

Village Fund and Poverty Alleviation in Kulon Progo Regency

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Abstract

One of the objectives of the Village Fund is to alleviate poverty. Kulon Progo Regency is one of the regencies in at the provincial level and even national level. This study aims to 1) analyze the impact of the allocation of the village fund on village poverty in Kulon Progo Regency; 2) the strategic map of Village Fund management in Kulon Progo Regency; and 3) the Village Fund management with respect to poverty alleviation programs in Kulon Progo Regency. This study used several research methods to including the between the means, and descriptive quantitative and qualitative analysis. Results of the difference between the means test showed a significant difference in the poverty level in Kulon Progo Regency in the aftermath of the implementation of the Village Fund policy. Meanwhile, descriptive quantitative analysis results showed that 85 - 95 percent of Village Fund allocation for 2015-2017 period was on development programs, while qualitative analysis results identified differences in the management of Village Funds in Demangrejo and Kalirejo Villages. The difference in the management of the Village Fund in Kalirejo and Demangrejo Villages lay in the enthusiasm and contribution of the village community toward Village Fund management activities.

Keywords: *Poverty, Village Fund, Implementation of Village Fund*

INTRODUCTION

Poverty is a problem that still faces a significant percentage of the global population. Poverty is attributable to various factors, including according (Shaia, 2019). In Kuncoro (2004), inequality of patterns the ownership of resources that lead to inequality in income distribution as found the difference in the quality of human resources; and Third, differences in access to capital. The above three causes of poverty combine to create what Nurkse (1953) proposed as the theory of the vicious circle.

The development of a country is intricately linked to the development of its rural areas. This is encapsulated in the 3rd National Agenda Priority of the *Nawa Cita*, which is a brainchild of the President of the Republic of Indonesia, Joko Widodo, that emphasizes the development of Indonesia from border to border by strengthening rural areas and villages underpinned by the United Republic of Indonesia and Law No. 6/ 2014 on Villages that puts villages at the forefront of national and improvement of community welfare. Successful development of every village is expected to contribute to Indonesia's development. To that end, the Village Fund policy is a recognition of the important role that villages play in the country, the empowerment of which through the Village Fund, is expected to enhance not only village community development but also national welfare through the creation of jobs, poverty alleviation and reducing income inequality.

Kulon Progo district is located in the most western part of the Special Province of Yogyakarta (DIY). In 2016, the district had the highest poverty incidence in Yogyakarta special administrative region, higher than Gunung Kidul district. Poverty incidence in that comprise DIY, in descending order were Yogyakarta city, Sleman, Bantul, Gunung Kidul and Kulonprogo district.

Many countries have implemented various alternative solutions to poverty. Indonesia has implemented different types of poverty reduction programs including the Presidential Instruction concerning Disadvantaged Villages (*Inpres Desa Tertinggal/IDT*), Acceleration of Socio-Economic Development of Disadvantaged Areas (*Percepatan Pembangunan Sosial Ekonomi Daerah Tertinggal/P2SEDT*), Project for Improving Development of Disadvantaged Villages (*Proyek Peningkatan Pembangunan Desa Tertinggal / P3DT*), Urban Poverty Reduction Program (*Program Penanggulangan Kemiskinan Perkotaan/P2KP*), Direct Community Assistance (*Bantuan Langsung Masyarakat/BLM*), and Integrated Poverty Alleviation (*Penanggulangan Kemiskinan Terpadu/PAKET*). In addition, in the administration of President Joko Widodo, the Village Fund Program (*Dana Desa*) began to be implemented as an effort to alleviate poverty (Kuncoro, 2004).

Nonetheless, not all poverty reduction programs achieve the same level of success,

if at all. According to (Yulita, 2016, determinants of successful policy implementation of poverty related programs include, 1) extent to which policies fulfill interests of the poor; 2) types of benefits that are generated for the beneficiaries in relation to basic needs of the poor; 3) the desired degree of change; 4) the position and role that policymakers makers play in various phases of programs; and 5) implementers of the program.

In a research on the contribution of the Village Fund in reducing poverty in Melawi Regency, Setianingsih (2016) showed that Village Funds spent on village development did not contribute to poverty due to delays in dissemination of the funds that affecting program targeting accuracy. The same applied to village fund allocated to community development and empowerment of rural communities. However, in simultaneuity, the three forms of Village Funds, contrinuted to poverty reduction.

In another research that examined the impact of Village Fund policy on rural poverty in Tulungagung Regency that used panel data regression, Sari and Abdullah (2017) found for 2015 and 2016 fiscal years, there was a difference in the impact of village fund on poverty in Tulungagung Regency. The Village Fund and Village Allocation Fund variables had negative influence on poverty incidence, -4.52 and -1.52, respectively. The large coefficient of determination of 99 percent atested to the

strong contribution of the Village Fund and Village Fund Allocation to poverty reduction in Tulungagung regency. In the backdrop of the above results, this research focused on analyzing the impact of the Village Fund on poverty alleviation in Kulonprogo regency. Based on the above, specifically, the objectives of this research are to: i) analyze the difference village poverty in Kulon Progo Regency before and after the implementation of the Village Fund policy; ii) analyze the strategic map of Village Fund management in Kulon Progo Regency; and iii) analyze the Village Fund management for poverty alleviation programs in Kulon Progo Regency.

Based on Law No. 6 /2014, a Village is "a legal community unit that has territorial limits that are authorized to regulate and manage government affairs, interests of local communities based on community initiatives, original rights, and / or traditional rights that are recognized and respected in the government system within the framework of The Unitary Republic of Indonesia". A village represents the smallest legal community unit that has existed and has grown along with the history of the life of the Indonesian nation, and therefore an integral part of Indonesian life.

As regards the Village Fund, it is financed by the annual Government Revenue and Expenditure Budget (APBN). Funds are allocated to villages through the through the regency/city Revenue and Expenditure

Budget (APBD), with the priority being the implementation of the development and empowerment of rural communities. To that end, village constitute one of the vital sources of village income. The objectives of the Village Fund include 1) improving public services in the village; 2) alleviating poverty; 3) advancing the village economy; 4) overcoming inter-village development gaps; and 5) strengthening village communities as subjects of development. Meanwhile, basic regulations on villages and the Village Fund, include, among others, Law No. 6 / 2014 concerning Villages; PP No. 47 / 2015 concerning Amendments to PP No. 43 / 2014 concerning the Implementation Regulation of Law No. 6 / 2014; and PP No. 8 / 2016 concerning the Second Amendment to PP No. 60 / 2014 concerning Village Funds that is financed by the national budget.

Village Fund policy is a component and an outcome of the implementation of decentralization policy in Indonesia (Rusadi, 2017). Decentralization, is a government system that is contrary to the centralized system (Ong & Fritzen, 2007). A centralized government system entrusts and vests all authority to central and regional government agencies that are controlled by the central government, with local governments merely passive implementers of with policies that originate from the central government. Meanwhile, a decentralized government system is based on the transfer or giving of authority and power by the central government

to local or sub national government polities are deemed to have the authority to carry out government functions in areas under their jurisdictions. To that end, good village administration is an important part of successful decentralization. This is because the village is the institution that is closest to the community. Thus, the implementation of Law No. 6/2014 on autonomous village administrations signaled a new chapter in the decentralization policy. The delegates the authority that hitherto was vested with the central government to regional government units right to the village government. With the delegation of authority from the central government to the village government, the village government has the power to manage all matters relating to the village which creates immense opportunity for effective implementation of village development. Law No. 06/2014, authorizes village governments autonomy in village government administration, implementation of village development, village community development, and empowerment of rural communities based on community initiatives, origins, and village customs.

RESEARCH METHODS

The research used mixed research methods, that is a combination of quantitative and qualitative methods. Quantitative methods focuses on testing data. In addition, to strengthen the results of the quantitative method, qualitative method will also be used obtained through interviews with village officials and village communities.

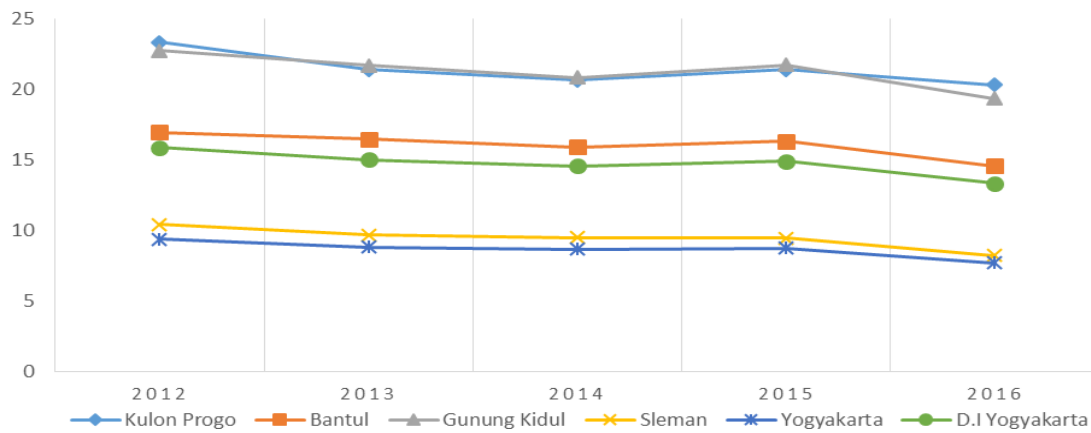


Figure 1. Poverty incidence in DIY by city/district 2012 - 2016 (in percent)

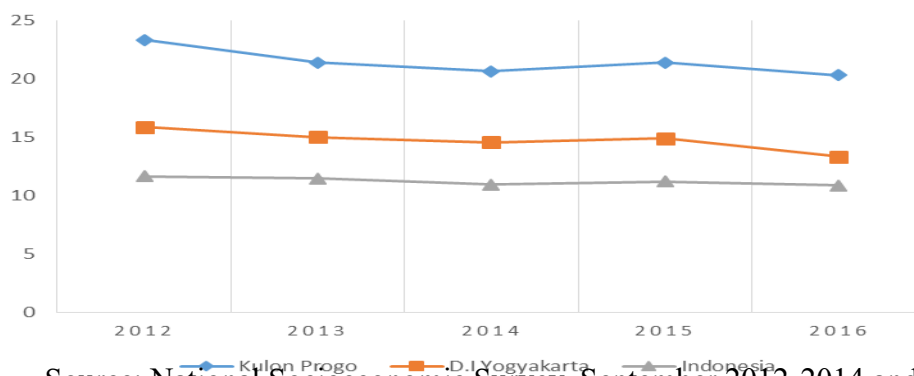
Source: Strategic Data, Yogyakarta Special Province, 2017

The scope of this research involved 88 villages in Kulon Progo Regency, but two villages were selected as sources of best practices in the allocation of Village Fund for village development and community welfare programs. The two village selected as examples of best practice village develop-

tion categorized as poor as well as the recipient of the largest Village Fund in Kulonprogo, while Demangrejo village was selected because it has succeeded in registering the largest reduction of people categorized as poor in Kulonprogo district.

With regards to data types and sources,

Figure 2. Poverty Rate (P0) Kulon Progo Regency,



Source: National Socioeconomic Survey, September 2012-2014 and March 2015-2016, BPS (Central Bureau of Statistics)

ment programs were Kalirejo Village, Kopak sub-district and Demangrejo Village, Sentolo sub district, Kulonprogo district. Kalirejo was selected as focus research village on the impact of village fund on poverty reduction because it has the largest popula-

the research used both primary and secondary data. Secondary data, which among others included number of people categorized as poor, village administration expenditure, and village fund, was obtained from the village administration reports and records.

Meanwhile, primary data collection involved the conduct of interviews with two types of respondents, *inter alia* policy makers (village officials) and members of the village community in each village of the two villages. In total, fourteen policy makers were interviewed in the two villages.

For practical purposes, the sample of 96 respondents was rounded to 100 people, out of which 92 respondents were Kalirejo Village residents and 8 respondents were Demangrejo Village residents.

As regards, techniques for data analysis are: i) difference between the means test

Table 1. Wilcoxon Signed Ranks

	N	Mean Rank	Sum of Ranks	
Poverty 2015 – Poverty 2014	Negative Ranks	72 ^a	49.78	3584.50
	Positive Ranks	16 ^b	20.72	331.50
	Ties	0 ^c		
	Total	88		
Poverty 2016 – Poverty 2014	Negative Ranks	61 ^d	45.40	2769.50
	Positive Ranks	26 ^e	40.71	1058.50
	Ties	1 ^f		
	Total	88		

Source: Data analysis, 2018

Proportional random sampling technique was used to determine the sample of village community members who were interviewed. Kalirejo and Demangrejo villages have a combined population of 2.487, who are categorized as poor. Based on Slovin formula, the number of poor people in the sample was :

$$n = \frac{N}{N \cdot d^2 + 1} = \frac{2.487}{2.487 \times (0,1)^2 + 1} = 96,13$$

was used to provide an answer to research objective 1; ii) description and interpretation was used to provide an answer for research question 2; and iii) description, narration and interpretation was used to provide an answer to research question 3.

RESULTS AND DISCUSSION

Poverty incidence in KulonProgo district, compared with other District/city administrations in Yogyakarta special administrative region (DIY), and DIY provincial and national level. Based on Fig-

Table 2. Test Statistics

	Poverty 2014 – Poverty 2015	Poverty 2014 – Poverty 2016
Z	-6.768 ^b	-3.621 ^b
Asymp. Sig. (2-tailed)	.000	.000

Donomulyo, and Kembang. To that end, the number of villages in Kulon Progo Regency that registered an increase in the average number of poor people increased in 2016 to 26. The villages that experinced an increase in the average number of poor population included Jangkaran, Plumbon, Kedundong, Temon Source: Data analysis, 2018 population poor in the second year (2016).

The village that consistently experienced an increase in the average number of poor people after the implementation of Village Fund policies included Desa Jangkaran, Plumbon, Kedundang, Temon Kulon, Garongan, Bojong, Gotakan, Krembangan, Karangsewu, Salamrejo, Kaliagung, Banyuroto dan Donomulyo; while villages that consistently experienced a decline in the average number of poor people after the implementation village fund policies were inter alia, Desa Sindutan, Palihan, Glagah, Kalidengen, Kulur, Kaligintung, Temon Wetan, Janten, Karangwuni, Sogan, Kulwaru, Ngestiharjo, Bendungan, Triharjo, Giripeni, Wates, Depok, Tayuban, Panjatan, Cerme, Banaran, Kranggan, Nomporejo, Tirtorahayu, Pandowan, Brosot, Wahyuharjo, Bumirejo, Jatirejo, Sidorejo, Gulurejo, Ngentakrejo, Demangrejo,

Srikayangan, Tuksono, Banguncipto, Tawang Sari, Karang Sari, Margosari, Pengasih, Sendangsari, Hargomulyo, Hargorejo, Hargotirto, Jatimulyo, Giripurwo, Pendoworejo, Purwosari, Tanjungharjo, Banjarasri, Banjarharjo, Pagerharjo, Banjarsari, Sidoharjo, Gerbosari, Ngargosari, Kebonharjo, dan Purwoharjo. The villages that experienced a decrease in the average number of poor people in the first year but registered an increase in the average number of poor people in the second year were Desa Kebonrejo, Karangwuluh, Pleret, Bugel, Kanoman, Sukoreno, Sentolo, Kedungsari, Sidomulyo, Hargowilis, Jatisarano, Banjararum dan Banjaroyo, and only Desa Demen, Kalirejo and Kembang villages experienced an increase in the average number of poor people in the first year but registered a decrease in the average population poor in the second year ere are

Statistical test results shows the Z-value of -6.768 for 2014-2015 and -3.621 for 2014-2016 with p-value (Asymp. Sig 2 tailed) of 0.000, or lower than the critical limit of the study (0.05) (Table 2). Thus, the null hypothesis is not accepted (rejected), meaning that the alternative hypothesis is accepted which means that there is a significant difference in the average number of poor people in Kulon Progo Regency after

government allocated 3-5 percent of the Village Fund to community empowerment activities during 2015-2017 period. The

of information related to the Village Fund was delivered directly to the village community, using events such as hamlet

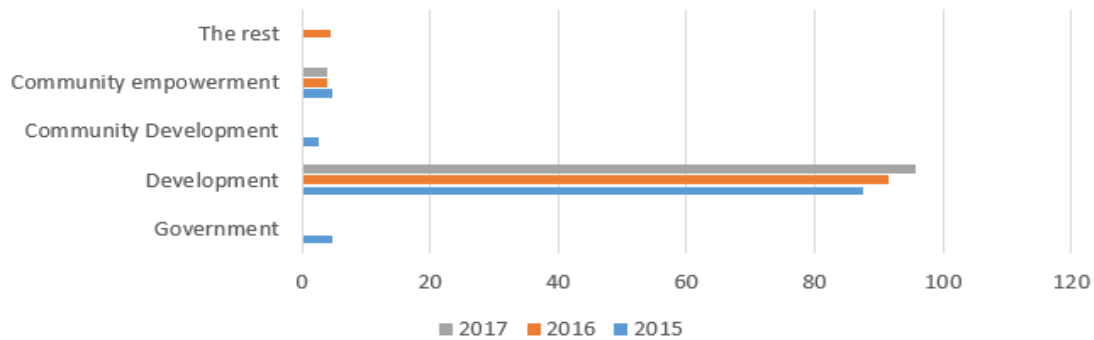


Figure 3. Allocation of Village Fund in Kulon Progo Regency, 2015-2017 (in percent)

Source: Recap of Realization of Distribution and Use of Village Funds in Kulon Progo Regency

Management of Village Fund Allocated to Poverty Alleviation Programs in Kulon Progo Regency

Dissemination of Village Fund Information

Village administration officials both in Kalirejo and Demangrejo villages said that the Village Fund information distribute to village communities at least once in a year, specifically, during the Musyawarah Perencanaan Pembangunan Desa (Musrenbangdes). In addition, village officials use other efforts to socialize information on Village Fund to village community members such as during hamlet meetings, in cases where Village Fund are used for development activities, during banner placing activities and so on .

In Demangrejo Village, in addition to the Musrenbangdes activities, dissemination

meetings, and national independence anniversary celebration activities. Meanwhile, in Kalirejo Village, in addition to Musrenbangdes activities, dissemination of Village Fund information also occurred during hamlet meetings, village fund use meetings, dialogues with the community members conducted once a month, whenever village development activities were to be carried out using Village Funds, banner placement events, and so on. Nonetheless, village administration officials said that despite various efforts and ways village officials used to disseminate information on the Village Fund, some village members expressed ignorance about the Village Fund. Ignorance about the village fund was largely as result of absence of some village members during village fund information

Table 3. Uses of Phase 2

Demangrejo Village	Kalirejo Village		
Allocation	Total (Rp)	Allocation	Total (Rp)
Development		Development	
a. Construction and maintenance of waterways	85.598.000	a. Construction of kindergarten building	194.443.400
b. Construction and maintenance of concrete rebate roads	328.299.500	b. Development and management of village markets and village kiosks	73.693.000
c. Talud	254.324.500	c. Village road construction / maintenance activities	428.132.200
d. Health and sanitatin facilities / Jambanisasi	10.000.000	d. Facilitation and development of MCK / sanitation facilities	43.951.500
e. Construction of Modest Houses Unqualified Houses (RTLH)	60.192.000	e. Road widening	179.410.000
f. Water tunnel	62.001.500	f. Village bridge	62.308.000
Community empowerment		Community empowerment	
a. Organic farming training	26.921.500	a. Help to foster early school	17.185.000
b. Training on the procurement of organic fertilizers	8.574.000	b. Organizing health promotion	17.102.500
		c. Culinary training and local food development as commodities for tourism economic strategies	10.857.500

Source: Consolidation Report on Village Fund Use Phase 2 of the 2017 Budget Year in Kulon Progo Regency

construction of roads involved paving and use of cast blocks .

Secondly, to support efforts to increase income generating activities and reduce transporattion costs. Repairing facilities and infrastructure contributes to improvement in the incomes of the rural population whose main source of livelihood is farming. Poor roads in the village forces farmers not use

menial labor to transport their harvests, which reduces incomes. To that end, improvement in road quality, reduces transportation costs as farmers are able to use vehicles, which are cheaper than menial labor, thereby increasing farmers' income.

Thirdly, the construction of infrastructure is more 'visible' and easier to account for than manifestations of Village

accommodation and response to the community requests and aspirations. Unlike benefits that are generated by community empowerment activities that are excludable for some in the community, investment of Village Fund in physical investment activities is nonexcludable for all village members, which is why it is a preferred investment for most village community members.

Village Fund Management for Poverty Alleviation Programs in Demangrejo and Kalirejo Villages

Despite that fact that Village Funds in Demangrejo and Kalirejo Villages have not been specifically allocated to poverty alleviation programs, funds that were spent on development activities or community empowerment indirectly contributed to reducing poverty. The allocation of Village Funds to development in Demangrejo and Kalirejo villages was spent on health and sanitation program, jambanisasi program, improving the quality of housing (RTLH) and lighting program for underprivileged village communities.

The village community that beneficiaries of the programs were selected through a series of processes. For instance, for the health and sanitation programs (jambanisasi program), every village member received materials worth Rp 3,000,000, for the house quality improvement program (RTLH program) every recipient village received material worth Rp 15,000,000 / per-

son, and for the lighting improvement program (lantainisasi program) the village community received material worth Rp 2,500,000 / person. However, the limitation of the size of the Village Fund and the large number of people who would meet all the qualifications to become recipients, meant that development programs that have been implemented have not been able to fulfill all the various interests of the village population. Thus, there is an imbalance between the demand for development programs and the supply of funds that the Village Fund can provide. Consequently, village members who do not become recipients of village development programs become jealous of their village colleagues who happen to be recipients. Some village members go to the extent of castigating the selection process of program recipients for unfairness and favoritism toward certain groups, based on close kinship ties to village administration officials.

Meanwhile, the RTLH program has not been able to deliver tangible benefits to the village community. This is because of the size of the allocation funds for the program, which is not sufficient to improve the quality of poor housing. It is often the case that building materials that are distributed to village members who are beneficiaries are sold off to earn money that is used for other purposes. Meanwhile, some program recipients try to supplement the Village Fund allocation by applying for bank loans, a process that has plunged them into indebtedness.

One of the distinguishing features of the conduct of development programs in Demangrejo and Kalirejo lies in the process of procuring development materials to support the programs. While program materials in Kalirejo Village can be purchased inside or outside the Kalirejo Village, the requirements in Demangrejo Village is that program material must be procured from within Demangrejo Village. To procure house improvement materials in Demangrejo village, the village administration has provided training for the village people in brick making. That way, development programs mutually support the realization of community empowerment program. To that end, despite the fact that given the limited Village Fund, the Village Fund can not fulfill all interests of its poor population, the implementation of village development programs has been done in such a manner that it has supported the realization of the community empowerment program, making both programs reinforcing and sustainable.

Village Fund allocations to community empowerment activities in Kalirejo Village include carpentry, sewing, makeup, automotive, brick making, mosaic tiles making, coconut sugar processing, culinary and local food capacity development to support commodity tourism economic strategies, health awareness activities, and pre school age development programs. Nonetheless, Kalirejo village population shows little enthusiastic in participating in training pro-

grams activities. In fact, many villager community members showed reluctance to participate in training exercises unless they received compensation for their time. The number of village community members that was interested in participating in training activities fell short of the number of seats set to conduct such activities in a viable manner.

The problems also lies in the lack of benefits the programs generate for program participants. After undergoing training, many villager members were reluctant to apply the results of the training in the village, preferring to emigrate to urban areas where they worked as porters or factory workers which earned them certain income compared with the uncertainty of establishing new businesses. To that end, village fund allocated to the training of the population in various empowerment activities, does not generate income generating activities and benefits that help to change people's lives and livelihoods in the villages.

The allocation of Village Funds to community empowerment in Demangrejo Village includes training in organic farming, procurement of organic fertilizers, chicken farming and feedstocks making, brick making, and fish farming. Training in organic farming covers training the population in red chili and red onion (Mr. Bram) farming. Unlike the case in Kalirejo village, the population in Demangrejo village showed high enthusiasm in participating in training activi-

The enthusiasm was so high that the number of people who requested to participate in community empowerment activities exceeded the maximum number of seats set for the training exercises.

Problems in Village Fund Management

Based on findings in this research, a Village Fund management in Kalirejo village is plagued by problems that include i) uncertainty of Village Fund regulations due to changes that occur every year, creating confusion on the part of village officials, hamlets, and communities. This was reflected in complaints by village administration officials about the high complexity of the Village Fund administrative process that undermine effective and efficient Village Fund management; ii). Little enthusiasm of Kalirejo village community population to participate in community empowerment programs, undermines the effectiveness of such programs, that in turn undercuts the impact they have on village development and welfare of community members.

To that end, the most important distinguishing feature of Village Fund management in Kalirejo and Demangrejo villages is the community enthusiasm and contribution that is high in the latter but is very lacking in the former. Thus, without community enthusiasm of Kalirejo community members about Village Fund activities the management of Village Fund activities is jeopardized as there is no

connection and cooperation between village administration officials and community members in implementing the programs. Based on the foregoing, thus, it is not surprising that Village Fund management in Demangrejo village achieved higher success than that in Kalirejo village.

The little enthusiasm that characterizes the attitude of Kalirejo Village community members toward village fund management and development activities, is in part attributable to the pervasive apathy among community members. Many people are low spirited and compalescent with their current livelihoods, abeei being characterized by hardships. They do not see much possibility in anything changing their lives and livelihoods for the better (Rondinelli, D. A., 2007). On the contrary, Demangrejo Village community members, they have a lot of enthusiasm and readiness to contribute to village communities toward successful management and implementation of Village Fund and development activities. Thus, differences in the mindset and outlook toward life and the future of people in the two villages, underlies the stark difference in their attitude toward Village Fund management and involvement of village members in development activities, which in turn influenced the performance of Village Fund management and development activities in the two villages. Implementing poverty alleviation can not be limited to injecting financial assistance, but should also, importantly, educate potential

beneficiaries of the intervention about the need to change their attitude, mindset and perspectives about the meaning of life, decent livelihood and living conditions, and a good future for them and their children.

Village Funds: A Form of Decentralization at The Village Government Level

Law No. 6 of 2014 is good news for the village. Antlöv, Wetterberg, and Dharmawan (2016) lauds Law No. 6 / 2014 concerning villages because it is implemented through the strong implementing regulations on financial management system and supporting regulations. Theoretically, decentralization has a positive impact on the performance of village governments as it facilitates an increase in village financial resources, and enhances flexibility for village entities to act effectively in responding to village needs (Rondinelli, D. A. and Cheema, 2007). However, decentralization according to Smoke et.al. (2006) may produce some undesirable outcomes, including regional deficits and debts, and corruption that can endanger national fiscal stability. Thus, the success of decentralization of a region / village depends on the effectiveness of the implementing unit. Moreover, as Arif and Maksum (2017) emphasize, for decentralization to succeed, there must be collaboration and cooperation between lower and higher tier administrative units between the central and regional governments which creates synergy in policy implementation, monitoring and evaluation phases.

Village Funds allocation is integral to the village decentralization, which the Law No.6/2014, refers to as autonomous village administration. With the existence of autonomy at the village level, village administrations, which are headed by directly elected individuals with checks and balance provided by village representative council, has the authority and opportunity to design and implement village development and empowerment programs that exploit village potential, enhance human resources and incomes, in line with aspirations and needs of the village/ rural population, and take into consideration the importance of environment and social-cultural conservation and sustainability.

However, the big question is whether all villages are ready to implement decentralization in the form it is implemented in Law No.6/2014. Based on results of this study, most of the villages in Kulon Progo Regency have the capacity at both the administration and community level to implement an effective village fund management regime, reflecting ability to handle the authority and responsibilities that are associated with village government decentralization policy. Those villages Kulon Progo Regency with such capacity have been able to implement development and community empowerment programs that have reduced poverty. However, there are villages Kulon Progo Regency that lack such capacity especially at the community level, which despite designing and implementing village development

and empowerment programs, have failed to reduce poverty largely because of the poor public perception and reception of such programs. If there is an important lesson learned from this study about village autonomy and development, it is that successful decentralization of village administration depends much on the capacity and capability of the administrative unit as the implementing unit as well as active participation of the village community and readiness to change their mindset, perspectives and outlook toward the future for the better.

CONCLUSION

Results of this study lead to a number of conclusions: The average number of poor has declined in the aftermath of the village fund policy in Kulonprogo Regency. The number of villages in Kulonprogo regency that experienced a decline in the number of poor people in 2015 and 2016 was 72 and 61, respectively out of 88 villages in total. However, one village did not show change in the number of poor people in 2016. To that end, poverty incidence in Kulon Progo Regency decreased in both 2015 and 2016.

The reduction of poverty incidence in

Kulonprogo regency is largely as a result of prioritization of the allocation of the village fund to development activities, including road development, maintenance, health and sanitation improvement, and house improvement program. Village administrations in Kulon Progo Regency allocated 85 - 95 percent during 2015 - 2017 on average to development programs.

However, the village that had both a capable village administration and supportive community in village fund management and development program implementation, Demangrejo village, achieved higher poverty reduction outcome than the village where despite the existence of a capable village administration, absence of a supportive community population undermines the conduct of development programs. To that end, effective implementation of village decentralization policy requires both a capable and transformative village administration and an adaptive attitude, ready-to-learn and change perspectives and outlook toward life, livelihood and future for the better.

Based on the above conclusions, sever-

of poverty interventions prior to or during the implementation of the intervention, is equally, if not more important for program success and sustainability.

Fostering strong commitment and cooperation between village administration officials and village communities is also vital for effective rural development. Poverty reduction is not only the responsibility of village administrative officials but all other elements of society including population, opinion leaders, and the various components of civil society. Thus, to be successful and sustainable, rural development programs should involve all stakeholders right from design, implementation and monitoring and evaluation. Successful rural development is not possible without effective coordination, cooperation, and synchronization of policies across various tiers of the government. Thus, enhancing vertical coordination across administrative tiers of government are required to enhance and improve program effectiveness, quality and sustainability.

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