

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

Period: Mar 23-29, 2017

HEADLINES

- **President Joko Widodo stated that the government would prioritize efforts to address regional inequality and urban-rural inequality.** The government admitted that the impact of village funds (*Dana Desa* – DD) on poverty reduction has been modest. The rural poverty rate stood at 13.9%, almost doubled than the urban poverty (7.7%). The urbanization rate also continued to increase. The presidents stressed the importance of effectively using the DD to address these issues.
- **The Ministry of Villages stated that four districts or municipalities and 241 villages had not received the 2016 DD for various reasons** because the district governments failed to satisfy legal requirements to claim the DD payment. As for the villages, some of them have changed status into *kelurahan* (an urban village that is not eligible to receive the DD). Also, DD could not be disbursed to villages whose heads were implicated in legal cases.
- The Director General for Fiscal Balance at the Ministry of Finance Boediarso Teguh Widodo stated that **the government would implement a new mechanism of DD transfer.** Previously, the transfer of DD was the responsibility of the Directorate General of Fiscal Balance. Starting from this year, the authority would be shifted to the Directorate General of Treasury.
- **The number of BUMDes in the Aceh were 6,728 units or 36.4% out of the total 18,466 BUMDes in the country.** West Java and East Java followed in the second and third place, respectively with 2,964 units and 1,424 units.
- **The Agrarian Reform Consortium (KPA) data showed that in 2016 there were 450 land disputes,** with the total disputed land of 1.2 million hectares, – including plantation and forest area. Also, 97% of forest area belonged to private corporations and the remaining belonged to community. The effective implementation of social forestry program could address the issue of inequality of access to land and forestry and would help reduce the agrarian conflict.

1. VILLAGE DEVELOPMENT

President Joko Widodo stated that the government would prioritize efforts to address regional inequality and urban-rural inequality. Despite increased DD allocation in the last years, the government admitted that the impact on poverty reduction had been modest. The rural poverty rate stood at 13.9%, almost doubled than the urban poverty (7.7%). The urbanization rate also continued to increase. It was estimated that by 2025 around 60% of the population would live in urban areas. The President stressed the importance of effectively using the DD to address these issues.

Separately, General Secretary of the Ministry of Villages Anwar Sanusi stated that in 2018 the amount of DD would reach IDR 120 trillion and would be distributed in 74,910 villages. Each village would receive an average of IDR 1.4 billion. The central government would encourage the villages to use the fund to address improve welfare, absorb labor, and reduce poverty.

Sources:

- [*2018, Tiap Desa Terima Dana Rp 1,6 M*](#) – Suara Pembaruan, March 25, 2017
- [*Jokowi: Ketimpangan Desa dan Kota Penting Segera Diatasi*](#) – Kompas.com, March 29, 2017
- [*Jokowi: Orang Miskin di Desa Hampir 2 Kali Lipat Perkotaan*](#) – Detik.com, March 29, 2017
- [*Jokowi Sebut Dana Desa Rp 127 Triliun Belum Bisa Atasi Kemiskinan*](#) – Detik.com, March 29, 2017
- [*Jokowi Akui Kemiskinan di Pedesaan Naik*](#) – Vivanews.com, March 29, 2017
- [*Pembangunan Desa Tekan Arus Urbanisasi*](#) – Sumeks.co.id, March 29, 2017

2. THE DISBURSEMENT AND REPORTING OF DD

The Ministry of Villages stated four districts or municipalities and 241 villages have not received the 2016 DD for various reasons. These district or municipal governments failed to satisfy legal requirements to claim DD payment, such as the issuance of bylaw on DD. As for the villages, some of them have changed status into *kelurahan* (an urban village that is not eligible to receive DD). Also, DD could not be disbursed to villages, whose heads were implicated in legal cases.

The Director General for Fiscal Balance at the Ministry of Finance Boediarso Teguh Widodo stated that the government would implement a new mechanism of DD transfer.

Previously, the transfer of DD was the responsibility of the Directorate General of Fiscal Balance. Starting from this year, the authority would be shifted to the Directorate General of Treasury. Widodo added that the transfer process would be more efficient because the Directorate General of Treasury has 171 sub-national treasury offices (KPPN) across the country.

The media reported delays in the submission of the 2016 budget realization reports and issuance of the 2017 Village Budget (APBDes) in the West Aceh District (Aceh) and Malaka District (East Nusa Tenggara, NTT). In the former, 322 villages had not issued the 2017 ABPDes, meanwhile in the latter, only 21 of 127 villages had submitted the 2016 budget realization reports.

There were also reports that some districts were ready to receive DD Phase 1. The Sidoarjo District (East Java) have submitted the 2016 reports from all villages. In Central Java, the Batang District Government had completed all requirements for DD disbursement, including issuance of district head decree on the disbursement and use of DD.

Sources:

- [*241 Desa Belum Terima DD, Jokowi Ingin Tabun Ini Merata*](#) – Liputan6.com, March 29, 2017
- [*Ini Alasan 241 Desa yang Tak Bisa Dapat Dana*](#) – Detik.com, March 29, 2017
- [*Mendes Akui Ratusan Desa Belum Terima Dana Desa*](#) – Metrotvnews.com, March 29, 2017
- [*Ini Alasan 245 Desa Belum Terima Dana Desa*](#) – Kompas.com, March 29, 2017
- [*Penyaluran Dana Desa Tertunda*](#) – Koran Tempo, March 24, 2017
- [*Penyaluran Dana Desa Tabung I Ditunda*](#) – Viva.co.id, March 23, 2017
- [*Anggaran Pusat Dana Desa Belum Bisa Ditransfer ke Kas Daerah Lantaran Ulah Kepala Desa*](#) – Tribunnews.com, March 24, 2017
- [*322 Desa Belum Rampungkan APBGA*](#) – Serambi Indonesia, March 23, 2017
- [*Dana Desa di Kab Batang Capai Rp 190,96 Miliar*](#) – Suaramerdeka.com, March 24, 2017
- [*Kucuran Dana Desa Tabun Ini Dipastikan Tersendat*](#) – Jawa Pos, March 29, 2017

3. CORRUPTION AND MISUSE

The General Secretary of the Ministry of Villages Mukhlis stated that the ministry was discussing the possibility of granting administrative sanctions to villages that mismanaged the DD fund. Types of sanctions were being discussed with the Ministry of Home Affairs.

In East Java, the police began investigating an alleged DD corruption of the 2015 and 2016 village budgets in the Mojowarno Village in Jombang District. The investigation was a follow up of a report filed by the residents who accused the village head of misusing IDR 200 million of the budget allocated for the development of a maternal health center. Separately in West Kalimantan, the Sintang District Inspectorate Office found the allegation of DD misuse in 15 villages. The inspectorate would collect more information before determining potential legal charges.

The media reported a number complaints about the lack of budget transparency in villages in North Sumatera and Aceh. In North Sumatera, the Langkat District Inspectorate Office began investigating a complaint filed by the Tapak Kuda residents on the allegation of village budget misappropriation. The residents reported mark-ups of the DD-funded projects last year, with the total value of IDR 157 million. In the Aceh Tamiang District (Aceh), villagers of the Rantau Bintang Village accused that some DD-funded project in 2016 were fictive and the budget planning was not properly consulted to the community.

Sources:

- [*Kementerian Temukan Banyak Penyelewengan Dana Desa*](#) – Koran Tempo, March 25, 2017
- [*Dana Desa Naik Jadi Rp 120 Triliun*](#) – Suaramerdeka.com, March 25, 2017
- [*Penyelewengan Dana Desa Marak, Pemerintah Bakal Terapkan Sanksi*](#) – Tempo.co, March 24, 2017
- [*Polisi Lakukan Pulbaket*](#) – Jawa Pos, March 24, 2017
- [*Kisruh Dana Desa*](#) – Waspada, March 24, 2017
- [*Warga Minta Pelaksanaan ADD Transparan*](#) – Waspada, March 24, 2017
- [*Dinas PMPDES Sintang Harap Dana Desa Dikelola Sesuai Pedoman*](#) – Pontianak.tribunews.com, March 24, 2017

4. VILLAGE-OWNED ENTERPRISES (BUMDes)

The number of BUMDes in Aceh reached 6,728 units or 36.4% out of the total 18,466 BUMDes in the country. West Java and East Java followed in the second and third place, respectively with 2,964 units and 1,424 units.

Source:

- [*Aceh Terbanyak BUMDes*](#) – Serambi Indonesia, March 29, 2017

5. EX-PNPM PROGRAM / ASSETS

Cities Without Slums Program (Kota Tanpa Kumuh or KOTAKU) in Aceh began a selection process of 208 supervisors and facilitators, to be posted in 12 districts. KOTAKU is a replacement program of the former PNPM Urban.

Source:

- [Program 'Kotaku' Seleksi Personel](#) – Serambi Indonesia, March 29, 2017

6. INDIGENOUS PEOPLE

An article in Kompas examined the inequality in access and ownership to land and forest that has increased the agrarian conflict. The Agrarian Reform Consortium (KPA) data showed that in 2016, there were 450 land disputes, with 1.2 million hectares total disputed land, including plantation and forest areas. Data from the National Team for the Acceleration of Poverty Reduction showed that 97% of forest area belonged to private corporations and the remaining was owned by the community. The data also showed that around 32,200 villages, inhabited by over 10 million people, were situated in the forest. The article argued that the implementation of social forestry program that could reduce agrarian conflict should be accelerated. To date, as many as 69 regulations on customary forests have been issued at sub-national levels, but only nine customary forests have been recognized by the central government.

Source:

- [Danlat Masyarakat Atas Rimba](#) – Kompas, March 27, 2017

7. ADDITIONAL NEWS

- SOUTH KALIMANTAN: The Coordinating Ministry for Human Development and Culture (Kemenko PMK) selected eight villages in the Banjar District as participants of the National Priority Program on Rural Development (KPPN). These villages would be entitled for supports on rural development programs (*source: [Delapan Desa](#)*)

[Banjar Masuk KPPN](#) – Banjarmasintribunews.com, March 29, 2017).

- CENTRAL KALIMANTAN: Public services in some villages in the East Kotawaringin District were stranded due to the long absence of many village officials. These officials reportedly refused to perform their duties due to a three-month delay of salary payment (*source: [Oalah! Kades dan Perangkat Belum Gajian, Kantor Desa Sepi?](#) – Kalteng.prokal.com, March 29, 2017*).
- ACEH: The Pasi Pinang Village in the West Aceh District received Daud Dariyah Award as the Best Village for category of Planning and Implementation of the 2016 Village Funds (*source: [Ini Peraih Anugerah Daud Dariyah](#) – Serambi Indonesia, March 23, 2017*).
- WEST KALIMANTAN: The Sintang District was named as the best district in the category of village budget realization report in West Kalimantan (*source: [Bupati Minta Kades dan Ketua BPD Tanggap](#) – Pontianak.tribunews.com, March 23, 2017*).
- CENTRAL JAVA: The Association of Village Consultative Councils (BPD) in the Demak District urged the district government to provide financial assistance to 57 villages for BPD operational costs (*source: [APBDes 57 Desa di Demak Minim](#) – Suara Merdeka, March 27, 2017*).
- CENTRAL JAVA: The Regional House of Representative of the Brebes District was drafting a bylaw that would prohibit village governments from collecting fees from land registration service (locally known as *polorogo*) (*source: [Aparat Desa Dilarang Pungut Polorogo](#) – Media Indonesia, March 27, 2017*).