# WELFARE BENEFICIARY LEVEL MANDIRI NATIONAL PROGRAM FOR COMMUNITY EMPOWERMENT, POST PROGRAM

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***Abstract:*** Promoting public welfare is a mandate that must be fought and embodied in Indonesia's economic development. The National Program for Empowering Self-Sufficiency for Urban Communities (PNPM-MP) and the National Program for Empowering Rural Communities (PNPM-MPd) is one of the poverty alleviation programs that have the specificity of community empowerment through economic and non-economic activities. Economic activities are carried out by providing revolving loans to the poor to engage in productive economic activities. This program runs from 2007 - 2015. The results of this program can reduce poverty, improve welfare, and reduce the income distribution inequality in urban and rural areas. Although the program has ended, it still leaves revolving loan activities in the community, and the community still wants the activities to be continued.

***Keywords:*** Promoting general welfare, PNPM - MP, PNPM - MPd, productive economy, distribution of community income.

## 1. INTRODUCION

Economic development is an effort undertaken by a country to increase the income per capita community in efforts to reduce poverty and improve welfare. Poverty is a condition of one's inability to meet the most basic necessities of life, namely food, clothing, and housing. This condition is characterized by not being able to fulfill its basic rights to maintain and develop life properly (BPS, 2009). In detail according to Sumodiningrat in Rahajuni (2017) that the poor are generally characterized by powerlessness in the case of (a). Meet basic needs such as food and nutrition, clothing, shelter, education, and health (basic need deprivation); (b). Conduct productive business activities (unproductiveness); (c). Reaching social and economic resources (inaccessibility); (d). Determining his own fate and always receiving discriminatory treatment, having feelings of fear and suspicion, as well as apathy and fatalistic (vulnerability); and (e). Feeling of dignity and low self-esteem (no freedom for poor). Welfare is a condition in which the society has been able

to meet the needs of a decent life. Efforts to advance the general welfare are a mandate for one of the Indonesian states listed in the Preamble of the Republic of Indonesia Constitution.

Various efforts have been made by the government to realize the common prosperity. After the New Order government managed to maintain the sustainability of the economic growth rate, at an average rate of 6 percent during the first 25-year development period. In the next development period In the next development period, the goal is to improve welfare and reduce the inequality of income distribution. However, the impact of the economic crisis in 1996, the percentage of poor people increased from 17.47% to 24.23% (BPS, 2007). However, the impact of the economic crisis in 1996, the percentage of poor people increased from 17.47% to 24.23% (BPS, 2007).

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Village Development Improvement Project (P3DT) in 1996, the Kecamatan Development Program (KDP) and the Poverty Reduction Program Due to the Impact of the Economic Crisis (PMKDKE ) in 1998, PNPM-Mandiri in 2006 (Haryadi, 2016). PNPM-Mandiri Program (PNPM-M) is divided into 2 programs adjusted to the target area, there are PNPM-Mandiri Perkotaan (PNPM-MP) in the urban area and PNPM-Mandiri Perdesaan (PNPM-MPd) program in the rural area. The PNPM-M program lasts the longest among other poverty reduction programs, from 2007 to 2015. In 2015, based on a decision letter of the Ministry of Home Affairs and the Ministry of Village, Development of Underdeveloped, and Transmigration (PDTT) with number 100/1694/SJ and number 01/BA/M-DPDTT/ IV/2015, the PNPM Mandiri program that runs since 2007 has ended on 31 December 2014.

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The specificity of the PNPM-M program is in its management pattern which focuses on community empowerment of program areas. According to Wandersman (2005), the concept of empowerment generally arises as a result of the antithesis of the development model and the industrialization model that is in favor of the majority of people resulting in the dichotomy of society, that are the ruling society and the controlled society, including the dichotomy in terms of income and welfare.

In addition to program management, the PNPM-M programs work to address the poverty of the community in accordance with the conditions of its territory, as evidenced by the authority of the government institution that oversees the program. The PNPM - MP program is at the Ministry of Public Works and the PNPM - MPd program is at the Ministry of Home Affairs with a rank of hierarchy underneath. In terms of implementation, the program implementation activities carried out by social institutions as a management consultant, which handles the implementation of the program up to the district level, at the village level is handled by the village community.

PNPM-M Program activities at the village level focus on the development of economic support facilities and economic development comprising the development of physical, social, and environmental facilities, and supporting activities of productive economic activities in the form of providing revolving loans to the poor to increase income through productive economic activities. There are 2 kinds of revolving loan management schemes, which are for urban areas managed directly by the community in Badan Keswadayaan Masyarakat (BKM) located at the village level, while for rural areas managed by Unit Pengelola Kegiatan (UPK) located at the sub-district level. At the community level for urban areas are formed the Community Self-Help Groups (KSM) and in the rural areas are formed Women Savings and Loans (SPP).

The success of this program is seen from the decrease of poverty percentage from 17,75% in 2006 to 10,70% in 2011 (BPS, 2016) with an indicator of the number of population that has per capita expenditure per month below the poverty line. In Kabupaten Banyumas the poverty rate decreased from 24 percent in 2006 to 9.35 in 2011. Rahajuni (2016) showed that the PNPM-MP and PNPM-MPd program in Banyumas District has been able to reduce the poverty level and the community still expecting the PNPM-M program, especially the revolving loan activities, to be continued. There is still a need for sustainable assistance programs

for the poor as well (Rahajuni, 2017). Haryadi (2016) showed that the PNPM-M program still leaves some revolving loan funds that are still circulating in the community, therefore with the end of the program it is necessary to maintain the sustainability of the revolving loan management of the community to help its economic empowerment.

Based on the amount of poverty that has been decreased during the program indicates that the program has succeeded in reducing poverty. However, how does that relate to the level of welfare that is the mandate of the Indonesian Constitution of the Republic of Indonesia, and how its evenness still needs to be studied further.

## 2. RESEARCH METHOD

(a) This research is a survey research conducted on beneficiaries of PNPM-MP and PNPM-MPd program in Banyumas District. Sampling method was done by purposive random sampling.

   1) The sample of the research area for the PNPM-MP program is the area of the former beneficiaries of the PNPM-MP program, that in 2015 was designated as a slum area based on the Banyumas Regent Decree No.050/1444/2014 on the Urban Slum Area. From 5 (five) villages that included the light slums and the moderate slums area are each taken one village at random. The research respondents are all members of Economic Group Economic Self-sufficiency (KSM) that exist in selected urban areas, with 10% KSM samples from the number of KSM in each village. Kedungwuluh is a sample of the selected village in the light slum area with 48 KSM, 5 KSM were taken with 41 members and a sample of the selected village in the moderate slum area was Purwokerto Lor with 34 KSM, 4 KSM were taken with 38 members.

   2) The samples of PNPM-MPd program are Beji village in Kedungbanteng sub-district, and Karagtengah village in Cilongok sub-district. The basis for location selection is that Beji

Village with the best SPP group in Banyumas Regency, while Karangtengah Village is the village with the highest SPP group in Banyumas district. The number of SPP groups in Beji village is 28 groups and in Karangtengah Village is 64 groups. The sample of each group is 10%, the respondent sample is the member of the selected SPP group in the Beji village as many as 38 respondents, and in Karangtengah village as many as 54 respondents. The total of the respondents is 92 respondents.

(b) The research method uses qualitative and quantitative approach, focusing on the impact of PNPM-MP and PNPM-MPd program on Post-Program economic beneficiaries seen from 1). Socio-economic conditions of program beneficiaries; 2). Poverty level, 3). Prosperity level; and 4). Equity distribution of income.

(c) Data collection was done through survey and questionnaire. Required data include 1). Level of education; 2). Age; 3). Long membership; 4). Amount of loan; 5). Utilization of loan; 6). Family income of respondents; 7). The number of family members.

(d) The analytical methods used are:

   1) Qualitative analysis is used to analyze the socio-economic condition of respondents.

   2) Quantitative analysis is used to look at the level of poverty, welfare level, and income distribution of respondents.

      a) The poverty rate of respondents is calculated by comparing the income per capita of household members with income above the rural poverty line based on the result of the Indonesian national socioeconomic survey conducted in September 2016, amounting to Rp 372.114,00 for urban areas and Rp 350,420 for rural areas (BPS, 2017).

      b) The respondent's welfare level is calculated by comparing the income per capita of the respondent with the equivalent income for the fulfillment of decent living requirement (KHL) in Banyumas Regency in 2016, which is Rp 1,350,000.00.

c) The distribution of income distribution is calculated by Gini Coefficient (Widodo, 1990):

$$GC = 1 - \sum_{1}^{n}(X_{i+1} - X_i)(Y_i + Y_{i+1})$$

Description: GC = Gini Rate Coefficient

Xi  =  The proportion of cumulative household number in class i

Yi  =  The proportion of cumulative household income in class i

GC Criteria:

The inequality income distribution is low if GC < 0.30

The inequality of income distribution is moderate if GC is between 0.31 - 0.40

The inequality of income distribution is hight if GC> 0.41

## 3. RESEARCH RESULTS

**(a) Analysis of Research Results**

1) The condition of respondents of PNPM-MP program

The condition of the beneficiaries of PNPM-MP program revolving loans is as follows:

a)  Age of respondent

The majority of respondents are in the age group of 41 - 50 years, ie 38 respondents (48%), in the age group of 51-60 years as many as 15 respondents (19%), and in the age group under 40 years as many as 26 respondents (37%).

b)  Education level

The level of education of respondents is low, most of 46 respondents (58%) only undergo basic education. In detail, the composition of respondents were 14 respondents (18%) with elementary education, 32 respondents (40%) with junior high school education, 30 respondents (38%) with high school education, and 3 respondents (4%) educated up to university.

c)  The average length of respondents become members of KSM

The duration of respondents being members of KSM and obtaining revolving loan funds indicates that the respondents belong to the poor in their communities. Based on the duration of the respondent's membership in the KSM, the average length of 7-year old respondent's membership, in details at least 1 year and at the most 9 years. The respondents with less than five years membership as many as 21 respondents (27%), and the respondents with more than 5 years as many as 58 people (73%).

d)  Amount of loan

The average of respondent's lowest loan is Rp500.000,00 and the highest loan is Rp5.000.000,00. The most respondents (50 respondents) took a loan of Rp 2,000,000.00 to Rp3,000,000.00; 20 respondents (26%) took a loan of Rp4,000,000.00 to Rp5,000,000.00, and the remaining 9 respondents took a maximum loan of Rp1.500.000,00.

e)  Utilization of the loan

Not all respondents use the revolving loan for productive economic activities. A total of 41 respondents (52%) utilize revolving loan funds for consumptive activities.

f)  Income sources of respondents

Associated with the source of income, the average family of respondents has more than one source of income, ie from husband income, wife income, and side income of husband and wife. The respondents had one source of income are 33 people (41%), two sources of income are 39 people (49%), and 3 sources of income are 7 people (9%).

g)  The average income per capita of the respondent family is Rp1.068.050,00. The lowest income is Rp 75.000,00 and the highest is Rp 7,000,000,00. Associated with income equal to the urban poverty level of Rp 372.114,00, there are 11 respondents (13,92%) with per capita

income level below the poverty line. However, when associated with the level of welfare seen from the level of equal income for the fulfillment of living needs (KHL) in Banyumas district of Rp1.350.000,00, there are only 20 people (25.32 percent) whose level of per capita income above KHL.

h)    The level of income distribution

According to Gini coefficient value, there is an inequality of respondent's income distribution. However, the income inequality is still in the medium category, due to the Gini coefficient rate of 0.34%, between 0.31 - 0.40.

2)    The condition of the respondents of the PNPM-MPd program

The condition of the beneficiaries of the PNPM-MPd program in the form of revolving loan is as follows:

a)    Age of respondent

The majority of respondents are in the age group of 51-60 years as 44 respondents (48%), in the age group of 41- 50 years as many as 40 respondents (43%), and in the age group under 40 years as many as 8 respondents (9%).

b)    Level of education

The education level of the respondents is low. Most of them are 59 respondents (54%) only have elementary education, 26 respondents (24%) have junior high education, 14 respondents (13%) have high school education and 1 respondent (1%) educated to university.

c)    The average length of the respondent becomes a member of SPP

The duration of the respondent being a member of SPP and obtaining revolving loan funds indicates that the respondent belongs to the poor. Based on the length of the respondent's membership in the SPP, the average length of the 5.5 years respondent's membership, with details at least 1 year and at most 9 years, respondents with less than five years membership as many as 58 respondents (63%) and respondents with longer membership than 5 years as many as 34 people (37%).

d)    Amount of loan

The average respondent's loan is Rp1,000,000.00 and the highest is Rp10,000,000.00. The most respondents (68 respondents/74%) took a loan of Rp 2,000,000.00 to Rp3,000,000.00; 14 respondents (15%) took a loan of Rp4,000,000.00 to Rp5,000,000.00, and the remaining 10 respondents (11%) took a loan of Rp1,000,000.00.

e)    Utilization of the loan

Not all respondents use the revolving loan for productive economic activities. A total of 27 people (29%) of respondents utilize revolving loan funds for consumptive activities.

f)    Income sources of respondents

Associated with the source of income, the average respondent has more than one source of income, ie from husband income, wife income, and side income of husband and wife. The respondents had one source of income are 27 people (29%), two sources of income are 42 people (46%) and 3 sources of income are 23 people (25%).

g)    The average income per capita of the respondent's family is Rp688,796.14 with the lowest income is Rp 100,000.00 and the highest is Rp4,350,000.00. Associated with income equal to the rural poverty level of Rp 350,240,00, there are 27 respondents (29%) with per capita income level below the poverty line. However, if it is related to the level of welfare seen from the level of equal income for the fulfillment of living needs (KHL) in Banyumas Regency of Rp1.350.000,00, there are only 17 people (18.48%) whose level of per capita income above KHL.

h)    The level of income distribution

According to Gini coefficient value, there is an inequality of respondent's income distribution. However, the income inequality is still in the medium category, due to the Gini coefficient rate of 0.34%, between 0.31 - 0.40.

**(b) Discussion of research results**

Efforts to reduce poverty through PNPM-MP and PNPM-MPd programs can increase the per capita income of the community, as seen from the increase in per capita income of some people from income below the poverty line to the appropriate income to meet the needs of life. In addition, the program can also smooth out the distribution of people's income, thereby reducing the inequality of income distribution. Such conditions are encountered in both urban and rural areas. However, poverty reduction, welfare improvement, and equal distribution of income in research objects are higher in urban areas than in rural areas.

The differences of poverty alleviation program results in PNPM-M scheme occur because:

1. Internal conditions of program beneficiaries

   The poverty caused by the internal conditions of beneficiaries is evident from the low level of education, most of them are primary school educated. In addition, the age conditions, according to the criteria of the Ministry of Health of the Republic of Indonesia, the most of respondents are in the group of late adulthood and early elderly category. At this conditions, a person already feels comfortable with his habits so difficult to accept change.

2. The involvement of beneficiaries in the program

   In general, beneficiaries are happy with the existence of the program, even they hope the program can continue and increase lending. This can also be seen from the long-term membership of the beneficiaries in the program. Based on the duration of the program membership, it is seen that the beneficiaries always try to meet the revolving loan rules in the hope that they can receive more loans in the next period with a larger amount.

3. Utilization of the loan

   The purpose of revolving loans to reduce the poverty and the unemployment through productive economic activities is still not fully utilized in accordance with its objectives. There are beneficiaries who use loans for purely consumptive purposes, and some use partially for productive activities. The beneficiaries do not conduct productive business activities because of their limited resources. In general, beneficiaries who perform productive economic activities are still less attention to the utilization of natural resources in the region.

4. The program management

   The results differences between PNPM-MP and PNPM-MPd programs may be due to different program management patterns. In the PNPM-MP program, the program of revolving loan activities to improve the productive economic activities of the community is managed through the village level managed by the Community Self Development Agency (BKM) channeled directly to community groups and beneficiaries. While in the PNPM-MPd program, revolving loan activities are managed by the Activity Management Unit (UPK) located at the sub-district level, in the program object area coordinated by the village economic coordinator and/or village community development cadres and then on the community group to be forwarded to the beneficiary community.

## 4. CONCLUSIONS

(a) PNPM-MP and PNPM-MPd poverty alleviation programs can reduce poverty, improve welfare, and reduce the income distribution inequality.

(b) Required program sustainability with a direct management pattern to the target or beneficiaries.

(c) There is a need to differentiate the program according to the internal conditions of program beneficiaries.

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