VILLAGE FUND MANAGEMENT STRATEGY AS A FACTOR IN GOOD GOVERNANCE IMPLEMENTATION

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ABSTRACT

The government is currently devoting its attention to rural development and rural economic development to improve community welfare. Village funds have huge and significant implications for village development in every district in Indonesia. The approach used in this concept is a descriptive approach, namely by discussing and observing activities carried out in rural areas then maximizing strengths and opportunities, and collectively minimizing weaknesses and threats in the use of Village Funds to support the implementation of Good Governance so as to improve community welfare. Village fund management mechanisms, identify infrastructure developments after the existence of village funds, and determine strategies. The results of these observations indicate that the village fund management mechanism that is carried out is in accordance with existing regulations, infrastructure development in the village is much better, and the right strategy to be used in managing village funds is to make efficient use of aid funds to improve the economy and make use of it. Potential human resources.

Keywords: Village Fund Management, Good Governance, Welfare, Strategy

INTRODUCTION AND BACKGROUND

Village financial management is currently one of the strategic issues in the working cabinet government under President Jokowi. Both the issue of regional autonomy, especially the village, as well as the surrounding regulations. The most discussed issue is that all villages in Indonesia are expected to receive transfer funds from the State Revenue and Expenditure Budget (APBN) for village development, which is commonly referred to as the Village Fund Allocation (ADD). Village Fund Allocation is a fund allocated by the District or City Government for villages, which originates from a portion of the central and regional financial balancing funds received by the Regency or City (PP No. 72 Year 2005 Article 1 paragraph 11). The share of central and regional balancing funds received by the district or city for this village is at least 10% of the proportional distribution for each village (Warsono, 2014).

The ratification of Law Number 6 of 2014 concerning Villages on January 15, 2014 brought blessings to villages throughout Indonesia. The law, which has been under discussion for 7 years, regulates the source of funding for 73 thousand villages which comes from contributions from the central government and injections of regional cash. According to the law, each village is allocated a large amount of funds, which can even reach one billion rupiah per village. The Village Law provides a more certain guarantee that each village receives funds from the government through the state and regional budgets, which are many times higher, far above the amount currently available in the village budget.

The Village Fund Allocation (ADD) given, in principle, must adhere to the principles of accountability, transparency, and participation and efficiency. Village financial management provided to the regions through the Village Fund Allocation (ADD) in principle still refers to the principles of regional financial management (Permendagri No.113 of 2014). The large amount of funds provided to the village, the various amounts of reporting and the existence of a critical point in the management of village finances, of course also demands a great deal of responsibility by village government officials. Therefore, the village government must be able to apply the principle of accountability in the management of village finances, where all the end of village government activities must be accountable to the village community according to the provisions, so that Good Village Governance is realized (Oktaresa, 2015: 17). The principle still refers to the principal of regional financial management (Permendagri No. 113 of 2014). The large amount of funds provided to the village, the various amounts of reporting and the existence of a critical point in the management of village finances, of course also demands a great deal of responsibility by village government officials.

Good Governance is a new paradigm in governance management. A paradigm shift from government to governance which emphasizes collaboration in equality and balance of the three pillars of governance, a new paradigm of public administration is developed which is called good governance (Astuti, 2016). Many studies on "governance" have been conducted with a very wide spectrum of coverage. Gove rnance is mostly associated with government policies (Astuti, 2016; Temenggung, 2016), the public sector (Sukmadilaga, 2015), law (Rasul, 2009; Dercon, 2007; David, 2013), and public services (Tomuka, 2012; Prahono, 2015). These studies emphasize more on the macro aspect and at the same time show the scarcity of micro good governance studies on power at the village level, for example by the Institute of Research and Empowerment (Pramusinto, 2011). In order to support the realization of good governance (good governance) in village administration, village financial management is carried out based on the principles of governance, namely transparent, accountable and participatory and carried out in an orderly manner and budget discipline. The characteristics of good governance are participation, rule of law, transparency, responsiveness, building consensus, equality, effectiveness and efficiency, responsibility, and having a strategic vision (LAN & BPKP, 2000).

Judging from previous research, many villages have implemented ADD disbursement and distribution stages in accordance with applicable regulations. This policy also has a positive impact on both the village government and the community (Oleh, 2014). There are also many obstacles experienced by several villages such as: the implementation of the management function for ADD management is not optimal, the lack of competent human resources in managing village finances, there are still many regulations that have not been implemented, the distribution has not been in accordance with applicable regulations, and many more (Sumiati, 2015; Astuti, 2016: 12).

Based on several views, thoughts, and assumptions built in the description above, there are still many issues that need to be studied more deeply. Because the implementation of the ADD policy which is carried out in all villages in Indonesia, of course, will give different results from one village to another. Basically, the success of this policy can be caused by several factors. And the most important factor is the readiness of the village apparatus resources and also the level of community participation who takes part in the process of managing this Village Fund Allocation (ADD). Based on these considerations, the researcher is interested in further researching the problem of managing the Village Fund Allocation (ADD) in realizing good governance, in order to describe and explain this issue.

RESEARCH METHODS

This research uses qualitative. Qualitative research is research that intends to understand the phenomena experienced by research subjects holistically, and by means of descriptions in the form of words and language, in a special natural context and by utilizing various scientific methods (Moleong, 2007: 6). The type of research approach is descriptive. Descriptive research is research that seeks to address existing problem solutions based on data.

RESULT AND DISCUSSION

Governance is defined as mechanisms, practices and procedures for government and citizens to manage resources and solve public problems. In the concept of governance, the government is only one of the actors and not always the determining one. The implication of the role of government as a development and service provider and infrastructure will shift to become a driving force for the creation of an environment that is able to facilitate other parties in the community. Governance requires redefining the role of the state, and that means redefining the role of citizens. There are greater demands on citizens, among others to monitor the accountability of the government itself

Good governance is a solid and responsible implementation of development management in line with the principles of democracy and an efficient market, avoiding misallocation of investment funds and preventing corruption both politically and administratively, implementing budget discipline and creating legal and political frame work for the growth of business activities. In fact, so far the bureaucracy in the regions is considered incompetent. Under these conditions, local governments have always had doubts about their capacity to carry out decentralization. On the other hand, they must also reform themselves from a corrupt government to a clean and transparent government.

1. Characteristics of Good Governance
Based on the document of the United Nation Development Program
(UNDP) the characteristics of good governance are:

1. All-inclusive, transparent and accountable, effective and fair.
2. Ensuring the rule of law.
3. Ensure that political, social and economic priorities are based on community consensus.
4. Taking into account the interests of the poorest and weakest in the decision-making process regarding the allocation of development resources.

The government's role is very strategic in the policy-making process in optimizing village funds to improve the overall welfare of the community. In relation to the role of the government in making policies for the welfare of society, according to Arsyad (1999) there are three elements of policy that make up the policy system. These three elements are illustrated in Figure 1.1 below.

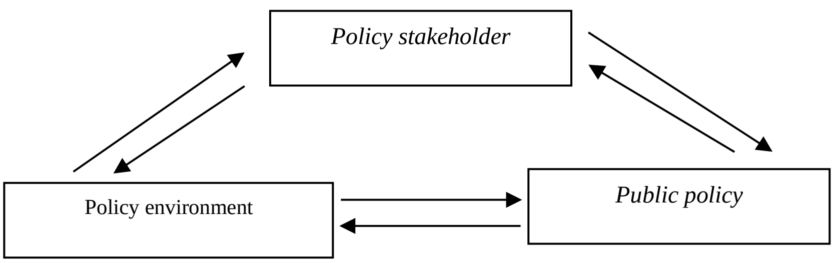

Figure1.1 Three Elements of a Policy System
Sources: Arsyad (1999)

The three elements above affect and interact with each other, for example, policy actors can influence and interact within in the environment and policies, but they can also be influenced by policies and the environment. Firman (2013) states that "The policy system contains objective and subjective processes of policy makers and is inseparable in practice". The application of the principles of good governance is very important in the implementation of government activities to realize people's welfare, this is because the objectives of development are one of which is to realize changes in the bureaucracy that are committed to the welfare of the people (Elisabeth, 2013). This governance paradigm is a shift from the government paradigm which emphasizes collaboration in equality and balance between the government, the private sector, and civil society (Prasojo, 2003). Good governance became widely recognized since the 1990s along with the interaction of lending countries and grants for developing countries. The economic and political development of the country that was given assistance or grants included Indonesia, one of them. According to the United National Economic and Social Commission for Asia and The Pacific (UNESCAP) (Ali, Rahman et al., 2014) the principles in implementing good governance are described as follows:

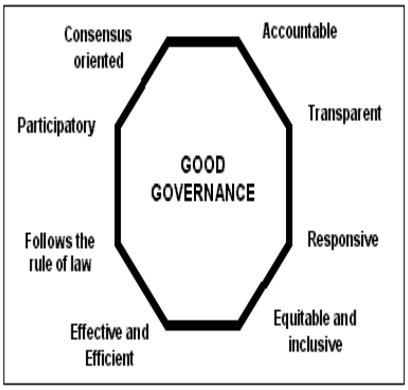

Figure 1.2 Characteristics of Good Governance
Source: Ali, Rahman (2014)

Figure 1.2 above can explain the principles of good governance as follows:

1. Accountable: The accountability of the management, the implementation of governance which is carried out is further interpreted as an obligation for the government apartment to act as the person in charge and the person responsible for all the actions and policies that are set.
2. Transparent: Can be known by many parties regarding the formulation of policies (politics) from governments, organizations, business entities. In other words, all government actions and policies, both at the central and regional levels, must always be carried out in an open manner known to the public.
3. Responsive: Institutions and processes should try to be responsive to serve each stakeholder.
4. Equitable and inclusive: All citizens, both men and women, have the opportunity to increase or maintain their welfare.
5. Effectiveness and efficiency: Processes and institutions produce according to what has been outlined using the best available resources.
6. Follow the rule of law: The legal framework must be fair and implemented without discrimination, especially the law for human rights.
7. Participatory: Every citizen has a voice in decision-making, either directly or through intermediation of legitimate institutions that represent their interests. Such participation is built on the basis of freedom of socialization and of speaking and participating constructively.
8. Consensus orientation: good governance becomes an intermediary for different interests to obtain the best choice for the benefit of the wider community, both in terms of policies and procedures.

The synergy between the government and the principles of good governance is absolutely necessary in the implementation of any policies that have been produced, the implementation of good governance affects human development and reduces the level of poverty (Darsono, 2013) which will ultimately lead to the welfare of the community. Adiyansyah (2013) states that the role of institutions (government), private sector, and geography influences economic growth is described as follows:

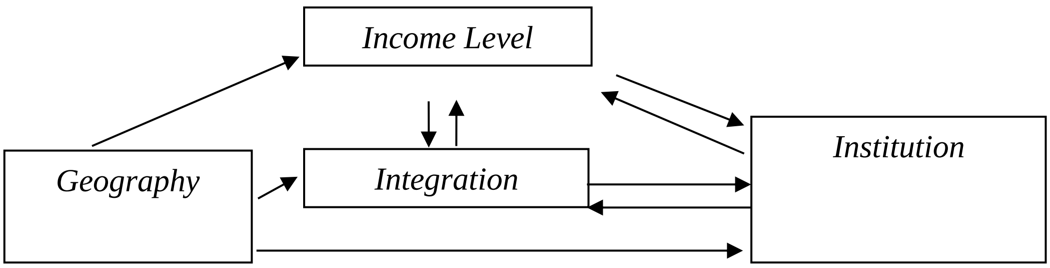

Figure 1.3 The theory of "deep determinants" of income
Source: Rodrik (2003)

Figure 1.3 shows the geography component, which is a presentation of the environmental conditions of an institution, the institution component is the presentation of institutions / institutions that apply ownership rights and law enforcement, while the integration component is the implementation of economic activities. The geography component has the most influence on Integration, Institution, and Income levels. (Adiansyah, 2013). Good governance, which affects the condition of an institution in which the implementation of the institution's activities is integrated with the implementation of economic activities so that it has an impact on the welfare of the community.By principle, the achievement of community welfare begins with inclusive economic growth. The role of the government in increasing inclusive economic growth through budget allocation can be in the form of an increase in government spending, this has been shown by several research results that show a positive role of optimizing village funds on economic growth (Aldulaimi, 2015). The implementation of government policies is supported by the existence of a government system that is implemented through the application of budget allocations and is supported by good governance (Chabib, 2014). One form of government policy to encourage increased use of social capital and increase government spending at the lowest level of society is by requiring local governments to allocate budgets for villages through village funds. Village funds are funds sourced from the State Revenue and Expenditure Budget intended for Villages and Traditional Villages which are transferred through regency / city Regional Budget and Expenditure Accounts so that they can be used to finance government administration, development, and economic and social growth. The important focus of this fund distribution is more related to the implementation of the Village Fund allocation so that it can be as perfect as the initiators' ideas. This shows the government's concern for development in villages, as regulated in article 72 paragraph 4 of Law Number 6 of 2014 concerning Villages, that the provisions for the amount of funds are at least 10 (ten) percent of the balance funds received by districts / cities in the Revenue Budget and Regional Expenditure after being deducted by the Special Allocation Fund. For districts / cities that do not provide the Village Fund Allocation, they will be subject to a sanction of deduction or postponement equal to the allocation of the equalization fund after deducting the Special Allocation Fund which should have been distributed to the village.

This is a manifestation of the decentralization theory according to (Widarta; 2003), the theory is a symbology of trust from the central government, to free the central government from unnecessary burdens in domestic affairs, it is hoped that through this decentralization the domestic area will have the opportunity to study, understand and responding to global trends and taking advantage of them, so that their capacity for initiative and creativity will be more stimulated. In this case, the central government can concentrate more on the formulation of strategic national macro policies.Village funds according to Law Number 6 of 2014 concerning Villages, it is stated that the Village Fund Allocation is used to finance the implementation of government activities, development, and economic growth and community welfare. Implementation of government activities through the financing of increasing village apparatus resources and providing village government infrastructure for the welfare of village communities. Implementation of economic growth activities, namely through efforts to improve the standard of living and welfare of rural communities through the establishment of policies, programs and activities in accordance with the essence of problems and priority needs of the village community.

2. Village Fund Management Mechanism

In accordance with the regulations of Law Number 6 of 2014 concerning Villages and it is followed up by Government Regulation Number 43 of 2014 concerning Implementation Regulations of Law Number 6 of 2014 concerning Villages. The purpose of this village fund allocation is to increase the financial capacity of the village to finance village government programs in carrying out activities in the field of village governance, implementing village development, fostering village communities and empowering village communities. Villages have the right to obtain village fund allocations. The mechanisms for managing village funds are as follows:

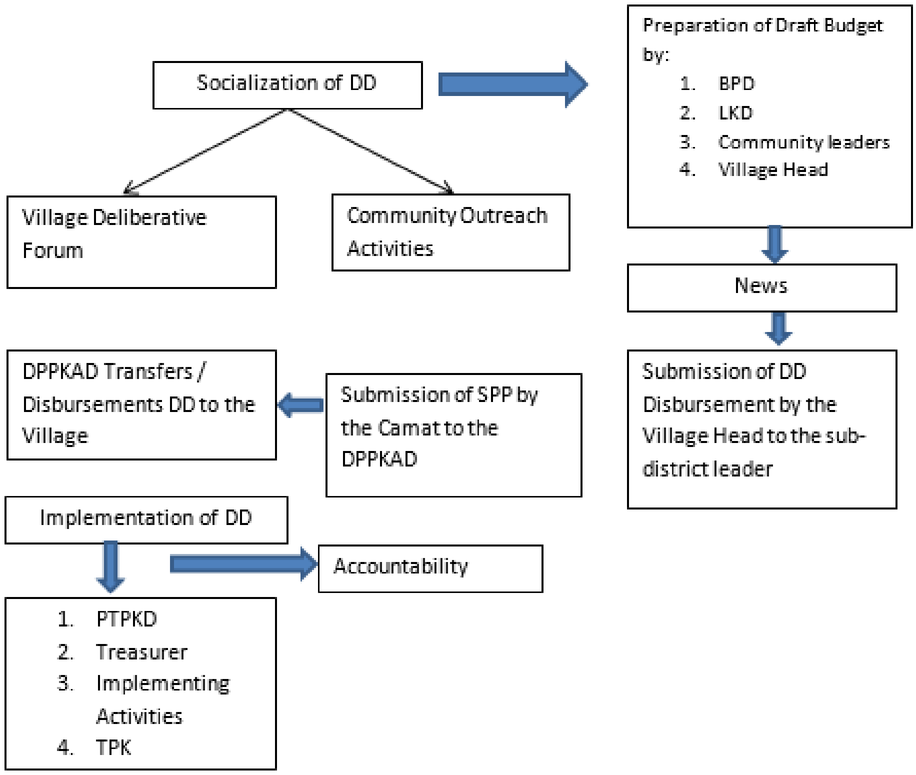

Figure 1.4 Village Fund Management Mechanism
Source: Depi Rahayu (2017)

The Village Fund is prioritized to finance development and community empowerment in accordance with the priorities stipulated in the Regulation of the Minister of Village for Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 21 of 2015 concerning Priority Determination of the Use of Village Funds. However, so far the priority for the use of village funds in Bali Province has been allocated for village infrastructure development such as construction of canals / irrigation, paving activities for village roads, repairing village bridges, concreting and constructing culverts. Village locations with good transportation accessibility are easier to develop because they will be integrated into urban areas (Lai and Xiaoling, 2016. The mechanism for managing village funds is based on the activities of socialization activities and village deliberation forums such as community empowerment activities, providing equipment assistance so that the community can more independent so that from the socialization it is necessary to prepare a budget by village officials such as the Village Supervisory Agency (BPD), community leaders and village heads with the preparation of the RAB which will be submitted to the sub-district head to carry out a verification whether the activity is worthy of obtaining funds or not, if If the activity has been approved, a Payment Request Letter (SPP) will be submitted from the sub-district to the Regional Revenue, Financial Management and Asset Service (DPPKAD) so that it can be handed over and transferred to the village. regional finance together with the village treasurer who has an important role in financial accountability by working with teams such as the activity implementer and the Activity Monitoring Team (TPK) in the village to oversee the field of community socialization activities and the process of procuring goods and services.

3. Village Fund Management Strategy in the Context of Good Government Implementation
According to Ni Wayan Rustiarini, the village fund management strategy in his interview with several village heads in Bali Province stated that the management of Village funds in a normative manner can be said to be in accordance with the mechanisms regulated in the applicable provisions. The following describes the three stages in the management of Village funds, namely planning, implementation and supervision.

Planning as a reference for the management of Village funds
According to law no. 6 of 2004 which emphasizes that Village Development aims to improve community welfare and the quality of human life, poverty alleviation through meeting basic needs, building facilities and infrastructure, developing local economic potential and utilizing natural resources and the environment in a sustainable manner, in this case the above law uses two the approach, namely the Village building and developing the Village which is integrated in the Village development planning. With the allocation of Village funds in Bali, in general, many Village funds are allocated for basic infrastructure development such as the construction of village roads and alleys and other public facilities, while the rest is used for empowerment or strengthening of the community economy (Nusa Bali.com, 2016).

Based on the results of Depi Rahayu's research in Economic Development Analysis Journal 6 (2) (2017), the Village Fund management strategy is to improve community welfare and support the implementation of governance that maximizes strengths and opportunities, and simultaneously minimizes weaknesses and threats. So that the following strategy formulations can be obtained:

1. To make effective aid funds in order to improve the economy and take advantage of potential human resources
2. Increasing access to good cooperation between the central government and village governments as outlined in a development policy
3. Creating or increasing business opportunities and employment by collaborating with outsiders as an effort to encourage the growth of new economic activity centers while still paying attention to local village products
4. Strategy for developing facilities and infrastructure in the Village
5. Strategies for improving the quality of human resources
6. Community empowerment program
7. Coordination between village fund managers and village assistants
8. Use of government facilities in the form of guidelines for implementing village funds
9. Improve the quality of human resources for government officials
10. Increase community participation in development

The resulting strategy formulation is for managing the Village Fund management in order to support the implementation of Good Government. In line with the concept put forward by David (2006: 12) where strategy is a way used in running an organization that can be achieved in accordance with the mission and objectives of the organization. In other words, strategy is a tool used to achieve long-term goals that have been set. One strategy that needs to be implemented is to involve the community as the main subject of development (Sesotyaningtyas and Asnawi, 2015). In Village Fund Management, the strategy implemented is to improve infrastructure and improve the human resources of the village apparatus itself so that the implementation of Good Government is good and government intervention as a facilitator in the field of funding.

CONCLUSION

The development of Village infrastructure after the existence of the Village Fund is currently much better than the previous condition. The strategies undertaken in an effort to improve the welfare of rural communities through the management of Village Funds include the following: making the funds effective in improving the economy and utilizing sufficient potential human resources, increasing access to good cooperation between the central government and the village government as outlined in a policy development. In optimizing development, the village government needs to pay attention to and allocate existing development activities in priority areas and the village government must be more open and aspirational in looking at external and internal factors to formulate regional development strategies going forward, so that increasing development and reducing lags can be achieved

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