

# Assessing the impact of village fund allocation policies on infrastructure development: Insights from Bintan, Riau Islands

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## ABSTRACT

The purpose of this study was to examine the impact of the village fund allocation policy on infrastructure development in Teluk Sasah Village, located in Seri Kuala Lobam District, Bintan Regency, Riau Islands, Indonesia. A quantitative research approach was adopted, utilizing questionnaires distributed to 52 respondents comprising local community members and village staff. In this study, the village fund allocation policy served as the independent variable, while infrastructure development was the dependent variable. Data analysis was conducted using simple linear regression. The findings revealed that the implementation of the village fund allocation policy significantly influenced infrastructure development, as evidenced by an R-square value of 0.91, indicating that 91% of the variance in infrastructure development could be explained by the policy. However, challenges related to equitable development and community participation were identified, highlighting the need for targeted efforts to enhance efficiency and ensure inclusive growth.

## KEYWORDS

Village fund; infrastructure development; Teluk Sasah Village; community participation

## ARTICLE HISTORY

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## 1. Introduction

Village funds are a strategic policy designed to support the development and empowerment of rural communities. As stipulated in Law Number 6 of 2014 concerning Villages, village funds are a component of village income sourced from the State Budget (APBN) and distributed through the Regional Budget (APBD) at the district or city level. Their utilization is specifically regulated to ensure the funds create direct benefits for rural communities (Putri et al., 2024).

The Village Fund Allocation (ADD) is financial assistance provided to village governments to enhance public services, strengthen local institutions, and develop

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village infrastructure. These funds are managed directly by the village head, who is accountable for their utilization and reporting. ADD is designed as a stimulus fund to promote the implementation of village government programs by encouraging active community participation through self-reliance and mutual cooperation. This policy is a logical consequence of the implementation of village autonomy, which necessitates sufficient financial resources to support rural development. With adequate fund allocation, rural development effectiveness is expected to improve, particularly in creating facilities and infrastructure that directly benefit the community (Herlina & Hermana, 2018).

Effective management of village funds requires transparency to ensure that funds are used to support programs agreed upon jointly by the village government and the community. However, village governments often fail to adequately report how the funds are utilized, leading to concerns about accountability. Transparent mechanisms for fund management are essential to demonstrate how villages effectively and sustainably manage their assets and resources (Fathony & Sitokmabin, 2024).

Despite the potential of village funds to drive sustainable development, significant challenges persist. One major issue is the limited capacity of village officials to manage funds effectively and efficiently. Many officials lack adequate understanding of financial management principles, administrative procedures, reporting, and supervision, increasing the risk of misuse or inefficiency. These challenges are further exacerbated by insufficient technical support from district or city governments (Maulana et al., 2022).

Community participation in decision-making processes related to village fund utilization also remains limited. Active public involvement is crucial to ensure that planned programs align with community needs. Although the government has encouraged greater community participation through village deliberations, implementation in some areas has been suboptimal. This lack of engagement reduces community ownership of programs, thereby diminishing their effectiveness. Additionally, inadequate public knowledge about proper resource management has hindered economic empowerment programs, such as entrepreneurship training and microbusiness development, from achieving optimal outcomes (Fahrurrozi, 2024).

In Teluk Sasah Village, Seri Kuala Lobam District, Bintan Regency, village fund allocation presents significant potential for development, particularly in infrastructure improvement. However, challenges in fund management persist due to the limited capacity of village government officials in planning and implementing development programs. Infrastructure projects, such as village roads and public facilities, have yet to fully meet the needs of the local community.

This study aims to analyze the impact of village fund allocation policy implementation on infrastructure development in Teluk Sasah Village. It also seeks to identify obstacles faced during implementation to provide strategic recommendations for enhancing the effective use of village funds in the future.

The findings of this research are expected to contribute to policymaking at the village level by optimizing the utilization of village funds for infrastructure development. Additionally, this study aims to provide academic insights into the implementation of village fund policies and their impact on rural development.

## 2. Methods

Quantitative research methods are comprehensive approaches to conducting research systematically and in an organized manner, from the initial design to the final stages. According to Cahyo et al. (2019), quantitative research involves collecting data in numerical form, which can be measured, categorized, and ranked. This type of data allows for the creation of graphs and tables, facilitating analysis. Additionally, quantitative research is often used to test theories, determining their validity. Researchers observe phenomena, formulate hypotheses, and test them repeatedly, which may eventually lead to the development of new scientific theories.

The method employed in this study includes distributing questionnaires and conducting interviews with the village head and residents of Teluk Sasah Village. The Likert scale (1–4) was utilized in the questionnaire to collect data. This scale allows respondents to indicate their level of agreement with a series of questions, making it suitable for survey techniques. The sample size was determined to be 52 respondents from a total population of 59 in Teluk Sasah Village.

The study focuses on two types of variables: the independent variable (X) and the dependent variable (Y). In this context, the independent variable (X) represents infrastructure development, while the dependent variable (Y) represents the implementation of the Village Fund Allocation policy.

Data analysis in this study was conducted using the SPSS software. The analysis technique employed was the Simple Linear Regression Test. This statistical method examines the relationship between one independent variable (X) and one dependent variable (Y). Simple linear regression helps determine the direction of the relationship between the variables and predicts the value of the dependent variable based on changes in the independent variable (Rizaldy et al., 2023).

The data used for simple linear regression is typically measured on an interval or ratio scale. The Simple Linear Regression Formula is presented in Equation 1.

$$Y = a + bX \quad (1)$$

where  $a$  is the constant,  $b$  is the regression coefficient,  $Y$  is the implementation of village fund, and  $X$  is infrastructure development.

### 3. Results and discussion

#### 3.1. Result

Based on Table 1, the significance value (Sig.) for the partial effect of  $X$  on  $Y$  is 0.000, which is less than 0.05. Additionally, the t-statistic value of 22.549 exceeds the critical t-value of 2.00856. This indicates that hypothesis H1 is accepted, confirming a significant influence of the implementation of village funds ( $X$ ) on infrastructure development ( $Y$ ).

Furthermore, the R Square value from the output is 0.91, meaning that 91% of the variance in infrastructure development ( $Y$ ) is explained by the implementation of village funds ( $X$ ). The remaining 9% is attributed to other variables not included in this study.

**Table 1.** Regression results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.976	1.675		0.583	0.563
Implementation of village fund	0.652	0.029	0.954	22.549	0.000
F-test	5.332				.000
R	0.954				
R-square	0.910				
R-square adjusted	0.909				

Note: Dependent variable is Infrastructure Development

Source:: Results research

This study also conducted interviews in Teluk Sasah Village, Seri Kuala Lobam District, on December 13, 2024. The interviews included various respondents, including the Village Head and community members. The objective was to gather accurate information from diverse perspectives on the effect of the Village Fund Allocation policy implementation on infrastructure development in Teluk Sasah Village, Seri Kuala Lobam District, Bintan Regency. The following are our interviews with village officials.

How does the government apply transparency principles to enable the community to access comprehensive information about village finances?

*"The community can access information about village finances through village meetings (Musdes), hamlet meetings (Musdus), the village website Sindes Prima, and reports submitted annually to the Central Statistics Agency (BPS).*

*These avenues ensure transparency, allowing residents to view the budget allocations for each village."*

How does the village government ensure accountability in managing village finances?

*"Accountability is demonstrated by creating activity boards that detail the allocated budget and specific expenditures for each activity. Additionally, we organize Musdes, LKPJ, and LPPDS meetings, and provide documentation and reports to the Village Consultative Body (BPD), which acts as a supervisory entity."*

How does the village government integrate village institutions in managing village funds?

*"The drafting of the Village Budget (APBDes) involves BPD, LPD, Karang Taruna, RT/RW leaders, and community members. The implementation of activities is overseen by a Task Implementation Team (TPK), which includes representatives from village institutions such as hamlet heads and Karang Taruna."*

How does the government ensure proper budget implementation according to regulations?

*"We adhere to village regulations (Perdes) as outlined in Law No. 6 of 2014 and additional Village Head Regulations (Perkades)."*

How does the village government apply accountability principles in managing the APBDes for village development?

*"The village government creates APBDes billboards that detail the budget for each activity, ensuring visibility and accountability for all residents."*

Are the programs funded by the APBDes aligned with expectations?

*"Yes, the APBDes programs are aligned with expectations."*

What are the challenges in implementing transparency and accountability principles in managing the APBDes?

*"There are no significant challenges in ensuring transparency in APBDes management."*

Who is involved in the planning procedures for managing village funds?

*"The planning process involves the Village Work Plan Team (RKP Team), BPD, and community members through Musdus meetings."*

What systems and procedures are in place for APBDes administration?

*"The process begins with submitting a proposal to BKAD for inclusion in LKAD. The next step involves preparing a Budget Plan Proposal (PUPK) for approval by the Village Secretary and Head. Once approved, funds are disbursed, and the TPK oversees procurement and project implementation."*

What types of reports are prepared by the village government regarding APBDes management?

*"The reports include APBDes realization, RKPDes, RPJMDes, PERDes APBDes, LPPDes, and LKPJ."*

To deepen our research, we also conducted interviews with villagers. Is there transparency in managing and reporting the use of village funds to the community? What form does it take?

*"Yes, transparency is provided through billboards, village meetings (Musdes), and hamlet meetings (Musdus). However, not all residents are aware of these efforts."*

Has the community been involved in planning the use of village funds? If yes, how?

*"Yes, through village meetings that include BPD, LPD, and RT/RW leaders."*

What is your opinion on village fund management in Teluk Sasah?

*"I am not well-informed about the specifics of village fund management."*

Do you think the village funds are being used to meet the community's priority needs?

*"Not entirely; some funds are not allocated based on priority needs."*

Have you noticed significant changes in infrastructure since the village fund allocation?

*"Yes, there have been changes such as repainting the village office and repairing roads in certain areas."*

What infrastructure has been built or repaired using village funds?

*"The infrastructure includes repairing roofs damaged by strong winds, roads, and gang pathways."*

Has infrastructure development been evenly distributed across the village?

*"No, development has not been evenly distributed."*

What suggestions do you have to improve the effectiveness of village fund utilization?

*"Pay closer attention to areas that require urgent repair, such as roads and other essential facilities."*

Do you feel that community aspirations are heard and accommodated in development plans?

*"Yes, but responses are often delayed by several years as assistance is distributed sequentially among RT/RW areas."*

What are the obstacles to community participation in development programs?

*"Many villagers work as fishermen and often feel too fatigued after work to participate in development programs."*

### 3.2. Discussion

The research findings indicate that the implementation of the Village Fund Allocation policy in Teluk Sasah Village has a significant impact on infrastructure development. This is evidenced by the results of a simple linear regression test, which yielded an R Square value of 0.91. This means that 91% of the variation in infrastructure development can be explained by the implementation of the Village Fund Allocation policy, while the remaining 9% is influenced by other variables. Programs funded by village funds, such as road repairs, repainting the village office, and providing housing infrastructure assistance, have shown positive impacts. However, challenges remain in ensuring equitable development and optimal community involvement.

Additional obstacles identified include the limited capacity of village officials in managing funds and a lack of community participation in planning development programs. These challenges are compounded by the community's limited understanding of their critical role in the process. While transparency in managing village funds has been established, the dissemination of information has not reached all residents, resulting in varying perceptions of the effectiveness of fund management. This study aligns with the findings of previous research conducted by Afrizal et al. (2024) and Ujung et al. (2024).

## 4. Conclusion

The study concludes that the implementation of the Village Fund Allocation policy in Teluk Sasah Village has a significant impact on infrastructure development. However, the policy's effectiveness is hindered by issues related to the capacity of village officials, poor community participation, and uneven development across the village.

Recommendations for this research include enhancing the capacity of village officials through increased training and technical assistance to ensure they can manage funds effectively and accountably. The aspirations of the Teluk Sasah community should be better accommodated by the village government through proactive involvement in intensive discussion forums and outreach programs. Transparency in managing village funds must be prioritized to allow the community to monitor fund allocation and usage. Information about village fund utilization should be disseminated evenly, such as through community forums and digital media. The village government should also ensure balanced development across all areas of the village, focusing on addressing the community's most critical needs.

## Disclosure statement

The authors declare that there is no conflict of interest regarding the publication of this paper.

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