



## The Effect of Village Fund Allocation Policy on Development

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### Abstract

*This study aims to analyze the implementation of Mandailing Natal Regent Regulation Number 11 of 2024 concerning Village Fund Allocation in increasing development in Singengu Julu Village, Kotanopan District, Mandailing Natal Regency. Through a descriptive qualitative approach, this study collects data through interviews, observations, and documentation studies. The results of the study show that the allocation of village funds in Singengu Julu Village focuses on infrastructure development, with most of the funds used for the construction of village roads, irrigation canals, and village hall renovations. Community empowerment programs are also being implemented, although the participation of marginalized groups, such as women and the elderly, is still limited. In addition, supervision and transparency in the use of village funds have been implemented, but it needs to be improved so that more people can access and understand this information. Although the positive impact on local infrastructure and economy is already being felt, the challenges faced include the low capacity of human resources at the village level and the lack of involvement of all elements of society in planning. This study recommends increasing community participation, strengthening the capacity of village apparatus, and increasing transparency and accountability in village fund management to achieve more inclusive and sustainable development.*

## Introduction

Village development is one of the main priorities in efforts to improve the welfare of people in Indonesia (Rahayu, 2017). As an integral part of equitable national development, villages in all corners of the country are given autonomy to manage their resources. One form of government support for village development is through the allocation of village funds which are specifically regulated in laws and regulations (Salahudin, 2022; Sugiharti et al., 2021; Sulthoni & Amirya, 2024). This village fund is expected to be a strategic instrument to improve the quality of life of village communities, especially in the aspects of infrastructure, economy, and public services.

The existence of villages cannot be separated from efforts to distribute development equitably to realize prosperity in Indonesia. In line with the development concept contained in one of the agendas of President Joko Widodo and Vice President Jusuf Kalla, namely Nawa Cita (Nine Agendas) which is an agenda to build from the periphery appears in third place, which reads "Building Indonesia from the periphery by strengthening regions and villages within the framework of the Unitary State (Arianto, 2019)"

The village fund allocation policy is very important because it provides a legal basis and direction in its use (Kumalasari & Riharjo, 2016; Savitri & Diyanto, 2021; Astawa & Utama, 2020). This policy aims to ensure that village funds can be managed in a transparent,

accountable, and targeted manner. In the context of Mandailing Natal Regency, Regent Regulation Number 11 of 2024 is a reference in the management of village funds. This regulation provides technical guidance on the allocation and use of village funds, so that it can support various development programs that are in accordance with the needs of local communities.

Singengu Julu Village, located in Kotanopan District, Mandailing Natal Regency, is one of the beneficiary villages of this policy. The village has great potential in various sectors, including agriculture, forestry, and human resources. However, like many other villages, Singengu Julu Village still faces a number of challenges in terms of infrastructure, accessibility, and community economic empowerment. Singengu Julu Village is one of the villages in Kotanopan District with a total of 117 families. The Village Fund received by Singengu Julu Village in 2024 is Rp.584,606,-000,-, (2024 APBDesa data). The use of Village Funds is allocated to the Village Development Sector of Rp.350,763,600,-. The development of village funds in Singengu Julu Village that can be felt directly by the community in general such as the construction of concrete rebate roads that open access to community roads to rice fields and gardens, the creation of drainage, the construction of public toilets and other physical developments

In recent years, the allocation of village funds in Singengu Julu Village has been used to support various development programs, such as the construction of village roads, the improvement of public facilities, and skills training for the community. However, the effectiveness of this policy in encouraging sustainable development is still a question. Some parties are worried about the potential misuse of funds or the lack of capacity of the village government in managing the budget (Doig, 1995; Platteau & Gaspart, 2003; Leal Filho et al., 2019).

This study aims to evaluate the influence of village fund allocation policies on development in Singengu Julu Village. In particular, this study will examine the extent to which village funds have contributed to improving infrastructure, developing the community's economy, and strengthening village institutions. In addition, this study will also identify factors that support or hinder the implementation of the policy.

In the context of village development, the village fund allocation policy has a strategic role as a catalyst for change. The proper use of village funds can create positive chain effects, such as increasing people's purchasing power, creating jobs, and strengthening local capacity (Yunus et al., 2024). However, if the management is not in accordance with the expected principles, village funds have the potential to cause new problems, such as inequality or corruption.

On the other hand, village communities also have an important role in the successful implementation of this policy. Active community participation, both in planning, implementation, and supervision, is one of the keys to the success of development programs (Dina et al., 2022). In this case, Singengu Julu Village can be an interesting example of a case study to understand the dynamics between policy, implementation, and the results achieved.

In this study, a descriptive-analytical approach will be used to understand the influence of village fund allocation policies on village development. Primary data will be obtained through in-depth interviews with relevant parties, including village governments, community leaders, and beneficiaries. Secondary data, such as policy documents and budget reports, will also be analyzed to provide a comprehensive picture.

This research is expected to make theoretical and practical contributions in understanding the relationship between public policy and village development. From a theoretical perspective, this study can enrich the literature on village fund policy in Indonesia. Meanwhile, from a

practical point of view, the results of this research are expected to be an input for local and village governments in improving the effectiveness of village fund management.

In addition, this research can also identify local innovations that arise from the implementation of village fund policies. This innovation can be an example for other villages in Mandailing Natal Regency and other areas that have similar characteristics. Thus, this research is not only relevant in the local context, but also has broader applicative value.

In closing, it is important to realize that village development is a shared responsibility. The success of the village fund policy depends not only on the quality of existing regulations, but also on the synergy between the government, the community, and other stakeholders. In this case, Singengu Julu Village can be a social laboratory to test how village fund allocation policies can really have a significant impact.

With an integrated approach, this study is expected to provide a clear picture of what has been achieved and what needs to be improved in the implementation of village fund policies in Singengu Julu Village. Moreover, the results of this research can be the basis for compiling constructive recommendations for better management of village funds in the future.

## Methods

This study uses a qualitative descriptive approach. A quantitative approach is used to measure the impact of village fund allocation policies on development through measurable indicators, such as the number of completed infrastructure projects, the level of community participation, or the level of community satisfaction with village development (Sugiyono, 2016). A qualitative approach is used to dig up in-depth information about the implementation of the policy, the challenges faced, as well as the perception of the public and stakeholders towards the policy.

This research was carried out in Singengu Julu Village, Kotanopan District, Mandailing Natal Regency. This village was chosen because it is a recipient of village fund allocation based on the Mandailing Natal Regent Regulation Number 11 of 2024 and has relevant characteristics for the study of village development policies.

## Data Source

Primary data was obtained through in-depth interviews, surveys with questionnaires, and direct observation in the field. Respondents in this study include: a) Village head and village apparatus; b) Community leaders, such as religious and traditional leaders; c) Villagers who benefit from development; d) Community groups involved in village development programs

Secondary data includes official documents such as: a) Regulation of the Regent of Mandailing Natal No. 11 of 2024; b) Financial report of Singengu Julu Village village fund; c) Village Medium-Term Development Plan (RPJMDes) and Village Government Work Plan (RKPDDes); d) Village development activity report

## Population and Sample

The population of this study is the entire community of Singengu Julu Village, village officials, and related parties in the management and implementation of village funds. In-Depth Interview: Conducted to dig up in-depth information related to policies, implementation, challenges, and their impact on village development. Survey with Questionnaire: Using closed and open questions to obtain quantitative data related to public perception of the benefits of village fund allocation. Field Observation: See firsthand the physical condition of the development results such as roads, bridges, or other public facilities funded by village funds



(Jogiyanto Hartono, 2018). Documentation Study: Collecting official documents related to policies, financial reports, and village development data.

Qualitative data from interviews and observations will be analyzed using thematic analysis techniques to identify key patterns, themes, or issues relevant to the research.

## Results and Discussion

This research reveals that the implementation of the Mandailing Natal Regent Regulation Number 11 of 2024 concerning Village Fund Allocation has been carried out in stages in Singengu Julu Village. Based on the results of interviews, observations, and surveys, this policy has had a positive impact on various sectors of village development, although there are several obstacles that need to be considered.

### Program Planning and Determination

The planning stages of development programs using village funds are carried out through village deliberations (musdes) involving village officials, community leaders, and residents. The results of the musdes are the basis for compiling the Village Government Work Plan (RKPDs). The results of the interviews showed that community participation in the musdes was quite high, especially from traditional leaders and village youth. However, the involvement of women and elderly groups is still limited, so some of their specific needs are less accommodated.

The implementation of the village fund policy in Singengu Julu Village shows that although there is significant progress, there are still several obstacles that affect the implementation of development programs. This study found that the majority of the village fund budget is used for infrastructure development, with the largest portion allocated for the construction of village roads and the renovation of village halls. Community empowerment programs, despite receiving a significant portion of the budget, have not fully reached all the potentials that exist in the village, especially in accommodating the needs of marginalized groups such as women and the elderly.

This phenomenon is in line with the findings in research by (Sabirin & Suprawan, 2024) which states that the allocation of village funds tends to be more focused on physical development, while economic and social empowerment programs have not been optimal in reaching all community groups. Sabirin also stated that the imbalance in the distribution of the budget between infrastructure and empowerment can hinder the achievement of holistic development at the village level.

### Implementation of Development Programs

The village funds allocated in 2024 are mostly used for infrastructure development. The main projects implemented include the construction of village roads, irrigation canals, and the renovation of village halls. In addition, part of the budget is used for community empowerment programs, such as agricultural skills training and micro business development.

The results of the study show that community participation in the planning and implementation of development programs is quite high, especially from community leaders and village officials. Village deliberations are the main mechanism in determining development priorities, and this provides space for the community to express their aspirations. However, there are still limitations in terms of the involvement of women's and elderly groups (De Yubell, 2022). This shows that despite efforts to involve all levels of society, the implementation of participation has not been fully equitable.

In research by (August, 2016) which examined community participation in village fund planning in West Java, found that despite the active participation of citizens, there is a tendency that certain groups, especially women, are less involved in decision-making related to the use of village funds. Agustin (2016) concluded that the low participation of marginalized groups is caused by various factors, such as inequality in access to information and difficulties in accessing meetings held by village officials.

### **Supervision and Evaluation**

Supervision of the implementation of the program is carried out by the Village Consultative Body (BPD) and the community. The financial reporting system is prepared openly through village information boards and monthly meetings. However, the results of observations show that some residents still feel that they do not understand the details of the use of funds due to limited access to information.

### **Impact of Policy Implementation**

The implementation of this village fund allocation policy has had a positive impact on village development. Based on the village survey, the following results were found: a) Community Satisfaction Level: As many as 72% of respondents stated that they were satisfied with the results of the development carried out; b) Infrastructure Benefits: The construction of village roads improves accessibility to agricultural land and markets, thereby supporting the local economy; c) Economic Empowerment: Skills training and venture capital assistance helped 15% of families in the village increase their income.

However, this study also noted several obstacles, such as the lack of technical assistance in the implementation of the program and the low capacity of human resources at the village level to manage funds optimally.

In this study, the management of village funds in Singengu Julu Village is carried out quite transparently, where reports on the use of village funds are displayed on the village information board and announced in regular village meetings. However, the observation results show that there is still uncertainty in terms of details of the use of village funds in several sectors. Some people feel that they do not get enough information about the details of the budget allocation.

This is reminiscent of the theory of Good Governance expressed by (Gaebler, 1993) in their book *Reinventing Government*. They emphasized the importance of transparency, participation, and accountability in government management, including in the management of village funds. In this context, although there are efforts for transparency through publication on information boards, there is still room to improve public understanding through more in-depth socialization.

Research Faysal & Pradana (2023) & Dzikrullah (2023) also noted the importance of the role of the Village Consultative Body (BPD) in supervising the use of village funds, because the BPD functions as a control institution that can provide feedback if discrepancies are found between planning and budget realization. However, in Singengu Julu Village, even though the BPD conducts supervision, there is still a lack of technical capacity to evaluate the report on the use of funds in depth.

### **The Impact of Village Funds on Infrastructure Development**

The results of the study show that infrastructure development funded by village funds, such as village roads and village hall renovations, has a direct impact on improving accessibility and public services. The construction of village roads improves access to markets and agricultural land, which in turn accelerates the mobility of goods and people and supports the local

economy. This is in line with the theory of economic development which states that infrastructure development is a key factor in increasing the economic competitiveness of a region (Ompusunggu, 2018).

However, although this impact is evident in the infrastructure sector, economic empowerment programs through training and business capital assistance have still not had a significant impact on poverty reduction and overall welfare improvement. This is reminiscent of the results of the study (Anisa et al., 2024; Febriansyah et al., 2024) which stated that the success of the Village Fund in improving the community's economy does not only depend on the allocation of funds, but also on the quality of technical assistance and the sustainability of the empowerment program held.

### Challenges in Policy Implementation

The biggest challenge found in this study is the limited capacity of human resources at the village level, especially in managing village funds optimally. Many village officials do not have adequate training in financial management and development planning. This has an impact on the effectiveness of the implementation of programs funded by village funds.

Research by Winarni & Yuanjaya (2016) revealed that the lack of technical capacity in the village apparatus is one of the biggest obstacles in the implementation of the village fund policy. They suggested that more intensive training and assistance be given to village officials so that they can manage village funds effectively and efficiently.

### Conclusion

Based on the results of research conducted in Singengu Julu Village, Kotanopan District, Mandailing Natal Regency, regarding the implementation of Mandailing Natal Regent Regulation Number 11 of 2024 concerning Village Fund Allocation, it can be concluded that this policy has had a positive impact on village development, especially in the infrastructure sector. The construction of village roads and the renovation of village halls financed with village funds have succeeded in increasing the accessibility of residents and facilitating the mobility of goods and people. This also strengthens the village economy through increasing agricultural and trade activities. However, while the positive impact on infrastructure is obvious, the results also reveal some challenges in managing village funds. Community empowerment programs, although implemented through skills training and the provision of business capital assistance, still do not have a significant impact on poverty reduction and overall welfare improvement. This is mainly due to the low involvement of women and elderly groups in the planning process and the limited capacity of village officials in optimal budget management. In addition, although the management and supervision of village funds is carried out in a fairly transparent manner through information boards and regular meetings, there are still some gaps in terms of information accessibility and in-depth understanding of the details of the use of village funds among the community. The success of this policy depends on increasing the participation of all elements of society, including groups that have been underrepresented. In this case, development theories such as Good Governance and Economic Development Theory provide an important overview of the principles of transparency, participation, and accountability in the management of village funds. Therefore, to increase the effectiveness of village fund allocation, efforts are needed to strengthen the capacity of village officials through more intensive technical training, expanding socialization on the use of village funds, and ensuring greater involvement of women and other marginalized groups in every stage of village development planning and implementation. Overall, despite some challenges, the implementation of the village fund allocation policy in Singengu Julu Village has made a significant contribution to physical development and community empowerment. With



improvements in management and participation aspects, village funds can be a more effective instrument in achieving sustainable and equitable development at the village level.

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