

# The Decentralization System of Sustainable Rural Developmen

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## The Decentralization System of Sustainable Rural Development: A Role of Banyumas Regency's Local Policymakers and Local Government in Addressing Equity and Fairness Issues

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**Abstract** Recently, the implementation of a local government's aid fund policy in Indonesia has expanded into village level which was formerly halted at the regency government. Corruption in the regency level of government and slow improvement of rural community's welfare become a strong evidence to extend this policy into the village level of government. The proximity of the village administration with its citizens is expected to increase public participation in rural development. There is more equitable distribution of development outcomes, to increase the quality of development programs and public services. Therefore, to support decentralization of rural development, the central government allocates Village Fund scheme derived from 10 percent of the national development budget and expenditure. Consequently, the village governments receive a bigger budget and more autonomous to support sustainable rural development program and their operational management. However, some obstacles such as inadequate village government administrative capacity, unavailability of assistant support, and poor quality of rural development planning have affect the equity and fairness of decentralized rural development programs. The role of these two institutions becomes crucial because the village fund management process is prone to conflicts of interest. In addition, low administrative capacity of village government will trigger to bad financial governance and social conflict with rural community. Using qualitative approach and case study method, Banyumas Regency in Central Java become an example of the process of decentralized rural development. The authors argue that the role of policy makers and local government is a strategic issue in improving fairness and equity in sustainable rural development.

**Key words** Banyumas regency, Decentralization, Equity, Fairness, Sustainable rural development

### 1 Background

In recent development, there is a strong demand for changing centralized rural development into a decentralized approach. In the top-down approach, the locus of decision-making lies squarely in the central and district bureaucracy and village government are increasingly marginalized from decision-making processes. The change in the political regime geared towards a more democratic system has accelerated the political awareness of village governments encouraging them to play a significant part in development process. The main objective of this is to improve the fiscal capacity of the village government through a more equitable distribution of development budget as well the position of village government in decision-making processes influencing their people that are still under poor condition.

Decentralization has therefore become a major policy trend in the local government of developing countries (Kim, 2013). Is development decentralization in village level could answer various institutional problems? Theoretically, development decentralization in local level can create an increasing of public service quality, public participation, the utilization of local wisdom, and strengthening local institutions (Boasiako, 2010; Jones et al. 2007; Ribot 2002). However, the development decentralization effect in local level empirically shows diametric situations; not only positive but also negative effects. Some studies reveal more negative effects such as conflicts between local government and society, corruption by local officers, and stronger domination of local officers' elites (Patterned, 2011; Nijenhuis, 2003; Bierschenk and de Sardon, 2003). Furthermore, Prud'homme (1995) and Tanzi (1996) stated that there are lots of challenges in local level that hinder decentralization's benefits. The lack of local bureaucracy capacity would be a major problem in producing better performance of public services (Frisman and Gatti, 2002). At this point, the

implementation of decentralization policy in village level needs a clear guidance and supports from higher level of government officers.

In Indonesia, decentralization policy for village is formulated, in 15 January 2014, through the Law No. 6/2014 and, in 30 May 2014, Government Regulation No. 43/2014 and revised by the Government Regulation No. 47/2015. Unfortunately, the situation in many village are not significantly change because of poverty numbers remain on a high level and imbalances of budget resources received by village government from central government have encourage the important, creation and strengthening village government autonomy. For effectiveness of decentralization of village government, the Law No.6/2014 have obligate central government to allocate village fund a ten percent of National Budget as one of village fund sources. This ten percent budget from central government aimed to support village based programs equally and fair. This ten percent budget also aimed to facilitate governance implementation, village development program, and community development.

Obviously, the creation of the Law No. 6/2014 is offering promising changes, however, some parties' doubt that bigger transfer funds for village government would not be effective managed by village government. One of the most revealing facts is that a low administrator capacity in managing decentralization programs is becoming a serious challenge (Dragons and Neamtu, 2007). Another reason why decentralization is getting weaker is because of the lack of local leader capacity. It is indicated by more corruption cases of local leaders. Agus Sunaryanto from Indonesia Corruption Watch (ICW) reported that in 2014, there are 381 local leaders from 530 or about 72 percent of local leaders in Indonesia are jailed because of corruption cases (<http://cybersulutnews.co.id/data-kemendagri-2014-tercatat-381-kepala-daerah-terjerat-kasus-korupsi/>). Meanwhile, in village level, according ICW corruption cases is increasing, especially for village leader, from 20 to 30 corruption cases. Looking at the low capacity level of government administrators in village level, a skeptical perspective arise that village funds would be managed unaccountably by village actors. Another challenge beside administration capacity is no assistant or partners parties and low quality in planning village development through the Village Middle Term Planning (*Rencana Pembangunan Jangka Menengah Desa*, known as RPJMDes). Here, the issue of regency and village government relations is becoming more crucial moreover in transition era. Although village has experiences in coping village fund allocation that gained from regency transfer fund, specifically, the orientation of village fund from the central government is focusing on funding the development and community empowerment. Beside the fund from central government, regency government also wanted the village development that planned and controlled by the village government to be synchronized with the development programs at the regency level within its regency budget. Therefore, in coping decentralization in village government level require strategic efforts from the decision makers in local level so that the management of decentralization budget by village government can be implemented more efficient, effective and accountable.

Using the Banyumas Regency in Central Java as an example, we explored the process of implementing decentralization policies at the village level. Applying this case, we examined the strategic efforts used by local policy makers and local government in this regency to strengthen a process of decentralization policy at rural government level.

#### Decentralized Development

It is believed that development would create significant impact toward poor group, thus various development programs need to be focused on development of villagers. According Siagian (1989: 9-10), there are some important reasons of the allocation of the development in rural area, which are:

(1) National Impact. Essentially, a country's elements are villages. If every village has already been developed, thus a nation as a whole is experiencing developing. At this point, the development for every village identical with the national development.

(2) Inhabitant Numbers Aspect. Inhabitant of a country, especially developing countries, lived in rural area for about 80 percent. If rural people have been in prospering condition, it means that the



majority of a country is wealthy enough.

(3) Rural Socio-Economy Condition. In general, villagers are in very complex poverty trap situation. Furthermore, decentralized village developments are facing difficult challenges.

Some studies of decentralized development reveal some problems as follows:

(1) Increase in Conflict intensity in rural areas. This is a rising because the behavior of local elites in protecting their own vested interests (Nijenhuis, 2003).

(2) Insufficient village administrators' competency and an asymmetrical relationship between village administrators and villagers (Bierschenk and de Sardan, 2003).

(3) Local elite control on development resources (Platteau, 2004; Pattenden, 2011; Imai and Sato, 2012; Akhmad and Talib, 2013).

(4) Ineffective system of political articulation and accountability (Chhatre, 2008).

(5) Social capital in form of collective tradition and the low level of local leadership availability (Abe, 2009).

(6) Village development policy designs yet a top-down policy so that the design is limiting village government in making decision (Karanikolas and Hatzipanteli, 2010).

(7) Planning practices is a mobilized activity and dominated by the chief of village in managing development resources (Sutiyo and Maharjan, 2012).

This research is focusing on cooperation relationship between local governments aimed to minimize various form of discretion in the process of village development. Moreover, village administrators in near future would receive a mandate in coping village development with large amount of budget. At this point, it is needed a strong cooperation between regencies' government and village government. As already been proven by Putnam (1993) all social components would facilitate the achievement of collective purpose and coordination between actors in solving shared problems.

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## 2 Research method

This research used a case study approach in analyzing decentralization system of sustainable rural development, specifically the issues of devolution policies at local level that can capture qualitative descriptive, with relatively still maintaining the integrity (wholeness) of the object, meaning that the data collected as a case study was studied as an integrated whole (Strauss, A., & Corbin, J., 1998). Using the changes in the Banyumas District in Central Java as an example, we examined the challenges of implementing devolution policies at local level.

The location of the study is in Banyumas Regency, Central Java, Indonesia that is consisting of those representing the poorest household areas. There are seven (7) villages included in this research, which are Karangtengah, Sambirata, Kemawi, Krajan, Kotayasa, Cibangkong, and Samudra, as shown in Figure 1.

Data collection was conducted from June to August 2015. Techniques of data collection based on the types and sources of data needed used direct observation, in-depth interviews, and analysis of documentation. The informants were selected by purposive sampling of the actors involved in the implementation of decentralization program. They are villages' officials. In this study the data were analyzed using the procedure of interactive model: Data reduction, data display, and conclusion (Miles and Huberman, 1990). The validity of qualitative data is guaranteed with a technique of triangulation of data sources.



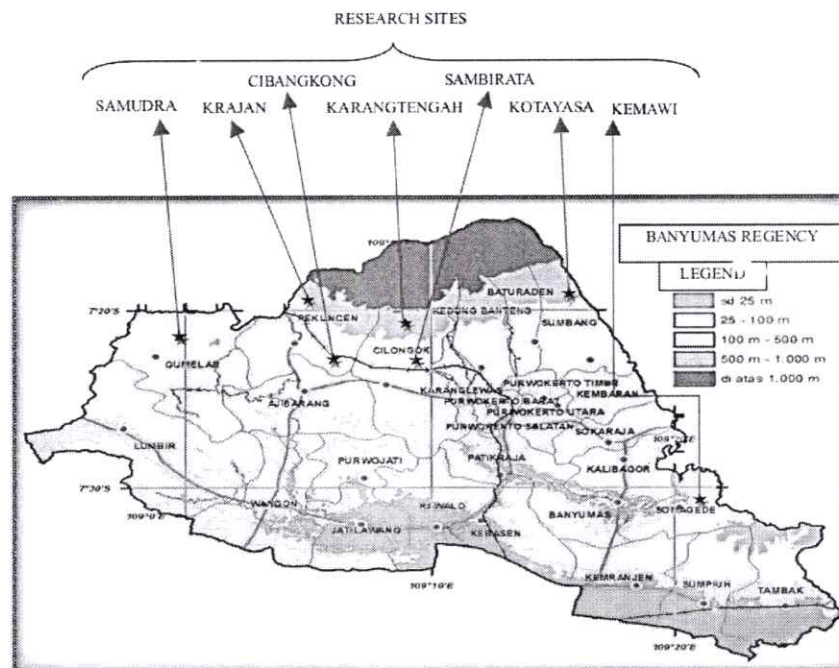


Figure 1 The map of Banyumas District Based on Elevation (Source: Statistical Agency of Banyumas, 2014)

### 3 Results and discussion

#### 3.1 Results

##### A Brief of Banyumas Regency and its Poverty

Banyumas Regency, which is located in Central Java Province, is one of the high numbers of poor people in Central Java Province Indonesia. Hence, Banyumas is becoming the targeted area in creating more development especially in rural area. At this point, the programs for development in rural area under the Law No. 6/2014 about Village and Government Regulation No. 43/2014 regulates on how villagers planning their development programs through Budget Planning of Village Development (RAPBDes) annually. In creating development program, the village government and its society are aiming to create more society prosperity in order to minimize the number of poor people in their village. As shown in the table 1, the numbers of poor people in Banyumas are as follow:

Table 1 Poverty numbers in banyumas region from 2006 to 2010

Details	Year							
	2006	2007	2008	2009	2010	2011	2012	2013
The Poverty habitants numbers	362,20	333,00	340,70	319,85	314,00	328,51	304,00	296,80
The Poverty habitants percentage	24,44%	22,46%	22,93%	21,52%	20,20%	21,11%	19,44%	18,44%
The Poverty lines	158.253	164.111	189.735	208.583	225.545	249.807	271.799	295.742

Source: Adopted from Banyumas Statistical Centre, *Banyumas Regional Statistic in 2014*, (Banyumas: Banyumas Statistical Centre, 2014).

Based on table 1, poverty number in Banyumas region from 2006 to 2013 are about 20 percent from the total habitants of Banyumas. Generally, the numbers of poor people in Banyumas tend to decrease from 24.44 percent in 2006 to 18.44 percent in 2013. The data shows that the decreasing percentage of poor people in seven (7) years is six (6) percent (65,400 people) from 362,200 poor people to 296,800. These poor people are leveling up to poverty lines as shown in table 1. This data, as revealed in table 1, is considered as a low decreasing level for poverty if we compared to the other region in Central Java, as follows in table 2:

**Table 2 The poverty number based on its regions in central java from 2008-2010**

	Amount (000 people)			Percentage		
	2008	2009	2010	2008	2009	2010
Cilacap Regency	343,9	318,8	297,2	21,40	19,88	18,11
Banyumas Regency	340,7	319,8	314,1	22,93	21,52	20,20
Purbalingga Regency	221,9	205,0	208,9	27,12	24,97	24,58
Banjarnegara Regency	200,6	184,0	166,7	23,34	21,36	19,17
Kebumen Regency	334,9	309,6	263,0	27,87	25,73	22,71
Purworejo Regency	130,0	121,4	115,3	18,22	17,02	16,61
Wonosobo Regency	207,5	194,0	174,7	27,72	25,91	23,16
Magelang Regency	190,8	176,5	167,2	16,49	15,19	14,11
Boyolali Regency	158,4	148,2	127,8	17,08	15,96	13,72
Klaten Regency	243,1	220,2	197,4	21,72	19,68	17,47
Sukoharjo Regency	99,1	94,4	90,2	12,13	11,51	10,94
Wonogiri Regency	201,1	184,9	145,5	20,71	19,08	15,68
Karanganyar Regency	125,9	118,8	113,8	15,68	14,73	13,98
Sragen Regency	177,1	167,3	149,7	20,83	19,70	17,49
Grobogan Regency	262,0	247,5	233,7	19,84	18,68	17,86
Blora Regency	155,1	146,0	134,9	18,79	17,70	16,27
Rembang Regency	154,7	147,2	138,5	27,21	25,86	23,41
Pati Regency	207,2	184,1	172,4	17,90	15,92	14,48
Kudus Regency	97,8	84,9	70,2	12,58	10,80	9,02
Jepara Regency	119,2	104,7	111,8	11,05	9,60	10,18
Demak Regency	217,2	202,2	198,8	21,24	19,70	18,76
Semarang Regency	102,5	96,7	97,9	11,37	10,66	10,50
Temanggung Regency	114,7	105,8	95,3	16,39	15,05	13,46
Kendal Regency	168,2	152,4	130,4	17,87	16,02	14,47
Batang Regency	122,0	112,2	103,6	18,08	16,61	14,67
Pekalongan Regency	164,3	151,6	136,6	19,52	17,93	16,29
Pemalang Regency	325,2	303,7	251,8	23,92	22,17	19,96
Tegal Regency	220,7	195,5	182,5	15,78	13,98	13,11
Brebes Regency	459,3	432,4	398,7	25,98	24,39	23,01
Magelang Municipal	14,9	13,7	12,4	11,16	10,11	10,51
Surakarta Municipal	83,4	78,0	69,8	16,13	14,99	13,96
Salatiga Municipal	14,9	14,1	14,2	8,47	7,82	8,38
Semarang Municipal	89,6	73,1	79,7	6,00	4,84	5,12
Pekalongan Municipal	28,0	23,3	26,4	10,29	8,56	9,37
Tegal Municipal	26,8	23,4	25,7	11,28	9,88	10,62
Total	6122,6	5655,4	5217,2	18,99	17,48	16,11

Source: Adopted from Central Java Statistical Centre, *the 2012 Central Java in Numbers*, (Central Java: Central Java Statistical Centre, 2012), 183.

According to the data in table 2, poverty number in Banyumas is in third position among other regions in Central Java Province in 2008. Moreover, in 2009 and 2010 poverty in Banyumas were increase and put Banyumas in the second position for poverty number. Therefore, the poverty number in Banyumas is on a high level compared to the other regions in Central Java area and thus, poverty in Banyumas should be addressed in every RAPBDes based on the Law No. 6/2014.



Furthermore, from around 20 percent of poor people in Banyumas, table 3 shows that the highest percentage of poor household is in Sumbang Sub-district and the lowest percentage is in Purwokerto Utara Sub-district with 31.72 percent and 4.89 percent, respectively. However, the highest number of poor household is exist in Cilongok Sub-district that is 7.088 people while the lowest number of poor household is exist in Purwokerto Barat Sub-district with 699. This data is shown as follow:

**Table 3 Selected poverty number and percentage based on household in banyumas, 2011**

No.	Sub District	Number of inhabitants	Average Number of Family member	Number of Household	Number of Poor Household	Percentage of Poor Household compared to the Number of Household
1	SUMBANG	74.638	3,7	20.172	6.402	31,74
2	LUMBIR	43.330	3,7	11.711	3.032	25,89
3	CILONGOK	108.852	3,7	29.419	7.088	24,09
4	SOMAGEDE	31.827	3,7	8.602	1.980	23,02
5	GUMELAR	45.154	3,7	12.204	2.770	22,70
6	PEKUNCEN	64.424	3,7	17.412	3.642	20,92
7	PURWOKERTO BARAT	49.083	3,7	13.266	699	5,27
8	PURWOKERTO TIMUR	57.112	3,7	15.436	846	5,48
9	PURWOKERTO UTARA	57.237	3,7	15.469	757	4,89

Source: [http://www.tpkjateng.com/file/file\\_upload/201304101129222.kabbanyumas.pdf](http://www.tpkjateng.com/file/file_upload/201304101129222.kabbanyumas.pdf) (Accessed in 01 July 2015).

Following the picture of the district, in detail as our research sites, there are seven villages as our study location, which are, Karang Tengah, Sambirata, Kemawi, Krajan, Kotayasa, Cibangkong, and Samudra village. At this point, these seven villages are among the highest numbers of poor households in Banyumas region as shows in the table 4 as follow:

**Table 4 Number and percentage of poor households of seven villages in banyumas, 2015**

No.	District	Village	Number of Households	Number of Poor Households	Percentage of Poor Households
1	Sum bang	Kotayasa	2500	1321	52.84
2	Cilongok	Karang Tengah	2515	945	37.57
		Sambirata	1000	833	83.33
3	Somagede	Kemawi	1300	528	40.62
4	Pekuncen	Krajan	1431	1120	78.27
		Cibangkong	2197	714	32.50
5	Gumelar	Samudra	1963	781	39.79

Source: Adopted from ten villages Office, Primary sources, 2015.

Based on table 4, it is Sambirata and Krajan village the highest percentage of poor households with 83.33 percent and 78.27 percent, respectively. While at the same time, the highest number of poor households is exist in Kotayasa village with 1321 households (52.84 percent). On the other side, there are four villages that contain modest but remain above the average level percentage of poor households (18 percent) that is Cibangkong, Karang Tengah, Samudra, and Kemawi villages with 32.50 percent, 37.57 percent, 39.79 percent, and 40.62 percent respectively.

#### Challenges in the Implementation of Villages' Fund

Villages' fund based on Law No. 6/2014 has been received by 301 Villages in Banyumas Regency. At the beginning of the policy implementation, Banyumas government only received 40 billion rupiah. However, there is a crucial revision for the number of villages' fund received by Banyumas Government from 40 to 89 billion rupiah, 90 percent of the villages' fund proportion is received by villages' government in Banyumas equally to 301 villages, the other 10



percent shared among those 301 villages in a certain basic indicators. At this point, each village receives in average for about 275 millions to 290 million rupiah. At the early stages of villages' fund implementation, village governments in Banyumas cannot instantly utilizing the fund for facilitating activities that have been planned. This is because no regulations act as normative foundation in executing villages' fund.

Ideally, regional or local law that coping the management of villages' fund formulated by the local government. The fact shows that the formulation of local law need longer time because this process involved local legislative processes. Here, in solving this problem, as the statement of the Ministry of Village, Banyumas local government formulate some Local Government Acts that cover the management of villages' fund. These Local Government Acts are: Local Government Acts No. 80/2014 about Fixed Income, Functional Income, Additional Income and Rewards for the Chief of Village and their staffs, which in turn replaced by the Local Government Acts No. 82/2014 about the Procedures Allocating of Village government Good/Services. According to an informant as the chief of village stated that Local Government Acts No. 82/2014 is totally different from Local Government Acts No. 80/2014 especially about the management of village fund or even village development activities. Therefore, it is needed the capacity building for village government staffs so that they can manage all development program as same as the local government do.

Even though, local government acts have already been formulated by the local government, there are challenges for village governments in coping the village funds. Here are some of those challenges as table 5 shows as follow:

**Table 5 Challenges in implementing the villages' fund**

No.	Challenges in Implementing the Villages' Fund
1	The management of village fund sharing formulation (30 percent for government administration and 70 percent for village development and public services) is considered as insufficient.
2	The accountability mechanism formulation is complicated because the capacity of administrators at village level is not sufficient in administering the accountability mechanism (SPJ).
3	A complicated Law and a dominant perception from the society that village would be a nasty place for corruption after the implementation of the Law No 6/2014.
4	The assistant parties are not available where the situation is that the village should manage a dramatically increasing of village fund.
5	The central government regulations are change easily that caused an unclear perception in understanding the management of village fund.
6	There is an issue that the civil servant village secretary will be withdrawn by the local government so that village will lose their experience administrator.
7	There is no specific education and training in increasing the quality of village fund management.

Source: Adopted from seven villages office, primary sources, 2015

#### Inadequate Village Government Administrative Capacity

With the existence of village budget, the village government status is no longer merely act as an executor of local or even central government's development program under a top down mechanism. The village government today is acting as the institution that able to formulate and at the same time act as the implementation of development programs. Therefore, village government capacity is utmost important to be analyzed, weather it is sufficient or not.

Based on the study of the seven (7) poorest villages in Banyumas Regency, as shown in table 6 it reveals that the involvement of village administrators in training programs are minimum. Even if there is a training program offered to them, the training program is not closely related to the need of increasing the quality of village administrators in managing a much bigger village budgets after the implementation of the Law No. 6/2014. At the same time, village government badly needs more specific training programs in supporting the quality in managing village budgets. In other words, up to this moment the training programs are for general purpose.

**Table 6 Training program in seven (7) poorest household villages for villages' staffs in banyumas regency**

No.	District	Village	Training Program	Training Program Offered
1	Sumbang	Kotayasa	None	None
2	Cilongok	Karang Tengah	Yes	1. Computer skills training (2012) 2. General Election Committee training (2013)
		Sambirata	Yes	1. Computer skills training (2011)
3	Somagede	Kemawi	Yes	1. Computer skills training (2014) 2. Financial management socialization (2015)
		Krajan	None	None
4	Pekuncen	Cibangkong	Yes	1. Village Governance Training (2010) 2. Budgeting Training (2015)
		Samudra	Yes	1. Computer skills training (2010) 2. Village staff coaching management (2015)

Source: primary data based on a structured interview.

Up to this moment, 2015, the efforts in increasing the capacity of village government capacity by local government are very limited, are not optimal. Based on a deep interview with village government apparatuses, it is reveals that the factor of village administrators limited human resources and capacity in formulating development planning programs. Furthermore, the activities based on the Village Revenue and Expenditure Budget, known as APBDes, so the activities planned to be refocused so that APBDes is in line with village development priority. While, at the same time, Villages' Development Middle Term Planning (RPJMDes) is need to be reviewed because RPJMDes is not representing the spirit of the Law No. 6/2014 about Village. Ironically, RPJMDes recently is also not depicting the socio-economic and natural potential that can be developed as development resources. Often, the formulation of RPJMDes is in a rush situation because the prerequisite in getting the fund in hand.

#### A Massive Rising of Village Revenue Budget

In 2015, there is a significant volume of village government budgets especially on village fund compared to the 2014 budget. From seven village government budgets in table 7 as our case studies research sites shows that Kotayasa is the highest receiver of village fund from supra village government compared to the rest of the villages because Kotayasa is the place where more than 80 percent of their household is in a poor conditions. On the contrary, Krajan Village is the least receiver of village fund. The indicator used by the government in determining the amount of village fund are the territory, the number of poor inhabitants, the availability of infrastructure and other indicators.

**Table 7 The comparison of budget allocations between the 2014 and 2015 in seven villages**

The Comparison of Budget Allocations between the 2014 and 2015							
No.	District	Village	Total Budget 2014	Total Budget 2015	Percentage of Increasing	Allocation for Village administrators (30 Percent)	Allocation for Village Development Programs (70 Percent)
1	Sumbang	Kotayasa	753,641,830	1,418,926,887	53.11	425,678,066	993,248,821
2	Cilongok	Karang Tengah	500,000,000	1,480,000,000	33.78	444,000,000	1,036,000,000
		Sambirata	365,253,105	1,082,862,814	33.73	324,858,844	758,003,969
3	Somagede	Kemawi	521,000,000	1,100,000,000	47.36	330,000,000	770,000,000
4	Pekuncen	Krajan	356,632,440	1,282,856,325	27.80	384,856,897	897,999,428
		Cibangkong	423,005,508	1,044,471,797	40.50	313,341,539	731,130,258
5	Gumelar	Samudra	447,463,434	1,098,722,953	40.73	329,616,885	769,106,067

Source: primary data taken in August 2015

It is different with the 2014 village budget, in the 2015 budget the proportion for governmental administration and development programs have been arranged very clear, 30 percent for governmental administration budget and 70 percent for development programs. Data in table 7 shows that the



development program is increasing significantly. In one side, this condition signed an optimist prospect in near future as an effort in developing village. On the other side, managing a large amount of village budget certainly need sufficient capacity for village government administrators. The result shows that village government capacity is very limited in mastering financial administration. Beside financial administration capacity, social conflict also could arise because of society perception that village government would be trapped in corruption cases as can also be found in the upper level of government, like the local and national level.

#### Strategic Efforts of Local Policy Makers and Government

It is believed that there are always two sides of the coin of decentralization. On one side, decentralization opens up the best opportunity in creating a more equal development. However, on the other side, decentralization in village level is not fully supported by sufficient bureaucracy apparatuses. Here, village government needs to be given assistance and guidance in implementing development strategies that have been planned before (Simms, Freshwater, and Ward, 2014). In the case of village development decentralization in Indonesia, local government plays an utmost important role in providing assistance to village government. At least, there are two crucial reasons of the importance of the local government's roles, which are: (1) village fund allocation that is coming from the central government transfer into Regency Revenue and Expenditure Budget, known as APBD, and distributed to APBDes, so that it is needed a clear law that cover related to financial management; (2) the regency government need to synchronize their development programs that is funded by APBD and APBDes so there will be a synergic and coordinated interaction between village and local/regency government in implementing the village fund.

Following the argument from Luger and Maynard (2008: 28-29), the local government's role in development process include the activities of planning, financing, regulating, and managing. Moreover, local government's role in development is getting crucial when village government administrators capacity is in the very bottom level.

The research result shows that in local legislative and local government in Banyumas regency, have already been done strategic effort in giving guarantee in term of law certainty and effectively of receiving village fund that is coming from central government through National Revenue and Expenditure Budget, APBN. The administrators in Banyumas regency government aware that village fund transfer is closely related to the issue of village headman prosperity and its village administrators. Before the existence of village fund, village headman income and village government staffs depend on how they utilize *Bengkok* land, a plot of land to cultivate as their salaries, and some allowance from APBD. However, some village governments have no *Bengkok Land*. They are well known as "*janggolan*" village, a term in giving crop from villagers for village headman and its administrators. This kind of granting is act as a substitution of monthly allowance because villagers cannot afford in giving *Bengkok* land for village headman and its administrators. At this point, the village headman and their staffs often gain a very small amount of allowance.

The existence of village fund recently has been increasing significantly and guarantees the income of village headman and their staffs. In preventing deviant and mismanagement in coping village fund by village headman and their staffs, the village fund is transferred to an official village government bank account based on Local Leader Regulation No. 80/2014 of fix income, allowance fund, additional income, and reward for village headman and its staffs.

Table 8 <sup>3</sup> Revenue sources of village headman before and after implementation of village fund policy

Before The Implementation of Village Fund Policy	After The Implementation of Village Fund Policy
1. Fixed Salary (Village Fund Transfer from Regency Government)	1. Fixed Salary (Village Fund Transfer from Regency Government)
2. <i>Bengkok</i> Land ( <i>Tanah Bengkok</i> )	3. <i>Bengkok</i> Land ( <i>Tanah Bengkok</i> )
	4. Positional Allowance
	5. Husband/wife Allowance
	6. Children Allowance
	7. Health Allowance



There are two main reasons as a foundation for Banyumas regency government for the very beginning in formulating the policy that arrange income sources of village headman and its staffs, which are: (1) giving legal certainty toward village government in utilizing village fund so village government able to work better, especially they get legal certainty in utilizing some area of village land as their income sources, and (2) keep socio-politics stability in village level because the national rules and regulations often change so that can create uncertainty for village headman and staffs in managing the pattern of village fund.

In preventing corruption in managing village fund, Banyumas regency government issues the Banyumas Leader Regulation No. 15/2015 about the management of village finance. This policy manages any activities that include planning, executing, re-arrangement, and accountability of village finance. At this point, village government is hoped able to manage their budget in order, compliance toward the law, effective, efficient, economist, transparent and responsible. Another goal is to guarantee the value of justice, compliance, and benefits for villagers.

Through the policy of village financial management, the mechanism of coordination and coaching is between village government and local government administrators in sub-district level. *Camat*, the head of sub district position as administrative village government adviser is very vital because *Camat* would review and give agreement or rejection toward budget realization of village government specifically to the item of development budget and community empowerment. With this supervision mechanism, the deviation practices of village fund will be limited and controlled. The effort in preventing corruption practices also supported by regency government by engaging with attorney in regency level through a Memorandum of Understanding (MoU) for supervision, controlling and supervising toward village government.

**Table 9 The Local government efforts to help rural government in decentralized rural development funded by central government fund transfer**

Strategic Efforts: Sound Policies for Sustainable Rural Development	Improving Legal Certainty	Conducting Human Resource Development
	• Provide Regent Decree on Revenue Sources for Village Headman and Apparatus	Provide socialization on regent decree to village headmen and apparatus
	• Provide Regent Decree on Village Finance Management	
	• Creating cooperation with state law officer	
	• Compliance Aspects →	Administrative Capacity Building

Source: Primary data, August 2015

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The orientation of strategic efforts from regency government in the implementation of village fund policy are more focusing on how to create compliance and vertical accountability in managing village fund. On the contrary, there are fewer efforts from regency government in developing village government capacities. At this point, the regency government is only able to do socialization of various operational regulations concerning village fund. At the same time, village staffs lack of administration capacity. A limited effort in developing administration capacity is closely related to less coordination between central government, Ministry of Internal Affairs, and Ministry of Village especially on facilitating managerial programs for village administrators or assistant for village government. Up to September 2015, Ministry of Internal Affairs hasn't announced yet the result of village assistant workers, while Ministry of Village who has the budget for village assistant workers haven't decides it yet about allowance standard for the workers. As consequences, any regency government is merely doing some preparation for normative guidance and at the same time, they put least attention on the management of apparatus resources.

### 3.2 Discussion

The implementation of decentralized village development through central government transfer fund to village is not planned well. However, the central government has already issue various regulations of village finance management. At the same time, they lack in preparing administrative capacity for village administrators. This central government behavior that tends to be more normative

has been followed by local government. The local government is following central government because they have perspective that it is to keep law certainty and socio-political stability. Here, the local government formulates the technical and operational guidance for managing village fund and the clarity of village government revenue sources. At this point, local government is not capable in planning ahead of village finance management training before the village fund arrived. As consequence, village fund management is not fully supported by an adequate administration capacity. This study is supporting previous researches that one of crucial challenges in decentralization is the administration capacity (Dragos and Neamtu, 2007; Bierschenkdan de Sardan, 2003; Frisman and Gatti, 2002).

Even though still normative, some strategic activities from local government give tremendous contribution for village government in utilizing village fund. The local government has been proven effective in facilitating the utilization of village fund from central right on schedule especially the item of village headman and staffs monthly allowances. For local government, the existence of local leader (*bupati*) regulations of village revenue sources, village headman and its staff hoped that they could shows their best performance because they have already get remuneration assurance. For village headman, with this local government regulations, they welfare is getting better as they demanded before to central and local government.

On the contrary, there are some challenges in utilizing village fund for villagers, one crucial problem is the potential of corruption in utilizing village fund administratively specifically in the first year of the implementation of village fund policy. The absent of assistant officers, the lack of understanding about the law and its regulations in managing village fund, and the lack of village staff administration capacity potentially would be the burden factors in the implementation of decentralized village development. If the decentralization policy in the level of village government is fail, then the effort in improving equality and villagers' empowerment will also fail. Therefore, like a Pandora box, decentralization is not creating positive opportunities but also challenges especially in distributing resources to the poor society.

#### 4 Conclusions

The concluding remark of this research is that the policy of village development decentralization through the village financial allocation is not supported sufficiently by institutional infrastructures. The absent of the assistant supports, the lack of administration capacity, low quality of RPJMDes, and the withdraw of civil servant village secretary by the local government are the challenge of the success of implementation of the Law No. 6/2014 about Village.

However, this research also concludes that the local government effectively formulates strategic efforts in supporting the policy implementation process for village fund through Local Government Acts. Here, the role of policymakers in local legislative unfortunately does not progressively shows the same efforts like the local government do. It is signed by none of the local law are being formulated as the highest law foundation at local level in managing village financial.

2

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