

SOCIALIZATION OF THE USE OF VILLAGE FUNDS IN PROVIDING SERVICES FOR VILLAGE COMMUNITY FACILITIES AND INFRASTRUCTURE

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ABSTRACT

The Village Fund policy in Indonesia is a strategic fiscal decentralization instrument designed to strengthen village autonomy, accelerate rural infrastructure development, and improve community welfare. However, effective utilization of Village Funds requires adequate governance capacity, participatory planning, transparency, and accountability at the village level. Desa Klambir V, located in Hampanan Perak District, Deli Serdang Regency, faces several challenges related to limited technical understanding of financial management, suboptimal infrastructure prioritization, insufficient transparency, and the absence of systematic maintenance planning.

This Community Service Program aimed to enhance the knowledge and capacity of village officials and community representatives in managing Village Funds, particularly for the provision of public facilities and infrastructure services. The program was implemented using a participatory approach through structured socialization sessions, interactive discussions, and practical simulations on planning, budgeting, reporting, and accountability mechanisms.

The results indicate an improvement in participants' understanding of regulatory frameworks, financial governance principles, and the importance of aligning infrastructure spending with measurable service outcomes. Participants demonstrated increased awareness of transparency practices, participatory development planning, and sustainable infrastructure management. The discussions also identified the need for continuous mentoring to strengthen technical reporting competencies and long-term governance capacity.

Overall, the program contributed to reinforcing good village governance practices and promoting responsible Village Fund utilization. Strengthened institutional capacity and active community participation are expected to support sustainable rural infrastructure development and improve public service quality in Desa Klambir V.

Keywords: Village Fund, public financial management, participatory governance, infrastructure services, rural development.

INTRODUCTION

Fiscal decentralization has become a central strategy in promoting equitable development and strengthening local governance in developing countries. In Indonesia, decentralization reforms have significantly expanded the authority of local governments, including villages, in managing financial resources and determining development priorities. One of the most transformative policies introduced by the central government is the Village Fund (Dana Desa) program, which allocates fiscal transfers directly to villages to support administration, development, community empowerment, and social services. This policy aims to reduce rural urban disparities, accelerate infrastructure provision, and improve overall community welfare.

The Village Fund policy reflects the principles of public financial management, particularly transparency, accountability, efficiency, and participatory governance. Villages are granted authority to plan, budget, implement, and report development activities based on local needs. Infrastructure development such as village roads, drainage systems, sanitation facilities, irrigation networks, public lighting, and community halls represents one of the primary priorities of Village Fund utilization. Adequate infrastructure is essential to support economic productivity, improve access to public services, enhance environmental health, and strengthen social cohesion. However, despite substantial fiscal allocations, the effectiveness of Village Fund utilization depends largely on governance capacity at the village level. Several studies on fiscal decentralization highlight that increased financial transfers do not automatically guarantee improved service delivery. Institutional capacity, regulatory understanding, financial literacy, and community participation are critical determinants of successful implementation. Without strong governance mechanisms, the risk of inefficient spending, misallocation of resources, and limited service impact remains significant.

Desa Klambir V, located in Hamparan Perak District, Deli Serdang Regency, North Sumatra Province, represents a rural area with considerable development potential. The village has a relatively large population and an economy predominantly based on agriculture and plantations. The availability of Village Funds provides an important opportunity to strengthen infrastructure

services and stimulate local economic growth. However, preliminary observations and discussions with village officials indicate several governance challenges.

First, the technical understanding of Village Fund regulations and financial reporting procedures among village stakeholders remains limited. Although administrative reports are formally prepared, the linkage between budget allocation and measurable service outcomes is not always clearly articulated. Second, participatory planning mechanisms, such as village deliberation forums, have not fully optimized community engagement in determining infrastructure priorities. As a result, development decisions may sometimes be administrative rather than evidence-based. Third, transparency in financial information dissemination requires improvement. Public access to understandable budget summaries and realization reports is still limited, which may reduce community involvement in monitoring development programs. Fourth, maintenance planning for completed infrastructure projects is often less emphasized compared to new construction initiatives. Without systematic maintenance strategies, infrastructure assets risk rapid deterioration, diminishing long-term development benefits.

These conditions indicate a gap between regulatory frameworks and practical implementation at the village level. Strengthening governance capacity, improving financial literacy, and enhancing participatory mechanisms are essential to optimize Village Fund utilization. Community service initiatives conducted by higher education institutions play a strategic role in bridging this gap. Through structured socialization, training, and collaborative engagement, universities can contribute to knowledge transfer, institutional strengthening, and sustainable rural development.

Therefore, this Community Service Program was designed to enhance the understanding and capacity of village officials and community representatives in managing Village Funds for the provision of public facilities and infrastructure services. The program emphasizes governance principles, participatory planning, transparency mechanisms, and accountability practices to support sustainable infrastructure development. By strengthening institutional capacity and community participation, Village Funds are expected to function not merely as fiscal transfers but as strategic instruments for inclusive and accountable rural transformation.

METHODS

Approach and Design

This Community Service Program employed a participatory and capacity-building approach aimed at strengthening governance practices in Village Fund management. The program was designed as an educational and empowerment-based intervention, focusing on improving knowledge, awareness, and technical understanding among village officials and community representatives. The approach emphasized collaborative engagement between the academic team and village stakeholders to ensure contextual relevance and practical applicability.

The activity was implemented in Desa Klambir V, Hamparan Perak District, Deli Serdang Regency, North Sumatra, in September 2023. Participants consisted of village officials, hamlet heads, community leaders, and representatives of local residents involved in development planning and Village Fund management.

Stages of Implementation

The implementation of the program was carried out through three main stages: preparation, implementation, and evaluation.

1. Preparation Stage

The preparation phase involved coordination with village authorities to identify key issues related to Village Fund utilization. Preliminary discussions were conducted to assess governance challenges, infrastructure priorities, and community participation levels. Based on this needs assessment, socialization materials and training modules were developed, focusing on regulatory frameworks, participatory planning, budgeting procedures, reporting mechanisms, and infrastructure maintenance strategies.

2. Implementation Stage

1. The implementation stage consisted of structured socialization sessions delivered through:
2. Lectures and Presentations: Explanation of Village Fund policies, governance principles (transparency, accountability, efficiency, and effectiveness), and infrastructure service management.
3. Interactive Discussions: Participants shared practical challenges in planning, budgeting, and reporting processes.

4. Simulation Exercises: Practical guidance on participatory planning, prioritization of infrastructure projects, and simplified financial reporting mechanisms.

This interactive format ensured that participants not only received theoretical explanations but also gained practical insights applicable to their village context.

3. Evaluation Stage

Evaluation was conducted qualitatively through participant observation, feedback collection, and assessment of engagement during discussions and simulations. Indicators of success included participant attendance, level of interaction, demonstrated understanding of governance principles, and the ability to explain Village Fund management procedures.

Sustainability Strategy

To ensure sustainability, the program encouraged the village government to utilize the provided materials as internal reference tools for future planning forums. Continued collaboration between the university and village stakeholders was recommended to provide follow-up mentoring and advanced governance training.

Through this structured methodology, the program aimed to strengthen institutional capacity and promote transparent, accountable, and participatory Village Fund management for sustainable infrastructure development.

RESULTS AND DISCUSSION

Results

The implementation of the Community Service Program in Desa Klambir V generated multidimensional outcomes related to governance capacity, financial management, institutional strengthening, and rural economic empowerment.

First, there was a substantial increase in participants' comprehension of Village Fund allocation mechanisms and their strategic role in rural development. Prior to the program, participants tended to perceive Village Funds primarily as routine budgetary support. After the socialization sessions, participants demonstrated a clearer understanding that Village Funds function as a development instrument capable of stimulating employment, improving infrastructure quality, and strengthening local economic productivity. This finding aligns with empirical evidence that

Village Funds significantly contribute to employment generation and rural economic growth in Indonesia (Arifin et al., 2020). The ability to connect infrastructure spending with economic outcomes represents an important shift toward results-oriented budgeting at the village level.

Second, improvements were observed in participants' understanding of spending efficiency and output-based planning. Through case discussions and simulations, village officials were able to identify inefficiencies in previous budget allocations, particularly in infrastructure projects that lacked measurable service indicators. This finding is consistent with research emphasizing the importance of efficiency in village government expenditure to maximize development impact (Chalil, 2020). Participants began to recognize the need to define clear performance indicators, cost standards, and monitoring mechanisms for each funded activity.

Third, the program strengthened awareness regarding the integration of infrastructure development with BUMDes (Village-Owned Enterprises) management. Participants acknowledged that infrastructure investment should not stand alone but must support productive village enterprises to ensure sustainability. Empirical studies confirm that BUMDes empowerment enhances rural economic resilience and community welfare (Badaruddin, 2020; Srirejeki, 2018). Moreover, stakeholder collaboration in BUMDes governance improves institutional effectiveness and long-term sustainability (Wahid et al., 2020). This awareness indicates a transition from consumption-oriented spending toward productive economic investment.

Fourth, participants demonstrated improved understanding of participatory development planning. Discussions revealed that prior development decisions were often elite-driven, with limited community engagement. After the program, village representatives recognized the importance of inclusive deliberation to identify priority infrastructure needs based on actual socioeconomic conditions. Research shows that rural development planning must be aligned with local potential and demographic realities to avoid inefficient village proliferation and fragmented development (Faoziyah & Salim, 2020). In addition, social capital plays a crucial role in strengthening collective action and rural enterprise performance (Aritenang, 2021). The increased awareness of participatory governance suggests improved prospects for accountable and inclusive decision-making.

Fifth, the activity highlighted institutional capacity gaps, particularly in documentation, financial reporting, and monitoring systems. Although understanding improved, participants

identified the need for continued mentoring to ensure consistent application of governance principles. This finding reinforces the notion that fiscal transfers alone are insufficient without adequate institutional capacity and technical competence (Arifin et al., 2020).

Finally, the program fostered a more strategic perspective on Village Fund utilization, shifting from short-term infrastructure orientation toward sustainable rural development outcomes. Participants began to understand that infrastructure quality, economic empowerment, and governance accountability must operate in an integrated framework to achieve measurable improvements in community welfare.

Overall, the results demonstrate that the socialization and capacity-building intervention effectively enhanced governance awareness, spending efficiency, participatory planning, and economic integration strategies in Desa Klambir V.

Discussion

The findings of this community service activity highlight the critical relationship between fiscal decentralization and governance capacity at the village level. While Village Funds provide substantial fiscal resources, effective service delivery depends on institutional competence, participatory mechanisms, and transparent financial management practices.

From a public financial management perspective, the program reinforces the principle that financial transfers alone are insufficient to guarantee development effectiveness. Governance quality particularly in planning, prioritization, reporting, and monitoring plays a decisive role in determining whether infrastructure investments translate into improved public services.

The improvement in participants' understanding suggests that knowledge gaps were among the key constraints affecting Village Fund utilization. Capacity building interventions such as socialization and technical guidance can therefore serve as practical tools to bridge the gap between regulatory frameworks and field implementation.

Furthermore, the emphasis on participatory governance aligns with decentralization theory, which argues that local development becomes more effective when decision-making authority is accompanied by active community involvement. The discussions during the activity revealed that when communities understand budget allocations and development priorities, they are more likely to engage in monitoring and maintaining public infrastructure. This participatory

monitoring mechanism contributes to accountability and reduces the risk of inefficient resource allocation.

The recognition of infrastructure maintenance planning is also significant. Rural infrastructure sustainability requires life-cycle budgeting rather than focusing solely on new construction projects. By encouraging maintenance allocation within Village Fund planning, the program supports long-term service quality and cost efficiency.

However, the discussion also identified the need for continuous mentoring and technical assistance, particularly in financial reporting documentation and digital transparency mechanisms. A single socialization activity, although impactful, may not be sufficient to fully transform governance practices. Sustainable institutional strengthening requires followup programs and long-term collaboration between academic institutions and village governments.

In summary, the results and discussion demonstrate that Desa Klambir V possesses strong potential to optimize Village Fund utilization for infrastructure services. With improved governance capacity, enhanced transparency, strengthened participatory planning, and systematic maintenance strategies, Village Funds can function as effective instruments for sustainable rural development and improved community welfare.

CONCLUSION

1. The Community Service Program on the socialization of Village Fund utilization was successfully implemented in Desa Klambir V with active participation from village officials and community representatives.
2. The program effectively enhanced participants' understanding of Village Fund governance, particularly regarding planning, budgeting, implementation, reporting, and accountability mechanisms.
3. Participants demonstrated improved awareness of the principles of transparency, accountability, efficiency, and participatory governance in managing public finances at the village level.
4. The activity strengthened the understanding that infrastructure development funded by Village Funds must be aligned with measurable public service outcomes and community needs.

5. Increased awareness emerged regarding the importance of participatory planning through village deliberation forums to ensure that development priorities reflect actual village conditions.
6. The program highlighted the necessity of systematic infrastructure maintenance planning to ensure sustainability and long-term benefits of public investment.
7. The collaboration between the university and village government contributed positively to institutional capacity building and reinforced the role of higher education in supporting rural governance improvement.
8. Overall, strengthening governance capacity and community participation is essential to optimize Village Fund utilization for sustainable infrastructure services and improved community welfare.

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