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Author(s)
Corresponding Author
 Fikri Ariyad
fikriariyad@gmail.com
 Faculty of Law of Universitas Selamat Sri Batang, Central Java, Indonesia

 Choirunnisa
choirunnisa2630@gmail.com
 Communication Studies Program of Universitas Selamat Sri Batang, Central Java, Indonesia

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Government Regional Expenditure

Pro-poor Expenditure Allocation of Public Expenditure in Kulon Progo Regency, D. I. Yogyakarta

Fikri Ariyad, Choirunnisa

Abstract: This article aims to show the public expenditure of the Kulon Progo Regional Government responds to welfare issues with a pro-poor budget approach. Currently, Kulon Progo Regency is still the area with the highest poverty rate among regencies/cities in DIYogyakarta. This condition becomes ironic because this area is under the Regional Government, which has the status of receiving special autonomy. This arrangement impacts the disbursement of special funds to Kulon Progo so that its fiscal capacity becomes large. This type of research uses a qualitative approach with the library research method. While the stages of this research consisted of problem identification, literature search, research aims and objectives, data collection, data analysis and interpretation, and research reporting. The study results show that Kulon Progo's public expenditure has not been able to bring this region out of the issue of inequality. The issue of poverty, the low human development index, the high open unemployment rate, and even the low allocation of public expenditure on infrastructure impacts the predicate and image of Kulon Progo, which has not been separated from this issue. In addition, in the aspect of public expenditure, especially based on budget allocations that are pro-poor, in fact, they have not fully accommodated their interests. This can be seen from the data analysis on the issue of inequality in the Kulon Progo Regency, which has not been properly resolved. This reality in the context of Kulon Progo is interesting to study because, with a large enough fiscal power capacity, it has not been reflected in public expenditure oriented towards the people's welfare.

About the Author(s)

Fikri Ariyad, S.H., M.H. is a permanent lecturer in the Law Study Program at the Faculty of Law of Universitas Selamat Sri Batang. The author completed his bachelor's and master's degrees from the Faculty of Law, Semarang State University.

Choirunnisa is a permanent lecturer in the Communication Studies Program at Universitas Selamat Sri Batang. The author has a concentration in broadcasting and political communication. The author completed her bachelor's degree in Communication Science at UMY and completed her master's degree at UPN YK.

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I. Introduction

This research analyzes the regional expenditure allocation for Kulon Progo Regency, which is pro-poor expenditure. In line with the spirit of decentralization that has strengthened since 1999, it has brought significant changes, especially in managing the relationship between the national (central) government and sub-national (regional) governments (Raza et al., 2018). This change confirms that centralization is ineffective enough to build a balanced relationship between central and regional governments. On this basis, the national government tries to find the ideal political format by giving some of its authority to sub-national governments (Setiawan & Widiana, 2021). This process of delegating some authorities is then widely known as decentralization. This pattern of regulation presents a new government power-sharing scheme between the center and the regions that should be able to transform a more democratic power administration scheme, which ensures the inclusiveness of society in all government processes (Hapsah & Mas'udi, 2012, p. 22). The shift in concept from centralization to decentralization has implications for the birth of a form of regional autonomy to guarantee the rights of these people in the regional government administration (Paulus et al., 2017, p. 2). Regional autonomy aligns with the new government administration plan that has been rolling since January 2001. This is supported by issuing two fundamental regulations, Law No. 22 of 1999 concerning Regional Government and Law No. 25 of 1999 concerning Central and Regional Financial Balance. These two regulations were later refined by Law No. 32 of 2004 and updated again through Law No. 23 of 2014, and most recently through Law No. 9 of 2015 concerning Regional Government. Meanwhile, in the context of the Financial Balance between the Center and the Regions, it is regulated in Law No. 33 of 2004 and most recently through Law No. 1 of 2022 (Bakti & Kodoatie, 2012, p. 1).

The presence of the Regional Government Law and the Law on Financial Balance between the Central and Regional Governments mandates that decentralization, which is the soul of these regulations, is carried out in the form of regional autonomy. Decentralization can only produce

welfare outputs if the following prerequisites are present, namely: 1) the functioning of local democracy, 2) the fiscal autonomy enjoyed by local governments, including the authority of the regions to produce their own financial resources with sufficient management capacity, 3) there is no element of externality in relations between communities and between regions, and 4) having technical or administrative capacity by government apparatus (Biswas, 2008; Isufaj, 2014, p. 460). The implementation of regional autonomy has seen a shift in authority and responsibility in allocating resources from the Central Government to Regional Governments (Aulia, 2014, p. 330; Fitriyanti & Handayani, 2021, p. 79; Setiawan, 2022, p. 3). The existence of this authority, in addition to providing opportunities and opportunities for regions to regulate and manage their autonomous regions independently, is also followed by support from the Central Government for funding. Funding support, primarily through transfers from the central government to the regions, is expected to trigger Regional Governments to provide much better services to the public, especially in the context of welfare development (Syamsuri TN & Bandiyono, 2018, p. 12). Therefore, regional autonomy also impacts the design of the Regional Revenue Budget and Regional Expenditures (APBD). This transfer fund further strengthens regional fiscal capacity in terms of revenue in addition to Regional Original Revenue (PAD), levies, taxes, and so on. This increase in revenue also requires the region to design regional expenditure or public expenditure that is right on target and more capable of having implications for the welfare of the people in the area in an accelerated manner (Widiastuti, 2013, p. 293).

The sizeable fiscal capacity in Regional Governments is the impact of fiscal decentralization with increased transfers of balancing funds from the central government to the regions in the form of General Allocation Funds (DAU), Special Allocation Funds (DAK), and Revenue Sharing Funds (DBH). However, this transfer funding should not be used as a tool for regional dependence on the Central Government. This dependence must be minimized by making PAD part of the largest regional financial source in funding all activities of regional government administration (Masdjojo & Sukartono, 2009, p.

33). Even so, the problems that occur and are experienced by most of the Regional Governments, in addition to how to increase Regional Original Revenue, are also how to design public expenditure that can trigger regional economic growth, ultimately stimulating welfare escalation. Government spending can also affect each country's gross domestic product (GDP) if managed properly (Cashin, 1994). This is a dilemma to solve because managing public expenditure that is lacking and not on target does not contribute to welfare evenly.

The Regional Income and Expenditure Budget (APBD) is a government work plan realized quantitatively, usually in monetary units that reflect regional revenue sources and expenditures to fund regional activities and projects within one fiscal year. Apart from that, the APBD is also intended as a tool to improve public services and community welfare with the objectives of broad, accurate, and responsible regional autonomy. Revenue is needed to accumulate regional financial resources to support governance in the regional realm. Meanwhile, regional spending is explicitly required to fund the implementation of government functions, affairs, and authorities, which are the authority of sub-national governments. Sub-national government includes provincial or regency/city government, which consists of mandatory affairs, optional affairs, and affairs that are handled in certain sections or fields that can be carried out jointly between the Central Government and Regional Governments or between Regional Governments (Syamsuri TN & Bandiyono, 2018, p. 13).

Public expenditure (government spending) that has not been able to boost welfare has resulted in a superior poverty level. This is a problem that Kulon Progo Regency is experiencing. This regency is one of the regencies in DI Yogyakarta. Statistical data for 2021 shows that Kulon Progo Regency has the highest poverty rate in Yogyakarta compared to other regencies and cities. Interestingly DI Yogyakarta, as the Provincial Government oversees it, receives special autonomy for historical and cultural reasons. This has implications for disbursing special funds so that transfer revenue from the central government further strengthens fiscal capacity in DI

Yogyakarta. This large fiscal capacity is like Papua but does not impact welfare (Setiawan, 2022, p. 14). So why, with such a large amount of funds, are there still areas with a high percentage of poverty, such as the Kulon Progo Regency? How are regional expenditures in Kulon Progo related to transfer revenue from the Provincial Government, which is quite significant? It is essential to examine this question further to understand that public expenditure cannot significantly resolve welfare issues. Statistically, the poverty rate in DI Yogyakarta can be seen in Table 1 in the last five years.

Table 1. Number of Poor Population in Regency/City of DI Yogyakarta Year 2017–2021 (Thousands)

Region	2017	2018	2019	2020	2021
Sleman	96.75	92.04	90.17	99.78	108.93
Bantul	139.67	134.84	131.15	138.66	146.98
Gunung Kidul	135.74	125.76	123.08	127.61	135.33
Yogyakarta City	32,20	29,75	29,45	31,62	34,07
Kulon Progo	84.17	77.72	74.62	78.06	81.14
DI Yogyakarta	32.2	29.75	29.45	31.62	34.07

Source: *bappeda.jogjapro.go.id* & BPS 2017-2021

The statistical data above shows the number of poor people in regencies and cities in DI Yogyakarta. The data also indicates that Bantul Regency has the most significant number of poor people in Yogyakarta. However, if presented, for example, the highest poverty rate in DI Yogyakarta is occupied by Kulon Progo Regency at 18.38%. This data is interesting because when referring to data from the Directorate General of Population and Civil Registration of the Ministry

Table 2. Percentage of Regency/City Poverty in the Special Region of Yogyakarta in 2017–2021 (%)

Region	2017	2018	2019	2020	2021
Sleman	8,13	7,65	7,41	8,12	8,64
Bantul	14,07	13,43	12,92	13,50	14,04
Gunungkidul	18,65	17,12	16,61	17,07	17,69
Yogyakarta City	7,64	6,98	6,84	7,27	7,64
Kulon Progo	20,03	18,30	17,39	18,01	18,38
DI Yogyakarta	13,02	12,13	11,70	12,28	12,80

Source: *Central Bureau of Statistics DI Yogyakarta 2017-2021*

of Home Affairs in the second half of 2021, Kulon Progo Regency has the second smallest population after Yogyakarta City. Ironically, the poverty rate is the highest in DI Yogyakarta, as shown in [Table 2](#).

Based on the data presented above, it is clear that Kulon Progo Regency, in the 2017-2021 interval, has always been the region with the highest percentage of poverty in DI Yogyakarta. Although the accumulation of the population is relatively low, the composition of poverty is remarkably high. This means that regional spending in Kulon Progo Regency has no significance in reducing the percentage of poverty in the region, especially in 2017-2021. Why don't regional expenditures in the context of Kulon Progo Regency successively have no significance for welfare? Does this reality reflect that public expenditure in Kulon Progo Regency is not yet pro-poor expenditure?

Research conducted by [Bawimbang et al. \(2021, p. 530\)](#) related to the effect of public expenditure on the poverty rate in Manado City shows that simultaneously direct spending, indirect spending, and general allocation of funds significantly affect the poverty rate in Manado City. However, if it is broken down in detail, direct spending does not substantially affect the poverty level in Manado City. On the other hand, indirect spending has been significant in Manado City. Similar research was also conducted by [Siregar and Ramadhan \(2020\)](#) related to the effect of regional spending on poverty rates in regencies/cities in North Sumatra, showing that public expenditure significantly affects poverty. The two studies confirm that public expenditure, which has significance for the poverty level, indirectly reflects government expenditure which is pro-poor expenditure. Therefore, public expenditure based on pro-poor expenditure is an alternative for local governments to suppress extreme poverty in their regions.

Furthermore, based on gender-responsive budgeting, [Natalis' research \(2020, p. 72\)](#) on the urgency of implementing the APBD in Sekadau Regency, West Kalimantan Province, still encounters many obstacles. Understanding of budget allocations for gender development is lacking, so women's participation in various policies related to regional finance is still minimal.

This situation will become a fundamental problem because of the minimal involvement of women in formulating regional financial policies, especially development related to the accessibility of women and children. Women and children become vulnerable groups if budget management is not gender responsive. Finally, the percentage of poverty is increasing, which is experienced by women. Finally, [Hasanah and Siregar's research \(2014, p. 263\)](#) on the effect of government spending on poverty shows that fiscal decentralization influences poverty, even though the mark achieved is inclusive. Meanwhile, regional public expenditure for specific sectors, especially education, and health, is believed to impact poverty reduction positively. However, it is still in absolute terms. This study found that the budget for the health sector only affected reducing poverty in rural areas. Although the education budget impacts poverty in rural areas, the signs obtained are not by theoretical conceptions. Meanwhile, the education budget cannot reduce the number of poor people in urban areas.

The question then arises whether regional expenditure allocations in Kulon Progo Regency are based on pro-poor expenditure budget allocations. Is the pro-poor expenditure allocation in Kulon Progo capable of increasing the welfare of its citizens? These two questions are interesting for deeper analysis because sometimes local spending with maximum absorption is not necessarily correct on target and has good development quality. The human resources managing regional expenditures sometimes lack competence in handling these matters. As a result, slow economic growth and low social welfare are at stake. The theory that will be used in this study uses the theoretical conception of [Yao \(2007\)](#), which indicates that pro-poor social expenditure is a spending group that is considered to provide benefits to people experiencing poverty in overcoming their problems. The pro-vulnerable budget allocation is essential in Kulon Progo Regency, considering that public expenditure has not significantly boosted its people's welfare. So far, very few studies on Kulon Progo have looked at the pro-poor budget approach. Therefore, this research will fill in the gaps in the study of Kulon Progo as

a novelty regarding analyzing the Kulon Progo budget.

II. Methods

This type of research uses a qualitative approach with library research methods. This approach allows researchers to trace relevant literature sources to answer the formulated problems. The focus of the study in this paper is the allocation of local government spending, that is, pro-poor expenditure in Kulon Progo Regency, DI Yogyakarta. The theoretical approach used in this research is [Yao's theory \(2007\)](#) which indicates that pro-poor social expenditure is a spending group that is considered to provide benefits to the poor in overcoming their problems. This approach is essential because, in the context of Kulon Progo, this theory will explain how this region still survives with the highest percentage poverty rate in 2017-2021 in DI Yogyakarta. Meanwhile, to find data, researchers use methods by collecting all secondary data such as journals, relevant official agency documents, mass media, and various other supporting literature in answering the formulated problems. Researchers collecting data put forward the principle of caution in tracing relevant secondary data considering that there is quite a lot of data, so it is necessary to select more stringent data. This research was conducted from August 1 to August 28, 2022, observing all welfare developments in Kulon Progo Regency.

This research is essential because researchers try to see that the low level of welfare in Kulon Progo Regency implies regional spending that is not pro-poor. The locus of this research is regional allocation expenditure in Kulon Progo Regency. First, regarding geographical construction, Kulon Progo is one of the Regencies in DI Yogyakarta, which has abundant agricultural and tourism resources. Second, in numerous studies, Kulon Progo, especially in the 2017-2021 period, is the region with the highest percentage of poverty in DI Yogyakarta. Third, this phenomenon is interesting because Kulon Progo has the province's fiscal capacity, which is the recipient of special autonomy funds. Because of this situation, local government spending should be able to increase welfare. Meanwhile, researchers in carrying out research stages use

Creswell's concept. The stages of qualitative research, according to Creswell, consist of problem identification, literature search, the study aims and objectives, data collection, data analysis and interpretation, and research reporting ([Raco, 2010, p. 37](#)). Meanwhile, for data analysis, researchers used Miles et al.'s concepts related to qualitative data analysis. According to Miles et al., qualitative data analysis techniques include data collection, data reduction, presentation, and conclusion ([Miles et al., 1994](#)).

III. Results and Discussion

Regional spending or government spending is prioritized to protect, improve, and guarantee the quality of life of the people to fulfill regional obligations. This fulfillment is manifested in the form of improvement and enhancement of essential services, education, provision of appropriate health service facilities, social facilities, and public facilities, as well as developing social security by considering the analysis of spending standards, price standards, performance benchmarks, and minimum service standards by Law No. 23 of 2014 which was revised secondly through Law No. 9 of 2015 ([Hobrouw et al., 2021, p. 406](#)). Therefore, the manifestation of government spending is to build welfare for the people. Doesn't the government have an obligation to improve the welfare of its people? ([Widiastuti, 2013, p. 294](#)). On this basis, the government must allocate more significant budget items for the public interest through this government expenditure. Especially in the context of vulnerable groups such as people with low incomes, government spending must also be able to adapt and adjust to the needs of these groups. Then how about a budget that favors these vulnerable groups?

Berek provides three designs regarding the pro-poor budget. First, a budget that directs the importance of pro-poor development policies. Second is the practice of drafting policies and policies in the field of budgets, which are intentionally (by design) aimed at making policies, programs, and projects that favor the interests of people with low incomes. Third, budget policies whose impact can improve welfare and or fulfill the needs of the fundamental rights of people with low incomes ([Syamsuri TN & Bandiyono,](#)

2018, p. 14). Therefore, at least four indicators of public expenditure are benchmarks, especially those favoring welfare (Siregar & Ramadhan, 2020). This includes public expenditure on indicators that impact economic growth, public expenditure that affects improving human development, public expenditure that influences the development of better regional infrastructure, and public expenditure that directly targets vulnerable groups to accommodate their basic needs. The four public expenditure budget items are essential to see public expenditure in Kulon Progo Regency, DI Yogyakarta.

A. Economic Growth and Community Welfare of Kulon Progo

Undoubtedly, good economic growth in a region will impact the portrait of a region's welfare and economic growth in the Kulon Progo Regency, where there has been a steady stretch of development. If we compare it with the regency/city areas in DI Yogyakarta, this region's economic growth is quite stretched. The composition of the population, which is not too large compared to the Sleman Regency, is a gap for accelerated welfare development while maintaining balanced regional economic growth. A portrait of the stretch of regency/city economic growth in DI Yogyakarta in 2017-2021 can be seen in Table 3.

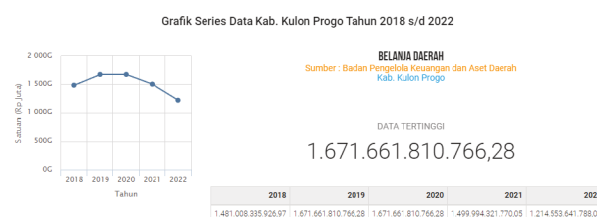
Table 3. Percentage of Economic Growth in the Regency/City of DI Yogyakarta 2017–2021

Region	2017	2018	2019	2020	2021
Sleman	5,22	5,34	6,42	6,48	-3,91
Bantul	5,10	5,47	5,53	1,66	-
Gunungkidul	5,01	5,16	5,34	-0,69	5,22
Kulon Progo	4,76	5,97	10,84	13,49	-4,06
Yogyakarta City	5,24	5,49	5,96	-0,81	±3,00

Source: processed from various sources 2017–2021

Based on the economic growth data above, there was quite remarkable economic growth in the 2017–2022 interval, especially in Kulon Progo Regency, in 2019 and 2020. Figures 10.84 and 13.49 are quite encouraging percentages of economic growth. This means that economic growth in 2019 and 2020 is a milestone for good improvement, considering that this economic

growth is far above other Regencies, which only touch around 5-6%. If accompanied by the effectiveness and efficiency of public expenditure, this conduciveness will undoubtedly be maintained. In line with what economist John Maynard Keynes stated in the Keynesian approach, he said that fiscal policy is embodied in government spending (public expenditure), both spending on goods and services and capital expenditure, which can stimulate economic growth and create jobs which will an impact on reducing poverty rate in a region (Toporowski, 2020; Yusri, 2022, p. 2; Zakariya, 2016). This means that in the context of the Keynesian approach, public expenditure or government spending is one of the variables driving economic growth (Sangkaen et al., 2018, p. 31). Therefore, this condition is essential in viewing public expenditure in Kulon Progo Regency and then juxtaposing it with the progress of economic growth that has been achieved. Figure 1 is a breakdown of Kulon Progo Regency, DI Yogyakarta's public expenditure for 2020-2021.



Source: bappeda.jogjapro.go.id & Kulon Progo Regency Government (2022)

Figure 1. Public Expenditure Achievement of Kulon Progo Regency, DI Yogyakarta, 2018–2022

The graphical data above shows that public expenditure for Kulon Progo Regency in the 2018–2022 interval will peak in 2019 and 2020. This is indicated by the highest realization of public expenditure, reaching namely Rp1,671,661,810,766.28. This public expenditure data is interesting, where high public expenditure in 2019 and 2020 was accompanied by dynamic economic growth in the same year of 10.84% and 13.49%. This means a positive correlation exists where maximum public expenditure will also trigger significant aggregate economic growth. However, the next problem that needs to be drawn is how can public expenditure be maximal and impact high economic growth rates, which has not yet impacted prosperity in Kulon Progo?

This question will lead to details of budget allocations in the Kulon Progo Regency public expenditure post itself.

2020 is indeed for Kulon Progo Regency, a year with exceedingly high economic growth achievements. This enthusiasm will continue in 2021 when the Kulon Progo Regency projects an APBD of 1.24 trillion. Meanwhile, regional spending reached 1.217 trillion. Departing from this regional expenditure posture, the Government of Kulon Progo Regency distributes its regional expenditure with several compositions of its budget items, as shown in [Table 4](#).

Table 4. Projection of Public Expenditure Allocation Posts for Kulon Progo Regency in 2021

Allocation of Expenditure Posts	Total
Public Expenditure	Rp1,217 trillion
Operational Expenditure	Rp950,199 billion
Capital Expenditure	Rp92,625 billion
Unexpected Expenditure	Rp5 billion
Transfer Expenditure	Rp169,704 billion

Source: processed from various sources 2017-2021

Interestingly, this public expenditure allocation posture impacts the economic growth of Kulon Progo Regency in 2021, which grew -by 4.06%. This was caused by the shock of the COVID-19 Pandemic, which spread in Indonesia. As a result, dominantly, the economy becomes slow and even grows with negative aggregate. Therefore, this condition is a turning point for Kulon Progo Regency, where the poverty rate makes this region's status as a regency with the highest percentage of poverty among regencies/cities in DI Yogyakarta. However, when compared to the poverty percentage in 2017 of 20.03%, it was undoubtedly slightly better achieved in 2020. The Kulon Progo Regency Government's relentless efforts in creating accelerated welfare of its people through the APBD posture in 2021, to be precise in August 2021, received appreciation from the Ministry of Internal Affairs Republic of Indonesia. The Ministry of Home Affairs appreciates the achievement of the realization of the Regional Revenue and Expenditure Budget (APBD) in fifteen regions consisting of five regencies, five cities, and five provinces,

respectively. Based on the letter of appreciation given by the Ministry of Home Affairs, it was stated that Kulon Progo Regency had supported the Central Government's policies related to accelerating the realization of regional spending in the 2021 Fiscal Year (TA) APBD to deal with COVID-19 and accelerating economic recovery ([Pemerintah Kabupaten Kulon Progo, 2021b](#)).

The evaluation and monitoring results until August 1, 2021, the realization of public expenditure for Kulon Progo Regency has touched 54.64% of the total public expenditure set. This figure exceeds the percentage figure for realizing regency and city public expenditure nationally, which only touched 35.8%. This achievement is, of course, for the Government of Kulon Progo Regency to be an excellent start to oversee public expenditure, which is not only maximally absorbed but in terms of quality and quantity it is right on target and has an even more massive impact on people's welfare figures. So how is Kulon Progo's economic growth performance concerning the pro-poor expenditure allocation? What is Kulon Progo Regency doing through its APBD to maintain economic growth amid conditions of regional poverty that threaten vulnerable communities?

In 2021, the Government of Kulon Progo Regency has allocated a budget of Rp12 billion as a form of pro-poor expenditure arrangements to deal with poverty for 5,000 KPM (Beneficiary Families). This arrangement was made in the context of boosting the level of people's purchasing power, especially during the COVID-19 pandemic. Data from the Social Service for the Empowerment of Women and Children of Kulon Progo Regency, the distribution of social assistance such as the Social Ministry's staple food program in 2021 targets as many as 46,732 KPM and the Family Hope Program (PKH) as many as 29,220 families. In addition, there is cash social assistance (BST) from the Ministry of Social Affairs to 18,892 KPM and cash food assistance (BPNT) from the Kulon Progo APBD in the amount of 5,000 KPM. The BPNT allocation was taken from the Kulon Progo APBD of around 12 billion (Ministry of Home Affairs, 2021). This data confirms that during the COVID-19 pandemic, Kulon Progo Regency was given a stimulus to a pro-poor expenditure-oriented

budget policy with the increasing poverty situation.

Meanwhile, compared to the pro-poor expenditure budget arrangements in 2020, only 4,680 KPM have been budgeted for the BPNT APBD. However, due to the COVID-19 pandemic situation, the number of KPM has changed to 48,815. The budget scheme used in creating this pro-poor expenditure in Kulon Progo Regency does not use a privileged fund scheme. In practice, the basic food assistance and the Kulon Progo APBD BPNT are managed based on local economic empowerment. Therefore, considering privilege funds have not been involved in overcoming poverty in Kulon Progo, using the Kulon Progo regional budget has not significantly reduced the poverty rate. This condition causes Kulon Progo Regency to have a poverty rate that tends to be high when compared to regencies/cities in DIY.

B. Manifestations of Public Spending and Quality of Human Development in Kulon Progo

The government's seriousness in increasing the human development index can be seen from realizing regional spending on public services (Hobrouw et al., 2021, p. 404). This also applies in every region, including the Kulon Progo Regency. Only by knowing the human development index scores obtained from year to year is it actually possible to map the realization of regional spending in the public service sector. Both in terms of quality and quantity, the correlation that emerges is that good public services will affect the human development index. Table 5 is the

Table 5. Human Development Index Regencies/Cities in DI Yogyakarta in 2017–2021

Region	2017	2018	2019	2020	2021
Sleman	82,85	83,42	83,85	83,84	84,00
Bantul	78,67	79,45	80,01	80,01	80,28
Gunungkidul	68,73	69,24	69,96	69,98	70,16
Yogyakarta City	85,49	86,11	86,65	86,61	87,18
Kulon Progo	73,23	73,76	74,44	74,46	74,71
DI Yogyakarta	78,89	79,53	79,99	79,97	80,22

Source: Statistics Indonesia of DI Yogyakarta 2017–2021

human development index in regencies/cities in DI Yogyakarta in the 2017–2021 interval.

Based on the human development index data above, there is very interesting data where Kulon Progo Regency has the second lowest HDI after Gunungkidul Regency. However, this position can be seen where the HDI score for Kulon Progo Regency in the 2017–2021 period has increased continuously, although not significantly. Compared to the accumulative average, the province of DI Yogyakarta is below it. This figure is very far away compared to the HDI of Yogyakarta City, which dominates over 80. Even Bantul Regency and Sleman Regency are two Regencies that are pretty good in terms of HDI because they can reach a score of 80 in a particular year. This situation is a big job for the Government of Kulon Progo Regency to use its public spending allocation that drives the HDI score. One alternative that can be done is to pay attention to developing the quality of public services for the people of Kulon Progo, which are more able to accommodate people with low incomes in accessing them. This is what is important to do in improving the quality of human development.

Apart from that, the quality of public spending in Kulon Progo Regency can be seen from HDI achievements and macroeconomic performance achievements. This is important because this macro indicator, in its achievements, maps how far Kulon Progo Regency continues to improve and continues to improve the quality of its public spending for the sake of the quality of life of its people with dignity. This context is in line with the regional goals and regional development of the Kulon Progo Regency Government, which sets four development priorities, namely:

1. Accelerating the development of supporting infrastructure for the national strategic program
2. Strengthening social protection and increasing the competitiveness of local products
3. Improving the quality of superior and cultured human resources
4. Improving public services by utilizing information technology (Pemerintah Kabupaten Kulon Progo, 2021a).

Looking at the four priorities of the Kulon Progo Regency development program, especially in points two, three, and four, it is obvious how this development program is highly correlated with public spending, which is directed at accommodating low-income people. This means that this development demands that financially helpless people can develop themselves and their potential so that they can be competitive and elevate the economic dignity of their people. The achievements of the macroeconomic performance of Kulon Progo Regency in 2020 can be seen in [Table 6](#).

Table 6. The Achievements of the Macroeconomic Performance of Kulon Progo Regency in 2020

No.	Macroeconomic Performance Indicator	2019 Performance Achievements	2020 Performance Achievements	Change
1	HDI	83,42	83,85	83,84
2	Poverty Rate	79,45	80,01	80,01
3	Unemployment Rate	69,24	69,96	69,98
4	Economic growth	86,11	86,65	86,61
5	Income per capita	73,76	74,44	74,46
6	Income Inequality	79,53	79,99	79,97

Source: *Statistics Indonesia and Ministry of Communication of Kulon Progo Regency (2022)*

The macro performance achievements of the Kulon Progo Regency Government in 2020 above, in the 2017-2021 range, made quite an encouraging history, especially in economic growth, which reached 13.49%. However, after that, due to the outbreak of the COVID-19 Pandemic, everything was shaken and depended on how the Regional Government was able to create regional spending political policies that were adaptive to the situation. If the adaptability of allocating public spending is not managed correctly, one of the impacts will be an increase in unemployment. Therefore, by looking at the unemployment rate, the adaptability of the allocation of public spending can indirectly be mapped. [Table 7](#) describes the regency/city open unemployment rate in DI Yogyakarta in 2017-2021.

Based on the open unemployment data released by the Central Bureau of Statistics above, it can be seen that Kulon Progo Regency is dominantly the region with the second lowest

Table 7. Open Unemployment Rate of Regencies/Cities in DI Yogyakarta in 2017–2021 (%)

Region	2018	2019	2020
Sleman	4.41	3.98	5.09
Bantul	2.76	3.07	4.06
Gunungkidul	2.11	1.96	2.16
Yogyakarta City	6.24	4.95	9.16
Kulon Progo	1.51	1.80	3.71
DI Yogyakarta	3.37	3.18	4.57

Source: *Statistics Indonesia of DI Yogyakarta 2017-2021*

open unemployment rate after Gunungkidul Regency. Based on BPS data, the open unemployment rate for 2020 is 10,005 people. This figure decreased in 2021 to around 3.69% or 9,920 people ([Putri, 2022](#)).

C. Public Expenditures for Government Infrastructure of Kulon Progo Regency

The regional expenditure budget posts for Kulon Progo Regency in working on community welfare issues can be traced from the infrastructure development in Kulon Progo Regency itself. It is important to take this seriously because public infrastructure development has also contributed to accelerating prosperity in Kulon Progo. However, the budget allocation for infrastructure spending in Kulon Progo Regency in 2022 is only half of the 2021 spending budget. Public spending on infrastructure for Kulon Progo Regency in 2022 is at most half compared to 2021. The infrastructure spending budget in 2021 reaches IDR 5 billion with details consisting of 41 locations, and each location is budgeted at 100-150 million. Meanwhile, the 2022 infrastructure public spending budget has fallen to 2.5 billion, with details consisting of 25 locations where each location is budgeted at 100 million ([DPRD Kabupaten Kulon Progo, 2022](#); [JPNN.com, 2022](#)). Based on these data, the infrastructure budget must be increased if you look at the reality and conditions of poverty, human development, and unemployment in the Kulon Progo Regency. However, the reality is that in 2022 it will decrease and impact people's welfare. This is rational because quality and adequate infrastructure development are needed to improve people's welfare. The existence of adequate infrastructure development will

positively impact the community, facilitating community mobility, access to employment, and increasing work productivity for the community to reduce unemployment and poverty (Purnomo et al., 2021).

There is a very high difference compared with the infrastructure expenditure budget in Sleman. Sleman Regency has budgeted spending for the infrastructure at 404 billion, while in Kulon Progo Regency, it is only 2.5 billion (Razak, 2022). If you look at these figures, the Kulon Progo Regency government can adopt a policy regarding infrastructure spending by the Sleman Regency government, provided that it takes into account the regional fiscal strength it has. Infrastructure development is a top priority in Sleman Regency due to the growing awareness that good infrastructure development will impact the quality of other programs such as health, education, and the economy. The success of development in the infrastructure field is often a benchmark for the success of a government. This indicator is proven in Sleman Regency, where prioritizing the infrastructure sector's budget will positively impact increasing the community's availability of goods and services. The availability of these goods and services will also increase people's living standards, reducing the unemployment rate (Rambe & Iskandar, 2021). Increasing the spending budget for infrastructure may get more attention so that the problem of unemployment and poverty in the Kulon Progo Regency can be reduced. Because of that, the regional government of Kulon Progo needs to allocate adequate infrastructure public spending for the welfare needs of its people.

IV. Conclusion

Departing from several outputs from empirical data regarding the spending of the Regional Government of the Kulon Progo Regency, it can be concluded that the allocation of regional expenditure for Kulon Progo needs to be optimally based on pro-poor spending. This situation can be seen from the high poverty level in Kulon Progo Regency, which ranks highest among the Regencies/cities in Yogyakarta. This is also contributed by arranging public spending allocations in 2021, which have yet to use privileged funds in the Kulon Progo Regency. The

problem of displaying high poverty is only a welfare problem that has not been resolved so far, not to mention the issue of the human development index for Kulon Progo Regency, which is in the second lowest position after Gunungkidul Regency, and also the level of open response, which is relatively high. This condition indirectly impacts the allocation of shopping places, which still need to be pro-poor to the needs of low-income people. If you look at the fiscal capacity of Kulon Progo Regency, which is quite strong, then, of course, the regional public spending in Kulon Progo Regency should be able to reveal the complex problems faced. The management of this public expenditure allocation must be prioritized on the four basic development concepts as stated in the goals and areas and regional development of the Kulon Progo Regency Government. This commitment is noteworthy for the Government of Kulon Progo so that these public expenditure budget items lead to pro-poor expenditure.

On the other hand, important notes, especially in infrastructure development, must also be prioritized. This is considering that infrastructure development in the Kulon Progo Regency area is also one of the catalysts for welfare development. Therefore, the allocation of public regional spending or infrastructure budget items needs to be increased while considering the fiscal strength of the Kulon Progo Regency itself. This is in anticipation of the complex welfare problems faced by the Government of Kulon Progo Regency. Adequate infrastructure spending, especially in the economic, social, and related to the quality of community development, certainly needs to be prioritized so that there must be guarantees and certainty that the location of these lines must be enlarged. Without adequate development infrastructure, welfare problems cannot be resolved entirely. This is also in line with regional spending, which must be directed at solving the issues currently facing the Kulon Progo Regency Government itself.

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