

The Role of Village Funds to the Development Area in the Sub-District of West Bilah, Labuhanbatu Regency, North Sumatera, Indonesia

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Abstract – The Village Fund is an implementation of the fulfillment of village rights. The priority of the use of the Village Fund is aimed at 2 (two) areas, Village Development and Village Community Empowerment. This study aims to analyze the Role of Village Funds on Regional Development in the Sub-district of West Bilah, Labuhanbatu regency and to determine the difference in average income before and after the implementation of Village Funds. The research was conducted in three villages of Bandar Kumbul, Tanjung Medan, and Janji village in Bilah Barat sub-district of Labuhanbatu regency. The data analysis used in qualitative method consists of data collection, data reduction, data display, and verification and conclusions. In the quantitative method used is a variance test with the help of SPSS program version 22. Results of research indicate that there is role of village fund to development area at sub district of West Bilah of Labuhanbatu regency in research location, that is: Bandar Kumbul village, Janji village and Tanjung Medan village. Village funds are prioritized for village development in the form of infrastructure development such as roads, ditches and suspension bridges. For the income of the community before and after the implementation of the village funds shows that there is a significant difference in average income of the society in Fiscal Year 2015 in the subdistrict of West Bilah Labuhanbatu district in Bandar Kumbul village, Janji village, and Tanjung Medan village. The average income of Fiscal Year 2015 has a mean difference.

Keywords – *Regional Development; Village Fun; Village Development and Community Empowerment.*

I. INTRODUCTION

National development is essentially aimed at improving the welfare of all Indonesians to a society of equal prosperity. Policies to improve and develop the capacity of Local Governments in all fields are continuously pursued and maximized in order to implement national development and regional autonomy. This step is based on the idea that in a unitary state system, the Central Government and Regional

Government are a unity, and are an inseparable part of village development activities. The village is a base of socio-economic and political power that needs serious attention from the government. Development planning has been making the village community as the object of development not as the subject of development.

The Village Fund is one form of implementation of the fulfillment of village rights. Government Regulation No. 60

of 2014 on Village Funds derived from the State Budget (APBN), as stated that the Village Funds derived from the State Budget (APBN) are allocated for the villages transferred through the Regional Budget (APBD)) And is used to finance the implementation of governance, development, fostering and empowerment of the community, and is managed in an orderly, law-abiding, efficient, economical, effective, transparent and accountable manner with due regard to the sense of just and propriety and prioritization interests of the local community.

Sirojuzilam and Mahalli [1] state that the region is a group of adjacent areas and inhabited by a number of residents over territorial or certain spaces. In summary the concept of space is marked by the absolute location and distribution of the acreage of a particular view on the surface of the earth.

The most classical concept of region [2] on regional typology, classifies the concept of region into three categories:

1. *Uniform/homo genous region*
2. *Nodal region*
3. *Planning region or programming region*

In line with the classification [3] based on the phase of economic progress classifies the region to be

1. The first phase is the formal region with respect to uniformity / homogeneity. The formal territory is a uniform geographical area according to certain criteria, such as the physical, geographical, economic, social and political conditions.
2. The second phase is the functional area with respect to coherence and functional interdependence, interconnection between parts within the region. It is sometimes called the nodal region or polarized region and consists of heterogeneous units, such as city-villages that are functionally interrelated.
3. The third phase is the area of planning that shows the coherence or unity of economic decisions.

According Saefulhakim, et al [4] region is a unity of geographical units that inter parts have functional linkages. Therefore, what is meant by territorial (region-building) is the geographical unit sequencing based on the proximity, similarity, or intensity of functional relationships (mutual help, mutual protection) between one part and another.

Development can be defined as an activity of adding, developing, improving or expanding. The concept of regional development in Indonesia was born from an

interactive process that combines the foundations of theoretical understanding with practical experiences as a dynamic form of application [1]

According to Nasution [5] the development of the region is a process of community empowerment with all its potential and includes all community activities within a region, economic, social and cultural aspects, as well as other aspects.

While Sirojuzilam [6] state that regional development basically means increasing the benefit value of the region for the community of a certain region in order to be able to accommodate more residents, with the level of public welfare that on average many facilities / infrastructure, goods or services available and business activities an increasing society, whether in terms of type, intensity, service or quality.

Regional development is determined on several key aspects that become indicators of success or lack development of a region, namely:

1. Economic Aspects:

- a) Includes Regional Income (PAD) which is the main thing necessary to the independence of the region to meet regional autonomy and decentralization. Regions should maximize local income sources and innovate in search of other sources.
- b) Community income. Independent and advanced areas will be demonstrated by the welfare of the people (social welfare) characterized by high incomes. High incomes will create a source of development financing from saving, investment and high productivity.
- c) Employment opportunities. Developed areas will attract the arrival of labor, because of high levels of wages and employment.

2. Socio-Cultural Aspects

- a) Include institutions that are one of the factors that determine the sustainability of regional management such as professional institutional structure and has many functions.
- b) Education. A high level of education characterizes the progress of the population of a region and contributes to its region as a whole.

3. Physical Aspects

- a) Includes land use. Patterns of land use include land and space usage arrangements. Certainty of land use is a factor of the regularity of urban structures, both physical and non-physical.

- b) Availability of infrastructure and facilities. Being a factor supporting regional development. This will create a smooth accessibility and attract investment.
- c) Inter-regional relations. The existence of an area will depend on other areas around it, no developed regions without interconnection with others. A mutually beneficial relationship will have an impact on regional progress.

Village Funds under Government Regulation No. 60 of 2014 on Village Funds derived from the State Budget (APBN), Article 1 paragraph (2): Village Fund is a Fund derived from the State Budget (APBN) intended for Village which are transferred through the District/Municipal Revenue and Expenditure Budget (APBD) and are used to finance government administration, development implementation, community development and empowerment. Furthermore, Article 6 states that the Village Fund is transferred to the Regional Revenue and Expenditure Budget (APBD) for subsequent districts are transferred to the Village Revenue and Expenditure Budget (APB Desa). In line with the regulation, According to Government Regulation No. 43 of 2014 concerning the Implementation of Law No. 6 of 2014 on Villages, Village Funds are funds sourced from the State Budget (APBN) intended for Villages which are transferred through the Revenue Budget and Regional Expenditure (APBD) of the Regency / Municipality and is used with the provision of the Village Fund sourced from the State Budget (APBN) stipulated in a separate government regulation, but the implementation of the government regulation is unity with this Government Regulation.

This Government Regulation is prepared in the context of realizing the village administration based on the principles of good governance and in line with the principle of village regulation as mandated by Law Number 6 Year 2014 on the Village, including legal certainty, orderly administration, public interest, openness, professionalism, accountability, effectiveness and efficiency, local wisdom, diversity and participation. In implementing village development, priority is the value of togetherness, kinship, and mutual cooperation to bring about peace and social justice. to finance the implementation of governance, development, empowerment and community development.

According to Regent of Labuhan Batu Regulation No. 15 of 2015 on Procedures of Appropriation and Setting of Village Funds in Labuhanbatu Regency, The Objective of Allocation of Village Funds from the State Budget is as follows:

- a. To improve the welfare of rural communities and the quality of human life and poverty alleviation;
- b. To build the leading sector development target in the National Medium Term Development Plan (RPJMN) 2015-2019 and the Government Work Plan (RKP) annually;
- c. For the empowerment of the village community, especially for poverty alleviation and increasing access to economic resources.

Principle requirements for disbursement of village funds. The Village Fund is given directly to the villages located in Labuhan Batu District through the transfer process on the Village Government account at Bank Sumut:

- 1. Village Fund in Local Budget (APBD) of the regency;
- 2. Distribution of Village Funds is channeled through the Village Government Account on behalf of the Village Head and Village Treasurer at Bank Sumut, the Village Head submits a request for the disbursement of the Village Fund to the Regent through the Head of the Community Empowerment Board, the Village and Sub-District Governments.
- 3. The application for the disbursement shall be made after it has been verified by the team companion of sub-district.
- 4. Recommendation on the feasibility of disbursement made by subdistrict head that is the result of research on the suitability of SPJ with the realization of the implementation.
- 5. Head of Community Empowerment Agency and Village Government shall examine the proposed use of the fund, subsequently forward the application file with the attachment to the Head of the Financial Management Body and the regional asset by submitting a Fund Disbursement Recommendation.
- 6. Head of Regional Financial and Asset Management Agency disbursed and distributed the Village Allocation Fund directly from the Regional Treasury to the Village Government account.

Pencairan Dana Desa dilakukan secara bertahap:

- a. Phase I in April of 40% (forty percent)
- b. Phase II in August of 40% (forty percent)
- c. Phase III in October of 20% (twenty percent)

Some indicators that can be done in assessing the success of the management and use of the Village Fund that is:

- 1. Management
 - a. Increase community knowledge about the existence

of Village Fund (DD).

- b. Increase community participation in village level development planning
 - c. Increase community knowledge and trust about accountability of the use of Village Fund (DD).
2. Utilization
- a. Activities funded in accordance with planned in the Village Revenue and Expenditure Budget
 - b. Financial capacity to absorb (realization) as targeted
 - c. Provide opportunities for the workforce.
 - d. The large number of beneficiaries (especially from the poor).
 - e. The high contribution of the community in supporting the use of the Village Fund.
 - f. Increase in community real income.
 - g. Able to synergize with government programs in the village.

Labuhanbatu regency is one of the regencies in North Sumatera Province, consisting of 9 districts, 75 villages and 23 sub-districts, which are responsive to village demands. Labuhanbatu regency has allocated Village funds since 2015 in the hope that development will be evenly distributed to the village level. One area of Labuhanbatu Regency that obtains the Village Fund is the District of West Bilah which is a District with the boundary of North Labuhanbatu Regency, has an area of 202.98 km² with a population of 38,378 people and 8,028 households (KK) spread in 10 (ten) villages, where most of the population works as farmers and plantation workers.

A. STATEMENT OF THE PROBLEM

Efforts to implement the Village Fund program proclaimed by the Government of Labuhanbatu regency are a challenge for the government of West Bilah District in maximizing the use of the Village Fund. The use of village funds in the district of West Bilah has been carried out in accordance with the program implemented. Knowledge and awareness of the community is quite evident in the use of Village Funds so that the development of the region shows an increase with the better income of the community, institutions, facilities and infrastructure obtained by the community. This is the concern of the District Government and the Village Government as a policy maker on how to implement this Village Fund program as a strategic step in the regional development effort in Bilah Barat District Labuhanbatu District.

The ultimate goal of this research is to know the development of West Bilah sub-district by analyzing the income of society, institutional strengthening, and the availability of facilities and infrastructure, after the allocation of village fund, so that the development of West Bilah Sub-district of Labuhanbatu Regency can be achieved.

B. HYPOTHESIS

The following research hypotheses are stated to guide this study:

1. There is a role of village funds on the development of the area in the Sub-District of West Bilah Labuhanbatu Regency.
2. There is a difference between the average income of the community before and after the implementation of the Village Fund in the Sub-district of West Bilah Labuhanbatu Regency.

II. MATERIAL AND METHOD

According to Patton (Moleong, 2001), data analysis is "The process of organizing the sequence of data, organizing it into a pattern, category and basic description." The definition provides an overview of how important the data analysis position is viewed in terms of research objectives. The main principle of qualitative research is to find the theory of data. This research is descriptive research, with more descriptive of interview result and documentation study.

Data analysis technique for qualitative method in responding problem formulation first used in this research is using steps as stated by Burhan Bungin (2003), as follows:

1. *Data Collection*
2. *Data Reduction*
3. *Display Data*
4. *Conclusion Drawing and Verification*

Furthermore, for quantitative data analysis the research in this study used the t-test formula performed with the significance test of the average income (mean) of the community before and after the implementation of village funds for fiscal year 2015 with the formula:

$$t = \frac{\sum D}{\sqrt{\frac{(N \sum D^2) - (\sum D)^2}{N - 1}}}$$

Where:

$\sum D$ = The number of differences between each pair ($X_1 - X_2 = D$), where X_1 is the average income of the community after the implementation of the Village Fund and X_2 is the average of the community's income before the implementation of the Village Fund.

N = Number of observations

n = Sample research

III. HASIL PENELITIAN

Variance Test Results (Mean) of Community Income Before and After Village Funds Fiscal Year 2015

TABLE I. HYPOTHESIS TEST RESULTS BY USING SPSS PROGRAM

Paired Samples Test								
		Paired Differences				t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower Upper			
Pair 1	Sebelum Dana Desa - Setelah Dana Desa	-564000,000	570149,103	84992,810	-735291,754 -392708,246	-6,636	44	,000

The value of t value is equal to - 6,636 with significant (2-tailed) 0.000. Due to significant 0.000 < 0.05 it can be concluded that H1 is accepted, meaning that the average of nominal income before and after village fund implementation is different.

The real income of the community before and after the implementation of village funds is calculated with inflation of North Sumatra in 2015 with an inflation rate of 3.24%. Inflation causes a difference in buying power of the currency each year by basing on constant prices. Data

processing was done with SPSS 22 for windows program, with the result obtained that the average real income of the community before the implementation of village funds as 2,433,777,78 rupiahs and the average income after the implementation of village funds as 2,900,649.78 rupiahs.

The value of t is -5.675 with significant value obtained at the level of real 5% of 0.000. Because significant 0.000 < 0.05 it can be concluded that H1 is accepted, meaning that the average of real income of society before and after implementation of village fund is increased.

TABLE II. INCOME CALCULATED BEFORE INFLATION YEAR 2015

Income	Mean (rupiah)
Before	2,433,777.78
After	2,997,777.78

Source: Processed data (result of SPSS)

TABLE III. INCOME CALCULATED AFTER INFLATION YEAR 2015

Income	Mean (rupiah)
Before	2.433.777,78
After	2.900.649,78

Source: Processed data (result of SPSS)

IV. DISCUSSION

The established 2015 State Budget (APBN) has a new government vision or mission known as Nawa Cita or 9 (nine) priority agendas. One of the fundamental changes in the 2015 APBN is the Village Fund, whose allocations are calculated based on the number of villages with respect to population size, poverty rate, geographic area and geographical difficulties. In relation to the distribution, it is done gradually in the current fiscal year with the stipulation, Phase I in April of 40%, Phase II in August of 40% and Phase III in November of 20%, which at each stage is done no later than second week, and the distribution to the village shall be done no later than 7 (seven) days after receipt in the Regional Treasury.

Village Fund Program 2015 budget year received by District West Bilah Labuhanbatu District become an opportunity for rural life. Villages considered to have no economic potential turned into a better area, this is very beneficial for the Village. Villages need no more difficulty in finding funds to finance development projects because the village has been able to support its own people. This is a description of the benefits of the Village Fund for the fiscal year 2015 in the District of West Bilah Labuhanbatu District.

The Village Fund for fiscal year 2015 received by Labuhanbatu Regency is 21,663,628 is allocated to 9 (nine)

Kecamatan consisting of 75 villages spread all over Labuhanbatu Regency. One of the sub-districts receiving the Village Fund is West Bilah Sub-district allocated to 10 (ten) villages, including Bandar Kumbul which received Funds amounting to 287,400,000 rupiahs, Janji Village receiving Funds of 296,788,000 rupiahs and Tanjung Medan Village receiving Funds of 306,002,000.

The implementation of the Village Fund in 2015 that has been allocated to the 3 (three) Villages, is generally prioritized in village development such as road infrastructure, suspension bridge and trench. Implementation is defined through community discussions attended by Village Governments, Village Institutions and entire communities. The process of implementing the Village Fund program in 1 (one) budget year gets the enthusiasm and participation of the people involved in the road and ditch development process in each village of the research location.

This can be seen from workers and raw materials making roads to ditches, almost entirely from surrounding communities, such as pebbles and sand. This involvement indirectly provides its own advantages for people who want to earn additional income by joining the workers in the

construction of roads and ditches. This has already become the agreement of the community and the Village Government, thus providing income opportunities for the community.

The process of implementation of the Village Fund program in 2015 is not spared from the problems that arise in it, both internal and external factors. In the construction of roads, suspension bridges and trenches take a long time. This is caused by some people who are in the process of land acquisition does not allow their land used for development, so it must be through long negotiations with the village head. Remote development sites are also a constraint, making it difficult for raw material transport vehicles to enter the site. In addition, weather and rainfall are sometimes erratic to the problems that make the process of road construction, suspension bridge and ditch progressively slow. In addition to the internal problems of the village, there is also the problem of delay in the process of channeling the Village Fund to the Village Cash, so that the construction has to be stopped until waiting for the funds to be distributed. This issue is of particular concern to the Local Government and the Village Government in its settlement, so it is not an obstacle that disrupts the process of implementing the Village Fund for years to come. Although the overall implementation is quite good and in accordance with the procedures and provisions that applied, but need improvement both in terms of distribution, implementation, supervision and evaluation, so as to provide a significant impact on economic aspects, social culture and physical aspects in public life.

The implementation of the Village Fund for fiscal year 2015 in 3 villages of study sites has a positive impact amongst the community and is able to spur the growth of village infrastructure and economy, which prompted the government to continue increasing the funds to be allocated to the villages. but unwittingly this will also trigger a negative impact for the village and its people. For example the potential for conflict between communities, because of the large amount of Funds such as making people fight for the funds for their own interests. This needs to be more aware of the conflicts that occur. The Village Government itself should be able to socialize the benefits of the Village Fund to the community. The point between the Village Government and the community should be mutually open and transparent so that no conflict will arise that will impede the implementation of the Village Fund.

The results of the study show that the role of Village Funds on the development of the region has shown effective

results in 3 (three) villages of research sites, but not maximally due to the inadequate condition of villages in the infrastructure, while the funds received are not too large in number so it takes a long process to produce maximum results. This can be seen from the construction of roads, suspension bridges and trenches in 3 (three) villages of research sites implemented in the budget of Village Funds in 2015.

V. CONCLUSIONS

Based on the results of research that has been done, the authors can conclude some statements as follows:

1. There is a role of village funds program to the development of the area: Bandar Bandar Kumbul, Janji village, and the village of Tanjung Medan in the sub-district of West Bilah Labuhanbatu regency. Village funds are prioritized for village development in the form of infrastructure development such as roads, ditches and suspension bridges.
2. There is a significant difference in average income of the community before and after the implementation of village funds in Fiscal Year 2015 in West Bilah sub-district of Labuhanbatu regency in Bandar Kumbul village, Janji village, and Tanjung Medan village. The previous average income was 2.433,777.78 rupiahs and 2.997,777.78 afterwards in Bandar Kumbul village, Janji village, and Tanjung Medan village, West Bilah district, Labuhanbatu district.

VI. RECOMMENDATIONS

From the conclusion of the research above, then some suggestions are given as follows:

1. To the Government of Labuhanbatu regency to pay more attention to the development of villages and the community. The process of channeling village funds to the implementation should be more transparent, accountable in the future.
2. The need to increase the role of village government, village institutions and village communities in implementing the Village Fund program to be on target and provide maximum results for the welfare of the community.

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