MONETARY AND MULTIDIMENSIONAL POVERTY IN SPECIAL REGION OF YOGYAKARTA: A FISCAL DECENTRALIZATION EFFECT

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Abstract - The aims of this study is: 1) To know and analyze the characteristics of poverty in the Special Region of Yogyakarta; 2) Analyze the ability of Fiscal Decentralization, Economic Growth, and Government Expenditure for Development in influencing the reduction of poverty rate in Special Region of Yogyakarta, Indonesia. The research emphasizes the fiscal decentralization aspect as a solution for poverty alleviation. On the other hand, this research put forward the characteristics of the province as a special region. The analysis method used is quantitative analysis with panel data analysis and descriptive qualitative method to sharpen the analysis result. Secondary data is used for empirical results of panel data regression analysis. The result of the research outline that the highest percentage of poverty in the Special Region of Yogyakarta is in Gunungkidul and Kulon Progo regencies where the amount exceeds the percentage of the poor in the Province as a whole; From the analysis it can be seen that three independent variables of fiscal decentralization, economic growth and government expenditure have a negative effect on the percentage of poverty in Special Region of Yogyakarta. The other result is that the monetary poverty in Special Region of Yogyakarta shows a static decline pattern, while multidimensional poverty in the same period shows a more dynamic pattern.

Keywords - Special Region of Yogyakarta, monetary poverty, multidimensional poverty, fiscal decentralization.

I. INTRODUCTION

Indonesia has experienced various phases of government. Generally the government's period was divided into three regimes by people, namely the Old Order, the New Order, and the Reformation. Each regimes has its own characteristics. The New Order regime was identic with a centralized government. Development planning is often done centrally. So do with regional development planned by the central government. Of course this has resulted in difficulties for local governments to develop their regions. On the other hand, sometimes development does not pay close attention to the advantages, potentials, and obstacles in the region.

Centralized government is very easy to generate the transfer of resources often called backwash process (Hari, 2005). Although the government does not claim to the centrality of government, yet all forms of procedure are built on centrality architecture. After the switch of the New Order regime to the Reformation regime, governmental direction has only begun to develop. The Government of the Reformation regime saw the dependence of local governments to the central government no longer able to guarantee the sustainability of the nation. Based on that philosophy, then government enact regional autonomy. More specifically, the government also implements fiscal decentralization policies in response to centralized budget issues. Then Government was approve Law Number 22 Year 1999 and Law Number 25 Year 1999 regarding Regional Government and Financial Balance.

Fiscal decentralization will improve economic efficiency because local governments have a better position than central government to channel public services (Oates, 1999). The central government hopes that fiscal decentralization will be able to accelerate the problem mitigation in the regions. The main problem is certainly not separated from poverty alleviation. In addition to fiscal decentralization, the formulation of government spending and gross regional domestic product may affect the reduction of poverty. Following the enactment of the law, the fiscal decentralization policy needs to be assessed for its effects on regional issues. The real effect is expected to solve various problems, especially poverty.

One of the special region in Indonesia is the Special Region of Yogyakarta (DIY). Fiscal decentralization policy has also been implemented and is expected to solve the poverty problem in Special Region of Yogyakarta. Although Special Region of Yogyakarta is very rapid growth Province, the number of poor people is not significantly decrease. Poverty in Special Region of Yogyakarta has its own characteristics. The percentage of the poor shows, from 2007 to 2013 the minimum percentage of the poor is 15.9 percent. The poor population experienced a reduction in the number by an average of 2 percent per year. In 2012 the poor actually increased by 0.8 percent. At the time of global economic crisis 2008-2010 percentage of poor people decreased 1.5 percent. Based on the previous description, the urgency of this study is to examine the effects of fiscal decentralization, economic growth, and government spending on the decline in

the number of poor people in terms of econometric statistics. Previously observed studies have emphasized the fiscal decentralization aspect as the main topic. This study emphasizes the fiscal decentralization aspect as a solution to poverty alleviation. On the other hand, this research put forward the characteristics of the province as a special region. This research is done has two main objectives to be achieved are as follows: 1) To know and analyze the characteristics of poverty in the Special Region of Yogyakarta; 2) Analyze the ability of Fiscal Decentralization, Economic Growth, and Government Expenditure for Development in influencing the reduction of poverty rate in Special Region of Yogyakarta, Indonesia

II. LITERATURE STUDIES

This research put forward emphasis on poverty in Special Region of Yogyakarta. The fiscal decentralization policy that is theoretically capable of enhancing regional competitiveness needs to be taken into account. Other independent variables are expected to support poverty alleviation analysis. The poverty calculations used by the Central Bureau of Statistics (BPS) use the poor limit of the amount of rupiah spent per capita a month to meet the minimum food and non-feeding needs (BPS, 2016). The concept of poverty is basically the inability of individuals to meet basic needs. These basic needs are food and non-food needs. As is well known, food requirements are based on the fulfillment of 2,100 calories per day. Central Bureau of Statistics of Indonesia used this basic needs approach for many years.

The use of the basic needs approach has three major weaknesses (Kuncoro, 2006). The first weakness is the concept of basic needs based on per capita expenditure. The second weakness is the basic measurement methodology which does not take into account the characteristics and gaps between regions that are usually measured by Williamson index. The third weakness is the measurement of the actual price paid to obtain goods and services. The general price level of each region is different so it needs to put forward the regional approach.

Common agreement proposes simplifying the value of positive science into normative science. The emergence of poverty can be seen from various perspectives other than the state of need fulfillment. The Vicious circle of poverty describes poverty, which is essentially an effect on the resource accessibility gap. Poor people have limited knowledge which causes the limitations of access to jobs that provide the maximum wage. Furthermore, due to low productivity and low incomes lead to low savings and investments. Back again on the problem of lack of capital.

This unique characteristic actually shows the difference of poverty itself between the Special Region of Yogyakarta with other regions, even national poverty. Meeting the basic needs of Special Region of Yogyakarta communities need to be further investigated. Furthermore, the definition of poverty for Special Region of Yogyakarta is indicated need to be researched more specifically about the definition. Descriptive analysis approach should be done to find out the reality of poverty in Special Region of Yogyakarta.

In the Central Bureau of Statistics method, poverty is conceptualized as an inability to meet basic needs. Usually the factors that cause poverty include economic factors, social factors, structural factors (politics), etc. Poverty is identical with developing countries, where this problem is influenced by several factors that make developing countries difficult to advance. Barika (2013) conducted a study titled the influence of economic growth, government spending, unemployment and inflation on poverty levels in the province of Sumatra. Barika found that the variable rate of economic growth and inflation was not significant to the provincial poverty level in Sumatra. Government expenditure and unemployment rate have proved significant to the provincial poverty rate in Sumatra.

Other studies, such as those conducted by Rusdarti and Sebayang (2013), look at the factors affecting poverty levels in the province of Central Java. The result is PDRB having negative effect to poverty level in Central Java Province, while unemployment is not significant to poverty level in Central Java province. On the other hand, government spending has a significant effect on the poverty rate in Central Java Province. Some research conducted abroad also found the same thing. Capuno (2011) examines the development of decentralization in the Philippines. Capuno took sample 48 cities in the Philippines. As a result, community competence influences decentralization innovation. Poverty will affect the implementation of decentralization in terms of public services. One interesting thing in this research is to put poverty as a factor of innovation of decentralization. Even in the study it says that including poverty levels, it is very important in Indonesia to explain innovations in shopping services, and revenue and public administration services.

For the definition of poverty itself, there is one inspiring study. Studies conducted by Laderchi, Saith, and Stewart (2003) resulted in a strategic discussion of the definitive approach of poverty. There is a difference in the outcome of the definition of poverty in accordance with the objective of using the poverty measurement. Different definitions like that are often confusing. The study found differences in the number

of poor people in Peru and India if the measurement of monetary poverty compared with the measurement of poverty capability. It does not close the same possibility in other developing countries. The definition of poverty should be clear to alleviate poverty. Errors in defining poverty will lead to errors in setting poverty reduction policies.

III. METHODOLOGY

The data used in this research is secondary data. Primary data is used to support the resulting statistical analysis. These secondary data are poverty data, fiscal decentralization, government expenditure, and economic growth of districts/cities in Special Regions of Yogyakarta. Data collected by district and city results in the form of panel data. The data used is 2000-2016. In addition to secondary data, primary data is used to provide a deeper analysis. Analytical descriptive analysis will be generated from data that has been collected directly, that is primary data, thus data used in this research is primary data and secondary data.

The analysis used in this study basically focuses on analytical descriptive analysis, especially when explaining the definitive influence of monetary poverty and multidimensional poverty on the direction of poverty reduction policy itself. The use of qualitative approach is expected to give a specific picture about poverty in Yogyakarta Special Region. Descriptive analysis provides a wide possibility of the tools used.

Secondary data analysis using panel data method that requires to test the significance/specification model. The test is to choose which model is most appropriate between common, fixed, and random effect. Chow test is performed to choose the best model between common effect models with fixed effect model. After the Chow test is performed, a model significance test with Hausman test also needs to be done. Housman test is needed to determine a better model between fixed effect and random effect. Based on the previous description, we can establish the econometric statistical model of this research as follows:

$$MNPit = \beta 0 + \beta 1\ FDCit + \beta 2\ EGRit + \beta 3\ GEXit + eit$$

MNP =percentage of poor people (percent)
FDC =fiscal decentralization (percent)
EGR =economic growth (percent of GRDP)
GEX =government spending on development (% on APBD)
β 0 = Constants
β1, β 2, β3 = Regression coefficient / estimator
*e*it = Interference variable (error term)
i = District / city
t = Time (year).

IV. RESULTS AND DISCUSSION

To calculate poverty in a country / region can use a variety of indicators where this will affect the poverty rate for the region. Indonesia's Central Bureau of Statistics uses the Poverty Line formed from the Food Poverty Line and Non-Food Poverty Line lines, while other indicators also used to calculate poverty are the determination of the income level of the population whether it has reached a decent income figure of 1. 25 USD or 2 USD per day. Later emerged a new indicator called multidimensional poverty where the indicators used more complex such as by looking at the level of health, education level and decent standard of living.

4.1.Monetary Poverty in Special Regions of Yogyakarta

The development of monetary poverty in Special Region of Yogyakarta (DIY) can be known from the data that has been collected by Central Bureau of Statistic. The poverty calculated by Central Bureau of Statistic is done by determining the poverty line created by calculating the Food Poverty Line and the Non-Food Poverty Line. The percentage of the poorest people in Yogyakarta is highest during the last 7 years is in 2 areas, namely in Kulon Progo Regency and Gunung Kidul Regency. The percentage of poor people in Kulon Progo Regency and Gunungkidul Regency is even higher than the total poverty in Special Region of Yogyakarta. While for the lowest percentage of poor people is in the city of Yogyakarta.

The monetary poverty data in Special Region of Yogyakarta were then analyzed by three independent variables: fiscal decentralization, economic growth and government expenditure by panel data analysis to see the effect of these three variables on poverty rate in Special Region of Yogyakarta. The results of the analysis are shown and discussed in detail in the following discussion.

Table 1:Common Effect Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.535796	0.653453	8.471608	0.0000
LOG(FDC?)	-0.294104	0.091417	-3.217170	0.0026
LOG(EGR?)	-2.115873	0.400200	-5.287041	0.0000
LOG(GEX?)	0.068079	0.046097	1.476870	0.1480
R-squared	0.513589	F-statistic		13.37440
Adjusted R-squared	0.475188	Prob(F-statistic)		0.000004

From the results of the analysis can be seen that the variable of fiscal decentralization has a significant negative effect on the percentage of poverty in Special Region of Yogyakarta in general. Similarly, the variable of economic growth also has a significant negative effect on the percentage of poverty in Special Region of Yogyakarta. For the government expenditure variables of this test indicate a positive effect on poverty but not significant. The influence of these three variables can be seen in the following equation.

LMNP = 5.53 + -0.29 LFDC -2.11 LEGR+0.068LGEX

In panel data analysis, the common effect analysis needs to be compared with fixed effect to see which one is better, so the above equation is not a final equation that can be directly used. Here's the step of the panel data analyst for the fixed effect model.

Table 2:Fixed Effect Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.184679	0.153659	20.72567	0.0000
LOG(FDC?)	-0.005451	0.022291	-0.244520	0.8083
LOG(EGR?)	-0.307265	0.103844	-2.958897	0.0057
LOG(GEX?)	-0.015961	0.009544	-1.672268	0.1039
Fixed Effects (Cross)				
_YOG--C	-0.484698			
_SLM--C	-0.369053			
_BTL--C	0.126078			
_KPR--C	0.340920			
_GKD--C	0.362232			
DIY--C	0.024522			
Cross-section fixed (dummy variables)				
R-squared	0.985587	F-statistic	282.0838	
Adjusted R-squared	0.982093	Prob(F-statistic)	0.000000	

From the results of the analysis can be seen that three independent variables; fiscal decentralization, economic growth and government spending negatively affect the percentage of poverty in Special Region of Yogyakarta. Meanwhile, according to the significance test only economic growth variables that significantly affect the percentage of poverty in Special Region of Yogyakarta.
The influence of these three variables can be seen in the following equation.

Yogyakarta City
LMNP = 3.18-0.48 -0.005LFDC -0.307LEGR-0.015LGEX
Sleman District
LMNP = 3.18-0.36-0.005LFDC -0.307LEGR-0.015LGEX
Bantul District
LMNP = 3.18+0.12 -0.005LFDC -0.307LEGR-0.015LGEX
Kulon Progo District
LMNP = 3.18+0.34 -0.005LFDC -0.307LEGR-0.015LGEX
Gunungkidul District
LMNP = 3.18+0.36 -0.005LFDC -0.307LEGR-0.015LGEX
Special Regions of Yogyakarta
LMNP = 3.18+0.024-0.005LFDC -0.307LEGR-0.015LGEX

In the analysis of fixed effect panel data panels need to be compared with the previous common effect to see which one is better with the Chow test. Here are the results of chow test that has been done.
Chow test shows the probability F count is smaller than 5% so accept Ha and H0 rejected means fixed effect model is better when compared with the common effect model in describing the relationship of research variables. Based on the principle of panel data analysis when the chow test results show a significant statistical value then the test is continued on the panel regression with the random effect model. Here are the results of the random effects model test that has been done.

From the results of the Random Effect Analysis can be seen that the three independent variables of fiscal decentralization, economic growth and government spending negatively affect the percentage of poverty in Special Region of Yogyakarta. Meanwhile, according to the significance test only economic growth variables that significantly affect the percentage of poverty in Special Region of Yogyakarta.
The influence of these three variables can be seen in the following equation.
Yogyakarta
LMNP=-0.47+3.20-0.008LFDC-0.32LEGR-0.014LGEX
Sleman
LMNP=-0.36+3.20-0.008LFDC-0.327LEGR-0.014LGEX
Bantul
LMNP=0.12+3.209-0.008LFDC-0.32LEGR-0.014LGEX
Kulon Progo
LMNP=0.336+3.209-0.008LFDC-0.327LEGR-0.014LGEX
Gunungkidul
LMNP=0.358+3.209-0.008LFDC-0.32LEGR-0.014LGEX
Special Regions of Yogyakarta
LMNP=0.024+3.209-0.008LFDC-0.327LEGR-0.014LGEX

In analyzing panel data of random effect analysis need to be compared with previous fixed effect to see which is better with hausman test. Here are the results of hausman test that has been done. Hausman test shows the probability of chi-square (x2) count greater than 5% so we accept H0 which means Ha rejected and the model used is the fixed effect model.

4.2. Multidimensional Poverty in Special Regions of Yogyakarta

Special Region of Yogyakarta is a provincial-level administrative region that has privileges in government administration within the framework of Indonesia. The entity has been confirmed in the form of Law. The House of Representatives approved the Draft Law on Special Privileges of Yogyakarta (DIY) in the plenary meeting of the Parliament, in 2012. A number of Special Region of Yogyakarta privileges, among others are the procedures for filling the position, position, duties, and authority of the Governor and Vice Governor, local government institutions of Special Region Of Yogyakarta, culture, land, and spatial. The Articles stipulate that in the

implementation of the Local Government of Special Region of Yogyakarta is led by a Governor assisted by the Vice Governor. To that end, the Governor has the duty and authority, as well as the rights and obligations set forth in the Bill Privileges Special Region of Yogyakarta. It is also expressly governed by the right of the governor and the deputy governor to obtain the protocol and financial position, as provided for in Articles 11 and 14. In this chapter, there is also a regulation on prohibitions for Governors and Vice Governors, such as making special decisions that benefit themselves, and his cronies, to the prohibition of discriminating against certain segments of society. Another prohibition, which is prohibited to participate in the company, either private or state-owned / BUMD, or foundation of a particular field. Governors and deputy governors are prohibited from having other employment that is self-serving on concurrent positions of state officials or members of the Regional Parliament.

The filling of the office of Governor and Deputy Governor of the Province is regulated in Article Chapter VI in Article 18 to Article 27. Article 18 paragraph 1 letter (n) regulates the requirement that Sultan Hamengku Bowono is entrusted to the candidate for governor and who enters the Duke of Paku Alam to the candidate for deputy governor of the Province. The letter (n) in the same Article and paragraph regulates the requirement of the governor and the deputy governor of the Province not as a member of a political party. Terms were arranged as an affirmation that the existence of the Governor as well as Sultan HB and Vice Governor also Adipati Paku Alam belongs to the Special Region of Yogyakarta community without isolated certain political groups. Looking at the vision and mission and privileges given by the Government to Special Region of Yogyakarta then in macroeconomic problems that is poverty, such as simple and small if only using monetary indicators such as the level of consumption or income only. Special Region of Yogyakarta needs a wider than it is and currently appropriate to meet these demands is multidimensional poverty.

The multidimensional poverty of Special Region of Yogyakarta is the same as the monetary poverty that must be overcome by the government as a form of responsibility for the welfare of its people. MPI-Indonesia has calculated multidimensional poverty rates in Special Region of Yogyakarta for 2012-2014. Almost all parameters used to measure multidimensional poverty rates show declining rates from 2012 to 2014. These parameters are as indicated by numbers such as multidimensional poverty rates, multidimensional poverty severity, and multidimensional poverty indices. Not only these 3 parameters, but from the number of poor households and the number of poor people also showed a decline from 2012 to 2014. This shows the success of poverty alleviation programs implemented by the government.

The multidimensional poverty rate in 2012 shows the figure of 20.7%, then down to 19.4% in 2013 and to 15.8% in 2014. It appears that there is a significant decrease every year with an average of 2, 45 even in the year 2013-2014 the decline reached 3.6%. Compared to the monetary poverty rate in Special Region of Yogyakarta for the same year, 2012-2014, both of them showed a decrease. The rate of poverty monetary issued by Central Bureau of Statistics shows that in 2012, Special Region of Yogyakarta poverty rate reached 15.9%, of course the number is far below the poverty rate multidimensional. The aggregate decreases subsequently to 15.0% in 2013 and 14.5% in 2014. If both are depicted in the graph it will look as follows.



Fig.1.Comparison of Multidimensional Poverty Rate with Monetary Poverty Rate (%) 2012 - 2014 in Province D I Yogyakarta

From the graph above can be seen the comparison between poverty monetary and multidimensional poverty in Special Region of Yogyakarta. Although the pattern of both is the same, which shows a decrease from 2012-2014 but interestingly is that Special Region of Yogyakarta monetary poverty is static that is the same relative decrease, whereas for the more dynamic multidimensional poverty rates which show very big difference between the 2012 to 2013 and 2013 year 2014.

Other multidimensional poverty parameters are multidimensional poverty severity and multidimensional poverty indices. The severity of multidimensional poverty in 2012 shows a figure of 37.4%, then decreases and becomes 37.2% by 2014. While the multidimensional poverty index in 2012 shows a figure of 0.077, then down and to 0.059 by 2014. In practice both the multidimensional poverty index of Special Region of Yogyakarta and the multidimensional severity (characteristics) can be shared with the urban and rural areas with their movement patterns and the comparison with national multidimensional poverty rates can be seen in the following graphs.

When compared between rural and urban areas, the proportion of multidimensional poverty in villages is much higher than in cities. Although in absolute terms, the number of poor people is more multidimensional in urban areas. In 2012, the number of multidimensional poor people in the village reached 334.1 thousand inhabitants and in the city reached 337 thousand inhabitants. But the proportion shown by the multidimensional poverty rate, multidimensional poverty in the village reached 29.98 percent while in the city of 16.41 percent.

This condition is influenced by the population concentrated in urban areas. In the village itself, there is a tendency for urbanization so that the number of people in the village decreases without adequate facilities and infrastructure (MPI-Indonesia, 2015). The severity of poverty is multidimensional, indicating a declining trend from 2012-2014 in the whole region as well as in rural and urban areas although not very significant. In 2012, the severity of poverty in Yogyakarta is 37.4 percent. Two years later it fell to 37.2. That is, the average in Yogyakarta, poor households still deprived 4-5 indicators of multidimensional poverty (MPI-Indonesia, 2015).
Comparison of severity of village and urban multi-dimensional poverty in D. I. Yogakarta in the period 2012-2014 is not much different. Although the severity of poverty in the village is higher than in the city. The average severity of poverty in Yogyakarta in 2012-2014 is 38 percent. That is, there are four to five multidimensional poverty indicators deprived of 11 indicators. Since 2012-2014, the severity of poverty is not far from that range (MPI-Indonesia, 2015). All these parameters prove that government performance can be effective in reducing poverty level in Special Region of Yogyakarta or in other words can improve prosperity of society of Special Region of Yogyakarta to be better during year 2012-2014.

4.3. An Economical Review

The result of Fiscal Decentralization Influence Analysis, Economic Growth and Government Expenditure on Special Region of Yogyakarta Monetary Poverty with panel data regression shows result that fixed effect model is better than other model. This means that the 3 independent variables of fiscal decentralization, economic growth and government expenditure have a negative effect on the percentage of poverty in Special Region of Yogyakarta, where the test of significance states that only economic growth variables significantly affect the percentage of poverty in Special Region of Yogyakarta. Accordingly, the equations for each region have different interceptes which are represented by the following equations.
Yogyakarta
LMNP = 3.18-0.48 -0.005LFDC -0.307LEGR-0.015LGEX
Sleman
LMNP = 3.18-0.36-0.005LFDC -0.307LEGR-0.015LGEX
Bantul
LMNP = 3.18+0.12 -0.005LFDC -0.307LEGR-0.015LGEX
Kulon Progo
LMNP = 3.18+0.34 -0.005LFDC -0.307LEGR-0.015LGEX
Gunungkidul
LMNP = 3.18+0.36 -0.005LFDC -0.307LEGR-0.015LGEX
Special Region of Yogyakarta
LMNP = 3.18+0.024-0.005LFDC -0.307LEGR-0.015LGEX

As we have mentioned in this study, fiscal decentralization is proxyed by the ratio of Local Revenue (PAD) plus tax and non-tax revenue sharing with the realization of total expenditure of district / city governments in decimal places. The results generated give an understanding of how much the level of Special Region of Yogyakarta independence in financing the expenditure of the PAD that has been generated.

Special Region of Yogyakarta's fiscal decentralization from 2012-2014 shows an increase. In 2012 the fiscal decentralization rate of Special Region of Yogyakarta is 11% and in 2013 the fiscal decentralization rate has increased significantly to 6% to 17%. In the following year, Special Region of Yogyakarta was able to maintain the figure at 17%. The development of decentralized fiscal Special Region of Yogyakarta can be seen in the graph below.

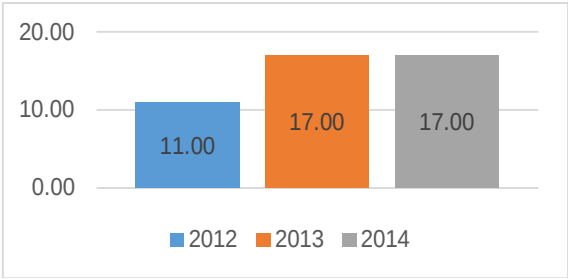


Fig.2.Development of fiscal decentralization level Special Region of Yogyakarta 2012-2014

The data of economic growth used in this study is data processed by calculating the development of Gross Regional Domestic Product (PDRB) Special Region of Yogyakarta per year by constant price year (2000) in percentage units. The data used is sourced from data issued by Central Bureau of Statistics. From the results of the data show that economic growth Special Region of Yogyakarta during the period 2012-2014 shows increased. In 2012 the economic growth rate of Special Region of Yogyakarta shows 5.07% which then increased

consecutively to 5.28% in 2013 and 5.33% in 2014. The development of the increase in economic growth rate in Yogyakarta is shown by the picture below.

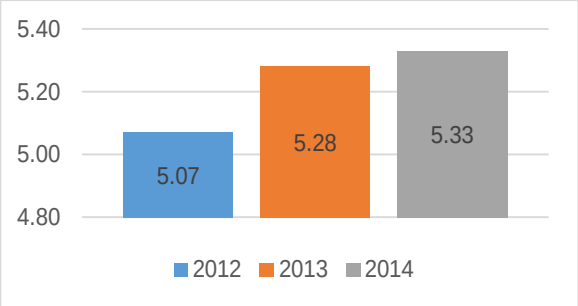


Fig.3.Economic Growth in Special Region of Yogyakarta year 2012-2014

The data used in government expenditure is data on all realization of Special Region of Yogyakarta government expenditure in Trillion Rupiah. Based on data collected from 2012 to 2014 shows increase in the amount of government expenditure Special Region of Yogyakarta. In 2012 the total amount of government expenditure Special Region of Yogyakarta reached 2.12 trillion rupiah, then increased to 2.45 trillion in 2013 and in 2014 to 3.33 trillion. The development of economic growth Special Region of Yogyakarta can be seen in the graph below.

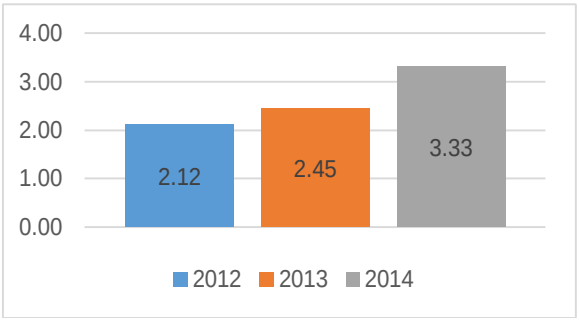


Fig.4.Special Region of Yogyakarta government expenditure 2012-2014

Based on the above 3 macro economic indicators, it can be seen that the macroeconomic development of Special Region of Yogyakarta for the period 2012-2014 shows good impact, due to increasing fiscal independence, positive and increasing economic growth, and finally the optimum government expenditure which shows an increase over the period the. The development of a good macro economy will be interesting when compared with macro indicators of multidimensional poverty. Good macroeconomic growth will be meaningless if it turns out that the poverty of the community also increases. The comparison of these three macroeconomic indicators with multidimensional poverty can be seen in the graph below.

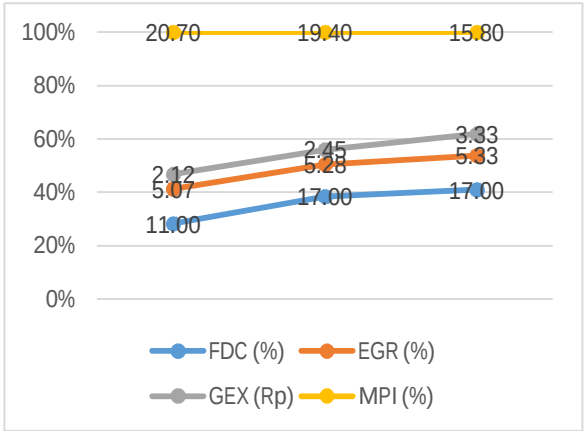


Fig.5.The development of a multidimensional poverty rate of economic growth, fiscal decentralization, Special Region of Yogyakarta expenditure and multidimensional poverty

As already discussed above, the Special Region of Yogyakarta macroeconomic indicator shows improved and even excellent growth after 2012 with large increases, declining poverty (monetary and multidimensional), economic growth increases, fiscal independence increases and expenditure also increases. One interesting point is that the Privileged Special Region of Yogyakarta Act was passed in 2012.

CONCLUSIONS

The conclusions drawn from the Fiscal Decentralization Effect, Government Expenditure, and Economic Growth on Poverty in the Special Province of Yogyakarta are:

1. The highest percentage of poverty in the Special Region of Yogyakarta is in Gunungkidul and Kulon Progo districts where the amount exceeds the percentage of the poor in the Special Region of Yogyakarta as a whole. From the results of the analysis can be seen that the three independent variables of fiscal decentralization, economic growth and government spending negatively affect the percentage of poverty in Special Region of Yogyakarta. Meanwhile, according to significance test only variable economic growth that significantly affect the percentage of poverty in Special Region of Yogyakarta. It means that in the period of 2010-2016 the fiscal decentralization policy, Special Region of Yogyakarta economic growth rate and government expenditure has not had any impact in reducing the percentage of the poor in Special Region of Yogyakarta.

2. Monetary poverty in Special Region of Yogyakarta knows 2012-2014 shows a static or relatively stable pattern of decline, while multidimensional poverty over the same period shows a more dynamic pattern

The implications of the Fiscal Decentralization Securities, Government Expenditure, and Economic Growth Impacts on Poverty in Yogyakarta Provinces are:

1. To reduce the percentage of poverty in Special Region of Yogyakarta, district / municipality governments in the region of Yogyakarta need to formulate other policies besides pursuing economic growth.
2. The expenditure of regency / municipality government in Special Region of Yogyakarta has not been able to reduce the percentage of poverty in Special Region of Yogyakarta so it needs to be evaluated so that government expenditure really give positive impact to decreasing poverty percentage in Special Region of Yogyakarta.
3. In accordance with the vision and mission of Special Region of Yogyakarta which is assigned by Special Region of Yogyakarta local government apparatus, local government should use the relevant indicator to show the achievement of its mission vision with multidimensional poverty indicator not only using consumption level indicator and income level only.

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