Is Fiscal Decentralization a means to Poverty Reduction?

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Abstract: Is Fiscal Decentralization a means to Poverty Reduction?

The number of poor people in West Kalimantan is still in the second highest position among the provinces in Kalimantan the poverty level in six districts is above the national poverty level. The research aims to determine the impact of fiscal decentralization which is proxied by the General Allocation Fund, education which is proxied by the Average Years of Schooling, and Economic Growth on the number of poor people in the district/city of West Kalimantan Province. This research uses secondary data from 2010-2022. The novelty of this research is the use of the General Allocation Fund variable which is regional income from central transfers. Previous researchers have rarely used the General Allocation Fund variable to see the relationship between transfer funds and poverty alleviation efforts in West Kalimantan Province. In the future, more attention will be paid to the allocation and use of the General Allocation Fund so that it will have an impact on overcoming poverty and using quantitative analysis with panel data regression method, Fixed Effect Model (FEM) approach. The research results found that the general allocation fund variable had a significant and positive effect on the number of poor people. the variable average length of schooling has a significant and negative effect on the number of poor people, and economic growth has an insignificant and positive effect on the number of poor people in the District/City of West Kalimantan Province. The results of this research are the basis for consideration of the West Kalimantan Provincial government policy to eradicate poverty which is carried out thoroughly and comprehensively through the government's role in the form of strengthening fiscal decentralization and improving economic performance in each Regency/City area of West Kalimantan Province.

Keywords: Fiscal Decentralization; Human Capital; Economic Growth; Poverty Rate; Fixed Effect Model.

INTRODUCTION

One indicator of the success of national development is the reduction in the number of poor people. The main goal of economic development is not only to create high growth but also to reduce poverty levels, income inequality, and unemployment levels (M. P. and S. C. S. Todaro, 2006). Poverty is a problem that involves many aspects because it is related to low income, illiteracy, low health status inequality between genders, and a bad environment (Chaira et al., 2020).

A country's economic growth can be said to be successful if the GDP growth rate is higher than the population growth rate of a country. In this way, economic growth will become increasingly meaningful in people's lives (Mishkin, 2011). Increasingly controlled economic growth indicates increasingly better economic performance. Economic growth is not only seen from the increasing growth rate but what is more important is the quality of this economic growth. This means that when the economy gets better, it will be followed by a decrease in the number of poor people. Higher economic growth rates will give rise to economic bubbles if they are not followed by pro-poor policies (H Sasana & Kusuma, 2018)
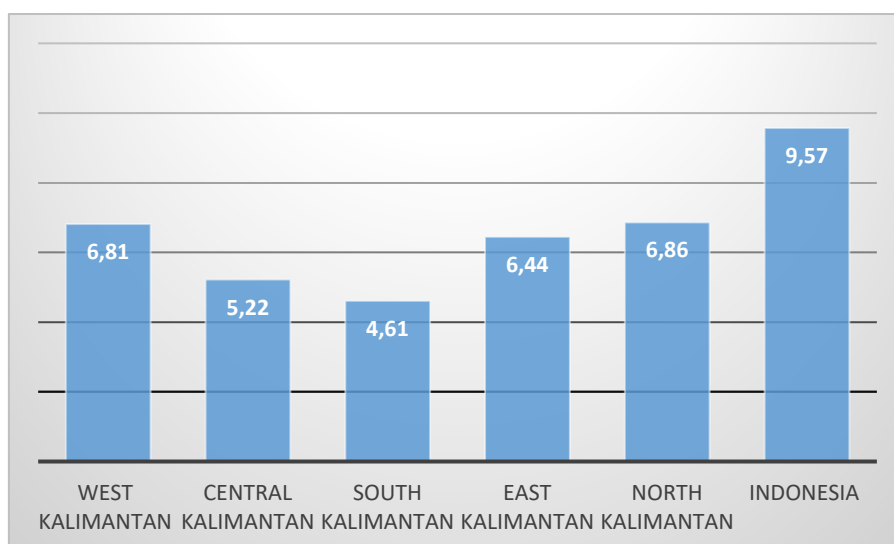

Source: BPS. Indonesia, 2022.
Figure 1: Comparison of the Percentage of Poor Population in Kalimantan and Nationally in 2022

The Central Statistics Agency (2022) states that the percentage of poor people in Indonesia in September 2022 will reach 9.57%. However, this figure has decreased compared to March 2021 which reached 10.14% or a decrease of 0.57%. West Kalimantan is one of the provinces with the highest poverty rate in Kalimantan (Syahroni, 2018). Although the

percentage of poor people in West Kalimantan Province in 2022 was recorded at 6.81%, it is lower than in 2021 which was 6.84%. However, there are still six districts that have poverty levels above the national level, namely Melawi district (11.44%), Landak (10.01%), Ketapang (9.39%), North Kayong (9.04%), Kapuas Hulu (8.59%) and Sintang (8.57%).
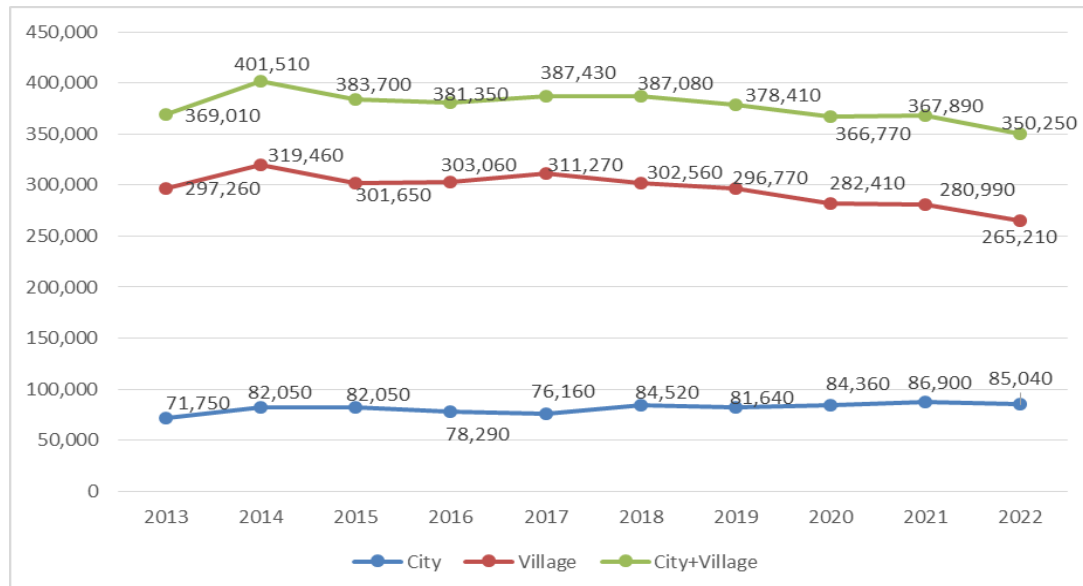
Source: BPS, West Kalimantan Province (March Susenas, processed)

Figure 2: Development of the Number of Poor Population by Region Residence in West Kalimantan, 2013-2022 (March)

According to data from the Central Statistics Agency (2022), we can see the development of the poor population in West Kalimantan (Fig. 2). In 2022 the number of people below the poverty line or better known as poor people in West Kalimantan will be 350,250 people, a relative decrease compared to the previous year March 2021 (367,890 people). The percentage of poor people in West Kalimantan in March 2022 is 6.73 percent. If we look at the area of residence, during the period March 2021 to March 2022, the number of poor people in urban areas experienced a downward trend to reach 1,860 people, while in rural areas there was a decline of 15,780 people. Then the percentage of poverty in urban areas decreased to 1.86 thousand people from 86.90 thousand people in March 2021 to 85.04 thousand people in March 2022. Based on conditions in urban areas, the poor population in rural areas also experienced a decline. The number of poor people in rural areas decreased by 15.78 thousand people from 289.99 thousand people in March 2021 to 265.21 thousand people in March 2022.

From the description above, it can be concluded that unequal development between urban and rural areas is the main cause of inequality between these two regions. Poverty

includes people's inability to provide education, health, and adequate housing so that they live below a decent standard of living. When infrastructure and supporting facilities are not available, access is limited, and there is a lack of competent human resources, what happens is high population poverty in an area (Badan Pusat Statistik, 2022).

As Indonesia begins 20 years of decentralization, there is interest in assessing the impact of decentralization policies. The results of the development of fiscal decentralization are reviewed from various aspects, including social aspects. According to data from the Central Bureau of Statistics, the poverty rate reached 23.43% in 1999, but dropped to 9.41% in 2019. This shows that although regional development performance has improved, it is still not optimal and equitable. The effectiveness and efficiency of regional financial planning and budgeting mechanisms are key factors to optimize regional development performance. Therefore, it is necessary to study the impact of fiscal decentralization on the poverty rate to understand the situation faced in developing policy recommendations (Wibowo & Oktivalerina, 2022).

Fiscal decentralization which is realized that government spending has been allocated to achieve economic and social goals, especially in reducing poverty through appropriate expenditure allocation carried out by the government at lower levels. Odior (2014) proves that government spending in the productive sector can increase gross domestic product and reduce poverty. Meanwhile, Steiner (2005) concluded that decentralization has an impact on poverty through policies in the economic and political fields.

Fiscal decentralization is an important policy reform. Approximately 95% of developing countries around the world have adopted this stability policy in various sectors. Fiscal decentralization generally refers to the transfer of authority and responsibility from the central government to local governments. This allows people to manage their day-to-day economic, social, and political affairs with the support of local governments. Fiscal decentralization has a variety of purposes depending on the country, including: B. Provision of essential public goods and services and provision of essential public services such as basic education, provision of essential health services, financial empowerment of local communities by local governments, and allocation of resources across subnational areas; improve (Hadi Sasana & Nugroho, 2018).

Through fiscal decentralization, regional governments are expected to be more responsive to poverty problems in their regions. Fiscal decentralization is expected to create high economic growth, increase per capita income, and reduce poverty levels (Miranti, 2013). According to Norton (2002) Regions need to implement three important things, namely first, regional governments must provide infrastructure in their regions, such as road infrastructure.

Second, competition between regional governments will encourage incentives to invest through low tax rates on investment. Third, limited regional government revenues will encourage local governments to be more innovative in providing public goods and services. Seeing the phenomenon that the poverty level in West Kalimantan Province is one of the highest in Kalimantan, it is appropriate that government involvement in fiscal decentralization policies is very necessary to reduce the poverty rate that occurs in West Kalimantan while simultaneously stimulating economic growth in West Kalimantan Province.

Inspired by the problem phenomenon above, it is interesting to continue this research to find out how the role of fiscal decentralization through balancing funds, namely general allocation funds, education through average length of schooling, and economic growth has an impact on reducing the number of poor people in West Kalimantan Province. The novelty of this research is the use of parameters in the balancing fund variable, namely general allocation funds in the form of revenue or income transfers, which were rarely used by previous researchers in looking at the relationship between transfer funds and poverty alleviation efforts in West Kalimantan Province. This research provides knowledge regarding the effectiveness of the use of general allocation funds in reducing poverty levels so that it can contribute suggestions in formulating development policies regarding the allocation of general funds at the Regency/City level in West Kalimantan Province.

LITERATURE REVIEW

The cultural theory of poverty developed by Lewis-Benfield says that the cultural image of lower-class groups, especially regarding orientation to the present and the absence of delayed gratification, maintains poverty among them from one generation to the next. According to Royce (2009), The causes of poverty are still controversial. Is poverty caused by the people's lack of effort or effort, or by situations beyond their control? Poverty is seen from a broader economic perspective such as the demand and supply function, people become poor because of incompetence (not having marketable skills). Meanwhile, from a political perspective, poverty is a function of political power. People become poor because of injustices in government policies and institutions in the labor market.

Traditional fiscal theory supports fiscal decentralization as a policy that improves public sector resource allocation and provides public services according to community preferences and needs. The second-generation fiscal decentralization theory explains that there is a strong relationship between regional expenditure and regional income, as well as regional prosperity (Qian & Weingast, 1997). If public services improve as a result of

decentralization, then this has the potential to become an instrument for reducing poverty. However, when referring to public economic theory, Tiebout (1956) and Musgrave (1959) emphasize the importance of improving public services to society and the potential relevance of fiscal decentralization for poverty alleviation. The success of fiscal decentralization for poverty alleviation is based on the allocation of expenditures to improve public services to local communities, the introduction of taxes without burdening the poor, and the development that meets the needs of the poor. It depends on the role of local governments, such as the utilization of transfer funds (Nursini & Tawakkal, 2019).

Although Indonesia's national poverty rate has decreased significantly since 2000, the specific impact of decentralization remains unclear. Using panel data from 1993 to 2005, the study concluded that the decentralization "shock" had a statistically significant negative impact on state-level poverty levels (Aritenang, 2008). However, regarding regional financial capacity, the same paper finds no evidence that increasing per capita income affects poverty levels. Dyah (2012) found the same relationship at the district level, where Revenue Sharing Funds per capita were positively correlated with income inequality. This finding may indicate that financial capacity is not a limiting factor for local governments in poverty reduction efforts. Neither of these papers addresses accountability (as studies of direct elections do) or institutional capacity.

Fiscal decentralization, which was originally designed to reduce poverty, needs further research because previous studies on this matter have produced different findings. Several previous studies stated that balancing funds has a significant impact on poverty (Agatha, Shellenia Vitara & Uliansyah, 2021; Fitriyanti & Handayani, 2020; Manek & Badrudin, 2016; Ningsih & Noviaty, 2019). A study by Maulana & Masbar (2018) shows that fiscal decentralization has a positive and significant impact on poverty. Syamsul (2020) reached a different conclusion and argued that fiscal decentralization has a negative and insignificant impact on the poverty rate in Indonesian society.

Another study explains that balancing funds have a significant impact on poverty (Dewi et al., 2015; Gumelar & Khairina, 2021; Manek & Badrudin, 2016). In contrast, several other studies have concluded that balancing funds has nothing to do with poverty (Agatha, Shellenia Vitara & Uliansyah, 2021). According to Agyemang-Duah et al. (2018), The relationship between fiscal decentralization and poverty alleviation is still debated because study findings are more specific by time and country. Furthermore, Szarowska (2018) argues that fiscal decentralization, which has a positive impact on a country over a period of time, cannot be used as a measure of whether public financial transfers between governments simultaneously have a positive impact on other regions. Besides that, Martinez-vazquez et al.

(2001) stated that there are no definite answers to questions related to decentralization, so it can be concluded that further research is still needed. The first research hypothesis is that fiscal decentralization as proxied by the General Allocation Fund has a negative and significant relationship with the poverty.

Human capital approach is a term often used by economists that states improvements in education, health, and other human capacities can increase productivity (M. . Todaro & Smith, 2012). The Keynesian Theory of Poverty assumes that underdevelopment in its various forms causes poverty, where there are inequalities in talent, skills, and initial capital that determine a person's level of productivity (Ewubare & Mark, 2018). Purnomo & Istiqomah (2019) explains that education has a significant effect on poverty. Adekoya (2018) stated that the impact of human resource development on poverty alleviation is important. Where there is a one-way causality between literacy rates and poverty as measured by per capita income. Chukwubudom (2016) concluded that there is a relationship between human resource development and poverty reduction in Nigeria. Moyo & Jeke (2019) in this study it was found that increasing human capital led to a reduction in poverty levels. Wau (2022) argues that human resources make a greater contribution to reducing poverty in underdeveloped areas.Aritenang (2008) found a statistically significant negative impact of human capital growth on poverty rates, but controlling for various other economic characteristics, the analysis explained little regional variation in poverty rates (18%). Tsaurai's study (2022) shows that human capital development reduced poverty in CEECs. His research argued that skills and education make it easier for people to find well-paying jobs, reducing not only unemployment but also poverty and income inequality. The second research hypothesis is that education as one of human capital (proxied using average years of schooling data) has a negative and significant relationship with poverty.

The impact of economic growth on poverty reduction has received considerable attention. There is no doubt that growth is a driver of poverty reduction, but as we have seen, its effects appear to be much different in some regions than in others. According to Kuznets' inverted-U hypothesis, income inequality increases in the early stages of development, especially at the middle income level, until a tipping point is reached, where income distribution becomes more equal again, and poverty will decrease. The pie gets bigger, and with fair distribution, it quickly disappears. Kuznets' hypothesis is related to the movement of population from rural to urban areas (Škare & Družeta, 2016). Previous empirical studies have proven that economic growth and poverty have a significant

relationship (Ardian et al., 2021; Rusdarti, Sebayang, 2013; Safuridar, 2017; Zahroh, Anggun Aisatun et al., 2020). Unfortunately, other research shows that economic growth has no significant effect on poverty (Nurhidayah & Hendikawati, 2018). Suryahadi et al. (2009) examine the impact of sectoral economic growth components on provincial poverty levels from 1986-2002. Taking inter-regional migration into account, they found that growth in urban and rural service sectors and the rural agricultural sector all reduced poverty levels. The growth of the urban services sector has had the largest negative impact on urban and rural poverty levels, across all sectors. The third research hypothesis is that economic growth has a negative and significant relationship with the poverty.

METHODS

This research is quantitative approach. The data used in this research is secondary data sourced from the Central Statistics Agency, the Directorate General of Financial Balance (DJPK) of the Ministry of Finance, and the Regional Financial and Asset Management Agency (BPKAD) of West Kalimantan Province.
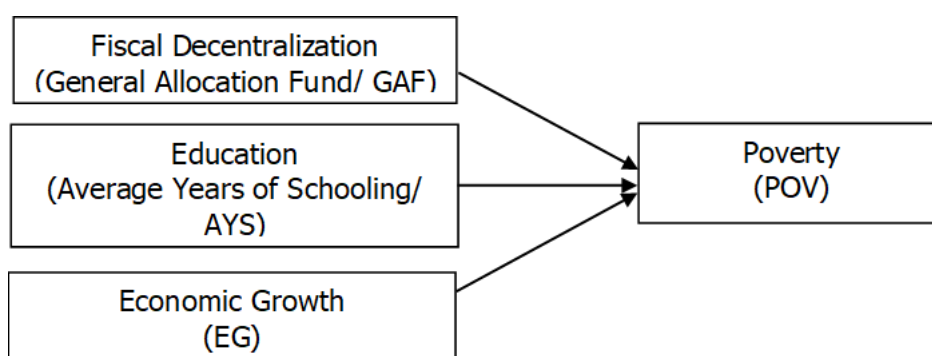

Figure 3: Research Framework

This data includes Gross Domestic Product (GDP) data at constant and current prices, economic growth data, data on the number of poor people, balancing funds, namely general allocation funds, and education data, namely average years of schooling. The analysis technique is to present data in the form of tables, ratios, and percentages, which then interpret the percentage and ratio figures obtained. Meanwhile, inductive quantitative techniques in this research used a regression model using pooling data which is a combination of time series data for 2010-2022 and cross-section data from 14 districts/cities in West Kalimantan.

The equations used were adopted from models that have been used by Digdowiseiso (2022). Taking into account the previous explanation, the estimation model in this study is a panel data regression model. Based on theory, framework, and hypotheses, as well as

previous research, a model of the relationship between fiscal decentralization and poverty levels in the District/City of West Kalimantan Province will be created:

$$POV = f(GAF, AYS, EG)$$
(1)

The above equation can be expressed in the econometric model specification in the panel data regression equation, as follows:

$$lnPOV_{it} = \beta_0 + \beta_1 lnGAF_{it} + \beta_2 AYS_{it} + \beta_3 EG_{it} + \varepsilon_{it}$$
(2)

here, $lnPOV$ is the Natural Logarithm of the Number of Poor People, $lnGAF$ is the Natural Logarithm of General Allocation Funds, AYS is the Average Years of Schooling, EG is Economic Growth, ε is the error term, β_0 is a constant, β_{1-3} is the regression parameter to be estimated, i is the area of 14 Regencies/Cities in West Kalimantan which will be observed, and is the observation period (2010-2022).

RESULT AND DISCUSSION

Table 1. Panel Data Regression Results Fixed Effect Model (FEM) Approach

lnPOV	Coefficient	Robust Std. err.	t	P>$|t|$	[95% $conf.interval$]		Significance	Support for Hypotheses
lnGAF	.0786497	.034249	2.30	0.039*	.0046593	.1526401	significance	No
AYS	-.0487119	.0192087	-2.54	0.025*	-.0902097	-.0072141	significance	Yes
EG	.0031094	.0015273	2.04	0.063**	-.0001901	.0064089	significance	No
_cons	9.884766	.2185597	45.23	0.000	9.412596	10.35694		
R-squared Within =	0.1000	Prob > F =	0.0141		Number of obs = 182			

significance level: *5%; **10%
Source: Secondary data output after processing. 2023; (Meta. 2023)

The panel data regression model used is a model that passes the Chow test and the Hausman test. Based on these two tests, this study uses the fixed effects model (FEM) approach. Based on the constant and coefficient values, the FEM approach panel data regression equation is obtained as follows :

$$lnPOV_{it} = 9.8848 + 0.0786 lnGAF_{it} - 0.0487 AYS_{it} + 0.0031 EG_{it}$$
(3)

Based on the research model, The constant coefficient value of 9.8848. It indicates that there is no independent variables (GAF, AYS, and EG), level of poor people is 9.885%. The coefficient value of the lnGAF variable is 0.0786, which means that the GAF variable has a significant positive effect on the number of poor people. This indicates that if GAF increases by 1% it will have an impact on increasing the number of poor people by 0.0786% assuming the AYS and EG variables are considered constant. The coefficient value of the AYS variable is -0.0487, which means that the education variable has a significant negative effect on the number of poor people. This indicates that if education as proxied by AYS increases by 1 year

it will have an impact on reducing the number of poor people by 0.0487% assuming that the variables of general allocation funds and economic growth are considered constant. The EG variable has coefficient value of 0.0031. It can be interpreted as a significant positive economic growth variable on the number of poor people. This indicates that if economic growth increases by 1%, the number of poor people will increase by 0.0031%.

Table 2. Results of Multicollinearity Test & Heteroscedasticity Test

	lnGAF	AYS	EG
lnGAF	1.0000		
AYS	0.3233	1.0000	
EG	-0.1084	-0.1741	1.0000

Breusch-Pagan/Cook-Weiberg test for heteroskedasticity	
Assumption: Normal error terms	
Variable: Fitted values of lnpov	
H_0: Constant variance	
Chi2(1)=	4.27
Prob>chi2 =	0.0388

Source: Secondary data output after processing. Year 2023; (Meta. 2023)

The resulting model of the regression equation has passed the multicollinearity test. As explained, the meaning of multicollinearity is a linear relationship between independent variables in regression. As a rule of thumb. If the correlation coefficient is high enough, say above 0.85, then we suspect that there is multicollinearity in the model. On the other hand, if the correlation coefficient is relatively low, then we suspect that the model does not contain multicollinearity. Based on the test results in Table 3, the correlation coefficient for the variable lnGAF. The AYS and EG values are less than 0.85 and are relatively low so it is suspected that there are no multicollinearity problems in the model.

The model resulting from the regression equation has also passed the heteroscedasticity test. This test aims to check whether there is a systematic pattern in the distribution of model errors, which may indicate that the homoscedasticity assumption is not met. Based on the results of the Heteroscedasticity Test in Table 3, the Prob > chi2 value is 0.0388, which is smaller than = 0.05. It can be concluded that this research model has symptoms of heteroscedasticity. However, improvements have been made using the robust standard error method, then the presence of heteroscedasticity symptoms in the model can reach BLUE.

The Effect of General Allocation Funds on the Poverty

The calculation results in the panel data regression output (table 1) show that the General Allocation Fund has a significant and positive impact on the number of poor people in West Kalimantan Province. The results of this research are not by the initial research

hypothesis which suspected that the general allocation fund variable had a significant and negative effect on the number of poor people. The results of this study do not refer to public economic theory that states the potential of fiscal decentralization for poverty alleviation. The evidence from this research is that the increasing government budget in the form of transfer funds, namely general allocation funds, should cann't be able to reduce the number of poor people in various regions in West Kalimantan Province.

Based on the development and condition of poverty in West Kalimantan Province, the Central Bureau of Statistics released that the percentage of poor people from September 2011 to September 2022 showed a downward trend from 8.48 percent to 6.73 percent. However, this figure is the highest percentage of poor people in the Kalimantan region, even exceeding the percentage of poor people in North Kalimantan Province. However, if we look at the comparison in the 2018-2023 West Kalimantan Regional Medium-Term Development Plan, The target for achieving the poverty percentage in 2019 has not yet reached the target percentage. The percentage of poor people has only reached 7.49 percent, while the target in the West Kalimantan Regional Medium-Term Development Plan is 6.92 percent. The above portrait of the development of the percentage of the poor population is an aggregation of the percentage of poor people in various districts/cities throughout West Kalimantan. If we look at the percentage of poverty in each district/city throughout West Kalimantan. So it can be concluded that the percentage of poor people in districts/cities in Kalimantan is around 4-13 percent on average (https://database-litbang.kalbarprov.go.id/).

The different percentages of poor people in each district/city indicate that the problem of poverty is a very complex problem and requires concrete steps to reduce it. According to Alfista (2019) mentioning the complexity of the problem of poverty. Quantitatively, this is caused by high levels of unemployment and the low quality of economic growth. In line with that Prayoga et al. (2021) explained that poverty is influenced by several factors, namely an insufficient minimum wage, poor standard of living of the people, and the high unemployment rate every year is a sign of additional job opportunities. Besides that Pangiuk (2018) explained that with quality economic growth, community welfare can be realized through various economic and social developments in overcoming the problem of poverty. The limited number of jobs available is the main factor causing unemployment and has an impact on high poverty rates (O'Campo et al., 2015).

In the findings of this research, there are many factors that cause the role of fiscal decentralization through general allocation funds to have no impact on reducing the number

of poor people in West Kalimantan Province or other areas, which can be very complex and varied. Several possible causes that can be analyzed for this condition include: (a) General allocation funds may not be absorbed effectively for programs or activities that directly support the reduction in the number of poor people. Apart from slow bureaucracy, the occurrence of corruption at the provincial and district/city levels, and inappropriate policies hamper the effective use of these funds; (b) Fund management factors that are still not running effectively and efficiently. Some regencies/cities in West Kalimantan Province are still highly dependent on transfer funds from the central government, where the percentage of regional fiscal dependence is above 60-90 percent, indicating that most regions in West Kalimantan are still not fiscally independent.

It is known that the general allocation of funds provided by the central government to local governments aims to equalize fiscal capacity between regions, the allocation of these funds is mostly for state civil apparatus salary payments, financing road construction, education and health facilities, and infrastructure projects for regional development. If the distribution of transfer funds is uneven or unidirectional towards the needs of regions that have a high percentage of population poverty, then the increase in general allocation funds may not be effective in reducing the amount of poverty in the area. This could be due to administrative, political, or even misappropriation of funds or sub-optimal allocation of funds. ; (c) economic conditions in various regions are very complex and diverse. some regions may face difficult structural challenges. for example, lack of employment opportunities or dependence on certain economic sectors that are vulnerable to price fluctuations. Therefore, an increase in the general allocation funds does not always have an impact on positive changes in economic structure or equitable economic growth in the economic development of a region. If the economic growth of a region is not accompanied by an increase in people's income or the availability of jobs is not yet available, then it is possible that the number of poor people can remain or even increase. If the increase in general allocation funds cannot cope with rising prices (inflation) or is not proportional to the increase in the cost of living, then the impact may be that people still experience economic difficulties even though the transfer funds continue to increase. This causes efforts to reduce poverty to become more stringent and require more comprehensive policies and strategies.

This research are not in line with several empirical findings (Ahmed. 2015; Bossuyt & Gould. 2000; Faridi. Muhammad; Nazar. 2013; Galasso & Ravallion. 2005; Nursini & Tawakkal. 2019; Valaris. 2012). In their study, they concluded that there was a significant and negative influence between the role of fiscal decentralization on poverty reduction.

The Influence of Human Capital on the Poverty

We know that education is an access that can encourage the growth and economic development of a region. This is because improving the quality of human resources through education is a means of stimulating and increasing innovation and economic productivity. Sustainability in development and economic growth can create economic opportunities and employment opportunities that can ultimately reduce poverty in various regions. In theory, human capital such as a person's skills, education, and inherent capacity, is considered an investment, the higher the level of education of a person, the greater the level of productivity produced.

The calculation results in the panel data regression output (table 1) show that the human capital variable, namely education, which is proxied by the average number of years of schooling, shows a significant and negative influence on the number of poor people in West Kalimantan Province. The results of this research are by the initial hypothesis which alleged that educational variables or average years of schooling had a significant and negative effect on the number of poor people in West Kalimantan Province. The results of this study are in accordance with the theory of human capital and the Keynesian theory of poverty which states that an increase in education can reduce poverty.

Education or average years of schooling has a significant impact on reducing the number of poor people in West Kalimantan Province. This is because the role of human resources through the Human Development Index (HDI) is experiencing a development trend that continues to increase, both in the education component, health and from increasing people's purchasing power. This provides a stimulus for the government in overcoming the number of poor people. Increased productivity and skills can make it easier for individuals to get better jobs which has an impact on increasing income and reducing poverty in the region. If a region's education, as measured by the average years of schooling, is higher, it can describe the population's access to good quality education. People with a high level of education are likely to be more adaptable to economic change and have greater employment opportunities, resulting in a declining poverty rate.

There are several reasons why human capital, namely education, is an important factor in reducing poverty rates. as well as analysis with supporting data: First, the higher the quality of public education in the West Kalimantan Province region. This will open up better opportunities and employment opportunities. Someone with a higher level of education

coupled with adequate skills tends to find it easier to enter the labor market, get a better job, and generate high income too. Based on data released By the Central Statistics Agency, the average length of schooling in West Kalimantan increases every year. In 2019 the average length of schooling reached 7.31 years and in 2021 it will increase to 7.59 years. The highest average length of schooling in 2022 is in Pontianak City, namely 10 years 5 months, and the lowest average length of schooling in 2022 is in North Kayong Regency, 6 years 2 months.

Second, education provides people with the ability to develop the skills needed in the world of work. Therefore, they have a better chance of getting more skilled jobs and better income. Statistical data shows that a higher level of education is correlated with a higher income. As an example, average years of schooling beyond high school are often associated with significantly higher earnings than those at lower levels of education. Likewise, Human Development Index (HDI) data can be used to see the relationship between education and poverty alleviation. The HDI includes educational indicators such as expected years of schooling and literacy rates. Historically. This condition can reveal how efforts to improve education in various regions have had a positive impact on reducing poverty levels. However, it should be noted that to achieve a significant impact in reducing poverty through education, continued investment in the education sector is needed, equal access for all residents, and efforts to ensure high-quality education. Besides that, other problems such as social and economic disparities must also be considered simultaneously to achieve sustainable change in alleviating poverty in various regions.

The results of this study are in line with several other studies (Adekoya, 2018; Chukwubudom & James Chukwubudom, 2016; Moyo & Jeke, 2019; Purnomo & Istiqomah, 2019; Tsaurai, 2022). To eradicate poverty, the important role of central and regional governments must ensure that they invest more in human capital aspects, both in the fields of education and health, because both are important factors that can help eradicate poverty.

The Effect of Economic Growth on the Poverty

In economic development as explained in the Trickle-Down Effect theory, it is said that when the economy grows, the effects will be felt down to the lowest levels of society through consumption, income, and employment. A high-growth regional economy has an impact on creating job opportunities and generating high incomes, which in turn can reduce poverty due to the large economic benefits reaching the lowest strata of society.

The calculation results in the panel data regression output show that the economic growth variable shows a significant positive influence on the number of poor people in West Kalimantan Province. This means that economic growth does not automatically reduce poverty, and other factors are more important in reducing the number of poor people in West

Kalimantan Province. The results of this research are not by the initial hypothesis which suspected that the economic growth variable had a significant and negative effect on the number of poor people in West Kalimantan Province. Under different conditions, similar rates of growth can have very different effects on poverty (Škare & Družeta, 2016). Fosu (2010) who found that growth in average income is the main driver of both poverty reduction and increase. However, this study also documented significant regional and country-specific differences. On the other hand, growth is the main factor in reducing or increasing poverty and inequality in most countries. The study concludes that there are significant differences in countries' ability to translate economic growth into poverty reduction based on their inequality and income profiles. Understanding this country's unique profile is critical to developing the most effective global poverty reduction strategies.

Based on data obtained through Central Statistics Agency sources, it is clear that the economy of West Kalimantan in the first quarter (January – March) of 2023 as measured by Gross Regional Domestic Product (GRDP) at current prices reached IDR. 66,350.98 billion. while GRDP at constant prices in 2010 reached Rp. 37,788.37 billion. On a year-on-year basis, West Kalimantan's economy in quarter I-2023 versus quarter I-2022 experienced growth of 4.65 percent (y-on-y). From the production side. The highest growth was driven by the Electricity and Gas Procurement Business Field which grew by 27.58 percent. On the expenditure side. The highest growth was in the government consumption expenditure component at 14.05 percent. The economic growth of West Kalimantan Province is gradually experiencing an improving trend. where in the fourth quarter of 2021, West Kalimantan's economic growth grew by 4.31 percent. and experienced an increase in economic growth to 4.65 percent in the first quarter of 2023. (https://kalbarprov.go.id/).

However, it seems that the increase in economic growth in West Kalimantan Province from year to year does not have a big impact on reducing the poverty rate in West Kalimantan. High economic growth should increase the productivity and income of the people through increased access to human capital, namely training and education, which in turn will reduce poverty. Of course, several reasons can be explained as follows: (1) the widening income gap. The benefits of economic growth may be uneven across all levels of society. Wide income gaps can result in most of the benefits of growth being enjoyed by only a small portion of the population. while the majority of the population remains in poverty. Explanation Kuznet's Theory describes an inverted U relationship between economic growth and income inequality. This means that during the initial stages of economic growth.

Income inequality may increase before decreasing. If West Kalimantan Province is still at a stage of increasing inequality, then economic growth may not have a significant impact on poverty alleviation. This illustrates that high economic growth does not always create equal income inequality. If the benefits of economic growth are felt more by the rich, while the poor do not experience a corresponding increase in income, the wider the level of inequality. Thus, higher income inequality can also contribute to higher poverty, because the benefits of high economic growth have not been felt equally by all levels of society. Analysis of income distribution data which includes the Gini Ratio or percentage of income received by certain groups can describe the extent of the income gap in each region. Based on BPS data, the development of income inequality as measured by the Gini ratio of West Kalimantan has experienced a significant increase in inequality, where the recorded gini ratio in West Kalimantan reached 0.313 (2021), and continued to increase to 0.314 (2022) and 0.321 (2023). This indicates that along with the increase in economic growth in West Kalimantan, it has not had an impact on reducing the poverty rate in West Kalimantan; (2) Dependence on certain economic sectors. Economic growth is supported by certain economic sectors and has a high dependence on external factors. then its impact on reducing poverty may be limited. This is because these economic sectors may not have a large effect on labor absorption; (3) Conditions of instability or economic crisis that occur. When a country or region experiences instability in the economy, such as an economic crisis. Previously positive economic growth can turn into contraction, causing an increase in the number of poor people. In the context of economic cycle theory, an economic downturn or economic contraction can result in a sharp decline in economic conditions, including increasing poverty.

The results of this research support research conducted by Fadila & Marwan (2020), Nainggolan (2020), and Wau (2022) that economic growth does not reduce poverty. Wau (2022) found in his research that economic growth does not have a substantial influence on poverty levels in underdeveloped areas in Indonesia.

CONCLUSION

Based on an analysis of the impact of fiscal decentralization (namely government transfers in the form of general allocation funds), education, and economic growth towards the number of poor people in West Kalimantan Province for the 2010-2019 period, the following conclusions are obtained: (1) The fiscal decentralization variable which is proxied by the General Allocation Fund has a significant and positive impact on the number of poor people. (2) The human capital variable, namely education, which is proxied by the average number of years of schooling, shows a significant and negative influence on the number of poor people. (3) The economic growth variable shows an insignificant and positive influence

on the number of poor people in West Kalimantan Province. The central and regional governments need to ensure that general allocation funds are distributed fairly across all regencies/cities of West Kalimantan Province. This is important to ensure that areas that may be poorer receive adequate support. Apart from that, part of the general allocation fund can be allocated for social assistance programs aimed at poor families and collaboration with non-government organizations, international organizations, and the private sector can also strengthen the impact of general allocation fund in reducing poverty. The role of human resources through quality education is very important in order to reduce the number of poor people. Therefore, several steps that need to be prioritized in order to eradicate poverty include: ensuring equal access to education for all levels of society. especially poor groups. Including the provision of adequate educational facilities and infrastructure in rural and remote areas. It is providing financial aid or scholarship programs for students from poor families. This can help reduce the financial burden on families and encourage children to continue attending school. To reduce poverty or the number of poor people through economic growth, a series of policies and efforts are needed that can stimulate inclusive economic growth, including focusing on developing economic sectors that have the potential to create large numbers of jobs—prioritizing MSMEs by providing access to capital, training, and markets. MSMEs are often significant providers of employment and can play a role in reducing poverty.

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