



Abstract

This study applies Fuch's point (relative approach) for measuring poverty and the spell approach in identifying poverty dynamics in panel Indonesian farming households recorded in IFLS3 and IFLS4. It is found that 8 percent of them were in chronic poor and 28 percent were in transient poor. In assessing welfare improvement during 2000-2007, both household's per capita consumption and assets holding grew 24.73 and 51.5 percent respectively. Finally, poverty dynamics determinants estimation using multinomial logit shows that some factors are affecting both chronic and transient poor while some others are specifically associated with each one. Factors that are affecting both are household engagement in the non-agricultural job either as primary or additional, educational attainment, assets holding and farm business profit. In transient-specific factors, there are household head's marital status and gender along with being in plantation business (compared to food crops farmers). Meanwhile, cultivated land size and electrical access are found to be the specific determinants of being chronic poor.

Keywords: *poverty dynamics, farming households, relative poverty, IFLS*

JEL Classification: I32, Q12, O12, O13