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THE EFFECT OF VILLAGE INCOME, VILLAGE FUNDS AND VILLAGE ALLOCATION OF FUNDS ON VILLAGE EXPENDITURES IN INDONESIA

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ABSTRACT

The implementation of Law Number 6 of 2014 concerning Villages is a new milestone in increasing village independence. In the current era where the Law on Villages has just been implemented, there is still a lack of research on the implementation of the Village Law, especially how the influence of Village Opinions (PADes), Village Funds (DD), Village Fund Allocations (ADD) and Tax and Retribution Sharing BHPR) for the allocation of Village Expenditures, especially in the field of public works (BDPU).The handover of autonomy rights provides an opportunity for the village administration to carry out village development. Village development can be realized if development activities are budgeted in village expenditures which are funded using village income sources consisting of village original income (Padesa), transfer income, and other income.

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INTRODUCTION

Indonesia is a Unitary State in the form of a Republic, meaning it is a centralized government where power is held by the national government. The country is divided into various administrative regions to facilitate governance and administration. The primary administrative division in Indonesia is the Province. The country is made up of multiple provinces, each of which has its own local government and governor. These provinces are relatively large territorial units that encompass multiple cities, regencies, and districts.

Regencies and cities are the second level of administrative divisions in Indonesia. The distinction between regencies and cities lies in their level of development and administrative structure. Regencies are generally rural areas, while cities are more urbanized. However, both regencies and cities have their own local governments and are headed by a regent or a mayor, respectively. The next level of administrative division within regencies and cities is sub-districts. Sub-districts are smaller territorial units that are further subdivided for more localized governance and administration. They are headed by a sub-district head or a sub-district chief.

Finally, within sub-districts, there are villages or kelurahans, which are the smallest units of the government structure in Indonesia. Villages are local communities that have their own elected leaders, such as village heads or village chiefs, who represent the interests of the community and oversee local affairs. This hierarchical administrative structure allows for the delegation of power and resources from the national government down to the local level, ensuring effective governance and administration throughout Indonesia..

According to Permendagri Number 113 of 2014, a village in Indonesia is defined as a legal community unit with designated territorial boundaries. Villages are authorized to regulate and manage government affairs and address local community interests based on community initiatives, origin rights, and/or traditional rights that are recognized and respected within the government system of the Unitary State of the Republic of Indonesia.

Village governments, on the other hand, are responsible for implementing government affairs and addressing the interests of the local community within the overall government system of the Unitary State of the Republic of Indonesia. They act as a decentralized administrative unit that represents and serves the specific needs and aspirations of the village residents.

The village government structure plays a crucial role in ensuring that local community concerns and initiatives are taken into account when making decisions and formulating policies. It provides a mechanism for participatory governance and facilitates the delivery of public services at the grassroots level. The recognition and respect for origin rights and traditional rights in the village government system highlight the significance of local customs, traditions, and cultural practices in shaping the governance and development of communities in Indonesia. This approach acknowledges the diversity of the country and the importance of preserving and promoting local heritage and identity.

Overall, the village government system in Indonesia represents a decentralized form of governance that aims to empower local communities, promote community engagement, and address the specific needs and interests of the people living in each village within the framework of the Unitary State of the Republic of Indonesia.

The village has quite a lot of village income starting from village original income, transfer income and other income. Transfer Income can be obtained from Village Funds, Village Fund Allocations, and Tax and Retribution Revenue Sharing. Villages have genuine autonomy rights based on customary law, can determine the structure of government, organize and manage their own households based on their potential to achieve village development, and have wealth and assets. Village autonomy is the right, authority and obligation to regulate and manage government affairs and the interests of the community based on the rights of origin and socio-cultural values that exist in the community to grow and develop following the development of the village. The existence of village autonomy will have an impact on changes in the village government system.

METHOD

The study you mentioned is described as a "literature review review." However, the term "literature review review" is not a commonly used phrase in academic research. It is possible that there was an error in the statement or some misunderstanding. A literature review is a research methodology that involves collecting and synthesizing information from previous studies on a specific topic. It aims to summarize and analyze the key findings, methodologies, and arguments presented in those studies. The purpose of a literature review is to provide a comprehensive understanding of the existing knowledge and identify any gaps or areas for further research.

In a literature review, researchers analyze various expert overviews and perspectives documented in the text. These could include scholarly articles, books, conference papers, reports, or other reliable sources of information. By examining and comparing these sources, researchers can gain insights into the topic they are studying and build a solid foundation for their own research. Regarding the type of data in this study, you mentioned that it is qualitative data. Qualitative data refers to non-numerical information, such as textual data, narratives, observations, or interviews. In the context of a literature review, qualitative data could include the content and discussions found in the reviewed articles, which are used to support the analysis and conclusions.

Furthermore, you mentioned that the study uses secondary data, which comes from journals related to the problem being investigated. Secondary data refers to information that has been previously collected and published by someone else. In the case of a literature review, researchers rely on secondary data from academic journals, books, or other reputable sources to gather information and insights on the topic of interest. To summarize, a literature review is a research methodology that involves analyzing previous studies to gain a comprehensive understanding of a specific topic. It relies on qualitative data, which includes expert opinions and discussions found in the reviewed articles, and utilizes secondary data from journals or other relevant sources to inform the research analysis.

The method of collecting data in this study is to use literature studies, namely collecting data from various journals related to the topic of the problem. The data analysis technique used in this study is the data analysis technique modeled by Miles and Huberman. According to the opinion of Miles and Huberman (1992:16) in Ahmad Rijali (2018), there are three stages in the data analysis technique, namely data reduction, data presentation and drawing conclusions. In this study, the authors carried out these three stages to solve the topic of the problem taken in this study.

RESULTS AND DISCUSSION

The following are the results of an analysis of Village Original Income, Village Funds, Village Fund Allocations and Village Expenditures.

1. Pendwhat village

   This finding is based on the examination of village financial reports and observations made on village spending. The reason for this fluctuation is attributed to the underdevelopment and suboptimal utilization of the village's original sources of income, specifically from business and self-help activities, as well as levies on village tourism objects. Due to the lack of development and optimization of these income sources, the village is experiencing a shortfall in its original income. As a result, the generated income is only sufficient to cover the regular income of the Village Head and the village administrative staff, and there is insufficient surplus for other purposes.

   This observation suggests that the village could benefit from focusing on improving and maximizing the potential of its income-generating activities. By developing and utilizing the village's business and self-help initiatives, as well as effectively managing the levies related to village tourism, the village could potentially increase its original income. This, in turn, could provide more financial resources for various village needs, beyond the regular income of the Village Head and the village administrative staff.

   It is important for the village administration to address these issues and consider strategies to enhance and diversify the village's income sources. This could involve implementing measures to promote and support local businesses, exploring new opportunities for self-help initiatives, and improving the management and promotion of village tourism objects. By doing so, the village could achieve greater financial stability and enable the allocation of funds for various development projects and community welfare programs.

2. Allocation of village funds

   The allocation of village funds is influenced by the number of village government programs implemented for development purposes, which are financed through central and regional balancing funds as stipulated in the Law No. 6 of 2014 concerning Villages. The more village government programs that are implemented using funds from central and regional balancing funds, the higher the overall financing results through the allocation of village funds. This indicates that the allocation of village funds is strongly influenced by the number and scale of development projects undertaken by the village government.

   The allocation of village funds plays a dominant role in determining village spending patterns. Village funds are allocated for various areas of financing, including infrastructure development, social programs, public services, education, healthcare, and other community-oriented initiatives. The analysis suggests that the allocation of village funds significantly impacts the financial decisions and priorities of the village government.

   These findings highlight the importance of effective management and utilization of village funds. Village governments need to carefully plan and allocate funds to address the specific needs and priorities of their communities. By strategically allocating funds, villages can optimize their resources and ensure that financial resources are directed towards essential projects and programs that benefit the local population.

Furthermore, monitoring and evaluation mechanisms should be in place to assess the effectiveness and impact of the allocated village funds. This will help village authorities make informed decisions and adjustments to their financial strategies, ensuring that the funds are utilized efficiently and effectively to meet the needs of the community.

Overall, the analysis emphasizes the significance of the allocation of village funds as a key factor influencing village spending and development efforts. By understanding the dynamics of these funds and their impact, village governments can enhance their financial planning and decision-making processes, ultimately contributing to the sustainable growth and well-being of their communities.

3. Village Shopping

Village expenditures refer to all the expenses made from the village account, as defined by Permendagri No. 113 of 2014. According to this regulation, village spending includes all the obligations of the village for a fiscal year, for which the village will not receive repayment. The purpose of village spending is to fund the implementation of village authority. This means that the allocated funds are utilized to support various activities and programs that fall within the jurisdiction of the village government. These activities may include infrastructure development, social welfare programs, public services, education, healthcare, cultural events, and other initiatives aimed at improving the well-being and development of the village community.

The fluctuation in village expenditures from year to year could be influenced by various factors. Changes in budget allocations, shifts in local priorities, varying community needs, and the availability of funds can all contribute to the fluctuation. Additionally, external factors such as changes in government policies, economic conditions, and the availability of grants or aid can also impact the level of village spending.

Monitoring and managing village expenditures effectively are essential for ensuring responsible financial management. Village authorities need to prioritize and allocate funds based on the needs and aspirations of the community, while adhering to legal and regulatory requirements. Regular assessments and evaluations of expenditures can help identify areas where adjustments or improvements are needed, enabling more efficient use of available resources.

By carefully managing and optimizing village expenditures, local authorities can ensure that funds are used effectively to address the development needs of the village, promote community welfare, and enhance the quality of life for its residents.

CONCLUSION

Village Income is all money received through the village account which is the right of the village in one fiscal year which does not need to be repaid by the Village. The village has the authority to manage the income that goes into the village to finance village expenditures for the needs of the community. Village income includes village original income, village funds and allocation of village balancing funds. Village development itself has various fields, namely education, health, public works, and others. Physical and non-physical development is really needed for the community because currently the community really needs physical and non-physical facilities in carrying out existing activities in the village so that the village can compete and excel. Villages are expected to be more creative and innovative in managing village finances because the amount of funds received and obtained is quite large if the village government manages it wisely and optimally, the village will be able to progress and develop. not only that with innovation and creativity can increase the amount of village income.

Village original income encompasses various sources that play a significant role in the financial resources of the village. These sources include village business results, proceeds from assets, self-help participation, and village levies. Village-owned enterprises (BUMD) contribute to the income through businesses directly owned or majority-owned by the village, utilizing village assets to maximize the welfare of the community. Income generated from assets such as village treasury land, boat moorings, markets, public baths, and irrigation networks, based on the village's authority and origin rights, further adds to the village's financial resources. Additionally, the self-help participation and mutual cooperation of the villagers through donations and voluntary efforts provide another source of income. Furthermore, village levies, including taxes, fees, and other financial obligations imposed on individuals or businesses within the village, contribute to the village's original income. Although the village's original income is not as substantial as transfer income and tends to fluctuate annually, it still has an impact on village spending. The allocation of village fund (ADD) also significantly affects village spending. While the original village income may not have a significant negative effect on village spending due to its relatively smaller size compared to transfer income, it still plays a role in the overall financial dynamics of the village.

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