

# The Effect of Regional Government Expenditure on Poverty Levels in Tojo Una-Una Regency for the Period 2015-2023

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## Abstract

Poverty remains a major problem in many developing countries, including Indonesia. Tojo Una-Una Regency in Central Sulawesi Province is one of the areas still facing relatively high poverty numbers. This research aims to analyze the effect of regional government expenditure on poverty numbers in Tojo Una-Una Regency from 2015 to 2023. The approach used is quantitative with secondary data obtained from the Central Statistics Agency (BPS). Analysis was conducted using the elasticity method to measure the sensitivity of changes in the poor population to changes in regional spending. The research results show that the relationship between regional spending and poverty numbers is inconsistent and fluctuates. Most elasticity values show an inelastic category, meaning increased spending has not been able to provide significant impact on poverty reduction. Only in 2020 was a high negative elasticity value found, indicating that spending in that year was quite effective in reducing poverty, possibly due to fiscal policies responsive to the pandemic. Conversely, in 2023, increased spending was actually followed by an increase in the poor population, reflecting inefficiency in budget management. These findings emphasize the importance of improving the effectiveness of regional spending through targeted planning, budget efficiency, and strong oversight so that poverty alleviation programs have real and sustainable impact.

**Keywords:** Elasticity, Poverty Level, Regional Government Expenditure.

## 1. Introduction

Poverty is an issue often faced by developing countries, including Indonesia itself. In Indonesia, poverty is no longer a rare problem, but a continuously recurring challenge. Poverty levels tend to fluctuate from year to year. Economically, poverty can be identified from the lack of resources needed to meet basic community needs and improve welfare across various social layers. Poverty encompasses various aspects, as it relates to minimum income, low health levels, gender inequality, and other factors (Nansadiqah, 2024).

Despite progress in economic and social fields, many individuals and families are still trapped in the poverty cycle, facing limited access to adequate resources and opportunities. This phenomenon encompasses not only economic aspects but also social aspects such as education, health, and other basic rights. Poverty often becomes a major obstacle to sustainable development and more equitable welfare distribution (Naufal et al., 2024).

Tojo Una-Una Regency is one of the areas in Central Sulawesi Province still facing deep social and economic problems including high poverty numbers. During the 2016-2023 period, the poor population in Tojo Una-Una Regency showed a fluctuating pattern but overall experienced a declining trend. According to data released by the Central Statistics Agency



(BPS) in 2016, the poor population was recorded at 27,620 people. A slight decrease occurred in 2017 to 27,300 people, but increased again in 2018 with 27,780 people. Significant reduction was seen in 2019 and 2020, respectively becoming 26,360 people and 25,430 people, which can be said to reflect economic condition improvements or successful implementation of poverty alleviation programs. Nevertheless, 2021 showed an increase again to 25,860 people. The decrease continued in 2022 with the lowest achievement in the last decade, namely 26,330 people. However, the figure rose again in 2023 to 26,510 people. Although the regional government has made great efforts to address this problem through various policies and programs, such as infrastructure development, health services, education, and social assistance programs, poverty remains an issue that needs to be addressed more comprehensively and sustainably.

According to Osinubi (2005) in Pratama & Utama (2019), efforts to tackle poverty are also related to the amount of government expenditure carried out by regional governments. Every year, government expenditure continues to increase with the hope of improving community welfare and reducing poverty levels. Additionally, government expenditure is viewed not only in terms of its amount but also from the aspect of target accuracy in budget allocation. The size of regional spending is influenced by several factors that, if managed well, will cause increased regional spending. When regional spending increases, the needs for regional interests will also increase, which in turn can improve economic conditions (Putri et al., 2021).

The financial relationship between central government and regional government is a financial administration system that regulates financial rights and obligations between central government and regional government implemented fairly, transparently, accountably, and harmoniously based on law. According to Law Number 1 of 2022, the Regional Revenue and Expenditure Budget, hereinafter abbreviated as APBD, is the annual regional financial plan established by regional regulation (Katjong et al., 2024).

APBD (Regional Government Expenditure) consists of three main components: regional revenue, regional expenditure, and regional financing. Regional revenue includes Regional Original Revenue (PAD), Balancing Funds, and Other Legal Regional Revenue. Regional Revenue is all regional rights recognized as adding to net wealth value in the relevant fiscal year period. Regional expenditure is all regional obligations recognized as reducing net wealth value in the relevant fiscal year period. Financing is any receipt that needs to be repaid and/or expenditure that will be received back, either in the relevant fiscal year or in subsequent fiscal years (Katjong et al., 2024).

Regional expenditure components reflect regional government expenditure in providing public services. There are four main items in regional expenditure: personnel expenditure, goods and services expenditure, capital expenditure, and other expenditure. Through this regional expenditure, the priority of regional government expenditure that affects community welfare can be known (Kementrian Keuangan RI, 2017). The still high poverty rate indicates there are things that need further examination. From the budget allocation side designated for poverty alleviation programs, it appears that the government shows its seriousness in efforts to tackle these problems (Ali et al., 2020).

Research on the effect of government spending on poverty reduction has been extensively conducted, but most still focuses on the national or provincial level so it does not fully describe the dynamics at the district/city level (Putri et al., 2021). In addition, previous research results also show diverse findings, where increases in regional spending are not always consistently impactful on reducing poverty rates (Ali et al., 2020). This condition shows a research gap that needs to be further investigated. Based on the background described, the

problem formulation in this research is how regional government expenditure affects poverty numbers in Tojo Una-Una Regency during 2015-2023. The purpose of this research is to determine the extent of regional government expenditure effects on poverty numbers in Tojo Una-Una Regency from 2015-2023. Another novelty lies in the utilization of data from the Covid-19 pandemic period so that it is able to provide an empirical picture of the extent to which the effectiveness of regional spending can reduce poverty rates in crisis and post-crisis conditions.

## 2. Literature Review

### 2.1. Regional Expenditure

Government Regulation Number 12 of 2019 concerning Regional Financial Management states that regional expenditure refers to all obligations imposed on regional governments and recorded as a reducer of total net wealth during one specific fiscal year. Regional governments have obligations to allocate such expenditure to finance government affairs that have been determined, particularly in education, health, and infrastructure development sectors, in accordance with provisions applicable in statutory regulations (Ningrum & Nuryadin, 2021).

According to Law Number 1 of 2022, regional expenditure is all regional obligations recognized as reducing net wealth value in the relevant fiscal year period. Regional expenditure includes all expenditures from the regional general cash account that reduce current fund equity, which are regional obligations in one fiscal year for which repayment will not be obtained by the region. Regional expenditure is used in implementing government affairs that are the authority of provinces or regencies/cities consisting of mandatory affairs and optional affairs established by statutory provisions. Regional expenditure is classified according to organization, function, programs and activities, and types of expenditure. Expenditure classification by organization is adjusted to the structure of regional government organization (Menteri Keuangan Republik Indonesia, 2020).

According to Minister of Home Affairs Regulation (Permendagri) Number 13 of 2006, regional expenditure structure is divided into two main categories. First, indirect expenditure (BTL), which includes expenditures for employee salaries, interest payments, subsidies, grants, social assistance, revenue sharing funds, financial assistance, and unexpected expenditure. Second, direct expenditure (BL), which includes expenditures for employee salaries, goods and services, and capital expenditure. Total regional expenditure is the accumulation of BTL and BL issued by regency or city governments in one budget period (Arifin, 2020). Regional expenditure can also be viewed from its function as a regional government financial policy tool. Through proper budget allocation, regional governments can direct local economic growth, create employment, and increase community purchasing power. For example, expenditure on road and transportation infrastructure sectors can facilitate goods and services distribution, while expenditure in education and health sectors can improve human resource quality. Thus, strategic expenditure planning will provide dual impact, both economically and socially.

### 2.2. Poverty

According to Law No. 13 of 2011 discussing the handling of the destitute poor, the destitute poor are people who have absolutely no source of livelihood and/or have sources of livelihood but do not have the ability to meet basic needs suitable for their life and/or their family's life. These basic rights include needs for food, health, education, work, housing, clean

water access, land ownership, natural resources, living environment, protection from violence or threats, and the right to participate in social and political life (Bur & Triani, 2019).

There are two main perspectives in defining or measuring poverty: "income poverty" and "lack of basic needs poverty". Income poverty occurs when individuals do not have sufficient income to achieve a decent standard of living. Meanwhile, poverty due to lack of basic needs refers to someone's inability to meet basic needs such as food, shelter, and clothing, as emphasized by the United Nations Children's Fund (UNICEF) (Yunus, 2020).

The core of poverty lies in accessibility problems. This issue is very crucial because poverty can become a recurring cycle, where poor groups find it difficult to escape poverty when they cannot increase their resource capacity. Poor communities are trapped in a continuous poverty cycle. In this cycle, there are three main factors that cause someone to become poor: low health levels, low income, and low education (Wahyudi, 2020). Poverty can also be caused by other factors such as few decent job opportunities, unequal asset or wealth distribution, minimal access to technology and business capital, and weak social protection. These factors make poverty problems increasingly difficult to overcome. Therefore, reducing poverty is not enough just by increasing income, but also needs to improve quality of life comprehensively and sustainably, involving active community participation.

### 2.3. Relationship Between Regional Expenditure and Poverty Numbers

Optimal regional expenditure realization contributes to poverty level reduction, as has been proven through various studies in development economics. One theory explaining the relationship between regional expenditure and poverty levels is fiscal decentralization theory. This theory was introduced by economist Wallace E. Oates, who argued that regional governments have advantages in allocating resources more efficiently to meet specific needs of local communities, including in implementing poverty alleviation programs (Firdaus & Beik, 2013). Furthermore, according to Rostow and Musgrave, regional expenditure carried out by governments has an important role as acceleration and acceleration of economic activity development. This indicates that the more regional expenditure realized, the poverty level will also decrease due to increasing productive economic activities from the community (Wati, 2015). According to Keynes, expansion or addition of government spending can accelerate economic growth. Keynes said that increased aggregate demand causes increased economic growth through relatively high realized government expenditure (Wahyudi, 2020).

Well-targeted regional expenditure realization can become a driver of economic development as well as a means of reducing poverty numbers. Proper budget allocation not only increases infrastructure and public service availability but also expands employment opportunities and encourages growth of productive sectors in regions. This impact can increase community income and purchasing power, thereby reducing poverty rates. Therefore, well-planned regional expenditure becomes important for improving community socio-economic conditions and reducing inter-regional disparities.

### 2.4. Empirical Review

This research is supported by several previous studies related to the effect of regional government expenditure on poverty level reduction. One research with similar themes was conducted by Anggun & Sari (2024) which used quantitative research methods. The analysis technique used in this research was descriptive statistical analysis using Statistical Program for Social Science (SPSS). Based on research results and calculations used by performing linear regression test calculations, negative (-) results were obtained on variable X (Regional expenditure realization) of 0.00001800, meaning that if regional expenditure realization increases by 1 unit, then poverty numbers decrease by 0.00001800. Partial significance test

(t-test) on regional expenditure realization variable shows that significance value (sig) is smaller than 0.05 ( $0.000 < 0.05$ ). Furthermore, simultaneous test (f-test) conducted obtained significance value (sig) smaller than 0.05 ( $0.000 < 0.05$ ). Furthermore, the coefficient of determination test conducted in this research shows R-Square results of 0.361, meaning that regional expenditure realization (X) contributes 36.1% (low) to poverty level (Y) and 63.9% is influenced by other factors not discussed in this research. From the research conducted, it can be concluded that regional expenditure realization has an effect on poverty levels in border areas of West Kalimantan Province 2013-2022.

Another research by Ali et al. (2020) which is descriptive quantitative research. This research data analysis technique used multiple linear regression analysis using SPSS. Research results show that partially government budget for health education and infrastructure sectors significantly affects poverty levels in East Lombok, proven by significance scores on each variable showing t-count is  $x_1$  0.026,  $x_2$  0.001, and  $x_3$  is 0.025. This shows that increased government budget in East Lombok region for each variable including education, health, and infrastructure sectors affects poverty level reduction in East Lombok during the study period.

### 3. Methods

#### 3.1. Research Design

This research used quantitative research methods. Quantitative methods are research approaches based on positivist philosophy, where research is conducted on certain populations or samples. Positivist philosophy views reality, phenomena, or symptoms as something that can be classified, relatively stable, concrete, observable, measurable, and relationships between symptoms are causal (Sugiyono & Lestari, 2021).

#### 3.2. Location and Time of Research

The research location is Tojo Una-Una Regency, Central Sulawesi Province. The selection of this location is based on the high poverty rate and the existence of quite significant fluctuations in regional spending within a certain period of time. The research observation period covers 2015 to 2023, in accordance with the availability of data published by the Central Statistics Agency (BPS). Data processing and analysis were conducted in 2024.

#### 3.3. Type and Source of Data

Data sources used in this research use secondary data. Secondary data is data obtained and refers to information obtained from literature, documentation studies, archives, records, previous research reports, Internet websites, and so on. In this research, secondary data obtained comes from the official website of the Central Statistics Agency (BPS). Data obtained includes regional expenditure and poverty numbers in Tojo Una-Una Regency 2015-2023 and from research journals obtained in the form of theory references, modules (data obtained in the form of data processing methods) (Yasir et al., 2021).

#### 3.4. Population and Sample

The population in this research includes all data related to regional spending and the number of poor people in Tojo Una-Una Regency. From this population, the research takes a sample in the form of annual time series data from 2015 to 2023 so that there are nine observations. Sample selection was conducted using purposive sampling technique, which is data determination based on suitability with research objectives and data availability in the specified time period.



### 3.5. Data Analysis Methods

In this research, the author uses elasticity analysis methods. Elasticity refers to how much percentage change in one variable when there is a one percent change in another variable that affects it (Purnomo, 2022). In this research, elasticity measures how much change in poverty numbers to a one percent change in regional expenditure. The formula is:

$$E = \frac{\text{Percentage Change in Poor Population Numbers (\%}\Delta Y\text{)}}{\text{Percentage Change in Regional Expenditure (\%}\Delta X\text{)}}$$

$E > 1$ , elastic means changes in regional expenditure cause greater changes to poor population numbers

$E < 1$ , inelastic means regional expenditure changes only have small impact on poverty, reflecting low response

$E = 1$ , Unit Elastic means every 1 percent change in regional expenditure will produce 1 percent change in poverty numbers

$E = \infty$ , Perfect Elastic describes that very small changes in regional expenditure will cause unlimited changes in poverty

$E = 0$ , Perfect Inelastic where regional expenditure changes provide no impact on poverty numbers, showing no relationship or response between the two variables

### 3.6. Instruments and Data Processing Techniques

The research instrument is in the form of official data tables from BPS containing poverty figures and regional spending realization of Tojo Una-Una Regency. Data processing techniques are conducted through data tabulation, percentage change calculations, and elasticity value calculations for each observation year. The calculation results are then analyzed descriptively and quantitatively to explain the pattern of relationships between regional spending and poverty levels. To ensure result accuracy, data processing uses Microsoft Excel software as a numerical analysis tool.

## 4. Results and Discussion

### 4.1. Research Results

#### 4.1.1. Analysis of Poverty Numbers in Tojo Una-Una Regency

**Table 1. Poverty Numbers, Regional Expenditure, and Elasticity in Tojo Una-Una Regency 2015-2023**

Year	Tojo Una-Una Regency		
	Poverty Headcount (in Thousand Persons)	Regional Expenditure (in Thousand Rupiah)	Elasticity
2015	27.620	905.999.284	-
2016	27.620	1.059.836.754	0,00
2017	27.300	975.362.670	0,15
2018	27.780	1.002.935.084	0,62
2019	26.360	1.148.916.606	-0,35
2020	25.430	1.183.403.490	-1,18
2021	25.860	1.035.718.079	-0,14
2022	25.330	1.065.651.010	-0,71
2023	26.510	1.098.731.219	1,50

Source: BPS, 2024

During 2015-2023, the poor population in Tojo Una-Una Regency showed fluctuating trends with a general declining tendency. In 2015, the poor population was recorded as 27,620 people, and this figure remained at the same level in 2016 despite regional expenditure increasing quite sharply by 16.98 percent. This indicates that increased spending has not directly impacted poverty reduction.

In 2017, the poor population decreased -1.16 percent to 27,300 people, although regional expenditure actually decreased by -7.97 percent, which might show budget use efficiency or impacts of previous year programs. However, in 2018 poverty increased by 1.76 percent to 27,780 people, along with regional expenditure increase of 2.83 percent. This shows that increased spending does not always align with poverty rate reduction, because spending allocation is not well-targeted or influenced by external factors such as macroeconomic conditions.

Significant reduction occurred in 2019 by -5.11 percent, along with regional expenditure increase of 14.56 percent, showing possible effectiveness of fiscal policies and social programs implemented. The decrease continued in 2020 by -3.53 percent, although spending only increased slightly by 3.00 percent, possibly due to continued impacts from previous programs. Nevertheless, in 2021, the poor population increased again by 1.69 percent to 25,860 people, while regional expenditure decreased quite sharply by -12.48 percent, possibly as a result of the COVID-19 pandemic disrupting the economy and causing increased poverty rates.

In 2022, the poor population decreased again by -2.05 percent to 25,330 people, along with a small increase in regional expenditure of 2.89 percent. However, 2023 showed a poverty spike of 4.66 percent to 26,510 people, despite regional expenditure also increasing by 3.10 percent, indicating that government spending was insufficient to address occurring socio-economic pressures.

#### 4.1.2. Analysis of Regional Expenditure in Tojo Una-Una Regency

During 2015-2023, regional expenditure in Tojo Una-Una Regency showed fluctuating trends but tended to increase overall. In 2015, regional expenditure was recorded as Rp905,999,284 thousand rupiah, then experienced a sharp increase in 2016 by 16.98 percent to Rp1,059,836,754 thousand rupiah. This increase was quite significant and reflected increased fiscal capacity or development priorities.

In 2017, regional expenditure actually decreased by -7.97 percent, dropping to Rp975,362,670 thousand rupiah. Despite this decrease, this amount was still higher than 2015. Then in 2018, spending increased again by 2.83 percent, and experienced much larger increases in 2019 by 14.56 percent, reaching Rp1,148,916,606 thousand rupiah, which was one of the highest points in that period. This increase showed greater spending drive for development and social programs.

2020 witnessed more moderate spending increase of 3.00 percent, which was most likely used for handling early impacts of the COVID-19 pandemic. However, in 2021, regional expenditure dropped drastically by -12.48 percent to Rp1,035,718,079 thousand rupiah, most likely due to fiscal pressure from the pandemic and budget reallocation. 2022 showed recovery with 2.89 percent increase, continuing in 2023 with 3.10 percent increase, reaching Rp1,098,731,219 thousand rupiah, almost matching the spending peak in 2019.

Overall, it can be seen from the ups and downs of poverty numbers occurring because regional expenditure allocation in that period might be more directed to sectors that do not directly target income increases for poor communities, such as general infrastructure spending whose effects are only felt in medium to long term. This shows that regional expenditure effectiveness is greatly influenced by program target accuracy and policy intervention ability to address structural factors affecting community income. Therefore,

poverty alleviation strategies need to be directed not only to budget amount increases but also to optimizing their utilization through programs that directly impact productivity increases, job creation, and strengthening community purchasing power sustainably.

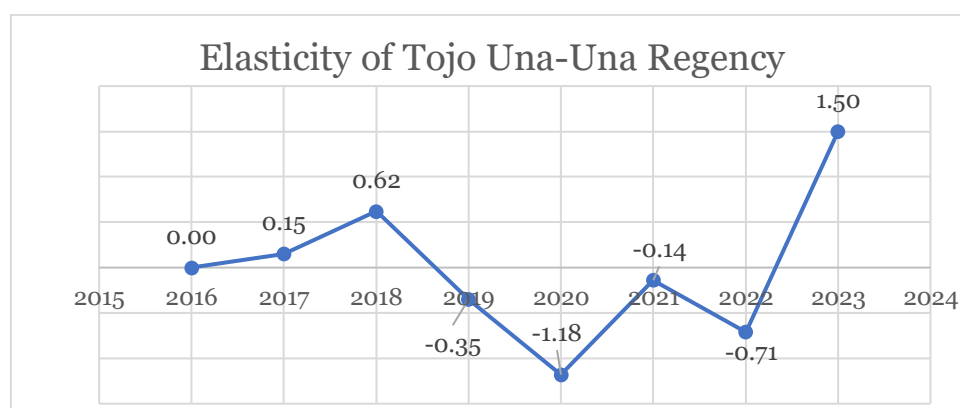
### 4.1.3. Analysis of Regional Expenditure on Poverty Numbers in Tojo Una-Una Regency

Based on 2015-2023 data, it appears that Tojo Una-Una Regency regional expenditure experienced quite significant increasing trends. In 2015, regional expenditure was recorded as Rp905,999,284 thousand rupiah and continued to increase until reaching its peak of Rp1,183,403,490 thousand rupiah in 2020. Although there were slight fluctuations afterward, generally regional expenditure remained above Rp1,098,731,219 thousand rupiah until 2023. On the other hand, the poor population in Tojo Una-Una Regency showed gradual declining trends from 27,620 people in 2015 to 25,330 people in 2022. This decrease shows that generally, regional expenditure increases correlate with poverty rate reductions.

The relationship between regional expenditure and poverty numbers is not always linear or direct. There were several years where regional expenditure increases were not followed by poverty rate reductions. For example, in 2018 the poor population actually increased despite regional expenditure also increasing. Similar things happened in 2023, where regional expenditure rose compared to the previous year, but the poor population also increased from 25,330 people to 26,510 people. This indicates that although regional expenditure is an important factor in poverty alleviation, its effectiveness greatly depends on how the budget is allocated and used so it can drive infrastructure development, create employment, and increase public service provision that ultimately improves community welfare in Tojo Una-Una Regency.

## 4.2. Discussion

Regional expenditure elasticity to poverty numbers is an indicator describing the level of influence of changes in regional government expenditure on poverty number fluctuations in Tojo Una-Una Regency. In this research, elasticity is used as an analysis tool that can show the sensitivity level of poor population numbers to every change in regional expenditure from year to year. Using poor population numbers and regional expenditure data in 2015-2023, elasticity values obtained can describe the dynamics of regional financial policy effectiveness. The elasticity measurement in this research is elasticity using poor population numbers and regional expenditure data in Tojo Una-Una Regency in 2015-2023, with elasticity values as follows:



**Figure 1. Poverty Numbers Elasticity to Regional Expenditure in Tojo Una-Una Regency 2015-2023**  
Source: BPS, 2024



Based on elasticity calculation results from regional expenditure and poverty numbers data in Tojo Una-Una Regency during 2015-2023, findings show that the relationship between these two variables is inconsistent and tends to be fluctuative. Elasticity is used in this research as an analysis tool to measure poverty sensitivity to regional expenditure changes. Elasticity values produced each year show variations describing the dynamics of regional government expenditure effectiveness in reducing poverty rates. Negative elasticity values show that regional expenditure increases are accompanied by poor population decreases, indicating budget effectiveness in reducing poverty. Conversely, positive elasticity values show that expenditure increases are accompanied by poverty increases, so regional expenditure in those years can be said to be ineffective for poverty reduction.

In 2016, elasticity value of 0.00 indicates that despite regional expenditure increases of almost 17 percent, there was no change in poor population numbers. This shows that regional expenditure in that year was not effective in reducing poverty, or its impact was not directly felt. Similarly, in 2017 showing positive elasticity of 0.15 elastic, meaning poverty reduction occurred, but the effect was very small and not proportional to regional expenditure changes. Similar conditions occurred again in 2018 and 2023, where positive elasticity values of 0.62 and 1.50 mean that regional expenditure increases were actually accompanied by poor population increases, which theoretically contradicts government expenditure goals to improve welfare. This can be interpreted as inefficiency in budget allocation or inaccuracy of development program targets, for example spending was more focused on physical or administrative projects whose economic benefits do not directly touch poor groups. This tendency reinforces that the amount of regional expenditure is not the only determining factor for poverty alleviation success. Expenditure effectiveness is greatly influenced by how the budget is directed to the right sectors, such as economic empowerment, workforce capacity strengthening, and increased access to production facilities. Without planning focused on real needs of low-income communities, increased spending risks producing unequal growth.

Conversely, there were several years where elasticity values showed negative relationships, meaning regional expenditure increases were accompanied by poverty rate reductions. In 2019 and 2020, where elasticity was recorded as -0.35 and -1.18 respectively, although in 2019 the absolute value was still less than one, so it was still classified as inelastic. Negative elasticity values, especially in 2020 which was more than one (-1.18) meaning elastic, show that expenditure increases had quite large and effective impact in reducing poverty numbers. This finding aligns with research results conducted by Anggun & Sari (2024) showing that regional expenditure realization has negative and significant relationships to poverty reduction in West Kalimantan border areas. Although different between regions, this negative correlation pattern strengthens the argument that public expenditure managed effectively can provide real contribution in reducing poverty rates. 2020 also marked the peak of regional expenditure effectiveness in poverty alleviation during the research period. This condition might be caused by government response to the COVID-19 pandemic through social stimulus and direct cash assistance that successfully reached vulnerable community groups, meaning regional expenditure increases were accompanied by poverty rate reductions.

This effectiveness did not last long. In 2021 and 2022, elasticity values again showed negative figures but in inelastic categories, respectively -0.14 and -0.71. This shows that expenditure influence on poverty reduction still existed, but response was relatively weak. This tendency can be caused by post-pandemic economic condition instability, increasing inflation, and limitations in regional government fiscal capacity. This fluctuating pattern confirms that regional expenditure increases do not automatically guarantee poverty number reductions. Its effectiveness is greatly determined by how the budget is allocated, managed, and implemented

with proper targeting. Budget amount is not the only determining factor; more important is expenditure quality, implementation efficiency, and coordination between development sectors.

Regional expenditure has an important role in reducing poverty levels because through this budget, regional governments finance infrastructure development, public service improvements, and community economic empowerment programs. Expenditure increases in sectors providing direct benefits to poor communities. Positive influence of regional expenditure on poverty reduction generally occurs when budget allocation is well-targeted and programs implemented can reach community groups most in need. Conversely, if spending is more absorbed in activities whose benefits are not directly felt by poor communities, its impact on poverty reduction becomes limited. For example, infrastructure development that does not support local economic activities or routine spending that does not increase community productivity.

This finding aligns with Keynesian theory stating that government expenditure can be an important instrument in driving economic growth and reducing unemployment and poverty levels. However, as emphasized in fiscal decentralization theory by Wallace E. Oates, regional government expenditure effectiveness greatly depends on regional ability to identify local needs and allocate budgets efficiently. Therefore, when regional expenditure increases but is not accompanied by proper planning and implementation targeting, then such expenditure will not provide optimal results for poverty reduction. Rostow and Musgrave theory also supports this idea by emphasizing the importance of government expenditure role in early development stages to create economic acceleration. However, implementation success greatly depends on good management and policies focused on improving poor community welfare. The relationship between regional expenditure and poverty numbers in Tojo Una-Una Regency during 2015-2023 is dynamic and influenced by many factors. Therefore, regional governments need to pay attention to quality and sustainability aspects in planning and implementing poverty alleviation programs, therefore, public expenditure truly provides real impact for sustainable poverty rate reductions.

## 5. Conclusion

Based on analysis results of poverty numbers and regional expenditure data in Tojo Una-Una Regency during 2015–2023, it can be concluded that the relationship between these two variables is fluctuative and inconsistent. Poor population numbers generally show declining trends, but this does not occur linearly to regional expenditure increases. There were several years where regional expenditure increases were not followed by poverty rate reductions, even accompanied by poor population increases, such as in 2018 and 2023. This shows that regional expenditure effectiveness is greatly influenced by planning quality, budget allocation, and program implementation in the field. Expenditure elasticity analysis on poverty indicates that regional expenditure impact on poverty reduction is dynamic, where negative elasticity values appearing in several years show positive expenditure influence on poverty alleviation, but values are still classified as inelastic. 2020 was the year with highest effectiveness level, most likely influenced by social stimulus during the COVID-19 pandemic period. This finding confirms that budget expenditure amount does not automatically guarantee poverty rate reductions, because what is more determining is effectiveness, efficiency, and target accuracy of budget use.

Based on the discoveries, it is recommended that Tojo Una-Una Regency regional government focus more public expenditure on sectors directly contributing to poverty

reduction, such as education, health, economic empowerment, and social protection. Government also needs to improve planning quality and program evaluation, so every budget allocation can be used effectively and with proper targeting. Increasing institutional capacity and human resources in regional fiscal management becomes important to ensure poverty alleviation programs run optimally. Additionally, policies adaptive to economic and social dynamics are needed, particularly in facing external conditions such as pandemics or economic crises. Inter-sectoral collaboration and community involvement in planning processes also become key to creating more inclusive and sustainable programs. Thus, regional expenditure not only increases nominally but can also provide real impact on community welfare improvement and sustainable poverty rate reduction.

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