The Implications Of Village Funds Received By Underdeveloped Village Per District/City Against Poverty In Indonesia And Literacy Rate : Empirical Evidence In Indonesia.

Muhammad Kadafi, Sudarian, Hamsiana Sudrahman

Abstract: The purpose of this research was to find out the implications of village funds received by underdeveloped village per district / city against poverty in Indonesia and was to find out the implications of village funds received by underdeveloped village per district / city against literacy rate in Indonesia. The object of this research is 96 regencies / cities in Indonesia that have underdeveloped villages. The data of this research are village funds received by underdeveloped villages per Regency / City in Indonesia in 2016, amount of poor people per district / city in 2016, and the amount of literacy rates per Regency / City in 2016. The analytical tool used is simple linear regression. The results of the research are based on t test (hypothesis testing), the value of t count is 3,686 greater than t table 1,986. This means that village funds received by underdeveloped villages per district / city in Indonesia have implications for poverty even though it only has an influence of 12.7%. While village funds received by underdeveloped villages per Regency / City in Indonesia have implications for literacy rates with an influence of 70.6%, or if seen from the results of the analysis of the t test shows that the t count value of 11.688 is greater than t table 2,022. The implications of village funds for poverty are still small, this is because the use of village funds still tends to be used for the construction of physical facilities and infrastructure that do not have a multiplier effect on improving the village economy.

Keyword : Village Funds, Poverty, Literacy Rate

A. INTRODUCTION

Village Fund Policy which is mandated by Law N0. 6/2014 concerning Villages is a manifestation of the government's commitment to providing one source of income for the village. The goal of the village fund policy is to develop Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state. The Village Fund Policy is a strategic step in the effort to accelerate development and alleviate rural poverty which can further drive the achievement of national development targets as set out in the 2015-2019 RPJMN.

Research on village funds has begun, including Lewis [1] examining the problems in the Village Fund formula that is currently used by the Indonesian government. According to Lewis the formula has considered the heterogeneity of each village, which takes into account the ability of the village to collect income. The variables used to allocate Village Funds are population, poverty rate, area size, geographical difficulty level, and village fiscal capacity measured using Village Fund Allocation (ADD) figures. The simulation results of this formula show that the index of the poor population and the construction cost index positively influences the distribution of village funds to each district. Lewis's research results are supported by research from Tim Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan (Kompak) and Bappenas [2] which evaluate the formula and implications of village funds for inter-regional and inter-regional distribution of funds, and analyze the distribution of village funds as a poverty reduction program. The results of the study show that: 1) the formula for allocating village funds for 2016 results in an unequal distribution of funds between districts / cities and between regions; 2) the formula for village funds used is still considered unfair if it is associated with the needs of village funds to overcome the problem of poverty and increase access of the poor to public services; and 3) the use of village funds still tends to be used for the construction of physical facilities and infrastructure that do not have a multiplier effect on improving the village economy.

<table>
<thead>
<tr>
<th>Tahun</th>
<th>Jumlah Dana Desa</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20,76</td>
</tr>
<tr>
<td>2016</td>
<td>46,98</td>
</tr>
<tr>
<td>2017</td>
<td>60</td>
</tr>
<tr>
<td>2018</td>
<td>128</td>
</tr>
<tr>
<td>2019</td>
<td>178,5</td>
</tr>
</tbody>
</table>

Source : Indonesian Financial Ministry, 2017
physical facilities and infrastructure by 84 percent while the use for community empowerment is only 6.5 percent. Other research was carried out by Direktorat Daerah Tertinggal, Transmigrasi, dan Perdesaan, Bappenas [3]. The results of the study concluded that each village has different strengths and weaknesses both from the social, political, cultural and physical and economic aspects. The village development approach should pay attention to the strengths and weaknesses of each village so that village development can be realized according to the target. Villages that have a tendency for power in the social, political and cultural fields should carry out development through social and political institutions while still using local culture. Whereas villages that have a tendency for strength in the physical and economic fields carry out development through economic institutions. Riyanto and Junaeedi [4] research the effect of village funds on the social, economic and ecological resilience of underdeveloped villages in the Karanganyar district. The results of his study concluded that village funds had an effect on the social security index with a significance of 0.004, village funds for the economic resilience index with a significance of 0.000, and an environmental security index with a significance of 0.019. Riyanto and Junaeedi’s research results are in line with Sari’s research and Abdullah [5] who examined the effect of Village Funds and Village Fund Allocation on village poverty and analyzed village poverty differences in Tulungagung District between 2015 and 2016. Sari and Abdullah found that Village Funds and ADD were influential against village poverty with a value of −4.52 for the Village Fund and −1.52 for ADD. While the coefficient of determination (R2) is 0.99 or 99%, this indicates that the Village Fund’s variable ability and ADD in explaining village poverty is 99%. The results of panel data regression with the selected model are Fixed Effect Model showing that there is a difference in village poverty in Tulungagung District between 2015 and 2016. Azwardi and Sukanto [6] research the effectiveness of Village Fund Allocation (ADD) and poverty in the province of South Sumatra. The results of his research found that the distribution of village funds allocation was not in accordance with applicable regulations and was unable to reduce poverty. The results of the above research in several districts show different conclusions. Riyanto and Junaeedi [4], Sari and Abdullah [5] found the same thing, that village funds influenced social, economic, and village ecology resilience and poverty. Azwardi and Sukanto [6] found the opposite, that village funds could not reduce poverty. This study examines the implications of village funds received by disadvantaged villages per district / city in Indonesia against poverty and literacy rates. The scope of this study is (1) looking at the implications of village funds received by disadvantaged villages per district / city in Indonesia against poverty in 2016; (2) looking at the implications of village funds received by disadvantaged villages per district / city in Indonesia towards literacy rates in 2016.

C. Limitation of Research

This research examines village funds, poverty rates and literacy rates in 2016 in 96 districts / cities in Indonesia. Research purposes

The objectives to be achieved in this research are (1) analyzing and providing empirical evidence of the implications of village funds received by disadvantaged villages per district / city in Indonesia against poverty, (2) analyzing and providing empirical evidence of the implications of village funds received by disadvantaged villages per district / cities in Indonesia against literacy rates.

D. METHODOLOGY

D.1. Operational Definition

The variables of this study are village funds received by underdeveloped villages per district / city (xDD), as independent variables. While the poverty rate (yAKMS), and literacy rate (y) as the dependent variable. The operational definitions are as follows:

1. Village Funds (xDD), which are funds sourced from the State Revenue and Expenditure Budget (APBN) intended for villages that are transferred through the district / city Regional Revenue and Expenditure Budget and are used to fund government administration, implementation of development, community development, and community empowerment.
2. Poverty (yAKMS) is the ability to meet basic needs (basic needs approach). Poverty is seen as an economic inability to fulfill basic food and non-food needs measured from the expenditure side. This research uses the number of poor people.
3. Literacy rate (yAMH), which is the proportion of the population aged 15 years and over who have the ability to read and write Latin letters and other letters, without having to understand what is read / written against the population aged 15 years and over.

D.2. Object of Research

This study takes the object of 96 districts / cities in Indonesia that have lagging villages.

D.3. Analysis Tool

The simple linear regression equation model is as follows:

1. The first equation is \( y_{AMH} = a + bx_{DD} \)
   \( y_{AMH} = \) Amount of poor villagers lagging per district / city
   \( x_{DD} = \) Village Fund received by the villagelagging per district / city
   \( a = \) Constant
   \( b = \) Regression coefficient

2. The second equation \( y_{AMH} = a + bx_{DD} \)
   \( y_{AMH} = \) Literacy rate of a lagging village per city district
   \( x_{DD} = \) Village Fund received by the Villagelagging per district / city

In the previous study only research the scope of districts / cities, researchers took a sample of 96 districts / cities in Indonesia that have lagging villages.

B. The scope of research
E. ANALYSIS AND DISCUSSION

E.1. Analysis

After the classic assumption test which consists of a normality test, autocorrelation test and heterocedasticity test on the two equations above, then a simple linear regression test is carried out in the two equations above. The results are as follows:

E.2. Implications of village funds for poverty rates

The results of a simple linear regression analysis test to see the implications of village funds received by disadvantaged villages per district / city for poverty are shown in table 2 below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>t Account</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Village Funds (√DD)</td>
<td>0.356</td>
<td>3.686</td>
<td>0.000</td>
</tr>
</tbody>
</table>

From the output of table 2 above, it is known that the value of R Square is 0.127. This value implies that the Village Fund (√DD) received by underdeveloped villages per district / city has implications for poverty (√AKMS) is 12.7%, while the influence of 87.3% is influenced by other variables. Based on the output in table 2, it is known that the significance value (Sig.) Of 0.000 proves that it is smaller than the probability of 0.05, or if it is seen from the results of the t-test analysis above, it shows that the value of t is 3.686 greater than t table 1.986. It can be concluded that there are implications of Village Funds received by underdeveloped villages per district / city against poverty rates in Indonesia.

E.3. Implications of village funds for literacy rates

The results of a simple linear regression analysis test to see the implications of village funds received by disadvantaged villages per district / city for literacy rates are shown in table 3 below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>t Account</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Village Funds (√DD)</td>
<td>0.190</td>
<td>11.688</td>
<td>0.000</td>
</tr>
</tbody>
</table>

From the results of the above equation, it can be explained that the influence of the village fund variable (x) has a positive relationship with the poverty variable (y).}

Based on the results of the analysis above the equation is as follows:

\[ y_{AKMS} = 0.007 + 0.356 (xDD) \]

\[ y_{AKMS} = \text{poverty} \]

\[ xDD = \text{village funds} \]

\[ 0.007 = \text{constants} \]

\[ 0.356 = \text{regression coefficient} \]

From the results of the above equation, it can be explained that the influence of the village fund variable (xDD) has a positive relationship with the poverty variable (yAKMS).

1) A constant of 0.007 means that if village funds (xDD) are considered constant, the average poverty value (yAKMS) is 0.007.

2) The regression coefficient of 0.356 this number means that for every 1% increase in the village fund figure (xDD), the poverty rate (yAKMS) will decrease by 0.356.

Based on the results of the analysis above the equation is as follows:

\[ y_{AMH} = 0.872 + 0.190 (xDD) \]

\[ y_{AMH} = \text{Literacy RateS} \]

\[ xDD = \text{village funds} \]

From the results of the above equation, it can be explained that the influence of the village fund variable (x) has a positive relationship with the literacy rate variable (yAMH)
positive relationship with the literacy variable (yAMH). This can be seen by the following interpretation:

1) A constant of 0.872 means that if village funds (xDD) are considered constant, the average literacy value (yAMH) is 0.872.
2) The regression coefficient of 0.190 this number means that for every 1% increase in the village fund figure (xDD), the literacy rate (yAMH) will increase by 0.190.

From the output of table 3 above, it is known that the value of R Square is 0.706. This value implies that the Village Fund (x) received by disadvantaged villages per district / city implies that the literacy rate (y) is 70.6%, while the influence of 29.4% is influenced by other variables. Based on the output in table 3, it is known that the significance value (Sig.) Of 0,000 proves that it is smaller than the probability of 0.05, or if it is seen from the results of the t-test analysis, it shows that the t value is 11,688 greater than t table 2,022 so it was concluded that there were implications of Village Funds received by underdeveloped villages per district / city against poverty rates in Indonesia.

F. DISCUSSION

F.1. Implications of village funds for poverty rates

The results of this study found that there were implications of Village Funds received by underdeveloped villages per district / city against poverty rates in Indonesia. Village Funds (xDD) received by underdeveloped villages per district / city have implications for poverty (yAKMS) of 12.7%, while the influence of 87.3% is influenced by other variables. Village funds have implications for reducing poverty in districts / cities in Indonesia. This finding is in line with the results of the study of the Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia [8], Susilowati, et al. [9]. According to the Ministry of Finance's study that village funds implemented from 2015 to 2017 have been able to reduce the poverty rate by an average of 14.05%. The reduction in the poverty rate above is relatively small, according to Bappenas and Kompak [2] the formula for village funds used is still considered unfair if it is associated with village funding needs to overcome the problem of poverty and increase the access of the poor to public services. Kompak and Bappenas [2] in their study explained that the use of village funds still tended to be used for the construction of physical facilities and infrastructure by 84 percent while the use of community empowerment was only 6.5 percent, according to the Ministry of Finance's Fiscal Policy Agency [8] This village of more than 80 percent is used in the field of village development which does not have a multiplier effect for improving the village economy. Romeo [10] explains that the variable number of villagers and village poverty index are the two variables that most determine the number of Village Fund transfers to each region. This means that districts / cities have a high index of poor people, so the regencies / cities will get high Village Funds. Conversely, if the districts / cities have a low index of poor people, then the districts / cities will also get a low Village Fund. This condition according to Menkhoff and Rungruxsirivorn [11] can increase or stimulate the expenditure of the poor.

F.2. Implications of village funds for literacy rates

This study concludes that there are implications of Village Funds received by disadvantaged villages per district / city against literacy rates in Indonesia. Village funds received by disadvantaged villages per district / city have implications for literacy rates of 70.6%, while the influence of 29.4% is influenced by other variables. The results of this study were supported by Riyanto and Junaedi [4] who explained that the use of village funds was able to improve the social security of rural communities, because the allocation of village funds use in 2016 was greater than in 2015 and prioritized infrastructure development such as road concrete, repair of health facilities, education and settlements. Other research results that support the results of this study are Mujiyat and Purbasari [12] examining the effect of fiscal decentralization on literacy rates, and school enrollment rates in the districts / cities of Central Java in 2010 and 2011. The results of the study explain that fiscal decentralization statistically can explain literacy rate of 28.3%. This proves that fiscal decentralization can increase literacy rates and school enrollment rates. Districts / cities in Central Java in 2010-2011 experienced an increase in PAD where fiscal decentralization obtained could be allocated to the field of development education for children aged 7-15 years. Sugesti [13] found the same thing that fiscal decentralization measured in terms of income and expenditure side had a significant effect on female literacy rates. While fiscal decentralization measured in terms of income does not have a significant effect on female dropout rates. This is different from fiscal decentralization which is measured in terms of expenditure, which shows a significant influence on female junior secondary school drop-out rates in the districts / cities of Central Java Province.

G. CONCLUSION

This study concludes several things, namely (1) Village Funds (xDD) received by disadvantaged villages per district / city in Indonesia have implications for poverty (yAKMS). The implications of village funds for poverty are still small, this is because the use of village funds still tends to be used for the construction of physical facilities and infrastructure that do not have a multiplier effect for improving the village economy. (2) Village Funds (xDD) received by disadvantaged villages per district / city in Indonesia have implications for literacy rates (yMH).

H. SUGGESTION

This study only included the village fund variable (xDD) as an independent variable to test its implications for poverty (yAKMS) and literacy rates (yMH). For further research, it can include other independent variables such as Village Fund Allocation, Tax Sharing and Retribution from Regency / City, Village Original Revenue. These variables are the other main funding sources by the village government in funding their development. These additional variables are expected to be better predictions to see the implications of village funding for poverty and literacy rates. In addition, further research can include intervening variables such as village shopping. This variable is a variable between village funds and poverty or literacy rates.

I. BIBLIOGRAPHY


