



Analysis of Palangka Raya City Poverty Alleviation Policy

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Abstract

This study aims to determine poverty reduction in the city of Palangka Raya. The data used are time series data in 2015-2022. Poverty is a condition where there is an inability to meet basic needs such as food, clothing, shelter, education, and health. The type of data used is secondary data and primary data. Secondary data sources were collected from several authorized agencies and related to poverty alleviation programs such as the Social Service, The Central Bureau of Statistics of Indonesia and other relevant secondary data sources. Whereas primary data is directly through in-depth interviews (depth interviews), as well as stakeholders in the determined research areas. Changes in structure as an operational step and humans as targets, the most appropriate poverty reduction strategy is community empowerment. Poverty reduction based on community empowerment focuses on two main scopes, namely: the scope of the area and the scope of the material. The scope of the area is the Palangka Raya City government and other supporting agencies in the government environment related to this study, as well as other regions that cover various areas that are poor areas in various regions in the City of Palembang. The scope of the material includes empirical studies in the form of macroeconomic analysis and poverty reduction analysis, as well as theoretical studies on community empowerment.



INTRODUCTION

Poverty is a common issue faced by developing countries worldwide. Indonesia, as one of these developing nations, continually strives to address the problem of poverty among its citizens. One tangible step taken is the implementation of government policies through legislative regulations supporting poverty alleviation, which are then translated into specific poverty alleviation programs. As exemplified by President Joko Widodo, who upon taking office, launched the Nawacita Program, which outlines nine development priorities during his presidency. Two of these priorities specifically aim at poverty alleviation: strengthening regions and villages within the framework of the unitary state, and improving the quality of human life through the Indonesia Smart Program, which mandates 12 years of free education, and the Indonesia Health Program to enhance public health services.

Data from the Central Statistics Agency (BPS) of Palangka Raya for the period of March 2015 to 2022 indicates a general downward trend in the number of poor residents in Palangka Raya, both in terms of absolute numbers and percentage. The number of impoverished people decreased from 147.70 thousand in March 2015 to 145.10 thousand in March 2022, while the poverty rate dropped from 5.94 percent to 5.28 percent. However, urban poverty saw an increase of 5.4 thousand people or 9.88 percent from March 2021 to 2022 compared to the same period in 2015. This data highlights that poverty in Palangka Raya still requires significant attention from both the local and provincial governments due to the rising number of residents.

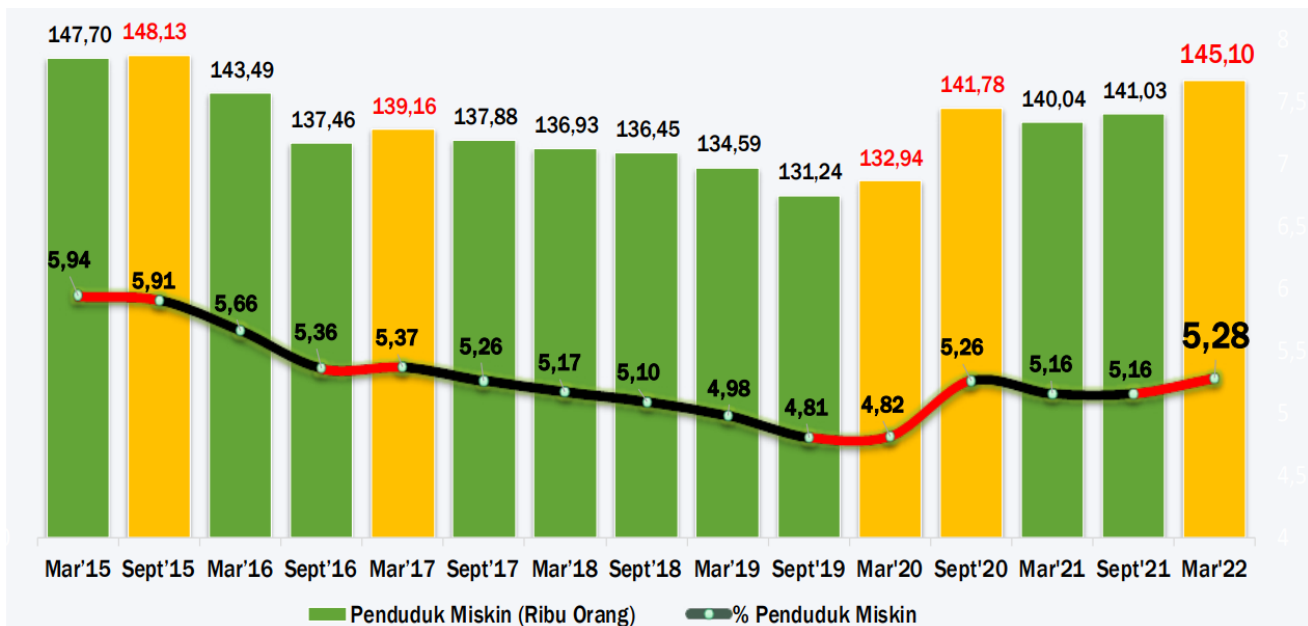


Figure 1. Data from the Central Statistics Agency (BPS) of Palangka Raya for the period of March 2015 to 2022

Poverty involves not just a lack of adequate income and consumption, but also limited access to quality food, healthcare, education, employment opportunities, housing, sanitation, clean water, land ownership, environmental conditions, personal security, and social participation. It is a multifaceted issue that necessitates a comprehensive approach to address various dimensions such as malnutrition, inadequate housing, poor healthcare, and low educational attainment (Suhandi, 2018). To achieve the national development goal of ensuring the well-being of all Indonesians, poverty must be eradicated. Local government policies targeting poverty alleviation should be based on the specific factors influencing poverty in their regions, as identified by various studies including those by the World Bank and BAPPENAS.

According to Friedman (2006), poverty is defined as the inequality of opportunities to accumulate social power. It is a multidimensional problem that cannot be fully understood through a single disciplinary approach. The World Bank's definition of poverty, widely used in academic research, is the inability to attain a minimum standard of living (World Bank, 1990). BAPPENAS (2004) further describes poverty as a condition where individuals or groups cannot fulfill their basic rights such as food, health, education, employment, housing, clean water, land, natural resources, and environmental sustainability, as well as safety from violence and participation in socio-political life. The approaches used to address these rights include basic needs, income, human capability, and both objective and subjective measures.

Per Presidential Regulation No. 7 of 2005 on the National Medium-Term Development Plan (RPJMN), poverty occurs when individuals or groups, regardless of gender, are unable to meet their basic rights to maintain and develop a dignified life. Law No. 25 of 2000 on the National Development Program (PROPENAS) categorizes poverty into chronic poverty, caused by unproductive community habits, resource limitations, isolation, low education levels, poor health, limited employment opportunities, and community helplessness, and transient poverty, caused by economic cycles, seasonal changes, natural disasters, or policy impacts.

The Central Statistics Agency (BPS) uses the Head Count Index method to measure poverty, which identifies the poor as those living below the poverty line. This line is the monetary value needed to meet minimum living requirements, including both food and non-food necessities. The comprehensive poverty line thus comprises the food poverty line and the non-food poverty line.

The line with Presidential Regulation No. 15 of 2010 on Accelerating Poverty Reduction, and various related directives, TNP2K collaborates with BPS and the World Bank to develop a Unified Database used for various poverty alleviation and social protection programs. Data collection involves visiting registered households to gather demographic and socio-economic information, using questionnaires designed to predict poverty effectively, ensure data availability, be easily

observable by enumerators, and resist short-term manipulation by households. Based on the outlined issues, this study aims to explore the government's strategies for alleviating poverty in Palangka Raya. The research question focuses on identifying these strategies, with the objective of understanding the governmental policies in place to combat poverty in the region.

METHODOLOGY

This research employs a Descriptive Analysis Method to evaluate the policies and strategies for poverty alleviation. The focus of this study is on (1) the implementation of poverty alleviation policies and strategies, (2) the factors influencing the implementation of these policies and strategies, and (3) the interaction of interests among the actors involved in the implementation of these poverty alleviation policies and strategies. The units of analysis in this study are Bappeda (Regional Development Planning Agency) and BPS (Central Statistics Agency) in relation to poverty alleviation in Palangka Raya City. Data was obtained from both primary and secondary sources. Data collection was conducted through observation, documentation, and in-depth interviews. The theoretical framework used in this research is Merilee S. Grindle's implementation theory, as it is relevant to the analysis of public policy.

According to Merilee S. Grindle, the success of implementation is influenced by two major variables: the content of policy and the context of implementation. The policy content variable includes: first, the extent to which the interests of the target groups are included in the policy content. In this case, the aspirations and complaints of the poor are communicated to the RT (Neighborhood Association) leader, who then presents these community aspirations in the Kelurahan (Urban Village) Musrenbang (Development Planning Deliberation). Here, the community's aspirations are compiled into a list of priority activities. This list is then brought to the next level, the Kecamatan (District) Musrenbang, where the most urgent needs of the poor from various urban villages are identified. Subsequently, it is taken to the city-level Musrenbang. At this level, five priority aspirations are selected from each of the three fields: economic, socio-cultural, and infrastructure. After being selected and coordinated with all related parties, the prioritized aspirations become the content of the poverty alleviation policy (AG. Subarsono, 2005:93). Second, the types of benefits received by the target community groups, both sectoral and regional. Third, the extent to which the desired changes or improvements from a policy are achieved..

RESULTS AND DISCUSSION

Theoretical Framework

Poverty is a classical issue that has existed since the dawn of humanity. Up to now, no definitive formulation or perfect handling formula has been found, necessitating continuous development. There are many definitions and concepts of poverty. The World Bank (2002) divides the dimensions of poverty into four main points: lack of opportunity, low capabilities, low-level security, and low capacity. Poverty is also linked to limitations in social, economic, and political rights, causing vulnerability, adversity, and helplessness.

Jeffrey Sachs (2005, in Depdagri & LAN, 2007) identifies six main types of capital that the poor lack:

1. Human Capital: Health, nutrition, and skills needed for economic productivity.
2. Business Capital: Machinery and electronic motor facilities used in agriculture, industry, and service industries.
3. Infrastructure: Roads, electricity, water, sanitation, and telecommunications systems.
4. Natural Capital: Fertile land, biodiversity, and well-functioning ecosystems that provide essential environmental services.
5. Public Institutional Capital: Commercial trade regulations, legal systems, government services, and policies ensuring equitable and peaceful labor distribution.

6. Knowledge Capital: Science and technology that can improve productivity and enhance physical and natural capital.

Many theories aim to explain poverty. Broadly, they fall into two paradigms: the liberal paradigm and the social democracy paradigm. Poverty is a complex and chronic issue influenced by numerous factors, both direct and indirect, such as economic growth, labor productivity, wage levels, job types and working hours, employment opportunities (including available job types), inflation, household size, health facilities, household consumption, access to clean water, transportation, agricultural land ownership, education, the number of schooling years for all family members, capital access, and the proximity of residences to economic growth centers. Observing these factors reveals their interconnections, necessitating accurate analysis and comprehensive, sustainable strategies for poverty alleviation.

Conceptually, poverty is differentiated into relative and absolute poverty, with the distinction lying in their assessment standards. Relative poverty is defined by the subjective and local standards of living determined by the community, with those falling below this standard considered relatively poor. Absolute poverty, on the other hand, is defined by the minimum living standards required to meet basic needs, both food and non-food. This minimum living standard is referred to as the poverty line (Kuncoro, 2004).

Analysis of Causes and Solutions for Poverty

One of the causes of poverty is the limited access to capital, including business capital, as well as social and political capital. Urban poor residents, who form the majority of the impoverished population, face difficulties in obtaining such capital. Bank loans are hard to come by for poor residents due to the lack of collateral assets, leading them to resort to loan sharks with exorbitant interest rates. In Palangka Raya, which consists of 5 sub-districts and 30 urban villages, with a population of 299,955 in 2022, there are no credit institutions that provide additional loan funds managed by Community Empowerment Program Financial Management Units. This situation creates a trap of powerlessness, highlighting the strategic importance of microfinance institutions that provide funding for micro-enterprises and the poor.

The concept of microfinance emerged as a breakthrough to provide financial services to low-income people who lack access to modern financial systems. Historically, microfinance institutions have served as alternatives for low-income groups to meet their funding needs. These institutions offer various forms of people's credit, aimed at providing easy access to capital for low-income communities to develop their businesses and capabilities.

As part of the development problem, poverty alleviation strategies should be based on an understanding of development concepts. Development is essentially a structural change beginning with efforts to improve human capabilities, providing opportunities for employment and entrepreneurship, leading to income increases, and ultimately enabling self-sufficient social protection, which is a tangible form of successful social welfare development. With structural changes as operational steps and humans as the target, the most appropriate poverty alleviation strategy is community empowerment. Community empowerment means enhancing the community's ability to utilize available resources in their environment to improve their welfare.

Focusing poverty alleviation through empowerment strategies can avoid using government funds for non-productive activities. The target group for poverty alleviation through empowerment is the productive-age poor population, between 15 and 55 years old. Healthy individuals in this age group have great potential to be active participants in development.

Moreover, individuals in their productive years are often in the household formation phase, and if not properly addressed, can create new poor populations.

The government should act as a facilitator, while the poor should be positioned as micro-enterprises. Banks and businesses are expected to provide financing and market access. Here are ten strategies to alleviate poverty:

1. Invest in education, focusing on improving access and affordability to secondary schools and skill training for the poor while continuing to enhance the quality and efficiency of primary schools.
2. Invest in healthcare, focusing on improving the quality of basic health services and better access to healthcare.
3. Launch large-scale programs to invest in village road construction.
4. Develop a comprehensive social security system capable of addressing the risks and vulnerabilities faced by the poor and near-poor.
5. Revitalize agriculture through infrastructure investments and rebuild research and extension services.
6. Facilitate land certification and repurpose barren and infertile lands for productive use.
7. Create more flexible labor regulations.
8. Expand financial services for the poor and improve micro and small enterprises' access to commercial loans.
9. Improve poverty-focused planning and budgeting at the national level to provide services.
10. Budget and implement poverty alleviation programs, and strengthen monitoring and evaluation of poverty programs.

Microfinance institutions are widely recognized as effective tools for poverty alleviation. Financial services enable the poor and low-income households to seize economic opportunities, build assets, and reduce vulnerability to external shocks. Microfinance institutions play a crucial role in development by creating jobs, increasing incomes, and alleviating poverty (Hendayana, 2007).

In Palangka Raya, the establishment of Financial Management Units (UPK) under community empowerment programs can provide needed loans to residents. Loans ranging from IDR 500,000 to IDR 3,000,000 with an interest rate of 1.5% per month are very helpful compared to the 30%-50% annual interest charged by loan sharks. Residents who do not receive loans from the UPK rely on their jobs or borrow from loan sharks at high-interest rates. Groups that repay on time can reapply for loans, while those who default cannot until they settle their dues.

To achieve these goals, Palangka Raya's main agenda in national development emphasizes developing remote areas through the Economic Crisis Response Regional Empowerment Program (PDM-DKE), the National Community Empowerment Program (PNPM), and the Integrated Poverty Alleviation Movement (Gerdu-Taskin). These programs aim to empower and increase the independence of local residents in entrepreneurship, reducing poverty and unemployment in Palangka Raya.

This aligns with David McClelland's achievement-oriented personality theory, which posits that economic development is driven by the entrepreneurial spirit of the community. This spirit is driven by a strong desire for achievement. Communities with high levels of need for achievement generally experience faster economic development. The urgency is to empower the local economy by strengthening local industries using aid funds.

CONCLUSION

Poverty is a priority issue that each government administration in the City of Palangka Raya strives to resolve. Various poverty alleviation programs have been implemented by both past and current administrations, ranging from Direct Cash Assistance (BLT), free schooling, and free medical treatment in several sub-districts to providing various subsidy schemes for the community. However, these programs have not fully succeeded in improving the welfare of the poor in Palangka Raya. Poverty is a problem for countries worldwide, especially developing ones. It is a complex issue, as it is not only related to low levels of income and consumption but also to low levels of education, health, and the inability to participate in development, as well as various issues concerning human development. These dimensions of poverty manifest in forms such as malnutrition, lack of clean water, inadequate housing, poor healthcare, and low educational levels.

Strengthening the monitoring and evaluation of poverty programs is crucial. Many believe that microfinance institutions are effective development tools for poverty alleviation because financial services allow small individuals and low-income households to seize economic opportunities, build assets, and reduce vulnerability to external shocks. Microfinance institutions are important tools for achieving development in three key areas: creating jobs, increasing community income, and alleviating poverty.

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