ATIK MAR’ATIS SUHARTINI: Pro Poor Growth at Province Level in Indonesia. Under supervision of NUNUNG NURYARTONO and LUKYTAWATI ANGGRAENI.

Economic growth should provide benefits to the poor, so they have opportunities to improve their economic condition or called pro poor growth. The purpose of this study: to analyze the growth and distribution effect of poverty reduction by province, to analyze pro poor growth by province, and determine factors that influenced pro poor growth or poverty reduction. The main data which used in this research is annual income per capita data during 2005-2009 from national economic and social surveys at household level. The research methods are descriptive analysis, shapley decomposition of poverty analysis, poverty equivalent growth rate (PEGR) and panel data analysis. Study shows that during 2005-2009, economic growth tends to decline with increasing income inequality, and affects diversity of poverty reduction in province level. The economic growth is not yet pro poor growth at first periode (2005-2006), and pro poor growth at 2007-2009 periode. Econometric analysis with REM (Random Effect Model) determines that agriculture productivity, education (average of school) and population significantly influence poverty reduction (pro poor growth). Higher agriculture productivity and better education are significant in reducing poverty. In contrast, increasing population means increasing poverty. The advice can be given as follows: the government, especially local government not only geting high growth in their development, but also pay attention to reduce income inequality. Improving the welfare of the poor can be done by increasing agricultural productivity with revitalization of agriculture. Education or human capital of the poor needs to be increased given the positive impact on poverty alleviation. Finally, controlling the population growth rate needs to be intensified related increasing in basic needs and jobs that must be fulfilled as a consequence population growth.

Keywords: economic growth, inequality, poverty reduction, pro poor growth.