

ABSTRACT

In Indonesia, the majority of the poor live in the countryside and work in the agricultural sector. Rural poverty rates in Aceh, Bengkulu, Lampung, West Nusa Tenggara, East Nusa Tenggara, North Sulawesi, Southeast Sulawesi, and Gorontalo provinces are higher than national rural poverty rates despite the high contribution of the agricultural sector. For this reason, this study aims to analyze the influence of government expenditure and the contribution of the agricultural sector to rural poverty in selected provinces. The method used in this study is panel data regression with data samples taken from eight provinces during the 2015-2019 period. The data in this study is secondary data sourced from Badan Pusat Statistik and Kementerian Keuangan.

The results show that the exchange rate of farmers, the value of agricultural production, and the income inequality of the rural population show a significant influence on rural poverty. Meanwhile, government spending in the agricultural sector, the contribution of the agricultural sector, and the contribution of agricultural labor has no significant effect on rural poverty. These findings indicate that an increase in the exchange rate of farmers and the value of agricultural production can reduce the level of rural poverty. Furthermore, the increase in income inequality of rural residents can worsen poverty.

Keywords: rural poverty, government expenditure in the agricultural sector, farmer exchange rate, contribution of the agricultural sector