

**SOCIAL DEVELOPMENT UNIT – WORLD BANK
MEDIA MONITORING REPORT VILLAGE LAW**

Period: January 19-25, 2017

HEADLINES

- The Minister of Villages stated that village **transfers have contributed to rural economic growth**. In 2016 the rural areas grew by 12%, higher than 5% national growth. Moreover, **village funds have improved the economic status of the village**. The number of ‘least developed villages’ (*desa tertinggal*) has significantly decreased from 45% to 32% of the total villages, while ‘developing villages’ (*desa berkembang*) increased from 30% to 45%.
- By December 2016 **the Ministry of Home Affairs has conducted trainings on village administration and information technology to over 152,316 village officials**. The Ministry has also conducted trainings for two representatives from all sub-district governments across the country.
- **The Ministry of Education allocated IDR 3.5 trillion in special allocation funds (DAK) for early childhood learning centers (PAUD)**, which would be used to cover the needs of approximately 5.5 million children. In 2017, attention would be given to PAUD development in the Indonesian border districts such as Kupang, Karimun, Natuna, Bintan, and Batam.
- The Minister of Villages signed a Memorandum of Understanding (MoU) with BPJS *Ketenagakerjaan* (National Social Security Program) to provide **protection for 30,000 village facilitators and 170,000 village officials across the country**. Facilitators and village officials would be entitled to a full social security benefits, which include accident insurance, old age saving, death insurance, and pension.
- The Minister of Villages stated that over 22,000 village-owned enterprises (BUMDes) have been established, including around 8,000 BUMDes that have been formed in the last quarter of 2016. Of these, however, **only approximately 4,000 BUMDes have generated profit**.

1. VILLAGE DEVELOPMENT

The Minister of Villages stated that fund transfers to the village have contributed to rural economic growth. Last year, the rural areas grew by 12%, or higher than 5% growth at the national level. Moreover, village funds have improved the economic status of the village. According to the national categorization of villages, the number of 'least developed villages' (*desa tertinggal*) has significantly decreased from 45.4% to 32% of the total villages. Meanwhile, the number of 'developing villages' (*desa berkembang*) increased from 30.1% to 45%. Progress was also reported in the two other categories. The number of 'developed villages' (*desa maju*) increased from 4.3% to 12%, while self-sufficient villages slightly increased from 0.3% to 2%.

With regard to capacity building for the villages, by December 2016 the Ministry of Home Affairs has conducted trainings on village administration and information technology to over 152,316 village officials, comprising of village heads, secretaries, and treasurers. The Ministry has also conducted trainings for two representatives from sub-district governments across the country.

Separately in Central Java, the media reported two initiatives to improve the management of village funds. The Provincial Legislative Council (DPRD) is drafting a bylaw (*peraturan daerah* or *perda*) on village community empowerment, to improve coordination among government agencies in village fund disbursement. Meanwhile the Kebumen district government signed a Memorandum of Understanding with the State Administration Institute (LAN). The Institute would provide assistance to the villages in ensuring regulatory compliance of village development programs.

In West Java, the provincial government launched the *Desa EMAS* program (literally means golden village, an abbreviation for Entrepreneurships, Self-Sufficient, Just and Prosperous) in 20 pilot villages, through which a various poverty eradication programs would be implemented. The poverty rate in the province stood at 7.8% (2016).

Sources:

- [Perekonomian di Desa Tumbuh](#) – Pikiran Rakyat, January 19, 2017
- [Dana Desa Turunkan Jumlah Desa Tertinggal](#) – Kompas, January 19, 2017
- [Inovasi Desa Dikawal Lembaga Administrasi Negara](#) – Suaramerdeka.com, January 20, 2017
- [Raperda Pemberdayaan Desa Disusun](#) – Suara Merdeka, January 23, 2017
- [Tomy Satria Minta Kades Tekan Angka Kemiskinan](#) – Fajar.co.id, January 20, 2017
- [Desa EMAS](#) – Pikiran Rakyat, January 23, 2017
- [Duit Ada, Garap Manusiaanya](#) – Jawa Pos, January 21, 2017

2. THE DISBURSEMENT AND REPORTING OF DD

The Minister of Villages emphasized the importance of upholding transparency in the utilization of village funds. The Minister urged the villages to set up an information tool, such as banner or bulletin board, which contains information on DD-funded planned activities and their realization. As the amount of DD increases, community oversight becomes important. The Minister requested district and sub-district governments to ensure that information tools are in place in the villages.

The media reported that villages in Central Java and South Kalimantan receive a significant increase in the DD and ADD payment in 2017. Financial reporting, however, remained a crucial issue. The Lebak District inspectorate office stated that in 2016 only 60 villages of the total 112 villages submitted good quality reports, while reports from the remaining villages were poor.

Sources:

- [*Pengelolaan Keuangan Desa Diklaim Membaik*](#) – Radar Banten, January 20, 2017
- [*Dana Desa Kabupaten Kudus Rp 219,89 M, 90 Persen Dibagi Rata*](#) – Tempo.co, January 19, 2017
- [*Desa Diberi Dana Rp 158,7 Miliar*](#) – Suaramerdeka.com, January 19, 2017
- [*Dana Desa RP 1,1 Triliun Terserap 98%*](#) - Media Indonesia, January 20, 2017
- [*ADD Seluruh Desa di Pali Cair*](#) – Sumeks.co.id, January 24, 2017
- [*Pencairan Dana Desa Molor*](#) – Media Indonesia, January 19, 2017
- [*Dana Desa untuk Bangun Embung*](#) – Suara Merdeka, January 21, 2017
- [*Sejak Digulirkan, Dana Desa Terus Meningkat*](#) – Suaramerdeka.com, January 20, 2017

3. MISUSE AND CORRUPTION OF THE VILLAGE FUND

In the Sragen district (Central Java), an anti-corruption NGO stated that misuse of village funds allegedly occurred in 18 villages, especially in the implementation of local infrastructure projects. The corrupt practices included marks-up, fictive procurement of goods, and illegal levies to villagers. For example, instead of hiring paid labor, the village government invited the villagers to work voluntarily for a project. There was also a case in the Sumberlawang sub-district where villagers were requested to pay a contribution of IDR 150,000 for a road improvement project.

The media also reported two cases from East Nusa Tenggara. In the Manggarai District, villagers of the Wudi Village reported the acting village head for his alleged involvement in misusing the 2015 and 2016 village funds. Meanwhile in the Ende district, the attorney office is investigating an ADD corruption case in the Rangkalaka village.

Sources:

- [*18 Desa Terindikasi Korupsi Dana Desa*](#) – Krijogya.com, January 19, 2017
- [*Flash News*](#) – Kupang Pos, January 23, 2017

- [Warga Desa Wudi Datangi Kantor BPMD Manggarai](#) – Kupang.tribunnews.com, January 23, 2017

4. MANAGEMENT OF EX-PNPM ASSETS

A trial on ex-PNPM funds corruption case in the Tegal district (Central Java) continued. Two witnesses, auditors from the district inspectorate office, confirmed that the defendant has embezzled IDR 529 million funds for her personal benefits. The defendant served as chair of the Activity Implementation Unit (UPK) of the Jatinegara sub-district, when the case occurred. The Unit coordinated 30 groups of recipients and managed in total IDR 1.6 billion of PNPM funds.

Source:

- [Inspektorat Catat Kerugian Negara Senilai Rp 500 Juta](#) – Suara Merdeka, January 24, 2017

5. PUBLIC SERVICE DELIVERY: EDUCATION

The Ministry of Education allocated IDR 3.5 trillion special allocation funds (DAK) for early childhood learning centers (PAUD), which would be used to cover the needs of approximately 5.5 million children. Moreover, the Ministry allocated funds for PAUD for children with special needs (PAUD *Layanan Khusus* or LK), in which one PAUD LK is entitled to receive IDR 25 million of financial assistance. Special attention would be given to PAUD in the Indonesian border districts such as Kupang, Karimun, Natuna, Bintan, and Batam.

Sources:

- [Setiap Anak PAUD Mendapat Rp 600,000 per Tahun](#) – Jawapos.com, January 23, 2017
- [PAUD di Daerah Perbatasan Ditingkatkan](#) – Suara Merdeka, January 21, 2017

6. VILLAGE FACILITATORS

The Minister of Villages signed a Memorandum of Understanding (MoU) with BPJS *Ketenagakerjaan* (National Social Security Program) to provide coverage for 30,000 village facilitators and 170,000 village officials across the country. Facilitators and village officials would be entitled to a full social security benefits, which include accident insurance, old age saving, death insurance, and pension.

Separately, the media reported that the East Kalimantan Province has not commenced a recruitment process for 432 village facilitators to work in 823 villages. The provincial government was still waiting for a technical guidance from the Ministry of Villages.

Sources:

- [Rp 685 Triliun APBN Mengalir ke Desa](#) – Waspada, January 24, 2017
- [200 Ribu Aparat Desa Gabung BPJS Ketenagakerjaan](#) – Jawa Pos, January 24, 2017
- [Kemdes Upayakan Jaminan Sosial Bagi 30.000 Pendamping Desa](#) – Suara Pembaruan, January 24, 2017

7. VILLAGE OWNED ENTERPRISE (BUMDes)

The Minister of Villages stated that over 22,000 village-owned enterprises (BUMDes) have been established, including around 8,000 BUMDes that have been formed in the last quarter of 2016. Of these, however, only approximately 4,000 BUMDes have generated profit. The Ministry, in partnerships with two national banks, would continue a capacity building program targeting 1,500 BUMDes per year. The Minister expected that BUMDes could be formed in all 74,910 villages due to its economic potential.

Separately the media reported that only 660 BUMDes have been formed in the South Sulawesi Province, with a total turnover of IDR 13,3 trillion. In 2017, the province would prioritize the establishment of BUMDes in the remaining 1,900 villages.

Sources:

- [Pemerintah Pusat Bentuk BUMN Sebagai Holding BUMDes](#) – Kompas.com, January 20, 2017
- [Sekitar 14.000 BUMDes Tidak Berjalan](#) – Kompas, January 20, 2017
- [Dorong Bentuk Holding BUMDes](#) – Jawa Pos, January 21, 2017
- [Jumlah Dana Desa Mengalami Lonjakan](#) – Media Indonesia, January 25, 2017

8. VILLAGE GOVERNANCE

In Central Java, village heads in the Demak district raised objections to the payment method of their allowance. The allowance, known as ‘fixed income’ (*penghasilan tetap* or *siltap*) is currently paid on a bi-annual basis. Arguing that bi-annual payment contradicts the 2014 Village Law, they demanded a monthly payment of the *siltap*. In the district, the amount of *siltap* for village officials varies: the village head receives IDR 2.5 million, the village secretary IDR 1.75 million, and other officials IDR 1.25 million per month, which is paid every six months. Village officials who hold a state civil servant (PNS) status are not entitled to *siltap*, but received a regular monthly salary.

Separately, the media reported that the districts of Pemalang and Demak in the Central Java province have recruited hundreds of village officials to fill in positions of village secretary, hamlet (*dusun*) head, and modin (*officials in charge of religious affairs*). The village governments conducted the selection process, with assistance from a local university.

Sources:

- [Kades Keberatan Penghasilan Dirapel](#) – Suaramerdeka.com, January 19, 2017
- [Perangkat Desa Hasil Seleksi Internal Dilantik](#) – Suaramerdeka.com, January 24, 2017
- [Sebanyak 475 Jabatan Perangkat Desa Kosong](#) – Suara Merdeka, January 20, 2017

9. SOCIAL FORESTRY

The National Peatland Restoration Agency (BRG) estimated that approximately one million hectares of peatland could be potentially used for a social forestry and land reform program. These include 500,000 hectares of utilization areas that have been mapped by the BRG, and 400,000 hectares unmapped areas, as well as 100,000 hectares ‘partnership areas’ (*lahan kemitraan*) deriving from the obligation of private firms that hold concession rights. The Ministry of Villages recorded that 2,945 villages are located in the peatland area.

Source:

- [Satu Juta Ha Gambut Bisa Untuk Perbutanan Sosial](#) – Media Indonesia, January 19, 2017

10. ADDITIONAL NEWS

- EAST NUSA TENGGARA: A water and sanitation program is implemented in 15 villages in the Ngada district) jointly funded by DD and the district budget. The district government allocated IDR 320 million for this program (source: [Lima Desa di Golsel Dapat Program Pansimas](#) – Kupang.tribunnews.com, January 23, 2017)
- CENTRAL JAVA: the Banyumas district increased the amount of special grant for the village (BKKDes) by 15% this year, totaling IDR 120 billion (source: [Jumlah Dana Desa Mengalami Lonjakan](#) – Media Indonesia, January 25, 2017).
- WEST JAVA: the Majalengka district head is preparing a decree stipulating an obligation for the villages to allocate a budget for construction or improvement of over 300 kilometers of roads categorized as ‘village road’. Due to the district budget cut, the allocation for road improvement projects has declined from IDR 200 billion to only IDR 60 billion (source: [Anggaran Turun, Perbaikan Jalan Kena Imbas](#) – Pikiran Rakyat, January 21, 2017).