

ABSTRACT

Poverty remains a fundamental problem in Central Java Province. Central Java was impacted by a significant increase in poverty during the COVID-19 pandemic. Gradually, poverty rates have begun to decline, with a downward trend evident in recent years. The reduction in poverty after the COVID-19 pandemic was made possible by the role of the central and regional governments. Despite the decline, the poverty rate in Central Java remains higher than the national average. The reduction in poverty following the COVID-19 pandemic was made possible by the efforts of central and regional governments. The implementation of fiscal decentralization will enable regions to be more independent and adapt policies to community circumstances. The problem is that regional independence in Central Java remains relatively low, and it relies heavily on central transfers. Furthermore, political factors, such as the incumbent government and the year of regional elections, can also influence poverty levels. This study aims to examine the effect of fiscal decentralization and political factors on poverty in districts/cities in Central Java Province.

This study employs multiple linear regression analysis using the Fixed Effects Model (FEM) cross-section weights approach, which utilizes panel data from 35 districts/cities spanning six years. The findings indicate that the Degree of Fiscal Decentralization and Dummy of Pandemic Years has a positive and significant effect on poverty. The variables General Allocation Fund, Special Allocation Fund, Dummy of Incumbent Government, Dummy of Election Year, and GRDP per Capita show a negative and significant effect on poverty. Meanwhile, Open Unemployment Rate (TPT) and Average Long Year School the did not show a significant influence on poverty.

Keywords: Fiscal Decentralization, Political Factors, Incumbent, Regional Election Year, Poverty.

