

Implementation of Good Governance in Indonesia's Village Fund Program (Program Dana Desa) to Accelerate Community Welfare: A Case Study in Sleman, Daerah Istimewa Yogyakarta Province

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Abstract—In 2015, The Indonesian government introduced Village Funds (dana desa) as a source of fund to help villages become economically independent and competitive by increasing the village's local income. The purpose of this fund is to accelerate the villages' economic development and also increase the community's wealth. This research aims to investigate whether the villages in Sleman, in the Daerah Istimewa Yogyakarta province has managed the fund according to good governance principles. The good governance principles used to evaluate village fund management are: participation, equality, transparency, competency, and consensus. Quantitative and qualitative approaches were performed to answer the research question. A quantitative approach was executed by using questionnaires, while focus group discussion was performed as a part of the qualitative approach. Research results show that government officers of sample villages have implemented and managed the village fund based on good governance principles. Another finding of this study is that the allocation and use of funds in three villages were merely directed towards compliance with the specific regulation on village fund. This is seen as a weakness in the regulation since it does not encourage creativity and innovativeness of government officers in developing the village that suits the villages' need. Upcoming research related to village fund topics in Indonesia may focus on developing a comprehensive model on the implementation of village fund programs throughout Indonesia.

Index Terms—Good governance, principles of good governance, village fund.

I. BACKGROUND

Villages are the smallest form or government unit in Indonesia. Historically, Indonesian people have lived and socialize in villages. Several villages form sub-districts or *Kecamatan*, then several *Kecamatan* forms districts or *Kabupaten* and several *Kabupaten* becomes Province. Villages become the foundation of the country's economic, political, and social well-being. As the foundation of the country's well-being and welfare, all villages need to be developed, well-managed and organized equally through out Indonesia. Unequal village development will result underdeveloped villages that are less modern and developed

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villages that become modern cities. It results in a large gap between cities and villages.

The Indonesian government has attempted to reduce the gap between modern cities with underdeveloped villages through decentralized village government. Government decentralization and regional autonomy is stipulated in Government Law no. 32/2004. Regional autonomy give local government the authority to manage its area, including managing the government, resources, and financing. The goal of regional autonomy is to accelerate public welfare by means of empowering local advantages and competitiveness. Regional autonomy can increase society's participation, involvement, and creativity in regional development, thus increasing fair distribution of economic and social welfare. Productive resources can be allocated fairly because decision making and control have been shifted from central government to regional/local government [1].

Village decentralization also includes independent village fund management by the village government. Village fund management consists of managing village revenues and managing the cost of the village governmental and development activities. Village fund is one of seven sources of village revenue. The amount is an allocation of the State Budget (APBN). Villages also have six other sources of revenue, which are: (1) village fund allocation (ADD) with the amount of 10 percent of the General Allocation Fund (DAU0 and the Revenue Sharing (DBH) of Districts and Municipalities; (2) 10 percent of local tax revenue sharing and the redistribution of Districts and Municipalities (PDRD), (3) fund assistance from the width budget; (4) fund assistance from the Provincial Budget (APBD); (5) unbound grants from third parties; and (6) other legal village revenues. Village fund that came from APBN in 2016 amount to 46.9 trillion rupiahs. Each village receives (on average) 800 million rupiahs. The amount has increased 20.76 trillion rupiah compared to 2015 [2]. The village fund that sourced from APBN comes from the people and must be used to increase the peoples' welfare. Accountability of the village fund is extremely important.

Government Law no. 6/2014 [3] concerning Villages encourage villages to manage its fund and finance independently as well as managing its assets independently. This provides an opportunity for local and village government and its people to be creative, and innovative in managing village resources and wealth, but at the same time, it can also open an opportunity of misuse and even manipulation of the village fund. Suara.com on January 28, 2017 published an article on 87 corruption cases related to

Village Fund that had been legally processed by Corruption Eradication Commission (KPK). In the same year, there were 362 reports of alleged corruption acts related to village fund. This proves that regional financial autonomy can lead to potential manipulation and misuse. The government must find a scheme to effectively implement regional autonomy and reduce misuse of village fund. Governance in the central as well as regional governments is a way to increase accountability of village fund.

Good governance in village governments can lead to the goal of regional autonomy. The United Nations define good governance as the process of decision making and the process by which decisions are implemented (or not implemented). According to this definition, good governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. Furthermore, it seeks to ensure that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive both to the present and future needs of society.

The Sleman District is one of the five districts and city in the Daerah Istimewa Yogyakarta Province. 18 percent of province's area is Sleman, or around 574.8 square kilometres wide. Sleman has 17 sub-districts and 86 villages. Sleman has the highest economic contribution among other districts in the Yogyakarta province. According to bps.go.id, the regional income of Sleman contributed 33.22 percent of the province's income, the highest in the province, followed by Yogyakarta City, Bantul District, Gunungkidul, and Kulon Progo [4]. Sleman District also has the highest economic growth among other districts in 2015 (5.31 percent). Ever since the enactment of Government Law 6/2014, villages in Sleman have the opportunity to independently manage their funds and financing. Village fund allocated to Sleman in 2016 increase 225% from 2015. The allocated village fund in 2015 amount to 28 billion rupiah, and increased to 63 billion rupiah in 2016. On average, each village in Sleman received 700 million rupiah [5]. It is hoped that the large amount of fund allocated in Sleman can support the acceleration of social welfare. In order to achieve this, good governance is required and implemented effectively [6]. Good governance is not a new commodity in the Indonesian government nor government institutions. Thus, the main question is whether villages in the Sleman District have implemented good governance principles in village fund management. This research is aimed to investigate whether villages in the Sleman District applied good governance principles in village fund management [7].

II. RESEARCH QUESTION

1. Have villages in Sleman applied good governance in managing village fund?
2. Is there a relationship between implementation of good governance principles with economic growth of villages in Sleman?

III. RESEARCH OBJECTIVE

The results of this research can provide an illustration of how good governance principles are implemented by villages in Sleman to manage the village fund. Also, the results of this research can be used as a source of knowledge by village government officers in producing policies with regards to village fund management.

IV. THEORETICAL FRAMEWORK

A. Village Fund

Village fund is one of the seven sources of village revenue. Village Law states that Village Fund is the budget for the villages, transferred via the local budget (APBD) to fund the governance, development, community empowerment, and social activities in the village. From the context of policy, village management by the national, provincial, or district government aims to realise the effectiveness of village administration implementation, accelerate the improvement of public service quality, improve the quality of village governance, and improve competitiveness of villages. The main points of the Village Fund Policy include the following elements:

1. Allocate the Village Fund, taking into account equality and equity aspects.
2. Improve the quality of Village Fund management through the improvement of channeling implementation, and provide discretion to villages in deciding on how to use the fund with the priorities of the community development and empowerment, as well as strengthen the monitoring and evaluation of the Village Fund.
3. Enhance the capacity of village officials through village training and facilitation to improve effectiveness of Village Fund utilisation and management.

According to Village Law, the amount of the village fund from the APBN is 10 percent, calculated on the basis of number of villages, population, poverty rate, total area, and geographic constraints of the villages. The respective weight of the formula-based variables is 25 percent based on population, 35 percent for the poverty rate, 10 percent for the area width, and 30 percent for the geographic constraints. Such provision is regulated in Presidential Regulation no. 60/2014 [8] concerning the Village Fund from APBN, as amended by Presidential Regulation no. 22/2015 [9] and confirmed by Presidential Regulation no. 8/2016 [10]. The allocation of the Village Fund is also technically regulated in the Minister of Finance Regulation no. 49/2016 concerning Allocation, Distribution, Utilisation, and Monitoring Mechanism of Village Fund [11].

B. Village Fund Utilisation

Article 74 of the Village Law states that the spending of the village (in which the Village Fund is the main source of revenue of the village) is prioritised to fulfill the needs and development agreed in the deliberations of the village, and should be in line with the priority of the local, provincial, and central governments. The development needs comprise but are not limited to primary needs, basic services, the environment, and also village community empowerment

activities. Article 78 of the Village Law also states that village development aims to improve the welfare of village communities and the quality of human life, and alleviate poverty, through fulfilment of basic needs, rural infrastructure development, local economic potential development, and sustainable use of natural resources and the environment.

Meanwhile, the Minister of Villages Regulation no 21/2015 states that villages should prioritise the implementation of local-scale programs and activities in the field of village development and community empowerment, with emphasis on:

- The construction, development, and maintenance of physical infrastructure and facilities for livelihoods.
- The construction, development, and maintenance of public health infrastructure and facilities, educational, social and cultural facilities.
- Community economic development efforts.
- Construction and development of renewable energy facilities and infrastructure and environmental conservation practices.

C. Village Fund Reporting and Evaluation

The village head must report the utilisation of each phase of the Village Fund to the District Regent or mayor. The report consists of Utilisation of Village Fund Report from the prior budget year, and the Utilisation of Village Fund Report Phase One. The format of the report must follow the requirements governed in Minister of Finance Regulation no. 49/2016. The Utilisation of Village Fund Report from prior year must be submitted by the second week of February, while the Phase One Utilisation of Village Fund report must be submitted by July of the current year.

Not all programs using the Village Fund can be implemented. When a village have funds left unused which is more than 30 percent of the prior years' amount, then the village head will face administrative penalty. The central government will postpone the distribution of phase one of the Village Fund.

Monitoring and evaluation of Village Fund is done by the Minister of Village. The ministry will monitor the allocation, distribution, and utilisation of Village Fund, as well as the unused fund. It will also evaluate the amount of funds allocated to each village, and compare it to the consolidated utilisation of Village Fund.

D. Governance

Governance means the process of decision-making and the process by which decisions are implemented (or not implemented). An analysis of governance focuses on the formal and informal actors involved in decision making and implementing the decisions made, as well as formal and informal structures that have been placed to arrive and implement the decision. Governance can be used in several contexts such as corporate governance, international governance, and local governance [12].

There are three domains in governance: (1) state, (2) private sector, and (3) society. Government is one of the actors in governance. Other actors involved vary depending on the level of government under discussion. In rural areas, for example, other actors may include influential landlords, cooperatives, NGOs, religious leaders, the military, etc.

Governance in the government can be identified as the quality of the relationship between government and officials, with the community it serves and protect.

E. Good Governance

There are many organisations that are concerned and take part in developing good governance and principles of good governance. United Nations Development Program (UNDP) identified nine good governance elements: 1) participation, 2) rule of law, 3) transparency, 4) responsiveness, 5) consensus orientation, 6) equity, 7) effectiveness and efficiency, 8) accountability and 9) strategic vision. The United Nations Economic and Social Commission for Asia and the Pacific identified similar principles as to UNDP. Those principles are: (1) participatory, (2) consensus oriented, (3) accountable, (4) transparent, (5) responsive, (6) effective and efficient, (7) equitable and inclusive, and (8) follows the rule. The Indonesian government has issued State Law no. 28/1999 concerning Clean State Organization and Free From Corruption, Collusion, and Nepotism. Inside the document, the state has identified seven principles of governance. These are: 1) legal certainty, 2) orderly government organizing, 3) public concern, 4) transparent, 5) proportionality, 6) professionalism and 7) accountability. Thus, the basic elements of good governance are that it assures corruption is minimized, the views of the minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society as well as it takes into account legal status of government actions [13].

F. Prior Researches

Researches concerning regional financial management and governance in Indonesia is relatively limited. The results also vary. Sadjiarto [14] mentioned that good governance and government accountability is dependent on how the government manage its funds. Good governance in government is also affected by the accountability and transparency of its fund management [15]. Furqani [2010] as cited by Ismail *et al.* [16] concluded that a positive correlation exists between government's fund management and its effort to implement good governance.

Ismail *et al.* [16] evaluated the problems encountered by villages in managing Village Funds. The research concluded that the main obstacle in managing Village Fund was lack of competence and knowledge of the village officers. These officers have limited understanding on the rules and regulation concerning Village Fund. Several legal cases related to Village Fund was basically due to the low understanding and knowledge of village fund regulation. Other findings in this research were low quality of human resources (not only the village government officials), and lack of assistantship from the government at a higher level to help village officers and community in managing and reporting of the Village Fund. Similar results were also found by Saputra [17]. Saputra [17] found that the main problem to an effective Village Fund management was the lack of understanding towards the Village Fund by the community and village government officers. The officers and community have low understanding on their role as

planner, executor, and evaluator of Village Fund based programs. This lack of understanding leads to low community participation in such programs.

Tampubolon [18] investigates the implementation of good governance principles in the allocation of Village Fund in Teluk Bakau. Governance principles used in this research were transparency, participation, responsiveness, and accountability. The researcher concluded that allocation of Village Fund in that area have not fully implemented good governance principles. It is found that community participation was very low and had to be mobilized by village government officers, accountability was lacking, and reporting of the village funded activities were not done.

The research mentioned above have attempted to examine whether good governance is applied in regional fund management and allocation of the Village Fund. None have attempted to study how good governance is applied in Village Fund management as a complete process, which consists of planning, execution, and reporting and evaluation. Thus, this research can provide an new insight as to how good governance is applied in Village Fund management. Hopefully, the results of this research can be used as an input in regional or state policy regarding Village Funds, and can also become a solution to many Village Fund problems revealed in previous researches.

V. RESEARCH METHOD

The object of this research are villages in the Province of Yogyakarta, namely in Sleman District, that receive allocation of the Village Fund from APBN. The variables used in this research are good governance principles as mentioned by United Nations UNESCAP with modification. These principles are: 1) participation, 2) consensus oriented, 3) equity, 4) transparency, 5) accountability, 6) efficiency and effectivity, 7) rule of law, and 8) competence. Data gathering is done in two steps: 1) distribution of questionnaires, and 2) focus group discussion (FGD). Analysis is done by triangulation of data compiled from questionnaires and FGD results.

Implementation of good governance principles is defined in questions (questionnaires) that is distributed and filled in by village government officers and community members involved in the Village Fund process. The process itself is classified into three activities: planning, executing, and reporting-evaluating. Seven principles included in planning are: participation, consensus oriented, equity, transparency, competence and future orientation. Execution is measured based on the rule of law principle and responsiveness principle. Reporting and evaluation are measured based on transparency, accountability, efficiency and effectivity, and competence principles.

Preliminary illustration of good governance implementation is gathered by means of questionnaires. The questionnaire consists of questions regarding governance principles in the planning, executing, and reporting-evaluating stages. Fig. 1 illustrates the process of questionnaire development.

The Likert scale of 1 to 5 is used to classify answers to each question. Value of 1 means that good governance principles are not implemented, while value of 5 means that

good governance principles are strongly implemented.

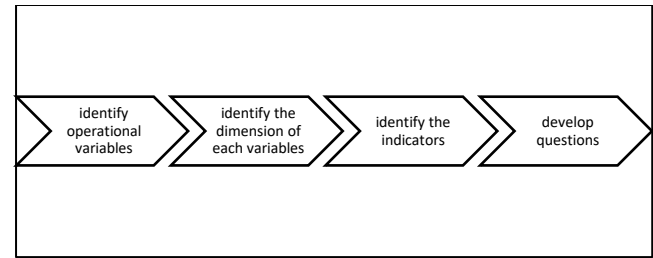


Fig. 1. Questionnaire development process.

The District of Sleman in Yogyakarta Province is a large and vast area. To simplify the research, two sub-districts were selected for this research. These were Godean and Turi. Two villages from Godean were the objects of research, they are Sidoarum and Sidoagung. From Turi, one village used as the object is Donokerto. These three villages represents different village characteristics. Turi is still rural and focus on plantation and farming. While Sidoarum is more urbanized, and the community is very plural. Sidoagung is in between the two villages. The questionnaires were filled by Village officers and community members that were involved in Village Fund management from these three villages. The respondents are the head of the village, village secretary, general administrative affairs, government administrative affairs, sub-village heads, members of the Community Empowerment Board, head of community association, and member of the Village Oversight Board.

After data from questionnaires are gathered and compiled, the next step is focus group discussion to gather further information on good governance implementation of Village Fund as well as to contrast and compare with the answers gathered from questionnaires. The FGD is done separately for each sub-district. The participants of the FGD are those who filled in the questionnaires. Fifteen participants joined the FGD in Godean, and seventeen participants joined the FGD in Turi.

VI. RESEARCH RESULTS

The amount of Village Fund allocated to Sleman has increased from year to year. The Village Fund received by Sleman District in 2015 – 2017 according to official reports is shown on Table I.

Year	Village Fund Allocated to Sleman (Rupiah)	Increase (percentage)
2015	103,214,492,923	--
2016	106,976,712,000	3.52
2017	109,493,642,800	2.30

The village fund received by Sleman District is then distributed to sub-districts. The largest recipient of Village Fund in 2017 in Sleman was the Tempel sub-district which received Rp 7,228,161,000. The smallest recipient of the Village Fund in the same year was Depok sub-district, which only received Rp 3,238,874,000. The allocated amount of the Village fund for each sub-district is different

because of differing characteristics. The amount depends on the area, population, and stage of development of the sub-district. Tempel is the less developed and remotely located compared to other sub-districts in Sleman, while Depok is the most developed sub-district in Sleman. Since the Village Fund is aimed to improve infrastructure, Tempel which is less developed, received a larger amount of Village Fund compared to Depok and other sub-districts in Sleman.

A. Participation Principle in Planning the Village Fund Programs

Research findings show that the village fund allocation is based on the programs that were developed by village officers and community representatives. Planned programs are manifested in the form of budgets. In the Turi sub-district, the budget process of programs funded by Village Fund begins with community dialogue at the sub-village level. In the dialogue, community leaders and the public give input to what is needed in their area. The input from the sub-villages become the inputs of the community dialogue in the village level. This dialogue compiles, verifies, and prioritize programs that were proposed by sub-villages. Programs that is selected must be in-line with the village's middle-term and long-term plans, as well as the Village Leaders's vision and mission. The village's middle and long-term plans are usually based on priorities set in the Village Law and Village Fund Law. Besides Village Head and officers, and community leaders, the village fund budget process is supervised by technical advisors from the district or province and the Village Oversight Board.

Similar budgeting process was also found in the Sidoarum and Sidoagung villages of the Godean Sub-district. The Community Empowerment Board is involved in the budgeting process at the village level in both villages. Program priorities are usually evaluated every three years in Sidoarum to ensure its relevance with the needs of the village.

The planning process which is making the village fund budget, has involved many stakeholders. The village head and officers, community leaders, Village Oversight Boards, sub-villages, Community Empowerment Board, and technical advisors are involved in making the budget, This means that the planning process in both sub-districts has incorporated optimum participation of the community. Thus good governance principle of participation has been implemented in the planning process.

Even though the planning process has implemented participation principles, the FGD revealed that the programs developed still focus on the priorities as regulated by the Village Law [19], [20]. One FGD participant in Godean mentioned that many programs proposed by the community cannot be accommodated as programs in Village Fund because the Village Fund has to prioritize physical infrastructure. Another FGD participant in Turi said that since Turi is ideal physical infrastructure, the fund allocated to Turi is small, eventhough potential development in non infrastructure is desperately needed. The community in Turi needs the Village Fund to create a Village Corporation. Since it is not the priority in the Law, Turi did not receive any additional funding for the program. Thus, in reality,

what the village need is not necessarily in-line with the priorities as regulated by law. Since the priorities have been set by Law, the community dialogue serves merely as a means for negotiating the amount of fund that will be received by the villages and sub-villages, not focusing on priority programs that should be executed in the coming year. The community's creativity and empowerment is limited by the Law.

It can be concluded that pseudoparticipation exists in the planning process of village fund based programs. Limited flexibility set by the Law on the usage of Village Fund creates confusion on how the village fund would be used. As a result, villages create programs that follows the Law but might not be relevant with the needs of the village. The funds will be wasted and unproductive since it does not meet the needs of the community.

B. Consensus Principle in Planning Village Fund Programs

Determining which programs to be executed by villages must result from the consensus of parties involved in budget preparation. The research finds that community members participating in making the budget were hesitant to agree upon the programs on the village fund usage. This finding emerged in FGD conducted in Turi as well as Godean. Participants of the budgeting process were reluctant in developing a consensus on programs since the Law has given strict guidance on what types of programs should be done. Like in the case of the participation principle above, lack of innovation and creativity of programs result of the strict regulation.

C. Equity Principle in Planning the Village Fund Programs

Since the preparation of village fund programs (budgets) begin with community dialogue in both Turi and Godean, it means that sub-village and village communities have equal opportunity to propose programs using the Village Fund. Thus, the equity principle of good governance was applied in Village Fund planning process.

D. Transparency Principle in Planning the Village Fund Programs

Budgets and programs that will be funded by Village Fund is normally posted on billboards outside the Village and Sub-District Offices. Besides using billboards, the information about these plans are distributed to sub-village head, the community association, and to the community members who come to government offices in villages or sub-districts. It can be concluded that village fund planning process has applied the transparency principle.

E. Competence Principle in Planning the Village Fund Programs

Questionnaire answers from respondents in both sub-districts concludes that village officers and participants of the budget preparation have good understanding on how to build the village funded budgets. On the other hand, the FGD in Turi and Godean revealed that the competence in making the budget is due to technical assistance provided by the Province or District of Sleman. The technical

assistant's role in budget preparation was essential and dominant. One FGD participant in Turi mentioned that the Village Fund Management process was accompanied by technical assistants who were very helpful from planning up to reporting the Village Fund programs. Another participant said that the assistant served as a consultant in preparing budgets and reporting the village fund. That is why the village officers at Turi and Godean did not have any difficulty in the phases of the Village Fund. Thus, it can be concluded that the competence of the parties in preparing budgets was supported by competent technical assistants.

F. Future Oriented Principle in Planning the Village Fund Program

Answers in the questionnaires reveal that budget preparation for programs using Village Fund has taken into consideration the villages' long-term and future by having programs that preserve local culture. Several respondents also believe that environmental and sustainability issues have been considered when planning the village funded programs. The remaining respondents still believe that village fund programs are still short-term oriented.

From the FGD it is found that in reality, village fund programs still focus on physical infrastructure. Programs related to the environment, sustainability and such were not proposed. Thus, the future oriented principle was not implemented in the planning of village fund programs.

G. Rule of Law Principle in the Execution of Village Fund Programs

In the implementation of village fund programs, village head and its staff obey to the rules and requirements in the Village Law, such as the prioritized programs that must be implemented. The village officers conform to the rule because they fear that if these priorities are not implemented, it would jeopardize the village development, or result in reduction of funding from the central government. Besides these reasons, village government officers are very obedient to every requirement of village fund implementation because they don't want to be considered corrupting the village fund.

H. Responsiveness Principle in the Execution of Village Fund Programs

Responsiveness by government officers happens when problems in implementation is immediately adhered to and necessary adjustments are made. The research findings show that once programs in the budget have been set and authorized by the central government, those programs cannot be changed, shifted, nor altered. The programs are fixed. Eventhough the village fund is present to accomodate different needs or changes during implementation, the village officers are not able to accomodate those needs because the regulation prohibits them to do so. As one participant of FGD in Godean said that budget shifts are not allowed if it is accross different priorities. Shifts of budgets can only be done in one group of priorities and can only be done once.

The FGD also revealed that programs are implemented very late in the budget year. This is due to the delay of fund disbursement to villages. Usually, the funds are received by

villages in November. While the budget itself has already been authorized in early June. This delay regularly happens. As a result, activities performed in the beginning of the year were the programs of the previous year, using the remaining funds from the previous year. This cycle happens from year to year.

I. Transparency Principle in the Reporting and Evaluation of Village Fund Programs

Reporting and Evaluation of Village Fund represents the last step of Village Fund Management. Good governance principles used for the reporting and evaluation phase are transparency, accountability, effectivity and efficiency, competence, and rule of Law.

The villages in Godean and Turi reports the Village Fund budget and usage through flyers and letters that is distributed to community associations and neighborhood groups. Other than that, the village government posts the Village Fund budgets and usage on billboards outside sub-district offices and village offices. This ease the community to get fair and complete information regarding the allocation usage of the Village Fund. It can be concluded that transparency principle has been implemented in Village Fund management at Godean and Turi.

J. Accountability Principle in the Reporting and Evaluation of Village Fund Programs

Village Law and other government regulations related to Village Fund has set up a framework budgeting as well as reporting Village Funds. The regulation requires that programs using the Village Fund must be reported using this framework. Villages in Turi and Godean have adopted the framework and have reported Village Fund usage on timely basis. During the FGD it is found that there were still funds remaining at the end of the period. These leftover funds were not because the villages' programs were deliberately not executed, but it is because of the delay of the funds. Since the villages received the funds late, they were not able to execute all programs in the current budget year. As explained before, villages usually execute leftover programs from previous year at the beginning of the current year.

K. Effectivity and Efficiency Principles in the Reporting and Evaluation of Village Fund Programs

The respondents' answers of the questionnaires concludes that village fund program have been implemented efficiently, eventhough measures of efficiency have never been done. Villages have never done a budget variance analysis since it is not required by the law. Village fund programs were seen to be effectively implemented because the programs merely follow the priorities required by Law.

L. Competency Principle in the Reporting and Evaluation of Village Fund Programs

Research respondents say that the village fund report is always accepted as clear by the central government. This indicates that the village head and his officers understand and competent enough to make the report. The competence of village government officers is driven through training and workshop held by the District of Sleman or the

Province of Yogyakarta. Besides through training, the villages have technical assistance that helps them in each step of the Village Fund management.

M. Rule of Law Principle in the Reporting and Evaluation of Village Fund Programs

The reporting of Village Fund in Turi and Godean always comprehend with the regulation. The villages always report on time, never late. The village officers realize that if they are late in reporting the village fund usage it can be harmful for the state of funds in the coming budget year. Eventhough the village officers implement the rule of law principle in reporting, it seems that the obedience to regulation is merely because the fear of budget cuts in the coming years.

VII. CONCLUSION

The research observation, FGD, and questionnaires concludes the following results and findings:

1. The village fund management in Godean and Turi sub-district have been implemented according to the applicable rules, which are 1) Law no. 6/2014 concerning Village or Village Law, 2) Government Regulation no 22/2015 (last amended by Government Regulation no. 8/2016) concerning Village Fund Allocation, 3) Law no. 6/2016 concerning Village Fund from the State Budget, 4) Minister of Finance Regulation no. 8/2016 concerning Allocation, Distribution, Utilisation, Monitoring, and Evaluation Mechanisme of Village Fund, and 5) Village Minister Regulation no 21/2015 and no. 8/2016 concerning Priority Programs using Village Fund. From aspect of rule of law, the village fund management have implemented good governance principle.
2. The regulation on Village Fund tends to create uniform programs and activities across villages in Indonesia. Because of the rigid priorities set by the regulation, villages are limited to adjust the programs to the needs of its village. Thus, village fund management in Godean and Turi have not effectively manage the needs of the village. The effectiveness principle of good governance is still lacking in the Village Fund Management in Turi and Godean.
3. Village Fund is normally received very late in the current year. This cause programs to be delayed or detered. It also results in difficulties in reporting the village fund programs.
4. Since technical assistance is present in the planning stage up to the reporting stage, village government officers become dependable on these technical assistants. The competence of village head and village government officers principle of good governance is still questionable.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

AUTHORS CONTRIBUTION

Anastasia contributed in data collection and analysis. Christina contributed in data collection, background and analysis. Pratiwi contributed in data collection and article

preparation.

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