

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

**Period: May 15-21, 2017**

**HEADLINES**

- President Joko Widodo emphasized the importance of simple application of the village financial system (*siskeudes*) for village budget reporting purposes. Data from the Development Finance Controller (BPKP) showed that **24,863 villages or 33 percent of 74,959 villages in Indonesia are already using *siskeudes***. The government aimed to have all villages use the application by 2019.
- **State-owned logistics firm Bulog will allocate Rp 200 billion to buy 30 percent stake of PT Mitra BUMDes Nusantara, the holding company of BUMDes (village-owned enterprises)**. Director of Business Development and Industry, Imam Subowo, said that 70 percent of the shares would be offered to other state-owned enterprises (BUMN). Bulog will then establish PT Mitra BUMDes Nusantara in every district, where the company's ownership will be split between the central government (51 percent) and local government (49 percent) through state- and district government-owned enterprises (BUMN and BUMD).
- Secretary General of the Ministry of Villages Anwar Sanusi said **the number of BUMDes in Indonesia has increased 18 folds from 1,022 companies in 2014 to 18,446 companies in 2017**. Provinces with the largest number of BUMDes are Aceh (6,728), West Java (2,964) and East Java (1,424). The value of BUMDes assets varies considerably, from Rp 300 million to Rp 10 billion. Fourty BUMDes have assets worth more than Rp 600 million.
- **A study by the World Bank's Social Development Unit in five districts on people participation in the implementation of the Village Law shows that on average, participation rates in village meetings were around 24 percent**. A deeper research in Ngada district (East Nusa Tenggara) shows that villagers participation is considerably high due to several factors, including the long history of institutionalizing participatory development in local government system since the PNPM era.

## 1. VILLAGE DEVELOPMENT

President Joko Widodo emphasized the importance of simple application of the village financial system (*siskeudes*) for village budget reporting purposes. Data from the Development Finance Comptroller (BPKP) showed that 24,863 villages or 33 percent of 74,959 villages in Indonesia are already using *siskeudes*. The government aimed to have all villages use the application by 2019. BPKP data also showed irregularities in the use of village funds. A survey by BPKP in 260 villages revealed 5-10 percent of village funds are not used in accordance with the regulation.

The Minister of Home Affairs acknowledged that the compliance level of Law No. 6 Year 2014 on Village (Village Law) has been low. For example, the law stipulates the retirement age of village officials is 60 years old, but in practice, many officials were sacked by village head due to political considerations. The Minister believes that the technical regulations related to village apparatus need to be revised.

### Sources:

- [\*Jokowi: Pemerintah Daerah Jangan Berorientasi Pada Prosedur!\*](#) – Gatra, May 18, 2017
- [\*Jokowi: Lapornya Bertumpuk-tumpuk, Duit Dana Desa Hilang Juga...\*](#) – Kompas.com, May 18, 2017
- [\*Jokowi: Salah Kelola Dana Desa Bisa Jadi Tersangka Korupsi\*](#) – Tempo.co, May 18, 2017
- [\*Pengelolaan Dana Desa Belum Optimal\*](#) – Koran Sindo, May 19, 2017
- [\*UU Desa Belum Dipatuhi\*](#) – Jawa Pos, May 19, 2017
- [\*Penyimpangan Penggunaan Dana Desa Masih Terjadi\*](#) – Kompas, May 19, 2017
- [\*BPKP Bersinergi Dengan Kementerian/Lembaga dan Pemerintah Daerah\*](#) – Suaramerdea.com, May 20, 2017

## 2. VILLAGE FUND DISBURSEMENT AND REPORTING

The media reported slow progress in the disbursement of Village Fund Phase 1 in several districts. In Bandung district, West Java,, only seven of 270 villages have submitted the 2016 realization reports. In South Ogan Komering Ulu district, South Sumatra, the disbursement of Village Fund Phase 1 for 252 villages was delayed as district governments are still verifying the 2016 budget realization reports and the 2017 village budget plan (APBDes).

Similar condition is reported from Aceh. In Banda Aceh, only six *gampong* (villages) completed the 2016 budget realization reports (LPJ) and the 2017 village budget plan (APBG). The Prosperous Justice Party (PKS) faction in Aceh Legislative Council (DPRD) requested the establishment of the special committee to investigate the issue. In Aceh Utara, villages have difficulties in creating village budget for 2017 due to the absence of district head decree on goods and services procurement and village fund use priority.

**Sources:**

- [Serahkan Perval](#) – Serambi Indonesia, May 15
- [Penyusunan RAPBG Terkendala Perbup](#) – Serambi Indonesia, May 17, 2017
- [Tinggal Dua Perbup Lagi](#) – Serambi Indonesia, May 17, 2017
- [263 Desa terancam Tak Dapat Dana Desa](#) – Pikiran Rakyat, May 16, 2017
- [Masih Ada Waktu Ajukan Proposal Dana Desa](#) – Pikiran Rakyat, May 17, 2017
- [Dana Desa Tahap Satu Segera Luncur](#) – Sumeks.co.id, 18 May, 2017

### **3. VILLAGE GOVERNANCE**

Aceh Tenggara district head issued a decree to appoint two acting village heads as village heads. The decree was issued based on the proposal of the Lawe Sigala-gala sub-district head to allow for the completion of the 2016 budget realization reports. The anti-corruption NGO Lumbung Informasi Rakyat (LIRA) protested this policy, saying that the law only allows civil servants (PNS) as acting village head.

In the Gresik, East Java, the absence of district head regulation on the appointment of village apparatus has reportedly caused personnel shortage in many villages. The village delayed the recruitment process until the decree has been issued.

In Sukabumi district, West Java, only 3 out of 381 villages implemented the village financial system (*siskeudes*). The villages are Cibatu, Cibolangkaler and Karangpapak. To meet the target of *siskeudes* implementation in all villages by 2019, Sukabumi government would implement the system in 190 villages this year.

**Sources:**

- [\*Dana Miliaran, baru 3 Desa Terapkan Anjuran BPKP\*](#) – Media Indonesia, May 17, 2017
- [\*Perangkat Jadi Sekdes, Personel Desa Kurang\*](#) – Jawa Pos, May 16, 2017
- [\*Kades Habis Masa Jabatan Dinsul Jadi Plt\*](#) – Serambi Indonesia, May 15, 2017
- [\*Gampong Belum Siapkan LPJ 2016\*](#) – Serambi Indonesia, May 15, 2017

**4. VILLAGE-OWNED ENTERPRISES (BUMDes)**

State-owned logistics firm Bulog will allocate Rp 200 billion to buy 30 percent stake of PT Mitra BUMDes Nusantara, the holding company of BUMDes (village-owned enterprises). Director of Business Development and Industry, Imam Subowo, said that 70 percent of the shares would be offered to other state-owned enterprises (BUMN). Bulog will then establish PT Mitra BUMDes Nusantara in every district, where the company's ownership will be split between the central government (51 percent) and local government (49 percent) through state and district government-owned enterprises (BUMN and BUMD).

Secretary General of the Ministry of Villages Anwar Sanusi said the number of BUMDes in Indonesia has increased 18 folds from 1,022 companies in 2014 to 18,446 companies in 2017. Provinces with the largest number of BUMDes are Aceh (6,728), West Java (2,964) and East Java (1,424). The value of BUMDes assets varies considerably, from Rp 300 million to Rp 10 billion. Fourty BUMDes have assets worth more than Rp 600 million.

The media also reported the development of BUMDes in some areas. In Boyolali district, Central Java, the government set a target that BUMDes would be established in all 261 villages by 2019. Currently, only 30 out of 261 villages have BUMDes. Langgorsari village in Banyumas district, Central Java, has allocated Rp 912 million for BUMDes since 2015 to develop plantation business and agrotourism.

**Sources:**

- [\*Bulog Bakal Kuasai 30% Sabam\*](#) – Bisnis Indonesia, May 15, 2017
- [\*Jumlah Badan Usaha di Desa Meningkatkan\*](#) – Kompas, May 17, 2017
- [\*Taman Revolusi Mental Dibangun di Banyumas\*](#) – Gatra.com, May 16, 2017
- [\*Kelola Aset, Didorong Bangun Bumdes\*](#) – Krjogya.com, May 16, 2017

## 5. CORRUPTIONS AND OVERSIGHT

The Government Internal Oversight Body (APIP) held a national coordination meeting in Jakarta on May 18. APIP comprises officials from the Ministry of Villages, Ministry of Home Affairs, Ministry of Finance, and the Corruption Eradication Commission (KPK). During the meeting, KPK Commissioner Alexander Marwata said perpetrators of village funds misappropriation may not always be convicted, but can be subject to administrative sanctions, including dismissal.

Meanwhile, the Village Minister urged law enforcers to follow up on the reports of village funds misappropriation recorded by Village Funds Task Force (*satgas*) as a deterrent effect. The Task Force is led by former KPK chairperson Bibit Samad Riyanto. The Minister said in 2016, there were 932 reports of public complaints on the misuse of village funds. Of these, more than 200 reports were submitted to KPK, 167 reports submitted to the police, and 67 cases have received court decisions.

The media reported several cases on alleged misuse of the 2016 Village Fund Allocation. In Banten, 54 percent of the fund in Pulopanjang Village was allegedly embezzled through fictitious projects. In South Sumatera, Way Wangi village head was named as corruption case suspect related to the 2014 Village Fund Allocation, which allegedly inflicted Rp 60 million losses.

Local media also reported public oversight. In Keerom District in Papua, villagers of Kampung Kibay asked for the clarity on the amount of Village Fund received by the village. In Aceh Tenggara district in Aceh, a local anti-corruption NGO, the Corruption Eradication Institute (LPK) questioned the results of village fund audit by the Inspectorate's auditor team that has not been publicly announced.

### Sources:

- [KPK Usul Penyeleweng Dana Desa Tak Dipidana Korupsi, ini Alasannya](#) – Kompas, May 18, 2017
- [Formula KPK Tangani Dugaan Korupsi Dana Desa](#) – Liputan6.com, May 19, 2017
- [Mendes PDTT Minta Penyeleweng Dana Desa Ditindak Tegas](#) – Republika.co.id, May 19, 2017
- [ADD Pulopanjang Bermasalah](#) – Radar Banten, May 16, 2017
- [Sakit, Kades Way Wangi Tak Ditaban](#) – Sumeks.co.id, May 15, 2017
- [LPK Pertanyakan hasil Audit Dana Desa](#) – Serambi Indonesia, May 18, 2017

- [DD Tahap 1 Kampung Kibay “KJ”](#) – Bintang Papua, May 18, 2017

## 6. VILAGE HEAD ELECTIONS

Thirty one villages in Sampang district, East Hava, held elections (*pilkades*) in May 17. The media reported that 1,800 police officers from four districts, including 560 officers from the Mobile Brigade Corps, were deployed to secure the election. Sampang District Police Chief categorized villages implementing the *pilkades* into three groups: conducive (9 villages), vulnerable (11 villages), and very vulnerable (11 villages).

Local Legislative Council (DPRD) in Pandeglang, Banten, summoned the head of Community Empowerment and Village Government (DPMPD) Agency to clarify some issues on the implementation of *pilkades* phase two. DPRD asked for an assurance that the *pilkades* will be held in July 2017, in accordance to local bylaw (*perda*) and district head decree (*perbup*) so that the new village heads can be inaugurated in September.

In Bener Meriah district in Aceh, 64 village heads from the recent *pilkades* were inaugurated last week. Of the number, 54 of them managed to get the permission to disburse the 2017 Village. The disbursement for the rest of the villages have been postponed as they have not completed the required documents.

### Sources:

- [Ribuan Personnel Amankan Pilkades](#) – Jawa Pos, May 15, 2017
- [Taufik Dicecar Puluhan Pertanyaan](#) – Radar Banten, May 18, 2017
- [61 Reje Bener Meriah Dilantik](#) – Aceh.tribunnews.com, May 2, 2017

## 7. EX PNPM ASSETS

Local media reported that program activities financed by the evolving fund of PNPM Mandiri Perdesaan in some areas continue to expand. The Activity Management Unit (UPK) in Kendal District, Central Java, recorded the assets of up to Rp 57 billion. Approaching the Islamic holy month of Ramadhan, UPK Kendal allocated Rp 860 million for social activities, including food distribution for 4,000 residents, house renovation, and electrical installation for poor households. Similar activities are reported from Aceh Besar district in Aceh) where seven UPKs channeled the revolving funds surplus of Rp 228 million to poor households in the form of social aid.

**Sources:**

- [\*Aceb Besar Salur Dana Surplus\*](#) – Serambi Indonesia, May 18, 2017
- [\*Dana Sosial UPK Terserap Rp 861 Juta\*](#) – Suara Merdeka, May 18, 2017
- [\*UPK Se-Kendal Bukukan Set Rp 57 Miliar Lebih\*](#) – Suara Merdeka, May 19, 2017

**8. HEALTH AND EDUCATION**

The Ministry of Health Secretary General Anwar Sanusi opened the 2017 National Coordination Meeting of Healthy Generation and Smart Generation (GSC) Program in Jakarta on May 19, 2017. The Ministry is committed to support the implementation of the Smart Generation (GSC) Programs in targeted regions so that the village government can provide quality basic services. The GSC is among health and education programs supported by the World Bank. Villages are encouraged to allocate funds to finance village health post, sanitation and clean water program, and the improvement of civil registration services.

**Source:**

- [\*Program Generasi Sehat Cerdas Solusi Wujudkan Desa Mandiri\*](#) – Viva.co.id, May 20, 2017

**9. INDIGENOUS PEOPLES**

The government of Kupang district in East Nusa Tenggara has completed an assessment process in 26 villages, out of 160 villages in the district, and concluded that 13 villages met the criteria to become *adat* (customary) village.

In Jambi province, Social Affairs Minister officially launched the installation of solar panels in 41 households of the Suku Anak Dalam (SAD) tribe -- 23 households in Pulau Lintang village (Sarolangun district) and 18 in Sialang village (Merangin district).

**Sources:**

- [\*41 Keluarga Suku Anak Dalam Jambil Kini Bisa Nikmati Listrik\*](#) – Antaranews.com, May 17
- [\*Mensos Resmikan Rumah Pintar Bertenaga Surya untuk Suku Anak Dalam\*](#) – Kompas.com, May 17
- [\*Suku Anak Dalam Menikmati Listrik\*](#) – Media Indonesia, May 17, 2017

- [Pemkab Kupang Komitmen Program Desa Adat](#) – Kupang Pos, May 17, 2017

## 10. PARTICIPATION IN VILLAGES OF NGADA

An article in [www.insidendonesia.org](http://www.insidendonesia.org) examines the results of the 'Sentinal Villages study' (2015--2017) by the World Bank Social Development Unit in Indonesia in five districts in three provinces across the country -- Jambi, Central Java and East Nusa Tenggara. Initial findings from the study showed that on average, participation rates in village meetings in all five districts were around 24 per cent. This rate was lower than in the PNPM era, but given that participation was mandatory in PNPM, this could well be a more natural rate of participation in villages.

The World Bank's team conducted a more in-depth research in Ngada and concluded that several factors contributed to Ngada's high participation rate. First, the long history of institutionalizing participatory development in the local government system since the PNPM era. Second, supportive district government with strong leadership at the highest level. Third, there is an engaged community that understands what participation means for their daily lives. Fourth, villagers feel motivated to participate when they trust the local government. In Ngada, 77 percent of villagers said that village heads are reliable in village development planning. Finally, a strong social network or kinship structure within a village stimulates participation.

### Source:

- [Participation In Ngada](#) – Insideindonesia.org, May 9, 2017

## 11. ADDITIONAL NEWS

- JAKARTA: Secretary General of the Indonesian Child Protection Commission (KPA) urged village governments to protect children by issuing village regulation and allocating budget to build awareness and develop programs to protect children from any form of violence ([Desa Diajak Membuat Perdesa Perlindungan Anak](#) – Suara Merdeka, May 17, 2017)
- BANTEN: 31 villages in Tangerang district have received the 2017 Village Fund Allocation. The fund would finance village development programs (48.2 percent), operational costs (31.2 percent) and community empowerment programs (15.2



percent) ([31 Desa Terima Dana Dari Pemkab](#) – Radar Banten, May 17, 2017).

- EAST NUSA TENGGARA (NTT): As of today, Anggur Merah village grant program from NTT government has been implemented in 278 villages and *kelurahan* (urban villages) with the total grant of IDR 69 billion. A similar program would be replicated in Ende district this year ([Beredar di Ende Rp 69,5 M](#) – Kupang Pos, May 18, 2017).
- WEST JAVA: As of currently, every village in Subang district would receive IDR 1.7 billion from Village Fund, Village Fund Allocation, and financial grant from West Java government ([Dana Desa Kian Membuncit](#) – Pikiran Rakyat, May 15, 2017).