

ABSTRACT

Poverty is a form of capability deprivation characterized not only by low income but also by limited access to education, healthcare, and employment opportunities. Poverty in a given regency affects not only its own poverty level but also creates spillover effects on spatially adjacent regencies. Analysis using LISA (Local Indicators of Spatial Association) clusters reveals spatial clustering of poverty levels across the regencies within the BARLINGMASCAKEB region (Banjarnegara, Purbalingga, Banyumas, Cilacap, and Kebumen). Consequently, this study aims to analyze the direct and indirect effects of the GRDP growth rate, life expectancy, average years of schooling, unemployment rate, and access to adequate sanitation on poverty levels in the BARLINGMASCAKEB region.

The study utilizes panel data from the five regencies covering the 2014–2024 period. Spatial autocorrelation was tested using Global Moran's I within a spatial econometrics framework, employing a Queen Contiguity spatial weight matrix. Based on the lowest Akaike Information Criterion (AIC) value, the appropriate spatial regression model is the Spatial Autoregressive Model with a Fixed Effect approach (SAR-FE). Results were interpreted through direct, indirect, and total effects. The findings indicate positive spatial dependence regarding poverty in the region; the spatial lag coefficient for poverty is 0.819, demonstrating inter-regional spatial dependence. Average years of schooling have a significant negative effect on poverty levels at the 1% level, while access to adequate sanitation has a significant negative effect at the 5% level. Analyses of direct, indirect, and total effects show that increasing the average years of schooling and access to adequate sanitation can reduce poverty levels, both directly and through inter-regional spillover effects.

Keywords: Poverty, *Spatial Autoregressive Fixed Effect* (SAR-FE), *Spillover Effect*