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BENEFITS OF COMMUNITY-DRIVEN DEVELOPMENT PROGRAM TO IMPROVE LIVELIHOOD: CASE STUDY OF DANA DESA (VILLAGE FUNDS) IN INDONESIA

Abstract:

Indonesia has been implementing Dana Desa (Village Funds) program since 2015. It is a form of the community-driven development approaches in rural areas which involves more than 74.000 villages. This research presents a case study from Ponggok village, Jetak Village, and Ngadas Village, which have successfully implemented Dana Desa. The central government appoints them as the national role models on implementing Dana Desa. They show that benefits from CDD (community-driven development) program can fulfil their needs, especially on developing clean water and sanitation access which leads to improving their livelihood. This research uses a qualitative approach using case study methodology. The research uses purposive sampling, by which, collecting data is done by interviewing, documenting, and observing the samples. It discusses several social factors which are claimed to have been contributing to the success of the implementation of Dana Desa programs, such as the role of central and local government, social capital and community participation. It aims to analyse the study case that is expected to be a lesson learned for government, practitioners and other village government, to make sure that Dana Desa is well-implemented in their areas. It is concluded that Dana Desa can be well-implemented if the villages have decent community participation, leadership, and suitable planning.

Keywords:

Community-driven Development, livelihood, community participation, social capital, Village Fund

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JEL Classification: O10, O22, H43

1. Introduction

Community-driven development (CDD) gives control of decisions and resources to community groups (Dongier et al., 2003). It has been popular as a participatory approach to empower people and improve well being. Transferring authority to local government is crucial. In this context, local government means the government at the village level. The mechanism of village funds is by transferring sources and authority from the central government to the village government. The district government (regency/municipal government) supports the central government to distribute the village funds to local government (village level). Dongier (2003), explains that the CDD programme which is operated via local government and approached community-based organisations supports the development process at a community level to handle goods and services. The decentralisation policy gives more chances for local government to involve communities and encourage them to participate in the decision-making process.

Village Funds is a programme sourced from national income (APBN) distributed as direct transfer money to every village in Indonesia to assist in developing the village and empowering society (Hidayah, 2019). It is a form of government commitment to trust and acknowledge the existence of villages. The aim is to improve people's livelihoods by reducing the spread of waterborne diseases, specifically diarrhoea, and improve access to clean water and sanitation. Village funds not only includes the community in designing the programme, but they are also involved in developing the infrastructure.

This study will analyse what could be learned from Village Funds implementation in Ponggok Village, Ngadas Village and Jetak Village. They have become the three most successful villages in implementing village funds in Indonesia. It is expected that the stories from those three villages can be recommendation strategies for other villages in implementing Village Funds.

2. Literature Review

The analysis of this study is based on the theory of change. Weiss (1995); Connel et al (1998) defines a theory of change as a theory of how and why an intervention programme works. Figure 1 explains that there are three main parts in village funds programme based on the theory of change. Those are needs assessment, implementation phase and end. These tools are used to analyse the impact of Dana Desa on improving clean water and sanitation. The needs assessment part explains about Dana Desa's assessment as an intervention which has been implemented since 2014 – the main focuses are related to the needs of clean water and sanitation for people in rural areas (Hidayah, 2019). Next, there is an intervention to handle society's needs for clean water and sanitation by giving money transfer and doing a community-driven development programme.

Moreover, the implementation phase focuses more on the achievement, responsiveness and results. First, the achievement part has concerns on the output

and the outcome of the program, whether or not it is fulfilling the demand of giving universal access to clean water and sanitation in rural areas. The outcomes will have an impact on the access to clean water and sanitation and how it will decrease water-borne disease, i.e: diarrhoea. There are several output indicators for clean water access (source, paid status) and sanitation (distance, closet type, excreta disposal). Second, responsiveness focuses on programme-environment interactions. There are three main points, namely community participation, human resource readiness to dealing with the geographical condition and programme strategy & planning. The last one is about the result part which is used to analyse the achievement and responsiveness of the programme. Moreover, the “end” part cannot be analysed because the programme is still ongoing. Thus, it will be interesting to analyse it for future research.

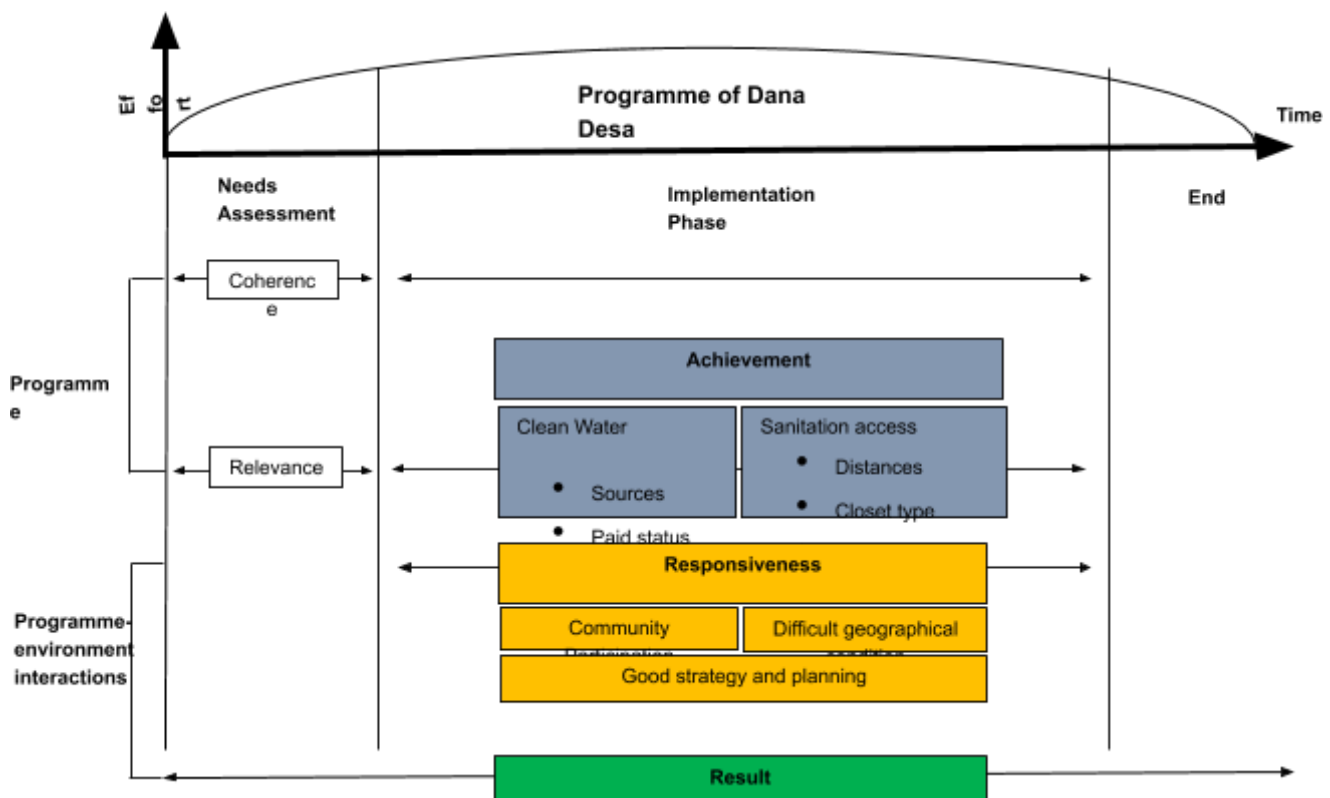


Figure 1. Dana Desa's Theory of Change

Adapted from unpublished course material developed by S. Haddad and L. Albert.

The University of Montreal, (1997) Cited Potvin et al. (2001)

Source: Own Identification (2019)

3. Methodology

The research uses a qualitative methodology. The data collected is primary data, which is obtained by interviewing, observing, and documenting. The people who are interviewed are the chiefs of the villages as well as his staff. It uses purposive sampling from Ponggok Village (the national role model of Dana Desa

implementation in general), Ngadas and Jetak Village as a national role model on implementing Dana Desa to improve clean water and sanitation in Indonesia. Moreover, it is expected that this study can be a lesson learned for other villages in Indonesia to implement the village funds successfully.

4. Result and Discussion

The local goods and services addressed by the village funds program are public goods, open access goods and joint goods. Providing clean water and sanitation has become one of the targets of its programme. It is found that it is hard for people in rural areas to find a clean water source and adequate latrine facilities.

The Role of Central Government And Local Government,

Central Government

Although the need to decrease them is one of the primary incentives for decentralization, central government transfers are still a major element of financing local services and infrastructure (Johnson, 1985; Prakash, 1988) in Rondinelli, 1981. Control over decisions and resources can also allow communities to build social capital (defined as the ability of individuals to secure benefits as a result of membership in social networks) by expanding the depth and range of their networks (Dongier et al., 2003). George, Mair, and Reid (2009) contend that leadership is vital to rural tourism development and for ensuring community involvement in the process. Similarly, Jacobsen (2005 cited Prideaux, 2009, p. 9)) in Haven-Tang, C., & Jones, E. (2012) identifies that 'a sense of leadership that recognises the need to take calculated risks which lead to change' is essential to destination development, as is 'an ability to form effective collaborations and partnerships with other stakeholders in the system'. The ability of governments to implement any of the alternative financial and management arrangements described earlier on the existence of, or the ability to create, appropriate political, administrative, organizational and behavioural conditions (Rondinelli, 1981).

It is a form of government's commitment to trust and acknowledge the existence of villages. Village funds offer villages the opportunity to self-governing communities and local self-government. The Ministry of Villages, Development of Disadvantaged Areas and Transmigration (KEMENDESAs) appointed a special division to manage the village funds programme, namely *Directorate Of The Use of Natural Resources And Technology Appropriate on Facilitating society. This division has several priority programmes and one of them focuses on clean water supply and sanitation for people in rural areas.*

These goals of this programme are supported by the Sustainable Development Goals. It is intended to enhance the condition of people in rural areas relating the access of clean water and sanitation, to move from no access to clean water and sanitation to primary access to it. Moreover, to improve it to being safely managed. These milestones can be seen below:

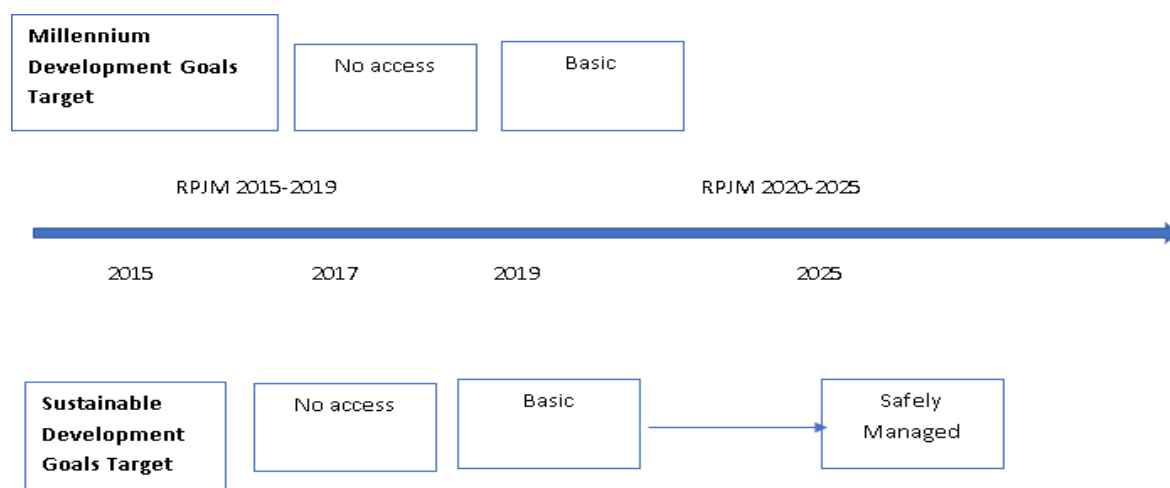


Figure 2. A framework from MDGs to SDGs

Source: Bappenas, 2018

The Sustainable Development Goals mentioned above are relevant to the 6th goal of SDGs (see Figure 2):

“To ensure the supply and management of sustainable clean water also sanitation for all.”

The table above shows that the International Sustainable Development Goals have been adapted to the current situation and needs of Indonesia. Besides supporting the global campaign about improving access to clean water and sanitation, Indonesia also has its programme to deal with the WS&S (Water Supply and Sanitation) issue.

To support the function and the development of villages in Indonesia in all aspects, based on UU No. 6 the Year of 2014 (see Figure 3), the central government is mandated to allocate village funds from the national income (APBN), as one of the main sources of village income. Based on the law, the use of village funds is to develop villages and empower people and communities. Other than that, there are also some additional funds that come from other ministries and institutions, such as:

- a. Locally-generated revenue
- b. PDRD of Regency/city
- c. Financial assistance from the provincial APBD and regency/ city APBD
- d. Grants and donations
- e. Others legitimate income (Ministry of Finance, 2017)

The use of village funds is established in law. One of the specific points is to provide the infrastructure for basic social services. It includes toilets, Posyandu (family

planning & health services), Polindes (village maternity posts), education and cultural events, libraries and other beneficial programmes.

It is considered that the implementation, collaboration and integration with other stakeholders are crucial as villages cannot work singlehandedly, separately as they do not have any possible analyses and identification of the problems that they encounter.

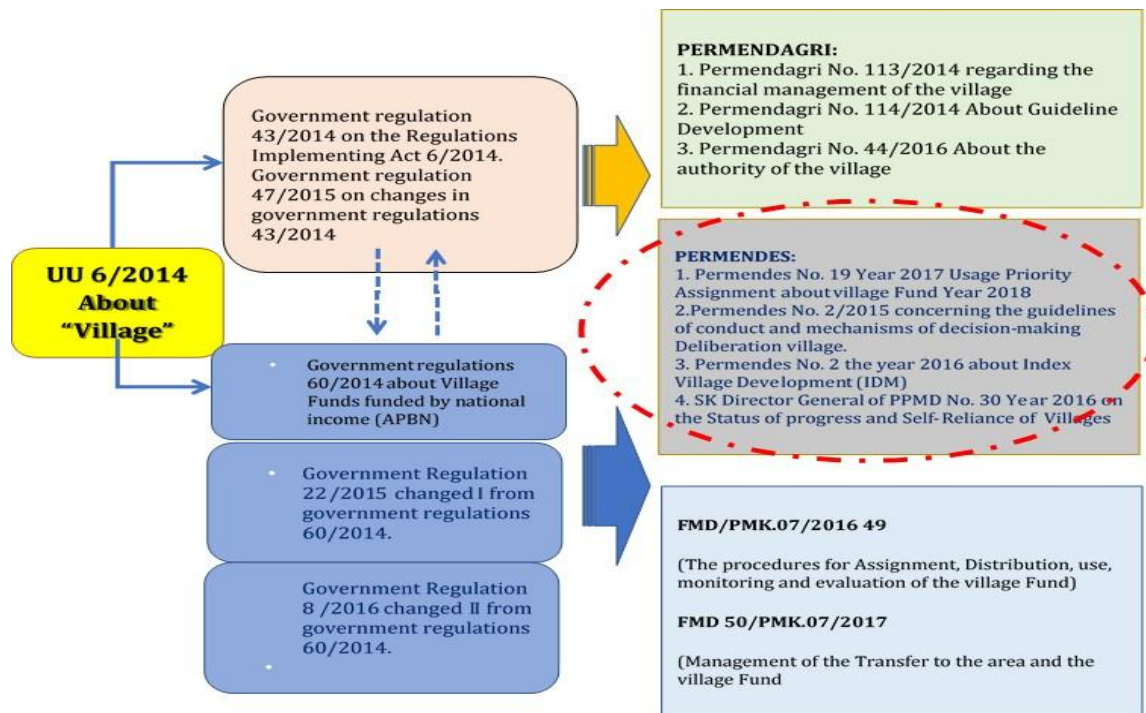


Figure 3. The Law of Dana Desa from 2014 to 2017

Source: Kemendes, 2018

The allocation of the funds varies between villages. 90% of the allocation is the basic amount of money that villages receive. Subsequently, the remaining 10% depends on four factors; specifically, the number of people (25%), Village Poverty Rate (35%), the size of the area (10%) and geographical conditions (30%). This proportion is distributed equally to each village (Hidayah, 2019). Thus, the amount is based on the needs of the villages.

In 2015, the allocation of village funds was IDR 20,766.2 (1x billion). This amount was shared among villages in Indonesia. Moreover, the government increases the amount of national income (APBN) for village funds every year. The distribution comprises a specific mechanism by means of provincial governance and district governance. Based on the figure below, the money will be forwarded by the RKUN to the RKUD (see Figure 4). It means that the APBN from the national level will be distributed at the provincial level, then, distributed to the district level.

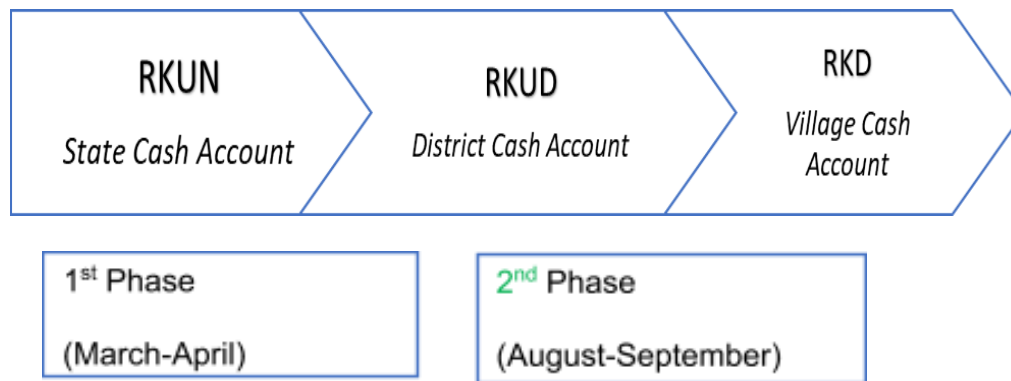


Figure 4. Distribution of Dana Desa (Money)

Source: Bappenas, 2017.

The figure above shows the distribution of the money. Starting from the state cash account (RKUN), it will then be paid into the district cash account (RKUD), finally arriving at the village cash account (RKD) (see Figure 4). The distribution comprises two phases per year. In the first phase, between March and April, the amount distributed is 60% of the total village funds in that year. This is followed by the second phase between August and September. The central government through district government will distribute the funds to the local government (village level). Community and local government are assisted by facilitators employed by Kemendesa (*Ministry of Villages, Development of Disadvantaged Areas and, Transmigration of the Republic of Indonesia*). The local government includes community with regards to designing, implementing and evaluating the programme.

Local government

The local government implement Dana Desa program and its law at the local level, which is in villages. Every village has different problems and solutions to it in terms of economic development and the improvement of people's well-being. It is assumed that the local government will understand their potential and the community's needs. For instance, Jetak and Ngadas village faced clean water scarcity. Other than that, Ponggok Village also has poor infrastructure and well-being. From those examples, it can be seen that every village will analyse their problems and implement different programs and strategies to overcome them.

"The programme focuses on public services, good governance, the development of tourism potential and how to handle the problems. After, The Law of Village was established, UU No. 6 the Year 2015, the establishment of the village Funds programme also followed in the same year. It has been boosting the growth of the village till nowadays."(**Pak Is, Staff of Ponggok Village (2018)**)

Figure 5. Sewer in Ponggok Village

Source: Hidayah (2019)

Local government has responsibilities to allocate the block-grants effectively and efficiently. In dealing with local problems, local government needs to make a list of its priorities. For instance, the local government needs to build a road to support people's mobilities and goods distribution. The decisions are taken based on people's needs at that time. Another example, local government needs to build clean water access installation (see Figure 5) because society can hardly have access to clean water.

"In 2015, after central government gave unrestricted block-grants yearly, the village installed more pumps and had funds for maintenance. The development in Umbul Ponggok is more sustainable now and can provide the benefits expected by the society as the pumps have been installed systematically. And we still have extra money from village funds, it will be used to improve other infrastructures based on the long term and short term plans."(*Junaedhi, Chief of Ponggok Village (2018)*).

The lesson learned from Ponggok Village, Klaten is that Ponggok village has adequate institutional economics, good governance, and all the programs are well planned. Moreover, Ponggok village has skilled human resources which support the program implementation. For instance, the staff in Ponggok village have skills in operating computer, designing and creating websites, can use information and technology to implement all programmes which have been planned by the village government and society.

The result shows that the implementation of the village funds in Ponggok is a success, in line with the planning that we make. We have a good plan, the funds from village funds, and then we create an action. (Pak Is, Staff of Ponggok Village (2018))

Another lesson learned in optimizing the potential of villages is by observing and

understanding what villages have and what we can do to improve it. One of the most effective ways to optimize the potentials is by having cooperation with other stakeholders. For instance, working together with universities and non-government organisations. Because external feedback will give us a fresh look and new point of view in dealing with all the challenges and potential at the village level.

It is simple. For example, we live in a particular village; we can see something incredible from our village. However, as we have been living there since childhood, sometimes it is hard for us to recognize the potential that we have. Thus, we need help from outsiders to analyze our potential. For instance, I went to Kalimantan and Sumatera to help see their villages' potential. On my first day, I was surprised as they have enormous potential and broader area compared to Ponggok, Klaten. It is hard for indigenous people to recognize their potential and values. They need outsiders to trigger their awareness. As an example, Ponggok collaborates with university students to analyze the potential of our village. It is straightforward, depends on how we optimise our village. (Pak Is, Staff of Ponggok Village (2018))

Another experience is from Ngadas and Jetak Village, Probolinggo. They faced clean water scarcity and had a poor infrastructure to access clean water. Moreover, their problems were overcome as they were selected by PAMSIMAS program as a targeted area. Then in 2015, they used unrestricted block-grants from the village funds to build their clean water and sanitation infrastructures.



Figure 6. Children look for clean water

Source: Ngadas Village Documentation (2018) in Hidayah (2019)

Source: Ngadas Village Documentation (2018)

It is in line with the priority programme regarding village funds that is to provide finance to develop clean water supply and sanitation, as it is related to their health, social and economic conditions. When people have proper clean water and sanitation, they can be more efficient in maximising their time to work and improve their health. People in rural areas which do not have basic clean water access will walk miles to water sources to collect water to use to cook, wash, etc.

*“We take the water from the bottom of the cliff by carrying it. The term is **Ngangsu** (in Javanese).” (Kastaman, chief of the village of Ngadas, Tengger, Probolinggo, Indonesia) in Hidayah (2019).*

In rural areas, because of the geographical situation, oftentimes, water is rare and not affordable for all — most rural areas do not have adequate infrastructure and difficult geographical conditions (see Figure 6). For instance, on a mountainside, near a cliff or even in the middle of the jungle. All the obstacles associated with geographical conditions are very likely in Indonesia’s rural areas. This makes it challenging for people to access clean water. Thus, more effort is required to access it.

From Bromo savanna, the entry from Lumajang area, using a small pipe. The problem is to find clean water springs. Here happens to be a source of enlargement and then drill, by making water reservoirs for two hamlets because that is necessary for Jetak area in order to fulfil the need of water. And the village funds were used for the flow of clean water to Jetak village. Because in the village of Jetak, in the dry season, we usually got the water from here and transported it by using a car or a bicycle. The water would be carried in a drum with a capacity 1000 litres. Moreover, for the villa, it was also somewhat difficult for clean water. For the transfer of water, we needed to get the water up from its initial source in distance of almost 250 meters. And it is within three months, I found a source of clean water in the Bromo area. First I did it by myself, and then I invited the community. (Kastaman, chief of the village of Ngadas, Tengger, Probolinggo, Indonesia)

4.1 Social capital and community participation

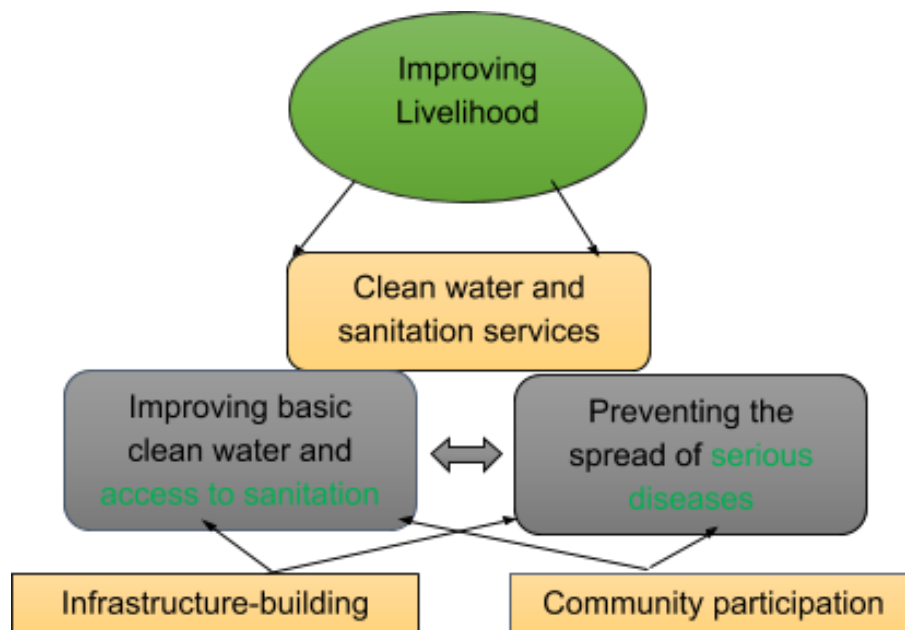


Figure 8. Framework of CDD result

Source: Own identification (2019)



Figure 7. Community Participation on building clean water infrastructure

Source: Ngadas village documentation(2018) in Hidayah (2019)

Figure 8 shows that the main aim of building clean water and sanitation access is to improve the well-being of people in rural areas. Village funds do not only focus on building infrastructures but also doing community participation. The result is a variety of views on how participation is defined, whom it is expected to involve, what it is expected to achieve, and how it is to be brought about (Agarwal 2001). Based on the evidence in Ponggok Village and Ngadas Village, it can be seen that they give much attention to community participation in implementing the village funds programme. People in the village will hand in hand to build sanitation and clean water infrastructure (see Figure 7). This activity is a form of community cooperation and a sense of belonging on the village's development, it is named as Gotong Royong.

The society cooperation which is called as gotong-royong cannot be held in the morning or midday, thus changed into night hours. It becomes time obstacles. It happens because mostly, people work during the day, so we make it in the afternoon tonight. .”((Junaedhi, Chief of Ponggok Village (2018)).

Another form of community participation is PKT program (cash-for-work). It is a program which includes poor people to be the labour in building the infrastructure, then they will get paid by the local government (Hidayah, 2019). The central government requires local government to allocate 30% of village funds on PKT program.

We recruit the low-income family to be a workforce in building the infrastructure through village funds. Yes, that is an obligation based on the rules from the ministry. 30% of PKT must be used to empower people through PKT. We pay the salary to the people who are involved in the PKT program. PKT will give salary to the labour. Because, if it is not paid, I will get sanctions from village fund regulations. .”((Kastaman, Chief of Ngadas Village (2018)).

5. Conclusion

Ponggok Village, Ngadas Village and Jetak Village successfully implement village funds. The role of the central government and local government is important. Both stakeholders need to work hand in hand to achieve their goals. For instance, the central government needs to provide good policy and enforce the law on developing rural areas. Then, the local government needs to have proper management, leadership skills with other stakeholders, and good plans.

Another aspect that matters in Village funds implementation is community participation. Notably, the involvement of local people through joining PKT (cash-for-work) program, joining regular meetings and also supervising village government in implementing the village funds. Involving people in village funds programme can

increase their sense of belonging to infrastructures which have been built. However, many obstacles and challenges need to be tackled. For example, lack of financial support, political interest, and awareness, geographical conditions, etc, and whether they live in rural or urban areas.

6. Acknowledgment

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