

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

Period: Apr 6-16, 2017

HEADLINES

- Director General for Fiscal Balance at the Ministry of Finance, Boediarso Teguh Widodo, expected regional transfer could address the issue of underdevelopment. He stated that **the number of underdeveloped regions has decreased from 180 to 122 (in 2014) and 102 (in 2016)**. The government set a target of **reducing the number of underdeveloped regions to 42 by 2019**.
- Ministry of Finance announced on Apr 13 that it has completed transferring portion of DAK (Special Allocation Fund) and DD (village fund) to **493 regions**. As many as 48 regions have not received DAK and DD transfers because they have not satisfied all the requirements. The deadline for these regions to submit requirements were extended to 31 May.
- The amount of DAK that has been transferred was **IDR 15.4 trillion (87.5% of total allocation for the first quarter of 2017)**, while the amount of the DD was **IDR 13.2 trillion (36.7% of the total DD Phase 1)**.
- Indonesia Corruption Watch (ICW) recorded **62 corruption cases at the village government level in 2016, resulting a total loss of IDR 18 billion**. Corruption at the village level was lower than that at the district level (219 cases causing IDR 478 billion of loss) and the municipality level (73 cases, with a loss of IDR 247 billion). Majority of the offender (47%) were state officials (National Civil Apparatus or ASN), followed by private firms and village officials.
- Following an establishment of PT Mitra BUMDes Nusantara, affiliated to the State Bureau of Logistics (BULOG), **the government would begin an integration of over 5,000 BUMDes in five provinces in Java into the holding company**. In this pilot project, BUMDes from three to five districts in each province would be selected as participants. In this scheme, PT Mitra BUMDes would become the majority shareholder.

1. VILLAGE DEVELOPMENT

Director General for Fiscal Balance at the Ministry of Finance, Boediarso Teguh Widodo, expected regional transfer could address the issue of underdevelopment. He stated that the number of underdeveloped regions has decreased from 180 to 122 (in 2014) and 102 (in 2016). The government set a target of reducing the number of underdeveloped regions to 42 by 2019.

The Ministry of Villages commenced co-operation on village development programs with two institutions. With the government of South Australia, the Ministry signed a memorandum of understanding (MoU) in the agricultural and farming sectors. The Ministry also began a partnership with the Indonesian National Armed Forces (TNI) in a program targeting villages in transmigration areas. The two institutions would work together in infrastructure and information management. The TNI Commander Gen. Gatot Nurmantyo stated the Ministry would provide trainings on DD oversight to Babinsa (Bintara Pembina Desa, non-commissioned TNI officers posted in the village).

The Minister of Villages stated that villages in three districts - Dompu (NTT), Pandeglang (Banten), and West Halmahera (North Maluku), would receive various supports from the central government to improve maize production. These districts have declared maize farming as priority sector (*prokades*). The Pandeglang district, for instance, prepared 200,000 hectares of land for this purpose.

Sources:

- [*Jurus Sri Mulyani Tingkatkan Ekonomi 102 Daerah Tertinggal di RI*](#) – Detik.com, April 13, 2017
- [*Kemenkeu Ubah Aturan Soal Penyaluran Dana Desa*](#) – Liputan6.com, April 13, 2017
- [*Sri Mulyani Terbitkan Aturan Baru Agar Dana Desa Bisa Lebih Bereksekusi*](#) – Detik.com, April 13, 2017
- [*Kemendes Jadikan Halmahera Barat Contoh Program Unggulan Pedesaan*](#) – Liputan6.com, April 16, 2017
- [*Menteri Desa Sebut Program Prokades Ada Kemajuan*](#) – Tempo.co, April 11, 2017
- [*RI-Australia Kerja Sama Pelatihan Vokasional Masyarakat Desa*](#) – Suaramerdeka.com, April 6, 2017
- [*TNI dan Kemendes Kerja Sama Bangun Desa Tertinggal*](#) – Detik.com, April 12, 2017
- [*Kemendes Gandeng TNI Bangun Daerah Terpencil*](#) – Viva.co.id, Apr 12
- [*Panglima TNI Kerahkan Babinsa Anasi Penggunaan Dana Desa*](#) – Liputan6.com, April 13, 2017

2. THE DISBURSEMENT AND REPORTING OF DD

Ministry of Finance announced on Apr 13 to that it has completed transferring portion of DAK (Special Allocation Fund) and DD (village fund) to 493 regions. The amount of DAK that has been transferred was IDR 15.4 trillion (87.5% of total allocation for the first quarter of 2017), while the amount of the DD was IDR 13.2 trillion (36.7% of the total DD Phase 1).

The Director General of Fiscal Balance Boediarso Teguh Widodo stated 48 regions have not received DAK and DD transfers because they have not satisfied all the requirements. The deadline for these regions to submit requirements were extended to 31 May.

The media reported that in some district the 2017 ADD has been disbursed to the village. In the Situbondo district (East Java), 110 village (83%) have received the ADD. In the Kubu Raya district (West Kalimantan), ADD has been disbursed in all villages. In the Karo district (North Sumatera) 97% of 259 villages have completed their reports and were ready to receive the ADD. In the North Aceh district (Aceh), disbursement was pending because all 852 villages have not finalized the 2017 village budget plan.

Sources:

- [*Hari ini, Kemenkeu Cairkan DAK dan Dana Desa Rp 28,6 Triliun*](#) – Kompas, April 13, 2017
- [*Kemenkeu Cairkan Rp 15 T Dana Alokasi Khusus ke 943 Daerah*](#) – Detik.com, April 13, 2017
- [*Kemenkeu: Pencairan DAK Fisik Rp15,4 Triliun*](#) – Antaranews.com, April 14, 2017
- [*Pemerintah Ubah mekanisme Transfer Anggaran ke Daerah*](#) – Metrotvnews.com, April 14, 2017
- [*Pemerintah Perketat Penyaluran*](#) – Bisnis Indonesia, April 15, 2017
- [*Dana Alokasi Khusus 48 Daerah terancam Hangus*](#) – Kompas.com, April 13, 2017
- [*Pemkab Minta Keuchik Segera Rampungkan APBG*](#) – Serambi Indonesia, April 10, 2017
- [*Kades Kubu Raya Menerima ADD*](#) – Pontianak.tribunnews, April 10, 2017
- [*110 Desa di Situbondo Cairkan ADD 2017*](#) – Antaranews, April 12, 2017
- [*Rp235,1 M Dana Desa Belum Dilaporkan*](#) – Waspada, April 15, 2017

3. VILLAGE GOVERNANCE

From Papua, the media reported that Jayapura regency and Mimika district have taken measures to improve the effectiveness of DD utilization. The Jayapura mayor issued seven decrees on village governance, including on DD utilization, procurement system, and

reporting. The Mimika district government would strictly enforce a prohibition concerning the use of services by third parties in the implementation of DD-funded projects. The government found that last year many DD-funded village infrastructure projects were implemented by private contractors.

Delay in salary payment for village officials reportedly occurred in the East Kutai district (East Kalimantan) and Cilacap district (Central Java). Officials in the East Kutai districts have not been paid since July last year, following a district head decision that the 2016 ADD Phase 2 was not allowed to pay for village officials' salary. Their salary would be budgeted from the 2017 ADD, which was still pending.

In Central Java, the Purbalingga and Batang district governments declared that village officials were no longer authorized to collect *polorogo* fee, from any land transactions in their respective village. Traditionally, *polorogo* was a fee paid by land owner who have sold or rented their land in exchange of services provided by village officials. Government in these districts stated that operational costs of village officials were fully covered by the village budget. Polorogo payment was considered as illegal levies and therefore prohibited.

Sources:

- [*Amankan Dana Desa, 7 Perwal Diturunkan*](#) – Bintang Papua, April 10, 2017
- [*Sanksi Menanti KPK & Aparat Desa*](#) – Bintang Papua, April 12, 2017
- [*BPM Larang Pihak Ketiga Kelola Dana Desa*](#) – Bintang Papua, April 11, 2017
- [*Kades Tidak Gajian Sejak Tahun Lalu*](#) – Kaltim.prokal.co, April 12, 2017
- [*Soroti Kinerja Perangkat Desa*](#) – Jawa Pos, April 11, 2017
- [*Tak Gajian 4 Bulan, Perangkat Desa di Cilacap Rame-rame Utang*](#) – Gatra.com, April 7, 2017
- [*Bupati Larang Setoran Polorogo*](#) – Media Indonesia, April 15, 2017

4. CORRUPTION AND MISUSE

Indonesia Corruption Watch (ICW) recorded 62 corruption cases at the village government level in 2016, resulting a total loss of IDR 18 billion. Corruption at the village level was lower than that at the district level (219 cases causing IDR 478 billion of loss) and the municipality level (73 cases, with a loss of IDR 247 billion). Majority of the offender (47%) were state officials (National Civil Apparatus or ASN), followed by private firms and village officials.

From Aceh, the media reported two cases respectively in the Bireuen district and Subulussalam regency. In the Bireuen, head of the Pulo Ara village stated the denied all

the accusation, arguing that it was politically motivated, in view of the coming village head election. In Subulussalam, 18 villagers of Longkib village signed a petition demanding the district inspectorate office to investigate on an alleged DD misuse in 2015 and 2016.

Sources:

- [*Rawan Korupsi, Dana Desa Harus Diamasi*](#) – Jawa Pos, April 7, 2017
- [*62 Kasus, Kerugian Negara Rp 18 M*](#) – Serambi Indonesia, April 7, 2017
- [*Korupsi Mulai Bergeser ke Desa*](#) – Suara Pembaruan, April 7, 2017
- [*Saya Siap Mundur*](#) – Serambi Indonesia – April 10, 2017
- [*Kades Longkib Dilapor ke Wali Kota*](#) – Serambi Indonesia, April 11, 2017

5. VILLAGE-OWNED ENTERPRISES (BUMDes)

The media reported an ongoing debate on the ownership of BUMDes after a holding company has been set up. Following an establishment of PT Mitra BUMDes Nusantara, affiliated to the State Bureau of Logistics (BULOG), the government would begin an integration of over 5,000 units of BUMDes in five provinces in Java into the holding company. In this pilot project, BUMDes from three to five districts in each province would be selected as participants. In this scheme, PT Mitra BUMDes would become the majority shareholder.

Member of the Nasional House of Representative (DPR) Budiman Sudjatmiko expressed his disagreement with the scheme. He stated that the BUMDes ownership should remain in the hand of village governments. According to the Ministry of Villages data, only 300 BUMDes of a total 18,000 units scored profit.

Sources:

- [*Hak atas Bumdes jadi Polemik*](#) – Media Indonesia, April 10, 2017
- [*Bumdes Mulai Diintegrasikan*](#) – Indopos, April 12, 2017

6. VILAGE HEAD ELECTIONS

In East Java, the Magetan House of Representative (DPRD) proposed that e-voting system is used in village head elections in 23 villages this year. The DPRD would allocate the budget accordingly and discuss further a plan to conduct a pilot projects in selected villages. Meanwhile, in the neighboring district of Magetan, the DPRD proposed that village head election operational costs could be fully covered by the district budget.

Currently, a significant part of the costs become shared responsibilities of the running candidates.

In West Java, simultaneous village head elections would be held in the Garut and West Bandung district in June 2017. Election committees have been established and registration opened. District governments allocated a financial assistance of IDR 10,000 per vote. Village budget (APBDes) could only be used cover implementation costs incurred on the D-day.

Sources:

- [12 Pilkades Serentak di KBB Digelar Juli](#) – Pikiran Rakyat, April 10, 2017
- [Minta Pemkab Biayai Pilkades](#) – Jawa Pos, April 13, 2017
- [Potensi Konflik Pilkades Mulai Muncul](#) – Pikiran Rakyat, April 13, 2017
- [Dewan Minta E-voting Pada Pilkades](#) – Jawa Pos, April 15, 2017

7. INDIGENOUS PEOPLE

The South Kalimantan provincial government began the implementation of the Green Revolution social forestry program in 330 hectares of forest located in the Meratus Mountain. Head of the Provincial Forestry Agency Hanif Faisol Nurofiq explained that social forestry would be the only scheme under the Green Revolution program, because *adat* forest (customary forests communally managed by an adat village) do not exist in the province. Separately, environmental NGO WAHLI stated that 33 hectares of the areas designated for social forestry program belong to an adat community residing in the borders of the Hulu Sungai Tengah and Tabalong districts.

From Jakarta, the media reported that bill on Biodiversity Conservation is being discussed. Chairperson of the Adat Land Registration Agency, Kasmita Widodo, stated the bill would reduce the role adat community in forest conservation, as the bill accommodates a greater role of private sector.

Sources:

- [Hutan Adat Harus Lestari](#) – Media Indonesia, April 10, 2017
- [Ruang Hidup Masyarakat Adat Habis](#) – Kompas, April 12, 2017

8. ADDITIONAL NEWS

- EAST JAVA: In the Waru sub-district of Sidoarjo, villages would allocate fund for domestic waste management's programs to reduce water pollution at the Buntung river. Currently village regulations were being drafted, stipulating that the program would be funded by village budget (APBDes) ([Wajib Ada Anggaran Kebersihan Desa](#) – Jawa Pos, April 12, 2017).
- BALI: the media reported that some villages have displayed banners on several locations in villages of the Bangli district. The banner contains information on the recently issued 2017 village budget plan ([Transparansi Pengelolaan APBDes, Sejumlah Desa Pasang Balibo](#) – Balipost.co.id, April 10, 2017).
- CENTRAL JAVA: Regional Agency for Disaster Management Baden (BPBD) in the Banjarnegara district would implement disaster-resilience village (*destana*) program in four disaster-prone villages: Kalibombong, Pasegeran, Beji, and Kayuares. As the first step, the BPBD organized disaster preparedness training for 35 volunteers from these villages (BPBD [Banjarnegara Rencana Bentuk Empat Destana Tahun ini](#) – Suaramerdeka.com, April 16, 2017).
- CENTRAL JAVA: In the Cilacap district, only 45 of 269 village has BUMDes, per February 2017 ([Banyak Potensi, Desa Didorong Bentuk Badan Usaha](#) – Suaramerdeka.com, April 8, 2017).