

# THE EFFECTIVENESS OF THE VILLAGE FUND PROGRAM IN REALIZING ADVANCED VILLAGES IN INDONESIA

**Budi Gautama Siregar <sup>1</sup>, Aswadi Lubis <sup>2</sup> and Ali Amran Hasibuan <sup>3</sup>**

<sup>1</sup> Sharia Economics Study Program, Postgraduate.

ORCID ID: <https://orcid.org/0000-0002-8167-5418>, Email: [budigautama@uinsyahada.ac.id](mailto:budigautama@uinsyahada.ac.id)

<sup>2</sup> Sharia Banking Study Program, Faculty of Islamic Economics and Business.

ORCID ID: <https://orcid.org/0009-0001-7872-9403>, Email: [aswadilubis63@gmail.com](mailto:aswadilubis63@gmail.com)

<sup>3</sup> Islamic Counseling Guidance Study Program, Faculty of Da'wah and Communication Sciences, UIN Syahada Padangsidempuan. ORCID ID: <https://orcid.org/0009-0003-9691-5255>

Email: [aliamran@iain-padangsidempuan.ac.id](mailto:aliamran@iain-padangsidempuan.ac.id)

DOI: [10.5281/zenodo.10539015](https://doi.org/10.5281/zenodo.10539015)

## Abstract

This research aims to find an overview of the effectiveness of village fund management in empowering the community and at the same time identifying village fund management in empowering the community to improve welfare. This research was conducted in five provinces in Indonesia, namely Riau Province, West Java, Central Java, East Nusa Tenggara and Bali Province. Two villages each were taken from each Province, consisting of developed villages and underdeveloped villages. The research is classified as qualitative research with a descriptive approach. Data collection was carried out through direct interviews with village officials, community leaders, traditional leaders and the community. The interview results were processed using the Nvivo application. The results found that the management of village funds in developed villages has been managed well by establishing a harmonious and mutually supportive relationship between village officials and the community so that they are able to develop the potential that exists in the village. Meanwhile, in underdeveloped villages, village officials and the community do not support each other so that the management of village funds is not on target and is unable to develop its potential. Management of village funds in increasing development that support business access for the community is less effective. Weak capacity in planning village fund programs due to the lack of active community involvement which causes village fund programs to not be on target. Lack of innovations in developing natural resources and village potential.

**Keywords:** Effectiveness, Management, Village Funds, Community Empowerment.

## A. INTRODUCTION

A village is an area where a group of individuals live together and form distinctive cultural patterns and traditions. The level of economic well-being of rural communities has a significant impact on the general social and economic situation in a country. (Diansari et al., 2023). When village in a country face challenges such as poverty, low levels of education, and difficulty of access due to geographic factors, this will reflect on the overall condition of the country. Therefore, the government designed a special program aimed at overcoming these social problems, namely the Village Fund Allocation (ADD) program. This program was created as a concrete step in overcoming social problems that exist among Indonesian society, especially in rural areas. Through this allocation, the government seeks to provide the necessary financial support to villages to improve the level of economic welfare of the community, increase access to education, reduce poverty so that the village's contribution to national socio-economic conditions can be increased.

Village development is one of the main focuses in the practice of regional autonomy in Indonesia. The main goal is to increase equality and empower rural areas through various programs. This indicates that rural areas are the main subject of development, which is based on the paradigm that regional autonomy aims to realize regional

independence by strengthening local potential. In the context of village autonomy, all government affairs at the village level fall under the authority of the village, including village financial management. The village fund allocation program has a significant impact in increasing community mobility, improving infrastructure such as irrigation channels which can increase agricultural yields, as well as increasing community knowledge and awareness about various aspects of village development. (Prasetyo, Y., Masdjojo, 2015; Fanani et al., 2008). The village fund program is one of the important tools used by the government to encourage rural development and achieve the goal of regional autonomy in Indonesia.

The use of village funds must be carried out by prioritizing community empowerment. Community empowerment is a strategy that underlies the development concept which places the community as the main subject in the development process. This empowerment involves steps starting from the planning, implementation, monitoring and evaluation stages. One effective way to empower the community is to utilize local potential in the village. Furthermore, the Chamber explained that the development concept that uses the community empowerment model is not only aimed at meeting the basic needs of the community, but also as an effort to find alternatives for local economic growth. Community development and empowerment are topics that are often discussed by the community because they are closely related to future progress and change, especially when considering that limited community skills can hinder economic growth itself. Therefore, it is important to understand and implement the concept of empowerment in an effort to achieve sustainable and inclusive development. (Munawar, 2011).

The aims of village fund allocation is to alleviate poverty in rural communities using an economic empowerment approach. However, the reality is that the allocation of village funds has increased every year but is not matched by a decrease in poverty levels. (Abidin, 2015). Of the total 83,931 villages in Indonesia, only a small portion have experienced a level of progress, and there are still many villages that are still in the underdeveloped category and even very underdeveloped. Disadvantaged villages include 9,584 villages, while very disadvantaged villages are 4,982. This condition is an important highlight considering that the distribution of village funds has started from 2015 until now and the amount continues to increase. In 2015, the total village fund allocation was IDR. 20.76 trillion in 2016 amounting to IDR. 45.61 trillion and in 2020 the total village fund allocation will be IDR. 69.11 trillion.

Even though village fund allocation has increased significantly, challenges in overcoming poverty and alleviating disadvantaged villages still remain. This shows that there needs to be deeper analysis and more careful efforts in directing the appropriate allocation of funds and programs to achieve the goals of poverty alleviation and more equitable village development throughout Indonesia. This situation does not fully reflect the Nawa Cita agenda launched by President Joko Widodo, which aims to strengthen the economy in villages as part of an effort to reflect the gap between urban and rural areas through a development approach that starts from the villages. Current conditions still show that there is a gap between urban and rural areas so that concrete steps are needed to support strengthening the village economy which includes investment in rural infrastructure, human resource development, promotion of local products, development of rural economic potential.

Research on village fund management has been carried out by many previous researchers including (Kristian, 2014; Aziiz, 2019; Soleh, 2017; Hargono, 2010; Fredison Erasmus Benany & Agung Sagung Alit Widyastuty, 2020; Veronica et al., 2020) and the results show variations in the success of implementing village fund programs in various villages. The focus of this research is to evaluate the effectiveness of village fund programs in achieving more advanced village development goals in Indonesia. Data taken from the Village Development Index (IDM) shows an increase in the number of villages achieving status as developed villages, although this increase has not yet reached a significant level. This happens even though the amount of village funds allocated each year has increased quite significantly. Therefore, this research will focus on five provinces in Indonesia which represent the economic spectrum from the richest to the poorest provinces. In each province there will be one village that is advanced and one village that is lagging behind.

This research will analyze how village funds are allocated and how effective their management is in achieving more advanced village development goals. By comparing development and underdeveloped villages in each province, the advantages and disadvantages of the village funding program implemented can be identified.

## **B. LITERATURE REVIEW**

### **Effectiveness**

Effectiveness can be seen from various different points of view and can be evaluated in various ways and is always linked to the relationship between the expected results and the results actually achieved. Effectiveness is defined as the condition or ability of people to carry out work optimally in achieving the set goals. Effectiveness can be seen from the relationship between production, quality, efficiency, satisfaction, excellence and growth. Azwardi (2014) defines effectiveness as a measure of the success of village officials and their communities in achieving village fund management objectives so as to improve the welfare of local communities. Prastiyana (2014); Sedarmayanti (2007) (Mauliddin, A., 2017). Effectiveness is used as a measuring tool for the achievement of a village fund program activity being carried out. If the program's achievements can increase the needs of the village community, it can be said that the activity is effective.

Effectiveness in research is measuring the management in carrying out the village fund program which is linked to the benefits of the local community which can support the smooth running of activities which ultimately can improve community welfare. The measurements used are the source approach, process approach and target approach. (Kadek et al., 2020).

### **Village Fund Program**

In language, a program is a plan that will be implemented. In this terminology, a program is a series of instructions prepared to carry out a task to be carried out. The village fund program includes funds sourced from State finances which will be channeled through the Regency or City Revenue and Expenditure Budget with priority allocation for development and community empowerment in each village (Poluan et al., 2021). In Law no. 6 of 2014 concerning villages is the basis for an important step in the village management model in Indonesia.

In Law No. 6 of 2014, the community is given the opportunity to participate in improving the quality of life through village funds. The objectives of the village funds include:

- 1) Improving the implementation of village government in carrying out government, development and community services according to its authority;
- 2) Improving the capacity of village community institutions in planning, implementing and controlling development in a participatory manner in accordance with village potential;
- 3) Increasing income distribution, employment opportunities and business opportunities for village communities;
- 4) Encouraging increased community self-reliance and mutual cooperation.

The function of village funds is seen from the main perspective, namely as an effort to reduce the level of development disparities between villages in the context of decentralization and in the context of rapid poverty alleviation. Apart from that, village funds also aim to encourage village officials to carry out program activities by involving the community (Aziz, 2017).

The priority use of village funds is for village development which is allocated to achieve village development goals that can improve the welfare and quality of life of the community through:

- 1) Priorities for using Village Funds to fulfill basic needs include: Development of Village health posts and Polindes; Posyandu management and development; and Development and management of Early Childhood Education;
- 2) The priority of using Village Funds for the development of village facilities and infrastructure is based on the condition and potential of the village, in line with the achievement of the RPJMDes and RKPDes targets each year, which may include: construction and maintenance of roads construction and maintenance of farming roads, construction and maintenance of village embungs, construction of new and renewable energy, development and maintenance of environmental sanitation; development and management of village-scale clean water, construction and maintenance of tertiary irrigation, construction and maintenance and management of canals for fish cultivation, and development of production facilities and infrastructure in villages;
- 3) The priority for using Village Funds to develop local economic potential is based on the condition and potential of the village, in line with achieving the targets of the Village RPJM and RKPDesa each year.

The amount of village funds will be allocated based on the population, the poverty level of each village, the size of the village and the level of difficulty in reaching the village. The aim of establishing the village fund budget program is to help the village government improve services to the community, reduce the problem of poverty, develop and increase village economic growth, eliminate development gaps, develop and make village communities the main actors (subjects). (Bawono et al., 2020).

### **Community Empowerment**

Empowerment is the ability to carry out an activity or the ability to complete an action. Empowerment involves and gives responsibility to someone or more who are weak so that they are expected to have better abilities than before. (Munawar, 2011); (Luju et

al., 2020); (Antou et al., 2019). By empowering weak communities, it is hoped that they can improve their status so that they become strong both from an economic and other perspective. Empowerment is the process of encouraging someone to improve their condition so that they can influence what is around them. Empowerment gives them strength, knowledge and skills that can influence their lives.

In this research, empowerment is carried out to help poor and vulnerable village community groups gain skills, knowledge and strength to improve their lives. Empowerment is carried out in various ways, such as providing motivation, supporting activities by providing the necessary resources, providing learning opportunities and providing various skills. With this empowerment, community groups that were previously weak in terms of economics, abilities, skills and knowledge will be able to increase their capacity, abilities and potential to achieve better changes in their lives.

### C. RESEARCH METHODS

This research uses a descriptive qualitative approach. Qualitative research methods aim to understand the phenomena experienced by research subjects by describing them with language and words in a natural context. This method also uses various natural techniques (Siregar, Budi, Gautama; Hardana, 2022). This research was conducted in five provinces representing Java, Bali, NTT and Sumatra. Two villages were taken from each province, namely one developed village and one underdeveloped village so that the total villages used as informants for this research were 10 villages consisting of village officials and community leaders.

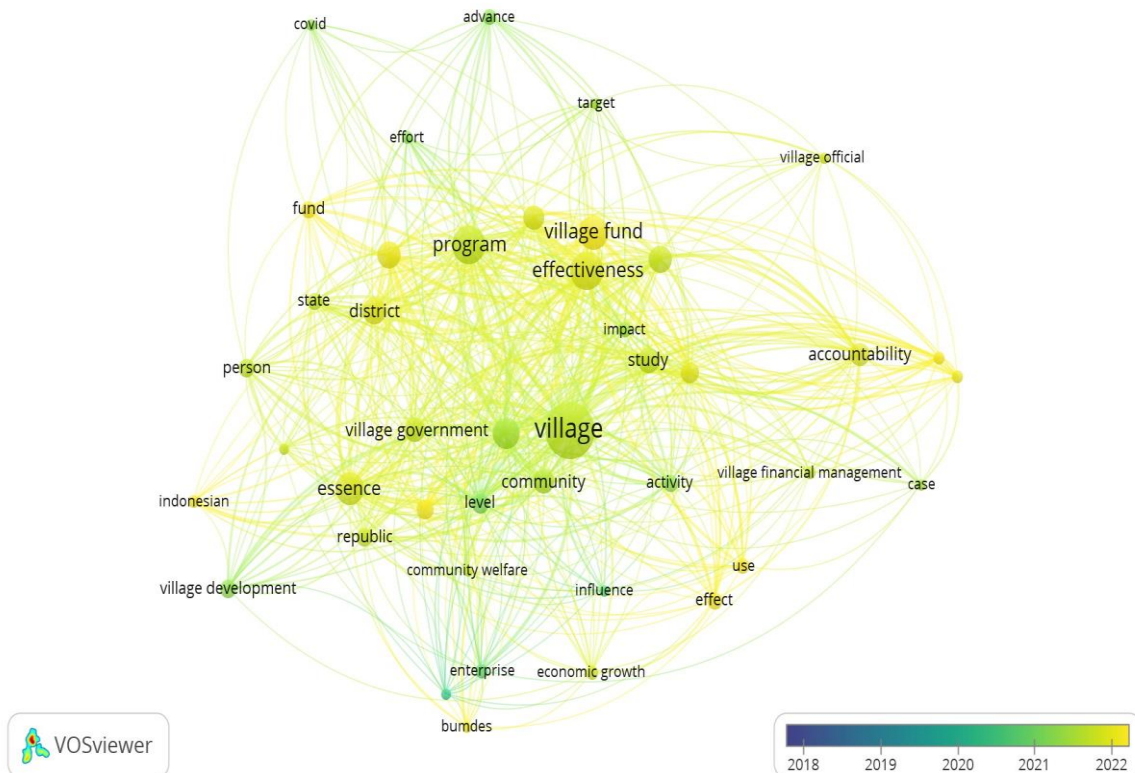
**Table 1: Research Informants**

No.	Province	Regency	Subdistrict	Village	Information
1.	Riau	Pelelawan	Meranti Bay	Meranti Bay	Advanced Village
2.	Riau	Pelelawan	Petalangan City	East Lubuk Keranji	Disadvantaged Village
3.	West Java	West Bandung	Lembang	Cikole	Advanced Village
4.	West Java	West Bandung	Cililin	Mukti's work	Disadvantaged Village
5.	Central Java	Klaten	Ponggok	Ponggok	Advanced Village
6.	Central Java	Klaten	Karangdowo	Tulas	Disadvantaged Village
7.	East Nusa Tenggara	Ende	Kelimutu	Waturaka	Advanced Village
8.	East Nusa Tenggara	Ende	New City	Hangalande	Disadvantaged Villages
9.	Bali	Badung	South Kuta	Kutuh	Advanced Village
10.	Bali	Bangli	Kintamani	Mengani	Advanced Village

Data collection techniques were carried out through direct observation and interviews with informants in order to obtain an overview regarding the effectiveness of the village funding program in creating a developed village which aims to improve community welfare. The data obtained will be analyzed using the help of the NVivo application. Data analysis is carried out continuously starting from the process of reviewing all the data obtained, data reduction, NVivo analysis tests, data presentation and drawing conclusions.

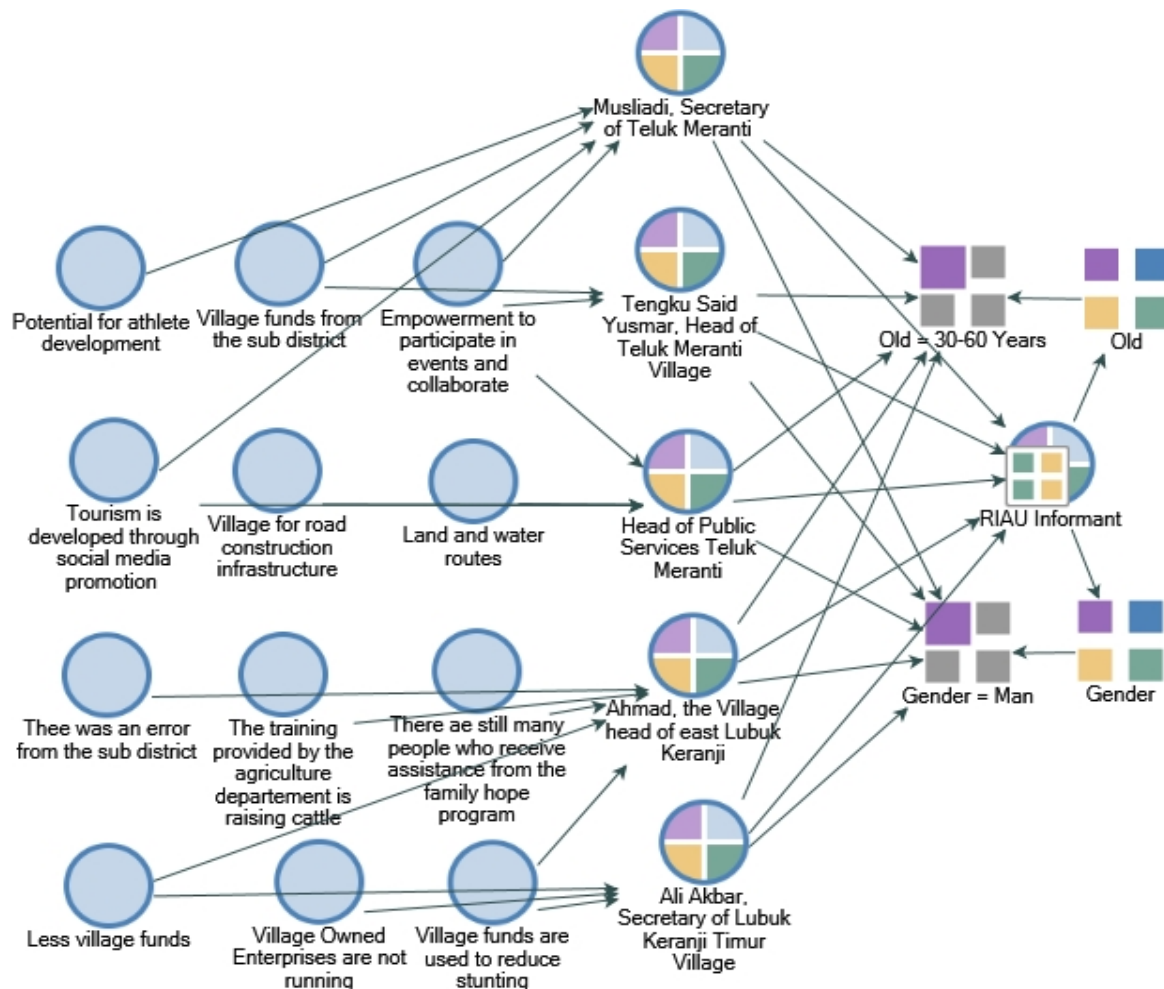






From the picture above, it is stated that the focus of research on village funds is more dominant in the 2019-2020 period. Meanwhile, in 2021-2022 there will be a significant increase in the number of studies addressing the topic of Covid and direct cash assistance. This indicates a shift in research attention from village funds to issues related to the pandemic and social assistance. However, these results also highlight the opportunity to redevelop research on village funds. This is due to the awareness that there are still shortcomings in managing village funds in the 2021-2022 period. For this reason, further research in this context can provide valuable insights and recommendations that can improve the effectiveness of village fund management in the future.

Data obtained through direct interviews with the villages used as research objects were processed through the Nvivo application. The following are the results of data processing from interviews in Teluk Meranti Village and East Keranji Village, Pelalawan Regency, Riau:

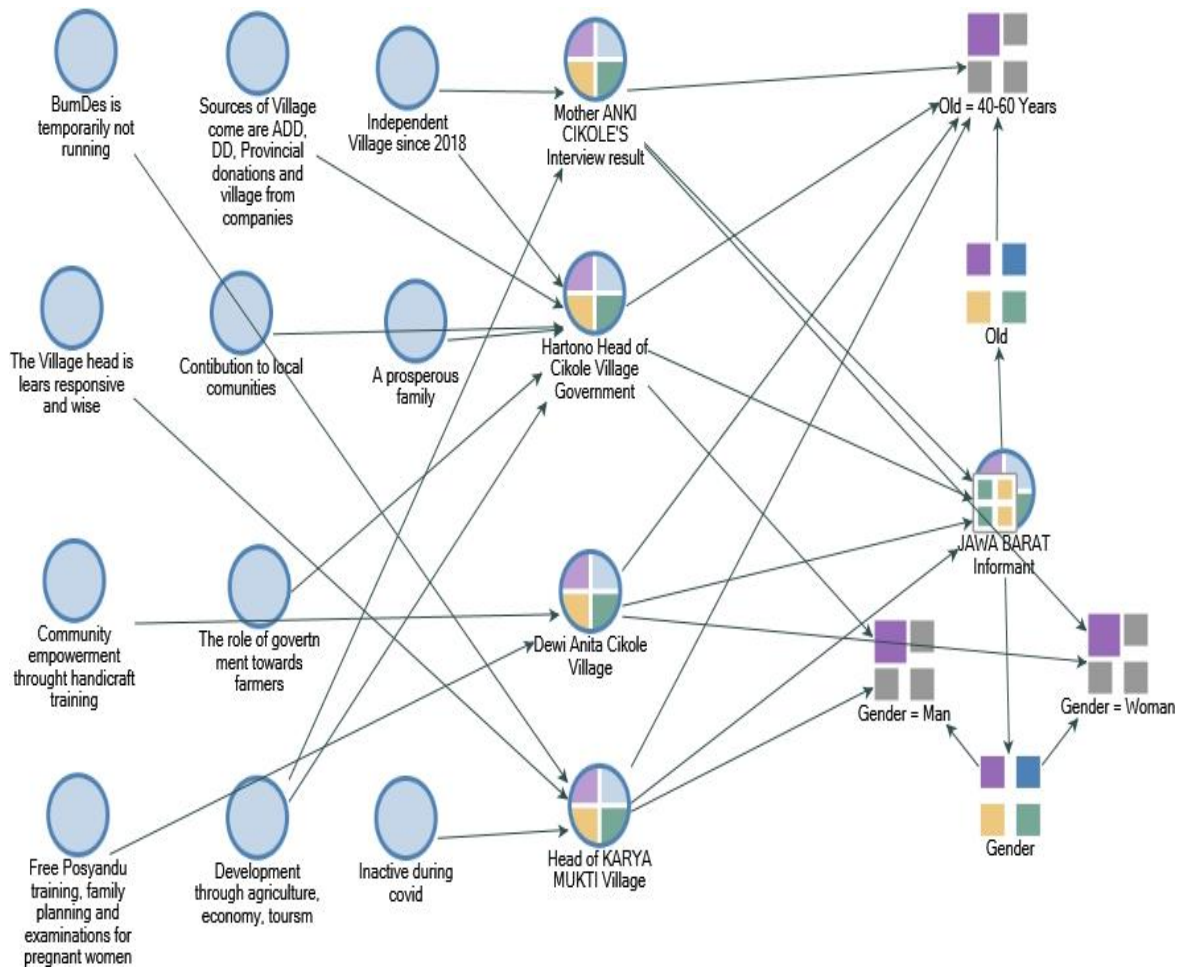


**Figure 1: Data Processing Result for Teluk Meranti Village and East Lubuk Keranji with Nvivo**

From Figure 1, it is explained that Teluk Meranti Village is placed in the independent village category which can be seen from the good cooperation between the village government and the community in an effort to develop the village's potential, its young men and women play an active role in participating in various events at local, regional and national levels and are active in taking part in tourism training to optimize the tourism potential in their village. With these conditions, a wide network will be formed and in turn it can increase tourism potential in Teluk Meranti village. Meanwhile, in the village of Lubuk Keranji Timur, it seems that it is still missing the status of an independent village and is still lagging behind. This is because the village government still lacks the ability to create innovations for village development so they are unable to support and develop the village's potential to the maximum. Strategic and innovative steps are needed so that East Lubuk Keranji village can catch up and improve its condition towards independent village status.

Data processing from interviews with informants in Cikole village and Karya Mukti village, Bandung Regency, West Java Province is:

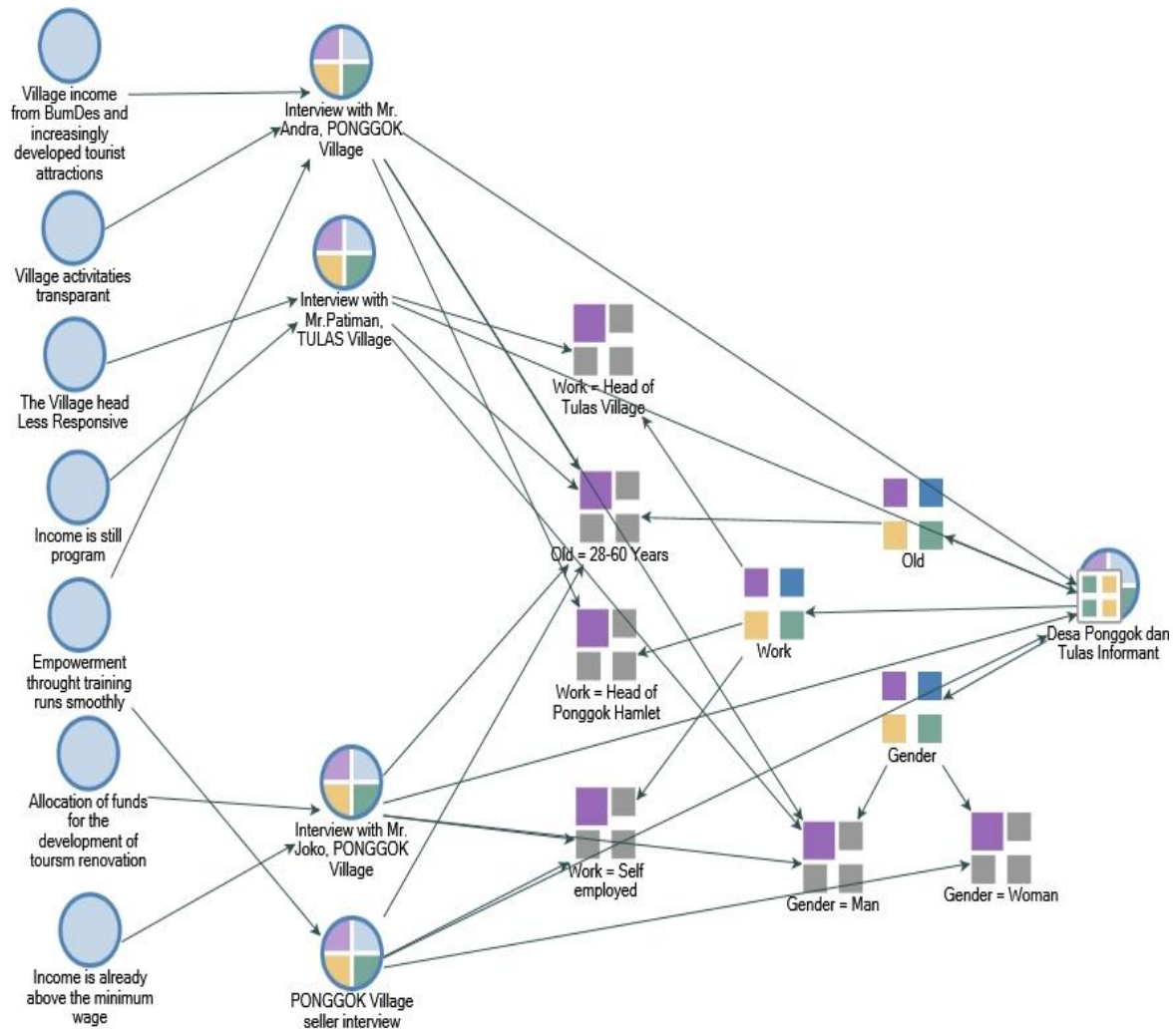




**Figure 2: Data Processing Result for Cikole and Karya Mukti Villages with NVivo**

The analysis results obtained from interviews show that Cikole village is classified as an independent village, where the condition of the community has reached a prosperous standard of living both in terms of income and education level. This success can be seen from the adequate infrastructure conditions that support the community in carrying out activities, the development of a well-managed tourism sector. Village cooperatives can also operate well in improving community welfare. Meanwhile, Karya Mukti village is still in the development stage. The obstacles they face, especially community empowerment during the pandemic, have hampered the continuation of the businesses they had previously initiated. The Karya Mukti village government has also not been able to deal with problems in the community effectively. Karya Mukti Village is still completely dependent on village funds with conditions that are not yet able to manage them optimally in their distribution.

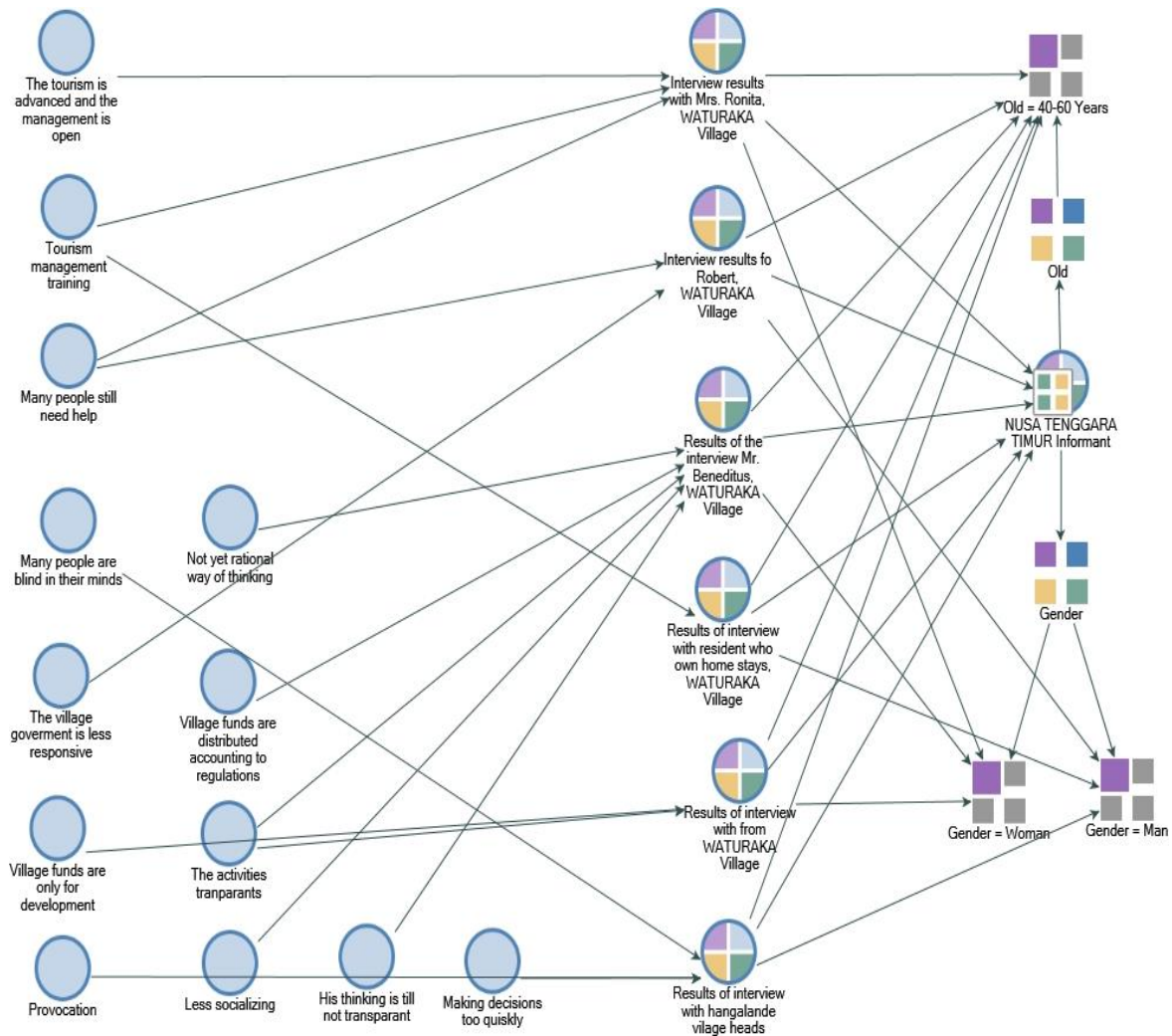
Results of interview data processing in Ponggok and Tulas villages, Klaten Regency, Central Java Province:



**Figure 3: Data Processing Result From Ponggok Village and Tulas Village with NVivo**

The results of Figure 3 conclude that Ponggok village is a real example of a very independent village. This success can be seen from the development of tourism potential which is carried out very well, capable of generating additional profits and income for the village apart from the village funds received each year. The tourism sector is one of the main pillars in achieving independence by contributing 45% to village income every year. Empowerment carried out by the village government has proven to be effective, creating human resources who have broad insight and are quick to respond to change. Thus, Ponggok village can be used as a successful example in implementing community empowerment programs. On the other hand, the situation in Tulas village is still lagging behind. Lack of utilization of natural resources and human resources is one of the main obstacles. Apart from that, it appears that the government and local community have not been able to optimally create the innovations needed to develop the tourist attractions owned by the village.

The results of interviews conducted in Waturaka and Hangalande villages, Ende Regency, East Nusa Tenggara Province which were processed via NVivo are:

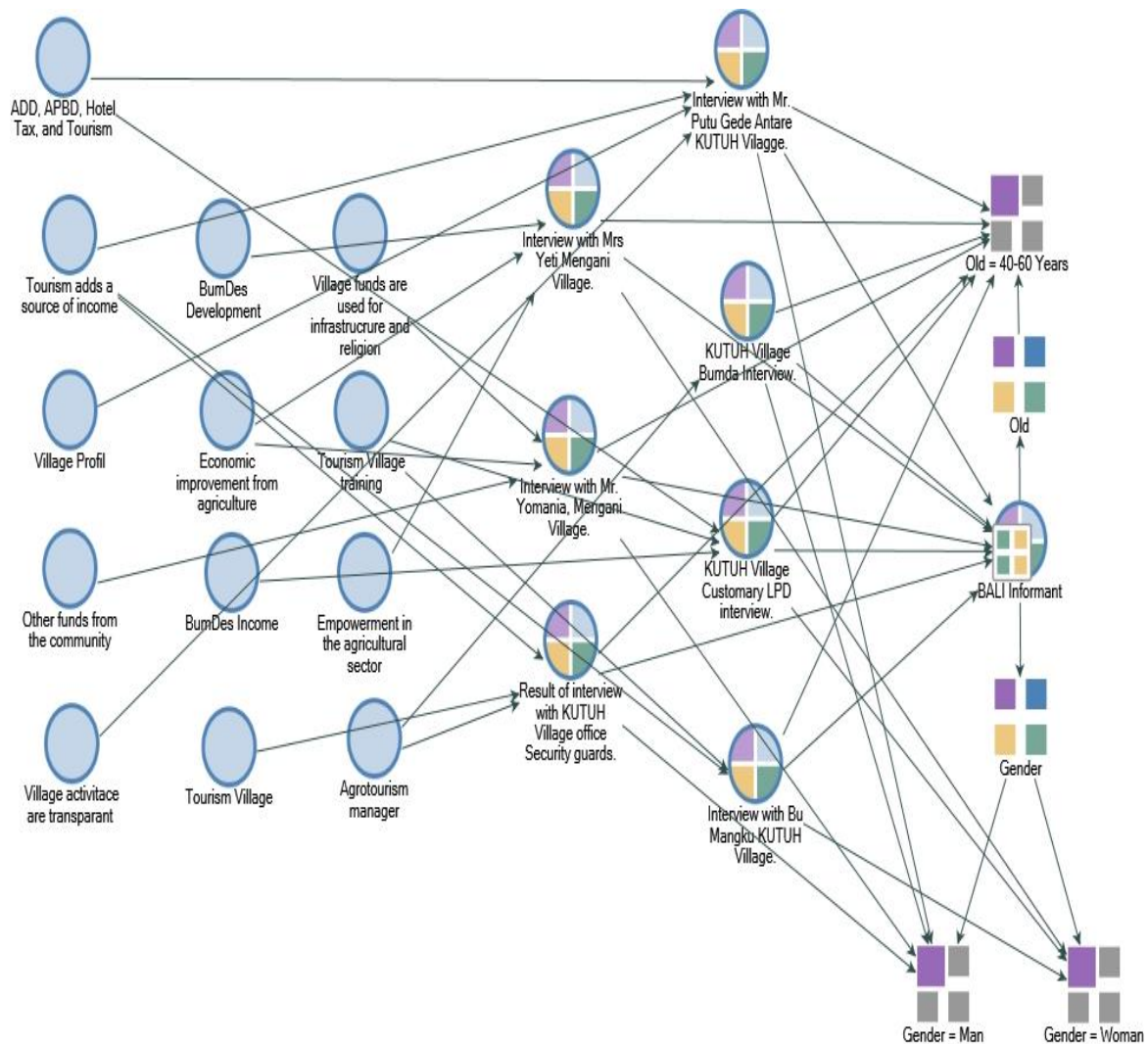


**Figure 4: Data Processing Result for Waturaka Village and Hangalande Village Using NVivo**

Based on the result of the tests carried out, it shows that Waturaka village has the characteristics of an independent village by optimizing natural resources in the form of tourism objects that are well managed and developed. Apart from that, there is good transparency between the village government and the community which makes a significant contribution to increasing income and welfare in the village. It should be noted that local village governments still have weaknesses in managing overall community development. The existence of these obstacles shows that improvements and improvements still need to be made in the management aspect of community development so that Waturaka village can reach its maximum potential. Meanwhile, Hangalande Village is still classified as a disadvantaged village. This is due to its location far from the city government center, as well as the difficulty of transportation access to the village, these obstacles are the main obstacles in developing and advancing the village. For this reason, special attention is needed from the government and related parties to increase accessibility to support development in Hangalande village, so that this village can overcome its geographical limitations and achieve better progress.

Results of processing interview data from Kutuh Village and Mengani Village, Bangli Regency, Bali Province:





**Figure 5: Result of Data Processing From Kutuh Village and Mengani Village with NVivo**

The test results show that Kutuh village is categorized as a developed village and is rich in natural resources which makes it an attractive destination for tourists both from within the country and abroad. The excellent development of the tourism sector in this village has succeeded in attracting the interest of investors to participate in developing this tourism potential. This success can be attributed to a village government that is open, innovative, and has policies that support community development. In this context, good community development also encourages positive economic growth in Kutuh village. Meanwhile, Mengani Village is also included in the advanced village category, although there are several notes, including that the government in Mengani village tends to be less open to community participation, and there are deficiencies in the management of village funds which are not always on target. Nevertheless, this village has the potential to continue to develop by improving these aspects.

## E. DISCUSSION

### Implementatio of the Village Fund Program

The process of implementing the village fund program in this research is focused on aspects of financial management by adhering to the principles of transparent and

accountable accountability. The principles of village financial management as outlined in the 2017 pocket book of the Indonesian Ministry of Financial include transparency, accountability, participation, order and discipline. Law No. 6 of 2014 emphasizes that the role of villages in government has changed from object to subject, meaning that the village government in collaboration with community members has a major role in the development process. As a subject, the village government must still comply with the applicable rules and regulations in managing village funds. Effective village fund management must go through the stages of planning, implementation, administration, reporting and accountability.

Furthermore, Law No. 6/2014 mandates the preparation of the Village Medium-Term Development Plan (RPJM Desa) by the village government together with the Village Consultative Body and the community. This document details programs aimed at improving village development and community welfare by taking into account and optimising the resources owned by the village.

The result of the study revealed that in villages that reached the advanced level, the management of village funds was effective due to the establishment of a good relationship between the village government and the community in an effort to advance the village. This success is reflected in the ability to support and develop village potential in various sectors such as tourism, infrastructure, economy and other sectors. Meanwhile, in villages that are still underdeveloped, there are problems with the relationship between the village government and the community. In addition, village governments experience limitations in managing village funds so that village potential cannot be optimised. The distribution of village funds tends not to be on target and does not focus on the problems faced by the village community. This condition is a major obstacle in achieving progress in underdeveloped villages.

### **Effectiveness of the Fund Program**

Effectiveness is a very important performance measure to evaluate how the village fund managers run the programme and the extent to which the programme provides benefits to the local community, so as to improve their welfare. The approach to measuring effectiveness can be done through the resource, process, and target approaches. Basically, effectiveness reflects the extent to which the objectives of village empowerment and development programmes run by the village government can be achieved, especially in supporting the smooth running of community economic activities. Measuring effectiveness places more emphasis on the results or outputs of the village fund programme that has been implemented, and the compatibility between implementation and planning is the main indicator in assessing the effectiveness of the programme.

Village funds as a source of funds originating from the State Revenue and Expenditure Budget (APBN) which are allocated to villages each year have the aim of supporting village development and contributing to national development. The use of village funds, which reaches one billion annually, has an allocation of 30% for operations and the remaining 70% for development, empowerment, alleviating stunting problems. The effectiveness of village funds is considered appropriate if their use is in line with the objectives of the village fund policy itself, namely to realize development in the village. This research provides information that can explain how village fund programs effectively support the development and progress of a village. The findings from this research show that village fund management in Indonesia has not reached the



expected level of effectiveness in advancing development and activities at the village level. The research focuses on several aspects of assessment, including appropriate policies, achieving appropriate targets, and suitability for the surrounding environment.

### **Impact of the Village Fund Program in Empowering the Community**

One of the village fund programs is local community empowerment aimed at reducing poverty levels. This empowerment involves a series of activities aimed at strengthening vulnerable, weak and poor groups in society, until significant changes are achieved in increasing abilities, skills and knowledge. This is expected to improve the living conditions of groups that were initially vulnerable and weak towards better change.

Empowerment method include providing motivation by supporting the necessary resources, providing opportunities for creativity, and organizing training to improve knowledge and skills. In this way, each individual is expected to be able to develop their potential so that they are able to develop their welfare in life. In the Islamic context, empowerment includes three aspects, namely empowerment in spiritual, intellectual and economic elements. Through empowerment in these three aspects, vulnerable groups are expected to be able to overcome the problem of poverty and become stronger in terms of spirituality, knowledge, skills and economy. Community empowerment is an effort to increase the dignity and worth of community groups who are currently trapped in poverty and underdevelopment. The research results show that villages that have reached a level of progress are able to manage village fund programs effectively through community empowerment, which in turn improves community welfare. This program aims to empower all potential resources owned by the village through community empowerment.

Soerjono (1987:75) states that the main objective in community empowerment efforts is to provide support to vulnerable groups, both in terms of structure, gender and ethnic minorities. These vulnerable groups include the particularly weak, such as the elderly, children, people with disabilities and marginalized communities. Apart from that, empowerment is also aimed at individuals who experience serious problems, both personal and family. Through this empowerment, it is hoped that these groups will no longer exist as weak entities in the village community structure. On the contrary, these groups are expected to have the ability to improve their quality of life towards a better and more balanced level. Empowerment can give these groups the capability to explore their individual potential so that they can contribute actively in developing themselves and the village community as a whole.

Implementing community empowerment programs, especially through the establishment of Village-Owned Enterprises (BUM Desa), is an important strategy in increasing the economic potential of a country. The village as an entity that has high economic potential is the main locus for implementing the program. BUM Desa as a business institution managed by the village government together with the local community, was formed with the main aim of strengthening the economy and improving the welfare of the village population.

The process of establishing BUM Desa is oriented towards the needs and potential of each village. To optimize the potential of BUM Desa, there needs to be community empowerment efforts involving the government, SOEs, social/community institutions, and the private sector. In this context, researchers propose a pathway for community empowerment through the formation of BUM Desa. The first step in this pathway

involves coordinating with the village government and ensuring official approval and support from the local government. The next stage is preparation for the formation of a Village BUM which includes mapping village characteristics, evaluating the readiness and potential of human resources for prospective Village BUM managers, identifying natural resource potential to determine the type/model of business that will be developed and fulfilling all necessary administrative requirements.

After all preparation stages have been carried out thoroughly, the next step is the formation of a Village BUM. One critical aspect that needs to be considered is the management staff recruitment system which must be able to attract professionals in their field and have high work commitment. By following the empowerment path through the formation of BUM Desa, it is hoped that village communities can be more economically independent and competitive.

One of the business sectors that can be an option in the empowerment program through Village-Owned Enterprises (BUM Desa) is the creative economy sector, such as culinary businesses, fashion, handicrafts, and so on. These fields are very appropriate to be developed through BUM Desa, especially generally starting from small or medium scale businesses. Currently, the creative economy sector shows great potential in improving the community's economy. However, the selection of business fields must still be adjusted to the potential of natural resources and human resources that exist in each village based on the results of the community typology analysis that has been carried out.

## F. CONCLUSION

From the data and processing result carried out, conclusions can be drawn, namely:

1. In implementing the village fund program which aims to improve the welfare of local communities, the management of village funds by the village government must go through the stages of planning, implementation, administration, reporting and accountability. The findings from this research indicate that in villages that have reached a level of progress, village funds are managed effectively thanks to good relations between the village government and the community. This condition allows support and development of various potentials in the village, including in the tourism, infrastructure, economic and other fields. However, in villages that are still underdeveloped, there is visible disharmony in the relationship between the village government and the community, as well as a lack of village government capacity in managing village funds. This condition results in the inability to optimize the village's potential. In terms of fund distribution, there is inaccurate targeting and a lack of focus on the problems faced by village communities. This situation is the main obstacle that needs to be overcome so that underdeveloped villages can achieve the desired progress.
2. The village fund program which aims to improve the welfare of local communities, the management of village funds by the village government must go through the stages of planning, implementation, administration, reporting and accountability. The findings from this research indicate that in villages that have reached a level of progress, village funds are managed effectively thanks to good relations between the village government and the community. This condition allows support and development of various potentials in the village, including in the tourism, infrastructure, economic and other fields. However, in villages that are still

underdeveloped, there is visible disharmony in the relationship between the village government and the community, as well as a lack of village government capacity in managing village funds. This condition results in the inability to optimize the village's potential. In terms of fund distribution, there is inaccurate targeting and a lack of focus on the problems faced by village communities. This situation is the main obstacle that needs to be overcome so that underdeveloped villages can achieve the desired progress.

3. Apart from industrial potential, the topographic characteristics of villages can also be used as a source of development in accordance with the capabilities and characteristics of each village. Tourism, for example, can be integrated with the development of village topography as part of community empowerment efforts. When managed well, the tourism sector is not only able to enrich the tourist experience, but can also be a driving force for better village development. Community empowerment involves a series of activities aimed at strengthening vulnerable, weak and poor groups in society, leading to significant changes in increasing abilities, skills and knowledge. This process is directed at improving the quality of life of groups that were initially vulnerable and weak. The empowerment approach includes providing motivation, providing necessary resources, providing opportunities for creativity, and organizing training to gain knowledge and skills. In this way, each individual is expected to be able to develop his or her potential and contribute to improving the welfare of his or her own life.
4. Obstacles that arise in the implementation of Village Funds include several aspects. One of them is weak planning capacity at the village level, which results in a lack of complete information regarding Village Funds due to a lack of maturity in planning. There is a perception in the community that village finances are directed towards personal interests, indicating a lack of transparency in the management of these funds. The backlog of work is also a significant obstacle, resulting in errors in preparing reports and implementing Village Fund programs that do not meet targets. A village governance system that is not open also contributes to this obstacle, along with a mindset that is still underdeveloped, hampering the development of the village as a whole. A lack of innovation in developing natural resources and village potential is also a limiting factor, along with weak planning capabilities at the village level. Apart from that, the lack of competence of village officials in providing information related to the management of Village Fund allocations also plays a role as an obstacle in implementing the program. All of these obstacles need to be identified and overcome to ensure Village Funds can be managed effectively and have a positive impact on village development.

Based on the conclusions outlined, suggestions that can be put forward in this research are as follows:

1. As a village government, Village Fund management should start from the planning stage, involving all levels of society through musrembang activities. It is hoped that the transparency of information conveyed by village officials can increase community participation. At the implementation stage, government officials need to be transparent in the use of Village Funds, so that the entire community can know that the Village Fund allocation is in line with expectations. The accountability process must be carried out internally by village government officials, and it is

important to involve evaluation from the community at every stage of Village Fund management.

2. As a village government, it is necessary to improve the quality of Human Resources (HR) involved in managing Village Funds. Transparency of information to the community in the management of Village Funds needs to be considered, so that community participation can be increased, so that the objectives of the Village Fund can be achieved more effectively.

### Bibliography

- 1) Abidin, M. Z. (2015). Review of the Implementation of Village Finance in Support of Village Fund Policy. *Journal of Economics & Public Policy*, 6(1), 61–76.
- 2) Antou, P., Rumante, V., & B Maramis, M. T. (2019). The effectiveness of Village Funds on the Development and Empowerment of Village Communities in Talawaan District, North Minahasa Regency. *Efficiency Scientific Periodical Journal*, 19(02), 131–140. <https://ejournal.unsrat.ac.id/index.php/jbie/article/view/25008>
- 3) Aziiz, M. N. (2019). Factors Affecting Village Fund Accountability. *Journal of Actual Accounting*, 6(2), 334–344. <https://doi.org/10.17977/um004v6i22019p334>
- 4) Aziz, N. L. L. (2017). The Village Autonomy and The Effectiveness of Village Fund. *Journal of Political Research*, 13(2), 193–211.
- 5) Azwardi. (2014). Effectiveness of Village Fund Allocation (Add) and Poverty in South Sumatra Province. *Journal of Development Economics*, 12(1), 29–41.
- 6) Bawono, I. R., Kinasih, A. D. M., & Rahayu, A. K. (2020). Factors Affecting Accountability of Village Fund Management through Implementation of the Village Financial System (SISKEUDES). *Journal of Accounting and Investment*, 21(3). <https://doi.org/10.18196/jai.2103160>
- 7) Diansari, R. E., Musah, A. A., & Binti Othman, J. (2023). Factors affecting village fund management accountability in Indonesia: The moderating role of prosocial behaviour. *Cogent Business and Management*, 10(2). <https://doi.org/10.1080/23311975.2023.2219424>
- 8) Fanani, Z., Hanif, R. A., & Subroto, B. (2008). The Influence of Audit Structure, Role Conflict, and Role Ambiguity on Auditor Performance. *Indonesian Journal of Accounting and Finance*, 5(2), 139–155. <https://doi.org/10.21002/jaki.2008.07>
- 9) Fredison Erasmus Benany, P., & Agung Sagung Alit Widyastuty, A. (2020). Study of Disadvantaged Villages According to Decree of the Minister for Development of Disadvantaged Regions Number 3 of 2016. *TIME: UNIPA Engineering Journal*, 18(1), 26–38. <https://doi.org/10.36456/waktu.v18i1.2348>
- 10) Hargono, D. S. (2010). Effectiveness of Distribution of Village Fund Allocations to Four Village in Karangasem Regency, Bali Province. *Master of Planning and Public Policy Fa Ultas Economic, University of Indonesia Jakarta*.
- 11) Kadek, I., Yoga, S., Gusti, N., & Wirawati, P. (2020). Accountability Analysis of Village Fund Management. *American Journal of Humanities and Social Sciences Research*, 5, 32–39. [www.ajhssr.com](http://www.ajhssr.com)
- 12) Kristian, N. (2014). The Influence of Liquidity and Profitability on Capital Structure and Activity Ratios as Intervening. *Journal of Management Science and Research*, 3(12), 106–115.
- 13) Luju, E., Wisang, I. V., Wulandari, C. A., & Poin, E. A. (2020). The Influence of Village Fund Allocation Management on Community Welfare Through Village Community Empowerment in Bloro Village, Nita District, Regency.. *Journal of Projects*, 7(1), 37–55. <http://projemen.nusanipa.ac.id/index.php/projemen/article/view/6%0Ahttp://projemen.nusanipa.ac.id/index.php/projemen/article/view/6/5>
- 14) Mauliddin, A ., 2017. (2017). *Effectiveness of Using the Village Fund Program in Gampongmeunasah Mee, Kembang Tanjong District, Pidie Regency*. <https://repository.ar-raniry.ac.id/id/eprint/1816/>

- 15) Munawar, N. (2011). Community empowerment. *CIVIS Scientific Journal*, 1(2), 87–99.
- 16) Poluan, K., Lengkong, F. D. J., & Londa, V. Y. (2021). Effectiveness of the Rural Infrastructure Development Program through the Use of Village Funds (Study in Elusan Village, West Amurang District, South Minahasa Regency). *Community Participation in the Prevention and Management of Corona Virus in Teling Atas Village, Wanea Kotamanado District*, VII(111), 166–176. <https://ejournal.unsrat.ac.id/index.php/JAP/article/view/36291>
- 17) Prasetyo, Y., Masdjojo, G. N. (2015). *Implementation of Village Fund Allocation Policy in 10 Villages in Rembang District, Rembang Regency*.
- 18) PRASTIYA, Y. (2014). *Effectiveness of the Mandiri Urban National Community Empowerment Program (Pnpm) in Supporting Village Development*. <http://eprints.umsida.ac.id/1052/>
- 19) Sedarmayanti. (2007). *Human Resources Management, Bureaucratic Reform, and Civil Servant Management*. Refika Aditama.
- 20) Siregar, Budi, Gautama; Hardana, H. A. (2022). *Economic and Business Research Methods (First)*. Merdeka Kreasi Group.
- 21) Soleh, A. (2017). Village Potential development strategy. *Sungkai Journal*, 5(1), 32–52.
- 22) Veronica, D., Winarni, E., & Soleh, A. (2020). Evaluation of the Successful Use of Village Funds (Case Study of Maju Jaya Village, Pelepat Ilir District, Bungo Regency). *J-MAS (Journal of Management and Science)*, 5(2), 318. <https://doi.org/10.33087/jmas.v5i2.202>