

## CHAPTER 6

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1 Conclusions

Poverty is a socio-economic problem that has existed for a long time and continued. The seriousness of the poverty problem is the government's main concern. For a long time, efforts to overcome poverty have been carried out. One of the government's roles in efforts to overcome poverty is to allocate funds that are pro-poor. In the current study, we look at government social protection expenditure and government education expenditure on poverty. aspects that need to be considered for the success of poverty alleviation is the calculation of the poor who are right on target so that the government can evaluate the direction of policies that will be made. In this study, poverty is measured by a multidimensional poverty index which can describe poverty in more depth.

The study used panel data from 29 provinces from 2015-2018. The data model used is a dynamic data panel that involves a lag dependent variable that acts as an independent variable. With a short time of data, it is difficult for data processing to find a suitable estimate. Until the research uses quasi maximum likelihood estimation. Estimation of quasi maximum likelihood using a fixed-effect and xtdpdqml. Testing the model used to meet the assumptions is done by means of a likelihood ratio test. The results showed that social protection expenditure had no effect on poverty both monetary and multidimensionally. Meanwhile, government expenditure in the education sector has a significant negative effect on multidimensional and not for monetary poverty. The same result show after adding control variable. The results also show that economic growth and unemployment have no significant impact on poverty, both monetary and multidimensional.

The empirical results found that government expenditure on education has played a role in overcoming multidimensional poverty. This means that the funds used are right on target in improving the quality of education which end brought people out of poverty. In contrast, government expenditure on social protection has

no effect on poverty. This means that the funds used have not been targeted to the poor who need social protection.

## 6.2 Recommendations

Based on the results of this study, what can be explained is the effect of two government expenditures, namely social protection expenditure and education expenditure on poverty. Poverty alleviation must be done better. An important aspect that needs to be considered is the accurate measurement of poverty so that it can be used as a policy evaluation so that the funds spent are right on target in helping the poor.

Based on the results in this study indicates that social protection has not been able to improve the living standards of the poor in 29 provinces in Indonesia. When viewed from the program and function of government expenditure, social protection itself should be able to play a role in reducing poverty, but the results obtained are contradictory. In this way, the government must re-evaluate the funds. The main indication is that the funds allocated are not on target. Updating beneficiary data can be an effort to ensure that the allocation of funds is right on target. In addition, with regard to updating the data on determining beneficiaries, it must be in accordance with predetermined indicators. Another thing that needs to be considered is the practice of social protection funds by the government. Cases of corruption often occur in the allocation of funds so that the funds prepared do not reach people in need. Therefore, more supervision is needed in the allocation of funds. The results suggest that improving the amount of expenditure may not be effective in reducing poverty. further analysis on district government expenditure may be needed to examine whether the money was spent on capital, staff, or other things.

Government expenditure on education has shown role in reducing multidimensional poverty. However, the effect is still relatively weak. The government can further increase the effectiveness and efficiency of government expenditure on education so as to produce a greater impact on poverty reduction.