

## THE IMPLEMENTATION OF THE VILLAGE FUND IN AN UNDERDEVELOPED VILLAGE: A CASE STUDY OF TENDE VILLAGE, GALANG SUB-DISTRICT, TOLITOLI REGENCY

Abdul Wahid Safar\*<sup>1</sup>, Ahmad Syahrial Semen Dawai<sup>2</sup>, Nursam<sup>3</sup>

<sup>1</sup>Universitas Madako, Jl. Kampus Umada, Baolan, Tolitoli, Sulawesi Tengah, 94512, Indonesia; email: [abdul.wahid.safar@gmail.com](mailto:abdul.wahid.safar@gmail.com)

<sup>2</sup>Universitas Gadjah Mada, Jl. Bulaksumur, Caturtunggal, Kapanewon Depok, Kabupaten Sleman, Daerah Istimewa Yogyakarta, 55281, Indonesia; email: [Ahmad.syahrial.s@mail.ugm.ac.id](mailto:Ahmad.syahrial.s@mail.ugm.ac.id)

<sup>3</sup> Universitas Madako, Jl. Kampus Umada, Baolan, Tolitoli, Sulawesi Tengah, 94512, Indonesia; email: [nursam94@mail.ugm.ac.id](mailto:nursam94@mail.ugm.ac.id)

\*Correspondence

Received: 18-10-2024; Accepted: 28-11-2024; Published: 30-11-2024

**Abstract:** *This study aims to explore the implementation of Village Fund management in Tende Village, Galang Sub-district, Tolitoli Regency, Central Sulawesi Province. This study employs qualitative research with a case study approach. The data collection techniques used were observation, in-depth interviews, and documentation from primary and secondary sources. This study discovered that the implementation of Village Fund at the planning level could accommodate community aspirations. Development in the infrastructure sector had a significant impact on the community. However, the negative side of Village Fund implementation is the dominance of the Activity Implementation Team (TPK), which does not involve the community in implementation, especially in infrastructure development. Furthermore, due to the limited bureaucracy, the disbursement of the Village Fund took a considerable amount of time. In addition, the Village Fund had implications for decreasing the social capital of village communities. This study argues that the utilization of Village Fund should be tailored to the specific conditions of each village. This study contributes by providing additional perspectives on Village Fund implementation in underdeveloped villages.*

**Keywords:** Village Funds, Implementation, Development, Underdeveloped Areas.

**Abstrak:** Studi ini bertujuan untuk mengeksplorasi implementasi pengelolaan Dana Desa di Desa Tende, Kecamatan Galang, Kabupaten Tolitoli, Provinsi Sulawesi Tengah. Metode yang digunakan dalam penelitian ini adalah kualitatif dengan pendekatan studi kasus. Teknik pengumpulan data yang digunakan adalah observasi, wawancara mendalam dan didukung dengan dokumentasi dari sumber primer serta sekunder. Penelitian ini menemukan bahwa dalam implementasi dana desa pada level perencanaan dapat menampung aspirasi masyarakat. Dampak signifikan yang dirasakan masyarakat adalah pembangunan pada aspek infrastruktur. Namun demikian, sisi negatif dalam implementasi Dana Desa adalah dominasi Tim Pelaksana Kegiatan (TPK) yang tidak melibatkan masyarakat pada pelaksanaan, khususnya dalam pembangunan infrastruktur. Kemudian, pencairan dana desa yang memakan waktu lama karena birokrasi yang terbatas. Selain itu, dana desa berimplikasi pada menurunnya modal sosial masyarakat desa. Studi ini berargumen bahwa penggunaan Dana Desa perlu disesuaikan dengan kondisi masing-masing desa. Kontribusi studi ini adalah menambah perspektif implementasi Dana Desa kategori Desa tertinggal.

**Kata Kunci:** Dana Desa, Implementasi, Pembangunan, Daerah Tertinggal.

## **I. Introduction**

There have been a number of revisions to village development regulations since the independence of Indonesia until the present day. During the Old Order, several laws were issued, including Law No. 22 of 1948 concerning Principles of Regional Government, Law No. 1 of 1957 concerning Fundamentals of Regional Government, Law No. 18 of 1965 on Principles of Regional Government, and Law No. 19 of 1965 concerning Praja Villages (*Desa Praja*) as a transitional form to accelerate the realization of Level III Regions throughout the territory of the Republic of Indonesia. Furthermore, during the New Order era, Law No. 5 of 1975 concerning Principles of Regional Government and Law No. 5 of 1979 concerning Village Administration were issued. Meanwhile, during the reform era, Law No. 22 of 1999 concerning Regional Government and Law No. 32 of 2004 concerning Regional Government were issued. None of the aforementioned laws have fully taken into account or accommodated all of the interests and needs of village communities. Moreover, in its implementation, it prioritizes decentralization space for regency and municipal regional governments instead of villages. In addition, the aforementioned regulations lack the spirit necessary to portray the village as an important component in the national development process.

Along with the process and state reform, Law No. 6 of 2014 concerning villages was issued, which is expected to bring about significant fundamental changes to the position and relationships of villages and both regions and government, including concerns with authority, planning, development, finance, and village democracy. The government established the 2014 Village Law as a means of recognizing the traditional rights of village communities, strengthening weak governance arrangements, and empowering villages to meet their own development needs, reducing poverty and social inequality (Antlöv et al., 2016). In Indonesia, the Village Fund program was implemented for 74,954 villages from 2015 to 2019, with a total budget of IDR 268 trillion (USD 19.14 billion). Moreover, village development and community empowerment are the two major priority goals (Arifin et al., 2020). The Village Fund follows the evolving trend of village development globally and nationally by focusing on participation, gender, the environment, and poverty alleviation sustainably. Meanwhile, in the 2000s, the emphasis was on reforms in the good governance of villages for poverty alleviation (Sutiyo & Maharjan, 2017).

However, the implementation of Village Fund is not always optimal. According to a report from Cahyono (2020), some issues still occur, one of which is widespread corruption committed by village heads. Moreover, based on the findings from Harun (2021), a lack of proper planning at the central government level is what leads to the corruption issue in the

Village Fund. One of the consequences of a lack of proper planning is that it results in infrastructure projects that are ineffective and of low quality. This situation supports Lewis' (2015) assertion that the lack of defined plans impeded the decentralization of political structures in nearly 74,000 villages with the goal of improving service delivery and reducing social inequality and poverty. In addition, the aspect of good governance in the village is also highlighted because the Village Fund is still not managed at its optimal level.

Furthermore, Cahyono (2020) explained that the distribution of Village Fund in Indonesia used the opposite logic compared to experiences in other countries. In the case of South Korea, a program similar to the Village Fund had a foundation through strengthening village community aspects, but in Indonesia, institutional preparedness and village community are the two things that are most lacking. Moreover, several studies have discovered that community participation at the village level is an urgent matter to pay attention to in the implementation of Village Fund (Arifin et al., 2020; Rahmi & Putri, 2021). Therefore, the role of the village head, who may utilize resources and authority to persuade other stakeholders, must facilitate participation at the community level (Enggraini et al., 2020).

However, how well is Village Fund management being implemented in underdeveloped village ? This study discussed the implementation of Village Fund in the Tende Village case, which was still categorized as an underdeveloped village when the study was conducted. In contrast to Tende Village, which directly borders Lalos and Sabang Villages, the latter two have a more favorable status. Lalos Village is classified as advanced, while Sabang Village falls under the developing category (Kemendes PDTT, 2020). For the past five years, the Village Fund in Tende Village has been in implementation. With all of the programs being implemented, the welfare and autonomy of the village community should have improved within five years. The indicator for determining this category is the village development index (IDM). The index is a combination of the social index, which consists of social capital, health, education, and housing; the economic index, which includes the economic dimension; and the village ecological index, which includes ecological aspects (Kemendes PDTT, 2020). Moreover, there have been 6,238 independent villages as of 2022, as well as 33,902 developing villages, 9,584 underdeveloped villages, and 4,982 very undeveloped villages (KemendesPDTT, 2022).

## **II. Literature Review**

Practically, the implementation of Village Fund is divided into two fields, such as the fields of village development and village community empowerment (Ministry of Finance, 2019). Moreover, experts have researched the implementation of Village Funds. According to Saragi et al. (2021), the number of poor people has marginally decreased during the previous five years on a national scale. In addition, IDM status has increased and can be considered a better opportunity. The IDM status for regencies or municipalities in Indonesia improved from underdeveloped villages in 2015 to developing villages in 2019. In contrast to other regions of Indonesia, the distribution of Moreover, experts have researched the implementation of Village Funds in remote eastern Indonesia has a more significant impact on changes in rural economic growth. The results demonstrate that poor areas have faster economic growth than more prosperous ones (Hartojo et al., 2022). Moreover, experts have researched the implementation of Village Fund encourage the establishment of village-owned enterprises (BUMDes). After the implementation of the program, there are units of rental services, trade or distribution services, and financial services (Arifin et al., 2020).

On the critical side, Cahyono (2020) argued that village heads were still prone to committing acts of corruption; therefore, corruption was still widespread. According to data obtained from the research, Indonesia had 900 village heads engaged in budget misuse as of 2017. Moreover, based on research from Harun (2021), the Village Fund corruption problem was triggered by a lack of proper planning at the level of the central government. One of the consequences of a lack of proper planning is that it results in infrastructure projects that are ineffective and of low quality. Furthermore, Putri et al. (2023) found that good governance with accountability, internal control, and division of work for village officials is key to implementing Village Fund, particularly in preventing corruption.

Challenges in Village Fund allocation often stem from inadequate socialization, limited transparency, and insufficient community participation. Improving transparency and disseminating programs more effectively are essential to ensuring that village funds contribute meaningfully to community empowerment and local economic development (Aprilianingsih et al., 2024). Village Fund implemented at the community level merely considered the community as an object (Rahmi & Putri, 2021). This argument is in line with the findings, which explained that the implementation of the Village Fund, which was not simultaneous with high community participation, is a challenge for the village government because it impedes its optimal utilization, or in other words, the low level of community participation in the village could

impede community development (Arifin et al., 2020). Implementing programs effectively for creating community welfare and empowerment requires both knowing the community and providing it with opportunities to participate actively in development (Siregar et al., 2023). Participatory management of Village Fund through deliberative processes, collaboration with BUMDes, and self-management models enhances community involvement, boosts local labor absorption, and supports initiatives generating direct and indirect community benefits (Saraswati et al., 2023).

Due to the limited allocation of Village Fund for community empowerment and development, human resource development was not properly implemented while the majority of Village Fund was used for the physical development of the village (Adhayanto et al., 2019). The improvement of the village's basic physical facilities has a significant impact on the community, but it is different from the impact on economic growth and community empowerment. Activities that promote empowerment are frequently perceived as having less of an impact than those that promote the development of physical aspects (Smeru, 2018). Meanwhile, at the level of the village ruling class, there is the phenomenon of elite capture, or development projects in rural areas that become "gifts" for village rulers (Sidik & Habibi, 2023).

Some studies investigate Village Funds in the context of sustainable development goals. The first study is by Permatasari et al. (2021), which highlighted the Village Fund by mapping each activity to all 17 Sustainable Development Goals. Moreover, Manurung et al. (2022) investigated the relationship between the allocation of Village Fund and the level of hunger in the community, and their findings revealed that poverty and hunger in Indonesia for the 2000–2020 period showed a declining pattern; in other words, the researchers' argument explicitly stated that the condition had improved as the number of hungry people in the community decreased. In addition, there are studies on social capital in villages and development.

Aguila & Sen (2009) implied that there are three authors who have contributed to the current interest in social capital, Pierre Bourdieu, James Coleman, and Robert Putnam. In general, bonding (intragroup bonds) and bridging (extragroup bonds) are the fundamental components that social capital must contain. While bridging refers to an institution's or society's capacity to uphold its norms and traditions, bonding is related to the coherence between the state and society. Giorgas (2007) examined the significance of social capital in village communities. Meanwhile, the research conducted by Aritenang (2021) focused on examining

how social capital impacted the management of village-owned enterprises (BUMDes). Furthermore, Siregar et al. (2023) analyzed the existing social capital in the community and elaborated on it through community empowerment programs. In addition, there is a study that analyzes the comparison of the implementation of Village Fund between villages that are categorized as traditional and modern (Afifah et al., 2017). However, the implementation of Village Funds in underdeveloped villages has not received specific or explicit emphasis in earlier research. Therefore, this study attempted to fill the research gap by investigating the implementation of Village Fund in an underdeveloped village.

### **III. Research Methodologies**

This study employs qualitative research with a case study approach. Case study were considered in the research design due to the limited control that the researchers had over events that have a basis in contemporary phenomena (Yin, 2003). Moreover, the research location was in Tende Village, Galang Sub-district, Tolitoli Regency, Central Sulawesi Province. This location was selected in consideration of the fact that the village was still in the underdeveloped category according to the village development index for 2020. The main objective of this study is to reveal facts about how Village Fund was implemented. The aspects investigated are the process of using the Village Fund in Tende Village, including planning, program implementation, program evaluation, and the impact of the Village Fund. The approach used to determine informants was the snowball technique (Creswell, 2013; Taylor et al., 2015). In practice, initial interviews were conducted with the village head to gather basic information. Subsequently, recommendations from previous informants were utilized to explore specific aspects related to Village Fund management, with informants selected based on their experience and relevant knowledge. A total of 31 informants participated in this study.

Interviews were conducted with the parties involved in implementing the Village Fund. Involved parties include village officials, BPD (Village Consultative Body), PKK (Family Welfare Programme), a youth organization (*Karang Taruna*), PMD (Village Community Empowerment), village assistants, community leaders, and community members. Moreover, thematic models are the technique of data analysis used in this study (Miles et al., 2014). The data gathered was then reduced to organize the data so that it was more compact, concise, structured, and in line with the needs and objectives of this study. It was necessary to check the validity of the data in order to ensure the quality and validity of the research data. Furthermore, this study used the triangulation technique to analyze the validity of the data through source

triangulation. In more detail, source triangulation was carried out by comparing informants with other informants and with documentation.

#### **IV. Result and Discussion**

##### ***Village Fund Program Planning in Tende Village***

In the planning process, the Tende Village Government and the BPD held discussions from the hamlet to the village level as well as a forum for the community to deliver opinions and suggestions. Each opinion was combined in order to determine priorities for the use of Village Fund that were subsequently mutually agreed upon. In addition, each suggestion and opinion of each representative was supported with arguments so that each proposal was mutually agreed upon.

##### ***Village or Group Deliberations***

Tende Village is divided into three hamlets, which are Ogotende, Akalong, and Siaung. Each hamlet has distinctive dynamics and needs. Therefore, a hamlet-level meeting was held to discuss proposals to be presented at the village level in order to accommodate the entire community. Every year, Ogotende Hamlet holds a Hamlet meeting to discuss proposals to be presented at the village level. The proposals were chosen based on priority, especially those related to the needs of the Ogotende community. Once it has been mutually agreed upon, proceed to the village level to be submitted to the *Musrembangdes* (Village Development Planning Meeting). In addition, infrastructure projects, including repairing irrigation canals and farm roads, have dominated proposals for the Ogotende Hamlet over the past five years. A similar situation happened in the Akalong Hamlet and Siaung Hamlet, in which the community was involved in decisions related to the proposed hamlets' needs.

In every hamlet meeting, representatives from each hamlet very infrequently brought forward empowerment proposals. Even though there were empowerment proposals, votes were in the minority because every decision was based on majority votes and a scale of priority. Except for the last two years, the central government has changed its policy to prioritize empowerment. This policy is based on the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia No. 19 of 2017. This policy has been implemented since 2018 regarding the priority of the Village Fund, which prioritizes empowerment. This was emphasized by the Minister of Villages, Development of Disadvantaged Regions, and Transmigration, who stated that the portion of development for infrastructure was reduced. However, even if the community still desired a greater proportion of infrastructure, the village government continued to promote the implementation of

empowerment. This desire is a result of the basic needs that have not been met in the agricultural sector.

There are other organizations in the village with a shared interest in the use of the Village Fund. The organizations are the PKK (family welfare movement), a youth organization (*Karang Taruna*), health cadres, and PAUD (early childhood education). One of the parties participating in every formulation of the proposed use of Village Fund was a youth organization. It was relatively rare for every proposal from a youth organization to be funded due to its limited funds and its prioritizing system. In the health sector, health cadres were also involved in every meeting related to the Village Fund. Before participating in the *Musrembangdes*, health cadres had previously held an internal meeting regarding the proposals to be submitted. Tende Village placed a high priority on the health sector, and the village government and village assistants worked hard to educate the locals on health issues. The educational aspect was also involved in the Village Fund meetings, of which PAUD is a representative. PAUD representatives always submitted proposals related to support for PAUD at Village Fund meetings that they attended. The village government was quite active in accommodating all the needs of PAUD. In addition, PKK is an organization that was involved in each *Musrembangdes* as a participant and submitted proposals for PKK-related programs. The source of PKK funds for carrying out its program has always come from sources other than the Village Fund because the empowerment program from the Village Fund has just been realized in 2019.

### ***Village Development Planning Meeting (Musrembangdes)***

In the implementation of *Musrembangdes*, the main topic of discussion was related to the use of village financial resources as outlined in the stipulations of APBDes (Village Revenue and Expenditure Budget). One of the village's financial resources was the Village Fund. In the use of Village Fund, increased participation and demands from the community indicated that the community was aware of the benefits of Village Fund. The increasing demands from the Village Fund were based on the community's belief that it provided them with an opportunity to engage in village development. Following the selection of the proposed program by each hamlet and organization, the *Musrembangdes* meeting, which serves as a forum for determining priorities for both empowerment and development, was held at the village level. The community chose the options that already existed based on the conditions of each hamlet. The implementation of the *Musrembangdes* could not be separated from debates between hamlets or organizations; there were arguments amongst hamlets about which hamlet was more deserving of receiving funds from the Village Fund. Discussions on Village Fund

often included jealousy between hamlets. The village government had a hard time determining which hamlet or organization should receive Village Fund first. The village head and village assistants made an effort to find a compromise to meet their demands. One strategy was to allocate a certain amount from the Village Fund to each hamlet in stages for each development. This was done to distribute infrastructure development to each hamlet simultaneously. The policy was adopted when Hamlet's demands were the same; thus, the program was divided into two.

### ***Program Implementation***

After the planning process, it was time to proceed with the implementation of the program. In each implementation of the program, all elements of the village government were involved based on their respective duties and functions. The village head, as the budget user, was in charge of all transactions made using Village Fund. Moreover, the village head had the authority to designate persons in charge of implementing activities. Afterward, the activity implementation team implemented programs that were determined by their location, budget, and RAB (budget plan). Then, it was prepared jointly and independently, as well as by third parties, including the office of public works and local contractors. The activity implementation team had a structure consisting of a leader, secretary, treasurer, head of affairs, and the community to support the work. The activity implementation team initially searched for local workers to hire, materials, and implementation time before establishing infrastructure. The involvement of third parties in the implementation was necessary to address the shortcomings in the village. The Tende Village Government worked in collaboration with the Office of Public Works to design the building. It was hoped that the community would take part in each implementation to encourage labor-intensive activities. The concept was cash power, or technically, purchasing labor from the village. This aimed to gain wages from the Village Fund in order to boost purchasing power in the village. After the funds were received by the activity implementation team, the infrastructure development program was carried out. In addition to working as executors, or, in other words, contractors, the activity implementation team also served as program executor supervisors. The activity implementation team was made up of village officials and members of the community that were previously selected.

However, the community was not completely involved as a member of the activity implementation team in the physical development implementation that took place in Tende Village. The community's involvement in the activity implementation team was limited to that of a worker or builder. In every implementation of the management of the Village Fund, the village elite dominated through field executions. All village officials were involved in

implementing the Village Fund, from the RT (neighborhood) to the village head levels. One of the activities related to the Village Fund was physical development. The community could contribute by providing workers or materials from the village. There was an economic cycle in the village as a result of this involvement, which was a part of self-management based on local self-help, but there was hardly any distribution of community involvement from the village, either as a builder or a builder's helper. There is a rule that, in addition to village officials, members of the community must be included in the formation of the activity implementation team, which is stated in Regulation of Minister of Home Affairs No. 20 of 2018. On the other hand, the community was unaware of their entitlement to be involved as part of the activity implementation team, both as builders and daily workers. In its implementation, the most active actors were the village officials.

The community was not involved in the process and only knew when the implementation of infrastructure development was already underway. In the implementing infrastructure development, some members of the Village Consultative Body and other village officials who were involved as members of the activity implementation team tried to make a profit by purchasing materials. The Village Consultative Body considered that the price trick done by the activity implementation team was based on a survey of material standard prices. The mode of operation of the activity implementation team when purchasing materials is to negotiate outside the standard budget (markup). Materials that were frequently targeted for profit were sand, stone, and heaped soil.

On the other hand, the Village Consultative Body did not have the power to act because it did not have authority, even as a supervisor. The duties of the Village Consultative Body, aside from serving as a government agency, were limited to receiving and discussing community reports without the authority to impose punishment (Labolo, 2017). This phenomenon is in line with elite capture. Elite capture situations arise when the power of one's position and the resources one owns are used for personal and group interests (Sidik & Habibi, 2023). Concerning that, according to Putri et al. (2023), fraud in the governance of program implementation in the village has the potential to occur due to poor internal controls, an unclear division of work authority, and a less strong supervision function of the Village Consultative Body. Thus, in a broader context, elite capture can significantly hinder development, weaken community participation, and exacerbate inequality (Lucas, 2016).

### ***The Impact of Implementing the Village Fund Program in Tende Village***

The Village Fund provided the authority for the village government to determine the needs of the village. The Village Fund was specifically used for infrastructure development and village empowerment; both policies were expected to have a positive impact on the village. In implementing the Village Fund for the last five years, village development could not be separated from infrastructure. In addition, Tende Village has completed 21 infrastructure programs implemented in stages, including in terms of agriculture, health, education, and village-supporting facilities.

Infrastructure development programs in agriculture that have been built include irrigation, drainage, and gravel roads. This infrastructure had a significant impact on farmers since it was associated with the sustainability of agricultural activities. One of the agricultural infrastructures is drainage. This infrastructure was very vital due to its significant impact on the irrigation system for paddy fields. Due to the drainage, farmers could irrigate their fields more effectively because the water was distributed more evenly. Moreover, the total area of paddy fields required irrigation was approximately 400 hectares. A beneficial effect has been observed even though irrigation needs have not yet been entirely satisfied. In addition to irrigation, farm roads have been constructed to increase farmers' mobility. There are several benefits felt by farmers and the community, and some of them include reduced extra expenses and increased farmer mobility. In addition, farm roads are one of the most basic needs, aside from irrigation. Therefore, infrastructure in the agricultural sector was very beneficial for the village government. Improved infrastructure further increases accessibility and efficiency, which has the impact of promoting economic activity by speeding up the distribution of goods and reducing expenses (Sofianto, 2017).

Our findings also highlight the impact of the basic education sector, particularly through the establishment of PAUD. The existence of the building helped teachers carry out teaching activities. A basic need for basic education in Tende Village is the construction of the PAUD building. The requirement for children to have a basic education was impacted by the presence of PAUD. In addition to basic needs, the construction of village health facilities has been carried out in stages since the Village Fund started. Tende village has two health facilities located in Ogotende Hamlet and Siaung Hamlet. The community was welcomed and happy to have these two health facilities. Moreover, these health facilities helped mothers because they did not need to go to the sub-district public health center to get health and pregnancy examinations. As a result, these health facilities have improved the health status of the

community. For health cadres, the first thing that the village must provide is supporting facilities to improve community health.

Before the Village Fund allocation from the central government, the village government directed infrastructure development from the regency with annual proposals. However, the proposal submitted was never realized or implemented. Moreover, before there was the Village Fund policy, the village government held a *Musrembangdes* to be proposed in the sub-district every year. The proposal from the village might not be implemented because every village in the sub-district submitted the same proposal. At the sub-district level, proposals from the selected villages were submitted again to the regency. The bureaucracy was getting more complicated since all of the village proposals were put together to determine which ones would be accepted. Proposals in the regency were not only based on top priorities but also on rigid regency decisions. Even though the proposal was accepted, it was uncertain that the district could implement it because there were stages, depending on the condition of the district's financial capacity.

In addition to the infrastructure sector, the empowerment sector plays an essential role in village development. The Tende Village Government followed the direction of the central government that development policies must prioritize empowerment, even though the development of basic needs in Tende Village has not been met. Moreover, the Tende Village Government has carried out 15 empowerment programs. The village government directed the majority of this training program with the target of enhancing the capacity of village officials and providing needs that support health, education, and BUMDes (village-owned enterprises). The health assistance program provided medical devices. In addition, the village provided milk and additional food for pregnant women and children. Moreover, there was health education for mothers initiated by the PKK and health cadres to provide education to the community regarding healthy lifestyles. The community and health cadres also received training in the health sector as part of capacity-building efforts. In terms of educational support, the Tende Village government provided PAUD needs, including uniforms, salaries for teachers, and PAUD needs. Another aspect of development related to village economic development was the establishment of village-owned enterprises (BUMDes). Village-owned enterprises were carried out by investing in capital and managing production, distribution, and marketing for production-scale agricultural economic enterprises and other businesses. This was to increase the superior products in the village, which was expected to increase the village's ability to develop. The type of program initiated by BUMDes was the establishment of Saprotan (an agricultural production facility). This program met all the agricultural needs of farmers. The

agricultural needs provided by BUMDes were in the form of fertilizers, poisons, seeds, and agricultural production tools. However, community interest in BUMDes was still low, and farmers' desire to purchase products from BUMDes was very low. Because there was no information board, some people were unaware that BUMDes even existed. The presence of BUMDes was still only symbolic in the sense that it has implemented a program to enhance the village economy through BUMDes but has not been able to become a source of village income. Ideally, BUMDes represents a critical institutional framework that facilitates and supports community empowerment initiatives (Iswari, 2024). In its implementation, the empowerment program was interpreted by the village as limited to the development and improvement of supporting facilities, and capacity building. In other words, the village government has not prioritized enhancing the participation and capacity of the village community. Thus, this does not align with the ideal definition of empowerment, which emphasizes enhancing the capacity of individuals or groups to make strategic choices, take control of their lives, and foster sustainable social, economic, and political change (Ibrahim & Alkire, 2007).

The case in Tende Village presented a double-edged sword, bringing positive impacts such as improved infrastructure and supporting facilities, while also negatively affecting social capital within the community. Social capital is mutual cooperation, which is inherent and a village hallmark. In this case, the value of mutual cooperation is closely related to the value of togetherness in human relations. These values include religious, ethical or moral, cultural, and economic values (Koentjaraningrat, 1990).

Reflecting on this research, the implementation of the Village Fund in recent years has resulted in a decline in the spirit of togetherness in mutual cooperation activities. The implementation of Village Funds in Tende Village over the past few years has led to a decline in the spirit of togetherness in collective activities. Community participation in village-initiated communal work to maintain village facilities has decreased. The community perceives voluntary involvement in such activities as unnecessary, considering it the responsibility of village officials and believing there is no need to invite community participation. Even when involved, community members expect to be paid for their work. They assume all village-initiated activities are already funded by the Village Fund. The decline in social capital due to dependency on Village Funds can significantly impact community engagement and empowerment. This aligns with Windusara (2024) argument that community dependency on Village Fund can reduce participation, weaken social capital, and hinder innovation and independence.

This is contrary to the goal of the Village Fund allocation, which explicitly aims at increasing the self-sufficiency and mutual cooperation of village communities (Ministry of Finance, 2021). In community service activities initiated by the village to maintain village facilities, there was a decrease in the level of community participation. The community no longer considered it necessary to participate willingly in any village-organized community service activities. The community considered that it was the duty of the village officials, and there was no need to invite the community to participate in community service. It is assumed that decreasing community involvement may impede community development (Arifin et al., 2020). These findings contradict the findings of Aritenang (2021), who argued that village communities still have strong local social capital that can compensate for how policies determine development. In terms of implementation, when carrying out plans for a program or activity that has implications for welfare, getting to know the community and becoming involved are appropriate considerations (Siregar et al., 2023). The formulation of Village Fund policies must consider social capital as a key element of village development by promoting discourse and communal engagement at every stage of policy design and implementation (Suryono, 2018; Riyanto, 2023). Consequently, enhancing social capital will facilitate the effectiveness of Village Fund initiatives and play a crucial role in advancing broader social progress in Indonesia. Overall, this study argues that the prioritization of Village Fund implementation should be tailored to local characteristics, as needs related to empowerment and infrastructure vary across regions, despite standardized guidelines such as the Village Development Index.

## **V. Conclusion**

This study aims to explore the implementation of Village Fund in an underdeveloped village. Fundamentally, the implementation of Village Fund in Tende Village is similar to that of other villages. The village community was more enthusiastic about village development as a result of the implementation of the Village Fund. However, the village government only gave a half-hearted effort to the mandate to implement the Village Fund, particularly to prioritize the empowerment aspect. This had implications for the perceived impact, which tends to be greater on the infrastructure aspect. Moreover, the activity implementation team did not provide space for the community to actively participate in infrastructure development. In terms of village government structure, there was a phenomenon of village government efforts to attempt to obtain personal gain. On the contrary, people's enthusiasm reduced their social capital. The community's orientation has changed to seeking profits since there were the village

funds. If no incentive was provided, communities were reluctant to participate in development activities and did not take the initiative to engage in mutual cooperation.

This study suggests that Village Fund allocation should align with village status indicators to ensure appropriate prioritization between infrastructure and empowerment. Active community participation is essential, involving village officials and broader community through self-managed implementation to build trust and engagement. Additionally, bureaucratic simplification is needed to address delays in Village Fund disbursement, which have hampered development. Transparency in fund management, from planning to outcomes, is crucial to enhance community awareness and improve both participation and development quality.

## **VI. Bibliography**

- Adhayanto, O., Arianto, B., Winatawira, W., Suryadi, S., & Nurhasanah, N. (2019). *The Evaluation of the Utilization of the 2018 Village Funds in Bintan District and Lingga District*. *Jurnal Bina Praja*, 125–136. <https://doi.org/10.21787/jbp.11.2019.125-136>
- Adisasmita. (2015). *Pembangunan Wilayah*. Yogyakarta: Graha Ilmu.
- Aguilar, Jemel P. & Soma Sen. (2009). *Comparing Conceptualizations of Social Capital*, *Journal of Community Practice*, 17:4, 424-443, DOI: 10.1080/10705420903299979
- Afifah, D. F., Kartini, D. S., & Yuningsih, N. Y. (2017). *Village Independence In Village Funds (A Case of Village Fund Management in Traditional and Modern Villages)*. *Advances in Social Sciences Research Journal*, 425, 134-145.
- Antlöv, H., Wetterberg, A., & Dharmawan, L. (2016). *Village Governance, Community Life, and the 2014 Village Law in Indonesia*. *Bulletin of Indonesian Economic Studies*, 52(2), 161–183. <https://doi.org/10.1080/00074918.2015.1129047>
- Aprilianingsih, S., Nuraeni, H., Dewi, J., Prameswari, G., & Priyanti, E. (2024). *Village fund allocation management in improving community empowerment in Jayasampurna Village*. *J-3P (Jurnal Pembangunan Pemberdayaan Pemerintahan)*, 9(1), 103–117. <https://doi.org/10.33701/j-3p.v9i1.3398>
- Arifin, B., Wicaksono, E., Tenrini, R. H., Wardhana, I. W., Setiawan, H., Damayanty, S. A., Solikin, A., Suhendra, M., Saputra, A. H., Ariutama, G. A., Djuned, P., Rahman, A. B., & Handoko, R. (2020). *Village fund, village-owned-enterprises, and employment: Evidence from Indonesia*. *Journal of Rural Studies*, 79, 382–394. <https://doi.org/10.1016/j.jrurstud.2020.08.052>
- Aritenang, A. (2021). *The Role of Social Capital on Rural Enterprises Economic Performance: A Case Study in Indonesia Villages*. *SAGE Open*, 11(3), 21582440211044178.
- Cahyono, Heru., Aziz, Nyimas Latifah Letty., Nurhasim, Moch., Rahman, Agus, R., Zuhro, R., Siti. (2020). *Pengelolaan Dana Desa: Studi dari Sisi Demokrasi dan Kapasitas Pemerintahan Desa*. Jakarta: Lipi Press.
- Cresswell, J. (2013). *Qualitative inquiry & research design: Choosing among five approaches*.
- Enggraini, F., Putri, N. C., Salman, Y. A., & Handayani, W. (2020). *Peran Kelembagaan Pemerintah Desa dalam Memajukan Desa Pongkok-Polanharjo, Klaten*. *Matra Pembaruan: Jurnal Inovasi Kebijakan*, 4(2), 71-82.
- Giorgas, D. (2007). *The significance of social capital for rural and regional communities*. *Rural Society*, 17(3), 206-217.

- Hartojo, Nurlatifah, Mohamad Ikhsan, Teguh Dartanto, and Sudarno Sumarto. (2022). *A Growing Light in the Lagging Region in Indonesia: The Impact of Village Fund on Rural Economic Growth*. *Economies* 10: 217. <https://doi.org/10.3390/economies10090217>
- Harun, H., Graham, P., Kamase, H. P., & Mir, M. (2021). *A Critical Analysis of the Impacts of Financial Literacy and NPM on Village Funds Initiative in Indonesia*. *International Journal of Public Administration*, 44(4), 336–345. <https://doi.org/10.1080/01900692.2020.1722165>
- Ibrahim, S., & Alkire, S. (2007). *Agency and empowerment: A proposal for internationally comparable indicators*. *Oxford development studies*, 35(4), 379-403.
- Iswari, Y. A. (2024). *The role of village-owned enterprises (BUM Desa) in empowering rural communities (Case study of BUM Desa "Loh Jinawi" in Dawu Village, Paron Subdistrict, Ngawi Regency)*. *J-3P (Jurnal Pembangunan Pemberdayaan Pemerintahan)*, 9(1), 58–81. <https://doi.org/10.33701/j-3p.v9i1.3817>
- J. Vel, Y. Zakaria, A. Bedner. (2017). *Law-Making as a Strategy for Change: Indonesia's New Village Law*. *Asian Journal of Law and Society*, 4 (2017), pp. 447–471. doi:10.1017/als.2017.21
- Kasmad, Rulinawaty. (2018). *Studi Implementasi Kebijakan Publik*. Makassar: Kedai. Aksara.
- Kementerian Desa, Pembangunan Daerah Tertinggal Dan Transmigrasi Republik Indonesia. (2019). *Index Desa Membangun*. Dari dari kemendesa.go.id: <https://idm.kemendesa.go.id/view/detil/1/tentang-idm>
- Kementerian Desa, Pembangunan Daerah Tertinggal Dan Transmigrasi Republik Indonesia. (2022). *Kaleidoskop Kemendes PDDT 2022, Gus Halim: IDM 2022 Sudah Lampau Target RPJMN 2024*. Accessed from <https://kemendesa.go.id/berita/view/detil/4553/kaleidoskop-kemendes-pddt-2022-gus-halim-idm-2022-sudah-lampau-target-rpjmn-2024>
- Kementerian Keuangan. (2019). *Buku Pintar Dana Desa*. Jakarta: Kementerian Keuangan Republik Indonesia.
- Kementerian Keuangan. (2019). *Buku Pintar Dana Desa Dana Desa untuk Kesejahteraan Rakyat*. Kementerian Keuangan Republik Indonesia. Accessed from <https://djpb.kemenkeu.go.id/kppn/bukittinggi/id/data-publikasi/artikel/2951-dana-desa-pengertian,-sumber-dana,-penyaluran-dana,-dan-prioritasnya.html>
- Koentjaraningrat. (1990). *Kebudayaan Metalitas dan Pembangunan*. Jakarta: PT Gramedia Pustaka Utama.
- Labolo, M. (2017). *Peluang Dan Ancaman Otonomi Desa Pasca Undang-Undang Nomor 6 Tahun 2014 Tentang Desa*. *Jurnal Ilmiah Wahana Bhakti Praja*, Vol 7(2), 73-82.
- Lewis, B.D. (2015). *Decentralising to Villages in Indonesia: Money (and Other) Mistakes*, *Public Administration and Development* 2015. Wiley Online Library.
- Lucas, A. (2016). *Elite capture and corruption in two villages in Bengkulu Province, Sumatra*. *Human Ecology*, 44, 287-300.
- Makmur, H. (2015). *Efektifitas Kebijakan Kelembagaan Pengawasan*. Bandung: Refika Aditama.
- Manurung, E. T., Maratno, S. F., Permatasari, P., Rahman, A. B., Qisthi, R., & Manurung, E. M. (2022). *Do Village Allocation Funds Contribute towards Alleviating Hunger among the Local Community (SDG# 2)? An Insight from Indonesia*. *Economies*, 10(7), 155.
- Miles, M.B., Huberman, A.M., & Saldana, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook (3rd ed.)*. Thousand Oaks, CA: SAGE Publications, Inc
- Moleong, Lexy J. (1999). *Metodologi Penelitian Kualitatif*. Bandung: Remaja Rosdakarya.
- Permatasari, P., Ilman, A. S., Tilt, C. A., Lestari, D., Islam, S., Tenrini, R. H., ... & Wardhana, I. W. (2021). *The village fund program in Indonesia: Measuring the effectiveness and alignment to sustainable development goals*. *Sustainability*, 13(21), 12294.

- Pressman, J. L., & Wildaysky, A. B. (1973). *Implementation*. Barkley and Loss Angles: University of California Press.
- Putri, C. M., Argilés-Bosch, J. M., & Ravenda, D. (2023). *Creating good village governance: an effort to prevent village corruption in Indonesia*. *Journal of Financial Crime*.
- Rahmi, F., & Putri, I. A. (2021). *Partisipasi Masyarakat dalam Pengelolaan Dana Desa: Kasus di Kabupaten Lima Puluh Kota, Provinsi Sumatera Barat*. *Jurnal PolGov*, 3(2), 433-472.
- Riyadi, & Bratakusuma, D. S. (2005). *Perencanaan Pembangunan Daerah, Strategi Menggali Potensi dalam Mewujudkan Otonomi Daerah*. Jakarta: Gramedia Pustaka Utama.
- Riyanto, M. and Kovalenko, V. (2023). *Partisipasi masyarakat menuju negara kesejahteraan: memahami pentingnya peran aktif masyarakat dalam mewujudkan kesejahteraan bersama*. *Jurnal Pembangunan Hukum Indonesia*, 5(2), 374-388. <https://doi.org/10.14710/jphi.v5i2.374-388>
- Saragi, N. B. (2021). *Indonesia's Village Fund Program: Does It Contribute to Poverty Reduction?* *Jurnal Bina Praja*, 65–80. <https://doi.org/10.21787/jpb.13.2021.65-80>
- Saraswati, Y., Wastutiningsih, S. P., & Priyotamtama, P. W. (2023). *Village Funds Management in The Development of Sumberejo Village, Batuwarno Sub-District, Wonogiri District*. *J-3P (Jurnal Pembangunan Pemberdayaan Pemerintahan)*,8(2), 113–131. <https://doi.org/10.33701/j-3p.v8i2.3572>
- Sidik, F., & Habibi, M. (2023). *A Prize for the Village Ruling Class: "Village Funds" and Class Dynamics in Rural Indonesia*. *Journal of Contemporary Asia*, 1-25.
- Siregar, K. E., Badaruddin, Lubis, L. A., & Humaizi. (2023, May). *Utilization of Social Capital in Managing Family Planning Village Programs in Rural Communities in Indonesia*. In *Forum for Development Studies* (Vol. 50, No. 2, pp. 351-370). Routledge.
- Smeru. (2018). *Village Fund Spending*. SMERU Newsletter No. 2/2018
- Soerjono. (1990). *Sosiologi Suatu Pengantar edisi 12*. Jakarta: Rajawali Press.
- Sofianto, A. (2017). *Kontribusi Dana Desa terhadap Pembangunan dan Pemberdayaan Masyarakat di Kebumen dan Pekalongan*. *Matra Pembaruan: Jurnal Inovasi Kebijakan*, 1(1), 23-32. <https://doi.org/10.21787/mp.1.1.2017.23-32>
- Suryono, A. (2018). *Kebijakan publik untuk kesejahteraan rakyat*. *Transparansi Jurnal Ilmiah Ilmu Administrasi*, 6(2), 98-102. <https://doi.org/10.31334/trans.v6i2.33>
- Sutiyo, & Maharjan, K. L. (2017). *Decentralization and rural development in Indonesia*. Berlin: Springer.
- Tachjan. (2006). *Implementasi Kebijakan Publik*. Bandung: AIPI.
- Taylor, S. J., Bogdan, R., & DeVault, M. L. (2015). *Introduction to qualitative research methods: A guidebook and resource*. John Wiley & Sons.
- The Jakarta Post. (2022). *More villages benefit from govt village fund*. Accessed from <https://www.thejakartapost.com/front-row/2022/07/12/more-villages-benefit-from-govt-village-fund.html>.
- Undang-Undang Nomor 6 Tahun 2014 Tentang Desa.
- Windusara, Putu Ratna. (2024). *The Influence of the Use of Village Funds on Village Development and Empowerment of the Kedonganan Traditional Village Community*. *JISIP (Jurnal Ilmu Sosial dan Pendidikan)*, 8(3):1638-1638. doi: 10.58258/jisip.v8i3.7080
- Yin, R. K. (2003). *Application of Case Study Research (3rd. Vol. 5)*. Thousand Oaks: Sage Publication.

