


The Urgency of Village Fund Management Planning

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Abstract

Introduction: The development of Indonesia is an ongoing program established by the government, which is not solely focused on urban development but is currently prioritized starting from rural areas.

Purposes of the Research: To achieve this goal, the government has allocated state finances in the form of village funds. One form of village fund management is village expenditure, the implementation of which must comply with the Minister of Finance Regulation Number 201/PMK.07/2022 concerning Village Fund Management.

Methods of the Research: This paper was produced by conducting research using normative legal research methods.

Results of the Research: The West Seram Regency government recently inaugurated village heads within its jurisdiction since 2022, in several waves, following earlier controversies regarding the determination of village and traditional villages' status. During this period, many villages were led by officials acting as village heads (caretakers), including Sanahu village, the location of this research, whose village head will only be appointed at the end of 2022. Village development planning is the initial step in village fund management, formulated in the Musrebangdes, which consists of the Village Consultative Body (BPD) and community representatives to prepare the Village Medium-Term Development Plan (RPJM Desa) and the Village Annual Work Plan (RKP) for the year 2022, which will be realized in 2023. During the implementation of the work programs, it was observed that some programs could not be carried out because they did not align with the village head's vision and mission, as they were merely copied from other villages' programs. This, of course, significantly affects the absorption of village funds.

Keywords: Planning; Procurement; Village Funds.

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INTRODUCTION

Villages are an integral part of the state's governmental structure. According to Law Number 6 of 2014 concerning Villages, a village is defined as a legal community unit with defined territorial boundaries that has the authority to govern and manage local government affairs and the interests of the local community based on community initiatives, indigenous rights, and/or traditional rights that are recognized and respected within the governance system of the Unitary State of the Republic of Indonesia.

Currently, in Indonesia itself, there are approximately 82,000 villages. These villages are spread across 34 provinces, each with different geographical, customary, ethnic, and cultural conditions. Consequently, these villages have distinct characteristics. Since January 2018, as part of the effort to achieve one of the country's goals, which is to promote the general welfare, the central government has allocated 60 trillion Indonesian Rupiah for

village funds ¹. One form of village fund management is village expenditure, which can be carried out through the procurement of goods and services in the village, with the hope of facilitating the administration of the village government and meeting the needs of the community. Procurement of Goods/Services in the village is the activity of obtaining goods/services by the Village Government, which can be done through self-management and/or from goods/services providers. Regarding the procedures for the procurement of goods and services, the government has issued Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services. As for the procurement of goods and services in the village, the Head of the Government Goods/Services Procurement Policy Agency (LKPP) has issued Regulation Number 13 of 2013 on Guidelines for the Procurement of Goods/Services in Villages, as amended by the Head of LKPP Regulation Number 22 of 2015.

Regulations related to the procurement procedures for goods and services in villages have been established as guidelines for villages in the process of utilizing village finances sourced from the Village Budget (ADD) or Village Fund (DD). The management of these funds begins with the planning process outlined in the Village Medium-Term Development Plan (RPJM Desa), which is further detailed in the Village Government Work Plan (RKP Desa). However, in reality, many cases of procurement are still carried out by village officials, leading to criminal corruption charges. Upon closer examination, it becomes apparent that the misallocation of funds is not due to budget misappropriation but rather errors in budget item planning during the planning phase.

According to the Minister of Village Development of Disadvantaged Regions and Transmigration Regulation Number 21 of 2020 concerning General Guidelines for Village Development and Community Empowerment, the preparation of the Village Medium-Term Development Plan (RPJM Desa) must also align with the elected village head's vision and mission. However, a new issue emerged in the research location, as it turned out that the elected village head, who is responsible for village finances, only implements the development plans previously established during the Village Development Planning Meeting (Musrembangdes) under the leadership of the previous Acting Village Head. These plans seem to be mere imitations of programs from other villages, resulting in some work programs that do not directly benefit the community. The Village Medium-Term Development Plan (RPJM Desa) and/or the Village Government Work Plan (RKP Desa) can only be amended in the case of specific events, such as natural disasters, political crises, economic crises, prolonged social unrest, or fundamental changes in government policy at the national, provincial, or district/city level.

METHOD

This writing was produced by conducting normative legal research, which involves examining and analyzing legal regulations within a coherent legal framework, using a statutory approach. This approach is carried out by identifying and investigating the relevant legal regulations related to the issues being discussed, as well as a conceptual approach that encompasses all legal concepts related to the procurement of goods and

¹ Tempo.co, "Penggunaan Dana Desa 2018 Untuk Program Padat Karya Tunai Di Desa," Nasional tempo.co, 2018, <https://nasional.tempo.co/read/1107128/penggunaan-dana-desa-2018-untuk-program-padat-karya-tunai-di-desa>.

services in villages. The legal materials used in this research consist of primary legal materials, which include regulations related to the procurement of goods and services in villages, and secondary legal materials, which encompass all materials obtained from non-official publications, such as those derived from textbooks, opinions of scholars, legal cases, journals, papers from seminars, workshops, symposiums conducted by legal experts. The legal materials obtained were identified and collected through a literature review based on the formulated issues and classified for analysis and discussion.

RESULTS AND DISCUSSION

A. Village Financial Resources

Financial resources of the village, as per the provisions of the Minister of Home Affairs Regulation Number 20 of 2018 concerning Village Financial Management, are defined as all the rights and obligations of the village that can be assessed in terms of monetary value, as well as anything in the form of money and goods related to the implementation of the village's rights and obligations. One of the village's rights in the form of receipts is village revenue. Village revenue, as a source of village finance, can be classified as follows:

- a. Village Own Revenue (PAD) is the village's financial income derived from business activities, asset yields, voluntary contributions, and other sources of own revenue. Business results are income acquired by the village from business activities it conducts, such as the Village-Owned Enterprises (BUM Desa). Asset yields are income obtained through the utilization and management of village assets, for instance, village markets or tourist attractions within the village's territorial area. Voluntary contributions are revenue generated by the village from community participation and mutual assistance in development that involves the community's involvement in the form of labor or goods that can be assessed in monetary terms. Other income consists of revenue obtained from village levies.
- b. Transfers are village revenue sourced from the State Revenue and Expenditure Budget (APBN), Provincial Revenue and Expenditure Budget (APBD Provinsi), and District/City Revenue and Expenditure Budget (APBD Kabupaten/Kota). This category includes:
 - 1) Village Fund (Dana Desa), which is funding sourced from the APBN allocated for villages and transferred through the District/City Revenue and Expenditure Budget (APBD Kabupaten/Kota). This funding is used to finance village government operations, development implementation, community development, and community empowerment. The government allocates village funds in the APBN for each fiscal year, as regulated in Government Regulation Number 60 of 2014 concerning Village Funds Sourced from the APBN, as subsequently amended by Government Regulation Number 22 of 2015. The calculation of village funds is based on the number of villages and is allocated fairly based on the basic allocation and allocation calculated by considering population size, poverty rate, land area, and the level of village administrative control in each district/city.
 - 2) Allocation of Village Funds (Alokasi Dana Desa) is a general-purpose equalization fund received by districts/cities through the District/City Revenue and Expenditure Budget (APBD Kabupaten/Kota) after deducting Special Allocation

Funds, at least 10% of the equalization funds, considering the needs of the village head's fixed income and village officials, population size, village poverty rate, village land area, and geographical difficulty level. The allocation of ADD and its distribution method are determined by the Regent/Mayor Regulation.

- 3) Share of Local Taxes and Retributions, where at least 10% of the actual receipts from local taxes and retributions of districts/cities are allocated to villages. The provisions and procedures for the allocation of the share of local taxes and retributions to villages are regulated by the Regent/Mayor Regulation.
 - 4) Financial Assistance from Provincial or District/City APBD is general and special financial assistance from the District/City APBD to the village. General assistance's purpose and usage are entirely at the discretion of the recipient village to assist in the execution of local government duties in the village, while special assistance's purpose and management are determined by the local government to accelerate village development and community empowerment.
- c. Other Income includes other sources of village income, such as grants and donations from non-binding third parties, as well as other legitimate village income, including the results of cooperation with third parties and assistance from companies located in the village.

B. Village Fund Management

The management of village finances is regulated by Government Regulation Number 43 of 2014 concerning the Implementation Regulation of Law Number 6 of 2014 concerning Villages, as amended by Government Regulation Number 47 of 2015. In Article 93, Paragraph (1), it is stipulated that management is a series of activities that encompass planning, procurement, utilization, administration, assessment, guidance, supervision, and control.

Management is not just about carrying out an activity; it is a series of activities that include management functions such as planning, implementation, and supervision to achieve objectives effectively and efficiently². Sahdan defines management as including planning, implementation, supervision, and evaluation³. Based on the above definition, management can be concluded as a process carried out by an organization (Village Government or the community) in fulfilling its tasks to achieve predetermined goals.

The management of village funds, as defined in the Ministry of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management, comprises a set of activities that include village government planning by preparing the Village Medium-Term Development Plan (RPJM Desa) and the Village Work Plan (RKP Desa), implementation, administration, periodic reporting, as well as the final report on the use of village funds. The final step in this process is Accountability, which is presented by the village head in the form of a report on the realization of the Village Budget (APB Desa) to the Regent/Mayor through the Subdistrict Head (Camat)

C. Planning-Based Village Fund Management

² Rahardjo Adisasmita, *Pembangunan Pedesaan Dan Perkotaan* (Yogyakarta: Graha ilmu, 2006).

³ Sahdan, *ADD Untuk Kesejahteraan Rakyat Desa* (Yogyakarta: Forum Pengembangan Pembaharuan Desa, 2006).

The planner of village development in accordance with the authority of the village government and with reference to the development planning of the district or city is, in principle, an ongoing process with no end, and to achieve satisfactory results, it must consider future conditions. Planning is essentially an important and decisive process for the success of any action; therefore, the key to success in management depends on the planning process to improve the welfare of its members.⁴

Based on the explanation of the concept of planning, in this research, planning can be defined as a scope of actions or activities undertaken by the Village Fund Manager with a specific purpose, which is to address existing issues. Financial planning documents for the village include the Village Medium-Term Development Plan (RPJM Desa), which is then detailed in the Annual Village Development Plan (RKP Desa), prepared based on agreements reached during the Village Deliberations. Village Deliberations are conducted no later than June of the current fiscal year.

Regulations related to village development planning are governed by various laws and regulations, including Article 79 and Article 80 of Law Number 6 of 2014 concerning Villages, Article 114 to Article 120 of Government Regulation Number 43 of 2014 as amended by Government Regulation Number 47 of 2015, and specifically outlined in the Ministry of Home Affairs Regulation Number 114 of 2014 concerning Village Development Guidelines. The village government develops village development plans within its jurisdiction, referring to the district or city's development planning. The village development planning is conducted for a certain period and includes: a) Village Medium-Term Development Plan (RPJM Desa) for a period of 6 (six) years; b) Annual Village Development Plan (RKP Desa), which is an elaboration of the RPJM Desa for a period of 1 year.

The village government plays a significant role in the preparation of both the RPJM Desa and RKP Desa. Therefore, it is essential for the village head to form a team responsible for developing these plans. In the process of developing these plans, the village government must organize participatory village development planning discussions (Musrembangdes), involving community representatives, to set priorities, programs, activities, and development needs, considering the direction of district/city development policy.

Community representatives, as defined by Article 27, Paragraph (3) of the Ministry Regulation Number 21 of 2020, include traditional leaders, religious leaders, local educators, representatives of farmers, fishermen, or business groups, women's organizations or groups, children's forums, health workers, environmentalists, youth or student groups, and other relevant organizations or groups based on the objective conditions of the village. The RPJM Desa should include, at a minimum, the articulation of the elected village head's vision and mission, the direction of village development planning policy, priority programs, benefits, program locations, estimated work volume, implementation time, funding sources, and work implementation patterns. The RPJM Desa, once prepared, is discussed in the Musrembangdes for approval and is then formalized into a Village Regulation (Perdes).

Based on the research findings at the research location, it is apparent that the elected village head, who serves as the responsible party for village finances, only follows

⁴ Edi Suharto, *Membangun Masyarakat Memberdayakan Rakyat* (Bandung: Refika Aditama, 2014).

development plans that were set in the Village Deliberations (Musrembangdes) during the leadership of the previous village head. These plans seem to be mere replicas of programs from other villages, resulting in some work programs that do not have a direct impact on the community. Consequently, this approach does not align with the vision and mission of the elected village head. Furthermore, the preparation of the Village Medium-Term Development Plan (RPJM Desa) should also consider the objective conditions of the village, which describe the real situation in the village. This includes aspects such as human resources, natural resources, and other resources, taking into account local wisdom. One form of planning that was subsequently carried out was the procurement of 5 (five) units of convection machines, even though there were only 2 (two) individuals in the Sanahu village who possessed the skills for sewing.

The RKP Desa is an elaboration of the RPJM Desa for a period of 1 year, based on information from the district/city government related to the village's indicative allocation and government plans at the provincial and district/city levels. The RKP Desa includes plans for village government, development implementation, community development, and community empowerment. The village government determines it in July of each year and formalizes it through village regulations.

The Annual Village Development Plan (RKP Desa) should contain at least the following descriptions:⁵

- a) Evaluation of the implementation of the previous year's RKP Desa;
- b) Priority programs, activities, and village budget managed by the village;
- c) Priority programs, activities, and village budget managed through cooperation between villages and third parties;
- d) Plans for programs, activities, and village budget managed by the village as assignments from the government, provincial government, and district/city government;
- e) Implementation of village activities, involving elements of the village officials and/or village community members.

The draft Annual Village Development Plan (RKP Desa), which is prepared by a team appointed by the village head, must be reviewed by the village head and accompanied by an official document. Subsequently, the draft is approved by the village head. If there are aspects that are not approved during the review, the village head can request the team to make improvements without adding new activities. The approved RKP Desa is then officially established through a decree by the village head.

In cases where changes are necessary in the Village Medium-Term Development Plan (RPJM Desa) or the RKP Desa that has been formulated in the Village Deliberations (Musrembangdesa), these changes must be discussed and agreed upon in a village development planning discussion and then formalized through a village regulation. Such changes can only be made under specific circumstances, such as: a) natural disasters, political crises, economic crises, or prolonged social unrest, or; b) when there are

⁵ Yusran Lapananda, *Hukum Pengelolaan Keuangan Desa* (Jakarta Selatan: PT Wahana Semesta Intermedia, 2016).

fundamental changes in the policies of the central government, provincial government, or district/city government.

The implementation of the village budget includes financial transactions for income and expenses, all of which are carried out through the village cash account. In areas where there is no banking service, the regulations are determined by the district/city government. All income and expenses must be supported by complete and valid documentation. After planning, the next step is organization, where roles and responsibilities are clearly defined to ensure the smooth execution of plans. The implementation phase essentially points to the operationalization of planning at a lower level of abstraction.⁶

The application of policies or the provision of services is the objective, while operations or activities are the means to achieve that objective. The village head holds the authority for managing village finances, which can be delegated to village officials. Village officials include the village secretariat, territorial implementers, and technical implementers, who serve as auxiliary elements to the village head. The village secretariat is led by the Village Secretary, assisted by secretariat staff who aid the village head in administrative governance.

CONCLUSION

The village government, along with its officials, should manage village funds in accordance with various legal regulations, considering the needs of the community and aligning with the vision and mission of the elected village head. If development planning has been determined by the Village Deliberations during the term of the previous village head or acting village head, the elected village head can choose to implement it, or not, accompanied by reasons for not carrying out the development plan in the year-end report.

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⁶ *Ibid.*

Conflict of Interest Statement: The author(s) declares that research was conducted in the absence of any commercial or financial relationship that could be construed as a potential conflict of interest,

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