Local Government Expenditure Allocation toward Human Development Index at Jeneponto Regency, South Sulawesi, Indonesia

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Abstract: *This research is carried out at Jeneponto regency in South Sulawesi based on the data from 1998 until 2007. We use multiple regression models to estimate and analyze the effect of government expenditure on human development index in Jeneponto. The result of this study shows that the allocation of government expenditure on education, health and infrastructure have a positive and significant effect to improve Human Development Index in Jeneponto regency during the period of investigation.*
Keywords: *Government Expenditure, Human Development Index, Multiple Regression Model*

I. Background

Recently, global community has paid more attention to focus on the issues of economic growth and the need for the implementation of economic reforms. In addition, attention on the human side in economic development has also emerged in the community. The latter emerged as one of the issues as an effect of development objective that tend to paid less value on the needs for human rights. This is evident when one look at the progress on the philosophy about development paradigm in the world [1].

In the decade of the 60's, development was oriented to increase production (production-centered development) and the relatively high economic growth. Economic growth is not the end of the development goals, but only as a mean / tool / way to achieve a more essential goal, which is human security. In this framework, human beings are not placed as a variable factor, but only as a factor of production. Later, as the world enters 1970's, new paradigm at that time shifts development emphasis on the distribution of development outcomes (distribution-growth development). Next comes the development paradigm that was oriented to the fulfillment of basic needs (basic need development) in the decade of the 80s. Finally, into the 90's, paradigm of development is centered on the human aspect (human centered development).

Various shift in development policy led to the need to adjust the measurement of development results. The need to look at the phenomenon or problem in time and place perspectives put forward a need for a standard size in measuring development. Efforts to raise human as the main goal of development, has actually emerged of the concepts such as "basic need development". This paradigm try to measure development success by using Physical Quality of Life Index, which has three parameters, namely infant mortality, life expectancy at birth and literacy rate.

The common thread of what has been described above is centered on the economic life cycle of human development, such as on the management of regional finance that is optimized to achieve public satisfaction and community needs in order to improve their living standard. In line with the emerging paradigm of human development, thus since 1990, the United Nations Development Program (UNDP) in particular have used the Human Development Index (HDI) to measure the success or performance of human development within a country or region.

HDI is a composite index that made up of more than one index, which could be incorporated into a single index [2]. HDI is useful for detecting the extent of economic growth and the spread of development results that have capability to provide significant output by increasing the basic physical needs of human beings to determine their choices. HDI measures the overall achievements of the region / country in three basic dimensions of human development, namely longevity, knowledge and a decent standard of living.

Indonesia as one of the emerging country in the world have long been known to embrace democratic principle that put power in the hands of the people, in which people would delegate powers to public officials through the electoral process. In line with the delegation of powers, there is also the separation of powers among the executive, legislative and judicial. The system is put in place in order to maintain the balance of power among administrators and monitoring against the possibility of power abuse. There is also a simultaneous reciprocal relationship process to achieve prosperity and welfare of the community.

This system has also been employed within the government financial environment in Indonesia, in which the executive that have a task on preparing the budget would present the budget to the legislature for

approval. Subsequently following the approval, the executive would implement the budget within the appropriation limits and prevailing legislation relating to such appropriation. The executive would then be held responsible for the financial administration to the legislature and the people.

Within the context of national development, complete human development, professional ability and personal skills would reinforce each other. Professionalism can help shape attitudes and behavior; moreover, a strong personality is a prerequisite in forming professionalism. In relation with this, it have been explained that there are at least four basic policies that could be used in improving human resources in the context of national development [3]. First, the improvement of the quality of life that includes both physical and spiritual human qualities, infrastructure, and healthy housing. Second, enhancement of the quality of productive human resources and well-balanced spread of distribution efforts. Third, enhancement of the quality of human resources that capable to utilize, develop and master sound environmental science. Four, institutional development, which include institutional and legal instruments that support the efforts to improve the quality of human resources. Of course, these policies could be seen as a cross-sector policy as they provide the basis for policy integration and sector programs. For example, operational improvement of the quality of human resources could only be carried out through other various development sectors, such as education, health, social welfare, infrastructure, population, employment and other development sectors.

In this regard, Jeneponto is regency that has the lowest HDI in South Sulawesi at a regency level. As reflected in Table 1.

Table 1. HDI of the Regency within South Sulawesi Province between 2005-2006

No	Regency/City	Year				Note
		2005		2006		
		Value	%	Value	%	
1	Makassar	78.09	5.23	78.10	5.19	Highest
2	Pare-pare	76.20	5.11	76.30	5.07	
3	Palopo	75.07	5.03	75.10	4.99	
4	Luwu	74.80	5.01	74.90	4.98	
5	Luwu Utara	71.70	4.80	71.90	4.78	
6	Enrekang	69.00	4.62	69.10	4.59	
7	Pinrang	67.70	4.54	69.00	4.58	
8	Tana Toraja	67.40	4.52	68.80	4.57	
9	Luwu Timur	67.20	4.50	68.40	4.54	
10	Sidrap	67.00	4.49	68.00	4.52	
11	Soppeng	66.90	4.48	67.70	4.50	
12	Bulukumba	66.60	4,46	67.40	4.48	
13	Maros	66.40	4.45	67.20	4.46	
14	Barru	66.10	4.43	66.70	4.43	
15	Gowa	65.70	4.40	66.20	4.40	
16	Pangkep	65.60	4.40	65.70	4.36	
17	Sinjai	65.50	4.39	65.60	4.36	
18	Wajo	65.30	4.38	65.40	4.34	
19	Bone	65.30	4.38	65.40	4.34	
20	Selayar	64.40	4.32	65.10	4.33	
21	Takalar	61.90	4.15	63.00	4.19	
22	Jeneponto	60.60	3.93	61.00	4.00	Lowest
	Total	1434.16	100.00	1506.00	100.00	

Source: Directorate General of the Ministry of Finance, Republic of Indonesia

From Table 1, it can be seen that Jeneponto Regency has the lowest HDI compare to other regency in South Sulawesi province. This phenomenon is very risky for local governments in Jeneponto themselves as it gives an overview of the quality of development carried out within the regency. The data above also gives a description on the laggardness in Jeneponto Regency compared to other regions that exist in the province of South Sulawesi in particular and on a national scale in general. South Sulawesi province itself also has low HDI together with Papua Province in 2005 and 2006 at national level. Papua Province did not rule out the possibility that some of the regency in their province has a higher HDI than Jeneponto. Therefore, one could conclude that HDI in Jeneponto has a very low rate on a national level.

There is many factors that could contribute to this phenomenon, such as the effectiveness of the local economy management in general and local financial management in particular. This is in line with what have been stated before that whether government policy is achievable or not is very much depends on the quality of

the government themselves [4]. When the government is not or less efficient, then there would be a possibility of them to use the production factors in an uneconomical manner. The same could also happen when the government have excessive power in economy, then it will diminishes the role of the private sector. This would in turn have a trickle-down effect on making the individuals and business entities no longer have confidence to create initiatives to reach rational decisions that are useful for achieving maximum satisfaction or profit. Conversely, if the government have minimum responsibility towards society, then private sector activities could bring negative effect to people's lives as they could bring about inequality in the income distribution, the emergence of monopoly activities, as well as the absence of efforts that are critical to the public interest.

Therefore, in order to observe government policy, our perspective should also be based on the effect of the policy. Any policy taken by the government tends to have influence on the allocation of resources, or from a combination of goods and services produced by the economy. Another effect is the influence of government policy on the distribution of goods and services produced by the economy or the distribution of real income.

In Indonesia, the country's financial management is carried out by following a standard pattern in the law that govern the oversee and the overseer of the country's financial management. In the Indonesian Grand Strategy (National Action Plan for Fiscal Decentralization, 2005-2009) it was stated that careful arrangement between central and local government as well as inter-ministerial sector in the central government includes quality of the local government expenditure, local government fiscal capacity, and a balanced fund and institutional arrangement [5]. Therefore, local financial management shall refer to these three aspects. One of the most important of these is the quality of local expenditure that is reflected in the Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah* or APBD - in Indonesian).

II.   Literature Review
2.1 Government Expenditure Allocation Strategy

Improvement of citizen's well-being is one of the main objectives of government. In this regard, the government would seek to achieve fiscal balance by maintaining a state of financial capability derived from income taxes and other sources in order to meet people's demand. One of the features that are important in achieving that balance is the ongoing political process to harmonize the different interests in society. Furthermore, it have been stated that the government is a necessity in this case in every economic system, due not only to their obligation to provide public goods, but also to allocate goods production, consumption, improve income distribution and maintain national stability [4].

In the handbook published in the year of 2006 concerning Development Administration and Local Government (*Penyelenggaraan Pembangunan dan Pemerintahan Daerah* – in Indonesian) it was stated that the Indonesian Development Strategy leads to two main targets, namely the fulfillment of people's basic rights and the creation of a solid development foundation [6]. Through this strategy, the basic rights of the people that need to be realized is freedom from poverty, unemployment, obstruction, injustice, oppression, fear, and the right to have freedom of thought and speech. Moreover, the handbook also state that the fulfillment of basic rights it selves include: (1) The right of the people to obtain decent work; (2) The right of the people to obtain legal protection; (3) The right of the people to gain a sense of security; (4) The right of the people to have access to affordable life necessities such as food, clothing, and shelter; (5) The right of the people to have access to educational needs; (6) The right of the people to have access to health care needs; (7) The right of the people to obtain justice; (8) The right of the people to participate in politics and change; (9) The right of the people to innovate; and (10) The right of the people to embrace their own religion and to worship according to their religion or belief.

Without the fulfillment of these basic rights, it will be difficult to expect the realization of one of the government's responsibilities in the absence of the participation of freedom and equality. To achieve this government's responsibility, then one of the authorities given to local government is on the areas of financial management. With this authority, local governments should have the ability in preparing local budget through APBD to optimize their region's potential that could be used as much as possible to bring prosperity and welfare to local citizen.

In relation with budgeting objectives, budgeting could be thought of as a translation of the policy framework that would be implemented in the future. Furthermore, budgeting is a means to implementing government policy, thus serve as the economic and efficiency standard. Budgeting is a management tool and once the procedure is a means of administrative control. Budgeting could also provide a legal means to control the government. Moreover, the budget document may be a source of information for the public about the activities that have been carried out, the decisions taken and future description about development activities that would be implemented. In relation with these objectives, thus, APBD should also be able to give a hint on local government alignments to the local communities, and how the priority being allocated to community primary needs, such as health, education and infrastructure development. In other words, the allocation of expenditure must be qualified to reflect these budgeting objectives.

The quality of government expenditure it selves could be viewed from several factors [7], namely:

1. Government expenditure should be in accordance with the principles of budgeting in the form of (a) all revenues in the form of cash, goods and / or services to be budgeted in the APBD, (b) all income, expenditure and financing is budgeted on a gross basis, (c) the amount of revenue is measurably estimated thus could be achieved as well as under the provisions of laws and regulations, and (d) budgetary expenditure must be supported by the certainty on the availability of a sufficient amount of revenue and should be supported by the underlying legal basis.
2. Government expenditure should be in accordance with the development priorities to implement local requirement on obligatory matters and choice matters. Expenditure for obligatory matters has a priority to protect and enhance the quality of citizen's life through the achievement of minimum service standards. Whereas, expenditure for choice matters is manifested in the form of basic services, education, health, social facilities and public facilities. Based on the types of expenditures, the priority is given to the Capital Expenditure. Meanwhile by sector / area of authority / government affairs, the priority given to the health, education, and infrastructure sector.
3. Government expenditure should be timely in terms of budgeting, implementation, and accountability.
4. Government expenditure should be set forth in the planning and budgeting documents.
5. Government expenditure should be supported by revenue certainty.
6. Government expenditure should have a legal basis.

However, the recent development paradigm shift requires government bureaucracy along with all of the stakeholders to strive to put public interest in front of any matters in the planning and implementation of development. The government is the servant of the people and the government and the government's indicator of success is the fulfillment of community needs, which is characterized by an increase in social welfare. Therefore, there is a need for local government to plan a budget allocation strategy soundly.

As have been stated previously, local governments have been given the broadest possible authority to manage their own economy. This put local government to have discretion to boost their region's potential to increase local revenues and return the revenues to the community in the form of development in all sector in a transparent and accountable manner [8]. Therefore, expenditure allocation strategy needs to be optimized in a form of development, which has the greatest influence to the community, such as health, education, and infrastructure development. These fields have been well known to have direct contact with the public and have had enormous influence both in the short, medium or long term. Expenditure strategies then should be tailored to the policy to enhance community's quality of life [4].

This brings us to the understanding that the policy to improve the quality of life may include (1) Development of education that pay attention to the direction of economic development in the future, which is responsive to development dynamics and labor market demands in accord to the needs (demand driven); (2) Health development is focused by instilling the culture of healthy living, as well as expand the coverage and quality of health services especially to the poor and remote areas, (3) Improvement of the quality of life for the poor is given by providing practical skills, foster productive attitudes, and to encourage the spirit of self-reliance and independence, (4) Provision of infrastructure to improve production mobility, economic and citizen's social activities, and (5) Reducing the population growth rate by increasing the density and distribution of the population balance.

Other factor that has close relation with government expenditure is the self-supporting ability of local government. This is because one important criterion to determine the real ability of the region to regulate and administer its own affairs is their financial self-supporting ability. Financial self-supporting is the ability of local government to fund local requirement concerning the implementation of regional development, government and society. In this case, the ability of the region to finance its needs should come from their own local revenue. Regency that affords to fund their regional needs from local revenue is regency that has a high financial self-supporting ability, and could give a hint on the strength of regency autonomy toward central government.

2.2. Human Development Index (HDI)

Indonesia needs to invest more, not only to meet the basic rights of its citizens, but also to lay the foundation for economic growth and ensure long-term sustainability of democracy. This investment is quite large, but can actually affordable to ensure the country could foster human development. In the National Congress for Indonesia Human Development in 2006, it have been stated that human development should be seen as an effort to fulfill and complement efforts in achieving the national goals of Indonesia which is stated in the Preamble of the 1945 Constitution (*Pembukaan UUD 1945* - in Indonesian). Human development is a process to expand citizen choices, which is the choice to live long and healthy life, gain knowledge, to have access to resources in order to have a decent life, and can participate in policy decisions that affect their lives, which include political freedoms, human rights, and human being dignity.

In accord with this, Indonesia Human Development Report (2001) that was published by BPS, BAPPENAS and UNDP have stated that: "Human Development Index (HDI) is a composite index based on three indicators: Longevity, as measured by life expectancy at birth; educational Attainment, as measured by a combination of adult literacy and mean years of schooling; and standard of living, as measured by expenditure per capita (PPP rupiah). The index value is between 0 and 100". Therefore, the HDI is a composite index that was based on three indicators. First, health that is measured by life expectancy, Second, education that is measured from two combinations of factors, namely the literacy rate and the length of the school. Third, the standard of living, which is measured by income per capita. Index value is between 0 and 100. This can be explained in the following figure:
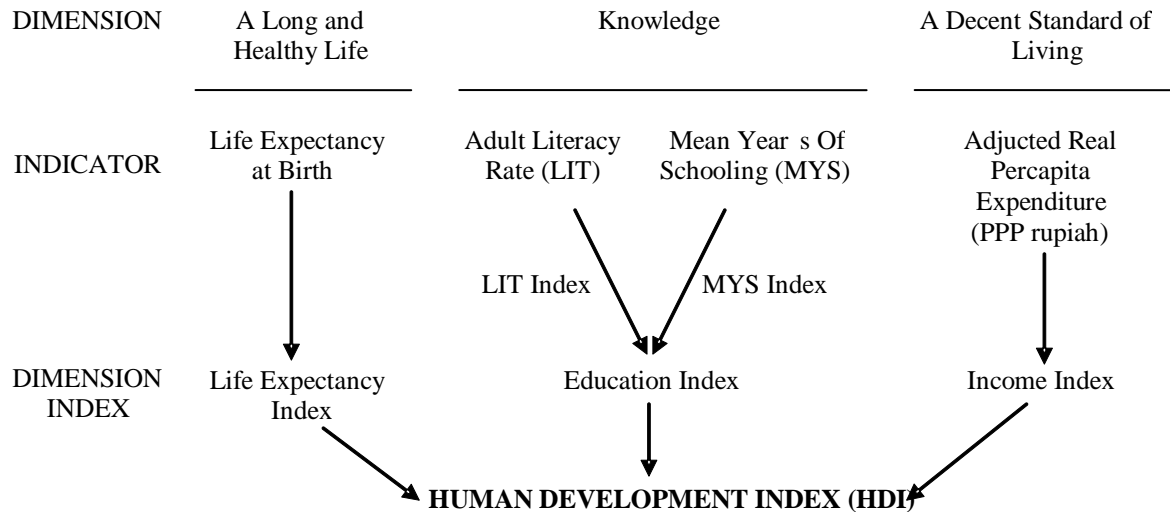

Figure 2. Human Development Index (HDI)

This is confirmed by other that state HDI as a composite index made up of more than one index, which then incorporated into a single index [2]. This index detects economic growth and equity of development outcomes and provides output in term of the increase of basic physical needs of human beings. This is restated again in the middle of the National Congress of Indonesian Human Development held in 2006 that acknowledged that HDI could be used for some of the following:

a. To alter decision makers, media, and non-governmental organizations' attention on human achievement rather than focus their emphasis on the use of regular economic statistics. HDI was created to confirm that the man and his ability should be the main criteria for assessing the development of a country, rather than economic growth.

b. To serve as a means to question the policy choices of a country, in particular on how the two countries that have the same level of income per capita could have different HDI. For instance, the level of income per capita between Pakistan and Vietnam is almost the same, but the life expectancy and literacy rates between the two are so different that Vietnam scored a much higher HDI than Pakistan. This difference not only has sparking a debate on government policies in education and health, but also brings one to question why an achievement by one country could not be pursued by other countries.

c. To show the differences between countries, between provinces (or states and regency), between gender, ethnicity and socio-economic groups by showing a disparity or gap between these groups. It is hoped that this would bring about a debates and discussions in various countries to find the source of the problem and the solution.

In this paper, we formulated that the HDI in South Sulawesi is determined by three main components, namely: (a) health components, with life expectancy as its indicator, (b) education components, with the citizen's educational attainment in term of literacy and average length in school as its indicator, and (c) infrastructure component as measured in the Gross Domestic Product or GDP real per capita *(Produk Domestik Regional Bruto* or PDRB – in Indonesian*)* that have been adjusted by peoples' purchasing power. It is hoped that the combination of these indicator would gives a suggestion on the citizen's welfare level and serve as further indication on the success of local government in implementing development, and in line with the long term goals of Indonesia's development in improving the quality of their human resources, technology, science and good health level so that Indonesia could have competitive advantage to catch up with other developed countries.

III.   Analytical Method

Measurement and analysis on the effect of an increase in government expenditure on HDI in Jeneponto will be performed through regression models. This analysis method would employ Ordinary Least Square or OLS [9, 10, 11] to unearth the effect of each independent variable being examined, which in this case the allocation of expenditure in health, education and infrastructure development. The model equations that will be used to unearth the influence of independent variable toward dependent variable are as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y = Human Development Index
X_1 = Health Sector Expenditure Allocation
X_2 = Education Sector Expenditure Allocation
X_3 = Infrastructure Sector Expenditure Allocation
e = Error term
$\beta_1 \ldots \beta_2$ = Forecasted parameter

IV.   Results And Discussion

This study aims to determine the effect of health expenditure allocation, education expenditure allocation and infrastructure expenditure allocation on HDI in Jeneponto Regency. Thus, in this model there are three independent variables (X_1, X_2 and X_3) and one dependent variable (Y) which in the form of the following equation:

$$Y = 2.838 + 0.679X_1 + 1.440X_2 + 0.140X_3 + e$$

Based from this equation, one could obtain information, interpretation and relationships as well as the influence of independent variables, namely the allocation of expenditure on health (X_1), education (X_2) and infrastructure (X_3) toward the dependent variable, namely HDI (Y). Allocation of local government expenditure on health, education and infrastructure jointly affect the HDI of Jeneponto Regency, or in other words the independent variable have significant joint influence on the dependent variable and this is supported by the value of $F_{test} > F_{table}$.

4.1 Health Sector Expenditure Allocation

Government expenditure in health sector aims to ensure that all levels of society have access to health services in an easy, inexpensive and equitable manner that would provide a means so that society could gain good level of health. A description of the allocation of local government expenditure in health sector and its percentage on the total expenditure allocation in the budget years between 1998-2007 is given in Table 2.

Table 2. Health Sector Expenditures and Total Expenditure Allocation in APBD at Jeneponto Regency (1998-2007)

No	Year	Allocation of Expenditure in Health Sector (Rp)	Total Expenditure Allocation in APBD (Rp)	Percentage
1	1998	236,258,600	49,785,329,120	0.47
2	1999	760,537,000	50,999,597,184	1.49
3	2000	563,785,300	51,382,873,109	1.10
4	2001	1,604,500,000	112,674,759,047	1.42
5	2002	772,500,000	166,329,740,372	0.46
6	2003	1,097,500,000	180,776,759,120	0.61
7	2004	4,001,577,250	186,394,792,935	2.15
8	2005	5,303,492,500	209,538,377,182	2.53
9	2006	11,791,692,500	301,694,737,060	3.91
10	2007	16,113,850,000	448,782,008,603	3.59

Previous table explicitly shown that the allocation of local government expenditure on health sector tends to increase every year, except in 2000 and 2002. In 2000, the allocation of expenditure in this sector amounted to Rp.563,785.300. This amount is 1.10% of the total expenditure allocation in APBD, which amounted to Rp.51,382,873,109. Moreover, this is less than previous year (1999) that amounted to be Rp.760,537,000. The decline also occurred in 2002, compared to the previous year (2001) that has the nominal value of Rp.1, 604,500,000, which declined to Rp.772,500,000. This amount (2002) is 0.46% of the total expenditure allocation in APBD, which amounted to Rp.166,329,740,372.

Table 2 and its respective description give description on Jeneponto's government attention to the health sector. Health sector expenditure allocation have an implicit value of only around 0.45% to 3.95% from the total expenditure in their APBD even though health is a very valuable asset that has major implications for the development of public welfare both in medium term and long term. In respect with this, the following table would outline the changes in the allocation of health expenditure at Jeneponto Regency.

Table 3. Allocation of Expenditure in Health Sector and Changes in Allocation Per Fiscal Year 1998-2007

No	Year	Allocation of Expenditure in Health Sector (Rp)	Changes in Allocation (%)	Note
1	1998	236,258,600	-	-
2	1999	760,537,000	221.9087	*Increase*
3	2000	563,785,300	-25.8701	*Decrease*
4	2001	1,604,500,000	184.5941	*Increase*
5	2002	772,500,000	-51.8541	*Decrease*
6	2003	1,097,500,000	42.0711	*Increase*
7	2004	4,001,577,250	264.6084	*Increase*
8	2005	5,303,492,500	32.535	*Increase*
9	2006	11,791,692,500	122.3382	*Increase*
10	2007	16,113,850,000	36.6542	*Increase*

Table 3 explicitly shows that the health expenditure allocation in APBD tend to increase every year, except in 2000 and 2002. In 2000, the allocation of expenditure in this sector amounted to Rp.563,785.300 compared to the previous year that amounted to Rp.760,537.000, which means it was decreased by 25.87%. The decline also occurred in 2002, in which nominally in the previous year (2001) amounted to Rp.1,604,500,000, which declined in 2002 amounted to Rp.772,500,000, which means it was decreased by 51.85%.

The magnitude of the percentage of the health budget allocation in total expenditure in APBD gives an indication of how much the government's attention to the health sector, as well as the change in the number of annual budget allocations. Whereas, there are several factors that influence these policy, including local leadership or a program and direction within the region, which was composed in a system of government and development in the regency.

Local autonomy policy through Act No. 22 of 1999 on regional administration, which is later revised by Act No. 32 of 2004 also on local government, have given a very broad autonomy to the regions, districts and cities in particular [12,13,14]. This is employed in order to restore the dignity of the people in the area, providing political education opportunities to improve the quality of democracy in the region, increasing the efficiency of local public services, increased acceleration of regional development in order to create a better way of governing (good governance) that simultaneously geared towards the achievement of social welfare [8]. This is in line with earlier view on the purpose of budgeting as one of the responsibilities of local government.

The success achieved in the health development program, is not really a success that goes per sector alone, but also related to the success of development programs in other areas, such as the increase in local citizen's incomes. Therefore, the implementation of health programs requires coordination with relevant parties and other development programs [2].

4.2. Education Sector Expenditure Allocation

Education as one of the important sector in economic development is one sector that has multifaceted side. One of the frequently targeted educational developments is located in the equalization of education itself so that every citizen could obtain easy access to have education. Education has a very important role in creating human resources. The creation and expansion of opportunities to obtain educational opportunities is a key success to national development, because the increase of educational opportunities could further accelerate the development process. Table 4 below provides an overview on the allocation of education expenditure to total expenditure in APBD during 1998-2007.

Table 4. Education Sector Expenditures and Total Expenditure Allocation in APBD at Jeneponto Regency (1998-2007)

No	Year	Allocation of Expenditure in Education Sector (Rp)	Total Expenditure Allocation in APBD (Rp)	Percentage
1	1998	850,000,000	49,785,329,120	1.71
2	1999	1,665,967,348	50,999,597,184	3.27
3	2000	1,786,020,000	51,382,873,109	3.48
4	2001	1,436,051,000	112,674,759,047	1.27
5	2002	3,294,683,000	166,329,740,372	1.98
6	2003	3,170,190,000	180,776,759,120	1.75
7	2004	5,962,671,800	186,394,792,935	3.20
8	2005	7,849,928,250	209,538,377,182	3.75
9	2006	10,875,489,600	301,694,737,060	3.60
10	2007	18,895,621,000	448,782,008,603	4.21

Table 4 explicitly describe that the allocation of spending on education showed an increasing trend every year, except in 2001. In 2001, the allocation of expenditure in this sector amounted to Rp.1,436,051,000. This is less compared to the previous year (2000) that amounted to Rp.1,786,020,000. Moreover, the amount for 2001 is 1.27% of the total expenditure allocation in APBD, which amounted to Rp.112,674,759,047. After we know the percentage allocation of education expenditure to total expenditure in APBD, the following table would outline the changes in the allocation of education expenditure every year.

Table 5. Allocation of Expenditure in Education Sector and Changes in Allocation Per Fiscal Year 1998-2007

.No	Year	Allocation of Expenditure in Education Sector (Rp)	Changes in Allocation (%)	Note
1	1998	850,000,000	-	-
2	1999	1,665,967,348	96.00	*Increase*
3	2000	1,786,020,000	7.21	*Increase*
4	2001	1,436,051,000	-19.59	*Decrease*
5	2002	3,294,683,000	129.43	*Increase*
6	2003	3,170,190,000	-3.78	*Decrease*
7	2004	5,962,671,800	88.09	*Increase*
8	2005	7,849,928,250	31.65	*Increase*
9	2006	10,875,489,600	38.54	*Increase*
10	2007	18,895,621,000	102.17	*Increase*

Table 5 shown that in nominal terms, the allocation of expenditure on education showed an increasing trend every year, except in 2001 and 2003. In 2001, the allocation of expenditure in this sector amounted to Rp.1, 436,051,000 over the previous year amounting to Rp.1,786,020,000, as it decreased by 19.59%. The decline also occurred in 2003, in which nominally in the previous year (2002) amounted to Rp 3,294,683.000 decreased to Rp Rp.3,170,190,000 (3.78% decrease).

The magnitude of the percentage of the education budget allocation in total expenditure in APBD gives an indication of how much the government's attention to the education sector, as well as the change in the number of annual budget allocations. However, there are several factors that influence the policy, including local leadership or the program and direction of policy areas within the region. Given the research was conducted in the period over 10 years, it means that there are two periods of regional leadership (Regent and Vice Regent), namely the period of 1998-2003 and the period of 2003-2008. Leadership differences indicate differences in vision and mission leadership in the implementation of development and governance, although it is undeniable that there has been a standard platform set forth in the Guidelines of State Policy Outline (*Garis-Garis Besar Haluan Negara* or GBHN – in Indonesian) and the National Planning Program and National Development (*Program Perencanaan dan Pembangunan Nasional* or PROPPENAS – in Indonesian).

Most economists agree that compared to physical capital or material resources, then the country human resources become a factor that have an enigmatic impact to determines the character and pace of national development and economy of the nation in question [15, 16, 17]. Furthermore, Frederick Harbison of Princeton University said that human resources are the intellectual capital of a nation. Physical capital and natural resources is only factor of production that is essentially passive, in contrast to men who are active agents that

would raise capital, exploit natural resources, and build various kinds of social organization, economics, and politics as well as implementing the national development.

Furthermore, education has a crucial role for a country / region in order to achieve progress in all areas of life, especially to increase people welfare [2]. By refining the ability to acquire and use information, education could deepen one's understanding of him selves personally and the environment; enrich the mind by extending individual capabilities and intelligence to be consumers, producers and as citizens. In summary, education strengthens the ability to meet the needs of an individual and their families through increased productivity and the potential to achieve a high standard of living.

4.3 Infrastructure Sector Expenditure Allocation

The number of the poor in Jeneponto is still quite large [18, 19], which is characterized by vulnerability, powerlessness, isolation and an inability to express their aspirations. In turn, these conditions lead to, among others: (1) high socioeconomic burden, (2) low quality and low productivity of their human resources, (3) lack of community participation, (4) decrease public confidence in the bureaucracy in providing services to the community and (5) detrimental effect on the quality of future generations.

Most citizens in Jeneponto Regency come under poverty because the region has lagging infrastructure services, which could provide a means for local economy growth. This in turn have an effect in the facilitation and distribution of natural resources as there is an inadequate supporting infrastructure, resulting in reduced crop quality (or other natural resources) that can be distributed. Moreover, Jeneponto Regency are well known for its severe shortage of water, thus special attention need to be given by local government to the water distribution infrastructure in order to ensure the continuation of production activities.

Infrastructure provisions are important factors in the development of a region and serve as a catalyst to open up opportunities to support local production and economic activity. Infrastructure provision could also in the long term increase the welfare of the community by opening the region from isolation and increase the flow of goods and attract local and foreign investors. However, before this become a reality there is a need to ensure that Jeneponto Regency have basic irrigation facilities and drinking water as these are basic primary needs that currently need to be solved first by the local government. Only by this means, it is hoped that other regional infrastructure would then provide support to increasing the production and the productivity of local people and strengthen the potential of commodity to thrive in economy. In line with this, a description of the allocation of local government expenditure in infrastructure sector and its percentage on the total expenditure allocation in the budget years from 1998 to 2007 is given in Table 6 below.

Table 6. Infrastructure Sector Expenditures and Total Expenditure Allocation in APBD at Jeneponto Regency (1998-2007)

No	Year	Allocation of Expenditure in Infrastructure Sector (Rp)	Total Expenditure Allocation in APBD (Rp)	Percentage
1	1998	3,634,922,755	49,785,329,120	7.30
2	1999	3,902,705,625	50,999,597,184	7.65
3	2000	8,956,644,390	51,382,873,109	17.43
4	2001	2,450,019,000	112,674,759,047	2.17
5	2002	4,817,607,000	166,329,740,372	2.90
6	2003	2,642,000,000	180,776,759,120	1.46
7	2004	29,045,450,000	186,394,792,935	15.58
8	2005	2,851,000,000	209,538,377,182	1.36
9	2006	57,234,444,699	301,694,737,060	18.97
10	2007	69,942,072,661	448,782,008,603	15.58

Table 6 and its respective description give an indication that there is a fluctuation in the allocation of expenditure on infrastructure sector from year to year. This might be caused by the abilities and demands of local governments and communities in Jeneponto Regency, which become varies from one year to the next. In respect with this, the following table would outline the changes in the allocation of infrastructure expenditure at Jeneponto Regency.

Table 7. Allocation of Expenditure in Infrastructure Sector and Changes in Allocation Per Fiscal Year 1998-2007

No	Year	Allocation of Expenditure in Infrastructure Sector (Rp)	Changes in Allocation (%)	Note
1	1998	3,634,922,755	-	-
2	1999	3,902,705,625	7.31	*Increase*
3	2000	8,956,644,390	129.50	*Increase*
4	2001	2,450,019,000	-72.65	*Decrease*
5	2002	4,817,607,000	96.64	*Increase*
6	2003	2,642,000,000	-45.16	*Decrease*
7	2004	29,045,450,000	999.37	*Increase*
8	2005	2,851,000,000	-90.18	*Decrease*
9	2006	57,234,444,699	1907.52	*Increase*
10	2007	69,942,072,661	22.20	*Increase*

Table 7 explicitly shows the magnitude of change from year to year in infrastructure expenditure allocation in APBD. This change is tailored to the aspiring community needs, and adjusted to the development-planning program at a regional and national scale. Jeneponto Local Government has made a planning system that set the pattern for the implementation of development. And this is all is set forth according to the standard rules contained in the Five-Year Development Plan (*Rencana Pembangunan Lima Tahunan* or REPELITADA - in Indonesian), Basic Pattern for Regional Development (*Pola Dasar Pembangunan Daerah* or POLDASBANGDA – in Indonesian), Regional Strategic Plan (*Rencana Strategis Daerah* or RENSTRADA – in Indonesian), and Regional Development Planning Program (*Program Perencanaan Pembangunan Daerah* or PROPPEDA – in Indonesian) and in accord with other form of local regulations and other legal products.

4.4 HDI in the Jeneponto Regency (Y)

Table 8 would give an overview of the level of HDI in Jeneponto Regency and its respective contribution to the value of HDI in South Sulawesi Province.

Table 8. HDI of the Jeneponto Regency and Its Respective Contribution to South Sulawesi Province (Fiscal Year 1998-2007)

No	Year	Human Development Index of Jeneponto Regency	Human Development Index of South Sulawesi Province	Percentage
1	1998	55.20	63.10	3.80
2	1999	56.90	63.60	3.89
3	2000	57.10	64.10	3.87
4	2001	57.40	64.90	3.85
5	2002	57.80	65.30	3.85
6	2003	58.40	67.80	3.75
7	2004	60.20	68.20	3.84
8	2005	60.90	69.20	3.83
9	2006	61.00	70.00	3.79
10	2007	69.10	71.40	3.77
Average		*58.70*	*66.80*	*3.82*

Table 8 explicitly shown that in the 10 years period, the average growth of the HDI in Jeneponto is 58.7, while South Sulawesi province average is 66.8. In 1998 HDI in Jeneponto have a value of 55.2, which is 3.80% from the HDI in South Sulawesi Province at 63.1. In 1999, the HDI of South Sulawesi Province is 63.6, of which 3.89% come from the contribution of Jeneponto's HDI for the year that amounted to 56.9. In 2000, HDI in Jeneponto Regency is 57.1, which only contributes to 3.87% to the value of the HDI in South Sulawesi Province. Moreover, Jeneponto's HDI have a value of 57.4 to HDI in South Sulawesi Province (64.9) in 2001, which is amounted to only 3.87%. In 2002, HDI of Jeneponto Regency has a value of 57.8, which is 3.85% of the South Sulawesi provincial HDI of 65.3.

In 2003, the HDI of South Sulawesi Province is 67.8, where 3.75% comes from the HDI for Jeneponto Regency that amounted to about 58.4. Furthermore, in 2004, HDI for Jeneponto Regency is at 60.2, which only contributes to 3.84% on the value of the HDI in South Sulawesi (68.2). Percentage of Jeneponto's HDI (60.9) to the Province of South Sulawesi (69.2) in 2005 was 3.83%. Moreover, in 2006 the HDI for Jeneponto Regency is

only 61.0, whereas South Sulawesi Province has and HDI of 70.0, thus HDI of the Jeneponto Regency only account for 3.79 to the total value of the HDI of South Sulawesi Province. This is happening again in 2007, as the percentage contribution of the HDI of Jeneponto Regency (69.1) to the Province of South Sulawesi (71.4) is only 3.77%.

Therefore, in overall it could be seen that the growth of the HDI in Jeneponto Regency is always below the average HDI value of South Sulawesi Province, which then determines the position of the regency district in the lowest position from other regency in the Province of South Sulawesi. This gives an indication that Jeneponto Local Government could be considered as giving less attention to efforts in improving the quality of life in society.

In order to cope with this reality, the local government in Jeneponto have to strive to improve the community quality of life through several activities such as: (1) education development that pay attention to the direction of economic development in the future, (2) health development by instilling the culture of healthy living, (3) provision of basic needs and basic amenities as well as providing practical and productive skills and for the poor to improve their quality of life, and (4) suppress the population growth rate by increasing the density and distribution of the population balance [20, 21, 22].

V. Conclusion

From the description of the results of research conducted on the influence of Jeneponto Local Government allocations in health, education and infrastructure toward HDI in Jeneponto, some conclusions could be drawn. First, simultaneous allocation of government spending on health, education and infrastructure has a positive and significant effect on the increase of HDI in Jeneponto although the effort could be stated still minimum at best.

Second, based on the results of the regression calculation, we found that the health sector expenditure allocation variable (X_1) has a coefficient of 0.679, therefore if the amount of allocated health expenditure increased by 1 million, then HDI value would rise by 0.679 ceteris paribus. Education expenditure allocation variable (X_2) has a coefficient of 1.440, thus if the amount of education expenditure allocation increased by 1 million, then ceteris paribus, the HDI value would rise by 1.440. Variable infrastructure sector expenditure allocation (X_3) has a coefficient of 0.140, so if the amount of infrastructure expenditure increased by 1 million, then ceteris paribus, HDI value would rise by 0.140.

Finally, the independent variables could also statistically explain the dependent variable as the R^2 = 0.987. The value of R^2 demonstrated the ability of the variable allocation of expenditures in health, education and infrastructure to explain the behavior of HDI at 98.7% and the remainder or residue of 1.3% is explained by other variables not included and examined in the study.

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