

## The Effect of Land Reform on Poverty: A Study of Provinces in Indonesia

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### ABSTRACT

Land is an important part especially for the poor because land is able to provide opportunities for the poor to get out of poverty. Land redistribution is one of the policies aimed at reducing poverty levels. This study uses a literature study and descriptive statistic to see the effect of Land reform in the form of land redistribution on poverty. Based on the results of reviews of previous studies, it was found that most concluded that land redistribution had a negative effect on poverty levels. Studies conducted in Indonesia related to land redistribution confirm the results that land redistribution can reduce poverty levels through increasing income from production in the agricultural sector and access to credit. This implies that land redistribution is the right policy to reduce poverty so that it needs to be increased both in terms of number and accuracy of target recipients.

**Keywords:** Poverty, Land Redistribution, Land Reform, Literature Study, Indonesia.

## **INTRODUCTION**

Poverty reduction is still a policy concern for all countries, especially developing countries and third world countries. Even the United Nation in the Sustainable Development Goals (SDG's) makes poverty alleviation the first goal of 17 other goals. Based on the World Bank (2021) report, world poverty continued to decline from the 1990s to 2017 but the decline slowed slightly from 2015 to 2017, the number of people living below the international poverty line fell from 741 million to 689 million. In 2020, where the Covid-19 Pandemic occurred which continued in the economic crisis, the poverty rate turned around to increase. According to the baseline scenario created by the World Bank, poverty will increase by 1.2 points in 2020 and 1.4 in 2021 (World Bank, 2021).

Poverty is closely related to ownership of natural resources or assets. Empirical research shows that equity in ownership of natural resources among residents can have a significant impact on poverty alleviation and income distribution among citizens (Mukarati et al., 2020). According to the (United Nation, 2009) there is a strong relationship between poverty and lack of property or assets, because people living in poverty not only lack income, but also without the assets needed to generate income. Land is a key component of wealth in many developing countries. High levels of inequality in land ownership have been shown to be detrimental to economic growth and subsequent prosperity (Mendola & Simtowe, 2015). According to Badrodin, (2017), the poor face the problem of inequality in the structure of land tenure and ownership, as well as uncertainty in land tenure and ownership, especially agricultural land.

Land reform is one of the important policies made by many countries to reduce poverty in the land sector. Mendola & Simtowe (2015) revealed that Land reform has been seen by many development experts as a potential strategy to reduce poverty and encourage development, especially in rural areas. In line with this statement, the World Bank according to Varga (2020) emphasizes that Land reform is the main intervention that favors the poor and hopes that Land reform for the poor can trigger a transition from poverty to prosperity. In fact, according to Mukarati et al. (2020) revealed that land redistribution which is part of Land reform is seen as an effective tool to reduce poverty. Referring to various views of researchers, it can be concluded that Land reform has an influence in reducing poverty levels. This paper aims to see the effect of Land reform in the form of land redistribution on poverty based on literature study.

## **LITERATURE REVIEW**

### **The relationship between poverty and land**

Land is the most important wealth of the poor and has three attributes, namely resources, assets and capital (Guo & Liu, 2021). Land can affect poverty levels through three channels, namely increased production (Adhikari, 2009; Finan et al., 2005), access to credit (Adhikari, 2009; Finan et al., 2005), and rental income (Li et al., 2021; Wang et al., 2021)). Land as a resource plays an important role as a non-labor production factor to increase production, especially in the agricultural sector. Assuming that the labor factor does not change, by increasing production, the poor can earn income from selling the goods produced so that if the quantity of land is added, then production will increase so that it will increase income. With an increase in income, it will reduce the poverty level.

Apart from increasing production, the second line of how land affects poverty is access to credit. Access to credit is closely related to the legal power of land. With the legal power over land in the form of property rights on land, especially for the poor, access to credit is wide open, especially to credible credit institutions. The provision of secure land

rights can increase access to capital for poor households by converting land they own into assets that can be pledged as collateral (Carter, 2003). Land can be used as collateral for credit for land investments or exchanged for capital to start other income-generating activities (Meinzen-Dick, 2009). Credit is very important in relation to poverty alleviation. According to Ismail (2021), credit has a significant effect in reducing poverty.

The third line of how land affects poverty is rental income. Apart from being used for self-production or as collateral for credit, land can also increase income through land rental activities. Land that is rented will generate income so that it will reduce poverty.

## **RESEARCH METHOD**

The research method in this paper uses a literature study. This study collects previous studies in the period 2000-2022 related to the effect or impact of land redistribution on poverty. The search for articles is carried out with the help of the publish or perish application and after that a selection is made based on the Scopus indexed journal. For previous studies related to land redistribution and poverty in provinces in Indonesia, because there were no Scopus indexed articles, we used Google Scholar to then conduct a selection for related articles. This study also uses descriptive statistics to describe the development of land redistribution in Indonesia and its relation to poverty.

## **RESULTS**

### **Research on Land Redistribution**

The results of the literature review related to the effect of land redistribution on poverty show two results, namely 1) land redistribution has a negative effect on poverty and 2) land redistribution has a positive effect on poverty. There are three studies that conclude that land redistribution has a negative effect on poverty in other words, land redistribution can reduce poverty levels, namely the research of Keswell & Carter (2014), Bonti & Ankomah (2001), and Chitiga & Mabugu (2008). Research conducted by Keswell & Carter (2014) in South Africa aims to see the impact of land redistribution programs for agricultural development using binary treatment and continuous treatment. The study shows that land redistribution can increase household living standards by 25%. These results indicate that land redistribution can reduce poverty levels by increasing household living standards. Furthermore, there is a study conducted by Bonti-Ankomah, (2001) in South Africa using a cost benefit analysis to conclude that land redistribution can help reduce poverty in rural communities. Another study was conducted by Chitiga & Mabugu (2008) using a computable general equilibrium (CGE) simulation in Zimbabwe which aims to measure the impact of land redistribution on poverty, inequality and production. The results of this study conclude that land redistribution has the potential to reduce poverty and inequality substantially in rural areas. From the three studies above, it can be seen that land redistribution has a negative effect on poverty, in other words, land redistribution policies can reduce poverty levels.

In addition to the negative effect of land redistribution on poverty, there is one study which shows that land redistribution has a positive effect on poverty, or it can be interpreted that land redistribution can increase the level of poverty, namely the research conducted by Mukarati et al. (2020). Simulation results using computable general equilibrium (CGE) in South Africa show that the effect of land redistribution on poverty levels will increase in the short and long term. According to Mukarati et al. (2020) this is due to the side effect of negative demand on land redistribution and also of rising consumer prices. Negative demand for land redistribution from time to time will have an

impact on low wages and also low returns on capital so that it will hinder from the income side which will reduce poverty.

### **Research on Land Redistribution in Indonesia**

Search results for articles or journals related to land redistribution in Indonesia are numerous and most of them are in the form of undergraduate theses and contain the implementation of land redistribution in each region. However, if land redistribution is associated with poverty, the results are very few and are not directly related to poverty.

Study was conducted by Rostini (2021) entitled "The Effect of Land Redistribution of Land Reform Objects on the Income of Recipient Farmers of Redistribution in Margamulya Village, Pangalengan District, Bandung Regency. The purpose of this study was to determine the effect of the land area received by farmers from the redistribution on farmers' income and to examine whether after receiving the redistribution the farmers' income was able to meet the minimum standard of living. The method used is through interviews, questionnaires and documents and using Pearson Product Moment. The results of this study are 1) the area of land received from the redistribution affects farmers' income by 67.73% and the rest is influenced by other factors such as soil fertility, application of agricultural technology and capital; 2) The increase in farmers' income does not affect the livelihood status, meaning that the recipient farmers are still below the minimum standard of living.

The next research was conducted by Hidajat (2021) with the title The Effect of Land Redistribution of Land Reform Objects on Salak Farmers' Income in Panusupan Village, Rembang District, Purbalingga Regency, Central Java Province. The purpose of this study is to determine the effect of land redistribution of land reform objects on the income of salak farmers. This research uses survey research method with cross tabulation analysis which is supported by documentation studies, questionnaires, and interviews. The results of this study were 1) salak farmers received redistribution of land, which was 11.5024 ha with an average area of 0.3718 ha; 2) there was an increase in the income of the Salak farmers, the highest was 164.68% and the lowest was 0.51% with an average increase of 67.07%. The increase was due to the intensity of care carried out by salak farmers.

The next research was conducted by Puspariningtyas, (2013) entitled Community Empowerment through the Land Redistribution Program in Sumberurip Village, Doko District, Blitar Regency, east Java. This study aims to find out how the implementation of land redistribution contributes to empowering the community and also how the implementation and benefits obtained by the Sumberurip village community. The method used is a qualitative research method with a descriptive approach. The results of this study are that the implementation of land redistribution has brought great benefits to the villagers, the results of the interviews proved that almost every villager owns more than 5 (five) livestock, and also that most of the population after the clove harvest renovates houses or builds houses. house. In addition, the income of the villagers increased sharply in line with the implementation of land redistribution.

The next research was conducted by Istiningdyah et al. (2018) entitled "The Contribution of Land Redistribution Activities to the Increase in Income of Land Redistribution Recipients in Central Java Province". This study aims to determine the contribution of land redistribution activities to the percentage increase in the income of the agrarian reform recipients. This study uses the method of data analysis carried out using spatial patterns to provide an overview of the distribution of land redistribution and the contribution of land redistribution activities. The results of this study, namely the

contribution of land redistribution activities to the increase in the income of the recipients of agrarian reform, especially the recipients of land redistribution, can be seen at a macro level, namely: 1) There is a decrease in poverty rates in the location of land redistribution activities 2) An increase in GRDP, especially in the agricultural sector 3) Fluctuations in Farmer Exchange Rates (NTP), generally  $NTP > 100$ . On a micro level, land redistribution activities contribute to an increase in the income of the people receiving land redistribution.

Research on the implementation of land redistribution which is part of agrarian reform as an effort to improve the welfare of rural communities with a study in South Kalimantan Province, specifically Tinggiran Darat Village, Mekarsari District, Barito Kuala Regency has been carried out by Lestari et al. (2022). The purpose of the research that the author wants is to evaluate the implementation of land redistribution to improve the welfare of the community in the research location. Lestari et al. (2022) used descriptive qualitative research methods sourced from interviews with various sources, documentation and observations. The result of this study is that agrarian reform in the context of access reform in terms of empowering land parcels that have issued certificates of property rights through a land redistribution program has provided benefits for participants in the form of access to capital and marketing of main products. The level of welfare of the people of Tinggiran Lama Village, Mekarsari District has increased compared to before the implementation of Agrarian Reform through the land redistribution program for the object of agrarian reform.

Based on these studies, land redistribution has a negative effect on poverty levels through an increase in income derived from production in the agricultural sector and additional working capital from land redistribution certificates as collateral.

### **Land Redistribution in Indonesia**

Land redistribution is one of the policies in the land sector that has long been carried out in various parts of the world. In Indonesia, land redistribution is carried out based on Law No. 5 of 1960 concerning Basic Regulations on Agrarian Principles by the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency. Land redistribution is carried out by giving land controlled by the state, both from unused state land and from releasing forest areas to the community as regulated in Presidential Regulation Number 86 of 2018 concerning Agrarian Reform.

**Table 1. Realization of Land Redistribution Based on Number of Certificates and Area (Ha) 2015-2019**

<b>Year</b>	<b>Certificate</b>	<b>Area (Ha)</b>	<b>Average</b>
2015	95.741	69.925	1,37
2016	143.234	116.952	1,22
2017	23.214	14.957	1,55
2018	283.236	215.871	1,31
2019	668.715	412.209	1,62

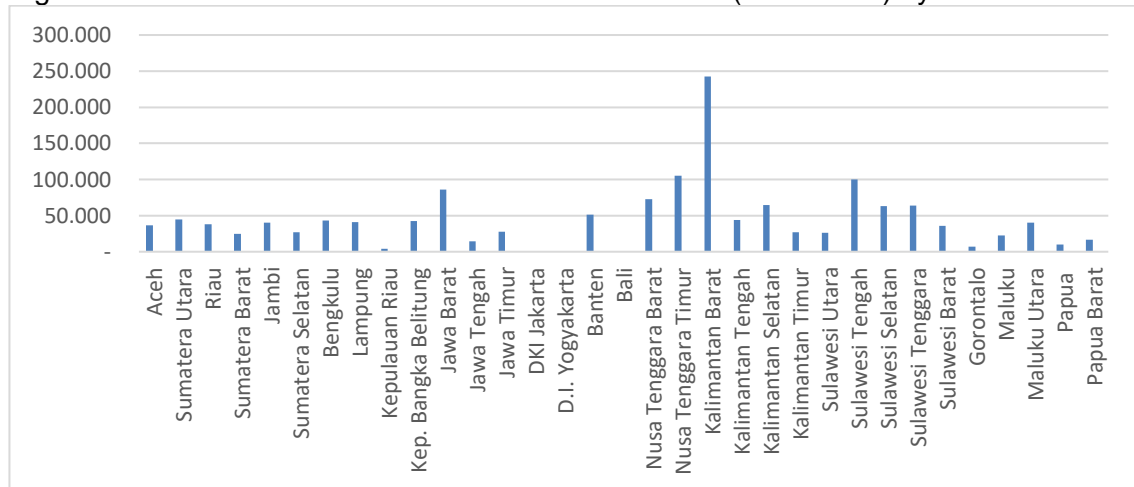
Source: Kementerian ATR/BPN

Based on the data in table 2, the realization of land redistribution for the period 2015-2019 tends to increase both in the number of certificates and in area. In 2015 the realization of land redistribution reached 96,741 certificates with an area of 69,925 hectares and an average of 1.37 hectares per certificate. In 2016 there was an increase of 49.6% in certificates and 67.25% in hectares. In 2017, both the number of certificates and the area of land redistribution experienced a large decline, namely 83%-87%. In 2018 and 2019 the realization of land redistribution again increased significantly. On average, the amount received in 1 certificate is in the range of 1.22-1.62 hectares, this

means that each recipient of land redistribution receives an average of 1.22-1.62 hectares in the 2015-2019 period.

Land redistribution is carried out in all regions in Indonesia. Figure 1 shows the realization of land redistribution by province in Indonesia for 5 years (2015-2019).

Figure 1. Realization of Land Redistribution for 5 Years (2015-2019) by Province



Sumber: Kementerian ATR/BPN

Looking at the data presented, the realization of land redistribution spreads to all provinces in Indonesia but is dominated by the provinces located on the islands of Kalimantan, Nusa Tenggara and Sulawesi. West Kalimantan Province is the province with the largest number of land redistribution certificates. Within 5 years, West Kalimantan Province has issued 242,397 land redistribution certificates and has been handed over to the community or 16.55% of the total. DKI Jakarta Province is the province with the lowest realization of redistribution, even though the number is only 1 certificate in 5 years. If you read the data in Figure 1, the provinces with the most land redistribution realizations are the provinces with the agricultural sector being the dominant sector such as West Kalimantan and NTT, while the provinces with the least amount of redistribution are the provinces with the most dominant in the service sector such as D.I Yogyakarta, Bali and DKI Jakarta.

From the data that has been presented related to the development of land redistribution in Indonesia, it shows that the implementation of land redistribution has been running even though it has not been evenly distributed due to the geographical area and the availability of land to be redistributed. The results of the review of studies related to land redistribution, most of which conclude that there is a negative influence between land redistribution and poverty levels.

Table 2. Land Redistribution and Poverty Rate in Indonesia 2015-2019

Year	Land Redistribution (certificate)	Poverty (Percent)
2015	95.741	11,13
2016	143.234	10,7
2017	23.214	10,12
2018	283.236	9,66
2019	668.715	9,22

Sumber: Kementerian ATR/BPN dan BPS

From the data contained in table 2 shows the difference in direction between land redistribution and poverty levels in the 2015-2019 period. Land redistribution in 5 years tends to increase while the poverty rate decreases. Although it is necessary to conduct a more comprehensive examination of the effect of land redistribution on poverty levels, the data depiction shows that land redistribution has the potential to reduce poverty levels in Indonesia.

### **DISCUSSION**

This study aims to examine the effect of land redistribution on poverty based on literature studies or previous studies. From the results of the review of articles or journals related to the effect of land redistribution on poverty, it was found that most of the articles concluded that there was a negative effect of land redistribution on poverty. This means that land redistribution can or is able to reduce poverty levels. However, there are also studies that find an increase in poverty due to land redistribution in the short and long term. The negative effect of land redistribution on poverty is largely through increased income from beneficiaries and additional business capital through access to credit.

The results that show that land redistribution is able to reduce poverty levels make land redistribution policies one of the effective ways that policy makers can do to reduce poverty. On this basis, it is necessary to accelerate the implementation of land redistribution and ensure that program recipients are part of the community belonging to the poor so that the poverty level can be reduced more optimally.

### **CONCLUSION**

Land is an important part especially for the poor because land is able to provide opportunities for the poor to get out of poverty. Land redistribution is one of the policies aimed at reducing poverty levels. This study uses a literature study and descriptive statistic to see the effect of Land reform in the form of land redistribution on poverty. Based on the results of reviews of previous studies, it was found that most concluded that land redistribution had a negative effect on poverty levels. Studies conducted in Indonesia related to land redistribution confirm the results that land redistribution can reduce poverty levels through increasing income from production in the agricultural sector and access to credit. This implies that land redistribution is the right policy to reduce poverty so that it needs to be increased both in terms of number and accuracy of target recipients.

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### **DECLARATION OF CONFLICTING INTERESTS**

The authors do not have any potential conflict of interest.

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