



The Effect of Village Fund Cash Transfer on Food Consumption

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Abstract

The Covid-19 pandemic has caused economic problems in Patebon District. Village fund cash transfer is a program to help increase food consumption for poor households and those affected by the Covid-19 pandemic. This study aims to analyze the effect of village fund cash transfer on the level of food consumption of Beneficiary Families (KPM) after receiving village fund cash transfer. This research was conducted by interviewing 89 KPM village fund cash transfer in Patebon District. The analysis was conducted using one dependent variable, namely the level of household food consumption and five independent variables, namely the village fund cash transfer, household income, number of family dependants, head of household job status, and head of household education. The analysis was performed using logistic regression. Household income and the number of family dependants have a significant effect on the level of change in household food consumption. Meanwhile, the village fund cash transfer, head of household job status, and head of household education have no significant effect on the level of change in household food consumption.

Keywords: Village Fund Cash Transfer, Food Consumption, Household

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INTRODUCTION

In 2020, the Covid-19 pandemic has spread to various regions in Indonesia to have an impact on social and economic aspects in society. In 2020, Indonesia's economic growth

will contract by 2.07%. The National poverty rate also increased from 9.22% in September 2019 to 9.78% in March 2020. This number continued to rise to 10.19% in September 2020. These economic problems also affected various regions

in Indonesia. In Central Java, the poverty rate due to the Covid-19 pandemic increased from 10.80% to 11.41% in 2020. In addition, economic growth in Central Java also decreased to minus 5.42 percent in the second quarter of 2020.

The declining economic conditions also have an impact on the level of community welfare. According to Malik (2015), economic welfare has a basic assumption that the purpose of economic activity is to increase the welfare of individuals in society. This shows that when the economy in a country is good, the level of public welfare is also high. So that when economic conditions decline, the government as a policy maker has an obligation to ensure the welfare of the community.

To encourage economic recovery due to the Covid-19 pandemic, the Indonesian government issued a social safety net program, one of which is the Village Fund cash transfer program. The Village Fund cash transfer is an instrument for transferring funds from the government to the regions that aims to restore the economy of rural communities affected by the Covid-19 pandemic.

The Village Fund cash transfer program was first implemented in 2020 with a total of 23.74 trillion funds distributed to 8 million Beneficiary Families (KPM) spread throughout Indonesia. The amount of assistance provided is IDR 600,000 per month for the first 3 months starting from April 2020. The Village Fund cash transfer continues in the next six-month period with the amount of assistance provided decreasing by IDR 300,000 per month.

The nominal decline is due to the provision of assistance that adjusts the availability of funds and the number of KPM which may experience changes in the next period. The Village Fund cash transfer will

continue throughout 2021 with the main target beneficiaries being farmers, fishermen, merchant, MSME owner, labor, and teachers.

In the household, food consumption is a basic need that must be met on a regular basis. Therefore, it is necessary to know whether the Village Fund cash transfer can affect changes in household food consumption levels. Several studies have been conducted to see the potential of the Conditional Cash Transfer or CCT program in influencing changes in household food consumption levels. Attanasio and Mesnard (2006) examined the impact of conditional cash transfer programs on consumption in Colombia.

As a result, conditional cash transfers are effective in increasing total consumption with the main component of food and improving the quality of the food consumed. Kusuma et al (2017) who examined the implementation of the PKH and Generasi program in Indonesia also found the results that the program was significantly proven to increase food consumption, especially in children's diets that were rich in protein after two years of implementation.

The Village Fund cash transfer has also been implemented in Kendal Regency during 2020 starting from the first stage, namely in March 2020 which was distributed to 266 villages. However, there are several problems with the Village Fund cash transfer in Kendal Regency. Based on information from the Kendal Regency official website, several problems often arise in the distribution of Village Fund cash transfer in Kendal Regency including delays related to accountability, delays in implementation, lack of supervision, and limited Village Funds that can be used for Village Fund cash transfer. In fact, many households in Kendal Regency whose economy has been

affected by the Covid-19 pandemic. BPS data recorded the number of unemployed caused by the Covid-19 pandemic in Kendal Regency was 12,735 people in 2020.

This unemployment rate is in line with the increasing number of poor people in Kendal Regency. In 2019, the number of poor people in Kendal Regency was more than 91 thousand people. Then that number will increase in 2020 to 97,000 more poor people. Patebon sub-district has the highest number of Village Fund cash transfer recipients out of 20 other sub-districts in Kendal Regency.

There are 2209 KPM spread across 18 villages in December 2021. The high number is also due to several problems that are directly felt by households in Patebon District. Based on the results of the pre-survey conducted, there are several problems that befell the people of the Patebon sub-district and affect the level of household consumption.

These problems consist of restrictions on activities that reduce MSME income, workers who are laid off or decreased wages, and decreased public consumption which has an impact on decreasing farmer income. Some of these problems became the basis of this research to see the impact of BLT Dana Desa on changes in the level of food consumption of KPM households.

RESEARCH METHODS

This research uses a Goodness of Fit Test and Expectation-Prediction Evaluation analysis to test the feasibility of the model used. This study also used statistical descriptive analysis and logistic regression analysis. Descriptive statistics is a method used to study tools, techniques, or procedures used to provide an overview and description of a collection of data

or observations. While the logistic regression analysis method is used to analyze the effect of the independent variable on the dependent variable.

The dependent variable used is 0 and 1 or in the form of a dummy so that it can be said to be a binary variable. So, the right model to use is the Logistic Regression Model. The model used covers the scope of the household of the village fund cash transfer Beneficiary Family (KPM) so that the model used is as follows:

$$Li = \ln \left[\frac{Pi}{1-Pi} \right] = \alpha + \alpha_1 \beta_1 + \alpha_2 \beta_2 + \alpha_3 \beta_3 + \alpha_4 \beta_4 + \alpha_5 \beta_5 + e$$

Where Li is dependent variable or dummy dependent variable. The value is 1 if the event occurs and 0 if the event does not occur.

$$\ln \left[\frac{Pi}{1-Pi} \right] = \ln \left[\frac{\text{Change in the level of food consumption}}{\text{No change in the level of food consumption}} \right]$$

Where α is constant; $\beta_1 \dots \beta_6$ is Regression coefficient of each independent variable or independent variable; X_1 is Village fund cash transfer; X_2 is Household income; X_3 is number of family dependants; X_4 is head of household job status; X_5 is head of household education; and e is standard error.

RESULTS AND DISCUSSION

The Village Fund cash transfer was first implemented in Patebon District in April 2020 which was distributed to 2,547 Beneficiary Families (KPM) in 17 different villages. The KPM consists of poor families, families who have lost their livelihoods, and families who are unable to support the economy due to the Covid-19 pandemic. The determination of KPM is carried out through village level deliberation. Initially,

the amount of assistance provided was IDR 600,000.00 for three months (April, May, and June 2020).

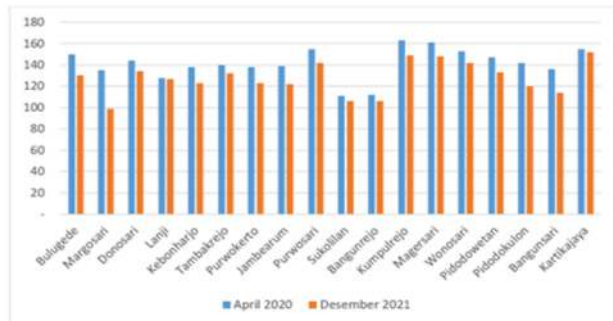


Figure 1. Number of Beneficiary Families (KPM) of Village Fund cash transfer in Patebon District in April 2020 and December 2021

Source: Kendal Regency Community and Village Empowerment Service, 2022

Based on Figure 1, there are differences in the number of KPM Village Funds cash transfer in Patebon Regency in the initial period of granting Village Funds cash transfer, which is April 2020 as many as 2.547 KPM and December 2021 as many as 2.302. This means that there is a decrease in the number of KPM Village Funds cash transfer by 245 KPM or 9.62%. All villages showed a decrease in the number of KPM.

The decrease was caused by various things, such as recipients who changed their domicile, recipients who died, to recipients who no longer met the criteria. So it is necessary to do further research whether the decrease in the number is caused by the influence of the Village Fund cash transfer program or other factors.

Table 1. Household Characteristics Based on the Proportion of Village Fund Cash Transfer to Food Consumption per Month

| Proportion of Village Fund BLT to Food Consumption Per Month (%) | There is an increase in household food consumption | Percentage (%) | There is no increase in household food consumption | Percentage (%) | Amount |
|--|--|----------------|--|----------------|--------|
| 0 – 50,00 | 4 | 80 | 1 | 20 | 5 |
| 50,01 – 100,00 | 56 | 66,67 | 28 | 33,33 | 84 |
| Amount | 60 | | 29 | | 89 |

Source : Primary Data, 2022, processed

Based on research data, there is a variation between the proportion of Village Fund cash transfer used for food consumption and the increase in household food consumption. The proportion of Village Fund cash transfer used by 89 household samples for consumption expenditure varied, starting from the smallest at 33.3% and the largest at 100%.

There are 60 households experiencing an increase in food consumption, while 29 households do not experience an increase in food consumption. The largest increase in food

consumption was in the percentage of 50.01% - 100% with a total of 56 households, followed by the percentage of 0% - 50% with 4 households. This means that most households use more than 50% of the Village Fund cash transfer obtained for household food consumption needs.

When Viewed From The Proportion Of Income To Food Consumption, The Rate Of Increase In Household Food Consumption Is Not Much Different From The Proportion Of Village Fund Cash Transfer To Food Consumption.

A percentage of 0% - 30% all households experienced an increase in food consumption. This happens because households with a low proportion of household income still have a high

residual income. So that when getting the Village Fund cash transfer, the household still has the option to increase food consumption.

Table 2. Household Characteristics Based on the Proportion of Household Income to Consumption per Month

| Proportion of Household Income to Consumption Per Month (%) | There is an increase in household food consumption | Percentage (%) | There is no increase in household food consumption | Percentage (%) | Amount |
|---|--|----------------|--|----------------|--------|
| 0 – 30,00 | 5 | 100 | 0 | 0 | 5 |
| 30,01 – 60,00 | 25 | 78,13 | 7 | 21,87 | 32 |
| 60,01 – 90,00 | 29 | 55,77 | 23 | 44,23 | 52 |
| Amount | 59 | | 30 | | 89 |

Source: Primary Data, 2022, processed

Meanwhile, at the percentage of 60,01 – 90,00, households that did not experience an increase in food consumption increased dramatically from 7 to 23 households. Before carrying out further testing of the variables, goodness of fit test (Hosmer and Lemeshow's) and expectation-prediction evaluation test were carried out with following results :

$$Y = 2,922930 + 0,013839X_1 - 0,070599X_2 + 0,634080X_3 + 0,090237X_4 + 0,038396X_5$$

The results of the model test using Hosmer and Lemeshow show a significance value of 0,7780 (> 0,05) so that the model can be said to be fit and feasible to use. Then the results of the Expectation-Prediction Evaluation test show a high level of accuracy, which is 75,28%. The village fund cash transfer variable does not have a significant effect on the level of household food consumption.

These results indicate that the level of household food consumption does not depend on the village fund cash transfer. This is different

from the findings obtained by Attanasio and Mesnard (2006) which resulted in the provision of conditional cash transfer programs in Colombia effectively increasing total consumption with the main component of food.

Table 3. Goodness of Fit Test and Expectation-Prediction Evaluation

| Test | Prob. Chi-Sq | Total |
|-----------------------------------|--------------|-------|
| Hosmer and Lemeshow's | 0,7780 | |
| Expectation-Prediction Evaluation | | 75,28 |

Source: Primary Data, 2022

The difference in the findings is estimated because from the findings in the field, respondents who are households receiving village fund cash transfer have received village fund cash transfer since 2020. This indicates that village fund cash transfer has no effect on changes in the increase in food consumption which keeps households included in the criteria for recipients of village fund cash transfer.

In addition, there are households whose income has been mostly allocated for household food consumption. So that when they get the village fund cash transfer, they prefer to use the existing additional funds to meet other needs rather than continue to increase household food consumption. Households that do not

experience an increase in food consumption continue to use the village fund cash transfer for food consumption, but not to increase the amount of food consumption, but only as a substitute for food consumption expenditures originating from income other than the assistance received.

Table 4. Binary Logit Regression Estimation Results

| Independent Variable | Coefficient | Prob. | Result |
|--|-------------|--------|-----------------|
| Village fund cash transfer (X ₁) | 0,013839 | 0,5268 | Not significant |
| Household income (X ₂) | -0,070599 | 0,0062 | Significant |
| Number of family dependants (X ₃) | 0,634080 | 0,0397 | Significant |
| Head of Household Job Status (X ₄) | 0,090237 | 0,9126 | Not significant |
| Head of Household Education (X ₅) | 0,038396 | 0,6753 | Not significant |

Source: Primary Data, 2022

So, the nominal used for food consumption remains the same. In total there were 8 (eight) households who chose to use the village fund cash transfer for other needs and there were 29 households that did not experience an increase in food consumption and used the village fund cash transfer as a substitute for food consumption expenditure derived from income. This means that households limit the amount of budget they use for food consumption each month.

When viewed from the perspective of consumption theory, there are differences in the use of village fund cash transfer in consumption due to differences in the budget limits of each household. This is in accordance with the theory developed by Irving Fisher which analyzes the tendency of people to consume by adjusting the level of income.

Society faces limitations in determining how much consumption will be made. Just like KPM of village fund cash transfer who do not choose to increase food consumption when they

get additional income from village fund cash transfer. This means that there is a budget limit in each household for food consumption, so they prefer to use the village fund cash transfer for other needs.

The household income variable has a negative and significant effect on the level of household food consumption. These results are different from the results of research conducted by Aker (2016) which found the results that household income variables had a positive and significant effect on household consumption levels in Niger where cash transfer assistance increased the level and quality of their food consumption. Another study conducted by Rachman and Ariani (2008) said that the higher the income, the purchasing power also increases, so that the ability to choose and buy a variety of foods is also higher.

The difference in research results is estimated because there are households with high incomes in the range of 2,500,001 – 3,000,000 who only use income for food

consumption below 50% of total income. They use their income more for non-food purposes, so the proportion of income used for consumption is small. Meanwhile, households with low incomes have lower consumption levels but with a high proportion of their total income.

They use their income more for food consumption because they have less non-food needs. In addition, households with low incomes tend to use village fund cash transfer to increase food consumption due to limited income to meet food needs. This shows that the higher the income, the smaller the proportion of income used for food consumption.

This finding is in accordance with Keynes's theory of consumption which explains the decreasing trend of increasing consumption because of increasing income. The decline in consumption is thought to be due to a tendency for income to be allocated to savings. This is also consistent with Mankiw's statement which found that households with higher incomes tend to save some of their income, which means that when income increases, MPC decreases.

The variable number of family dependants has a positive and significant effect on the level of household food consumption. This finding is in line with research by Kusuma et al. (2017) who found that the PKH and Generasi programs in Indonesia have been shown to be significant in increasing household food consumption, especially for households with dependent children.

This means that family dependents are proven to increase household food consumption. Another study from Todaro (2004) also revealed that the higher food consumption expenditure was due to the increasing number of family members. The variable of the household head job status does not have a significant effect on

the level of household food consumption. This finding is different from the results of research conducted by Habimana (2021) which found that the variable of the job status of the head of the household also influenced the increase in household food consumption.

The level of consumption will increase if the job of the head of the household is promising so that he gets a high income and there is a demand for meeting better food quality as well. The difference in the findings is thought to be because the household heads of the respondents have similar jobs. So, there is no significant difference between the work of the head of the household.

This is in accordance with the vicious circle model of poverty which explains that employment can encourage patterns of resource ownership and cause inequality in income distribution. Just like research respondents who are households that are classified as poor or affected by the Covid-19 pandemic, so they don't have many resources.

In addition, food consumption does not only depend on the head of the household. This is because there are other family members who also work. So that the work of the head of the household is not the only source of household income. The variable of the household head education has no significant effect on the level of household food consumption.

These results are different from several previous studies. Research from Kusuma (2006) shows that the education level of the head of the household has a significant and positive impact on household food consumption. Meanwhile, research from Habimana (2021) also shows that there is a significant influence of the education level of the household head on total food consumption.

In this research, the head of household with low education (6 years) did have a lower income level than the head of the household with a higher education of 12 years. This is in accordance with the theory of the vicious circle model which explains that low education causes the quality of human resources so that productivity is low which causes low household consumption. However, this difference is because it is predicted that there will also be households that receive additional income from other family members who also work. So that the head of household education does not affect the level of change in household food consumption.

CONCLUSION

Based on the research conducted, the village fund cash transfer does not have a significant effect on the level of change in the level of household food consumption in Patebon District. In this study, changes in the level of household food consumption are influenced by household income which is income outside of assistance obtained from the government and the number of family dependents which is the number of people who consume food using the income from the household.

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