

## Policy Actors as Determining Factors of Sustainability Village Fund Management in Indonesia

Yanhar Jamaluddin<sup>1</sup>

### Abstract

*This study was to identify the roles of policy actors as determining factors for the sustainability of Village Fund management in Indonesia. This policy was realized through a Village Fund allocation program for each Village sourced from the State Revenue and Expenditure Budget (APBN) which was regulated in Government Regulation Number 60 of 2014. Since this policy was implemented from the 2015 to 2022 budget year, the management of Village Funds had not been on target. Descriptive method used in the discussion. Data analysis used a qualitative approach, and the analysis instruments focused on policy actors/institutions. The findings was that the management of Village Fund Policy involved internal bureaucratic actors (official policymakers). The Village Government was the actor/institution that benefitted the process and the Regency Government is the actor/institution that suffered the loss. Thus, the sustainability of Village Fund management policies was determined by political factors, namely the insight and political interests of future government policy makers; and policy actor commitment the factors. This article recommended that to ensure the sustainability of the Village Fund policy, it was necessary to unite the vision and commitment of actors, both policy makers and policy implementers, to synergize Village development programs based on the Regional RPJM.*

**Keywords:** APBN; policy actors; policy sustainability; management; village funds.

### Introduction

The potential of each region down to the village was essentially the basis for economic improvement and development of a country. This achievement was also maximized through various forms of policies and programs, including through the policy of allocating funds from the Government to each Village to encourage increased development in the Village. In several countries these policies and programs had been implemented, such as in Myanmar and Laos. Myanmar in 2011 established the Local Development Funds / LDFs policy as a development reform program based on a "people entered" and "bottom-up approach" aimed at identifying and funding village community development projects (Robertson et.al. 2015: ii). Meanwhile, in Laos, it was called Village Development Funds / VDCs. VDCs were soft aid sourced from the World Bank and the Finnish Government, aimed at poverty alleviation (Paavola, 2012: 132).

Meanwhile, policies in Indonesia were realized through the allocation of Village Funds sourced from the State Revenue and Expenditure Budget (APBN). This policy was then regulated in Government Regulation Number 60 of 2014 in conjunction with Government Regulation Number 22 of 2015 - in conjunction with Government Regulation Number 8 of 2016. This policy was more directed at making "Village-based programs more effective evenly and fairly, and used to finance government administration, development, community empowerment, and community development". Village-based programs according to Law Number 6 of 2014 concerning Villages were programs in the context of implementing Village authority based on the rights of origin and local authority on a Village scale. Next was the Village Fund. In Indonesia, this Village Fund policy was called a continuation program of the previous policy, namely the Village Fund Allocation policy, abbreviated as ADD. This ADD policy and program was issued through Law Number 32 of 2004. This ADD was allocated from the Regional Revenue and Expenditure Budget (APBD). Prior to the ADD policy and program, there had been a rolling Village Assistance Fund program since 1969 provided by the central government in the form of the Village Development Presidential Instruction (Solekhan, 2014: 87). Therefore, this Village Fund policy was a further policy that leads to the realization of Village development goals; namely to improve the welfare of village communities and the quality of human life, as well as poverty alleviation.

This study of the implementation and evaluation of Village Fund allocation policies sourced from the State Revenue and Expenditure Budget (APBN) was an interesting topic to research. Several studies had also been conducted, including a research focus on: village apparatus resource readiness (Rahmawati, Ayidiati,

---

<sup>1</sup> Department of Public Administration Master's, Universitas Medan Area, Indonesia. E-mail: yanhar.jamaluddin@staff.uma.ac.id

and Surifah, 2015), aspects of the implementation process for using Village Funds (Abidin, 2015), the relationship between organizational commitment and village human resource readiness (Rulyanti, 2017), Review of Macro Economic Aspects (Harahap, 2018), and Identification of public institutional relationships (Syofyan, 2018). From several studies, it turned out that there were still very few research results that focused on policy actors starting from the level of Village Fund policy formulators and evaluators. In fact, policy actors had their respective roles as determinants of the sustainability of Village fund management policies.

Since the Village Fund policy was implemented from the 2015 to 2022 budget year, the allocation of funds had reached IDR. 468.9 trillion, and the number of villages receiving village funds had also increased, from 74,093 villages in 2015 to 74,961 villages in 2021 ([https://www.google.com/search?q=number+of+villages+funds+from+year+to+year\[10/30/2023\]](https://www.google.com/search?q=number+of+villages+funds+from+year+to+year[10/30/2023])), but in reality it still caused many problems. Several phenomena had been found to be problematic in the management of Village Finances, including the management of Village Funds, including:

1. Limited capacity of Village Government Apparatus Human Resources in Managing Village Finances where there was a dependency on 1 or 2 Village Officials who master Information Technology;
2. Lack of understanding of the importance of transparency in Village Financial Management for Village Government Apparatus.
3. The procedures and process for preparing accountability were still considered complicated by Village Government officials;
4. There were several Village Heads who lack responsibility for implementing Village Financial Management so that some of them were still misused.
5. Less attention was paid to the duties and responsibilities at the level of Village Head, Village Secretary and Kaur/Kasi and there was still a lot of overlap.
6. Limited budget for development, supervision, monitoring and evaluation of Village Financial Management in OPD within the Provincial and Regency Governments.

(<https://pendampingdesa.com/tantangan-dan-problem-implementasi-pengelolaan-keuangan-desa-2/>>[10/30/ 2023])

From several previous studies and based on this phenomenon, it could be stated that the policy actor aspect was very dominant as a determining factor in the management of Village Funds. Through the role of policy actors, the use of Village Funds would be on target or not. Therefore, the discussion in this article emphasized the issue of the role of policy actors as a determining factor in the sustainability of Village Fund management in Indonesia. Finally, this study was prepared to identify the roles of policy actors as determining factors for the sustainability of Village Fund management in Indonesia. It is important to analyse policy actors as a factor in the sustainability of Village Fund management, to find out who the actors/institutions were involved along with their authority, and which actors/institutions benefit and which suffer losses.

## Method

To discuss this problem, the author used a descriptive method. "Descriptive research presents a picture of the specific details of a situation, social setting or relationship.... descriptive study presents a picture of types of people or of social activities" (Neuman, 2006: 35 quoted by Creswell, 2009; 53). Data analysis used a qualitative approach, which described the data in an orderly, systematic, logical, non-overlapping and effective manner according to the topic of the study, to make it easier to understand and to interpret the data. This analysis aimed to explore in depth and selectively descriptive data in the form of written or spoken words from informants. "Qualitative research thus refers to the meaning, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things" (Berg, 2007: 3).

Furthermore, the analytical instrument used was actor analysis, namely considering who the actors/institutions were involved along with their authority, and which actors/institutions benefit and which suffered losses (Indiahono, 2022: 90). In other words, to get conclusions the author used factors related to what determines the sustainability of Village Fund allocation policies in Indonesia.

## Result & Discussion

The term sustainability was often attached to development and environmental studies, such as the expression; Sustainable development and environmental sustainability. Brundtland Report, Griffith University (1987) stated; "Sustainability encompasses environmental, social and economic dimensions "; Sustainability included environmental, social and economic dimensions (<http://policies.griffith.edu.au/pdf/sustainability-policy.pdf>> [02/28/2023]). In meaning, It was more universal, Sustainability was the resilience of systems and processes, which meant that sustainability was the resilience of systems and processes. Furthermore, in the scientific approach, Sustainability science was the study of sustainable development and environmental science; which meant that Sustainability science was the study of sustainable development and environmental science (<https://en.wikipedia.org/wiki/Sustainability>> [02/28/2023]). Meanwhile, in the conceptual approach, sustainability described a condition in which human use of natural resources, required for the continuation of life, was in balance with Nature's ability to replenish them; which meant that sustainability described the condition where humans' use of natural resources, which were needed for survival, was in balance with their natural abilities (<https://www.press8.com/what-is-a-sustainability-policy-and-why-your-company-needs-one/>> [02/28/2023]). Based on this opinion, it could be formulated that sustainability was a process of using the resources needed to develop something and to achieve survival.

Policy, according to the popular definition put forward by Dye (1981) was "whatever governments choose to do or not to do"; This means that whatever government activity, whether implicit or explicit, carried out or not carried out, was a policy. Meanwhile, James E. Anderson defines policy as the behaviour of a number of actors (whether officials, groups, government agencies) or a series of actors in a particular field of activity. This means that policy was closely related to the interests of inter-groups, both at the government and community levels (Anderson, 1979: 2-3). When policy means there are interests between groups, then there was a relationship of mutual influence and pressure between parties to achieve certain goals. So it is precisely as stated by Carl Friedrich (in Anderson, 1979), that policy was an action that leads to goals proposed by a person, group or government in a certain environment. Thus, a policy was a product of the authority of a government agency - even though it is also drafted by political actors or society - to regulate whether to act or not to act in order to carry out political-socio-economic and other interests, to achieve certain goals.

From the sustainability and policy formulation above, Sustainability policy: in the context of the business environment, as stated by The Board of Directors of IBERDROLA, S.A. (2016); Sustainability Policy reflected the main principles of conduct regarding sustainability ..... and that was a framework of reference for establishing the goals of sustainable development; This means that sustainability policies reflect the main principles of behaviour regarding sustainability ..... and constitute a frame of reference for setting sustainable development goals. The meaning that can be taken from this opinion was that the sustainability of a policy is reflected and determined by the attitudes and actions of policy makers and policy implementers. Whatever the output and outcomes of a policy will be the benchmark for determining whether the desired goals were successfully achieved or failed, and whether a policy can be continued to be implemented or postponed or revoked, or replaced with a more appropriate policy; and truly able to solve public problems.

Quoting Anderson's macro concept (1979, 1984) "policy actors include internal bureaucratic actors (official policy makers) and external bureaucratic actors (un-official policy makers) who are concerned about policy". Official Policy-Makers were policy actors who formally had legal authority – such as legislature, executive, administrators and judges (Anderson, 1979: 34, 1984: 34) and Un-official Policy-Makers were policy actors who participated in the policy process – such as interest groups, political parties, and individuals - citizens (Anderson, 1979: 41, 1984: 41). Thus, internal actors were equipped with certain authorities, while external actors were those who were often involved outside the group, either directly supporting or rejecting policies. These actors consisted of the public; individuals or groups of citizens, several interest groups, scientists, the mass media, and the government as the authority holder. Likewise, the view of Winarno (2002) in Madani (2011: 41): "groups involved in the public policy process were formal groups such as government administrative bodies including the executive, legislative and judiciary, and non-formal groups consisting of interest groups (interest groups); such as political party groups; and individual citizens".

Based on the views above, it can be described that the policy of Government Regulation no. 60 of 2014 concerning Village Funds which originate from the State Revenue and Expenditure Budget, was stipulated

by the President and its formulation involved internal bureaucratic actors (official policymakers), namely the Ministry of Villages, Development of Disadvantaged Regions and Transmigration. This policy formulation was prepared based on article 72 paragraph (1) letter b and paragraph (2) of Law no. 6 of 2014 concerning Villages; where one source of Village income came from the allocation of the State Revenue and Expenditure Budget. However, the enactment of Law no. 6 of 2014 as the basis for the issuance of PP No. 60 of 2014 is through the political process in the legislature; the discussion was held with Commission V DPR-RI; in the fields of transportation, telecommunications, public works, public housing and development of rural and disadvantaged areas.

Actors in discussing public policy had a strategic role together with institutional policy factors (Madani, 2011: 36). At this discussion stage, interaction occurs between actors and institutions which then determined the processes and strategies used by policy actors in making and implementing policies. The political interactions that existed between official policymakers (executive and legislative) could not be separated from the bargaining process or bargaining over interests between policy-making actors. In this process, it is clear who the parties and who benefit from this Village Fund policy are; in this case it is the State (Central Government) and Village Government. The government (central) is the interested party, while the Village Government is the implementing party and recipient of the policy. It can be said that the State (Central Government) and Village Government are the incarnation of organizational interest, namely collective interests or the interests of policy formulators through members of the organization (Hogdkinson (1978) in Madani, 2011: 42-43). The allocation of Village Funds made by the State shows that the State has monopoly authority (which other institutions do not have) to distribute its interests to the Village. As a result, the position of the Village is considered as a public commodity or resource for the State to carry out government and development interests (Jamaluddin, 2016 – ICMR).

The roles played by actors are closely related to the form or typology of policies produced. According to Keban, policies can be divided into four forms, namely; 1) regulatory, namely regulating people's behaviour, 2) redistributive, namely redistributing existing wealth, 3) distributive, namely distributing or providing equal access to certain resources, 4) constituent, namely a policy aimed at protecting the country (Rakhmat 2009: 132) . Based on the form of this policy, the Village Fund policy sourced from the APBN can be categorized as a distributive policy, proven by the desire and interest of the Central government to allocate a budget to accelerate development in the Village. Apart from that, it is also reflected in the interests of the highest executive leadership actors in this Village Fund policy, namely: to fulfil the political economic commitment of Nawa Cita Joko Widodo - Jusuf Kalla, namely "Developing Indonesia from the outskirts", and to make the Village a base for receiving direct authority from the government. centre. With the interests of the highest executive leadership actors, the Village Fund policy is the result of restructuring the decision-making process so that it influences the choices of actors in government (Jamaluddin, 2016).

Based on this description, the roles of policy actors in each process can be identified along with their authority, as in the following table:

**Table 1.** The role of policy actors in each Village Fund management process along with its authority.

No	Policy Process	Actors/ institutions Involved	Authority
1	Agenda setting	Ministry of Villages -PDTT	<ul style="list-style-type: none"> <li>▪ Accommodate various issues and ideas.</li> <li>▪ Develop strategic Village Fund issues</li> </ul>
2	Formulation	Ministry of Villages -PDTT	Formulate a draft Village Fund policy sourced from the APBN, containing: Budgeting, allocation, distribution, use, reporting, monitoring and evaluation
3	Adoption	President	<ul style="list-style-type: none"> <li>▪ Establish a draft Village Fund Policy sourced from the APBN and,</li> <li>▪ Issued Government Regulation no. 60 of 2014</li> </ul>
4	Implementation	Ministry of Villages -PDTT	Organize and determine priorities for the use of Village Funds

		Ministry of Home Affairs	Organize and establish mechanisms Village financial management, and Village development guidelines
		Ministry of Finance	<ul style="list-style-type: none"> <li>▪ Regulate and determine procedures for allocation, distribution, use, reporting, monitoring and evaluation, and management of transfers to regions and Village Funds</li> <li>▪ Distribute Village Funds from RKUN to RKUD</li> </ul>
		Regency/ City Government,	<ul style="list-style-type: none"> <li>▪ Create and determine operational tactical policies regarding Distribution Procedures and determine details of the amount of Village Funds in each Village.</li> <li>▪ Distribute Village Funds from RKUD to RKD</li> <li>▪ Submit a report on the realization of distribution and consolidation of the use of Village Funds to the Minister of Finance cq. Minister of Home Affairs, Minister of Village-PDIT, and Governor.</li> <li>▪ Give approval if Village Funds are used to finance activities that are not prioritized</li> </ul>
		Village government	<ul style="list-style-type: none"> <li>▪ Receive Village Fund allocations</li> <li>▪ Use prioritized Village Funds to finance Village Development and Village Community Empowerment.</li> <li>▪ Submit RKPDes and APBDes</li> <li>▪ Accountable for the use of Village Funds</li> <li>▪ Submit a report on the realization of the use of Village Funds to the Regent/Mayor</li> </ul>
5	Evaluation	Ministry of Finance	Evaluate the allocation, distribution and use of Village Funds
		Regency/ City Government,	Conduct an evaluation of the Village Fund SILPA

Source. analysis by researchers, 2022.

Paying attention to the table above, the actors who benefit or suffer losses are very clear when the Village Fund policy was implemented. The Village Government was the actor/institution that benefits and the Regency Government was the actor/institution that suffers the loss. The problem lied in the authority or power that the Village Government has in determining development and community empowerment programs. In this case, the Village Government tended to use the excuse of "community aspirations and village needs". In essence, the government has provided Village funds to each Village to carry out authority in the fields of government, development, community development and community empowerment. The aim was to create an advanced, independent and democratic village so that it became a strong foundation for carrying out governance and development towards a prosperous village community. Thus, the position of the Village became very strategic in order to accelerate the Village's growth into a self-sufficient village (Kusnadi, 2015: 1).

Meanwhile, on the other hand, the Regency Government did not have the authority to intervene in Village development programs so that they refer to and pay attention to regional development program policies. The consequence, as happened in Garut Regency - West Java, for 3 years (2015 - 2019) Village Funds were allocated to 421 Villages or amounting to 763,375,004,000.00 billion rupiah (DPMD Garut Regency, 2020) in reality the programs that had been implemented in the Villages were not synchronized with regional development policies. This is because the Villages move to implement programs according to their

respective RPJMDes, resulting in competition between Villages, meanwhile the Region only has the authority to intervene against the Village to divert the use of Village Funds so that they are in sync with the Regional RPJM. If the use of Village Funds was illustrated with regional development policies; for example, a house repair program that was uninhabitable. Why wasn't it better, for example, this year improving public health became a superior program, then this was where intervention was needed so that regions can direct the use of Village Funds referring to regional programs, so that the program became focused and integrated - for example next year the theme was sanitation, then all Villages were expected to focus on the program Village sanitation. In this way, uniformity of programs occurred and then there was uniqueness in realizing regional programs and programs in the village.

## Conclusion

Based on the discussion, it can be concluded that the management of the Village Fund Policy involves internal bureaucratic actors (official policymakers). The Village Government was the actor/institution that benefits and the Regency Government was the actor/institution that suffers the loss. Thus, the sustainability of the Village Fund policy was determined by political factors, namely the political insight and interests of future government policy makers; and policy actor commitment factors. To ensure the sustainability of the Village Fund policy, it was necessary to unite the vision and commitment of actors, both policy makers and policy implementers, in the Village and in the Region, especially in synergizing Village development programs based on the Regional RPJM.

## References

- Abidin, M. (2015). Tinjauan atas pelaksanaan keuangan Desa dalam mendukung kebijakan Dana-Desa. *Jurnal Ekonomi & Kebijakan Publik*, 6(1), 61–71
- Anderson, James E., 2006, *Public Policy-making : An Introduction*, Boston: Houghton Mifflin Company
- Berg, Bruce L, 2007, *Qualitative Research for The Social Sciences*, Boston: Pearson Education, Inc.
- Creswell, John W, 2009, *Research Design : Pendekatan Kualitatif – Kuantitatif – dan Mixed*, Yogyakarta : Pustaka Pelajar.
- Harahap, N. (2018). *Analisis pengaruh alokasi Dana-Desa, indeks pembangunan manusia dan tenaga kerja terhadap pertumbuhan ekonomi 10 kabupaten di Sumatera Utara*. Universitas Sumatera Utara.
- Indiahono, Dwiyanto, 2022, *Kebijakan Publik Berbasis Dynamic Policy Analysis*, Yogyakarta: Penerbit Gava Media
- Jamaluddin, Yanhar, 2016, “Kebijakan Dana Desa Dalam Perspektif Teori Pilihan Rasional”, *Proceeding of International Conference on Multidisciplinary Research (ICMR) 2016*, Hasanuddin University, South Sulawesi, Indonesia, ISBN 978 602 99771 10
- Jamaluddin, Yanhar, 2016, “Pengelolaan Dana Desa Di Indonesia (Antara Harapan & Kenyataan)”, *Proceeding Seminar Dan Lokakarya Nasional Indonesian Association For Public Administration SUMUT-NAD*, IAPA SUMUT-NAD, ISBN 979-458-910-1
- Jamaluddin, Y., Sumaryana, A., Rusli, B., & Buchari, R. D. (2018). Analisis dampak pengelolaan dan penggunaan Dana-Desa terhadap pembangunan daerah. *JPPUMA: Jurnal Ilmu Pemerintahan Dan Sosial Politik*, 6(1).
- Kusnadi, 2015, Pengaruh Kepemimpinan Kepala Desa Terhadap Efektivitas Penggunaan Alokasi Dana Desa (ADD) di Kabupaten Bandung Barat Provinsi Jawa Barat, Bandung: Program Pascasarjana FISIP-Unpad
- Madani, Muchlis, 2011, *Dimensi Interaksi Aktor Dalam Proses Perumusan Kebijakan Publik*, Yogyakarta: Graha Ilmu
- Paavola, Marjo, 2012, “ The Impact of Village Development Funds on Community Welfare in the Lao People’s Democratic Republic “, Faculty of Agriculture and Forestry of the University of Helsinki, Finlandia, *Publisher: Viikki Tropical Resources Institute (VTTRI) University of Helsinki, Finland*, ISBN 978-952-10-7609-1, ISSN 0786-8170.
- Rahmawati, H. I., Ayidiati, C., & Surifah. (2015). Analisis kesiapan Desa dalam implementasi penerapan UU. No. 6 Tahun 2014 tentang Desa. In *The 2nd University Research Coloquium*
- Rulyanti, D. (2017). *Pengaruh regulasi, komitmen organisasi, komunikasi dan sumber daya manusia terhadap kinerja pemerintahan Desa dengan pengelolaan keuangan Desa sebagai variabel intervening (studi pada Pemerintah Desa Kabupaten Bondowoso)*. Faculty of Economics, University of Jember.
- Solekhan, Moch, 2014, *Penyelenggaraan Pemerintahan Desa*, Malang: Setara Press.
- The Board of Directors of IBERDROLA, S.A., 2016, *Sustainability Policy*, Corporate Governance System
- Syofyan. (2019). Pengaruh Kontrak Formal, Biaya Transaksi, Biaya Agensi dan Konflik Prinsipal Agen terhadap Alokasi Dana-Desa dengan Hubungan Prinsipal Agen sebagai Variabel Intervening, Disertasi, Program Doktor Ekonomi, Fakultas Ekonomi, UII Yogyakarta