THE IMPACT OF POVERTY ALLEVIATION PROGRAMS ON POVERTY AT DISTRICT LEVEL IN INDONESIA: CASE STUDY OF SLEMAN, 2008-2012

Kharis Fadlan Borni Kurniawan  
*Institute for Research and Empowerment*

Mudrajad Kuncoro  
*Faculty of Economics and Business, Gadjah Mada University*

**ABSTRACT**

The economic crisis of 1997/1998 greatly affected the national economy of Indonesia by making more people vulnerable to the poverty. To tackle the problems of poverty, Indonesian government has issued some poverty alleviation programs and strategies through national and local budget allocations. The national government has set up some poverty reduction programs, including The National Program for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat PNPM*). Beside PNPM, there is a program of *Alokasi Dana Desa ADD* that comes from the district budget (local funding). In terms of budget allocation, both central and local government has always increased their support from year to year. This study examines the impact of poverty alleviation programs, including BLM PNPM and ADD on poverty at district level in Indonesia with the case study of Sleman district in Yogyakarta province during 2008-2012. Using trend analysis, Klassen typology and pooled least square analysis, this study generally finds that the poverty alleviation programs do not significantly reduce the level of poverty in Sleman.

**Keyword:** Poverty level, BLM PNPM, ADD, Poverty Alleviation

**JEL Classifications:** I32, I38

**INTRODUCTION**

Indonesia was hit long enough by the economic crisis, from 1997 until the transition era of democracy in 2009. The growth of Gross Domestic Product (GDP) dropped by 2.2%, from 5.9% during 1987-1997 into 3.7% during 1999-2008. The impact of the 1997-1998’s economic crisis is the increasing poverty in Indonesia. The number of people living below the poverty line increased to 49.5 million people in 1998, while the number of
unemployment increased from 4.2 million people (4.69%) in August 1997 to 6.03 million people (6.36%) in August 1999. By September 2006, Indonesian Statistical Offices (Badan Pusat Statistik/BPS) released that poverty rate in Indonesia increased from 16.0% in February 2005 to 17.75% in March 2006 (Prayitno, 2010).

The village or rural area is identified as the source of poverty. From statistical data, there is always a wide gap between urban and rural areas in terms of the depth and severity of the poverty during the last decade. In other words, the poverty depth index (P1) and poverty severity index (P2) in rural areas are always higher than in the city. In 2000 for example, the poverty depth index in urban and rural areas is 1.89 and 4.68 respectively, while the poverty severity index is 0.51 and 1.39 respectively. More than ten years later (September, 2012), the gap still exists, where the poverty depth index is 1.48 and 2.61, while for the poverty severity index is 0.39 and 0.68 for urban and rural areas respectively in September 2012 (IRE, 2013).

BPS, in 2012, also released the gap between urban and rural poverty. The absolute poverty in rural areas is always higher than the number of urban poor living below the poverty line. In 2006, the absolute poverty in rural areas reached 21.8%, and then decreased 1.4% in 2007 into 20.4%. Until 2012, the reduction of absolute poverty in rural areas was not quite significant, as it is only 14.7%, or equivalent to 5.7% reduction for 5 years.

Looking at provincial level, the poverty rate in Daerah Istimewa Yogyakarta (DIY) is higher than the national rate. In 2002, number of people living below the poverty line reached 635,660 people or as many as 20.14% of the total population. In March 2013, BPS released that the number of poor people in DIY reached 550,190 people. Compared to March 2012, there is a decline of 15,130 people from total poor people of 565,320. In other words, poverty level in DIY dropped by 0.62% during 2012-2013 or dropped 4.71% compared to 2002. However, if it is compared with the poverty at national level, poverty in DIY still above the average of the national poverty level (Kuncoro, 2013).
Sleman is one of the district in DIY with a relatively high poverty level. The depth (P1) and severity (P2) index for Sleman increased during period 2011 and 2012. P1 rose 1.77% in 2011 to 2.2% in 2012, while P2 increased from 0.45% in 2011 to 0.71% in 2012. This increasing poverty index in 2011-12 had close relationship with Merapi eruption in 2010, where Cangkringan was one of the most severely sub-district affected by Merapi eruption. The number of poor families increased from 2,728 families in 2010 into 4,186 families in 2011, although the eruption did not significantly affect the increase in the percentage of poor people, which is only 0.08% increase (Syahra, 2012).

To tackle the problem of poverty, the national government has set up some poverty reduction programs, including The National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat/PNPM). In terms of budget, the government has always increased their support from year to year. Unfortunately, the budget increase is not accompanied by a significant effect on improving the welfare of society. For example, the budget allocation from 2004 to 2010 increased more than five times from IDR.18 trillion to IDR.94 trillion, but the poverty rate dropped only 3.3 percent from 16.7% to 13.3% (Hadi, 2013).

Sleman, as a district, also responses for the poverty level by implementing the national program of Direct Aid for Society (Bantuan Langsung Masyarakat/BLM) of National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat Mandiri/PNPM) or the so-called BLM PNPM. There are at least two BLM PNPM schemes organized by the government, i.e. PNPM for rural areas and PNPM for urban areas. In addition, Sleman's local government also developed program of Village Allocation Fund (Alokasi Dana Desa/ADD). Unlike the BLM PNPM with the national funding, the source of funding of ADD comes from the district budget. ADD is intended to encourage the independence of the village. Therefore, ADD is an important instrument for the implementation of autonomy and decentralization, particularly at the village level.

Although it is relatively few when compared to the budget allocation of the BLM PNPM program into the village, ADD is encouraged to give the sustainability of the
development of the villages. With ADD, village government officials might also earn additional income. Similarly, some specific programs in the villages, such as Posyandu (Integrated Service Post), received significant part of ADD through various types of rural development programs funded by ADD.

Based on the background, this study tries to see how the impact of budget allocations towards poverty reduction programs of ADD and BLM PNPM on poverty in Sleman District. The second section of this paper discusses the theoretical framework used in this study. The third section discusses the research methods including Klassen Typology, Trend analysis, and panel (pooled) data regression. The fourth section discusses the findings, and the last section concludes.

THEORETICAL FRAMEWORK

There are at least five reasons why poverty exists. First, the weaknesses of individual (so-called individual deficiencies). Second, cultural system that supports the poverty. Third, economic and political distortions or socio-economic discrimination. Fourth, regional disparities, and fifth, environment in the origin. Moreover, Waidl et al (2008) argued that the causes of poverty can also be divided into two groups. First, poverty is caused by the behavior and properties of the poor themselves. In other words, they have a culture of poverty. Second, poverty is caused by external factors of the poor, for instance policies, structures and socio-economic systems that are unfriendly to the poor.

According to the underlying factors, the sources of poverty can be divided into two categories. First, the nature of poverty; the poverty rises as a result of the scarce resources in number and/or because of the very low level of technological development. Second, artificial poverty; the poverty occurs due to the existing social structure makes members of the community or group have no control or inequal of the economic means and facilities evenly. Theoretically, this artificial poverty or structural poverty can be defined as an atmosphere of poverty experienced by a society that is the main causes in the prevailing
social structure. Prevailing social structure has put them into the atmosphere of poverty from generation to generation for many years (Suyanto, 2013: 8-10).

One of the main sources of data on poverty and inequality analysis in Indonesia is the National Survey of Socio-Economy or SUSENAS (Survei Sosial Ekonomi Nasional). The survey provides information of two domains, namely the consumption module (SUSENAS module) and core data (SUSENAS core). This survey is conducted once every three years. Not only does cover the core SUSENAS consumption data, but also provides data with indicators of socio-economic indicators or measures used with a very specific and varied questionnaires each year (Balisacan, et al., 2003).

Focusing on the poor, BPS issues 14 indicators of poverty, including income, home ownership, toilets availability, lighting, fuel, water and other sources. Although there were 14 indicators measuring poverty, according to Eko (2013), it cannot be used as a single benchmark. The reasons are, first, there is still a gap of understanding and calculating data between the central and local governments, which then affects the determination of the target service of poverty alleviation programs. Second, poverty data contains political economy dimension, in the sense that some region will tend to shrink the actual number poverty level to public in order to show a good performance of local governments in reducing poverty level. Third, many households are more less (around) the national poverty line, so that many households are vulnerable to the poverty. Fourth, poverty in Indonesia is very diverse with very different characteristics across region. Fifth, poverty is measured based on their expenditure or income, therefore sometimes it does not explain the real poverty threshold (Eko, 2013).

**Fiscal Decentralization**

Decentralization is a transfer of power, authority, resources, and financial responsibilities from central to local government (Eko, 2013). Fiscal decentralization is a mechanism for funding the day-to-day administration from the national budget (Anggaran Pendapatan dan Belanja Negara/APBN) relating to the national financial policies in achieving fiscal sustainability of the economy. With fiscal decentralization, financial capability across
autonomous regions is expected to be distributed equally based on the needs, affairs and the powers given to each autonomous region (Adinagara, et al., 2009).

There are at least two main objectives of decentralization, namely the development of democracy and people’s welfare. For the purpose of welfare, decentralization is expected to create ability of local governments to provide public services to societies that are effective, efficient and economical (Djohan 2011). Decentralization has also three goals: (1) lowering the fiscal imbalances (fiscal gap) across regions, (2) providing public goods and public services that better and more efficient, and (3) as an agent to bring government closer to the societies (Suwanan and Sulistiani, 2009).

**Bantuan Langsung Masyarakat (BLM) Program Nasional Pemberdayaan Masyarakat (PNPM) and Alokasi Dana Desa (ADD)**

As pointed out by Todaro and Smith (2006), development is generally a physical reality of society at once to try as hard as possible, through a series combination of the social, economic and institutional aspects, in order to achieve a better life. Using viewpoint of Li (2012), development is essentially the desire to improve or the will to improve their life. A development program that is designed to mature is not created from scratch. Rather it is driven by the will to fix and not also the product of a single intention or desire. From these views, alleviation, prevention and reduction of poverty essentially also attempts to change people’s lives to be better than the previous condition. Thus, the budget support by the government towards the motivation to achieve the vision and mission of the program will increase the degree of public welfare.

There are at least two types of fiscal transfers to districts that focusing on village societies, i.e. Village Allocation Fund (ADD) and Direct Aid for Society (BLM) of National Program for Community Empowerment (PNPM). BLM PNPM funding is sourced from the national budget and given directly to the rural communities through community groups such as farmer association, cooperative groups for women and so forth. BLM PNPM is essentially a poverty reduction program organized by some ministries in the central government. In other words, BLM PNPM is a program by central government for the local
societies through the deconcentration and assistance fund of national programs (social assistance), and subsidies (Mariana, 2013).

**RESEARCH METHODS**

This study focuses on the unit districts analysis of Sleman. The type of data to be analyzed is secondary data. This study uses quantitative descriptive analysis method and the econometrics analysis of panel data regression using cross section and time series data of five annual budget poverty reduction programs both derived from BLM PNPM, and ADD as well as village-based poverty data. Specifically, the methods used in this study are trend analysis, Klassen typology and regression analysis model of Pooled Time Series-Cross Section.

**Trend Analysis**

Conceptually, to understand the trend of a variable, it can be traced by analyzing the time series data. The benefit of time series model or data is to predict the future using some historical data. This analysis makes the assumption that what happens in the future is a function of what happened in the past. The observation of time series data can help the data users or policymakers to see the major components that affect the data patterns of the past and present, which tend to exist in the future.

There are four components found in the analysis of time series, based on Kuncoro (2011). The four components are: 1) trend; the long-term trend component that can be used to see the growth (or decline) of a time series data; 2) cyclical, that is a pattern of fluctuations or cycles of time series data due to a change in conditions. In other words, it represents the difference between the expected value of a variable (trend) with the actual value or the residual variation around the trend; 3) seasonal that is fluctuations often found in the quarterly, monthly or weekly data. Fluctuations show the pattern changes that occur repeatedly over time; 4) irregular that is fluctuation which is caused by a random pattern of events that cannot be predicted or irregular.
Klassen typology
Klassen typology is used for mapping the location of poverty based on the poverty alleviation program budget allocations received by each sub-district. This study uses four classifications of typology: (1) sub-districts with high budget for poverty alleviation programs but the level of poverty is high; (2) sub-districts with low budget for poverty alleviation programs and high level of poverty rates; (3) sub-districts with high budget for poverty alleviation programs and low level of poverty rates; and (4) sub-districts with low budget for poverty alleviation programs and low level of poverty rates. The classification of the typology used in this study can be simplified in Table 1.

Table 1. Typology of Budget Allocation for Poverty Alleviation Program and Poverty Levels

<table>
<thead>
<tr>
<th>Budget Poverty rate</th>
<th>(ri &gt; r)</th>
<th>(ri &lt; y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(yi &gt; y)</td>
<td>High budget of poverty alleviation programs and high poverty levels</td>
<td>Low budget of poverty alleviation programs and high poverty levels</td>
</tr>
<tr>
<td>(yi &lt; y)</td>
<td>High budget of poverty alleviation programs and low poverty levels</td>
<td>Low budget of poverty alleviation programs and low poverty rates</td>
</tr>
</tbody>
</table>

Notes: r: average of budget allocation for poverty alleviation programs across sub-district  
        y: average of poverty level across sub-district  
        ri: budget allocation for poverty alleviation program at sub-district i  
        yi: poverty level at sub-district i

Regression Analysis of Pooled Time Series-Cross Section model
Moreover, this study uses panel (pooled) data consisting of time series and cross section data. In this study, the pooled time series-cross section model is used to analyze the effects of the budget allocation of the poverty alleviation programs (including BLM PNPM and ADD) at sub-district level on the poverty level at sub-district level in Sleman during the
year 2008-2012. The budget allocation is therefore used as independent variables \((X_1 \text{ and } X_2)\), while the poverty level is used as dependent variable \((Y)\).

Pooled Time Series Cross Section provides at least two benefits. First, the use of the panel or pooled of data will increase the number of observations (samples) compared to the use of time series data only. Second, the data obtained by pooled time series-cross section shows combination across different or variation in terms of dimension and time.

To determine the effect of budget allocation of poverty alleviation programs on the poverty levels at sub-district level in Sleman, it can be denoted by the following equation;

\[
Y = \beta_0 + \beta_1 \text{BLM PNPM}_{it} + \beta_2 \text{ADD}_{it} + \varepsilon_{it}
\]  

(1)

where:

| \(Y\) | The poverty level of at sub-district \(i\) |
| \(\text{BLM PNPM}\) | Total budget of BLM PNPM at sub-district \(i\) |
| \(\text{ADD}\) | Total budget of ADD at sub-district \(i\) |
| \(\beta_0\) | Constant |
| \(\beta_1\) | Coefficient of BLM PNPM |
| \(\beta_2\) | Coefficient of ADD |

The hypothesis can be accepted if the probability value of \(t\)-statistic is less than 0.05, meaning that the independent variable significantly affects the dependent variable. Conversely, if the probability of the \(t\)-statistic > 0.05, it means the independent variable has not significant effect on dependent variable. The detailed definition of each variable are described as follow.

1. \(Y\) measures poverty level at sub-district level that is the subject of study represented by the percentage of the people living below the poverty line at sub-district level.
2. \(\text{BLM PNPM}\) represents the budget allocation for poverty alleviation programs at sub-district level that originate from the central government budget.
3. \(\text{ADD}\) represents the budget allocation for poverty alleviation programs at sub-district level that originate from the local government budget and initiative.
**Estimation Techniques**

Specifically, there are three techniques of panel data used to estimate the regression model in this study.

**Method 1: Common Effect**

The common effect is a combination of cross section data and time series data used to estimate, regardless the nature of cross section and time series data. This method assumes that the results of the regression analysis are considered applicable to all objects (dimension) and all period of study. The weakness of this method is the results sometime do not match with the reality or actual condition (Winarno 2011). In fact, the condition of each object is different. An object in one time sometimes will be very different with the same object in different time.

**Method 2: Fixed Effect**

To solve the problem in the common effect model, therefore, we need a method that can show a different constant among objects, though with the same regressors’ coefficients. This method is known as fixed effect regression method or the so-called Least Square Dummy Variables (LSDV). Fixed effect means that the object has a fixed constant for various periods of time. Similarly, regression coefficient is also fixed from time to time (Winarno 2011:).

**Method 3: Random Effect**

In addition to the fixed effects method, the random effect method can be used to estimate panel data or pooling data regression. Different with fixed effect that uses dummy variable (so that the model experienced uncertainty), random effect uses the residual method that is predicted will have relationship across time and across object (dimension) (Winarno 2011).
Selection of Models
To choose the best model of these three panel data method, Chow test and Hausman test are estimated.

1. Chow test
   This test is used to determine what the best model between the common effect and fixed effect is. The hypotheses used is:
   \( H_0 : \) Common effect model
   \( H_a : \) Fixed effect model
   In this case, the importance of fixed effect is tested using the ratio of redundant fixed effect-likehood test. If the value of Chow (F-statistics) is greater than the F-table, then the null hypothesis \( (H_0) \) is rejected. The accepted model then is the fixed effect model and vice versa.

2. Hausman Test
   To determine whether a fixed effect or random effect method is the best one, it is estimated using the Hausman test. The hypotheses used is:
   \( H_0 : \) Random effect model
   \( H_a : \) Fixed effect model
   If the value of Hausman statistic is greater than the critical value of chi-squares, then the null hypothesis \( (H_0) \) is rejected. Therefore, the accepted model is the fixed effect model and vice versa.

EMPRICAL RESULTS
Trend in Poverty
To determine the trend of poverty in Sleman, the time series data is estimated by the moving average method calculating the average of time series data. This method can also be used to forecast or predict the next period or the future. Mathematically, the equation can be written as follow.

\[
M_t = Y_{t+1} = (Y_t + Y_{t-1} + Y_{t-2} + .... + Y_{t-n} + 1)/n
\]  

(2)
By choosing a quadratic trend models and cubic trends, it shows that the tendency of the trend of poverty level in Sleman district during the 2008-2012 increases. Similarly, we can also predict that in period of 2013-2014 (the future). Figure 1 explains the results of the trend analysis.

**Figure 1. Cubic Trend of District Poverty Rate in Sleman, Year 2008-2014**

![Figure 1. Cubic Trend of District Poverty Rate in Sleman, Year 2008-2014](image)

Source: Authors’ Calculations

Specifically, based on the figure 1, it can be concluded that the trend of poverty rate in Sleman tends to show "U" curve, in which it can be concluded that the poverty rate declined from 2008 to 2010, while year 2010 is a turning point of increase in the poverty rate in the following years until 2014.
Map of Poverty

The analysis of Klassen typology is used for mapping the location of poverty based on the poverty alleviation program budget allocations received by each sub-district during 2008-2012 period. Figure 2 presents the mapping for poverty across sub-district in Sleman based on Klassen typology.

Figure 2. Map of Poverty Based on Budget Allocation of Poverty Alleviation Program and Poverty Rate across Sub-District in Sleman, 2008-2012

Notes: Vertical Axis: Budget Allocation of Poverty Alleviation Program (IDR/Million)  
Horizontal Axis: Poverty Rate (%)  
Source: Authors' Calculations

From figure 2, it can be concluded that the poverty reduction programs do not work effectively in some sub-districts, including Minggir, Tempel, Prambanan and Cangkringan.
In practice, these sub-districts received high budget allocation of poverty alleviation program, but they still have high levels of poverty. In contrast, the sub-districts of Sleman and Turi received less serious attention by the government due to the fact they have higher poverty rates but they receive lower budget allocation for poverty.

**The Effect of Budget Allocation of Poverty Alleviation Program on Poverty Level**

As mentioned above, to find out the effect the budget allocation of two poverty alleviation programs, including BLM PNPM and ADD on poverty level at sub-district level, this study uses pooled time-series cross-section data. The estimates are calculated using SPSS 21 and Eviews 6 softwares.

To determine the best method between the Common Effect Method and Fixed Effect Method, Chow test (Likelihood Ratio) is estimated. From the Chow test results, it shows that the likelihood ratio F probability is $0.0000 < 0.05$ ($\alpha = 5\%$), suggesting that the best model used between the Common Effect Method with Fixed Effect Method is Fixed Effect Method.

Moreover, to determine the best model between the Fixed Effect Method with Random Effects Method, Hausman test is estimated. Hausman test result shows that the Chi Square probability value is $0.0572 > 0.05$ ($\alpha = 5\%$), suggesting that the best method in this case is Fixed Effects Method. In other words, across three possible method of pooling estimates, the best method in this case is the Fixed Effect Method. The full results of the common effect and random effect are available upon request.

Table 2 presents the result of Pooled Least Squared using Fixed Effect Method. Using this method, it can be seen that the adjusted R-squared value of 0.944325 or 94.43%. This value of 94.43% indicates that the variation of the dependent variable is 94.43% explained by the independent variable changes (BLM PNPM and ADD). Thus, there is still 6.37 percent of the variation due to the influence of other variables. Looking at the coefficients, BLM PNPM does not significantly affect the poverty rate at 5% significance level, while ADD significantly affects the poverty rate at 5% significance level but with surprisingly a positive effect.
Table 2: Estimation Results: Pooled Least Squares Fixed Effect Model

|----------------------------|--------------------------------------------|----------------------------|------------------|--------------------------|-------------------------------|-----------------------------------|

Linear estimation after one-step weighting matrix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>18.59107</td>
<td>0.530052</td>
<td>35.07405</td>
<td>0.0000</td>
</tr>
<tr>
<td>BLM?</td>
<td>0.000852</td>
<td>0.000519</td>
<td>1.640051</td>
<td>0.1058</td>
</tr>
<tr>
<td>ADD?</td>
<td>0.004517</td>
<td>0.001136</td>
<td>3.976662</td>
<td>0.0002</td>
</tr>
</tbody>
</table>

Fixed Effects (Cross)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>_MOYUDAN--C</td>
<td>-0.066956</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_MINGGIR--C</td>
<td>10.76950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_SEYEGAN--C</td>
<td>6.234475</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_GOEAN--C</td>
<td>-3.694179</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_GAMPING--C</td>
<td>-8.171378</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_MLATI--C</td>
<td>-8.550203</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_DEPOK--C</td>
<td>-16.53696</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_BERBAH--C</td>
<td>-0.207546</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_PRAMBANAN--C</td>
<td>0.974018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_KALASAN--C</td>
<td>-2.353522</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_NGEMPLAK--C</td>
<td>-3.554108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_NGAGLIK--C</td>
<td>-10.77408</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_SLEMAN--C</td>
<td>11.04692</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_TEMPEL--C</td>
<td>10.06482</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_TURI--C</td>
<td>4.179713</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_PAKEM--C</td>
<td>-7.937509</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>_CANGKRINGAN--C</td>
<td>18.57700</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Effects Specification

Cross-section fixed (dummy variables)

<table>
<thead>
<tr>
<th>Weighted Statistics</th>
<th>Unweighted Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.956258</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.944328</td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>3.377358</td>
</tr>
<tr>
<td>F-statistic</td>
<td>80.15770</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000000</td>
</tr>
</tbody>
</table>
There are some possible causes why poverty reduction does not exist in Sleman, even though the budget allocation for poverty alleviation program is available. First, the operational funds for the program are still relatively large. Second, the budget is mostly allocated for building physical infrastructure that the impact does not directly boost the income level. Third, BLM PNPM always requires the participation of societies in the form of governmental organizations (swadaya masyarakat) in almost every activities, which might leads to the narrowing of household savings.

CONCLUSION
Based on the results, it concludes that according to trend analysis, the poverty level in Sleman shows "U" shape curve suggesting that the poverty rate declined from 2008 to 2010, but the trend increased in the following year. Moreover, based on the results of the Klassen typology analysis, it can be seen that some location needs immediate intervention and concern from the government policy, namely the sub-district of Minggir, Tempel, Prambanan and Cangkringan, due to the fact that they have high budget allocation for poverty program but the poverty rate remains high. In other words, it can be concluded that the budget allocation of poverty alleviation programs does not work well to reduce poverty in these sub-districts. Next, the sub-district of Sleman and Turi also needs to be concerned as they have a low budget allocation for poverty and high level of poverty rate. Finally, based on estimations of the effects of BLM PNPM and ADD on poverty rate in Sleman, using a fixed effect method, it shows that PNPM BLM does not have a significant effect on decreasing the poverty level in Sleman districts, while ADD has significant effect but with positive impact, suggesting that both programs do not work well in terms of poverty reduction in Sleman district.
REFERENCES


