

## Performance Effectiveness Analysis of KOTAKU Activity Management Unit in the Revolving Fund Loan Program in Tanjung Village, Labuhan Haji District, East Lombok Regency

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### ABSTRACT

The research aims to determine the effectiveness of the performance of UPK KOTAKU revolving fund loans in Tanjung Village, Labuhan Haji District, East Lombok Regency in 2022, as seen from Cost Coverage Ratio (CCr), Return On Investment (ROI), Portfolio at Risk (PAR), and Loan at Risk (LAR ), number of women's KSM members. Descriptive research method with a quantitative approach. The KSM research sample consisted of 38 KSM members and female KSM members. Data analysis involved gathering data in the field using CCr, ROI, PAR, LAR, and women's involvement. Research results: (1) Implementation of the UPK Amanah Tanjung revolving fund loan program is not effective; (2) Women's KSMs made loans to UPK Amanah Tanjung with a yield of 350%, indicating it was effective.

## **INTRODUCTION**

Poverty is a big problem faced in every developing country, and this problem of poverty has been an ongoing problem from the past until now, including in Indonesia. Individual behavior is not the sole cause of poverty. Pathological causes, such as societal and systemic issues, also contribute to poverty. The government has so far carried out several programs to reduce poverty. Poverty alleviation programs that have been and are currently being implemented by the government are the Self Employment Program, which consists of the District Development Program (PPK), the Urban Poverty Alleviation Project (P2KP), and the Public Works Program, which consists of Projects, Physical Development, Family Hope Program (PKH) (Saragih, 2015). The KOTAKU program, originally known as the Urban Poverty Alleviation Program (P2KP), was implemented during the presidency of B.J. Habibie in 1999. The City Without Slums Program (KOTAKU) is one of the strategic efforts of the Directorate General of Human Settlements of the Ministry of Public Works and Public Housing to accelerate the handling of slum settlements in urban areas and support the "100-0-100 Movement", namely 100 percent access to adequate drinking water, 0 percent slum settlements, and 100 percent access to proper sanitation (Lotim Portal, 2022). One of the villages/sub-districts that received the KOTAKU program is Tanjung Village, Labuhan Haji District, East Lombok Regency. In its efforts to expand business opportunities and business development opportunities for low-income people, including Productive Economic Enterprises (UEP) and Women's Special Savings and Loans (SPP). This economic activity is managed by the Activity Management Unit (UPK), which is a micro-credit management institution tasked with providing access to capital for poor communities in local sub-districts. The importance of the UPK's duties means that the performance of the UPK as a manager of revolving aid needs to be taken into account in assessing the effectiveness of the revolving loan so that it can provide an overview of the success that has been achieved, whether the revolving loan fund program is effective or not (Djuminah dan Nuswantara, 2017). The revolving loan program at the City Without Slums (KOTAKU) Activity Management Unit (KOTAKU) in Tanjung Village, Labuhan Haji District, must utilize revolving loans to develop productive businesses to increase community income. In this case, the UPK released one of the factors that he showed, namely how UPK activities run smoothly and effectively, namely by analyzing the effectiveness of the UPK program. Several previous studies have been conducted, the first of which was by Taufik (2015), who analyzed the effectiveness of the Revolving Fund Loan Program in the PNPM Mandiri Activity Management Unit (UPK) in Mojowarno District, Jombang Regency. The results of research conducted by Taufik (2015) show the effectiveness of the 2014 UPK PNPM MPd and UPK revolving funds for Mojowarno District using PNPM performance indicators in the form of CCr, ROI, PAR, and LAR.

Based on the problems in the background that have been presented, research questions can be formulated as follows: How is the effectiveness of the performance of the revolving loan program at UPK KOTAKU in Tanjung

Village seen from Cost Coverage Ratio (CCr), Return on Investment (ROI), Portfolio at Risk(PAR) and Loan at Risk (LAR) as well as members of the Women's Community Self-Help Group (KSM). This research aims to analyze the effectiveness of the performance of revolving fund loans at UPK KOTAKU in Tanjung Subdistrict seen from Coverage Ratio (CCr), Return on Investment (ROI), Portfolio at Risk(PAR), and Loan at Risk (LAR) as well as the number of Women's KSM members.

## LITERATURE REVIEW

Welfare State in Black's Law Dictionary states that a welfare state is a nation whose government runs various social insurance programs, such as unemployment compensation, pensions, financial assistance to families, food stamps, and assistance for the visually impaired or deaf and hard of hearing individuals— also the definition of the welfare state as a regulator. The definition of the Welfare State in Collin Colbuid English Dictionary, as quoted by Nugraha (2004), states that the Welfare State is a government system that provides social services (free of charge) in terms of health, education, and financial assistance for citizens who are unable to work due to old age, unemployment or illness (Djauhari, 2006).

The City Without Slums Program (KOTAKU) is one of several strategic efforts of the Directorate General of Human Settlements, Ministry of Public Works and Public Housing to accelerate the handling of slums in Indonesia and support the "100-0-100 Movement" universal access to drinking water, 0 percent slums and 100 percent access to proper sanitation Effectiveness is an essential element for achieving predetermined goals or targets in every organization. Effectiveness is also called effective if the goals or objectives that have been discovered previously are achieved. It follows the opinion of Hardayaningrat (1994:16), who says effectiveness is a measurement of achieving predetermined goals (Fadhila, 2019).

Based on the Operational Technical Instructions Explanation 10, the definition of revolving funds is all program funds originating from Community Direct Assistance - Subdistrict Development Program (BLM-PPK), rural BLM-PNPM Mandiri, and other funding sources channeled by the community through UPK, which are used by the community for fund the economic activities of poor people's households through the Financial Management Unit (UPK) to provide capital to poor people through the Community Self-Help Group (KSM) mechanism and return it in installments (Safuridar, 2017).

UPK is the unit that manages the operational activities of PNPM Mandiri Pedesaan in the sub-district and helps BKAD coordinate meetings in the sub-district. The UPK management consists of a chairperson, secretary, and treasurer. UPK administrators come from community members who are proposed and selected based on the results of village deliberations (Fadhila, 2019).

The measurement indicators are as follows:

- a. CCr (Cost Coverage Ratio) measures the income ratio compared to how much income covers costs.
- b. ROI (Return On Investment) shows UPK BKM's ability to generate profits.
- c. PAR (Portfolio at Risk) shows the number of KSMs at risk of being lost or in arrears for over three months.
- d. LAR (Loan at Risk) shows the amount of revolving fund value that is at risk of being lost or in arrears for more than three months.
- e. Women's involvement in UPK KOTAKU in Tanjung Subdistrict, especially those managing the Secretariat and UPK BKM, is predominantly dominated by women, namely 80%. Women's abilities are no less than men's. The dominance of women who manage the Secretariat and UPK gives this activity its color. Where women are usually only spectators, at P2KP, they have their place. Therefore, the role of women is significant for the smooth bookkeeping process of the BKM Secretariat and UPK (PUPR, 2006).

Based on the things that have been described in the background, problem formulation, literature review, and theoretical framework that the researcher has put forward above, to illustrate the flow of thought here, the researcher describes it through a diagram as follows:

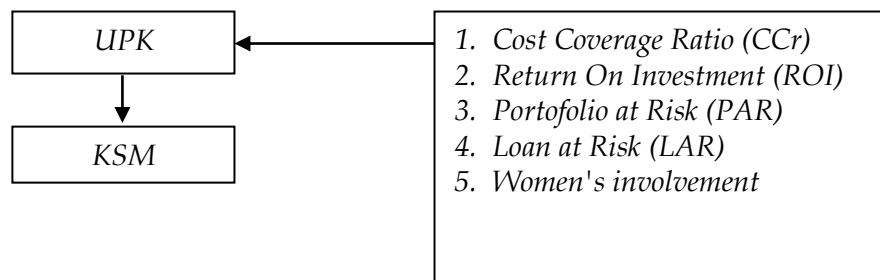


Figure 1. Conceptual Framework

According to the Coordinating Ministry for Social Welfare (2014), the effectiveness of UPK KOTAKU's performance in the Revolving Fund Loan Program in Tanjung Village, Labuhan Haji District, East Lombok Regency is measured by CCr (Cost Coverage Ratio), ROI (Return On Investment), LAR (Loan at Risk) and PAR (Portfolio at Risk).

CCr (Cost Coverage Ratio) is a ratio that measures whether revenue can cover the costs that have been incurred. CCr results are calculated from a comparison of total income with costs. CCr is considered adequate if >125%, quite effective if >100%, and ineffective if <100%. ROI (Return On Investment) is the UPK's ability to generate profits from the capital used for revolving loans. This figure is produced by comparing the profits obtained by UPK with the capital used for revolving loans. ROI results are obtained by comparing the profits obtained by UPK with the capital used for revolving loans. As the table above explains, ROI is considered adequate if the value is >10%, less compelling if 0% - 10%, and ineffective if <0%. LAR (Loan at Risk) is an

indicator that shows what % of KSM is in arrears. This figure was obtained by comparing the number of KSM who were in arrears >3 with the total active KSM. The results of the LAR calculation are obtained by comparing the number of KSM who are in arrears for more than three months with the number of KSM borrowers. LAR is considered adequate if the percentage is <10%, less effective if the percentage result is 10% - 20%, and ineffective if >20%. PAR (Portfolio at Risk) is an indicator that shows what % of loans are in arrears. This figure is obtained by comparing the loan amount in arrears of >3 months with the total realized loan balance at UPK. The results of the PAR calculation are obtained by comparing the amount of loans that are more than three months in arrears with the actual loan balance. PAR is considered adequate if the percentage is <10%, less effective if the percentage result is 10%-20%, and ineffective if >20% (Febriana, 2019).

The involvement of women in managing the KOTAKU UPK in Tanjung Village The role of women in KOTAKU activities in Tanjung Village, especially those managing the Secretariat and UPK BKM, the majority is dominated by women, namely 80%. Women's abilities are no less than men's. The dominance of women who manage the Secretariat and UPK gives this activity its color. Where women are usually only spectators, at P2KP, they have their place. Therefore, the role of women is crucial for the smooth bookkeeping process of the BKM Secretariat and UPK (PUPR, 2006).

The effectiveness of the performance of the revolving loan program at the City Without Slums (KOTAKU) Activity Management Unit (KOTAKU) in Tanjung Village, Labuhan Haji District, must utilize revolving loans for the development of productive businesses to increase community income. In this case, the UPK released one of the factors that he showed, namely how UPK activities run smoothly and effectively, namely by analyzing the effectiveness of the UPK program.

## **METHODOLOGY**

This type of research is descriptive with a quantitative approach. The researcher attempts to reveal a fact or reality regarding the effectiveness of revolving fund loan performance in Tanjung Village, Labuhan Haji District, East Lombok Regency. Data collection techniques use interviews and documentation. The data analysis techniques are CCR, ROI, LAR, PAR, Women's Involvement.

## **RESEARCH RESULT**

Based on the results of research on the effectiveness of UPK Amanah Tanjung's revolving fund performance in 2022, the following table can be created :

Table 1 Interpretation of Effectiveness

No	Indicator	Research Results	Achievement
1	CCr	143%	Effective (Satisfactory)
2	ROI	8,6%	Less Effective (Deferred)
3	LAR	5,2%	Effective (Satisfactory)
4	PAR	15%	Less Effective (Deferred)

Source: Data processed (2023)

The following is the CCr, ROI, PAR, LAR formula:

$$CCr = \frac{\text{Total Income UPK}}{\text{Total costs UPK}} \dots\dots\dots(1)$$

$$ROI = \frac{\text{Net Profit}}{\text{Investment Capital}} \dots\dots\dots(2)$$

$$LAR = \frac{\text{Number of KSM who are 3 months in arrears}}{\text{Number of KSM borrowers}} \dots\dots\dots(3)$$

$$PAR = \frac{\text{Outstanding loans > 3 months}}{\text{Realization of loan balance}} \dots\dots\dots(4)$$

$$KSM \text{ Perempuan} = \frac{\text{Number of female KSM members who received loans as of last month}}{\text{Number of KSM loan recipients up to last month}} \dots\dots\dots(5)$$

## DISCUSSION

After conducting research, it was found that CCR was in the satisfactory or effective category. The ROI shows that UPK Amanah Tanjung's profit achievement in 2022 shows that UPK is less effective in generating profits from the capital used because of the practical limit. LAR shows that loans in arrears are ineffective, which means that active KSMs experience delays in paying revolving fund loan installments, so LAR is considered ineffective. The PAR value is considered less effective. In general, the balance of unpaid arrears is still considered adequate. Because the nominal value is a manageable size. The number of women's KSM recipients of revolving loan funds has met expectations. Revolving fund loan recipient members achieved the distribution of revolving loan funds to female KSM members.

## CONCLUSIONS AND RECOMMENDATIONS

Based on analysis using KOTAKU performance indicators, namely CCr, ROI, LAR, and PAR, UPK Amanah Tanjung's performance appears adequate. UPK Amanah Tanjung is quite effective in terms of financial performance, as seen from the CCr, namely that UPK's income can cover all costs in its operational activities. Judging from ROI, UPK Amanah Tanjung needs to generate profits from the capital used effectively. UPK was only able to generate profits of 8.6% per year. Meanwhile, judging from the LAR and PAR, many KSMs still need to arrive in arrears, which has caused the flow of funds from UPK Amanah Tanjung to be hampered.

The number of female KSM loan recipients has met expectations. A total of 133 members received revolving loan funds at a value of 350%, namely >40%, which means that it was achieved in terms of disbursement of revolving loan funds for female KSM members.

## ADVANCED RESEARCH

Based on the analysis and discussion of the effectiveness of UPK Amanah Tanjung, the researchers provide the following suggestions:

- a. The management of UPK Amanah Tanjung can implement rescheduling or review of borrowers who are in default, namely by extending the credit period or installment period—reconditioning, for example, by reducing loan interest or waiving interest. Restructuring is done by increasing the amount of credit for borrowers who are in trouble so that the flow of loan funds can run smoothly and better support the operational and financial activities of UPK Amanah Tanjung itself.
- b. Further intensify the collection of revolving loan funds from KSM members who receive related loans. There is a need to strengthen cooperation with the local village government or local RT/RW because this can be a favorable loan in terms of collection and education about the importance of keeping these loan funds rolling so that all village communities feel the impact.
- c. For women's KSMs who receive loans, it is hoped that the management will be more active in selecting communities who will make loans so that these loans can continue smoothly and are not hampered so that the women in Tanjung village can develop further to build their businesses.

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