

THE IMPORTANCE OF ENHANCING CAPACITY OF VILLAGE FUND FOR SUPPORTING SUSTAINABLE DEVELOPMENT IN RURAL AREAS

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ABSTRACT

The study aims to analyze the village funds' effectiveness in Indonesia through the same case study followed by deeply researched ground. The actual implementation realized a mutual effect if the village can develop and increase the institutional capacity to adopt a new perspective of allocating village funds. The lack of education and the gap in market access make the ambitious plan for rebuilding the structure merely an idea. Indeed, there is some need for an assessment on a strategic plan basis for cracking this issue. The mutual collaboration between government, industry and university can strengthen the capacity of the village by assisting the village to increase its institutional capacity. This study needs to address and give policy recommendations supporting sustainable development in rural areas through village funds.

Keywords: Government, Social Welfare, Sustainable Development, Village Funds

Introduction

Development is a planning process carried out to make changes to increase welfare for the community. Conceptualization of development is a continuous improvement in society towards a better or more prosperous life. The benchmark for development is per capita income. However, it must be accompanied by an improvement in income distribution, a reduction in poverty, and a reduction in the unemployment rate. Currently, the Indonesian government has a development program that focuses on developing rural areas. This program aims to reduce development disparities between regions. The government program, named the village fund, has been in effect since 2015. Village funds are regulated in Law no. 6 of 2014 concerning villages. The article explains that more about the village as a legal community unit with territorial boundaries has authorized to regulate and administer government affairs. The local community's interests are based on community initiatives, rights of origin, and traditional rights recognized and respected in the government system of the unitary state of the Republic of Indonesia. The village head leads the village government as an element of the village government administration.

Village funds are funds allocated to villages that come from the Regency / City APBN and are prioritized to implement the development and empowerment of village communities. (Ministry of Finance, 2019). According to Rozaki et al. (2005, p.120), the village fund allocation policy that has been implemented has a big goal that is more or less the same, namely to reform the orthodoxy of the district government in providing authority, services, and financial assistance to the government at the lower level (village). The district government policy pattern, which has initially

been dominant and centralist, through this method of village fund allocation has changed to become participatory, responsive, and implemented through the principle of decentralization.

However, in the implementation of the allocation of village funds, various types of fraud were encountered, for example, findings from the Ministry of Finance regarding fictitious villages/stealth villages. The village is uninhabited but receives village funds. Considering that village funds always increase every year, the existence of this fake village will undoubtedly harm the state. Therefore it requires supervision and management from various parties, including academics, government, and the private sector.

At this time, the fake village or fictional village is one of the phenomena that is becoming hot conversation, the village of stealth itself is one of the events that indicate that the village fund allocation policy, which the government is currently carrying out, is not optimal. Its use is not correct, so that There was fraud or acts of fraud committed by village officials to take personal benefits from the revolving village funds. Village funds allocation is part of village finances obtained from the regional tax revenue sharing and part of the central and regional financial balancing funds received by districts for villages by at least 10% (ten percent). All activities originating from the village fund allocation budget are planned, implemented, and evaluated openly by involving all village communities (Karimah, 2019).

One of the sources of village revenue is the central and regional financial balancing funds received by districts/cities, which are distributed proportionally for each village, namely at least 10% (ten percent) or commonly referred to as village fund allocations. Furthermore, the village fund allocation budget will support village autonomy activities to providing services, development, and community empowerment at the rural level.

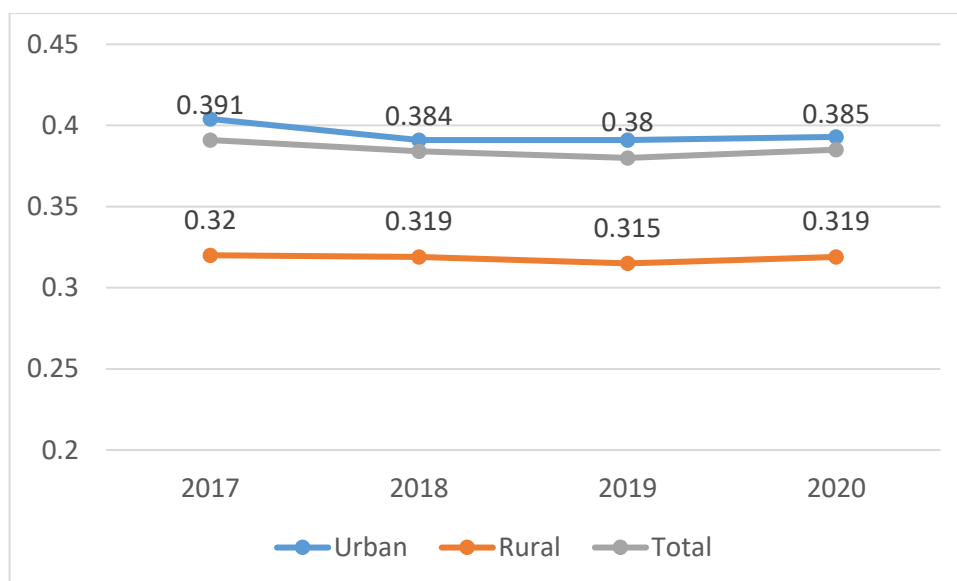


Figure 1. Gini Ratio in Urban and Rural Areas, 2017-2020 (Source: BPS, 2020)

Based on BPS data (March 2020), the poverty rate in rural areas reached 12.85%. Although it decreased compared to the previous year, the number of poor people in rural areas still reached 15 million people. The emergence of the term stealth village certainly reduces the effectiveness and optimization of village funds that should be located in the related villages. Thus, it is necessary to have a strategy for managing village funds more effectively to reduce the number of poor people in rural areas.

Also, income inequality in rural areas tends to be stable, as indicated by the Gini ratio, which reached 0.327 in March 2019. This condition tends to decrease compared to the previous period, which reached 0.334 in 2018. Thus, the condition in which village fund allocations have not had a positive and targeted effect to overcome various problems in rural areas, especially those concerning aspects of economic development and human resources.

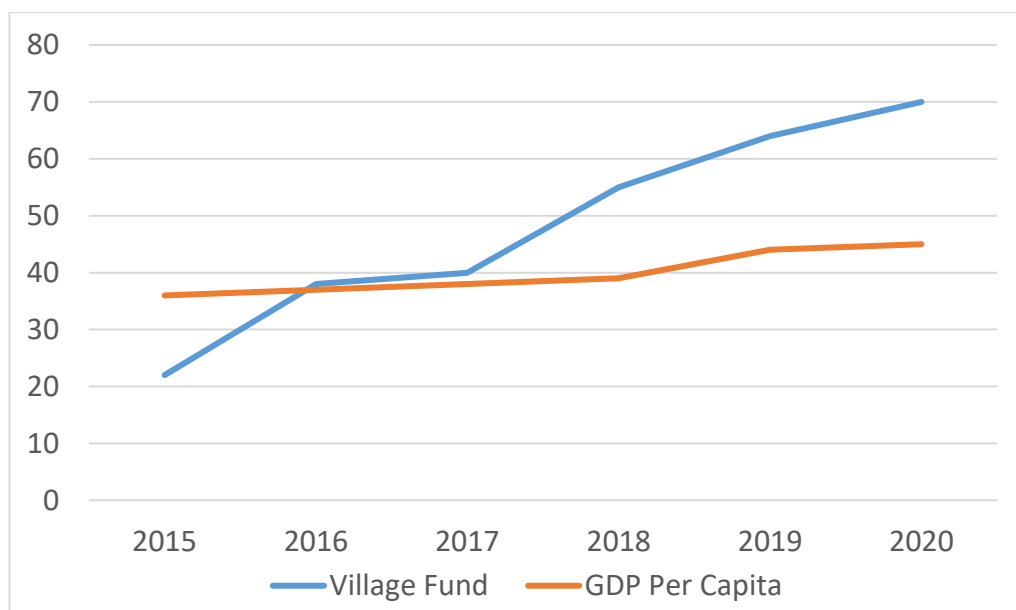


Figure 2. Allocation of Village Funds to GDP Growth of Per Capita in Indonesia, 2015-2020 (IDR Billion) (Source: BPS, 2020)

On the other hand, according to the graph above, GDP per capita income has consistently increased every year, where the most significant increase occurred in 2015-2016, amounting to 4.25%. This condition tends to show an increase in per capita income every year. However, compared with the increase in the allocation of village funds, this increase in income per capita is considered insignificant. We can say that there is an imbalance between the increase in the allocation of village funds compared to the increase in per capita income. Also, village fund management has not fulfilled the principles of participatory, transparency, and accountability, which impacts weakness.

Materials and Methods

This study uses a descriptive method with a qualitative approach. Researchers get data sources through interviews and secondary data. This study uses Miles and Huberman's model analysis method, which consists of data reduction, data presentation, and concluding.

Results

In overcoming the various problems of village fund allocation, a strategy is needed to synergize various actors. Therefore we propose to optimize the role of the triple helix concept. The triple helix concept is a concept that is one of the essential strategies/ideas in management and economic empowerment, where the triple helix concept is a synergy between academia, the private sector/industry, and the government. In the context of optimizing the implementation of the triple helix, which aims to utilize village fund allocations, some suggestions for synergizing the three actors (academics, private/industry, government) are widely open. It remains using strategies that implemented by the government, called self-management with using local worker and utilizing local raw materials in the village.

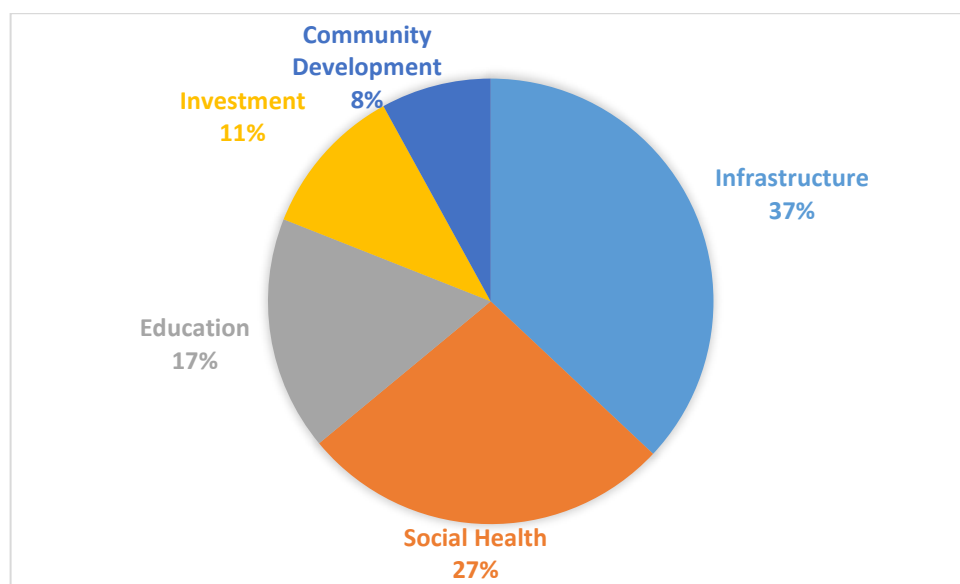


Figure 3. Allocation of Village Funds in Indonesia (Source: Kemen PDDT, 2020)

Through academics/universities, they can carry out research/research, assistance related to providing training and service to the village community. In addition, on the industry side, it can carry out a creative industry, where the industry can become a market recipient to receive village community products and provide corporate social responsibility (CSR) funds by increasing community empowerment activities. Because the large number of CSR programs implemented by companies in Indonesia has so far lacked the element of empowerment, the formulation of corporate CSR programs is not based on an in-depth study. The situation and condition of the community will be the target of the program so that academics/universities can provide studies related to the goals of the CSR program.

Meanwhile, the government can implement regulations to support the roles of industry and academia in increasing supervision and management related to village funds. With the triple helix concept, it is hoped that the distribution of village fund allocations can run optimally so that economic development and human resources (HR) in rural areas can be appropriately achieved.

The solution given regarding the allocation of village funds is to divide equally between infrastructure development and the quality of human resources. Thus, the village fund for infrastructure, which was previously 62%, decreased to 50%. This shows a shift from infrastructure development to improving the quality of human resources.

a. The Stakeholders

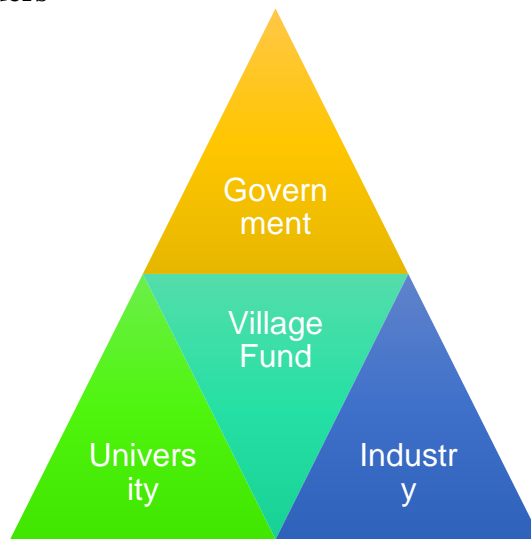


Figure 4. Collaboration Mapping for the Three Sectors; University, Industry/Private Sector, and Government

Village funds need a system related to the players involved in the triple helix concept, namely, very influential players. The role that needs to be synergized first in academics is that academics are expected to provide input or empirical facts related to optimizing village funds through research, journals, studies, and case studies. Furthermore, the private sector/industry can collaborate with village officials to build an industry based on local wisdom or SMEs in the village to empower the community in the village to increase the status or economic income of the community and related corporate social responsibility (CSR) funds.

b. Strategic Implementation

The arrangement regarding the allocation of village funds is to divide equally between infrastructure development and the quality of human resources. The government had always focused on improving infrastructure, but mostly this was not accompanied by an increase in the quality of human resources, so the strategy to improve human resource capacity was by diverting village fund allocations for infrastructure from 62% to 50%. Funds in the use of village funds show a shift from infrastructure development to improving the quality of human resources.

The critical role of the three main actors in the village fund strategy is the synergy of the three sectors, be it academics, private / industry, and also the government, which can increase the effectiveness and optimization of the utilization of village fund allocations so that the use of village funds can be appropriately optimized. The hope is that the allocation of village funds can run optimally by synergizing the triple helix roles (academia, private / industry, and government). The next hope is the optimal allocation of village funds expected to increase the capacity of village development non-physically, both in terms of economic development and human resources. The synergy between the three sectors can reduce inequality between regions and income in rural areas so that the allocation of village funds and development economics and human resources in the village can run well.

The punctual use of corporate social responsibility (CSR) funds is an allocation of funds that will help in encouraging the development of a village by acting ethically, operating legally, and contributing to improving the quality of life of employees and the community. With the help of the private sector through funds, the government through regulations in village development, significantly improving the quality of human resources, and assistance through academics/universities by adjusting the situation and conditions in determining targets and things needed in a village for program implementation CSR.

Conclusion

The allocation of village funds has not yielded significant results for village development, which is reflected in the insignificant reduction in poverty and regional inequality in rural areas. Therefore, the allocation of village funds should require more attention; if the budget can be appropriately managed by using the triple helix method, all parties can coordinate to improve the welfare of the village community. Also, the use of village fund allocations is necessary for shifting, where previously the allocation of more considerable village funds for infrastructure can be diverted to improving the quality of human resources (HR) because the allocation of substantial village funds for infrastructure will be wasted if not accompanied by an increase in the quality of human resources. Thus, the role of the triple helix is needed to boost the quality of human resources, which will optimize the allocation of village funds.

The triple helix method requires three main actors regarding the management of village funds, namely: (1) universities/academics, (2) private / industry (3) government. Through universities/academics, they can conduct research, research, mentoring, and community service, which is a solution to increase awareness regarding the funds disbursed to villages in Indonesia. Furthermore, through the industry / private sector, creative industries can be carried out, where the industry can become a market recipient to receive village UMKM products so that the community can produce a product. Corporate social responsibility (CSR) can also assist the government in encouraging village development. CSR implementation requires local government support, legal certainty, and a guarantee of social order. The government can determine what areas require

handling, which is the focus in the future, with input from competent parties. After that, the government facilitates, supports, and rewards this effort. The government can also supervise the interaction process between business actors and other groups so that there is a fairer interaction process and avoid manipulation or threatening one party to another. Finally, the government can provide regulations to support these various parties' roles to implement their strategies to help improve community welfare. The triple helix concept is needed in order to utilize village fund allocations.

That way, the synergy of the three actors, both from academia/university, private / industry, and the government, can increase the effectiveness and optimization of village fund allocations so that the use of village funds can be appropriately optimized.

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