ABSTRACT

PERWITA SARI. Impact Analysis of Infrastructure Development Program to Reduce Poverty on Underdeveloped Region. Under direction of NUNUNG NURYARTONO and LUKYTAWATI ANGGRAENI.

Raising up welfare and reducing poverty are some of the government goals in underdeveloped region. Therefore the ministry of underdeveloped region accelerate these by implementing P2IPDT, which is an infrastructure development program in underdeveloped region. The purpose of this study is to analyse the impact of this programs on the economy, inequality and poverty reduction. Using dynamic panel data model, the result shows that P2IPDT has significant and positive impact to per capita GDRP in the medium and long run. However, increased of per capita GDRP is not only comes from increased of P2IPDT but also from increased of inequality. Therefore this condition makes the economy unable to reduce poverty on underdeveloped region.

Keywords: P2IPDT, economy, inequality, poverty, dynamic panel data model