



## COVID-19 FINANCIAL OVERSIGHT VILLAGE FUND TO SUPPORT THE COMMUNITY ASSISTANCE DURING A PANDEMIC

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### Abstract

This study investigates the difficulties in allocating village funds to mitigate the effects of COVID-19 on the community. The emergence of a government regulation to replace Law No. 1 of 2019 concerning State Financial Policy and Financial Stability in order to address issues that arose during the COVID-19 Pandemic. This study is important to be carried out because there are currently a variety of threats to the economy as well as financial stability, which provide a new instrument to reduce the problems that have arisen since the existence of COVID-19 on the village economy. The research method used is normative juridical, and its nature is descriptive. Secondary data was gathered through a review of secondary, primary, and tertiary legal materials. Data analysis was carried out using qualitative procedures. Ministerial Regulation Number 11 of 2019 Concerning the Use of Village Funds in 2020 guides the allocation of village funds for Covid-2019. During the pandemic, the process of monitoring the allocation of Village Funds by the Regency Government, namely: the mayor/Regent provides direction on village financial management. Regulations enacted by the mayor/regent serve as a guideline for village government financial management, beginning with budget planning, budget allocations, budget monitoring, and accountability for the budget's use.

**Key words:** Assistance, Village Funds, Covid-19.

### INTRODUCTION

The impact of the Covid-19 pandemic extends beyond health issues to economic and social issues. The high death rate due to Covid-19 in Indonesia, which is as high as 8.9 percent, demonstrates the impact of Covid-19 on the health sector. In the economic field, the pandemic has resulted in a decrease in domestic economic activity, which has also resulted in lower public welfare. In the medium term, the projected economic growth is very low, ranging from -0.4 percent to 2.3 percent. This percentage is significantly lower than the previous few years' economic growth rate of 5%. The spread of Covid-19 was a blow to many business sectors, resulting in layoffs and a decrease in businesses posting job openings.

If this type of economic situation is not addressed immediately, it is expected to lead to social instability. The Effects of the Covid-19 Pandemic Long term, the disparity between rural and urban areas will widen, the gap between income groups will become more visible, and poverty will rise. The impact of the Covid-19 pandemic has harmed the economy, particularly the rural economy. Covid-19 has a significant impact on people who live in cities, but this does not mean that those who live in villages are unaffected. Workers who initially come from the village, migrate to the city, and then return to their respective villages are known to have very high mobility. This is why the Covid-19 virus spreads evenly in both rural and urban areas. The homecoming culture preceding the Eid Mubarak celebration has the potential to spread and expand the Covid-19 virus in the village environment. The existence of social and economic resources owned by each village, as well as the APBDs and village funds, can be used by villages to help overcome the impact of Covid-19.

Covid-19 has an impact not only on health, but also on the economy and social conditions. The Covid-19 pandemic has crippled the economy in every way, including the village economy.

Village funds are village budget allocations that can be used directly to combat the effects of Covid-19 in households and villages. The emergence of a PP to replace Law No. 1 of 2019 concerning Financial System Stability and State Financial Policy in order to deal with problems caused by Covid-19 or to overcome several threats that can disrupt financial stability or the National economy through the provision of new instruments to mitigate the impact of the increasing spread of Covid-19 on village economic activities.

The target party for this program can be determined using various community-based targeting methods that prioritize deliberation and encourage village-owned local wisdom. The provision of assistance to the community can begin as soon as possible, and the number of beneficiaries exceeds those who benefit from several national programs aimed at reducing conflicts in a village.

Village funds are on-budget budget allocations that can be used directly in a variety of efforts to mitigate the impact of Covid-19 spread in villages and households. The budget allocation is available in the APBM; the budget can be used to supplement other programs to minimize economic and social impacts; the budget can be used in rapid action programs that can be started as soon as possible; the budget can be used to build the credibility and legitimacy of the local village government by solving local problems; the budget does not require a new system and allows village officials to move quickly.

The Government Regulation in Law No. 1 of 2020 introduces a new tool to mitigate the impact of Covid-19 on village economic activities. According to Article No. 2 Section (1), the importance of prioritizing the allocation of the village fund budget for various special activities, delays in the distribution of transfers to village funds, budget cuts, and allocation adjustments based on existing criteria. According to the Government Regulation, the main allocation of village funds can be used for activities to mitigate the impact of Covid-19, such as providing direct cash assistance to poor people and residents affected by Covid-19. The importance of taking action and studying how the regulation can be quickly, precisely, and suppressed is explained in the Government Regulation.

The PDTT Ministry and the village minister issued Circular Letter No. 8 of 2020, which confirmed the Covid-19 Response Village and the Village Cash Intensive Work. The regulation includes direct cash allocations for the village fund ceiling, which cannot exceed IDR 800 million; the allocation is 25%. The allocation is 30% for villages with a ceiling of IDR 800 million Rupiah to 1.2 billion. Villages with a budget exceeding IDR 1.2 billion Rupiah are allocated 35%. This percentage can be raised again with the approval of the local government. The Minister of Villages' Regulation PDTT No. 6 of 2020 concerning Development of Disadvantaged Regions, Amendments to Regulations, and Transmigration No. 11 of 2019 serves as the legal basis and guideline for providing assistance to poor people in villages. The efficiency and readiness of the local village is critical by immediately distributing aid in a fair, orderly, on-time, and on-target manner, as well as providing a precise administrative report and appropriate process.

In terms of budget allocation, there are still many villages that are less responsive to emergency situations. As a result, changes to village regulations are required to refocus the budget as a form of disaster preparedness. By forming a task force in each village as a derivative of the Covid-19 Handling Task Force at the Provincial and Regency/ City levels, the village packaged itself as a Covid-19 Alert Village (Sulaeman & Supriadi, 2020). The budgeted activities adhere to village authority and do not overlap with programs/activities funded by the State Revenue and Expenditure Budget (APBN) and the Regional Revenue and Expenditure Budget (RREB) (APBD). All activities in the village must always prioritize the health protocol for dealing with

Covid-19 by keeping a distance and optimizing activities or activities at/from inside the house. Examples of the activities referred to are as follows (Juaningsih, 2020): a. Socialization of Covid-19 and its prevention b. creating a citizen health information system. c. Activate the food barn. d. Socialization of clean and healthy living behavior. e. Activate the village security system. f. Sterilization of public facilities and social facilities. In carrying out all activities in the village, one must always prioritize the health protocol for handling Covid-19 by keeping a distance and optimizing activities or activities at/from inside the house. Village Funds are realized through Cash-intensive Activities (PKT), Village Economy Strengthening, and Social Safety Net in the form of Direct Cash Assistance (BLT). These tasks must be completed in a timely, precise, focused, integrated, and synergistic manner by the Government, Regional Government, and Village Government. Similarly, in the Village, it is carried out with cooperation among actors, including village government officials, the Village Consultative Body, and Village community institutions, as well as other Village partners.

The Covid-19 pandemic has crippled the economy on multiple fronts, including the rural economy. People in urban areas will be more affected by Covid-19 until further notice. However, given the high portability of part-time workers from village to city and back to village, the Covid-19 outbreak could also spread in villages. Homecoming activities in advance of Ramadan and Eid al-Fitr in April and May 2020 may also help Covid-19 spread in rural areas. Villages can contribute to the management of Covid-19 by using their economic and social resources, particularly the Village Revenue and Expenditure Budget (APBDes) and village funds. Village funds are budgeted and can be used directly to help reduce the impact of COVID-19 in households and villages. Some of the advantages of village funds include budget allocations that can be accessed in the State Revenue and Expenditure Budget; the ability to create a quick program of activities that can be started immediately; the ability to complement projects to limit social and monetary impacts; the lack of the need for another framework, allowing village officials to move quickly because they already understand the current framework; can be coordinated to strengthen the city government's authenticity and legitimacy through close critical thinking; and the availability of an audit, assessment, and accountability framework that can be improved to ensure accountability. Salu Paremang Selatan Village, Kamanre Subdistrict, Luwu Regency is one of the villages in Indonesia affected by the COVID-19 pandemic. The majority of the people in this village work as farmers who market their agricultural products in large urban areas in South Sulawesi and even outside of South Sulawesi. The turnover of agricultural goods such as cocoa, corn, rice, and various other rural goods has decreased over the last four months, resulting in lower purchasing prices for their agricultural products. The village government has budgeted direct assistance funds of 25% of the total village budget to be received under this regulation. To be effective and targeted, the administration of this large number of assets must be closely monitored. The government's internal supervisor, in this case the Financial and Development Supervisory Agency (BPKP), supervises and controls the distribution or use of these funds, while the Supreme Audit Agency conducts management and accountability audits (BPK). The management and use of these funds can be transparent and accountable with good participation and coordination between the two agencies. The DPR encourages BPK to conduct an immediate examination of the Covid-19 Handling Budget Management so that asset misuse or misappropriation can be detected on time. So that the losses borne by the state as a result of the misuse of these funds can be anticipated quickly. The President's confirmation of budget corruption in the handling of Covid-19 is also a sign that the BPK should conduct an audit. Requests to review the Covid-19 handling budget came not only from the government, but also from members of the general public.

## DISCUSSION

The village budget includes funds for development, governance, community empowerment, and coaching.<sup>1</sup> the allocation of Village Funds is a method of carrying out the mandate of PP No. 60 of 2014 and the Village Law on Village Funds derived from the APBN. This aims to improve infrastructure, public services, and the village economy in order to distribute development more evenly, improve community welfare, and eliminate gaps in public services in cities and villages. The Village Fund is defined as a budget that is budgeted for village expenditure purposes in a fair and comprehensive manner through the effectiveness of village programs.

The village funds given to each village are a way for the village to fulfill its rights to carry out village autonomy so that it can develop. The village government plays an important role in providing welfare and services, as well as accelerating regional growth and development. Based on this, the existence of village funds can help to develop and develop disadvantaged areas.<sup>2</sup>

According to Article 1 section (2) of PP No. 60 of 2014 concerning Village Funds, village funds are funds obtained based on the APBN and are transferred through the city/district APBD and then sent to the Village APB. Village funds, originally from the APBN for villages, are used to pay for development implementation, village administration, community empowerment, and community development. Villages receive a sufficient amount of funds from the APBN with the goal of being able to prosper the community. The essence of village funds is that the original budget is made up of people's money, which the government manages through APBN and APBN for the benefit of the people. As a result, the people have the authority to allocate funds managed by the government.

The existence of the most recent village fund arrangements that affect the change in financial management mechanisms in the village has been regulated in Ministry of Home Affairs Regulation No. 113 of 2014, which contains the rules for Village Financial Management; the existence of these guidelines is because managing finances is a sensitive matter in village government management. Management must be participative, transparent, accountable, disciplined, and orderly in order to achieve this. According to Article 76 paragraph (1) of the Village Law, the sources of funds in the village are: transfer funds (allocation of tax proceeds, village funds, and regional levies), original income from the village, village income assistance, and other finances. The village government's role is extensive and must be carried out in tandem with responsibilities. The principle of accountability in government management must be implemented by the village government.

Village Funds are APBN funds for villages that were obtained from the RKUN and transferred to the RKD before being recorded in the RKUD and the village funds were prioritized to empower the community and develop the village. Budgeting village funds serves the purpose of:

1. Reducing poverty
2. Optimizing village public services
3. Reducing the development gap between cities and villages
4. Optimizing the village economy
5. Helping the economy of people affected by COVID-19.

During the Covid-19 pandemic, village funds are allocated to support the economies of communities affected by Covid-19. Village Funds are APBN funds used to advance and

develop villages with APBDes.<sup>1</sup> The issuance of Presidential Decree No. 54 of 2020 on Changes in Posture and Details of the 2020 State Budget, as well as Minister of Finance No. 35 of 2020 on the Management of Transfer of Village Funds to Regions in 2020. Covid 19's various efforts to deal with various threats to the national economy. Village funds decreased by 810 billion in fiscal year 2020, from 72 trillion to 71.19 trillion. When the basic allocation of each village is taken into account, the decrease in village funds from 662,806 million to 651,999 million in each village.<sup>2</sup>

The Ministry of Villages has changed the Priority for the Use of Village Funds several times, resulting in Regulation of the Minister of Villages PDTT No. 7 of 2020. Several changes were made to regulate the expenditure of Village Funds for handling and overcoming the Covid-19 pandemic. The allocation of village funds can be used for PKTD implementation as well as Covid-19 management. This is based on the Village Minister's Circular (SE) No. 8 of 2020, Confirmation of PKTD and Covid-19 Response Villages.

Village funds obtained from the central government are then transferred to all villages in Indonesia, where they can be used to mitigate the effects of Covid-19 spread. Funds from the APBN are another source of funds for dealing with Covid-19. Village funds allocated for the on-budget budget can be used directly to mitigate the impact of Covid-19 spread in villages or households.

The advantages of village funds over other budgets in the APBN are as follows: they complement other programs to minimize economic and social impacts; they can be used in rapid action programs that can be started immediately; they do not require a new system and allow village officials to move more freely; they have the availability of an evaluation, monitoring, and accountability system to optimize the accountability of village funds; and they help to build local government credibility. The Covid-19 pandemic in Indonesia is the reason for the government's push to use village funds to combat the Covid-19 outbreak. Based on this, the central government replaced Presidential Regulation No. 54 of 2020, Government Regulation in Law No. 1 of 2020, and PMK No. 40/ PMK. 07 / 2020, which contains amendments to PMK No. 205/ PMK. 07 / 2019, with Regulation of the Minister of Villages No. 6 of 2020, which contains amendments to Regulation of the Minister of Villages PDTT Number 11 of 2019, on Instruction of the Ministry of Home Affairs No. 3 of 2020. Village funds can be allocated based on these guidelines to address problems that arise during the pandemic and provide direct cash assistance to affected residents. Handling problems caused by Covid-19 include: Village Cash Work Intensive, dealing with and preventing Covid-19, and direct cash assistance.<sup>1</sup>

Spreading the various issues concerning the preparation of several criteria for the community who will be the recipient of assistance, causing the community to protest about the performance of the village government when implementing the Assistance policy for rural communities, the process of distributing aid must be wise and adapted to the data receiving assistance with the conditions of the community in the field. The process of determining which community will receive assistance must be carried out by implementing thorough supervision at all levels or levels of government, beginning with the RT level and progressing to the City/Regency level. Monitoring the process of recording the number of people who will receive assistance is critical for reducing various types of errors when determining the target recipients of assistance. If thorough supervision is exercised, aid will be channeled to people who are entitled to and desperately need assistance from the government. Third, the process implementation mechanism. The government has implemented Aid policies; however, various problems have arisen both during and after the program's implementation. Some of the issues that have arisen as a result of the village's implementation of Community Assistance include: the lengthy

process of disbursing funds, the complicated and convoluted procedure for disbursing funds, and the correctness of beneficiary administration.

According to empirical evidence, the impact of COVID-19 is not a problem in the village, and each village has its own set of challenges and problems. COVID-19 has spread evenly throughout Indonesia's villages. The emergence of various challenges arising from the provisions concerning BLT, which contain how to determine whether a village is entitled and eligible to implement these various policies, for example, if there is a village that is not free of COVID-19 cases at all, but employs several employees, laborers, motorcycle taxis online, drivers, and more. Covid-19 has an effect on farm worker income as well, due to a decrease in demand for food, vegetables, and fruit, which requires farm workers not to. Another example of Covid-19's impact is on construction workers; some large building construction had to be temporarily halted, resulting in construction workers taking a short break from work and returning to the village.

The second challenge posed by the emergence of policies concerning BLT Village Funds is the proportion of funds distributed, both for the development budget and funds allocated as efforts to deal with COVID-19 or others. This proportion is distributed because there are several other development programs whose funds are drawn from direct village funds, and village funds can be used as much as possible. COVID-19 is scheduled to take place in April 2020, with the village government preparing several budgets and 2020 village development plans. In village development planning in 2020, no budget is budgeted for dealing with the impact of the spread of Covid-19. This makes efforts to counter the impact of COVID-19 currently enforced by the government and the implementation of assistance to the community policy using several budget programs.

The third challenge posed by the existence of the Community Assistance policy is determining how much benefit the community can derive from its implementation.

## CONCLUSION

During the pandemic, the ongoing process of supervising the allocation of Village Funds is supervised by the Regency Government, namely the mayor/regent as supervisor in setting up village allocations. The Mayor/Regent who specifies the regulation to be used as a guide for the government. Financial management in the village, beginning with budget planning, budget oversight, and budget accountability processes. Policies concerning resource utilization activities developed by the provincial government as the central government's righthand must first be coordinated with the district government (PP No. 19 of 2010). When the Regency Government used Village Funds during the Covid 19 pandemic, it would be nice if the supervision process was carried out by LSM. If the supervision regulations are unclear, it can lead to irregularities in the allocation of village funds. The Ministry of Village must strictly supervise the allocation of village funds.

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