

# PRODAMAS and the Effect on Infrastructure Growth

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**Abstract—** The Community Empowerment Program has been the center of topic discussed in Indonesia in the past few periods. This is also related to government policies that are intensively focus on infrastructure development and regional community empowerment. In accordance with the facts, the condition of the Indonesian who scattered in various regions does require serious attention. The community empowerment program is indeed felt to be able to encourage the spirit of the community to be more advanced and developing to adjust the global conditions nowadays. In order for the development of society to face globalization towards a better direction, a community empowerment program as well as continuous assistance is needed. This study aims to analyze the possible impact of economic growth caused by infrastructure development. This study focuses on a community empowerment program called PRODAMAS, from Kediri, East Java. We use observation to analyses the impact of PRODAMAS to infrastructure growth. However, the most important thing about the existence of community empowerment programs is especially the basic culture of the community is slowly being eroded by globalization, namely mutual cooperation and the spirit of development. PRODAMAS as one of community program still needs to be developed continuously rather the ongoing empowerment process can ultimately achieve the goals of an empowered society. Allocation fund of PRODAMAS need to evaluate.

**Keywords:** empowerment program, PRODAMAS, economic

## I. INTRODUCTION

The economic effect of infrastructure growth has been the center of topic and policy debate in Indonesia for 5 years. Investment in infrastructure sector affects significantly the overall social and economic development. Economics activity can be stimulating with infrastructure development, so it can reduce poverty and improve competitiveness by reducing transport cost. Furthermore, Infrastructure development enlarges production capacity by creating an investment-conducive environment for private investors. The cost of production for the private sector is reduced due to the intensive use of infrastructure services, hence enhancing the durability of private capital [1].

In line with infrastructure growth, Kediri as small city in East Java also has development program which focus on infrastructure, social, and economic, it called PRODAMAS. PRODAMAS is a community empowerment program that aims to empower the community and involve the community to improve the development of Kediri city, so the economy of

Kediri can be increased. PRODAMAS is also known as a 50 million program per RT (small region of the Kediri city) per year. The government of Kediri began this community empowerment program (PRODAMAS) on March 2015. PRODAMAS is a breakthrough from government of Kediri in Mas Abu and Ning Lik era (Mayor and Vice Mayor of Kediri). In this program, the government of Kediri disbursed funds 50 million rupiah for each RT with composition of 60% development for infrastructure (physical), 40% social economy. The preparation of this program required a year for planning, issuance of legal, formation of supervisor team, etc. PRODAMAS was developed and planned as the best program to empower people, to encourage community, so people or community can be involved in development process.

In simple way, it can be said that PRODAMAS is congruence of the policy of the Government of Kediri with the Government of Indonesia in an effort to find solutions to the economic and social problems that have plagued Indonesia in the last few years. Infrastructure development is indeed and interesting to discuss, because of its association with many social and economic aspects that can be massive. The realm of research related to government policy in development matters is also interesting to be examined more deeply. Previous research that discusses government policies especially PRODAMAS has been conducted by Masrija [2]. Research results revealed by Masrija shows that the community empowerment program in Kediri (PRODAMAS) that has been implemented has been going well and democratically, but there is no guarantee regarding the implementation of good governance and perfect transparency [2]. These finding could be a signal still need to do a more in-depth analysis of PRODAMAS.

PRODAMAS has been started since 2014 at the beginning of the leadership of Mas Abu and Ning Lik, but the implementation process began in early 2015. The impact of PRODAMAS is still not significant at the beginning of 2015. This is evident from the PDRB data from BPS Kota Kediri in from 2014 amounted to 5.85% decreased to reach 5.36% in 2015 or decreased by 0.49%. The decrease in GRDP (Gross Regional Domestic Product) seems to be a big question mark why the existence of PRODAMAS actually makes the GRDP of Kediri decline. However, it seems that it is still too broad to tie PRODAMAS with GRDP, so it is necessary to further research into the real impact of the community empowerment program on the wider community.

Many previous research about government development program shows that development program can be one of the factor to lead economic growth. Javid shows empirical evidence that public investment in infrastructure can have strong impact on private capital information by providing the necessary infrastructure such as roads, electricity, telecommunication, health and education [1]. Other research by Tsurai and Ndou shows that the interaction between infrastructure and human capital development improved economic growth in transitional economies, in line with theoretical and empirical predictions. Focusing on infrastructure development, PRODAMAS as community development program has vision to make effect on economic growth [3]. Furthermore, Gibson and Rioja predict that increased infrastructure investment may increase inequality in short run while reducing it in the long run has the potential to explain some of the inconsistent result found in the empirical literature related to this topic, though further empirical work is required to conclusively make this case [4].

Previous community development program well-known as PNPM has been done. The experience of implementing PNPM with the application of community empowerment also shows success. The success of the previous empowerment program can be a spirit of change for the behavior of the poor to grow and develop [5]. Indonesia as development country, the direction of change or revitalization is indeed and more urgent if the change to be a better country becomes the main target of sustainable community empowerment programs. Difference with Indrajit and Soimin [5] previous research by McCarthy et al. provides an overview of the negative side of PNPM [6]. According to McCarthy PNPM as a community empowerment program aimed at alleviating poverty still needs to be questioned [6]. That is because in the implementation process PNPM still leaves a dilemma or problem that also has not solved the previous problem. Furthermore, McCarthy said that the implementation of PNPM fund allocations was still found to be used to benefit certain communities and in the end the community felt less benefit from the PNPM program [6].

Start from the incompatibility of the previous community empowerment program (PNPM), the government continues to improve the system of allocating community empowerment programs. Now, the government through various development and income distribution programs (one of them is PRODAMAS) has laid the foundations for the community to take part in development according to their needs, based on criteria / categories of existing government policies.

Various polemics and facts that existed in the implementation of the previous community empowerment program, apparently raises a research question that is the disbursement of PRODAMAS funds in material amounts so it needs to be evaluated more deeply so that the PRODAMAS community empowerment program can be right on target. The analysis of the allocation of PRODAMAS funds are needed so these study focus on the problem about how the impact of PRODAMAS on the income distribution in Kediri. The purpose of this study is to analyze PRODAMAS funds and the allocations to create an empowered society.

## II. DISTRIBUTION ON REGIONAL ECONOMIC: EMPOWERMENT AND THE TARGET OF VILLAGE DEVELOPMENT

According to Chapra the optimal regional financial examiner licensing individual needs has been successful and has been realized the distribution of adequate income and wealth without requiring adverse side effects. Efficiency of distribution in distribution will not be realized [7]. A national economy based on democracy and based on a fair market economy must be approved. Therefore, the government needs to issue policies based on justice so that people get what they need (equality) to improve quality, not increase equality or increase freedom. The government will launch so that economic equality can spread to the regions. If the regional economic equality is realized, it can help boost national economic growth.

For example, Kota Bani Village which become the best Village in Bengkulu and occupies the sixth position out of 100 villages that are included in the Village Development Index category of the Ministry of Health PDPT [8]. The village head of Kota Bani explained that the poverty rate had decreased which was a sign of the success of the village poverty alleviation program. Some poverty alleviation programs that are planned, road improvements and increased agricultural production which have a significant impact on poverty alleviation in Kota Bani. Based on this fact, the natural role of people who already have the spirit of initiative and joint commitment to build themselves into a force of what Peter Senge calls Senge as "Learning Organization" which can be said briefly that the spirit of community change is more can further be developed [9].

## III. METHOD AND DATA

This research is focused on the allocation of PRODAMAS fund. So, this research will try to make observations regarding the allocation of PRODAMAS funds through the remaining funds per RT (Rukun Tetangga) are returned to the Government of Kediri. The population studied in this study covers all rural areas in Kediri. Determinations of this research are observation, and documentation with several criteria, namely the informant for this study is the one who is responsible and knows the allocation of funds for the entire study. Financial data were obtained from the Badan Pendapatan dan Pengelolaan Aset Daerah (BPPKAD). An interview was also conducted with the head of BPPKAD in Kediri to find out the source of PRODAMAS funds along with the allocation of PRODAMAS funds from Kediri. We use simple percentage allocation data to analyze PRODAMAS allocation funds.

## IV. RESULTS AND DISCUSSION

The following table is about infrastructure allocation fund for 3 years.

**TABLE I. TABLE OF INFRASTRUCTURE ALLOCATION FUND**

Year	Budget versus Real Fund	Allocation for Infrastructure
2016	8.56%	Rp878,692,764
2017	5%	Rp900,668,563
2018	3%	Rp919,976,017

Source: data processed, 2019

Based on the percentage data, from year to year the difference in the realization of budget funds submitted by the public with the realization of funds disbursed from the government is running low. The allocation of funds used for infrastructure has also increased every year. An increase in the allocation of funds for infrastructure then does not guarantee that there will be economic growth. Based on previous research conducted by Phuk, et al. [10] states that there are several measurements related to the effectiveness of community empowerment programs 1) capital assistance; 2) Financial institution; 3) infrastructure development assistance; 4) Marketing assistance; 5) Institutional strengthening. The focus in this research is infrastructure assistance.

According to Phuk, et al. [10] an important component in community empowerment in the field of infrastructure development is economy production and marketing. Furthermore, Phuk, et al. [10] explain the fact that occurs when the community is producing, meaning of transport, and the market is not available, then the society will cease to produce and would be hard again if invited again in the future. The infrastructure availability marketing or transportation from the production site to the market, it will reduce the marketing chain and will ultimately increase the farmer's acceptance and micro-entrepreneurs, small businessmen, and medium-sized entrepreneurs. That is, from the economic side empowerment, then supporting village infrastructure development projects left behind, indeed a location. In accordance with previous research Phuk the increase of infrastructure allocation fund gives no impact to the community if government still ignore transportation and marketing of community product. Economic growth can't increase if infrastructure allocation fund does not use to make a change in value chain marketing [10].

## V. CONCLUSION

Infrastructure allocation fund can't give direct impact to the economic growth if not followed by transportation from the production site to the market. Economic growth through infrastructure development will be created if accompanied by concrete actions to change the trade chain from the production house to the consumer so that it can cut off the unnecessary trade links. Stimulation for marketing of product support is also needed in relation to infrastructure development, because infrastructure development without the concept of product marketing will not have a direct economic impact on the community.

## VI. DISCUSSION

Community empowerment is an ongoing program every year, which makes it always interesting to study. Further research will be interesting when discussing the effectiveness of the allocation of funds for community empowerment. Furthermore, it can also be investigated on the topic of fraud that may occur in the allocation of funds for community empowerment programs.

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