0.78	4.01
<b>Indonesia</b>	<b>3.81</b>	<b>3.78</b>	<b>4.48</b>	<b>4.85</b>

Source: Indonesian Statistics 2005/2006 (BPS Jakarta, 2006).

<sup>a</sup>At constant 2000 prices, not including gas and oil.

<sup>b</sup>Preliminary.

<sup>c</sup>Extremely preliminary figures.

The human resources situation in East Java and NTT in terms of level of labor participation (TPAK) and the extent of open unemployment (TPT) is better than the general situation in Indonesia. In 2005, the level of labor participation in East Java was lower than those in North Maluku and NTT and the extent of open unemployment in East Java was higher than those in North Maluku and NTT. Even so, there appeared to be a tendency for the human resources situation to improve between 2002 and 2005 with the level of workforce participation rising in the three regions and open unemployment decreasing in North Maluku and NTT. In terms of the proportion of the informal sector in the economies of the three regions, it appears that the two regions in eastern Indonesia (NTT and North Maluku) both have larger informal sectors than East Java and Indonesia as a whole (Table 5).

**Table 5. The Human Resources Situation in the Three Regions, 2002 and 2005**

Human Resources	Indonesia		East Java		North Maluku		NTT	
	2002 <sup>a</sup>	2005 <sup>b</sup>	2002 <sup>a</sup>	2005 <sup>b</sup>	2002 <sup>a</sup>	2005 <sup>b</sup>	2002 <sup>a</sup>	2005 <sup>b</sup>
Workforce participation (%)	67.7	68.02	68.2	69.50	64.2	78.25	71.8	79.45
Open unemployment (%)	10.6	10.26	8.0	8.45	11.4	7.12	6.0	5.46
Employment in the informal sector (%)	64.1	-	64.6		73.1		86.8	

<sup>a</sup>Source: Indonesia Human Development Report 2004 (BPS, Bappenas, and UNDP, 2004).

<sup>b</sup>Source: Indonesian Statistics 2005/2006 (BPS Jakarta, 2006).

The quality of life and the extent of poverty in the three regions can be seen from the human development index (HDI) and the human poverty index (HPI). A comparison of the HDI of the 30 provinces in Indonesia reveals that NTT occupies the very low position of 28<sup>th</sup>. East Java ranks 25<sup>th</sup> and North Maluku 19<sup>th</sup> (Table 6). The position of North Maluku, which is higher than those of East Java and NTT, must be interpreted in the context of the various changes that have occurred in this region. Before the beginning of 2003, the region now known as North Maluku took in only the Kabupaten Maluku Utara, Kabupaten Halmahera Tengah, and Kota Ternate. Since these three areas (especially Kota Ternate) had relatively good socioeconomic conditions, the data processed by the 2004 Human Development Report could show a bias towards these three areas, the result being high HDI figures.

**Table 6. The Human Development Index and the Human Poverty Index in the Three Regions, 2002**

Region	Indonesia	East Java	North Maluku	NTT <sup>a</sup>
<b>Human Development Index</b>	<b>65.8</b>	<b>64.1</b> (25 <sup>th</sup> ranking)	<b>65.8</b> (19 <sup>th</sup> ranking)	<b>60.3</b> (28 <sup>th</sup> ranking)
Life expectancy (years)	66.2	66.0	63.0	63.8
Literacy (%)	89.5	83.2	95.8	84.1
Length of schooling (years)	7.1	6.5	8.4	6.0
Per capita expenditure (x Rp1,000)	578.8	593.8	583.4	563.1
<b>Human Poverty Index</b>	<b>22.7</b>	<b>21.7</b> (7 <sup>th</sup> ranking)	<b>27.9</b> (22 <sup>nd</sup> ranking)	<b>28.9</b> (24 <sup>th</sup> ranking)
Population estimated not to reach the age of 40 (%)	15.0	15.3	20.7	19.2
Illiteracy (adults)	10.5	16.8	4.2	15.9
Percentage without access to clean water	44.8	36.7	43.2	46.8
Percentage without access to health facilities	23.1	22.2	42.2	32.8
Malnourished children under five years of age	25.8	25.5	29.6	38.8

Source: Indonesia Human Development Report 2004 (BPS, Bappenas, and UNDP, 2004).

<sup>a</sup>West Timor is included in the Province of NTT.

In the case of the human poverty index in the three regions, NTT once again occupies the lowest position. East Java has a far higher ranking than North Maluku and NTT. This is in keeping with identification of the level of poverty on the "Poverty Map" prepared by

SMERU. Much of eastern Indonesia—including North Maluku and NTT—was identified as having a high poverty rate, while East Java has a medium-high rate. The poverty level stated in the 2004 Human Development Report shows that the rate in North Maluku (14%) is the lowest and is even lower than the figure for Indonesia as a whole (18.2%) (Table 7). Besides that, the poverty line in North Maluku is also higher than those in East Java and NTT. The explanation of this fact is the same as stated above, that is, a number of regional administrative changes could have caused a bias toward certain areas in North Maluku, where conditions are good (for example, Kota Ternate). On the whole, it can be said that, of the three regions, NTT has the greatest poverty. In this region, the obstacles for individuals, households, and groups that attempt to move out of poverty can be greater because people have to make these efforts in an environment where the quality of life is relatively worse than in other regions in Indonesia.

**Table 7. Poverty in the Three Regions, 2002**

	Indonesia	East Java	North Maluku	NTT
<b>Poverty Aspects</b>				
Total per capita expenditure (x Rp1,000/month)	206.3	169.4	165.4	112.6
Percentage of per capita expenditure used for food (% of total)	58.47	60.2	66.8	71.3
Poverty line (rupiah per capita/month)	108,889	106,777	117,681	86,993
Number of poor people (x 1000)	38,394.1	7,701.2	110.1	1,206.5
Poverty (%)	18.2	21.9	14.0	30.7

Source: Indonesia Human Development Report 2004 (BPS, Bappenas, and UNDP, 2004).

## 2.2 The Local Context: The Research Communities

### 2.2.1 East Java

The five communities that were studied in East Java were Maju, Jaya, Tentram, Raya, and Karya. Maju and Jaya are located in the eastern part of Java (Kabupaten Probolinggo), while Tentram, Raya, and Karya are situated on the island of Madura (Kabupaten Pamekasan). The characteristics of these five communities include the following (Rahayu and Febriany, 2007).

- a) Maju is a community of around 3,700 people (2005), the majority of whom are Madurese and practice Islam as their religion (97%). Some 40% of the people work as civil servants, while some are engaged in trade (16%). Most of the population has good access to clean water, electricity, and public transportation.
- b) Jaya is a community of 4,522 people (2005). The two largest ethnic groups are the Madurese and Javanese, the majority of whom are Muslims. The main source of livelihood is farming; many people work as agricultural laborers in rice fields or tobacco fields (40%–50%). Most of the population has good access to clean water, electricity, and public transportation.

- c) Tentram is a community of 10,200 people (2005). Almost all of the people in the community are Madurese and practice Islam as their religion. The majority earn their main livelihood as tobacco growers (or agricultural laborers). Although people in this community have access to clean water and electricity, there is as yet no form of transportation that provides entry to and exit from the village apart from *ojek* (motorcycles that carry passengers).
- d) Raya is a community of 4,964 people (2005). The majority (70%) work as fishers. Besides this occupation, many also earn a living as fish and rice traders. Although there is a group of newcomers from Java, the majority of the people in this community are Madurese and practice Islam as their religion. The community has electricity, telephones, clean water, and public transportation.
- e) Karya is a community of around 10,000 people (2005). The majority earn their main income as farmers growing tobacco, rice, corn, beans, etc. Almost all members of the community are Madurese and practice Islam. The community has electricity, clean water, and an asphalt-surfaced road that vehicles can use throughout the year.

### 2.2.2 North Maluku

The five communities that were studied in North Maluku are located in two *kabupaten* and one *kota*. The Belibis and Nuri communities are in Kabupaten Halmahera Utara, while Kenari and Elang are in Kabupaten Halmahera Barat and Camar is in Kota Ternate. The characteristics of the five communities include the following (Rahayu and Febriany, 2007).

- a) Kenari is a community of 1,023 people (2005). Some 45% of these people belong to the Sanger ethnic group, while 60% are Christians (Protestants). About 40% of the people are employed as civil servants, while the majority are engaged in agriculture. Even so, 60% to 70% of those who work in the agricultural sector do not own land. This community has an electricity network, clean water, and other public facilities (telephones and a post office).
- b) Elang is a community of 388 people (2005). Of these, 54% belong to the Sahu ethnic group. All are Christians (Protestants). Almost all members of the community earn their livelihood from the cultivation of coconuts, cloves, and nutmeg. The community has electricity and clean water.
- c) Nuri is a community of 3,503 people (2005). Some 90% of these people belong to the Tobelo ethnic group and 75% are Muslims. The majority (80%) are employed as coconut growers and copra producers. The community has electricity, clean water, a telephone network, and good public facilities (public transport, places of worship, and a hospital).
- d) Belibis is a community of 3,038 people (2005). Some 60% belong to the Tobelo ethnic group and the majority (87%) are Muslims. Almost all members of the community obtain their livelihood in the agricultural sector. The community has electricity, clean water, public transport, a health center, public telephones, and so on.
- e) Camar is a community of 2,092 people (2005), of whom about 60% come from the Tidore ethnic group. The majority (90%) are Muslims. Some 60% of the people have jobs as office workers, either as civil servants or in private companies. Some also work in the trade sector. As a community situated in the middle of Kota Ternate, Camar has very good public facilities (electricity, clean water, a telephone network, public transport, and so on).



### 2.2.3 West Timor

The five communities that were studied in West Timor are located in three *kabupaten*. Kemiri is in Kabupaten Kupang, Asam and Cengkeh are in Kabupaten Timor Tengah Selatan (TTS), and Mente and Cendana are in Kabupaten Belu. The characteristics of the five communities include the following (Marianti and Fillaili, forthcoming).

- a) Kemiri is a community of approximately 600 people (2005). Members of the community come from several different ethnic groups (those of Timor, Rote, Flores, etc.). The majority are Protestants (60%), while some are Catholics (30%). The majority of the people obtain a living in the agricultural sector, while some work as traders or company employees. Located close to Kota Kupang, this community has a good electricity network, clean water, telephones, and public transport.
- b) Asam is a community of approximately 2,803 people (2005). The majority obtain a livelihood from non-irrigated farming but, in accordance with traditional law, land in Asam is still under the control of two families of aristocrats. The majority of the people are Protestants. Asam has health facilities, but there is no electricity and no form of public transport. Clean water is obtained mainly from wells.
- c) Cengkeh is a community of approximately 1,754 people (2005). The majority of these people earn a living as farmers. Some 95% of the community members belong to the Timor ethnic group. Approximately 70% of the people are Protestants. The practices of the local aristocracy are still to be found in Cengkeh and ties based on clan or family are still strong. Public facilities in this community are extremely limited. Clean water is obtained from wells, not all houses can be reached by vehicles, and there is still no electricity.
- d) Mente is a fairly large community, having a population of 6,010 people (2005). The people come from various ethnic groups (Tetun, Marai, Kemak, Sabu, and Dawan) and most (90%) are Catholics. In Mente, a strong local aristocracy is still to be found, with one aristocratic family controlling various aspects of life in the community, including village land. Only a part of the population has access to the electricity network. Clean water is generally obtained from wells. Public transport vehicles travel in and out of the village only a few times a day.
- e) Cendana is a community of approximately 2,800 people (2005). The majority of the people come from the Kemak ethnic group and most (95%) are Catholics. The main source of livelihood is dry farming. Only a few of the people have access to electricity. Clean water is generally obtained from wells and public transport vehicles enter the village only a few times a day.

## 2.3 Social Mobility in Communities

### 2.3.1 The Position of Communities based on Mobility Indices

In order to analyze increases and declines in welfare in these 15 communities, participants in the Ladder of Life FGD (referred to also as the Ladder of Welfare FGD) were asked to identify welfare levels in their own community and to indicate which households were located

at each level. They were also asked to identify the position of these households now and ten years ago. If the present and past positions are known, it is possible to see whether a household has experienced a rise (that is, as a mover) or a decrease in welfare (faller), or whether it is still maintaining its level of welfare as not poor (always rich) or is still entrapped in poverty (always/chronic poor). After noting the number of households in each of these transitional groups, it is possible to calculate a number of mobility indices, including:

- a) The mobility index (MI): This index indicates the total amount of mobility in the community (upward mobility + downward mobility).
- b) The net prosperity index (NPI): This index shows only the extent of upward mobility (upward mobility – downward mobility). A negative NPI means that in the community concerned, more people have moved downwards in welfare than those having moved upwards.
- c) The moving out of poverty index (MOPI): This index indicates the extent of mobility of the poor group in passing the poverty line.

Table 8 shows the size of these three indices for each community in the three regions.

**Table 8. Mobility Indices in 15 Communities in East Java, North Maluku, and West Timor**

Region/Mobility Index	Community					
	East Java	Maju	Jaya	Tentram	Raya	Karya
Mobility index (MI)	0.82	0.64	0.87	0.17	0.49	
Net prosperity index (NPI)	0.66	0.50	0.82	0.04	0.48	
Moving out of poverty index (MOPI)	0.42	0.17	0.00	0.19	0.05	
North Maluku	Kenari	Elang	Nuri	Belibis	Camar	
Mobility index (MI)	0.60	0.62	0.27	0.40	0.38	
Net prosperity index (NPI)	0.40	0.38	0.06	0.33	0.29	
Moving out of poverty index (MOPI)	0.43	0.68	0.20	0.16	0.42	
West Timor	Kemiri	Asam	Cengkeh	Mente	Cendana	
Mobility index (MI)	0.3	0.7	0.6	0.2	0.7	
Net prosperity index (NPI)	0.3	0.7	0.6	0.03	0.2	
Moving out of poverty index (MOPI)	0.2	0.005	0.1	0.2	0.3	

In Table 9, the 15 communities are ranked according to the size of the three index categories. From this ranking, a number of mobility and welfare patterns among the research communities can be understood.

**Table 9. Ranking of 15 Communities by Mobility Indices**

Mobility Index (MI)			Net Prosperity Index (NPI)			Moving Out of Poverty Index (MOPI)		
1	Tentram	0.87	1	Tentram	0.82	1	Elang	0.68
2	Maju <sup>a</sup>	0.82	2	Asam	0.7	2	Kenari	0.43
3	Asam	0.7	3	Maju <sup>a</sup>	0.66	3	Camar <sup>a</sup>	0.42
4	Cendana	0.7	4	Cengkeh	0.6	4	Maju <sup>a</sup>	0.42
5	Jaya	0.64	5	Jaya	0.5	5	Cendana	0.3
6	Elang	0.62	6	Karya	0.48	6	Kemiri <sup>a</sup>	0.2
7	Kenari	0.6	7	Kenari	0.4	7	Mente	0.2
8	Cengkeh	0.6	8	Elang	0.38	8	Nuri	0.2
9	Karya	0.49	9	Belibis	0.33	9	Raya <sup>a</sup>	0.19
10	Belibis	0.4	10	Kemiri <sup>a</sup>	0.3	10	Jaya	0.17
11	Camar <sup>a</sup>	0.38	11	Camar <sup>a</sup>	0.29	11	Belibis	0.16
12	Kemiri <sup>a</sup>	0.3	12	Cendana	0.2	12	Cengkeh	0.1
13	Nuri	0.27	13	Nuri	0.06	13	Karya	0.05
14	Mente	0.2	14	Raya <sup>a</sup>	0.04	14	Asam	0.005
15	Raya <sup>a</sup>	0.17	15	Mente	0.03	15	Tentram	0.00

<sup>a</sup>(Semi) urban communities.

These mobility and welfare patterns include the following:

- a) On the whole, it can be said that all 15 communities have experienced an increase in welfare. This can be seen from the fact that all NPIs are positive, which means that in every community, the number of households whose welfare has risen is greater than the number of households in which welfare has declined.
- b) In several communities, for example, Tentram (East Java) and Asam (West Timor), mobility has risen greatly (as indicated in high NPIs), but this increase in welfare does not always mean that households have passed the poverty line. There are many poor people who have experienced an improvement in their lives but have not yet succeeded in moving out of poverty. For that reason, the moving out of poverty index (MOPI) in communities of this kind is low.
- c) Three of the five communities with the highest MOPIs are communities in North Maluku. This is in keeping with the HDIs, which show that in North Maluku, certain aspects of life are better than in East Java and NTT. At the same time, two of the five communities with the lowest MOPIs are located in East Java and two are in NTT.
- d) The 15 communities that were studied can be divided into two categories, namely, those located in rural areas and those in urban and semi-urban areas. The four communities in the latter category are:
  - (1) Maju and Raya in East Java,
  - (2) Camar (in Kota Ternate) in North Maluku, and
  - (3) Kemiri (near Kota Kupang) in West Timor.

The other 11 communities can be described as being situated in rural areas. On the whole, urban communities have better and more complete public facilities (electricity, clean water, roads, public transportation, health centers, schools, telephone networks, post offices, markets, and the like) than those in rural areas.

Based on this distinction between urban and rural locations, it can be said that the urban communities in the three regions tend to have low levels of mobility (that is, they are not dynamic) and hence they have low mobility and net prosperity indices (for example, Raya in East Java, Camar in North Maluku, and Kemiri in West Timor). Nevertheless, urban communities tend to have high MOPIs (moving out of poverty indices). This does not mean that there are many households that succeeded in moving out of poverty. Urban communities generally have more complex socioeconomic conditions than rural communities. Also, the diversity among their members is greater in many respects (livelihoods, ethnicity, educational levels, and so on). This heterogeneity can make it difficult for people to move from one socioeconomic level to another (especially to a level that is higher) in a mass way, even though economic stratification is usually open in nature. The various different subgroups within the community face different obstacles and stimuli in efforts to improve their welfare.

- e) There are several interesting cases that reveal specific mobility and welfare patterns:
- (1) The community with the relatively highest level of welfare is Maju in East Java. This urban community has consistently high figures for welfare dynamics, levels of upward mobility, and movement out of poverty. Seen in terms of various indicators, Maju can be said to have the highest level of welfare by comparison with the other communities. Maju has better and more complete physical and social infrastructure as well as public facilities than those in other communities. People in Maju said that in their community, the majority of women (homemakers) are able to obtain additional income from petty trade, for example, by opening a small stall or kiosk selling groceries (*pracangan*). This source of income can often be combined with a source of regular income such as employment as a civil servant or employee of a company. Some 40% of the people in Maju work as civil servants. It would appear that in Maju there are greater opportunities than elsewhere to diversify sources of income.
  - (2) The communities in which many people have experienced an improvement in welfare (high MIs and NPIs) but have not yet moved out of poverty (low MOPIs) are Tentram in East Java and Asam in West Timor. Both are relatively poor rural communities and the source of livelihood of almost all community members is in the agricultural sector. This means that the welfare level of the majority of people is extremely vulnerable to factors that can cause crop failure (for example, natural events). If crops fail, there are no other sources of income that can replace them as non-agricultural economic activities are extremely limited. In these two communities, it is, therefore, difficult to achieve diversification in income sources.

# III. THOSE ABLE TO MOVE OUT OF POVERTY: IDENTIFYING THE CHARACTERISTICS OF MOVERS

## 3.1 Understanding Those Able to Move Out of Poverty

As stated in Chapter I, this report focuses on the people who have succeeded in improving their level of welfare (movers). This group takes in all who have improved their welfare, irrespective of whether they have been able to move out of poverty or whether they have not yet managed to pass the poverty line, even though their level of welfare may have risen. From the reports for the study “Moving Out of Poverty” in East Java, North Maluku, and West Timor,<sup>7</sup> it can be seen that success in improving welfare is influenced by a number of micro factors (individual aspects, household conditions, and the like), meso factors (various social interactions and community conditions), and macro factors (development policies and economic trends). In addition, success in moving out of poverty can also be understood through the interactions among certain individual or group agencies and the prevailing opportunity structure.

This chapter specifically identifies the characteristics of the movers group at the micro level as linked to the agency of individuals. The aspects that will be examined include the following:

- a) The demographic aspect: to see what human capital movers possess (gender, age, and educational level),
- b) The economic aspect: to see what economic activities are undertaken by movers (type of livelihood, sources of income),
- c) The psychological and social aspect: to see the psychological capacity (feelings of self-confidence) and social capacity (confidence in their surroundings, participation in social activities) that movers possess, and
- d) The health aspect: to see movers’ perceptions about their health.

The movers group is interesting to identify and analyze in a specific manner because these people are the ones that are already on the road out of poverty. Identification of the characteristics of movers and comparisons with the other transitional groups (the rich, the fallers, and the poor) make it possible to learn which individuals or groups have the greatest potential to improve their welfare and what things can support efforts towards upward mobility.

## 3.2 The Demographic Aspect

### 3.2.1 Gender

The majority (90%) of the household heads in the movers group are men, with only 10% women. This proportion is similar to the proportion of household heads by gender in the three regions (East Java, North Maluku, and West Timor) and in Indonesia as a whole (Table 10).

The proportion of male and female household heads in the movers group is very similar to the proportion in the rich group. If, however, the movers group is compared with the poor group, it can be seen that in all regions, there is a greater number of female household heads in the poor group (Table 11).

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<sup>7</sup>See Rahayu and Febriany (forthcoming) and Marianti and Fillaili (forthcoming).

**Table 10. Household Heads by Gender (%)**

Household Heads	Indonesia <sup>a</sup>	East Java	North Maluku	West Timor
<b>Men</b>	87.5	91	92	89
<b>Women</b>	12.5 <sup>b</sup>	9	8	11

<sup>a</sup>Source: Analysis and Calculation of Poverty Rates 2005, BPS.

<sup>b</sup>This is the average figure for 12.34% female household heads who are not poor and 12.61% female household heads who are poor.

**Table 11. Household Heads by Gender and Transitional Group (%)**

Household Heads	East Java				North Maluku				West Timor			
	M	R	F	P	M	R	F	P	M	R	F	P
<b>Men</b>	91	90	94	86	92	92	88	81	89	89	64	78
<b>Women</b>	9	10	6	14	8	8	12	19	11	11	36	22

Note: M = mover, R = rich, F = faller, P = poor.

### 3.2.2 Age

The majority of household heads who are movers are aged between 31 and 40 (32%) and between 41 and 50 (31%). This means that the heads of households whose welfare has increased are generally still of working and productive age. If a comparison is made with those whose welfare has declined (fallers), it can be seen that household heads in the latter group are older, with 30% in the 51–60 age cohort. Besides that, the number of household heads in the fallers group who can be called elderly (over 60 years of age) is double the number in the movers group (Table 12). It can be noted that household heads in the movers group in the Maju community (East Java) have an age structure that is similar to that of the fallers group, that is, the majority (45%) are aged from 51 to 60. In Maju, most people work as civil servants or in the trade sector and hence advancing age is not too much of an obstacle to employment. In the case of those who are civil servants (40%), increasing age does not mean a loss of income as they receive pensions on retirement. The situation is different for those engaged in agriculture for in this sector, physical strength very much determines capacity to work. For farmers, old age is often the reason for a reduction in ability to work and for a drop in income, which means a decline in welfare.

**Table 12. Age Structure of Household Heads in the Movers and Fallers Groups (%)**

Transitional Group	Age Group				
	<=30	31–40	40–51	51–60	>=60
<b>Movers (N=223)</b>	5	32	31	22	10
<b>Fallers (N=57)</b>	5	19	25	30	21

### 3.2.3 Level of Education

Using level of education as the criterion, household heads can be divided into four categories:

- a) Those who have never had any formal education. Most people in this category are illiterate; there are only some who can read and write.
- b) Those who have had an elementary education (primary school), whether completed or not.
- c) Those who have attended secondary education (junior high school only or up to senior high school, including vocational education), whether completed or not.
- d) Those who have had a higher education (academy or university), whether completed or not.

Most people in the movers group are in category 2, that is, they have had an elementary education (48%), and category 3, that is, they have had secondary education (31%). If a comparison is made of the three regions (East Java, North Maluku, and West Timor), it can be said that on the whole, the educational level of movers in North Maluku is better than the levels in the other two regions (Table 13). This is in keeping with the human development index, which shows that the level of literacy in North Maluku is higher than the levels in East Java and West Timor. If urban communities<sup>8</sup> are compared with rural communities,<sup>9</sup> it is apparent that most movers with a higher level of education (university or academy) are to be found in urban communities.

**Table 13. Household Heads by Educational Level in Each Transitional Group (%)**

Level of Education	Transitional Groups			
	Mover	Rich	Faller	Poor
1 No formal education	8	7.5	24	26
2 Elementary education (primary school)	<b>48</b>	39	<b>44</b>	<b>49</b>
3 Secondary education (junior/senior high school)	31	<b>47</b>	32	21
4 Higher education (university/academy)	7	6.5	-	4
5 Others	6	-	-	-

Table 13 shows that the movers group resembles the rich group in educational pattern. In these two transitional groups, the number of people who have had no formal education is relatively small, namely, 8% of the movers group and 7.5% of the rich group. The pattern is different in the faller and poor groups where the proportion without basic education is three times greater.

<sup>8</sup>Maju and Raya in East Java, Camar in North Maluku, and Kemiri in West Timor.

<sup>9</sup>Tentram, Jaya, and Karya in East Java; Elang, Kenari, Belibis, and Nuri in North Maluku; and Mente, Cengkeh, Asam, and Cendana in West Timor.

From this examination of the three components of the demographic aspect (gender, age, and educational level), it can be said that vulnerable groups, such as female-headed households and households whose heads are advanced in age, tend not to be included among movers. Furthermore, movers generally have at the very least an elementary level of education.

### 3.3 The Economic Aspect

On the whole, the main source of livelihood of household heads is very much influenced by whether the community is rural or urban. This also occurs with the movers group. Since most of the research communities are classed as rural, it follows that the majority of movers are employed in the agricultural sector. In the four urban communities, however, the number of movers working in the non-agricultural sector tends to be greater. In the urban communities of East Java, movers are generally engaged in the trade and unskilled services sectors, whereas in North Maluku and West Timor, many movers living in urban areas are employed as civil servants and in the skilled services sector. In Maju, which is the most urban of the research communities, the proportion of movers who have a non-agricultural source of livelihood is as high as 90%. The income sources of movers in other urban communities follow a similar pattern, although the number of movers with non-agricultural income is not as great as in Maju. In all regions, the rich constitute the group that has most income sources in the form of fixed salaries. The proportion of movers who obtain their income from fixed salaries is smaller than the proportion of the rich group but greater than those of the fallers and the poor.

**Table 14. Main Employment by Sector and Transitional Group (%)**

Sector	East Java				North Maluku				West Timor			
	M	R	F	P	M	R	F	P	M	R	F	P
<b>Agriculture/Traditional</b>	57	44	28	75	39	31	9	40	77	71	77	87
<b>Non-agricultural</b>	39	49	55	17	58	65	42	48	16	20	9	11
<b>Other</b>	3	2	6	4	3	4	29	2	6	7	5	-
<b>Unemployed</b>	1	5	11	4	-	-	20	10	1	2	9	2

Note: M = mover, R = rich, F = faller, P = poor.

Table 14 shows the proportion of livelihood sources by sector (agricultural and non-agricultural) for each transitional group. Overall, by comparison with other transitional groups, the movers who obtain their main source of livelihood from the agricultural sector constitute quite a large proportion. The percentage is greater than the percentage for the rich group but smaller than the percentage for the poor group. Hence it can be said that in the groups whose welfare level is increasing (the movers) and whose welfare level is even higher (the rich), the number of people who have a fixed source of income and income from the non-agricultural sector is greater than among those whose welfare has declined (the fallers) and the poor.<sup>10</sup>

<sup>10</sup>In all regions, the greatest proportion of household heads who have no employment is found in the fallers group and not in the poor group. This is related to the number of people of advanced age in the fallers group.



### 3.4 The Psychological and Social Aspect

#### 3.4.1 Perceptions of the Ability to Control Personal Decisions

The majority of movers believe that they are able to control all or most of their personal decisions. A similar pattern is found among the rich. In the three regions, the group whose welfare has increased and the group that has been able to maintain its level of welfare have greater self-confidence in their ability to control personal decisions than the poor group or the group with declining welfare (Table 15).

**Table 15. Perceptions of Ability to Control Personal Decisions (%)**

Able toControl	East Java				North Maluku				West Timor			
	M	R	F	P	M	R	F	P	M	R	F	P
1. All decisions	57	63	39	41	38	39	39	30	44	50	23	24
2. Almost all decision	11	20	6	10	38	35	6	42	21	20	14	21
3. Some decisions	23	12	50	37	15	16	50	21	29	23	45	43
4. A few decisions	5	2	-	10	10	10	-	7	3	7	9	12
5. Absolutely no decisions	4	2	6	2	-	-	6	-	1	-	9	-
6. Do not know	-	-	-	-	-	-	-	-	1	-	-	-

Note: M = mover, R = rich, F = faller, P = poor.

**Table 16. Level of Confidence in Other People in the Community (%)**

Other People in the Community:	East Java				North Maluku				West Timor			
	M	R	F	P	M	R	F	P	M	R	F	P
1. Can be trusted	34	37	28	41	35	31	24	28	36	45	18	33
2. Must be watched	66	63	72	59	65	69	76	72	64	55	77	67
3. Do not know	-	-	-	-	-	-	-	-	-	-	5	-

Note: M = mover, R = rich, F = faller, P = poor.

#### 3.4.2 The Level of Confidence in Social Relations in the Community

In every region, approximately 35% of the movers group believe that they can trust members of their community. This proportion is not very different from the proportion in the other transitional groups. Nevertheless, it is apparent that the groups with rising welfare (the movers) and those who are able to maintain welfare (the rich) have a more positive attitude towards social relations in their community than the other groups. Even so, if a comparison is made of movers in the various communities, it becomes apparent that in urban communities like Maju (East Java), Camar (North Maluku), and Kemiri (West Timor), most movers (85% to 100%) have a lower level of confidence in social relations in their community (“one must be wary of other people in the community”) than movers in rural communities (Table 16).

#### 3.4.3 Participation in Organizations

On the whole, it can be said that most household heads in the three regions participate in one or more organizations. This applies to the movers also. A comparison of the three regions shows that more movers in East Java than in North Maluku and West Timor are members of an organization. Nevertheless, there is no difference in the extent of participation of movers

in urban as opposed to rural communities. If a comparison is made with the other transitional groups, it turns out that movers participate less than people in the rich group but generally more than those in the fallers and the poor groups (Table 17).

**Table 17. Participation in Organizations by Transitional Group (%)**

Participation in Organizations	East Java				North Maluku				West Timor			
	M	R	F	P	M	R	F	P	M	R	F	P
Yes	92	97	89	90	75	88	71	60	83	93	77	88
No	8	7	11	10	25	12	29	40	17	7	23	12

Note: M = mover, R = rich, F = faller, P = poor.

In terms of the type of organization in which people currently participate, it seems that in all three regions, people usually take part in religious organizations. More than a half (52%) of movers in North Maluku and West Timor are members of a religious organization, while in East Java the figure is 95%. By contrast, more movers in North Maluku (26%) and West Timor (48%) than in East Java (3%) are members of an economic organization (an organization connected with livelihoods and credit).

## 3.5 The Health Aspect

### 3.5.1 Perceptions of the Health Condition

More than 40% of movers regard their present health condition as good or even very good, while 48% feel that it is just normal. Only around 10% consider that their health at the moment is bad. The majority of movers in East Java, particularly in the urban community of Maju (60%), have a negative view of their health. By comparison with the other transitional groups, the rich have a more positive view of their health than do movers, while the fallers and the poor have a more negative view. The same pattern emerges in perceptions of their health over the past ten years. In general, movers and the rich have a more positive view than fallers and the poor.

### 3.5.2 Health Crises and Efforts to Deal with High Health Costs

A little more than a half (53%) of movers say that they have undergone health crises in the past ten years. This proportion is the smallest of all transitional groups (rich 56%, poor 60%, and fallers 64%). In relatively poor rural communities like Tentram (East Java) and Asam (West Timor), the majority of movers (80%) say that they have experienced health crises during the past ten years. When health crises that required high expenditure occurred, movers overcame the problem in a number of ways: 32% borrowed money at a low interest rate, 29% withdrew savings, 15% obtained assistance from their family, 13% sold assets, 6% borrowed money at a high interest rate, and 5% used other methods.<sup>11</sup> Movers in East Java tended to overcome the problem of high health costs by borrowing money at a low interest rate. Movers in North Maluku withdrew savings, while movers in West Timor sold assets. The methods used by movers were similar to those adopted by the rich. Fallers and the poor tended to overcome the problem of expensive health care by borrowing money at a low rate of interest and relying on help from their families.

<sup>11</sup>No further explanation was given.

### 3.6 Identification of the Movers Group

From the various aspects that have been described above, the conclusion can be drawn that the movers groups in the different communities have general and specific characteristics. This section provides further identification of the characteristics of movers and categorizes the types of movers. From this description, further analysis can be made of which factors are most relevant in efforts to move out of poverty in a given social, economic, political, and cultural context.

Movers in the 15 research communities possess a number of general characteristics that include the following:

- a) Most are of productive age: 31–50 years old.
- b) Most have had formal schooling at elementary and secondary levels. In urban communities, movers have generally had a secondary school education. Hence the educational level of movers is higher in urban than in rural areas.
- c) Movers have a stable livelihood either because they have undertaken diversification in sources of income or else because they receive a fixed salary. One form of diversification that maintains stability in income is the availability of income sources outside the agricultural sector. Movers, therefore, generally tend to be less dependent on the agricultural sector than are fallers and the poor.
- d) Movers have a relatively stronger feeling of self-confidence than fallers and the poor.
- e) Movers have a relatively high level of social participation. This is particularly obvious in the fact that movers take part in a number of social activities and formal organizations in the community.

Besides these characteristics, movers have specific characteristics that do not always appear in each of the research communities and are not always present in every mover. These specific characteristics are related to:

#### **a) The Ways of Undertaking Diversification of Income Sources**

As already stated, income stability is one factor that enables an individual or household to improve and maintain its level of welfare. Income stability as a whole is often related to the existence of various sources that enable the individual to undertake accumulation and spread risks. Almost half of the households of movers (48%) have supplementary livelihoods and income. These households undertake income diversification both within and outside the agricultural sector (see boxes 1 and 2). Diversification is undertaken by one member of the household (the household head) or by several members of the household.

Income diversification within the agricultural sector is generally attempted by movers who live in rural communities and, on the whole, depend very much on the agricultural sector. In a number of rural communities (for example, Cengkeh in West Timor and Tentram in East Java), opportunities to undertake economic activities outside the agricultural sector are virtually non-existent. As a consequence, efforts to diversify sources of income mainly involve seeking additional earnings by working as an agricultural laborer and planting different types of crops, including commercial crops such as vegetables.

## Box 1

### Movers with Diversification of Income Sources in the Agricultural/Traditional Sector

#### Land-owning Farmer and Agricultural Laborer

##### Adi<sup>12</sup> (male, 55 years of age, living in Tentram, Pamekasan, East Java)

I began farming at the age of 15. All of my family on my father's side are farmers, including me. So, this employment has been passed down. I also work as an agricultural laborer for neighbors who do not cultivate their land themselves. I work from the planting stage up to harvesting, but I don't do the harvesting. Other people harvest the crop. I just prepare the fields and do the planting, for which I am paid Rp100,000.

Sometimes I also hire other people to help with the cultivation of my own land. These people are relatives of mine. Even so, I pay them a wage if they help me in my rice fields. For half a day from 07:00 a.m. until 10:00 a.m., the payment is Rp7,000. When there is work on the land of others, those who help are fellow farmers. All of them are neighbors.

A farmer's income is never certain as it depends on seasonal conditions and on the harvest. If I work for a neighbor, I can be sure of earning Rp100,000, but if I cultivate my own rice fields, I can't be sure of the returns. If the harvest is good, I can obtain a lot. It once happened that at harvest time, I got only five bags of rice (one bag holds 25 kg), but once when I harvested tobacco, I obtained 3 quintal (1 quintal equals 100 kg). At that time, the selling price of rice was Rp1,500 per kg, while tobacco was worth between Rp5,000 and Rp30,000.

In 1998 the whole tobacco crop was destroyed by continuous rain. I lost a lot of money on that occasion because nothing was left of the crop except damaged leaves. But, the harvest was quite good in 1999. The best harvest occurred in 2000, however. In that year, the crop was abundant and the selling price rose as high as Rp30,000. But, in the following year, the tobacco crop was very small. This was also because of rain. If tobacco is struck by rain, the crop is never a good one. In that year, it was already the dry season, but rain fell. That year, however, my losses were not so great, for despite the damage, there were still leaves that could be sold. My main work now is still farming, just as in the past. To obtain extra money, I work on the land of neighbors.

#### A Farmer Who Grows a Variety of Agricultural Commodities

##### Ana (female, 45 years of age, living in Asam, TTS, West Timor)

From when I was married up to 1982, besides looking after the household because I had a husband and children, I also helped my husband on our land. My husband and I worked together after he came home from teaching. At that time, we had a small piece of land, only around 5 ares, given to us by my parents, and we planted crops that did not differ very much from those grown on my parents' land. The results were not very satisfactory perhaps because we did not give the plants much attention due to labor limitations as well as the fact that my husband had to teach.

Since we moved to Naime in 1982, I have spent more time working on our own land, which covers approximately 40 ares. We bought this land from a neighbor. I spend most of my time in the fields almost every day because I think it is impossible to expect too much from my husband, who is busy teaching. If he is not too tired and has sufficient time, he usually works in the fields with me. I cultivate a variety of crops, both perennials and annuals, on our land. The perennials include coconut, avocado, orange, lime, several kinds of bananas, and some staple food crops that we grow regularly every year like corn, cassava, and peanuts. All of the trees have now produced fruit, except for the coconuts, which have just started showing signs of bearing fruit this year. Apart from the corn and cassava, I sell the other produce at the markets in SoE or Niki-Niki. I use the money from these sales to supplement my husband's earnings so as to meet the needs of the family, including the educational expenses of our children and construction of the house that we are now living in. In 1989, we began growing red onions on our land with very good results. Since then, we have always planted onions together with our usual crops every year.

Diversification of income outside the agricultural sector is generally undertaken by movers in urban communities or in communities that have economic opportunities in the trade and services sectors. In East Java, North Maluku, and West Timor, movers usually obtain additional income from petty trade, unskilled services, or skilled services (including employment overseas) and non-agricultural laboring. Mover households in urban areas also

<sup>12</sup>All informants have been given fictitious names for anonymity.

diversify their incomes by combining their main income from a public service salary with additional income from running a food stall or kiosk, employment as an *ojek* driver, work as a tailor, and so on.

## **Box 2**

### **Movers with Diversification of Income Sources outside the Agricultural/Traditional Sector**

#### **A Fisherman's Household with a Small Business Selling Fruit Salad**

**Rudi (male, 33 years of age, living in Raya, Pamekasan, East Java)**

I was born in 1974 in Dusun Damar in Desa Raya and was raised there. I have spent almost all my life in this village except for the year 1991, when I moved to Sampang because I was adopted by a Sampang family. In 1992, I returned to Raya. I worked for the first time in 1985, when I had a job as a laborer lifting salt on a sailing vessel for Rp500 a day. In 1987, I gave up this job because sailing vessels had grown smaller in number. In 1987, I began working as a fisherman. It was my parents who encouraged me to do so. At that time, fishers used small boats and fishing rods. I received Rp25 a day. In 1991, I worked in Sampang but still as a fisherman. Fishing equipment no longer consisted of rods, however. We now use nets and boats with small engines. At that time, I earned Rp15,000 a day. This time, it was my adoptive parents who urged me to take up fishing.

In 1995, I worked as a pedicab (*becak*) driver and earned Rp10,000 a day. My life that year was better than it had been when I was a fisherman. I obtained the pedicab from a friend. When I bought it, the price was Rp150,000 on credit. I was able to start pedicab driving immediately, as there was no need to learn first. In 1996, I went back to fishing. I gave up pedicab driving because there was a lot of competition and also because it was very tiring work, as a pedicab driver had to be on the road the whole day. My experience as a fisherman in 1996 gave me Rp15,000 a day. In 2000, I once earned Rp50,000 a day. But, this current year the most I have obtained is Rp5,000 a day.

Because my earnings as a fisherman have gone down, my wife tries to obtain additional income from trade. She sells snacks for children and also a fruit salad with spicy sauce called *rujak*. In a day, she earns Rp5,000. Her original capital was no more than Rp100,000, which she borrowed. Yes, the money isn't too bad as it can help our family. These days, it is not enough to rely just on my income from fishing. My wife helps me a lot with her earnings from the sale of *rujak*.

#### **A Farmer's Household that Owns a Kiosk**

**Lukas (male, 41 years of age, living in Kemiri, Kupang, West Timor)**

When I completed my secondary education at an SMPS (social work secondary vocational school) in Kupang in 1987, I was unemployed for a year because I wanted to become a civil servant. I almost achieved this in 1988, when I was accepted as a contract employee on a monthly honorarium (*honorier*) at the BBI (Balai Benih Induk, or Agricultural Seed Center) for the Province of East Nusa Tenggara. At that time, I, together with seven other *honorier* employees, had the task of carrying out various activities connected with the supply of seed for farmers in this province. My monthly honorarium was Rp75,000.

Time passed and I still had big hopes of being accepted on the permanent staff instead of being a *honorier* employee. Thus, when the acceptance of new civil servants took place, I hoped that I would pass the test and be appointed as a civil servant. But, my hopes were not realized. So, in 1998, I discussed the matter with my wife in order to make a decision. Finally, we agreed that I would resign from my position as a *honorier* staff and try to go into some kind of business myself.

I then tried to develop a business in the agricultural sector as I considered that Desa Kemiri had potential for that kind of activity. I rented 75 ares of land from a landowner on a contract basis at Rp500,000 per year. I used the land to grow rice in the wet season and watermelon in the dry season. From this land, I obtained 4 metric tons of rice, some of which was used for family consumption, while some was sold. In the case of the watermelons, all were sold, which earned me Rp1,500,000. I felt that this business was sufficient to support my family, so I began to make a serious effort to expand it. At that time, I also began to think about developing an alternative kind of business like a kiosk that would sell basic necessities. I had begun to plan it in 1995, but it is my wife who manages the kiosk as a household enterprise.

At that time, I saw another opportunity that could be developed in the field of inter-island trade. I would purchase sliced areca nut in Flores and bring it back to Kemiri for sale. There is a demand here because almost everyone uses betel (which requires areca nuts) in their daily lives or at traditional ceremonies. I had started trading this commodity since 1998, but it turned out that the profit was not very big, being only 3% of the

capital. Also, the business was extremely complicated because I had to go through several posts where retribution fees are collected. So, I decided to give up this form of trade after I had been doing it for about a year.

These different business activities gave me so many experiences that I could evaluate my situation as well as decide that agriculture and a kiosk were undertakings that could be depended upon as my main sources of livelihood. This decision stemmed from the fact that the two together provided sufficient profit for me to buy assets and also to build the house that I and my family are now living in.

*Note: A dusun is an administrative area within a village, consisting of a number of RT.*

## **b) Involvement in Advantageous (Surplus) Social Relations**

Social relations are often linked to the concept of social capital, that is, the social norms and networks that open up access to certain resources and can facilitate collective action (Woolcock, 2001). The two “Moving Out of Poverty” reports<sup>13</sup> reveal that people generally recognize the importance of the various forms of social relations in which they are involved in the household, the extended family (ethnic group or clan), the community (neighbors), and even outside the community. These social relations are often important as assets and safety nets at times when they face problems. Even so, the data show that social relations also create obligations and can become a burden. In a number of communities, such as those in West Timor, the burden of fulfilling traditional and family obligations can reduce welfare. This section specifically studies a group of movers who have been able to utilize advantageous social relations to improve their own level of welfare.

Survey data show that around 80% of movers participate in (that is, are members of) at least one organization. In addition, two-thirds (66%) regularly attend meetings to discuss various matters in their community. In general, the pattern of social participation of these movers resembles the pattern of the other three transitional groups. But, various cases indicate that there are some movers who have improved their welfare because of their involvement in social relations that could support their attempts to move out of poverty (see Box 3). Data from life histories reveal that these surplus social relations are generally linked to people or groups that have a higher, stronger, or more privileged socioeconomic position, for example, rich or influential people both in and outside the village, local aristocratic clans, groups, or families, and politicians or officials outside the community. In the discussion of social capital, the connection with these higher circles is seen as a vertical connection and is referred to as linking social capital that enables persons or groups to move up to a higher level, that is, to scale up (Woolcock, 2001).

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<sup>13</sup> See Rahayu and Febriany (forthcoming) and Marianti and Fillaili (forthcoming).

### Box 3

## Movers with Advantageous Social Relations and Networks

### The Business Network of a Brother-in-law's as the Start of Success in Business

**Haji Faruk (male, 37 years of age, living in Tentram, Pamekasan, East Java)**

My first occupation was farming. I helped to cultivate the land belonging to my family. My whole family worked on that land. Since 1976, when I was seven years old and in primary school, I helped to water the tobacco crop. Our livelihood at that time could be described as adequate. We depended only on our agricultural produce for our livelihood and, with five children all working in the fields, our family, *alhamdulillah* (thanks be to God), had sufficient food, even though we could not be called rich.

From the time of my marriage in 1995, I was close to my brother-in-law, H. Hamid, who lived in the adjacent *dusun*. He advised me to try a new enterprise, namely, the transportation of building materials. In 1995, I gathered the courage to try this new kind of business. Thanks to assistance from my brother-in-law, it went well. I was introduced to the owners of building supply shops in Pamekasan. My brother-in-law also taught me to drive, so before I obtained a pick-up, I already knew how to drive. From that time on, with capital in the form of a T 120 pick-up, I ran my new undertaking. The results were very encouraging. From the transportation of one load of building materials (rock, bricks, roof tiles, sand, and ceramic floor tiles), I was able to obtain a net profit of Rp300,000. On one occasion, I transported four loads of building materials in one day, which meant working until late at night.

At first, my customers were limited to people in Tentram, but later on my business expanded to villages in Pamekasan and as far as Kecamatan Sejahtera (Sampang). At that time, I often made a daily profit of up to Rp500,000 day after day for almost a month. Indeed, at that time, I was the only person in Tenang with this kind of business, a situation that worked very much to my advantage. I was also fortunate because I had lots of friends dating back to the time when I boarded at the Bettet religious school (*pesantren*). They bought building materials from me and, due to our good relations, they were not reluctant to use my services if one of their friends or relatives needed such materials. I gave a commission of Rp25,000 to those who passed on information of this kind. As a consequence of their assistance, my business was able to develop well. The welfare of my family increased steadily with time. As an illustration of the large profit I could make, I was able to pay back the money I had borrowed to buy the pick-up within only a year.

In 2000, I sold the pick-up and purchased a large truck to transport building materials. I did this because, since my life had improved as a provider of transportation services for building materials, several other people opened businesses of the same kind. As usual, if there are too many who sell and the number of buyers remains the same, traders will compete with each other to reduce the prices of their goods. That is what happened to me. Since I did not want to lower my prices, my customers began to become fewer. So, then I started to think about using a truck that could carry bigger loads than a pick-up. By carrying building materials in large quantities, I could reduce transportation costs. Yet, my profit would be greater because the quantity of materials would be greater. From one full truckload of materials like sand, I could obtain a profit of Rp400,000. I gave Rp25,000 to persons who provided information leading to orders and I paid Rp25,000 for gasoline for the truck and Rp25,000 in laborers' wages. So, my profit was Rp325,000.

In 1999, I began trading in tobacco. In fact, this was not something new. In this *dusun*, there are lots of people who work as tobacco traders. The job attracted my attention because tobacco as a crop had always been close to my life and that of my family. More than that, my parents and relatives encouraged me to go ahead. We were all tobacco growers, but no one had yet sold a crop directly to the tobacco factory storage shed in Pamekasan. So, in the end, I took up trade in tobacco. I sold the tobacco from my own land and the land of relatives. The profit I made was quite large. It is difficult to calculate profits from this business because it depends on the weather and on prices, which are set by the factory storage shed. Last year, I made a profit, but I don't know about this year.

In 2002, I opened a shop that sells basic foodstuffs. My wife looks after the shop. The results turned out to be quite good because at that time, there were not many shops of a similar type in this area. In a year, I make an average profit of more than Rp3 million.

At the present time, my income is from agriculture and trade in tobacco, the transportation of building materials, and trade in basic necessities. Of all of these sources of livelihood, it is my building materials business that produces most income. Because I am busy running this business, I employ other people to cultivate my land.

### **Building a Political Party Network through Closeness to a Regional Politician**

**Ambrosius (male, 55 years of age, living in Cendana, Belu, West Timor)**

If relations with neighbors or friends are considered, the most important for me is my connection with Edwin. He is a former member of the DPRD of Kabupaten Belu and belongs to the Indonesian Democratic Party-Struggle (Partai Demokrasi Indonesia-Perjuangan, or PDI-P). He has had an influence on my welfare. At the time of the 1999 General Elections, he asked me to seek support for him among the community. It was I who went looking for support. Every time there was an activity, I was given some money. When he became a member of the House, he came here frequently and helped me with gifts of money and rice. He was very good to me. At the time of the 2004 General Elections, I nominated myself as a candidate for the legislature, but because of my limited education, I was unsuccessful in the pre-selection. But, I was still asked to gather votes and seek community support.

If you ask me my most important experience, it was when I was a village peace officer (HPD). The person for this task was chosen directly by the community. As a HPD, I was able to teach and assist the community. I was able to give good lessons and teach them to abandon bad things. The HPD had work to do if there was a problem in the *dusun* that could not be settled by the hamlet officials. Unfinished problems were brought to the HPD for a solution. Usually, problems in *dusun* concern fighting, issues regarding women, and assets within the ethnic group. In one year, there are usually five or six problems. I have been a HPD since 1999. There is no limit on the length of time that one can hold this position because election is by the community and is based on trust. If people lose their trust in the HPD, they can recommend that he be replaced.

Now, I have joined an organization. In fact, my education is limited, but I have become a member of a political party. I did so to get knowledge and I have returned to teach and develop the community. At present, I am Deputy Chairman III of the Pancasila Patriots Party. Formerly, I was an officeholder of the Branch Leadership (*Pimpinan Anak Cabang*, or PAC) of the PDI-P, but now the PDI-P is split. That is because the chairperson of the Branch Leadership Council (*Dewan Pimpinan Cabang*, or DPC) of the PDI-P is managing its structure and many Chinese people have joined. Almost all PAC chairpersons nowadays are of Chinese origin, while those of us who served for a long time are not given any attention. The Chinese have the money to become party officeholders, whereas we don't have any money. That's the problem, Sir. That is why the PDI-P was defeated here in the 2004 General Elections. Back in 1999, everything here was red. I have a large PDI-P flag and every house had a small one. Nevertheless, my heart is still with the PDI-P. I left the PDI-P not because of the party itself but because of its people. Later on, I want to make a recommendation to Ibu Mega that she make improvements in PDI-P.

### **c) The Extent of Upward Mobility**

In the previous chapters, it was said that movers are the transitional group that has been able to improve its welfare or become upwardly mobile. Based on the extent of the upward mobility that was achieved, movers can be divided into two subgroups, namely (a) those who have been able to improve their welfare and move out of poverty and (b) those who have been able to improve their welfare but have been unable to move out of poverty. In Chapter II, it was pointed out that there are communities that have experienced an increase in welfare (that is, they have a high mobility index/MI and net prosperity index/NPI), but many of their members have not yet been able to move out of poverty (that is, they have a low moving out of poverty index/MOPI).

Two such communities are Tentram in East Java and Asam in West Timor. In both of these communities, there are many movers who have not yet moved out of poverty (see Box 4). Economically, they are generally still very dependent on the agricultural sector and the small incomes that it yields. Movers with these specific characteristics can be regarded as the most vulnerable. Although over the past ten years they have become relatively better off, this improvement in welfare can be easily disrupted by factors such as natural conditions (floods, droughts, crop diseases, etc.) that cause crop failures, high production costs, and unstable commodity prices. In addition, it should be noted that in communities like Tentram and Asam, the opportunities for economic activities outside the agricultural sector are extremely small, which makes it difficult for members of the community to undertake diversification in their sources of livelihood and to share financial risk outside the agricultural sector.



**Box 4**  
**A Mover Who Has Not Yet Passed the Poverty Line**

**Managing a Very Small Income**

**Samsul (male, 50 years of age, living in Tentram, Pamekasan, East Java)**

I have been a farmer all my life and at present my land covers approximately 0.25 hectare. I have been cultivating this land from many years ago. I grow tobacco, rice, corn, cassava, and chilli. The output is not really sufficient, but I make it do. To cultivate the land, I employ three or four agricultural laborers, who remove weeds, hoe, and make holes in the soil. They take about 20 days to do these jobs. The daily wage is Rp16,000 if they work from 07:00 a.m. until 17:00 p.m.. This means that for wages, I have to spend Rp1,280,000, not including the money that cigarettes, coffee, and a midday meal cost me. The purchase of seedlings takes Rp25,000 (the price being Rp5,000 for 1,000 tobacco seedlings). I use two 100-kilogram sacks of fertilizer at Rp110,000. After waiting for four months, I can harvest 50 kg of tobacco. If the price is Rp10,000 per kg, I can obtain Rp500,000, which is a lot less than my expenditure of Rp1,415,000.

I make a profit only if there is a dry season without any rain. Then, I can harvest tobacco four times. The first harvest is worth Rp3,000 per kg, the second Rp5,000 per kg, the third Rp10,000 per kg, and the fourth Rp22,000 per kg. My profit usually comes from the last harvest, when the topmost leaves are cut. If I am lucky, I can receive Rp3–3.5 million. Of this, I use Rp1.5 million to repay what I borrowed, Rp1 million for consumption purposes during the fourth months waiting for the harvest, and the remaining Rp1 million for consumption purposes over the next six months. That is what I meant when I said that I make my income do.

Rice cultivation is even worse. The capital needed for a crop of rice is almost the same as for tobacco but the yield is only five sacks or 250 kg. If one sack of rice is worth Rp64,000, I receive Rp320,000. Growing peanuts is even less profitable. For fertilizer and seed alone, I have to spend Rp200,000. At harvest time, I get 200 kg (four sacks) worth Rp50,000 per sack. This is exactly what I paid for fertilizer and seed alone, meaning that I suffer a loss as I still have to pay the wages of the agricultural laborers. It is true that all of these undertakings yield results but only small ones. In fact, output is not enough, but I have to make it do.

## **IV. WAYS TO MOVE OUT OF POVERTY: INFLUENTIAL FACTORS AND PROCESS**

### **4.1 Understanding Ways Out of Poverty**

Chapter II described the regional and local contexts in which attempts have been made to improve welfare levels, while Chapter III identified the group that made those efforts. Chapter IV now examines how the efforts were made. An understanding of the attempts undertaken by a group of people to raise the welfare level of their lives and to move out of poverty is presented here through an examination of two matters, namely (i) the factors that have a positive effect or support improvements in welfare and (ii) the sequencing of those various factors.

In this chapter, attempts to raise welfare and move out of poverty are viewed primarily as a process that cannot be separated from its geographical, social, economic, cultural, and political contexts. These various contexts can support or even impede the efforts of individuals and groups in the community to improve their welfare. Furthermore, each individual or group must interact with other individuals or groups in undertaking efforts. This interaction can take the form of mutual dependence, cooperation, and alliance, or it can also take the form of competition and conflict.<sup>14</sup> Taking these matters into consideration, this chapter will examine the factors that encourage improvements in welfare from the perspective of those who have experienced the process (in the present study, transitional groups, especially movers). The process of moving out of poverty will be understood through the way in which micro-level factors are linked to and exert mutual influence on macro-level factors. In addition, the process of moving out of poverty will also be examined through the approaches of structure and agency.

### **4.2 Factors That Improve Welfare according to the Transitional Groups: Perspective from Below**

This section will examine a number of factors that help to raise welfare from a bottom-up perspective, that is, according to all respondents in the household survey and according to interviews concerning life histories. Respondents have been divided into four transitional groups, namely, movers, the rich, fallers, and the poor. As in previous chapters, the movers group will be discussed specifically, first by looking at the view of the movers group in a general way (tables 12 and 19) and then by looking at the differences in views among the movers groups in the three regions (Table 20).

According to respondents in the household survey, most of the factors regarded as being able to improve welfare are of an economic nature (factors related to the economic situation and the financial position of individuals and households). Half of these economic factors concern livelihoods or income generating activities. In other words, for the majority of respondents, an improvement in welfare is primarily interpreted as an improvement in their economic situation through a larger income. According to the majority (85%) of household survey respondents, there are several ways of obtaining a bigger income. They include:

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<sup>14</sup>This understanding refers to a number of concepts in figurational sociology or process sociology, which was developed by Norbert Elias (see Ritzer and Goodman, 2004: 366–377).

- a) Doing other work or establishing another undertaking that produces better returns,
- b) Doing more than one job so as to have several sources of income,
- c) In the case of those who work in the agricultural sector, cultivating different kinds of crops, in particular crops that can be easily marketed and superior crop varieties, and using better technology, and
- d) Obtaining employment that gives a fixed salary (for example, as a civil servant or a corporate employee).

In addition, the financial situation can improve when the financial burden, especially expenditure on children's educational needs, becomes less. For that reason, when children have finished school, household welfare can improve. Besides that, hard work is also considered to be a factor that improves a person's economic situation. Thus, improvements in welfare are also linked to motivation.

The factors identified by survey respondents (movers, the rich, fallers, and the poor) are relatively the same as those identified by the movers group alone. Nevertheless, these factors occupy different positions in rankings. For example, for movers, the use of agricultural technology and superior varieties of seed ranks second among the main factors (chosen by 10% of movers), whereas survey respondents placed this factor ninth (and even then it was selected by only 3% of respondents). This factor was chosen mainly by movers in rural communities who depend on the agricultural sector in particular and who cultivate crops that will be processed industrially (primary crops). These communities include Tentram and Karya (East Java), which rely on tobacco cultivation, as well as Elang and Nuri (North Maluku), which depend on the production of coconuts, cloves, and nutmeg.

**Table 18. Factors that Improve Welfare according to All Transitional Groups**

No.	Factor That Raise Welfare	Proportion (%)	Type of Factor
1.	Same work but with a rise in income	34	Economic/Livelihood
2.	Better employment/changes in livelihood	14	Economic/Livelihood
3.	Hard work	9	Economic/Motivation
4.	Income diversification/more than one income	7.5	Economic/Livelihood
5.	A better business	7	Economic/Livelihood
6.	Completion of schooling by children and/or their obtaining employment	5	Economic/Family
7.	Acceptance as a civil servant	4.5	Economic/Livelihood
8.	Crop diversification	3	Economic/Livelihood
9.	Better yields at harvest time because of the use of new technology and/or improved seed varieties	3	Economic/Livelihood
10.	Marriage	2	Non-economic/Family
11.	Moving to a new house/house in a better condition	2	Non-economic/ Quality of life
12.	Obtaining a land certificate	2	Non-economic/ Legal status
13.	Employment of women members of the household	1	Economic/Family
14.	Better market access	1	Economic/Infrastructure
15.	Other factors	5	-

Note: Factors 1 to 9 represent more than 85% of survey respondents in the three regions.

**Table 19. Factors that Improve Welfare according to the Movers Group**

No	Factor that Raise Welfare	Proportion (%)	Type of Factor
1.	Same work but with a rise in income	40	Economic/Livelihood
2.	Better yields at harvest time because of the use of new technology and/or improved seed varieties	10	Economic/Livelihood
3.	Better employment/changes in livelihood	9	Economic/Livelihood
4.	Hard work	9	Economic/Motivation
5.	A new business that is better	7	Economic/Livelihood
6.	Income diversification/more than one income	6	Economic/Livelihood
7.	Completion of schooling by children and/or their obtaining employment	5	Economic/Family
8.	Improvement in the condition of the house	3	Non-economic/ Quality of life
9.	Employment of women members of the household	3	Economic/Family
10.	Crop diversification	2	Economic/Livelihood
11.	Obtaining a loan	2	Economic/ Access to financial resources
12.	Other factors	4	-

*Note:* Factors 1 to 6 represent more than 80% of all respondents who are movers in the three regions.

Table 20 shows the factors that were identified by movers in East Java, North Maluku, and West Timor. In each region, movers ranked the same factor first as the factor that could improve welfare, namely, “doing the same work but with a rise in income”. This factor also occupies first place in the identification carried out by all survey respondents (all transitional groups) and the movers group as a whole. Nevertheless, there are several interesting differences that reflect local conditions in each of the regions. These differences are as follows:

- a) Movers in East Java—urban communities in particular, like those in Maju and Raya—believe that welfare can improve if the women in the household also work. In these communities, there are more types of economic activity, for example, setting up a food stall, home industry, and so on, that can be combined with a woman’s reproductive and domestic tasks. For that reason, it is quite possible for women (homemakers) to earn income.
- b) Movers in North Maluku regard reductions in expenditure on education (because children have already completed their schooling) as a factor that can improve the household’s economic position. In Chapter II, it was said that the level of literacy in the human development index in North Maluku is higher than those in the other two regions and is also greater than the level in Indonesia in general. This can be linked to the greater tendency for community members to make an investment in education. As a consequence, educational expenses represent an expenditure item that is given priority and can constitute a financial burden on the household.
- c) Movers in West Timor—extremely rural communities in particular, like the community in Asam—regard diversification of income sources and types of crops as a factor that can raise welfare. In the rural communities of West Timor, income sources in the agricultural sector are often vulnerable to fluctuations because they generally depend on dryland (non-irrigated) cultivation and on commodities that are intended for home consumption and are

less attractive commercially (corn, cassava, and sweet potato). Therefore, one way of increasing income is by crop diversification, especially involving vegetables (long beans, red onions, etc.) and by doing additional work, for example, by becoming a petty trader.

**Table 20. Factors that Improve Welfare according to the Movers Group by Region**

EAST JAVA			NORTH MALUKU			WEST TIMOR		
No.	Factor	%	No.	Factor	%	No.	Factor	%
1.	Same work but with a rise in income	39	1.	Same work but with a rise in income	32	1.	Same work but with a rise in income	48.5
2.	A better business	15	2.	Obtaining better employment/a change in livelihood	20	2.	Working harder	9
3.	Working harder	9.5	3.	Acceptance as a civil servant	12	3.	Income diversification	8
4.	Employment of women members of the household	7.5	4.	Completion of school by children	8	4.	Crop diversification	7

*Note:* Factors 1 to 4 represent more than 70% of respondents who are movers in each region.

### 4.3 Identifying the Process of Moving Out of Poverty

The previous section (4.2) identified a number of positive factors that help to raise individual and household welfare. This identification was done in accordance with the views of all survey respondents (all transitional groups), the whole of the movers group, and the movers group in each of the three regions. This section describes further how the process of income improvement and moving out of poverty takes place in connection with these positive factors.

#### 4.3.1 The Process of Welfare Improvement

There are several patterns in the process of welfare improvement and moving out of poverty, namely:

##### a) Doing the same work/having the same livelihood but with greater income

At least one-third of the survey respondents (including the movers group) said that one way in which to improve welfare is to keep doing the same work but with a better income (see Box 5). For them, their present source of livelihood still has potential for expansion. However, it is necessary to introduce a number of improvements so that returns can be higher and more stable, enabling prosperity to increase. In this study, the majority of respondents (including movers) obtain their livelihood from the agricultural sector since most of the communities that were involved are in rural areas. For these farmers, the things that impede an increase in returns are low productivity; the vulnerability of farming, that is, the high risk of experiencing crop failure because of natural disturbances (a prolonged wet season or drought, crop diseases, and natural disasters); soils of low fertility; irrigation systems and techniques that are so inadequate that water is not available in the dry season and land cannot be cultivated throughout the year; insufficient capital for production purposes; commodity prices that are unstable and even tend to go down; bad marketing of agricultural products; and the grip of debts.

Some of the movers are farmers who have succeeded in overcoming these obstacles. There are several cases where farmers have been able to increase their incomes due to the following factors:

- (1) The existence of irrigation systems and techniques that enable farmers to provide adequate water for their fields: Tobacco growers in the communities of Tentram and Karya (East Java) depend very much on water pumps to irrigate their land, while farmers in Kemiri (West Timor) are greatly helped by the Tilog dam, which enables them to cultivate rice twice a year. Previously, they could only grow crop once a year because of lack of rain. The introduction of pipes and catchment protection in Cengkeh (West Timor) has meant that farmers are able to grow easily marketed commodities such as vegetables, which has led to a rise in their incomes.
- (2) The introduction of crop diversification: Groups of farmers in Asam, Cengkeh, Mente, and Cendana (West Timor), besides cultivating corn, sweet potatoes, and cassava, also grow various kinds of vegetables and fruit that are easily marketed (such as long beans, red onions, oranges, candlenut, etc.).
- (3) The use of superior-quality varieties: This has been experienced mainly by farmers who produce coconuts, cloves, and nutmeg in rural communities in North Maluku.
- (4) Better access to markets: In Cengkeh (West Timor), for example, farmers' incomes have increased because of greater demand for the vegetables that they produce. Access to markets can also improve with the presence of satisfactory road and transportation networks. This is mainly felt by farmers in areas that are relatively far from economic centers like markets and business places.

### **Box 5** **Having the Same Livelihood but with a Higher Income**

#### **Agricultural Sector**

#### **Aril (male, 38 years of age, living in Cengkeh, TTS, West Timor)**

When I was already regarded as an adult, that is, when I was about 20 years old, which means in 1988, I was given land of my own. At that time, it was less than half a hectare, but I commenced cultivating it. I remember what I planted first: Candlenut, bananas, tubers, and corn. The reason for the choice was that these were the only things I knew how to grow. Having my own land, I felt that my level of welfare was improving. After that, I was able to seek information about other crops, which I then planted on my land.

A year later, in 1989, I harvested the corn. The soil was fertile as it contained a lot of humus and the output from my holding of less than 0.5 hectare was good. I sold half of the corn and kept half for food. I gave half of the money from the sale of the corn to my mother and saved the rest. I also harvested the cassava that I had planted, but I didn't sell it. Even now, I still grow cassava, but I never sell it, as I keep it for us to eat ourselves.

The candlenut trees that I had planted when I first started farming only began to bear fruit in 1994. It was certainly a long wait, but when the fruit appeared, it was possible to get quite a lot of money. Every year the amount of fruit always increases. From my first harvest, I obtained 50 kg, at a time when the price was Rp750 per kg for unshelled candlenuts. In the past, I did not have the equipment for shelling the nuts, so I had to sell them as they were. Even so, I was able to get Rp37,500 from the candlenut trees.

In 1994, I also harvested oranges for the first time. At that time, six oranges were worth Rp1,000, but if the total output of a tree was sold in one go, the value was Rp60,000. From the first harvest, I obtained Rp120,000 since two trees were already producing fruit; I am not including the ones not yet productive. With the increase in earnings from the candlenuts and oranges, I felt that my welfare was increasing.

I planted avocado trees only in 2000. I obtained the seedlings from the government, which gave me 50 small trees. Other families also received the same number. I learned how to grow this fruit from the government people who came to the village meeting-hall. The whole community was called together to see how to cultivate avocado. This fruit can be harvested only five or six years after the trees have been planted. In 2000, I also planted some mahogany trees, as there was a demonstration by extension workers and we

were given seedlings at the same time. I thought, "There is nothing wrong with trying." Now, the mahogany trees are big, but they cannot yet be felled and made into boards.

In the year 2000, there was also a program from *Bapak Desa* to cultivate vegetables on a group basis in this village. Usually, members of the community work in groups with close neighbors, and I do too. My group had ten members. The land that we cultivated belonged to Adrianus, the reason for the choice being that it was close to a water source. Our group had an area of 600 ares. At harvest time, the vegetables that we sold were worth Rp200,000, so each member of the group received Rp20,000. With the additional money from vegetables, my welfare level continued to rise a little more. We were able to get money from vegetables once every six months and sometimes even once in four months.

I harvested avocados for the first time in 2005. Of the 50 trees that I had planted, only 10 trees had survived and grown, but all of them bore fruit at the same time. I obtained ten bags of fruit, which meant about one bag per tree. I kept two bagfuls to eat and give to neighbors and relatives, while I sold the rest at Rp12,000 per bag. In 2005, I also began to obtain fruit from the orange trees that I had planted when I increased the size of my holding to one hectare. Five trees were now bearing fruit and each tree brought me Rp200,000 because it so happened that each bore quite a lot of fruit. Six of my candlenut trees are now quite big, but I also have some small ones. In 2005, I harvested 70 kg of nuts. I now have a tool for shelling the fruit, so I sell nuts already shelled, for which the market price is Rp6,000 per kg. So, this year I feel that my level of prosperity is continuing to rise.

### **Non-agricultural Sector**

#### **Iksan (male, 37 years of age, living in Raya, Pamekasan, East Java)**

Since I finished senior high school (SMA) in 1989, I have worked as a tailor. In fact, I have been able to sew since I was in the second year of SMA, but I did not then have the confidence to make clothes for other people. It was only after graduating from SMA that I started working in this occupation. At that time, besides doing sewing myself, I also worked for someone who owned a tailoring business. I have worked for a number of tailors. First, I worked for Merry Tailor here in Desa Raya. At that time, I was paid Rp25,000 per day. I worked there for only five months, after which I left and took in sewing orders myself. My reason for leaving was that the salary I received from the owner was not much and also because he did not give any attention to his employees, who did the sewing.

In 1991, the owner of Kristal Tailor asked me to work for him. Kristal Tailor is situated in Pamekasan. I worked there for one year at a salary of Rp25,000 per day. I left after a year because of a small problem with my sewing. At that time I was stitching a pair of trousers, but the sewing thread that I had to use was not the same. This incident made me feel uncomfortable with the boss, so I decided to leave Kristal Tailor. After leaving, I kept sewing as usual, but I did it in my own home.

Then, in 1994, I began working for a tailor whose name I forget but whose workplace was in Pamekasan. I got the job because the boss came to see me and asked if I would join him. This job was a slight improvement because I was paid Rp30,000 per day. But, I stayed there for only five months because there were not many customers. There were three employees and we had to take it in turns to work. That is why I left and went back to sewing in my own house.

In 1996, I was asked by the owner of Indonesia Tailor to work for him. Indonesia Tailor is located in Pamekasan. The pay was better than what I had received from the previous tailor, being Rp35,000 per day at the time. I worked there for about two years, then I left because the boss did not treat the workers equally. I went back to sewing at home.

In 2002, I was contacted by the owner of Pelangi Tailor and asked to work for him. Pelangi Tailor is situated in Pamekasan. But, my income decreased again as I received only Rp25,000 a day. I didn't stay there very long, only a week. Also, I didn't like the way they worked at Pelangi Tailor. In my opinion, the process was too lengthy; one piece of work could take half a day. Also, the tailors had to iron the clothes that they had made. This was different from the practice in the other tailoring businesses where I had worked. They all had a separate section for ironing. Then, in 2003 the owner of Indonesia Tailor came to my house to ask me if I would go back to working for him. Since then, I have been employed at Indonesia Tailor. My earnings have now risen to Rp40,000 a day.

#### **b) Undertaking employment or establishing another type of business whose returns are bigger and more stable**

In this second pattern, the livelihood or business currently being undertaken is regarded as not having sufficient potential for expansion or experiencing a decline in income. For this

reason, the only way for an individual to improve his/her economic situation is by shifting to another kind of livelihood or business (see Box 6). This is usually done if:

- (1) the individual concerned has the ability and the will to try something new, for example, if he/she has a new skill or has improved his/her qualifications by completing a higher level of education; and/or
- (2) there is an economic opportunity to move to a different kind of work or business, although not all communities have economic opportunities that can provide alternative sources of livelihood or new undertakings. In many rural communities (for example, Tentram in East Java and Cendana in West Timor), where many people are classed as poor, not even very small trading activities can be attempted successfully because there are virtually no buyers.

### Box 6

#### A Shift to a Better Livelihood or Business

##### From Tailoring to the Public Service

##### Ali (male, 40 years of age, living in Raya, Pamekasan, East Java)

I have been working since I graduated from the School for the Education of Religious Teachers (PGA). After completing the PGA, I worked as a tailor (an employee) with Menara Tailor at my cousin's suggestion. That cousin had been a friend in the same class in the PGA and we had graduated together. From the time when we were in Year 1 of the PGA, he had been skilled in sewing. He was in charge at Menara Tailor and employed four people. But, they all worked together.

I ended my tailoring career in about November 2004. In December 2004, I was accepted as a civil servant in the Department of Religion in Kabupaten Sampang, so I gave up sewing.

The story of how I became a civil servant begins at the time when there was an announcement in every office of the Department of Religion throughout Madura. After registering in the Sampang office, I took the test, was accepted, and was placed there in Sampang. I was then given a position in Dusun Bambu Islamic primary school (MI). At that time, religious scholars (*kiai*) who owned boarding schools came to the head of the Department of Religion to ask for some teachers for the school within their boarding school. Although it was a boarding school, it also had an Islamic primary school. The head of the Department of Religion had decided to give every *kiai* who wanted teachers two employees from his Department. They were assigned to teach in the schools located within the boarding schools. So, I was not sent there as a teacher; rather, I was assigned to the school.

My basic salary as a civil servant was Rp627,400 and I received another Rp169,750 because of my position. This made approximately Rp800,000, which was a better income than I had previously earned. In 1995, when I was working as a tailor, I had received Rp3,500 for a short dress and for a long one, I was paid Rp4,500. My earnings as a tailor were not regular, but as a civil servant, I received a fixed salary. Meanwhile, I have not done any more sewing, but if my needs increase in future days, I will look for additional income by taking up tailoring again. If I do, it would be best to be an employee because an employee is not burdened with having to purchase sewing equipment and so on. Furthermore, if I were just an employee, it would not disrupt my main job as a civil servant.

##### From the Business of *Abon* and *Dendeng* to Ownership of a Rice Mill

##### Haryono (male, 56 years of age, living in Kemiri, Kupang, West Timor)

In 1980, I moved to Desa Kemiri and opened a business producing shredded and dried meat (*abon* and *dendeng*). I employed 20 people who lived in Kemiri and the surrounding area. The reason why I established this business was that I saw that there was no competition. At that time, only the local Industrial Agency ran a business of this kind, although in fact there were still a lot of cattle in that area by comparison with the situation today. When I first opened the business, an employee from the local Industrial Agency said that it would not be a success because they already controlled the market. But, I replied that we would see later on who would come out losing. As it turned out, the local Industrial Agency's people were not fair because they did not want to give me a permit to operate as they were afraid of competition, but I went ahead as best I could. In fact, I was even accused of opening an illegal business.



In the same year, I also established a vehicle repair workshop because along the road from Tarus to Kemiri there was not even one repairshop. Finally, I brought two mechanics from Surabaya and set up a workshop. My economic situation at that time improved greatly because I already had my own business and profits were very good. In a month my income reached Rp5 million and the value of money at that time was quite high by the standards of people in Kupang. I ran my meat processing business for approximately 12 years and then in 1992, I closed it because of the stack of debts not paid by customers and the number of competitors, which had grown to the point where my volume of sales was affected. I also closed the repair workshop in the same year because my two mechanics went back to their hometown and did not return.

Seeing my situation, which often involved going back and forth from Kemiri to Kupang three times in the same day, my fiancée (now my wife) advised me to open a new business that would not involve a high risk of defaults in payments or great travelling distances. In the same year, I finally purchased two hectares of rice fields for cultivation and also opened a rice-milling business, both of which I still have today. My economic position at that time was a little better than in 1980 because I could afford to buy land and also rice-milling machinery at the same time. From these two economic activities, I obtained an average income of Rp5 million per month. In 1998, I bought another rice-milling machine because prospects were very promising. Apart from my own convenience, the business has a strategic location close to a stretch of rice fields and is on the side of the road, which means that people find it easy to take their rice there to be milled. The addition of this one unit of machinery has enabled me to earn an additional Rp1 million per month. Charges are Rp100 per kg of rice. So, my income is now Rp6 million per month.

### c) Developing multiple income sources

In this third pattern, a household can have more than one source of income, that is, multiple income sources. If it has several sources of earnings, the household can increase its total income and expand its financial security (see Box 7). If it has multiple income sources, the loss or decline of one source does not cause the household to lose its whole income. In this case, multiple income sources can raise welfare because it reduces the possibility of financial loss by spreading risks. There are two ways in which multiple sources of income can be obtained:

- (1) The main breadwinner in the household undertakes several jobs. Generally, one job is the main source of income, while one or two other jobs provide additional income.
- (2) There are several breadwinners in the household. The most common combination is that in which husband and wife both have employment, but in a household that has children of working age, it can happen that children as well as parents earn money. In communities where there are opportunities for women to be employed overseas (as in Tentram and Karya in East Java and Cendana in West Timor), daughters can be income earners who make a big contribution to the household economy.

#### **Box 7 Multiple Sources of Income**

##### **A Farmer, a Masseur, and a Recipient of Remittances from a Child Working in Saudi Arabia**

##### **Mia (female, 59 years of age, living in Karya, Pamekasan, East Java)**

The first time I worked, I was about ten years old and I worked in the fields at my parents' request. My parents helped and so did my brother Abiddin. At that time, I earned Rp200 per harvest. In 1997, I worked rolling tobacco leaves. It was Pak Mulia who gave me support, for it was he who first requested my assistance and taught me how to roll the leaves. In a day, I obtained one tray worth Rp4,000. This was quite good, for if there was work, I could increase my earnings. That was if the tobacco crop was good. If there was rain like now, there was no crop.

In 1999, I worked as a masseur. Doing massaging had become a skill that was passed down in our family. I was taught how to do it by my mother. It was she who supported me. I was able to earn Rp2,000 for one massage session. The money I earned in a day was not fixed. But, I enjoyed working as a masseur because my purpose was only to seek merit from helping other people.

My most profitable experience as a farmer occurred in the year 2000. At that time, I obtained Rp4,500,000 from the tobacco harvest while my capital, which I borrowed from a neighbor, was only Rp500,000. The year 1998 had been a bad experience for growing tobacco, for the crop had been ruined by rain and I harvested nothing. In fact, I had borrowed Rp 500,000 as capital. My income today comes from farming and massage work. Added to this is a small remittance from my daughter who works in Saudi Arabia. But, the source on which I rely most is farming. In the past, in addition to farming, I also obtained income from rolling tobacco leaves.

#### **A Husband Who Is a Tobacco Farmer and a Wife Who Runs a Shop**

##### **Syahrudin (male, 39 years of age, living in Palengaan, Pamekasan, East Java)**

In 2000, I went to Malaysia. On my return, I used the money that I earned in Malaysia as business capital. In 2001, I began to cultivate the fields that I had left when I went to Malaysia and I also opened a shop selling daily necessities in Rapih market in Desa Tenang. The reason why I started cultivating the fields again was that I wanted to try growing tobacco myself, while I opened the shop because my wife was keen to go into business.

There have been no obstacles in working in these two occupations. I took the initiative to do farming, whereas establishing a shop, which is also my own initiative, is the result of my wife's interest. The person who helped me when I opened the shop was the administrator of Rapih market. At that time, the market had just been opened and no one wanted to set up business there. Then, the administrator contacted me to ask if I would occupy one of the shops. So, I then decided to withdraw my savings of around Rp4,000,000 from the bank. I used all my savings to establish the shop.

When I opened the shop, I obtained information from friends who had previously undertaken trading activities. In fact, I asked them to tell me their experiences. The knowledge that I acquired consisted of these three things: a seller must be friendly, a seller must be generous, and a seller must be sweet (that is, speak nicely and politely). I passed this advice on to my wife.

It is hard to say how much income I receive from these two sources, especially from tobacco cultivation, as returns depend on prices and natural factors. At the moment, I have just planted 12,000 tobacco seedlings. This is not many compared with the 50,000 seedlings that Pak Budhi has planted. As for income from the shop, the shop purchases stock twice a week for retail sale. One such purchase requires Rp3,000,000. From every Rp1,000,000, I earn a net profit of Rp30,000, which means that in one week my profit is Rp180,000. But, agriculture is my primary source of income, by comparison with income from the shop. The shop earns between Rp50,000 and Rp100,000, whereas agriculture brings in a lot more if crops are successful. By continuing with farming and also running a shop, I have obviously been able to increase my income and experience. Sometimes, the returns from farming are not so good, in which case, they are covered by profits from the shop.

#### **d) Earning a fixed salary especially by becoming a civil servant or an employee in the formal sector**

Hopes of becoming a civil servant are most obvious in the movers group and the rich group in North Maluku. In this fourth pattern, the process of improving welfare is quite clear, that is, employment as a civil servant is relatively safe economically because a civil servant is paid a regular salary (see Box 8). Furthermore, a civil servant also receives various allowances and has the guarantee of income in his/her old age in the form of a pension. But, on the whole, entry is very difficult because it is necessary to go through a selection procedure in which there is strong competition. It is not uncommon for a person to have to work on an honorarium for many years before passing the public service test. Added to this is the fact that, to have a chance of becoming a civil servant, a person must at least have a suitable educational background, in keeping with the position that is sought. For employment as a skilled civil servant (a teacher, administrative staff, and the like), at the very least a senior high school certificate or a bachelor's degree is required. It can be said that the factor that very much determines whether or not a person can improve his/her level of welfare through this fourth pattern is his/her level of education.

## **Box 8**

### **Becoming a Civil Servant or an Employee on a Fixed Salary**

#### **Hasan (male, 46 years of age, living in Nuri, Halmahera Utara, North Maluku)**

From 1981 to 1987, I worked in the Plantations Agency of Kecamatan Kasuari on a project that involved planting ordinary and hybrid coconuts. This project was run by the Province of Maluku and was carried out in Kasuari. I worked on the project because I had been recommended and given the opportunity by a friend. Nobody objected to my doing the work. My parents were extremely supportive because my having a job meant that I could help reduce the family's economic burden. Since the project was run by the Plantations Agency of Maluku Province, the salaries of all employees were sent from Ambon by plane to Ternate and then taken to Kasuari by sea transportation. At that time, my income was Rp150,000 a month, which was supposed to be received every three months. In actual practice, I more often than not received my salary every six months because of delays in the dispatch of salaries to Kasuari.

From 1988 to 1994, I was employed in the Kecamatan Garuda Office. To advance my career and also for family reasons, I decided to move to the Kecamatan Merpati Office, where I worked from 1994 to 1999. In Merpati, I was promoted to the position of head of the Welfare and Environment Section. My income also rose because of regular increases in my rank as a civil servant and also because of my new position as a section head.

In December 1999, I decided to move because of the horizontal conflict that was sweeping over Merpati and the surrounding area. Together with my wife, children, and relatives, I moved to Ternate. At the time when the conflict occurred, the governor of North Maluku issued a new regulation about temporary moves or mutation for civil servants in conflict areas; this regulation enabled them to work in Ternate or in other safe places within the Province of North Maluku. I finally moved and took up temporary employment in the Governance Section of the Kabupaten Maluku Utara Office. There were no changes in my income and experiences as a civil servant. The conflict actually had a negative effect on the development of the career that I had been building.

When the conflict began to subside in Merpati, I joined in the repatriation program for evacuees and went back to work in the Kecamatan Merpati Office in 2003. Everything was very difficult because everything, including my career, had to start from zero once again.

At my wife's suggestion, I asked to be transferred to the Kabupaten Halmahera Utara Regional Inspectorate (Badan Pengawasan Daerah, or Bawasda) Office. In this new job, I had to learn a lot from colleagues in the same section. My friends in Bawasda are all university graduates; I am the only one with just a senior high school certificate. So, I have to discuss many things with them because they probably know more than I do. With this new job, my salary has also risen and is definitely sufficient for food and savings.

#### **Ani (female, 49 years of age, living in Kemiri, Kupang, West Timor)**

When I was still at school, that is, when I was in the second year of senior economics high school (SMEA) in 1976, I began to work helping an older sibling to sell garments and cloth. As my salary was based on a percentage, I received 10% from the price of every item that I sold. I forget how much I earned every month, but it was quite enough to meet my needs.

I began work as a civil servant in December 1979. I was employed in the Tarus Office of the Department of Education and Culture, Kecamatan Cabai, Kabupaten Kupang. The person who helped me with information about a vacancy in the Department of Education and Culture was an older cousin, Mr. Migel. He said that new employees were being recruited to replace people who had been pensioned. So, I put in an application, took the test, and passed. After that, I completed all the requirements for employment as a civil servant. In December 1979, I received my letter of appointment (*surat keputusan*, or SK) and was placed in the Tarus Office of the Department of Education and Culture.

When I first became a civil servant, my salary was Rp28,000. Then, my salary and income began to rise in accordance with government policies and decisions. At present, my monthly salary is Rp1,250,000, while my rank is III/B.

When I was working selling clothing, I was very happy and proud because I was able to earn my own money and was not just dependent on my parents. At the same time, the business of selling clothing enabled me to try out the knowledge that I had gained in high school. When I was appointed as a civil servant, I was also very happy and pleased because when people had trouble obtaining work, I was able to get the kind of employment that everyone wanted, that is, a job in the public service. Besides that, my appointment as a civil servant meant that my high school education had not been wasted. I could now support myself and was no longer dependent on my parents.

**Zulfan (male, 46 years of age, living in Maju, Probolinggo, East Java)**

After I graduated from Teachers' College (IKIP) in 1983, I started working as an assistant teacher in a private junior high school in my village. I had been asked to teach because Mr. Adi's son (my cousin) was already a teacher at that school. He was a graduate of the Surabaya IKIP. Because I had only a few teaching hours, I received only Rp15,000 a month, so for my living costs I was still supported by my parents. In 1984, I took the test for a Nonformal Education (Pendidikan Luar Sekolah, or PLS) project run by the Regional Office of the Department of Education and Culture in Surabaya. I was accepted and placed in Kabupaten Probolinggo. At that time, even though I was employed as a contract staff, my monthly salary of Rp100,000 was bigger than that of a probationary civil servant. Thus, my income jumped directly from Rp15,000 to Rp100,000 per month.

In 1991, I became an inspector for community education in Kecamatan Tertib, Kabupaten Probolinggo. I actually still enjoyed teaching, but it turned out that employment as an inspector offered more variety, as I was sometimes in the office and sometimes with the community. At that time, I was living with my parents-in-law, so I did not have to rent accommodation. My monthly income was Rp600,000 and my rank was already III/B. In 1994, I was promoted to III/C rank and moved to Kecamatan Kota Resik. I was pleased when I was promoted. I already had eleven people under my guidance, that is, school heads and teachers throughout Kecamatan Damai. It was at that time that I first had a car and my monthly salary rose to Rp700,000. In 1996, I was transferred to Kecamatan Damai, which was more of an urban area, but my position and rank remained the same.

In 1997, I rose to III/D rank and was given the job of head of the Cultural Section in the *kabupaten*-level Education Office. In 2000, I moved to the position of head of the Equipment Section, with the same rank. My income was still the same, but my wife's dressmaking business started to expand. However, I felt happier because my new work suited how I felt. I had been in the new job in the Equipment Section for only three months when the Regional Autonomy policy came into effect in 2001. My rank remained the same, but my job changed and I became head of the Technical Staff Section in the *kabupaten*-level Education Agency, where I made decisions about positions for high school teachers throughout the *kabupaten*.

In 2003, I was summoned by the head of the Education Agency for Kabupaten Probolinggo and asked to become the branch head of the Education Agency in Kecamatan Apik, Kabupaten Probolinggo. In July 2004, I finally returned to Kecamatan Damai. I was appointed branch head of the Kecamatan Damai Education Agency. My rank is now III/D and my echelon is IV/A. My present income is Rp1,680,000.

### **4.3.2 Factors That Support the Welfare Improvement Process**

It can be seen that the four main patterns of movement out of poverty in East Java, North Maluku, and West Timor often overlap. Households in which the main breadwinner is a civil servant, for example, often attempt diversification of income sources by undertaking another source of livelihood or else there may be more than one household member earning an income. Thus, efforts to raise the welfare of a person or family can be made in various ways, although not always can be undertaken by every individual or household. Some individuals or households are more capable of improving their welfare in accordance with a certain pattern than are others. That is why, in this chapter, a further examination is made of the factors that support the welfare improvement process in general.

Data from the household survey and life histories reveal that the factors supporting the process of improvement in welfare can be found at both the micro and macro levels.

Supporting factors at the micro level:

- a) **Advantageous social networks and connections.** This first factor refers specifically to individual ability to build and make use of social networks and especially connections with people or groups that can help in upward mobility. Almost all life stories reveal that the individual obtained benefits from a connection or alliance with a person who provided facilities and information, and opened up opportunities to commence work or business. For that reason, linking social capital obtained from vertical relations is very important.

- b) **Adequate skills and education.** The second factor does not always refer to the skills acquired from formal education. The life histories indicate that individuals also learn a lot from relatives, friends, and neighbors who have the same occupation or who possess wider knowledge and skills. Those who wish to improve their level of welfare through employment in the public service, however, must have the formal education that is required.<sup>15</sup>
- c) **Relatively good health.** The significance of this third factor is more apparent if a comparison is made between the group whose welfare has improved and the group that has experienced a decline in welfare. In the preceding chapter, it was stated that movers are generally in the productive age group and enjoy good health, which enables them to do full-time work. Besides that, some movers have a source of livelihood that is not too physically demanding (civil servants and traders) and so they are able to keep on working until an older age. One of the reasons for a decline in welfare in the fallers group is poor health (for example, because of advanced age), which means that the person becomes unable to work. As a consequence, his or her income decreases or even disappears.
- d) **The will to work hard (motivation).** This factor was identified by some respondents as supporting the welfare improvement process. On the one hand, it is very difficult to measure and decide the extent to which success in raising welfare is determined by the individual's will to work hard. On the other hand, a study of life histories shows that those who succeed in raising their level of welfare are those who strive continuously and creatively to obtain a higher income or a better position. This applies to all occupations in the various sectors and regions.

These micro-level factors can also be seen as individual agency factors that influence the welfare improvement process. The first factor is a social capability, the second and third factors are human capitals, and the fourth factor is a psychological capability.<sup>16</sup> Furthermore, these micro-level or individual agency factors do not operate in a vacuum. How and to what extent these micro factors (individual agency) can influence and even determine the welfare improvement process are in turn determined by macro-level factors, many of which can be placed in the category of structural factors.

Supporting factors at the macro level:

- a) **The existence of business openings and employment opportunities.** The patterns of improvement in welfare in the three regions are very much oriented towards economic activities and increases in income. For that reason, the macro conditions that are most important are business openings and employment opportunities, as well as a favorable business climate. Nevertheless, these matters differ for each community and region. (Semi) urban communities that are located close to centers of economic activity tend to have wider economic opportunities. In these areas, people can more easily undertake

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<sup>15</sup>The low level of education and skills is one of the factors that was identified as a cause of poverty in Kabupaten Bima and Kabupaten Tapanuli Tengah (Isdijoso et al., 2006).

<sup>16</sup>Theoretically, although there are agency factors of a collective nature, both data from the household survey and individual life histories do not show the significance of the factor of collective agency in the process of moving out of poverty. Even though the majority of respondents (including movers) are members of a group or organization, the type of organization to which they belong is usually a religious one that is directed more towards maintaining good relationships among members of the community or the integration of groups in the community. Organizations of this kind are usually small and of a local nature, which means that they cannot produce a collective agency that is capable of empowering members socially, politically, or economically.

diversification in income sources or change livelihoods and businesses than they can in remote rural areas. The capacity to utilize business openings is frequently related to the availability of capital. In many communities, such as in Tentram, East Java, limited access to credit for working capital (either from financial institutions or from other sources) constitutes an obstacle that impedes people in their attempts to earn a livelihood.

- b) **The existence of access to the acquisition of education or skills that can maximize a person's ability to increase his income.** Education and skills, even though they do not necessarily involve formal channels, are important if the individual is to be able to utilize opportunities to develop himself/herself. Even so, not everyone can afford to invest money, time, and energy to improve education and skills. In several rural communities (for example, in West Timor and a part of East Java), community access to formal education is very limited because people do not have money and facilities.
- c) **The existence of development policies and programs suited to community needs.** In West Timor, North Maluku, and a part of East Java, a number of development programs carried out either by the government or by nongovernment institutions have also influenced the welfare improvement process among communities. Even so, the significance of development programs needs to be seen in a proportional way because, in many instances, only programs that are suited to the needs of the community can help to raise welfare. Data from the household survey, focus group discussions, and interviews for life histories reveal that communities consider a number of development programs in their village to be capable of increasing village potential and their own welfare, even though the positive effect of these programs is not always very great.

## V. CONCLUSIONS AND POLICY RECOMMENDATIONS

### 5.1 Conclusions

This report takes in 15 communities that are located in three different regions (East Java, North Maluku, and West Timor). The main topic examined in the report is the range of processes by which welfare can be improved, both those processes that enable people to rise above the poverty line and those that fail to do so. The focus of the study is on the movers group, but the other transitional groups (the rich, fallers, and the poor) are referred to for comparative purposes. A number of conclusions can be drawn from the study:

#### a) The regional context of efforts to move out of poverty

- (1) The various communities and regions that were studied differ in their geographical, social, cultural, and political conditions. This means that improvements in welfare take place in patterns that differ from each other and they constitute a process that is very closely linked to the context in which those improvements occur. Of the three regions that were studied, the greatest poverty was found in West Timor. In this region, the obstacles that face individuals, households, and groups attempting to move out of poverty are greater because efforts have to be made in conditions that are more restrictive than those found in East Java and North Maluku (for example, in terms of natural conditions, public facilities, and human resources).
- (2) In all communities, the number of households whose welfare has increased is greater than the number of households that have experienced a drop in welfare, so on the whole, upward mobility has occurred. Nevertheless, high upward mobility in a community does not always mean that households have risen above the poverty line. In many of the communities, there are poor people whose living conditions have improved but who have not yet succeeded in moving out of poverty. Large numbers of movers of the latter kind are to be found in rural communities that are relatively poor and where almost everyone obtains a livelihood from the agricultural sector alone. As a consequence, their level of welfare is vulnerable to many factors that can cause crop failure. Furthermore, it is hard for them to attempt income diversification because of the lack of opportunity to undertake economic activities in other sectors.
- (3) (Semi) urban communities have better public facilities than rural communities do. Besides that, (semi) urban communities also have more complex socioeconomic conditions than rural communities. The diversity in their population (in terms of ethnicity, religion, levels of education, types of livelihood, and so on) is greater than in rural communities. This heterogeneity causes social mobility to occur in small proportions in various subgroups rather than as a mass movement by a group of people from one socioeconomic level to another.

#### b) The characteristics of those who have moved out of poverty

- (1) On the whole, movers are the people who have been able to improve their welfare. However, movers are not a homogeneous group because they are to be found in a number of communities and consist of several subgroups that have special characteristics. As a result, upward mobility of the movers group also occurs in several

different patterns, in keeping with the local context and the specific potential of movers.

- (2) In general, movers have the following characteristics:
  - (a) The majority are of productive age (31–50 years old).
  - (b) The majority have had formal education at primary and high school levels. In urban communities, movers usually have a high school education and hence, in these areas, the educational level of movers is higher than in rural areas.
  - (c) Movers have a stable income because they have diversified their sources of income or else because they have regular salaries. One form of diversification that ensures the income stability of movers is access to a source of income outside the agricultural sector. On the whole, therefore, the movers group tends to be less dependent on the agricultural sector than fallers and the poor.
  - (d) Movers have a feeling of self-confidence that is relatively higher than any similar feeling among fallers and the poor.
  - (e) The level of social participation of movers is relatively high. This can be seen especially in the way they take part in a range of social activities and formal organizations in the community.
- (3) The more specific characteristics of subgroups of movers are related to:
  - (a) The ways in which movers diversify income sources  
Income diversification is undertaken both within and outside the agricultural sector. Diversification within the agricultural sector is generally done by seeking additional income as agricultural laborers or by cultivating different kinds of commercial crops. Diversification outside the agricultural sector involves undertaking petty trade or combining a fixed salary with additional earnings from a food stall or kiosk, or from certain service jobs of a skilled or unskilled nature.
  - (b) The involvement of movers in advantageous (surplus) social relations  
Some movers are involved in social relations that can provide support for their efforts towards upward mobility. These surplus social relations are generally developed with persons or groups that have a higher, stronger, or more privileged socioeconomic position. They are vertical relations that can enable a person or group to move up to a higher social level.
  - (c) The extent of upward mobility achieved by movers  
The movers group as a whole is able to improve its level of welfare, but the extent of the upward mobility that is achieved by individuals is not the same. Of those who are classed as poor but who are able to achieve a small improvement in welfare, not all succeed in moving out of poverty. Movers of this kind are the most vulnerable because their level of welfare is easily disturbed by various factors (crop failure, high production costs, instability in commodity prices, and so on). Usually, this subgroup is found in rural communities and is extremely dependent on the agricultural sector.

### **c) The process of moving out of poverty and the factors that exert influence**

- (1) The processes of improving welfare and moving out of poverty can be grouped into a number of patterns:



- (a) **Retaining the same work/livelihood but obtaining better returns.** In this first pattern, the current livelihood is still considered to have the potential for expansion, but several improvements need to be made so that income can rise. Especially in the agricultural sector, which is the sector where the majority of respondents earn their main livelihood, the factors that can increase income include the following: (a) the availability of an irrigation system and technology that enables farmers to provide adequate water for their rice fields, (b) the introduction of crop diversification, (c) the use of superior-quality seed varieties, and (d) better access to markets.
  - (b) **Shifting to another occupation or livelihood, or establishing another business or undertaking that is larger or more stable in its returns.** In this second pattern, the individual feels that his/her current livelihood has no potential for further expansion and a shift in occupation or business is, therefore, needed. This process can take place if (a) the individual concerned has the capacity and the will to try new things and (b) there is economic scope to shift to a different occupation or business.
  - (c) **Developing several sources of income.** In this third pattern, a number of income sources can be created if (a) the main breadwinner in the household has several jobs and/or (b) there are several income earners in the household.
  - (d) **Having a fixed salary, especially by becoming a civil servant or an employee in the formal sector.** In this fourth pattern, an improvement in welfare is encouraged primarily by the existence of financial security in the form of a fixed income that has additional allowances and social guarantees, such as that obtained by a civil servant or an employee in the formal sector. This type of employment requires an adequate level of education and the ability to pass the selection process.
- (2) The factors that support the above processes are:
- (a) Supporting factors at the micro level
    - i) Advantageous networks and connections
    - ii) Skills and education that are adequate and suitable
    - iii) Relatively good health
    - iv) A will to work hard (motivation)
  - (b) Supporting factors at the macro level
    - i) The existence of business openings and employment opportunities
    - ii) Access to the acquisition of education or skills that can expand a person's ability to increase his/her income
    - iii) Development policies and programs suited to community needs

## 5.2 Policy Recommendations

The processes and factors that support efforts to raise welfare, including moving out of poverty, as one group of people (movers) has succeeded in doing, are linked mainly to economic issues, especially improvements in employment and increases in incomes. Non-economic factors such as social relations, motivation, levels of education, and good health can

also be seen specifically from their function of supporting improvements in the implementation of work and increases in incomes. Improvements in welfare are influenced by at least three elements that are mutually interconnected, namely the capacity of the individual or household, the capacity of the community, and the local and regional contexts. It is these three elements that must be used as entry points in the making of policies and development programs to increase community welfare. This study, therefore, recommends:

**a) The development of individual and household capacities**

**(1) Improvement in education and skills**

The capacity of the individual (household members) to earn a better (larger and more stable) income is determined by the availability of education and skills that are both adequate and suitable. Such education and skills can be obtained in various social institutions, both formal (school) and nonformal (family, neighbors, and livelihood groups). It is, therefore, necessary to:

- (a) Improve the levels of education in the community, especially in rural areas. This should be done through improvements in facilities and access to formal education at primary and high school levels. Formal education at these two levels must be increasingly within reach of the community in terms of both physical distance and cost. The development of educational infrastructure must, therefore, be accompanied by other public facilities and subsidies that can primarily reduce the burden of educational expenditure.
- (b) Disseminate knowledge and skills systematically so as to encourage expansion in existing livelihoods and businesses and the utilization of opportunities to undertake other livelihoods and businesses. Dissemination of this kind must be carried out mainly through the various social institutions that are already available within the community (for example, through agricultural extension activities, livelihood groups, religious groups, and ethnic groups).

**(2) Improvement in the quality of life, especially in the form of protection from the negative consequences of health problems**

A poor state of health prevents people from working fully and productively, causes high healthcare expenses, and can, therefore, reduce welfare levels. Hence, there is need for some guarantee that the community will be able to obtain health services in the form of both routine healthcare and special care that are satisfactory and affordable. This guarantee can be given in the form of health insurance especially for those who are more vulnerable to health shocks, for example, those who have low incomes, seniors (people of advanced age), and families that have infants and children under the age of five.

**(3) Improved work motivation**

Various cases (in the life histories of individuals) reveal that improvements in welfare are achieved through continuous and creative efforts. For that reason, high motivation and creativity represent an asset that must be developed. An increase in work motivation and in the development of creativity can be achieved through various forms of community development and facilitation activities, such as those undertaken by nongovernmental organizations. Activities to increase motivation are focused mainly on coaching in exploring new things, finding potential, and utilizing existing economic opportunities.

**b) The development of community (collective) capacities**

Not everything that can raise welfare can be sought at the individual or household level. There are things that can only be done, or are more effective if carried out, through collective strength at community level. The collective strengths that can support efforts to move out of poverty take, for example, the form of organizations that provide credit for working capital or organizations that guarantee the provision of cheaper production inputs and handle the marketing of output. Development of this collective capacity must as far as possible be compatible with the various social networks and activities that already exist among community groups. Besides that, regular and sustained technical guidance from the relevant institutions is also necessary.

**c) The creation of local and regional contexts that are conducive to expansion in productive economic activities.**

In view of the vulnerability of economic activities in the agricultural sector, priority must be placed on:

- (1) The creation of employment and business opportunities that can integrate labor in the agricultural sector into non-agricultural economic activities. Integration can take the form of a shift in main livelihoods from the agricultural to the non-agricultural sectors or else a combination of agricultural livelihoods with additional livelihood sources outside agriculture.
- (2) Improved access to financial institutions that supply credit for small businesses.
- (3) The provision of and improvement in access to information, particularly information that can facilitate the implementation of various economic activities (for example, information about the availability and prices of raw materials, marketing channels and networks, technology and superior seed varieties, sources of credit, business permits, and so on).

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