ABUSE OF VILLAGE FUND (VF) IN INDONESIA: CASE STUDY OF VF CORRUPTION IN EAST JAVA

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Abstract

The Indonesian government in the Joko Widodo-Jusuf Kalla era (2014-2019) accelerated welfare in the village by launching the Village Fund (VF) program in accordance with Law Number. 6 of 2014 concerning Villages. However, since the VF was rolled out in 2015, cases of misuse of funds have continued to spread, mostly involving village heads and village officials. To minimize irregularities in the VF, the Ministry of Villages from Disadvantaged Regions and Transmigration (Ministry of PDTT) established the Village Fund Task Force (VFTF) at the central level. Responding to the high case of corruption in the VF, there are two objectives in this research, namely analyzing the communication policy of the Ministry of PDTT organization by forming VFTF, as well as analyzing communication on Village Fund organizations in Dasok Village and constraints faced. This research uses a case study approach in Dasok Village, Pamekasan Regency, East Java. Data collection through in-depth interviews. Research subjects: 1) Regent, Village Head, Inspectorate; 2) Ministry of PDTT; 3) Anti-corruption NGOs. The results showed the VFTF of Ministry PDTT was not running optimally because it was limited to
receiving reports of alleged abuse of VF corruption and the lack of personnel (34 people) to monitor 75 thousand villages in Indonesia. The effort to eradicate the misuse of the VF is a challenge for Joko Widodo government in the second period (2019-2024), so the use of this grant fund can be right on a target, the village is more developed and the village community prospered. These efforts are important for the realization of good governance and for the continuation of village development.

**Keyword**

Village, Village Fund, Communication Policy, Organizational Communication

**1. Introduction**

President Joko Widodo-Jusuf Kalla (2014-2019) in the Nawacita Program is one of them determined to improve the welfare of the village community, and to make the village a part of national strategic development.

This policy as a realization of Act Number 6 of 2014 concerning Villages, focuses on improving community welfare and equitable development of villages. This was realized by launching the VF program funded by the National Budget (APBN). It started with IDR 25 trillion in 2015, and in 2018 the government rolled out a VF of around IDR 60 trillion. The total VF budget disbursed by the central government from 2015-2019 reached Rp257 trillion for 74,954 villages throughout Indonesia.

The results of using the VF have a positive and beneficial impact on the village community because it is based on labor-intensive community empowerment. So that the money flow from the VF is entirely intact flowing in the village because the infrastructure project uses local raw materials. The village government also received a Village Fund Allocation originating from the Regional Budget (APBD).

However, the lack of understanding of the village officials and stakeholders makes the VF vulnerable to corruption. Indonesia Corruption Watch (ICW) in 2018 mentions 181 cases of VF corruption since the 2015-2018 period involving 184 suspects, including 141 Village Heads and 36 village apparatuses which cost the state Rp40.6 billion. There has been an increase in the number of village heads and village officials involved in legal issues due to misuse of the VF. Starting from 15 Village Heads (Village Heads) in 2015, increased to 32 Village Heads in
2016, then 65 Village Heads in 2017 and 153 village officials (Village Head, Treasurer, Village Secretary and others) in 2018.

![Figure 1: Village Head Arrested in the 2015-2018 Corruption Case](Source: ICW, 2018)

VF corruption case in Dasok village, Pamekasan Region, East Java in 2016 was one of the cases found. Head of village, the Mayor, inspectorate, and the head of prosecutor’s office of Pamekasan were involved in this case.

From the rampant cases of budget corruption in the village sector, ICW in 2017 stated that the most village budget misappropriated by the village head and village apparatus, which reached 82 percent and the remaining or 18 percent is non-village budget.

To minimize the rampant corruption of the VF case, the Minister of Rural Development and Transmigration (PDTT), EkoPutroSandjojo formed the Village Fund Task Force (VFTF/Satgas) in 2017 chaired by BibitSamadRianto who is also a former leader of the Corruption Eradication Commission (CEC).

Referring to the rampant cases of misuse of village funds since the Jokowi village funding program was launched, researcher are interested in studying: 1) the communication policy of the Ministry of PDTT organization by forming the VFTF; 2) Organizational Communication Governance of Dasok Village Funds and constraints faced.

### 2. Literature Review

Corruption is the abuse or abuse of power or position of trust for personal or group gain. This crime will continue because the perpetrators are not afraid of any consequences. Corruption takes place systematically and affects all aspects of society (Wagmaniga, 2011). This happens in societies throughout the world that damage the democratic system, hamper development and
disrupt the stability of a country. Greed to enrich oneself and live in luxury is prone to triggering corruption (Sadiq & Abdullahi, 2013). This abuse of power is a serious crime that not only violates the law but also norms (Garajová, 2018).

The World Bank and Transparency International define corruption as an abuse of public office for personal or group interests (Eleagu, 2016).

The phenomenon of corruption that continues to spread to all aspects of society can be eradicated from three aspects namely legal, political aspects (good will) of the executive, legislative and sociological aspects as an effort to build an anti-corruption movement in the community. (Muttaqin, 2020). In addition, government administrators are also required to implement accountability and transparency and open access to broad information to the public (Martinez, Rodriguez, & Aranda, 2019). The application of accountability and transparency is important as part of eradicating corruption (Lyrio, Lunkes, & Talliani, 2018). And by implementing ICT through e-government (Sari, 2017).

Corruption eradication efforts are very important to support sustainable development in a country through appropriate policies and close cooperation between the government and civil society. It's just that the policy making should not be top down but adopts a consultative and participatory approach in order to strengthen accountability and transparency (Ajulor, 2018).

By implementing accountability and transparency this means supporting the realization of governance. Good governance is very important in guarding development schemes to improve and improve the quality of life of people so that innovative approaches are also needed. There are 8 aspects of good governance including participatory, law enforcement, transparency, responsiveness, equality, inclusiveness, effective & efficient, accountability (Kumar, 2019). In short good governance is very important as a development strategy (Vedantham & Kamruddin, 2015).

Related to the subject of this research on VF abuse, previous research on VF among others by (Saragih & Agung, 2017) highlights the lack of knowledge of village officials and the role of assistants to coordinate with stakeholders. And the low participation of villagers in maintaining the use of DD so that the use of these funds is not transparent and accountable. (Listyawati, Sarmiati, & Asmawi, 2019) examined the communication barriers between the community and the Nagari government in VF management. As a solution, the
apparatus must be more active in disseminating VF programs so that the community understands and participates in village development.

2.1 Village Funds

The government under Joko Widodo and Jusuf Kalla (2014-2019) attempted to encourage village development acceleration, in accordance to the Act number 6 of 2014 concerning Village, as the state development backbone, to accomplish equally village development also to promote the society prosperity.

After three years of village funds implementation, some problems were occurred. It was markedly shown by several funds embezzlement by certain individuals.

As a respond to the condition, a Joint Ministerial Decree (SKB) concerning Policies Alignment and Reinforcement for Implementation Acceleration (PPKPP) of Act number 6 of 2014 concerning Village was issued by the government through its four ministries that is Ministry of Finance (Sri Mulyani), Ministry of Villages, Disadvantaged Regions, and Transmigration (Eko Putro Sandjojo), Ministry of Home Affairs (Tjahjo Kumolo), and Ministry of National Development Planning (Bambang Brodjonegoro).

The government aimed to align several related ministries involved in village funds program through this decree (SKB). The fundamental changes in this decree was in the form of additional exceptional funds for villages categorized into disadvantaged regions and under disadvantaged regions to overcome poverties in the village (Ip & Nr, 2017).

2.2 Weber’s Bureaucracy Theory

In order to analyze organizational communication pattern of budget governance to minimize village funds corruption cases, this study employs one of the organizational communication theories that is Weber’s Bureaucracy Theory.

According to Weber, organization is a system of rationale interpersonal activities which has specific objectives to coordinate individuals’ dutie (Littlejohn & Foss, 2009).

Weber’s Bureaucracy Theory also known as national bureaucracy theory aims to develop organization through authority, specialization, and rules. In Weber’s perspective, bureaucracy is a national product as the result of social manipulation which intent to evade corruption, injustice, and nepotism. Authority and power are both lawful and legitimate in an organization. Weber argues the best means to administer legitimate rational authority is through hierarchy and division of labor on qualification based.
The implementation of Weber’s bureaucracy theory in the local government of Dasok Village could be analyzed by means of organizational communication pattern referred to authority, specialization and rules by the head of village build upon hierarchy and qualification in order to eradicate and prevent corruption.

3. Methodology

The research has been going on for two months since August 2019 in Dasok Village, Pamekasan, East Java, Indonesia. The researchers used qualitative focus on the subject of the government's special assessment of the ministry's PDTT by creating a VFTF to prevent trying VF. Qualitative research approaches are interpretive and naturalistic in order to obtain in-depth data (Denzin & Lincoln, 2009).

Researchers used a case study in this study considering that VF corruption in Dasok Village was a phenomenon related to state money from the DD program rolled out in 2015. The VF case in Dasok Village has a uniqueness associated with high-ranking officials ranging from villages, sub-district heads, regents, inspectorates to the head of the Pamekasan district attorney's office. They were arrested by the CEC during a hand arrest operation in mid 2017.

For this reason, researchers used primary data based on interviews with a number of informants with secondary data consisting of data from CEC, ICW and VFTF. Data were analyzed starting from data reduction, data presentation and conclusion (Miles & Huberman, 1984, 1994) in (Denzin & Lincoln, 2009).

4. Discussions

4.1 Analyzing PDTT Communication Policy through VFTF Formation

Village Funds governance is a communication policy contained the government strategic planning to accomplish the village community prosperity. Communication policies of a country affected by its social factor, politics, and economy.

Communication policy as a special goal of communication through a series of communication activities as a strategic plan according to organizational design (Harjana, n.d.).

Chakravarty and Sarikakis (2006) in (Abrar, 2008) declares that communication policy has contexts, domains, and paradigms. Context refers to policies correlation with diverse inherent factors, such as politics-economy, communication politics, and others. Domain of
communication policy defined as the values contained in the communication policy, among others globalization, global economy, and others. Paradigm refers to the future goals framework of communication policy, among others generate an information society, reinforce civil society, etc.

Context, domain and paradigm of communication policy in the village funds program by the government under JokoWidodo and JusufKalla (2014-2019) were to promote equally distribute village development thus independent and prosperous village society would be accomplished. One of the national development strategic planning is the commitment to establish prosperous village society.

Reflecting on the perspective of Chakravartty regarding context, domain, and paradigm as the components of communication policy then the context of village funds program could be categorized into communication politics which contains the implementation of village development domain allocated in the village funds and targeted to be effective, efficient, transparent and accountable. While the paradigm aimed to build independent and prosperous village society by means of equally distribute village development.

The PDTT Ministry's communication policy by establishing VFTF aims to prevent abuse of VF by the village head and village apparatus.

The secretary VFTF of the PDTT Ministry, Mashudi elaborates that VFTF is assigned to prevent and supervise the implementation of VF in accordance to the instruction of the Minister of PDTT. The Satgas also assigned to assist the head of village in formulating policies to govern the VF based on the Act.

VFTF is also assigned for various tasks the evaluation of VF regulation, conducting socialization and advocation to the head of villages, monitoring and evaluation, to establish a good relationship among institutions and follow up VF deviation suspicion from the community’s reports. Anyone who violates the law has to be convicted.

BibitSamadRianto, head of the VFTF, stressed that the agency aims to build integrated villages in Indonesia. VFTF seeks to reduce the potential for corruption to erode moral ills by strengthening regulatory systems, regulatory cultures and legal compliance.

According to Mashudi, VFTF eventually cannot afford to conduct its predominant task to prevent deviation of VF by the head of village and village apparatus. Thus, in the last two years
the Satgas only affords to follow up the suspicion of VF management misuse based on the community’s reports.

The VFTF comprises of 34 personals, three of them are auditors supervise approximately 74,858 villages. Satgas then established cross-sectoral coordination with law enforcement including Polri, Prosecutor Office, and KPK, also with the Inspectorate in all of districts in Indonesia to be able to supervise VF usage. Supervision is also conducted by the Financial Supervisor and Development Office (BPKP).

Hereby the interview with Mashudi, the Secretary of VFTF of PDTT Ministry:

“Satgas of Village Funds only exists in the central government, while we have around 75,000 villages in Indonesia. So, our priority is supervision based on community’s reports through various media (short message, email, social media, phone, website lapor.go.id, reports to the President, State Secretary, Minister and others) then we follow up. Unfortunately, most of the reports that we received and checked are not true.”

In September 2019, there were 1,196 reports from the community regarding suspicion on VF misuse from all over Indonesia to the PDTT Ministry. Three provinces with the most numbers of reports and categorized with the red color are Sumatera Utara (172 reports), Jawa Barat (165 reports), and Jawa Tengah (102 reports), including JawaTimur (97 reports) and SumateraSelatan(86 reports). Other provinces are categorized with yellow and green colors.

![Figure 2: The Map of Public Complaints in year 2019](Source: VFTF of PDT Ministry, 2019)

4.2 Communication on Village Fund Organizations in Dasok Village and Constraints Faced

Organizational communication as communication between people takes place internally and externally so that the process of creating and exchanging messages occurs.

In the context of the globalization era, organizational communication can facilitate the strengthening of accountability and effectiveness, governance, decision making, improving
public services, and developing the performance of members (Kosasih, Sarwoprasadjo, & Susanto, 2014; Missa, Suprojo, & Adiwidjaja, 2013).

Since the VF program was rolled out in 2015, some of it has been corrupted by the village head and other stakeholders. ICW released state losses due to corruption in the VF as of 2018 reaching Rp 40.6 billion from 181 cases involving 141 village heads and 36 village officials.

VF governance should be transparent and accountable in accordance to Act number 6 of 2014. One of the instruments to support successful democracy of a country is the transparency of development programs where government grants public the access to its budget usage.

The studies of (Syamsi, 2014) claims there are several obstructions in implementing Allocation of VF (AVF) that is communication, resources’ limited capability, the absence of budget transparency and very low responsibility of budget usage. Whereas communication promotes performance including performance in the organization.

Organizational communication is inseparable from the established communication policy.

In order to comprehend organizational communication in governing village funds of Dasok, the author conducted interviews with numbers of sources, there were acting official of Dasok Village, F. Hermawan, which is also the head of government section of Pademawu district, Pamekasan region; member of Dasok Village House of Representatives (BPD), Muh. Nasir; the Mayor of Pamekasan (2018-2023), Badrut Tamam; Inspectorate of Pamekasan, Moch. Alwi; Assistant Inspector of Regional II Pamekasan, Imam Ansori; and the head of Institutional Section of Village Society Empowerment Agency Pamekasan, M. Nasirullah.

The corruption case of Dasok Village funds was worth 100 million rupiahs regarding the discrepancy of physical implementation and project volume. It was disclosed in 2017 through the report made by the society to the Prosecutor Office. It was difficult to be able to meet and interview the former Dasok head of village, AM, whom prisoned in Pamekasan.

During AM trial in the court, the village government of Dasok was delegated to the secretary of village. Since five months ago, Dasok village lead by F. Hermawan, as the acting official. On Wednesday, September 11 of 2019, a voting conducted for head of village election in 97 of 178 villages in Pamekasan, including Dasok village. The person in charge of the district when the corruption case took place had been transferred to other regions, while the mayor of
Pamekasan, AS, was also imprisoned. Then, Baddrut Tamam was elected during 2018 election to fill in the position of Pamekasan Mayor.

The author met the member and the head of Dasok village BPD, Muh. Nasir and H. Hasan respectively. Muh. Nasir, who has been working as member of BPD since 2008, elaborated that AM never involving BPD to design village development programs including the usage of village funds which presented in the village funds. It was occurred during the period of his leadership as Dasok head of village.

Here is the interview of Muh. Nasir, member of Dasok BPD:

“We had dialogue with AM, frequently, to working together with BPD in designing village development programs to be composed in the village funds proposal, but there was no responds. We had complaints to the Camat of Pademawu, but also no responds.”

The head of BPD, H. Hasan, also stated his disappointment upon AM leadership. Since AM refused to cooperate with BPD, Hasan and the other nine BPD members agreed to refuse signing the village budget proposal.

Following is the explanation of H. Hasan:

“BPD, as head of village partner, we had warned him to beware of using village funds and it should be able to accounted for.”

Referring to the accounts of the member and head of Dasok BPD, the author comprehends the absence of positive communication between AM and BPD members resulting in dead-end communication which eventually lead to village funds embezzlement by the head of village.

Whereas, the Act number 6 of 2014 sets the village funds governance based on the principal of balance between institutions, representative and collective democracy. The process of participative decision making by means of village discussion as the highest forum for decision making in planning, implementing, controlling, and accounted for village development.

This study employs Weber’s bureaucracy theory. The main assumption of this theory is bureaucracy regarded as the national product generated by society manipulation. The term of bureaucracy is inherent with rationality as rational paradigm is employed to develop an organization. Thus, Weber’s bureaucracy theory also known as national bureaucracy theory.
Organization defined as a rational system of interpersonal activities which has specific objectives to coordinate individual tasks.

This theory intents to develop organization by employing authority, specialization and rules. Weber claims bureaucracy theory able to evade the practices of corruption. The best way to manage rational legal authority is by the presence of both authority and power legitimately by the organization where hierarchy and division of labor based on qualification put into practice.

The picture below is Weber’s Bureaucracy Theory:

![Weber’s Bureaucracy Theory](source)

Figure 3: Weber’s Bureaucracy Theory
(Source: RachmiKurniaSiregar)

As the mayor of Pamekasan (2018-2023), BaddrutTamam instructs the Inspectorate to optimize its role in supervising Regions Organization Set (OPD), camat, lurah, and head of village including village funds allocation (ADD) and village funds to assure the usage is in order of regulations. If the usage were not in order of regulations then the budget difference should be submitted to local government or village treasury. He also involves Team of Supervision Formation and Government Pacification and Regions Development (TP4D) as instructed by Instruction of President Number 7 of 2015 concerning The Actions to Eradicate and Prevent Corruption which aims to prevent corruption practices in the government institution.

Specifically, BaddrutTamam orders his subordinates to:

1) Practicing simple lifestyle and become the role model for the society thus able to conduct their governmental duties truthfully, transparent, no gratification moreover no corruption.

2) The Supervision Apparatus of Internal Government (APIP) should working extra to
supervise the government funds governance (ADD/DD).

3) The usage of village funds in the future has to prioritize productive and creative economic reinforcement to promote money circulation inside the village so that prosperous village society accomplished.

Moh. Alwi, the Inspectorate of Pamekasan region accounts that in accordance to Pamekasan Mayor Regulation Number 2 of 2017 concerning the administration of allocation, division, and distribution of village funds under the guidance and supervision by the mayor.

Nonetheless however, during the practice both guidance and supervision function conducted by camat and Inspectorate.

Alwi admits that 50 percent of the head of village do not have comprehension and ability to make budget implementation documents (DPA), working program and budgeting (RKA), technical activities, tax obligatory and others. The assistance to make DPA and other documents should be assigned to the Village Community Empowerment (PMD) also involving cross-sectoral institutions, among others Regions Planning and Development Office (Bappeda), LPPJ, and Tax Office. Meanwhile, for the technical field activities, each village would be supervised by the Village Assistance of Technical Infrastructure (PDTI). There are also limited numbers of assistance officers in district and regions.

Besides the limited numbers of auditor team, government regulation concerning the administration of village funds governance and distribution keeps changing each following year. Consequently, the field officers have to put extra effort to socialize the regulation amendment to the head of villages whom taking it for granted.

The finance of village funds supervised by the application of IT based system in order to prevent embezzlement and corruption of state budget. In 2015, the Financial Auditor and Development Office (BPKP) launched an application for village financial system called Siskeudes.

According to Imam Ansori, the Assistance Inspectorate of Region II Pamekasan, the implementation of Siskeudes in the local government of Pamekasan environment is not optimal yet because of not supported infrastructure in the form of smart city. Siskeudes operated by an operator. Meanwhile, according to the Acting Official of Dasok village, F. Hermawan, there is no application or software to support public service in Dasok to date. The procurement will be proposed to the elected head of village in the election on September 11, 2019.
Concerning the supervision role of Itwilkab to prevent corruption practices as occurred in Dasok village, Imam who was investigated by KPK as a witness in the corruption case of Dasok village funds claims that before the raid operation of Dasok case, his institution investigated Dasok village funds usage and found: 1) the absence of accountability report; 2) no tax payment yet; 3) volume deficit; 4) the absence of inventory book; 5) the absence of activity implementation decree.

Concerning the regulation of Village Funds total amount, M. Nasirullah, the head of Institution Section of PMD Office of Pamekasan, claims that his office assigned to calculate each village total amount of village funds in accordance with the Regulation of Ministry of Finance (PMK). Since 2015 till 2019, there was changes in the PMK regarding the stages of disbursement of village funds, started with 60 percent and 40 percent, then in 2019 divided into three stages of 20 percent, 40 percent, and the last 40 percent. To realize PMK, the agency of PMK generated Regulation of Mayor as the technical guidelines concerning village funds governance and socialized to all of 178 villages in the 13 sub-districts.

The mechanism of VF disbursement presented below:

**Figure 4: Mechanism of Village Funds Disbursement**
(Source: CEC, 2015)

Related to VF that is prone to corruption by the village head or other village officials, Agus Sunaryanto, Deputy Coordinator of ICW, believes that the wife of the village head including the sub-district head and other officials are often involved in embezzlement of the state budget due to lack of participation and supervision by the village community and BPD.
Sunaryanto stressed that the village head had acted arrogantly and exercised excessive authority by ignoring the BPD who was the representative of the village community. ICW data found that BPD in several villages was used as "stamp tools" by the village head. This condition has created communication gaps between the village head and the village government and the people represented by the BPD. On the other hand, local governments tend to prioritize village officials so that BPD and village communities are ignored.

Based on ICW data in 2018, the “budget manipulation” started from the planning process to the disbursement. The corruption modus of village sector from the most occurring is budget misuse (39%), embezzlement (25%), fictive report (13%), fictive project (12%), and budget mark-up (11%).

The Corruption Eradication Commission (CEC) in 2015 revealed deviation potential in each stage of VF distribution from the planning stage in the PRJMdes, RKPdes and APBdes till the final stage which is monitoring and evaluation.

**Figure 5: Analysis of Corruption Potential in the Distribution Process of VF**
(Source: CEC, 2015)

Based on the perspective of Sunaryanto, there are four potential causes of VF misuse including obstacles in the regulation and institution, the minimal of governance, less effective supervision, and the limited competence of human resources of village apparatus and the assistance officers.
Concerning the VF corruption case of Dasok, Sunaryanto argues it is an iceberg phenomenon which most likely keeps expanding and occurring in many other villages but only few of this case exposed to the public.

5. Conclusions

The JokoWidodo government in the second period (2019-2024) must continue to prioritize the management of the Village Fund throughout Indonesia so that it is right on target in accordance with the commitment to advance the village so that rural communities prosper. This can be done by maintaining VFTF in PDTT while increasing the number of personnel to the village level and intensive guidance and supervision of village heads and village officials.

However, VF governance must be done one door in the sense that it does not involve various ministries as it is now. This policy is important to reduce bureaucracy in the principle of bureaucratic reform, to prevent misuse of VF as early as possible.

Village Fund Management and Village Fund Allocation must continue to be monitored and evaluated so that it does not become a project for individuals to enrich themselves or groups.

Meanwhile, participatory, consultative, transparency and accountability approaches are absolutely applied by the government including the regional (village) government to build the trust of people who ultimately participate in development in various ways. In the end the village can be more advanced and independent to support the continued development of villages throughout Indonesia in the era of regional autonomy. Public participation and policy transparency affect VF budget oversight (Maisur & Ramzijah, 2019).

On the other hand, the authors realize that over time, this research was only conducted in the village of Dasok, Pamekasan, East Java as a case study. Though VF abuse is rife in various provinces. For this reason, further research can be developed in a number of locations to get a more detailed picture to find solutions to this problem. This effort is expected to be an input or strategic policy design for the government in terms of VF governance.

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