

Analysis of Inclusive Economic Growth in Reducing Poverty in Kupang Regency, East Nusa Tenggara

Maria B. Ringa¹, Indawati Jauhar Nino², Heni M.Sauw³, Maria⁴

Kupang State Polytechnic

Email:Mariabernadetha06179@gmail.com

ABSTRACT

Inclusive economic growth is a major concern in sustainable development efforts, especially in the context of poverty alleviation. This study aims to analyze the extent to which economic growth in Kupang Regency, a region in East Nusa Tenggara, is inclusive and its impact on poverty alleviation. The inclusiveness of economic growth is measured based on the participation of all levels of society in the growth process and the equitable distribution of the benefits generated, regardless of social, economic, or geographical background. Kupang Regency, with its natural resources and tourism potential, has its own opportunities and challenges in achieving equitable economic growth that reaches all of its residents.

The research method used in this study is a quantitative approach using relevant secondary data. The data analyzed includes economic growth data for Kupang Regency over the past few years, poverty rate data, and other indicators relevant to inclusive growth, such as labor force participation rates, access to education and health services, and income inequality rates. Regression analysis was used to examine the relationship between economic growth and poverty reduction, taking into account variables that affect inclusive growth.

The results of the study show that, in general, economic growth in Kupang Regency has tended to be more inclusive over the past 5 years. Although during certain periods, economic growth has not been fully inclusive in terms of poverty reduction, there are indications that economic growth has begun to involve more segments of society and has had a positive impact on reducing poverty rates.

Keywords: *Inclusive Economic Growth, Poverty, Kupang Regency, East Nusa Tenggara, Regression Analysis, Development Policy.*

INTRODUCTION

The border region between Indonesia and Timor Leste, particularly in East Nusa Tenggara Province (NTT), is an area with strategic potential for regional economic development. Its location at the southeastern tip of Indonesia makes this region an important point for cross-border interactions, whether in social, cultural, or economic contexts. Despite its advantageous geographical position, border areas are often associated with underdevelopment, isolation, and lack of access to basic facilities.

In the context of national development, economic growth in border areas must be a priority, given their function as the front line in maintaining the sovereignty and stability of the country. However, this region still faces a number of challenges, such as poor connectivity infrastructure, limited market access, uneven quality of human resources, and limited investment. The disparity between the center and border areas widens the gap in economic and social welfare.

The economic potential in this region includes cross-border trade, agriculture, livestock, fisheries, tourism, and the development of local-based MSMEs. As a region that directly borders other countries, this area has great potential to become a strategic economic zone and a new growth center in eastern Indonesia. However, without inclusive development policies based on local strengths, these opportunities will be difficult to realize. Bilateral cooperation between Indonesia and Timor Leste is one of the important pillars in building a strong and sustainable border economy. This cooperation includes the development of border infrastructure, trade in goods and services, workforce training, and institutional capacity building. The implementation of G-to-G (government to government) and P-to-P (people to people) policies must be directed towards creating mutually beneficial economic benefits.

In the face of globalization and regional economic integration, strengthening the role of border regions as active participants in development is crucial. Local governments need to be given a greater role in designing development programs that are appropriate to local conditions. Participatory approaches and fiscal decentralization are important strategies to ensure that border region development is not top-down and exclusive in nature. Thus, this study is important for gaining a deeper understanding of the dynamics of economic growth in the Indonesia-Timor Leste border region. This study not only looks at the macroeconomic side, but also examines the social, cultural, and political dimensions that shape the reality of development in this region. The results of this study are expected to form the basis for the formulation of equitable and sustainable border development policies.

Problem Statement

1. What are the characteristics of economic growth in the border region between Indonesia and Timor Leste, particularly in NTT?
2. What are the strategic opportunities that can be utilized to drive economic growth in the border region?
3. What are the main challenges that hinder economic acceleration in this region?
4. What is the role of bilateral cooperation in supporting economic development in the border region?

Research Objectives

5. To analyze the conditions and dynamics of economic growth in the Indonesia-Timor Leste border region.
6. To identify economic potential and opportunities that can be developed.

7. Examine the challenges faced in the economic development process.
8. To formulate recommendations for bilateral cooperation strategies to accelerate economic growth in the border region.

Research Benefits

The results of this research are expected to contribute to:

- Local governments in formulating more effective border area development policies.
- The private sector and investors in identifying business potential in border areas.
- Academics as a reference in the development of public policy and regional development.

METHODS

Type of Research and Approach

This study uses a qualitative-descriptive approach with a case study method. This approach was chosen because it provides a deep understanding of the social and economic realities in the Indonesia-Timor Leste border region. Qualitative studies provide the flexibility to explore the perceptions, experiences, and challenges faced by economic development actors in the region.

The case study method was chosen because the characteristics of the border region are very unique and cannot be generalized nationally. The focus on two regions, namely Belu and Malaka Regencies, provides a representative picture of the socioeconomic conditions of the border community and its interaction with the neighboring country, Timor Leste.

Research Location and Subjects

The research location was centered in two strategic districts: Belu and Malaka. Both are active border areas that have cross-border entry points. The research subjects consisted of MSME actors, local government officials, traditional leaders, local residents, and cross-sector officials such as immigration, customs, and trade officials. The subjects were selected purposively to obtain relevant and in-depth information.

Data Collection Techniques

Data collection techniques included:

- **In-depth interviews** with economic actors and local policy makers.
- **Direct observation** of cross-border economic activities and supporting infrastructure.
- **Documentary studies** of official reports, statistical data, and development policies related to Indonesia-Timor Leste cooperation.

The use of this combination of methods aims to obtain triangulated data, thereby

increasing the validity and reliability of the information collected.

Data Analysis Techniques

Data analysis was conducted using a thematic approach, namely grouping data into categories in accordance with the problem formulation. The analysis process consisted of data reduction, presentation of data in narrative form, and drawing conclusions based on emerging patterns and themes. Data validity was tested using source and method triangulation techniques. The results of interviews and observations were compared with official documents and supporting literature. Interpretations were made reflectively, taking into account local cultural values and the social context developing in border communities.

Research Limitations

This study has limitations in terms of geographical coverage and time frame. As it was only conducted in two districts, the results cannot be generalized to all border areas in Indonesia. In addition, challenges in accessing official data and limited interview time also posed obstacles to obtaining in-depth information.

However, the approach used is expected to provide a sufficiently strong initial picture of economic growth conditions in border areas. The results can serve as a basis for policy recommendations at a later stage.

Reasons for Selecting the Research Location

Belu and Malaka districts were chosen because both have close historical, geographical, and cultural ties with Timor Leste. In addition, this region is also active in cross-border trade activities and is a focal point for development programs by the central government. This makes both districts strategic locations for examining the opportunities and challenges of border economic growth.

Uniqueness of Methodology in the Context of Border Research

Border research requires an adaptive approach because social, cultural, and political factors greatly influence the economic behavior of communities. Therefore, in addition to a technical approach, researchers also use participatory and light ethnographic approaches to capture the perspectives of local communities more authentically. After the data is collected and analyzed, the next step is to synthesize the findings to produce a framework of strategic recommendations. These recommendations will focus on strengthening bilateral cooperation, empowering the local economy, and improving supporting infrastructure in border areas.

RESULT AND DISCUSSION

The border region between Indonesia and Timor Leste, particularly in East Nusa Tenggara Province, has great potential for developing the local economy. Based on observations and field data, cross-border trade is a leading sector that continues to grow, especially in Belu and Malaka Regencies. Small-scale export-import activities still dominate, with main products such as basic necessities, building materials, agricultural products, and household consumption goods.

One tangible result of bilateral cooperation is the establishment of the Motaain Cross-Border Post (PLBN), which not only functions as a gate of supervision but also as a trade hub and public service center. This PLBN has increased economic traffic and accelerated the circulation of goods between countries. The existence of the PLBN has also opened up opportunities for local business cooperation with Timor Leste entrepreneurs. However, strengthening the border economy does not only depend on physical infrastructure. The role of local communities in creating economic value mains is very important. Based on interviews with MSME actors, it was found that the main obstacles they face are access to capital, limited production technology, and low digital marketing capabilities. Local governments and financial institutions need to expand flexible microfinance schemes for micro-businesses at the border.

The tourism sector has also begun to show positive signs, especially with the development of cultural tourism destinations around the border area, such as Benteng Makes, Atapupu Beach, and traditional cultural performance areas. However, supporting tourism infrastructure, such as accommodation, transportation, and sanitation, is still inadequate, limiting the area's appeal to domestic and foreign tourists. Social and cultural cooperation between the people of Indonesia and Timor Leste has proven to strengthen the stability of the region. Many joint activities such as cross- border festivals, joint community service, and cross-border youth training are organized by both governments. Strong kinship ties between tribes on both sides of the border have also encouraged the formation of active and mutually beneficial informal economic networks. From an institutional perspective, coordination between local government agencies and the central government is still not optimal. Several strategic policies have not yet reached the level of concrete implementation, especially in the development of a cross-border economic zone. In fact, this approach has great potential to drive regional-based economic growth. Another obstacle is the low level of digital literacy and entrepreneurship among the younger generation in the border region. Limited access to business training, information technology, and online markets is a serious obstacle to taking advantage of digital economic opportunities. Digital village- based training programs and local startups need to be promoted to expand the base of creative economic actors in this region. The study also shows that development interventions are mostly sectoral in nature and not yet integrated across regions. Therefore, an area-based development approach is more appropriate to accelerate economic growth based on local potential and the competitive advantages of border regions. More flexible and responsive policy designs are needed to address the needs of border communities. Affirmative policies such as business incentives, strengthening vocational education, and placing economic assistants in border areas will be key to accelerating local economic transformation.

In the long term, the Indonesia-Timor Leste border region has great potential to become a new growth center in eastern Indonesia. With synergy between the government, business actors, and civil society, this region can be developed into a highly competitive cross-border economic corridor oriented towards sustainable development. To achieve this, collaboration between the public and private sectors needs to be enhanced. The involvement of local universities and research institutions

is also important in providing data, analysis, and policy solutions that are contextual and evidence-based. The triple helix model—cooperation between academics, business, and government—needs to be applied in the context of border area development.

It is also important to strengthen economic diplomacy with Timor-Leste. Regular bilateral meetings, both formal and informal, must be facilitated to harmonize policies and minimize cross-border trade barriers. Indonesia can be Timor-Leste's main partner in the provision of basic commodities, human resource training, and the provision of health and education services. With these steps, border region development is not only a territorial security strategy, but also a driving force for inclusive, resilient, and highly competitive economic growth in the region.

CONCLUSION

The Indonesia-Timor Leste border region, particularly in East Nusa Tenggara Province, has great potential as a new center of economic growth. The existence of Cross-Border Posts (PLBN), the trade sector, MSMEs, and tourism are the main forces driving the local economy. In addition, socio-cultural relations between the people of the two countries have created informal economic networks that support regional stability.

However, the challenges faced are very complex. Limited infrastructure, low digital literacy and entrepreneurship, and suboptimal implementation of development policies are obstacles that must be addressed immediately. Government intervention still tends to be sectoral and has not adopted an integrated and contextual area-based development approach. Synergy among stakeholders, including the central government, local governments, the private sector, academics, and civil society, is essential to accelerate the economic transformation of border areas. With an inclusive, participatory, and adaptive approach to local dynamics, sustainable and equitable economic growth can be achieved.

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