Implementing Pro Poor Budgeting in Poverty Reduction: A Case of Local Government in Bone District, South Sulawesi Province, Indonesia

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ABSTRACT

The number of transfer funds managed by local governments has increased significantly but the decline of the poor is quite slow. The implementation of pro poor budgeting depends on the extent to which local governments formulate program planning and budgeting related to poverty alleviation. This study uses descriptive analysis approach and contents analysis on planning documents and local budgets to know the number of programs and the amount of government spending related to poverty reduction in Bone District. The study finds that the number of programs implemented by Bone District governments in 2015 amounted to 45 programs with budget realization of IDR 126.2 billion. This figure is relatively small only 6.86% of IDR 1841.8 billion total local government spending in Bone District. This study suggests the need for an increasing the number of programs and the proportion of spending associated with poverty alleviation.

Keywords: Pro-poor Budgeting, Poverty, Fiscal Decentralization
JEL Classifications: H7, O1, O2

1. INTRODUCTION

Until now, the issue of poverty remains an interesting topic of discussion by policy makers in Indonesia. This is indicated by the number of poor people is still quite high until 2015. The number of poor people increases from 27.72 million people in 2014 to 28.51 million people in 2015, or from 10.96% to 11.13% at the same period. The figure is distributed in all provinces in Indonesia. For South Sulawesi Province, the number of poor people is 864,51 thousand in 2015 and the amount varies between districts/cities. Most of the poor are in rural areas. This condition further reinforces the fact that to overcome the poverty problem requires a multidimensional and comprehensive policy (Mawardi and Sumarto, 2003).

One policy that plays a major role in reducing poverty is the fiscal decentralization policy. In the era of fiscal decentralization, local

governments are given the widest possible authority to regulate the use of transfer funds to improve the welfare of the people through the provision of public services. In relation to this, pro poor budgeting policies plays an important role. Boex et al. (2006) in their study state that fiscal decentralization can reduce poverty through each of the pillars of decentralization, namely expenditure authority, acceptance authority, central and local financial relations, and loans.

In 2010, balance funds in South Sulawesi (Provinces and Districts/Municipalities) have reached IDR 10.73 trillion (World Bank, 2012) and are confirmed to have increased over the past 6 years. However, the number of poor people in South Sulawesi Province is still relatively high and even increased in 2015. This indicates that the amount of transfer funds has not been effective to accelerate the decline in the number and percentage of poor people. Although it is acknowledged that transfer funds to the regions are absorbed

more into personnel expenditure, but local governments are still responsible for providing space and increasing the proportionate budget allocation portion to the poor.

The pro-poor budgeting policy has given the local government more space in the era of fiscal decentralization. There are two pillars of fiscal decentralization that contribute to reducing poverty in the regions, namely expenditure and intergovernmental fiscal relations. Previous studies that estimated between fiscal decentralization and poverty reduction were relatively large and the results varied (Steiner, 2005; Liv, 2009; Sepulveda and Martinez-Vazquez, 2010; Banwo, 2012; Valaris, 2012; Moche et al., 2014; Azila-Gbettor et al., 2014; Maharajabdinul et al., 2015; Abdullah and Mursinto, 2016; and recently by Agegnehu and Dibu, 2017). Soejoto et al., (2015) and Maharajabdinul et al. (2015) find the increasing decentralization funds is not followed by a decrease in total poor population significantly in Indonesia. The study of transfer funds as a measure of fiscal decentralization and poverty reduction generally uses quantitative analysis and focuses on a national level, a qualitative approach and a focus on local government level is relatively limited. Empirical studies at the local government level are important because local governments are more aware of the actual needs of communities and can collaborate with communities in formulating program planning and budgeting related to poverty alleviation (Bräutigam, 2004; Manaf et al. 2016).

The impact of fiscal decentralization on poverty reduction depends on the extent to which local governments are committed to allocating budgets to programs and activities that directly touch the needs of the poor. The more pro-poor programs and activities the greater the proportionate budget portion to the poor who can then create income for the poor (Bossuyt, 2000). Bräutigam (2004) asserts that the allocation of spending more to the poor if the poor are directly involved in determining budget decisions. Manaf et al. (2016) find that Kota Pekalongan has succeeded in encouraging increased community participation in planning and development and has also successfully implemented a poverty reduction program.

Mawardi and Sumarto (2003) find that local governments have a high degree of flexibility in using DAU funds for the benefit of the poor, and transfer funds are complementary to local government funding to address poverty (Bossuyt, 2000). This is in line with Rao (1998) which states that the success of anti-poverty strategies in the decentralization era consists of three groups of measures: (i) Providing opportunities to the poor, (ii) empowering the poor, and (iii) providing protection to the poor. These three measures are inseparable from the extent to which local governments formulate pro-poor planning and budgeting.

This study analyzes the implementation of pro poor budgeting policy in the era of fiscal decentralization at the local government level in Bone District by focusing on three key questions: (i) What programs, and activities were developed by local governments that are pro-poor? (ii) How much of the budget was allocated to pro-poor? (iii) What forms of local government innovation are related to poverty reduction in Bone district?

The study is organized as follows: (i) Session 2 contains survey literature of pro poor budgeting, (ii) Session 3 contains research method, (iii) session 4 containing results and discussion, and (iv) Session 5 contains conclusions and recommendations.

2. SURVEY LITERATURE OF PRO POOR BUDGETING

Pro-poor budget policy is a pro-poor budgetary reform. This policy arises from the weakness of the implementation of previous budget policies that are not pro-poor. This is indicated by the number of poor people who do not benefit from the results of development. According to Kakembo (2016) that pro-poor budget has important implications for redistributing funds to reduce poverty. To achieve this, poor people should be involved in the planning and budgeting process to ensure that government aid and spending programs for social services such as education and health are fully defined and enjoyed by them.

In the era of decentralization, the World Bank (2008) asserts that democratization in the budget sector includes participation (from the people), accountability and transparency (by the people) and responsiveness (for the people). Democratization is what has led to new concepts in the budget sector: Participatory budgeting, gender budgeting, people budgeting and pro poor budgeting (Santos, 1998; Sintomer et al., 2008).

Rono and Getachew (2016) define pro poor budget in two aspects: First, expenditure aspect is budget allocation to social and economic sectors directly accepted by the poor, and budget allocation to social and economic sectors indirectly accepted by the poor but have significant access opportunities to the poor. Second, aspects of taxation, the setting of progressive taxes according to the income received by the poor. Further World Bank (2008) notes the characteristics of the pro-poor budget are: First, income side of the Region such as; not collect taxes, levies from the poor, not impose taxes and levies on the fulfillment of the basic needs of the poor as the main source of local income, not burden the poor with various services types of taxes and levies. Second, regional expenditure such as; budget allocation for subsidy of fulfillment basic needs of the poor, budget allocation for the provision of public facilities and public infrastructure in favor of the poor, includes of community health service center (Puskesmas), auxiliary public health service center (Pustu), village roads, and clean water; Third, the existence of budget allocation for the data collection of the poor and the needs assessment of the poor, Fourth, the existence of budget allocations to provide space for participation and self-actualization of the poor, and fifth, the existence of budget allocations for planning and assessing the impact of programs/activities on the poor. There are two different approaches related to expenditure for the poor people: Expenditures that directly improve the income of the poor and expenditures aimed at improving the quality of life of the poor through improved access to basic services (Kakembo, 2016).

Thus, a State is categorized as a pro-poor country which is measured from the extent to which it promotes poverty reduction strategies, plans, and commitments. Some empirical studies of

pro poor budget such as Kakembo (2016) for the case of Uganda Country, Rono and Getachew (2016) for the State of Kenya. Both of these studies conclude that the amount of budget al.ocated to pro poor is still low. In the case of South Sumatra, Indonesia, the ratio of expenditure allocations to the poor ranging from 0.2 in 2009-2010 is highly categorized, while in 2012-2013 is 0.18 categorized as siding (Padriyansyah, 2015).

3. RESEARCH METHOD

The research is conducted at Bone District in South Sulawesi. The target groups are six key SKPD-Regional Units: Regional Development Planning Agency-Bappeda Bappeda, Health Office, Education Office, Department of Women Empowerment and Child Protection, and Social Service Office, and Community Empowerment Board. The data used is primary and secondary data which is analyzed through statistic-descriptive and content analysis. Primary data includes the forms of innovative of local government related to poverty reduction and the constraints and obstacles in allocating budgets for poverty reduction. Secondary data includes planning documents such as Strategic Planning-RENSTRA, Annual Planning-RENJA, and Budget Documents-APBD. Contents analysis includes identification of programs and activities contained in planning and budgeting documents related to poverty alleviation, while descriptive analysis includes analyzing budget allocation realization for poverty alleviation programs and activities in Bone District.

4. RESULT AND DISCUSSION

4.1. Local Budget Analysis in Bone District

During the period of 2010-2015, the realization of revenue in Bone increased from IDR 850.7 billion to IDR 1870.1 billion or grew by an average of 17.29% per year. Acquisition of regional revenues during the period comes from three sources: Revenues derived from local original revenues-PAD, revenues from balance funds, and other legitimate local revenue. PAD consists of tax revenues, user charge, regional owned enterprise revenue and other legitimate PAD. PAD has increased until 2015 except in 2012. The increase share in PAD began to occur in 2014-2015. This shows that the role of PAD as a source of income has improved, especially in the last 2 years.

From the PAD structure, it seems that local taxes and user charges are relatively the same, but since 2014 and 2015, the role of local taxes is considerable. Over the past 3 years, the largest revenue of PAD has come from other legitimate PADs. This means that revenues originating from Other Legitimate PAD plays an important role in the performance of PAD, especially in the last 2 years. The magnitude of the contribution of other legitimate PAD since 2014 affects the performance of PAD as a whole so that PAD can grow on average 41.58% per year during the last 5 years. The high average PAD growth in the last 5 years indicates that PAD performance has shown positive signs as a source of local revenue. Along with the economic progress in Bone District, the opportunity to increase the sources of PAD, especially from local taxes is still quite large (Table 1).

Balance funds as a source of revenue Bone District shows an increasing every year. During that period, the average growth of the balance fund was 13.48% per year. The balance fund component consists of three, namely tax sharing/non-tax sharing, general allocation fund-DAU, and special allocation fund-DAK. Tax/non-tax sharing tends to fluctuate from year to year so that the growth for 5 years is negative. While DAU increases every year with an average growth of 12.71% per year. DAK, although relatively high, is relatively fluctuating and has a dramatic jump in 2015. Looking at the three components of the balance fund, it appears that the main contributor of the balance fund is the general allocation fund on average 84.3% of the total balance fund. The remainder is distributed to tax and non-tax sharing and special allocation funds.

Local revenue derived from other regional revenue also increased except in 2012. In 2015 it doubled compared with 2014 to reach IDR 467.8 billion. Other legal revenue is dominated by adjustment funds and regional autonomy funds. Based on the revenue structure of Bone District, it appears that revenues derived from balance funds still dominated the total regional income. This means that the level of dependence of the Bone District government on the central government is quite large. During that period, the contribution of balance funds to total regional revenues was on average 72.35%, PAD of 6.47%, and others legal revenue by an average of 21.18% (Table 2). This means that the source of funding for the implementation of the region's medium-term development program in the previous period came mostly from the central government. Although the balance fund is a big contributor, but its contribution tends to decline in the last 3 years.

Along with the increase in Bone regional revenue, the regional expenditure also increased in the period 2010-2015. When compared to the average growth between regional expenditure and regional revenues, it appears that regional expenditures are growing faster than regional revenues.

During that period, the average growth of regional expenditure reached 20% per year while regional revenue grew an average of only 17.29% per year. This condition indicates that the local government of Bone District faces challenges in financing the administration and development. The optimization of the excavation of local revenue sources still needs to be improved as the community needs continue to improve over time. In 2010, the realization of local expenditure of IDR 777.71 billion increased every year to IDR 1841.48 billion. This means that in the last 6 years the increase in regional expenditure has almost doubled. This indicates that people's needs are increasing.

From the regional expenditure structure, the largest expenditure allocation of the budget in Bone District is indirect expenditure. Indirect expenditure has doubled from IDR 540.5 billion in 2011 to IDR 1164 billion by 2015. During that period, indirect expenditure grew by an average of 17% per year. The biggest contributor to indirect expenditure is personnel expenditure. Almost all indirect expenditure is contributed by personnel expenditure. The second largest sequence of indirect expenditure is subsidized expenditure and financial aid expenditure to provincial/district governments.

Table 1: Trend of regional income in bone district (billion rupiah), 2010-2015

Descriptions	2010	2011	2012	2013	2014	2015	Average of growth
Regional revenue	850.7	1097.0	1198.0	1392.7	1534.6	1870.1	17.29
Own revenue	34.8	60.4	52.3	85.9	155.4	159.8	41.58
Local taxes	8.8	10.4	14.6	14.6	36.3	35.1	40.94
User charges	19.7	10.8	11.7	14.1	15.4	15.2	-1.62
Regional owned enterprise revenue and segmented wealth management	1.5	2.0	1.8	2.0	2.3	3.0	14.62
Others legitimate PAD	4.8	37.3	24.2	55.3	101.4	106.5	170.65
Balance fund	663.0	761.7	913.6	1022.6	1083.6	1242.6	13.48
Tax sharing	50.1	51.2	68.1	63.8	42.2	29.5	-6.99
Non-tax revenue sharing/natural resources	1.6		2.1	2.7	4.7	5.4	
General allocation funds	541.7	622.1	754.0	867.8	950.4	977.8	12.71
Special allocation funds	69.7	88.4	89.4	88.2	86.3	229.9	38.18
Other legitimate revenue	152.9	274.9	232.0	284.3	295.6	467.8	29.79
Grant revenue	1.2						
Emergency fund							
Tax sharing from province and other local government	23.0	34.0	31.8	35.5	50.8	53.9	20.46
Adjustment fund and regional autonomy	104.5	214.9	175.4	209.3	217.8	385.5	37.54
Financial assistance from provinces or other local governments	24.3	26.0					
Others			24.8	39.4	27.1	28.4	

Source: BPS, Bone in Figures, processed various editions

Table 2: Contribution of type of revenue to total regional income Bone District (%), 2010-2015

Description	2010	2011	2012	2013	2014	2015	Average
Own original revenue (PAD)	4.10	5.51	4.37	6.17	10.13	8.54	6.47
Local tax	1.03	0.95	1.22	1.05	2.36	1.88	1.41
User charge	2.31	0.98	0.98	1.01	1.00	0.81	1.18
Results of regional-owned companies and management of separated regional wealth	0.18	0.18	0.15	0.14	0.15	0.16	0.16
Other legitimate PAD	0.57	3.40	2.02	3.97	6.61	5.69	3.71
Balance fund	77.94	69.43	76.26	73.42	70.61	66.44	72.35
Tax sharing	5.89	4.67	5.68	4.58	2.75	1.58	4.19
Non-tax sharing/natural resources	0.19	-	0.18	0.20	0.30	0.29	0.19
General allocation fund	63.68	56.71	62.94	62.31	61.93	52.29	59.98
Special allocation fund	8.19	8.06	7.47	6.34	5.62	12.29	7.99
Other legitimate revenue	17.97	25.06	19.37	20.41	19.26	25.01	21.18
Grant revenue	0.14	-	-	-	-	-	0.02
Emergency fund	-	-	-	-	-	-	-
Tax sharing from province and other local government	2.70	3.10	2.65	2.55	3.31	2.88	2.86
Adjustment fund and regional autonomy	12.28	19.59	14.64	15.03	14.19	20.61	16.06
Financial assistance from provinces or other local governments	2.85	2.37	-	-	-	-	0.87
Others	-	-	2.07	2.83	1.76	1.52	1.36

Source: BPS, Bone in Figures, processed various editions

For direct expenditure realization also shows an increase every year with an average growth of 27.2%. When compared between the average of indirect expenditure growth and direct expenditure, it is seen that the growth rate of direct expenditure is faster than the indirect expenditure (17.0%). This means that the attention of the local government of Bone District towards public services is getting better.

Based on the structure of direct expenditure, the largest direct expenditure is expenditure on goods and services and thus capital expenditure. Overall, the largest expenditure composition of total local expenditure is personnel expenditure but tends to decline in 2015. While the proportion of capital expenditure tends to increase in 2015. Over the period 2010-2015, the proportion of personnel expenditure to total regional expenditure by an averages of 60% per year. As for the proportion of capital expenditure by an average of 16.1% and the rest is absorbed into goods and services and other expenditures. Based on the results of revenue and expenditure

analysis, the local government of Bone Regency appears to run a surplus budget over the last 5 years (Table 3).

4.2. Poverty Analysis in Bone District
The number and percentage of poor people in Bone show a declining trend in the last 6 years. A significant decrease in poverty occurred in 2014, where the number of poor people was reduced by 7240. The declined in poverty seems to have contributed to a fairly high rate of economic growth at the time, at 9.53% which is the highest figure in 6 years. This gives a strong message that to reduce the poverty rate in Bone District, economic growth must be maintained to stay within the range of 9.0-10.0% per year.

In 2016, the number of poor people in Bone District reached 75,090 people, which Bone District is the largest number of poor people in South Sulawesi Province. About 9.30% of all poor people in South Sulawesi Province live in Bone District. The percentage of poor people in Bone District is also relatively higher than to other

districts in South Sulawesi Province. Relatively, Bone District occupies the 10th position of 24 districts/cities in South Sulawesi Province in terms of percentage of poor people.

If linked with balance funds received by the local government appears to be quite large. Of the three components of the transfer fund, the average proportion of DAU to the total balance fund of 82.86% is the largest compared to DAK with an average of 11.17%, and DBH is only about 5.97%. The large proportion of DAU is a great opportunity for local governments to allocate programs and activities that are pro poor. However, based on the analysis of types of local government expenditure in Bone District, it is also found that the largest proportion of expenditure is personnel expenditure, which is more than 50% of total local government expenditure each year. This means less than half of it is spent on other expenditures, including expenditure allocations to address poverty. Total personnel expenditure by an average of IDR 753 billion for each year, while the average balance fund was IDR 947.8 billion. If all personnel expenditure is funded by DAU, then the difference can be allocated for poverty alleviation (Figure 1).

Taking into consideration in Figure 2 shows that there is a negative relationship between the amount of balance funds and the percentage of the poor. Starting from 2010 to 2014, the balance

funds in Bone District moved up each year and at the same time the percentage of the poor moved down. This suggests that balancing funds in addition to being used to finance personnel expenditures are also used to finance programs and activities that target poor people either directly or indirectly.

4.3. Identification of Programs and Activities to Poverty Reduction

Efforts to alleviate poverty are reflected in the formulation of policies, programs, and activities that are planned and implemented by the government, both central and local governments. Programs and activities related to poverty alleviation can be divided into several clusters. One of them is the national team of poverty reduction acceleration which is called by TNP2K which is divided into three clusters, namely: (i) family-based poverty eradication clusters, (ii) community empowerment clusters, and (iii) micro and small-scale economic empowerment clusters. Family-based clusters include Community Health Insurance, Hope Family Program, Rice for the Poor, Poor Student Assistance. The community empowerment-based cluster is the National Program for example Community Empowerment-PNPM, and program based on medium small entrepreneurs empowerment is the people's business credit-KUR. The cluster is formed by the central government, followed by the local government. Then the source

Table 3: Local government expenditure in Bone District (Billion Rupiah), 2010-2015

Expenditure	2010	2011	2012	2013	2014	2015	Average of growth
Indirect expenditures	540.5	729.3	774.9	873.4	973.0	1164.2	17.0
Personnel expenditure	518.0	653.9	711.3	776.4	863.4	917.0	12.3
Interest rate expenditure	2.9	3.3	2.3	1.9	1.6	1.3	−14.4
Subsidy expenditure	0.0	2.3		28.9	31.9	28.6	
Grants expenditure	0.0	22.1	17.9	15.6	5.5	2.2	
Expenditure for social aid	19.5	1.8	3.1	2.1	3.3	0.4	−15.1
Revenue sharing to provinces/regencies/municipalities and village governments	0.0	44.4	38.0	47.0	1.8	213.2	
Shopping expenditures from provincial/district/city and village government	0.0	1.5	0.9	0.9	65.5	1.3	
Unexpected Expenditure	0.0	0.0	1.4	0.6	-	0.2	
Direct expenditure	237.0	432.8	374.4	493.0	540.0	677.5	27.2
Personnel expenditure	21.3	26.3	15.8	15.7			
Expenditure for goods and services	121.0	174.2	164.4	245.8	330.4	373.2	27.0
Capital expenditure	94.8	232.3	194.2	231.5	209.6	304.4	36.7
Regional expenditure	777.5	1162.1	1149.2	1366.5	1487.0	1841.8	20.0

Source: BPS, Bone in Figures, processed various editions

Figure 1: The number and percentage of poor people in Bone District, 2011-2016
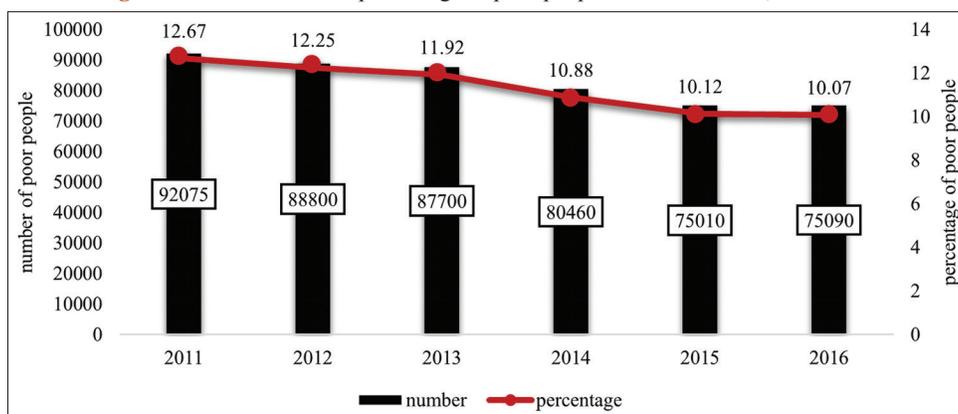
Source: BPS (2016), Data and Information of poor people in District/City

Figure 2: Balance fund and poor people in Bone District, 2010-2014
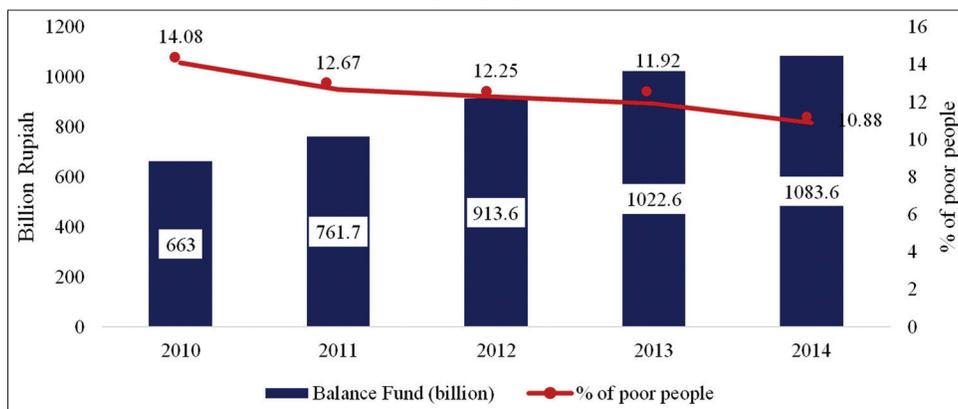
Source: BPS (2016), Bone in Figure, processed data, 2017

of funding comes from the central government through National Budget - APBN and can also come from the local government through local budget.

The local government of Bone District has identified poverty alleviation programs in 2015 which is divided into three groups (Bappeda, 2016):
1. Protection and Social Assistance Program groups by 28 programs,
2. Community Empowerment program groups with 33 programs,
3. Empowerment of micro and small business with the number of programs by 6 programs.

The total number of programs are 67 programs in 2015. Of the three groups of poverty alleviation programs, it is seen that community empowerment groups dominate from all programs. However, it should be noted that the identification of these programs is not all aimed at the poor directly, so the budget al.ocated to programs is not all enjoyed by the poor.

Based on the consensus of Bone District, there are 9 indicators of local-based poverty, namely food needs approach, clothing needs, board/housing needs, health, education, jobs creations, capital, value approach, distance and transportation. These indicators have been established along with development stakeholders in Bone District. These indicators should be a reference for local governments in devising programs and activities that directly address the special needs of the poor, so that the poor can directly enjoy public services from the government. The nine indicators will be a guide to formulate programs and activities that are further integrated into the three groups of poverty reduction programs (social protection, community empowerment, and SME empowerment).

One measure of the implementation of pro-poor budget policy is the increased of proportion of the budget allocation/budget realization to the poor. Thus, local governments can add activities for the poor relevant to the three groups of programs. For example, community empowerment program groups, it can be added activities that are really intended for the poor. Another alternative is to increase poverty alleviation programs based on the nine local-based poverty approaches as well as details of activities that contribute to the program.

It should be noted that not all poverty alleviation program plans which is mentioned before have budget allocation from the local government. In other word that not all programs have implemented in 2015. Based on the results of content analysis through APBD realization in 2015, some programs were not found in the APBD accountability document by 2015. There are 22 programs are not implemented in 2015. The total program that gets the allocation of expenditure is only 45 programs, and the most is the community empowerment program. This indicates that the poor do not only need material benefits but need to get empowerment programs. Poor community empowerment program is a medium-term program so that in general the activities attached to the program are activities in the form of training, coaching, and mentoring which results can be realized in the next few years (Table 4).

The 45 programs are distributed to 18 regional device organizations (OPD). Each program has the number of activities and the total number of activities for those programs are 173 activities. However, it should be emphasized that not all activities in each program are not directed directly by the poor. Other activities are quite doubtful whether the target of the activity is really the poor or not. This is mostly found in community empowerment programs and small enterprise empowerment programs.

4.4. The Size of Budget Associated with Poverty Reduction in Bone District

Pro poor budget is a pro-poor budget policy. Siding is defined as a useful budget for the poor, proximity of access, participation, and control of the poor over national and regional planning and budgeting. Poverty reduction programs can be divided into three clusters: Programs related to household-based social protection, community empowerment programs, and micro-small enterprise empowerment programs. In the fiscal year 2015, the total budget al.ocated in relation to poverty reduction in Bone District reached IDR 281.1 billion distributed in social protection program of IDR 116.2 billion, community empowerment program of IDR 162.8 billion, and program of empowerment of SMEs IDR 2 billion. However, the realization of the budget is only 44% of the total budget in 2015 of IDR 126.2 billion. Social protection program amounting to IDR 67.5 billion, community empowerment program of IDR 57.4 billion, and program of empowerment of SMEs amounting to IDR 1.3 billion. The following Table 5 shows

Table 4: Programs and activities realization for poverty alleviation, in Bone District, 2015

Programs/cluster group	Number of programs (%)	Number of activities (%)
Social protection and assistance	17 (37.8)	39 (22.5)
Community empowerment	24 (53.3)	114 (65.9)
Empowerment of SMEs	4 (8.9)	20 (11.6)
	45 (100.0)	173 (100.0)

Source: Processed data by team, local regulation on accountability and implementation of APBD, 2016

Table 5: Budget Plan and Realization for Poverty Reduction in Bone District, 2015

Program/cluster group	Budget, 2015	Realization, 2015	(%)
Social protection and assistance	116,244,206,642	67,542,527,542	58.10
community empowerment	162,817,465,296	57,406,863,372	35.26
Empowerment of SMEs	1,999,679,000	1,281,389,200	64.08
Total	281,061,350,938	126,230,780,114	44.91

Source: Processed data by team, local regulation on accountability and implementation of APBD, 2016

the plan and budget realization of programs implemented in Bone District in order to reduce the number and percentage of the poor. It means that social protection programs still dominated to poverty alleviation. This is line with the case of Kenya in 2016/2017 (Rono and Getachew, 2016).

By looking at the large number of programs and budgets that have been set up in relation to poverty alleviation, it can be said that local governments have sided with the poor. This study is in line with Padriyansyah (2015) for a case study of South Sumatra Province. One of the key notes highlighted in this case study is that the local government in Bone District have paid great attention to reducing poverty as reflected in the many formulations of program and activity planning. Just because of budget constraints alone causes programs and activities that did not implement in the budget year. To overcome poverty reduction in Bone District, it is necessary to increase government spending growth. Increased government spending is influenced by several factors, including economic and non-economic factors (Jaén-García, 2017).

There are two notes that need to be taken into account of the size of expenditure related to poverty alleviation in Bone District: (1) Expenditure components for each poverty alleviation program covers personnel expenditures, goods and services expenditures, and capital expenditures. (2) The activities in each program are those directly or indirectly enjoyed by the poor. This is in line with the operational definition of the pro poor budget, which is the budget not only for the poor but the target budget al.o for institutional strengthening whose ultimate objective is to improve the welfare of society entirely. However, if the pro poor budget is

narrowly defined as a budget that is actually received directly by the poor, it appears that the number of activities is very limited which has implications for the low allocation of expenditure. In other word, the allocation of expenditures received directly by the poor is very small. The analysis shows that from IDR 126.2 billion expenditure on poverty alleviation program, IDR 13.5 billion is really accepted by the poor (Table 6).

Although the portion of the budget for poverty alleviation is still relatively small but if targeting is done correctly then it is predicted to contribute to poverty reduction in Bone District. Previous empirical studies have proven that total government expenditure, expenditure per sector, expenditure on pro social protection for the poor can reduce poverty (Simson, 2012; Alexander, 2015; Becky, 2015; Lustianah, 2016). Alexander (2015) finds that a 1% increase in social sector expenditure on gross domestic product reduced the poverty rate by 0.5%. Abiola and Mustapha (2015) finds that federally government collected revenue and aggregate expenditure increase poverty incidence in Nigeria.

4.5. Innovation Forms of Bone Local Government in Alleviating Poverty

Poverty alleviation is not solely a task and responsibility for the central government but also the local government. So many central government regulations related to poverty reduction either in the form of presidential decree, domestic ministerial regulation, and presidential instruction include: Presidential Regulation No. 15/2010 concerning Acceleration of Criminal Delivery which delegates the establishment of main task and function of Coordination Team of Poverty Alleviation-TKPK in the region; Presidential Instruction No. 3 of 2010 on Fairness Development Program as the direction of implementation of poverty reduction acceleration programs; Regulation of the Minister of Home Affairs No. 42/2010 concerning TKPK Provinces and Districts/Cities that regulate the function of TKPK in coordination and control; Presidential Decree No.10/2011 on Coordination Team for Improvement and Expansion of Pro-People Program. Furthermore, these regulations are operated by local governments at both the provincial and district/city levels include in Bone District.

Bone District is the highest in number and percentage of poor people. Although in recent years, the number and percentage of poor people decreases but it is still quite high. Therefore, the attention of Bone local government to the problem of poverty is quite large. The high number and percentage of poor people in Bone District are along with the population and the area of Bone District. With a considerable area of 27 sub-districts can not be denied so many challenges and problems faced in alleviating poverty.

Various efforts have been made by the local government of Bone District is reflected in a number of policies/programs/and activities that have been poured into the documents of planning either directly or indirectly to the poor. The programs undertaken by the local government of Bone District in order to reduce poverty are guided by the policies and targets set forth in the Regional Mid-Term Planning-RPJMD document for the period of 2013-2018. The target to be achieved at the end of the RPJMD period is the

Table 6: Budget realization for poverty alleviation programs and activities in Bone District, 2015

Program/cluster group	Number of programs	Realization of budget (rupiah)	Number of activities	Budget realization of activities* (rupiah)
Social protection and assistance	17	67,542,527,542	39	13,345,152,000
Community empowerment	24	57,406,863,372	114	115,407,500
Empowerment of SMEs	4	1,281,389,200	20	1,281,389,200
Total	45	126,230,780,114	173	14,741,948,700

Source: Processed data by team, local regulation on accountability and implementation of APBD, 2016. "*" activities whose nomenclature refers to "the poor" ("or calling its target the poor ") with in line to Regulation of the Minister of Home Affairs No. 13/2016

decrease of the percentage of poor people in the range of 9-10% or about 70 thousand people.

One form of creativity that has been done by the local government of Bone District as an effort to overcome poverty is the release of the regulation of Bone Regent Decree No. 167/2012 on the Establishment of TKPK Secretariat, Working Group and Poverty Prevention Program of Bone District. As a follow up of the Leader of District Government Decree, Regional Development Planning Agency in Bone District has developed the Regional Strategy for Poverty Prevention-SPKD of the 2013-2018 and poverty mapping through high community participation. This is in line with Manaf et al. (2016); Soviana and Kuhl (2010); and Mawardi and Sumarto (2003).

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

In the era of fiscal decentralization, the local government of Bone District has sought to alleviate poverty through the implementation of pro-poor budget policy. Pro-poor budget policy is budget policy related to poverty alleviation through programs and activities either directly or indirectly accepted by the poor. The programs and activities planned by the local government of Bone District are contained in RPJMD and the Strategic Planning of Regional Work Unit, as well as in annual work plan of SKPD. Related to that, poverty alleviation programs in Bone District are divided into three program groups; First, social security and protection programs, Second, community empowerment programs, and Third, Micro and Small Enterprise Empowerment Program.

The budget al.ocated for poverty alleviation in 2015 was IDR 281.1 billion which are distributed in social protection and protection programs of IDR 116.2 billion, community empowerment program of IDR 162.8 billion and SME program of IDR 2 billion. However, the budget realization is only IDR 126.2 billion or about 45% of the total poverty alleviation budget plan. When compared to the total expenditure of Bone Regency in 2015, the figure is still relatively small.

The forms of innovation undertaken by the local government of Bone District to remain committed in implementing the program and activity plan is the release of Decision of Bone Regent No. 167/2012 on the Establishment of Poverty Reduction Coordination Team Secretariat, Working Group and Poverty Prevention Program Group of Bone District.

5.2. Recommendation

The implementation of pro poor budgeting in Bone District is sufficient, as reflected in three things: First, the number of programs and activities that have been formulated related to poverty reduction efforts, both directly and indirectly has been sufficient, but not all those programs and activities implemented in fiscal year. Second, the proportion of expenditure for poverty alleviation programs to total government expenditure in Bone is relatively small. Third, some local innovations have been undertaken such as the mapping of the poor through community participatory approaches in villages, but not evenly distributed in all villages. Therefore, in the future some action plans need to be considered: First, increasing the proportion of spending to finance all planned programs and activities related to the poor based on priority programs; Second, increasing the proportion of expenditures received directly by the poor; Third, the form of innovation still needs to be improved and evenly distributed in all villages, especially remote villages.

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