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Implementation of Local Finance Laws in the Management of the Regional Budget for Poverty Alleviation in Tidore Kepulauan City

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Abstrak

Penelitian ini bertujuan untuk menganalisis implementasi hukum keuangan daerah dalam pengelolaan Anggaran Pendapatan dan Belanja Daerah (APBD) Kota Tidore Kepulauan dalam upaya pengentasan kemiskinan serta mengidentifikasi hambatan normatif dan empiris yang mempengaruhi efektivitasnya. Penelitian ini menggunakan pendekatan yuridis-empiris (socio-legal) dengan teknik pengumpulan data melalui studi kepustakaan, wawancara, observasi, dan dokumentasi. Analisis data dilakukan secara kualitatif dengan menggunakan teori negara kesejahteraan, teori fungsi keuangan publik, serta teori good governance. Hasil penelitian menunjukkan bahwa implementasi hukum keuangan daerah dalam pengelolaan APBD telah berjalan sesuai dengan kerangka normatif yang berlaku melalui tahapan perencanaan, penganggaran, pelaksanaan, dan pengawasan. Namun, secara substantif efektivitasnya masih belum optimal. Hal ini disebabkan oleh beberapa faktor, antara lain keterbatasan kapasitas fiskal daerah, dominasi belanja pegawai, lemahnya perencanaan berbasis data kemiskinan, rendahnya partisipasi masyarakat, serta pengawasan yang masih berorientasi administratif. Selain itu, terdapat kesenjangan antara norma hukum dan praktik, di mana orientasi pengelolaan APBD lebih menitikberatkan pada kepatuhan prosedural dibandingkan pencapaian hasil yang berdampak langsung terhadap penurunan kemiskinan. Implikasi penelitian ini menegaskan bahwa penguatan implementasi hukum keuangan daerah memerlukan reorientasi kebijakan anggaran berbasis kinerja dan hasil peningkatan kualitas perencanaan berbasis data, serta penguatan prinsip good governance dalam seluruh siklus APBD

Kata Kunci: keuangan daerah; APBD; penanggulangan kemiskinan; tata kelola anggaran.

Abstract

This study aims to analyze the implementation of local finance laws in the management of the Tidore Kepulauan City Regional Budget in efforts to alleviate poverty, as well as to identify the normative and empirical barriers that affect its effectiveness. This study employs a socio-legal approach, using data collection techniques such as literature review, interviews, observation, and documentation. Data analysis was conducted qualitatively using welfare state theory, public finance theory, and good governance theory. The results indicate that the implementation of regional financial laws in the management of the Regional Budget has proceeded in accordance with the applicable normative framework through the stages of planning,

budgeting, implementation, and oversight. However, substantively, its effectiveness remains suboptimal. This is due to several factors, including limited local fiscal capacity, the dominance of personnel expenditures, weak planning based on poverty data, low community participation, and oversight that remains administratively oriented. Additionally, there is a gap between legal norms and practice, where the orientation of Regional Budget management places greater emphasis on procedural compliance rather than achieving results that directly impact poverty reduction. The implications of this study underscore that strengthening the implementation of local financial laws requires a reorientation toward performance-based budget policies, improved data-driven planning, and the reinforcement of good governance principles throughout the entire Regional Budget cycle.

Keywords: *Local Finance; Regional Budget; Poverty.*

Introduction

Regional autonomy is one of the key pillars of Indonesia's system of government, granting local governments the authority to regulate and manage governmental affairs and the interests of the local community. This concept is explicitly regulated in Law No. 23 of 2014 on Regional Government, which states that regional autonomy is the right, authority, and obligation of autonomous regions to regulate and manage governmental affairs based on the principles of autonomy and the duty to assist.[1]

The delegation of these authorities is intended to improve the effectiveness of public services and empower communities through a robust decentralization mechanism, which not only speeds up service delivery but also increases community participation in regional development.[2] By promoting decentralization, the central government delegates some of its authority to local governments so they can manage resources and address community needs more effectively and efficiently, thereby creating a government that is closer to the people and can respond more effectively to local concerns.[3]

From the perspective of regional autonomy, the Regional Revenue and Expenditure Budget serves as the primary instrument in regional financial management. The APBD is not merely a budgetary document, but also a legally binding instrument in the form of a Regional Regulation that governs the allocation of revenue and expenditures for various development programs and initiatives aimed at improving public welfare.[4] The Regional Budget serves as a guideline and

[1] Pasal 1 Ayat (6), Menyebut Otonomi Daerah Adalah Hak, Wewenang, Dan Kewajiban Daerah Otonom Untuk Mengatur Dan Mengurus Sendiri Urusan Pemerintahan Dan Kepentingan Masyarakat Setempat Dalam Sistem Negara Kesatuan Republik Indonesia.

[2] Dian Kus Pratiwi, Mekanisme Dan Implikasi Desentralisasi Pelayanan Publik Terhadap Wewenang Pemerintah Daerah Ditinjau Dari Undang-Undang No. 25 Tahun 2009 Tentang Pelayanan Publik, *Jurnal Yuridis* Vol. 1 No. 1 (2014) Hlm. 73-89

[3] Putri Amalia Zubaedah Dan Royyan Hafizi, Sentralisasi Atau Desentralisasi: Pelaksanaan Otonomi Daerah Di Indonesia, *Jurnal Cahaya Mandalika* Vol.3 No.3 (2022) Hlm. 865-878

[4] Anggaran Pendapatan dan Belanja Daerah (APBD) adalah Instrumen Penting dalam Pengelolaan Keuangan Daerah sebagai Dokumen dan Peraturan Daerah yang Mengatur Alokasi Anggaran. Diakses 24 September 2025, https://djpb.kemenkeu.go.id/kppn/lubuksikaping/id/data-publikasi/artikel/3078-apbd-dan-keberpihakannya-pada-peningkatan-indeks-pembangunan-manusia.html.

basis for regional financial management; it is drafted and adopted annually through a process involving the Regional People's Representative Council and the Regional Head.[5] Given this role, the Regional Budget serves as a strategic tool for implementing the vision, mission, and development programs that can accelerate improvements in the quality of public services and promote equitable development at the regional level.[6]

Pursuant to the provisions of Articles 300 through 323 of Law No. 23 of 2014 on Regional Government and Article 17 of -Law No. 17 of 2003 on State Finance, the Regional Revenue and Expenditure Budget is managed based on the principles of orderliness, compliance with regulations, efficiency, economy, effectiveness, transparency, and accountability, while taking into account fairness, propriety, and benefits for the community. These principles embody the principle of regional autonomy, which grants regions broad authority to carry out development independently, while still adhering to the principles of good governance and public accountability.

Normatively, the Regional Budget has three main functions: the allocation function, the distribution function, and the economic stabilization function. The allocation function governs the use of the budget for infrastructure development and public services; the distribution function emphasizes the role of the Regional Budget in economic redistribution and poverty alleviation; and the stabilization function plays a role in maintaining regional fiscal balance.[7] The allocation function is aimed at reducing unemployment and improving the efficient use of resources to promote equitable development. The distribution function plays a role in improving income distribution by providing subsidies and social assistance to low-income groups. Meanwhile, the stabilization function aims to maintain the stability of the regional economy, for example through fiscal policies to control inflation and adjustments to regional spending that are responsive to macroeconomic conditions.[8]

The Regional Budget is expected to reflect regional development priorities that focus on poverty alleviation and improving the welfare of the community. However, in practice, there are various challenges that hinder the achievement of these goals, particularly in the context of budget allocations for social programs and poverty alleviation.

In Tidore Kepulauan City, although the Regional Budget is allocated annually for poverty alleviation programs, the poverty rate remains quite significant. Data as of November 30, 2024, shows that the percentage of the poor population in Tidore Kepulauan City stands at 6.56 percent, an increase from the previous year's recorded rate of 6.35 percent. This situation indicates a gap between the legal regulations governing the city budget and their implementation on the ground.

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[5] APBD Ditetapkan Setiap Tahun Melalui Peraturan Daerah Dengan Persetujuan DPRD Dan Kepala Daerah. Diakses 24 September 2025, https://riau.bpk.go.id/wp-content/uploads/2015/03/penetapan-apbd-dgn-perkada.pdf.

[6] Naning Fatmawatie, *Otonomi Daerah Dan Pendapatan Daerah* (Kediri: STAIN Kediri Press, 2016) Hlm. 73-77

[7] M. Amin, *Memahami Keuangan Daerah Dan Asas-Asasnya* (Jakarta: Pustaka Hukum, 2020) Hlm. 35-40

[8] Yuliastati K., Urgensi Anggaran Pendapatan Belanja Daerah (APBD) Terhadap Perencanaan Pembangunan Daerah," *E-Jurnal Katalogis* Vol.5 No.4 (2018). Hlm. 160-171

Some of the main issues arising in the management of the Tidore Islands City budget include the dominance of personnel expenditures in the budget structure. In recent years, nearly 50 percent of the city's budget has been allocated to routine personnel expenses, thereby limiting funding for development and social programs that directly benefit the poor.[9]

The lack of participatory planning in the formulation of the regional budget also poses a significant obstacle. The public is often not fully involved in the planning process, either due to limited participation mechanisms or low public capacity and awareness. As a result, the programs developed do not fully reflect the real needs of the community, particularly in terms of poverty alleviation.[10] In addition, the allocation of social spending in the Tidore Kepulauan City Regional Budget has not been effective. Inaccurate data on the community's socioeconomic conditions and weak coordination among agencies have resulted in social assistance often failing to reach its intended recipients. This has led to low effectiveness of poverty alleviation programs in the region.

The limitations of legal mechanisms designed to ensure that the Regional Budget prioritizes the poor are also a significant issue. Although regulations exist governing the formulation and use of the Regional Budget, oversight and accountability remain weak. This can lead to budget misuse and uncertainty regarding the achievement of poverty alleviation targets.[11] In addition, the capacity of local government officials to understand and apply the principles of local financial law is also a constraining factor. This lack of understanding leads to inconsistent and suboptimal implementation of local financial regulations in support of social and regional development goals. Therefore, strengthening local financial law is a strategic step that must be taken. Enhancing the capacity of officials through training and education on local financial management, regulatory understanding, and the principles of good governance can improve the quality of Regional Budget management.[12] Based on the problem statement above, this study aims to analyze the implementation of local finance laws in the management of the Tidore Kepulauan City Regional Budget as it relates to poverty alleviation efforts, as well as to identify the normative and empirical obstacles encountered in its implementation.

Research Method

The legislative materials are Article 16–19 of Law No. 17 of 2003 on State Finances, the regional-government framework in Law No. 23 of 2014, and Government Regulation No. 12 of 2019 on Regional Financial Management. The APBD is enacted as a regional regulation, implemented through the competent budget execution documents and subject to separate execution and accountability

[9] Habar, Pemkot Tidore Gagal Menekan Angka Kemiskinan, Kondisi Makin Memburuk. Diakses 25 September 2025, https://habarindonesia.id/pemkot-tidore-gagal-menekan-angka-kemiskinan-kondisi-makin-memburuk/.

[10] Sukardi Samad, Abdulrahman Senuk, Musdar Muhammad, Tingkat Partisipasi Masyarakat Dalam Perencanaan Pembangunan Daerah Di Kecamatan Tidore Utara Kota Tidore Kepulauan, *Jurnal Ekonomi Dan Manajemen* Vol.4, No.4 (2024) Hlm. 1-15

[11] M. Saleh, Abdul Khair, Kafrawi Dan Sarkawi, Pengawasan Dprd Terhadap Pelaksanaan Apbd, *Jurnal Sosial Ekonomi Dan Humaniora (Jseh)* Vol.7 No.1 (2021) Hlm. 14-20

[12] Pramono Hariadi, Yanuar E. Restianto, Icuk Rangga Bawono, *Pengelolaan Keuangan Daerah* (Jakarta: Salemba Empat, 2024) Hlm. 85-90.

processes. Fiscal allocation, distribution and stabilisation are theoretical functions; a claim of illegality requires identifying an enforceable duty and evidence of its nonperformance. The source materials refer to interviews and observations but do not supply a verifiable informant list, sampling method, interview dates or transcripts. Accordingly, the qualitative claims are not presented here as independently corroborated field findings.

This study was conducted in Tidore Kepulauan City, North Maluku Province, using an empirical legal research method with a socio-legal research approach. As a socio-legal study, this research not only outlines legal norms in regulations such as Law No. 23 of 2014 on Regional Government, Law No. 17 of 2003 on State Finance, and Government Regulation No. 12 of 2019 on Regional Financial Management, but also examines how these legal provisions are implemented in the management of the Regional Budget in Tidore Kepulauan City. This is in line with the view of Soetandyo Wignjosoebroto, who defines empirical legal research as a study that views law not only as written norms but also as a social phenomenon at work in society.[13] Primary data is data obtained directly from the field through in-depth interviews with key informants. These informants include local government officials authorized to manage local finances. Secondary data consists of information obtained through library research, comprising: primary legal materials—namely, laws and regulations relevant to this study; and secondary legal materials—such as literature, books, journals, scholarly articles, research reports, and academic documents that provide explanations regarding the primary legal materials. For example, literature on local financial law, regional autonomy, and good governance; and tertiary legal materials, namely supporting materials that aid in understanding, such as legal dictionaries, encyclopedias, and other relevant sources.[14] The data collection techniques used in this study included field research conducted to obtain primary data on the implementation of local finance laws in the management of the Regional Budget in Tidore Kepulauan City, through interviews and observations, as well as the documentation method—a data collection technique that utilizes various written sources or documents as research material. In this study, data analysis was conducted using a qualitative approach. This means that the data obtained from interviews, observations, and documentation were not processed into statistical figures but were analyzed descriptively and analytically.[15]

Results and Discussion

Implementation of Regional Financial Law in the Tidore Kepulauan City Budget for Poverty Alleviation

The empirical conditions of a region serve as a crucial foundation for understanding how budget policies are designed and implemented. In the context of Tidore Kepulauan City, the region's characteristics, socioeconomic structure, and poverty dynamics provide a fairly clear picture of both the challenges and the direction of regional development policy. Geographically, Tidore Kepulauan City is an archipelago located in the western part of North Maluku Province, with a total

[13] Soetandyo Wignjosoebroto, *Hukum : Paradigma Metode Dan Dinamika Masalahnya* (Jakarta : Elsam Lembaga Studi Dan Advokasi Masyarakat, 2002) Hlm. 87

[14] Peter Mahmud Marzuki, *Penelitian Hukum*, (Jakarta: Kencana, 2017), Hlm. 141.

[15] Lexy J. Moleong, *Metodologi Penelitian Kualitatif*, Hlm. 248.

area of approximately 2,875.09 km^2 comprising land and water, and a coastline stretching approximately 245 km.[16] The region's characteristics are dominated by coastal and marine areas, which directly influence the community's way of life and the local economic structure.

The administrative area of Tidore Kepulauan City is divided into eight subdistricts spread across two main regions: Tidore Island and the Oba mainland area on Halmahera Island.[17] This division is not merely administrative in nature but also reflects differences in geographical characteristics and development needs across regions. The isolation of the islands from one another and limited transportation access pose one of the main challenges in delivering public services and ensuring equitable development. As an archipelago, the Tidore Islands possess considerable resource potential, particularly in the fisheries, marine tourism, agriculture, and plantation sectors. However, this potential has not yet been fully converted into equitable economic strength. Limitations in infrastructure, the distribution of public services, and inter-regional accessibility remain significant obstacles to promoting inclusive regional economic growth.[18]

From a socioeconomic perspective, the population of Tidore Kepulauan City in 2023 was recorded at approximately 116,620, with a relatively stable growth rate.[19] Struktur perekonomian daerah masih didominasi oleh sektor administrasi pemerintahan yang memberikan kontribusi sekitar 37,92% terhadap Produk Domestik Regional Bruto (PDRB).[20] The dominance of this sector indicates that the region's economic activity is heavily dependent on government spending as the primary driver of the economy. In addition, the agriculture, forestry, and fisheries sectors also play a vital role in sustaining the community, contributing significantly to the region's GRDP.[21] However, most of the community's economic activity still takes place in the informal sector, which is characterized by small-scale businesses and relatively low productivity. This situation results in low income stability for the community and high vulnerability to economic changes.

This issue becomes even more apparent when considered in the context of poverty. Data shows that the poverty rate in Tidore Kepulauan City has been on the rise in recent years. In 2023, the percentage of the population living in poverty stood at 6.35%, rising to 6.56% in 2024, with approximately 7,900 people living in

[16] Pemerintah Kota Tidore Kepulauan, *RPJMD Kota Tidore Kepulauan 2021–2026, Bab II Gambaran Umum Wilayah* (Tidore Kepulauan: Bappelitbang Kota Tidore Kepulauan, 2021), 4–5.

[17] Warta Tidore, "8 Kecamatan dan Kelurahan, Desa di Kota Tidore Kepulauan," 31 Mei 2023, https://tidore.pikiran-rakyat.com/daerah/pr-3006728646/8-kecamatan-dan-kelurahan-desa-di-kota-tidore-kepulauan-provinsi-maluku-u, Diakses pada tanggal 01 Maret 2026

[18] Scribd, "Geografi dan Iklim Tidore Kepulauan," 20 Desember 2025, https://id.scribd.com/doc/249814861/Sanitasi-KOta-Tidore-KEpulauan, Diakses pada tanggal 01 Maret 2026

[19] Badan Pusat Statistik Kota Tidore Kepulauan, Kota Tidore Kepulauan Dalam Angka 2025 (Tidore Kepulauan: BPS Kota Tidore Kepulauan, 2025), https://tikepkota.bps.go.id/id/publication/2025/02/28/49271d1409ca894eeb5831a5/kota-tidore-kepulauan-dalam-angka-2025.html, Diakses pada tanggal 07 Maret 2026

[20] Katadata, "Sektor Utama Penggerak Perekonomian di Kota Tidore Kepulauan," 31 Januari 2025, https://databoks.katadata.co.id/ekonomi-makro/statistik/04601cb4f297266/sektor-utama-penggerak-perekonomian-di-kota-tidore-kepulauan, Diakes pada tanggal 07 Maret 2026

[21] Badan Pusat Statistik Kota Tidore Kepulauan, Kota Tidore Kepulauan Dalam Angka 2025.

poverty.[22] This increase indicates that efforts to combat poverty have not been fully effective. The geographical characteristics of an archipelago, limited access to basic services, and an economic structure that remains heavily reliant on the primary sector are interrelated factors that influence the level of public welfare.[23]

To provide a more systematic overview, the following table presents the trends in poverty in Tidore Kepulauan City:

Table 1 - Poverty Trends in Tidore Kepulauan City

Year	Percentage (%)	Total (People)
2023	6,35%	± 7.700
2024	6,56%	± 7.900

Source: Compiled from data from the Tidore Kepulauan City Statistics Agency (BPS).[24]

The reported poverty figures of 6.35% and 6.56% are treated as descriptive estimates attributed to BPS data mentioned by the original manuscript; the underlying table identifier, survey reference period and publication page require verification before they can be treated as independently checked measurements. A two-point increase by itself does not establish that the city violated regional-finance law or that one named APBD programme failed. Inflation, targeting, the timing of disbursements, demographic composition and delayed benefits could also contribute. The 37.92% economic-sector figure mentioned in the source likewise requires its BPS series, denominator and year before a fiscal-dependence inference is justified.

These conditions indicate that the issue of poverty in this region is not only related to income but is also influenced by limited access to education, healthcare, and employment opportunities. In the context of an archipelago, the dispersed distribution of the population across various islands also affects the effectiveness of development programs implemented by the local government. On the other hand, the structure of the Tidore Kepulauan City Regional Budget provides insight into how the local government is responding to these conditions through budgetary policies. For Fiscal Year 2025, total regional revenue is targeted at Rp1.069 trillion, with the largest contribution coming from central government transfers. Local revenue accounts for only about Rp73.59 billion, or approximately 6.88% of total regional revenue.[25]

Meanwhile, on the expenditure side, the total budget amounted to approximately Rp1.162 trillion, with 72.25% of the budget spent by the end of the fiscal year.[26] The expenditure structure shows that operational expenditures—

[22] *Ibid*

[23] Pemerintah Kota Tidore Kepulauan, RPJMD Kota Tidore Kepulauan 2021–2026, Hlm. 16–17.

[24] Badan Pusat Statistik Kota Tidore Kepulauan, Kota Tidore Kepulauan Dalam Angka 2025.

[25] Terbit Malut, "Ranperda APBD dan Nota Keuangan Kota Tikep Tahun Anggaran 2025 Resmi Disampaikan ke DPRD," 18 November 2024, https://www.terbitmalut.com/tidore/ranperda-apbd-dan-nota-keuangan-kota-tikep-tahun-anggaran-2025-resmi-disampaikan-ke-dprd, Diakses pada tanggal 09 Maret 2026

[26] Tribun Batam, "Realisasi Belanja APBD 2025 Kota Tidore Kepulauan 72,25 Persen Jelang Akhir Tahun," 24 Desember 2025, https://batam.tribunnews.com/news/670369/realisasi-belanja-

which include personnel expenses, goods and services, and grants—dominate. These expenditures account for more than 70% of total regional expenditures.[27] To provide a clearer picture, the following is the structure of the Tidore Kepulauan City Regional Budget:

Table 2 - Structure of the Tidore Kepulauan City Regional Budget for Fiscal Year 2025

Components	Count (Rp)	Percentage (%)
- Local Revenue	± 1,069 Triliun	100%
- Local Own-Source Revenue (PAD)	± 73,59 Miliar	± 6,88%
- Transfers	± 959,09 Miliar	± 89,71%
- Local Expenditures	± 1,162 Triliun	100%
- Operating Expenditures	± 828,92 Miliar	± 71,33%
- Capital Expenditures	± 200+ Miliar	± 17–20%

Source: Compiled from the Tidore Kepulauan City Regional Budget (APBD) document for Fiscal Year 2025.

An auditable poverty-programme assessment requires a traceability register: programme identifier and legal mandate; implementing agency and beneficiary definition; enacted allocation and amended allocation; realised spending; output and outcome measures; source of the administrative record; and a documented mechanism for complaints or correction. APBD enactment is not the same as demonstrated poverty impact. Conditional or earmarked central transfers must also be distinguished from general-purpose transfers before judging the scope of municipal discretion. The existing source tables are interpretive summaries and do not constitute programme-level causal attribution.

This structure shows that regional spending is still dominated by government operational needs, while the scope for development spending is relatively more limited. This situation warrants close attention, particularly in relation to the effectiveness of the Regional Budget as an instrument for poverty alleviation. When considered in light of previous empirical findings, there appears to be a fairly strong relationship between the regional economic structure, poverty levels, and the budgetary policies adopted. In other words, the Regional Budget does not stand alone as a financial document; rather, it serves as a reflection of the community's socioeconomic conditions and, at the same time, a policy intervention tool that should be capable of addressing various development issues.

Regional Budget shows a fairly clear pattern: transfer revenue dominates over Local Original Revenue. Total local revenue, which amounts to approximately Rp1.069 trillion, comes largely from central government transfers, while the contribution from Local Original Revenue is around Rp73.5 billion.[28] This situation

apbd-2025-kota-tidore-kepulauan-7225-persen-jelang-akhir-tahun, Diakses pada tanggal 09 Maret 2026

[27] Pemerintah Kota Tidore Kepulauan, *Peraturan Daerah Kota Tidore Kepulauan Nomor 4 Tahun 2024 tentang Anggaran Pendapatan dan Belanja Daerah Tahun Anggaran 2025*.

[28] *Ibid*

indicates that local fiscal capacity has not yet achieved optimal autonomy. From the perspective of public finance law, local own-source revenue should serve as the primary indicator of local fiscal autonomy, as it reflects a region's ability to tap into its own economic potential. In practice, however, dependence on transfer funds remains dominant, thereby limiting the scope for local policy-making. In such a situation, the direction of regional development tends to follow the pattern of national fiscal policy. Musgrave explains that the allocation and distribution functions in public finance can only operate effectively if the government possesses sufficiently strong and autonomous fiscal capacity.[29] When revenue sources are more heavily dependent on other parties, flexibility in setting policy priorities is also affected.

In light of the above discussion, it is clear that strengthening local fiscal capacity is an essential prerequisite for enhancing the effectiveness of the Regional Budget as a public policy instrument. Without an increase in local revenue, the Regional Budget will remain vulnerable to the dynamics of national fiscal policy, which could ultimately undermine the success of regional development programs, including poverty alleviation efforts.

The management of the Regional Budget is fundamentally inseparable from the cycle that has been normatively established in various laws and regulations, ranging from the planning, budgeting, and implementation stages to oversight. In practice in Tidore Kepulauan City, these four stages have been carried out in accordance with the applicable legal framework, although there are still a number of issues in their implementation that require more critical scrutiny. Viewed as a whole, the implementation of local financial laws within the Regional Budget cycle in Tidore Kepulauan City has essentially followed the applicable normative framework. Each stage has been carried out in accordance with the procedures stipulated in laws and regulations. However, in practice, there are still several issues that affect the effectiveness of Regional Budget management, including: a) limited local fiscal capacity; b) the dominance of operational expenditures; c) geographical constraints in program implementation; and d) oversight that remains administratively oriented. These conditions indicate that the implementation of regional financial laws has not yet been fully effective in leveraging the Regional Budget as an effective policy instrument to address development challenges, particularly in the context of poverty alleviation.

The Regional Budget essentially serves not only as a financial document but also as a public policy instrument aimed at improving the welfare of the community. Within the framework of the welfare state, the regional budget should have a clear focus on poverty reduction efforts, whether through the provision of basic services or direct social interventions. When viewed in the context of the empirical conditions in Tidore Kepulauan City, there are some interesting dynamics to observe. Data show that the poverty rate increased from 6.35% in 2023 to 6.56% in 2024, with the number of people living in poverty standing at approximately 7,900.[30] This fact indicates that the various development programs implemented

[29] Richard A. Musgrave and Peggy B. Musgrave, *Public Finance in Theory and Practice* (New York: McGraw-Hill, 1989), 6–8. Diakses melalui Google Book.

[30] Badan Pusat Statistik Kota Tidore Kepulauan, *Kota Tidore Kepulauan Dalam Angka 2025*.

through the regional budget have not yet been fully effective in consistently reducing poverty rates.

On the other hand, the structure of the Regional Budget shows that budget allocations for basic service sectors such as education, health, and infrastructure are already available in relatively significant amounts. However, the question that arises is no longer about the size of the budget allocation, but rather to what extent that budget can have a tangible impact on reducing poverty. Poverty alleviation is not only related to budget allocation but also concerns the quality of planning and the accuracy of program targeting. When data on aid recipients is inaccurate, the effectiveness of the budget becomes suboptimal. Furthermore, limited fiscal space resulting from the dominance of operational expenditures also affects the capacity of the Regional Budget to support poverty alleviation programs. As previously explained, the majority of the regional budget is absorbed by personnel costs and operational needs of the government. This situation directly reduces the scope for productive spending that has a direct impact on the community.

From the perspective of public finance theory, this situation indicates that the distributive function of the regional budget has not been operating optimally. According to Musgrave, the distributive function requires the government to use the budget as a tool to reduce inequality and improve public welfare. [31] When a larger portion of the budget allocation is diverted to the government's internal needs, these functions become less effective. In addition, the nature of an archipelagic region is a factor that cannot be ignored. Limited inter-island accessibility and a dispersed population mean that development programs cannot always reach all communities equally, leading to disparities in access to basic services such as education, health care, and employment opportunities—which ultimately contribute to poverty levels.

To illustrate the relationship between the structure of the Regional Budget (APBD) and poverty levels, the following table presents a simple analysis:

Table 3 - The Relationship Between the Structure of the Regional Budget and Poverty Levels

No.	Aspect	Empirical Findings	Implications for Poverty
1	Revenue Structure	Dominance of central government transfers	Fiscal dependence, inflexible policies
2	Expenditure Structure	Dominance of operational expenditures	Limited scope for pro-poor programs
3	Social Expenditures	Relatively small	Limited direct interventions
4	Program Implementation	Limited documented implementation (interpretive category)	Program impact is not maximized
5	Geographical Conditions	Archipelagic region	Uneven access to services

[31] Richard A. Musgrave and Peggy B. Musgrave, *Public Finance in Theory and Practice,* 6–8.

Source: Compiled from regional budget (APBD) data and empirical observations of regional conditions

The table shows that there is a fairly strong correlation between the structure of the regional budget (APBD) and the effectiveness of poverty alleviation programs. This means that the issue of poverty cannot be separated from how the regional budget is designed and implemented. In this context, the welfare state approach positions the government as the primary actor responsible for ensuring the well-being of the people.[32] However, this role can only be carried out effectively if supported by budget policies that prioritize the people, particularly vulnerable groups.

Based on the analysis in the above discussion, it can be seen overall that the implementation of the APBD in Tidore Kepulauan City has demonstrated efforts to support poverty alleviation through various programs and budget allocations. However, the results achieved have not yet been fully optimal. This is due to a combination of fiscal constraints, an unbalanced expenditure structure, and technical obstacles in the implementation of programs on the ground. Thus, it can be said that the relevance of the APBD as an instrument for poverty alleviation in Tidore Kepulauan City has not yet reached its full potential. The APBD has functioned as a policy tool, but it has not yet been fully capable of producing a significant impact on the sustainable reduction of poverty rates.

Barriers to the Implementation of Local Finance Laws in the Management of the Regional Budget as a Tool for Poverty Alleviation

Oversight operates at different stages: the municipal executive prepares and executes the APBD; the DPRD exercises its statutory budgeting and oversight functions; the regional internal auditor (APIP) reviews administrative control; and the Audit Board of Indonesia (BPK) audits state finance within its mandate. A potentially weak output indicator, a legally defective appropriation and an adverse audit finding are distinct conditions with different remedies. Assertions that local planning excluded vulnerable groups or that aid was mistargeted must be substantiated with Musrenbang records, eligibility rules, beneficiary data and identified decisions before they can support an allegation of procedural noncompliance.

Any discussion of the effectiveness of the Regional Budget as a public policy instrument cannot be separated from the various obstacles that accompany its management process. In the case of Tidore Kepulauan City, these obstacles arise not only from technical implementation issues but are also rooted in the normative aspects that shape the policy framework itself. These two dimensions are interrelated and collectively influence the extent to which the Regional Budget is able to fulfill its function of promoting public welfare. From a normative perspective, the legal framework for regional financial management has essentially been systematically established through various laws and regulations. Law No. 17 of 2003 on State Finance, Law No. 23 of 2014 on Regional Government, and Government Regulation No. 12 of 2019 have established the basic principles of Regional Budget management, ranging from planning to accountability. However, upon closer

[32] Marsudi Dedi Putra, "Negara Kesejahteraan (Welfare State) dalam Perspektif Pancasila", *LIKHITAPRAJNA Jurnal Ilmiah* 23, no. 2 (2021): 139-151

examination, these regulations tend to place emphasis on governance and administrative compliance, while provisions that explicitly direct budget allocations toward poverty alleviation remain limited.

The absence of affirmative norms regarding budget allocation for vulnerable groups means that budgeting policies are heavily dependent on the priorities and commitments of local governments. In practice, this situation leaves considerable room for interpretation, so that the direction of budget policy is not always directly oriented toward the needs of the poor. Findings from the field indicate that, normatively speaking, there are still gaps in the regulations that could steer budget policy to be more inclusive. On the other hand, existing regulations also tend to place greater emphasis on administrative success indicators—such as budget absorption rates and compliance with procedures—rather than on outcomes that have a direct impact on the community.

Meanwhile, empirical constraints in the management of the Regional Budget in Tidore Kepulauan City reveal a more tangible complexity on the ground. One of the most prominent issues is the dominance of operational expenditures—particularly personnel costs—which absorb the majority of the regional budget. This situation directly reduces the fiscal space available to fund productive development programs that have a direct impact on the community. Fiscal dependence on the central government is also a factor that affects the flexibility of local policies. With a relatively small contribution from local revenue, the local government faces limitations in independently determining the direction of budget policy. In situations like this, development programs—including those related to poverty alleviation—often must conform to the schemes and regulations governing the use of transferred funds.

Another issue of equal importance is that the quality of planning is not yet fully based on accurate and up-to-date data. In some cases, the poverty data used as the basis for determining program targets still shows discrepancies with actual conditions on the ground. This results in the misallocation of aid and suboptimal effectiveness of the programs implemented. Beyond planning aspects, the geographical nature of the archipelago also poses a significant obstacle. The isolation of islands from one another and limited transportation infrastructure mean that development programs do not always run optimally. The distribution of social assistance, for example, requires more time and money compared to areas with better accessibility. These conditions indirectly affect the effectiveness and efficiency of program implementation.

When viewed holistically, these normative and empirical barriers do not exist in isolation but rather influence one another. A regulatory framework that has not yet fully promoted budget prioritization for the poor intersects with fiscal constraints, geographical conditions, and technical challenges on the ground. The combination of these various factors ultimately creates a situation in which the Regional Budget (APBD) has not yet been able to function optimally as an instrument for poverty alleviation. By understanding the pattern of these obstacles, it becomes clear that the problems faced lie not only in technical implementation but also in the underlying policy design. Therefore, future improvement efforts require not only enhanced administrative capacity but also a stronger policy direction that firmly prioritizes public welfare in the management of the APBD.

Conclusion

The implementation of the Regional Budget in poverty alleviation in Tidore Kepulauan City has essentially been carried out through various programs aimed at improving community welfare—whether through the social sector, economic empowerment, or basic infrastructure development. Normatively, this policy direction reflects the distributive and allocative functions of the budget as outlined in public finance theory and is aligned with the mandate of the welfare state. However, at the implementation level, the effectiveness of the Regional Budget's use still shows limitations. This is reflected in the suboptimal alignment between budget planning and the actual needs of the poor, as well as a lack of focus on outcomes compared to mere program implementation (outputs). Thus, although the implementation of the Regional Budget has proceeded in accordance with administrative mechanisms, its substantive contribution to reducing poverty rates remains insignificant. The obstacles to using the Regional Budget to combat poverty in Tidore Kepulauan City are multidimensional, encompassing structural, institutional, and technical aspects. From a structural perspective, limited local fiscal capacity restricts the government's ability to allocate the budget optimally. From an institutional perspective, coordination among local government agencies has not been effective, leading to program overlaps and a lack of policy integration. Meanwhile, from a technical perspective, issues regarding the accuracy of poverty data and a weak needs-based planning system also affect the precision of program targeting. From a governance perspective, these conditions indicate that the principles of good governance—particularly effectiveness, accountability, and responsiveness—have not yet been fully internalized in the management of the Regional Budget. Consequently, policy implementation has not yet been able to produce optimal impacts on poverty reduction.

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