

Comparison of Village Fund Formula Policies in Alleviating Poverty

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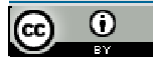
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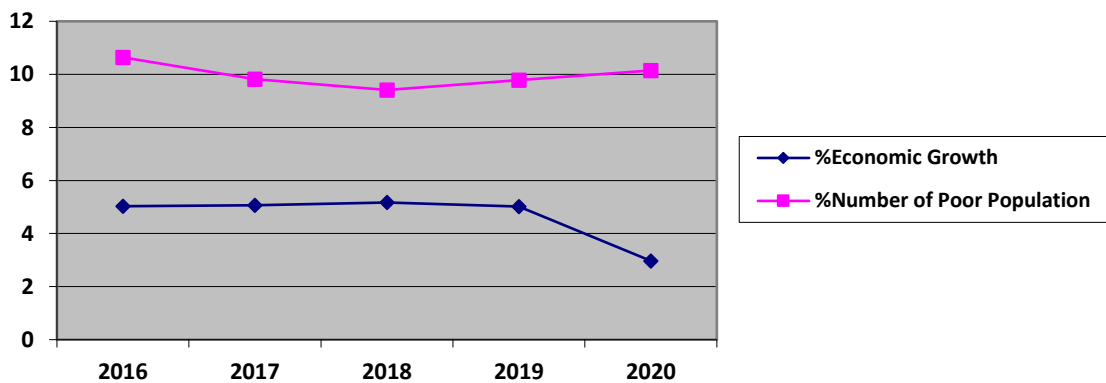


ABSTRACT

The purpose of this study was to see whether there was a difference in the number of rural poor people from several policy formulas used in the mechanism for granting the Village Fund which had been running for 6 years. The statistical method used is the Independent Sample T-Test. The sample used is 33 provinces in Indonesia that receive Village Funds sourced from the National Budget and Revenue. The result is that between the first and second formulas there is no difference in the number of rural poor people, as well as between the changes in the second and third formulas. New differences emerged between the third and fourth formulas, but these differences did not show better results, this was also exacerbated by the Covid-19 pandemic that hit the world, including Indonesia.

INTRODACTION

Indonesia is the largest archipelagio country in the world, consisting of 17,504, and a population of 272,248,500 (Badan Pusat Statistik Indonesia, 2020). With a large population spread across various regions, poverty and income inequality are the main problems in the development of a country, especially for developing countries including Indonesia (Bukhari, 2021). Economic growth can be a very influential instrument in reducing poverty (Pangiuk, 2018) Indonesia's economic growth in the last 5 years has always been positive, along with that the percentage of the number of poor people has also decreased, but if you look closely, the rate of economic growth tends to decline. For details, see the chart below:



Picture.1 Graphic Comparison of Economic Growth and Number of Poor Population in Indonesia 2016-2020

Based on the Graph table. 1.1 financial development in 2016 was 5.03%, in 2017 it rose to 5.07%, in 2018 it rose once more to 5.17%, but in 2019 it fell once more to 5.02% and in 2020 it fell radically to 2,97%, where at that time and until presently the complete world is still hit by the Covid-19 widespread. In conjunction with the decay in Indonesia's financial development which is being hit by the widespread, the rate of the number of destitute individuals in 2020 has too expanded. If initially the percentage of the number of poor people in 2016 was initially 10.64%, in 2017 it fell to 9.82%, in 2018 it fell through 9.41% and rose again to 9.78% in 2019. Entering 2020 when the pandemic emerged , along with the decline in economic growth that year, it resulted in an increase in the number of poor people to 10.14%. This figure is a combination of the number of people living in villages and cities. When linking economic growth with poverty, a fundamental question arises, can high economic growth bring blessings to the entire population of Indonesia (Boediono, 2016). The comparison of the number of poor people between rural and urban areas can be seen from the table below:

Table. 1 Comparison of the Number of Rural and Urban Poor in 2016-2020

Year	Number of Village Poor	Number of Village Poor (%)	Number of Urban Poor	Number of Urban Poor (%)
2016	17.097.390	13,93	10.673.830	7,72
2017	17.805.430	13,20	10.144.370	7,02
2018	15.149.920	12,85	9.994.800	6,69
2019	15.292.060	12,82	11.161.960	7,38
2020	15.366.190	13,10	12.176.290	7,89

Source: Badan Pusat Statistik, Republik Indonesia, 2021

Based on table 1.1, it turns out that the number of poor people in the village is more than the population in the city, and the comparison is almost 2 times that of the urban population, this shows that the number of poor people in the village is more than the population living in the city (Bukhari, 2021). So it can be seen that the government's arrangement of keeping up a decently tall and steady financial development and went with by a maintainable decrease of destitution, has not succeeded in overcoming imbalance, meaning that the development accomplished is as it were delighted in by a little portion of the Indonesian individuals (Sudarlan, 2015).

Various endeavors have been made by the Government to overcome the destitution issue, counting the Nawacita program to Construct Indonesia from the Edges by Reinforcing Locales and Towns inside the System of the Unitary State of the Republic of Indonesia" (Buku Pintar Dana Desa, 2017). The usage of the program is to apportion Town Reserves of 10% of the Exchange Stores budgeted every year within the State Income and Use Budget (Buku Pintar Dana Desa, 2017). In its development, the Village Fund allocation formula has been formulated 4 times, where previously the Basic Allocation dominated in 2015-2017. Then until 2020 the proportion of the basic allocation decreased from 90 percent (2015) to 69 percent (2020). (Riyono, 2020).

In detail, the changes to the Village Fund formulation can be seen based on the table below:

Tabel.2 Village Fund formulation

Year	Allocation Base	Affirmation Allocation	Performance Allocation	Allocation Formula	Total
2015	90%	0%	0%	10%	100%
2016	90%	0%	0%	10%	100%
2017	90%	0%	0%	10%	100%
2018	77%	3%	0%	20%	100%
2019	72%	3%	0%	25%	100%
2020	69%	2%	2%	28%	100%

Source: Directorate General of Fiscal Balance, 2020

IMPLEMENTATION AND METHODS

The design of this study, the author uses secondary data taken from Badan Pusat Statistik and the Ministry of Finance of the Republic of Indonesia relating to Poverty and Village Funds.



Picture.2 The design of this study

The statistical method used is the Independent Sample T-Test, this test is used to determine whether or not there is a difference in average between two unrelated sample groups. The sample used is 33 provinces in Indonesia that receive Village Funds sourced from the Expenditure Budget. and National Income. The basis for making the decision is:

Ho : If the value of Sig.(2 tailed > 0.05) then there is no significant difference between the results of the old formula and the new formula on the reduction in the number of poor people in rural areas.

Ha : If the value of Sig.(2 tailed <0.05) then there is a significant difference between the results of the old formula and the new formula on the reduction in the number of poor people in rural areas.

RESULTS AND DISCUSSION

Table.3 Percentage of Rural Poor Population by Province in Indonesia year 2017-2021

PROVINSI	2017	2018	2019	2020	2021
ACEH	18,36	18,52	18,03	17,46	17,78
SUMATERA UTARA	9,62	9,05	9,14	8,77	8,84
SUMATERA BARAT	7,94	7,9	7,88	7,43	7,91
RIAU	7,99	7,86	7,62	7,29	7,51
JAMBI	6,66	6,8	6,53	6,23	6,42
SUMATERA SELATAN	13,54	13,05	13,02	12,96	13,12
BENGKULU	15,67	15,64	15,49	15,16	15,28
LAMPUNG	14,56	14,73	14,27	13,83	14,18
KEP.BANGKA BELITUNG	7,92	7,16	6,79	6,33	6,63
KEP. RIAU	10,49	11,26	11,04	10,43	11,1
JAWA BARAT	10,77	10,07	9,79	10,27	10,46
JAWA TENGAH	13,92	12,8	12,48	12,80	13,07
DI YOGYAKARTA	15,86	14,71	13,89	14,31	14,44
JAWA TIMUR	15,58	15,21	14,43	14,77	15,05
BANTEN	7,81	7,67	7,49	8,18	8,49
BALI	5,42	5,08	4,88	4,78	5,52
NUSA TENGGARA BARAT	14,06	13,69	13,45	13,09	13,37
NUSA TENGGARA TIMUR	24,59	24,65	24,91	24,73	25,08
KALIMANTAN BARAT	9,09	8,84	9,05	8,50	8,54

KALIMANTAN TENGAH	5,41	5,45	5,33	4,96	5,38
KALIMANTAN SELATAN	5,6	5,56	5,47	5,08	5,71
KALIMANTAN TIMUR	9,74	9,65	9,31	9,51	9,87
KALIMANTAN UTARA	9,14	9,48	9,02	9,46	9,82
SULAWESI UTARA	10,59	10,57	10,56	10,25	10,61
SULAWESI TENGAH	15,59	15,41	15,26	14,69	14,73
SULAWESI SELATAN	12,65	12,15	11,95	11,97	12,05
SULAWESI TENGGERA	14,74	14,07	14,09	13,50	13,89
GORONTALO	24,29	23,86	23,79	23,45	24,47
SULAWESI BARAT	11,7	11,66	11,45	11,26	11,67
MALUKU	26,6	26,61	26,83	26,21	26,96
MALUKU UTARA	7,55	7,58	7,78	7,70	7,59
PAPUA BARAT	35,12	34,29	34,19	32,70	33,4
PAPUA	36,56	36,65	36,84	35,50	35,71
INDONESIA	13,47	13,1	12,85	12,82	13,1

Source : Badan Pusat Statistik, 2021

A. Comparison between Formula 2017 and Formula 2018

The Town Finance Arrangement between those a long time experienced a equation alter, in the event that in 2017 it utilized a equation; 90% is distributed similarly to each town and 10% is distributed based on the number of villagers; town destitution rate; zone of the town; and the topographical trouble level of the town, and the 2018 equation employments the equation; The Fundamental Assignment of 77% of the ceiling is isolated similarly among each town. Certification Allotment of 3% of the ceiling is isolated relatively to distraught towns and exceptionally immature towns that have a tall number of destitute individuals and ; Equation Assignment of 20% is separated based on the number of villagers with a weight of 10%, the number of rustic destitute individuals with a weight of 50%; range of the town with a weight of 15%. and at long last based on the Development Taken a toll Record or the Town Geographic Trouble List with a weight of 25%. The comes about are as takes after;

Table.4 Group statistic 2017-2018

Group Statistics					
Formula		N	Mean	Std. Deviation	Std. Error Mean
Hasil Formula	Formula 2017	33	19,3030	40,12440	6,98476
	Formula 2018	33	16,3636	25,53529	4,44512

Source : SPSS data processing, 2022

Tabel.5 Independent Samples Test 2017-2018

Independent Samples Test										
		Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Interval of the	
Hasil Formula	Equal variances assumed	4,364	,041	,355	64	,724	2,93939	8,27925	-13,60032	19,47910
	Equal variances not assumed			,355	54,268	,724	2,93939	8,27925	-13,65763	19,53642

Source : SPSS data processing , 2022

The results of the independent sample t-test between the two formulas show a sig value of 0.724 > sig 0.05, where Ho is accepted and Ha is rejected. So that it can be said that there's no critical distinction from the alter within the town support equation between those a long time to the rate of the number of destitute individuals in provincial ranges.

Based on the comes about of the 2018 equation, there are 7 out of 33 areas that received Village Stores which experienced an increment within the number of destitute individuals in their towns. The seven territories are North Sumatra, East Nusa Tenggara, West Nusa Tenggara, Southeast Sulawesi, Maluku, North Maluku and Papua. Unexpectedly, 5 of the 7 territories, specifically, East Nusa Tenggara, West Nusa Tenggara, Maluku, North Maluku and Papua are districts with a tall level of topographical trouble, since they are areas with numerous archipelagic zones, where this category is one of the assignments. a unused equation that was not included within the past year's equation.

B. 2018 and 2019 Formula Comparison

The Village Fund policy between these years underwent a formula change, if in 2018 it used a formula; Basic Allocation (AD), 77% of the ceiling is divided equally among each village. Affirmation Allocation (AA), 3% of the ceiling is partitioned relatively to impeded towns and exceptionally immature towns that have a tall number of destitute individuals (JPM) and ; Assignment Equation (AF), 20% of which is isolated based on the number of villagers with a weight of 10% , the number of provincial destitute with a weight of 50%; zone of the town with a weight of 15%. and at long last based on the Development Taken a toll Record or the Town Topographical Trouble List with a weight of 25%, and in 2019 utilizing the equation ; 72% of the ceiling is isolated similarly among each town. Certification Assignment (AA), 3% of the ceiling is separated relatively to impeded towns and exceptionally immature towns that have a tall number of destitute individuals (JPM) and ; Assignment Equation (AF), 25% of which is separated based on the number of villagers with a weight of 10% , the number of country destitute with a weight of 50%; region of the town with a weight of 15%. and at long last based on the Development Fetched List or the Town Geographic Trouble Record with a weight of 25%. The comes about are as takes after;

Tabel.6 Group Statistic 2018-2019

Group Statistics					
Formula		N	Mean	Std. Deviation	Std. Error Mean
Hasil Formula	Formula 2018	33	16,3636	25,53529	4,44512
	Formula 2019	33	16,2727	50,51687	8,79386

Source : SPSS data processing, 2022

Tabel.7 Independent Samples Test 2018-2019

Independent Samples Test										
		Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Interval of the	
									Lower	Upper
Hasil Formula	Equal variances assumed	10,327	,002	,009	64	,993	,09091	9,85348	-19,59368	19,77550
	Equal variances not assumed			,009	47,351	,993	,09091	9,85348	-19,72786	19,90968

Source : SPSS data processing, 2022

The comes about of the autonomous test t-test between the two equations appear a sig esteem of $0.993 > sig\ 0.05$, where H_0 is acknowledged and H_a is rejected. So that it can be said that there's no critical distinction from the alter within the town finance equation between those a long time to the rate of the number of destitute individuals in country ranges.

Based on the 2019 equation, incidentally, the number of areas that experienced an increment within the number of destitute town inhabitants expanded to 8 out of 33 territories that gotten Town Reserves, which experienced an increment within the number of town destitute individuals. All territories in Java that get Town Reserves and are moreover thickly populated ranges involvement an increment within the number of town destitute individuals. It turns out that this modern equation arrangement as it were moves a portion of the destitute populace to a generally thickly populated region.

C. 2019 and 2020 Formula Comparison

The Village Fund policy between those years underwent a formula change, if in 2019 it used a formula; 72% of the ceiling is divided equally among each village. Affirmation Allocation, 3% of the ceiling is separated relatively to impeded towns and exceptionally immature towns that have a number of destitute individuals (tall and ; Equation Allotment, 25% of separated based on the number of villagers with a weight of 10%, the number of destitute villagers with a weight of 50%, the range of the town with a weight of 15%, and at long last based on the Development Fetched Record or the Topographical Trouble Record of the town with a weight of 25% and in 2020 utilizing the equation: 69% of the ceiling is isolated similarly among each town Certification Allotment, producing to 1.5 % of the ceiling is separated relatively to immature towns and exceptionally immature towns that have a number of destitute individuals; Execution Assignment of 1.5% is given to towns that have the finest execution; Equation Allotment, 28% of which is separated based on the number of villagers with a weight of 10% , the number of destitute individuals within the town with a weight of 50%, the range of the town with a weight of 15%, and at long last based on Inde ks Development Costs or Town Geographic Trouble Record with a weight of 25%. The comes about are as takes after;

Tabel.8 Group Statistic 2019-2020

Group Statistics					
Formula		N	Mean	Std. Deviation	Std. Error Mean
Hasil Formula	Formula 2019	33	16,2727	50,51687	8,79386
	Formula 2020	33	-30,8788	24,32046	4,23365

Source : SPSS data processing, 2022

Tabel.9 Independent Samples Test 2019-2020

Independent Samples Test										
		Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Interval of the	
Hasil Formula	Equal variances assumed	11,984	,001	4,831	64	,000	47,15152	9,75990	27,65386	66,64917
	Equal variances not assumed			4,831	46,077	,000	47,15152	9,75990	27,50674	66,79629

Source : SPSS data processing, 2022

The results of the independent sample t-test between the two formulas show a sig value of $0.000 < sig 0.05$, where H_0 is rejected and H_a is accepted. So that it can be said that there is a significant difference from the results of changes in the village fund formula between those years to the percentage of the number of poor people in rural areas. Based on the 2020 formula, there is indeed a difference in the number of rural poor people, but the difference is negative, where almost all provinces experienced an increase in the number of rural poor people except for the province of North Maluku. This means that of the 33 provinces that received the Village Fund, 32 of them experienced an increase in the number of poor people, only the province of North Maluku experienced a decrease. This condition occurs because during 2020 almost all countries in the world, including Indonesia, experienced the Covid-19 pandemic which greatly affected the national economy.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis in the previous chapter, it can be concluded that the impact of the change in the formula in the provision of Village Funds is; (i) Changes in the Village Fund Formula between 2017 and 2018 show that there is no significant positive difference in the number of rural poor people, meaning that changes to the two formulas have no effect on alleviating rural poverty; (ii) Changes in the Village Fund Formula between 2018 and 2019 show no significant positive difference to the number of rural poor people, meaning that changes to the two formulas have no effect in alleviating rural poverty; (iii) Changes in the Village Fund Formula between 2019 and 2020 resulted in a significant difference in the number of rural poor people, but the difference was negative, meaning that changes to the two formulas had an effect on alleviating rural poverty, but each province that received the Village Fund ironically increased the number of poor people in the village compared to the previous year.

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