

**THE EFFECTIVENESS OF NEIGHBORHOOD FUND PROGRAMS  
ON REGIONAL DEVELOPMENT IN THE SIANTAR MARIMBUN  
SUB-DISTRICT FROM A COMMUNITY-DRIVEN DEVELOPMENT  
PERSPECTIVE**

**ABSTRACT**

The aim of this research is to determine the effectiveness of neighborhood fund management through the lens of Community-Driven Development. Purposive sampling was used in this study, with a sample size of 100 individuals. The researcher employed a quantitative method with SEM-PLS analysis technique. The findings indicate that neighborhood funds, under the Community-Driven Development approach, significantly influence the development of neighborhood infrastructure but do not significantly affect community empowerment in the Siantar Marimbun Sub-District. The Neighborhood Fund Program for regional development achieves an effectiveness ratio of 98%. This suggests that the management of neighborhood funds in the Siantar Marimbun Sub-District in 2020 still focuses on physical programs (infrastructure) and has yet to emphasize community empowerment development, partly due to the COVID-19 pandemic and the absence of specific guidelines regarding the allocation percentage for infrastructure development versus community empowerment in Mayor Regulation No. 13 of 2019 for Pematangsiantar.

**Keywords:** Community-Driven Development; neighborhood fund; effectiveness; regional development.

**I. INTRODUCTION**

Neighborhood funds, allocated from the national budget and channeled through the City's Regional Expenditure Budget, are pivotal in addressing a spectrum of objectives, from governance and infrastructure development to community empowerment. These funds, regulated by frameworks such as the Minister of Home Affairs Regulation No. 130 of 2018, are instrumental in catalyzing infrastructure progress and enhancing community welfare across Indonesian neighborhoods. The Siantar Marimbun Sub-District exemplifies the strategic deployment of these funds to harmonize infrastructure development with community empowerment, encompassing planning, implementation, monitoring, and evaluative processes to ensure developmental efficacy. Moreover, empowerment initiatives are pursued through diverse training and business development programs, aiming to uplift community capacities.

Despite the potential of neighborhood funds to uniformly foster community welfare, challenges persist, including limited management expertise among neighborhood officials and fluctuating community engagement in empowerment programs. These issues can lead to the underutilization of programs and a predominant focus on physical

infrastructure projects. This scenario accentuates the need for judicious management of neighborhood funds, particularly to achieve a balanced distribution between infrastructure and empowerment initiatives, amidst existing disparities in the Siantar Marimbun Sub-District.

Institutional Theory provides a lens through which the organizational dynamics influenced by environmental pressures can be understood (Diah 2023), highlighting the impact of both external and internal normative pressures on fund management (Ridha & Basuki, 2012; Meyer & Rowan, 1977 in H Sofyani, 2020). This framework underscores the significance of recognizing the regulatory and societal contexts shaping fund management practices.

Additionally, the essential role of community participation in the development of social communities has been underscored, noting a prevalent indifference towards social and environmental progress due to inadequate community engagement (Sardini & Suswanto, 2016). Empowerment, involving the enhancement of cognitive, conative, psychomotor, and affective abilities, is vital for fostering community independence and resilience (Widjajanti, 2011; Sumodiningrat, 2000).

Arga (2024) posits that regional development aims to stimulate community economic activities, contributing to economic growth within a framework that accommodates population growth and urban area development. Satia (2021) further distinguishes between the fulfillment of essential human needs and desires, suggesting a nuanced approach to development that considers the intricate balance between economic activities and the well-being of communities.

Decentralization and community empowerment strategies highlight the importance of local governance in leading development initiatives (Hardianto, 2016; Sumodiningrat, Chotima et al., 2019; Minarni, 2014). These approaches advocate for participatory poverty reduction and empowerment processes to build a civil, prosperous, and equitable society (Donly, 2020). Emphasizing the need for socio-economic and structural transformations to unlock community potential (Widjaja, Chotima et al., 2019).

This study embarks on an examination of the effectiveness of neighborhood funds in the Siantar Marimbun Sub-District's regional development. It aims to offer critical insights into the implementation of Neighborhood Fund Programs, assessing their impact on regional development and the facilitation of a balanced resource allocation between infrastructure development and community empowerment. Through this lens, the research endeavors to contribute valuable perspectives to the discourse on equitable and participatory development processes.

## **II. METHOD**

This study employed a quantitative descriptive approach centered on Community Driven Development (CDD), which prioritizes community initiatives to improve their quality of life. CDD encompasses five main characteristics: community focus, participatory planning, community control over resources, involvement in implementation, and community-based monitoring and evaluation. The investigation was conducted in the Siantar Marimbun Sub-District, Pematangsiantar City, North Sumatra Province, in September 2023.

The target population for this research comprised a diverse group of stakeholders

including village heads, village officials, community groups (Pokmas), and SiantarMarimbun Sub-District officials. The total population encompassed approximately 500 individuals involved in neighborhood fund management and community development activities across the sub-district.

To accurately reflect the perspectives of the various stakeholders involved in neighborhood fund programs, the study utilized a purposive quota sampling method. This approach was chosen to ensure a comprehensive analysis of the effectiveness of neighborhood funds on regional development from a Community-Driven Development perspective. A total sample of 100 respondents was determined based on specific criteria to include a balanced representation from each stakeholder group, distributed as follows:

**Table 1 Research Respondents**

| No.          | Description   | Number (Individuals) |
|--------------|---|----------------------|
| 1            | POKMASand Village Officials of Nagahuta Village       | 15                   |
| 2            | POKMASand Village Officials ofNagahutaTimur Village   | 15                   |
| 3            | POKMASand Village Officials ofTongMarimbun Village    | 15                   |
| 4            | POKMASand Village Officials ofSimarimbun Village      | 15                   |
| 5            | POKMASand Village Officials ofMarihatJaya Village     | 15                   |
| 6            | POKMASand Village Officials ofPematangMarihat Village | 15                   |
| 7            | Siantar Marimbun Sub-District Officials               | 10                   |
| <b>Total</b> |   | <b>100</b>           |

The quota sampling method was selected over other techniques due to the study's focus on capturing specific insights related to the management and effectiveness of neighborhood funds within a defined community setting. This method allowed for the targeted selection of respondents who are directly involved or affected by neighborhood fund programs, thereby ensuring the relevance and depth of the data collected.

- a. Independent Variables (X): Influence or cause changes in the dependent variables.
- b. Dependent Variables (Y): Influenced by or are the result of the independent variables.
- c. Intervening Variables (Z): Theoretically affect the relationship between independent and dependent variables indirectly.

**Table 2. Variable Type Code and Indicators**

| Variable Type   | Code | Indicator                             | Source/Opinion Basis  |
|-----------------|------|---------------------------------------|---|
| Independent (X) | X1   | Amount of Neighborhood Fund Allocated | Derived from local government regulations and literature on public funding. |
| Dependent (Y1)  | X2   | Distribution Mechanism of Funds       | Adapted from community development best practices.                          |
|                 | Y1a  | Number of                             | Based on project  |

|                 |     |  |  |
|-----------------|-----|--|--|
|                 |     | Infrastructure Projects Completed            | management and community development theories.                     |
|                 | Y1b | Quality of Infrastructure Developed          | Community feedback and infrastructure quality assessment criteria. |
| Dependent (Y2)  | Y2a | Level of Community Participation in Projects | Theoretical frameworks on participatory development.               |
|                 | Y2b | Increase in Community Skills and Knowledge   | Educational and empowerment program evaluation standards.          |
| Intervening (Z) | Z1  | Community Engagement in Planning Process     | Community-Driven Development principles.                           |
|                 | Z2  | Community Decision-Making Power              | Decentralization and local governance literature.                  |

Each variable and its corresponding indicators were developed based on a comprehensive review of existing literature and best practices in the field of community-driven development and public fund management. The choice of indicators is informed by the theoretical frameworks that underpin the study's hypothesis, with an emphasis on ensuring measurable and observable outcomes that reflect the impact of the Neighborhood Fund on regional development and community empowerment in the Siantar Marimbun Sub-District.

Data analysis is conducted using SPSS 25.0 for validity and reliability tests, as well as Structural Equation Modeling (SEM) techniques with the assistance of the AMOS program to test the relationships between variables. Therefore, this article aims to evaluate the effectiveness of the Neighborhood Fund Program on regional development with a focus on the Siantar Marimbun Sub-District, using the perspective of Community Driven Development.

### III.RESULT AND DISCUSSION

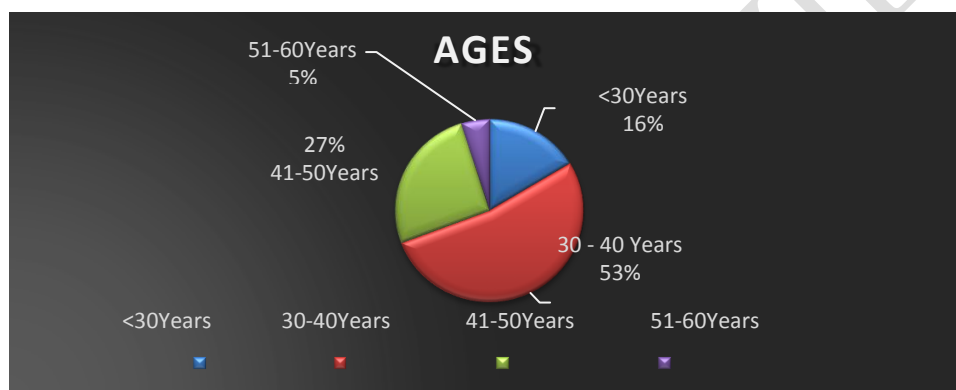
The Siantar Marimbun Sub-District covers an area of 18,006 km<sup>2</sup>. Geographically, the Siantar Marimbun Sub-District is located between 1°22'03" North Latitude and 99°14'0.44" East Longitude. The sub-district consists of 6 villages, with Simarimbun Village being the largest in terms of area at 6.12 km<sup>2</sup>, accounting for 33.99% of the Siantar Marimbun Sub-District, and East Nagahuta Village being the smallest at 1.474 km<sup>2</sup>, accounting for 8.19% of the sub-district's area. According to the data from the Siantar Marimbun Sub-District in Figures 2023, the population of the Siantar Marimbun Sub-District in 2022 was 20,453 people with a population density of 1.13 people/km<sup>2</sup> spread across 6 villages. Pematang Marihat Village has the highest population with 7,117 people, with a population density of 4.37 people/km<sup>2</sup>, while East Nagahuta Village has the lowest population of 2,347 people with a population density of 1.59 people/km<sup>2</sup>.

#### 3.1 Characteristics of Research Respondents

In this study, understanding the characteristics of respondents is crucial to provide a comprehensive profile of the research data sources. Respondent characteristics include age, highest education level, gender, and occupation. Based on the following table, respondent characteristics by age can be outlined as follows:

- Respondents under 30 years old: 16 respondents or 16.3% of the total respondents.
- Respondents aged 30 to 40 years: 54 respondents or 52.9% of the total respondents.
- Respondents aged 41 to 50 years: 26 respondents or 26% of the total respondents.
- Respondents aged 51 to 60 years: 4 respondents or 4.8% of the total respondents.

This indicates that the majority of respondents in this study are aged between 30 and 50 years, with the highest percentage in the 30-40 age group at 52.9%. Further information about respondent characteristics can be seen in the following diagram:



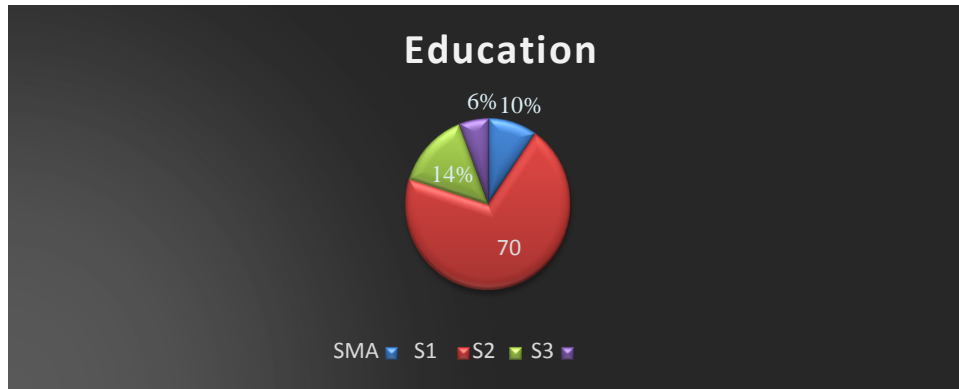
Source: Data Processed (2024)

**Diagram 1: Respondent Characteristics by Age**

Respondent characteristics by highest education level can be outlined as follows:

- Respondents with high school education: 9 individuals or 9.6% of the total respondents.
- Respondents with Bachelor's degree (S1): 72 individuals or 70.2% of the total respondents.
- Respondents with Master's degree (S2): 14 individuals or 14.4% of the total respondents.
- Respondents with Doctoral degree (S3): 5 individuals or 5.8% of the total respondents.

This indicates that the majority of respondents have a Bachelor's degree, accounting for 70.2% of the total respondents. Meanwhile, the Master's degree level is a minority with a percentage of 14.4%. Further information about respondent characteristics by highest education level can be seen in the following diagram:



Source: Data Processed (2024)

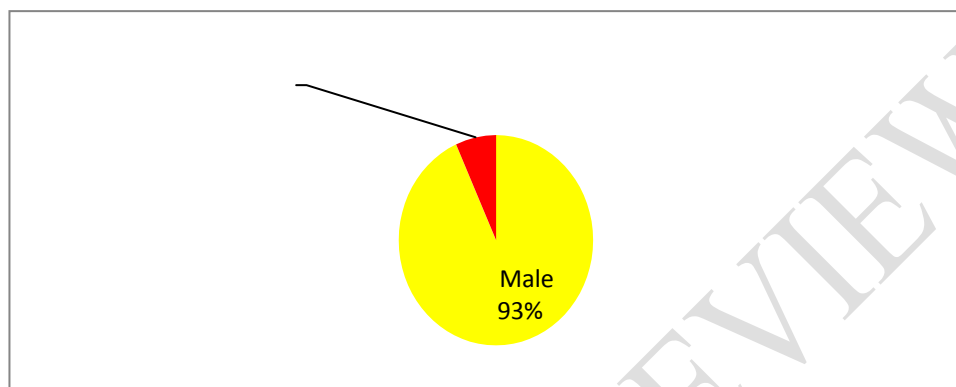
**Diagram 2: Respondent Characteristics by Highest Education Level**

UNDER PEER REVIEW

Respondent characteristics by gender can be outlined as follows:

- Male respondents: 95 individuals or 93.3% of the total respondents.
- Female respondents: 5 individuals or 6.7% of the total respondents.

This indicates that the majority of respondents are male, accounting for 93.3% of the total respondents, while female respondents only make up 6.7%. Further information about respondent characteristics by gender can be seen in the following diagram:



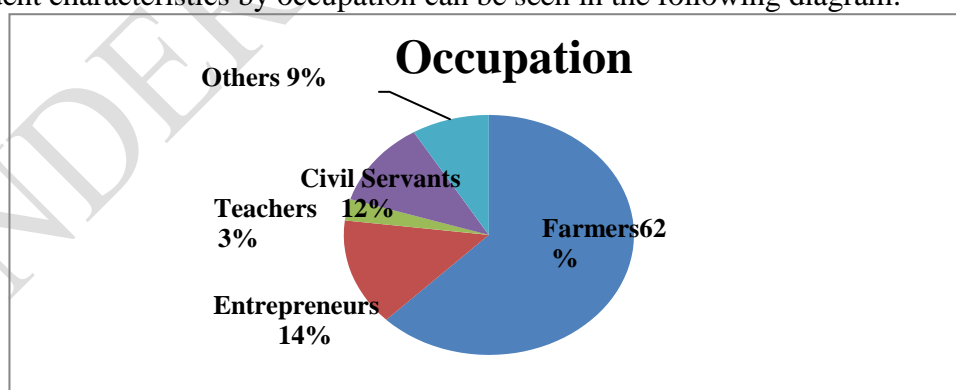
Source:Data Processed (2024)

**Diagram 3: Respondent Characteristics by Gender**

Respondent characteristics by occupation can be outlined as follows:

- Farmers: 64 respondents or 62.5% of the total respondents.
- Entrepreneurs: 14 respondents or 14.4% of the total respondents.
- Teachers: 2 respondents or 2.9% of the total respondents.
- Civil Servants (PNS): 11 respondents or 11.5% of the total respondents.
- Others: 9 respondents or 8.7% of the total respondents.

This indicates that the majority of respondents work as farmers, accounting for 62.5% of the total respondents. Meanwhile, there is a variation of other occupations such as entrepreneurs, teachers, civil servants, and others. Further information about respondent characteristics by occupation can be seen in the following diagram:



Source:Data Processed (2024)

**Diagram 4: Respondent Characteristics by Occupation**

### 3.2 Analysis Results of Respondents

Based on the respondents' answers regarding the variables used and their effectiveness analysis, the Neighborhood Fund is assessed based on several measured parameters, such as infrastructure development and community empowerment, as follows:

1. Infrastructure Development in Villages:

- The majority of physical development projects, such as road and drainage construction, demonstrate high levels of effectiveness, with effectiveness percentages ranging from approximately 91% to 100%.
  - Most projects achieve adequate or highly effective levels of effectiveness in achieving the goals of infrastructure development in villages.
2. Community Empowerment in Villages:
    - Community empowerment programs, such as sewing training and other training sessions, generally exhibit high levels of effectiveness, with effectiveness percentages around 100%.
    - This indicates that community empowerment programs have succeeded in achieving their objectives and have had a positive impact on the local community.
  3. Average Effectiveness:
    - The average effectiveness of all Neighborhood Fund projects is 98%, indicating that the majority of projects are performing well and aligning with the set objectives.

This analysis indicates that the Neighborhood Fund has made a significant contribution to infrastructure development and community empowerment in various villages. The high level of effectiveness suggests that the Neighborhood Fund has been well-managed and has provided tangible benefits to the local community.

### **3.3 SEM PLS Analysis Results**

Effectiveness pertains to whether a implemented policy achieves the desired outcomes. The requirements for assessing the effectiveness of a program include inputs covering the determination of aspects to be evaluated, the process (implementation), and the output (results), which encompass the clarity of assessment outcomes such as benefits, impacts, risks, and follow-up recommendations.

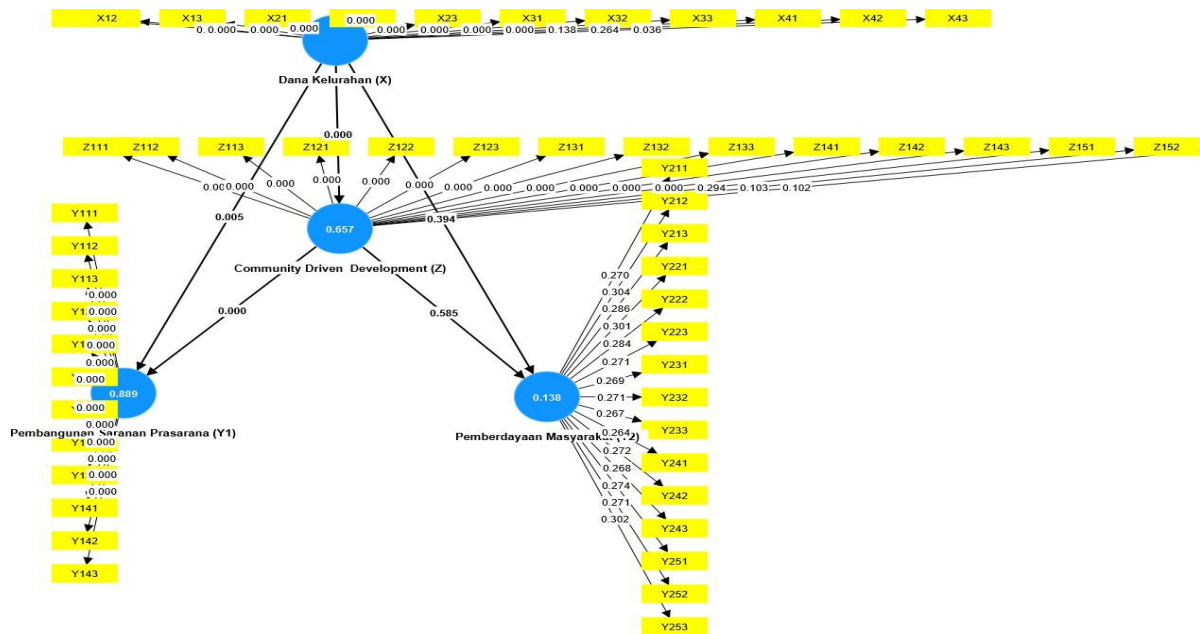


Figure 1 Data Result (Output) SEM-PLS

### 3.3.1 Validity Test Result

Loading factor is a part of convergent validity. The convergent validity test will be fulfilled if the loading factor values for each indicator are  $> 0.7$ . Here are the results of the convergent validity test for all indicators in the conducted research:

Table 3 Summary of Loading Factor Validity Test Results

| Indicator | Loading Factor | Critical Value | Validity |
|-----------|----------------|----------------|----------|
| X11       | 0,777          | 0,7            | Valid    |
| X12       | 0,708          | 0,7            | Valid    |
| X13       | 0,782          | 0,7            | Valid    |
| X21       | 0,727          | 0,7            | Valid    |
| X22       | 0,787          | 0,7            | Valid    |
| X23       | 0,669          | 0,7            | Valid    |
| X31       | 0,741          | 0,7            | Valid    |

|      |       |     |       |
|------|-------|-----|-------|
| X32  | 0,620 | 0,7 | Valid |
| X33  | 0,667 | 0,7 | Valid |
| X41  | 0,722 | 0,7 | Valid |
| X42  | 0,736 | 0,7 | Valid |
| X43  | 0,837 | 0,7 | Valid |
| Y111 | 0,854 | 0,7 | Valid |
| Y112 | 0,829 | 0,7 | Valid |
| Y113 | 0,881 | 0,7 | Valid |
| Y121 | 0,839 | 0,7 | Valid |
| Y122 | 0,797 | 0,7 | Valid |
| Y123 | 0,870 | 0,7 | Valid |
| Y131 | 0,912 | 0,7 | Valid |
| Y132 | 0,838 | 0,7 | Valid |
| Y133 | 0,895 | 0,7 | Valid |
| Y141 | 0,871 | 0,7 | Valid |
| Y142 | 0,853 | 0,7 | Valid |
| Y143 | 0,876 | 0,7 | Valid |
| Y211 | 0,690 | 0,7 | Valid |
| Y212 | 0,609 | 0,7 | Valid |
| Y213 | 0,637 | 0,7 | Valid |
| Y221 | 0,620 | 0,7 | Valid |
| Y222 | 0,646 | 0,7 | Valid |

|      |       |     |       |
|------|-------|-----|-------|
| Y223 | 0,741 | 0,7 | Valid |
| Y231 | 0,609 | 0,7 | Valid |
| Y232 | 0,651 | 0,7 | Valid |
| Y233 | 0,781 | 0,7 | Valid |
| Y241 | 0,786 | 0,7 | Valid |
| Y242 | 0,783 | 0,7 | Valid |
| Y243 | 0,809 | 0,7 | Valid |
| Y251 | 0,875 | 0,7 | Valid |
| Y252 | 0,609 | 0,7 | Valid |
| Y253 | 0,821 | 0,7 | Valid |
| Z111 | 0,842 | 0,7 | Valid |
| Z112 | 0,734 | 0,7 | Valid |
| Z113 | 0,851 | 0,7 | Valid |
| Z121 | 0,831 | 0,7 | Valid |
| Z122 | 0,778 | 0,7 | Valid |
| Z123 | 0,833 | 0,7 | Valid |
| Z131 | 0,825 | 0,7 | Valid |
| Z132 | 0,776 | 0,7 | Valid |
| Z133 | 0,845 | 0,7 | Valid |
| Z141 | 0,816 | 0,7 | Valid |
| Z142 | 0,817 | 0,7 | Valid |
| Z143 | 0,653 | 0,7 | Valid |
| Z151 | 0,646 | 0,7 | Valid |
| Z152 | 0,634 | 0,7 | Valid |
| Z153 | 0,627 | 0,7 | Valid |

Source: Result Data Processed by using SmartPLS(2024)

The summary of the validity test, as presented in Table 2, showcases that all indicators used in the study are valid, with loading factors exceeding the critical value of 0.7. This indicates that each indicator possesses a strong relationship with its respective construct, thereby affirming the convergent validity of the measurement model. The validity of these indicators suggests that the constructs are well-represented by their indicators, making them suitable for further analysis within this research.

### 3.3.2 Composite Reliability

Other than validity testing, reliability testing was also conducted on each variable in the study. Reliability testing was performed by examining the values of composite reliability and Cronbach's alpha for each variable. The values that must be met for each variable to be considered reliable are  $>0.8$  for composite reliability and  $>0.6$  for Cronbach's alpha.

**Table 4 Summary of Composite Reliability and Cronbach Alpha Results**

| Variable | Alfa<br>Cronbach | Critical<br>Value | Composite<br>Reliability | Critical<br>Value | Test<br>Result |
|----------|------------------|-------------------|--------------------------|-------------------|----------------|
| Z        | 0,908            | 0,6               | 0,924                    | 0,8               | Reliable       |
| X        | 0,790            | 0,6               | 0,784                    | 0,8               | Reliable       |
| Y1       | 0,967            | 0,6               | 0,971                    | 0,8               | Reliable       |
| Y2       | 0,930            | 0,6               | 0,935                    | 0,8               | Reliable       |

Source: Result Data Processed by using SmartPLS(2024)

Reliability testing, detailed in Table 4, was conducted to evaluate the consistency of the variables measured in this study. The tests involved assessing composite reliability and Cronbach's alpha for each variable. To declare a variable as reliable, it must achieve a composite reliability score greater than 0.8 and a Cronbach's alpha score greater than 0.6.

Here are seven main sections to be discussed in the analysis of the research findings:

#### 3.3.1 Impact of Village Funds on Community-Driven Development

The influence of Village Funds on Community-Driven Development has an original sample value of 0.811, a sample mean of 0.818, a standard deviation of 0.032, a T Statistic of 2.831, and a p-value less than 0.005, specifically 0.003, indicating significance. Community involvement in monitoring and evaluating the management of Village Funds will realize transparency in their administration. Transparency reduces uncertainty in decision-making regarding Village Fund management. Additionally, it narrows the opportunities for corruption within the village government as the community participates in decision-making (Kasenda et al, 2021).

#### 3.3.2 Impact of Village Funds on Infrastructure Development

The impact of Village Funds on Infrastructure Development has an original sample value of 0.182, a sample mean of 0.175, a standard deviation of 0.064, a T Statistic of 0.852, and a p-value less than 0.005, specifically 0.005, indicating significance.

#### 3.3.3 Impact of Village Funds on Community Empowerment

The impact of Village Funds on Community Empowerment has an original sample value of -0.478, a sample mean of -0.025, a standard deviation of 0.561, a T Statistic of 0.852, and a p-value greater than 0.005, specifically 0.394, indicating no significant impact.

### **3.3.4 Impact of Community-Driven Development on Infrastructure Development**

The impact of Community-Driven Development on Infrastructure Development has an original sample value of 0.789, a sample mean of 0.794, a standard deviation of 0.053, a T Statistic of 14.901, and a p-value less than 0.005, specifically 0.004, indicating significance. The Community-Driven Development perspective prioritizes community initiative to enhance their own quality of life (Kilby, 2011, as cited in Mashuri et al., 2020). Five key characteristics define the CDD approach: (1) Community focus; (2) Participatory planning and design; (3) Community control over resources; (4) Community involvement in implementation; and (5) Community-based monitoring and evaluation.

### **3.3.5 Impact of Community-Driven Development on Community Empowerment**

The impact of Community-Driven Development on Community Empowerment has an original sample value of 0.142, a sample mean of 0.034, a standard deviation of 0.261, a T Statistic of 25.275, and a p-value greater than 0.005, specifically 0.585, indicating no significant impact. According to Adisasmita (2011, as cited in Wahongan, 2019), effective management involves planning, implementation, and supervision to achieve goals effectively and efficiently. Similarly, in the management of village funds, good planning and design are essential for beneficial program implementation.

### **3.3.6 Impact of Village Funds on Infrastructure Development through Community-Driven Development**

The impact of Village Funds on Infrastructure Development through community-driven development has an original sample value of 0.640, a sample mean of 0.649, a standard deviation of 0.050, a T Statistic of 12.907, and a p-value less than 0.005, specifically 0.000, indicating significance. The allocation of funds for local infrastructure development and community empowerment involves community groups and/or social organizations. The Ministry of Home Affairs issued Regulation No. 130 of 2018 concerning Village Infrastructure Development Activities and Community Empowerment in Villages, emphasizing the role of these activities in improving community welfare.

### **3.3.7 Impact of Village Funds on Community Empowerment through Community-Driven Development (CDD)**

The impact of Village Funds on Community Empowerment through community-driven development has an original sample value of 0.115, a sample mean of -0.027, a standard deviation of 0.215, a T Statistic of 0.538, and a p-value greater than 0.005, specifically 0.591, indicating no significant impact. The implementation of village fund management by the SiantarMarimbun Sub-District government has impacted the community positively, particularly in enjoying good road infrastructure. However, the significant impact on community welfare from utilizing these funds is yet to be seen (Aida, A. N., & Zahara, 2018). The initial plan for utilizing village funds should encompass infrastructure development, improving community living standards, and stimulating the local economy, yet in SiantarMarimbun Sub-District, the funds were predominantly allocated to physical infrastructure development due to the COVID-19 pandemic and the absence of clear regulations on the percentage allocation for infrastructure and community empowerment in the Mayor's regulation. Therefore, there is a need for economic development activities, including training related to establishing and developing community-based businesses, aligning with research by Suwarno (2019)

suggesting that developing the skills of the community can lead to increased prosperity.

Utilizing the Community-Driven Development perspective, the focus of this research, entails five key characteristics: community focus, participatory planning and design, community control over resources, community involvement in implementation, and community-based monitoring and evaluation.

### 1. **Community Focus**

Minister of Home Affairs Regulation No. 130 of 2018 on village infrastructure development activities and community empowerment in sub-districts serves as a guideline for village fund management. The SiantarMarimbun Sub-District government, as the mandated recipient for managing village funds within its jurisdiction, has realized this through fund utilization. According to the Sub-District head, village funds in 2020 were allocated for infrastructure development, such as drainage construction in residential areas and road repairs for transportation, and for community empowerment, such as sewing training. The purpose of road construction is to facilitate transportation and provide comfort to road users.

The implementation of village fund management by the SiantarMarimbun Sub-District government has positively impacted the community, enabling them to enjoy well-constructed roads. However, the significant impact on community welfare from utilizing these funds is yet to be seen (Aida, A. N., & Zahara, 2018). The initial plan for utilizing village funds should encompass infrastructure development, improving community living standards, and stimulating the local economy. Therefore, there is a need for economic development activities, including training related to establishing and developing community-based businesses, aligning with research by Suwarno (2019) suggesting that developing the skills of the community can lead to increased prosperity.

### 2. **Participatory Planning and Design**

Effective planning for village fund management is crucial for structured and targeted development in the village. Planning is the initial stage of fund management. In this dimension, the sub-district's villages, particularly community organizations (Pokmas), have sufficiently developed their Annual Work Plan (RencanaKerja Tahunan - Renja). Renja has been well-prepared by Pokmas in the villages, incorporating activities based on community proposals for community empowerment and infrastructure.

However, due to the lack of clear guidelines from the Mayor's Regulation of 2019 on the percentage allocation for infrastructure and community empowerment, the planning process tends to allocate more funds to infrastructure development than community empowerment activities. The COVID-19 pandemic in early 2020 also influenced the dominant allocation of village funds to infrastructure development. The planning process involves the village deliberation forum (Musrenbang), which is mandatory for community involvement in deciding which development programs will be implemented in the next fiscal year. The agreed-upon planning process must also adhere to the principles of transparency to be accountable to the village community. Subsequently, village development planning, according to Minister of Home Affairs Regulation No. 130 of 2018, stipulates that village development planning is a participatory and transparent process involving village governments, Pokmas, and community members to achieve development objectives.

Community involvement in the planning phase, as evidenced by research,

has engaged the community in crafting program and activity plans implemented by the villages under the sub-district.

### **3. Community Control over Resources**

Community control over resources in village fund management lies entirely with the village government. Community control over resources is represented by neighborhood association (RT) officials. The implementation of village fund management involves various activities that engage community participation, including their role in resource control (Kilby, as cited in Mashuri et al., 2020). Direct community involvement in resource control related to village fund management activities enhances accountability in fund management.

### **4. Community Involvement in Implementation**

The implementation of village fund management in the SiantarMarimbun Sub-District aligns with Minister of Home Affairs Regulation No. 130 of 2018. According to this regulation, village fund management processes must be executed well and be accountable. The village government has prepared Annual Work Plans (Renja) in village fund management planning involving Village Consultative Boards (LPM) and the community through village deliberation forums (Musrenbang) conducted in all villages in the SiantarMarimbun Sub-District in 2021.

When the community is fully involved in village fund management implementation, they not only understand management practices but also experience the impacts of the changes resulting from each implemented activity (Gita F. M., 2021).

### **5. Community-Based Monitoring and Evaluation**

In general, the principles of village fund management follow the principles of Good Governance, including transparency, accountability, participation, and equality (Prasetyo, Z. N. D., Pabalik, D., & Bintari, 2017). Achieving good governance requires the implementation of monitoring and evaluation. This also applies to the SiantarMarimbun Sub-District government regarding village fund management.

In implementing the principle of accountability in administrative reporting, each village in the SiantarMarimbun Sub-District submits quarterly and annual accountability reports. This complies with Minister of Home Affairs Regulation No. 130 of 2018 on reporting the realization of village fund budget implementation. Village heads submit reports on village fund budget implementation to the Regent/Mayor, including:

- A mid-year report on the realization of Village Fund Budget, submitted no later than the second week of July of the current year.
- A year-end report submitted no later than the second week of January of the following year.

In the reporting phase, there is no community involvement, as reporting is solely done by budget users such as the village head. However, the village government is also obligated to inform the community through written records. The minimum information provided to the community must include reports on the realization of the Village Budget, realization reports of activities, unfinished or unimplemented activity reports, remaining budget reports, and complaint addresses. Evaluation is conducted by the Inspectorate as auditors mandated to audit the use of village funds. Essentially, evaluation has been applied regarding the use of village funds, but it is not community-based. The community has not been fully involved in formal monitoring and evaluation.

Involving the community in monitoring and evaluating village fund management activities will realize transparency, reducing uncertainty in decision-making regarding village fund management. Moreover, transparency can narrow the opportunities for corruption within the village government when the community participates in decision-making (Kasenda, H., Sambiran, S., & Sumampow, 2021).

#### IV. CONCLUSION AND RECOMMENDATION

The utilization of Village Fund with a Community Driven Development (CDD) approach has proven to be significant in influencing the development of village infrastructure and facilities in the SiantarMarimbun District. However, there still exists insignificance in its influence on community empowerment, indicating the need for a shift in program focus towards community empowerment in the coming years. Furthermore, the Village Fund program has been effective in achieving its goals with a high level of effectiveness.

Therefore, it is recommended that village fund management programs in the upcoming years be more focused on community empowerment, while still actively involving the community in planning, implementation, and oversight through community representative institutions (LPM). Thus, it is hoped that the program's goal of improving rural economic welfare can be achieved more optimally

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