

Analysis of Village and Poverty Funds in Indonesia

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Abstract

The purpose of the study through a statistical model of ratio, growth and moving average found that the use of village funds in Indonesia during the 2015-2020 period was an average of IDR 38 (trillion rupiah) with the highest growth rate of village funds in 2016 of 124.78%, the budget which is not in line with the percentage of poverty in Indonesia of 3.41% or 17,280,000 (people). The lowest growth in village funds was in 2018 at 0.16% and not in line with the decline in poverty in Indonesia at 3.42% or at 25,670,000 (people). The village fund for a month is Rp. 134,876 assuming 4 members and the ratio of village funds to poverty is Rp.539, 504 or people's income is classified as low. UThe highest village fund budget occurred in 2018 of Rp. 50 (trillion rupiah) in the same year poverty increased in Indonesia to 27,293,333 (people) or 11.13%. The results of the moving average model found a value of 3.10%, meaning that ifAssuming there is an increase in the poverty rate by 3.43%, then the village fund becomes Rp.472.595 or is in a position above the poverty line.To overcome the problem of poverty is to increase the ratio of village fund budgets to the number of poor people and implement productive empowerment programs that have implications for increasing community income and involving village community participation.

Keywords

village; funds; poverty



I. Introduction

The village is a legal community unit regulated by the Law of the Republic of Indonesia. According to Wasistiono, (2006) that the village is one of the lives of several people who know each other and most of the people live in agriculture. Widjaja's view, (2013) states that the village as a legal community has an arrangement of origin rights. Meanwhile, Nurcholis, (2011) states that the village is understood as a native indigenous institution that has the authority to regulate its own household based on customary law. Another view, according to Bintarto, (1989) which states that the village in terms of geography is a social, political and cultural embodiment that has reciprocal relationships with other regions.

Village community institutions are tasked with empowering village communities, participating in planning and implementing development, and improving village community services. As a partner of the Village Government, the tasks of Community Institutions. (Angelia, N. et al. 2020)

According to Indrizal, (2006) the village is a universal phenomenon. The BPS report states that the majority of Indonesia's population lives in rural areas. Generally, village orientation is a picture of the progress of a nation and state which is reflected in the socio-economic conditions of its people. However, ironically, the report from the World Bank/The

World Bank, (2019) is that the rural poverty rate in Indonesia is still quite large, as in 2018 it was 61.9% where 13.2% of the majority of rural communities are engaged in the agricultural sector. On that basis, the government made efforts to overcome the problem of village poverty so that the issuance of Law number 6 of 2014 concerning village funds. The purpose of the village is to overcome village problems such as infrastructure development and community empowerment programs. BPK RI for the 2015 fiscal year to the first semester of 2018 in 80 regencies, 5 cities and 1,006 sub-districts in all provinces of Indonesia found that there were main problems in managing village funds, namely in the aspects of guidance and aspects of supervision. In the aspect of development, there are no regulations for setting village government accounting standards and regulations for the implementation and development of village officials. Meanwhile, for village fund planning, there has not been a mapping of village problems and needs based on the priority scale for using village funds. So what happens is the spirit to overcome village problems, especially poverty, is difficult to achieve.

In line with research conducted by Setianingsih, (2015) one of the causes of village due to the delay of the local government in socializing the use of village funds so that village funds in their use are not on target. Furthermore, according to Arfiansyah, (2020) the impact of using village funds is that it can reduce poverty rates and increase national economic growth. This means that the higher the village fund, the lower the poverty rate. Sunu, (2019). But in fact, village funds are increasing, but poverty is also increasing.

According to Hudaifah, (2017) revealed that to control the level of poverty is by taking a religious approach, where for countries with a Muslim population have the potential to run an Islamic economy such as zakat, infaq, and alms. Meanwhile, according to Prathapage, (2006) to overcome rural poverty depends on the quality of human development. According to Hatta, (2013) to overcome rural poverty is to increase the income of rural communities through the approach of village poverty characteristics. In line with Dawood's research, (2016) that the authority needed to help the poor is to open the livelihoods of the community itself. It should further provide access to social media to rural communities as it can help educate them further about the types of development programs provided by the government.

Based on the theoretical phenomena and previous research, the researchers are interested in conducting a more in-depth study of village funds and poverty which is specifically entitled "Analysis of Village Funds and Poverty in Indonesia". The focus of this research objective is first to analyze the ratio of village funds based on the village fund expenditure budget according to Law number 6 of 2014 concerning the use of village funds; Second, to analyze the development of the village fund budget for the development of the number of poor people in Indonesia; third, to analyze the ratio of the village fund budget to the number of poor people in Indonesia; fourth to analyze village funds and the number of poor people through the Moving Average model in Indonesia.

II. Research Methods

2.1. Data Types and Sources

The types of data that are in accordance with this research are firstly data on village funds and secondly data on poverty in Indonesia for the 2015-2020 period in the form of time series. Then the source of data obtained for the completion of this research is sourced from government agencies such as BPS, Ministry of Finance, Ministry of Villages and other publications.

2.2. Data Analysis Method

This research method using a quantitative descriptive analysis approach that is in accordance with the research objectives, where to see the value of the ratio, growth and forecasts of the use of village funds to reduce poverty in Indonesia, the research model can be systematically formulated as follows:

1. Village fund ratio model with the formulation: $ory = \frac{a}{b} \frac{a_1}{b_1} = \frac{a_2}{b_2}$

2. Village fund growth model and poverty with formulation

$$G_{(t-1,t)} = \frac{(X_t - X_{t-1})}{X_{t-1}} * 100\%$$

3. The model for forecasting village fund needs to overcome poverty with the Moving average formulation: $MA_n = \frac{\sum_{i=1}^n D_i}{n}$

n = number of period's in the moving average

D_i = demand in period i

III. Results and Discussion

The results and discussion of research on the analysis of village funds and poverty in Indonesia are based on the research objectives as follows:

1. The ratio of village funds is based on the percentage of the village fund expenditure budget according to the Implementing Regulations of Law Number 6 of 2014 concerning Villages in Indonesia.

Table 1. The ratio of village funds

Year	Village Fund (000)	Village Fund Program (000)
2015	20,766,200	14,536,340
2016	46,679,300	32,675,510
2017	59,766,600	41,836,620
2018	59,859,400	41,901,580
2019	69,832,100	48,882,470
2020	72,000,000	50,400,000
□	54,817,266	38.372.086

Source: BPS, data will be in 2021

The results of the calculation through the village fund ratio model are based on the percentage of village expenditure budgets in Indonesia during the 2015-2020 period where the average is IDR 54 (trillion rupiah). Where 30% of the village funds or Rp. 16 (trillion rupiah) is used for village expenditures to fund fixed income and allowances for the village head, village secretary, and village officials as well as operational allowances for the village consultative body. Meanwhile, 70% of the village fund budget or an average of Rp. 38 (trillion rupiah) is used to fund the implementation of village development, village community development and village community empowerment. In general, fluctuations in the ratio of the use of village funds in Indonesia are shown in the following figure:

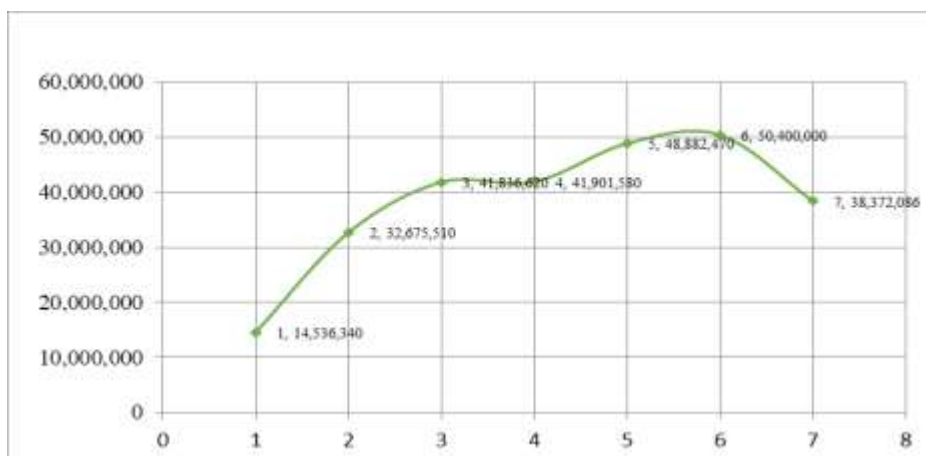


Figure 1. The ratio of the use of village funds

2. Development of village funds and the poor in Indonesia

Table 2. Development of village funds

Year	Program Village Fund (000)	%	Poor Resident	%
2015	14,536,340	-	17,890,000	-
2016	32,675,510	124.78	17,280,000	-3.41
2017	41,836,620	28.04	26,580,000	53.82
2018	41,901,580	0.16	25,670,000	-3.42
2019	48,882,470	16.66	24,790,000	-3.43
2020	50,400,000	3.10	27,550,000	11.13
□	38,372,086	28.79	23,293,333	9.12

Source: BPS, data processed in 2021

The table above depicts fluctuations in the development of the development budget and empowerment of rural communities in Indonesia during the 2015-2020 period with an average village fund budget of Rp.38 (trillion rupiah) or an average growth of 28.79%. Where for the last 6 years the highest growth in the village fund budget occurred in 2016 which was 124.78% or with a total budget of Rp.32 (trillion rupiah). However, ironically, a large budget has a small effect on poverty in Indonesia, which is 3.41% of 17,280,000 (people). While the lowest rate of growth of village funds occurred in 2018 which was 0.16% with a total budget of Rp.41 (trillion rupiah) and this condition was in line with the small impact of the village fund budget on reducing the number of poverty in Indonesia, which was 3, 42% of the total number of poor people of 25,670,000 (people). Meanwhile, the highest growth rate for the poor actually occurred in 2017 which was 53.82% or 26,580,000 (people), this was due to the low increase in village funds disbursed by the government when compared to 2016 which grew by 124.78% and decreased to 28.06% in 2017. In general, the average growth in the number of poor people in Indonesia is 9.12% or with a village budget ratio of 3.16%. Meanwhile, the source of village funds is obtained from the APBN which aims for equitable development and empowerment of rural communities. The use of village funds is managed through a participatory development mechanism by placing the village community as the subject of development and agreed upon through village deliberations.

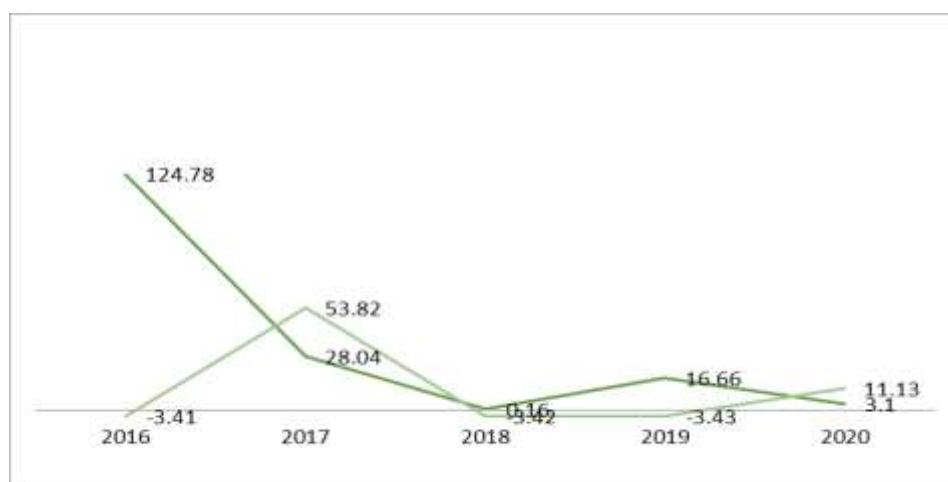


Figure 2. Growth in village funds and the poor in Indonesia
 Source: Image data processed 2021

3. Ratio of the village fund budget to the number of poor people/year/month in Indonesia

Table 3. Ratio of the village fund budget

Year	Program Village Fund	Ratio of Village Funds/Number of Poor Population/year	Village Fund/Number of Poor Population/month
2015	14,536,340	1,160,771	67,712
2016	32,675,510	2,701,348	157.579
2017	41,836,620	2,248,555	131,166
2018	41,901,580	2,331,882	136,026
2019	48,882,470	2,816,946	164.322
2020	50,400,000	2,613,430	152,450
□	38.372.086	2,312,156	134,876

Source: BPS, data processed in 2021

The calculation table above, finds that the ratio of the village fund budget allocated for village community empowerment programs, especially to reduce the number of poor people in Indonesia for the last 6 years, is an average of Rp. 38 (trillion rupiah) where it is known that the average ratio of village funds to poverty in Indonesia is Rp.2.312.156 per year. Meanwhile, if the village funds are calculated based on the monthly value, it can be found that the average result is Rp. 134.876. And the results obtained are very unequal when referring to the BPS standard in 2019 which sets the poverty line in Indonesia at IDR 425,250 on the assumption that the number of family members is 4 people or a total of IDR 1,701,000. It is difficult to do in poverty alleviation in Indonesia if the issue of village fund budgets is left unchecked. In fact, from the budget of Rp. 134.876, if it is accumulated for 4 people with the number of family members, it can be found that the average income of 1 family is Rp.539.504 per month or in the low income category. In general, fluctuations in the condition of village funds and the ratio of poor people in Indonesia are shown in the following figure:

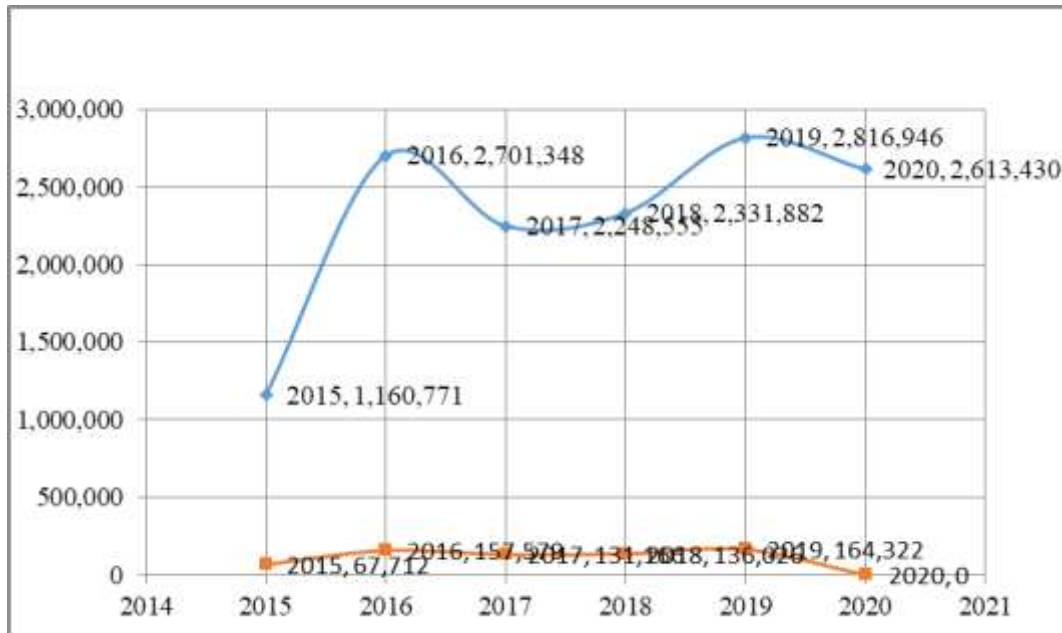


Figure 3. The condition of village funds and the ratio of poor people in Indonesia
 Source: Image data processed 2021

4. The results of the calculation of village funds and the number of poor people through the model *Moving Average* (moving average) in Indonesia

The findings through the Moving average forecasting model found that the village fund budget for the last 6 years experienced an average movement of IDR 38 (trillion rupiah) while the number of poor people experienced an average movement of 23,293,333 (people). The highest number of village fund budgets occurred in 2018 which was Rp. 50 (trillion rupiah) but in fact the increase in the village fund budget actually increased the poor in Indonesia from 24,790,000 (people) to 27,293,333 (people) or an increase of 11.13%. Meanwhile, it is different according to the results of Sunu's research, (2019) which states that the higher the village fund, the higher the welfare level of the village community and conversely the higher the poverty level, the lower the welfare of the community. In general, to see fluctuations in village funds and poverty in Indonesia, it can be seen in the following figure:

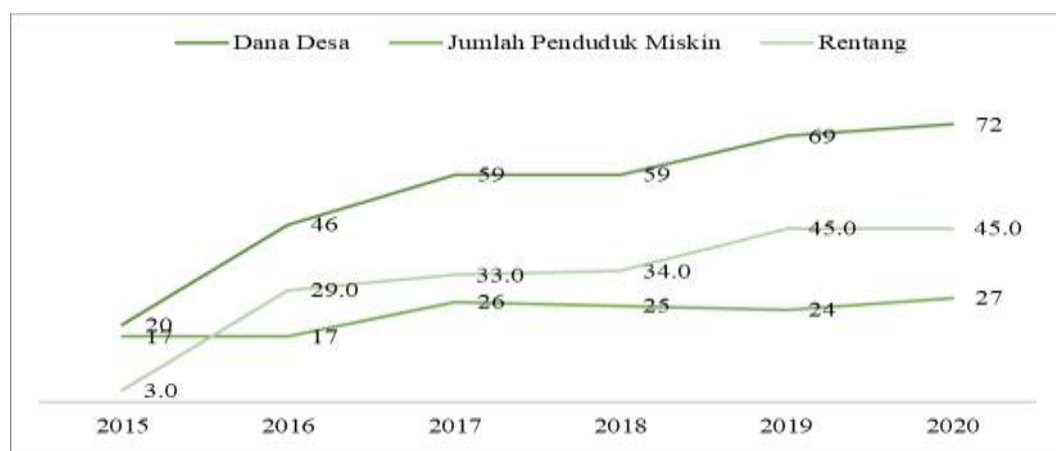


Figure 4. The results of the calculation of village funds and the number of poor people through the Moving Average model in Indonesia
 Source: Image data processed 2021

5. Strategies to reduce poverty through village fund budgets through the Moving average assumption model in Indonesia

Table 4. Strategies to reduce poverty through village fund budgets

Year	Village Fund/Number of Poor Population/month	Assumptions/ Predictions of Increase in Village Funds	Prediction of Village Funds/Number of Poor Population/month
2015	67,712	3.10	209.906
2016	157,579	3.10	488,494
2017	131.166	3.10	406.614
2018	136,026	3.10	421,682
2019	164,322	3.10	509,398
2020	152,450	3.10	472.595
□	134,876	3.10	418,115

Source: BPS, data processed in 2021

The findings through the Moving average model in the table above show that to overcome the number of poor people in Indonesia is to increase the ratio of the village fund budget to the total poverty rate in Indonesia through an increase in the village fund budget, especially for rural community empowerment programs, which is 3.10% of the total budget. in the base year, namely in 2020 amounting to Rp.50 (trillion rupiah) with the assumption that there is an increase in poverty of 3.43%, then the ratio of village funds becomes Rp.472.595 or Rp.1,890,380 per month for 4 family members, indicating that the condition is above the poverty line set by the government through BPS as in 2019 which is Rp. 425,250 or Rp. 1,701,000 per month. Increasing the village fund budget is the basic solution to build Indonesia into a developed country, especially rural communities where the majority of the population is in poor conditions. To see the fluctuations in the strategy to reduce poverty through the moving average assumption model in Indonesia, it is as follows:



Figure 5. Strategies to reduce poverty through village fund budget through the Moving average assumption model in Indonesia

Source: Image data processed 2021

IV. Conclusion

The findings of the use of village funds in Indonesia during the 2015-2020 period were an average of Rp. 38 (trillion rupiah) with the highest rate of growth of the village fund budget occurring in 2016 which was 124.78%, but the large budget was not in line with the total percentage poverty in Indonesia is 3.41% or 17,280,000 (people). The lowest rate of growth in village funds occurred in 2018 at 0.16% and in line with the small impact of the village fund budget on poverty reduction in Indonesia, namely 3.42% or 25,670,000 (people). If the village funds are calculated based on the monthly value, the result is Rp. 134,876 for the assumption of 4 the number of family members, the ratio of village funds to poverty is Rp.539.504 means that this condition indicates that people's income is low. Then uFor the village fund budget, the highest occurred in 2018 which was Rp. 50 (trillion rupiah) but in fact the increase in the village fund budget actually increased poverty in Indonesia from 24,790,000 (people) to 27,293,333 (people) or an increase of 11, 13%. Furthermore, through the results of the moving average model, a value of 3.10% is found, meaning that ifAssuming there is an increase in the poverty rate by 3.43%, then the village fund will be Rp.472.595 meaning that the ratio of the use of village funds is above the poverty line set by the government.

Suggestion

Village funds are government policies to overcome problems for equitable development and empowerment of rural communities in Indonesia. Various studies have found problems in village development, namely in terms of managing village budgets that have not been targeted so that the village poverty alleviation program is still not running optimally. To overcome the problem of poverty that occurs in the village, among others, is to increase the ratio of the village fund budget to the number of poor people in the village, then implement productive empowerment programs which have implications for increasing community income and in the use of village fund budgets involving village community participation.

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