

UDC 332

**ANALYSIS OF THE EFFECT OF INVESTMENT, INFRASTRUCTURE DEVELOPMENT,  
AND GOVERNMENT EXPENDITURE ON ECONOMIC GROWTH AND POVERTY LEVELS  
IN DISTRICTS / CITIES OF EAST NUSA TENGGARA PROVINCE, INDONESIA**

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**ABSTRACT**

Economic growth and poverty levels are serious problems for the State of Indonesia and the province of East Nusa Tenggara. Indonesia as one of the member states of the United Nations has determined poverty alleviation as one of the national development goals as stated in the Preamble to the 1945 Constitution, namely promoting general welfare. Based on theory and empirical facts, the objectives of this research are (1) to analyze the effect of investment, infrastructure development, and government spending on the economic growth of districts/cities in East Nusa Tenggara Province; (2) to analyze the influence of investment, infrastructure development, government spending, and economic growth on poverty in districts/cities in East Nusa Tenggara Province; (3) to analyze the role of economic growth in mediating the effects of investment, infrastructure development, and government spending on poverty levels in districts/cities in East Nusa Tenggara Province. This study is located in districts/cities in East Nusa Tenggara province, using panel data totalling 110. The results showed that (1) the effect of investment, infrastructure development, and government spending had a positive and significant effect on economic growth; (2) the influence of investment, infrastructure development, government spending, and economic growth have a negative and significant effect on the level of poverty; (3) the role of economic growth can mediate on investment, infrastructure development, and government spending on poverty levels.

**KEY WORDS**

Investment, infrastructure development, government expenditure, economic growth, poverty.

Poverty and economic growth are important indicators in achieving the success of a country's development. The United Nations (UN) places the poverty alleviation program as the first goal in the Millennium Development Goals (MDG's) and continues with the Sustainable Development Goals (SDG's) for the 2015-2030 period. Indonesia as one of the member states of the United Nations has determined poverty alleviation as one of the national development goals as referred to in the Preamble to the 1945 Constitution, namely promoting general welfare. The emergence of the problem of increasing the number of people living below the poverty line occurs in developing countries including Indonesia which accompanies the achievement of economic growth in these countries (Jonaidi, 2012). Poverty alleviation is the biggest global challenge facing the world and is an absolute requirement for sustainable development. Poverty is no longer only considered as an economic dimension but has extended to social, health, education, and political dimensions. Poverty in a broad sense can be interpreted as a limitation carried by a person, a family, a community, or even a country that causes discomfort in life, threatens the enforcement of rights and justice, threatens the bargaining position in world relations, and in the longer term This can result in the loss of generations, as well as a bleak future for the nation and state (Budhi, 2013). The same problem experienced by the Province of East Nusa Tenggara (NTT) is not much different from the problems faced by the central government, namely the high poverty rate in NTT Province which ranks third in the province with the highest poverty rate in Indonesia.

Overcoming the problem of poverty in NTT Province is a strategic issue and a priority to be addressed, in addition to problems such as development and equity in all districts/cities

in East Nusa Tenggara (NTT) Province. This is proven through the NTT Provincial Medium-Term Regional Development Plan (RPJMD) 2019-2023 which contains priority regional development targets, namely; 1) Growth and equitable development taking into account the carrying capacity of the environment; 2) sustainable productivity and economic competitiveness of farmers, ranchers and fishermen; 3) acceleration of poverty reduction and social problems; 4) disaster management and climate change adaptation; 5) improving the quality of life of the people of East Nusa Tenggara Province; 6) bureaucratic reform. East Nusa Tenggara Province is one of the provinces that have a relatively high percentage of poor people with a number reaching around 20.99 percent in 2021.

Table 1 – Percentage of Poor Population by Province in Indonesia 2017-2021

Region	Years				
	2017	2018	2019	2020	2021
DKI Jakarta	3,77	3,57	3,47	4,69	4,72
Bali	4,25	4,01	3,79	4,45	4,53
Kalimantan Selatan	4,73	4,54	4,55	4,83	4,83
Banten	5,45	5,24	5,09	6,63	6,66
KEP. Bangka Belitung	5,2	5,25	4,62	4,89	4,90
Kalimantan Tengah	5,37	5,17	4,98	5,26	5,16
Kalimantan Timur	6,19	6,03	5,94	6,64	6,54
Maluku Utara	6,35	6,64	6,77	6,97	6,89
Sumatera Barat	6,87	6,65	6,42	6,56	6,63
Kepulauan Riau	6,06	6,2	5,90	6,13	6,12
Kalimantan Utara	7,22	7,09	6,63	7,41	7,36
Kalimantan Barat	7,88	7,77	7,49	7,24	7,15
Riau	7,78	6,65	7,08	7,04	7,12
Sulawesi Utara	8,1	7,8	7,66	7,78	7,77
Jambi	8,19	7,92	7,60	7,97	8,09
Jawa Barat	8,71	7,45	6,91	8,43	8,40
Sulawesi Selatan	9,38	9,06	8,69	8,99	8,78
Sumatera Utara	10,22	9,22	8,83	9,14	9,01
Sulawesi Barat	11,3	11,25	11,02	11,50	11,29
Jawa Timur	11,77	10,98	10,37	11,46	11,40
Sulawesi Tenggara	12,81	11,63	11,24	11,69	11,66
Lampung	13,69	13,14	12,62	12,76	12,62
Sumatera Selatan	13,19	12,8	12,71	12,98	12,84
Jawa Tengah	13,01	11,32	10,80	11,84	11,79
D I Yogyakarta	13,02	12,13	11,70	12,80	12,80
Sulawesi Tengah	14,14	14,01	13,48	13,06	13,00
Nusa Tenggara Barat	16,07	14,75	14,56	14,23	14,14
Nusa Tenggara Barat	16,07	14,75	14,56	14,23	14,14
Bengkulu	16,45	15,43	15,23	15,30	15,22
Aceh	16,89	15,97	15,32	15,43	15,33
Gorontalo	17,65	16,81	15,52	15,59	15,61
Maluku	18,45	18,12	17,69	17,99	17,87
Nusa Tenggara Timur	21,85	21,35	21,09	21,21	20,99
Papua Barat	25,1	23,01	22,17	21,70	21,84
Papua	27,62	27,74	27,53	26,80	26,86

Source: Indonesian Central Statistics Agency (2020).

The problem of poverty in East Nusa Tenggara is not only the high number or percentage, but also the very high disparity between regions. Comparison between districts/cities shows a large disparity. This inequality occurs due to the high poverty rate in Central Sumba Regency, which reached 34.27 percent and the low poverty rate in Kupang City, which was 9.17 percent in 2021. In general, in the period March 2017 - 2021, the poverty rate in NTT Province experienced fluctuations both in terms of amount and percentage. The greatest increase in the poverty rate occurred in March 2017 which amounted to 1,150.79 thousand people (21.85 percent) an increase of about 710 people compared to the poor in September 2016 which amounted to 1150.08 thousand people (22.01 percent). The increase in the number and percentage of the poor in that period was triggered by during the period September 2016 - March 2017 general inflation of 2.84

percent, the Foodstuffs group in this period experienced inflation of 5.78 percent, the population of NTT grew faster than the increase in the poor population, recipients of Raskin/rastra recipients were 2.01 percent and 0.90 percent respectively of all households whereas in 2016 (the same period) recipients of raskin/rastra were 5.38 percent (January 2016) and 3.22 percent (February 2016 ). This is thought to have an effect on the slowing down of poverty reduction.

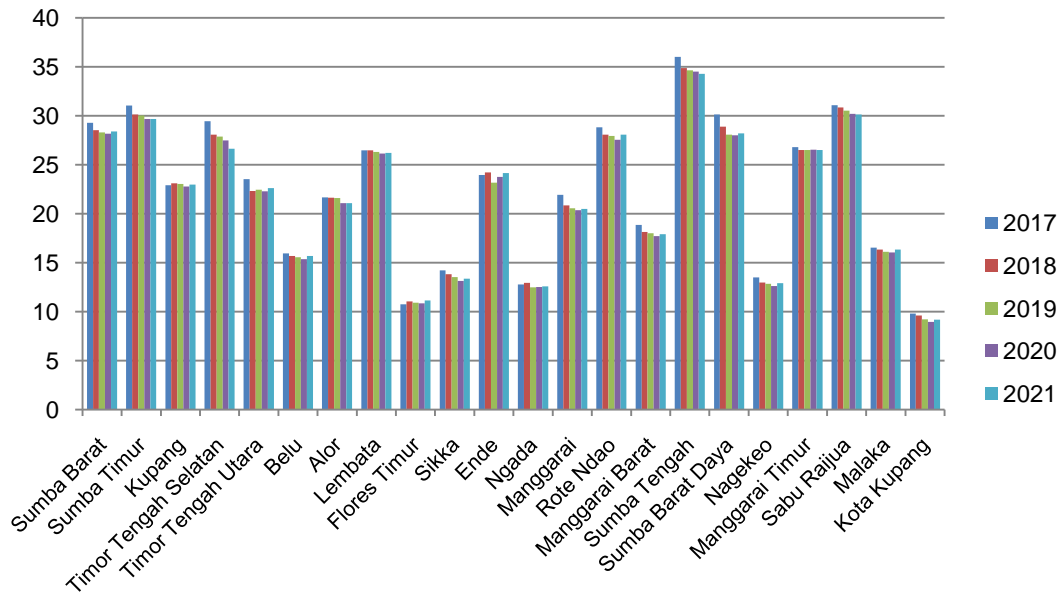


Figure 1 – Percentage of Poor Population (constant) by Regency/City in East Nusa Tenggara Province 2017-2021

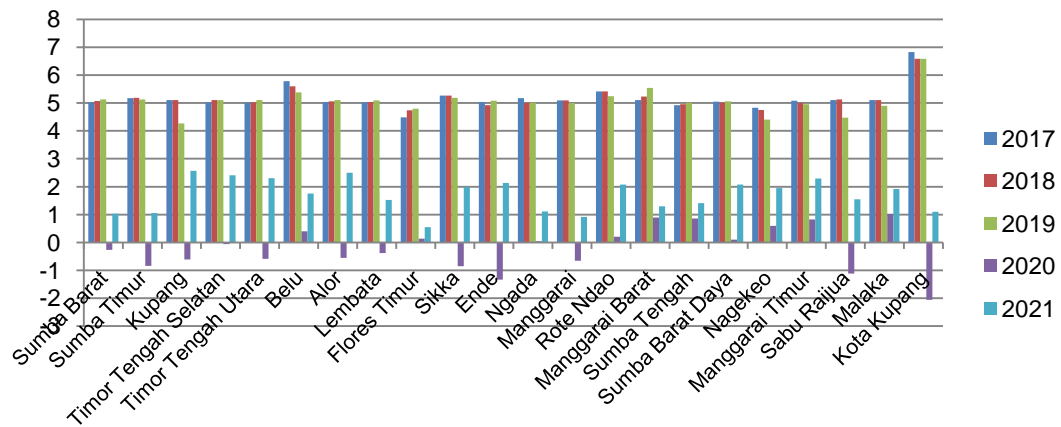


Figure 2 – Gross Domestic Regional Growth (constant) by Regency/City in East Nusa Tenggara Province 2017-2021

Social protection assistance programs such as school operational assistance (BOS), scholarships for the poor, community health insurance (Jamkesmas), and maternity insurance (Jampersal) have also been launched by the government to improve the quality of education and health of the poor, especially the chronically poor. . However, it is suspected that the effectiveness of these programs is still low because the chronically poor are not touched or do not have access to these aid programs. To reduce the level of poverty in the Province of East Nusa Tenggara, it is necessary to know what factors are related to or affect the level of poverty (number of poor people) in the Province of East Nusa Tenggara. Todaro (2006) shows the relationship between poverty and underdevelopment with several

economic and non-economic aspects. The three main components as the cause of underdevelopment and poverty in society, these factors are the low standard of living; low self-confidence and freedom from these three aspects have a reciprocal relationship. The low standard of living is caused by low levels of investment; low economic growth is caused by low infrastructure development, low government spending causes slow economic growth, high rates of poverty are caused by low economic growth. Economic growth in East Nusa Tenggara Province is currently around 6.61 percent, this is because the LNPRT consumption expenditure sector provides the largest contribution to the GRDP of East Nusa Tenggara Province. In fact, investment is an important component in national income and economic growth (Adnan, 2010).

In the 2017-2019 period, it was able to grow above 5 percent, but in 2020 it contracted 0.8 percent. However, the economic recovery in NTT began to be seen in 2021, where it was able to grow by 2.5 percent compared to the previous year. The increase in economic volume in 2021 is reflected in both the production side (supply side) and the final demand side (demand side). In terms of production, in 2021, the highest economic growth will occur in the categories of Water Supply, Waste Management, Waste and Recycling, which is 11.3%. In terms of final demand, the highest economic growth in East Nusa Tenggara Province occurred in the LNPRT Consumption component. In 2021, the economy will grow by 1.62 percent. The positive economic growth that occurred in almost all categories of business fields showed that NTT's economy was starting to recover from the impact of the Covid-19 pandemic. The highest economic growth was achieved by the provision of accommodation and food and drink at 25.91 percent. This is followed by the Processing Industry business field at 8.65 percent and Transportation and Warehousing at 6.59 percent.

Investment plays an important role in economic growth, it is important to determine an investment strategy that will balance economic growth and sustainable development. In conclusion, investment is an expenditure that will increase the number of means of production in society which in turn will increase income, so that economic growth increases. Investment is one of the important factors in determining the level of national income. Investment activities enable a community to continuously improve economic activities and employment opportunities, increase national income and level of prosperity (Sukirno, 2000).

Infrastructure development is one of the important and vital aspects to accelerate the national and regional development process. The increase in infrastructure and its improvement by the government is expected to spur economic growth (Suratno. 2010). The development of economic growth in the districts/cities of East Nusa Tenggara Province is influenced by several infrastructure factors such as road infrastructure and electricity. Infrastructure development policies must be pursued so that they do not only focus on increasing the value of output. Roads are a vital means of supporting development between regions. The ease of access caused by the availability of roads will automatically have a positive impact on the continuity of economic transactions between districts/cities in East Nusa Tenggara Province. A good road system provides an advantage for a country or region to compete competitively in marketing its products, developing its industry, distributing the population and increasing income. The limitations of the road and electricity network can hamper the growth of a region so that economic activity and have an impact on increasing poverty rates in the districts/cities of the province of East Nusa Tenggara.

Government spending aims to increase production capacity in projects that refer to economic growth, income distribution, welfare improvement, and programs that directly touch underdeveloped areas. The active role of local governments is expected to play an active role in managing and developing the public sector in an effort to increase regional economic growth. Government expenditure is a set of products produced that contain choices or decisions made by the government to provide public goods and services to the community. Poverty reduction efforts are also inseparable from the amount of government spending issued by local governments. Government spending continues to increase from year to year with the hope that it will improve people's welfare and reduce poverty. Government spending does not only look at the amount but also looks at the accuracy of targets in government spending (De Fina, 2002).

To achieve quality economic growth, district/city government expenditure allocations in East Nusa Tenggara Province are not only increased significantly, but also targeted at strategic sectors to encourage economic growth and improve the quality of life of the community at large. The high quality of economic growth does not only emphasize the high output growth of the East Nusa Tenggara Province's economic activities, but also must be able to have a changing effect on other socio-economic aspects. Regional spending is expected to be able to bring about a transformation of the economic structure of the community from a low value one to being able to reduce the poverty rate of districts/cities in the province of East Nusa Tenggara.

## METHODS OF RESEARCH

The objectives of this research are (1) to analyze the effect of investment, infrastructure development, and government spending on the economic growth of districts/cities in East Nusa Tenggara Province; (2) to analyze the influence of investment, infrastructure development, government spending, and economic growth on poverty in districts/cities in East Nusa Tenggara Province; (3) to analyze the role of economic growth in mediating the effects of investment, infrastructure development, and government spending on poverty levels in districts/cities in East Nusa Tenggara Province. This research is explanatory using quantitative approach in the form of associative. This study examines the relationship between 5 variables, the effect of investment, infrastructure development, government spending on economic growth and poverty levels in districts/cities in East Nusa Tenggara Province. The endogenous variables in this study are economic growth and poverty levels in districts/cities in East Nusa Tenggara Province. Exogenous variables in this study are the influence of investment, infrastructure development, government spending. Data collection in this study was obtained using data from BPS and BI. The location of the research was carried out by districts/cities in the Province of East Nusa Tenggara using data released by the Central Statistics Agency and the relevant agencies related to the object of research. This location was chosen because districts/cities in East Nusa Tenggara Province still have problems with slowing economic growth and the highest poverty rate after Papua and West Papua in Indonesia. The type of data used in this research is quantitative data. Sources of quantitative data in this study came from data obtained directly or in the form of primary data and secondary data observations. The method used to collect data in this study was non-participatory observation and in-depth interviews. The observation points in this study are in 22 regencies/cities consisting of 21 regencies and 1 city in the province of East Nusa Tenggara in the period 2017 to 2021 (5 years) so the sample size is  $22 \times 5 = 110$  observations by combining time series and cross data. The data analysis technique used to solve the problem in this research is quantitative analysis technique using path analysis method with the application of multiple linear regression models with the structural equations of this research.

$$Y = b_1X_1 + b_2X_2 + b_3X_3 + e_1 \quad (1)$$

$$Y = b_4X_1 + b_5X_2 + b_6X_3 + b_7Z + e_2 \quad (2)$$

Where: Y2: Poverty rate; Y1: Economic growth; X1: investment; X2: Infrastructure development; X3: Government expenditure; b1, b2, b3, b4, b5, b6, b7: regression coefficients for each variable X and Y; e1, e2: *error*.

## RESULTS AND DISCUSSION

Descriptive statistics in this study are presented to provide information about the characteristics of research variables, including minimum, maximum, mean, and standard deviation. The results of descriptive statistics can be seen in Table 2.

Table 2 – Descriptive Statistic Result

Variable	Minimum	Maximum	Mean	Std. Deviation
investment	1,50	97.921,00	22.867,42	21.276,85
Infrastructure development	20,88	469,38	121,79	90,91
Government expenditure	435,82	1.651,82	1.000,29	248,44
Economic growth	-2,05	6,83	3,38	2,30
Poverty rate	8,96	36,01	21,94	7,17

Investment in East Nusa Tenggara Province for the period 2017 to 2021 with a minimum value of IDR 1.5 (million) with a maximum value of IDR 97,921 (million) and an average value of IDR 22,867.42 (million). Infrastructure development in East Nusa Tenggara Province for the period 2017 to 2021 with a minimum value of IDR 20.88 (million), a maximum value of IDR 469.38 (million) and an average value of IDR 121.79 (million). Government expenditures in East Nusa Tenggara Province for the period 2017 to 2021 with a minimum value of IDR 435.82 (million) with a maximum value of IDR 1,651.82 (million) and an average value of IDR 1,000.29 (million). Economic growth in East Nusa Tenggara Province for the period 2017 to 2021 with a minimum value of -2.05 percent, a maximum value of 6.83 percent and an average value of 221.94 percent. The poverty rate in East Nusa Tenggara Province for the period 2017 to 2021 with a minimum value of 8.96 percent, a maximum value of 36.01 percent and an average value of 21.94 percent. The results of testing substructure I are used to test the effect of the variables of investment, infrastructure development, and government spending on economic growth as shown in the following table.

Table 3 – Coefficients Substructure 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,826	,922		6,319	,000
	Investasi	,025	,008	,284	3,010	,003
	Pembangunan infrastruktur	,005	,002	,213	2,804	,004
	Pengeluaran pemerintah	,003	,001	,273	2,436	,017

a. Dependent Variable: Pertumbuhan ekonomi

The structural equation for this research model is:

Substructure 1:

$$Y_1 = 0,284 X_1 + 0,213X_2 + 0,273X_3$$

The calculation of the standard error value is as follows:

$$Pei = \sqrt{1-0,415} = 0,764$$

Based on the calculation results, the research significance level for the investment variable on economic growth is  $0.003 < 0.05$ , so  $H_0$  is rejected and  $H_1$  is accepted, in other words investment has a significant effect on economic growth. Based on the calculation results, the research significance level for the infrastructure development variable is  $0.004 < 0.05$ , so  $H_0$  is rejected and  $H_2$  is accepted, in other words, infrastructure builders have a positive effect on economic growth. Based on the calculation results, the research significance level for the variable government expenditure on economic growth is  $0.017 < 0.05$ , so  $H_0$  is rejected and  $H_3$  is accepted, in other words government spending has a positive effect on economic growth.

The second step in path analysis is to prove that there is a significant effect of the independent variables (investment, infrastructure development, government spending and

economic growth) on the dependent variable (poverty level). The results of substructure II testing are used to test the effect of the variables of investment, infrastructure development, government spending and economic growth on the poverty level as shown in the following table.

Table 4 - Coefficient Substructure 2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26,907	3,538		7,605	,000
	Investasi	-,044	,018	-,161	-2,422	,013
	Pembangunan infrastruktur	-,015	,007	-,189	-2,227	,016
	Pengeluaran pemerintah	-,005	,002	-,180	-2,081	,046
	Pertumbuhan ekonomi	-,174	,082	-,056	-2,127	,042

a. Dependent Variable: Tingkat kemiskinan

The structural equation for this research model is:

Substructure 2:

$$Y_2 = -0,161 X_1 - 0,189X_2 - 0,180X_3 - 0,056Y_1$$

The calculation of the standard error value is as follows:

$$Pei = \sqrt{1-0,496} = 0,709$$

Based on the calculation results, the research significance level for the investment variable on the poverty level is 0.013 0.05, so H0 is rejected and H4 is accepted, in other words, investment has a negative effect on the poverty level. Based on the calculation results, the research significance level for the infrastructure development variable on the poverty level is 0.016 0.05, so H0 is rejected and H6 is accepted, in other words infrastructure development has a negative effect on the poverty level. Based on the calculation results, the research significance level for the government expenditure variable on the poverty level is 0.046 0.05, so H0 is rejected and H6 is accepted, in other words government spending has a negative effect on the poverty level. Based on the calculation results, the research significance level for the variable of economic growth on the poverty level is 0.042 0.05, so H0 is rejected and H7 is accepted, in other words economic growth has a negative effect on the poverty level.

The results of the coefficient of total determination:

$$R^2_m = 0,457$$

That is, the diversity of data that can be explained by the model is 45.7 percent or in other words the information contained in the data is 45.7 percent can be explained by the model, while the remaining 54.3 percent is explained by other variables (not contained in the model) and errors.

Investment has a positive and significant effect on economic growth in the Regency/City in East Nusa Tenggara Province, the results of the study indicate that the higher the investment value, the economic growth will increase, and vice versa the smaller the investment, the lower the economic growth. Increased investment will increase the rate of economic growth of a region. Vice versa, if the level of investment decreases, it will automatically cause a decrease in the rate of economic growth in the area. Investment is one of the important factors in determining the level of national income. Investment activities enable a community to continuously improve economic activities and employment

opportunities, increase national income and level of prosperity (Sukirno, 2000). Mahaendra, et al (2019) investment has a significant positive effect on economic growth in Klungkung district in Bali Province. if investment increases by 1 million rupiah, then the rate of economic growth increases by 1.581 percent. In Harrod-Domar's investment theory (Arsyad, 2010), capital formation/investment is an important factor that determines economic growth. This capital formation can be obtained through the accumulation of savings. According to Harrod-Domar, capital formation is not only seen as an expenditure that will increase the ability of an economy to produce goods and services, but will also increase the effective demand of society. This is in accordance with the results of research from Adipuryanti (2015) that investment has a positive and significant effect on the economic growth of districts/cities in Bali Province.

Infrastructure has a positive and significant impact on economic growth in districts/cities in East Nusa Tenggara Province, the results of the study indicate that the more infrastructure development is carried out, the economic growth will increase, and vice versa the less infrastructure development is carried out, the lower economic growth will be. Road infrastructure is a variable that plays an important role in increasing economic growth. The higher access to road infrastructure provides smoothness for community mobility and the flow of goods and services, will increase economic growth. The results of this study are in accordance with research conducted by Warsilan and

Government spending has a positive and significant effect on economic growth in districts/cities in East Nusa Tenggara Province, the results of the study indicate that the higher government spending, the economic growth will increase, and vice versa the less government spending, the lower economic growth. This study is in accordance with research conducted by Putra (2017) where government spending has a positive effect on economic growth. The purpose of this large government expenditure is infrastructure development because adequate and more qualified infrastructure is necessary to accelerate the rate of economic growth optimally, and to ensure the achievement of prosperity for all levels of society more equitably. Based on the results of the analysis that has been carried out, investment has a positive and significant effect on economic growth in the Regency/City of the Province of Bali. Harrod-Domar theory states that capital formation is considered as an expenditure that will increase the ability of an economy to produce goods and or services, as well as an expenditure that will increase the effective demand of the whole society. Where if at a certain period a certain amount of capital formation is carried out, then in the next period the economy has the ability to produce goods and or services that are greater so that it can increase economic growth.

Investment has a negative and significant effect on poverty levels in districts/cities in East Nusa Tenggara Province, the results of the study indicate that the higher the investment value, the poverty rate will decrease, and vice versa the smaller the investment, the higher the poverty rate. The role of the private sector both from outside and within the country in the formation of capital that is oriented towards increasing employment opportunities. Investment in facilities in the district/city of the province of East Nusa Tenggara must be able to continue to increase and have an impact on the formation of job opportunities. Investments that are prioritized are mainly in the agricultural sector, processing industry and service industry. Because this investment is mostly used for activities that use labor. Investment does not tend to be in the secondary sector, including the manufacturing sector and the construction or building sector, which use production factors in the form of machinery or are capital intensive. This increase in the use of capital-intensive production factors has resulted in no effect of investment on employment opportunities in Indonesia (Rizki and Haryadi, 2021). Danawati, et al. (2016) stated that direct investment has a positive and significant effect on employment opportunities. This shows that there is a unidirectional relationship between investment and employment opportunities so that an increase in investment will increase employment opportunities. Investment has a negative and significant effect on poverty. Investments made can make a community to continuously improve its economic activities, this is because there is an important function in investment. The results of the study are in line with the research of Paramita and Purbadharmaja (2015), Endrayani and Heny (2016),



and Momongan (2013). Where the negative relationship of the investment variable to poverty means that if there is a decrease in the amount of investment, it will cause an increase in the poverty rate in an area. This happens because investment is one of the efforts made to increase economic growth and reduce inequality by utilizing external parties who want to invest in the area.

Infrastructure development has a negative and significant effect on poverty levels in districts/cities in East Nusa Tenggara Province, the results of the study indicate that the more infrastructure development, the poverty rate will decrease, and vice versa the less infrastructure development, the poverty rate will increase. Infrastructure development has a negative effect on poverty. This is because the existence of uneven infrastructure development will cause a slowdown in the distribution of goods or products produced by the community so that the community's per capita income decreases will have a negative effect on poverty. Improvement and development of infrastructure will open opportunities for the poor to increase their income. Good infrastructure also stimulates economic growth in a country or region, increasing economic activity encourages community mobility and trade activities. According to Kuncoro (2003) from an economic point of view, there are three elements of poverty.

The results of the study indicate that government spending has a negative and significant effect on poverty levels in districts/cities in East Nusa Tenggara Province. The results indicate that the higher government spending, the poverty rate will decrease, and vice versa, the higher government spending, the lower the poverty rate. The realization of Total City and Regency Government Expenditures in NTT in 2021 has decreased compared to the previous year. Realization of Total Expenditure was recorded at Rp19.14 Trillion, or reached 81.25% of the total budget. In nominal terms, the realization of the total expenditure contracted 2.00% (yoy) compared to the previous year. The decline in transfer revenues from the central government has resulted in the restrained performance of city and district government spending.

Government spending has a negative effect on poverty. This is due to government spending that is not well absorbed and also government spending policies that do not consider the side of economic development in order to alleviate poverty in a country or a region. Todaro & Smith (2006) stated that the provision of various kinds of goods and services that are intended for the poorest population, is something that has the potential to alleviate poverty, such as the procurement of public facilities projects in rural areas as well as suburban and central slum settlements in cities providing food. free lunch. Suyana et al (2019) show that government spending has a negative and significant effect on the poverty level in the Regency/City of Bali Province. According to Adolf Wagner's theory, in an economy, if per capita income increases, government spending will also increase, mainly because the government must regulate relationships that arise in society such as law, education, recreation, culture and so on. Government spending directly affects the public consumption sector of goods and services. With government spending on subsidies, it not only causes poor people to enjoy a good/service, but also causes people who are already able to consume more products/services.

Economic growth has a negative and significant effect on poverty levels in districts/cities in East Nusa Tenggara Province, the results of the study indicate that the higher the economic growth, the poverty rate will decrease, and vice versa, the lower the economic growth, the higher the poverty rate. Economic growth followed by an increase in people's welfare and a reduction in the unemployment rate can be achieved if all components of society working in various sectors encourage these efforts. High economic growth and sustainable processes are the main conditions for the continuity of economic development that can alleviate community poverty. The Covid-19 pandemic has not only had an impact on human health, but has also weakened global economic conditions, including Indonesia. In terms of production, in 2021, the highest economic growth will occur in the categories of Water Supply, Waste Management, Waste and Recycling, which is 11.3%. In terms of final demand, the highest economic growth in East Nusa Tenggara Province occurred in the LNPRT Consumption component. ADHK 2010 GDP in East Nusa Tenggara

Province in 2017-2021 generally increased, except in 2020 where it decreased compared to 2019, namely 69,389.0 billion Rupiah (2019) and 68,809.6 billion Rupiah (2020). Economic growth in Nusa Tenggara Province East in 2020 decreased to -0.8 percent then increased to 2.5 percent in 2021.

Economic growth can mediate the effect of investment on poverty levels in districts/cities in East Nusa Tenggara Province. The results of this study indicate that higher investment and high economic growth can reduce poverty levels. Investments made can make a community to continuously improve its economic activities, this is because there is an important function in investment. The results of the study are in line with the research of Paramita and Purbadharmaja (2015), Endrayani and Heny (2016), and Momongan (2013). Where the negative relationship of the investment variable to poverty means that if there is a decrease in the amount of investment, it will cause an increase in the poverty rate in an area.

Economic growth can mediate the effect of infrastructure development on poverty levels in districts/cities in East Nusa Tenggara Province. The results of this study indicate that more infrastructure development and high economic growth can reduce poverty levels. Infrastructure development has a negative effect on poverty. This is because the existence of uneven infrastructure development will cause a slowdown in the distribution of goods or products produced by the community so that the community's per capita income decreases will have a negative effect on poverty. Improvement and development of infrastructure will open opportunities for the poor to increase their income. Good infrastructure also stimulates economic growth in a country or region, increasing economic activity encourages community mobility and trade activities. According to Kuncoro (2003) from an economic point of view, there are three elements of poverty.

Economic growth can mediate the effect of government spending on poverty levels in districts/cities in East Nusa Tenggara Province. The results of this study indicate that the higher government spending and high economic growth can reduce the level of poverty. With restrictions on community activities during the COVID-19 pandemic, the government has a policy of managing state finances that is more focused on additional spending on health, social protection, incentives for the business world, especially MSMEs and other adjustments so that affected communities can have social security that is more appropriate for the community. Increasing economic growth and limiting the increase in high poverty rates in regencies/cities in the province of East Nusa Tenggara. Government spending has a negative effect on poverty. This is due to government spending that is not well absorbed and also government spending policies that do not consider the side of economic development in order to alleviate poverty in a country or a region. The role of government in the allocation of the provision of public goods through government spending Todaro & Smith (2006) state that the provision of various kinds of goods and services that are intended for the poorest people is something that has the potential to alleviate poverty, such as the procurement of public facilities projects in rural areas as well as the outskirts and centers of slum settlements. In the city providing free lunch for school students, nutrition improvement program for pre-school children, construction of clean water tanks, as well as electricity supply to remote areas, direct money transfer and food subsidy program for people the poor, or direct government intervention that seeks to keep the price of basic food at a low price, reflecting another form of public consumption subsidy.

## **CONCLUSION**

Based on the results and discussion of the research, it can be concluded as follows. Investment, infrastructure development, government spending have a positive and significant impact on economic growth in regencies/cities in East Nusa Tenggara Province. This indicates that the higher the investment, infrastructure development, and government spending, the higher the economic growth. Investment, infrastructure development, government spending and economic growth have a negative and significant impact on poverty levels in districts/cities in East Nusa Tenggara Province. This indicates that the higher the investment, infrastructure development, government spending and the lower the

poverty rate. Economic growth can mediate the effect of investment, infrastructure development, government spending on poverty levels in districts/cities in East Nusa Tenggara Province. This indicates that the higher the investment, infrastructure development, government spending and economic growth, the lower the poverty rate.

Based on the conclusions that have been drawn from the results of the study, there are several suggestions that can be taken into consideration in an effort to overcome and reduce the level of poverty in each regencies/cities in East Nusa Tenggara Province. Accelerate economic growth in districts/cities and areas of poverty, by reducing the open unemployment rate, through labor-intensive oriented economic growth work. A fall in the open unemployment rate increases output and income, thereby reducing poverty. Increase linkages between economic sectors in regencies/cities in East Nusa Tenggara Province. The linkages between sectors of the economy require manpower, resulting in employment, which in turn increases income and increases output in the economic sector. Equitable economic development in regencies/cities in East Nusa Tenggara Province so that economic growth can grow faster in all regencies/cities, so that economic growth does not grow slowly in poverty areas. Improve education programs such as providing free education facilities, scholarships to underprivileged students and mobilizing the economic sector so that it can open up new job opportunities and the need to instill an entrepreneurial spirit for groups of job seekers so that it will increase GRDP and reduce poverty levels in districts/cities in East Nusa Tenggara Province.

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