

IDEAL CONCEPT OF INSTITUTIONAL MANAGEMENT TO OPTIMIZE POVERTY REDUCTION IN CENTRAL JAVA AND EAST JAVA PROVINCES

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A. Introduction

1. Background

For a developing country such as Indonesia, accelerating of poverty reduction is an urgent effort to do. According to M. Munasinghe et al., as Bosselmann cited that “there is no doubt that the achievement of economic development in developing countries can only advance the reduction of poverty”.¹ Appropriate economic development is an effort to be made in poverty reduction. There are relative and absolute poverties. Onojaas cited by Ashaver explained that:

*Absolute poverty is a situation where levels of income are insufficient to provide the basic necessities of life, while relative poverty is a situation where an individual or region appears to have more than others in absolute poverty, yet has less than others in terms of income, property and other resources. The first criterion would include those people near the borderline of starvation or death from exposure, while the second criterion would extend to people whose nutrition.*²

Meanwhile, Onobokun and Kumuyias cited by Ajala explained poverties as “shortage of vital or breakdown of economic, demographic, ecological, cultural and social systems and bad governance”.³ Poverty eradication is a problem that should be faced every country. According to Eradication of poverty from every corner of the world has become a major challenge for the global community.⁴ Dawood and Leng stated that poverty is a situation of inequality and deprivation that happens unfavorable for poor households in many developing countries.⁵ Previous research by Mbuli explained that:

*“Poverty is a multidimensional phenomenon that has different meanings for different people (irrespective of whether or not it is being examined within the same subject area). Poverty can be viewed as absolute or relative, as a lack of income or failure to attain capabilities”.*⁶

Marshall and Walters explained that “find evidence that income poverty reduction is greater for countries with a Poverty Reduction Strategy Papers (PRSP)”.⁷ This was suggested that poverty reduction strategies are needed so that poverty can be reduced. The above research findings were revealed that poverty reduction is a complex problem because poverty is seen from different perspectives. This is in accordance with the statement of the United Nations General Assembly which revealed that:

Poverty is amongst the gravest human rights challenges in the world. It embodies a range of interrelated and mutually reinforcing deprivations, and is associated with stigma, discrimination, insecurity and social exclusion. Poverty is not simply the lack of material goods and opportunities such as employment, ownership of productive assets and savings. It is also the lack of intangible assets and social goods, such as legal identity, good health, physical integrity, freedom from fear and violence, organizational capacity, the ability to exert political influence, and the ability to claim rights and live in respect and dignity. The poor are not a homogenous group; vulnerabilities and challenges faced vary among persons living in poverty. A human rights approach to

¹ Klaus Bosselmann, Poverty Alleviation And Environmental Sustainability Through Improved Regimes Of Technology Transfer, *Law Environment and Development Journal*, vol 2/1 (2006), p. 21

² Ashaver, Benjamin Teryima, *Poverty, Inequality and Underdevelopment in Third World Countries: Bad State Policies or Bad Global Rules?*, IOSR Journal Of Humanities And Social Science (IOSR-JHSS) Volume 15, Issue 6, Sep.-Oct. 2013, p. 34

³ Taiwo Ajala, Gender discrimination in land ownership and the alleviation of women’s poverty in Nigeria: A call for new equities, *International Journal of Discrimination and the Law*, Vol. 17(1), 2017, p. 56

⁴ Md. Golam Mostofa Hasan, Legal Framework of Poverty Reduction in Bangladesh: An Analysis From The International Human Rights Law, *The Northern University Journal of Law*, Volume IV (2013), p. 83.

⁵ Sharifah Rohayah Sheikh Dawood and Khoo Suet Leng, Poverty eradication, government role and sustainable livelihood in rural Malaysia: An empirical study of community perception in northern Peninsular Malaysia, *Malaysian Journal of Society and Space*, 12 issue 8, 2016, p. 61

⁶ Bhekizizwe Ntuthuko Mbuli, *Poverty Reduction Strategies In South Africa*, Dissertation, University Of South Africa, 2008, p. 14.

⁷ Marshall, R. & Walters, B., Evaluating ten years of 'strategizing' for poverty reduction: A cross-sectional appraisal of the Poverty Reduction Strategy (PRSP) initiative, *Brooks World Poverty Institute*, PWPI Working Paper 143, 2011, p. 4

*development is fundamentally concerned with empowerment, believing that poverty results from disempowerment and multiple exclusions.*⁸

The complexity of poverty reduction problems as described above shown that to overcome poverty, appropriate efforts should be made and adapted to the conditions of the poor in each region. According to Claeys, “*Participation by the poor could be used as a benchmark against which government policy and initiatives to strengthen government-citizen relations may be evaluated*”⁹

One of the efforts that need to be undertaken and discussed in this research is the institutional review to ensure that the prepared strategies and programs of poverty reduction can be run in a coordinated manner, which is organized through synchronization, harmonization and integration of acrosssectors and stakeholderspoverty reduction. The coordination of these strategies and programs was contained in the Minister of Home Affairs Regulation No. 42/2010 on Poverty Reduction Coordination Team of Provincial and District/City and nationally the strategies and programs of poverty reduction have been established in Presidential Decree No. 15/2010 on the Acceleration of Poverty Reduction.

This research was focused on the provinces of Central Java and East Java. These two provinces have districts/city with varying poverty levels and occupy the first and second positions as the province with the highest number of poor people. Based on data from *SatuData Indonesia*, it was known that the highest number of poor people is East Java province of 4,638,530 people while second highest is Central Java Province of 4,493,750 people.

People need a sense of justice in perceiving the results of development by the government. As in the Fifth Moral Principles of Pancasila social justice for all Indonesians people. According to Deutsch, distributive justice or injustice can be seen on three levels, including of values, rules, and implementation of the rules. The values of distributive justice vary greatly. Each value has a purpose and conformity with certain conditions.¹⁰This is in accordance with the concept of John Rawls who lived in the early 21st century as quoted Hari Chand more emphasis on social justice. “This was related to the emergence of the conflict between individual interests and the interests of the country at that time. Rawls was seen the main interests of justice are (1) the assurance of the stability of human life, and (2) the balance between private life and together life”.¹¹

The theory of justice above was shown that people need an assurance of life stability. Therefore, justice in the implementation of development must really be felt by the community. The policies that were not aligned with poverty reduction strategies need to be responded by the government to enable justice to be enforced.

2. Problem formulation

Based on the above background, problems that can be formulated how the ideal concept of institutional management to optimize poverty reduction in order to improve the welfare of the people in the province of Central Java and East Java?

B. Theoretical basis

1. Public policy theory

According to Dye was cited Obo and Obo, “*Public policy is whatever the government chooses to do or not to do*”.¹² Dye was argued that public policy is whatever the government chooses to do or not do. While Anderson stated as cited Tatiana and Dogaru that: “*public policy is a deliberate course of action, aimed to achieve a particular purpose, followed by an actor in addressing a problem of general interest*”.¹³

Concerning to the context of the goal-setting of a nation and the solving of public problems, Anderson in Tachjan was explained that “*public policy is a series of activities that have a particular objectives or purposes that followed and implemented by an actor or a group of actors related to the problem or a matter of concern*”.¹⁴

2. The concept of the Welfare State

⁸Secretary Of General Assembly, *Legal Empowerment of the poor and eradication of poverty*, United Nations General Assembly, 2012, hal. 3.

⁹ AnjaClaeys, *Engaging The Poor In Policy-Making On Poverty And Social Exclusion In Flanders (Belgium)*, OECD, 2001, p. 125

¹⁰ Deutsch, M., “*Equity, Equality, and Need: What Determines Which Values Will be Used as the Basis of Distributive Justice?*”, *Journal of Social Issues*, 31, 1975, hal. 140

¹¹ Hari Chand, *Modern Jurisprudence*, International Law Book Review, Kuala Lumpur, 1994, hal. 278

¹² UgumanimBasseyy Obo and EkpenyongBasseyy Obo, *Public Policies and the Crisis of Underdevelopment in Nigeria: A Critical Reconsideration of the Privatization Programme (1999-2010)*, *International Journal of Business and Social Science*, Vol. 4 No. 7; July 2013, p. 245

¹³ Tatiana and CameliaDogari, *Examining Public Policy In Romania: Is It TransparentAnd Legitimated*, *International Journal of Management and Applied Science*, Volume-2, Issue-9, Special Issue-1, Sep.2016, p. 107

¹⁴ Tachjan, *ImplementasiKebijakanPublik*, AIPI, Bandung, 2006, p. 19

The welfare state concept emerged as an alternative to constitutional democracy in the twentieth century. This happens as a reaction to the excesses of liberal pluralism in the 19th century constitutional system. This thinking gave rise to the “*the least government*”¹⁵, which means little government is the best. The welfare thinkers of the welfare state are Ramesh Mishra, Ross Cranston and Vilhem Aubert.

Miriam Budiardjowas explained that “the state needs and even should to intervene in various social and economic problems to ensure the creation of common prosperity in society, in accordance with the final goal for each country that is to create happiness for its people (*bonumpublicum, common good, common wealth*)”¹⁶. Subsequently, the development of the *welfare state* shifted from *welfare state* to *workfare*. This is exactly what President Ricard Nixon thought which was proclaimed in 1969 by saying: *what America needs is not welfarebut more workfare*”¹⁷. There are major issues associated with *workfare, opportunity, responsibility and community*”¹⁸. In the *workfare*, state intervention was conducted with an approach required recipients of social assistance to be able to enter the labor market. Thus, the right of every people to get prosper depends on how much the country has to provide employment.

3. Asymmetric Decentralization Theory

Indonesia is a unitary state that embraces decentralization. The transfer of power from the central government to local governments is a manifestation of the implementation of decentralization in Indonesia. Ni'matul Huda was explained, there are some basic principles that must be considered in designing the concept of decentralization, including of first, the concept of decentralization should be constructed by integrating the four main aspects of structure, function, structure environment (internal and external), as well as aspects of the actors' behavior in the structure. Second, the existence of decentralization should be interpreted as simply “one of the tools” to realize the democratization and welfare of the people (*social welfare*). Third, the operational definition of decentralization must be clearly defined. Fourth, the goal of decentralization should be designed on the basis of a *political economy* framework, and accompanied by a clear measurement.¹⁹

Decentralization is a symbol of trust from the central government to the local government. According to Scherrer ascited by Mbate, “*decentralization leads to improved governance of the science of the reduction of political and ethnic instability*”²⁰. Decentralization will be obtained if the authority to regulated and managed governmental administration is not solely done by the central government, but also by the lower government (*zelfstanding*), autonomous (territorial or functional) entities. So it can be said that decentralization is not merely the dispersion of authority, but also the distribution of power to regulate and manage the implementation of state government between the central government and lower-level government units. Decentralization is the handover of governmental affairs from the central government as the upper level to the region to be the household affairs of the area concerned.²¹ According to Said as cited Rashidin, asymmetric decentralization is the opening of space for implementation and creativity of the province in the implementation of government outside the general and special provisions, while at the district/city level already accommodated in existing legislation. Asymmetric decentralization can become a breakthrough in the impasse of the formal mechanism.²²

Asymmetric decentralization was provided space for local governments to manage their regions. According to Danastrias cited by Rashidin, explained that: the difference in symmetric and asymmetric decentralization lies in the degree of *conformity* and the level of *commonality* in the relationship of a government (state/region), to the political system, to the central government as well as between states/regions. In a symmetrical pattern was characterized by “*the level of conformity and commonality in the relations of the separate political units of the system to both the system as a whole and to the other component units*”. In an asymmetrical pattern, one or more political units or local government possessed of varying degrees of autonomy and power”. Specifically on the asymmetric pattern, Tarlton was emphasized “*In the model asymmetrical system each component unit would have about it a unique feature or set of features which would separate in important ways, its interests from those of any other state or the system considered as a whole*”.²³

Discussing the theory of asymmetric decentralization, Ni'Matul Huda was expressed his opinion that: Asymmetric decentralization is not an ordinary delegation of authority in the form of transfer of special powers that are only granted to certain areas. Empirically is a comprehensive strategy of the central government to re-embrace the areas that want to

¹⁵ Miriam Budiardjo, *Dasar-dasar Ilmu Politik*, Gramedia Pustaka Utama, Jakarta, 2008, p. 58

¹⁶ *Ibid.*, p.45

¹⁷ Yohanes Suhardin and Rudy Haposan Siahaan, Populist Economy In The State Of Welfare Law Of Indonesia, *International Journal of Business, Economics and Law*, Vol. 5, Issue 4, Dec. 2014, p. 79

¹⁸ Donnal E. Sahal, Welfare State Reform, We must Assume Responsibility, dalam *Society & Value, Social Responsibility in the United States*, *Elektronik Journal of the U.S. Institution Agency*, Number 20, p. 5

¹⁹ Ni'Matul Huda, *Hukum Pemerintahan Daerah*, Nusa Media, Bandung, 2009, p. 100

²⁰ Michael Mbate, Decentralisation, Governance and Accountability: Theory and Evidence, *Journal of African Democracy and Development*, Vol. 1, Issue 2, 2017, p. 8

²¹ Moch.Kusnardi, dan Saragih, R. Bintan, *Ilmu Negara*, Gaya Media Pratama, Jakarta, 2008, p. 208

²² Rasyidin, “Penerapan Desentralisasi Asimetris Pasca MoU Helsinki Dalam Perspektif Ekonomi Politik Di Provinsi Aceh”, *Al Ijtima'i*, Vol. 1 No. 1, 2015.p. 4

²³ *Ibid*, hal. 4 – 5

separate themselves from the lap of motherland. He tries to accommodate local demands and identities into a typical local government system. It is thus expected that resistance to national government and the desire for independence can be eliminated through specific local government systems as practiced in several countries including the Quebec region of Canada, Mindanao in the Philippines, Bougainville in Papua New Guinea and Basque in Spain. They may, for example, have a flag, language, local political party and a share of larger revenue sources.²⁴

Indonesia has ethnic and cultural diversity in each region, so that each region has its own characteristics. According to Nasution, "each area is treated differently because it assumes the existence of extreme pluralism that the central government must respond. Basic ideas of sequential asymmetric decentralization begin in Indonesia under which decentralization should start from asymmetric".²⁵

Meanwhile Huda explained that the State of Indonesia embraced a unitary state system which implies that the central government exercises the highest sovereignty of the state. In order not to be arbitrary, government activity is supervised and limited by law. The logical consequence of its position as the organizer of state sovereignty, then the units of government formed and under the central government must be subject to the central government. Without submission and organizational compliance under applicable laws and regulations, there will be overlaps and collisions in the exercise of authority (*principle of unity of command*).²⁶

C. Research methodology

1. Types of research

This type of research was included in empirical juridical legal research. According to Soemitro, "the empirical juridical approach is the problem-based approach of juridical matters to the reality". [23] Meanwhile, according to Soekanto and Mamudji, the empirical juridical approach is the procedure to solve the research problem by researching the secondary data first to be followed by conducting research on primary data in the field. [24] So research is done by collecting primary data in the field then analyzed to answer the problem formulation.

2. Data analysis technique

The analysis of qualitative data typically is an interactive and active process. Qualitative researchers often read their narrative data over and over in search of meaning and deeper insights. Morse and Field note that "qualitative analysis is the process of matching data together, how to make the vague become real, connecting the consequences with the cause. Which is a process of verification and conjecture, correction and modification, suggestion and defense" [25].

The data analysis technique used in this research is qualitative analysis with inductive thinking logic, that is giving interpretation to the facts found and doing the interpretation of the symptoms studied. In relation to this BurhanAshofa explains that "the inductive approach is to seek, explain and understand the general principles prevailing in a society's life by starting from reality to theory and not vice versa" [26].

D. Discussion

1. Ideal Model Findings Institutional Setup for Poverty Reduction

The results of the study found that the model of institutional arrangement of poverty alleviation in Central Java and East Java provinces is still not effective in improving people's welfare. The main actors of poverty reduction programs at the district level provide input on the ideal institutional model that is expected for poverty reduction programs to work properly. These inputs can be summarized as follows:

- a. Strengthening Bappeda by adding poverty reduction to the organizational structure of Bappeda Kabupaten / Kota.
- b. Asymmetric decentralization or special grouping of poor areas is then given a regulation or legal umbrella for budget allocation.

2. Strengthening Bappeda and Asymmetric Decentralization

a. Strengthening Bappeda

Bappeda is an institution that is the secretariat of the Regional Poverty Reduction Coordinating Team (TKPKD). The results of the study found that the Regional Device Organization (OPD) as a member of TKPKD still considered the poverty alleviation program of the region to be the tupoksi of Bappeda. The current situation, the task of poverty reduction is charged to one of the sub-areas of Bappeda. Limitations of existing resources make poverty reduction programs ineffective.

The government's commitment to poverty reduction needs to be strengthened. According to Rivera, et.al., "Commitment of the government, regardless of the governing administration, to instill poverty alleviation is a significant factor in addressing poverty". [27] Strengthening of the institutional poverty in Bappeda is needed. Institutional strengthening of Bappeda is done to strengthen the authority and ability of Bappeda in implementing

²⁴ Ni'Matul Huda, *Desentralisasi Asimetris dalam NKRI*, Nusa Media, Bandung, 2014, p. 63

²⁵ IndraKesumaNasution, The Challenge of Decentralization in Indonesia: Symmetrical and Asymmetrical Debate, *International Journal of Social Science and Humanity*, Vol. 6, No. 9, September 2016, p. 692

²⁶ Ni'Matul Huda, *Op. Cit.*, p. 27

poverty reduction program. The current organizational structure needs to be designed to fit the work needs of employees in order to be able to run better poverty reduction programs.

Input from employees directly handling poverty reduction programs on the design of Bappeda's organizational structure will certainly enable employees to run the program more easily. The institutional strengthening of Bappeda is expected to include the field of poverty reduction into the organizational structure of Bappeda. Poverty alleviation will be in charge of planning, implementing and clicking o *ordinasikan* activities in the scope of the Poverty Reduction Plan. To carry out this task requires accurate and valid data to make the planning that is made in accordance with the conditions of poverty that exist in the community. According to Alkire, "*data on poverty are severely limited both in terms of frequency and coverage. Its limitation with regards to frequency is especially striking when compared to the availability data concerning economic phenomena*". [28]

Data validity is an important aspect, as this data will illustrate the poverty conditions that exist in each region. For that sub-section of data validation needs to be formed in the field of poverty alleviation. Sub-section of data validation will convey the poverty data of the population *by name* and *by address*. Residents who already have NIK, do not have NIK, who live in an area according to NIK or outside the region with a certain level of poverty will be known for certain. Thus Bappeda will be easy to provide a form of poverty reduction program in accordance with existing conditions. Bappeda will be able to evaluate the social welfare programs needed by communities in areas with high poverty levels. The development program to improve the welfare of the community will be managed and regulated by the social welfare sub-division. Through this sub-sector of social welfare, it will be determined that the development programs proposed by the WTO are in accordance with poverty reduction targets or not. Development programs of OPD that are incompatible with poverty data will be revised to be diverted or replaced with targeted development programs.

Implementation of pro-poor development programs necessarily need to be evaluated and monitored properly so that poverty can be reduced. ZvousheHardlife and Gideon Zhou, *to adopt a results-based approach to poverty reduction and improvement in living standards; and they contain some elements of a results-based monitoring and evaluation approach*. [29] This is done to ensure the implementation of the development program will have a significant impact on the decline in the number and the level of poverty. Therefore, sub-section of evaluation and monitoring is needed to strengthen the institutional role of poverty alleviation that is formed in Bappeda.

Incorporating a new field in a local government organization must necessarily meet the needs of the region and also base on the applicable regulations. The districts that are the locations of this study have poverty rates and poverty rates that exceed provincial and national outcomes. The location of this study received a red report from TNP2K. Therefore, the flexibility in determining poverty reduction policy needs to be given by the central government so that the number and the level of poverty can be reduced, so that the people's welfare can be improved.

b. Asymmetric decentralization

The ideal institutional concept that is expected to effectively address poverty reduction is the decentralization of the asymmetry. Grouping of districts with high poverty rates and getting a red report from TNP2K needs to be done. The next step is to give authority to the area to more freely set the existing institutions to fit the needs in running the poverty reduction program. This is in accordance with the opinion Said quoted Rashidin, that

The asymmetric dentralization is the opening of space for implementation and the creativity of the province in the execution of government outside the general and special provisions. while at the district / city level already accommodated in existing legislation. Asymmetric decentralization can be a breakthrough in the impasse of formal mechanisms. [30]

Ni'matul Huda, explains that "through *asymmetrical decentralization* or *asymmetric autonomy*, certain regions within a given country are given special powers not given the heads of other regions. [31] Djohermansyah Djohan in Ni'matul Huda explains that:

Asymmetric decentralization (*asymmetric decentralization*) is not an ordinary delegation of authority in the form of transfer of special powers that are only granted to certain areas. Empirically a comprehensive strategy of the central government to re-embrace the areas that want to separate themselves from the lap of motherland. He tries to accommodate local demands and identities into a typical local government system. [32]

The concept of asymmetric decentralization as mentioned above can be used as one of the reference for institutional strengthening of BappedaKabupaten with special condition that is achievement of poverty level and still high poverty level. BAPPEDA institutional strengthening measures such as expanding the field of poverty reduction in the organizational structure can be carried out due to the asymmetric decentralization. This is in line with Wehner's opinion quoted by Amrizal that:

Giving different autonomous to one regions or territories from a few areas of governance is a practice that is quite common of political arrangements experience in many countries. This experience takes place either in the form of decentralized unitary state or in a federative arrangement format.²⁷

Implementation of asymmetric decentralization is also done by grouping the village areas in each district. Villages with high poverty severity and low poverty conditions need to be mapped and grouped. Thus the target of development to improve people's welfare will really be achieved.

Village mapping and grouping according to the poverty level requires accurate and valid data. TNP2K has provided an application for assessing poverty in each region. Bappeda just enter the condition data of each village in the application. Thus the development program implemented will be in accordance with the grouping of applied villages. Asymmetric decentralization will allow local governments to manage poverty reduction programs in order to run well in accordance with the corridors established by the central government through TNP2K.

The existence of TNP2K as a control against poverty reduction efforts is still needed so that poverty reduction program can be on target. The reference to the implementation of the poverty reduction program implemented by the central government to the local government shows that the decentralization system applied using the *The Agency Model* theory proposed by Clarke and Steward as quoted by Wijayanti as follows:

The model in which the local government does not have sufficient power so that its existence is seen more as a central government agency that is in charge of implementing central government policies. Therefore in this model the detailed guidelines in the legislation as a control mechanism are very prominent. This is the consequence of a unitary state, in which the central government controls the administration. The form of central government control is manifested through the handover of these matters through the formulation of norms, standards, procedures and criteria (NPSK) developed by the central government as a basis for local governments to carry out the functions that have been granted by the central government. [33]

Based on the above explanation, it can be seen that asymmetric decentralization applied to the institutional arrangement of poverty alleviation in Central Java and East Java Province is the flexibility to form poverty alleviation field in Bappeda but still in control of TNP2K as the *leading sector* of poverty eradication in Indonesia. District governments with high levels of poverty are given the flexibility to form new areas in Bappeda for better poverty prevention programs.

3. Ideal Concept of Institutional Arrangement in Optimizing Poverty Reduction to Increase People's Welfare in Central and East Java Provinces

The optimal institutional setting of poverty reduction is through strengthening Bappeda through the establishment of a new field of poverty alleviation for districts with high poverty rates using asymmetric decentralization principles. However, the institutional arrangement has not been able to fully guarantee that poverty reduction programs can run well and in harmony with the central government program. Therefore, it is necessary to present the ideal concept of institutional arrangement as input for the central government and local government in order to better coordinate poverty eradication. This is in accordance with Deolalikar's opinion, et.al that "*Institutions influence government policies, which in turn influence growth and distributional outcomes, which then affect the pace of poverty reduction*". [34] The steps that need to be done so that the institutional arrangements can be ideal for optimizing poverty reduction are as follows:

a. Strengthening the role of TNP2K in the implementation of poverty reduction strategies

The poverty reduction strategy requires a definite legal umbrella so that government action in formulating strategic steps can be done well. Law is a science that covers many fields. One of them is in the economic field. P is no poverty alleviation activities, legal protection will be particularly important as the guidelines for the implementation of economic policy. According to Ibrahim FI Shihata :

The rule of law is needed to give credibility to commitments on the part of the governments, and reliability and enforceability to applicable rules. This, in turn, leads to lower transaction costs, greater access to capital, and the maintenance of level playing fields. As a result of this experience, recent literature on economic development has placed greater emphasis on institutional economics, notably on preserving the quality of institutions through the establishment and maintenance of an appropriate and workable legal framework.²⁸

The central government's policy through the National Acceleration of Poverty Alleviation Team implies the importance of *pro-poor* or *pro-poor* budget policies . Thus the level of poverty will be completely suppressed. However, not all policies provided can be applied in the regions. Different regional conditions make public policy a legal umbrella for the implementation of poverty alleviation programs need to be adjusted.

²⁷Amrizal, et.al., Asymmetric Decentralization Aceh; Governor Consultation and Consideration Context on Central Government Administrative Policy, *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, Volume 20, Issue 9, Ver. V (Sep. 2015), p. 4

²⁸Ibrahim F.I. Shihata, The Role of Law in Business Development, *Fordham International Law Journal*, Volume 20, Issue 5 1996, p. 1577

According to Ismatullah, et al. quoted Hasugian that “*The aim of state in this realm can be interpreted as state vision generally aims to create welfare, prosperity, and happiness for its people (bonum publicum, common good, common wealth)*”. [35] TNP2K will be able to more effectively perform its functions to accelerate poverty reduction if it has the authority and authority to formulate:

- 1) Give red report cards and reward poor or successful areas of poverty reduction
- 2) Provide strict sanctions to areas where the poverty rate / rate is unchanged.
- 3) Calling the provincial and district TKPKD to report poverty reduction focusing on areas with high poverty rates and poverty-prone areas.
- 4) Evaluate and monitor through unannounced inspections to areas with the highest levels of poverty.
- 5) Prepare strategic steps and as a spearhead to determine the criteria of the poor who not only use *by name by address* but *by character* and *by picture*.
- 6) Accommodate all data on poverty in order to create a valid poverty data.

In achieving the Accelerated Development of Poverty Reduction in this case TNP2K must have authority, high authority in enforcing the acceleration of poverty reduction. Without the authority and authority overlaid by the prevailing rules of acceleration of poverty alleviation will be in place. This is consistent with the findings of Taiwo and Agwu's research that “*strengthen the existing poverty alleviation strategies and ensuring good management can be one way towards the effective performance of existing poverty alleviation programs*”. [36] The strengthening of TNP2K as an institution planning poverty reduction strategy is a must.

b. Establishment of Regional Poverty Reduction Agency

The field of poverty alleviation within the scope of Bappeda Kabupaten is less effective in providing poverty reduction programs that are truly *pro-poor*. Bappeda is one of the bodies responsible to the Bupati, so the power of the Bupati as the head of the region allows the poverty alleviation program to contain political elements. For that the establishment of institutions in the form of bodies or agencies that are able to provide assurance of improving people's welfare needs to be done. The community, especially the poor, is an important stakeholder in poverty alleviation. For that the interests of the people in determining public policy should take precedence. This is in accordance with the opinion of Sorjono Soekanto, that to understand how the functions of the law, can not be separated from the aspect of law enforcement in which one of them is “community factor, that is the environment where the law is applied or applied”. [37] This is reinforced by Wheeler's explanation that “*the public interest has been described as referring to considerations affecting the good governance of the community and government affairs for the wellbeing of citizens*”. [38]

Robert Eyestone in Budi Winarno, which states that “public policy as a relationship of a government unit to its environment”. [39] The environment here is a society that becomes the object of service provided by the government. The government should be able to formulate public policies that must be truly in accordance with the needs of the community. Public policy in favor of the interests of the community is expected to improve the welfare of the community. Esping Anderson in Wibowo and Bahagijo, explains that “the welfare state basically refers to the role of an active state in managing and organizing an economy that includes the responsibility of the state to ensure the availability of basic welfare services in a certain level for its citizens”. [40]

The establishment of the Regional Poverty Reduction Agency is one of the forms of pro-poor public policy and the state's responsibility to improve the welfare of the people. The central government already has TNP2K as the *leading sector* poverty alleviation. At the provincial and district / city level, TKPKD was established. However, the results of the study found that in districts with high poverty rates, TKPKD did not function effectively. The Regional Poverty Reduction Agency is a proposal for local governments to replace the TKPKD function but is better organized institutionally because it has the ability to obtain more accurate and valid data, to deliver empowerment and poverty alleviation programs in line with the central government, and has the authority to monitor, evaluate and control the poverty alleviation program in the region as it is directly connected with the central government.

Regional Poverty Reduction Agency can be used as the ideal concept of institutional arrangements in optimizing poverty reduction in order to improve the welfare of the people in Central Java and East Java Province. Accurate data directly linked to the central government through TNP2K can serve as an important basis in determining a pro-poor public policy.

Empowerment planning and poverty alleviation adjusted indicators set by the central government will make districts with high poverty level or who get a report card red from TNP2K able to establish pro-poor development programs. TNP2K can provide inputs and interventions when the results of development evaluations are not in accordance with the established planning and agreed between central and local governments.

E. Conclusion

The ideal concept of institutional arrangements to optimize poverty reduction in order to improve the welfare of the people in the provinces of Central Java and East Java is as follows:

1. Strengthening Bappeda by adding poverty reduction to the organizational structure of Bappeda Kabupaten / Kota.

2. The application of asymmetric decentralization to districts / municipalities with high poverty rates through the implementation of the poverty alleviation institutional arrangement but still in the central government control through TNP2K.
3. Strengthening the role of TNP2K in the implementation of poverty reduction strategies. TNP2K not only provides guidance and technical assistance, it is also authorized to assess the performance of poverty alleviation in the regions and intervene in the form of sanctions against regions that are unable to cope with poverty alleviation quickly and on target.
4. The establishment of the Regional Poverty Reduction Agency to replace the TKPKD function but is better organized institutionally because it has the ability to obtain more accurate and valid data, to deliver empowerment and poverty reduction programs in line with the central government, and has the authority to monitor, evaluate and control the prevention program poverty in the region because it is directly connected with the central government .

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