

Optimizing The Utilization Of Village Funds Through The Quadruple Helix Approach: A Literature Review

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Abstract: Village funds have become one of the alternative solutions in alleviating rural poverty in several countries, including Indonesia. The aims of this study is to identify implementations in the use of village funds in Indonesia as a form of village fiscal decentralization and to provide alternative strategies for optimizing village funds to achieve the goals of village fiscal decentralization. This research design is a literature review on the implementation of the utilization of village funds by using institutional databases to search for recommended journals. Based on the results of the literature review, there are several obstacles in implementing the use of village funds including, (1) Utilization of village funds still has weaknesses in the process of planning, organizing, implementing and controlling. In addition, in this process community participation and involvement is still not optimal, (2) There is no clear priority planning and program at the village level. Most of the village funds are used for infrastructure, so community empowerment programs tend to be sub-optimal (3) Most of the BUMDes are not in accordance with the goals and needs of the community and have not optimally empowered village communities. In its implementation, a four-actor collaboration model (quadruple helix) is recommended in this study.

Keywords : village fund, optimizing, implementation, quadruple helix

INTRODUCTION

Decentralization is generally defined as the transfer of administrative and fiscal functions or powers from the central government to local governments (Devkota, 2014). According to Zhang et al., (1998), Schneider, Aaron. (2003), and Yushkov, Andrey. (2015) that one of the important dimensions of decentralization for local governments is fiscal decentralization. The delegation of fiscal authority from the central government to local governments is part of a reform package aimed at improving public sector efficiency, increasing competition among local governments in providing public services and

stimulating economic growth (Devkota,2014). In line with the objectives of fiscal decentralization, Xie et al., (1999) and Stansel (2005) argue that fiscal decentralization can encourage economic growth and can affect economic performance through resource efficiency in the public sector. In Indonesia, the implementation of fiscal decentralization is manifested in the form of regional autonomy policy. The policy is implemented up to the smallest level of government, namely the village level. The implementation of decentralization to the village level shows that the government is more democratic. Basically, a democratic government

will provide maximum opportunities to the local government.

In an effort to encourage rural development and reduce rural poverty, the Government of Indonesia has been channeling village funds throughout Indonesia since 2015 to increase community participation through Law Number 6/2014 concerning villages (Saragi et al., 2021). With the enactment of Law No. 6/2014 on Villages, villages are given a mandate as stated in article 1 (one) of the law on villages that villages carry out development for the welfare of the community. In addition, with the enactment of the law on villages, village governments are expected to be more independent in carrying out good governance, managing all the resources in the village, both natural resources (SDA) owned as well as financial management and village-owned assets. In managing village finances, the principles of transparency, accountability, participation, and budget discipline must be observed. The central government provides enormous authority and financial resources to villages in order to manage all the potential that exists in the village with the hope of increasing the economy and the level of community welfare (Rivan & Maksum, 2019). With increased financial support from village funds, village governance and economy must also improve. In essence, village funds can be the basis for achieving village independence (Permatasari et al., 2021).

Referring to the Village Law, there are 4 (four) sources of financing managed by the village treasury, namely sources of financing from the center, sources of financing from the regions both district and province, sources of financing derived from village businesses and others (Briando, 2017). The issue of village institutional structure cannot be underestimated. This is because the optimization of the implementation of the Village Law also relies on the strengthening of the village's institutional structure. Therefore, strengthening village structures and institutions is an important and crucial agenda to support the structuring of village governance and the effective management of village funds in the context of implementing the Village Law. The problem arises when, as is the case in many places, the capacity of the village apparatus is still limited, requiring more intensive assistance and technical guidance from the central government to the regions. This can be a barrier in ensuring the effectiveness of the distribution of village funds (Timotius, 2018). In addition, some international

organizations also claim to have succeeded in reducing poverty by allocating aid. Unfortunately, the impact can lead to poverty again (Prastyanti & Subejo, 2018). The consequence of these problems is to create alternative strategies in optimizing the utilization of village funds. Thus, empowerment programs through village funds can empower communities in the long term and have a sustainable impact on rural development. The focus of this study is to provide an overview and analysis of the implementation of the utilization of village funds towards village independence in the implementation scheme of village fiscal decentralization and provide alternative strategies in optimizing the utilization of village funds towards village independence.

RESEARCH METHOD

This research focuses on the implementation of the use of village funds as a form of implementation of fiscal decentralization and also provides recommendations for alternative strategies in optimizing the use of village funds. This research design is a literature review on the implementation of the utilization of village funds by using institutional databases to search for recommended journals. Literature research was conducted to obtain secondary data with materials or materials in the form of books, articles, research results, and expert opinions related to village funds in the context of fiscal decentralization. Journals were searched using keywords such as "village fund implementation", "quadruple helix" and "Indonesia". The articles used for analysis were articles with a research range of 2018-2022. Articles were selected based on title, keyword and abstract analysis. Then the articles were studied in detail and selected.

The data collected in this study were then analyzed descriptively qualitatively, namely by conducting an analysis that basically returned to three aspects, namely classifying, comparing, and connecting (Hastuti, 2018).

RESULT AND DISCUSSION

Implementation of Utilization of Village Funds in the Perspective of Fiscal Decentralization

The village is a representation of the smallest legal community unit that has existed and has grown in line with the history of Indonesian people's lives and has become an inseparable part of the Indonesian nation's life order. The Village Law has positioned the village as the spearhead of development and improvement of people's welfare. Villages are given adequate authority and financial resources so that they can manage their potential to improve the economy and welfare of village communities.

The birth of Law Number 6/2014 became a momentum for villages to manage their regions to achieve the goal of fiscal decentralization, namely through the Village Fund Program. Distribution of Village Funds has been carried out since 2015. The purpose of distributing Village Funds is to improve the welfare of village communities through programs that are expected to increase village community participation. Utilization of Village Funds is more directed at community development and empowerment. The allocation for these two priority areas is at least 90% of the total Village Fund ([Badan Kebijakan Fiskal, 2018](#)). However, in its implementation there are still weaknesses, so that the use of village funds for community development and empowerment is not optimal.

First, in the planning process, the lack of an integrated master plan for village development planning is a major problem in achieving village fiscal decentralization. The plans drawn up, even though they have gone through a long process, namely from the Musrenbang, Musrenbangda, (Regency and Province) and Musrenbangnas, still do not address a clear streamline and do not address committed program integration and are unable to optimally absorb people's aspirations. This is also indicated by the lack of optimal participation and involvement of the community in the planning and implementation process. This is because the village is a form of community-based government, so that in the process of community development it should be used as a subject of development and not an object of development. It should have been that village development programs emerged from village initiatives based on the existing conditions and village spatial planning. However, so far various village development programs have always been determined by the government (top down) and villages have only implemented them. This is supported by the research of [Ash-shidiqq & Wibisono \(2018\)](#) and [Warsito & Maerani \(2018\)](#) who argue that one of the problems that arises in the implementation of village funds is

corruption. The fundamental cause of corruption in village funds is the lack of involvement of the community's role in planning and supervising the use of village funds. village funds and limited competence and ability of the village head.

Second, in practice there are no clear priority programs at the village level. Most village funds are used for infrastructure, so community empowerment programs tend to be sub-optimal. This is supported by research by [Ramly et al., \(2018\)](#) which suggests that the village fund program and allocation of village funds have not optimally contributed to poverty alleviation because the use of village funds is still directed towards infrastructure development or physical potential. The Village Fund Program as a community empowerment policy has been implemented since 2015 through Law Number 6/2014 concerning Villages and Government Regulation Number 43/2014 as implementing regulations for the Village Law. Village Funds are funds allocated in the APBN that are earmarked for villages that are transferred through the district/city Regional Revenue and Expenditure Budget (APBD) and are used to finance government administration, development implementation, community development, and community empowerment. Infrastructure development is indeed one of the factors in the distribution of rural development. However, the village government should have priority programs according to existing problems and be able to involve community participation in the process. According to [Khandker and Koolwal \(2010\)](#), infrastructure programs (especially those related to village road construction) have very little effect on the welfare of people in rural areas.

Third, most BUMDes are not in accordance with the goals and needs of the community and have not optimally empowered village communities. According to the [Fiscal Policy Agency \(2018\)](#), villages that have greater community participation have a positive correlation with the greater level of utilization of BUMDes in the region. This low level of utilization needs to be a concern considering that the existence of business entities is not optimal for bringing economic benefits to the community if the level of community utilization is low. The enactment of Law Number 6/2014 concerning Villages and Government Regulation Number 43/2014 as implementing regulations for the Village Law. Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 4/2015

allows village governments to use Village Funds as capital participation for Village-Owned Enterprises (BUMDes) to improve the village economy, manage village potential, increase business, create markets, improve public services, creating jobs and increasing the income of rural communities.

Based on research conducted by [Suriadi et al \(2015\)](#) stated that the formation of BUMDes is the result of institutional strengthening, training and technical guidance. More than that, the role of the university as a village social-economic institution is projected to be able to empower and improve the village economy, improve village revenues, improve the actualization of village potential according to community needs so that BUMDes is expected to become the backbone for growth and economic equality in the area.

Quadruple Helix Approach as an Effort to Optimize Village Fund Utilization

Government policies in village development tend to be partial or sectoral, so there is no connection and integration between programs. In other words, there is no synergy between related departments and programs related to poverty in the villages. In addition, government policies in village development have not been accommodating to regional potential, nor have policies focused on alleviating or reducing poverty.

The quadruple helix collaboration model is an alternative strategy in optimizing village funds. Quadruple Helix is the development of the previous model, Triple Helix. According to Bercovitz and Feldman in [Soesilowati et al. \(2017\)](#), to encourage and foster innovation through institutions and policies, several countries have implemented the Triple Helix model. However, [Afonso et al. \(2010\)](#) explained that the Triple Helix model is not a sufficient condition for long-term use. The quadruple helix is a four-sector collaboration system that encourages the growth of creative and innovative industries ([Efendi, 2023](#)). According to [Leydesdorff & Etzkowitz \(2003\)](#), civil society cannot be seen as a distinct institutional sphere in the triple helix model, as the three actors of university, industry, government thrive in civil society. However, it is important to provide mechanisms to build communication between universities, industry and government with civil society ([Ivanova, 2014](#)). Through this model, the use of village funds through various programs is expected to generate innovation, technology or

knowledge as a solution to poverty alleviation. The description below discusses the role of each actor in the quadruple helix concept in optimizing the use of village funds.

1. Government

The village government (first helix) is an important actor in the utilization of village funds. So far, the problem that has occurred is that the village itself does not have a concept in designing village development and the government also does not understand the existence of village development based on the uniqueness and potential of the village and tends to impose various programs. In this quadruple helix model, as the first helix, the government has a role in designing an integrated planning master plan by prioritizing priority, proportion and participation. Priority, in this case, means that the programs compiled in the master plan are priority programs for village development based on the study of the problems and potential of the village itself. Proportion means that in utilizing village funds, the government applies a proportion of program funding based on program priorities. Then related to participation, the government should involve the participation of village communities in the planning and implementation of village funds.

2. Academician

The collaboration model between actors is very important, considering that the village fund utilization program is not only physical development, but there is also a side of strengthening the capacity of village resources to create village innovation in achieving village independence. Academia as the second helix plays a role in strengthening the capacity of village resources such as conducting various training activities, as well as conducting scientific studies on village problems and potential.

3. Business

The role and touch of the third helix (business) is important in achieving the goal of village independence. Business or business actors in the implementation of the village fund program can act as facilitators of village economic development through training, business education, and other business cooperation in building BUMDes. In addition, as the third helix, business actors can contribute innovations to support rural economic development.

4. Civil Society

Villages are the lowest form of community-based government. Therefore, in the development process, the community should be the subject of development and not the object of development. In the concept of quadruple helix collaboration, the role of the village community itself is the main requirement. The role of the community in the implementation of the village fund program is vital. The village community in this case can include various groups, such as

farmer groups, PKK, Karang Taruna, and other community groups. In the planning process, the community is actively involved in providing their aspirations and innovations. Meanwhile, in the implementation, the community must also be involved and contribute to the programs made by the government.

Table 1.

The Collaborative Role of Four Quadruple Helix Actors in Optimizing Village Fund Utilization

No	Quadruple Helix-Actors	Role
1	Government	-Integrated village planning masterplan based on priority, proportion, & participatory. -Regulations/Policies in support of rural development programs -Socialization and information facilities for the village fund program
2	Academician	-Scientific studies, research, on village spatial planning, village problems, and village potentials -Capacity building trainings for village human resources -Facilitation of interaction with market players
3	Business	-Becoming a partner for village superior products through BUMDes -Support BUMDes development through innovation and technology
4	Civil Society	-Contribute to village planning through aspirations and innovations. -Build synergy between community groups.

Source: Data Processed, 2023

CONCLUSION AND SUGGESTION

The enactment of Law No. 6/2014 has become a momentum for villages in managing their regions to achieve the objectives of fiscal decentralization, namely through the Village Fund Program. The distribution of Village Funds has been carried out since 2015. The purpose of the distribution of village funds is to improve the welfare of village communities through programs that are expected to increase village community participation. However, in its implementation there are still weaknesses, so that the utilization of village funds for development and community empowerment is not optimal. First, in the planning process, the lack of an integrated master plan for village development planning is a major problem in achieving village fiscal decentralization. Second, in the implementation, there are no clear priority programs at the rural

level. Third, most BUMDes are not in line with the objectives and needs of the community and have not optimally empowered the village community.

The quadruple helix model can be an alternative strategy in overcoming these problems. Through this quadruple helix approach, the process of utilizing village funds through various programs is expected to generate innovation, technology or knowledge in rural communities, through the collision of the roles of four actors, namely the Government, Business, Academician, and Community. This research offers an alternative strategy in optimizing the utilization of village funds through collaboration between four actors, namely the quadruple helix approach. The quadruple helix will build a good interaction between the government, academia, business, and the community. With the support of the entire helix,

it will continue to encourage creativity and innovation in rural development.

In addition, because this article is still limited to literature studies, suggestions for future

researchers can continue using more concrete research approaches and methods, for example using a case study approach.

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