



Factors Influencing Implementation of Village Fund Policies During the COVID-19 Pandemic: A Case Study in Musi Sub-District, North Central Timor Regency

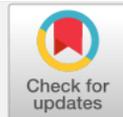
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ABSTRACT

The impact of the COVID-19 pandemic in Indonesia, including the existence of a Village Fund refocusing policy for handling COVID-19 that for the management of Village Funds for the 2021 fiscal year, a minimum of 8 percent and 40 percent of the Village Funds realized in each village must be focused on handling COVID-19 19. This study aimed to analyze and describe the factors that influenced the Village Government in Musi Sub-District, North Central Timor Regency, in implementing the Village Fund Refocusing and Reallocation Policy during the COVID-19 pandemic. Data was collected through observation, direct interviews with informants and searching archives and documents related to research. The results of the study concluded that the implementation of the Village Fund refocusing and reallocation policies had not been implemented optimally. Factors that cause it not to be optimal are understanding and mastery of information technology systems (Village Financial Systems) and the administrative requirements needed. Another obstacle is the overlapping laws and regulations regarding the refocusing and reallocating of Village Funds during the COVID-19 Pandemic.

Keywords: COVID-19 Pandemic; Local Governance; Policy Implementation; Village Fund; Village Governments

1. Introduction

The village is an autonomous institution with its traditions, customs, and laws and enjoys a relatively independent status. As stipulated in Law Number 6 of 2014, Chapter I, Article 1, Paragraph (1), a village, including customary villages referred to by other names, now referred to as 'Village,' is a legal community unit that possesses territorial boundaries and the authority to regulate and manage government affairs ([Republik Indonesia, 2014b](#)). It also addresses local community interests based on community initiatives, original rights, and traditional rights recognized and respected within the system of government of the Unitary State of the Republic of Indonesia. As a legal community unit endowed with an original structure rooted in privileges, the village can engage in legal actions encompassing both public and civil law domains. Furthermore, it holds wealth and property and is subject to prosecution and legal actions in court ([Widjaja, 2012](#)).

With the enactment of these two regulations, they are perceived as integral components of a broader democratization process facilitated by local autonomy. According to [Jatmoko \(2006\)](#), the essence of local autonomy aims to foster the region's independence while enhancing democracy's quality at the local level. The Village Law further establishes a more assured guarantee that each village will receive funds from the government through state and local budgets, significantly surpassing the current village budget allocation. However, this policy's implementation brings forth implications for the management process, necessitating a professional, effective, efficient, and accountable approach based on the principles of sound public management. This approach aims to mitigate the risks of irregularities, fraud, and corruption.

The trajectory of public policy is influenced by evolving environmental conditions. The emergence of COVID-19 has profoundly impacted the allocation and utilization of Village Funds in 2020 and 2021. The repercussions of the COVID-19 pandemic have compelled governments worldwide, including the Central Government and Village Governments, to seek novel budget management strategies to enhance their response to the pandemic's challenges. Village Governments must pivot and reallocate the Village Fund budget to align with the community's needs and adhere to Central Government directives, specifically regarding COVID-19 management.

Ministry of Finance of the Republic of Indonesia Circular Letter Number 2 of 2021, for managing Village Funds for the 2021 fiscal year, a minimum of 8 percent of the Village Funds realized in each village must be focused on handling COVID-19. The policy is not without challenges. One of the challenges is that the Village Government is overwhelmed when it has to refocus at inappropriate times ([Ndatangara et al., 2021](#)).

However, in the Local Governance Forum held by the Regional Research and Information Center in 2020, several points noted the obstacles faced by villages, including the Village Government experiencing confusion because the three relevant ministries issued their respective policies separately so that the Village Government was not bothered to study various kinds of regulations, especially if there are rapid changes in regulations ([Pusat Telaah dan Informasi Regional, 2020](#)).

For this reason, due to rapid regulatory changes and challenges to Village Government resources ([Dewan Perwakilan Rakyat Republik Indonesia, 2020](#)), researchers are interested in analyzing and describing the factors that influence village governments in Musi Sub-District, North Central Timor Regency, in implementing policies on refocusing and reallocating village funds. during the COVID-19 pandemic.

Many academic and methodological studies can be examined from the policy of reallocating and refocusing Village Funds or those related to village finances. From the point of view of policy implementation studies, this study was conducted by [Kasenda et al. \(2022\)](#), which focused more on refocusing Village Revenue and Expenditure Budget. The results of his research indicated that it was necessary to provide other programs besides community assistance. [Makapele et al. \(2022\)](#), with the results of their research, show that the village fund refocusing policy is going well because of the relationship between the village government and the community through involving the community in the process of planning and implementing the established budget refocusing program. [Lestyowati and Kautsarina \(2020\)](#), whose research locus was at the Yogyakarta Financial Education and Training Center and the results found that there were obstacles at the beginning because there was no decision made regarding whether training was carried out through Distance Training or not; likewise, with evaluation research by [Reskyawan \(2022\)](#). In particular, this study aims to fill the gap in knowledge regarding the factors that influence village governments to implement Village Fund refocusing and reallocation policies during the COVID-19 pandemic.

2. Literature Review

2.1. George Edward III's Policy Implementation Model

According to George Edward III, as cited in [Fritantus & Rukminingsi \(2015\)](#), the effectiveness of policy implementation is influenced by several factors: communication, sources, dispositions/tendencies/behavior, and bureaucratic structure. These four factors work simultaneously and interact with each other, both assisting and hindering the policy implementation process.

Policy communication entails conveying policy information from policymakers to policy implementers. Communication is important in policy implementation because it involves numerous parties, particularly the officials responsible for it. These officials must establish a cohesive and continuous working relationship facilitated through robust and ongoing communication. Communication in policy implementation encompasses several vital dimensions, including information transmission, clarity of information, and information consistency.

Supporting sources play a crucial role in policy implementation. These sources encompass all the potential resources within an organization that contribute to the successful execution of policies. Essential sources include high-quality human resources, budget allocation, facilities, information availability, and authority (George Edward III, as cited in [Winarno, 2014](#)).

Behavioral tendencies or traits that policy implementers exhibit also significantly align policy implementation with intended goals or objectives. Noteworthy characteristics essential for policy implementers include honesty and a strong commitment.

Organizational structure exerts substantial influence on policy implementation. As outlined by Edwards, two primary characteristics of bureaucracy emerge: fundamental operational procedures, often referred to as Standard Operating Procedures (SOP), and fragmentation.

The focal point of this research lies in examining the factors influencing the implementation process of Refocusing and Reallocating Village Funds.

2.2. Fundamental Framework for Refocusing and Reallocating Village Funds

In its endeavor to uphold stability within the financial sector, the Government's strategy involves the establishment of laws and regulations to provide a robust mandate, granting the

Government the immediate authority to implement necessary policies. The fundamental guidelines about the obligation of budget refocusing and reallocation encompass the following:

- 1) Law of the Republic of Indonesia Number 2 of 2020, concerning Stipulation of Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease (COVID-19) Pandemic and/or in order to deal with the Threats Endangering the National Economy and/or Financial System Stability to become a Law (State Gazette of the Republic of Indonesia Year 2020 Number 134, Supplement to State Gazette of the Republic of Indonesia Number 6516), represents a pivotal step in the Government's pursuit of financial sector stability ([Republik Indonesia, 2020c](#)).

In executing this State Finance policy, the Government is vested with the authority to prioritize budget allocations for specific activities (refocusing), adapt allocations, and/or curtail/defer the distribution of Transfer budgets to Regions and Village Funds, subject to specific criteria. Consequently, the Government is compelled to give paramount consideration to budget refocusing and reallocation to address the challenges posed by COVID-19.

The Elucidation of Article 2, paragraph (1), letter i, clarifies that "adjustments to the allocation of Transfers to Regions and Village Funds" encompass various facets: 1) modifications to the allocation of Profit Sharing Funds contingent on economic developments and/or state revenues; 2) adaptation of the General Allocation Fund allocation per region based on specific criteria designated by the Minister of Finance of the Republic of Indonesia; 3) increments or reductions in the allocation of Special Transfer Funds, reallocation of Special Transfer Funds among Physical Special Allocation Fund sectors, or alterations in the use of the Special Transfer Funds due to difficult conditions necessitating immediate budget allocation; and/or 4) revisions of the Village Fund budget ceiling. The term "prioritizing the use of Village Funds" signifies that it can encompass various applications, including direct cash aid to impoverished residents within the village and addressing the COVID-19 pandemic.

For regions impacted or unaffected by the COVID-19 pandemic, up to 25% (twenty-five percent) of the General Transfer Fund designated for infrastructure expenditure can be directed toward COVID-19 response efforts, encompassing both the health sector and the social safety net through logistics provisioning, distribution, and/or other urgently required expenditures as determined by the Government.

- 2) Presidential Regulation Number 54 of 2020 concerning the Revision of Allocation and Details in the Income and Expenses of the State Budget 2020 ([Republik Indonesia, 2020b](#)).

Governs alterations in the structure and particulars of the State Revenue and Expenditure Budget within the framework of implementing State Finance policies. The modifications in State Revenue and Expenditure Budget structure pertain to adjustments in State Expenditure particulars, which encompass amendments to the Transfer to Regions and Village Fund budgets, further to be delineated by the Minister of Finance. As stipulated in this Presidential Decree, a facet of the Village Fund Budget refocusing encompasses utilization, among other things, for social safety nets within villages, including direct cash assistance to impoverished villagers and activities to combat the COVID-19 outbreak.

Article 7 of Presidential Decree Number 54 of 2020 stipulates that Minister of Finance-determined changes to transfer budget particulars for regions and village funds include: 1) Adjustments to Profit Sharing Fund allocation contingent on economic developments and/or state revenues; 2) Modification of General Allocation Fund allocation on a local

basis based on specific criteria outlined by the Minister of Finance; 3) Additions or reductions to the Special Transfer Fund allocation, reallocation among sectors/sub-fields of the Physical Special Allocation Fund, or adjustments to Special Transfer Fund use due to circumstances necessitating immediate budget allocation; 4) Alteration of Local Incentive Fund allocation; 5) Adjustments to the Special Autonomy Fund allocation consequent to General Allocation Fund changes; 6) Revisions to Village Fund allocation; 7) Deferral or reduction of Transfer budget distribution to Regions and the Village Fund; and 8) Rectification of data and calculation errors.

- 3) Presidential Instruction Number 4 of 2020 concerning Refocusing Programs, Budget Reallocation, and Procurement of Goods and Services in the Context of Accelerating the Handling of Corona Virus Disease 2019 (COVID-19) ([Republik Indonesia, 2020a](#)).

Universally mandates all levels of Ministries/Agencies and Local Governments to promptly prioritize the utilization of extant budget allocations for activities that expedite COVID-19 mitigation efforts. Alongside prioritizing current budget allocations, swift implementation of activity refocusing and budget reallocation is anticipated via the budget revision mechanism. Proposals for such budget revisions are to be promptly submitted to the Minister of Finance in line with their authorized capacity.

3. Research Methodology

Based on the research topic, the type of study utilized is qualitative descriptive research. Informants for this study were purposefully selected based on their competence in alignment with the research area, and data collection continued until data saturation or completeness was achieved. The data-gathering process involved using interview guidelines to interact with informants.

Data collection techniques comprised three methods. Firstly, the interview technique was employed to delve deeply into the researched issues, aiming to interpret meanings from specific topics ([Sugiyono, 2014](#)). Interviews were conducted until sufficient information was obtained. Secondly, the documentary analysis involved scrutinizing policies issued by the Village Government, meeting records, minutes of development deliberations, and village profiles. Thirdly, observation was utilized to observe relevant situations and conditions within the village.

The data analysis process was interactive and ongoing until completion. Data analysis activities encompassed data reduction (summarizing important information), data presentation through concise descriptions, charts, or graphs, and drawing conclusions and verifying study results as a report ([Miles & Huberman, 1984](#); [Sugiyono, 2014](#)).

4. Results and Discussion

4.1. Influential Factors in Village Fund Refocusing and Reallocation Policies during the COVID-19 Pandemic: George Edward III's Perspective

4.1.1. Communication

Policy communication refers to conveying policy information from policymakers to policy implementers. Communication is important in policy implementation because it involves multiple parties, particularly the officials responsible for enacting the policy. These officials must cultivate a collaborative working relationship through intensive and consistent communication. Communication within policy implementation encompasses several pivotal dimensions, including information transmission, clarity, and consistency.

Communication was established through various methods when implementing the Village Fund Refocusing and Reallocation policy in the Musi Sub-District, North Central Timor Regency. Assistance was provided both directly and indirectly by local village aides and assistants from the Regency. This assistance was facilitated through mobile phones and direct mentoring by village aides, involving on-site visits to villages or centralized support at the Sub-District Office. This assistance effectively facilitates information transformation between the Village Government implementing body and the higher-level vertical organization, conducted flexibly and continuously without being constrained by organizational barriers.

In managing the Village Revenue and Expenditure Budget document, the Village Government consistently adheres to the principle of participation in village financial management policies, from planning and implementation to reporting. This commitment is reflected in the village government has realigned and reappropriated village funds to address the COVID-19 pandemic. Ministerial-level regulations have stipulated the standards and conditions for Direct Cash Assistance. Notably, 8 percent of the funds are allocated for COVID-19 prevention activities, while 40 percent is designated for Direct Cash Assistance, recognized as the Village Fund Direct Cash Assistance, considering specific criteria.

The process of preparing the refocusing and reallocation of village funds is seamlessly integrated into the Village Revenue and Expenditure Budget document. Following its preparation at the village level, the document undergoes consultations with the sub-district facilitated by the Village Facilitator and the sub-district Team. Subsequently, support is extended to the Regency through the Expert Staff section of the Regional Development and Planning Agency. Upon completion of this phase, the document is forwarded to the relevant department, the Regional Development and Planning Agency, for approval. Once sanctioned, the document is then forwarded to the legal department to secure the legal number for the Village Revenue and Expenditure Budget and formalize it as a Village Regulation.

Communication was also identified in COVID-19 prevention activities within the village. The Secretary of Batnes Village, along with other Village Governments in the Musi Sub-District, reported that during the COVID-19 Pandemic, the Regency authorities conveyed that the situation was critical, prompting the village government to proactively implement health protocols following the established regulations from the Regency. This collaborative effort involved both the village government and stakeholders such as Bintara Pembina Desa or Babinsa (Village Army Non-commissioned Officer) and Bhayangkara Pembina Keamanan dan Ketertiban Masyarakat or Bhabinkamtibmas (Police Community Relations Officer). Together, they established checkpoints and encouraged the public to adhere to health protocols, including wearing masks and practicing proper hand hygiene, especially during gatherings with many participants.

Furthermore, to promote transparency, the Village Government publicly displays the Village Revenue and Expenditure Budget documents through billboards strategically positioned around the village office or the village premises. This practice serves as a tangible demonstration of the Village Government's commitment to accountability, transparency, and responsible governance (**Figure 1**).

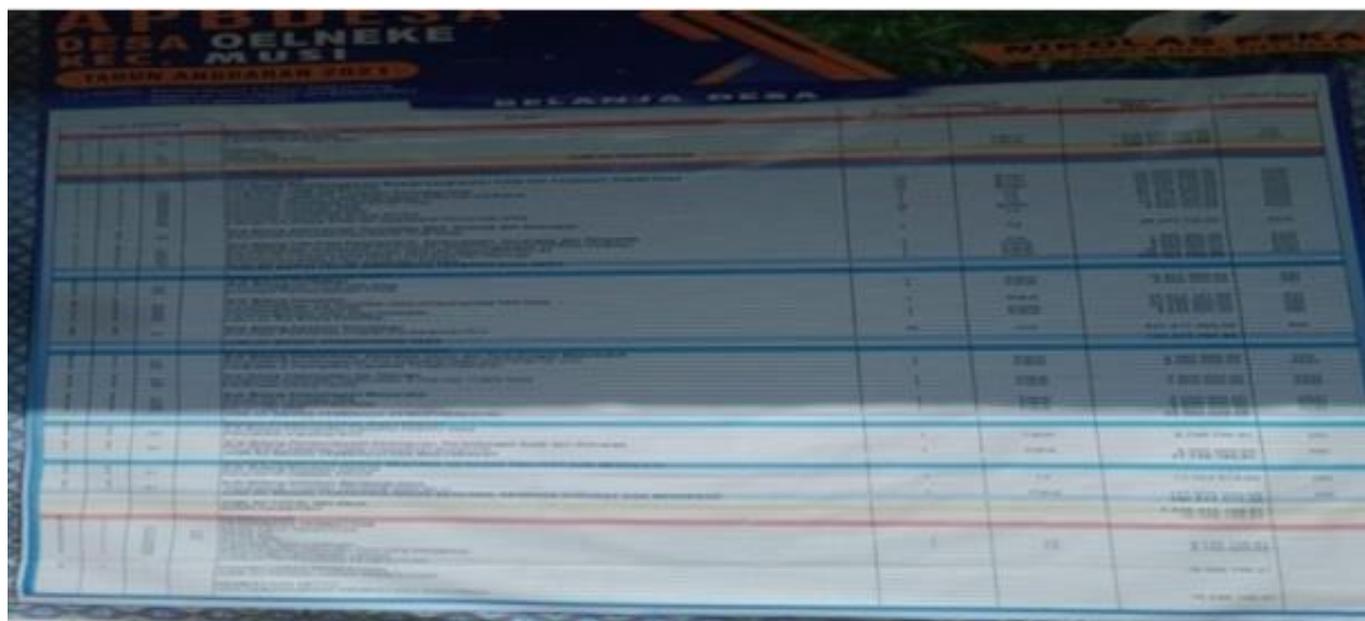


Figure 1. Billboard Displaying the 2021 Village Revenue and Expenditure Budget in Oelneke Village

Furthermore, communication between the Village Government and the community in preparing the 2021 development plan involves conducting Village Planning and Development Consultations. These consultations gather individuals from all strata of society to deliberate on the village's developmental needs, and there are no reported communication issues. The Acting Head of Oelneke Village emphasized that communication with the community and Assistance Teams from the sub-district and regency levels is smooth. These teams frequently visit the village directly or organize simultaneous sessions within the sub-district. In Musi Sub-District, all villages receive technical guidance and assistance from the Sub-District and Regency Governments.

Moreover, the Acting Head of Oelneke Village indicated that community communication is facilitated through the Village Planning and Development Meetings, engaging diverse societal segments. Additionally, information dissemination is achieved by installing activity billboards, as mandated by the Village Revenue and Expenditure Budget document.

Based on the data collected, it can be inferred that the Village Government adheres to pertinent regulations, such as Government Regulation of the Republic of Indonesia Number 60 of 2014 concerning Village Funds Sourced from the State Budget, Article 7, Paragraph 2, which mandates that Village Fund management in the Village Revenue and Expenditure Budget align with legal provisions governing Village financial management (Republik Indonesia, 2014a). Similarly, Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 113 of 2014 outlines that village financial management is rooted in transparency, accountability, and participation principles and is executed systematically and budgetarily (Kementerian Dalam Negeri Republik Indonesia, 2014). Importantly, communication among implementing bodies, community stakeholders, and the community itself has been optimally executed.

4.1.2. Resource

Supporting sources play a pivotal role in policy implementation. These sources encompass all the potential resources an organization possesses to execute policies effectively.

Key resources include quality human capital, budget allocations, facilities, information access, and authoritative power (George Edward III, as cited in [Winarno, 2014](#)).

Similarly, in the context of the policy's implementation mentioned above, the Village Government establishes teams with designated responsibilities and authority to prepare documents relevant to village financial management. The number of teams established varies according to the specific needs of each village. The research findings indicate that all villages follow this approach, forming teams with legally defined roles, further formalized through Village Head Decrees. This affirmation is supported by statements from the Village Head and the Ainan Village Secretary, attesting to teams within the village entrusted with tasks like compiling Village Government Work Plans, Village Revenue and Expenditure Budget documents, and other activities tied to village finance and development. Such teams are constituted through Village Head Decrees.

This assertion finds concrete substantiation in the existence of the Village Government Work Plan drafting team and Village Revenue and Expenditure Budget Compilation team, both designated by the Decree of the Ainan Village Head, specifically Number 19/KEP/DSA/VII/2020 and Number 17/KEP/DSA/IX/2022. These teams include key members such as the Village Head, Village Secretary, Head of Planning Affairs, Head of Financial Affairs, Head of Government Section, Empowerment and Family Welfare Mobilization Team, and Human Development Cadres.

Correspondingly, this team structure is mirrored in Bisafe Village, where a team responsible for preparing the Village Revenue and Expenditure Budget operates under the Decree of the Head of Bisafe Village, specifically Number 26/KEP/DB/X/2020, which pertains to the formation of the 2021 Village Revenue and Expenditure Budget Compilation Team. This team comprises key members, including the Village Head serving as the supervisor, the Village Secretary holding the position of Chairperson, and being assisted by a secretary and two additional members.

Similarly, the Oeolo Village Government follows a comparable approach, as indicated in statements from the Village Head and the Head of Finance. In implementing village financial management in Oeolo Village, village financial planning is conducted through a team composed of essential members such as the Village Head, Village Secretary, Treasurer, Head of Planning, and Head of Finance.

In terms of authority, the teams established by the Village Government are vested with the following responsibilities:

- 1) Trustees are responsible for:
 - Formulating and implementing policies concerning Village Revenue and Expenditure Budget management.
 - Preparing the Village Revenue and Expenditure Budget plan and being accountable for its implementation.
 - Exercising oversight over activities outlined in the Village Revenue and Expenditure Budget.
 - Compiling reports and being accountable for implementing the Village Revenue and Expenditure Budget.
 - Reporting activity progress to the Village Head.
 - Preparing budget documents and managing expenses for activity implementation.
- 2) Chairperson's duties include:
 - Drafting the plan for the activities under their responsibility.

- Carrying out activities independently or with Village Community Institutions as specified in the Village Revenue and Expenditure Budget.
 - Managing expenses that lead to activity budget consumption.
 - Overseeing the execution of activities.
 - Reporting activity progress to the Village Head.
 - Preparing budget documents and managing expenses for activity implementation.
- 3) Secretary is tasked with:
- Handling all administrative tasks related to the draft Village Revenue and Expenditure Budget.
- 4) Members are assigned to assist in smoothly implementing the draft Village Revenue and Expenditure Budget.

In addition to human resources (HR), implementing the policy for refocusing and reallocating Village Funds requires financial resources. In practice, the village government allocates funds for financing, operational, and honorarium costs. As exemplified by the Acting Village Head and Secretary of Ainan Village statement, these teams receive honorariums tailored to their respective responsibilities when preparing documents such as the Village Government Work Plan and the Village Revenue and Expenditure Budget. These honorariums are incorporated into the Village Revenue and Expenditure Budget.

However, as highlighted by the Acting Head of the Community and Village Empowerment Service of North Central Timor Regency, there were delays in disbursing Village Funds in North Central East Regency due to some village governments failing to submit required documents. This shortfall was attributed to limitations and a lack of understanding among village officials concerning the document requisites (RRI, 2021).

Based on the abovementioned research, the resources allocated for implementing the Village Fund refocusing and reallocation policy during the COVID-19 pandemic exhibited suboptimal utilization, hampering the policy's effective implementation. One of the underlying issues was that certain human resources lacked a comprehensive understanding of the document submission requirements.

4.1.3. Disposition

Behavioral tendencies and characteristics exhibited by policy implementers play a pivotal role in effectively realizing policy objectives. Noteworthy traits required from policy implementers include honesty and a strong commitment to their responsibilities.

In the context of implementing the Village Fund refocusing and reallocation policy during the COVID-19 pandemic, the attitude of the implementers was notably positive and constructive. Providing incentives to these implementers significantly impacts their motivation and dedication. This approach, as highlighted by George Edward III, serves as a strategic means to address potential tendencies among implementers and foster a conducive environment for the proper execution of directives.

The strict adherence to established regulations in managing COVID-19 measures and promptly initiating budget adjustments and implementation reflects the willingness and adherence of the implementing staff to carry out the Village Fund refocusing and reallocation policy.

Furthermore, an additional measure to gauge the disposition of the village government in executing the policy of refocusing and reallocating Village Funds during the COVID-19 Pandemic Period involves assessing the village government's adherence to allocating 8 percent

of village funds for COVID-19 mitigation. Village Fund Direct Cash Assistance is also observed, even if it entails compromising certain prioritized programs not budgeted for in the 2021 Village Revenue and Expenditure Budget. This aspect was illuminated in the interview the Acting Head of Oelneke Village shared.

Supported by the village meeting minutes, the statement mentioned above is substantiated by evidence indicating adjustments made to various activities within Oelneke Village's 2021 budget. Several activities witnessed either a reduction in allocated funds or were excluded altogether. Noteworthy examples encompass the decrease in the construction of livable houses from 50 to a mere 16, the absence of budget allocation for constructing healthy toilets, the omission of training on village device capacity, the scaling back of training to enhance the skills of posyandu cadres, and the elimination of resources earmarked for Integrated Health Service Post and Village Health Post tools and materials, alongside the improvement of water channels.

In light of the research findings, it can be deduced that the village government's disposition or inclination towards policy implementation was commendable. This conclusion is derived from their adherence to relevant laws and regulations, as demonstrated by their actions and budget adjustments.

4.1.4. Organizational Structure

According to George Edwards III, as cited in [Winarno \(2014\)](#), two primary attributes of bureaucracy are work procedures, specifically Standard Operating Procedures (SOP), and fragmentation.

Firstly, the utilized procedures align with relevant regulations in implementing the Village Fund refocusing and reallocation policy during the COVID-19 pandemic. This is underscored by statements from key stakeholders, including the Acting Head of Ainan Village, the Head of Bisafe Village, the Secretary of Bisafe Village, and the Head of Village Planning in Oetulu. These individuals highlighted that during the preparation of the Village Revenue and Expenditure Budget and the Village Government Work Plan, particularly concerning the refocusing and reallocation of village funds, a series of village meetings were convened at the hamlet level to deliberate and prioritize proposals that addressed local needs. Subsequently, a village team compiled the Village Revenue and Expenditure Budget document and submitted it for sub-district review, followed by consultation at the regency level. Once approved, the document underwent legal formalization through the legal department, becoming a Village Regulation.

Secondly, organizational fragmentation manifests in the distribution of responsibilities for implementing the Village Fund refocusing and reallocation policies across multiple entities. These entities include:

- a) The Village Government is responsible for formulating the Village Government Work Plan document and Village Revenue and Expenditure Budget through a designated team outlined in the Village Head Decree.
- b) The Sub-District Government provides guidance and assistance for the Village Revenue and Expenditure Budget document, including facilitating fund disbursement requests.
- c) The Regency Government's Expert Team offers guidance on drafting the Village Government Work Plan document and the Village Revenue and Expenditure Budget for each village. The Village Community Empowerment Agency, also approves the Village Revenue and Expenditure Budget.

In conjunction with these, the Legal Section of the Regional Secretariat contributes by assigning legal numbers to draft Village Regulations related to the Village Revenue and Expenditure Budget, facilitating their formalization as Village Regulations.

As previously highlighted, decentralizing authority to relevant agencies is a common practice to achieve policy objectives. This is underscored by insights from interviews with various village governments (Oelneke Village, Batnes Village, Bisafe Village, Oeolo Village). The discussions reveal that certain activities are routinely delegated or authorized to subordinate organizations. For instance, the Sub-District Government delegates authority to provide guidance and assistance regarding financial planning and utilization at the village level.

Based on the research outcomes, a conclusive inference can be drawn concerning implementing the refocusing and reallocation of village funds policy concerning the organizational structure variable. It is discerned that this implementation has proven effective due to its adherence to established procedures following legal stipulations, alongside the clear division of roles and responsibilities among the involved implementing organizations.

4.2. Additional Challenges in Implementing Village Fund Refocusing and Reallocation Policies during the COVID-19 Pandemic

Based on the prevailing laws and regulations, specifically Law of the Republic of Indonesia Number 2 of 2020, the prioritization of Village Funds includes their allocation for Direct Cash Assistance to impoverished villagers and for activities related to addressing the COVID-19 pandemic (Republik Indonesia, 2020c). Additionally, according to Circular Letter of the Ministry of Finance of the Republic of Indonesia Number 2 of 2021, about the management of Village Funds for the fiscal year 2021, a minimum of 8 percent of the Village Funds allocated to each village must be earmarked for COVID-19 response initiatives (Kementerian Keuangan Republik Indonesia, 2021). However, field data reveals that in 2021, within Musi Sub-District, North Central Timor Regency, several villages could not execute the disbursement of funds for phase 3. This is illustrated in **Table 1** below:

Table 1. Village Fund Allocation and Realization Status for 2021 in Musi Sub-District, North Central Timor Regency

No.	Village Name	2021 Village Funds Allocation (IDR)	Realization
1	Oeolo Village	1,140,253,000	Fully realized
2	Oelneke Village	1,010,053,000	Phase 3 invalidated
3	Ainan Village	780,723,000	Fully realized
4	Oetulu Village	1,410,709,000	Phase 3 invalidated
5	Bisafe Village	783,923,000	Fully realized

Source: Compiled by Researchers (2022)

Based on **Table 1**, it has been observed that within the Musi Sub-District area, there are 2 villages. Out of these, 2 villages experienced the forfeiture of their stage 3 funds. This occurrence stemmed from systemic limitations, as indicated in the statement given by the Acting Head of Oelneke Village. The purpose of this forfeiture was to address potential fund shortages preemptively. The village government collaborated with the Inspectorate to explore using SILPA (Remaining Over Budget Financing for the Relevant Year) funds to achieve this.

It's important to note that such utilization is permissible, with the condition that it is safeguarded against potential misuse. This perspective was further reinforced by the testimony provided by the Head of Oetulu Village Planning Affairs. Oetulu Village also encountered the forfeiture of phase 3 funds in 2021.

In addition to these systemic constraints, the village government also confronted challenges arising from modifications in central laws and regulations. As highlighted in the interview excerpt, the Village Government's obstacles in fund reallocation and refocusing during 2021 were attributable to concurrent alterations in rules originating from central authorities. Consequently, the village government was compelled to adapt by adjusting the Village Revenue and Expenditure Budget.

In alignment with the provisions of the Law, certain Village Funds are designated for prioritized utilization in addressing the challenges posed by COVID-19, as well as to deliver Direct Cash Assistance to individuals classified as economically disadvantaged. This allocation strategy is in the table below (**Table 2**).

Table 2. Allocation of Village Funds for COVID-19 and Direct Cash Assistance

No.	Village Name	Allocation for COVID-19 (8%)	Allocation for Direct Cash Assistance (40%)
1	Oeolo Village	91,220,240	456,101,200
2	Oelneke Village	13,024,513	147,600,00
3	Ainan Village	62,421,840	108,000,000
4	Oetulu Village	112,856,720	564,283,600
5	Bisafe Village	62,713,840	313,569,200

Source: Compiled by Researchers (2022)

Based on the information provided in **Table 2**, it is evident that the Village Government in Musi Sub-District, North Central Timor Regency, allocated Village Funds in 2021 towards combatting COVID-19 and providing Direct Cash Assistance to residents. This allocation reflects the Village Government's adherence to laws and regulations, as the Village Secretary of Batnes confirmed in an interview statement. The statement highlights that the village government is committed to meeting higher regulatory standards and criteria, necessitating amendments to the Village Revenue and Expenditure Budget, often ranging from 3 to 4 revisions.

Considering **Table 2** and the interview mentioned above statements, it can be concluded that the Village Government in Musi Sub-District, North Central Timor Regency, diligently abides by central regulations. This includes compliance with the Law of the Republic of Indonesia Number 2 of 2020, which mandates prioritizing Village Fund utilization for purposes such as direct cash assistance to impoverished individuals within the village and addressing the COVID-19 pandemic ([Republik Indonesia, 2020c](#)). Presidential Regulation Number 54 of 2020, concerning adjustments to the State Revenue and Expenditure Budget for the 2020 Fiscal Year, also specifies the reallocation of Village Fund budgets ([Republik Indonesia, 2020b](#)). This reallocation encompasses initiatives like social safety nets in villages, exemplified by direct cash assistance for impoverished individuals and efforts to manage the COVID-19 outbreak.

5. Conclusion

Drawing from the research outcomes mentioned earlier, a conclusive assessment can be made regarding implementing the Village Fund refocusing and reallocation policy, indicating that it has not attained its optimal execution. Several factors contribute to this suboptimal state, primarily stemming from challenges in comprehending and navigating the intricacies of information technology systems, specifically the Village Financial System. Additionally, a lack of mastery over the administrative prerequisites further compounds these challenges. Another hindrance is the presence of conflicting and overlapping laws and regulations surrounding the refocusing and reallocation of Village Funds within the context of the COVID-19 pandemic.

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7. Declaration of Conflicting Interests

The authors have declared no potential conflicts of interest concerning this article's research, authorship, and/or publication.

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