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## THE MANAGEMENT OF VILLAGE FUNDS TRANSPARENCY IN JAYAPURA CITY (A STUDY IN TOBATI, ENGGROS, AND NAFRI VILLAGE)

Village fund is managed by the village government based on the principles of transparency, accountability, and participation. However, the funds allocation is still used in inappropriate way. This study aims to know the community's knowledge and involvement on the village funding program and to know the transparency of the village funding management during 2016 until 2019. This study uses quantitative methodology with 125 respondents from three villages in Jayapura city – Tobati, Enggros, and Nafri village. The data were collected by observing, interviewing and giving questionnaire to the respondents. The results showed that the community's knowledge and involvement in the process of making and managing the village funds are very small. While the transparency level for the village funding is not yet worked in a proper way. Therefore, the management of village funds transparency in three villages in Jayapura city still needed a further optimalization.

**Keywords:** funding, transparent, funding management, social enterprises, regional fund.

### 1. INTRODUCTION

Village fund is a stated budget which transferred to villages with the aim to foster local development. It is expected that the funds can provide positive contribution for the community's prosperity. It also supported by the Government Regulation (No. 60/2014) concerning on Village Fund which explain that the village fund is a fund derived from local government budget (APBD) which transferred through state budget (APBN) (Ruru et al., 2017). Gayatri et al. (2017) added that village fund has aim to enhance the public service and decrease or eradicate the poverty. Saragi et al. (2021) stated that the village fund is intended to cover the gap between rural and urban area in public services and increase the social welfare within the rural areas. The Indonesian Government has made some fiscal policy to improve the economy of rural area and the most notable policy is the village fund (Sutiyono et al., 2018). However, some challenges are occurred during the management of the village funds, such as the unbalance distribution of village funds per capita among villages, slow absorption and implementation of village funds, budget implemented outside

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priority areas, late budget reports, and the unoptimal supervision of the village funds (Udjianto et al., 2021). In Thailand, village fund aimed for the group of household with lower income as priority first. It is also found to help in reducing credit constraints (Menkhoff & Rungkruxsirivorn, 2011).

Jayapura City is the smallest city in Papua Province, with an area of 940 km<sup>2</sup> (0.30 percent of the total area of Papua Province). Jayapura is split into five districts, including; Muara Tami, Abepura, Heram, Jayapura Selatan (South Jayapura), and Jayapura Utara (North Jayapura). Muara Tami District (626.7 km<sup>2</sup>) is the largest district, which dominated for more than half of the entire area of Jayapura City, whereas Jayapura Selatan is the smallest district, covering just 43.4 km<sup>2</sup>. Even though, Jayapura Selatan is the smallest district, but it has the largest population density among others (Badan Penghubung Daerah Provinsi Papua, 2016). The government of Jayapura city has been allocated and transferred the village funds to three villages, that is, Tobati, Enggros, and Nafri village, during the year of 2016–2019, with total budget of 54 million rupiahs (3324628 Euros) that increased each year. Tobati is one of the village in Jayapura Selatan district, while Enggros and Nafri are villages in Abepura district (Wikipedia, 2021). The allocating budget in 2016 was 1.1 million rupiahs (69637 Euros) and increased significantly in 2017 for 18.6 million rupiahs (1145661 Euros). Even though, in 2018 the budget was decreased to 3.6 million rupiahs (226559 Euros) but it re-increased with more significant amount from the previous year for 23.6 million rupiahs (1452517 Euros) in 2019. In detail, the total of village fund allocation on each village during 2016 until 2019 can be seen in Table 1 below:

Table 1. Village Fund Allocation in Jayapura city of 2016–2019

Village	2016	2017	2018	2019	Total revenue per village
<b>Enggros</b>	Rp. 373,540,445	Rp. 5,720,459,406	Rp. 3,297,977,307	Rp. 7,434,909,000	Rp. 16,826,886,158
<b>Nafri</b>	Rp. 395,999,620	Rp. 7,958,609,629	Rp. 4,598,020,399	Rp. 9,112,461,000	Rp. 22,065,090,648
<b>Tobati</b>	Rp. 363,406,585	Rp. 4,960,185,240	Rp. 2,789,984,805	Rp. 7,084,248,000	Rp. 15,197,824,630
<b>Total</b>	Rp. 1,132,946,650	Rp. 18,639,254,275	Rp. 3,685,982,511	Rp. 23,631,618,000	Rp. 54,089,801,436

Source: (BPKAD Jayapura).

In its implementation, the total of 54 million rupiahs has been allocated for priority areas as written in government regulations, such as (1) village administration, (2) village development, (3) village community development, and (4) village community empowerment.

The first is village administration, which distributed the fund to finance office operations as well as allowances/subsidy for the village apparatus and the Village Conference Agency (BAMUSKAM). The second is village development. The village fund has been distributed to pay for the development and house renovation program, building facility and procuring health equipment, transportation, education costs, bridge renovation, drainage channels, and environmental roads. Third, for village community development. The village funds have been distributed to funding the village community development programs, such as traditional institutions, indigenous women, Family Welfare Program (PKK), Youth Organizations, art studios, and farmer groups. The fourth is village community empowerment that have been distributed to finance entrepreneurship training programs, Integrated Service Post (Posyandu) cadre training, coral reef planting training, computer courses for youth and village officials, assistance for fish cultivation and procurement of

boats and nets, Capital assistance for village community businesses, and gender socialization.

The budget provided by the government is certainly not small. It comes with hope that it will make villagers to improve the quality of welfare in their life. Therefore, as one of the basic principles and main pillars of good governance, it is very important to be transparent in implementing the village fund management. Transparency defines as open, easy, and accessible to all parties in need and provided adequate and easy understanding (Ratmino & Winarsih, 2005). While, Lalolo (2003) stated transparency is a principle that guarantees access or freedom for everyone to obtain information about government administration, namely information about policies, the process of making, and the results that achieved. El Badawy et al. (2016, cited in Obianuju et al., 2021) added when succession is based on transparent and merit-based criteria, it may be a great motivation for people to perceive a clear path of progression. Transparency provides open and honest financial information to the public based on the consideration that the public has the right to know openly and thoroughly about the government's responsibility in managing the resources and its compliance with laws and regulations (Mursyidi, 2009). Transparency and accountability have relation with the equitable development throughout the village (Betan & Nugroho, 2021). Thus both have important role for the community or society.

However, the allocation of the village funds can be abused. There are unscrupulous village cadres who deliberately allocate funds inappropriately, then reduce the budget target and spend the funds own their own. Nadyastika and Siswanto (2019) claimed that one of the problems that can arise during the allocation of village funds is the potential of fund allocation to the village is not following the development priorities and the accountability is not similar to the actual conditions. These actions need to be anticipated and stopped, because it can obstruct or delay the progress of the village itself. Karlinayani and Ningsih (2018) stated that regional government is often ignore the transparency and accountability characteristic for allocation village fund management. Those characteristics can show the justice and equality that can build the village to further development and lead to the prosperity of the village community. The issue of budget transparency for development seems to be very closed to village communities. Therefore this study has purpose to know the level of village community knowledge and involvement on the programs funded by the village funds, and the transparency level of the village fund management.

## 2. METHODOLOGY

Quantitative approach is used as the methodology. It is used to calculate the community's knowledge and involvement level on the village fund along with the transparency level on the management of the funding. This study is done in three villages in Jayapura city, including Tobati, Enggros, and Nafri village which started on October 2019 until February 2020. The fundings given to those villages are in the form of; village funds, village funds allocation, revenue-sharing fund of regional tax, and regional retribution. The population of the study is the village apparatus and the villagers who live in those three village. While the sample is chosen from each target village with characteristics as below:

- a) Someone who receives or gets beneficiaries from the village funds programs (RT CODE).
- b) Someone who included in village foundation, such as village government apparatus, school institutions, health centers, village governments, community groups, as well

as informants of community leaders, traditional/custom leaders, religious leaders, and others (L CODE).

The collected sample based on the characteristic can be seen in Table 2 below:

Table 2. Respondents Characteristics

Village	Respondent group		Age			Total	Stay duration		Total	Ethnic group		Total
			17-35	36-60	>61		<30	>30		PA-PUA	NON PA-PUA	
Tobati	RT	50	11	39	-	50	5	45	50	50	-	50
	L	7	3	4	-	7	3	4	7	7	-	7
Nafri	RT	30	15	3	5	30	9	21	30	30	-	30
	L	8	2	6	-	8	1	7	8	8	-	8
Enggros	RT	21	6	13	2	21	5	16	21	21	-	21
	L	9	2	5	2	9	3	6	9	9	-	9
<b>TOTAL RES.</b>		<b>125</b>	<b>39</b>	<b>77</b>	<b>9</b>	<b>125</b>	<b>26</b>	<b>99</b>	<b>125</b>	<b>125</b>	<b>-</b>	<b>125</b>
<b>PERCENTAGE</b>			<b>31,2%</b>	<b>61,6%</b>	<b>7,2%</b>	<b>30%</b>	<b>20,8%</b>	<b>79,2%</b>	<b>30</b>	<b>30%</b>	<b>0%</b>	<b>30%</b>

Source: (Processed data, 2020).

The Table 2 above showed that most of the respondents are coming from Tobati village with total of 57 respondents, while Nafri village 38 respondents and Enggros village 30 respondents. Moreover, the total of respondents are dominated by those who were 36–60 years old (77 respondents or 61.6%) with stay duration more than 30 years (99 respondents or 79.2%).

The data collection technique is done using questionnaire, interview, and observation. From the total questionnaire, there are only 125 questionnaire that can be processed. The data analysis technique is using frequency distribution technique which arranges the data based on a certain category. The collected data is grouped into some category, each data can only be put into a category, and it cannot be put in two or more categories.

### 3. RESULTS

This study found that, in its practice, there is a condition of unbalanced information between the management party of the village fund (agent) and the resident party of the beneficiary (principal). This happens because one party obtains and exploits the information of their stuff, and the other party does not receive the same information. For example, in village development planning, communities are rarely invited to seminars, so information about a project is known only to specific groups. This situation undermines the quality of programs and activities that are supposed to be held for villagers and, due to the lack of transparency, affects public trust in governance programs. In addition, countries, especially those that implement regional autonomy and fiscal decentralization systems, have low transparency in the management of the disbursed budget, and the budget quality is not optimal, which should arouse the attention of all countries.

#### *The level of community knowledge and involvement to village fund programs*

The level of community knowledge which measured based on the respondents' perception on the programs that funded by the village fund is seen in Table 3 below.

Table 3. The level of community awareness and participation in village fund programs

No	The level of community's knowledge on village fund programs	Percentage	
		Yes	No
Community's knowledge on village fund programs			
1.	Having role and involvement in village fund programs	41%	59%
2.	Seeing and knowing about the village fund programs	43%	57%
3.	Knowing that the programs are funded by village funds	65%	35%
Community's perception on their involvement in village funds programs			
1.	The community is involved in the program organization process, which is discussed in a village discussion forum.	39.26%	60.74%
2.	Participation of the whole village apparatus and beneficiaries of the village program.	42%	58%
3.	There is a complaint procedure from the community that is offered in the execution of village initiatives.	16.36%	83.64%

Source: (Processed data, 2020).

Based on the Table 3 above, it is seen that there is 41% of the respondents involved in the village programs and the rest of 59% is not involve. It is also known that 43% of the respondent see and know about the village programs and 57% did not know. Moreover, for the funding information, most of the respondents already know that the fund is taken from the village fund. Meanwhile, the involvement level of the community in the process of planning, implementing, and monitoring on the use of the village fund is not yet run optimally. There is 39.26% of the total respondents stated that they were involved in the program arrangement process through village discussion. But, it should be noticed that more than half of the respondents (60.74%) claimed that they were not involved in the program arrangement process.

#### ***The level of transparency of village fund management by village organizers***

The transparency level of village fund management is measured based on the community's perception that written in their questionnaire answers. The result on the openness of the information can be seen in following Table 4 below.

Table 4. The level of village fund management transparency by village organizers

No	The level of transparency in village fund programs management	Percentage	
		Yes	No
1.	The planning of village funding program has been delivered to all villagers	35%	65%
2.	The village funding program is informed to villagers through media information	18%	82%
3.	The budget of village fund program list in a year is presented openly to stakeholder and villagers	24%	76%

Source: (Processed data, 2020).

Table 4 above indicated that the transparency level in the process of planning, implementing, and monitoring of the village fund is not yet implemented well. This showed

by the respondents' answer who stated that they did not know about the program (65%). Moreover, only 18% of the total respondents who know about the village fund program through media information, and the rest of 82% claims know nothing. This means that the publication or information regarding the village fund program is lack. Last but not least, 76% respondents said that there is no budget or activity list that can be accessed by the villagers.

#### **4. DISCUSSION**

Referring to the results, most of the respondent said they do not know about the program and claimed they are not involved within the implementation of the programs. They also get less opportunity to participate in budget planning proposal. One of the respondents also said that in planning the village development, the villagers are seldom to be invited to the forum. Moreover, the implementation of the program is not fully involved the whole villagers and there is a tendency in giving the support fund to a certain group of people only. This is supported by Bustang et al. (2018) who stated that the community is not yet involved in participation, including the planning, the preparation of the document, and the surveillance of the fund use. They also found that the Head of the Village use and allocate the village funds without seeing on the community's needs. Moreover, the process of distributing social subsidy/assistance is not yet optimal for the community, because the system is still unclear and the government is seem not prepared (Hirawan, 2020). Besides, the level of financial literacy of Jayapura city resident is quite high (Erari et al., 2021), thus they can be involved or informed about the village fund programs. Therefore, it can be concluded that the villagers in Jayapura city are still having lack of information on the village fund management.

The programs funded by village funds are still limited to physical programs and less to non-physical programs, which causing the public ignorance. The tendency for publication is only done at the village office with information of the draft budget that has been prepared. However, in practice, throughout the year, the community was never invited to certain forums to discuss the disbursement of village funds or the progress of the program implementation. They were not even invited to evaluate the village funds. These make the community know nothing about the programs. Moreover, there is no regulation that organize, in a clear way, the community participation in monitoring the village development and this can lead to the corruption (Herdiana, 2019). Therefore, it still needs a further optimization for each programs that funded from the village fund.

#### **5. CONCLUSION**

Village-level fund management is representative of regional financial management within a country, especially for countries with regional autonomy and fiscal decentralization, such as Indonesia. Village-level funds are funds allocated to villages by the state and managed by the village government. The regional budget is expected to be felt by everyone, as the success of community fund management is representative of the success of national fund management. Based on the result and discussion above, it can be concluded that the regional government of Jayapura city has been allocated and shared the village fund during 2016-2019 to each village, including Tobati, Enggros, and Nafri village. The village fund is allocated and realised in the form of programs or activity, either the physical or non-physical activity. The community knowledge and involvement in the process of preparing

and managing village fund programs is least, thus further optimization is needed, which seen from the lack of community involvement in village discussion of the existence of programs disbursed from village funds. The level of transparency in the process of implementing village fund programs has not yet been fully implemented properly. It is seen from the lack of open information from the village administration to the community regarding the budget and activities sourced from village funds. The head of village fund management must follow the existing national or regional head of management. The researchers believe that if there is no transparent application of regional financial management to beneficiary groups, the quality of a country's regional financial management will definitely not work well, and it is even prone to public budget fraud.

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