

**VILLAGE COUNSELORS TO GUIDE VILLAGE FUNDS
MANAGEMENT, IS THIS EFFECTIVE? A CASE STUDY OF VILLAGES
IN TANGERANG DISTRICT**

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— Abstract —

The Village Funds that has been allocated since 2015 still seems to encounter challenge in management due to inadequate capacity of village government in many regions. In order to overcome this problem, Ministry of Villages, Disadvantaged Regions, and Transmigration of Indonesia has established Village Fund Task Force by sending Village Counselors as an effort to guide all the village chiefs. However, this is still questionable regarding its effectiveness by seeing that the level of corruption in local government are still quite high. Hence, this paper aims to evaluate before and after the existence of Village Counselors in Tangerang District. Villages in this buffer zone for the capital city of Indonesia should have good management system as a benchmark for other villages that are regionally away from the central government. This research uses descriptive method by collecting data and doing observations in several villages in Tangerang District. The authors found that the existence of Village Counselors in Tangerang District can be said to be not yet effective in improving transparency and

accountability of Village Funds management. Therefore, it can complicate efforts to eradicate corruption in Indonesia at the local level.

Key Words: *Financial Managements, Village Counselors, Village Funds*

JEL Classification: D73, H72, H76

1. INTRODUCTION

Village funds are allocated after legalized of Village Law No. 6 of 2014 which the government mandates to allocate funds to every village in Indonesia. This is accordance to the Nawacita (Nine Priority) number 2 in accordance with the Jokowi-JK government program to build villages in Indonesia. Village funds are budgeted annually in national budget (APBN) which is a source of village income. Since then all villages in Indonesia have been granted an average of 800 million rupiahs per village to be managed independently by each village. Village funds are made with the aim that each village can manage the funds in accordance with the needs of each village which then prioritized for rural development and empowerment of village communities.

The government's initiative to adopt village funding policy in fact did not go smoothly. The Village Minister of Development of Disadvantaged Areas and Transmigration, Eko Putro Sandjojo, admits that there are still problems with village funding so far, especially on how these funds are spent by village officials. In addition, there are still the head of village who not yet understand how the village fund reporting system made. Sometimes reports are made incompatible with the regulation. The huge amount of funds also invites people to raise themselves for the village head. The Village Minister told a number of journalists that, in Indonesia where there is power and money then that is where there is potential for corruption. So the sprinkling of village funds that are big enough now become very vulnerable to corruption.

To overcome and anticipate various problems and issues that have arisen since the existence of village funds, the Ministry of Village formed Task Force for the Village Fund. The main objective of the Task Force was formed as a supervisor of the implementation of the use of village funds. The Village Fund Task Force is headed by Bibit Samad Rianto who is none other than a former KPK (Corruption

Eradication Commission) official who helped build the KPK institution as the most independent institution in fighting corruption that has been damaging the nation. The Village Minister explained that the Village Fund Task Force is not an army whose job is only to arrest the village heads if they violate the rules, but also to help formulate the policy. The Task Force also helps to socialize, monitor and evaluate village funding regulations. In addition, the Task Force is also following up on public complaints over allegations of abuse or misuse of village funds.

In performing their duties, the Village Fund Task Force did it in a structured manner. The Village Fund Task Force will directly visit and monitor the village. If sometimes found allegations of irregular deliberate misuse, the Village Fund Task Force will hand over the perpetrators to law enforcement. But before that done, the Village Task Force will try to give understanding. Bibit on one occasion said that the village apparatus should not carelessly commit irregularities or violations simply because of the lack of understanding on the applicable regulations. (Berdesa.com, 2017)

Since the Task Force has been active in assisting and overseeing the use of village funds, a growing number of reports relating to corruption cases and misappropriation of village funds. According to news reported by Detik.com (2017), in 2016 the number of cases is only about 900 reports, but at the end of 2017 increased to 11,000 reports. The Village Minister explained that corruption still exists but the number has gone down and the majority of incoming reports are proposals and questions, cases of abuse still occur in some villages. The misuse of village funds is more due to the mentality of the Village Head and his staff who are not ready to manage the village funds.

The large number of reports received made the Village Fund Task Force perform random village fund audits. In this random audit system, the Village Fund Task Force will implement it with a massive Police, Attorney and KPK units. This randomized village fund audit system is somewhat different than the previous system that only waits for the report and then has just been acted upon. This system is planned so that every village does not dare to abuse because the audit team can at any time come to the village hall to do auditing.

The authors of this study wanted to assess whether the existence of Village Fund Task Force really influenced the performance of Village Head and village apparatus in managing and allocating village funds. The authors also want to know whether the Village Fund Task Force has been effective in assisting the

Village Head so that village funds can be allocated in accordance with the needs of the community and there is no misappropriation of funds such as corruption. The author conducted this research in the villages located in Buaran Jati Village, Tangerang District.

2. LITERATURE REVIEW

2.1. REGIONAL AUTONOMY

Regional autonomy in Indonesia has begun since legalized of Act No. 22 of the year 1999 and Act No. 25 of 1999 Financial Equalization between the Center and Regions. This policy was implemented with one of the reason for that is increasing the role of community and Regional Leaders in enhancing social justice and economy of the area.

Further, since the year 2015, the Central Government provides some funds to any village that is in Indonesia to be managed in accordance with the needs of the community and can benefit both directly and indirectly. These funds can be used for the improvement of educational facilities and infrastructure, improving health, road construction, etc.

2.2. VILLAGE FUNDS

Every year the Central Government gave the village Fund which continuously increases. Increase in revenue area is expected to "boost" the ability of the economy of the community. In the year 2015, the average funding received for each village of Rp 280 million. In the year 2016, the average village Fund increased to Rp 628 million in 2017 and an increase in the average village Fund to Rp 800 million (Ministry of finance, 2017: iii).

This policy is also done in the country of Thailand since the year 2001. The Government of Thailand has budgeted of up to US \$2 billion and it has a positive impact on household expenditure and income (Boonperm, Haughton, Khandker, 2013:15).

2.3. PUBLIC FINANCE MANAGEMENT

PFM refers to the set of laws, rules, systems and processes used by sovereign nations (to sub-national governments), to mobilize revenue, allocate public funds, undertake public spending, account for funds and audit results (ICPAK PFM Conference, 2017). But, some head of villages have not been able to manage village funds as much as possible. Many cases of corruption occurring at the village level usually occur due to lack of knowledge from the village head in managing the financial report of the use of the funds. Simangunsong and Wicaksono stated that the existing state apparatus in Pasir Putih Village, South Yapen Regency, Papua is not yet adequate village apparatus in duties and responsibilities (Simangunsong, Wicaksono, 2017: 250). Furthermore, research conducted in Konawe Utara District states that available village apparatus has minimal capacity in terms of transparency, accountability, participation, discipline, and village fund management discipline (Anto, Amir, 2017: 66). In the villages on the coast of Riau Province, the difficulties experienced by the Village Apparatus is to make a financial report. They still use support personnel from outside the apparatus to work on village financial reports (Azlina, Hasan, Desmiyawati, Muda, 2017: 325).

Therefore, the Central Government provides the Village Assistant to assist the Village Head and his apparatus in the management of funds and administration that must be completed in order to avoid any act considered perversion. This policy is contained in the Regulation of the Minister of Village, Development of Disadvantaged Villages, and Transmigration of the Republic of Indonesia Number 3 Year 2015 on Village Assistant.

2.4. GOOD GOVERNANCE

According to United State, Good Governance has eight characteristics: participation, consensus-oriented, accountability, transparency, responsiveness, effective and efficient, fair and inclusive, and following the rule of law. The characteristics of good governance declared by UNDP are:

- **Community participation:** all citizens have a voice in decision-making, either directly or through legitimate representative bodies representing their interests. Such comprehensive participation is built on freedom of assembly and expression, as well as certainty to participate constructively.
- **Consensus-oriented:** Good governance bridges different interests in order to build a comprehensive consensus on what is best for community groups, and where possible, consensus on policies and procedures.
- **Accountability:** decision makers in government, the private sector, and community organizations are accountable, both to the public and to the agencies concerned.
- **Transparency:** transparency is built on the basis of free information. All government processes, institutions, and information need to be accessible to interested parties, and the information available should be sufficient to be understood and monitored.
- **Caring and stakeholders:** agencies and the whole process of government should strive to serve all interested parties.
- **Effectiveness and efficiency:** governance processes and institutions produce results according to the needs of citizens and by using the resources that are as optimal as possible.
- **Equality / fair:** all citizens have the opportunity to improve or maintain their welfare. Leaders and communities have a broad and far-reaching perspective on good governance and human development, as well as a sense of what is needed to make that progress happen. In addition they must also have an understanding of the historical, cultural, and social complexities that form the basis for that perspective.
- **The enforcement of the rule of law:** the legal framework must be fair and be applied indiscriminately, including the laws concerning human rights.
- **Strategic vision:** leaders and communities have a broad and far-reaching perspective on good governance and human development, and a sense of what is needed to make that progress happen. In addition they must also have an understanding of the historical, cultural, and social complexities that form the basis for that perspective.

2.5. LOCAL GOVERNANCE

Based on Law no. 22 of 1999 Article 1 Letter d on Local Governance. Local Governance is the organizer of Autonomous Regional Government by Regional Government and Regional House of Representatives (DPRD) according to Decentralization principle.

According to Shah, Local Governance is a broader concept and is defined as the formulation and implementation of collective action at the local level (Shah, 2006: 1).

3. RESEARCH METHODOLOGY

This study uses descriptive method in which the method aims to clarify a problem using numbers and words to present the profile, classification of types, or outline steps to answer the question who, when, where, and how (Neuman, 2014: 38).

This research uses direct observation of villages in Tangerang Regency, Banten Province to obtain various information such as the influence of the presence of Village Assistant and changes directly felt by the Village Head and his staff in the financial and administrative management and the impact felt by the community in the district in the form of written data, photographs, and matters relating to the study.

The sample used in this qualitative research is purposive sampling. The informants for this research are Sukadiri Subdistrict Head, Sukadiri District Public Relation Division, and staff.

The technique of collecting data by interview, observation, and document study. Document studies are intended as supporting data in interviews and observations. In qualitative research, the instrument is the researcher himself. This is intended to obtain accurate data and information on the problem being investigated because the researchers observed directly to the informant / respondent. The documents used in the interview and observation sessions are:

- Work Plans in a year of District and Villages before and after the presence of Village Counselors

- Regulation of Village Minister, Development of Disadvantaged Areas, and Transmigration No. 3 Year 2015 about Village Counselors
- Interview Records and other supporting data

4. DISCUSSION

In order to overcome the problem of Village Funds management, the central government has responded by sending Village Counselors to approximately 76.000 villages in Indonesia. According to the Ministry of Villages, Disadvantaged Regions, and Transmigration of Indonesia, there are approximately 30.000 village counselors assigned to every village. Therefore, every village has at least one to two village counselors who is assigned to assist headman and village officials.

Village counselors are generally undergraduate student and those who have graduated from undergraduate education. They are those who are willing to enroll to become village counselors and after passing certain specified test stages. Village counselors have capability and understanding related to financial management, financial reporting, understanding related to Village Funds regulations, and understanding related to good governance. These knowledge become important for every Village Counselor to have as a provision for them to guide and assist the headman.

Before the village counselors begin to be assigned, the local government has conducted a very detailed socialization of village counselors tasks to all headmen. Therefore, when the village counselors has started to work both in the sub-district and the village head office, the headmen are very well aware of their role. In the sub-district where the authors researched, village counselors has been assigned since 2016.

Village counselor has several functions are as follows:

- a. To guide and assist the headman in understanding the regulations related to Village Fund management

There are ten regulations related to the Village Fund management are as follows:

1. Law of the Republic of Indonesia number 6 Year 2014 on the Village
2. Government Regulation number 60 Year 2014 on the Village Fund which allocated from State Budget (APBN)
3. Government Regulation number 8 Year 2016 on the Second Amendment to Government Regulation number 60 Year 2014 About Village Fund allocated from State Budget (APBN)
4. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 1 Year 2015 on the Authority Guidelines Based on Village Scores and Local Authority Rights
5. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 2 Year 2015 on the Code of Conduct and the Decision-Making Mechanism of Village Deliberations
6. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 3 Year 2015 on Village Assistance
7. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 4 Year 2015 on Establishment, Management and Dissolution of Village Owned Enterprises
8. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 5 Year 2015 on Determination of Priority of Village Fund Usage Year 2015
9. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 6 Year 2015 on the Organization and Working Procedures of Ministry of Villages, Disadvantaged Regions, and Transmigration
10. Regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration number 21 Year 2015 on Determination of Priority of Village Fund Usage Year 2016

There are still some village heads who are difficult to understand those considerable regulations. Therefore, the role of village counselors are necessary. Particularly to assist in understanding that the Village Fund should

be allocated transparently and accountably in accordance with the regulations set by the central government.

- b. To guide and assist the headman and village officials in managing and allocating the Village Fund based on central government regulations

The central government has previously established a regulation that the allocation of Village Fund is prioritized to improve the empowerment of village communities. However, these large amounts of village funds are often not allocated effectively and efficiently due to the headman are not yet understood in making of development priorities. Especially in the absence of good development planning that the funds are not used in accordance with the purpose. Therefore, village counselors play an important role to assist the headman in determining the priority scale of village development. They are necessary to the headman to allocate village funds in accordance with the budget planning and priorities. Village counselors are also considered to be able to monitor village funds well.

- c. To guide and assist the headman in making financial report

Another constraint of village fund management is related to the making of financial statements. The low level of headmen education is often considered to be the main factor of their difficulties in the making of financial report. The presence of village counselors is the answer to this problem because they have previously had the capability in financial reporting. Village counselors are necessary in terms of administration and make financial reports in accordance with the government accounting standards.

Based on the result obtained by the authors in Tangerang District, village counselors play an important role in assisting the headmen to realize village's work plan. Village headman with his officials are now able to run their programs based on priorities that refer to the regulation of Ministry of Villages, Disadvantaged Regions, and Transmigration. Sub-district and village officials often conduct performance evaluation along with village counselors to see if the village work program has proceeded as planned or not.

By this far, the presence of village counselors is considered significant in assisting village fund management based on research result obtained by the authors. However, some villages in Tangerang District still seem to encounter problems. It can not be denied that there are some village officials who abuse the authority they have for their own profit. It is such as a case of corruption in one of the villages. Even this corruption case involved the village headman along with the village counselor who should guide the village officials to not abuse this fund.

In addition, social problems between village counselors and village headman are also likely to occur. This problem due to differences in age, culture, and domicile regions. In general, the village counselors come from regions which are outside the village that obviously have different cultures and a long age range with the village headman. Therefore, this social difference poses a challenge for village counselors to perform their rule-appropriate duties while still respecting the village headman. This social difference does not seem to occur in Tangerang District as there is no distance between the relations of the village headman and the village counselor. If there is a problem, the way to solve this is to invite all village officials and village counselors to deliberate and solve the problem.

The government's desire to obtain good governance and clean government initially can not be fulfilled. Various constraints manifest themselves in the form of political instability, economic, social, cultural, legal, governmental which are uncertainty. In the village fund program, the central government started well enough due to the presence of village counselors who can help allocate the village fund effectively and efficiently. However, the main problems of village fund management are more in local government.

In building good governance, community participation is necessary as another important instrument. During this time, the village communities elect the village headman with the consideration of the similarity of tribes or they prefer honorable people in their village. The authors see that the election of village headman is sometimes not based on the competencies they have. Therefore, the next question is whether the village counselor program is better to be continued in the next period or is it better to be stopped?

According to the authors based on the research result, this policy is better to be continued by seeing the reasons mentioned above. This is because the training program for village headman will take longer time than the presence of village counselors who directly assist them in the face of difficulties in managing and making financial reports.

5. CONCLUSION

The presence of village counselors was aim to substitute the central government to assist local governments to manage the funds as well as possible

The effectiveness of the village counselors has been quite effective, although in the fact, there are still villager counselors who manipulates village funds along with the head and the secretary sub-district.

The location of Tangerang Regency is only 70 km from the central government Jakarta. If in an area close to the central government still has constraints on village counselors, what about villages that regionally farther from the central government Jakarta?

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