

## **Analysis of the Effectiveness of Village Fund Management in Bone District, South Sulawesi**

**Andi Samsir**

Faculty of Economics, Universitas Negeri Makassar

Email : [andi.samsir@unm.ac.id](mailto:andi.samsir@unm.ac.id)



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### **ABSTRACT**

The purpose of this study was to determine the effectiveness of village fund management in Bone District, South Sulawesi. Based on the research problems stated earlier, the basic methods used in this research are descriptive research. Regarding the descriptive method, it describes how the process of economic development planning in villages in Bone District, South Sulawesi. The types of data used in this study are primary and secondary data obtained by direct observation at the research site and conducting interviews with relevant stakeholders, while secondary data is obtained from literature studies, reports from related agencies and data from the village office or other sources. support this research. Interview technique was used to collect data from respondents by means of questions and answers that were carried out systematically and based on research objectives with tools in the form of questionnaires and interview guidelines (in-depth interviews). Then observation is in the form of data collection techniques where the researcher makes observations directly related to empirical data from research variables. Based on the results of the research and discussion that have been described, it can be concluded that the management of village funds in Bone Regency is categorized as effective.

**Keywords :** Effectiveness; Village Funds; Economic Development

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### **INTRODUCTION**

Rural development is related on national development agenda aimed at building a just and prosperous society. According to Djiwandono (Andi Samsir, 2020), rural development goals include: First, the goal of the economy is to increase productivity in the regions. Second, the social objectives are focused on the equitable distribution of the villagers' well-being. Third: cultural objectives in the sense of improving the quality of life in general for rural communities. Fourth, the objective of the policy is to promote and develop the maximum participation of village communities in supporting development efforts and benefiting and developing development results.

Rural are expected to play a big role not only to support economic development but also to become a national economic power (Todaro & Smith, 2010). The inequality region between urban and rural areas and its impact has caused by the national development planning strategy adopted by every regime in Indonesia. A phenomenon shows a positive relationship between urbanization and income per capita in the development process (Yang, 2015). It has worse impact on development of rural. Closed relation between urbanization and development have a significant impact toward it as well (Barefield, 2009). The low quality of its Human Capital is

caused by low service in education and health sector. Through priority programs known as NAWACITA, the new government of Indonesia is trying to establish the state from the countryside by strengthening the district and rural.

Meanwhile, Global development is not only carried out at countries level today, but it has also need to involve the role of rural in development. In Indonesia it is commonly known as village sustainable development goals (Village SDGs). Therefore, rural development needs to be national development target and also it must to be supported by the right development strategy.

The current government system of Indonesia, villages have important powers to assist local governments in implementing government, especially in the field of national development, because villages are the most important government agents who can reach real target groups who they want to be prosperous. All this to support the implementation of the regional autonomy system.

Robust planning cannot be achieved without budget support, because funding is a fundamental instrument for achieving a country's goals (Wasono & Maulana, 2018). Based on Government Regulation (PP) number 21 of 2004 concerning Preparation of Work Plans and Budgets of State Ministries/Agencies) commits to government that budgeting need to conducted by Performance based budgeting approach (Biswan & Grafitanti, 2021). Meanwhile, Research conducted by Samsir et. Al. (2021) shows that the transfer of village funds by the government since 2015 has not had a significant impact on economic growth. Some of the research that has been done previously is still very minimal to inquiry what strategy is most suitable for rural development but more is done to determine cause and effect using regression analysis. In consequence, researcher is interested in conducting research with a different approach to find the best model of rural development in Indonesia

To find out the impact of the rural finance budget on public spending, several studies were conducted, including: First, a study by Gylych Jelilov & Muhammad Musa (2016) entitled "The Impact of Public Spending on the Economy". Growth in Nigeria Government has a positive and significant impact on economic growth Government spending is driving economic growth in Nigeria and this document recommends allocating more state resources to capital spending first. The second, John Ioizides & George Vamvoukas (2005), Government Spending and Growth Study: Evidence from a Three-Variable Causation Test Shows Granger's Government Spending Causes National Income Growth in the Short and Long Run. Greece supports Wagner's hypothesis that an increase in production leads to an increase in public spending..

The third, James L. Butkiewicz & Halit Yanikkaya (2011), the headline "Institutions and the Impact of Government Spending on Growth" indicates that consumer spending has a negative effect on growth in developing countries with ineffective governance. Developing countries with inefficient governance benefit from capital investments. To stimulate growth, developing countries must reduce public spending on consumption and investment in infrastructure..

The fourth, Andi Samsir & Syamsu Alam (2020) In the header, the impact of using village money on South Sulawesi economic development shows that village money has a negative impact on economic growth in South Sulawesi with a coefficient of determination of 3.24%. This means that economic growth in South Sulawesi is not much affected by the amount of money in the village, which increases exponentially every year. However, on the other hand, an increase in village money leads to a reduction in poverty, a reduction in inequality and an increase in HDI in South Sulawesi.

## METHOD

Based on the previously mentioned research problems, the main methods used in this study are descriptive research. As for the descriptive method, it describes the effectiveness of village fund management in Bone Regency, South Sulawesi. The types of data used in this study are primary and secondary data obtained by direct observation at the research site and conducting interviews with relevant stakeholders, while secondary data is obtained from literature studies, reports from related agencies and data from the village office or other sources. support this research.

According to Halim (2001), effectiveness is the relationship between the results of an accountability centre and its goals or objectives. The result in this case is the achievement of expenses, while the goal or objective is the target expenses. The greater the contribution of the result to the achievement of the goal, the more effective the unit. Therefore, in order to analyse the effectiveness of rural funds, the comparison between the achievement of the expenditure and the expenditure plans can be observed as follows:

$$\text{Effectiveness} = \frac{\text{The achievement of the expenditure}}{\text{the expenditure plans}} \times 100\%$$

Efficiency criteria according to the regulation of the Minister of Home Affairs of The Republic Indonesia number 690.900.327 of the guidelines for the assessment of financial performance in 1996, the following criteria can be considered effective or ineffective as follow:

- If the result of the comparison exceeds 100%, the budget is considered very efficient.
- If the result of the comparison is between 90% and 100%, the budget is considered effective.
- If the result of the comparison is between 80% and 90%, the budget is considered effective enough.
- If the result of the comparison is between 60% and 80%, the budget is considered less effective.
- If the result of the comparison is less than 60%, the budget is considered ineffective.

## RESULTS AND DISCUSSION

Based on the data obtained from the surveys and documentation, the effectiveness of the village funds in the economic development of the Bone Regency will be studied on the basis of a predetermined research focus. There are also data obtained in the field, namely: the implementation of income, the purpose of spending, the implementation of the spending of village money from 2016 to 2020.

**Table 1**

**Effectiveness of Village Funds in Kawerang and Tanete Harapan village of Cina sub-district, Bone Regency between 2016-2021**

| Year | Village  | Target (IDR)  | Realization (Rp) | %   | Explanation |
|------|----------|---------------|------------------|-----|-------------|
| 2016 | Kawerang | 979,663,000   | 979,663,000      | 100 | effective   |
| 2017 | Village  | 1,168,404,830 | 1,168,404,830    | 100 | effective   |
| 2018 | Cina     | 1,148,953,000 | 1,148,953,000    | 100 | effective   |

|      |              |               |               |       |             |
|------|--------------|---------------|---------------|-------|-------------|
| 2019 | sub-district | 1,506,585,400 | 1,506,585,400 | 100   | effective   |
| 2020 |              | 1,341,407,000 | 1,341,407,000 | 100   | effective   |
| 2021 |              | 1,350,308,500 | 551,935,600   | 40.87 | ineffective |
| 2016 | Tanete       | 950,542,000   | 950,542,000   | 100   | effective   |
| 2017 | Harapan      | 1,109,753,900 | 1,109,753,000 | 100   | effective   |
| 2018 | Village      | 1,087,210,100 | 1,087,210,100 | 100   | effective   |
| 2019 | Cina         | 1,216,877,400 | 1,216,877,400 | 100   | effective   |
| 2020 |              | 1,241,229,400 | 1,241,229,400 | 100   | effective   |
| 2021 | sub-district | 1,266,035,600 | 747,857,500   | 59.07 | ineffective |

Source: LPPD Data from Kawerang & Tanate Harapan Villages (2021)

Based on the analysis results in table 1 above, it can obviously be seen that each year the performance of village fund management in Kawerang and Tanete Harapan villages in Bone Regency is rated as effective. Over the past six years, the village funding target has increased significantly in two villages. In 2019, the village of Kawerang set a fairly high target among other years, which was IDR 1,506 billion. This is different from the case of Tanete Harapan village, which experienced steady growth in 2016-2021. If it is seen at the implementation of the budget, in the last five years in the two villages, where it was 100 per cent, there is absolutely no difference. With the exception of what was achieved in 2021, which is still far from the target, Kawerang and Tanete Harapan villages still represent 40.87% and 59.07% respectively.

Regarding to a similar trend between perception and target over the past five years in each village, this indicates that budget management performance at Bone Regency is very good or efficient. However, in this regard, the question arises to local self-government, whether target setting corresponds to the correct procedure? This question arises when drawing up the budget of the rural fund, which is always the same target group every year. Regarding to the development planning process, each village must prepare a Village Development Action Plan (RKP Desa) in accordance with article 31 of the Permendagri No. 14 of 2014.

The village government in compiling the village's RKP must comply with information from the district/city local government relating to the village indicative ceiling, central to local government activity plans. Then the village's RKP becomes the basis for determining the village's Budgetary every year.

Based on the result of the effectiveness analysis, the effectiveness of village level funds in Kawerang village is 100%, which is in the effective category. The level of efficiency is influenced by the success of the rural government in managing the village finances, in particular by the village fund budget and by the maximum satisfaction of the needs of the rural community. According to the law No. 6 of 2014 the village will develop in three phases: planning, implementation and control.

## Planning

The planning process in Kawerang village begins with the preparation of Village's RPJM and RKP, both of which are determined by the village rules which form the basis of the Village's APB preparation guidelines. Three important documents were developed

as part of a village-level discussion forum, which was attended by representatives of the community, the village government and the Village Advisory Council (BPD). Preparation planning for village development activities is based on community needs and suggestions and then incorporated into the village budget, which is based on village's RPJM and RKP.

This is evidenced by the results of an interview by Mr. Marjuni as a village secretary in Kawerang Village:

“The planning stages are carried out starting from the hamlet meeting then the village meeting which is attended by the BPD, the community, religious leaders, and institutions in the village to collect community proposals for village development activities based on the Village RPJM which then the proposal will be sorted by the village apparatus which will come first”.

From the interviews it is known that the planning documents, i.e. RPJM Desa, RKP Desa and APB Desa, were prepared in the course of discussions in the village and not unilaterally, but also on proposals from the village community. Mr. Basuki suggested this to the people of Kawerang village as follows:

“Starting from a small village, the suggestions of the community are assimilated, even if not necessarily implemented, the important thing is that the suggestions arrive, because they will be considered and arranged, which of the two is more important. But the community is actively making suggestions”.

The same thing was also stated by Mr. Rudianto, the people of Kawerang Village, here is the explanation:

“In the village discussion everyone participated, especially the village community, such as leaders, religious leaders, women's leaders and youth organizations. The village chief participated in all this together with the BPD. During this discussion, the community communicates its proposals for the development of the village”.

Based on the results of the interview, it can be concluded that when planning the activities of the village fund, the community and the community are active in this activity, but not all the proposals of the community will be implemented, but ordered according to what is more important and compliant with the sufficiency of the village fund budget and Village APB documents must be synchronized with Village RPJM and Village RKP predefined by the commercial forum.

## **Implementation**

To measure the achievement of a target, the accomplishment of good action is a must. The activities conducted must be carried out according to the plans previously drawn up by the rural self-government. As part of the implementation of the rural fund activities, the village chief issued a decree consisting of representatives of the village council, elements of the rural community institutions and community leaders on the formation of an activity management group (TPK) to engage in both physical and non-physical.

The village government is required to display the APB Village information panel in front of the village office and the activity monitoring panel whenever physical

development occurs on the construction site. This is done to ensure transparency and clear communication to the public about the budget and ongoing activities. This is confirmed by the statement from Ms. Hermasusanti, a resident of Kawerang village suggested that:

“There is a billboard exhibited in front of the village office, it contains information on the activities carried out along with the budget. There is also an information board at each location where the development is held. The village government is open about the budget”.

In addition, in physical development in the village, goods and services come from the rural itself. The workers who carry out the construction also come from the village of Kawerang and favor the community surrounding the construction site. This is done to support village self-government, which can increase the village's independence. This is confirmed by Ms. Rahma as a member of BPD Kawerang Village, here is the explanation:

“The development was carried out according to the plan, the development staff is also the community of the village itself and not people outside the village.”.

The same statement was also stated by Mrs. Samidar of the Kawerang Village community:

“The development is carried out by the Kawerang village residents themselves, which also allows the community to increase the income of the village community. The village government also talks openly about the budget by putting up a billboard with the village budget in front of the village office.”.

Based on the results of the interview, it can be concluded that the APB village dashboard should be done as an intermediary used by the village government so that the community is aware of the activities carried out and the budget used. Similarly, in carrying out urban planning activities in the country, goods and services must come from the country and also from the country itself, this happens according to the rules of protection on the basis of PMK No.50/PMK.07/2017.

## CONCLUSIONS

According to the results of the research and discussion that have been described, it can be concluded that the management of village funds in Bone Regency is categorized as effective. Meanwhile, measuring the effect of the effectiveness of village funds on economic development in Bone Regency cannot be carried out because the data obtained are homogeneous or do not vary.

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