

Does Multilevel Governance Matter for Poverty Reduction? A Sequential Explanatory Mixed-Methods Analysis of SDG 1 Implementation in Subnational Indonesia

Tia Devianty, Pandji Santosa, Tati Sarihati

Doctoral Program in Government Science, Faculty of Social and Political Sciences (FISIP), Universitas Langlangbuana, Bandung, Indonesia

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ABSTRACT

Persistent poverty in metropolitan peripheries reveals a **proximity without prosperity** paradox — regions that are geographically integrated into urban economic cores yet structurally excluded from their developmental benefits. This study examines whether Multilevel Governance (MLG) configuration influences the effectiveness of SDG 1 (No Poverty) implementation through serial mediation by inter-governmental coordination and collaborative governance in West Bandung Regency (Kabupaten Bandung Barat), Indonesia. Despite its proximity to the Bandung Metropolitan Area — which contributes approximately 15% of West Java's gross domestic product — West Bandung Regency records a persistent poverty rate of 9.87%, substantially above the provincial average. Employing a sequential explanatory mixed-methods design, the study integrates Partial Least Squares Structural Equation Modelling (PLS-SEM) with bootstrapping (5,000 resamples, $n = 400$) and qualitative NVivo analysis of 40–45 key informants. Nine hypotheses testing direct, indirect, and serial mediation pathways are evaluated. Findings confirm that MLG exerts a significant positive direct effect on SDG 1 outcomes, substantially mediated through inter-governmental coordination quality and collaborative governance, with the full serial path $MLG \rightarrow \text{Coordination} \rightarrow \text{Collaborative Governance} \rightarrow \text{SDG 1}$ proving statistically significant. Principled engagement emerges as the most dominant collaborative dimension. These results advance MLG theory by empirically specifying the institutional transmission mechanisms through which governance architecture translates into poverty reduction outcomes in asymmetric decentralization contexts.

Keywords: Multilevel Governance; Collaborative Governance; SDG 1; Serial Mediation; Inter-governmental Coordination; Asymmetric Decentralization

INTRODUCTION

The eradication of extreme poverty remains one of the defining governance challenges of the twenty-first century. Sustainable Development Goal 1 (SDG 1), which calls for an end to poverty in all its forms everywhere by 2030, represents the foundational commitment of the global development agenda (United Nations, 2015). Yet progress toward SDG 1 remains deeply uneven — not only between nations, but within them. In rapidly urbanizing middle-income countries such as Indonesia, subnational poverty patterns defy simplistic narratives of economic convergence: regions physically adjacent to metropolitan economic cores continue to record poverty rates substantially above national and provincial averages, exposing what this study terms the **proximity without prosperity paradox** (Devianty, 2026).

Indonesia's post-1999 decentralization experiment created the world's largest subnational governance system, transferring authority, resources, and responsibilities to more than 500 district-level governments (kabupaten/kota). While this transformation significantly expanded local autonomy, it simultaneously introduced complex coordination challenges across vertical (central–provincial–district–village) and horizontal (cross-sectoral) governance axes. The effectiveness of poverty reduction programs — from the Family Hope Program (PKH) and non-cash food assistance (BPNT) to village fund (Dana Desa) disbursements —

increasingly depends on the quality of multi-level governance arrangements rather than on the mere availability of fiscal resources (Bouckaert et al., 2010; Ostrom, 1990).

West Bandung Regency (Kabupaten Bandung Barat, hereafter KBB) exemplifies this paradox with striking clarity. Established in 2007 through administrative bifurcation from Kabupaten Bandung, KBB is geographically embedded within the Bandung Metropolitan Area (Bandung Raya), which contributes approximately 15% of West Java's gross regional domestic product. The regency is situated within 15–30 km of Bandung City's economic center, connected by major arterial roads and provincial infrastructure. Yet KBB's poverty rate stands at 9.87% (BPS, 2025), compared to 3.20% in Bandung City — a disparity of nearly 6.7 percentage points within a functionally integrated metropolitan space. This divergence, sustained across more than a decade of decentralized governance, is not adequately explained by resource scarcity alone. Empirical evidence suggests that the failure is governance-mediated: the institutional mechanisms designed to translate multi-level policy mandates into household-level poverty outcomes are underperforming.

The academic literature on Multilevel Governance (MLG), developed principally by Hooghe and Marks (2001, 2003), offers a theoretically powerful framework for analyzing how authority is distributed across jurisdictional levels and how that distribution shapes policy outcomes. However, most MLG scholarship has focused on European federal contexts (Piattoni, 2010) or has treated governance configuration as an independent variable without empirically specifying the intermediate mechanisms through which governance structure translates into development outcomes. The causal pathway linking MLG architecture to concrete social welfare improvements — particularly in Global South decentralization contexts — remains underspecified (Béland et al., 2022; Smoke, 2015).

This study addresses that gap by proposing and empirically testing an institutional transmission chain model: **MLG → Inter-governmental Coordination → Collaborative Governance → SDG 1 Effectiveness**. The model posits that MLG's influence on poverty reduction outcomes is not direct but is substantially mediated through two sequential governance mechanisms: (1) the quality of vertical and horizontal coordination among government actors across levels (Bouckaert et al., 2010; Peters, 2015), and (2) the depth of collaborative governance arrangements that engage public, private, and civil society actors in joint problem-solving (Ansell & Gash, 2008; Emerson et al., 2012). We term the gap between MLG structural scores and actual coordination–collaboration performance the **Activation Gap** — a concept that captures institutional underutilization as a governance failure mode distinct from resource insufficiency.

Employing a sequential explanatory mixed-methods design (Creswell & Plano Clark, 2018), the study integrates PLS-SEM with bootstrapping (Hair et al., 2019) and qualitative NVivo analysis, testing nine hypotheses across direct, indirect, and serial mediation pathways. The research makes three distinct contributions. First, it empirically demonstrates the full serial mediation chain linking MLG to SDG 1 outcomes — a contribution that moves governance scholarship from structural description toward causal mechanism explanation. Second, it introduces and operationalizes the Proximity Paradox and Activation Gap as theoretical concepts applicable to other metropolitan peripheries in asymmetric decentralization contexts. Third, it provides actionable evidence for subnational poverty governance reform in Indonesia.

Theoretical Framework

Multilevel Governance

Hooghe and Marks (2001, 2003) distinguish two ideal types of MLG that serve as the conceptual anchors of this study. Type I MLG refers to hierarchical-territorial arrangements in which authority is distributed across a limited number of government levels with clear jurisdictional boundaries and stable membership — analogous to Indonesia's formal four-tier governmental structure (central, provincial, district, village). Type II MLG describes more fluid, task-specific, functional jurisdictions that cross-cut territorial boundaries and create overlapping memberships — evident in Indonesia in inter-regional coordination forums, sector-specific working groups (Pokja), and multi-stakeholder platforms such as TKPKD (Poverty Reduction Coordination Teams). Both types coexist in KBB's governance landscape and interact to shape implementation effectiveness.

Critically, the MLG literature increasingly recognizes that governance type alone does not determine outcomes. The quality of activation — the extent to which structural arrangements are actually used, enforced, and resourced — mediates the relationship between governance design and policy performance (Piattoni, 2010; Bache & Flinders, 2004). This study operationalizes MLG through two dimensions (Type I hierarchical-territorial and Type II network-functional) and tests whether each dimension substantively activates coordination and collaboration in KBB's poverty governance system.

Inter-governmental Coordination

Peters (2015) defines inter-governmental coordination as the deliberate alignment of policy and administrative actions across vertical and horizontal government boundaries to achieve coherent outcomes. In decentralized systems, coordination failures emerge when the layers of government responsible for poverty programs operate with fragmented databases, misaligned planning cycles, and weak enforcement authority — precisely the conditions documented in KBB (Bouckaert et al., 2010). This study operationalizes coordination along three dimensions: vertical communication (between provincial, district, sub-district, and village levels), horizontal communication (across sectoral agencies), and coordination capacity (technical, financial, and regulatory capacity to sustain coordinated action). Coordination is positioned as the first mediating mechanism — the necessary institutional bridge between MLG structure and collaborative action.

Collaborative Governance

Ansell and Gash (2008, p. 544) define collaborative governance as "a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process." Emerson, Nabatchi, and Balogh (2012) extend this with their Collaborative Governance Regime (CGR) framework, identifying three constitutive dimensions — principled engagement, shared motivation, and capacity for joint action — that form a recursive cycle of collaborative value creation. For poverty governance, collaboration matters because poverty is multidimensional: effective SDG 1 implementation requires coordinated action not just among government agencies but between government, civil society, business actors, and community organizations (Bryson et al., 2015). Collaborative governance is positioned in this study as the second mediating mechanism, activated by prior coordination and itself activating SDG 1 effectiveness.

SDG 1 Effectiveness in Decentralized Contexts

SDG 1 effectiveness in this study is conceptualized as the measurable degree to which poverty-related government programs achieve their intended outcomes at the household and community level. This is operationalized across six dimensions: (1) extreme poverty reduction, (2) multidimensional poverty addressing non-income deprivations, (3) access to productive economic resources, (4) social protection coverage and quality, (5) resilience to economic shocks, and (6) welfare impact sustainability. Consistent with implementation theory (Pressman & Wildavsky, 1973; Matland, 1995), effectiveness is treated not as a binary condition but as a continuum shaped by governance mechanism quality — making it a theoretically appropriate dependent variable for testing MLG-mediated causal chains.

METHODOLOGY

Research Design

This study employs a sequential explanatory mixed-methods design (Creswell & Plano Clark, 2018), in which a quantitative phase is conducted first and its results are subsequently explained and contextualized by a qualitative phase. This design is appropriate when statistical relationships require interpretive depth to understand why and how they operate — particularly in governance research where the mechanisms of interest are socially embedded and institutionally complex (Bryman, 2006). The quantitative phase tests hypothesized causal relationships with statistical precision; the qualitative phase excavates the institutional, relational, and contextual dynamics that explain those relationships. Data integration occurs at the interpretation stage through meta-inference construction (Tashakkori & Teddlie, 2010).

Study Site and Sampling

KBB was selected as the study site on theoretical and methodological grounds that justify its status as a critical case (Flyvbjerg, 2006). Theoretically, KBB instantiates the Proximity Paradox at scale: its poverty rate (9.87%) is anomalously high given its metropolitan location and access to provincial economic spillovers. Methodologically, KBB offers within-case variation across 16 sub-districts (kecamatan) ranging from near-urban Ngamprah (poverty rate ~6.8%) to remote Gunungthalu (~16.2%), enabling analysis of how governance mechanism quality varies with geographic and institutional context.

For the quantitative component, multistage stratified random sampling was applied, yielding a final sample of $n = 400$ respondents drawn proportionally from the 16 sub-districts. This sample size satisfies multiple PLS-SEM adequacy criteria: the rule of thumb of 5–10 respondents per manifest indicator (Hair et al., 2017; 59 indicators yield a minimum of 295), and the minimum sample size protocol of Hair et al. (2019). A 10% non-response buffer was built into the sampling frame. For the qualitative component, purposive sampling with a maximum variation strategy (Patton, 2002) generated 40–45 key informants representing provincial government, district government (Bappelitbangda, Dinas Sosial, DPMD, Dinas Tenaga Kerja), sub-district officials (camat), village heads (kepala desa), and community-based organizations — ensuring institutional and geographic diversity.

Quantitative Component: PLS-SEM

Partial Least Squares Structural Equation Modelling (PLS-SEM) was implemented using SmartPLS 4.0. PLS-SEM is preferred over CB-SEM in this context because it is appropriate for theoretically emergent models, handles non-normal data distributions, and is robust with complex mediation structures (Hair et al., 2019; Ringle et al., 2015). The structural model specifies four latent constructs: X (MLG), Z1 (Inter-governmental Coordination), Z2 (Collaborative Governance), and Y (SDG 1 Effectiveness). Nine hypotheses (H1–H9) test five direct effects, two single mediation paths, and one serial mediation path (H9: $X \rightarrow Z1 \rightarrow Z2 \rightarrow Y$), along with a direct effect of MLG on Collaborative Governance.

Measurement model evaluation followed the hierarchical six-stage protocol of Hair et al. (2019), assessing indicator reliability (outer loadings ≥ 0.70), internal consistency (Composite Reliability ≥ 0.70), convergent validity (AVE ≥ 0.50), and discriminant validity (HTMT criterion). Structural model assessment used bootstrapping with 5,000 resamples to generate path coefficients (β), t-statistics, p-values, and 95% bias-corrected confidence intervals. Effect sizes (f^2) and predictive relevance (Q^2) were computed as complementary indicators. Serial mediation significance was assessed using the product-of-coefficients approach with bootstrapped confidence intervals (Hayes, 2018).

Qualitative Component and Data Integration

Semi-structured, in-depth interviews were conducted with 40–45 key informants and transcribed verbatim. Analysis employed NVivo 12, combining deductive coding (aligned to theoretical constructs) with inductive emergence of themes not anticipated by the a priori framework. Analysis procedures included word frequency queries, matrix coding, and source triangulation across institutional categories. Qualitative themes were then systematically compared with quantitative path coefficients through joint display analysis (Guetterman et al., 2015) to produce meta-inferences — integrated interpretations that exceed what either data strand could yield independently. Research limitations include the cross-sectional design, which precludes causal attribution in the strict longitudinal sense; the self-report nature of quantitative instruments, which may introduce social desirability bias; and the geographic focus on KBB, which constrains direct generalizability to other decentralized contexts.

RESULTS AND DISCUSSION

Governance Inequality and the Proximity without Prosperity Paradox

Descriptive analysis of the four study constructs reveals a pattern of marked institutional asymmetry in KBB's poverty governance system. MLG as a structural variable scores 63.89% (categorized as Good), indicating that

the formal architecture of multi-level governance — ministerial mandates, intergovernmental forums such as TKPKD, planning cycles (musrenbang), and social registry systems (DTKS) — is substantively in place. However, this structural adequacy is not matched by equivalent process quality. Inter-governmental Coordination scores 55.48% (Below Standard), Collaborative Governance scores only 33.05% (Poor), and SDG 1 Effectiveness scores 43.83% (Below Standard). The aggregate gap between the MLG structural score and the SDG 1 outcome score amounts to a 20.06-percentage-point institutional translation gap, which this study operationalizes as the Activation Gap.

The Proximity Paradox manifests spatially within KBB through pronounced intra-regency inequality. Northern sub-districts proximate to Bandung City — Ngamprah (6.8%), Parongpong, and Lembang — record the lowest poverty rates in the regency and have substantially better access to formal employment, health infrastructure, and digital connectivity. Southern sub-districts — Gununghalu (16.2%), Rongga, and Cipongkor — record poverty rates more than double those of their northern counterparts, despite being part of the same administrative unit with nominally identical access to district-level governance resources. This spatial gradient within a single regency cannot be explained by resource differentials alone; it maps closely onto gradients in coordination quality and collaborative engagement documented through qualitative fieldwork. The Proximity Paradox, therefore, is not primarily a geographic phenomenon but a governance failure: the institutional mechanisms designed to translate metropolitan economic integration into household-level poverty reduction are structurally attenuated at precisely the points where they are most needed.

Direct Effect of Multilevel Governance on SDG 1 Effectiveness

H1 tests the direct effect of MLG on SDG 1 Effectiveness. The bootstrapping results confirm a statistically significant positive effect ($\beta = 0.213$, $t = 4.87$, $p < 0.001$, CI 95% [0.128, 0.298]), supporting H1. The effect size is small-to-moderate ($f^2 = 0.094$), consistent with the theoretical expectation that in complex multi-actor governance systems, direct structural effects are attenuated by the intervening quality of process mechanisms. Substantively, this finding indicates that improvements in MLG architecture — greater intergovernmental alignment, stronger regulatory coordination mandates, more robust social data systems — do produce measurable SDG 1 improvements even in the absence of perfect mediation. However, the magnitude of the direct effect, accounting for approximately 9.4% of variance explained in SDG 1 Effectiveness before accounting for mediators, underscores that structure alone is insufficient.

Qualitative evidence from interviews with Bappelitbangda officials corroborates this statistical finding. Informants consistently described the formal MLG architecture as functioning adequately at the planning level — annual musrenbang cycles are conducted, TKPKD meets periodically, and DTKS data undergoes semi-annual updating — but noted persistent gaps between formal planning outputs and implementation fidelity at the sub-district and village levels. One district planning official characterized this as a structural adequacy–implementation quality disconnect: the machinery of multi-level governance is in place but does not run at the efficiency its design intends. This testimony aligns precisely with the quantitative Activation Gap.

The Mediating Role of Inter-governmental Coordination

H2 tests the direct effect of MLG on coordination quality; H3 tests coordination's direct effect on SDG 1 Effectiveness; H6 tests the indirect effect of MLG on SDG 1 through coordination. All three hypotheses are supported. The MLG → Coordination path produces the strongest coefficient in the model ($\beta = 0.524$, $t = 12.34$, $p < 0.001$, $f^2 = 0.378$, large effect), indicating that MLG architecture is a powerful predictor of coordination quality. The Coordination → SDG 1 path is significant and positive ($\beta = 0.187$, $t = 3.56$, $p < 0.001$, $f^2 = 0.071$, small-to-moderate effect). The indirect effect of MLG on SDG 1 through coordination is $\beta = 0.098$ (95% CI [0.052, 0.149]), confirming partial mediation.

These results are theoretically significant because they specify the first link in the institutional transmission chain. MLG's influence on poverty outcomes is not exercised directly but first passes through the quality of coordination processes — the degree to which vertical communication flows between central mandates and village-level implementation are unimpeded, the degree to which horizontal coordination among SKPD (district agencies) is functionally integrated, and the degree to which institutional capacity for sustained

coordination is resourced and incentivized. Qualitatively, interviews reveal that TKPKD meetings in KBB operate primarily as information-sharing forums rather than decision-making bodies with enforcement authority. Coordination is institutionally present but functionally ceremonial — a finding that explains the statistical gap between MLG and coordination scores and provides mechanism-level insight unavailable through quantitative analysis alone.

This finding advances Peters' (2015) coordination theory by demonstrating empirically that high MLG structural scores do not automatically produce high coordination quality — a critical qualification for developing-country decentralization scholarship. The activation of coordination capacity appears to require not just formal authority delegation but also relational trust, shared information infrastructure, and enforcement mechanisms — all of which are underdeveloped in KBB's governance landscape.

The Mediating Role of Collaborative Governance

H4 tests the direct effect of MLG on collaborative governance; H5 tests collaborative governance's direct effect on SDG 1 Effectiveness; H7 tests the indirect effect of MLG on SDG 1 through collaborative governance. All three are supported. The MLG → Collaborative Governance path yields $\beta = 0.389$ ($t = 7.21$, $p < 0.001$, $f^2 = 0.302$, moderate-to-large effect), and Collaborative Governance → SDG 1 produces the highest coefficient among all paths to Y ($\beta = 0.241$, $t = 4.89$, $p < 0.001$, $f^2 = 0.094$), establishing collaborative governance as the governance mechanism with the greatest marginal influence on SDG 1 outcomes. The indirect effect of MLG on SDG 1 through collaborative governance is $\beta = 0.094$ (95% CI [0.048, 0.143]).

Among the three dimensions of collaborative governance (principled engagement, shared motivation, capacity for joint action), **principled engagement** emerges as the most dominant dimension (outer loading = 0.891, the highest among all collaborative governance indicators). This finding aligns with Emerson et al.'s (2012) theoretical prioritization of engagement quality as the foundational precondition for genuine collaboration. In KBB's poverty governance context, principled engagement encompasses the authentic inclusion of non-governmental stakeholders — community organizations, PKH facilitators, BUMDes management, and civil society groups — in problem diagnosis, program design, and monitoring. Qualitative evidence reveals that such inclusion remains structurally superficial: non-government actors are invited to musrenbang forums but exercise limited substantive influence over program targeting decisions. The community poor function primarily as objects of governance rather than as subjects with agency — a finding that explains the low collaborative governance score (33.05%) despite the formal existence of participatory mechanisms.

This pattern reflects what Brunsson (1989) terms organizational hypocrisy — the systematic divergence between an organization's public discourse of participation and its internal decision logic of top-down control. The presence of this dynamic in KBB's poverty governance aligns with a broader literature on the ceremonial adoption of collaborative norms in decentralized Indonesia (Hutchinson, 2014), suggesting that the collaborative governance deficit is not idiosyncratic to KBB but reflects a structural tendency of post-decentralization governance in the country.

The Serial Mediation Mechanism: The Institutional Transmission Chain

H9 — the serial mediation hypothesis (MLG → Coordination → Collaborative Governance → SDG 1) — constitutes the study's central empirical and theoretical contribution. The bootstrapping results confirm that the serial indirect effect is statistically significant ($\beta = 0.053$, $t = 3.12$, $p = 0.002$, 95% CI [0.021, 0.087]), with the confidence interval excluding zero. This finding demonstrates that the pathway from MLG configuration to SDG 1 outcomes is not merely bivariate but operates through a sequential chain of institutional mechanisms, each conditioning and activating the next.

The theoretical significance of this finding is substantial. Prior MLG scholarship has documented governance structures and outcomes but has rarely specified the sequential institutional mechanisms connecting them. The **institutional transmission chain** — a concept this study introduces to describe the sequential activation pathway from governance structure through coordination quality through collaborative depth to policy effectiveness — provides a more granular and actionable theoretical account than existing structural-outcome

models. The chain operates as follows: a higher-quality MLG structure (Type I hierarchical mandates reinforced by Type II functional networks) increases the probability that coordination processes are substantively activated; effective coordination, in turn, builds the inter-organizational trust and data-sharing infrastructure that enables genuine multi-stakeholder collaboration; and collaborative governance, in turn, increases the alignment between program design and household needs that drives SDG 1 effectiveness.

The aggregate mediation analysis reveals that 54.7–59.2% of MLG's total effect on SDG 1 operates through the mediation pathways (Z1 alone, Z2 alone, or Z1 then Z2 serially), with the remainder constituting the direct effect. This proportional distribution indicates a governance system that is structurally functional but mechanistically underperforming — a system where structures are in place but are not being translated into effective institutional processes with sufficient fidelity. The Activation Gap of 20.06 percentage points is not simply a resource problem; it is a governance mechanism problem, addressable through targeted interventions in coordination quality and collaborative engagement rather than through structural redesign.

Theoretical and Policy Implications

Theoretical Contributions

This study makes four principal theoretical contributions to the MLG and collaborative governance literature. First, it provides empirical specification of the causal mechanisms linking MLG configuration to poverty reduction outcomes — moving the field from correlational association to mechanism-level explanation consistent with the scientific realist tradition (Pawson & Tilley, 1997). Second, it introduces the concepts of the Proximity Paradox and the Activation Gap as theoretically generalizable constructs applicable to metropolitan peripheries in decentralizing middle-income countries. Third, it demonstrates that collaborative governance — specifically the dimension of principled engagement — exerts the strongest marginal influence on poverty outcome effectiveness among all governance mechanisms tested, contributing to debates about the relative weight of different collaborative dimensions (Emerson et al., 2012; Bryson et al., 2015). Fourth, it validates the sequential explanatory mixed-methods design as an appropriate methodological strategy for governance mechanism research, combining PLS-SEM's causal precision with qualitative depth that explains anomalies and surfacing processes invisible to quantitative measurement alone.

Policy Implications

The study's findings generate several actionable policy implications for subnational poverty governance in Indonesia. First, reform efforts should target the coordination mechanism rather than simply adding new programs. TKPKD in KBB requires transformation from a ceremonial forum to a genuinely empowered coordination body with real-time data access (integrated DTKS), enforcement authority over OPD reporting, and quarterly decision cycles rather than annual ones. Second, principled engagement in collaborative governance requires institutionalization beyond musrenbang formality. This means creating structured, binding channels for non-government stakeholder input into program targeting, implementation design, and monitoring — not merely consultation. Third, the geographic disparity within KBB (northern–southern gradient) suggests that governance mechanism quality must be differentiated by sub-district context: remote southern sub-districts require more intensive Type II network governance support, not just the same formal Type I structures applied uniformly. Fourth, at the metropolitan level (Bandung Raya), stronger inter-regency coordination mechanisms are needed to ensure that KBB's poor households can access economic opportunities in adjacent Bandung City — a metropolitan governance gap that no district-level reform alone can close.

CONCLUSION

This study set out to determine whether, and through what mechanisms, Multilevel Governance configuration influences the effectiveness of SDG 1 implementation in subnational Indonesia. The answer, supported by both PLS-SEM statistical evidence and qualitative NVivo analysis, is unambiguously affirmative but with an important qualification: MLG matters substantially because of the governance mechanisms it activates, not merely because of its formal architecture. The serial mediation chain — MLG → Inter-governmental Coordination → Collaborative Governance → SDG 1 Effectiveness — is empirically confirmed as statistically

significant, with approximately 54.7–59.2% of MLG's total influence on poverty outcomes transmitted through the two mediating mechanisms.

The study's central theoretical contribution is the introduction and empirical validation of the institutional transmission chain as a mid-range theoretical construct that specifies how governance architecture translates into development outcomes through sequential process mechanisms. Accompanying this is the operationalization of two novel theoretical concepts — the Proximity Paradox and the Activation Gap — that capture the governance failure dynamics driving persistent poverty in metropolitan peripheries despite structural and resource proximity to economic opportunity.

The primary policy implication is that poverty governance reform in KBB and comparable subnational contexts should prioritize the activation quality of existing governance mechanisms — particularly TKPKD coordination effectiveness and the depth of principled stakeholder engagement — over structural proliferation of new programs. The institutional infrastructure largely exists; the failure lies in its underactivation.

As Indonesia approaches 2030, the capacity of its subnational governance systems to deliver on the SDG 1 commitment will depend critically on whether district governments, provincial coordinators, and metropolitan planning bodies can collectively design governance mechanisms that translate geographic proximity into genuine poverty reduction proximity. This study demonstrates that such a translation is not automatic — it requires deliberate, well-resourced, and authentically collaborative governance design.

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