Published By
Magister Manajemen Pascarjana
Universitas Tadulako
E-ISSN: 2987-1271
P-ISSN: 2684-9089

THE EFFECT OF VILLAGE FUNDS AND VILLAGE FUND ALLOCATIONS ON POVERTY RATE IN TOJO UNA-UNA DISTRICT

*Julianda Megah Harsita, Djayani Nurdin, Muhammad Yunus Kasim

Master of Management, Faculty of Economics and Business, Tadulako University
cucathy.gurz@gmail.com, djayani.nurdin@gmail.com, mykasim.untad@gmail.com

Abstract

This study primarily aims to identify the individual and combined effects of the Village Fund and its distribution on the poverty rate in Tojo Una-Una Regency. This quantitative research uses secondary data collected from various institutions: (1) the Community and Village Empowerment Office of Tojo Una-Una District, the Central Bureau of Statistics, and the Social, Women's Empowerment, and Child Protection Office. The data cover the years from 2020 to 2023. For analysis, we used multiple linear regression with variables including village budget allocation (X2), poverty (Y), and classical assumption testing (X1). (2) The F test results show that the poverty rate is significantly affected by the amount of funds allocated to the village and their distribution, with an F value of 10.362 and a significance level of 0.001 *< 0.05*. The t-test indicates that the village fund variable moderately reduces the poverty rate, with a coefficient of -0.085 and a significance level of 0.017 *< 0.05*. (3) A statistically significant adverse effect on the poverty rate is observed with a coefficient of -0.381 and a significance level of 0.001 *< 0.05*, suggesting that the village fund distribution variable is a key factor.

Keywords: village fund, village fund allocation, poverty levels

INTRODUCTION

Poverty concerns economic, social, cultural, political, and participation issues, making it a complex subject with many facets. Poverty not only entails a lack of financial resources but also a person's inability to meet basic needs in areas such as health care, education, housing, transportation, and other social services, as well as in hygiene and nutrition.

In response to these issues, the government's current strategy is to promote national development that prioritizes village development. As a result, the administration shifted funds from the Regional Budget (APBD) and the State Budget (APBN) to the Village Fund through Law No. 6/2014. Government Regulation No. 60/2014 states that the Regency / City Regional Revenue and Expenditure Budget allocates a portion of the State Budget (APBN) to municipalities, known as the Village Fund (DD). By providing a one-time payment, village grants aim to encourage funding for local government programs. Village grants are designed to support community development, empowerment, governance, and project implementation.

The regency or municipal administration is required by Administration Regulation No. 43/2014 to allocate a portion of the cash received from the central and regional financial balance to the villages. “Village Fund Allocation” (ADD) describes this portion. One primary source of funding for village programs is the village fund allocation.

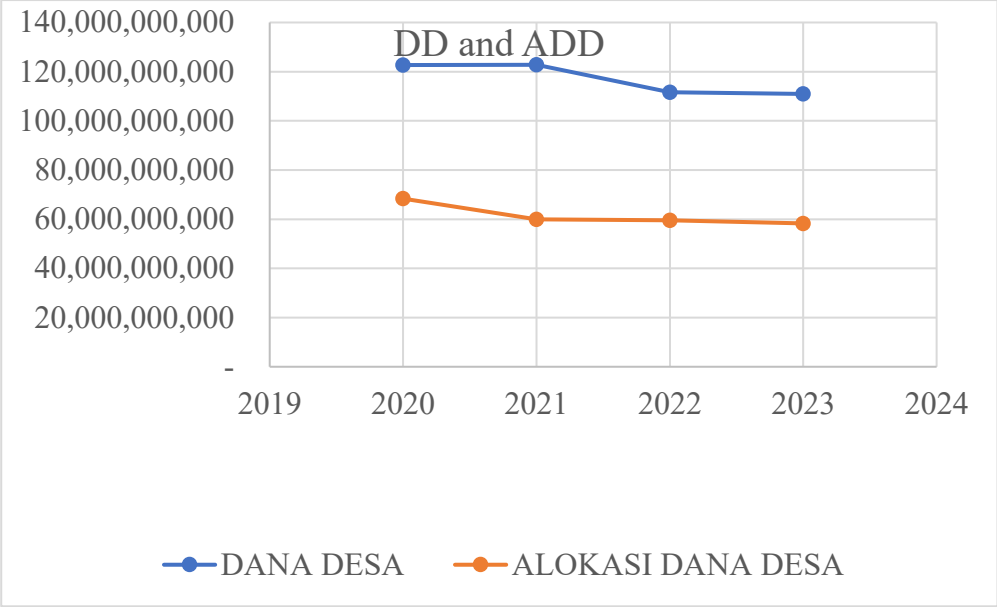

Figure 1. Village Fund Curve and Village Fund Allocation 2020-2023

The following data is derived from the table and curve: in 2020, the Village Fund was IDR 68,370,000,000, and the Village Fund Allocation was IDR 122,693,203,000. In 2021, the amount increased to IDR 122,792,601,000, up IDR 99,938,000 (0.08%) from 2020, while the Village Fund decreased to IDR 60,000,000,000, down IDR 8,370,000,000 (12.24%) from 2020. In 2022, the Budget Allocation for the Village Fund decreased by IDR 11,198,491,000 (9.12%), and the Village Fund Allocation decreased by IDR 500,000,000 (0.83%). The 2022 budget decrease resulted from a reallocation of funds to address COVID-19. At the same time, the Village Fund Allocation fell by 2.02% in 2023, and the Village Fund decreased by IDR 654,194,000 (0.58%). Reducing poverty is one of the goals of the Village Fund and the Village Fund Allocation.

Tojo Una-Una has a higher poverty rate than other districts, as indicated by the Poverty Ranking, which still ranks it 11th out of 13 districts and cities in Central Sulawesi Province. An analysis of the Tojo Una-Una Regency Social, Women's Empowerment, and Child Protection Office's Integrated Social Welfare Data (DTKS) shows that the number of poor individuals in the regency increased from 60,636 (47%) in 2020 to 74,069 (52%) in 2021, 73,918 (55%) in 2022, and 76,045 (56%) in 2023. These numbers indicate the poverty rate grew by 5% from 2020 to 2021, 3% from 2021 to 2022, and 1% from 2022 to 2023. The data are shown in the following table and graph.

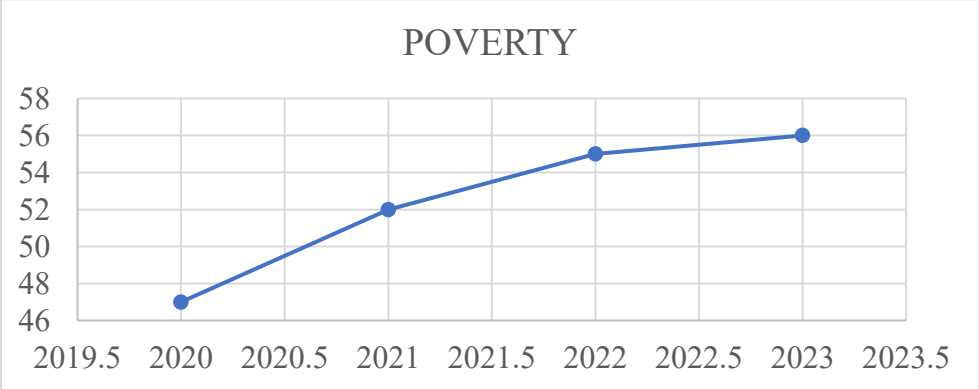

Figure 2. Poverty Curve for 2020-2023

Ayu Novitamara (2020) indicates that the village fund and its allocation significantly affect poverty levels in Kulon Progo Regency. The main variables analyzed in the study are funds, monetary allocation, and initial income from the community. Additionally, research by Sulton Malik Al Ghozali (2019) and Harirah (2020), which examines the effects of the Village Fund on poverty, produces conflicting conclusions. One study finds that the Village Fund Allocation significantly reduces poverty, whereas the other does not reach that

conclusion. Researchers Dianti Lalira et al. (2018) in Gemeh District, Talaud Islands Regency, found that the poverty rate was unaffected by either the Village Fund or the Village Fund Allocation.

Therefore, studying the effectiveness of village funds is essential and can help reduce poverty in Tojo Una-Una Regency. As a result, the author intends to research how the distribution of village funds affects poverty rates in Tojo Una-Una Regency. The study will examine the impact of village funds and their distribution on poverty levels in Tojo Una-Una Regency.

METHODS

The research took place in the Tojo Una-Una Regency of Central Sulawesi. Researchers used a census sampling strategy to recruit participants (Sugiyono, 2016). Saturated sampling, also known as census sampling, is a sampling method in which the entire population is included. One hundred thirty-four villages in the Tojo Una-Una Regency were chosen as samples for this study. The data in this study were analyzed using multiple linear regression.

1. Classical Assumption Test

One way to assess whether the regression data are flawed is to conduct the classic assumption tests. To assess the effect of (X) on (Y), a traditional assumption test is helpful. Therefore, it is essential to review the traditional assumptions (Ghozali, 2006) before performing multiple linear regression tests. These assumptions include:

A. Normality Test

Determining whether the variables in a regression model, whether residuals or confounders, follow a normal distribution is the main purpose of a normality test. We all understand that the t-test assumes normality of residuals. The test loses its validity for small samples if this assumption is violated. This study employs graphical analysis to assess the normality of the data. To evaluate whether a distribution is normal, graphical techniques such as standard probability plots can be used; these compare the cumulative distribution of the data with the standard normal distribution. A straight diagonal line indicates a normal distribution and serves as a reference for comparing the residuals. Data are considered normal if their points cluster along the diagonal and their distribution is approximately symmetric about it.

B. Multicollinearity test

To determine whether any model-independent variables are related, a multicollinearity test is necessary. A high correlation indicates that the independent variables are very similar. Additionally, if the independent variables are correlated, this indicates multicollinearity (MCOLL), which requires further testing to determine whether the regression model captures the correlation.

C. Heteroscedasticity Test

If a multiple regression model has unequal residual variances across observations, the test for heteroscedasticity is used. Homoscedasticity describes a situation where residuals and variances are the same across observations, while heteroscedasticity describes situations where they differ. A good regression model does not show heteroscedasticity, nor does it have homoscedasticity. This study assesses the presence of heteroscedasticity by examining patterns in a scatter plot of the predicted values of the dependent variable (ZPRED) versus its residuals (SRESID). In this graph, the Y-axis shows the predicted Y, and the X-axis shows the residual (Y prediction - Y actual).

D. Autocorrelation Test

An autocorrelation test can be used to analyze the correlation of a series of independent variables organized over time and space. The autocorrelation test is applied to a linear regression model to assess whether there is a correlation between errors at time t and time (t-1).

2. Multiple Linear Regression

The purpose of multiple linear regression analysis is to identify the relationship between a single dependent variable and a set of independent variables. The following equation represents the poverty rate of Tojo Una-

Una Regency, and this study employs it to assess the impact of changes in one or more factors related to testing the influence of the Village Fund and Village Fund Allocation on this rate.
Poverty Rate = f (Village Fund, Village Fund Allocation). The functional was transformed into a regression model as follows:
Where:

$$Y=\alpha+ \beta1X1+\beta2X2+\beta3X3+e$$

Y	=	Poverty Level
A	=	Constant
β	=	Slope or Regression Coefficient
X1	=	Village Funds
X2	=	Village Fund Allocation
e	=	error

A. Hypothesis Testing

Research is guided by hypotheses, which are short-term assumptions about a problem. The null hypothesis (H0) can be rejected if the statistical test falls within the critical region. Conversely, if the test statistic falls within the range for which H0 is not rejected, it is considered insignificant.

B. Coefficient of Determination

The coefficient of determination (R2) is a key metric that quantifies the proportion of variance in the dependent variable that the model explains. This coefficient is used to assess the accuracy of the regression model's predictions for the dependent variable. Ghozali (2006) states that a higher coefficient of determination indicates that the independent variable explains the dependent variable more strongly.

In this context, "coefficient of determination" refers to a value between 0 and 1. When the R2 value is low, the independent variables' ability to explain changes in the dependent variable is significantly limited. A number close to one indicates that we can infer nearly all the information about the variance of the dependent variable from the independent variables.

C. Simultaneous Significant Test (F Statistical Test)

According to Ghozali (2006), the F-test is used to determine whether all independent variables in the model influence the dependent variable. To do this, compare the Fcount and Ftable values. A larger F-count than the F-table is needed to accept the alternative hypothesis, which states that the dependent variable is collectively and significantly affected by all independent variables.

D. Individual Parameter Significance Test (t Statistical Test)

The t-statistic indicates the extent to which an independent variable accounts for variation in the dependent variable, as explained by Ghozali (2006). The t-count and t-table values are compared in this t-test to assess the reliability of the regression model's predictions. The null hypothesis states that there is no relationship between the two variables, whereas the alternative hypothesis posits a statistically significant relationship between the independent and dependent variables. This can also be assessed by examining the p-values of individual variables. Ghozali (2006) states that if the p-value is less than 5%, the hypothesis is accepted.

RESULT

1. Classical Assumption Test Result

A. Normality Test

One way to assess whether the regression model's independent and related variables are normally distributed is to conduct a normality test. Regression models perform best when the data are approximately normally distributed. Graphical analysis is one way to assess whether data are typically distributed, either by examining a standard probability plot or a histogram. To identify if a P-Plot is normal, observe the distribution of data points on the diagonal or the histogram of the residuals.

A normality test using a P-Plot chart involves drawing a straight diagonal line and then plotting the data against it. If the data follow a normal distribution, the data points will lie approximately along the diagonal. The histogram and normal P-Plot in Figures 3 and 4 can serve as initial tools for assessing normality.

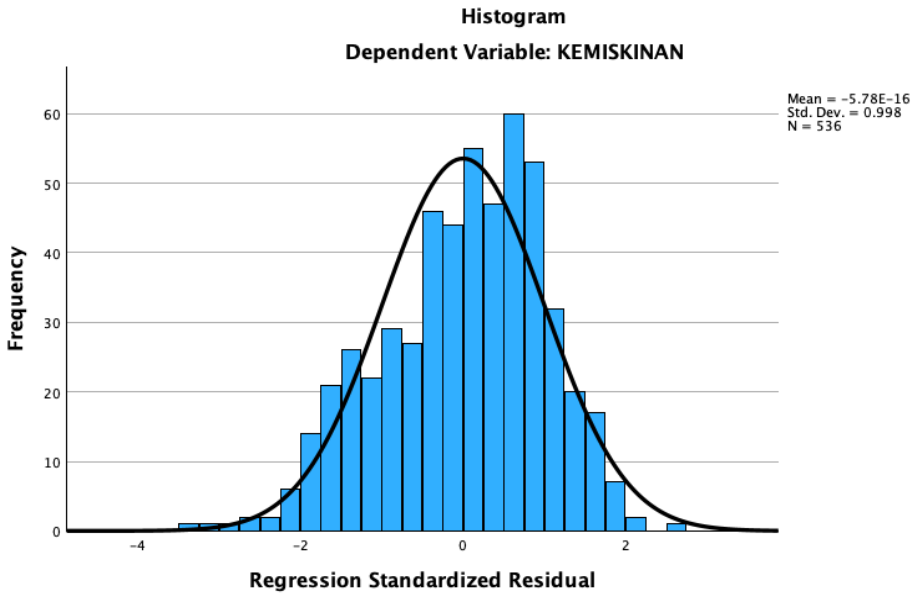

Figure 3. Histogram Graph

Since the histogram data points align, this study concludes that the distribution is approximately normal based on the image above.

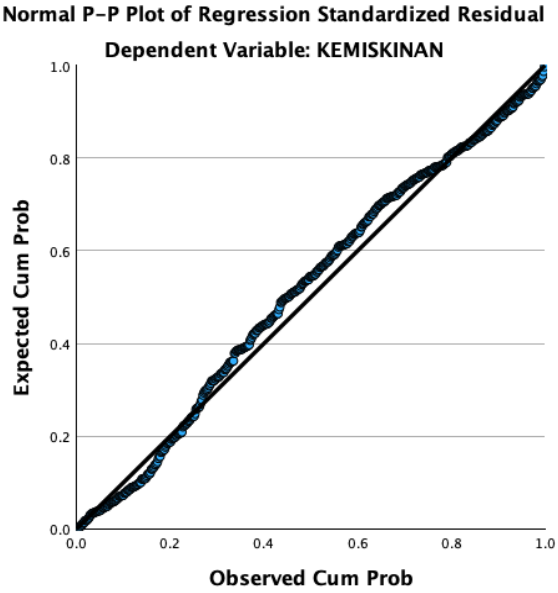

Figure 4. Normal P-Plot Graph

This study concludes that the assumption of normality holds because the data are approximately symmetrically distributed about the diagonal line, as shown in Figure 4 of the Normal Probability Plot.

B. Multicollinearity test

If the independent variables are correlated, a multicollinearity test can be used to assess whether multicollinearity affects the data. Due to potential multicollinearity in the variance inflation factor (VIF) and tolerance columns, this test is performed to ensure that the data are free of such problems. This is what the processed data looks like:

Table 1
Multicollinearity test results

Table 1. Multicollinearity test results

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-5.280	1.490		-3.545	<0.001		
DD	-0.085	0.036	-0.114	-2.385	0.017	0.792	1.262
ADD	-0.381	0.084	-0.217	-4.538	<0.001	0.792	1.262

Source: SPSS Output Results (data processed in 2024)

The multicollinearity test results, including VIF and tolerance values, are presented in the coefficient table. The findings indicate that the tolerance values for the Village Fund and Village Fund Allocation variables are less than 1, and the VIF values are less than 10. The results of the multicollinearity test indicate that the regression model is not multicollinear. X1 and X2 have VIF values of 1.262 and tolerances of 0.792.

C. Heteroscedasticity Test

In a regression model, the heteroscedasticity test assesses whether the variances of the observations are equal or unequal. A scatterplot is used to test for heteroscedasticity. The study's regression model is shown in Figure 5, a scatter plot.

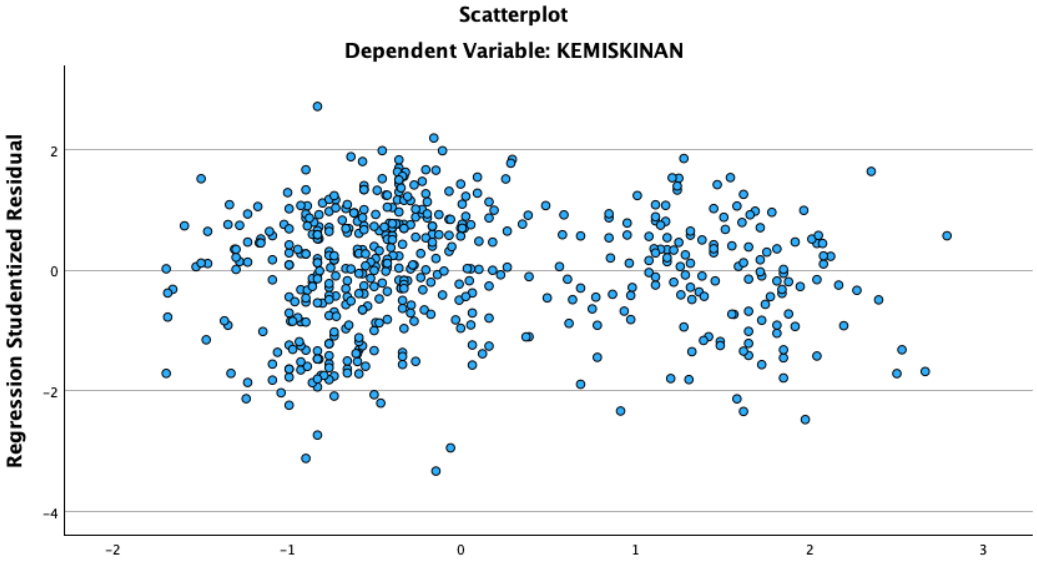

Figure 5. Heteroscedasticity Test Results

Typically, heteroscedasticity is absent in high-quality regression models. One way to assess whether a regression model exhibits heteroscedasticity is to examine the scatterplot. The presence of a specific pattern in the graph indicates heteroscedasticity. Above and below the zero point on the Y-axis, the points are randomly distributed, as seen in Figure 5. It follows that the study's regression model does not exhibit heteroscedasticity.

D. Autocorrelation Test

The autocorrelation test can be used to assess the correlation between two or more independent variables that are ordered in time and space. The autocorrelation test in a linear regression model seeks a relationship between the confounding errors at time t and time (t-1). Using the following table, one can ascertain if an autocorrelation issue exists:

Table 2. Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.193[a]	0.374	0.338	0.15044	1.695

a. Predictors: (Constant), ADD, DD

b. Dependent Variable: POVERTY

Source: SPSS Output Results (data processed in 2024)

The Durbin Watson value is located in the Durbin Watson column of the table that was previously mentioned. The dw table yielded 134 observations, two variables, a 0.05 significant threshold, and a 1.695 Durbin-Watson value. Attained a du value of 1.7482 and a dl value of 1.6877. We can rule out autocorrelation with a dw value of 1.695 since it falls within the region greater than (>) dl.

2. Multiple Regression Test Result

Here, we employ a variety of linear regression models. When there are numerous predictor variables but only one criterion variable, or when attempting to demonstrate a causal relationship between numerous independent variables (X) and a dependent variable (Y), multiple regression is the appropriate statistical method. This study examined the 2020–2023 village grant distributions of Tojo Una-Una Regency and their effects, employing multiple regression analysis. The formula for multiple linear regression is as follows:

$$Y = a + b1X1 + b2X2 + e$$

The multiple regression results in this study can be seen in the following table:

Table 3. Multiple Linear Regression Result

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-5.280	1.490		-3.545	<0.001		
DD	-0.085	0.036	-0.114	-2.385	0.017	0.792	1.262
ADD	-0.381	0.084	-0.217	-4.538	<0.001	0.792	1.262

Source: SPSS Output Results (data processed in 2024)

The results of the multiple linear regression test, as shown in Table 3, lead to the following formula:

$$Y = -5.280 - 0.085(LNX_1) - 0.381(LNX_2) + e$$

Where:

a	= Constanta	= -5.280
X_1	= Village funds	β1 = -0.085
X_2	= Village funds allocation	β2 = -0.381

This is one possible way to look at the multiple linear regression equation's coefficients:

a) The value of the poverty coefficient is -5.280. This graphic illustrates that the Poverty variable in Tojo Una-Una Regency is 5.28% when both the Village Fund and the Village Fund Allocation are set to 0.
b) A coefficient of -0.085 for the independent variable of the village fund (X1) indicates that the impact of the village funds is negative (-). Assuming the Village Fund Allocation (X2) remains constant, a 1% increase in the Fund will result in an 8.5% reduction in poverty.

c) A negative (-) influence is shown by the independent variable Village Fund Allocation (X2), which has a coefficient of -0.381. Under the assumption that the Village Fund (X1) remains constant, a 1% increase in the Allocation will lead to a 38.1% reduction in poverty.

3. Hypothesis Testing

A. Determination Coefficient Test (R2)

As a primary metric, the coefficient of determination (R2) measures the proportion of variance in the dependent variable that is explained by the independent variable. In this context, "coefficient of determination" means a value between 0 and 1. Given the low R2, it is very unlikely that the independent variables explain the variation in the dependent variable. A value close to one indicates that most of the information about the variance of the dependent variable can be inferred from the independent variables. This is what the R2 test for the coefficient of determination revealed:

Table 4. Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.193[a]	0.374	0.338	0.15044	1.695

a. Predictors: (Constant), ADD, DD

b. Dependent Variable: POVERTY

Source: SPSS Output Results (data processed in 2024)

Table 4, which presents the results of the coefficient of determination test for the summary model output of multiple regression analysis, reports an R-squared value of 0.374. Thus, 37.4% of the impact of village funds on poverty rate is attributable to village fund allocation, whereas the remaining 62.6% is attributable to factors outside the scope of this study.

B. Simultaneous Significant Test (F Statistical Test)

F-statistic, which stands for "simultaneous significance test," is a way to find out how big an impact the independent variables have on the dependent one. Below are the criteria:

1) If F count < F table, then Ho is rejected, and H3 is accepted.
2) If F count > F table, then Ho is accepted, and H3 is rejected.
3) If F count < F table, then Ho is rejected, and H3 is accepted, which means that the independent variables jointly affect the dependent variable.

Table 5. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.469	2	0.235	10.362	<0.001[b]
	Residual	12.063	533	0.023		
	Total	12.532	535			

a. Dependent Variable: POVERTY

b. Predictors: (Constant), ADD, DD

Source: SPSS Output Results (data processed in 2024)

Determining the F table with the appropriate significance level should be the first step in deciding whether to accept or reject the hypothesis. The two-sided test results show that 5% = 0.05; degrees of freedom df1 (N1) = number of variables (independent + dependent variables)-1, which is 3-1 = 2; and df2

(N2) = n-k (independent variables)-1, which is 536-2-1 = 533. The results show that the F table value is 3.02, with a calculated F value of 10.362 and a significance level of 0.001. The findings demonstrate that the significance level of 0.001 is less than 0.05, and the calculated F value of 10.362 is greater than 3.02, supporting the rejection of Ho and the acceptance of H3. This suggests that the independent variables (village funds, village fund allocation funds) jointly affect the variable d1.

C. Significance Test of Individual Parameters (T-Test)

The t-test is used to assess the extent to which the dependent variable, poverty, is affected by the independent variables, village finances and village fund allocations. An evaluation threshold of 0.05 is applied. The following criteria will determine whether the hypothesis is accepted or rejected:

1) If the significance value > 0.05, then Ho is accepted and H1, H2, and the independent variable are not significantly affecting the dependent variable.
2) The regression coefficient is not significant if the significance value < 0.05, which implies that Ho is rejected and H1, H2, and H3 are accepted. This suggests that the independent variable has a partial yet meaningful effect on the dependent variable.

Table 6. Results of the t-test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-5.280	1.490		-3.545	<0.001		
DD	-0.085	0.036	-0.114	-2.385	0.017	0.792	1.262
ADD	-0.381	0.084	-0.217	-4.538	<0.001	0.792	1.262

Source: SPSS Output Results (data processed in 2024)

The following table presents the test findings that were obtained:

a) Village fund variable (X1)

A t-value of -2.385 and a significance level of 0.017 were recorded for the village fund variable (X1). The decision to accept or reject the hypothesis depends on the magnitude of the significance level. Since the p-value is less than 0.05 (0.017), the results support accepting H1 and rejecting H0. There is a partial but statistically significant relationship between the poverty rate and the village fund variable (X1) at the 95% confidence level. It also influences the poverty variable (Y). This suggests that the amount of local funding impacts both high and low poverty rates. Additionally, the negative sign (-) indicates that as the amount distributed from the Village Fund increases, the poverty rate decreases.

b) Village fund allocation variable (X2)

The t-value for the Village Fund Allocation Variable (X2) is -4.538, and the significance level is 0.001. The processes for accepting or rejecting the hypothesis depend on the magnitude of the significance value. Degree of significance. The statistics suggest that H1 is accepted and H0 is rejected, since the p-value is <0.05. The distribution of village money significantly affects the poverty rate, as indicated by the positive and statistically significant coefficient on the village fund allocation variable (X1) at the 95% confidence level. This implies that both high and low poverty rates will be affected by the amount of local funds allocated, whether the allocation is higher or lower. Additionally, the negative sign (-) indicates that the poverty rate will decline as the Village Fund Allocation is distributed.

DISCUSSION

1. Partial Effect of Total Village Fund and Village Fund Allocation on Poverty Level in Tojo Una-Una Regency in 2020-2023.

Following is an explanation of partial influence, which is the effect of independent variables separately on the dependent variable, to ascertain the impact of the following variables on the poverty rate in Tojo Una-Una Regency in 2020–2023, namely the amount of village funds and the amount of village fund allocation.

2. Effect of Village Funds on Poverty Levels in Tojo Una-Una Regency in 2020-2023.

With a coefficient of -0.085, the Village Fund variable was found to have a significant impact on poverty in Tojo Una-Una Regency. According to these findings, poverty rates decrease when village funds are distributed more broadly, and increase when they are distributed less widely. Tables 1.1 and 1.2 illustrate this. They show that the distribution of village finances in Tojo Una-Una Regency declined by 9.12% in 2022, while poverty rose by 3%. Funds for the hamlet decreased by 0.58% the following year, with poverty increasing by 1%. There was a 5% rise in poverty in 2021, alongside a 0.08% increase in village finance distribution from 2020. This change was caused by a shift in the poverty classification system, moving from Decile 2 (households in the 11–20% group) to Decile 3 (households in the 21–30% group).

The Tojo Una-Una district has adopted the village fund program, which primarily focuses on village development, including construction, maintenance, and related initiatives. Most of the funding supports projects that promote economic empowerment of village residents, which often require manual labor. These projects funded by village resources in Tojo Una-Una include building infrastructure such as small roads, public toilets, health clinics, school buildings, and other facilities. Additionally, funds support health services, agricultural aid, livestock programs, direct cash assistance, and the development of BUMDes (village-owned enterprises). A 2019 study titled "The Effect of Village Funds and Village Fund Allocation on Poverty Levels in Sendang Agung Subdistrict in the Perspective of Islamic Economics" by Sulton Malik Alghozali found that village funds significantly influence poverty levels, making his findings relevant here. However, he did not consider a 2020 study by Harirrah, titled "The effect of GRDP, village funds, and village fund allocations on poverty in Maros district," which concluded that village funds did not have a significant impact on poverty. During that period, most village fund expenditure in Maros Regency went toward improving infrastructure, with limited focus on community economic empowerment. Furthermore, the infrastructure built was of low quality, which explains the differing results compared to Harrirrah's study—mainly due to inadequate technical management and planning capabilities. This research aligns with the goals of the Directorate General of Fiscal Balance (DJPK), which aims to reduce poverty and boost the village economy through the use of village funds. It also supports Law No. 6 of 2014, which states that village funds are meant to provide services to residents, eliminate development gaps, improve the local economy, and empower villagers as active subjects of reform.

3. The Effect of Village Fund Allocation on Poverty Level in Tojo Una-Una Regency 2020-2023.

Poverty in Tojo Una-Una Regency was found to be significantly affected by the variable of Village Fund Allocation (r = -0.381). According to these findings, poverty levels decrease as village budgets are more generously allocated, and they increase as budgets are less generously allocated. The distribution of the Village Fund Allocation budget in Tojo Una-Una district consistently declined from 2020 to 2023, as shown in tables 1.1 and 1.2. In 2021, it was 12.24%, in 2022 it was 0.83%, and in 2023 it was 2.02%. This reduction in allocation led to an increase in poverty that same year, with 5% in 2021, 3% in 2022, and 1% again in 2023.

To alleviate poverty, most of the village budget in Tojo una-una district goes toward village administration, community development, disaster management with community involvement, community empowerment, and development projects. This aligns with one of the goals of distributing village funds as outlined in Minister of Home Affairs Regulation No. 37/2007. The aim is to reduce poverty and inequality by strengthening local communities and improving village-level development planning and funding. The findings of this study agree with a 2020 study by Harirrah titled "The effect of GRDP, village funds, and village fund allocations on poverty in Maros district." However, these results conflict with a 2019 study by Sulton Malik Alghozali titled "The effect of village funds and village fund allocations on poverty levels in Sendang Agung sub-district in the perspective of Islamic economics." In the latter study, the Village Fund Allocation was found to have no significant impact on poverty levels. This is because the research only considered infrastructure development projects like roads, drainage, irrigation, creating gates or village boundaries, and remodeling office spaces, without exploring other factors. Community

empowerment has yet to see much progress, especially in optimizing village-owned enterprises (BUMDes), which could help boost the local economy, reduce poverty, and improve welfare.

4. Simultaneous Effect of the Total Village Fund and Village Fund Allocation on the Poverty Level in Tojo Una-Una Regency in 2020-2023.

Research shows that poverty is a dependent variable influenced by both the village fund and its distribution. In other words, the poverty rate in Tjo una-una will decrease as the distribution and allocation of village funds increase, and vice versa. Reducing poverty and inequality between villages are the main goals of the village fund policy and its distribution, as stated in PP Number 60 of 2014 and Permendagri Number 37 of 2007. Ayu Novitamara studied the 2020s to determine how the poverty rate in Kalurahan-Kalurahan, Kulon Progo Regency, was affected by village finances, village fund allocation, and village original revenue. Her results align with these findings. This study examined 30 kalurahan in Kulon Progo Regency and found that village original income, village fund allocation, and village fund all influenced poverty levels. The results also support those of a 2019 study by Sulton Malik Alghozali titled "The effect of village funds and village fund allocations on poverty levels in the Sendang Agung sub-district in an Islamic economic perspective." Consequently, this study's findings confirm the conclusions of that research.

According to the data, other variables account for 62.6% of the variation in poverty rates, while village funds and their distribution account for 37.4%. Results from the test using the R-squared value of 0.374 for the coefficient of determination (R2) support this. As shown in Table 1.2, the Tojo Una-Una district is expected to experience an increase in poverty from 2020 to 2024. Due to the budget refocusing policy implemented to address the COVID-19 pandemic, the distribution of village funding within the district has decreased, even though it has been steadily declining from 2020 to 2023. In practice, village funds and their allocations in Tojo Una-Una district are used for development, maintenance, and related activities. Most of the village funds are allocated for village development through labor-intensive programs, including infrastructure projects, construction of production bag roads, village roads, and village community economic empowerment programs. These include agricultural and plantation seed assistance, livestock seed assistance, fisherman assistance, fish seed assistance, and funding for village administrative expenses, community development, project implementation, empowerment activities, and disaster management. However, there are challenges in the village community economic empowerment program, as many residents of Tojo Una-Una still focus on short-term needs, preventing the implementation of sustainable activities. Moving forward, the district government should act as a facilitator, enabling village communities to plan, implement, and monitor their use of village funds and allocations. Mutual cooperation is essential, so that ultimately, equitable development—especially in rural areas—will improve the welfare and living standards of rural communities.

CONCLUSIONS

1. Village Fund from 2020 to 2023 fluctuated, increasing in some years and decreasing in others. The lowest distribution was in Banano Village in 2022, while the highest was in Kasiala Village in 2021. Regarding allocation, the distribution decreased from 2020 to 2023, with the lowest in Tanjung Pude Village in 2022 and the highest in Kasiala Village in 2020. Despite this, poverty rates consistently increased from 2020 to 2023, and the average poverty rate in Tojo una-una district during this period is 56.42%.
2. Partially, the Village Fund variable has a significant negative effect on the poverty rate in Tojo Una-Una Regency. This indicates that the more Village Fund a region receives, the lower its poverty rate will be. This is because the implementation of the village fund program in Tojo Una-Una district has been carried out according to the priority use of village funds in the field of village development, specifically for development, construction, and maintenance.
3. Partially, the Village Fund Allocation variable has a significant negative effect on the poverty rate in Tojo Una-Una Regency. This indicates that the more Village Fund Allocation a region receives, the lower its poverty rate. This is because most of the village funds in Tojo Una-Una district are

used for village government administration, community development, and empowerment, which helps create employment opportunities and increases community income, thereby reducing poverty.

4. At the same time, the variables of Village Fund and Village Fund Allocation significantly impact the poverty rate in Tojo Una-Una Regency. Collectively, the influence of these independent variables—village funds and village fund allocations—on the poverty rate is 34.9%, while the remaining 65.1% is affected by other variables outside the scope of this research. This aligns with PP No. 60 of 2014 and Permendagri No. 37 of 2007, which state that the objectives of the village fund policy and the allocation of village funds are to reduce poverty and inequality among villages.

SUGGESTIONS

This study makes the following recommendations in light of the presented findings:

1. The government should task the sub-district government and village facilitators with doing more targeted and ongoing mentoring, coaching, and monitoring of the execution of village activity programs.
2. For the purpose of investing village money in community empowerment and using those monies to build MSMEs in the village, with a focus on developing village potential.

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