

Village Fund Allocation for Disaster Mitigation: Solution or Another Gimmick?

Khaerul Umam Noer^{1, a)}, Agisni Aulia Silfa Putri^{2, b)}, Pandu Mukti Syahputro^{3, c)},
Khofifah Ketiar^{4, d)}, Andrean Alan Kusuma^{5, e)}, Ennike Rahayu Lestari^{6, f)}

¹*Department of Public Administration, Faculty of Social and Political Sciences, University of Muhammadiyah Jakarta. Jl. KH. Ahmad Dahlan, Cirende, Ciputat, Tangerang Selatan, Banten, Indonesia 15419*

^{2, 3, 4, 5, 6} *Undergraduate Program of Public Administration, Faculty of Social and Political Sciences, University of Muhammadiyah Jakarta. Jl. KH. Ahmad Dahlan, Cirende, Ciputat, Tangerang Selatan, Banten, Indonesia 15419*

^{a)} Corresponding author: umam.noer@umj.ac.id

^{b)} tamachisikata@gmail.com

^{c)} pandumukti89@gmail.com

^{d)} khofifahketiar1@gmail.com

^{e)} andreanalankusuma12@gmail.com

^{f)} ennikekamal@gmail.com

Abstract. Since 2014, the government has implemented a Village Fund program for all villages in Indonesia, with the intention of stimulating village development while also ensuring rural communities' welfare. This stimulus is augmented by the need that each village allocate a maximum of 35% of the Village Fund to disaster management and its impact on the community, especially in the wake of the 2020 pandemic. By undertaking ethnographic research in six villages in Bekasi, West Java, this article demonstrates that no village has reserved more than 11% of the Village Fund for disaster management, and even then, the proportion must be divided by the quantity of Direct Cash Assistance allocated to deal with the impact of COVID-19. Two factors contribute to this issue. To begin, the government's policy is paradoxical, mandating an allocation for disaster management but restricting it at a certain sum, mainly at maximum ceiling, allowing villages to reduce disaster mitigation contributions. Second, the Village Fund is fully prepared during the Village Development Plan Deliberation, so that if the deliberation participants do not prioritize disaster mitigation, the allocation for disaster mitigation will always be less than the allocation for social facility improvement. These issues are worsened further by the Village Fund's secretive use and lack of government accountability, rendering the Village Fund inefficient at mitigating disasters that affect the community as victims.

BACKGROUND

The National Disaster Management Agency recorded 3,092 incidents in 2021, the majority of which were hydrometeorological disasters.[1] Floods account for the majority of disasters with 1,298 events, followed by extreme weather with 804, landslides with 632, forest and land fires with 265, tidal waves and abrasion with 45, earthquakes with 32, drought with 15, and 1 volcanic eruption. In total, 8,426,609 persons were affected and evacuated, 14,116 were injured, 665 died, and 95 were reported missing, while 142,179 residences, 3,704 public buildings, 509 offices, and 438 bridges heavy damage. The following details pertain to the damage to houses: 19,163 homes were severely destroyed, 25,369 homes were seriously damaged, and 97,647 homes were lightly damaged. Due to Indonesia's location in the ring of fire, natural disasters are a regular phenomenon.

Acknowledging this, the government has funded a Village Fund (Dana Desa) for each village in Indonesia since 2014, one of which will be utilized to mitigate natural disasters. The Village Fund will reach 72 trillion rupiah in 2021, the same level as last year. The fund trends indicate a growth from 60 trillion in 2018, to 70 trillion in 2019, and 72 trillion in 2020 and 2021. In sum, the Village Funds total 960 million annually, rising from 800 million in 2018.[2], [3]

The primary issue is that allocation of The Funds is frequently more focused on village infrastructure building and completely ignores disaster mitigation. This article will address a critical issue: how should village funds be assigned? How much of the village's budget should be set aside for disaster mitigation? By outlining how to use Village Funds, this article should be able to provide an overview of Village Funds and disaster mitigation, as the

Priority for Use of Village Funds for 2022 is focused on national economic recovery and disaster management, per Minister of Village Regulation 7/2021.[4]

RESEARCH METHOD

This research was conducted in six villages in Bekasi Regency, namely Bunibakti, Sindangjaya, Ridogalih, Sarimukti, Mekarjaya, and Jayasakti. Using an ethnographic approach, the team conducted observations, interviews, and FGDs with village stakeholders and village communities.

UNDERSTANDING THE VILLAGE FUND

Village Funds, as defined in Communities Law 6/2014[5], are intended to reflect the state's commitment to protecting and empowering villages to become strong, advanced, independent, and democratic. Villages may use the Village Fund to promote village development and empowerment in pursuit of a just, prosperous, and thriving society. While the Village Fund Allocation has the following objectives: (a) alleviating socio - economic inequalities, (b) enhance the quality of development planning and budgeting at the village level and empowering rural communities, (c) stimulating the development of rural infrastructure based on justice and indigenous knowledge, (d) boosting religious, social, and cultural values practice in order to increase social welfare, and (e) improving services to rural communities.

Village funds are generated through the State Budget and distributed to villages via the Regency/City Regional Revenue and Expenditure Budget. The Village Fund is organized around regional objectives and is used to finance government administration, development implementation, community development, and community empowerment. [6] Village funds are used to build village roads, bridges, and water connections, as well as health facilities (Community Health Centers and Maternity Boarding Schools), village markets, early childhood education, wells, drainage, and irrigation.

As defined in the Village Government Work Plan, the Village Fund is prioritized for development and community empowerment initiatives aimed at promoting rural community welfare, improving human life quality, and reducing poverty. The Village Fund's actions are governed by the regent/technical mayor's rules. The Village Fund's activities are prioritized for self-management through the use of indigenous resources and raw materials, with a concentration on absorbing more labor from the village's resident population. The Village Fund may be used to finance activities not included in the Village Fund's priority use, with approval from the regent/mayor, provided that the Village Fund's allocation for priority activities has been met and/or development and community empowerment initiatives have been encountered.

According to Article 5 letter d of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration's Regulation 19/2017 on the Priority Determination of the Use of Village Funds in 2018, village funds may be used to procure, develop, develop, maintain, and environmental infrastructure necessary for 1) natural disaster preparedness, 2) natural disaster management, and 3) environmental conservation.[7], [8]

In 2020 and 2021, the Village Fund allocation will shift. The government implements a policy of budget refocusing through Law 2/2020 on State Financial Policy and Financial System System Stability in Response to the Covid-19 Pandemic and/or in the Face of Challenges to the National Economy and/or Financial System Stability. This policy intends to contain the Covid-19 pandemic by prioritizing health care, social safety nets, and economic recovery, including for the business community and communities affected by Covid-19. As a result of this refocusing, government spending is now concentrated on health and social safety net programs, such as the Village Fund Direct Cash Assistance (Bantuan Langsung Tunai) program.

For 2022, there is another adjustment to the Village Fund's allocation. In 2022, the Minister of Villages, Disadvantaged Regions Development, and Transmigration mandates the use of village funds to facilitate the accomplishment of Village Sustainable Development Goals. According to village authorities, community funding would be prioritized for national economic recovery and disaster management. According to the Village Minister Regulation, minister regulation 7/2021 concerning the Priority for the Use of Village Funds in 2022, which was fully integrated into the Village Regulation, the Village Revenue and Expenditure Budget is required to allocate Village Fund Cash Direct Assistance in the village expenditure nomenclature.

Village Funds are used to accelerate the accomplishment of Village Sustainable Development Goals, which include reviving the national economy through national priority projects. This priority includes the disaster mitigation and management of natural and man-made disasters, as determined by the village administration. In that context, the utilization of local finances for national economic recovery may include actions aimed at

alleviating poverty in the village. As a result, it is critical to establish, develop, capacitate, and manage Village Owned Enterprises in order to attain equitable village economic growth.

Village Funds can also be used to promote national priority projects in a variety of ways, including data gathering activities, mapping of potential and resources, and management of information and communication technology in an effort to expand village development partnerships. Mitigation and disaster management operations may include the use of village funds for the mitigation and management of natural and non-natural disasters in accordance with local authorities. Furthermore the Village Fund's Direct Cash Assistance program is designed to help build a village poverty - free.

CRUCIAL POINTS

Each year, the quantity of Village Funds received in each village in Bekasi Regency has increased in lockstep with the amount received by the Regency government. In 2019, the Bekasi Regency Government earned 241 billion from the Village Fund, which will climb to 264 billion in 2021. On the village level, each village received almost 1.4 billion in village funding in 2021.

The issue is that, even in 2019, the Village Fund's accountability report has always been a source of contention. According to the Supreme Audit Agency's report, 132 villages out of 187 in Bekasi failed to submit the Village Fund Accountability Report in 2019.[9] In 2020, the figure dipped to 95 villages, before increasing to 101 villages in 2021. Even nevertheless, the six villages that became the research area never presented an accountability report to the Bekasi Regency administration regarding the Village Fund. This is astonishing, given that these six villages continue to receive Village Funds, which continue to grow larger every year.

On a regular basis, the village government uses 30% of the village fund fund allocations obtained for village government activities in financing village operations and operational expenditures for the village fund allocation team. Meanwhile, 70% of village funds are used to empower communities through the development of village economic facilities and infrastructure, empowerment in the fields of education and health, community economic empowerment, particularly for poverty alleviation, and financial assistance from heads of village community institutions, Village-Owned Enterprises, and business groups based on rural communities' economic potential. Additionally, financial aid is provided to village entities such as the neighborhood (RT), the hamlet (RW), the Family Welfare Development (Pembinaan Kesejahteraan Keluarga/PKK), and the village youth group (Karang Taruna).[8], [10], [11]

The main concern is, from 2014 to 2020, the Village Fund has been allocated in accordance with the budget cycle and village needs as defined by the Village Law and Village Minister Regulation. Where the Village Revenue and Expenditure Budget is implemented in accordance with the Village Medium-Term Development Plan, which is contained in the village head's vision and mission during the Village Head Election (Pemilihan Kepala Desa/Pilkades) campaign and is further elaborated in the form of a program plan in the Village Government Work Plan. In other words, the Village Fund is only for the aim of accomplishing the village head's campaign promises, despite the fact that its use is exceedingly prone to abuse.

Between 2014 and 2019, no village had a budgeted post for disaster mitigation. The Village Fund regular budget item was depleted by road building, environmental security posts, mosque and school renovations, and incidental funding for activities like as football, women religious assemblies (majelis taklim kaum ibu), and competitions commemorating Indonesia's independence. The only budget item that comes close to meeting community needs is the Integrated Service Post (Pos Pelayanan Terpadu/Posyandu) assistance for children and toddlers, and even then the amount is comparatively tiny, only twenty-five thousand rupiahs per activity, in contrast to a football competition, which can raise up to thirty million rupiahs per activity.

On the other hand, village budget offices frequently disregard the law. As a general guideline, no more than 30% of the village budget should be spent on village operations, however all villages disregard this rule. Almost every village spends between 45 and 60% of its budget on operations. This continues because the Village Head has never been directly cautioned, and the most prevalent scenario is the manipulation of activity reports that are actually operational expenditures.

Between 2020 and 2022, certain budget items must be included in village funds, specifically budget posts for disaster management and direct cash assistance. During the Covid-19 pandemic, the State Budget, Regional Revenue and Expenditure Budget, and Village Revenue and Expenditure Budget are used as a countercyclical to the pandemic. One of the proposed countercyclical purposes is to designate a portion of the Village Revenue and Expenditure Budget to social safety net initiatives via Village Fund Cash Assistance. Counter-cyclical policy is following the opposite tack, reducing expenditure and increasing taxes during times of prosperity and increasing

spending and decreasing tax revenues during times of recession. Similarly, Village Revenue and Expenditure Budget, one of the counter cycle's functions during the Covid-19 epidemic is to stimulate household expenditure via the State Budget stimulus program.[12], [13]

This approach requires adjustment due to the new governance structure, which necessitates adjustments to the Village Revenue and Expenditure Budget framework, particularly in the six villages where all fiscal resources are derived solely from central government transfers. Due to the absence of village revenue sources, all village expenses are funded entirely by village funds (transferred from the central government). Apart from the Village Fund, which can be used as a disaster emergency fund, the village government receives no revenue. Meanwhile, the Village Revenue and Expenditure Budget is utilized to fund village infrastructure that remains underdeveloped. Meanwhile, under the Covid-19 pandemic and rules governing the use of village finances, the village authority is required to set up a 35 percent emergency fund for village spending.

This is in accordance with Minister of Finance Regulation 40/PMK.07/2020 concerning Amendments to Minister of Finance Regulation 205/PMK.07/2019 concerning Village Fund Management, which stated that postal budgets for disaster management can be budgeted in the Village Revenue and Expenditure Budget at a maximum of 35% of village funds received by the village concerned.[14]–[16] If village funds for disaster management are insufficient, the village head may use village funds in excess of this limit with the agreement of the regent/mayor or other authorized authority. Finally, the village government must adjust the structure of the Village Revenue and Expenditure Budget to reflect this policy.

Due to limited resources and competencies, emergency response is not optimal. Additionally to the village government's peculiarities, which tend to expedite capital expenditures for village physical facilities. The absence of regulations requiring a minimum percentage of the Village Revenue and Expenditure Budget to be used for disaster mitigation and social protection programs such as Village Funds Cash Assistance is also a problem in and of itself, as it implies that the village's response to existing problems is unproductive.

Since 2020, when village governments were obligated to set aside funds for disasters, the government has streamlined the conditions for Village Fund disbursement. Although regulatory mechanisms have been implemented to expedite the distribution of village funds, particularly for disaster aid and Village Fund Cash Assistance, there are always delays in the budget administration process. In general, village funds are allocated based on a number of criteria specified in Minister of Finance Regulation No. 40/PMK.07/2020 amending Minister of Finance Regulation No. 205/PMK.07/2019 concerning Village Fund Management. Several indicators were used to determine the Village Fund Allocation (ADD) ceiling, including the following: 1) Total population, 2) Area, and 3) Geographical difficulty level determined by the outcomes of the previous two years' evaluations. The primary issue is one of population. Reports on the number of poor individuals are never accurate in this scenario.[2], [17]

Another critical issue is the Village Revenue and Expenditure Budget's extremely imbalanced allocation. For example, practically all villages will receive a Village Fund allocation of 1.4 billion in 2021, but the average Village Fund allocation for disaster management will be approximately 150-160 million, or 18 percent, based on six villages. This fund is comprised into two categories: direct cash help for the management of Covid-19 and aid for natural disasters. Natural disaster assistance is often allocated at a rate of 60-75 million rupiah, or about 5% of the total Village Fund. This stands in stark contrast to routine expenditures of 400 million rupiah, or 28% of the Village Fund's total. Another example is staff spending, which totals 190-200 million rupiah, or 13% of the Village Fund's total revenue.

The issue is fundamental. To start, the distribution and usage of Village Funds are strongly dependent on the Village Development Plan Deliberation (Musyawarah rencana Pembangunan Desa/Musrenbangdes) and Village Consultative Body (Badan Permusyawaratan Desa/BPD).[18], [19] Priorities for the Use of Village Funds, Minister of Village Regulation 7/2021, Article 7 Paragraphs (1-4), establish the following priorities for the use of village funds: The Village Consultative Assembly discussing and agreeing on the Village RKP's Priority for Use of Village Funds as referenced in Articles 5 and 6 discusses and agrees on the Village RKP's Priority for Use of Village Funds. Second, as indicated in the official report, the Village Deliberation referred to in paragraph (1) results in an agreement regarding the Priority of Village Funds Use. Third, the Minutes referenced in paragraph (2) serve as a guide for the Village Government in developing Village Regulations controlling the village government's work plans.

This indicates that if the Village Deliberation does not prioritize disaster mitigation, then disaster mitigation position will be dropped from the Village Revenue and Expenditure Budget Plan. On the other hand, government policies can be bewildering as well. While it is true that a budget line item for disaster management must exist, what is regulated is a maximum ceiling of 35%, not a minimum. This allows village officials to evade policies by budgeting an average of 11%, which is nonetheless shared in half by Village Direct Assistance. Village policies are extremely troublesome, despite the fact that the six villages are extremely prone to flooding, and the Village Fund's

provision for natural disasters is only about 5%. However, from an administrative standpoint, the community's actions are correct, as the village has limited the maximum ceiling. This indicates that the 5% fund complied with the Ministry of Villages' standards.

CONCLUSION

The primary challenge to establishing Village Funds for disaster response is the vagueness of national regulations. The government compels each town to set aside funds for disaster preparedness, although the regulations are quite open to interpretation. That the state establishes an upper rather than a lower threshold. On the other hand, the Village Fund is completely managed by the Village Development Plan Deliberation, which is attended by village officials and the Village Consultative Body. This encourages collaboration between the two village organs, and there is no mechanism for the community to control the Village Fund. This implies that allocating Village Funds for disaster mitigation is not a viable option, as Village Funds are already depleted by operating costs and capital expenditures, one of which being road and social and religious facility repair. Disaster mitigation in villages continues to rely on community donations and ad hoc village policies, ensuring that people continue to be victims of development and natural disasters.

ACKNOWLEDGMENTS

This research is fully supported by the Ministry of Education, Culture, Research, and Technology and the Education Fund Management Institute (Lembaga Pengelola Dana Pendidikan/LPDP) through the 2021 Scientific Research Funding. The Research Team would like to thank the Ministry of Education, Culture, Research and Technology of the Republic of Indonesia, the Education Fund Management Institute, Rektor University of Muhammadiyah Jakarta, Institute for Research and Community Service, University of Muhammadiyah Jakarta, and Faculty of Social and Political Sciences, University of Muhammadiyah Jakarta for their assistance.

REFERENCES

1. Badan Nasional Penanggulangan Bencana, "Bencana Alam Tahun 2020," Annual Report BNPB, Jakarta, 2021.
2. K. U. Noer and N. L. G. Madewanti, *J. Stud. Pemerintahan* **11**, 370–400 (2020).
3. K. U. Noer, *Community Empower.*, **6**, 864–876 (2021).
4. Menteri Desa Pembangunan Daerah Tertinggal dan Transmigrasi Republik Indonesia, *Peraturan Menteri Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Nomor 7 Tahun 2021 Tentang Prioritas Penggunaan Dana Desa Tahun 2022*. Ministerial Regulation, Jakarta, 2021.
5. Undang-Undang Republik Indonesia, *Undang-Undang Republik Indonesia Nomor 6 Tahun 2014 Tentang Desa*. 2014, p. 6/2014.
6. P. R. Indonesia, *Peraturan Pemerintah Nomor 60 Tahun 2014 Tentang Dana Desa Yang Bersumber Dari Anggaran Pendapatan dan Belanja Negara*. Government Regulation, Jakarta, 2014.
7. Menteri Desa Pembangunan Daerah Tertinggal dan Transmigrasi Republik Indonesia, *Peraturan Menteri Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Nomor 19 Tahun 2017 Tentang Prioritas Penggunaan Dana Desa Tahun 2018*. Ministerial Regulation, Jakarta, 2017.
8. B. Rahmadi, *MIZAN, J. Ilmu Hukum*, **8**, 104–121 (2019).
9. B. P. K. R. Indonesia, "Laporan Badan Pemeriksa Keuangan Republik Indonesia Perihal Dana Desa," 2020.
10. S. A. Wida, D. Supatmoko, and T. Kurrohman, *e-Journal Ekon. Bisnis dan Akunt* **4**, 148–151 (2017).
11. N. Sunardi and R. Lesmana, *J. Sekuritas* **3**, 277–288 (2020).
12. F. Aco, *J. Enersia Publika* **3**, 139–155 (2019).
13. N. Ruru, L. Kalangi, and N. S. Budiarto, *J. Ris. Akunt.* **12**, 83–90 (2017).
14. H. Wardhono, B. Budiyo, and F. K. Hartati, *J. Community Dev. Soc.* **2**, 56–72 (2020).
15. E. Susanti and N. Khotimah, *Geomedia Maj. Ilm. dan Inf. Kegeografian* **14**, 65–75 (2017).
16. D. Darwati, M.A. Samad, and I. S. Wekke, *Collaborative Governance Dalam Pengelolaan Integrated Community Shelter Pasca Bencana di Kota Palu*, (Untad Press, Palu, 2019).
17. K. U. Noer, S. Chadijah, and E. Rudiati, *Heliyon* **7**, 2020.
18. Y. T. Wiguna, R. Dewi, and N. Angelia, *Perspektif*, **6**, 41–52 (2017).
19. L. Rumkel, B. Sam, and M. C. B. Umanailo, *Adm. J. Ilm. Adm. Publik dan Pembangunan* **11**, 23–27 (2020).