Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

The Effect of Village Fund Policy on Indonesia's Poverty Rate (Study with Mixed Methods Approach)

Anggri Kristiyanto Yofen Ndun[1*], Jossy Prananta Moeis[2]
[1*,2]Magister Perencanaan Ekonomi dan Kebijakan Pembangunan, Fakultas Ekonomi dan Bisnis, Universitas Indonesia, Depok , Indonesia

Article Info

Keywords:
Village Fund,
poverty,
transfer between government levels

ABSTRACT

The aim of this study is to determine the effect of the Village Fund policy on poverty rates in Indonesia using the head count index (P0), poverty gap index (P1) and poverty severity index (P2), by applying a combination of quantitative and qualitative methods. The quantitative phase uses a panel data model at the district/city level that receives village fund policies in the span of 2015 – 2020, while a case study in Kenebibi Village in Belu Regency, East Nusa Tenggara Province (sample village) serves as the qualitative phase. Based on the estimation results of the fixed effect model, the village fund policy is statistically proven to reduce P0 but has no effect on P1 and P2. This results were then confirmed through the findings of qualitative research, which shows that the priority programs of the village fund policy in the form of development and community empowerment had not fully benefited the poor of the village, especially the lowest poor groups. Thus, the poverty gap and the severity of poverty could not be solved by village funds. The results of this study suggest that the government needs to evaluate the formulation of village fund allocations by taking into account the gap and severity of poverty, considering the existence of marginal communities as village characteristics, including involving the lowest poor community groups in the village.

Corresponding Author:
Anggri Kristiyanto Yofen Ndun
Magister Perencanaan Ekonomi dan Kebijakan Pembangunan, Fakultas Ekonomi dan Bisnis, Universitas Indonesia, Depok, Indonesia
anggrindun@gmail.com

INTRODUCTION

Regional autonomy, which began to be implemented in 2001, was a solution to various state problems before reform. Demands for democratization, poverty alleviation and equitable development between the center and the regions are the main issues(Badrudin & Kuncorojati, 2017). Poverty is still an important problem that cannot be overcome to date, not only a problem in Indonesia and other developing countries but also globally. Globally, the dream of eliminating poverty was clearly realized through the declaration of The Millennium Development Goals (MDG's) from 2000 to 2015, then followed by the Sustainable Development Goals (SDG's) where the first target in the agreement was "No Poverty"(Schwan, 2019).

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

Indicators for measuring poverty levels consist of the headcount poverty index (P0), poverty-gap index (P1) and poverty severity index (P2). In terms of population number/percentage (P0), Indonesia's poverty rate tends to show a downward trend, although it is not significant and is still fluctuating, but if you pay attention to the Poverty Depth Index (P1) and Poverty Severity Index (P2), it can be seen that the gap and severity of rural poverty is much higher than city. Apart from poverty measures P0, P1 and P2 and the Gini Ratio in looking at inequality or development gaps from the village to the national scale, a study describes the distribution of the average per capita consumption (Growth Incidence) in Indonesia from 2010 to 2016 showing that Indonesia's growth is categorized as not pro- poor or in other words, growth is enjoyed more by rich groups of people while poor people do not enjoy this growth(Chotikapanich et al., 2018). Pro-poor growth shows the government's support for poor community groups through poverty reduction programs including village funds.

The village fund policy is one of the fruits of President Joko Widodo's Nawa Cita program, namely developing the country from the "margins". Since the implementation of the village fund policy, it has certainly not been free from problems and shortcomings, both village apparatus resources in management administration, disbursement and accountability mechanisms to issues of misuse. However, these problems are not obstacles that can hinder big dreams in achieving economic equality. The village fund policy remains the government's flagship program in overcoming poverty and inequality, as can be seen from the village fund budget ceiling which has continued to be increased in recent years. In 2015 the State Revenue and Expenditure Budget allocated village funds amounting to IDR 20,766.2 billion, this budget continues to be increased every year until in 2021 it has reached IDR 72,000.0 billion. Likewise, the average Village Fund received per village has also increased from IDR 280 million per village in 2015 to IDR 961 million per village in 2021. Not only has the budget allocation increased, the number of villages receiving Village Funds has also increased. namely from 74,093 villages in 2015 to 74,961 villages in 2021.

Several studies related to the relationship between village fund policies and poverty in Indonesia show that there is a significant influence between village funds and poverty levels, both at the village, district and national levels, seen from various perspectives such as accountability and transparency in village fund management (Anam, 2017). Other research looking at the influence of village funds on the number of poor people in Indonesia found a significant influence of village funds on the number of poor people, also capturing factors other sources of village income also influence the number of poor rural people (Fitriana, 2020). This is in line with the aim of village funds as one of the tools pursued by the government in the context of poverty alleviation, through village development programs, empowering village communities and village government. Meanwhile, there are also several studies which have found that village funds do not have a significant influence in reducing poverty rates, motivated by several things such as delays in distribution, as well as delays in socialization by local governments (Setianingsih. 2017). Another study that looked at the impact of village funds on Capital Expenditure, poverty, economic growth and social welfare by grouping regions in Indonesia into four regions (developing, prime, potential and underdeveloped) found that village funds did not has a significant effect on Indonesian poverty with details for each region being different, this shows that village fund policies need to be evaluated so that village funds can be more effective (Handayani & Badrudin, 2019).

Various measures in assessing the level of poverty that are used empirically are using the P0 indicator, while there is still very little research on the P1 and P2 indicators, which is also a problem. In line with this, village fund policies in overcoming poverty and inequality need to be followed by reducing the trend of the P1 and P2 indexes through the implementation of inclusive development and empowerment of village communities. Therefore, this research tries to determine the influence of village funding policies on Indonesian poverty. Based on the explanation above, the questions for this research are (i) is there an influence of the Village Fund policy on Indonesia's poverty level seen using the three indicators?; (ii) how is the village fund policy implemented in the village? And (iii) what are the obstacles in the field that can hinder the effectiveness of development and empowerment programs from village fund policies? From this it can be formulated that the objectives of this research are (i) to know empirically the influence of village funding policies on poverty in Indonesia; (ii) understand the implementation of village fund policies and (iii) identify field constraints that can hinder the effectiveness of village fund policies in alleviating poverty.

METHODS

This research uses a mixed methods methodology approach, namely a combination of quantitative and qualitative methods. Mixed quantitative and qualitative methods (mixed methods) are expected to increase added value by increasing validity in findings, informing the collection of secondary data sources and assisting in knowledge creation.(McKim, 2017). In general, this research uses a sequential explanatory design consisting of two phases, where the quantitative phase is more dominant, which means more weight is placed on the quantitative phase.(Creswell, J. 2017). A sequential explanatory design was used so that data from the qualitative approach could help explain the quantitative results for complementary purposes(McKim, 2017).

Quantitative Method

This research aims to test the level of significance, magnitude and direction of the influence/relationship of village fund variables on poverty levels by including other variables as controls. The research uses panel data from 434 districts/cities that received village funds in the 2015-2020 period with the selected estimation model being fixed effects. The data used is a type of secondary data in the form of publications from the Central Statistics Agency (BPS) and the Directorate General of Financial Balance, Ministry of Finance of the Republic of Indonesia. Based on the literature review and empirical studies in the previous discussion, to answer the research questions, the author formulates the research model as follows:

Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

$$P\alpha_{it}=\beta_0+\beta_1 Ddit+\beta_2 lnEXPCit+\beta_3 HLSit+\beta_4 IPMit+\beta_5 GDPBit+\beta_6 lnADDit+\beta_7 RBELSOSit+\beta_8 RBELFASUmit+\beta_9 RBELDIKit+\beta_{10} RBElKESit+\varepsilon_{it}$$

Note: α= 0, 1.2; i = district/city; t = year (2015-2020)

The dependent variable is the poverty level as measured by indicators P0, P1 and P2, the basis for which is that the main objective of the Village Fund policy program is poverty reduction. Meanwhile, the independent variable DD in this study is the realization of Village Funds at the district/city level. With control variables that can be grouped into regional financial capacity groups (Village Fund Allocation, Social Protection Expenditure, Housing and Public Facilities Expenditure, Health Expenditure) and macro variable groups (Household consumption growth, Expected Years of Schooling, Human Development Index and GRDP).

Qualitative Method

In this research the author will use one type of qualitative research, namely case studies which are a follow-up to the quantitative phase. The qualitative component seeks to answer questions that arise in order to confirm the quantitative findings. Through a qualitative approach, it is hoped that we can find out in depth the motives and feelings of the stakeholders who implement this policy at the village level through qualitative data analysis which can generally be formed into 4 stages, namely data reduction, organization, and data interpretation. data interpretation) and drawing conclusions (conclucing).

The selection of sample villages took into account the complexity of the problem of poverty and inequality among village residents, amidst the management of village funds which continues to be challenged, thus attracting the attention of the author to conduct a case study in this village. Kenebibi Village is the village chosen as the sample village for the case study because Kenebibi Village is an illustration of a village with complex social, cultural, geographic and human resource problems, which are interesting to study according to the needs of this research. The existence of East Timorese exodus (refugees) among local residents with various poverty problems in Kenebibi Village is an interesting thing to research.

RESULTS AND DISCUSSION

Quantitative phase

The Influence of Village Fund Policy on Indonesia's Poverty Level (Estimation Results)

From the description table above of the dependent variable for 2604 total observations at district and city levels throughout Indonesia, the average percentage of poor people (P0) is 13.71639%, where the minimum value is 1.78 which is the percentage of poor people in Badung Regency, Bali Province in 2019, while the maximum value was 45.74, which is the percentage of the poor population of Deiyai Regency, Papua Province in 2015, the P0 value of this Regency was above 41% in the period 2015 to 2020.

The average P1 is 2.428176 with the lowest P1 value of 0.07 being Sawahlunto City, West Sumatra Province while the highest P1 value of 16.35 is Lanny Jaya Regency, Papua Province. Meanwhile, for the P2 value, the average is 0.69087 with the lowest P2 value being 0.01, which is the poverty severity index value for Sawahlunto City, West Sumatra Province in 2020. Meanwhile, the maximum P2 value is 8.68 which is the index value. severity of poverty in Lanny Jaya district, Papua Province in 2019. The independent variable, namely DD, is a village fund policy at the district/city level with a total of 2604 observations having an average of IDR 125.70 billion, the minimum value of this variable is IDR 4.57 billion, namely the realization of DD for Kotamubago City, North Sulawesi Province in 2015, while the maximum value is IDR 635.31 billion, namely the realization of DD for North Aceh Regency, Aceh Province.

In accordance with several empirical findings discussed in the previous chapter, control variables can be grouped into two groups, namely the regional fiscal capacity group and the macro indicator group. These regional fiscal capacity groups include Village Fund Allocation (lnADD), and regional spending allocated in the context of regional poverty reduction. Village Fund Allocation is one source of village income which has been implemented since 2005. From 2604 observations the average ADD is IDR 80.0633 billion, the maximum value of this variable is IDR 396.9762 billion, namely Kutai Kartanegara, East Kalimantan on the other hand the minimum value of the variable ADD is IDR 15.74711 billion, namely South Buton Regency, Southeast Sulawesi.

The variable ratio of regional expenditure realization to the total APBD for social protection functions (rBelSos) with an average ratio of 1.34%, with a minimum ratio of 0.006% is the expenditure allocation in Rokan Hulu Regency, Riau Province in 2016, namely IDR 9,985 billion and the ratio The maximum 10.1% is the allocation for social protection spending in the Mentawai Islands Regency, West Sumatra Province, which is IDR 92.69 billion. The regional expenditure realization ratio variable for housing and public facilities (rBelFasum) has a minimum ratio value of 0.004%, namely Siak Regency, Riau Province, while the maximum ratio value is 69.01%, namely Sukamara Regency, Central Kalimantan Province. Furthermore, the regional expenditure variable for educational functions (rBelDik) has a minimum ratio value of 0.3%, namely South Tapanuli Regency, North Sumatra in 2017, while the maximum ratio value is 36.81%, namely Supiori Regency, Papua Province in 2017. The final regional expenditure variable in this research is regional expenditure for health functions (rBelKes) from the statistical descriptive table above it can be seen that the minimum ratio of health expenditure was 0.0117%, namely Subang Regency, West Java in 2016, while the maximum ratio was 26.12%, namely Supiori Regency , Papua Province in 2018.

The macro variable in the form of the expected number of years of schooling (HLS), has an average of 12.48657, the minimum HLS value is 2.17, namely Nduga Regency, Papua, while the maximum value is 17.79, namely Banda Aceh City, Aceh. The human development index (HDI) variable has an average of 66.86916, with a minimum value of 25.47, namely Nduga Regency, Papua, while the maximum value is 85.41, namely Banda Aceh City, Aceh. Another variable, namely the average length of school (MYS), has an average of 7.619201 with a minimum value of 0.64, namely Nduga Regency, Papua, while the maximum value is 11.92, namely Banda Aceh City, Aceh. The final variable is rural area per capita expenditure (EXPPerCap) which has an average of IDR 9,298.56 with a minimum value of IDR 3,625, namely Nduga Regency, Papua, while the maximum value is IDR 19,992, namely Denpasar City, Bali.

Table 1. Estimated Results of the Effect of Village Fund Policy on Poverty Levels (P0, P1 and P2)

VARIABLES	MODEL P0		MODEL P1		MODEL P2	
	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main Variables						
DD	-0.0012***	0.0003	-0.0001	0.0003	3.3905	0.0002
Macro Indicators						
lnEXPC	-4.8320***	1,402	1.2901	1.4520	1.6410*	0.8408
GRDP	-2.8107	3.7206	-1.5106	3.8506	-1.6506	2.2506
HLS	0.5880***	0.1351	0.2961**	0.1391	0.3220***	0.0814
HDI	-0.5071***	0.0768	-0.2521***	0.0795	-0.1640***	0.0464
Regional Fiscal Capability						
rBelSos	-0.0184	0.0287	-0.0517*	0.0297	0.0180	0.0174
rBelFasum	0.0085***	0.0031	0.0022	0.0328	0.00275	0.0192
rBelDik	0.0025	0.0027	-0.0110	0.0028	-0.00801	0.0165
rBelKes	-0.0034	0.0052	0.0029	0.0054	-0.0510	0.0318
lnADD	0.1331	0.2110	-0.0404	0.2101	-0.123	0.1271
Constant	83.78***	9342	4,069	9672	-6,724	5648
R-squared	0.5188		0.0065		0.2376	
F-stat	F(433,2099) = 368.41		F(433,2102) = 53.82		F(433,2097) = 14.68	
Num. of Obs	2,546		2,546		2,546	
Num. of Groups	434		434		434	

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The Influence of Village Fund Policy on the Percentage of Poor Population (P0)

The fixed effect model is the best model used for model estimation, by adding several control variables such as realized regional spending and several other macro variables. The results of the regression model show that there is a negative and significant correlation between the independent variable, namely DD, and the dependent variable, namely P0, which indicates that the increase in village funds has a significant influence on reducing the percentage of poor people (headcount poverty). The coefficient is -0.0012, which can be interpreted as meaning that every 1 billion rupiah increase in Village Fund allocation can reduce the ratio of poor people in districts/cities by 0.122%. These estimation results are in line with previous research findings by Higgins (2011) who found the same thing in his research regarding the Conditional Cash Transfer program in Brazil which had an effect on

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

reducing poverty rates (P0). Apart from that, the results of this estimation are also in accordance with the village fund budget allocation calculation formulation that has been determined by the government, which in its calculations includes the ratio of the number of poor people for each village. This means that it is clear that the greater the ratio of rural poor people, the greater the budget to reduce this ratio.

The Influence of Village Fund Policy on the Poverty Depth Index (P1)

The estimation results in accordance with the regression above show that the village fund policy has no significant effect on decreasing the depth index. This illustrates that village fund policies have been statistically proven to be unable to reduce the average "distance" of poor people's expenditure below the poverty line at the district/city level. This condition can give rise to suspicions that the village fund program being implemented is not benefiting equally by community groups who are at the deepest level of poverty. Meanwhile, the depth of poverty index functions to measure how much it costs to lift poor people out of the poverty line. These estimation results are in line with researchby Arham & Hatu (2020) who studied the impact of village fund transfers on inequality and poverty, it was found that village funds reduced the poverty rate (percentage of poor people) but not income inequality/disparities of poor people.

The Influence of Village Fund Policy on the Poverty Severity Index (P2)

Similar to the P1 indicator, the regression results also show that village funds are statistically proven to have no effect on decreasing the P2 value. This illustrates that the impact of priority programs using village funds is still not able to target even distribution of poor communities, this is in accordance with research findings by Izzati (2018) which examined President Jokowi's poverty reduction policy that it does not side with the poor or is not pro-poor.

Apart from the estimation results which illustrate the influence of village funds on the three poverty indicators above, it is necessary to pay attention to other control variables which also have large elasticity and significance to the poverty level. Based on the estimation results, several things can be analyzed as follows:

1. Per capita expenditure variable (lnEXPC), from the estimation results it can be seen that the per capita expenditure variable is significantly correlated with the level of poverty, especially the presentation of the poor (P0) and the severity of poverty (P2) while not with P1. This can be interpreted as that efforts to overcome poverty by stimulating household expenditure/consumption can remove the poor from the poverty line but do not correct the distribution of income or consumption among the poor, including reducing the poverty gap between the poor.
2. Expected Years of Schooling (HLS), from the estimation results it can be seen that the HLS variable which describes the condition of children's probability of going to school after 7 years shows the greatest elasticity and a significant influence on the percentage of poor people (P0) and the severity of poverty (P2). This shows that the quality of education is still an important indicator for the government in alleviating poverty. This is in line with the findings of Arham & Hatu (2020) which stated that

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

overcoming the problem of poverty and income disparities depends on the level of education.

3. The Human Development Index (HDI), from the estimation results shows that HDI has elasticity and a significant relationship that influences reducing poverty levels, both P1, P0 and P2. This shows that the quality of human life, which describes the ease of access to development results in obtaining income, health and education, has an influence on poverty levels, so what the government needs to pursue is a policy that is oriented towards improving the quality of life through these indicators. This is in line with research by Thakur (2001) and Sewel et al. (2019) which states that education level, population, agricultural productivity including agricultural modernization, as well as easy access for the poor to basic services contribute to poverty alleviation.
4. Variables related to regional fiscal capacity such as the ratio of regional expenditure for housing and public facilities, social protection and health also have a significant effect on poverty levels, both P0, P1 and P2. The significant expenditure on social protection functions (10%) in P1 illustrates that regional government efforts to reduce poverty have focused on poor groups such as social assistance. While spending on housing and public facilities has a significant effect on reducing the ratio of poor people, it can be interpreted that regional spending has an impact on community groups who are around the poverty line so that it is able to lift these groups out of poverty, but the impact is not so pronounced for people who are far below. poverty line, as evidenced by the lack of significance in indicators P1 and P2. This shows that the contribution of regional governments with their respective fiscal capabilities is also needed in overcoming poverty in the regions. These results are in accordance with findings by Nursini & Tawakal (2019).

Qualitative Phase

Based on the analysis of the regression estimation results in the quantitative phase, several things were obtained that could serve as a reference for carrying out further studies in the qualitative phase through case studies in Kenebibi Village, namely the implementation of village fund policies in Kenebibi Village through the implementation of priority programs based on applicable regulatory technical guidelines and obstacles that hinder village governments in overcoming poverty through village fund policies. From the results of the study in this qualitative phase, several things can be summarized as follows:

- The Kenebibi Village Government since 2015 has implemented a priority program for the use of village funds in accordance with the provisions of the applicable technical guidelines, namely the Regulation of the Head of the Belu Region concerning the Use of Village Funds every year, planning, implementation, administration and reporting procedures are carried out based on the provisions of the village financial management guidelines including village funds so that in 2019, the status of Kenebibi Village will increase from a disadvantaged village to a developing village. The status of this village influences the amount of village budget allocation for the village of Kenebibi.

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

- In its use, Kenebibi Village utilizes village funds which continue to increase from year to year for community development and empowerment. Various development programs in the form of providing posyandu, assistance to business groups and others.

Figure 1. Posyandu building built with 2016 FY Village Funds

Figure 2. Posyandu building built through PNPM Mandiri Rural FY 2011

In the development sector, the village government continues to strive to build livable houses for village residents, especially for former East Timorese residents who still live in refugee homes in dire conditions. Apart from that, in the field of empowerment, the village government continues to strive to develop the village economy with existing potential such as fisheries, agriculture and livestock including tourism, in accordance with the provisions of village technical guidelines directed at developing it through Village-Owned Enterprises.

Figure 3. Two Mothers, Members of the Weaving Crafts Group

Figure 4."Kopa" is one of the woven products that is still produced by craftsmen groups

Since 2016 the village government has formed BUMDES, but it has not developed and tends to be neglected. The village government acknowledged that over time the business units that had been formed and equipped with these capabilities began to become unproductive, the sewing machines that had been handed over to residents were not used for business, and the fish and chip processing machines were no different. The boat engines handed over to fishermen are also not used optimally because fishermen are not equipped with how to use them, they have difficulty operating them because the fishing engines are intended for fishing capacity. All the equipment is neatly stored as village inventory in the BUMDES Kenebibi building, some of which is still in use, such as kitchen and dining equipment, is used as rental items for residents who want to hold celebrations or mourning events.

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

Figure 5. Processed Machines in Good Condition But Not Used

Figure 6. Several large kitchen equipment are rented for village residents' event needs

Based on the results of the case study in Kenebibi Village, several factors can be identified that hinder the effectiveness of village funding policies in improving the poverty depth and poverty severity index in Kenebibi Village, namely as follows:

- The issue of land ownership (property rights) is an obstacle that has yet to be resolved by the village government and the community. This is a problem with village characteristics that is not accommodated in the provisions for the use of village funds. Because the characteristics of Kenebibi Village which contains elements of marginal communities (Ex-East Timor) need to be further regulated regarding property rights which are the basis for their survival in an area. This problem is one that hampers the effectiveness of poverty alleviation programs, because the availability of livable (healthy) houses is the start of a quality life for residents.

  This fact also answers the quantitative findings of why regional spending on housing and public facilities significantly reduces the ratio of poor people (P0) but not on indicators P1 and P2, namely because these regional spending factors only target residents who already have land and building ownership certificates, whereas Most of the poor people in this case in Kenebibi Village do not yet have rights to land and buildings.
- Social and cultural problems in society are difficult to change, drinking and gambling habits reduce community productivity, apart from that, local residents who mostly work as fishermen are used to earning money by selling fish/catch directly and tend not to be interested in this form of fish processing which requires time. old ones, while these preparations can add value to the sale (value added).

Figure 7. Condition of the House of One of the Ex-East Timor Residents in RT 10 We'ain Hamlet, Kenebibi Village

Figure 8. Condition of the garden house of one of the residents of RT 10 We'ain Hamlet, Kenebibi Village

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

- Community trust in the village government is low, apart from complaints from the community who feel they receive discriminatory treatment from the village government, the village government itself admits that it is difficult for the community to work together in BUMDES because they doubt the accountability of the village government (thinking the village government tends to be corrupt).
- The absence of assistance (facilitator) in the village community empowerment program through the village fund program is also an obstacle, based on the fact that several business groups from the village fund program disbanded and did not continue because there were no facilitators, while the business groups formed since the PNPM program are still running until with now. This is an acknowledgment from the residents and has been confirmed by Kenebibi village officials.

CONCLUSION

Village fund policies decrease the percentage of poor individuals (head count index/P0) in districts/cities, supporting the idea that more village funds can reduce poverty. For depth and severity of poverty (P1) and P2, village finance measures had no meaningful effect. This suggests that village fund policy's development and community empowerment programs improve the welfare of communities deep below the poverty line and reduce income gaps amongst poor communities. The correlation elasticity and influence of other variables on poverty levels (P0, P1, and P2) include Expected Years of Schooling, Human Development Index, Per Capita Expenditure Growth, and regional fiscal capacity variables like housing and public facility spending, health spending, and public spending. Social protection significantly reduces poverty. Qualitative analysis shows that socio-economic factors, including community habits/traditions, human resource factors, both village officials' and village community human resources, public trust factors, and the existence of marginalized communities in Kenebibi Village hinder village fund policies' effectiveness in alleviating poverty. Without community facilitators, community empowerment programs that target poor community groups to construct a bottom-up economy using village finances cannot be sustained. The research suggests that the government should consider the depth and severity of poverty in districts/cities, as well as marginalized communities like new residents/ex-refugees, when allocating Village Funds. Village fund policies must include bottom-up program ideas from the poorest community groups to improve quality of life evenly, such as the PNPM program, which empowers with community ideas alone. The government must regulate facilitators who help communities run their companies to ensure their survival. The limitations of this research can be addressed by adding the variable basic rural service infrastructure as an output from village development with a village fund budget and increasing the number of research village samples to compare or obtain more diverse data on village funding policies and poverty levels from different village characteristics.

REFERENCE

[1] Ahmaddien, I. (2019). *Faktor determinan keparahan dan kedalaman kemiskinan jawa barat dengan regresi data panel Factors determinants of severity and depth of poverty index in west java using data panel regression*. *21*(1), 87–96.

[2] Arfiansyah. (2020). Dampak Dana Desa dalam Penanggulangan Kemiskinan di Jawa Tengah. *Jurnal Studi Islam Dan Sosial*, *1*(1), 91–106.

[3] Arham, M. A., & Hatu, R. (2020). *Does Village Fund Transfer Address the Issue of Inequality and Poverty? A Lesson from Indonesia **. *7*(10), 433–442. https://doi.org/10.13106/jafeb.2020.vol7.no10.433

[4] Badrudin, R., & Kuncorojati, I. (2017). the Effect of District Own-Source Revenue and Balance Funds on Public Welfare By Capital Expenditure and Economic Growth As an Intervening Variable in Special District of Yogyakarta. *Jurnal Manajemen Dan Kewirausahaan*, *19*(1), 54–59. https://doi.org/10.9744/jmk.19.1.54-59

[5] Chotikapanich, D., Griffiths, W. E., Hajargasht, G., Karunarathne, W., & Prasada Rao, D. S. (2018). Using the GB2 income distribution. *Econometrics*, *6*(2), 1–24. https://doi.org/10.3390/econometrics6020021

[6] Decentralization and Regional Autonomy in Indonesia. (2018). In *Decentralization and Regional Autonomy in Indonesia*. https://doi.org/10.1355/9789812308214

[7] Drèze, J., & Khera, R. (2013). Rural poverty and the public distribution system. *Economic and Political Weekly*, *48*(45–46), 55–60.

[8] *Fisher-9a.pdf*. (n.d.).

[9] Handayani, A. P., & Badrudin, R. (2019). Evaluation of Village Fund Allocation on Indonesia. *Journal of Accounting and Investment*, *20*(3). https://doi.org/10.18196/jai.2003129

[10] Higgins, S. (2011). *THE IMPACT OF BOLSA FAMÍLIA ON POVERTY: DOES BRAZIL ' S CONDITIONAL CASH TRANSFER PROGRAM HAVE A RURAL BIAS? 2009*.

[11] Indonesia, U., Anam, C., Ekonomi, F., Bisnis, D. A. N., Perencanaan, M., & Kebijakan, D. A. N. (2017). *Universitas indonesia*.

[12] *industrialisasi di taiwan by lai 1994.pdf*. (n.d.).

[13] Izzati, A. S. and R. Al. (2018). *Jokowi ' s Initiatives to Reduce Poverty and Inequality Cards for the Poor and Funds for Villages*. *35*(2). https://doi.org/10.1355/ae35-2f

[14] Liu, M., Hu, S., & Ge, Y. (2021). Using multiple linear regression and random forests to identify spatial poverty determinants in rural China. *Spatial Statistics*, *42*, 100461. https://doi.org/10.1016/j.spasta.2020.100461

[15] Maria, E., Halim, A., Suwardi, E., & Miharjo, S. (2019). Desentralisasi fiskal dan probabilitas terjadinya korupsi: Sebuah bukti empiris dari Indonesia. *Jurnal Ekonomi Dan Bisnis*, *22*(1), 1–22. https://doi.org/10.24914/jeb.v22i1.2036

[16] Martinez-Vazquez, J., & McNab, R. M. (2003). Fiscal decentralization and economic growth. *World Development*, *31*(9), 1597–1616. https://doi.org/10.1016/S0305-750X(03)00109-8

[17] Maulana, I., & Masbar, R. (2018). Desentralisasi Fiskal dan Kemiskinan di Indonesia (Studi Kasus: Indonesia Bagian Timur). *Jurnal Ilmiah Mahasiswa (JIM) Ekonomi*

Pembangunan Fakultas Ekonomi Dan Bisnis Unsyiah, *3*(1), 80–88.
[18] McKim, C. A. (2017). The Value of Mixed Methods Research: A Mixed Methods Study. *Journal of Mixed Methods Research*, *11*(2), 202–222. https://doi.org/10.1177/1558689815607096
[19] Nursini, N., & Tawakkal. (2019). Poverty alleviation in the contexof fiscal decentralization in Indonesia. *Economics and Sociology*, *12*(1), 270–285. https://doi.org/10.14254/2071-789X.2019/12-1/16
[20] Oates, W. E. (1993). *DEVELOPMENT*. *46*(2).
[21] Owings, S., & Borck, R. (2003). The political economy of intergovernmental grants. *Regional Science and Urban Economics*, *33*(2), 139–156.
[22] Pasichnyi, M., Kaneva, T., Ruban, M., & Nepytaliuk, A. (2019). The impact of fiscal decentralization on economic development. *Investment Management and Financial Innovations*, *16*(3), 29–39. https://doi.org/10.21511/imfi.16(3).2019.04
[23] Pp, E. K. O. P. (2012). *Pada Era Desentralisasi Fiskal Terhadap*.
[24] Purwono, R., Wisnu, W., Haryanto, T., & Mubin, M. K. (2021). Poverty dynamics in Indonesia : empirical evidence from three main approaches. *World Development Perspectives*, *23*, 100346. https://doi.org/10.1016/j.wdp.2021.100346
[25] Ren, Q., Huang, Q., He, C., Tu, M., & Liang, X. (2018). The poverty dynamics in rural China during 2000–2014: A multi-scale analysis based on the poverty gap index. *Journal of Geographical Sciences*, *28*(10), 1427–1443. https://doi.org/10.1007/s11442-018-1554-1
[26] Schneider, A. (2003). *<Schneider decen def.pdf>*. *38*(3), 32–56.
[27] Schwan, G. (2019). Sustainable development goals. *Gaia*, *28*(2), 73. https://doi.org/10.14512/gaia.28.2.1
[28] Sewell, S. J., Desai, S. A., Mutsaa, E., & Lottering, R. T. (2019). A comparative study of community perceptions regarding the role of roads as a poverty alleviation strategy in rural areas. *Journal of Rural Studies*, *71*(March), 73–84. https://doi.org/10.1016/j.jrurstud.2019.09.001
[29] Talitha, T., Firman, T., & Hudalah, D. (2020). Welcoming two decades of decentralization in Indonesia: a regional development perspective. *Territory, Politics, Governance*, *8*(5), 690–708. https://doi.org/10.1080/21622671.2019.1601595
[30] Tambun, J. M. S., & Herawaty, R. (2018). Pemodelan Faktor-Faktor yang Mempengaruhi Indeks Kedalaman Kemiskinan dan Indeks Keparahan Kemiskinan Kabupaten/Kota di Sumatera Utara Menggunakan Regresi Data Panel. *Publikauma : Jurnal Administrasi Publik Universitas Medan Area*, *6*(1), 100–110. http://ojs.uma.ac.id/index.php/publikauma
[31] Thakur, et.al. (2001). Rural Income Distribution and Poverty in Bihar Insights from Village Studies. 35(52), 4657–4663. (2001). *Rural Income Distribution and Poverty in Bihar Insights from Village Studies*. *35*(52), 4657–4663.