Measurement Efficiency of Local Government Spending on Poverty Alleviation in Sumatra: Output Oriented Approach With Data Envelopment Analysis

Ratu Eva Febriani1* & Roosemarina Anggraini Rambe2

Abstract. This research aims to measure efficiency of local government spending in poverty alleviation during the COVID-19 pandemic in Sumatra, Indonesia. Data Envelopment Analysis (DEA) was applied as a measurement efficiency method with output-oriented based on variable returns to scale approach. The type of data used in this study is secondary data and implements explanatory analysis. The object of our observation in this study involves total local governments in Sumatra (154 regencies/cities). It used government education spending per capita, health spending per capita, economic spending per capita, and social security spending per capita as input. The Output that we used is the poverty rate. The results show that poverty alleviation through government spending efficiency policy only can achieve by eight local governments, i.e. Deli Serdang, Simalungun, Medan, Sawah Lunto, Pekan Baru, Lampung Tengah, Bangka Barat, and Batam. Pekan Baru is the relatively most efficient regency, while Meranti has the lowest efficiency. 146 inefficient local governments should benchmark to their peer to improve their efficiency score. In addition, differences in the level of efficiency between local governments within one province also need to be inspected.

Keywords: government spending efficiency, poverty rate, DEA

Affiliation
1,2 University of Bengkulu, Indonesia

Correspondence
1 ratuevafebriani@unib.ac.id

Article Tersedia Pada
http://jurnalwahana.poltekykpn.ac.id/index.php/wahana/index

DOI:
https://doi.org/10.35591/wahana.v26i2.842

Citation:

Article Received
6 Juli 2023

Article Accepted
30 Agustus 2023
**Introduction**

Government runs their government aims to increase the society wellness in their area. By policy and government program, which reflecting from spending, is government has strategy role in economic development, include the rise of people are not poor. The plummet of poverty rate is an indicator of the growth of society prosperity.

In Covid-19 pandemic, the majority of countries went to lockdown as a break chain of virus transmission, so the fallen victims can be stopped. Indonesia government do similar thing which called large-scale social restrictions (LSSR). In LSSR, half of social economy activity that show the crowded effects should be discontinued, such as work from office, factory, and shopping center. People did their job by work from home method. Likewise, it was lasts quiet a while, which is effect to society economic matters. Almost all areas in Indonesia went through negative economic growth. Another impact from this condition is the leap of poverty. Government allocated every spending to anticipate the bad effect of pandemic, such as health spending, social security spending, education spending, and economy spending. Every local government is focus on spending allocation to push the poverty growth from Covid-19 pandemic. These four types spending is reach the biggest portion from the total spending in every local government.

Even though the portion of these four types of spending are large, in fact, the success of local government to suppress the poverty in regencies/city during covid-19 pandemic situation is adequate variated. The poverty rate in some areas shows slightly decrease, but in another areas still have the high poverty rate. The average of regencies/city poverty rate in Sumatra was 10.62%, sufficiently high. The comparison with another areas, in Indonesia, in Sumatra, in 2020 presents some regencies that has the lowest poverty rate about 2.16%, it was in Sawah Lunto regency (North Sumatra Province), 2.7% in North Bangka regency, in Bangka Belitung province. Nevertheless, it also had a dramatically high rate of poverty in some regencies, 25.69% in North Nias regency (North Sumatra Province), 23.38% in Meranti island (Riau Province), where a contracting, Pekan Baru city in Riau province had the lowest rate of poverty (2.62%). These conditions indicate the local government is not efficient in spending, thus, it needed a measurement of government efficiency spending for decline the poverty in regencies and city in Sumatra. Based on this introduction, this research aims to measure the efficiency of government spending in regencies/city for deteriorate the poverty in Covid-19 pandemic in Sumatra.

**Literature Review**

Efficiency is being the key issues in government performance. Efficiency concept related to the optimal resources utilization for extravagance avoided (Cyrek, 2019). Government efficiency spending being essential in finance management which is effect to public service quality (Albassam, 2020). Efficiency measurement is used output/input ratio.
a. Input in efficiency measurement

The literature review tells there is combination in some spending types that allocated with special purpose, like to relieve poverty. For this purpose, government is allocate most of the spending in social security spending (Fonayet et al., 2020). Another spending combinations are education spending, health and social security spending (Taruno, 2019). It was also had applied the economy spending, education, health, and social security (Purmini & Rambe, 2021). Another review found the combination of health and education spending (Adeosun & Tabash, 2021; Wandeda et al., 2021). In conclusion, some spendings that usually be used were combination of education spending, health, economy, and social security.

Furthermore, the four types spending which used to measure the government efficiency are education spending, health, economy, and social security. Next, the spending that will be use in efficiency measurement is spending/capita for four types of spending. The utilization of spending/capita is chosen due to as one aspect of total spending is total population. Population which is have a small spending, vice versa, population that cause the large spending. So, the spending measure that be use in this research is spending/capita for four types of spending.

b. Output in efficiency measurement

Literature review that used some output in measure the efficiency of government spending was education (Dufrechou, 2016; Gavurova et al., 2017; Ouertani et al., 2018; Rambe, 2020), health (Guo et al., 2021; Olanubi & Osode, 2017; Samut & Cafrin, 2016). Education and health are used as output because these two indicators being the public service that very essential for society. Another review is used output that related to economy development. Halaskova et al. (2018) measure the government efficiency in compress the GDP/capita growth and job field, while Tirtosuharto (2022) is used output GRDP growth to measure the government efficiency.

In another side, there is a study that used the poverty rate as output (Ambarkhane et al., 2020; Fonayet et al., 2020; Prasetyawan et al., 2017); (Yang et al., 2021). This research is measures how government will be allocate the spending to drop the poverty in efficient.

c. Public Spending and Poverty

Theories support the role of government with its power in regulating the economy through fiscal policy are divided into three broad groups of thought. First, the theory put forward by Wagner, a prominent economist from Germany, states that governments naturally have a tendency to intensify and expand different economic activities at each level of government. It is based on economic conditions and government activity. The results of a study conducted by Wagner in Germany explain that when the economy develops, the function of government tends to increase, of course, government spending grows greater than national income. Furthermore, this government spending will be very important for the community, especially in the allocation of spending on education,
health, social security. This makes it one of the earliest and most prominent principles of public spending.

Second, the thinking of Keynes. In contrast to Wagner, in Keynes's view, to multiply national income by increasing aggregate demand and output it is necessary to use government spending as an exogenous instrument. Government spending effectively encourages economic growth (Febriani & Rambe, 2022). Economic activity will progress and also create more jobs with the right fiscal policy, especially at the beginning of development.

Third, economic thought from England, Richard Musgrave and Wlat Whitman Rostow an economist from America. They propose a model of economic development that places government spending as an engine for economic growth. Musgrave and Rostow claim that the public sector contributes to the provision of public facilities that can be reached and enjoyed by the public which requires large capital while the role of the private sector in public projects is very limited. In short, they believe that the government performs its functions in accordance with the needs of the community so that services in the form of infrastructure, health facilities, education, transportation, and electricity develop greater and encourage the improvement of people's welfare.

Various studies related to government spending and its effect on poverty alleviation have been widely conducted. Anderson et al., (2018) stated that there is a clear relationship between government spending and poverty, although there is a complicated relationship due to several factors, especially related to the type of government spending. However, it is important to note that the higher the government spending, the greater its role in reducing poverty in low- and middle-income countries. Government spending in the form of aid and subsidies has a significant impact in alleviating poverty. This is due to an increase in family income so that nutritional adequacy can be realized, there is an improvement in the quality of health, and education in poor households. Furthermore, Wang et al., (2023) explained that the poverty rate can be significantly reduced through the government's role in the allocation of spending, especially spending in the primary and secondary sector development in China.

Research Method

The data which used in this research is secondary data from 2020 in Sumatra, the source is from Central Bureau Statistic and Finance Ministry in Republic of Indonesia. Input that be used from the four types of spending are government spending, education spending per capita, health spending per capita, economy spending per capita, and social security spending per capita. Output that be used is the success of poverty relieved. The
success to decline the poverty is measured by the people are not poor percentage, which us measured by this following formula: 100% - Poverty Rate.

Analysis method that applied are Data Envelopment Analysis (DEA) with approached in Variable Return to Scale (VRS) with oriented output model (Coelli et al., 2005).

Efficiency Model:

Objective function:

\[ \text{Max } E = \mu_1 Y + \mu_0 \] ................................................................. (1)

Subject to:

\[ v_1 X_1 + v_2 X_2 + v_3 X_3 + v_4 X_4 = 1 \] .................................................. (2)

\[ \mu_1 Y + \mu_0 - (v_1 X_1 + v_2 X_2 + v_3 X_3 + v_4 X_4) \leq 0 \] ........................................ (3)

\[ \mu_1, v_{1,2,3,4} \geq 0 \] ............................................................................... (4)

Information:

\( Y = \text{people are not poor percentage} \)
\( X_1 = \text{education spending/capita} \)
\( X_2 = \text{Health spending/capita} \)
\( X_3 = \text{Economy spending/capita} \)
\( X_4 = \text{Social security spending/capita} \)

From that efficiency model, resulted the efficiency score. The range efficiency score from 0-1. For score \( E=1 \) shows the local government is efficient. Score <1 shows the local government is not efficient

Results And Discussion

Poverty is a multidimensional problem of economic development. Therefore, efforts to eradicate poverty cannot only focus on one side but there must be synergy from all supporting aspects. Over time, thinking about poverty has changed, but basically, it is related to the inability to meet basic needs.

The World Bank argues that poverty alleviation strategies have developed every decade, starting from creating job opportunities, increasing income, developing health and education, and protecting and empowering the poor. The implementation of the strategy in poverty alleviation will have a great chance of success if it is supported by the government. The government has great authority and resources to be able to create poverty alleviation programs or strategies. The government can conduct a strategy that is categorized into two major parts, (1) protecting families and community groups who experience temporary poverty, (2) helping people who experience chronic poverty by empowering and preventing new poverty from occurring. This government strategy can be implemented through budgetary policies in the form of government spending on education, health, economics, and social security.

The average provincial government spending in Sumatra in 2020 for the Education sector is allocated more in the Riau Island Province (16.90%) when compared to 9 other
Provinces. Anambas Regency is the enormous education spending in the Riau Archipelago (Rp 4,522,705 per capita). Furthermore, the next biggest average spending on education is the province of Nanggroe Aceh Darussalam (11.57%), with the largest per capita education spending in Sabang Regency (Rp 3,837,300).

Graph. 1.1. Average government spending on education per capita (In thousand rupiah), 2020
Source: Author’s calculation

Education is one of the factors that can encourage people to get out of the poverty line. Through education, self-quality and skill will increase. Sachs (2005) in his view argues that one of the mechanisms for reducing poverty is the development of human capital, one of which is education. Primary education contributes a big and even decisive role in preparing children to develop all their potential and abilities to continue their education to a higher level.

Graph. 1.2. Average government spending on health per capita (In thousand rupiah), 2020
Source: Author’s calculation
Meanwhile, health is inseparable from alleviating poverty. Health is an investment supporting economic development and plays a crucial attempt in poverty eradication. Poverty is a multidimensional problem that is not sufficiently understood from the economic dimension alone but also as an inability to access basic rights such as education, health, and the right to express opinions. The correlation between poverty and health is not a simple relationship and is a reciprocal relationship that cannot be separated from the two. Poor health can cause poverty, otherwise, poverty has great potential to cause a low quality of health.

The proportion of health spending per capita in 10 provinces in Sumatra in 2020 has increased from the previous year, this is due to efforts to restore public health due to the Covid-19 pandemic that has hit the world. Although when compared with spending per capita education is still lower. The governments that have the largest proportion of health spending in 2020 in Sumatra are the Riau Islands, Nanggroe Aceh Darussalam, and West Sumatra. Riau Archipelago is the province with the largest health spending among other provinces in Sumatra (18.52%). The biggest health spending contribution in this province is from Anambas Islands Regency (Rp 4,522,704 per capita).

Furthermore, the Province of Nanggroe Aceh Darussalam also provides a large portion of its health spending (13.13%) with Sabang District as the district with the largest allocation of health spending per capita (Rp 2,757,140). West Sumatra itself has a proportion of 11.26 percent for health expenditure allocation. Padang Panjang Regency is the government with the largest health spending per capita in West Sumatra Province with a budget value of 2,566,122 rupiah.

Graph 1.3. Average government spending on the economy per capita (in thousand rupiah), 2020
Source: Author’s calculation

In 2020, the total economic spending per capita for all provinces in Sumatra is 2,609,074 rupiah. The Riau Islands Province has the largest allocation of economic spending (22.28%), while Anambas Islands is the district with the highest proportion of
economic spending, namely 35.76 percent. The next provinces that have a large economic expenditure value are the NAD provinces (14.58%) and West Sumatra (10.85%).

Keynesian thinking proves that when the economy is experiencing a recession, government intervention through its spending activities is effective in overcoming past crises. When a country is in a crisis condition, government spending will be the main tool for recovering aggregate demand and supply, including in creating economic stabilization. Government spending in the form of spending on economic functions is one of the tools used to become a parachute for the regional and national economy so that it does not plunge into a deep recession.

Graph. 1.4. Average government spending on protection per capita (In thousand rupiah), 2020
Source: Author’s calculation

The government, through spending allocations for the social security function, is trying to restore the regional economy in the context of handling the Covid-19 pandemic, also various threats that endanger the regional economy. Government spending on social security includes; (1) funds for health protection in the form of social security, (2) funds for social assistance in the form of Smart Indonesia Cards (KIP), Social security Cards (KPS), Family Hope Program (PKH), and Rastra or Raskin.

Conceptually, social security is public action be accepted to reduce poverty, vulnerability, and inequality (UNESCAP, 2012). On the other concept, social security can be interpreted as a series of government initiatives designed to provide social assistance, social services, social insurance, and labor market policies. Social security policies are part of economic development policies aimed at reducing risk, deprivation, and encouraging sustainable growth. It provides space for the poor to be more productive in their economic activities and contributes to social stability, creating overall benefits for society extensively.

Social security spending is aimed at suppressing the increase in the percentage of poor people. The realization of spending by local governments in each province in Sumatra varies quite a bit. Social security spending is only 3.10 percent of the total from the 4 governments spending used in this study. The provincial governments of the Riau
Islands, Nanggroe Aceh Darussalam Province, and Bangka Belitung Province are the 3rd provinces with the highest amount of social security spending. The Riau Island disbursed social security funds per capita of 132,207 rupiahs. Natuna is the largest social security spending district in Riau Island (24.62%). Nanggroe Aceh Darussalam amounted to 110,564 rupiahs, with Aceh Jaya as the top contributor to protection spending (12%) and Bangka Belitung amounted to 82,567 rupiahs with West Bangka Regency as the largest contributor in social security financing (18.67%).

Moreover, Graph 1.4 inform that Nanggroe Aceh Darussalam Province is the the highest percentage province of poor people on the island of Sumatra in 2020. Based on a report from the Central Statistics Agency (BPS), the percentage of poor people in this province is 15.35 percent. The three districts with the poorest population are Gayo Lues (19.32%), Pidie (19.23%), and Pidie Jaya (19.19%). The Covid-19 pandemic that hit in 2020 had an impact on increasing the percentage of poor people in Aceh. This condition was due to an economic contraction which caused a slowdown in economic activity and employment. It was recorded that as of August 2020 the open unemployment rate in Aceh had risen to 6.59%, higher than in February 2020 (5.42%).

Graph. 1.4. Average poverty rate of District/City of Each Province in Sumatera in 2020

Source: Author’s calculation

Bengkulu is ranked second with the highest percentage of poor people in Sumatra. The percentage of poor people in Bengkulu Province is 14.76 percent. Regencies with the highest percentage of poor people in Bengkulu Province are Seluma (18.56%), Kaur (18.47%), and South Bengkulu (17.82%). Poverty in Bengkulu Province is more dominantly contributed by food commodities, both in urban and rural areas. Rice still provides the largest contribution, 19.99 percent in urban areas and 23.58 percent in rural areas.

South Sumatra and Lampung recorded the percentage of poor people at 12.95 percent and 11.82 percent, respectively. The percentage of poor people in North Sumatra
is 10.80%, followed by Riau (8.08%), Jambi (7.49%), Riau Islands (7.45%), and West Sumatra (6.21%).

Meanwhile, the lowest percentage of poor people in Sumatra is in the Bangka Belitung Islands (4.68%). The district with the lowest poverty rate is West Bangka (2.7%). The poverty rate in the Bangka Belitung Islands Province is the fourth lowest in Indonesia. The low percentage of poor people in Bangka Belitung Province supported by a good synergy between the government, legislature, forkopimda, and society. In addition, this condition also caused by the Bangka Belitung Poverty Line (GK) is very high, even the highest in Indonesia, which is above 700,000 rupiah, while the national GK is around 400,000 rupiah.

Efficiency Measurement Result

The relieve of poverty with government spending policy that applied by local government in Sumatra is not fully success, however, by DEA method, from 154 local government in Sumatra, there are 8 local governments which is relatively efficient to alleviate the poverty in its region by using the four types of spending per capita.

Table 1. Relative efficiency of local government spending in Sumatra in 2020.

<table>
<thead>
<tr>
<th>Efficient score</th>
<th>Total</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>E = 1 (efficient)</td>
<td>8</td>
<td>Medan, Pekan Baru, Batam (cities)</td>
</tr>
<tr>
<td>0.900 – 0.999</td>
<td>96</td>
<td>Deli Serdang, Simalungun, Sawah Lunto, Mid-Lampung, West Bangka (districts)</td>
</tr>
<tr>
<td>0.800 – 0.899</td>
<td>47</td>
<td>North Nias, West Nias, Meranti Island</td>
</tr>
<tr>
<td>0.700 – 0.799</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Mean score = 0.922
Minimum score = 0.767 (Meranti Island)

Source: Author’s calculation

The mean efficiency score in local government is 0.922. This information explains the relative of inefficiency on the average about 7.8% in local government to run the program of poverty alleviation.

The local government that can (3 cities and 5 sub-villages) that can work relatively efficient in reducing poverty. By seeing from the location, local government that can work relatively efficient was in North Sumatra Province (Medan, Deli Serdang, Simalungun), Riau (Pekan Baru), West Sumatra (Sawah Lunto), Lampung (Mid-Lampung), Riau Island (Batam), and Bangka Belitung (West Bangka). So that from 10 province in Sumatra, the ability of local government to work relatively efficient is uneven. No one of regencies and city that relative efficient in Aceh Province, Bengkulu, South Sumatra and Jambi.

Furthermore, a described of relative efficient of local government and can be peer for relative inefficient local government in Sumatra, which is explain in table 2. From 8 local government that relative efficient in Sumatra, in fact, not every government can be peer and referenced by local government that relative efficient but not to be peer. Another
5 relatively efficient of local government also be peer. Next, local government in Pekan Baru city being peer for 139 local government which inefficient. Pekan Baru city government being peer for 95% from 146 relative inefficient local government, thus, it can be said Pekan Baru city government is the most relative efficient in Sumatra.

Table 2. Relative efficient of local government and being peer

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Peer count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deli Serdang</td>
<td>87</td>
</tr>
<tr>
<td>Simalungun</td>
<td>3</td>
</tr>
<tr>
<td>Medan</td>
<td>-</td>
</tr>
<tr>
<td>Sawah Lunto</td>
<td>59</td>
</tr>
<tr>
<td>Pekan Baru</td>
<td>139</td>
</tr>
<tr>
<td>Mid-Lampung</td>
<td>-</td>
</tr>
<tr>
<td>West Bangka</td>
<td>99</td>
</tr>
<tr>
<td>Batam</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Author’s calculation

Even though there is efficient local government in North Sumatra Province and Riau, but the higher inefficient score also in that province. Meranti island, with the lowest efficiency score in Sumatra, was in Riau Province. The meaning of efficiency score of 0.767 is occur the higher inefficiency in using government spending, it is 23.3%. Even in the province of North Sumatra, with three efficient local governments, it turns out that there are two local governments with the second lowest efficiency (0.768 (West Nias)) and third (0.775 (North Nias)). The low-efficiency score means two regional governments highly-inefficiency, 23.2% (West Nias) and 22.5% (North Nias). This description illustrates the uneven ability of local governments to allocate spending in these two provinces.

Different conditions occur in the province of Bangka Belitung. In this province, some are relatively efficient. The province's average efficiency score is 0.98, means a 2% level of inefficiency in government spending. Indeed, for the local government with the lowest efficiency score in this province, it is also pretty high compared to other provinces. In addition, there are also provinces where no single local government is relatively efficient in Sumatra. A description of efficiency per province displayed in Table 3.

Table 3. Description Efficiency of local government in each province

<table>
<thead>
<tr>
<th>Provinsi</th>
<th>Mean efisiensi</th>
<th>Mean inefisiensi</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>score</td>
<td>Pemerintah Daerah</td>
<td>score</td>
<td>Pemerintah Daerah</td>
</tr>
<tr>
<td>Aceh</td>
<td>0.869</td>
<td>0.131</td>
<td>0.817</td>
<td>Aceh Singkil</td>
</tr>
<tr>
<td>Sumatra</td>
<td>0.925</td>
<td>0.075</td>
<td>0.768</td>
<td>Nias Barat</td>
</tr>
<tr>
<td>Utara</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>0.966</td>
<td>0.034</td>
<td>0.877</td>
<td>Kep Mentawai</td>
</tr>
<tr>
<td>Barat</td>
<td>0.947</td>
<td>0.053</td>
<td>0.767</td>
<td>Kep Meranti</td>
</tr>
<tr>
<td>Riau</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Wahana: Jurnal Ekonomi, Manajemen dan Akuntansi; Agustus 2023 [358]
From Table 3, this study classifies provinces based on the efficiency of local government spending into four groups. The groups of provinces are described as follows:

a. Group 1. Several provincial criteria for group 1 are: (1) there is a relatively efficient local government within the province, (2) the average efficiency score ranges from 0.951 – 0.99, and (3) the minimum efficiency score for local government is 0.90. With this criterion, there is only Bangka Belitung province in group 1. This group is the best at alleviating poverty during the Covid-19 pandemic.

b. Group 2. The provincial criteria used are: (1) there is a relatively efficient local government within the province, (2) the average efficiency score ranges from 0.951 – 0.99, and (3) the minimum efficiency score is 0.80. The provinces of West Sumatra and Riau Islands are included in group 2.

c. Group 3. The criteria for provinces in group 3 are: (1) there is a relatively efficient local government within the province, (2) the average efficiency score $E < 0.95$, ranging from 0.90 – 0.99, and (3) the minimum efficiency score is lower than 0.80. There are three provinces in group 3, namely North Sumatra, Riau, and Lampung.

d. Group 4. Some of the criteria for this group are: (1) there is no relatively efficient local government within the province, (2) the average efficiency score is low, $E < 0.90$. There are four provinces classified in group four consisting of Aceh, Bengkulu, Jambi, and South Sumatra.

Conclusion

Using Data Envelopment Analysis, output oriented based on approach to Variable Retrun to Scale (VRS), there are 8 local government that relative efficient, such as Deli Serdang, Medan, Simalungun, Pekan Baru, Sawah Lunto, Mid-Lampung, West Bangka, and Batam. The eight local government are in some province, namely North Sumatra Province, West Sumatra, Riau, Bangka Belitung, Lampung and Riau Island. These five regions from 8 local government which is relative efficient could be peer for local
government which is not efficient. Five local government that be peer are Deli Serdang, Simalungun, Pekan Baru, Sawah Lunto, dan West Bangka. Additionally, from five local government that be peer, the most efficient was in Sumatra, Pekan Baru.

This research implication is 146 local government which relative not efficient should use the four types of spending better, so the rate of efficiency is higher in the future. Besides that, they should learn (benchmarking) to local government that relative efficient which being each peer. They need to benchmarking the local government that relative efficient about the right allocation of four types spending for decrease the poverty. They also need to learn what kind of the program and government activity that run by local government which is relative efficient so that poverty decline. If they do not do benchmarking, probably the difference of spending efficiency local government will bigger between government that relative efficient and not efficient.

The differences of the efficiency rate between local government in one province need to be scrutiny. Likewise, the local government in Pekan Baru, Riau Province, being the local government, which is the most relative efficient in Sumatra. Vice versa, The most relative not efficient also in Sumatra, also in this province. This condition shows the uneven of local government ability in province to allocate the government spending in poverty decrease in efficient. So, the highly government (Riau province government) should coordinate the program and local government activity in regencies and city in Riau province. Thus, local government efficiency can increase and poverty rate in Riau province will go down. The similar condition is also happened in North Sumatra province.

In Bangka Belitung Province, the local government which relative efficient is West Bangka. Even though another local government are relative not efficient, but the efficiency rate is high even. The even of efficiency rate in this province sees from the poverty rate that smaller than the other province. As a result, can be said that local government in Bangka Belitung Province is the best local government in deteriorate the province poverty. For that thing, local government in another province could learn from Bangka Belitung Province for help them to solve the problem and can make province poverty also go down.

References


Wahana: Jurnal Ekonomi, Manajemen dan Akuntansi; Agustus 2023 [360]


Taruno, H. T. (2019). Public Spending and Poverty Reduction in Indonesia: The Effects of Economic Growth and Public Spending on Poverty Reduction in Indonesia 2009-