Reducing poverty is one of goals on thenational development. In the effort of poverty reduction, government has run several programs. But, poverty is not reduced. It means that these programs have not effectively reduce poverty because it is homogenous for all regions. The purpose of this study: (1). Identify the factors that affect poverty in the Western and Eastern Indonesia, (2) Formulate poverty prevention policies in the Western and Eastern Indonesia. The methods which used are: descriptive and panel data analysis. Result of this study: (1). There are similarities causes of poverty in the Western and Eastern Indonesia, it is unemployment. (2). This study also shows that causes of poverty in the Western and Eastern Indonesia is different. Poverty in the Western Indonesia caused high population density especially in Java and Bali with education remains low and is predominately dependent on primary agricultural sector as the main source of livelihood. Poverty in the Eastern Indonesia caused lack of populations and inadequate availability of infrastructure. The difference may be the cause of poverty as proof that poverty reduction programs that are not effectively tackling poverty homogeneous. (3). Poverty reduction programs in the Western Indonesia can be done with transmigration and agro-industry business development, while in the Eastern Indonesia by increasing the number of population and infrastructure.

Keywords: poverty reduction, Western Indonesia, Eastern Indonesia, panel data analysis, policy.