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## Governing Village Fund in Indonesia: Is It Eradicating Poverty?

### Abstract

This study was conducted by finding that there were inconsistencies and uncorrelated data from the government score-based report about Village Fund, and the public perception of the village fund. This research observes relevance of numbers using the Impact Assessment concepts. This research can act as a useful insight for the governments, researchers and societies to evaluate the commitment of the government to build Indonesia from village. By using descriptive quantitative research method, this paper critically summarises the government report of the Village Fund by contrasted the priorities target of the fund. From the assessment, it was found that the development of the village facilities, infrastructure, and community empowerment program currently increased, but the village fund still has a problem with its equalisation and utilisation of the fund. In conclusion, the achievement numbers of the village fund do not have any correlation with the poverty reduction, because there are lack of equalisation and perception as a mean of utilisation in some sectors. The perception index does not correlate with the satisfaction index in terms of infrastructure development, and the intervention of the village fund does not have a connection with the understanding of people on the use of the fund.

### Keywords:

village fund; impact assessment; equalisation; utilisation

### Introduction

The impact of the village funds cannot be separated by its measured impacts on development. Development itself can be measured by 2 (two) aspects, tangible and intangible. *Firstly*, tangible aspect can be observed by the attainment

of numbers, especially on how monetary advantage can be utilised by its achievement of numbers. For example, a measurement on how foreign aid affects economic growth. Aid usually works in support of the growth of countries with good policies, or with difficult

economic environments, or outside the tropics, or on average, but with diminishing returns (Roodman, 2007).

*Secondly*, intangible aspect sees development outside its achievement of numbers. It includes how the numbers achievement meets its sociological targets of the programme as the outcomes. This also includes the delivery strategy of the programme, by identifying prioritizing, and defining intangible project outcomes and their aligned project outputs (Kersti Nogeste, 2015). According to these two meanings of development, it can be said that development is not only about achieving statistical numbers as output, but also how those statistical numbers also meet sociological accession consist of the expected outcome of the programme.

There are many development projects in the world, which view development not only as the attainment of numbers, but also the achievement of the projected outcome. One of them is the fund programme. Apart from its orientation of statistical achievement, the fund programme has a philosophy that funding programme should have an impact to the multidimensional account of scientific inquiries, which are justice to the people and communities to a broader effect (O'Malley et al., 2009). This means, the fund programme also aims to support the overall background people and communities, including underprivileged people and region.

This also means that the fund programme requires independent management to its people and region. The requirement fits with the village fund programme in Indonesia. It is because the village fund programme has 13 (thirteen) principles of recognition, togetherness, subsidiarity, diversity, mutual cooperation, kinship, deliberation, democracy, independence, participation, equality, empowerment, and sustainability (Ministry of Finance, 2017).

Briefly, the village fund in Indonesia has a long history, particularly on the side

of regulation. There are abundant evidences where village is the focus of development, such as Law No. 22/1948 on the Principal of Local Government, Law No. 1/1957 on the Principles of Regional Government, Law No. 18/1965 on the Principles of Regional Government, Law No. 19/1965 concerning *Desa Praja* as Transitional Form to Accelerate the Formation of Level III Regions throughout regions of Republic of Indonesia, Law No. 5/1974 on the Principles of Governance in the Region, Law No. 5/ 1975 on Village Government, and Law No. 22/1999 regarding Regional Government. But all of them did not meet with its purposes to develop the village. One of the problems is the lack of funding. After the long period of absence, there is a Law No. 6/2014 about Village, in which one of the points is to give fund to the village to build their own regions. The funding has been started in 2015 and this year will be the third year of its implementation (Setyoko, 2011).

*Lastly*, there is a report of the Village Funds in Indonesia for 2017. Overall, the report focuses on the government score-based report about the Village Fund and the public perception of the village fund. However, two problems arose. *First*, those two statistics were inconsistency and uncorrelated. This is obviously against the first principal of development, which is the achievement of numbers as a tangible aspect of development. It shows that there is a problem of achieving numbers, because then the statistics are imbalance. *Second*, contrasting with the evidence of the village fund practical, there are other problems, such as the equality side of the village fund. Many pieces of evidence showed that the intangible achievement of the village fund still has obstacle such as how to eradicate poverty and institutional or management problems.

This means that the impact of the village fund has to be assessed because the programme will be implemented in the upcoming years. The impact assessment of the report on the village

fund in 2017 was pivotal for the future of the programme. The testing of the achievement was also necessary, for the commitment of the government to build Indonesia from the villages as micro-management of the nation. This is why this study has been conducted. This study focused on the IA concepts, in matters of contrasting and comparing statistical data from the Report of the Village Funding in 2017, as well as observes the social impact of the report.

This study will not try to reveal the past experience of the village fund in 2015 and/or 2016. Rather, this study focuses on the projected scheme of village funding. Thus, it can be said that this study will be questioning the statistical evidences of the report. The research question itself is **does the village fund policy meets its expected objectives?**

In order to answer the question, we observe the report on the village fund in 2017 as the main document of assessment. We particularly assess statistical evidences from the report with the objective of the village fund itself. Moreover, we also contradict the statistical evidences with the evidences of the practical aspect of the village fund.

### **Impact Assessment**

The notion of the impact assessment (IA) is to assess certain policies in a technical way or based on evidence, in purpose of creating a better regulation (Radaelli & Meuwese, 2009). Where evidence-based means that the impact assessment should be done by facts and figures rather than bias interests. This principle is suitable with the term of Regulatory Impact Assessment (RIA) as well, where the basic tenet of the RIA are facts and figures in order to assess regulation to make better regulation. Thus, it can be said that both IA and RIA have an image that the assessment is not only a process of the assessment of certain policies, but also a formal document. Therefore, the Impact Assessment can also be defined by the term of Regulatory Impact Assessment (RIA).

However, in the practical area, sometimes IA or RIA can be approached by political way, which can be described by interests, such as bargaining, entrenched commitments, and diverse stakeholder values and interests (Dunlop & Radaelli, 2015). This is far beyond the main intention of IA or RIA itself, where the main assessment is evidence-based. This happens for 2 (two) reasons. *First*, politicians are the main actors of formulating regulations which often neglect evidence. Politicians carry interests from their group, in order to formulate regulation. *Second*, RIA deals with quite many sectors and aspects. Sectors can be varying from energy, environment, enterprise whilst aspects could be seen by the main aim of RIA is sustainable.

Aside from that, IA was designed to be a process that prepares for political decision makers, evidence on the advantages and disadvantages of possible policy option by assessing their potential effects. IA is part of the policy formulation stage where the results of the process are summarized and presented in the IA report. The IA system was structured by a common set of basic questions, minimum analytical standards and a common reporting format (European Commission, 2009). IA model offers a basic framework for measuring social capital, it includes data collection instruments, a theoretical framework, and indicators with formulas of analysis (Ghasemaghaei & Hassanein, 2016).

The IA system was implemented as a decentralized approach whereby each service organization is responsible for preparing the IA hand-in-hand with the related policies (De Smedt, 2010). The IA system was meant to inform and improve policy coherence, but not to replace the political process or determine the final decision. IA was conceived as an assessment of distinct alternatives to achieve a specified policy objective, thereby providing the basis for decision, whereby the policy with the best

net benefit is chosen (European Commission, 2009). Impact assessment focuses on the effects of the intervention, the cost and efficiency of the intervention, its unintended effects and how to use the experience from the intervention to improve the design of future interventions.

The majority of the impact assessment can contribute to addressing broader evaluation questions, and in many evaluation designs; the impact assessment is used together with other evaluation techniques in order to reach a meaningful conclusion. An impact assessment was not designed to answer as many questions as an evaluation. The impact assessment tends to focus on narrow and tightly-defined set of impacts, frequently presenting a rather narrow picture of the result of an intervention.

Analysis of impact is actually a component of the policy or programme cycle in public management, where it can play two roles: *First*, ex-ante impacts analysis. It involves doing a prospective analysis of what the impact of an intervention might be. *Second*, ex post impact assessment. This evaluation aims to understand to what extent, and how a policy intervention corrects the problem. In 2010, IA system was highly dynamic in European Commission (EC), it had involved frequently new policy commitments and institutional initiative to strengthen its practice and quality. Two examples of relevant policy commitments were the renewed sustainable development strategy (renewed EU SDS) and the Seventh Framework Programme for Research (FP7) (De Smedt, 2010).

The study conducted by De Smedt (2010) has revealed the existence of a variety of successfully established assessment tools linking to several sustainable development challenges, by conducted scoping study on the use of IA tools. Cerutti, et al., (2011) explains a way to assess the impact, which is to describe and sort the source of the impacts. Each source impact must be specified. An impact assessment may include any or all of: 1.

Quantitative statistical methods involving baseline studies, the precise identification of baseline conditions, definition objectives, target setting, rigorous performance evaluation and outcome measurement. 2. Qualitative methods suitable for investigating more complex and/or sensitive types of social impacts. 3. Participatory approaches suitable for initial definition or refinement of the actual potential impacts

In this broad sense, impact assessment is the process of identifying the anticipated or actual impacts of a development intervention, on those social, economic and environmental factors which the intervention or designed to affect or may inadvertently (Hayati et al., 2013). The Village fund programme, has a spirit to make the village, as a micro government can develop itself. The Village as part of the government now has an authority to handle the entire village fund to develop and make the programs suitable for the village's characteristic. According to Boothroyd & Davis (1993), development implies structural change and improvement within community systems encompassing both economic change and the function of institutions and organizations (Phillips & Pittman, 2015).

Aligned to that, Constanza et al. (2012) gives a rational relation between infrastructure and provision and community development. It is important to note that the infrastructure is considered as a tool to facilitate people to meet better activity, productivity, and sustainability (ASP) of life. It was assumed that better infrastructure will increase better activity, productivity, and sustainability (Hayati et al., 2013). Further, Sharp et al. (2002) explained the discussion on infrastructure and community development includes issues on: 1. Orientation of utilising infrastructure, and 2. the complexity of facilitating people. The orientation of utilising infrastructure was classified as having inward look, to facilitate people to have more activities in their daily life, therefore, it brings people to

get economic gain as well as social benefit. Also, the complexity of facilitating people is indicated as high if it produces of high sensitive actions to initial condition. The actions were created to facilitate people to develop their assets and capabilities, include social, economic, and political interest (Hayati et al., 2013).

Thus, the important aspect that can be drawn from the policy intervention is the social impact. A social impact is defined as a cognitive or physical effect experienced by humans and their communities, caused by a change in the social or ecological environment (Vancly, 2003). The development in the village affects the social life of the local community. In this paper, it can be said that impact assessment is more focused on the usage of the fund by the government officials in a village. Therefore, it can be seen as a factor that stimulates the growth of a local community because without the village funds, not many resources are available for the government to implements the development programs. The aim of the village fund is to accelerate the development in the village area. As a source of APBN, the village fund transferred to the local government and mandated being used to fund the governance, build infrastructure, and community development.

To assess the implementation of the village fund, the use of the fund is really crucial. By analyzing the programs and the output of the programs can make a broader sense to know to what extent the impact was. The Impact assessment must depart from it. As the use of the village fund is the factor that makes a change either negative or positive.

### **Village Fund**

There are no exact definitions of the village fund. However, based on the history of the village fund, the fund can be categorized as a special allocation fund. It is reasonable, due to the village fund comes from the allocation of the Indonesian

Government Budget. This is indeed different than microfinance programme which has a size of the intervention and its consequent to policy importance (Duflo, 2004). The special allocation fund is diverse than the micro-finance programme, due to the only intention of the village fund to build the interest of the village development.

Indeed, according to the Law No. 4/2014, there are certain requirements in order to run the village funds programme (Republic Indonesia, 2016). *First*, in order to implement village funds, the funding should be managed by the village government. This village of government has the head of the village, which also gets help from the structure below. *Second*, in order to make decisions, village funds should be discussed in the mechanism of village meetings between the village government and its society, to decide what priorities of village funds in years. *Third*, the government also makes a bridge to the private world using village-owned business entity. The function of this entity is to manage funds and make allocation between asset, service, and other services for the prosperity of its society.

These characteristics made the village fund to be categorized as a special allocation fund. Briefly, special allocation funds (DAK) are funds sourced from APBN revenues allocated to specific areas, with the aim of assisting in funding specific activities that are regional and national priorities. Specific areas referred to herein are areas with consideration of general criteria, specific criteria and technical criteria. The purpose of the special allocation fund is to assist certain regions to fund the needs of basic community service facilities and infrastructure, and to encourage the acceleration of regional development to achieve national priority objectives (Handoko et al., 2017) one of which comes from the Department of Education in the implementation of its duty to provide allocation of funds called Special Allocation Fund (DAK). Moreover, special allocation fund could be seen as the channel from the regional

budget (APBD), and hence, regional governments must justify their management of the funds to the Regional House of Representatives (DPRD) (Usman, et. al., 2008).

From the description, it can be seen that the special allocation fund was highly politically influenced by two reasons. *First*, special allocation fund is allocated from the country revenues, which the aims of developing such facilities and infrastructure. Emphasize on country revenues showed the political side of the special allocation fund. This is because the country revenues can be gained from various sources, such as tax, retribution, revenue from nation companies, fines and seizures that are run legally by the government, citizen's donation, money printing, the result of country lottery, domestic or foreign loans, and gifts or grants (Miller, 2013).

*Second*, the mechanism of special allocation fund is decentralization, which has 4 (four) conditions: the country should be large enough to support several sub-jurisdictions, the country should be regionally heterogeneous in sectors, the country should have the capacity to delineate monetary policy responsibility to a number of regional central banks, and there must be at least some limitations on labor mobility within the country (Willison & Buisman-Pijlman, 2016).

Under these circumstances, it is impossible to separate the village fund from the political and economic interests. Village fund is part of the special allocation fund, and this kind of fund has two behavioural aspects, consisting of the country allocation and decentralization manage side. These aspects will look at the implementation of the village fund as well, particularly on how the political-economic relations play its part on the assessment of the village fund. Moreover, the political-economic side also will observe the numbers of the village fund achievements.

## Methods

This study applies descriptive quantitative as a method to analyze pieces of evidences from the Village Fund Final Reports of 2017. Descriptive quantitative has three characteristics of describe collected statistics, compare the indicators in the statistics, and discover the thickness of its statistics (Millstein & Maya, 2001). Thus, this research examines the report on the implementation of the village funds particularly on the infrastructure sector and its effect to the eradication of poverty, as it appears on the Village Fund Final Report 2017.

There are two reasons of why this research utilizes descriptive quantitative. *First*, data sets from Village Fund Final Reports of 2017, as the latest report from the Ministry of Villages, Development of Underdeveloped Regions, and Transmigration Republic of Indonesia, provide the comprehensive report on the implementation in the infrastructure and human resource areas. These reports are pivotal in the descriptive quantitative due to its focuses on desired outcomes, assist with problem solving and policy-making or not (Blaikie, 2007).

*Second*, data sets also reveal the impact of infrastructure development by using village funds to the effect on the abolishment of poverty. This connection is one of principals in quantitative research to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) (Hopkins, 2007).

This research observes the connectivity between statistical evidences of village fund particularly in the infrastructure utilization and human resource to the impact on the poverty eradication. Therefore, the analysis presents the trend of village fund spent on the infrastructure of the village and human resource as well as its impact to poverty abolishment.

## Results and Discussions

### Assessment of Village Funds on Infrastructure of the Village

As mentioned in the report, the allocation of the village funds for infrastructure and physical development is intended to fulfill the needs of the society, which can be directly felt by the society. Therefore, the support of the village funds is pivotal. Take a look at the evidence of Figure 1 about the Percentage of Public Opinions Assessing the Development of Village Facilities and Infrastructure Currently Increased compared to the Conditions of the Previous Three Years below:

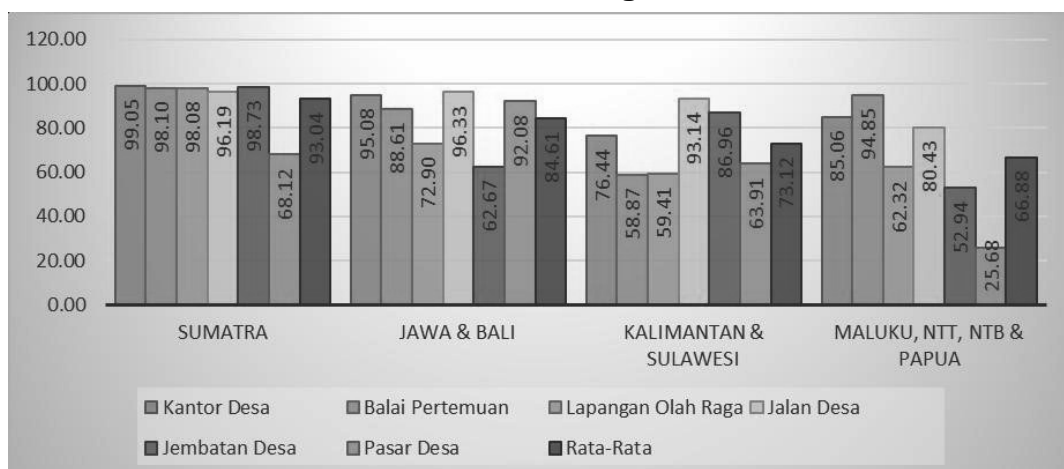
Based on the table, it can be shown that more than 93.04% on average of people said that there are improvements due to the injection of village funds in Sumatera. Furthermore, villages in Java and Bali said the same thing, that the village fund has an impact on the development of their society with 84,61%. Kalimantan and Sulawesi have the same view that there is 73,12% on average. These three percentages showed that the village fund has a direct impact on the satisfaction of its people, at least in the three regions. However, the situation is diverse on Maluku, NTT, NTB, and

Papua. In these regions, there is only 66,88% on average. This evidence shows that even when the village fund can reach its targets, the village fund still has a problem of equalisation. Sumatera, Java, Kalimantan, and Sulawesi have the percentage of more than 50% whilst Maluku, NTT, NTB, and Papua has 66,88% or almost 50%. This evidence also contradicts the regulations of the village fund, where there is a value equal in the spreading of the village fund.

Another dimension of the assessment that is very interesting is the perception index of the village fund in terms of infrastructure. Based on the report, the average perception of people in Maluku, NTT, NTB, and Papua is 87,89%. It is relatively high compared to the people in Java and Bali where the average percentage is only 62.74% which also happened in Kalimantan and Sulawesi with 63,89%. Even in Sumatera, the percentage reaches 84,92%.

These evidences indicated that the satisfaction percentage does not connect with the perception percentage of the village fund usages. It shows from the evidence above. Satisfaction percentage in Sumatera, Java, and Bali is good, yet

**Figure 1.**  
**Percentage of Public Opinions Assessing the Development of Village Facilities and Infrastructure Currently Increased compared to the Conditions of the Three Years Ago**



Source: Faculty of Social and Political Sciences, Rural and Regional Study Center, Center for Population and Policy Studies, & Institute for Research and Empowerment, 2017

it does not have a correlation with the perception of the people there in terms of infrastructure development. On the contrary, a low percentage of satisfaction in Maluku, NTB, NTT, and Papua does not correlate with the perception of the village development. Thus, it can be said that in Sumatera, Java, and Bali the infrastructure development that comes from the village fund satisfies the people, although they are skeptical about the main intention of the village fund, indicated by the perception percentage.

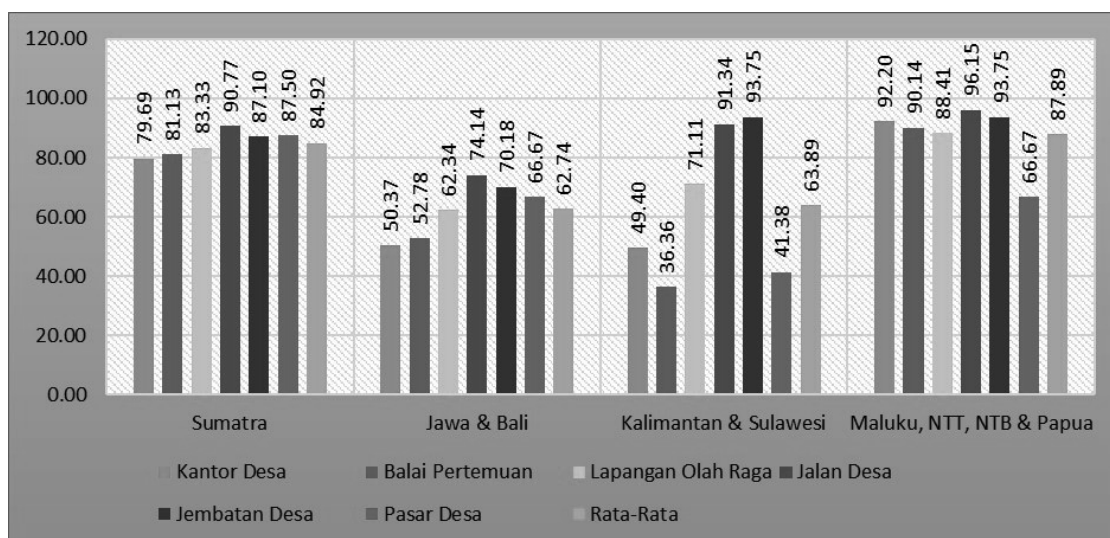
On the other hand, the satisfaction rate of people in Maluku, NTB, NTT, and Papua was not as high as the satisfaction rate of people in Sumatera, Java, and Bali, but their perception of the village fund was better than the people in Sumatera, Java, and Bali. These facts are interesting to be analyzed because when we observe the Percentage of Public Opinions Regarding the Use of the Village Funds for the Construction of Basic Social Facilities, the percentage has variation.

The figure above shows that in Sumatra as well as Maluku, NTT, NTB, and Papua, the average perception rate was high, which indicated from the

percentage of 82,85% and 89,44%, respectively. In contrast, the average percentage in Jawa and Bali as well as Kalimantan and Sulawesi was relatively low on 53,71% and 69,89%, respectively. These evidences indicated that even when the rate of satisfaction is high, the perception of the village development using the village fund is comparatively low, which can be examined by the percentage of Public Opinions Regarding the Use of Village Funds, for the Construction of Village Facilities and Infrastructure and percentage of Public Opinions Regarding the Use of the Village Funds for Construction of Basic Social Facilities.

According to these evidences from the report, it can be obviously examined that the numbers and rates of the report contradict each other. The perception index does not correlate with the satisfaction index. For example, satisfaction percentage in Sumatera, Java, and Bali was good, yet it does not have a correlation with the perception of people there in terms of infrastructure development. On the contrary, a low percentage of satisfaction in Maluku, NTB, NTT, and Papua does not correlate with the perception

**Figure 2.**  
**Percentage of Public Opinions Regarding the Use of Village Funds for the Construction of Village Facilities and Infrastructure**



*Source: Faculty of Social and Political Sciences, Rural and Regional Study Center, Center for Population and Policy Studies, & Institute for Research and Empowerment, 2017*



of village development. On the other hand, the satisfaction rate of people in Maluku, NTB, NTT, and Papua was not as high in Sumatera, Jawa, and Bali, but their perception of village fund was better than people in Sumatera, Jawa, and Bali.

### Assessment of Village Funds on Human Resource Development

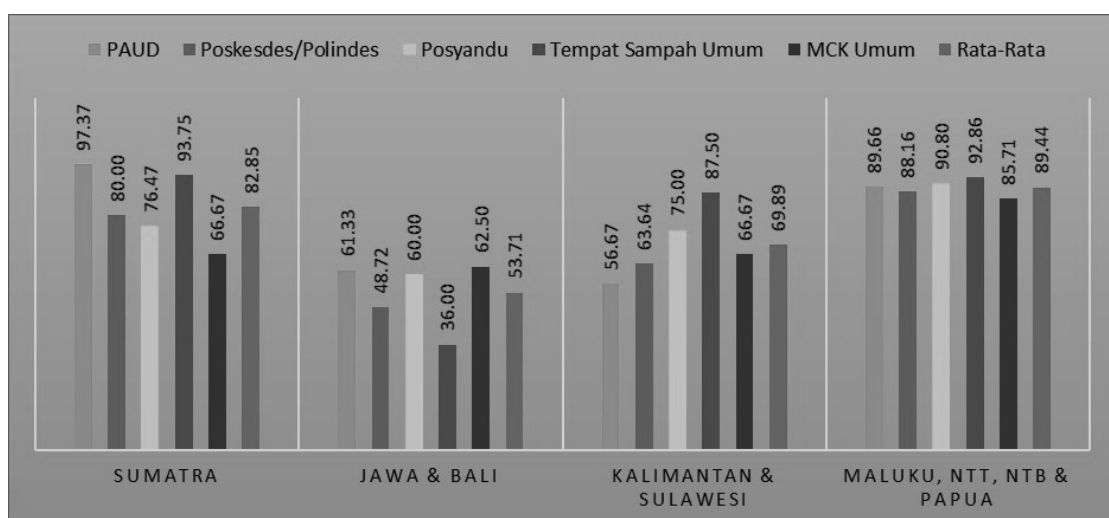
Another point of the assessment of the village funds is the impact of the village funds into the human resource development. This is reasonable due to one of the intentions of the village fund, which is to assist and escalates the human resource development in the village, in order to increase their ability and support for the village's economy. The percentage of public opinion assessing the current community empowerment program increased compared to the conditions of the previous three years, which is the first assessment that will be seen from this sub-chapter.

Based on the figure above, it can be indicated that the overall percentage of people's view on the program of empowerment was very good. From all regions consist of Sumatera, Jawa and Bali, Kalimantan and Sulawesi, Maluku, NTT, NTB, and Papua, we can clearly see that there were

no percentage lower than 50-70%. However, on the percentage of BUMDes in Jawa and Bali as well as the percentage of the local economy in Kalimantan and Sulawesi show differently, where both of them have 53,98% and 52,78%, respectively. It was indicated that not all sectors have been pleased by village funds intervention. In addition, these percentages are not connected with the percentage of public opinions regarding the use of village funds for programs community empowerment as the figure 5 shows below.

Figure 5 above showed that there is variation in the overall percentage of Public Opinions Regarding the Use of the Village Funds for Community empowerment programs. If we look at Sumatra and Maluku, NTT, NTB, and Papua, then the percentage would be seen good, as the percentage looks 88,49% for Sumatra and 90,53% for Maluku, NTT, NTB, and Papua. Yet, if we observe the percentage in Jawa and Bali as well as Kalimantan and Sulawesi, then we can notice that the overall percentage is diverse where Jawa and Bali have 55,48% and Kalimantan and Sulawesi have 66,18% of the public opinions regarding the use of the village funds for community development programs.

**Figure 3.**  
**Percentage of Public Opinions Regarding the Use of Village Funds for Construction of Basic Social Facilities**



Source: Faculty of Social and Political Sciences et al., 2017

**Figure 4.**  
**Percentage of Public Opinion Assessing the Current Community Empowerment Program Increased Compared to the Conditions Three Years Ago**



Source: Faculty of Social and Political Sciences et al., 2017

Based on the two contrasted data above, we can obviously see when compared to three years ago, people in the village agreed that their condition is getting better. However, as the figure 5 showed that people have different opinion when it comes to the utilisation of the village fund. The percentage in Jawa and Bali as well as in Kalimantan and Sulawesi clearly showed that trend. This could be an indication of several things. *First*, the intervention of the village fund does not have a connection with the understanding of the people on the use of the fund. People in the village might know the impact of the fund, especially when the comparison happens for three years before. In this sense, they feel the impact of the village fund.

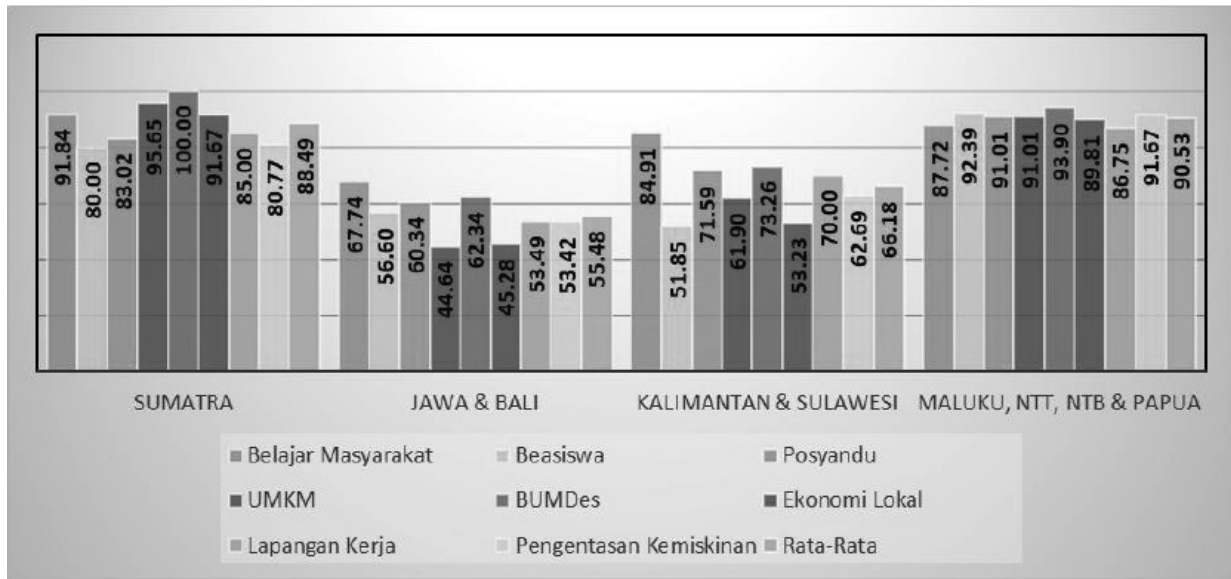
However, on the other hand as the *second* matter, the figure 5 also indicated that the village fund in terms of the program for community development does not equal in terms of deployment. Both of the percentages indicated that there was no equalisation when it comes to the equal distribution of fund. Thus, these evidences make the village fund to be criticized by its usage, when it relates to the main intention

of the village funds, according to the regulation. The regulation clearly mentioned that the village fund should be spread in an equal way. The fact that there are differences between the impact of the fund and the opinion amongst the receiver makes the village fund examined by its practice in a qualitative way, which will be explained in the next sub-chapter.

### Discussion: Village Fund Impact

Two of the sub-chapters showed evidences of the usage of the village fund, which consist of the village fund usage for infrastructure as well as human resource development. Based on those evidences, we can see that there were inconsistencies when it comes to the usage of village fund. The satisfaction rate of the usage does not have a direct positive correlation with the perception to the village fund. All of these were based on the Village Fund Final Report 2017. These facts are interested to be observed more, especially when it can be contrasted into the application of the village fund. A statistic from Widi & Saptowalyono (2018) on Kompas showed that poverty still happens everywhere across

**Figure 5.**  
**Percentage of Public Opinions Regarding the Use of Village Funds**  
**for Programs Community empowerment**



Source: Faculty of Social and Political Sciences et al., 2017

Indonesia's regions, particularly in the village, as it appears from the table 1 below:

The percentage shows the imbalance achievement between the village fund and poverty reduction. Even when there is an intervention from the village fund, it does not correlate to the poverty reduction. This is far beyond the intention of the village fund, which aids people in the village, in terms of infrastructure and community development. This evidence confirms that the village fund does not have an impact the satisfaction and perception percentages, which also does not correlate with the poverty reduction.

## Conclusion

Based on the evidences above, we can conclude two things. *First*, the perception index does not correlate with the satisfaction index, in terms of infrastructure development. There are three evidence of statistics. *First*, on the Percentage of Percentage of Public Opinion Assessing the Current Community Empowerment Program Increased Compared to the Conditions Three Years Ago Sumatra had 95,73%, whilst

Java and Bali had 71,37%, Kalimantan and Sulawesi had 72,88%, and Maluku, NTT, NTB, and Papua had 80,68%. *Second*, on the Percentage of Public Opinions Regarding the Use of Village Funds for Programs Community empowerment, Sumatra had 84,92%, Java and Bali had 62,74%, Kalimantan and Sulawesi had 63,89%, Maluku, NTT, NTB, and Papua had 87,89%. *Third*, on the Percentage of Public Opinions Regarding the Use of Village Funds for Construction of Basic Social Facilities, Sumatra had 82,85%, Java and Bali had 53,71%, Kalimantan and Sulawesi had 69,89%, Maluku, NTT, NTB, and Papua had 89,44%.

The percentages above shown that the opinion on the village fund development was miscellaneous. For example, in Java and Bali the percentage on the infrastructure and construction was 84,61% and 62,74%, respectively. Whilst, the percentage on the opinion of basic social facilities was only 53,71%. It indicates that there is lack of equalisation in the village fund.

*Second*, the intervention of the village fund does not have a connection with the understanding of the people on the use of the fund. There are

**Table 1.**  
**Poverty Percentage in 2018**

Region	Poverty Percentage
Sumatera	1. City: 8.65% 2. Village: 11.66%
Kalimantan	1. City: 4.33% 2. Village: 7.60%
Sulawesi	1. City: 5.83% 2. Village: 13.68%
Jawa	1. City: 6.82% 2. Village: 12.81%
Bali and Nusa Tenggara	1. City: 9.18% 2. Village: 17.77%
Maluku and Papua	1. City: 5.03% 2. Village: 29.15%

*Source: Widi & Saptowalyono, 2018*

two statistics. *First*, on the Percentage of Public Opinion Assessing the Current Community Empowerment Program Increased Compared to the Conditions Three Years Ago, Sumatera had 96%, Java and Bali had 84,61%, Kalimantan and Sulawesi had 73,12%, Maluku, NTT, NTB, and Papua had 87,89%. *Second*, on the Percentage of Public Opinions Regarding the Use of Village Funds for Programs Community empowerment, Sumatera had 88,49%, Java and Bali had 55,48%, Kalimantan and Sulawesi had 66,18%, Maluku, NTT, NTB, and Papua had 90,53%.

The percentages above shown that the intervention of the village fund does not have a connection with the understanding of the people on the use of the fund. From the percentage, it can be shown that the percentage of the village fund usages for community empowerment programme in Java and Bali is 84,61%, but only 55,48% people know the empowerment programme was from the village fund. The same applies to Kalimantan and Sulawesi percentage. It indicated the village fund has the impact, yet people do not know that it was the village fund.

Another percentage is poverty indicator, which also complements that the village fund in the macro impact does not have impact on the poverty reduction. This happens due to the perception of the village fund in infrastructure

development and empowerment programme. These evidences show that the village fund has to be more managed due to lack of equalisation and perception on human resource development. This is beyond the intention of the village fund, which aids people in the village in terms of infrastructure and community development, which also does not have a correlation with the poverty reduction. It can be said, that the achievement numbers of the village fund do not correlate with the village fund intentions due to the intentions of the village fund are the equalisation, empowerment, and poverty reduction.

Thus, it can be concluded that the government has to formulate a strategy for the village fund, especially on how the village fund can have an equal distribution, and the perception of people in the village. In macro-economic level, the village fund should have impact on the poverty reduction. The government has to create a sustainable programme for the village fund, by such scheme to guide the fund in order to reach the values of equality, empowerment, and poverty eradication.

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