

THE ROLE OF VILLAGE FUNDS IN ACHIEVING THE SDGs WITHOUT POVERTY IN GRESIK

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Abstract: Poverty is still a major issue in Gresik Regency. Village funds is one of the hopes for successful handling it. However, it seems that the existence of village funds does not have an impact on poverty. Starting from this reality, this study aims to: find out the role of village funds in achieving the SDGs without poverty in Gresik Regency, as well as to find out what causes village funds have not been able to play a role. This study applies a quantitative approach with a simple regression analysis method. The SDGs indicators, especially the goal without poverty, were chosen as indicators for poverty analysis because they are considered to be more operational, more likely to have direct intervention by the village government. An important finding from this study is that the role of village funds in achieving the SDGs without poverty in Gresik Regency does not exist. The reason is that there is no balance between spending on physical and non-physical (empowerment) development activities in villages in Gresik Regency

Keyword: Poverty, Village Fund, SDGs

I. Introduction

The Sustainable Development Goals (SDGs) were sparked at the UN General Assembly in September 2015 (Alaimo&Maggino, 2020); (Kraak, et al. 2018) aims to maintain an increase in the community's economic welfare on an ongoing basis, maintain the sustainability of community social life, maintain environmental quality and inclusive development and implement governance that is able to maintain an increase in the quality of life from one generation to the next (Barbier& Burgess, 2019); (MacFeely, 2020); (Mair, et al. 2018). SDGs are global and national commitments in an effort to improve the welfare of society covering 17 goals (Hak, et al. 2016). In this study, the discussion on the SDGs will be focused on only one goal which is used as the object of analysis, namely: no poverty, or in RAD (Regional Action Plan) language in Gresik Regency (East Java Province Area) which also adopts SDGs in accordance with Presidential Regulation No. 59 of 2017, referred to as: ending all forms of poverty everywhere. Why was this goal chosen? Poverty is still a major issue in Gresik Regency. The poverty rate for Gresik Regency in 2021 is still quite high, which is 12.42%, still above the poverty rate for East Java Province which is 11.40% in 2021 as well (BPS East Java Province, 2021). Even when compared to a number of other districts around Gresik, the poverty rate in Gresik Regency is still much higher. For example, for Sidoarjo Regency, in 2021 the poverty rate for Sidoarjo Regency is only 5.93%, then for Jombang and Mojokerto Regencies the poverty rate for the two districts is around 10% in 2021.

In order to achieve the SDGs goals, the village fund policy as mandated by Law Number 6 of 2014, should be utilized to play a significant role. Moreover, the use of village funds is prioritized to improve the welfare of rural communities, improve the quality of human life, and reduce poverty (Arifin, et al. 2020). In the case of Sukabumi¹, for example, new infrastructure has sprung up in the village, such as neighborhood roads, posyandu, mini dams, etc., due to the support of village funds. In terms of empowerment, village funds have produced a number of new entrepreneurs and new breeders, which on average are dominated by village youths. However, it seems that the

¹<https://djpb.kemenkeu.go.id/kppn/sukabumi/id/data-publikasi/berita-terbaru/2925-pecah-telur-blt-desa-tiwulan-i-2022-untuk-92-desa-di-kabupaten-sukabumi-mulai-tersalurkan.html>

increase in the financial capacity of villages in Gresik Regency as a result of additional receipts from village funds has not been able to have the beautiful impact that has happened in Sukabumi. In other words, it seems that village funds in Gresik Regency have not shown a real role in reducing the problem of poverty.

Sumodiningrat (2002) said, there are two main factors that cause poverty and powerlessness, namely internal factors and external factors. Internal factors concern problems and constraints from within the individual or poor community concerned, such as: low motivation, lack of capital, weak mastery of management and technology aspects. External factors include: the institutional aspects that are not yet conducive as well as the lack of infrastructure and other supporting capacities so that the potentials of the community cannot be developed. This is where it is hoped that village funds will be able to play a real role in reducing the two main factors that cause poverty (Sulila, 2020). A number of reasons above then underlie the need to conduct this research to see the role of village funds in achieving the SDGs without poverty in Gresik Regency, and to find out what causes village funds to not be able to play a real role.

II. Method

The analysis in this study is more focused on the scope of the village. The reason is because the village is considered the spearhead of regional development. So, if you want to achieve a certain level of regional SDGs indicators, then interventions on SDGs indicators in each village will be more effective because they are more focused, and with a narrower area scope, of course, it will be easier to manage. The population of this research is all villages in Gresik Regency, which are 330 villages. Using the Slovin method (Tejada, 2012), the number of samples was set at 135 villages with a 5% margin of error. While determining the sample using the area sampling method.

The main data in this study were secondary data collected primarily from the Gresik Regency Bappeda, the Gresik Regency Social Service, the Community Empowerment Service, as well as from sample villages. Secondary data collected is mainly related to regional financial data as well as Gresik Regency macroeconomic data, such as: poverty data sourced from DTKS (Integrated Social Welfare Data) or BDT (Integrated Database), SDGs indicator data related to poverty-free goals, Report on Realization of Use of Village Funds, Village Revenue and Expenditure Budget (APBDesa), Population Data, District Head Regulations, and other regional regulations.

This study applies a quantitative approach with a simple regression analysis method used to analyze the role of village funds with the following model:

$$ISK = a + b RBD + e \dots\dots\dots (1)$$

Where:

ISK = SDGs indicator without poverty, which is the average of all SDGs indicators without poverty in each village;

RBD = Ratio of village spending related to poverty alleviation programs to village funds.

Furthermore, it is also necessary to carry out an analysis to find out the reasons for the lack of role of village funds, so two models are compiled as follows:

$$INF = a + b RBD + e \dots\dots\dots (2)$$

$$IFS = a + b RBD + e \dots\dots\dots (3)$$

Where:

INF = Non-physical indicator, which is the average of all SDGs indicators without poverty in the non-physical group;

IFS = Physical indicator, is the average of all SDGs indicators without poverty in the physical group.

All the variables in the three models above are in percent units.

In this study an analysis of the achievement of SDGs indicators without poverty in villages was only carried out on four indicators, namely: (1) the percentage of poor and vulnerable persons with disabilities who receive assistance to meet their basic needs; (2) the number of very poor families receiving cash transfers; (3) percentage of the population (poor) with access to proper drinking water and; (4) the percentage of the (poor) population who have access to proper sanitation/healthy latrines. The reason is that only these four indicators are considered to be directly intervened by the village government and the data is available for analysis needs. Indicators (1) and (2) represent the non-physical group, while indicators (3) and (4) represent the physical group.

III. Results and Discussion

3.1. Classic assumption test

Because all models have only one independent variable, and the data is cross sectional data, the classical assumption test is only carried out on three assumptions, namely: normality, linearity, and heteroscedasticity.

In Table 1 it can be seen that all models have a JB value < X^2 (chi-square) table which means the error term for all models is normally distributed. Thus all models meet the assumption of normality.

Tabel 1. Hasil Uji Normalitas Metode Jarque-Bera

Model	Jarque-Bera	Chi-Square	Information
Model 1	79.213	160.915	Normal
Model 2	79.405	160.915	Normal
Model 3	20.261	160.915	Normal

Source: Research data, processed with Eviews.

Tabel 2. Linearity Test Results of the Compare Means Method

Model	F	Prob.	Information
Model 1	4381.481	0.000	Linier
Model 2	849.123	0.000	Linier
Model 3	12009.260	0.000	Linier

Source: Research data, processed with Eviews

All models also meet the assumption of linearity because the F values of these models from the results of the Compare Means test are significant (see Table 2).

Tabel 3. Results of the Breusch-Godfrey Heteroscedasticity Test

Model	t	Prob.	Information
Model 1	0.144	0.885	Homoscedastic
Model 2	0.141	0.887	Homoscedastic
Model 3	0.050	0.960	Homoscedastic

Source: Research data, processed with Eviews

From the results of the heteroscedasticity test using the Breusch-Godfrey method, similar results were obtained that there was no heteroscedasticity in all models. This is shown by the insignificant relationship between the independent variables of each model and their residuals (see Table 3).

3.2. The Role of the Village Fund

To answer one of the objectives of this research, namely to see how the role of village funds is in achieving the SDGs without poverty, Model 1 was developed. Then an estimate (estimate of model parameters) was made for Model 1 with the help of the Eviews application, and the results were obtained as presented in Table 4.

Tabel 4. Estimation Results of Model 1 (ISK Dependent Variable)

	Coefficient	Std. Error	t-statistics	Prob.
RBD	0.053	0.055	0.951	0.343
C	73.503	0.751	97.859	0.000

Source: Research data, processed with Eviews

From Table 4 it appears that village funds (RBD) have no significant effect on the SDGs indicator without poverty (ISK) because the probability t-statistic of the RBD variable is 0.951, which is far greater than the α used in this study, which is equal to 0.05. This shows that so far village funds in villages in Gresik Regency have not had a real role in achieving the SDGs indicators without poverty. The increase in the financial capacity of villages in Gresik Regency as a result of additional revenue from village funds has not had a real impact on poverty alleviation efforts. This finding is in line with the findings of Susilowati (2017) that village funds are ineffective and not successful in reducing poverty in every district/city in East Java Province. Lalira (2018) also found the same thing, the village fund variable and village fund allocation did not affect the poverty rate in Gemeh District, Talud Islands Regency.

3.3. Causes of Village Funds Not Playing a Real Role

In order to find out why village funds in Gresik Regency have not been able to play a significant role in achieving SDGs indicators without poverty, Model 2 and Model 3 were prepared with the estimation results as presented in Table 5 and Table 6. From Table 5 it appears that village funds (RBD) have no significant effect on SDGs indicators without poverty in the non-physical group (INF) because the probability t-statistic of the RBD variable is 0.289, which is greater than the α used in this study, which is 0.05. In contrast, in Table 6, it appears that village funds actually have a significant effect in a positive direction on the SDGs indicator without poverty in the physical group (IFS) because the probability t-statistic of the RBD variable is 0.014, which is smaller than the α used in this study. Thus, village funds have a real role in achieving SDGs indicators without poverty in the physical

group (IFS), while in achieving SDGs indicators without poverty in the non-physical group (INF), village funds have not shown their role.

Table 5. Estimation Results of Model 2 (INF Dependent Variable)

	Coefficient	Std. Error	t-statistics	Prob.
RBD	0.118	0.111	1.063	0.289
C	47.368	1.505	31.479	0.000

Source: Research data, processed with Eviews

Table 6. Hasil Estimasi Model 3 (Variabel Dependen IFS)

	Coefficient	Std. Error	t-statistics	Prob.
RBD	0.013	0.005	2.479	0.014
C	99.638	0.069	1451.040	0.000

Source: Research data, processed with Eviews

The estimation results of Model 2 and Model 3 above also show that village funds do not have a real role for the SDGs indicator without poverty as illustrated by the estimation results of Model 1 (see Table 4 again), but village funds more specifically show a more specific role. more tangible to the achievement of SDGs indicators without physical poverty. In other words, so far village funds have been found to be directed towards spending related to SDGs indicators without physical poverty with programs that are still related to poverty alleviation, such as: construction of village clean water infrastructure, maintenance of clean water infrastructure villages, construction of clean/drinking water networks, construction of latrines for poor families, and others like that. This is evidenced by the significant relationship between village funds and SDGs indicators without poverty in the physical group, while the relationship between village funds and SDGs indicators without poverty in the non-physical group looks insignificant.

The results of the analysis above show that in the design of its development spending policy, the village government in Gresik Regency has so far been more interested in activities in the development spending group that are physical in nature than in activities in the non-physical spending group (empowerment). This lack of balance between physical and non-physical development activities is also the reason why the Model 1 analysis resulted in the conclusion that village funds in villages in Gresik Regency do not yet have a real role for the SDGs indicator without poverty. Susilowati (2017) also found the same thing, that the ineffectiveness of village funds in reducing poverty in each district/city in East Java Province was due to the use of village funds mostly used for the construction of rural physical facilities and infrastructure, while development for community economic empowerment was still small.

Table 7. Average Achievement of SDGs Indicators Without Poverty of Villages in Gresik Regency

SDGs Indicator Without Poverty	Average Achievement of Indicators (%)		
	2015	2017	2019
Non Physical Group			
a. Poor Disabilities Recipients of Assistance	91.78	84.63	84.66
b. Assistance Recipient Poor Households	14.37	13.69	13.84
Physical Group			
a. Access to Adequate Drinking Water	98.33	98.35	98.35
b. Healthy Sanitation/Latrines	94.83	94.91	94.93

Source: Regional revenue recording agency (Bappeda) Gresik Regency, has been processed

The findings of this study are also in line with the existing reality in Gresik Regency that the indicators for the percentage of the (poor) population with access to proper drinking water and the indicators for the percentage of the (poor) population who have access to proper sanitation/healthy latrines look very good, while the indicators for the percentage of persons with the poor and vulnerable with disabilities who receive basic needs assistance, as well as indicators of the number of very poor families receiving cash assistance, appear to be problematic (see Table 7).

IV. Conclusions and Suggestions

4.1. Conclusions

The role of village funds in achieving the SDGs without poverty in Gresik Regency has not been obvious. The role of village funds appears to be still weak when viewed from the non-physical indicator group, but when viewed from the physical indicator group, the role of village funds looks more real.

Village funds have not been able to play a real role because there is no balance between development activities that are both physical and non-physical in villages in Gresik Regency. The village government seems to prefer allocating village funds to development spending groups that are physically more visible when compared to non-physical empowerment spending.

4.2. Suggestions

In order to increase the role of village funds in achieving the SDGs goals without poverty in Gresik Regency, the disparity in the orientation of development in villages which is heavier on development activities that are physical in nature must be reduced. Planning for the use of village funds for empowerment expenditures that are non-physical must also be prioritized and get a balanced portion.

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