

# REALITY CHECK APPROACH

PERSPECTIVES, OBSERVATIONS, EXPERIENCES  
OF PEOPLE LIVING IN POVERTY  
ON THEIR HOUSEHOLD FINANCE MANAGEMENT

*'We never know how much  
cash we will earn today'*



**RCA**  
Reality Check Approach

INDONESIA  
JULY 2016





# Acknowledgements

**Disclaimer:** The work is a product of the Reality Check Approach + project, a project of The Palladium Group. The findings, interpretations and conclusions therein are those of the authors and do not necessarily reflect the views of The Knowledge Sector Initiative or the Government of Indonesia or the Government of Australia

Support for this publication has been provided by The Knowledge Sector Initiative, which is funded by the Department for Foreign Affairs and Trade, Government of Australia

You are free to copy, distribute and transmit this work for non-commercial purposes.

To request copies of the report or for more information on the report, please contact +62 (021) 392-0318 The report is also available at the Reality Check Approach website, [www.reality-check-approach.com](http://www.reality-check-approach.com).

**Suggested citation:** The Reality Check Approach + Team, 2016 'Reality Check Approach; Perspectives, Observations, Experiences of People Living in Poverty on their Household Finance Management; *'We never know how much cash we will earn today'*; Jakarta, The Palladium Group

**Cover image:** The RCA team (Indonesia)

## Acknowledgements

The Reality Check Approach study has been made possible by the work of an enthusiastic team as well as the commitment and support of many. The Reality Check Approach (RCA) was originally an initiative of the Swedish Embassy in Bangladesh where it was first commissioned in 2007 and has since been adopted in other countries and other contexts. The study was undertaken by a team of local and international researchers and led by an international team leader (see annex 1). The dedication of the team members in taking part in this study and carrying out their work with professionalism, motivation, and respect for their host communities, is much appreciated. We also acknowledge the support of the RCA+ finance and administration staff for efficient logistical support.

Most importantly, this study was only possible thanks to the many families, their neighbours and communities who welcomed our researchers into their homes and shared their lives with them for a short while. We are grateful to them for this opportunity, and for openly sharing their lives, activities, perspectives and aspirations. We hope that the report reflects well their views and experiences and helps to make the future support for their household financial management relevant and meaningful for them.



## Glossary and Abbreviations

<b>Angkot</b>	Small local public bus
<b>Arisan</b>	A form of rotating savings and credit association
<b>BAPPENAS</b>	Ministry of National Development Planning
<b>Bedah Rumah</b>	Government House Renovation Grant
<b>Bakso</b>	Indonesian meatball soup
<b>Bank Keliling</b>	Roving loan services
<b>Bentor</b>	Pedicab
<b>BCA</b>	Bank Central Asia (private bank) that operates in Indonesia
<b>BSM</b>	<i>Bantuan Siswa Miskin</i> , Assistance for Poor Students
<b>BPR</b>	<i>Bank Perkreditan Rakyat</i> (state owned bank)
<b>BRI</b>	<i>Bank Rakyat Indonesia</i> (state owned bank)
<b>BNI</b>	<i>Bank Negara Indonesia</i> (state owned bank)
<b>BTN</b>	<i>Bank Tabungan Negara</i> (state owned bank)
<b>Danamon</b>	Private bank
<b>DFAT</b>	Australian Department of Foreign Affairs and Trade
<b>Es Mambo</b>	Indonesian popsicle
<b>Hajj</b>	The annual pilgrimage to Mecca, Saudi Arabia
<b>Imam</b>	Islamic religious leader
<b>Idul Adha</b>	Islamic day of sacrifice
<b>Idul Fitri</b>	Islamic festival
<b>Jurig</b>	Ghost in <i>Sundanese</i> language
<b>Kalteng</b>	<i>Kalimantan Tengah</i> (Central Kalimantan)
<b>KSI</b>	Knowledge Sectors Initiative Project funded by DFAT
<b>KUR</b>	<i>Kredit Usaha Rakyat</i> , Business Credit Scheme from BRI
<b>Mamak</b>	Mother in Sulawesi dialect
<b>Mandiri</b>	State owned bank
<b>Mantri</b>	The term used by many people for male nurse
<b>MSG</b>	Monosodium Glutamate, a flavour enhancer
<b>Musim Angin Timur</b>	Easterly winds season
<b>NTB</b>	<i>Nusa Tenggara Barat</i> (West Nusa Tenggara)
<b>NTT</b>	<i>Nusa Tenggara Timur</i> (East Nusa Tenggara)
<b>Ojek</b>	Informal motorbike taxi
<b>Penwirit Pengajian</b>	Islamic religious gathering to recite communal prayers
<b>PKK</b>	<i>Pembinaan Kesejahteraan Keluarga</i> , Family Welfare Development Organisation
<b>PNPM</b>	<i>Program Nasional Pemberdayaan Masyarakat</i> , National Programme for Community Empowerment
<b>Posyandu</b>	<i>Pos Pelayanan Terpadu</i> , Integrated health service post for infants and children
<b>RASKIN</b>	<i>Beras Miskin</i> , Rice for the Poor, Social assistance program
<b>RCA</b>	Reality Check Approach
<b>RCA+</b>	RCA+ Project funded by DFAT
<b>SD</b>	<i>Sekolah Dasar</i> (Primary School)
<b>SMA</b>	<i>Sekolah Menengah Atas</i> (Senior High School)
<b>SMK</b>	<i>Sekolah Menengah Kejuruan</i> (Vocational High School)
<b>SMP</b>	<i>Sekolah Menengah Pertama</i> (Junior High School)
<b>Sopi</b>	Traditional Eastern Indonesian alcoholic drink made from palm sap
<b>Sulut</b>	<i>Sulawesi Utara</i> (North Sulawesi)
<b>Tuyul</b>	Mythology creature in Indonesia known for stealing
<b>Ulama</b>	Muslim scholar



## Contents

Summary	5
Ringkasan	9
Methodology	16
Findings	24
Study implications	76
Annexes	80



# Summary

This Reality Check Approach (RCA) Study was carried out between April-May 2016. The study was intended to gather insights on how people living in poverty perceive, handle and plan their family finances. There is a paucity of any kind of study on household finances in Indonesia and especially anthropological studies which can provide insights into the day-to-day management of money within households and families. Gathering honest and credible information about people's finances is always a challenge but by adopting the RCA approach of living with families and joining in their everyday lives, important and detailed insights were gathered which contribute to a more complete understanding of these issues. This is particularly important given the growing preference in Indonesia to provide poor households social assistance in the form of cash transfers and the concomitant emphasis on developing financial products for the poor.

The study was commissioned by the Knowledge Sector Initiative (KSI) and implemented by the RCA+ project with financial support from the Government of Australia. The Reference Group for the study was chaired by BAPPENAS and the findings of the study seek to provide inputs into the Government of Indonesia's financial inclusion initiatives currently being designed and piloted.

The Reality Check Approach is an internationally recognized qualitative research approach to try to understand context, people's aspirations, their behaviours and day-to-day lives through their lenses. It involves researchers staying in people's own homes for several days and nights and using this opportunity to 'hang out' and interact informally through chatting and two way conversations. This approach encourages relaxed

ordinary interactions and builds trusted relations for open dialogue. It also provides opportunities for the researchers to triangulate conversations with their own first-hand experience and observations over their time spent in the community.

The study took place in seven regions (eleven provinces) and included thirty four households, all of which theoretically meet the criteria for eligibility for social assistance. All study families comprise at least two generations and have school age children, representing the following typologies based on how people have described poverty to us in previous RCA studies: i) Families with a range of children of school and work age who still live at home; ii) Families with one or more adults unable to work (incapacitated or in a caring role); iii) Families with 'missing middles', i.e. grandparents looking after grandchildren full time, and iv) Families headed by women. All study families have already participated in a previous RCA study and were visited by the same researcher. This was a purposeful choice as the team felt that they would already be comfortable with the researcher and that there would be a willingness to discuss even sensitive topics such as finances with them. It also means that researchers have generally spent a total of eight days and nights with the family and gathered insights during different seasons.

People shared that income meant cash from wages or selling. Food that is grown or in-kind payments from crop sharing were rarely seen as income. People indicated that their perception of income as cash has formed over the last few years as the demands for cash in day-to-day life has increased. People told us that bartering and traditional reciprocal arrangements are no longer prevalent,



particularly as they need cash for regular monthly payments (e.g. electricity, water supply, cooking fuel, mobile phones, credit repayments) and periodic costs (education, weddings, funerals).

Families living in poverty told us their biggest expense is food, although with further probing this actually meant their most important expense as it cannot be ignored or postponed and amounted to about one third of their total daily expenses. Families mostly ate rice with fish or vegetables and spend about IDR 10-20,000 each day to feed their family. Families shared that they spent an additional IDR 10-20,000 on snack food every day and that there has been a growing trend over the last decade for children to expect and demand pocket money to buy snacks.

Another growing trend is adults and children drinking tea and coffee with very large quantities of sugar and several families shared that they spent about IDR60,000 per month on coffee and a little more per month on sugar. Other regular expenses include: buying detergents, soaps, shampoo and toothpaste (IDR 60-120,000 / month); cigarettes which is sometimes referred to as '*father's pocket money*' (IDR 5-20,000/day); alcohol; utility bills (IDR 30-50,000/month); and mobile phone costs (IDR 10 -15,000/month). People also shared that there are significantly less predictable costs which they must pay such as school fees and related school costs (uniforms, bags, photocopying) as well as periodic demands from the school for contributions (e.g. to teachers' gifts, school trips, maintenance); credit repayments; contributions to weddings, funerals and circumcisions; and demands from the church or mosque.

The norm for families is to have a range of different income sources. More than half of the families had more than three cash income earning streams and some had as many as six or seven. This, people explained, helped to smooth cash flow and the flexibility of earning enabled them to meet immediate expenses as they arose. People shared that seasonality significantly affects their income flow, not just with farming and fishing but also with logging and gold mining. People told us that they wanted more predictable and regular incomes and parents often aspired to their children having civil servant jobs as these professions have a regular assured income which also enables them to access credit. In some areas there are some new work

opportunities with gold mining and timber being two recent examples in C. Kalimantan and Maluku, factories and stone quarrying in Java and construction work wherever connectivity to growth centres has been improved.

Families shared that the composition and age of the family affects family expenditures, incomes and opportunities. People elaborated that this fluctuates over time depending on the lifecycle of the family. There are two significant times when finances are particularly stretched: with a new baby, and when children reach teen age. People told us about the additional expenses incurred with a new baby and also the reduced income earning opportunities due to childcare. As children get older, mothers said they could return to work. While this period where children are small is difficult, parents told us that the most difficult time for families is when their children are teenagers as education costs are high and families try to save for tertiary education and impending weddings. However, as soon as one of the children has left home and secured a job then the family may benefit from remittances or contributions to family expenses. About half of the families in the study receive remittances of some kind which are mostly irregular and unpredictable. People also shared that they often got clothes as gifts from relatives at Eid or Christmas.

People shared that the day to day decisions related to money are usually made by the mother. This is not only related to food expenditure but also to schooling, health and agricultural costs. Also savings and cash tend to be kept by women, so typically wages and other cash earned by men gets handed over to the women for safeguarding and managing.

As found in previous RCA studies, people told us that they are confused about why some families receive social assistance and others do not. RASKIN (Rice for the Poor), if available in the village, is normally split between households regardless of eligibility, and people complained that *Bantuan Siswa Miskin* (BSM) (Cash Transfer for Poor Students) payments are insufficient for the school costs although it does help towards covering the pocket money expenses. Several families shared they had benefitted from Government house improvement programmes recently, although some complained the process took a long time and



involved more contribution from their side than anticipated. As also found in other RCA studies peoples' experiences of asset transfer programmes are mixed, with some people complaining that the assets were not useful to them or that they were excluded from the groups which were formed based on nepotism.

On the whole people shared they are not planning their finances but living day-to-day. A third of the study families had no savings at all and of those that did have savings these were generally very small amounts of cash kept at home. Only three had savings with banks and they explained their motivation for saving is only to keep the money (which was large end of season wage payments) safe (so they would not spend it) and they knew nothing about earning interest. People shared that they feel banks are remote, in terms of both physical and psychological distance. The complex procedures and long queues outweigh the benefits, so people told us they instead prefer to keep any cash at home, with family members or neighbours, especially as this is then easily accessible for emergencies.

People keep chickens as easily liquefiable savings and not for their own consumption. Some people invest in gold (jewellery), timber or fruit trees as savings. Efforts to save money were only apparent for the costs of education (or half-heartedly for house renovations) and for most of these families this was aspirational rather than actual savings. There were local saving organisations in some of the study villages but people either did not have enough cash for savings or were disappointed with the services. In some locations there were examples of successful small local schemes established within the village, often by *Pembinaan Kesejahteraan Keluarga* (PKK) (Family Welfare Development) groups, for group funds and savings.

Few people shared that they were involved in *arisan* (informal rotating saving and credit associations). People told us that they considered these associations as mainly social gatherings and an expensive way to socialise. People shared that they sometimes purchased goods on credit, in particular for motorbikes and electrical goods. Typically, people had to pay an initial down payment and then pay regular monthly instalments. Some people shared with us the stress associated with paying these regular instalments

especially when they did not have regular income.

Whilst people shared they worry about taking goods on credit, they explained that they are even more cautious about cash loans as they are afraid that they cannot pay them back. People held strong views about debt and told us they would feel ashamed if they could not pay back loans. People explained that neighbours would disapprove if they knew they were struggling with repayments or were in debt. Others refused to take out loans for religious reasons. Some people shared their experience of more successful work-based loan schemes in which they could borrow cash and repay in kind after harvests or when their monthly wages were paid. Others explained that they would be more willing to take out loans if the repayments are more flexible and set according to the borrower's ability to pay.

The study report concludes with a number of study implications which have emerged from the insights gained by living with and sharing in the day to day lives of the families:

- The need for cash nowadays to pay for utilities, education and the growing proclivity for snacks and convenience foods has transformed people's livelihood strategies.
- Families living in poverty typically have to manage **unpredictable incomes** from multiple sources making it very difficult to plan, save or access credit.
- Family financial well-being is directly linked to **family life cycles** with periods where families have to pay for junior high, senior high and tertiary education as particularly difficult times, suggesting a need to develop special **savings products** for these expenses, **reducing costs to families** of secondary education by minimizing unnecessary requirements **and providing tertiary student loans** linked to future employment.
- Families struggle when the chance to earn cash is circumscribed by childcare suggesting a need for **baby and toddler care within the community**.
- While **women are typically the decision makers in the family** for daily expenses and savings, the whole family would benefit from



support to review together their expenses, especially on non-essential items.

- Few feel able to save and people like to see and **access their savings easily** and immediately so prefer to stash cash at home, invest in chickens or jewellery which can be easily sold or pawned.
- Often the **conditions imposed by formal savings schemes are too complex, inflexible or unclear and people are scared of them**. People have no idea of the possibility that savings can earn interest.
- People use **local group savings schemes**, especially when they are linked to a particular need such as health emergencies, weddings, funerals, religious celebrations (Eid, Christmas). These work because they are run by local trusted people and can accommodate cash and in-kind contributions and benefits are clear and fair. They also work because of the social obligations inherent in the system whereby everyone feels compelled to contribute.
- With the increasing need for cash nowadays, people value **social assistance in untied cash** rather than in kind so that they can make their own decisions on how the money will be spent.
- People suggest that **social assistance provisions need to be better geared to family life cycles** with special support for families with babies, families with teenagers and families in caring roles for the elderly or sick.
- **Social assistance payments are not enough**, especially for education costs as they stand now but these could be significantly reduced if the requirement for multiple uniforms and arbitrary financial contributions to schools could be discontinued.
- Many people are **deeply debt averse** and eschew any sort of borrowing for a number of reasons. Others who wish to avail loans have **limited opportunities** as they do not meet eligibility criteria. Family and local credit provision is preferred because it is personal, flexible and discrete.
- People also shared that formal **credit amounts are 'too large' and smaller loans** which increase by incremental steps would be more manageable.
- **People are poorly informed about credit arrangements** with formal credit providers and enterprises which offer the purchasing of goods on credit. People are particularly vulnerable to being trapped in **pyramid selling schemes and other scams** and would benefit from more information about these.



# Ringkasan

Studi *Reality Check Approach* (RCA) ini dilaksanakan pada bulan April-Mei 2016. Studi ini bertujuan untuk memperoleh pemahaman secara langsung bagaimana orang-orang yang hidup dalam kemiskinan memahami, mengelola dan merencanakan keuangan keluarga mereka. Studi tentang keuangan rumah tangga di Indonesia sangat sedikit, terutama studi-studi antropologis yang dapat memberikan pemahaman secara langsung tentang pengelolaan uang sehari-hari dalam rumah tangga dan keluarga. Mengumpulkan informasi yang jujur dan terpercaya tentang keuangan orang-orang selalu menjadi sebuah tantangan, akan tetapi dengan mengadopsi metode RCA dengan tinggal bersama keluarga dan bergabung dalam kehidupan sehari-hari mereka, wawasan penting dan terperinci berhasil dikumpulkan. Hal tersebut berkontribusi terhadap pemahaman yang lebih lengkap atas isu-isu yang sedang dipelajari. Hal ini penting khususnya dikarenakan semakin tingginya preferensi di Indonesia dalam memberikan bantuan sosial kepada rumah tangga miskin dalam bentuk uang tunai dan disertai penekanan terhadap pengembangan produk finansial bagi masyarakat miskin.

Studi ini didukung oleh *Knowledge Sector Initiative* (KSI) sebagai komisioner dan dilaksanakan oleh proyek RCA+ dengan dukungan finansial dari Pemerintah Australia. Kelompok Referensi untuk studi ini dipimpin oleh BAPPENAS dan temuan-temuan dari studi ini dimaksudkan untuk memberi masukan untuk gagasan keuangan inklusif Pemerintah Indonesia yang saat ini sedang dirancang dan diuji coba.

*Reality Check Approach* adalah pendekatan penelitian kualitatif yang telah mendapatkan

pengakuan internasional guna mencoba untuk memahami konteks, aspirasi masyarakat, perilaku dan kehidupan sehari-hari masyarakat melalui sudut pandang mereka. Dalam pendekatan ini, para peneliti tinggal di rumah masyarakat selama beberapa hari dan menggunakan kesempatan tersebut untuk 'bercengkerama' dan berinteraksi secara informal lewat obrolan dan percakapan dua arah. Pendekatan ini mendorong terciptanya interaksi yang santai, serta membangun hubungan saling percaya demi percakapan yang terbuka. Hal ini juga memungkinkan para peneliti untuk melakukan triangulasi percakapan-percakapan dengan pengalaman langsung mereka serta observasi-observasi yang dilakukan selama mereka tinggal di desa tersebut.

Studi ini dilakukan di sebelas provinsi dengan melibatkan tiga puluh empat rumah tangga yang secara kriteria layak menerima bantuan sosial. Seluruh keluarga pada studi ini terdiri dari setidaknya dua generasi dan memiliki anak usia sekolah, merepresentasikan tipologi-tipologi berikut berdasarkan bagaimana masyarakat mendeskripsikan tentang kemiskinan kepada kami di studi-studi RCA sebelumnya: i) Keluarga yang memiliki banyak anak dari usia sekolah hingga usia kerja yang masih tinggal di rumah; ii) Keluarga dengan satu atau lebih orang dewasa yang tidak dapat bekerja (penyandang cacat atau yang harus merawat anggota keluarga); iii) 'Keluarga tanpa orang tua,' contoh: kakek merawat cucunya secara penuh waktu; dan iv) Keluarga dengan kepala keluarga perempuan. Seluruh keluarga telah berpartisipasi dalam studi-studi RCA terdahulu dan dikunjungi oleh peneliti yang sama. Ini dilakukan secara disengaja karena tim RCA merasa bahwa keluarga-keluarga tersebut telah nyaman dengan peneliti dan akan lebih terbuka untuk

mendiskusikan topik-topik sensitif seperti keuangan mereka. Secara umum ini juga berarti bahwa para peneliti telah tinggal total delapan hari dan malam dengan keluarga dan mengumpulkan pemahaman selama musim yang berbeda.

Orang-orang berbagi kepada kami bahwa pendapatan berarti uang tunai dari upah atau penjualan. Bahan makanan yang ditanam atau hasil dari pembagian panen jarang dilihat sebagai penghasilan. Orang-orang mengindikasikan bahwa persepsi mereka tentang pendapatan adalah uang tunai telah terbentuk selama beberapa tahun belakangan dikarenakan meningkatnya kebutuhan uang tunai dalam kehidupan sehari-hari. Mereka bercerita kepada kami bahwa barter dan perjanjian timbal balik tradisional sudah tidak umum lagi, khususnya karena mereka membutuhkan uang tunai untuk pembayaran rutin bulanan (contoh: listrik, air, bahan bakar untuk memasak, telepon genggam, pembayaran kredit) dan biaya periodik (pendidikan, pernikahan, pemakaman).

Keluarga yang hidup dalam kemiskinan bercerita kepada kami bahwa pengeluaran terbesar mereka adalah makanan, walaupun setelah digali lebih jauh ini lebih berarti pengeluaran terpenting mereka karena tidak dapat diabaikan atau ditunda. Pengeluaran untuk makanan bisa mencapai sepertiga dari total pengeluaran sehari-hari mereka. Keluarga yang kami tinggali sebagian besar mengonsumsi nasi dengan ikan atau sayur dan menghabiskan sekitar Rp 10-20.000 per harinya untuk memberi makan keluarga mereka. Keluarga-keluarga tersebut berbagi bahwa mereka menghabiskan sekitar Rp 10-20.000 lagi untuk jajanan tiap harinya dan ada tren yang sedang berkembang selama satu dekade terakhir pada anak-anak untuk berharap dan menuntut uang saku untuk membeli jajanan. Tren lain yang sedang berkembang adalah orang dewasa dan anak-anak meminum teh dan kopi dengan gula yang banyak. Beberapa keluarga menghabiskan Rp 60.000 tiap bulannya untuk kopi dan sedikit lebih banyak dari itu untuk gula. Pengeluaran rutin lainnya termasuk: membeli sabun cuci, sabun mandi, sampo dan pasta gigi (Rp 60-120.000/bulan); rokok yang seringkali dianggap 'uang saku ayah' (Rp 5-20.000/hari); alkohol; tagihan listrik/air bulanan (Rp 30-50.000/bulan); pulsa telepon genggam (Rp 10-15.000/bulan). Orang-orang juga berbagi bahwa ada banyak biaya-biaya yang sulit diprediksi yang harus mereka bayar seperti uang sekolah dan

pengeluaran terkait sekolah (seragam, tas, fotokopi) dan juga permintaan berkala dari sekolah untuk kontribusi (contoh: hadiah untuk guru, karyawisata, perawatan); pembayaran kredit; dan permintaan dari gereja atau masjid.

Sudah biasa bagi keluarga-keluarga tersebut untuk memiliki berbagai macam sumber penghasilan. Lebih dari setengah keluarga yang kami kunjungi memiliki lebih dari tiga sumber penghasilan dan beberapa bahkan memiliki enam atau tujuh. Hal ini, menurut penjelasan mereka, membantu melancarkan perputaran uang dan fleksibilitas untuk memperoleh pendapatan memungkinkan mereka untuk memenuhi kebutuhan mendadak mereka. Orang-orang berbagi bahwa perbedaan musim secara signifikan mempengaruhi pendapatan mereka, tidak hanya pertanian dan perikanan tetapi juga penebangan kayu dan tambang emas. Mereka bercerita bahwa mereka menginginkan pendapatan yang lebih rutin dan dapat diprediksi. Orang tua sering mendorong anak-anak mereka untuk bekerja sebagai Pegawai Negeri Sipil karena pekerjaan tersebut memiliki penghasilan rutin yang pasti sehingga memudahkan mereka untuk memperoleh kredit. Di beberapa daerah terdapat kesempatan kerja baru, seperti tambang emas dan penebangan kayu di Kalimantan Tengah dan Maluku, pabrik-pabrik dan tambang batu di Jawa, serta pekerjaan konstruksi di berbagai daerah yang akses terhadap pusat-pusat pertumbuhannya telah lebih baik.

Keluarga-keluarga yang kami datangi berbagi bahwa komposisi dan usia dalam keluarga mempengaruhi pengeluaran, pendapatan dan peluang keluarga. Orang-orang menjelaskan bahwa hal tersebut di atas cenderung naik turun dari waktu ke waktu tergantung pada siklus kehidupan dalam keluarga. Ada dua waktu signifikan ketika keuangan mereka secara khusus mengalami kesulitan keuangan: kelahiran bayi baru dan ketika anak mencapai usia remaja. Mereka bercerita tentang pengeluaran tambahan yang terjadi karena lahirnya seorang bayi dan juga berkurangnya kesempatan untuk memperoleh penghasilan karena harus mengasuh anak. Ketika anak-anak sudah lebih besar, para ibu berkata bahwa mereka bisa kembali bekerja. Meskipun masa-masa dimana anak-anak masih kecil adalah masa yang sulit, para orang tua bercerita kepada kami bahwa masa-masa yang paling sulit bagi keluarga adalah ketika anak mereka beranjak remaja karena tingginya biaya



untuk pendidikan dan keluarga berusaha menabung untuk jenjang pendidikan tinggi serta biaya pernikahan. Akan tetapi begitu salah satu dari anak mereka telah meninggalkan rumah dan mendapatkan pekerjaan maka keluarga mungkin akan memperoleh keuntungan dari kiriman uang atau kontribusi untuk pengeluaran keluarga. Sekitar setengah dari keluarga pada studi ini menerima kiriman uang dalam beberapa bentuk yang kebanyakan tidak rutin dan tidak dapat diprediksi. Mereka juga berbagi bahwa mereka sering mendapatkan hadiah berupa baju baru dari saudara mereka pada saat Idul Fitri atau Natal.

Orang-orang berbagi bahwa keputusan sehari-hari terkait uang biasanya dilakukan oleh ibu. Hal ini tidak hanya terkait pengeluaran untuk makanan, tetapi juga sekolah, kesehatan dan biaya-biaya yang berkaitan dengan pertanian. Tabungan dan uang tunai cenderung dipegang oleh perempuan, sehingga upah dan uang lainnya yang diperoleh oleh laki-laki diserahkan kepada perempuan untuk disimpan dan dikelola.

Seperti yang ditemui pada studi-studi RCA sebelumnya, orang-orang bercerita bahwa mereka bingung mengapa beberapa keluarga memperoleh bantuan sosial dan lainnya tidak. RASKIN (Beras Miskin), jika ada di desa, biasanya dibagi antara rumah tangga tanpa mempedulikan kelayakan rumah tangga tersebut dan orang-orang mengeluhkan Bantuan Siswa Miskin (BSM) tidak cukup untuk biaya sekolah meskipun membantu menutup pengeluaran uang saku. Beberapa keluarga membagikan bahwa mereka sangat terbantu oleh program bedah rumah dari pemerintah, meskipun beberapa mengeluhkan lamanya proses yang diperlukan dan membutuhkan kontribusi dari mereka lebih dari yang mereka perkirakan. Seperti yang ditemui di studi-studi RCA lainnya, pengalaman orang-orang terhadap program pemberian aset sangat beragam, dengan beberapa orang mengeluhkan bahwa aset tersebut tidak berguna bagi mereka atau mereka merasa dikucilkan dari kelompok yang diciptakan berdasarkan nepotisme.

Secara keseluruhan orang-orang tidak merencanakan keuangan mereka tetapi hidup dari hari ke hari. Sepertiga dari keluarga pada studi ini tidak memiliki tabungan sama sekali dan mereka yang memiliki tabungan biasanya hanya dalam bentuk sedikit uang tunai yang disimpan di rumah.

Hanya tiga keluarga yang memiliki tabungan di bank dan mereka menjelaskan bahwa motivasi mereka untuk menabung adalah untuk menjaga uang mereka (pembayaran upah akhir musim yang besar) tetap aman (sehingga mereka tidak menghabiskannya) dan mereka tidak tahu apa-apa soal mendapatkan bunga. Orang-orang berbagi bahwa mereka merasa bank sangat jauh, baik dalam hal jarak secara fisik maupun jarak secara psikologis. Prosedur yang kompleks dan antrian panjang melebihi keuntungannya, sehingga orang-orang sebagai gantinya menceritakan pada kami bahwa mereka lebih memilih untuk menyimpan uang tunai di rumah atau dengan anggota keluarga maupun tetangga, terutama karena dengan cara ini maka uang akan lebih mudah diakses ketika ada keadaan darurat.

Orang-orang memelihara ayam sebagai simpanan yang dapat dicairkan dengan mudah dan tidak untuk konsumsi pribadi mereka. Beberapa orang berinvestasi di emas (perhiasan), kayu atau pohon buah sebagai bentuk tabungan. Usaha-usaha untuk menyimpan uang hanya terlihat pada biaya untuk pendidikan (atau renovasi rumah yang dilakukan setengah hati) dan untuk beberapa keluarga ini hanya sebatas aspirasi ketimbang simpanan yang nyata. Ada beberapa organisasi penyedia jasa penyimpanan di beberapa lokasi studi, tapi orang-orang antara tidak mempunyai cukup uang untuk menabung atau kecewa terhadap pelayanannya. Di beberapa lokasi terdapat contoh-contoh skema lokal yang sukses diciptakan di dalam desa, seringkali oleh kelompok Pembinaan Kesejahteraan Keluarga (PKK), untuk pendanaan dan simpanan kelompok.

Sedikit orang berbagi bahwa mereka terlibat dalam arisan. Orang-orang menceritakan kepada kami bahwa mereka menganggap hal tersebut sebagai pertemuan sosial dan cara mahal untuk bersosialisasi. Mereka berbagi bahwa terkadang mereka membeli barang secara kredit, khususnya untuk sepeda motor dan barang-barang elektronik. Biasanya, mereka harus membayar uang muka dan membayar cicilan rutin tiap bulannya. Beberapa orang berbagi rasa tertekan mereka dengan pembayaran cicilan rutin ini, khususnya bagi mereka yang tidak memiliki pendapatan yang tetap.

Sementara orang-orang berbagi kekhawatiran mereka atas mengambil barang secara kredit,

mereka menjelaskan bahwa mereka lebih berhati-hati lagi terhadap pinjaman uang tunai karena mereka takut mereka tidak dapat melunasi pinjaman. Orang-orang menjelaskan bahwa tetangga mereka akan mencela jika mereka tahu kalau mereka kesulitan untuk melunasi cicilan atau terlilit hutang. Yang lain menolak untuk mengambil pinjaman karena alasan-alasan keagamaan. Ada beberapa orang membagikan pengalamannya kepada kami tentang skema pinjaman di tempat kerja yang sukses yang mana mereka dapat meminjam uang dan membayarnya dalam bentuk lain setelah masa panen atau ketika upah bulanan mereka telah dibayarkan. Yang lain menjelaskan bahwa mereka lebih dari ingin untuk mengambil pinjaman jika pembayarannya lebih fleksibel dan diatur sesuai dengan kemampuan peminjam untuk membayar.

Laporan studi ini diakhiri dengan beberapa implikasi studi yang muncul dari pemahaman secara langsung yang diperoleh melalui tinggal bersama dan berbagi dalam kehidupan sehari-hari keluarga:

- Kebutuhan akan uang tunai sekarang ini digunakan untuk membayar tagihan listrik/air, pendidikan serta kecenderungan yang mulai tumbuh untuk membeli jajanan dan makanan instan telah merubah strategi penghidupan dari orang-orang.
- Keluarga yang hidup dalam kemiskinan biasanya harus mengelola **pendapatan yang tidak dapat diprediksi** dari berbagai sumber. Hal ini membuat mereka kesulitan untuk merencanakan, menyimpan atau mengakses kredit.
- Kesejahteraan finansial keluarga secara langsung terkait pada **siklus kehidupan keluarga** dengan periode-periode dimana keluarga harus membayar untuk pendidikan tingkat SMP, SMA dan pendidikan tinggi sebagai masa-masa sulit, mengindikasikan perlunya untuk mengembangkan **produk simpanan** khusus guna pengeluaran-pengeluaran tersebut, **mengurangi biaya** untuk pendidikan menengah dengan meminimalisir persyaratan yang tidak perlu **dan memberikan pinjaman pendidikan untuk pendidikan tinggi** yang terhubung dengan pekerjaan di masa depan.
- Keluarga kesulitan ketika kesempatan untuk memperoleh uang dibatasi oleh kewajiban untuk mengasuh anak, mereka merasa perlunya **penitipan bayi dan balita dalam komunitas mereka**.
- Walaupun **wanita biasanya merupakan pengambil keputusan di keluarga** dalam hal pengeluaran sehari-hari dan tabungan, namun seluruh anggota keluarga akan mendapatkan manfaat dari bantuan untuk memeriksa kembali pengeluaran mereka, khususnya pengeluaran-pengeluaran tambahan.
- Hanya sedikit orang yang merasa mampu menabung tetapi mereka suka jika dapat melihat dan **mengakses tabungan mereka dengan mudah** dan cepat. Mereka lebih memilih untuk menyimpan uang tunai mereka di rumah, berinvestasi di ayam atau perhiasan yang dapat dengan mudah dijual atau digadaikan.
- Seringkali **persyaratan yang diharuskan oleh skema tabungan formal terlalu rumit, tidak fleksibel atau tidak jelas dan orang-orang merasa takut dengan hal tersebut**. Mereka tidak tahu kemungkinan bahwa dengan menabung di bank mereka akan mendapatkan bunga.
- Orang-orang menggunakan **skema-skema simpanan kelompok lokal**, khususnya ketika mereka dihubungkan kepada kebutuhan khusus seperti keadaan darurat kesehatan, pernikahan, pemakaman, perayaan hal-hal keagamaan (Idul Fitri, Natal). Skema-skema tersebut berhasil karena dijalankan oleh warga lokal yang dapat dipercaya dan dapat mengakomodasi uang, kontribusi berupa barang dan keuntungan yang didapat jelas dan adil. Skema-skema tersebut juga berhasil karena kewajiban sosial melekat di sistem dimana semua orang merasa terdorong untuk berkontribusi.
- Dengan meningkatnya kebutuhan atas uang tunai sekarang ini, orang-orang menghargai nilai dari **bantuan sosial dalam bentuk uang tunai yang tidak mengikat** ketimbang barang sehingga mereka dapat membuat



keputusan mereka sendiri dalam hal bagaimana uang akan digunakan.

- Orang-orang menyarankan **ketentuan terkait bantuan sosial harus disesuaikan terhadap siklus kehidupan keluarga** dengan dukungan khusus untuk keluarga dengan bayi, keluarga dengan remaja dan keluarga yang harus merawat orang tua atau sakit.
- **Pembayaran bantuan sosial tidak cukup**, khususnya untuk biaya pendidikan saat ini tetapi dapat dikurangi secara signifikan apabila persyaratan untuk berbagai macam seragam dan kontribusi finansial yang tidak jelas untuk sekolah dapat dihentikan.
- Banyak orang yang **takut terlilit hutang** dan menjauhi segala jenis peminjaman uang dengan banyak alasan. Mereka yang berharap untuk mendapatkan pinjaman hanya memiliki **kesempatan yang terbatas** karena mereka tidak memenuhi kriteria. Keluarga dan penyedia kredit lokal lebih diutamakan karena personal, fleksibel dan terjamin kerahasiaannya.
- Orang-orang juga berbagi **bahwa jumlah kredit formal 'terlalu besar' dan pinjaman kecil** yang meningkat secara bertahap akan lebih dapat dikelola .
- **Orang-orang mendapat informasi yang kurang jelas tentang aturan kredit** dari penyedia jasa kredit formal dan badan usaha yang menawarkan pembelian barang secara kredit. Orang-orang rentan terjebak dalam **skema penjualan piramida (pyramid schemes) dan penipuan lainnya**. Mereka akan lebih diuntungkan jika mendapat informasi lebih mengenai hal tersebut.







# METHODOLOGY



# Methodology

The Reality Check Approach (RCA) is a qualitative research approach involving trained and experienced researchers staying in people's homes for several days and nights, joining in their everyday lives and chatting informally with all members of the family, their neighbours and others they come into contact with. This relaxed approach ensures that power distances between researcher and study participants are diminished and provides the enabling conditions for rich insights into people's context and reality to emerge. By building on conversations, having multiple conversations with different people and having opportunities for direct experience and observation, confidence in the insights gathered is enhanced compared to many other qualitative research methods.

The Reality Check Approach differs from most other approaches to research in that it is not theory-based so that there are no preconceived research frameworks or research questions. This is deliberate as the approach seeks to enable emic (insider) perspectives to emerge and to limit etic (outsider) interpretation or validation. The premise for researchers is one of learning directly from people themselves. Importantly, too, RCA teams members are independent and make this explicit with the people who participate in the study. Our objective is to ensure that the views, perspectives and experiences of people are respectfully conveyed to policy and programme stakeholders. The researchers became a conduit rather than an intermediary. This is why RCA studies do not provide recommendations but promote the idea of sharing implications which

are grounded in what people themselves share and show to us.

The approach builds on and extends the tradition of listening studies (see Salmen 1998 and Anderson, Brown and Jean 2012)<sup>1</sup> and beneficiary assessments (see SDC 2013)<sup>2</sup> by combining elements of these approaches with researchers actually living with people and sharing their everyday lives in context.

RCA is sometimes likened to a 'light touch' participant observation. But while it is similar in that it requires participation in everyday life within people's own environments, it differs by being comparatively quick and placing more emphasis on informal, relaxed and insightful conversations rather than on observing behaviour and the complexities of relationships.

Important characteristics of the Reality Check Approach are:

- **Living with** rather than visiting (thereby meeting the family in their own environment, understanding family/home dynamics and how days and nights are spent);
- **Having conversations** rather than conducting interviews (there is no note-taking, thereby putting people at ease and on an equal footing with the outsider);
- **Learning** rather than finding out (suspending judgement, letting people take the lead in defining the agenda and what is important);

<sup>1</sup> Salmen, Lawrence F. 1998. 'Toward a Listening Bank: Review of Best Practices and Efficacy of Beneficiary Assessments', Social Development Papers 23. Washington: World Bank. Anderson, Mary B., Dayna Brown, Isabella Jean. 2012. Time to Listen; Hearing People on the Receiving End of International Aid. Cambridge MA:CDA.

<sup>2</sup> Shutt, Cathy and Laurent Ruedin. 2013. SDC How-to- Note Beneficiary Assessment (BA). Berne: Swiss Agency for Development Cooperation.



- **Centering on the household** and interacting with families rather than users, communities or formal groups;
- **Being experiential** in that researchers themselves take part in daily activities (helping with income earning activities; cooking and household chores with the family) and accompanying people (to market, to community events);
- **Including** all members of households;
- **Using private space** rather than public space for disclosure (an emphasis on normal, ordinary, everyday lives);
- **Accepting multiple realities** rather than public consensus (gathering diversity of opinion, including ‘smaller voices’);
- **Interacting in ordinary daily life** with people (accompanying people in their interactions with local service providers e.g. food sellers, credit providers as they go about their usual routines);
- **Taking a cross-sectoral view**, although each study has a special focus, the enquiry is situated within the context of everyday life rather than simply (and arguably artificially) looking at one aspect of people’s lives.

## Locations and study participants

Considering the personal and potentially sensitive nature of the main focus of this study on household finances it was decided that RCA team members would return to stay with families with whom they already had an established relationship; in other words where had they stayed before during another RCA study. This way it was hoped that families would feel comfortable and able to open up about these intrinsically private matters of household income and expenditures.

The RCA study team decided to select households which would fulfil the following criteria:

- All families, at least theoretically, meet the eligibility criteria for social assistance by being families living in poverty.
- All families have at least two generations living together in the house with at least one

dependent child, ideally of primary or secondary school age.

Purposeful selection of the following family types based on the observations from previous RCA studies which indicate that these families may be particularly poor:

- Families with missing middle generations, i.e. grandparents looking after grandchildren full-time
- Families where an adult is unable to work.
- Families where mother is at home unable to work because of child care
- Women-headed families.

The selection of families were also based on where they lived in order to include:

- Rural and peri-urban locations
- Locations where there are lots of income earning opportunities
- Locations where there are few income earning opportunities
- Remote island or inland locations.

**Table 1: How Households Match the Criteria**

Criteria	Amount
Rural with Many Earning Opportunities	5
Multi generations Family	12
Particularly Poor	6
Missing Middle Generation	6

## The study team

The study team comprised twenty-one researchers, including two international researchers and nineteen Indonesian researchers (see Annex 1) working individually except where one international researcher was accompanied by an Indonesian researcher cum translator. The other

## The Study Locations and Numbers of Households



international researcher is fluent in Bahasa Indonesia. All researchers and researchers/translators had participated in a full six-day Level 1 RCA training which emphasizes the good practice of reflexivity, understanding and mitigating bias, maintaining informality and ethical considerations in conducting this kind of work. The researchers were predominantly young, enthusiastic ‘people persons’ from a broad range of academic backgrounds including: anthropology, sociology, political sciences, journalism, law, arts and sciences. All researchers were required to undergo Child Protection training and understanding. Signing the Child Protection and Data Protection policies was mandatory.

### Study families we lived with

The primary focus of the study were the households. A total of twenty nine households were included as households where a researcher actually stayed. A further five households which were host household neighbours were also included as some researchers had detailed interactions equivalent to the interaction with the families they lived with. This means the findings are based on interactions with thirty four households, comprising about 150 people in total with whom the team had intensive conversations and interaction.

Each researcher discretely left a ‘gift’ for each family (host household) on leaving, to the value of about IDR 300,000 to compensate for any costs incurred in having the researcher stay. As researchers insist that no special arrangements are made for them, they help in domestic activities and do not disturb income-earning activities, the actual costs to ‘hosts’ are in fact negligible. The timing of

the gift was important so people did not feel they were expected to provide better food for the researchers or give the impression that they were being paid for their participation.

### Others

Researchers spent considerable time with neighbours of the families we lived with, amounting to more than 400 people. In addition, the researchers had further opportunistic conversations with other members of the community, including kiosk owners, transport providers, employers, credit providers and friends and relatives of the household. This amounted to a further 1700 people. In total the study included conversations with over 2250 people (see Annex 3).

### Study process

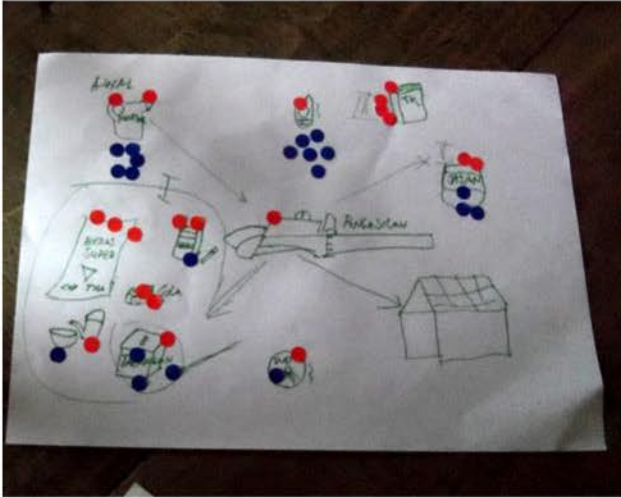
As noted above, RCA is not a theory based research method. It does not have a pre-determined set of research questions relying as it does on iterations from insights gathered *in situ* and building on a progressive series of conversations. However, as part of the briefing process for researchers, areas for conversations were developed to act as a guide to ensuring that conversations were purposive. The outcome of the deliberations with the research team are provided in Annex 2: Areas for Conversations.

In addition to informal conversations, researchers also facilitated visualized discussions. So, for example, families analysed their income and expenditures using pictures and proportional distribution of dots to indicate amounts. They also looked at seasonal impacts using timeline diagrams



and chose pictures to describe aspirations and priorities. Training on the use of visualized methods was carried out with the researchers prior to their immersions in the villages.

Researchers made their own arrangements to revisit families with whom they had lived previously and re-iterated the need for families not to afford them guest status but include them as ordinary *'members of the family.'* Each researcher spent four days and four nights with their study family during which time they had multiple and



Example of expenditure diagram made by a family themselves



The mainstay of RCA: informal chatting

interactive conversations with different members of the family together and separately at different times. They also accompanied family members in their ordinary interactions with service providers such as kiosk owners, market stalls, neighbours and family as well as to their places of work and recreation.

## Post fieldwork processes

Whilst researchers never take notes in front of people, they do jot down quotes and details as needed. Each researcher spent a full day debriefing from their time with each family with one of five team leaders either on their own or with other researchers as soon as possible after they came out of the village. These sessions ran through the areas of conversation (Annex 2) and required that researchers share their conversations, observations, and experiences related to these as well as expanding the areas of conversation based on people's inputs. We intentionally used five different de-briefers in order to minimize bias and tendencies towards confirmation bias which might have emerged if all researchers were de-briefed by a single de-briefer. The de-briefers were asked to be vigilant about credibility and to test and critique researchers throughout the de-brief process.

The de-briefs were recorded in detail in written and coded de-brief notes combined with other important archived material providing detail on the households and the villages where they lived. The archives kept from the earlier RCA studies involving these families were also consulted to understand more about the families' context and situation. Particular stories were recorded and archived as well as photographs and the diagrams created with people.

Following completion of all the de-briefing sessions, all de-briefers and some of the researchers met together in a sense-making workshop. They were asked to take the position of study participants and identify emerging narratives from their studies. This process ensured that researchers did not overlay their own interpretations on the findings. The team leader then used established framework analysis procedures involving three of the typical four-stage process:

- i. Familiarisation (immersion in the findings),
- ii. Identification of themes (from the sense-making workshop and from the data directly),
- iii. Charting (finding emerging connections).

The conventional fourth step is 'interpretation,' which we purposely eschew. The key emerging narratives from these processes were used as a basis for the report writing. Quality assurance was



carried out through internal peer review with special concern to ensure the research retained positionality of people themselves.

## Ethical considerations

RCA teams take ethical considerations very seriously especially considering the fact that studies involve living with people in their own homes. Like most ethnographic-based research, there is no intervention involved in RCA studies. At best, the study can be viewed as a way to empower study participants in that they are able to express themselves freely in their own space. Researchers are not covert but become ‘detached insiders.’ People are informed that this is a learning study and are never coerced into participation. As per the American Anthropological Association Code of Ethics, RCA adopts an ethical obligation to people ‘*which (when necessary) supersedes the goal of seeking new knowledge.*’ Researchers ‘*do everything in their power to ensure that research does not harm the safety, dignity or privacy of the people with whom they conduct the research.*’

All researchers were briefed on ethical considerations for this study and Child Protection Policies before their field visits (irrespective of whether they had previously gone through this). All researchers signed Code of Conduct on Confidentiality and Child Protection Policy declarations as part of their contracts. All data (written and visual) was coded to protect the identity of individuals, their families and communities. As a result the exact locations and identities of households and others are not revealed in this report.

## Study limitations

As with other research methods, this study has a number of limitations as follows:

- Trust had largely been built by researchers having lived with all the families previously and being welcomed back. This was important considering the particularly personal nature of the topic of finances. Even so, researchers found that they had to choose the right time to have certain conversations and be mindful of people’s confidentiality even between different members of the family, as some financial

activity was not shared between family members. Despite having stayed before, a few researchers found that they still needed to spend considerable time reassuring families of their intentions and helping them to understand the purpose of the study.

- Local language use was a constraint in some locations as, although most adults used Bahasa Indonesia, younger children sometimes had limited or no Bahasa skills and some older people also were not able to communicate in Bahasa Indonesia. Furthermore side talk and talk between family members and neighbours was often conducted in local language and researchers missed these and sometimes the nuances of what was being shared.
- While the informal approach used by RCA enabled people to take their time to explain their financial issues in their own way, there was some difficulty with numeracy in some situations and researchers were careful to triangulate quoted prices, costs and incomes to confirm credibility. While this is noted as a limitation, in fact researchers (many of whom have used standard interviews and questionnaires on household finances) said that they have substantial confidence in the findings which emerged from adoption of the gentle and exploratory RCA approach which could be applied over several days.
- It was the rainy season in C Kalimantan. Heavy rain and the fact that some of the river side houses where researchers stayed were surrounded by water constrained interaction with others.
- Some family members were absent for all or part of the period of our stays either because they work in cities, spent long time engaged in income earning activities where researchers could not accompany them (mining, factories), or spent long periods away from home drinking and socialising.
- Inevitably, some of the families were locked in their own family disputes and tensions which sometimes made it awkward for the researcher to navigate.





# FINDINGS





## 3 Findings

### Introduction

All twenty-one researchers returned to homes they had stayed in before (a total of twenty nine) across seven regions (see map, p18). Researchers had detailed interactions with a further five families who were neighbours, making the total number of study families thirty four (see Table 2). The time period since the researchers last stayed with the families varied from five months to two years. All the families welcomed the researchers warmly with comments like the *'child from Jakarta has returned'* (W Sulawesi) and *'you are my daughter'* (NTB). One family had moved houses since the earlier visit and another was met in Kuching as they had migrated. Because of the close and trusted relationships established during their first stays, researchers said that it was easy to explain the purpose of this study and to have detailed and open conversations about household finances, typically a very difficult topic to probe.

employers, customers etc.). A total of 2256 people participated in the study.

Conversations were supplemented by visualisation exercises (e.g. diagramming income and expenses, preference ranking etc.), first hand observation and accompaniment to markets, places of work, places of worship and ceremonies over the four night immersion. The combination of methods involving multiple conversations, diagramming, observation and experience enabled different perspectives to surface providing a degree of confidence in the findings. Furthermore, the findings are augmented by the insights gained from more than 250 other families across Indonesia with whom RCA researchers have lived over the course of conducting nine previous RCA studies between 2010 and 2016. Where findings corroborate with these insights further trustworthiness is conferred.

**Table 2: Location of Study Households**

Region	Sumatra	Kalimantan	Java	Sulawesi	NTB	NTT	Maluku	Total
No. of Families	2	7	8	7	2	1	7	34

As the topic was an especially personal one, opportunities for triangulation were more limited than in other RCA studies. However, the following findings emerged from detailed conversations with all members of the family, their neighbours and people with whom they have financial transactions (e.g. kiosk owners, credit providers,

The findings are presented from the perspective of people themselves and efforts have been made to avoid overlaying researcher interpretation or authorial voice.

## What is income?

We asked all the families we stayed with how they perceived 'income.' Twenty six of the twenty nine families we actually stayed with as well as their neighbours were in no doubt that income meant **cash** from wages or selling. People used expressions like this father in N. Sulawesi, '(income is) *cash in my hand*' and echoed by another father from W. Java, *'I will do everything I can to earn cash.'* People often made a clear distinction between cash as income and the food they grew for themselves as typified by a father in Maluku, *'farming is food, cash is income.'* This particular family actually had a hard time discussing their situation in relation to cash *'because you can always find something to sell from the garden if you need cash.'* If they need substantial sums of money they cut timber. Elsewhere, even payments in kind such as crop sharing were rarely seen as

### 1

#### Needing Cash

*'We can feed ourselves from the farm but we still need cash.'* The family grows cassava, tomatoes, chilli, eggplant, coconut. *'I can get a sack of vegetables from a day playing in the farm'*, father told me. They have about half a hectare of land although it is not officially theirs. *'We know this is Government land but we have claimed it a long time now. If they say move, we will move.'* Their three daughters demand snack money (*'at least IDR 50,000/day'*) and other main costs include fish, cooking oil, sugar and spices which cost about IDR 12,000 /day, phone credit for his older girls (IDR 10,000/week) and shoes. The girls and their mother also want *'cosmetics and lotions'* and there are baby products such as baby powder which need to be bought for the toddler. Mother says *'school is supposed to be free but we have to pay contributions for sick teachers and for the school committee and my children are always losing pens and books so we have to pay for them too.'* So father does a number of things to earn cash. He is a gold miner and also an informal employment broker. A women in Bogor texts him if they need domestic workers and he gets about IDR 400,000 for finding and accompanying a new employee to Bogor. But he is getting worried because the work is irregular and several times said he was *'unemployed.'* The income from mining only just covers the regular food costs of IDR 50,000/day.

Field Notes, W Java

income as illustrated by a mother in C. Java, *'income is cash from selling something'* and not the rice she received from helping in other people's fields. The head of one of the three households which did not equate income with cash, a woman *sopi*<sup>3</sup> seller, thought income is equivalent to the family being able to eat every day, *'somehow.'* The only other two families who shared the view that income was not equivalent to cash lived in villages where they were able to be largely self-sufficient for food and where the land is very productive. These situations were typified by comments like *'plants are free, food is free and money is free'* (family, Maluku). Significantly, these two locations are yet to have electricity, mobile phone signals are weak and there is very limited access to markets so their need for cash is less urgent.

Box 1 describes the typical position of families who, even though growing some of their food for their own consumption nevertheless need cash. People indicated that their view of income as cash has formed over the last few years as the demands for cash in day to day life have increased. Twenty five of the twenty nine families we stayed with have electricity connections now (some with very recent connections) and monthly costs vary from IDR 20,000 to IDR 100,000 depending on whether they had a TV or not. Some others needed to pay cash for their water supply, gas for cooking, cooking oil and mobile phones. But people also pointed out that cash was needed to cover school costs, cigarettes and to meet the increasing proclivity for snack foods. And with a greater dependence on cash, barter and traditional reciprocal arrangements have largely eroded.

**Table 3: Families' own assessment of their financial position**

Assessment			Reaction		
Doing well	Coping	Struggling	Not worried	Managing	Worried
11	14	9	14	12	8



## How people view their money situation

### 'We are never starving but we never have much cash'

(mother, NTB)

Nine of the study families felt that they were 'struggling' financially. This was because they:

- had lost an earning member of the family, for example a family where the mother has recently given birth and no longer sells vegetables at the market (see Box 6) or the clove picking family whose father had been ill the last clove picking season and whose older daughter, who used to help them, has been sent away to school in town (see Box 45)
- are older people trying to support their grandchildren without help of the children's parents, for example the grandma who is the sole breadwinner for six family members,



A father cooks because his wife has just had a baby. Their income is severely constrained at the moment and expenses are high (see Box 5) - W Java

2

#### Better if we start to keep track

"My' father does not have a stable job as he is reliant on local government projects, which are paid for only after completion of these projects. When the money arrives, the family of three would typically spend a lot including paying back debts to the mother's family. The worst time for them was between January and March of this year, when they had already spent all the money from the father's previous project and there were no new projects. At one point the mother even pawned some of her jewellery.

Mother manages the finances and following this bad experience she resolved to be more systematic so that they wouldn't have to face a crisis like this again. She said, 'after Bapak's payment came in December, we bought a lot things including big boxes of snacks and a new dresser. Next time I need to be more careful, buying just what we need a little at a time and avoiding anything unnecessary.' She has started tracking all their expenses in a book so she will always know where they stand financially.

Field Notes, N Sulawesi

and the grandparents who have to support three grandchildren (see Box 46 for both examples)

- have restricted earning potential, for example a widow who is looking after her mother who suffered a stroke as well as three school age children, or the widow who has had to give up her fishing and laundry work to look after her younger children and her grandchildren (see Box 46)
- are facing increasing competition for work such as the *ojek* driver in Bogor (Box 41).

These situations echo the findings from earlier RCA studies, especially the study on poor people's perspectives of poverty<sup>4</sup> and its accompanying policy brief. People in that study were clear that the poorest are 'those who need help' and 'who cannot earn cash.' The study brief noted:

two key explanations which emerged from deeper conversations with people themselves: i) the importance of cash (the days of subsistence livelihoods are over) and therefore the necessity of **having people in the family capable of earning cash** and ii) the hardships



emerging from modern-day changes in family relations and family structure and the **breakdown of traditional patterns of family support.**

The points above provide further examples of those who are struggling financially because they have only one income earner or where traditional patterns of family support have eroded.

*'Before (in Soeharto time) only if you worked hard could you get a lot of money. Now it is easy to get money but IDR 50,000 doesn't get you anything'*

(mother, W Java)

*'We are poor because we have to seek work all the time, while the rich (like teachers, kiosk owners) sit and get money'*

(family, W Sulawesi)

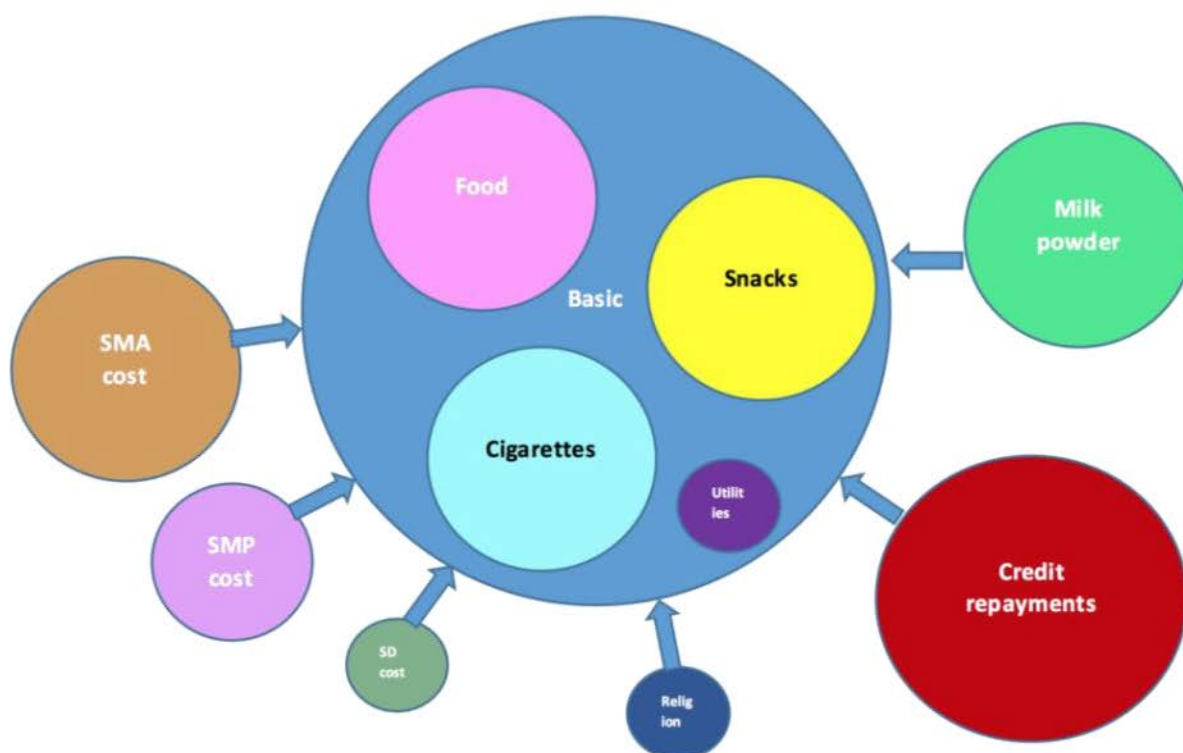
But of these nine families who said they were struggling only four were worried about their situation; the others accepted it as fate or something they could do little about. The other families who said they were not struggling were nevertheless 'worried', or were families who were 'coping' financially right now but were at the transition point when their children were about to enter junior high or senior high school and they were extremely concerned about the costs that this would entail.

On the whole, people said they are not planning their finances but living day to day. Just a few of the study families told us they limit their daily spending to IDR 50,000 or 100,000 as a means to regulate it. Efforts to save were only apparent for costs of education (or half-heartedly for house renovation) and for most of these families, they



People undertake a range of income earning activities like selling firewood. These brothers work as a team and take money from the joint earnings as family needs arise





Family Expenditure Diagram—The inner blue circle represents basic monthly costs with approximately one third spent on food, another third on snacks and the rest on cigarettes with a smaller amount for utilities. Other costs depend on the family situation and the size of the circles are proportional.

shared this was aspirational rather than actual saving. Only four families demonstrated any tracking of finances and each of these efforts was made by women; one unmarried woman who runs a small kiosk has started to track what she takes out of the kiosk and is planning to open a bank account so that she can start to save; the mother who gave birth to their third child on the day the researcher arrived to stay has started to keep a log book of their expenses (Box 6); one mother in SE Maluku made careful calculations to work out how they would be able to buy a satellite dish and one widow, who makes *sopi*, carefully plans all her expenditures in order to save the most she can for her children's education (see Box 51). Other than these exceptions, as long as there was some cash in the house, people were not concerned as typified by a mother in NTB who said, 'Why should I count my money? It's all my money' and carried her cash in a pouch around her waist all the time. As long as there was money in the pouch she felt it was alright.

## What people spend their money on

Families say their biggest expense is food. However, when working through their finances with them this was not necessarily the case and what people then explained was that this was their most **important expense**; '*making sure the family can eat*' and they are mostly referring to providing basic food. Even though the study families live in quite diverse parts of Indonesia they eat mostly rice with fish or vegetables<sup>5</sup>. This is consistent with RCA studies conducted previously in Indonesia and researchers have stayed with over 250 families over the last two years. People told us (and we were able to observe) that they spend about IDR 10-20,000 each day to feed the family (rice with fish or vegetables, mono-sodium glutamate (MSG), cooking oil, spices). Fish, tofu or vegetables make up about half of the cost and they generally cook around 1 kg rice per day. '*During hard times we eat only rice and salt*' a mother in Bogor told us and

<sup>5</sup> As found in the Reality Check Approach report 'We are Healthy, Why Change?' : Perspectives, Observations, Experiences of People Living in Poverty on their Hygiene and Nutrition' 2015 p20

when asked why she was not cooking vegetables while we were staying with her, as they were readily available for free, she replied *'there is no money for cooking oil, MSG or salt, so I can't.'* Similarly, another mother in Bogor who depends on her husband's remittances said the family just eats rice and boiled cassava leaves if the money has not come through.

Although eleven of the study families keep chickens in small numbers, none of the families eat chicken except at special occasions such as Christmas, Eid or weddings (or when there is a bulk payment, e.g. at the end of clove picking season). A



Buying snacks every day is common with families spending as much as IDR 1.5 – 1.8 million/month

### 3

#### Meals when cash is short

We ate steamed *suwami* (cassava) each day either with fish or vegetables but never both. On the last day it had been raining very hard and there was no fish. We ate only rice without salt at dinner time. The children put their rice in their tea. Mother took credit out with the local kiosk for the tea and sugar as they had no cash.

Field Notes, SE Maluku

chicken is worth IDR 50-100,000 and is too valuable to be eaten by the family and are kept, people explained, as savings or for occasional contributions to weddings, circumcision parties, mosques and Churches.

Families shared that their expenditure on additional snack food (instant noodles, packaged chips, chocolates) each day amounts to IDR 10-

20,000 which means that those with access to kiosks are spending the same on snacks as they do on their basic food. Some of the study families spend as much as IDR 1.5–1.8 million/month on snacks. This, people said, has been a growing trend over the last decade and children expect daily pocket money to purchase snacks by themselves at kiosks. This trend was pointed out in the first RCA study undertaken in Indonesia in 2009/10. In that study we noted many examples in all but one study location and that:

*'even in very poor families, children demand IDR 1000 per day. Parents told us that their children may 'refuse to go to school if we do not give in to them.'* One said, *'You have met my daughter, she seems very quiet and nice doesn't she? But you should see her if I say I have no money for pocket money. She screams and screams and I have to give in to her.'* And some children were demanding up to IDR 10,000<sup>6</sup>. (p 28)

In the RCA study on hygiene and nutrition conducted in 2015<sup>7</sup>, snack consumption was pointed out as having increased significantly and presented clear generational differences (p26) and pocket money demands ranged between IDR 5000-15,000 per child per day (p28). More recent work with parents of school age children which involved the RCA team facilitating the creation of parents' own digital stories about their children and school going highlighted parents anxieties around pocket money and fears about denying them this<sup>8</sup>.

***"Papa I want to buy cake!"  
All I can do is put my head in  
my hands. Then I go fishing  
for one hour and sell the fish  
and give the child the money  
to buy the cake'***

(neighbour, SE Maluku)

6 Indonesia Reality Check Main Study Findings; Listening to Poor People's Realities about Basic Education, May 2010 p 28-29

7 Reality Check Approach 'We are healthy, why change?' Perspectives, Observations, Experiences of People Living in Poverty on their Hygiene and Nutrition' 2015 p26

8 Inovasi Digital Story Telling, 2016, to be published



## 4

**'Biggest expense is pocket money'**

They grow their own paddy and receive rice by working in other people's fields but spend about IDR 10,000 each day on fish and vegetables. The two younger children get IDR 5,000 each every day for pocket money. The older boy, now 15, works each afternoon in a rice mill after school. He gets IDR 20,000 for five hours work and has been doing this for the last six months in order to earn his own pocket money. He spends it all on himself, buying phone credit and snacks.

Field Notes, N Sulawesi

The younger daughter (7 years old) cried every morning for her pocket money and refused to go to school without it. One morning I was staying, she screamed and threw furniture about and hit her mother in the stomach demanding pocket money. Mother, embarrassed, said to me *'she is a crazy girl'* but she gave into her demands every day and said she usually spends at least IDR 15,000 per day on pocket money for the two girls, which they spend on snacks.

Field Notes, N Sulawesi,

*'I always give my children pocket money or they will destroy the house'*, mother told me. I understood what she meant. The two younger boys (aged 7 and 2) cried from 6am for snacks each day while I was staying. One morning, they were screaming again and mother was not listening. So the seven year old hit the little one who then cried louder. Mother still did not give in until the older boy started to damage the door and the window.

Field Notes, W Java

Another growing trend is drinking coffee and tea with very large quantities of sugar (typically three to five spoons of sugar in a cup). This was also a finding in the RCA study on hygiene and nutrition<sup>9</sup>. Several of the study families spend about IDR 60,000/month on coffee and a little more per month on sugar and both adults and children drink this every day. The availability of coffee in sachets provides convenience to purchase in small quantities and has become another item which is often bought at local kiosks.

Families buy detergent, soaps, shampoo and toothpaste (again often in small convenient

## 5

**Milk powder is better for my child**

The young mother (20) is careful with her spending and controls the family money, but feels she must buy powdered milk for her three year old daughter. It costs IDR 52,000 per box and she buys 5-6 boxes every month, amounting to nearly a third of their income. Mother tells me that this is best for her baby's development and her family living nearby also persuade her of this. When salary payments to her husband were delayed for three months, they stopped buying this but as soon as the money came in again, this became a priority. Mother thinks that eating fruit is important and when we played the game *'what would you do with a million rupiah?'* she wanted to spend it all on fruit because she has heard from friends and relatives that it is good for her child's nutrition but she very rarely has money for fruits.

Field Notes, N Sulawesi

## 6

**Baby and loss of income**

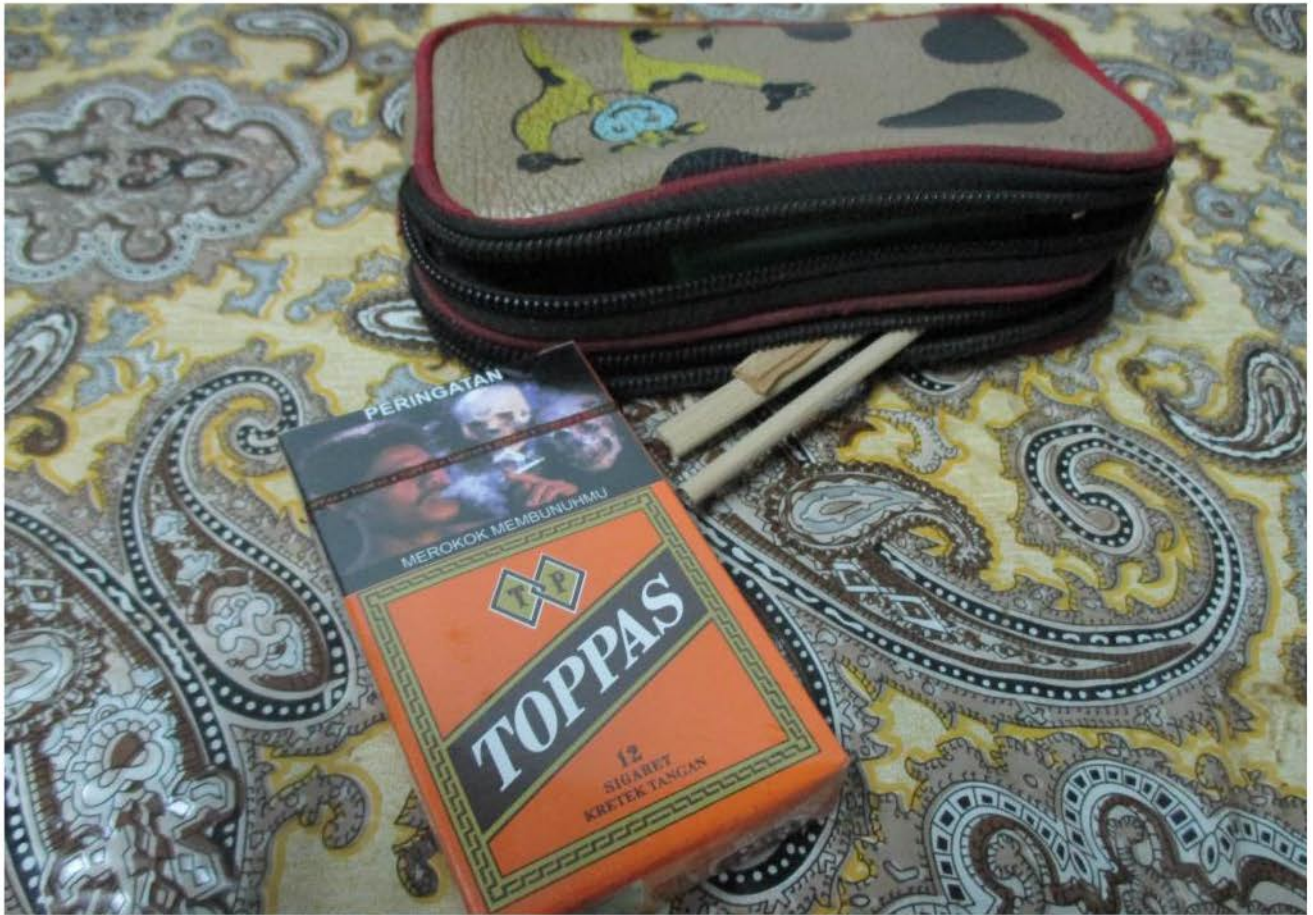
When I stayed with the family in 2014, mum used to go to the town market weekly to sell *suwami* (cassava). She sometimes sold vegetables and fruits *'anything that could be sold'* and contributed about IDR 1 million to the family each month. This was about the same as her husband managed through copra production. She had carefully planned out how much she would need to sell to buy a satellite dish. But then she got pregnant—this was not planned. She gave birth one month ago, their third child although they have a son from one of his previous marriages living with them too. While I was staying with them this time she spent most of her time breastfeeding the baby. She no longer can go to the market and makes *suwami* only for eating at home. Her husband goes fishing whenever he can. She says she needs fish while she is breastfeeding.

Field Notes, SE Maluku

packages) and tell us this is more than they did before and spend around IDR 60-120,000 per month. Families with small children feel they need to buy baby milk powder because of family and advertising pressure (a finding highlighted in the

<sup>9</sup> See also Reality Check Approach 'We are healthy, why change?' Perspectives, Observations, Experiences of People Living in Poverty on their Hygiene and Nutrition' 2015 p 29-30





Fathers' pocket money - families spend IDR 5,000 to 20,000/day on cigarettes

RCA study conducted in 2015<sup>10</sup>). This costs a family with one baby between IDR 300,000 to IDR 1.2 million/month and constitutes a significant cost especially as mothers income earning is constrained during this time (see Boxes 5 and 6).

Families spend between IDR 5–20,000/day on cigarettes and this is sometimes referred to as *'father's pocket money.'* *'If I have extra cash I always buy cigarettes'* (man, Bogor) echoes others who view this as a priority and some families said this was their biggest weekly expense (see Box 7). The RCA study on hygiene and nutrition conducted in 2015 indicated that families with smokers spend around 30% of their daily expenses on cigarettes<sup>11</sup>. Kiosk owners we chatted with said that cigarettes are one of the most frequent items they sell (along with sugar, oil and snacks) and are also the most profitable, with a 50% profit margin. Fathers and teenage sons are the usual smokers but some women also smoke. As a mother in Bogor told us, *'I would rather buy tobacco than extra side dishes.'* When cash is short, men buy rolling tobacco instead of *'sticks'* and occasionally (and reluctantly)

will go without. The significance of this expense to the family is underscored by revelations shared by fathers which are typified by comments like, *'If I want to buy cigarettes I ask mamak'* (Man, W Sulawesi) or *'I wait on mother to buy, it depends on her whether I get cigarette money or not'* (Man, W Java).

Apart from young men earning in construction or mining who told us that they could spend as much as IDR 300-500,000 on the weekend on alcohol, others who drank (both Christians and Muslims) estimated that they spent about IDR 25-50,000 per week, mostly on locally made alcohol, and spend more for special occasions. In one village in SE Maluku the young men spend as much as IDR 150,000 per day on alcohol but this is commensurate with their earnings from harvesting sea cucumber. In another village in W Sulawesi young men told us they enjoy being single, *'free to do whatever we want'* and start drinking alcohol (sometimes mixed with cough syrup) from as young as 11 years old and spend about IDR 30-40,000/night. In some locations people talked

10 Reality Check Approach 'We are healthy, why change?' ; Perspectives , Observations , Experiences of People Living In Poverty on their Hygiene and Nutrition', 2015 p 71-73 where mothers said they spent IDR 50-75,000 per week on SGM brand milk powder

11 Reality Check Approach 'We are Healthy, Why Change?' Perspectives, Observations , Experiences of People Living in Poverty on their Hygiene and Nutrition' 2015, p 67



## 7

**Cigarettes: Fathers' pocket money**

'My' dad (55) made a large circle round the drawing of a cigarette when they family was making their own diagram of their expenses. He was emphasising how big this expense was. He gets through about three packs per day and says he '*spends a lot*' (at least 25% of his earnings). His son (23) who now has a young baby is the most unassuming of the four brothers and gives most of his earnings to his wife to spend but he says he '*gets mad if she steals my cigarette money from my short's pockets.*' He usually smokes two packs per day.

Field Notes, West Sulawesi

When 'my' dad (30) has more money he buys a pack of cigarettes every day but when he has less, like now, he makes a pack last 3-4 days. His wife determines how often he can purchase cigarettes.

Field Notes, North Sulawesi

Cigarettes are their biggest expense. Whenever dad (60s) has spare cash he buys cigarettes, at least one pack per day (IDR 6500). If he is short of cash he buys rolled tobacco instead. Mum (50s) also smokes rolled tobacco buying about a bag per week and says she would '*rather buy tobacco than side dishes... I will serve leftovers rather than let bapak go without his smoking.*' Relatives often help out with some cigarette money.

Field Notes, W Java

The youngest son has given up smoking in the period since I met him first nine months ago. He says he now has money and has bought chickens and ducks as well as some fighting cocks. He used to spend around IDR 1 million each month on cigarettes. This was about one third of what he earned by gold mining. '*Since quitting smoking I can now save money,*' he told me. Though, apart from the fowls, he has not made any savings yet. But he has dreams to buy a boat in about two year's time and sell goods, especially clothes, from the boat to the gold miners living on the river.

Field Notes, C Kalimantan

*'When we have no money at all I don't buy cigarettes. But I can hurt myself when I work without smoking'* and father shows me where he cut his hand.

Field Notes, C Kalimantan



Young men buy alcohol every evening after harvesting sea cucumbers in SE Maluku

about recent police crackdowns on alcohol consumption but had found ways to carry on. In nine locations (including five Muslim villages) there was gambling, mostly cards or betting on cock fights, especially among workers who work in teams such as miners and fishermen. People said that this was generally very small scale betting with amounts under IDR 50,000 and sometimes betting for cigarettes rather than cash. Large scale gambling, they said, was rare. Two of the study families spoke about members of their close family losing property and assets through gambling.

## 8

**Gambling**

Gambling is always talked about in hushed disapproving tones, '*you will lose a lot of money.*' But there are regular wild cock fights. They are conducted deep in the forest because it is illegal. Owners of winning cocks can make IDR 500,000 - 2 million while others bet on the outcome of the fight. Local boys like to rear their own wild chickens. One of 'my' neighbours told me his brother can '*lose IDR 2-5 million in a night.*'

Field Notes, W. Sulawesi



People said that they were not aware of lotteries existing in most of the study locations and even in the two locations where they do operate, only one family participated spending *'about IDR 50,000 per week ... but just for fun and I have never won'* (SE Sulawesi).

## Monthly family expenses

Utilities are becoming a more important cost nowadays as more families become connected to mains electricity, less families use firewood for cooking, people come to regard the use of mobile phones as essential, and some have to pay for their water. As noted above, people tell us that electricity charges tend to be around IDR 30–50,000/month unless the family has a TV in which case they rise to around IDR 80–100,000 month. Running a refrigerator doubles these costs. While families have mobile phones with arrangements for others to pay their phone credit, others spend about IDR 10–30,000/month. Water costs (five of our study families incurred these) ranged from IDR 15,000/month to IDR 100,000/month.



Coffee drinking is enjoyed by many, especially as sachets are readily available at small local shops. In some locations children have said they need coffee before going to school.

For those who have bought goods on credit, the instalment payments can be a major part of their monthly expenses. The most common credit arrangements are for motorbikes (see Box 9) with repayments generally in the range of IDR 350–750,000/month (the same or up to twice as much as families spend on food). Credit purchase arrangements are common (Box 10), even in remote places (Box 11).

9

### Buying motorbikes on credit

*'Every household has bought a motorbike on credit,'* father told us. He pays IDR 380,000 each month on his credit instalments and had been paying for 3 ½ years and has another 18 months to go. This comes to IDR 22,800,000 when the bike would have cost IDR 12 million in cash. After they have paid off this one, mother intends to get a second motorbike so she can go to the factory by herself.

Field Notes, W Java

*'My' sister owns a small kiosk in the village and recently negotiated a loan from BRI to purchase a motorbike. She was given IDR 8 million with her land certificate as collateral. She has to pay IDR 450,000 per month for 2 years so she will end up paying IDR 10.8 million ( 35% interest). We looked together at a brochure she had explaining the credit scheme , KUR ( Kredit Usaha Rakyat) where it says the interest rate is 9% and were confused.*

Field Notes ,W Sulawesi

10

### You can buy anything on credit here

Lots of people come offering goods on credit in this village; TVs, refrigerators, utensils, clothes and cosmetics. *'My' family has bought a TV, water dispenser and refrigerator on credit. The refrigerator cost IDR 3 million and they are paying IDR 300,000 each month in ten month instalments. They can miss up to two months payments but the goods get repossessed if they miss three months. The TV cost IDR 2 million and the water dispenser IDR 300,000, all repaid in ten instalments. 'This is the only way we can have luxury goods', explains mother. Mother makes all the decisions on these purchases. Mother says she prefers the lady who offers credit because she is friendly and chats with people first and her shop is bigger than others. While I was staying in the village the clothes and cosmetics trader came twice. He is less strict about payments and offers people goods on the basis of 'pay me as much as you can.'*

Field Notes ,N Sulawesi



11

Goods on credit even in remote islands

A Bugis man comes to the village by boat every Sunday with clothes and utensils to sell. People say he is very nice and flexible about repayment, 'sometimes he lets us pay next year.' He will even just take IDR 10,000 as down payment. But his prices are high; for example he sells a *dandang nasi* (rice jar) for IDR 150,000 'when we know it is only IDR 50,000 in town.' Although 'my' mum thinks his goods are too expensive others like being able to buy on credit.

Field Notes ,SE Maluku.

12

Buying home appliances on credit

People say that credit on home appliances is very common in this village of about 1,200 households. 'People come to the village and persuade people to buy. Once they agree, they take them to the district capital to finalise the deal.' This area has a large number of migrant workers, probably around one in three households has a worker abroad, mostly working in Malaysia.

Field Notes ,C Kalimantan

13

Periodic family expenses

People say that school costs are a major part of their expenses. A mother in W Java sums up what others told us, 'school is supposed to be free, but there are always calls for contributions (for example) - we have to pay IDR 5000/week in case the teacher is ill.' This study and other RCA studies<sup>12</sup> have indicated that while there are very large variations even between neighbouring villages, costs for children at primary school level range between IDR 300–750,000/year, can double at junior high school level and can double again at senior high school level. These costs exclude the more or less mandatory demands for pocket money, which are rarely less than IDR 2000/day and can rise to IDR 15,000/day. Taken together, education costs amount to IDR 900,000–3.6 million per child per year, equivalent to between 3 months–1 year food costs for the family. Previous RCA studies have noted that in addition to official costs there are also continuous demands for other

Never-ending demands from schools for contributions

The school requires each child to have four uniforms. That amounts to IDR 500,000 per child. Stationery costs are about IDR 50,000 each month. 'But then there are other costs....every year we have to pay the school committees (IDR 60,000 for primary school, IDR 100,000 for junior high school), when my son left primary school we had to contribute IDR 60,000 for renovations for the school. After his exams they had a trip to the beach and that cost another IDR 50,000.'

Field Notes ,N Sulawesi,

The girls who both go to primary school need three uniforms (white, batik and scout) which costs about IDR 360,000. The older daughter came home from school one day and demanded another uniform for the special parade at school celebrating the district anniversary. This was to cost IDR 115,000. Mother asked if she could borrow one from her friend but the girl said, 'no, you have to buy from the teacher' and they argued about this. Another time they had to pay IDR 50,000 for a school trip and then contribute IDR 150,000 for school fences. Mother said, 'This kind of sudden extra cost makes me dizzy.'

Field Notes, N Sulawesi

Pakarti	100.000	Pakarti	100.000
Dip	200.000	Dip	200.000
Stern	200.000	Stern	200.000
Rjo	40.000	Rjo	40.000
andang	14.000	andang	14.000
Emis	20.000	Emis	20.000
Jukana	150.000	Jukana	150.000
M. hea	50.000	M. hea	50.000
chik	20.000	chik	20.000
A uwa	50.000	A uwa	50.000
PerDi	70.000	PerDi	70.000
EPI	30.000	EPI	30.000
wahyu	15.000	wahyu	15.000
Enday / amit	15.000	Enday / amit	15.000
Apung	100.000	Apung	100.000
Ela	15.000	Ela	15.000
asdi	10.000	asdi	10.000
Lagtri		Lagtri	

Mother kept note of the contributions made for her daughter's wedding. There is an expectation that she will contribute the same plus 20% when she is invited to events held by these contributors. Field Notes, W Java

payments to the school for maintenance, for teacher's gifts, school trips and for photocopying in particular. Box 13 provides some insights into the 'never-ending demands from schools' which came out strongly among families across locations in this RCA study as well. As raised in other RCA studies, the need for four to five different uniforms is a particular grouse across locations. Again this was first pointed out in the 2009/10 RCA study on basic



## 14

## Costs of attending Weddings

There are normally a lot of weddings in April and May and everyone is expected to attend. Each involves several events before the wedding where they are expected to contribute IDR 50,000. On the wedding day itself, they are expected to provide rice, sugar, coffee or tea. If they do not have any money, they are expected to let the hosts know in advance and offer help with cooking or other preparations instead.

Field Notes, N Sulawesi

*'We give IDR 50,000 towards weddings or donate rice. There's usually about 3-4 each year. If we don't have then we offer that our children can help with the preparations.'* (Father)

Field Notes, C Kalimantan

The minimum donation when attending a wedding is IDR 20,000 but if it is a relative then the donation has to be IDR 50–150,000. While I was staying with 'my' family they went to four weddings! Mother told me *'if we don't have cash we don't go.'* But this causes a fight between mum and dad every time as he believes *'we should go because no one will come to our daughters' weddings in the future when we invite them.'* So dad goes on his own and, if mother won't give him money for this, he uses his own earnings.

Field Notes, W Java

*'It is tough when you only have very little cash and then you are expected to give it to others.... Wedding contributions are about IDR 20-30,000 but a funeral contribution is more' (around IDR 50,000) 'because this is to cheer people up.'* If 'my' mum does not have cash she takes along trays of home-made cakes instead.

Field Notes, SE Maluku

Mother has been contributing to others' weddings on the assumption that when it was time for her son to marry there would be reciprocity. She generally contributes around IDR 300,000 for close relatives, IDR 50–100,000 for neighbours and around IDR 10–20,000 for distant relatives. But three years ago her son married another man's wife without telling her, so there was no wedding ceremony and no way to receive back.

Field Notes, E Java

## 15

## Parties

Housewarming party, circumcision celebration party, wedding party, baby name announcement party and other parties are just some of the parties that frequently take place in this community. To prepare for these parties people join *arisan*, usually consisting of 20-50 people. There are *arisan* for coconuts, rice, cooking oil, and other supplies for the parties. The party host organises the *arisan* where everyone provides an agreed contribution, for example, two litres of cooking oil per person or two coconuts per person.

*'My' grandmother is already old and so she won't be holding any parties anymore. So arisan is not important and she doesn't join these anyway. But she still attends every party. Party announcements come in the form of a bestalan (cake or small rice meal) which are delivered to every house. Grandma says that, 'If there is a bestelan, then I have to go. At the very least I have to give amplopan (envelope money) of IDR 15,000.'* She sometimes has to take a loan in order to be able to give *amplopan*, even though a neighbour tells me she doesn't really need to give the money. One day I was staying with her she went to five parties and gave IDR 15,000 *amplopan* for each party.

Field Notes, N Sumatra

education where it was noted,

In all locations except one, students are expected to have at least four sets of uniforms; the national uniform, school-specific batik, sports and scouts uniforms. In some schools, they are expected to have a fifth set which is Muslim dress (p25-6).

Subsequent RCA studies<sup>13</sup> have reiterated the financial burden that this requirement for many uniforms places on families.

Contributions to events such as weddings, funerals and circumcisions can amount to considerable expenses for some families in some locations but are generally regarded as manageable, albeit never-ending. *'After all the savings, there is always something (social obligation) that takes it away,'* said a widow in NTT referring to the wedding and funeral contributions they must make. But, if you cannot give cash, which is what is generally expected, you can offer help or not go to the event

13 Understanding Social assistance programmes from the Perspectives of People Living in Poverty ; Reality Check Approach sub-report 2 , Indonesia , March 2015 p 28; Reality Check Approach Report ; People's Views and experience of National Social Assistance Programmes, March 2015 p 25



16

### Costs of hosting weddings

'My' parents in their fifties and sixties are primarily paddy farmers, harvesting about 24 sacks of rice each year. After sharing the harvest with people who help them in the fields they have 18 sacks which is enough for their own consumption and for contributions to other people's weddings. Dad also looks after someone else's buffalo on the basis that one of the baby buffaloes will become his (a full grown buffalo is worth about IDR 16–17 million). Their younger daughter (18) who works as a domestic worker in Bogor got married in 2014. 'My' parents told me that you have to make a big wedding over two days and two nights otherwise people will not contribute. *'People won't come unless you give them good Sundanese traditional music.'* They had to sell off a piece of land and trees (IDR 30 million) and buffalo (IDR 16 million) to raise the money for this. Cash contributions from every household in the village amounted to IDR 20 million. They spent nearly all of this IDR 66 million, including IDR 14 million on the traditional music group and IDR 2million on photos. Women in the village also gave rice and other food. They ended up with twenty surplus sacks of rice from contributions after the wedding and dad sold some and gave some away *'to those in need.'* The small cash surplus was spent on house renovations and purchase of a new TV. People do keep a mental record of who contributes with expectations of reciprocity. But mother says to me one day *'too bad we did not have money for our younger daughter's education because then she could work in a factory.'* The daughter divorced her husband after just 8 months of marriage. She might be remarrying this year. *'Another party?'* I ask *'No more, once was enough.'*

Field Notes, W Java

17

### Reduced wedding costs these days

There used to be a tradition of requesting the groom to pay for relatives to actually bring the bride to the bridal procession. 'My' mother once made IDR 5 million doing this. But this cannot be done if the bride is already pregnant. It is common nowadays for the bride to be visibly pregnant at her wedding so these costs are avoided!

Field Notes ,NTT.

18

### Church demands

The local Church demands IDR 20,000 per family every month. But contributions and pressure to contribute does not stop there. In 2014 when we first went here we were told about the burden of continuous expectations of donations. Then it was because the Church wanted to expand, now it is because they will host an orientation for district Sunday School teachers and they need IDR 30 million. Birthday announcements in Church cost IDR 10,000 and it is almost impossible to opt out as reminders of upcoming birthdays are read out the week before. While I was staying, the Church told families to collect wood for a youth event and all the men felt obliged to spend the day doing this. 'My' Bapak stacks chairs at the Church and is supposed to be paid IDR 30,000/month for this but has not been paid for years. He did ask the lady minister if he could stop donating but she told him he should lead by example. *'The Church should be supporting us, not demanding money from us all the time. This is not what God would have wanted. ...we might have to change to Catholic',* lamented Bapak.

Field Notes, Maluku

*'We have to give IDR 600,000 each year to the Church. Every family is expected to contribute. But it is still voluntary so if the family does not have money they can help with the construction instead'* (Father)

Field Notes, C Kalimantan

The Church reconstruction has been ongoing for a long time. Each family is expected to contribute IDR 500,000/ year as well as IDR 140,000 for *'church activities.'* Families are sending their sons to work away in the town on construction sites so that they can save for this. They say *'It needs to be paid for, it's God's needs.'*

Field Notes, SE Maluku

(see below on positives and negatives of family obligations). As Box 16 illustrates the costs of hosting a wedding can be very high even with these contributions and sometimes result in the hosts being 'in surplus' with contributions at the end of the event. Families also told us how they have to save up for the circumcision for their boys, with the cost to the *mantri*<sup>14</sup> for the operation being in the range of IDR300–500,000 and the celebration costing around IDR 1 million.

In some villages there are considerable demands

14 Usually referring to a local male nurse/health worker.



## 19

**Contributions for the new mosque**

There was neighbourhood meeting to determine the contribution to the new mosque required from each family. The amount was fixed at IDR 250,000 (although the elderly would be exempt). It could be paid in instalments. Then a second contribution was requested. This time IDR 300,000 and 'my' mother felt that there would be yet a third, although the mosque building is almost complete.

Field Notes, W Java

*'We have been giving donations for the new mosque for more than two years now.... The sub-village head collects this but still the mosque is not complete.'*

Field Notes, W Sulawesi

made by the Church or Mosque for contributions, especially for ambitious building programmes. People shared that they sometimes feel uneasy about these as they cannot opt out but others felt this was apposite; *'this donation will never be wasted, we will always be rewarded at some point'* (SE Maluku). Boxes 18 and 19 provide an illustration of people's reactions to these demands.

Families spend very little on clothes and told us that they largely depend on hand downs from relatives and neighbours and the gifts they receive at Christmas or Eid. Those living close to towns may have travelling clothes traders visit regularly selling new or second-hand clothes. Apart from the social obligations of attending weddings, funerals and circumcision events, people told us they do not spend money on entertainment, except to watch TV but often this is at neighbours' or relatives' houses.

## Money for Aspirations

***'Renovate the house, build a house for my adopted daughter and send my grand-daughters to university'***

(domestic worker, 46, Sumatra)

Two aspirations emerge most strongly: sending children for higher education and renovating one's house.<sup>15</sup> Echoing others, a man in SE Maluku said, *'My sons should not be loggers like me, they must have better jobs'* and the route to getting better jobs is usually thought to be through education. *'If they don't finish school, the best they can do is to be construction workers... but with school they can get something where they are paid on a regular basis'* (Mother, Bogor). Raising money for education costs was a high priority for families, especially for children who showed academic promise and often favouring girls as the following illustrates: *'I want my daughter (now 8 months) to go to University. It is more important for her so she can get work. Boys can get work without higher education'* (Father, C Kalimantan); *'I want my daughter to graduate from SMK or SMA. I don't want her to be like the girls I accompany to Bandung for domestic work – they are too young to work and to have to live far from their parents'* (Father, W Java). This aspiration is strong among the children themselves although they look to what will earn them the most money rather than to the vocation or skills. For example, *'I want to do a management diploma because I can easily get money'* (girl 15, Sumatra). But college and university costs are very high and some feel they do not always provide a return on investment; *'a man in the village spent IDR 50 million for his child's university but the son only earns IDR 1.5 million (per month)... and the imam also spent a lot of money on his son but he only works in an internet café'* (Father, W Sulawesi). People worry too about the bribes needed to secure work, especially in the civil service which can easily be in the region of IDR 40–80 million.

***'We hope we have enough money to send them to school'***

(mother of 5 children yet to finish school, W Java)

***'Even if we have to only eat rice and salt, we will send our children to school'***

(mother, SE Sulawesi)

15 Similar sentiments were expressed by people who participated in the RCA study on International migration for work, especially for house renovation and improvement : Reality Check Approach Report; Perspectives and Experiences of international migrant workers and their families, 2015 p 9-10 although with good job prospects abroad for those in E Lombok, higher education was not a priority there.



A better house is an important aspiration for nearly all the study families, with people comparing themselves to their neighbours and wanting concrete/brick walls, tiled floors, improved kitchens and to repair leaking roofs, in particular. For example, a large family in W Sulawesi see construction of a good house as their main aspiration; *'My house is ugly like a cowshed'*, said one son who has been planning his new house for over four years already. He knows he will need about IDR 10-40 million to construct a brick house. His parents too are expecting his two brothers who have permanent work in construction to build them a new house too. Similarly, a family in N Sulawesi told us *'We want a nice house, like the Village Head with complete furniture set and Ulama's picture framed by a golden frame on the wall.'* Another mother in W Java talked about her house being worse than the neighbours' houses, *'look, we have leaking roof, no floor tiles and no plastered wall'* and desperately wanted to renovate hers.

Only a few families talked about wanting to spend money on improving their means of production; three talked about investing in kiosks, one in a chain saw and fishing equipment, another in a rifle for hunting and another wants to buy a cow. Two talked about spending money to secure work abroad in the Middle East or Singapore. One family talked about spending money on performing Hajj.

## Changing practices: increasing need for cash, decline of barter, increase in purchase on credit

Returning to villages, researchers have noted some remarkable changes, especially related to road access and consequently access to jobs and facilities (such as electricity, phone and markets). Box 20 illustrates change which has happened in the space of just six months. With increased connectivity and increased access to services<sup>16</sup> comes the increased need for cash. As noted above only in the more remote and inaccessible study locations did families moderate their need for cash.

This increased need for cash for a range of expenses has largely eased out the traditional practice of bartering. Only very few examples were shared. In our remote SE Maluku island location

20

### Rapid economic change

It is just six months since I visited the family in SE Maluku and the change in the area is huge. The new road and mobile phone service has opened up new employment possibilities. People are becoming drivers (even buying second-hand cars and giving up farming and fishing; 'my' former logger neighbour now takes IDR3 million per day driving a car) and the easier access to the city means they can commute for work on construction sites, although this work is somewhat seasonal. Nobody now tells me they want to be a farmer or fisherman and young people talk more about continuing their education. They are planning to leave for Java, Papua and Ambon. Old traditions of barter have completely stopped since the new road was completed and everyone wants payment in cash now *'even if you only want a few chillies.'* Some see the change negatively, *'we are less close to each other now, no longer share and we have to go to the kiosk for everything.'* The local kiosk owner tells me wistfully that *'people seem to think it is more high status to buy goods in town rather than the village.'*

Field Notes, SE Maluku

there remains vestiges of a barter system for loggers who will barter timber for second hand motorbikes or for someone to transfer cash for education for their children studying on the mainland or in Papua, for example. But the timber resource is running out as one man echoing others explained, *'Now I have run out of wood even if I wait until I die or the children grow up we still will not have the wood.'* In the NTT fishing village, people barter their fish for rice with people who informally set up stalls along the street on two market days/week. In one C Kalimantan village people exchange firewood for vegetables. A kiosk owner occasionally provided goods in exchange for fish from travelling fish sellers in W. Java. But these were the only examples of barter. There is informal sharing of produce among family and neighbours especially when there is surplus. So, for example, we observed 'our' mothers asking if they could have vegetables from another's field, being handed bananas, and exchanging fish but these were not common and observing the interactions it was clear that there were expectations of future reciprocity. Only in the remote SE Maluku island

16 And as an authorial note, probably increased consumerism influenced by increased connectivity





Casual labour such as loading trucks with stones provides another important opportunity to earn cash

villages did we see regular food sharing between neighbours.

Increased connectivity also leads to increase access to goods which can be purchased on credit. Boxes 9-12 illustrate this increasing trend with peripatetic salespersons making frequent visits to villages to persuade people to buy goods on credit. In the 2009-10 RCA study on basic education, researchers noted this practice only in the study location close to Jakarta but this practice was widespread across all except the most remote locations in this current study, six years later.

## Income sources

***'Top three job opportunities here? Working in the garments factory, construction and gold mining...it is possible to work in all three'***

(young man, Bogor)

Income diversification is striking across all the study villages. Only one family (out of 34) had a



Another way to earn cash—salting fish heads to sell

single income source and in this case it was simply because the mother gave birth while we were staying there and has had to give up her weekly market selling. More than half the families had more than three cash income earning streams and some had as many as six or seven. Some have extraordinarily diverse and successful income sources (see Boxes 21-24). These are opportunistic but also enable families to smooth their cash flow over different seasons. The increase in waged income opportunities in some areas such as employment in factories, construction and mining were noted as very important to families. However, even with this guaranteed wage, people shared that they often supplemented this with





Father has many cash income possibilities and sometimes sells firewood house to house.

## 21

### Each day their income comes from multiple sources

I first met this family in W Sulawesi in January 2015. It is a big family with eight children ranging in age from 7 – 29 years old. What struck me then and was confirmed in the more recent visit is the range of income earning opportunities they can take advantage of. The village is on the coast but people are not fishermen. The original families came from C Sulawesi in the 60s to ‘open up the jungle’ but later it became a trans-migration area. So there is no tradition of fishing and people say ‘they are afraid of waves.’ But there is now a fish pond owned by ‘village elite’ on the saline flat land where it is possible to get casual employment (although often payment is in kind; 1kg of shrimps worth about IDR 75,000). People here used to farm commercially; cacao and chillies mostly but prices are low now and much of the land suffered saline infiltration following floods and cacao trees are ‘old and rotten now.’ So people said, ‘we have to look for other things.’ ‘My’ family still grow some chillies, supplemented with red onions.

But there are so many money-making options. When one son needed some cash urgently, together we collected June plums and in 2 hours collected a sack-full and sold it for IDR 20,000. Another day, we went together to the river and caught fish which we sold for IDR 80,000. Yet another afternoon we caught river crab; those the size of an adult hand sell for IDR 50,000. Then you can collect snails (IDR 25,000/kg). ‘My’ mum pays children to fetch the coconuts as they fall off the trees – usually about 20 per day and stockpiles these until she has about 300 when she can sell to a trader who comes to the village to purchase in bulk.

He is currently willing to pay IDR 600,000, but she says ‘copra price is really good right now so I don’t sell to him – we will make copra ourselves.’ She sells it or exchanges it for ‘cookies and juice’ at a small kiosk in the village. ‘My’ dad makes thatch roof panels and an average house needs about 200 panels so he can make IDR 600,000 for about seven day’s work and he has a backlog of orders right now. Another member of the family has just opened a very small kiosk near to the primary school. She simply buys stock from another shop in the village further away and sells at a 10% profit. She reckons she makes between IDR 70-100,000 per day. It is just 30 minutes drive from the district town on good tarmacked road where there are plenty of jobs in construction for the young men of the family (especially in the district where a lot of government buildings are being constructed). Earnings are between IDR 80,000-150,000 per day and ‘you can work when you want.’ Two of the brothers prefer carpentry work and aim to make about IDR 200,000 /day building beds and shelves. Some of their friends use their motorbikes to go from village to village selling clothes and electronics, making IDR 100,000- 300,000 per day. Others with junior high school qualifications but who were unable to afford further education opt to work in shops in town earning IDR 2 million/month.

Each day I stayed with this family, I realised that the young men in the family are constantly on the lookout for work and opportunities that pay a little more. Each day they work hard. Each day their income comes from multiple sources.

Field Notes, W Sulawesi



22

### Peri-urban living offers lots of income earning opportunities

'My' family lives just 10 minutes motorbike ride from a thriving town where construction jobs are plentiful. 'My' dad (36) works five days each week on a building site earning about IDR 70,000/day. If it rains and he cannot work on the construction site he helps gather vegetables. He clears people's land sometimes, including applying chemical weed-killer. This is contract work but works out at about IDR 50,000-100,000 /day. On Sundays, he collects rocks for the construction industry. For just moving and loading rocks he can earn about IDR 70,000 per day but for breaking rocks he can earn IDR 200,000/day but *'it is hard physical work.'* He also gathers leaves from the mountain. Within 30 minutes he can collect enough to earn about IDR 60,000. He says he just gives the chillies he grows away as the price is so low. His wife used to make alcohol and made a good profit especially for parties but there has been a recent police crackdown and she has stopped. But this is not so bad as their cacao trees they planted a few years ago are just beginning to bear fruit and they expect to make IDR 1.3 million during June this year. Their very first harvest of cloves earned them IDR 10 million in late 2015. In 2014, mother worked as an *ojek* driver but has given this up.

Field Notes, SE Sulawesi



Helping on other people's farms and getting some share of the produce is not regarded as income

23

### There's always some waged work

The work available in the village is seasonal; on the sugarcane plantation or the Government coffee plantation. But at other times the shrimp factory provides shift work. Or there is domestic work. It is harvest season when I stay in the village and 'my' mother is working in fields each morning. For four hours harvesting peanuts and maize she gets IDR 12-20,000 as well as food. At rice harvesting time she makes about IDR 50,000 per day by carrying the rice to the buyer. She gets the same when she helps to harvest chillies. When she works on the Government-run coffee plantation she earns IDR 35,000 for a 6 hour day, *'but it is harder working on the slopes than in the village'*, though there is a variety of work to be done here including picking, weeding and fertilising. Four or five times during the three month picking season they can glean beans that have fallen on the ground and make about IDR 70,000 each time. When there is no farm work, she can clean shrimp at the factory nearby and makes about IDR 350,000/week. It's particularly easy to get the evening shift work. And they can sell unsold shrimps back in the village. She can also fall back on domestic work when she is not working in fields. She is very systematic in planning her work schedule and has even collaborated with the wife of the man who organises the irrigation committee to work out whose field will next be irrigated and whom she has to arrange work with.

Field Notes, E Java



Farming is increasingly unpredictable and this year rice harvests are reduced in many places by more than 50%



24

*'Life is better in the city as we have alternatives to earn money'*

The family comprises mum and dad in their early thirties with three small children (15 months – 10 years). Despite the remoteness of their community, incomes have many sources; fishing, farming and logging primarily. Father fishes in the sea using nets and lines but it is unpredictable, weather-dependent and prices fluctuate. Much easier than fishing is the income got from logging. He owns a chainsaw together with his brothers and they work as a logging team, although he is the least skilled and earns less than the other two. The main problem with this is the rain and they have not been able to cut timber for the past three months because of the rain so he has been fishing instead. Mother says *'if we run out of money we go fishing.'* So, for example if they need money for school costs for their ten year old daughter, father will go fishing that night. Similarly, *'if we have a health emergency, he goes fishing.'* But *'last night I only caught fish worth IDR 100,000 and, after paying for fuel, my profit is only IDR 25,000.'* He also collects rocks for road construction making about IDR 75-150,000/day. Others make copra earning about IDR 100,000/day. So *'working two days collecting rocks and three days making copra we can earn IDR 900,000/week.'* Others farm seaweed for half the year (May–September) and can make nearly IDR 10 million/year but this depends on securing some space in the sea and there is fierce competition. Others still make and sell *sopi* (local alcohol) in May–September and in the season, it is possible to sell it at profit of nearly IDR1 million/week. As this can be stored, it is a good way to mitigate the risks of incomes dependent on fishing. Though there has been a ban on sea cucumber collection, young men here still go out nightly and routinely make IDR 600,000–1.8 million/expedition.

Field Notes, SE Maluku

25

*'I work when there is work to do'*

This is mother's third marriage. They have one son from her previous marriage living with them and a toddler of their own. Things are not very good between the parents and the neighbours are gossiping especially as she ran away last week for a few days. People say he likes to stay at home and she, they speculate, has mental problems. They do all sorts of work to earn cash; she gives massages (IDR 10-20,000 a time and has about four customers each week), she sells firewood (4 bundles each week (IDR 20,000)) and she helps clean fish but gets paid in 'fish heads' which she salts and sells for IDR 5000 each day. He goes fishing in a leaky boat given to him by his brother but is not very successful as *'we do not have the equipment'* (a net, he says, costs IDR 700,000). He just uses a string and hook and gets only enough to eat. As the floods recede he hopes to be able to get 3-5kg fish to sell each day for IDR 35,000. He collects the firewood in the mornings but sits around the rest of the day, smoking with friends. In the dry season, he can make IDR 100,000 per day working in construction but since this is 'on call' work it is unreliable. Sometimes he cuts grass for people's buffaloes and will get IDR 60,000 for a day's work. Each day they spend a minimum of IDR 65,000 (IDR 10,000 on rice, IDR 12,000 on cigarettes, IDR 6000 on tea and coffee, IDR 4500 on sugar (they put five teaspoons of sugar into every cup of coffee), a minimum of IDR 30,000 each day on snacks for the children). Mother told me, *'I am stressed out and always feel dizzy.'* The father thinks this is a curse from her ex-husband but it entails extra expenses for medicines and the shaman. One night when I was there, there was no rice and mother immediately went out and came back later with rice she had bought with cash from doing a massage.

Field Notes, C Kalimantan

26

### Picking up temporary work

Father used to work for a mining company but was sacked three years ago because he was accused of breaking some equipment. He said, *'Back then I earned enough to buy two hectares of land, a motorbike and gold for my late wife.'* He had to give the land to his parents-in-law when his wife died. Since then he remarried and has only managed to pick up temporary work here and there.

Field Notes, C Kalimantan





Fishing when some extra cash is needed such as for unexpected school expenses

27

#### Poorest in the village

Both mother and father had married before and she has had nine children, the three youngest with him. Former rubber farmers in her family's village they moved recently to his family village when the price of rubber halved. They still have land in the old village which they have not been able to sell because it is too remote. He bought a small plot of land (IDR 10 million) when they moved and built the simple house himself for around IDR 5 million. He tried to get work in the local open cast coal mine but, even forging his birth certificate and his qualifications failed to secure employment. This work would have enabled him to earn IDR 9 million/month. Eventually he got construction work which pays IDR 80,000/day but mostly he does *portering* work at the dock earning about IDR 30-50,000/day though on a good day this could be IDR 100,000). This work is not seasonal and always available if nothing else is possible. There is timber work and gold mining but these require contacts and, as a newcomer, he rarely gets invited to join these groups, though they both pay well. His wife does not earn. People regard them as one of the poorest in the village and he sometimes gets work because people feel sorry for him. For example, the school principal asked him to build a ditch recently and paid him IDR 750,000. The nearby kiosk owner provides the children snacks at reduced prices. *'I feel sorry for them'* she told me and confirmed that they have a lot of goods on credit from her. There is no social assistance in this village, he says *'because the Government thinks this is a wealthy village with coal and gold. But there are still people like me who are poor.'*

Field Notes, C Kalimantan

28

#### Everyone contributes

The two younger daughters, 7 and 11 years old go fishing every day after school. Their mother is widowed and has to look after her two grandsons. The girls collect fish, shrimp and crab and sell to the local kiosk. They make about IDR 30-40,000 each day between them and this is an important income.

Field Notes, NTB

other casual work or from selling resources that could be gathered from their neighbourhood (e.g. stones, snails, coconuts, leaves, firewood). People shared that even with a waged job they still needed a back-up income source as companies, such as mining and plantation companies, hire and fire *'with ease'* and close down or move on. Two families told us of their members being sacked from garment factories for *'taking too much sick leave'* (in each case this was less than a week away from the job). They and others felt that although waged employment was what they wanted there was not as much security of employment as they had hoped for. The findings concerning income source diversification echo other RCA findings: for example the two studies on social assistance found that only 1/22 and 2/26 families stayed with respectively had a single income source<sup>17</sup>. As the infographic<sup>18</sup> (Annex 4) produced by the RCA team

17 Understanding Social Assistance Programmes from the Perspectives of People Living in Poverty; Reality Check Approach Sub-report 2, 2015 p 51; Reality Check Approach Report, People's Views and Experience of National Social Assistance programme, 2015 Annexes p xix

18 Life cycle effects on poverty, a RCA infographic, see Annex 4



29

**Gold mining is saving our lives**

The family enthuses that the gold that was first found ten years ago is *'an unlimited source'* and it can be mined here all year round. The son-in-law has been doing this for five years now since his mid-twenties. He is the daughter's (20) second husband and basically supports her, their two children, her mother and her sisters now. He gets a minimum of IDR 300,000 per week but some of his friends have been lucky and made as much as IDR 20 million in a month. The usual monthly income is between IDR 5- 10 million. But the work is illegal and they say *'every week people die looking for gold in the mountains'* and it involves going deep into underground tunnels. They also worry about the mercury used. They have rock crushing machinery outside their house and estimate that they spend at least IDR 100,000 per month on water as the process of extracting the gold takes a lot of water. If they ever get a windfall from gold they will build a new house, buy a motorbike, pay for schooling and help others in their family.

Field Notes, NTB

30

**Turning to migration as the best option**

People are increasingly worried that activities, such as logging and gold mining, which actually make them enough money to live and stay in Indonesia are illegal. Security checks are more frequent near the gold mines and more and more of the forest is being turned into conservation areas. And so people are turning to migration to Malaysia once again as they did before the gold was discovered. Some are planting palm and rubber trees but these will take time to mature and it is a costly investment paying people to clear the land and for fertiliser. Most of the young people work in Malaysia. But families of migrant workers find the irregularity of remittances difficult and it involves meeting up at the border because other ways of sending money are costly.

Field Notes, C.Kalimantan

31

**Trying to set up a new kiosk**

The family had to move suddenly last year when the father's brother kicked them out of the house. This was the lowest point for them and they were reduced to just a few thousand rupiah. There's tension too because the brother thinks 'my' father doesn't work hard enough. The family with two boys aged 5 and 12 years borrowed IDR 200,000 from father's truck driver friend to help mother to start making cooked snacks. When I visited them six months ago, they had had a small wooden kiosk where mother sold the cooked snacks, coffee, noodles, milk and sometimes *es mambu*. They had since demolished this to build a better structure. But with the upheaval of being kicked out of the house and relocation further away, this has not been finished yet. So the family depends on mother making fried snacks and selling house to house. She reckons she makes about IDR 30-40,000 profit per day. Father occasionally carries stones at the quarry but only when they are really short of money. He refuses to work in the village auto workshop even though he has the needed qualifications because he feels a full time job interferes with his religious activities. Dad was the main instigator of the new kiosk because he feels that a better store will attract more customers. They are considering having a dormitory for drivers too (they had done this on a small scale before and it worked well). The construction has cost them IDR 7 million (mother used the BSM money in this way) so far and it is far from finished. The brother thinks they should borrow money from a bank or the *bank keliling* to finish it, but they don't want to. He said *'I have borrowed money for my honey business.. you have to take some risks to make money'*. But they think the interest is too high and *'it is not halal'* to pay interest and, anyway *'you need to open an account at the bank and we have no money to do this.'* They asked me to help invest! Out of earshot of her husband, mother confided that she regrets they have spent so much on the kiosk and it is still not functioning. Sometimes they do not have enough money for the transport for the older boy to go to school and he stays at home.

Field notes, E Java

based on these two social assistance studies notes that families with the lowest number of people able to work and the least diverse opportunities for work are the poorest. So, for example, the grandmother we met during the second social assistance RCA study typifies the category of the

poorest identified by people themselves: she looks after two grandchildren on her own in a remote fishing island in E Indonesia, is the only one capable of work but cannot earn an income because the opportunities on the island are extremely limited and there is no disposable income among other families to enable her to sell goods to them.



32

**'Don't come back to the village'**

Parents in this remote island fishing village tell their children not to come back once they have gone away for their education. *'Why would you come back after getting education? Just send money back from there.'* There are very limited job opportunities here and people mostly farm cassava for their own consumption. There is a little copra production, fishing and logging and, in season, some have mangoes to sell. Furthermore, people do not have legal ownership of the land and worry about this. Fishermen say there is often not enough to sell only enough for own consumption. Some make a little money running boat taxi services but *'you have to have a minimum of six passengers to make a profit.'* So the main option is construction work on the mainland.

Field Notes, SE Maluku

33

**Unpredictability of farming**

The family worries about crop failure. *'Now climate is unpredictable and we do not know when the rains will come.'* This year the second rice crop was very poor because of the drought. *'Usually in puso (November) we could earn IDR 8-10 million from rice but this year only IDR 3-4 million'.* Even those who did better noted a loss of at least 30% this year. *'There's no holiday working in fields – you only get a break if you are sick.... Even if you have a wedding to attend people only stay for half a day so they can still work on the farm.'* They are hoping that the rumours of a trans-Sulawesi railway line will materialise because this would make it easier to sell their rice.

Field Notes, N Sulawesi

34

**Produce prices fluctuations**

*'We get our cash mostly from chilli, but the price is going down. It was IDR 40,000/kg in January and now it is only IDR 14,000 (April) . So we cannot rely on this',* 'my' father shared. The neighbour, meanwhile, has already given up cultivating chillies in February when the price dipped to IDR 30,000 /kg and opened a kiosk. Children like to pick chilli after school to earn their pocket money for snacks and even new clothes.

Field Notes ,W. Sulawesi

35

**'Working in Jakarta gave me regular income'**

Before her husband died 2 ½ years ago mother, who is nearly 60, worked in Jakarta as a domestic worker and earned IDR700,000 /month. Because her accommodation and food were covered she was able to save nearly her entire salary. But after being widowed, her son would not let her work in Jakarta any more. She feels that life is much harder now. Her savings she had hoped to invest in land have all been spent on daily expenses. Despite being very adept at getting a variety of waged work (see Box 20) she still feels that working with a regular income was much better.

Field Notes, E Java

For others the struggle to earn enough involves turning a hand to whatever work one can get (see Box 25–27) and others involve their children to help earn for the family as illustrated in Box 28 or to gather food (see photo).

There have been some new opportunities for some families, with gold mining providing an important income for three of our study families (see Box 29). Timber is another important income source for six of the study families (all in Maluku and C Kalimantan), but like gold mining is not always legal and so alternatives such as migration are sought (see Box 30). Others struggle with new enterprises as illustrated in Box 31. Opening a kiosk has been tried by several of the study families and families we have stayed with in other RCA studies. Nearly all suffer a similar fate due to high demands for selling goods on credit or family expectations of gifts. As found in other RCA studies, in remote areas where there is little economic activity and little disposable income (especially isolated and small islands) people told us there are very few opportunities to earn and looked outside for work (Box 32).

**Unpredictability of income**

The unpredictability of income is one of the most talked about concerns among the study families. Those dependent on agriculture or fishing are vulnerable to seasons, changing climate and price fluctuations. But all those dependent on casual labour feel insecure about their incomes and this,



36

**Garment factory work gives a regular income**

Dad (in his thirties) works in construction and aims to earn at least IDR 70,000/day *'if there is no construction work I will do anything else'*. He used to work in Jakarta as a gardener and handyman and was offered this job again where he could earn IDR 300,000 /week but did not take it. He worked for a while as caretaker of a fish pond in the village where he earned IDR 200,000/week but thought it was too tiring. His brother has offered him a loan to construct a cart to sell vegetables but he is not willing to take the risk, *'I worry I will have no customers.'* Mum works in a garment factory ten hours per day six days per week and earns IDR 1.2 million/month. She lost another better-paying job in a garments factory earlier this year because she was sick for a week. Nevertheless, they feel much happier that she has a regular income.... Especially as they have lots of debts to pay. She continually urges dad to have a regular job again but he says, *'I want to stay at home. I don't want to migrate any more. It's too tiring.'*

Field Notes, W Java

together with the need to earn cash year round (to pay for food, regular utility bills and periodic school costs, in particular) is another major driver for diversification of income. This and other recent RCA studies demonstrate a strong demand for regular paid work.

### **'Better to work as a carpenter because you know what you get and when'**

(brother, W Sulawesi )

Those who have traditionally depended on farming told us they are increasingly worried about crop failure due to a progressively unpredictable climate. Box 33 illustrates this concern which we heard elsewhere in this and other RCA studies in the last year. Box 34 demonstrates the other key problem facing farmers which is volatile market prices.

Typical of others, a father in NTB said *'I always wanted a regular income. I wanted to work like others who are teachers. Not only are they never short of food but can pay for school and care for their parents.'* His wife, who now runs a kiosk, said

37

**The reassurance of some regular income**

The parents in their thirties pick cloves each year in November/December and earn about IDR 240,000 between them each day. The rest of the year, father drives his own *bentor* but rarely earns more than about IDR 50,000 each day. The earnings go down at the weekend because there is no school and are best on market day when he can earn about IDR 100,000. They get 50kg rice for helping others to harvest each year and occasionally the neighbour asks for help in preparing copra. His wife had recently resumed her job at a local restaurant and she gets IDR 40,000 every day in cash. This regular and predictable income has made a huge difference to the family and they feel they can buy goods on credit and even save a little.

Field Notes, N Sulawesi

she prefers the regularity of this work, *'before I collected sand or helped on other people's land but this was not regular.... At least I have cash now. This is what I wanted – a regular income.'* Others underscored the importance of regular work (Boxes 35-37). This and other RCA studies conducted recently affirm that parents often aspire to their children having civil service jobs and invest in their education to this end. The main motivation is to ensure they have a regular assured income, which also enables them access to credit. As the son (18) of one family in NTT, typical of others across the study locations said, *'I want to go to Akademi Perhubungan (Transportation Academy) as jobs are guaranteed after graduation.... Any channel which will give me regular cash.'*

But even salaried jobs can be unpredictable as demonstrated by the story in Box 39. Furthermore, as mentioned above, security of employment is often very weak with employers hiring and firing with ease.<sup>19</sup>

### **'My job is to look after my land, my goats and my chickens - I never got a regular income'**

(father, NTB)

19 People told us during the RCA study on international migration for work that one of the reasons for seeking work abroad was the poor conditions of employment in Indonesia, where regular pay and full time work cannot be assured. (Reality Check Approach, perspectives and experiences of international migrant workers and their families, June 2015)



38

**Even salaried jobs can be unpredictable**

'My' dad (31) is the eldest son of the current Village Head and works as a PNPM Village facilitator. People in the village say he has a better job than them because he does not need to go fishing every day. His salary (he says fixed at around the minimum wage) is supposed to be paid via bank transfer but he says *'payments can be irregular and vary in amount.'* When it arrives in his bank account they withdraw all of it. There has been no payment between January and March this year so they had to cut back on their spending. For example, they bought a litre of rice each day rather than 2 litres and stopped buying milk powder for their 3 year old daughter. Mother also pawned her gold jewellery for around IDR 500,000. When he was finally paid in April, he only got the January salary payment. Fortunately, they live rent-free in a house belonging to a teacher *'who feels sorry for them'*, never buy new clothes (only 'hand-me-downs' from relatives or T-shirts and caps from political campaigns). But his wife is a little frustrated that her husband doesn't actively seek other work, such as fishing, during the times when the salary is paid late.

Field Notes, N Sulawesi

Successful self-employment can be vulnerable to competition as illustrated by kiosk owners who struggle to survive (Box 39) and the *ojek* driver in W Java (Box 40).

The seasonal nature of some income earning options is another reason for income diversification. In the 2010 RCA study on basic education<sup>20</sup> it was noted:

Year-long income earning opportunities seem to be a key differentiating factor in the villages which are slightly less poor... where there is greater diversity of job opportunities, people tell us that they are better off. (p 14-15)

Rains affect people's ability to earn with logging and gold mining, two lucrative income sources, being particularly restrictive in our study locations in C Kalimantan and Maluku. While gold mining continues throughout the year, the income in the rainy season drops to a third of the dry season earnings. But in rice growing areas, rains can have

the opposite effect and can provide more job opportunities. For example, helping in other people's rice fields in the N Sulawesi study locations provides an important income source and people here say it is the dry season when jobs are scarce.

It goes without saying that seasons affect what people eat, although with the emphasis on cash earning, families generally maintain their ability to eat rice throughout the year. An earlier RCA study<sup>21</sup> noted that dry seasons seem to be harder

39

**Unprofitable kiosks**

Last time I visited in mid 2015, 'my' mum (then 19) was running a kiosk from her house. It was well located at the end of the island near to both elementary schools and the Islamic Junior High and there was no market in the village so prospects seemed good. She sold fried banana and phone credit. But she soon found that people expected her to let them buy on credit. She closed the business and knows she lost some money on this but is not sure how much. She regrets this and feels that she could have continued if she had had more capital. She is now considering joining a pyramid sales scheme selling cosmetics and clothes as some of her friends have done but is worried that *'these island people will just want to buy stuff on credit.'*

Field Notes, N Sulawesi

The mother runs a kiosk on the beach. Her biggest expense is the electricity to run the two fridges – it costs her IDR 300,000/month. Although she can sell IDR 150,000/day, relatives expect to be able to buy on credit. Those taking cigarettes never pay for these and they also take noodles and other snacks so the kiosk does not really make much profit. The family actually relies on the income from selling sea fish and father can usually make about IDR 150,000/day.

Field Notes, West Sulawesi

*'I don't allow people to buy on credit any more. People would take dishwashing soaps, cooking oil and not pay me back for six months..... Next time they ask me I will add interest if people want to borrow money and no more goods on credit.'* Another time she said, *'I get upset when I know people have bought from another kiosk with cash when they still owe me.'*

Field Notes, SE Maluku

20 Indonesia Reality Check Main Study Findings, Listening to Poor People's Realities about Basic Education, May 2010

21 Reality Check Approach 'We are healthy, why change?,' Perspectives, observations experiences of people living in poverty on their hygiene and nutrition, 2015.



40

**Ojek driving no longer lucrative here**

'My' dad complained that there are less customers these days, partly because of the competition and partly because the roads are so bad now since six new sand and rock mining companies have moved in. *'Trucks queue up to go back and fro to Jakarta.'* Even on Sunday I counted a truck every 2 minutes. As a result of the bad roads there is now a crack on the frame of his motor bike and he has no cash to repair it. He refuses to transport people into the hilly areas because of the poor state of the road. Nevertheless, he works every day sometimes until 10 pm but he says increasingly *'we just hang around waiting in the pangkalan (base)'* and earns only about IDR15-30,000 each day. *'I can never predict how much I will earn each today.'* As his motorbike is broken and if nobody calls his wife to do dishwashing that day they will have no food in the house. Nevertheless, he says *'I am happier as an ojek driver because I am free'* comparing his life working as a truck assistant and then truck driver before.

Field Notes, W Java

for people. Pig hunting, for example, in C Kalimantan is better in the rainy season; *'I can catch a pig nearly every week in the season... and sell at IDR 50,000/kg... so last week I got IDR 1.25 million. I can also catch rabbits, about three each week'* (IDR 225,000) (father, C Kalimantan). Also in C Kalimantan, communities living along the river benefit from the river flooding each year for 3-4 months as it brings an abundance of fish literally to people's doorsteps. Sea fishing in SE Maluku can be treacherous in the *musim angin timur* (easterly winds season). Vegetables are more readily available in the rainy season and so people either go without in the dry season or have to buy. So while jobs may be harder to get, in some areas, the rains ensure there is more 'free food.'

Another seasonal concern is the start of the school year, especially for parents with children transitioning from primary to junior high school or from junior high school to senior high school. The following is typical of other parents worries shared with us in this study: *'We need to have some savings as our son is moving from junior high to senior high school in July'* (mother, N Sulawesi). Registration, new uniforms and new books are the

main costs and the fact they come all at once is a particular burden, parents told us.

## How does social assistance contribute?

National and sub-national social assistance programmes are supposed to supplement earned income but these, too, are unpredictable cash or in kind supports. They are unpredictable in several ways: people do not know if they are definitely eligible, do not know how much they will get and do not know when they will get it. A previous RCA study<sup>22</sup> noted that:

*'We can't depend on it (social assistance). We still have to buy food for our daily needs.'* Irregularity makes it hard for people to plan in advance. Furthermore, amounts received are different from one time to the next. Because of this people told us they would prefer assistance which was more predictable' (p 41).

In this RCA study on household finances families

41

**'January to May is crisis time'**

'My' family moved from S Sulawesi a few years ago along with others to start clove cultivation. The price is quite good (IDR 140,000/kg and has remained stable since I last visited in mid 2014) but this is highly seasonal work and it means working in other people's plantations for now as their clove trees have yet to grow. They explained in 2014 when I met them that *'this is a struggling time for us while we wait 4-5 years for the cloves to grow.'* Between harvests, *'men have to work in construction'* and people are glad that there is plenty of work in the thriving modern town just 10 minutes motorbike drive away. But this last year 'my' dad was very sick and missed the clove harvest time from August to December. Mother worked long days (11 hours) over this period earning DR 200,000 per day. But with medical costs and only one income they struggled this year. When both of them can work they regard the harvest time as the best time. *'We work hard and play hard as well.'* It is at this time that the door to door salespersons come to offer them goods on credit and *'We buy whatever the children want'*.

Field Notes, SE Sulawesi



were selected as being families who live in relative poverty and so they should, in theory, be more likely to be recipients of Government social assistance. As found in previous RCA studies<sup>23</sup>, this is not always the case and we again found people who were mystified about why they had not got help when *'well-off families got it'* (W Java). In one study village there is no social assistance at all, allegedly because *'Government considers this to be a rich village because people work in timber and coal mining'* (C Kalimantan) yet there were families in need.

RASKIN (subsidised rice), if available at all in the village,<sup>24</sup> is generally split evenly between all residents regardless of eligibility and people often complain that it is poor quality, *'the rice is so smelly we have to mix it,'* (grandmother, W Java) and recently, people say, it has not been very regular. Only in NTB did any families indicate that RASKIN was actually useful.<sup>25</sup>

42

#### Seasonal work and expenses

The family tells me that things are very different in the dry season. At the moment when I am staying with them it is the rainy season and access to the stilted house is along a plank above the water. Unsurprisingly, fish are plentiful and even without a boat father catches fish from the side of the house using a line and hook for dinner each day. The river flooding usually lasts 3-4 months each year but the timing of the flooding has become less predictable. Last year it was May- August, this year it started in March. There is little work for them at the moment except to collect firewood to sell and they worry that as more people switch to using gas the demand for firewood will drop. Mother helps clean fish and gets paid in kind as well as cash. But in the dry season, there are several options; logging, construction, rubber tapping and gold mining. The seasonal difference in income is epitomised by mother's comment about pocket money. *'In the dry season we give the baby (2years) IDR 20,000 per day and the older two get IDR 10,000 per day but in the rainy season the older ones go without and the baby gets IDR 5,000.'*

Field Notes, C Kalimantan

As we have found in earlier studies (see footnote 6), BSM (Assistance for Poor Students) sometimes only goes to one child in the family, *'maybe next year we will get for a different child'* (Mother, N Sulawesi); *'I have three children at primary school*

43

#### Cost sharing housing programme

Grandma, 70s, has just completed the construction of a new full brick house with the help of *'Bedah Rumah'* programme of the local government in W Java. The building supervisor was not present during the construction so the two workers did not get paid. Grandma sold her gold necklace for IDR 2 million to pay them. She also provided them with meals, cigarettes, coffee and snacks. Her daughter says she feels sad because the necklace was supposed to pay for funeral expenses. Another grandma in Sumatra also found she had to pay the workers for her house renovations under a PNPB programme. On her own and with debt, she found this difficult.

Field Notes, W Java and Sumatra

44

#### Social assistance; some get everything some get nothing

The families in this village in NTB seem to get everything; RASKIN, BSM, PKH, soybean seeds, goats. *'My' family gets IDR 50,000 for her first grade daughter as well as free uniforms, received two goats and 25 kg of soybeans just before planting season (although this year it was late so they will have to sell them instead of planting). They receive RASKIN and on-sell it. Despite having a one year old child she does not get PKH although others do. 'I concede that I am not on the list and there is nothing I can do about it.'* But, she says this is the only assistance actually worth getting as it is more than IDR 1 million. She says the BSM money just pays for some pocket money for the girl. But father was delighted with the goats. He joked *'I brush their hair and teeth'* and sees them as means of savings, *'I would cry if someone steals my goats.'*

Field Notes, NTB

23 Understanding Social assistance Programmes from the Perspectives of People Living in Poverty, 2014; Reality Check Approach Report; People's Views and Experience of the National Social Assistance programmes, 2015

24 People tell us that some remote spots do not get RASKIN at all.

25 This same findings emerged from the RCA study on social assistance, where only those in NTB felt that they benefitted from RASKIN, especially in the season post planting rice. Reality Check Approach : People's Views and Experience of the National Social Assistance programmes, 2015 p 41





The Government House Renovation grant helps some but the conditions for these were not always clear and families ended up contributing more than they expected

*but only the middle one gets it... I bought one uniform for each child with this,* (mother, W Java) or was only received one year and never again. Others found the paperwork required, *'so much photocopying of different documents all the time'* (Fishermen, SE Maluku) to access the cash too burdensome and, anyway, the amount is so little *'it means nothing in the end.'* Others told us that teachers collect the payments on their behalf from the town and deduct as much as IDR 100,000 per child per payment for this (e.g. W Sulawesi). Again as noted in previous RCA studies, people do not think that the BSM payments are sufficient, especially beyond primary school, *'I had to add IDR 750,000 (added to the amount received for BSM) to pay for all the uniforms, books, photocopies and homework papers'* (girl, attending junior high school). With ceilings for BSM at IDR 450,000 (SD level), 750,000 (SMP), and 1 million (SMA/SMK) per year per child and the fact that few actually get near this sum, people tell us that the amount they get barely covers the cost of uniforms. But people appreciate that it helps towards paying for pocket money (which amounts to a minimum of IDR 1.2 million per year for just the school days assuming

an average rate of IDR 5000/day).

Several families had benefitted from the *'bedah rumah'* (house improvement) programme recently, especially in Java. The assistance seems to be in-kind housing materials purported to be to the value of IDR 7–10 million. But four different host families in W Java complained that the process took a long time and *'work was not finished properly;'* *'we had to pay a bribe of IDR 100,000 to speed up the process'* but without any result; *'the materials provided were not enough - we had to provide the doors and windows and pay the construction workers... altogether this was IDR 3 million more;'* *'grandma had to sell her necklace for IDR 2 million to pay for the workers.'*

Like other social assistance programmes people were unsure how people were selected for these programmes and some had been promised them up to two years ago but still had not received any assistance, making these also unpredictable.

As we have found in other RCA studies,<sup>26</sup> there are mixed feelings about being recipients of asset transfers. For example, in C Kalimantan people

26 Reality Check Approach Report; People's Views and Experience of the National Social Assistance programmes, 2015



complained about being given ducks, *'we don't eat ducks here'* (Father), but others are pleased (see Box 76). People told us that some join groups to get access to these assets which they simply sell off, *'it was too tiring to take care of (the buffalo) so it was better to sell it... and I bought a saw and food'* (Father, C Kalimantan). And others complained that they were excluded from groups which were formed through nepotism.

Some study families received local assistance. For example, one family in W Java received some special assistance after the *posyandu* cadre reported that, *'they are living in a chicken cage house... please help them;'* another family in C Kalimantan get donations of school uniforms and other clothes from *'people'* (as our host mother said) in the village who consider them a poor family; a study family in NTB get some cash and food from the mosque occasionally since their father died; another in N Sumatra gets rice and cash at Idul Fitri and Idul Adha from the local mosque because they are *'one of the poorest families;'* and another in C Kalimantan gets casual work because people feel sorry for them as the *'poorest family in the village.'* Once again these supports are periodic and unpredictable.

## Life cycle effects on expenses and income

The composition and age of the family affects family expenditure and income. Box 6 illustrates the effects of the loss of income with a new baby and Box 5 shows that expenses also may increase with a new baby, especially under the pressure families feel to give milk powder to their babies<sup>27</sup> as well as to use lotions, talcum powder and disposable diapers; *'Expenses got worse when the third baby came along'* (father, W Java). Although mothers may return to some work once the children are at school and others expect their parents to help with childcare, families often shared that it was difficult to work. For example, a mother in N Sulawesi told us she is relieved she can once again wash dishes in a nearby restaurant now that her children are a bit older (the youngest is 7) and works every day from 8 am until 10 pm. She had worked at the restaurant before she got married fifteen years ago. With this additional income they have been able to buy a new rice cooker, refrigerator and are building an extension

45

### Disappointed in their children

Two years ago when I first met the family, they had aspirations for the education for all their children but particularly their elder daughter who is now 14 years old. But she had consensual sex with a man who stayed in their house en route to the mountains and *'we don't trust her any more.'* So they have sent her away to school in town. They don't talk about investing in their other children's education any more either and no longer encourage them to do their homework. The three children at home (aged between 4–12years) toss their school books into a box on return from school and watch TV all evening.

Field Notes, SE Sulawesi

*'My' parents are disappointed with their 17 year old daughter. When I visited before in 2015, she was one child (out of eight) the parents had high hopes for, especially as her four older brothers had all left school early. 'I thought she would be a midwife or a teacher but she slept with a boy', her mother told me. She left home to stay with the man, a palm oil plantation worker, and her brothers insisted she marry him. At just 17 years old she now lives with him in a house for plantation workers as his wife. The father now pins his hopes on the youngest daughter who is still only 7 years old.*

Field Notes, W Sulawesi

to the house. Importantly, this decision to return to work was so they could afford to send their children to high school, especially as the father drives a *bentor* and *'income can be very irregular, some days only earning IDR 20,000.'* Another mother in NTB shared that she and her mother both want to work again as soon as the children are old enough. The mother wants to migrate for work in Java and her mother wants to resume fishing and laundry work as she did before her husband died three years ago. Another family in W Java said the same thing, *'I want to have a weekly or monthly wage as a domestic worker but my children are too young (boys aged 10 and 5) and I need to take care of them. As soon as the younger one is ok to be left at home I will work again. If we have more cash I want to save to send them both to high school. I don't want them to be like us'* (mother). Another mother in W Java said she will work in the garments factory until her children (now aged 12 and 7) graduate from senior high

27 Reference cited in footnote 3, p73, describes how families easily access milk powder and 'know more about different baby formulas than they



46

### Burden of caring for grandchildren

The couple, now in their sixties and seventies, had eight children and currently live with their fourth child, a son who is married with three children. But two years ago when I first met them they lived on their own and looked after two grandchildren full time and continue to look after them. These are the children of their younger daughter. Both children have different fathers and she is currently pregnant again by another man and lives in Ambon. Her two older children are now 9 and 5 years old and have been living with the grandparents for the last five years. They felt very sad having thought they had fulfilled their burden of bringing up their own children to now have the burden of grandchildren, but expect that the children will eventually move back to live with their mother. In the meantime they pay nearly all the costs, although the daughter occasionally sends clothes in exchange for food items from their farm and money (IDR 1-2 million every 2-3 months) through the local kiosk network.

Field Notes, Maluku

Grandma in her mid-sixties looks after three grandchildren, all in their teens, on her own, although the eldest, now 19, does construction work from time to time. But she basically supports their education costs herself from her wages as a domestic worker and child-minder. Her divorced son in his 40s lives with her. He has had several accidents and walks with a limp and rarely gets construction work to help out, although he has pledged to pay the current water and electricity bills which have been unpaid for the last two months. She does get some support from the father of two of the children, about IDR 200,000 every month but this now gets intercepted by the older granddaughter and grandma does not get to use it. The other granddaughter (14) (daughter of her adopted daughter) makes demands all the time because she assumes her mother is making contributions to her grandma when she isn't. This has been the cause of big arguments. Grandma currently owes money to a friend, her neighbour, the *bakso* seller across the road and two travelling credit providers trying to provide clothes, transport money and school fees for these children. The neighbour says the grandma spoils these three children and gives in to what they want all the time. Grandma says, *'what can I do if they want to take the minibus?'* even though it is only a ten minute walk to school.

Field Notes, Sumatra

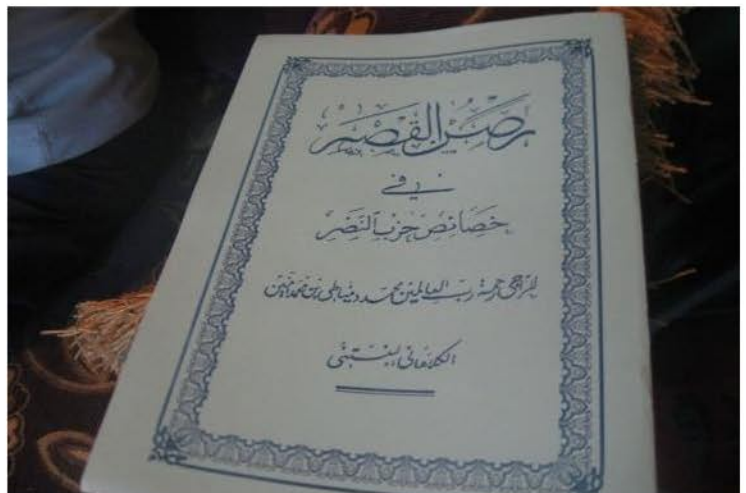
school, *'It's tiring but my children have to graduate so that they can have less tiring jobs than me.'* Boxes 13, 44, 54, and 55 as well as quotes on this page illustrate the concerns that many in this study and in other RCA studies have about high school costs. But hopes to educate their children can easily evaporate and further investment can quickly be withdrawn (see Box 45).

### 'Education costs get higher and higher as my children get older'

(father of daughters, 12 and 17, W Java)

### 'The hardest time is now as my daughter is about to go to junior high school'

(mother, SE Maluku)



Windfall prayer book — It is believed that reading prayers in books like this one (requiring a IDR 35,000 'donation' to the local *pesantren*) can help one receive a windfall

### 'Hardest times? Now, since we sent our daughter away to junior high school in the city, this is a cost as we have to send her money for her food and board but also because she does not help with the clove harvest any more'

(mother, SE Sulawesi)





Donations to Churches are often mandatory and can become burdensome for poorer families

The most difficult time for families, they consistently tell us, is when their children are teenagers as education costs are high and families try to save for tertiary education and impending weddings. As soon as one of the children has left home and has a secure job then the family can, potentially, benefit from remittances or contributions to the family expenses. A mother in her fifties in Bogor shared that life was much better since her two daughters had finished junior high school and now had jobs. She especially noted that there were no longer the daily pocket money demands. Several older parents shared that *'life is better now because my children are supporting me.'* For example, another family in Bogor was pleased that four of their five children now had jobs and the younger son (18 years) had nearly completed high school. A grandmother in Sumatra who brings up her grandchildren on her own also said she will be relieved when their education is complete and she hopes for a reversal of support. For some, however, the expectation to be looked

after in old age is not realised (see Box 46).

### Positives and negatives of family obligations

*'I'm poor but as long as I'm able I have to try to help others because my money is not for me it is for my family to grow'*

(grandfather, N Sulawesi)



47

### Sharing income between brothers

'My' father works primarily as a logger with his two brothers on contracts defined by volume of wood to be provided. The payment is shared between them but sometimes based on need rather than effort put in. *'My brother needs more at the moment because he needs to send money for his daughter's college fees. He needs IDR 3 million... this is why I like working with my brothers. They will help me out if I can't work or am in difficulties.'* He explains that this is why he also prefers this work to fishing which has no possibility of this kind of reciprocity.

Field Notes, SE Maluku

49

### Family obligations

'My' family are actively working on an extension to their house. They have made quite a bit of progress since I last visited nearly nine months ago. The work is being done by local people who expect food but no payment on the assumption that reciprocity will be honoured at some point. They need this extra space when relatives come to stay. But the father's niece recently asked for financial help for her to go to college in Ambon. Dad told me this took nearly all their savings and *'I am not sure we can finish the house construction now.'* The house was a priority as they can borrow a motorbike from his younger brother when he needs and can watch TV at neighbour's houses. But they could not refuse to help the niece. They expect when their daughter is old enough to go to University (she is now 12 years old) that grandparents and aunts and uncles will help them out. *'It would be good if one of the children gets a PNS (civil service) job with a fixed salary'*, mum told me.

Field Notes, SE Maluku .

Whilst working in Saudi, her grandmother suffered a serious mouth infection and the whole family was expected to contribute to her treatment. They contributed IDR 1 million. Just recently her sister suffered a fever and spent IDR 1 million which was provided by family remittances. *'Whenever there is crisis then the family will support each other.'*

Field Notes, NTB

48

### Whose turn to benefit from remittance?

'My' mum went to work in Saudi Arabia when she was about 16. She earned good money in a beauty salon doing hairstyling, manicure, pedicures and massages. As the third child in a family of six children, she wanted to be able to support the high school education of her younger brothers and sisters. She stayed in Saudi for six years. With accommodation, food and health costs paid for by her employer she made over IDR 3 million every month. As well as sending remittance back home for her younger siblings school costs she was also able to save IDR 40 million which she has put aside for her eldest daughter (from her first marriage). She married a second time to another migrant worker and returned to Indonesia but to live in a village in NTB away from her family in Java. She found life here very hard, including *'going to the well six times per day to get water'* and cash flow was hard to maintain as they relied on farming. So now she is the recipient of remittances. *'This is to re-pay for when I supported them.'* Her younger siblings now work in Malaysia and Saudi Arabia and send regular remittances to their parents with instructions for some to be shared with their sister. She collects about IDR 3 million every two months from Western Union or the Post Office. When her husband returned to Saudi in 2012 for two years to work as a barista she particularly struggled looking after the farm by herself as well as looking after his parents and his sick grandmother. The remittances from her family became essential. Just recently she has used remittance money to open up a new kiosk. Now she can earn IDR 100,000-150,000 with her biggest earnings coming from the sale of ice, cigarettes, oil and sugar. *'Now we have the kiosk I can earn cash every day.'* Her husband wants to go back to Saudi Arabia so they can have a regular income again but now his elderly parents need taking care of and they have two young children (5 years and a baby).

Field Notes, NTB



50

**Family crises**

The extended family has multiple sources of income which sustains them day to day but when a crisis occurs, it has been harder. On the last New Years' Eve the eldest son (29) had been drinking heavily and had a serious motorbike accident. The ambulance in the early hours of the morning alone cost IDR 1million. Then the drugs cost a further IDR 1 million. The other brothers decided to take him home as they could not afford the hospital bed, so he spent a month at home recovering with the help of a relative who is a nurse. This same boy had been jailed when he was 20 years old for fighting when drunk and the family had to find IDR 6 million bail. Then another time he was jailed again for fighting in a gang and an even higher bail payment was required. Family land was sold to meet these earlier costs but the costs associated with the more recent accident were paid for by the fourth and youngest brother (only 20 years old, but in full time work and single) and from mother's small savings which she had hoped would be used to renovate the house. The youngest brother also had to contribute to his sister's hurried wedding (she was pregnant). He feels increasingly exploited by the rest of the family.

Field Notes, W Sulawesi

51

**The youngest son's obligation**

Tradition dictates that the youngest son should take care of the parents as they get old. 'My' father used to work in Saudi Arabia and moved back to the family village a year ago. His wife is from Java and does not like the hardships of village life. She is running a small kiosk and has a toddler and a five year old so she finds managing all this hard work. She complains all the time about her in-laws who live with them. *'Asking for help or for food all the time.'* They still go to their paddy field but the neighbours say *'only to sit there, they have no energy and don't help any more.'* My mum is angry all the time and there are many arguments, which upsets dad, *'she is so stubborn.'* Dad has one older brother and three sisters who all live in the village but none of them help with looking after their parents. He wants to return to Saudi Arabia where he had a good job in a coffee shop but says, *'I am trapped at the moment to care of my parents, their land and my children.'* His wife adds, *'I wont let him go now, I don't want to take care of everything alone'.*

Field Notes, NTB

52

**Being unmarried**

*'I tell them come back in November'* 'my' mum tells me she says to any man who wants to marry her. She is now 40 and worries that actually nobody wants to marry her because she looks after her elderly mother. She is the only one of her siblings who looks her mother as *'the others are struggling financially.'* She would like to marry; *'I could have a bigger kiosk. Another person would help with income earning and could supervise the expansion of the kiosk... I can't climb coconut trees so I need a husband.'* She is worried that when her mother dies she will be on her own. Currently she looks after her niece, a teenage girl, but she will leave too.

Field Notes, SE Maluku

***'It is good to have a little savings that you can lend to family - if you give something to people, they will give back... it is important that people can help each other'***

(family, C Kalimantan)

Families expect to help each other out as Boxes 47 and 48 illustrate. In these examples, brothers work as a team and share the income depending on need rather than effort put in and in the other example the family members are expected to take turns to work abroad and send remittances to support each other. This latter approach was highlighted in the RCA study on international migration<sup>28</sup> where people in E Lombok shared that they mostly went abroad to work before they had children and supported the rest of their family expecting this to be reciprocated when they returned and their younger siblings went abroad.

Sometimes these expectations can be considerable but there is usually an implicit understanding that whatever is given will be reciprocated. A father in C Kalimantan gave an example of how costs are

28 Reality Check Approach Report, *Perspectives and experiences of international migrant workers and their families*, 2015



### Who makes the decisions?

The mum and dad now only have their youngest son still living with them. He is 18 and at senior high school and his parents place enormous hopes on his education. Mother makes most of the decisions. She keeps her money always at home. She told me she was furious when her husband sold off some land recently to buy some goats. She felt it was a poor deal and refused to speak to him for a week after this. *'I always told him this land should be an investment for our son's education.'* Since then she says *'Bapak has not dared to sell any more land. He even lets me make the decisions about what to cultivate on our land. Every season I decide what crop we will plant, when to plant, when to harvest and what type of fertiliser to use. I decide everything. It is all up to me now. So when Bapak's motorbike was broken it was I who suggested we could sell some of our land on the hillside.'* But she assured me this will be the last time they sell land. *'We worked so hard to claim this land (after the tea plantation left)... I will not give it up unless the Government wants to take it back from me.'* She has suggested the son looks for work after graduating from senior high so that he can help pay for his higher education. Dad wants to take out PNPM loans but mother is not happy about this as she does not feel they have a regular income to service the repayments.

Field Notes, W Java

Mother manages the household money. She earns from selling fried snacks and when he earns he gives it all to her. Even when dad pays the electricity, mobile phone credit or son's transport for school, he asks mother for the money. He is not an impulse buyer but occasionally asks her for cigarette or coffee money. She says she rarely buys clothes and the children also rarely ask for pocket money but that is partly because mother makes fried snacks to sell and they have these.

Field Notes, W Java

*'Bapak is smart but he is not someone who can save money- he is too nice to people.... He is not good a managing money',* 'my' mother explained. So, she manages the family money and decides all the purchases, including the decision to purchase land for their new house. She keeps about IDR 300,000 in cash in the house all the time, *'for emergencies and illness.... Or if guests come.'* Bapak told me, *'I'm not a person who interferes much on money issues, I just give mama some suggestions.'* He has no plans to meet the upcoming expenses of his daughter's education and their house building. His only plan is his hope to buy a new rifle so he can be more successful at hunting.

Field Notes, C Kalimantan

They have a small log book which they keep in the cupboard in which they track expenses. Mother keeps this up to date but both discuss together. They only write expenses that are bigger than IDR 50,000 and don't worry about the snack money or cigarette money. Mother gave birth to a baby the day I arrived and the older daughter now wants her own bedroom. Mother is considering buying bunk beds for the two older girls *'when we have money.'* She makes these decisions.

Field Notes, N Sulawesi

*'In the end, I am the one who pays for everything',* mother told me. *'Even when bapak organises a loan from his friends, like he plans to do for our daughter's junior high school registration, it will be me who will pay it back with my wages.'* She also makes all the decisions about the electronics purchases.

Field Notes, W Java

usually shared, *'We wanted to buy land to construct a bigger house. My brother gave me IDR 1.8 million, my daughter IDR 500,000 and my son IDR 1 million and we made up the rest (IDR 700,000).'* None of these types of arrangements are loans and no interest is expected but they are mentally recorded so that the favour can be returned at some point. However, families also shared that these expectations can come at bad times for them (Box 49) or can feel like exploitation (Box 50). Another young mother (SE Sulawesi) told us that she was upset that her father who had given her land then asked for it back in order to pay for her brother's entry into Military Academy. He failed to get accepted on two occasions and is now too old to re-apply. The father has since asked

for more money to arrange for the date of birth on his son's school certificates to be forged which she has refused to provide.

### ***'We are family, so there is no need to charge him anything'***

(man on lending their motorbike to his elder teacher brother for the last 6 years, NTB)

We heard a few examples of families not wanting to burden their families with health costs and choosing traditional medicines instead. For example, one young woman in N Sulawesi had a





Like most families, this mother keeps all the cash. She keeps track of daily expenses and keeps the amount for each day in the pouch

tumour and was recommended surgery but did not feel she could ask her relatives for money for this and so resorted to traditional herbal remedies which she and her husband feel have worked. Another woman in NTT wanted to *'save face from begging to the family, from being seen as poor'* and took credit from the Co-operative but does not know how to extricate herself from this burden.

Youngest children are expected to look after aging parents. Generally this is the youngest son (see Box 51) but can also be the youngest daughter (Box 52).

## Gifts, remittance and inheritance

As noted above, people often get clothes as gifts from relatives especially at Eid and Christmas. Some companies and traders also give gifts at Eid, for example chilli buyers in W Sulawesi provided packages of juice and cookies to chilli farmers; a garment factory in one of the W Java villages gave gift boxes of flour, cooking oil, sugar, coffee and cookies to workers; and a mining company in another W Java village gave residents in the villages they drive through *'noise money'* of IDR 300,000 per household at Eid. Some relatives living and working in towns may buy electronics and furniture for their parents. People also talked about the cash handouts they are given by candidates for their votes in local elections as *'gifts.'*



Kiosks sell items in convenient small packages so people are more inclined to buy sachets of coffee, shampoo etc.

About half of the families in this study receive remittances of some kind. The highest amount was IDR 3 million every two months but most were smaller amounts (IDR 200–300,000) and were mostly irregular and unpredictable. For some, remittances have become a way of life as job opportunities are very limited in the village, *'out of my many friends only four stay here now'* (woman, remote SE Maluku).<sup>29</sup> Remittances here in this location in SE Maluku are carried by hand from the mainland as there is no bank service on the island. Most receiving remittances, however, told us they do so through Western Union or Post Offices and less often through the bank. This is because the bank procedures are regarded as burdensome. If they do use the bank, it is often through someone else's bank account (such as a teacher's or nurse's) rather than opening their own account. The relatively small amounts of remittance talked about in this study are absorbed in daily expenses, while larger amounts accumulated from savings accrued from working abroad are brought by hand in cash and often spent on house improvements.<sup>30</sup>

29 See also Reality Check Approach Report, *Perspectives and experiences of international migrant workers and their families*, 2015



Some study families have no inheritance. Those who told us they had or will inherit indicated that this was generally small plots of land and the parent's house. Oldest sons generally inherit their parent's house while land is often shared. Where land has already been sold, for example to pay for education, the offspring who benefitted from the education do not have a share. Several of the families in this study, especially in C Kalimantan and Maluku, do not have land certificates and use of land is based on user rights and tacit approval of the village leaders, so families continue these traditions from generation to generation.

## Who makes the decisions about money?

Talking with husbands and wives separately and together as well as observing the day to day decision making, we found that women mostly make the daily expenditure decisions. Furthermore, money tends to be kept by women, so typically wages and other cash earned by men gets handed over (sometimes only retaining cigarette money). One father in SE Maluku referred to his wife as the *'financial manager'* but she says she would like it if he got more involved *'so he can know how it feels when money runs out of your fingers.'* One of the very few wives (SE Maluku) who is happy for her husband to make day to day financial decisions said, *'I don't want to be burdened with money management... as long as we can buy food it is ok'*. And in one of the other families (Maluku) where the father is said to make the decisions, family members said that although the father makes the final decisions, mother knows how to persuade him *'so you ask her first'*.

*'I work but never hold the money,'* one man (SE Maluku) explained that he gives all the money he

**Table 4: Who makes financial decisions?**

Nature of the decision	Father	Mother*	Both
Day to day	3	28	3
Investment/large loans	9	11	14

\*six of these are women headed households

makes from selling *sopi* to his wife as well as passing on the fish he catches for her to sell. But by contrast and less usual his neighbour's wife knows very little about their income. She asks money for housekeeping and the children (aged 7 and 10) ask their father for pocket money but she cannot explain how much he gets from logging.

***'I wait on mother to give me cigarettes. She never gives me cash. It depends on her whether I get them or not'***

(father, W Java)

***'If I want to buy cigarettes I have to ask mamak'***

(grandpa, W Sulawesi)

These day to day decisions are not only related to food expenditures but also to expenditures for school, health and agricultural inputs. There is no clear picture about who makes bigger decisions, for example to purchase land, do major renovations to houses, wedding costs or the costs associated with higher education, but more of these sort of decisions were made either by women alone or jointly rather than by men alone.



Chickens are regarded as savings not for consumption. They are easy to keep and easy to sell when relatively small amounts of cash are needed



54

**Trying to save**

The family needs to buy the land their house is on within the year as the owner says they will have to move otherwise. They need to save about IDR 15 million and expect to be able to save IDR 1 million each month. But their minimum outgoings including fish and spices, pocket money, cigarettes, electricity, monthly contribution to their elderly parents and instalments on goods they have bought on credit amounts to IDR 1.7 million. Their combined income is around IDR 2.2million. Besides, there are huge expenses looming as their older boy starts high school shortly. The new registration alone cost IDR 350,000 and they will have to buy new uniform too.

Field Notes, N Sulawesi

55

**Savings and prudence**

Each year 'my' mother, a young widow, saves money from her *sopi* sales. Her main focus is to provide for her two children (now aged 12 and 9 years) and she sees hard times ahead with the extra costs of education for her daughter who is about to enter junior high school. Mother's *sopi* is quite famous in the area and it sells well '*is it possible that people will ever stop drinking?*'. She is thinking about opening a bank account to deposit these profits (around IDR 5 million /year) as she thinks this will be more secure. '*I don't have any other job opportunity with three young children so I need to keep this safe.... If people ask to borrow money I always tell them I do not have any, even when I do... but this is what I need for the future.*' She does not have debts either. She got rid of her TV to save money on electricity and never phones people on her mobile phone '*just wait for people to phone me, because otherwise the money just goes*'. She says she can pay her Church contributions in *sopi* if necessary and if she does not have cash she does not go to weddings so avoids the expected cash contributions. She does not want to re-marry even though she is only in her early thirties. '*If I did I would have to follow my husband's rules ... I like being single and being independent, going to town when I want to and not having to share things with my husband.*' Her neighbours feel it is really hard to save; '*we spend all our money every day. Profits are not large and we have to eat, donate to the Church and send kids to school so there is nothing to save.*'

Field Notes, SE Maluku

56

**'All our savings have been taken by the tuyul'**

One of the brother's is trying to save to build new house. He is targeting IDR 10 million for a small brick house and had already saved IDR 1–2 million which was being kept at his in-laws house. His wife called him one day to say that the money was taken by a *tuyul* (child spirit thief) and that the money in the bag had turned to leaves. When I asked the brother about this, he said he has seen a group of *tuyul* before in the area.

Field Notes, W Sulawesi

**Savings**

**'It is difficult to manage every day, so how can I think about the future?'**

(mother, NTB)

**'It's a joke to expect that we could save some money'**

(single woman, SE Maluku)

A third of the study families had no savings at all and of those that did have savings these were generally very small amounts of cash kept at home. Only three had any savings in a bank and two of these were families who get large sums of money from selling seasonal crops (e.g. rice, cloves) and use the bank as a means to prevent themselves accessing the money so it can last through the lean times. One of these families in SE Sulawesi have two BRI accounts and an ATM card but neither account is viewed as a savings account. One is used by their teenage daughter to access cash while she is at school in town. The other is used to deposit their income from their seasonal harvest work (IDR 5 million for the last clove harvest, paid in a lump sum). Their motivation is only to keep it safe and they know nothing about savings interest. The third family with a savings in the bank is a migrant worker who has been able to save by working in Malaysia.



57

**Best kind of savings**

'My' mother is increasingly careful about spending, especially after a three month period when her husband's salary was delayed earlier this year. Her family caution her about this too and although they lend to each other, none of the family likes to take loans from outside. They have tended to spend everything they earn and have no savings. Cash is kept in the cupboard at home. But she is now thinking seriously about purchasing things which she can keep and which can be sold when needed. She already sold her gold jewellery when they were struggling without his salary. Now she wants to buy gold again. She feels this is the best investment because it will always keep its value.

Field Notes, N Sulawesi

58

**Rice stock is our savings**

The family farms together. This means three big families work on the land together and decide on how much is consumed and how much is sold. This year, the rice harvest has not been very good, about 60% of normal. Last time 'my' dad needed cash to pay the hospital costs for his daughter, they sold 2 quintal of rice for IDR 1.2 million. This means that they never have to take loans from a third party.

Field Notes, C Kalimantan

## ***'Jewellery is safe because you can always sell it back to the shop'***

(mother, NTB)

One N Sulawesi family has savings of IDR 4 million put aside for their children's education and eventually to buy some land for a house. The mother says she feels safer keeping it at home partly because she is afraid of taking it to the bank which is a one hour journey away. The family in W Sulawesi are aware there is a branch of BRI in town (just 30 minute's drive away) but say that the bank would not take small savings money, *'you need a*

59

**Land and timber as savings**

Dad planted some trees when they took over the old Government plantation land in the late 90s but has never officially owned this land. Nevertheless, it has provided a means to access capital when needed. He thinks he has about 100 trees left. Just recently he sold about 25 for IDR 6,500,000 towards a new motorbike for his third daughter, who together with her husband, runs a mobile phone service shop.

Field Notes, W Java

Another family just sold some land for IDR 20 million so they could buy a motorbike for the daughter. The daughters, both of whom are married and live away from home had been arguing over the existing motorbike and so the parents decided to buy another one to stop their arguments. Since buying the new one the old one now needs repairing and they have not had the money to do this. But parents shared that the new one does not get used very often.

Field Notes, W Java

60

**Can't withdraw savings**

There is a Co-operative which has been around for quite a long time but people say they are disappointed with this as it is hard to take their savings out when they need it. More recently another organisation has started, comprising about 100 members. All members are expected to contribute savings daily or pay back loans on a daily basis. One woman told me she had had a problem when she tried to withdraw savings for the New Year (about IDR 3 million) and she was told she could not because there were too many outstanding loans among members. She is now withdrawing her savings gradually month by month. Others say they are uncomfortable that this new organisation actually borrows money from the Co-operative and this creates *'too many hands.'*

Field Notes, Sumatra

*minimum of IDR 5 million'* and cited their neighbours who have large land holdings and profits from selling maize of IDR 7 million as well as having palm oil as people *'who can save in BRI.'* A woman kiosk owner told us she wants to open a BRI bank account to save her money, *'it will be*





*'Money is safe in jewellery as you can always sell it back to the shop'*

*difficult to take it out again ... it is really difficult to go into town (the boat trip alone costs IDR 150,000 and she only ever makes 2-3 trips/year) so this way I can save.'* None of those who have savings accounts or plan to have savings accounts had any idea what interest they were or would be earning. In each case it seems it was merely a way to keep the money out of temptations way.

As noted above, eleven families keep chickens (and a few, ducks), not for their own consumption but as a kind of easily liquefiable savings. They only have a few and all say that they only sell when they have to meet an urgent expense. *'I had to sell a chicken recently to meet our daily needs. Got IDR 70,000 for it'* (mother, NTB). *'We sold the chickens (since your last visit 4 months ago) for bills, since we have twenty four hour electricity our bill has*

61

#### Kelompok suka duka ('Happy sorrow group')

The group goes door to door requesting a IDR 10–50,000 donation. This money is used to give to families celebrating births, circumcisions or for funerals. There is usually about IDR 4 million collected each month (from 160 households) and people say they like this scheme. *'It is good to help people in sorrow,'* one youth told me.

Field Notes, N Sulawesi

*increased from IDR 10,000 to IDR 50,000'* (family, NTB). They are also used as contributions to weddings or circumcision celebrations. Killing a chicken for their own consumption was not envisaged as this would be too extravagant given

62

#### Dana sehat and dana raya (Health fund and Special fund)

Organised by the PKK, households pay weekly into Health and Special funds. They pay anything between IDR 2,000 and IDR 10,000. It is possible to borrow from the Health funds up to IDR 500,000 depending on the contributions made to date. The Special Funds are for saving towards Eid celebrations. *'This works better than arisan'* and people say women are not interested in doing 'arisan' any more.

Field Notes, N Sulawesi

There is a scheme in the village to save for Eid. Each week the mothers contribute IDR 10,000 and near to the Eid holiday they get a package of goods worth IDR 500,000 comprising chicken, oil, flour, biscuits, spices and sugar.

Field Notes, W Java

Another scheme in another W Java village involves contributing to the cost of a buffalo which will be sacrificed at Eid. Each family contributes IDR 300,000 and they get a large pack of meat, bones and offal after it has been slaughtered.

Field Notes, W Java



63

### Savings instead of impulsive shopping

'My' father in Central Kalimantan says he is too impulsive to keep money at home. I accompanied him one day to the market and he was keen to buy things, including DVDs, baby powder, hair oil and intimate hygiene spray. He has recently bought an air rifle for fun and a football kit. He likes to buy gold jewellery for his wife but this often gets re-sold. His wife is not bothered by his impulsive purchases *'as long as we have food and she occasionally has cosmetics and jewellery.'* His brother has persuaded him to join the newly formed savings group set up under 'corporate social responsibility' activities of the coal company so he can save money for the uniforms for his two youngest sons who are just about to join primary school. He is putting in IDR 20,000 per week *'to keep it secure not for the interest.'*

Field Notes, C Kalimantan



Father is an impulsive purchaser, buying DVDs whenever he goes to market

64

### Having loans is risky

'My' mother said she tries to avoid credit and debt and currently does not have any debts (in fact, she is paying for her TV on credit but views this differently). She pointed to her neighbour as an example of why she avoids debt. Her neighbour *'has a lot of debt to the local bank. They don't have paddy fields themselves so always have to buy rice.'* While I was staying the bank officer visited the neighbour to collect the instalment and mother said to me *'see, that is why I don't have loans from the bank- it is scary. I would not want officers coming to my house regularly. What would happen if I can't pay?'* She told me at another time that she sometimes likes to give loans to her neighbours and relatives *'so I don't spend the money myself.'*

Meanwhile, her husband is planning to take a loan from the BRI KUR. He says it is common in this village. Together with a friend he plans to raise goats. They think they can get a loan of IDR 5 million to buy 4-5 goats and would pay back the loan over six months and be able to sell the goats at double the cost in one year. Mother may not know about this plan but is adamant she never wants to take a loan.

Field Notes, NTB

65

### The whole village has a poor credit rating

The village has a reputation that people here do not pay back credit so people rarely lend as a result. There was an official PNPB savings and credit programme last year but it lasted only a few months as nobody paid any money back, running away each morning when the officers came from town to collect instalments. *'People are stupid here, they should have used the PNPB money for productive use but they used it to buy TVs. As a result PNPB have stopped another development programme here, a neighbour told me. I run a kiosk but will not give credit except for rice ... and even that not for everyone. They wanted me to give credit on everything; food, cooking oil, cigarettes and snacks but I won't. Even the repayment on rice is not good... I used to sell gas for the fishing boats but people wanted that on credit. Then they would say their catch had been poor and they refused to re-pay. So I stopped giving credit.... Even when I lend to relatives I don't get repaid either.'* Others tell me that even *arisan* does not work here either.

Field Notes, SE Maluku

that they can be sold for IDR 70-100,000 (seven to ten times what is normally spent on fish or tofu per day). Three families keep goats also primarily as savings, *'Last time you visited (9 months ago) I had six, now I have eight... this is my savings'* (father, NTB). But goats, unless being kept as a business, lock up a lot of money (>IDR 1million) which cannot be used and incur the risk of theft or illness.

People have come up with different ways to accumulate savings, including giving cash to a



family member or neighbour for safe keeping and 'to stop us spending it.' A grandmother, In W Sulawesi shared 'I try to save for house renovation but I can't keep more than IDR 50,000 in the house or else there will be constant demands for pocket money... the youngest constantly comes to me saying "mama have you got money, there is a new cookie in the kiosk and I have run out of pocket money,"' so any savings are passed on to a relative for safe keeping. Similarly her third son (23) with a young baby is trying to save for a new house but does not know how well he is doing as all the savings are kept at his parents-in-laws house (see Box 56). Neighbours of one of our families in N Sulawesi said the husband who drives a *bentor* used to spend all his money on alcohol and less than one year ago our researcher met him only once on her visit because he was always out drinking. But people say he has now changed and 'gives all his money to his wife' for safe-keeping.

Another family in C Kalimantan urge their son (18) to save money, 'You will need it sometime in the future... if you don't trust me, save it with your sister.' Another in W Java gives any extra money she might earn to her neighbour to look after; 'she is kind hearted and trusted and good with managing money.'

People often talked about the importance of saving in jewellery or gold. For example one widow in NTB shared, 'the money is safe in the jewellery as you can always sell it back to the shop.' She says this is what everyone in the village does and there are no Co-operative savings schemes or other forms of savings in this area. Another also shared how gold keeps its value (Box 56).



Persuasive salespeople encourage people to take goods on credit



Fan, speakers, TV and bed are all purchased on credit agreements



66

**Difficulties re-paying loans**

He knows that with a down payment of IDR 5 million and monthly payments of IDR 1million over 33 months, a new Honda motorbike can be arranged through a dealer in the province. But there is a better deal with a new dealership in the district town where his friend works. *'People ask how a simple farmer like me gets credit. I am glad the dealer trusts me.'* So with a down payment of IDR 2.5 million he pays just IDR 750,000 per month. But the catch is for every day he does not pay the minimum IDR 750,000 per month he gets IDR 20,000 charge. While I am staying with him, he got calls from the dealer as payment was late. He sold one of his wild chickens one day, helped his brother harvest chilli the next day and took the money to the dealer. But the shop was closed and incurred another late payment fine. After coming home he decided to sell the scythe (a gift from his father in law) and asked his wife to go door to door to try to sell it. He told his wife *'use your acting skills from watching sinetron to make sure someone pays IDR 300,000 not IDR 250,000'*. She told me after she failed to sell it, *'it was embarrassing for me... nobody ever asked me to sell door to door before.'* Her husband calmed her down and said he would find another way to raise the money. So we collected fallen fruit and sold it for IDR 40,000, enough to pay the delayed instalment fine.

Field Notes, West Sulawesi.

I spent the evening with the younger brother of 'my' father. They were drinking and hanging out on the beach. While we were there his elder brother took away his motorbike. I never saw it again. 'My' mother, his elder sister –in –law shouted at him when we got back home for not paying the instalments on the bike. Apparently he had used the bike as collateral to make modifications on it and now owes a further IDR 450,000. It was re-possessed.

Field Notes, SE Maluku

Others feel their savings are in stocks of produce e.g. rice (Box 58) or timber and fruit trees (Box 59).

There were savings organisations in some of the study villages but people either did not have enough cash for savings or were disappointed with the services (see Box 59). Some successfully save with small local schemes established within the village, often by PKK groups. Boxes 60-62 describe some of these. In some villages there are *penwirit pengajian* (Islamic religious gathering for reciting communal prayers) schemes run by the mosque

67

**Buying goods on credit**

Just three months ago they bought a TV and parabola which will cost IDR 1.4 million. *'We bought it for the children'* (a baby and a five year old). They had to make a down payment of IDR 400,000 and are now paying IDR 100,000 per month. *'Everyone in the village has this, it's not a burden.'* Mum bought it from a shop in town, a 20 minutes motorbike ride away, and she goes once per month to pay the instalments. She has no idea what the terms and conditions are or what would happen if she missed a payment. They watch every night from 6 until 11pm and father watches it in the early mornings.

Field Notes, NTB

68

**'All my salary goes to pay debts each month'**

They have a motorbike bought on credit which they have to pay IDR 380,000 /month. Then there is IDR 217,000 to pay on the TV monthly. *'We had to get a TV because we were the only household which did not have a TV and I felt embarrassed if my boys had to go to the neighbours to watch TV.'* They pay IDR 200,000 each month for the refrigerator. But the whole time I was staying with them they only had ice cubes and a small amount of leftover food in it. They explained they need it at Eid when relatives give them food. Although mother was able to sell ice popsicles when she lost her job for two weeks. Her friend passed on a brochure which advertises electronic goods and mother is excited that soon she will pay off the refrigerator and TV so she wants to buy a smartphone and a gas stove next. She trusts her friend and has no idea how much the goods would cost if she paid cash for them rather than buying them on credit. She also takes loans from the factory where she works. The firm offers loans and then deducts this plus 30 % interest on the following month's salary. Dad takes loans from his construction worker friends although he worries that they too need cash. When his older child goes to junior high school he knows he will need IDR 1.5 million for registration and they will either borrow from friends or from the factory. Mother said they *'gali lubang tutup lubang'* ('are digging a hole to fill a hole') and *'we only have IDR 1- 200,000 to buy rice each month.'*

Field Notes, W Java



whereby people contribute small amounts of cash which can be provided to others in case of illness or death. For example, in one village in N Sumatra all 350 households participate in such a scheme.

### Perceptions on debt

***'I am heartbroken that my husband has debt with the company'***

(sister of study family, W Java)

***'It is good not to have debt, I do not even borrow IDR 10,000'***

(mother, Bogor)

***'Better to sell assets than borrow from these people'***

(mother, SE Maluku)

***'Better to pay in cash than take credit as it gives you a headache every day'***

(mother, Maluku)

***'Better to be hungry than have debt',***

(single woman, SE Maluku)

Families seem to have opposite but strong views about debt. Some eschew it under any circumstances and told us they are very scared about getting into debt. For example, a mother in W Java told us while she watched her neighbours interact with a travelling salesman offering credit to buy utensils, *'I never dare to buy on credit as I am afraid I would not be able to pay back.'* And a father in C Kalimantan shared, *'I don't understand why people buy things on credit - we use cash here. We save first. I am saving for a new rifle at the moment. It will cost IDR 4 million and I have IDR 300,000. There are no rich people in the village who would lend money anyway.'* The fear of taking credit is illustrated by the comment often made



Persuasive salespeople encourage people to take goods on credit

that *'credit it for those on a salary'* (Mother, SE Maluku), although this also reflects the fact that formal and informal credit is often only available for those on salaries. *'I will consider giving goods on credit but only if they have a good job such as a civil service job or have a good record. Otherwise I am not willing to do that'* (local kiosk owner, SE Maluku).

***'Debt is a life burden'***

(woman, E Java)

### Purchasing goods on credit

Out of the total of twenty nine families with whom we actually stayed, thirteen had ongoing credit purchase agreements with companies or individuals and thirteen had informal arrangements at their local kiosks. As noted above in 'Changing practices,' the purchase of goods on credit is a growing trend fuelled by greater connectivity and increased consumerism. People who take on these arrangements tell us that these purchase agreements are easier to enter into than to avail cash loans and the worst that can happen is that the goods are repossessed if they fail to pay for them. Furthermore, the goods may be used as collateral for informal cash loans. For example, motorbikes may be left with local money lenders when cash is needed.





Credit providers make home visits to collect repayments and this is often regarded as scary and embarrassing

Boxes 9-12 above provide insights into the ready availability of goods on credit even in remote locations. The most common purchase on credit is buying a motorbike (see Boxes 9 and 67). And people often get into problems paying the instalments (see Box 65). Those who get bulk money payments are more likely to be offered credit e.g. gold miners in C Kalimantan who get paid IDR 3–5 million monthly and clove pickers in Sulawesi who get large end of season payments. Travelling salesmen purposely target these people knowing that repayments are fairly secure. Box 67 describes a typical situation where the terms and conditions of the credit agreement are barely understood. Boxes 68 and 69 illustrate how some families get into enormous debt this way.

People often expect to buy goods from kiosks on credit much to the frustration of kiosk owners (see Box 65). Some like a mother in N Sulawesi do not like to ask the kiosk owner for credit. She feels there might be quarrel if she fails to pay back on time. Only once when she could not pay for rice did she ask for delayed payment by a week which incurred a 10% charge (so 20 Kgs of rice cost IDR 220,000 instead of IDR 200,000). But others have trusted relationships with kiosks and can purchase

on credit, for example in one study village in W Sulawesi the kiosk owner sells on credit as she knows she will get repaid once the copra season is in full swing.



'No service for borrowing money.' Some kiosks no longer provide goods on credit



69

**Debt and pyramid selling**

This family has lots of debts. The father even has a debt with the kiosk for his cigarettes. On top of the many debts, mother has also recently got a debt to a pyramid selling scheme selling health products. She owes them IDR 8 million and has not told her husband. She says she really believed the promises made about this scheme (they were shown photos of a former salesperson relaxing on their own yacht living the good life) and regrets her decision. One day we met someone who recognised her from the original sales meeting held at the hotel and 'my' mother turned to me and said *'please don't tell my husband.'* She also borrowed IDR 5 million from relatives to open a noodle shop but closed it after a few weeks because *'I could not visit my friends any more.'* They have just bought a new large sound system on credit, a new bed and only recently paid off their credit on a luxury fridge. She has already pawned her jewellery and wedding ring.

Field Notes, SE Sulawesi

The family from above tries to manage their finances but their expenses are higher than their income (see below)

<b>Income</b>	
Construction work	1,050,000
Own cloves/cocoa harvest	1,000,000
Waged work harvesting	500,000
Piecemeal work	700,000
	<b>3,250,000</b>
<b>Expenses</b>	
Repayments on motorbike	650,000
Rice	150,000
Fish/seasonings	500,000
School costs - daughter, SMP	500,000
Photocopy costs at SD	20,000
Cigarettes	680,000
Pocket money (2 children)	730,000
Petrol	200,000
	<b>3,430,000</b>
<b>Final</b>	<b>(180,000)</b>

70

**Travelling loan providers**

There are at least seven travelling loan providers in this village. People say they offer much better rates than the local credit organisation especially for small loans. 'My' mother recently borrowed IDR 500,000. She paid an immediate fee of IDR 25,000 and then had to pay IDR 15,000 every day for 40 days (i.e. IDR 600,000 although mother did not actually work this out). She explained that the local credit organisation required a minimum payment of IDR 70,000 per month but the loan can extend over many months. It seems that the manageability of the repayments and the fact that it has to be completed in a limited time are what really appeal about the travelling loan providers rather than any monetary benefits. And there is another important benefit; she can meet the money lenders on the road and her neighbours will not know she is taking loans. If she went through the credit organisation everyone would know and some disapprove of what she is doing for religious reasons.

Field Notes, Sumatra

71

**Bank keliling**

Travelling money lenders come to the village every day. However much one borrows there is always an administration fee of IDR 25,000. The loan has to be paid back in 40 days and the interest charged varies between 15% and 25%. Some feel this interest is too high and others have a religious objection to paying interest. 'My' dad was offered a job as a representative of the *bank keliling* but refused as he feels the work is not *'halal.'*

Field Notes, W Java

*'You only need an ID card and Family card and you can get money from the bank keliling within one week.'* The traveling bank officers come to the village weekly to collect payments, charging administration costs as they are not allowed to charge interest. People say these administration costs amount to about 10% of the loan.

Field Notes, W Java



72

**Problems with co-operative credit and savings**

Credit from the Co-operative, known locally as ‘*co-op capital*’ is readily available on a daily, weekly or monthly basis. There are as many as ten Co-operatives operating in this one village and officers come daily to collect repayments. It was explained to me that if you borrow IDR 1.5 million, there is automatically a deduction for administration costs so you actually get IDR 1,350,000. The instalments are IDR 100,000/day over 25 days. So one pays IDR 2.5 million for IDR 1.35 million. If monthly instalments are to be paid then the borrower must have some collateral. ‘My’ neighbour was much relieved that she had ‘escaped’ from the credit scheme. She was able to do this when her mother moved to live with her. She is a weaver and her cloth is popular. *‘That (credit) was such a difficult thing for us.’* ‘My’ mother, a widow, still has three outstanding loans with three different organisations and has to pay IDR 1,025,000 every week. Three different collectors come to the house and there are arguments all the time. Only one of the organisations had offered a savings facility and she has IDR 725,000 saved. But when she wanted to withdraw it, she was refused and told she had to keep borrowing from the Co-operative. The officer insists she takes another IDR 500,000 loan instead. She feels life is quite difficult with the loan to pay off and the school costs for her three children and looks forward to when they finish school and get married.

Field Notes, NTT

73

**Koperasi hari-hari (Daily Co-operative)**

The old co-operative collapsed because too many people failed to repay their loans. The loans were mostly taken to buy fertiliser but if the crop failed, people refused to pay back the loan. Now there is a new *Koperasi hara hari*. A loan of IDR 1 million and must be paid back each day at the rate of IDR 50,000 per day over thirty days. This means that the interest is 50% and many say this is too high. Some however will take loans to pay for boarding school costs for their older children who study in Gorontalo. They borrow IDR 3 million and repay IDR 4.5 million after the rice harvest.

Field Notes, N Sulawesi

74

**Worst times solved with a very small loan**

I last visited 5 months ago and a lot has changed for this family. A family dispute over land led to them having to leave their house and abandon the kiosk, their primary source of income, they had started. They are building a new kiosk, but without any money the family took some from their son’s school savings programme to pay for food and daily needs. They were desperate.

One night father was chatting about his situation with one of his friends who works as a truck driver. His friend decided to help by lending him IDR 200,000. Father was ready to use the money for the family’s daily needs, but his wife suggested using the money to make and sell fried snacks. Now, mother is making these snacks every day and the profits have become the family’s primary source of income. They are still struggling, but the snack business has reduced a lot of their financial burden. The father told me that these past couple of months have been their hardest time as a family.

Field Notes, W Java

75

**Alternative help**

There are many fish buyers here who will lend fishermen equipment on the basis that the catch will be shared 50:50. Fishermen get the boat itself, engine and fishing nets, probably to the value of IDR 6 million. They have to return the equipment if they stop fishing. ‘My’ father says that *‘nobody lends me fishing equipment. They do not trust me. If it gets broken they know I do not have the money to repair it.’* But he is now hoping to get some help from the District, *‘I am on the list’* (to get fishing equipment).

Field Notes, C Kalimantan

A similar scheme operates in W Java but for cassava farming. A factory owner from Tangerang provides seeds and fertiliser to farmer groups. They can also borrow cash up to IDR 1 million. At harvest, the man buys the cassava less the costs of the inputs and the cash loan. People like this system *‘there is no risk borrowing from Pak as he will always buy the crops.’*

Field Notes, W Java



## Getting cash loans

While people worry about taking goods on credit, they are even more cautious about cash loans. *'I don't use moneylenders - I am afraid I could not pay it back'* (mother, West Sulawesi); *'I am afraid to use the PNPM loan - it's too much money'* (mother, Maluku); and *'I never borrow money even from my neighbour... I have heard so many bad stories of people forced to sell their assets because they could not pay their loans'* (mother, SE Maluku).

People shared that there are rarely people within their villages with sufficient wealth to lend money. *'Nobody here wants to lend their money'* (father, C Kalimantan) was a typical comment from other locations as well, although accessing very small loans from neighbours and relatives for day to day expenses is common. We met a man in one of the villages in SE Maluku who has recently been given a permit to open a Co-operative but he is unwilling to actually start this as, *'I don't trust anyone here to follow the rules... I will have to educate them first before I offer them loans.'* Some Village Heads or their wives operate informal money lending services, sometimes against collateral such as motorbikes which they store until the loan is paid off. As these options are rare and can be embarrassing because of public shaming if things go wrong, travelling loan providers fill this gap. People say these provide better terms and conditions than the traditional co-operatives. Boxes 70 and 71 describe how these operate. Their efficiency, lack of a need for collateral and

76

### Cow transfer programme

This village is known as a success story for its cow transfer programme. It has been running about 18 months. The Agricultural Office provides a cow which is returned to the office after it has given birth to a calf. There are four 'cow groups' each comprising four people in the village. So far there have been five calves born. But there is tension about membership of the groups. People say that only those close to the official organising the scheme got an opportunity and that these people are agricultural farmers not familiar with animal husbandry. And within the groups there is friction about who makes the decisions.

Field Notes, E Java

77

### Borrowing with strings attached

There is a wealthy business man who is ready to lend villagers money interest -free any time as long as they supply their copra and cocoa exclusively to him. They must not sell to any other wholesaler. He was even prepared to loan large sums to cover the cost of Hajj. *'My' mother's brother-in-law got IDR 10million towards the costs of taking his wife on Hajj. Repayment is always flexible and 'set according to the borrower's ability to pay.'* People say that he is the most important money lender and are afraid of loans from BRI.

Field Notes W Sulawesi

responsiveness to people's need for cash loans make these the preferred choice.

Traditional Co-operatives were not much used by study families. Box 72 provides an example of the burden repayment puts on people but also the heavy-handed behaviour of the debt collectors. It is this that is often referred to as a reason not to want to take loans. The Church-based credit union in one of the C Kalimantan villages is said to be *'no good for anyone needing money urgently'* and pressure is applied to take on more loans rather than dip into savings. Only those with long term savings thought this system worked at all. *'It would be good if there were money services which worked with the seasonal nature of our income'* a mother (SE Sulawesi) noted as she explained that they have difficulties during the post-harvest period trying to maintain a cash-flow. In W Java, people told us about a Co-operative which failed because it expected monthly repayments. As farmers, people said, they needed to have no expenses for 3-4 months during the growing season. The Co-operative debt collector used to publicly shame people who were not repaying but, *'how could we pay each month when we had no harvest yet?'* (father, W Java). In some places new schemes have been introduced to replace the poorly functioning Co-operatives (see Box 75).

Opinions differ on the *Kredit Usaha Rakyat* (KUR) (People's Business Credit) service of BRI. In the study village near the Malaysian border, people said they liked KUR because the process to borrow



was straightforward involving a visit from the BRI officer and submission of land titles, the whole process taking ‘only two weeks.’ Using her mother’s land documents, IDR 25 million was loaned to buy a motorbike by the daughter with a repayment period of three years. Another family in N Sulawesi secured a IDR 30 million loan from the bank to extend their house. He is a salaried village facilitator and so could negotiate the loan which he pays in instalments at IDR 700,000/month.

‘It is now faster and easier (than before in banks),’ he said but was not clear about the terms and conditions. Another in NTT, having heard about KUR from friends plans to get a loan to buy goats and said ‘it is easier now as you only need to show the family card, your identity card and a ‘letter of business’ (surat keterangan usaha).

PNPM Mandiri was active in two study villages. In one village in Bogor, we met the facilitator who

**Table 5: Households Time taken to nearest bank**

Location of household	Time it takes to reach nearest bank	Means	State Banks	Private Banks
C Kalimantan	4-5 hr	Boat	BRI, BNI, Bank Kalteng	
Maluku	4 hr	Car	Could not name	Could not name
C Kalimantan	3 hr	Boat	BRI, BNI, BTN	
SE Maluku	1-3 hr	Boat	BRI	
SE Maluku	1.5 hr	Car	Could not name	Could not name
C Kalimantan	1–1.5 hr	Boat	BRI, BNI, Mandiri	
SE Maluku	1 hr	Car	BRI	
W Java	1 hr	Car	Could not name	Could not name
W Java	45-60 mins	Motorcycle	BRI	
E Java	45-60 mins	Walking	Could not name	Could not name
N Sulawesi	45 mins	Boat	Bank Sulut, BRI	
W Java	45 mins	Car	BRI	
N Sulawesi	45 mins	<i>Bentor</i>	BRI	
W Java	40 mins	Car or motorcycle	Could not name	Could not name
NTB	30-45 mins	<i>Ojek</i>	Could not name	Could not name
NTB	30-45 mins	<i>Ojek</i>	Could not name	Could not name
NTB	30 mins	Motorcycle	BRI, Bank NTB, BPR	BCA
W Kalimantan	20-30 mins	<i>Ojek</i>	Could not name	Could not name
N Sumatra	20 mins	Walking + <i>angkot</i>	Could not name	Could not name
W Java	15-20 mins	<i>Ojek</i>	BRI, Mandiri	
W Sulawesi	15 mins	<i>Ojek</i>	BRI, BNI	BCA
Maluku	15 mins	<i>Ojek</i>	Could not name	Could not name
W Java	15 mins	Walking	BRI	Danamon
W Java	15 mins	Walking	BRI	Danamon
N Sulawesi	10 mins	Motorcycle	BRI	
SE Sulawesi	10 mins	Walking	BRI, BNI	BCA
W Java	5-10 mins	Motorcycle	BTN, BRI	
W Sulawesi	5-10 mins	Motorcycle	BRI	
NTT	5 mins	Walking	BRI	



was offering IDR 2 million loans to women over periods of 10 months with IDR 250,000 repayment each month. Mothers we spoke to felt that the amount was too big and were reluctant to take it on as they worried about being able to pay the instalments. Box 74 illustrates the importance of even quite small loans and how this can be a stepping stone to building confidence for larger loans.

People told us about work related loan schemes. For example, clove pickers in SE Sulawesi study locations can take out loans from the clove traders during annual crisis time (Box 41) to repay in kind after the harvest; construction workers in our W Sulawesi village can take an advance from the contractor against their monthly wages; chilli traders give advances in W Sulawesi (*‘the trader gives me the lowest price but he is always willing to give me an advance as he trusts me ... so I always use him as if I need rice I can get an advance from him’* (father, W Sulawesi)); and a garment factory in a W Java study location will also provide loans against wages. Some families described successful alternatives to cash loans (Boxes 76-77).

### Arisan

*Arisan* is a form of rotating savings and credit association. It is often for women but there are men’s groups too. People told us they are mainly social gatherings and the fun element of meeting together is more important than the access to cash. Every member has to pay into the *arisan* and lots are drawn for who takes the capital. The lot winner is expected to provide food for the next gathering when their lot is not included.

Few of the study families got involved in these groups and several indicated that they did not have enough cash to participate, *‘It needs IDR 50,000 every two weeks... But if you can do it you can get 2 million if it is your turn’* (Women, Bogor). Another mother in Bogor said she used to belong to an *arisan* group where they paid IDR 40,000/week and could get IDR 560,000 when it was their turn but she no longer participates as she needs the cash for her son’s school transportation. Another group in C Kalimantan comprises 40 members who each pay IDR 10,000/week which members claim when it is their turn *‘helps to buy work equipment’* but there was little evidence of this actually happening. People in a village in W

Co-operative Savings Card — This family’s savings with the local Co-operative has reached IDR 725,000, but they aren’t able to withdraw anything until it reaches IDR 1.5 million  
Field Notes, N Sumatra

Java explained there were two different *arisans*, *‘for little money and for big money’* where contributions were IDR 20,000 and IDR 100,000 respectively. They said this is a *‘way to make savings... as the nearest bank is 1.5 hours away and costs IDR 40,000 round trip.’* Some have a system where you do not need to take out the *‘winnings’* and can accumulate these. So, for example, a family in W Sulawesi told us that they were able to save eleven *‘covers’* between them and they could use this when they needed medical treatment for the youngest daughter.

Some shared that this was an expensive way to socialise. *‘We had arisan before but it was hard to pay each time... if the idea is to chat with neighbours, we can meet whenever we want’* (Mother, W Java). Some said that *arisan* was only done through the family, for example *‘father’s large family meets up every two months and it is possible to win IDR 2.5 million but most of this is spent on the arisan party, on food and cakes. The idea is to visit family not to save money’* (mother, W Java).



**Table 6: Summary of Bank Access**

	< 30 min	31–60 min	> 60 min
No. of Families	11	11	7
Trip involves cost (fuel or fare)	8	11	7

## People's views of formal banks

Not every family could even name a bank although BRI was the most well-known. None of the families had heard about mobile banking although all had mobile phones. Table 5 shows the distance people live from formal banks in terms of travelling time and in all but three cases the journey to the bank involves costs (either fuel or fare). Seven households lived more than one hour travel distance from the nearest bank and some involved car or boat journeys of three hours or more.

People feel that banks are remote, in terms of physical (see Table 6) and psychological distance. The distances to banks, the hassle of queuing to be served and the 'complex' procedures outweigh any perceived benefits. People say they are providing services for those with salaries only, not as services for them. *'Only elites, like shopkeepers, have bank accounts'* (father, NTT). But even the families in the study who have bank accounts do not use the bank services as they simply withdraw all the money as soon as salaries or wages are paid. They noted that it was useful to have an ATM card to do this so they did not have to go to the district town.

Those with irregular incomes all year round said they preferred to keep cash at home. As mentioned above, a few families indicated that they were considering opening a bank account to place their savings securely 'out of sight, out of mind' but more commonly people said such things as, *'we don't have much money to save in banks'* (Mother, W Java). A man working in Jakarta, who needs to send money fortnightly to his family in W Java said, *'I don't use the bank because it is complicated. They insist that I open a savings account but all I want to do is send money to my wife'* so he sends cash via friends returning to the village. Similarly, a mother in NTT was aware of the BRI money transfer services but concurred that these are *'not as speedy or simple as carrying*

*cash.'* Others in NTT noted that transfers through Western Union or the Post Office were easier than through banks as there is no need to open a bank account. Two study families had had bank accounts because this had been a requirement of receiving BSM but they had not used them for any other purpose.

***'Bank is evil "jurig," they will cut you for tax and administration. It's better to save money in the house'***

(Father, W Java)

***'Banks are costly - I would rather have my money at home where I can access it easily'***

(father, Maluku)

***'BRI will not take small money for savings... you need a minimum of IDR 5 million'***

(father, W Sulawesi)

It is common for people to use other people's bank accounts if there is a specific need. For example, a kiosk owner in one of the NTB locations is the only person in the village with a bank account and she will help others, especially with remittance payments if they pay for her transport (IDR 50,000) as the bank is 1.5 hours away. In another location (Bogor) a man provides a similar service to friends where they can receive delayed payments, for example from truck drivers who could not pay for accommodation in the village at the time. However, some think asking others to do this for them is *'embarrassing'* and *'risky.'* For example, in a study village in SE Maluku people rely on a nurse to make these transfers and they would rather be able to do this themselves. Another common way to receive cash transfers within Indonesia avoiding the banks is to use local shops including mini supermarkets such as Alfamart, which allows people to transfer money if they show their National Identity Cards. These mini supermarkets are available more locally than bank branches.



*'My family in Ambon sends money every two or three months via the kiosk. Relatives of the kiosk owner operate another kiosk in Ambon and so act as a go-between. So the family sends IDR 1 million and it costs them IDR 25,000 and the money arrives the same day'*

(grandmother, Maluku)









# STUDY IMPLICATIONS





## 4 Study Implications

The following implications emerge from the in depth conversations with families living in poverty and are presented from their perspective rather than an external normative perspective.

- The need for cash to pay every day and periodic expenses such as utilities and education costs as well as the increasing proclivity for consuming snacks and convenience foods has transformed people's livelihood strategies. Subsistence livelihoods are no longer tenable and people typically adopt a range of cash-earning strategies to meet their cash needs.
- Families living in poverty typically have to manage **unpredictable incomes** from multiple sources including their own range of income earning activities (which are often subject to seasonal variation), periodic but unassured remittances and gifts and unpredictable social assistance support. This makes it very difficult to plan, to save and rules out access to credit. Families with single incomes and with only one income earners are particularly vulnerable.
- Family financial well-being is directly linked to **family life cycles** with periods where families have to pay for junior high, senior high and tertiary education as particularly difficult times. People have strong motivation to support their children through education to *'do better than us'* and to have more secure financial futures, but the costs entailed are huge, often opaque and incur *'never-ending demands'* and cause considerable stress. Although people said they were trying to save for these expenses they experienced great difficulty in actually managing to do this. This would suggest a need to develop special **savings products** for these expenses, **reducing costs to families** of secondary education by minimizing unnecessary requirements (e.g. many school uniforms, random and unregulated charges made by individual schools, providing sufficient resources at the school itself) and providing tertiary student loans linked to future employment.
- In this study, families with small children and grandparents looking after grandchildren in the absence of the children's parents shared that they struggle as the number of income earners is reduced by childcare responsibilities. This would suggest a need for **baby and toddler care within the community** which would enable mothers and grandmothers to have some time to continue their income earning activities.
- People tell us that **women are typically the decision makers in the family** for daily expenses and this ensures that the family food needs are given precedence over other expenses. However, women shared with us that they would like their husbands to understand more about daily expenses and the proportions that their demands for their own cigarette, alcohol and recreational money comprises. Similarly, mothers acknowledge they are unable to control the relentless demands from their children for pocket money mainly for snacks. Undertaking visual diagramming with families of their expenses during the course of this study often exposed these costs as far greater than people envisaged and quite



often shocked men in particular suggesting that these sort of reviews might assist families in their financial planning. Similarly, the example given here of the young man who has given up cigarettes and is now able to save suggests a potential for peer mentoring by role models.

- People share that they like to be able **to access their savings easily** and immediately so that they can respond to urgent or emergency needs and like the reassurance of physically possessing the savings (cash stashed away, chickens, jewellery). They like to be able to save at their own pace rather than be forced to deposit fixed sums each week or month, especially as their incomes (and expenses) fluctuate enormously.
- Current savings schemes (Co-operatives and banks) available to people are too inflexible, especially in terms of being able to access savings readily. Often the **conditions imposed by formal savings schemes too complex or unclear and people are scared of them**. People have no idea of the possibility that savings can earn interest. People feel that banks are remote both in terms of distance and psychologically, which suggests that work needs to be done to make these schemes more accessible and beneficial to potential savers.
- People use **local group savings schemes**, especially when they are linked to a particular such as health emergencies, weddings, funerals, religious celebrations (Eid, Christmas). These offer in effect savings as well as insurance benefits. They work because they are run by local trusted people and can accommodate cash and kind contributions and benefits are clear and fair. They also work because of the social obligations inherent in the system whereby everyone feels compelled to contribute.
- People shared that local economies are very much cash-based and there is limited bartering nowadays. People need to have money to pay for the wide range of regular costs (food, washing products, electricity, telephone, water, credit repayments) and unpredictable costs (schooling, weddings, funerals, church/mosque donations). People value **social assistance in untied cash** rather than kind so that they can make their own decisions on how the money will be spent. Transfers in kind, such as food supplements (for babies and school children) rice (RASKIN) and livestock (asset transfer programmes), are often felt to be inappropriate to the context or need.
- People suggest that **social assistance provisions need to be better geared to family life cycles**. Since all families with small babies incur additional costs, people feel that the eligibility for **social assistance aimed at young families should be more generally available**. Similarly people feel that social assistance should go **to families where members of the family have to take on other caring roles**, for elderly or sick, and cannot work. And finally, as mentioned above, special provisions are needed for **families with teenagers** which face high education costs and are saving for their futures (weddings, securing employment).
- People in this study and earlier RCA studies indicate that **current social assistance payments are not enough**, especially for education costs (estimated by peoples as IDR 900,000 – 3.6million per child per year). However, alternatively (as mentioned above) parents feel that the costs passed on to them could be significantly reduced if the requirement for multiple uniforms and arbitrary financial contributions to schools could be discontinued.
- Many people say they are **deeply debt averse** and eschew any sort of borrowing. This may be for religious reasons, because they worry they may not be able to make repayments, fear repercussions for non-payment and because they consider it shameful. Cash loans are particularly shunned unless



coming from family. Unpredictable incomes and expenditures are part of the reason for this view. But so too is the public humiliation often meted out to defaulters. A family loan can be flexible, re-scheduled and is a private matter. However, those who feel they would benefit from cash loans outside the family find **limited credit opportunities** especially as their incomes are either seasonal or unpredictable and they have little in the way of collateral. People shared that the more successful and attractive loans are those where the repayment is flexible and *'set according to the borrower's ability to pay.'* *Bank Keliling* often provides this sort customized support, is local and discrete.

- People also shared that formal **credit amounts are 'too large'** and this worries them. Box 73 describes how a small personal loan of IDR200,000 transformed the families ability to manage through a financial crisis by investing in snack making, building confidence that they can now go further. This suggests a need for phased loans which start small (and are less daunting) and increase incrementally as confidence is built.
- **People are poorly informed about credit arrangements** with formal credit providers and enterprises which offer purchase of goods on credit. They do not necessarily understand the costs involved or the terms and conditions. Those with seasonal bulk payments are specially targeted by salespersons offering goods on credit and are vulnerable to over-committing in advance of receiving their wages which anyway are subject to price fluctuations or their own inability to work the days needed (e.g. because of illness). People are particularly vulnerable to being trapped in **pyramid selling schemes and other scams** and would benefit from more information about these.



Pasar 4  
Suryati  
Beas 5  
Mie 2  
Pasar 4 kampil

teng-teng  
Dodol 5  
Uui 9  
wajik  
Mi And  
Beas

ANNEXES

Rangining  
Mamah  
Beas 6  
Asoy I  
teng-teng 3 kelor  
mie 2  
wajik I nampan  
Uui 5

Uui  
Ten  
Pas  
Ran  
A  
U  
le



# Annex 1

## Research team member

Peter Riddell-Carre	Maluku
Rizqan Adhima	W Sulawesi
Debora Tobing	SE Sulawesi
Steven Ellis	Maluku
Iqbal Abisaputra	W Sulawesi
Pandu Ario Bismo	C Kalimantan
Denny Firmanto	Maluku
Krisman Pandiangan	C Kalimantan
	NTB
Putu Adi Sayoga	N Sulawesi
Rida Ratnasari	NTT
	N Sumatra
Siti Alifah Ahyar	Maluku
Upik Sabainingrum	N Sulawesi
Yarra Regita	Maluku
Zikry Auliya Ghifari	C Kalimantan
	W Java
Ni Nyoman Natih	NTB
	W Java
Rudi Yudho Sartono	W Java
Thalia Shelyndra	NTB
	W Java
Yeni Indra	W Java
	E Java
Khobab	W Java
Ima PuspitaSari	W Java
Fajar Djati	W Kalimantan



# Annex 2

## Area for Conversations

### Income Sources

Understanding of what constitutes income- cash, non cash, passive/active.

**Sources of income/money-** work (waged/self employed), remittance, credit, social assistance, welfare/charity, inheritance, interest, rent, mortgage, investments, barter, gifts, arisan, lottery, gambling

**Amount/form , recipient. Reliability/predictability.** Diversification – risk, consumption smoothing opportunities, informal work – opportunities of when to take these, who decides if it's needed?

**Getting paid** – harvest, small jobs, how does it work, reliability. **Non-cash gifts** – importance, origin, nature regularity, reliability

### Family Decision Making

Types of decision ( magnitude, social, everyday etc). Distribution of cash + expenditure within the household – decision making process, priorities

Allocation of income (food, education, health, etc.), which one is the priority? Roles in household decision making – who takes decision and why ( when) willingness/unwillingness

### Financial services (Formal/Informal)

**Range of providers & services –knowledge ( information sources), perception and use** e.g. Formal banks, Koperasi, social assistance, arisan, moneylender, micro-credit, micro-insurance, barter, informal brokers , money transfer, mobile money , kiosk etc;

**Preferences , expectations , access, conditions, costs ( overt/hidden) – networks, 'facilitators' , triggers for accessing services ( proactive /reactive)**

**Credit** Importance of having cash + perception on having debt

, reasons for taking loans, means for repaying, risks, stress,

**Savings ; perception & importance, actual practice,**

**Insurance ; perception, use, role, access**

**Money transfer:** perceptions , use, access, useability

### Financial Planning (Long Term/Short Term)

Any at all? perceptions on importance/need. Debt driven vs savings/investment focus? Preference +risks (investment in land, house, business, education, cash savings) related to needs, wants or obligations. Aspirations – short term, long term, with a windfall

Who plans, who doesn't? Priorities. Assets viewed as something possible to sell? Who decides? Influences (lifestyle, TV etc) Motivation to buy/sell asset

Tracking of expenses/savings, cash flow planning – changes over time, seasonal variations, planning for large payments (school), daily/weekly/monthly? Risks and mitigation, lessons learned and regrets.

Opinion about Indonesia and local economy, optimism/pessimism

### Expenses

**Types of expenditure regular and non routine** proportional expenditure (amount). Consumption, health, crises, debt, interest, cultural/social obligations, entertainment, religion) Hidden routines. Daily, weekly, monthly, seasonal long term . Changes over time/ trends. Planned/ reactive. Impulse purchasing. Priorities, external/internal influences on priorities

#### Family Life Cycle

Good times /bad times/ difficult times. Trends Highest/lowest financial moments (historically)

#### Social Assistance

Social assistance effect on household finance. Social assistance use. Effect on spending patterns

#### Values and Aspirations

Exploiting self potential, how to fulfil the potential. Role of education linking to financial prospects. Family member aspiration. Higher education. Overall importance of money/wealth? (value)

#### Coping

Alternatives when they are in crisis (e.g. income much lower than usual/expenditures high) Impact of cash shortage. Choices, coping strategies Managing unexpected expenses (e.g. health)

Chat, explore, probe, present scenarios 'what if', introduce debate 'some people think', listen, draw, explain, dream, play

### Social Obligations

Request + Pressures for contributions/cash –family/relatives, school, children, community. Monetary contributions (mosque, church, community events, family events etc.), labour contributions e.g. gotong royong (opportunity cost impact ). Motivation to participate., consequences of not participating

### Social Networks and Support

Reciprocity – food sharing, labour sharing, care sharing, extent of tracking of the sharing/reciprocity arrangements

Network for cash + support – family, relatives, community members. Importance. Social capital



# Annex 3

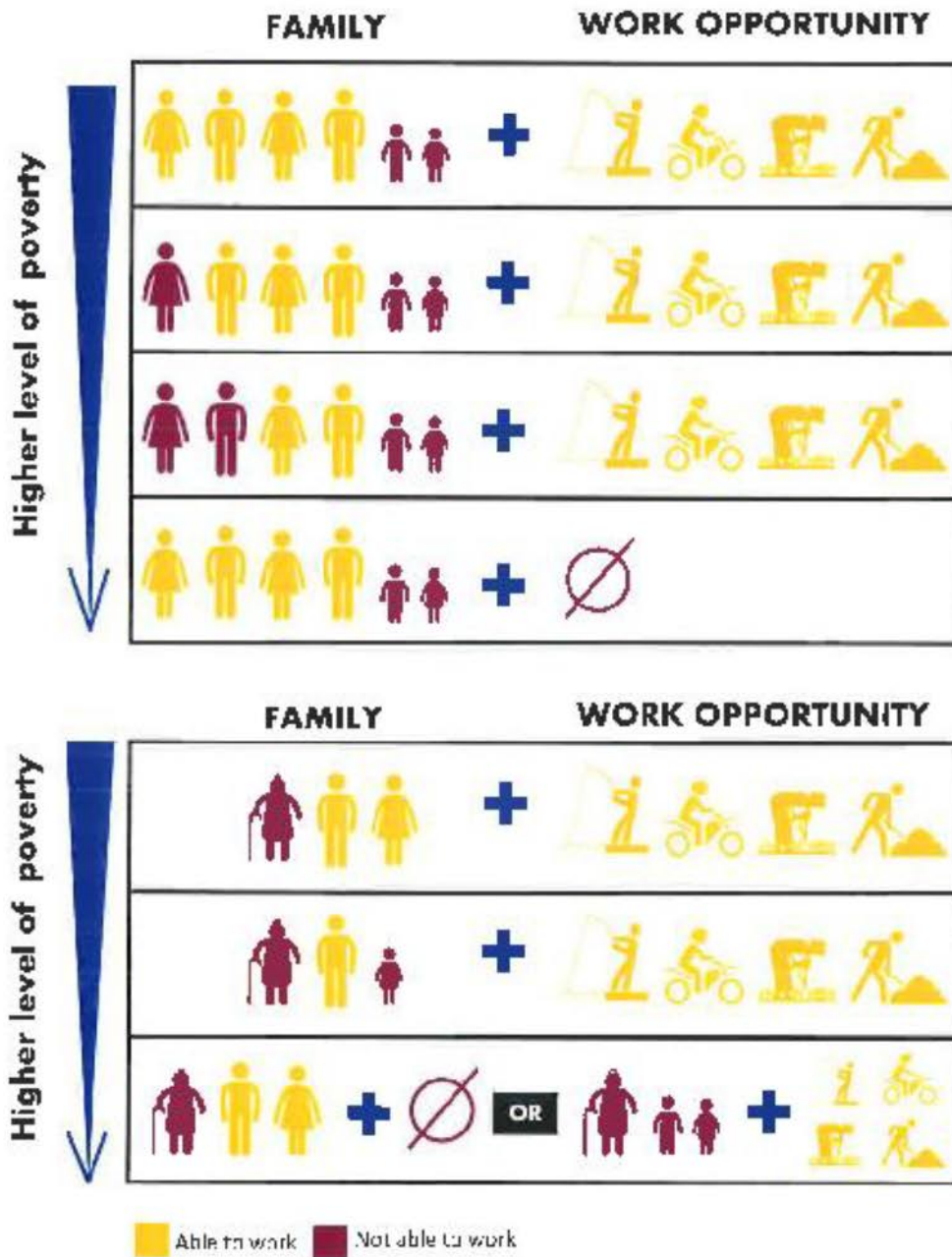
## People That We Met

	Women/girls	Men/boys
<b>Families we lived with</b>		
Adult	43	39
Children	26	25
<b>Neighbours of families we lived with</b>		
Adult	161	175
Children	88	94
<b>People with whom the families came in contact</b>		
Village officials	8	48
Health service providers	35	23
Traders	56	70
Finance service providers	31	28
Others	614	692
Total	1062	1194
<b>Overall total</b>	<b>2256</b>	



# Annex 4

RCA Infographic developed in 2015 shows how people themselves perceive the interplay of capacity to work and availability of local work opportunities as key determinants of poverty.





# Annex 5

## Household Profiles

Location	Location profile					Family profile		
	Rural	Peri-urban	Remote	Many earning opportunities	Few earning opportunities	Women headed	With an adult unable to work because of childcare	Missing middle families
NTT	√			√		√		
C Kalimantan	√		√		√		√	
C Kalimantan	√		√	√				
C Kalimantan	√		√	√			√	
W Kalimantan	√			√				
W Java		√		√				
W Java		√			√			
W Java		√		√				
W Java		√		√			√	
W Java		√		√			√	
W Java	√			√				
W Java		√			√			
E Java		√			√	√		
NTB	√				√	√		
NTB	√				√			
NTB	√				√			
N Sumatra		√		√		√		√
Maluku	√		√		√			√
SE Maluku	√				√			
SE Maluku	√				√	√		
SE Maluku	√				√	√		
Maluku	√		√		√			
Maluku	√				√			
N Sulawesi	√				√			
N Sulawesi		√		√			√	
N Sulawesi	√		√		√		√	
W Sulawesi		√			√			√
W Sulawesi		√			√			
SE Sulawesi		√			√			
total	17	12	6	11	18	6	6	3







**Australian Government**  
**Department of Foreign Affairs and Trade**

**KNOWLEDGE SECTOR**  
**INITIATIVE**

