

# THE IMPACT OF COMMUNITY BASED ENVIRONMENTAL PLANNING (PLBK) SUPPORTED BY NATIONAL PROGRAM FOR COMMUNITY EMPOWERMENT (PNPM) OVER SOCIETY'S BEHAVIOUR AND WELFARE TIER

**Muhammad Awaluddin Ardiansyah**  
Department of Economics, Faculty of Economics  
Andi Djemma University, INDONESIA

**Nasrun Julyarman**  
Department of Economics, Faculty of Economics  
Andi Djemma University, INDONESIA

**&**  
**Fajra Octrina**  
Doctorate School of Management and Business  
Padjadjaran University, INDONESIA

## ABSTRACT

This study aims to determine the impact of PLBK of The National Community Empowerment Program (PNPM Mandiri) toward The community behavior and welfare level at Lalabata District, Soppeng Regency, South Sulawesi. This Program has provided a government school, hospital and Financial Management Unit (UPK) at Lalabata District, which are available to support and improve the community's economy of the poor. The study uses the qualitative and quantitative methods and a combination of concurrent triangulation strategy model. The quantitative method uses a questionnaire with a simple linear regression analysis to collect data. The qualitative method uses instruments as Focus Group Discussion (FGO) ,in-depth interview to local people and The Leiden Ethnosystems Approach. The results of this study indicate that the most influential variable in the program to increase the welfare and social economy level of the community is the interest rate of The Financial Management Unit (UPK). Furthermore, the function of IMM (Integrated Microfinance Management) comprising the two core themes (poverty reduction and empowerment), the principle of output (quality and outcome),and five community-based integrated services (comprehensive financial, health, education, communication, social and cultural services) offer a solution to poverty in rural communities.

**Keywords:** Community, Environmental Planning, Empowerment, Over Society's.

## INTRODUCTION

Development of education and health are the two pillars to form human capital in economic development which is a long-term investment (Fahmi, 2016). The achievement of development goals in education and health can improve the quality and productivity of the population, where the population of productivity growth is the motor (engine of growth) for economic growth and welfare of the population itself (Fatihudin, 2011). Through education investment, it will improve the quality of human resources demonstrated by the increasing knowledge and skills that will encourage an increase labor productivity, gain a better welfare and avoid poverty.

Improvement of health level is basically an investment in human resources in order to achieve a prosperous society or welfare society (Dianaputra & Aswitari, 2017). The level of

public health shown by life expectancy as the indicator will greatly influence the level of social welfare and well aligned with poverty. Therefore, health is a major factor in improving the welfare of the community and the government should provide a good health public service (fair, equitable, adequate, affordable and quality) and guarantee everyone has the access to use the services (Widodo et.al., 2011).

Similar to the health, education is a form of human capital investment. The level of education also affects the level of poverty because education is one of the components that emphasize the causes of poverty. One way to resolve is through compulsory basic education, which by government translated into nine-year compulsory education program. The low level of health and education in poor households is a major challenge that must be faced by Indonesian government in the context of poverty (Ikhsan, 2010). A high rate of infant mortality and low levels of completion of nine-year compulsory education program in the poor households area strategic issue that potentially obstructs to reduce poverty in Indonesia. According to WHO, there were 10.6 million children died per year and 280,000 children died in Indonesia. In addition, According to the National Education Standards Agency (BSNP) Ministry of National Education (2012), the graduation rate of junior high school students in South Sulawesi reached 99.42% (ranked 21<sup>st</sup> nationally out of 33 provinces in Indonesia). High school graduation rate majoring in science was 99.75% (ranked 23<sup>rd</sup> nationally), 98.81% for students majoring in social (ranked 25<sup>th</sup> nationally) and 98.59% for the vocational students (ranked 26<sup>th</sup> nationally). Without any effort to improve health and education, especially to the children of future generations living in poor household, efforts to reduce poverty in Indonesia would be difficult to do.

One prominent feature of the poor is the lack of access to basic facilities and infrastructure environment characterized by the quality of housing and settlements which are far below the standard of eligibility, such as poor sanitation and access to health care. In addition to being an implication of uncertainty income of their livelihood, also caused by the lack of employment and low levels of education (Hariyanto, 2010).

Seeing the problem of poverty is not enough on physical visible symptoms from the outside and one single sector. The poverty problem should be reviewed as a whole and good dimensional multidimensional political, social and economy. According to Haris, (2005), armed with a perspective of poverty is thus expected handled more deeply and thoroughly. Government through agencies businesses, universities, media and NGOs should go hand in hand strive to reduce poverty by providing opportunities for the public to play an active role as the subject of development.

Based on above conditions, the government made a breakthrough policy of reducing poverty with a range of alternative solutions through the National Program for Community Empowerment (PNPM). PNPM is a driving motor and an based policy to run various community empowerment programs (Royat, 2007).

This year marks as the 8<sup>th</sup> year for implementation of PNPM Mandiri since launched in 2007. During those eight years, PNPM particularly in rural area (Soppeng) have shown a significant role in honing and nurturing communities to become empowered, independent and subsequent civil expected to be marked with the ability to partner on equal footing with the other institutions in implementing community development functions in the economic, political, social and cultural). PNPM's aim is achieving sustainable improvement of livelihoods of the poor through community empowerment process that is carried out by

applying the approach of strengthening community institutions at the grassroots level namely BP Self-Supporting Community (BKM). It is expected to be a forum struggles of the poor in voicing their aspirations and needs, as well as a locomotive poverty reduction efforts undertaken by independent and sustainable community.

Implementation of PNPM since 2007 in Soppeng has led to the social transformation of society powerless become empowered community, independent and finally madani. Intervention in driving this transformation to regular programs such as poverty reduction programs are also conducted through additional programs among Community-Based Livelihood Improvement (PPMK) and Community-Based Environmental Planning Program (PLBK).

Both of these programs are components of PNPM which focus on improvement of livelihoods for the poor who gathered in self help groups (SHG) and focused on structuring a healthy living environment. This program is a continuation of the PNPM intervention phase 'powerless' to the stage of 'self' (Halim, 2011). PPMK program aims to increase the income of poor people that is rely on sustainable livelihood development through: (1) increase the capacity of poor families in productive economic activities; (2) institutional capacity building KSM and (3) increase microfinance services to the poor.

PNPM is a community development program that supports PLBK which the work area and its targets are rural communities (pnpm.org, 2010). Community empowerment program in Soppeng district is arguably the largest community empowerment program in South Sulawesi, even the biggest in Indonesia. In practice, this program is giving priority to rural infrastructure, the management of revolving funds for the group, education and health for people in rural areas and one of its main components is PLBK. PLBK is an advanced of PNPM program.

The aim in the PNPM activities is expected to ease the burden on the poor as well as providing knowledge and skills of people in order to support theirselves and the family. In addition, the aim of PNPM program is to educate and develop the potential of the community so they will grow and develop in accordance with their potency. Overall of this study aims to determine the impact of PLBK of The National Community Empowerment Program (PNPM Mandiri) toward the community behavior and welfare level at Lalabata District, Soppeng Regency, South Sulawesi.

## **RESEARCH METHOD**

In accordance with the nature of the problem, this study used mixed methods between quantitative and qualitative, although the proportion of each type of logic varied. In this study, the authors chose this approach because they want to explore in detail, intensively and comprehensively on the impact of the PLBK through infrastructure development, construction of free schools and the construction of a hospital for the community in Soppeng especially in Lalabata region. A qualitative approach is also known as the interpretive approach which attempts to analyze systematically the social phenomena that emerge from research conducted directly with the background of the natural surroundings (Sugiyono, 2011). Center on quantitative research is the measurement process because it provides a fundamental link between empirical observations and quantitative relationship of mathematical elaboration. Applications performed simultaneously between quantitative and qualitative methodologies are mix of research methods or a combination of research methods

(Ambaretnani, 2012). While quantitative methods will test the program of savings and loans business unit financial PNPM to improve household incomes in particular micro traders and farmers in the district Lalabata Soppeng. It is therefore used simple regression analysis. Systematically formula of simple linear regression model equation can be written as follows:  $Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e_i$ . With,  $Y_i$  is the amount of loans that people take to the UPK PNPM  $X_1$  is the interest rate given by the UPK,  $X_2$  is a competitor in the interest rate on this loan sharks who became a rival UPK,  $X_3$  is the length of time given for repayment UPK  $b_0$  (intercept) and  $b_1, b_2, b_3$  (slope) are the parameters of the unknown i.e. distributed Disturbance error  $\sim$  Normal (0,  $s^2$ ).

The data collection technique employed questionnaires which means the gained data is quantitative. Furthermore, to strengthen and check the result of validity data questionnaires completed with observation and interview to the respondent given questionnaires. Also giving the questionnaires to others who more understand the problem researched. Research on the impact of the PLBK program in district Lalabata Soppeng use some research variables, namely dependent and independent variables. Dependent variable is the amount of funds provided unit finance to PLBK PNPM community ( $Y_1$ ), while the independent variable is interest rates given ( $X_1$ ) by competitors UPK PNPM, in this case the moneylenders become competitors ( $X_2$ ) and length of repayment given UPK ( $X_3$ ).

## RESULTS AND DISCUSSION

### Qualitative Analysis of the Impact PLBK Behavior and Welfare Society in the Soppeng District

In the first time when the government wanted to apply Soppeng as target areas of poverty reduction through PLBK program, people were very enthusiastic and received assistance from the government. Locals also show their good faith to give up their land at a low price in order to build schools and hospitals. In addition, the implementation of all infrastructure development involving all levels of society which was impressed as activity from people to the people. Thus, the program is successfully run for 7 years since it was first rolled out until now. Additionally, the local governments also play an important role in the launch of this program. The capacity of local governments and communities are able synergistic the partnerships in structuring the housing environment that is expected to realize the vision and mission of this program (to alleviate poverty in Soppeng particularly in Sub Lalabata). The problem of poverty in Indonesia prompted the government to reorganize and readjust economic policy and government systems into regional autonomy. The first thing that the government do to the people is making various efforts and breakthrough to implement poverty alleviation programs based on the local community which be able to improve the welfare and job opportunities in Sub Lalabata.

People who have felt the impact of these government programs have increased their economic condition. On the other hand, it also creates dependency program for the community when, in fact, this program is designed for people's independence.

Soppeng government efforts to reduce poverty has shown positive results up by looking the poverty rate in 2011 decreased to 21.28% since the program was first implemented in 2007. The decline in the poverty rate in Sub Lalabata assumed to be the effect of a program implemented during this PLBK the point emphasis on community empowerment program. Economic approach geared to increase family income, so expect poor people to meet the needs of primary and secondary while improving their welfare. While the approach through

education and health is also very important to the people due to the measurement of the rate of change people's welfare is not only seen by how big their family income rise but must also be seen how much change levels of education and health of each family in the district of the Lalabata. Since the economic crisis hit Indonesia in 1998, only this time, the poor people feel the serious attention of the government, previously only counseling and training without any real action or physical action undertaken by the government. Therefore, through PLBK program of the National Program for Community Empowerment these people have high expectations to improve their welfare level both in terms of economy, education and health.

### **Mindset on Loan Venture Capital Community**

Traditionally, rural communities rely on their own capital which is very limited or borrowing from moneylenders. Borrowing from moneylenders requires them to pay a high interest because the process is easier than borrowing from local banks which require them to have collateral and re-pay on time otherwise penalties applied. On the other hand, the process is quite complicated as it appears on the credit application procedure at one of the local banks: (1) KTP (Identity Card), sometimes can also use a SIM (driver's license) and passport. Prepare KTP husband / wife. (2) Final slip salary for working as employee / employees. (3) A savings account last 3 months. Try to look that the rest of the money in a savings account is enough to pay the monthly installments. The most important thing is the account transfer salary and benefits. (5) Family card. (6) Marriage certificate for those who have a family. (7) Photographs of the original last three months. (8) Certificate of income from work.

Most people are not able to meet the requirements for a loan at the bank due to a low educational background, people are not informed about the consequences of lending in the bank. As experienced by some people who are late paying installments in the bank even one day fines applied, while their income depending on the livelihoods of those who do not earn money every month. Therefore, before PLBK PNPM started in Soppeng, People borrow their capital to the *Painreng* because borrowing capital in *painreng* is quite easy. They just come along with a guarantor and directly on a signature on the stamp with the number of total return *painreng* desired amount of money then loan money any liquid directly on the spot. But given *painreng* interest is not half-hearted, those who borrow 5 million had to return the 2-fold or 3-fold.

Therefore, UPK provides the best solution for the community to further simplify administrative processes and bureaucracy lending capital micro enterprises as well as providing a period to the people who borrow according their ability, for example, farmers who can afford the repayments after their harvest, so in the first month until the 3rd they do not pay first but after they harvest and get the money from the sale of their grain only able to pay installments of their loans earlier.

**Table 1. Comparison of Venture Capital Loan System in the 3 Community Institutions Lalabata**

Moneylenders	Financial Management Unit (UPK) PNPM	Local Conventional bank
Borrowing process is easy and straightforward. Just bring yourself and guarantor (family trust).	Borrowing process is quite easy, simply copy of ID and family cards.	Borrowing process is complicated which requires ID cards, family cards, business financial statements or a statement of income and more administrative paperwork that must be filled.
Money to be lent is cash directly on the spot.	Proposed venture capital will be approved at same day and fund will be received 2 days after proposal.	If the file is complete, the officer will do survey to the borrower.
The length of the borrower's repayment in accordance with the agreement.	Repayment can be done based on the borrower's livelihood.	People who have been given the credit must pay timely every month, in case of late will be fined.
The amount of interest is based on agreement from both side.	Interest rates is 2.4% per month based on government regulation for microcredit.	The effective interest rate up to 26% per year.
Familiar to the lenders because they are local people.	The staff using local language to be closer with the community.	The bank clerk is too formal.

Source: Secondary data of the research

### **Quantitative Analysis of the Impact of Financial Management Unit PLBK Through PNPM Against Increased Level of Economy and Welfare Society**

To test the hypothesis, tested quantitatively to calculate whether there is influence PLBK courses through UPK on increase the level of the economy and the welfare of the district people in Lalabata, Soppeng. The design hypothesis is done by multiple linear regression.

**Table 2: Results of regression equation**

Variable	Unstandardized		Standardized	t	Sig
	Coefficient		Coefficient		
	B	Std Error	Beta		
Constant	21,776	5,054		2,146	.000
The interest rate UPK	-0,427	0,155	-0,208	-1,377	0.005
The interest rate on competitors	0,124	0,121	0,77	1,012	0.156
Ease of repayment	-0,278	0,120	-0,173	-.152	0.014

Dependent Variable: The amount of venture capital loans in UPK PNPM. Based on the analysis above, it can be concluded

$$= + 1(\text{interest rate UPK}) + 2(\text{interest rate on competitors})$$

$$+ 3(\text{ease of repayment})$$

$$Y = 21,776 - 0,427(\text{interest rate UPK}) + 0,124(\text{interest rate on competitors}) - 0,278(\text{ease of repayment})$$

That the regression model of this research are:

Y : The increase in the size of the loan amount of venture capital in UPK PNPM

X1 : The interest rates are given UPK

X2 : The interest rate competitor (BPR local and moneylenders)

X3 : Ease in repayment given

a constant at 21.776, meaning that if X is equal to zero then increase the amount of the loan amount of venture capital in UPK PNPM Mandiri is 21.776

b1 regression coefficient interest rate given by UPK PNPM Mandiri, meaning that if X1 or interest rate given UPK rose 1%, the decline in the large amount of capital loans in UPK PNPM amounting to 0,427.

b2 regression coefficient rate competitors, namely RB or local banks and moneylenders palesX2 or competitor interest rates down then decrease the size of the loan amount of venture capital in UPK PNPM amounting to 0.124.

b3 regression coefficient given period and ease in paying installments. This means that if X3 is increased by one unit then an increase in the amount of the loan amount of venture capital in UPK PNPM amounting to 0.278.

### Simultaneous Significance Test (Test F)

F test used to determine whether the independent variables simultaneously significant effect on the dependent variable.

**Table 3:** Table Test F ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Squares	F	Sig.
Regression	313,896	4	78,603	3,713	.014 <sup>b</sup>
Residual	630,919	30	20,891		
Total	946,223	34			

a. Dependent variable: the amount of working capital loans in UPKPNPM

b. Predictors: (constant), the rate of interest given UPK, level competitive interest rates (banks and painreng), the term of repayment and ease repayment.

**Ho:** there is no simultaneous effect PLBK Program through UPK on increase the level of the economy and the welfare of the community in the district Lalabata, Soppeng.

**Ha:** there is influence PLBK Program through UPK on increase the level of the economy and welfare of the community in the District Lalabata, Soppeng

Confidence level used ( $\alpha$ ) is 0.05. Based on calculations using SPSS obtained alpha value 0.014 < 0.05 means Ho rejected. It can be concluded that the program PLBK through PNPMPNPM UPK has a significant effect on the increase in the level of the economy and welfare of the community in the District Lalabata, Soppeng.

### **The Effect of PLBK through PNPMPNPM to Increase Economy and Welfare**

Based on the quantitative analysis, it can be concluded that the borrowing process, interest rate and time period given by PNPMPNPM are very influential in efforts to increase the level of economic and social welfare in Lalabata.

The interest rate given by PNPMPNPM is very influential in improving the economy and prosperity for people in Lalabata because the rate is lower than moneylender and formal bank. Table 7 shows that PNPMPNPM has helped to increase their income. Also, 70% of proposals apply for working capital loans amounting to 5-10 million with interest of 2.4% per month. Another factor is duration and the convenience to repay the loan because it is easy process compare to the bank.

### **CONCLUSION**

It can be concluded that the increase in the standard of living in terms of the welfare of the community through PLBK of PNPMPNPM Mandiri was very successful. Poverty alleviation in Sub Lalabata Soppeng performed with several following programs: through educational pathways, where one of the programs of PLBK are establishing public schools from elementary, junior and senior high school or vocational school that all people can send their children free of charge at able to increase the level of public education in Soppeng, especially in the District's previous Lalabata people mostly only finished elementary school but after PLBK program, there are many who are able to complete their education through high school and vocational school. The 2nd is the improvement of public health by building a hospital for the poor, although local people still use traditional medicine but with the construction of a free hospital for the poor of the program PLBK is in District Lalabata make locals already abuzz check their health to the hospital, they began to believe in medical treatment and ill hesitate to use the prescribed drugs and that all three are Found Unit financial Management (UPK) to assist society in the fields of finance, especially credit lending to micro and capitalization efforts, with the UPK this greatly assisted communities and improve their economic level with easiness given by UPK PNPMPNPM Mandiri as low interest and repayment way according to the capability of the borrower. Community development model



(Community Development Bottom Up Approach) as what has been done by this PLBK program very effectively applied in rural areas, because the public better understand and understand what they need in their lives.

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