

Analysis of Village Fund Management in Efforts to Improve Community Welfare in Setuta Janapria Village, Central Lombok 2020-2022

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Article Info

Article history:

Received Aug, 2024

Revised Aug, 2024

Accepted Aug, 2024

Keywords:

Community Welfare
Village Fund Management
Village Funds

ABSTRACT

The allocation of village budget in Setuta Village has not been evenly distributed in each region. Unequal management of village funds causes inequality in development and community welfare. The primary objective of this study was to analyse the impact of village fund management on improving community welfare in Setuta Village, Janapria Sub-district, Central Lombok Regency. This descriptive quantitative research uses primary data collected from 44 households as samples. The results showed that the management of village funds in Setuta Village was not fully in accordance with applicable regulations. The impact of village fund management on community welfare is in the medium category. The positive impact of village fund management can be seen in the education sector, health, health services, and settlement facilities such as the provision of clean water sources for the community. However, the management of village finances has not yet had a significant impact on increasing income, expenses, living conditions, and transportation facilities.

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1. INTRODUCTION

The village, as a lawful community unit with territorial boundaries, has the authority to regulate and manage government affairs according to local community initiatives and rights of origin recognised by the state. The Village Law has shifted the focus of investment to include villages, empowering villages to implement government programmes and manage finances. Law No. 6/2014 requires the government to allocate annual village funds

to support these governance and development activities.

A village funding, which is taken from the State Budget (APBN) and channeled through the Regency/City Budget (APBD), are utilized for governance, development, civil progress, and community empowerment [1]. These funds are pivotal in driving inclusive economic growth, alleviating poverty, enhancing community welfare, and expanding employment opportunities [2].

With a budget of IDR 20.7 trillion and an average of IDR 280 million per village, the

distribution of village grants got underway in 2015. Village funding allocations grew to IDR 46.7 trillion in 2016 with an average of IDR 628 million per village, and IDR 60 trillion in 2017 with an average of IDR 800 million per village annually [3]. The central government's village fund initiative seeks to reinforce villages as the primary engine of development, welfare, and community empowerment [4]. Since village governments are essential to the execution of development at the village level, they must effectively handle village money [5].

Setuta Village is one of the villages that has consistently received financial assistance, namely village funds that have been received since 2015. As an illustration, the village funds allocated to Setuta Village for the last 3 (three) years are Rp. 1,420,924,000 in 2020, then in 2021 it will increase by 17%, namely to Rp. 1,662,969,000. This increase is in line with the increase in the national village fund ceiling from Rp. 71 trillion in 2020, to 72 trillion in 2021. However, in 2022 there will be a decrease of 23.4%, namely to Rp. 1,274,674,000. This decrease was due to a decrease in the national village fund ceiling which was set at Rp. 68 trillion, a decrease of Rp. 4 trillion compared to the previous year. In addition, the amount of village funds received by villages is influenced by the total of its population, incidence of poverty, area, and geographical hardship, so the village fund budget for each village can change every year.

The village financial budget received by Setuta Village is allocated to four priority areas: governance, development, empowerment, development, and disaster, emergency and community management. However, based on information obtained by researchers from local communities, the allocation of village funds is not evenly distributed in each region, there are minority and priority areas so that not all communities can enjoy these village funds.

Unequal administration of village funds can lead to inequality in community growth and welfare. Based on this, this study seeks to examine how village funds are managed in Setuta Village in 2020-2022 and

assess the impact of this management on the welfare of the Setuta Village community during the same period.

2. LITERATURE REVIEW

2.1 *Village Government*

The village government, as defined in Law No. 6/2014 on villages, is responsible for regulating and managing government affairs and the interests of the local community within the government system of the Unitary State of the Republic of Indonesia, led by a village head and assisted by village officials [6].

2.2 *Village Financial Management*

Village financial management, as stipulated in Permendagri No. 20/2018, involves several key stages. The planning stage includes the process of forecasting revenues and expenditures by the village government for the fiscal year, in accordance with the budget set in the APB Desa. At the implementation stage, all village revenues and expenditures are processed through the village cash account established by the bupati/walikota. Administration tasks are performed by the finance department acting as treasurer, recording each transaction in the general cash book, closing the book at the end of each month, and preparing accountability reports. At the reporting stage, the village head submits a report on the implementation of the APBDes to the bupati/walikota through the camat, which includes a report on the implementation of the APBDes and a budget realisation report. Finally, at the accountability stage, the village head submits an accountability report on the realisation of the APBDes implementation to the regent/mayor through the sub-district head at the end of each fiscal year, which is three months after the fiscal year ends, to be informed to the public through information media.

2.3 *Principles to Village Financial Management*

Permendagri No.20/2018 Article 2 explains that village finances must be

managed with the transparent, accountable, and participatory principles, as well as in an orderly manner and in obedience to the laws and regulations. The goal is for the village government to manage village finances, make accountable financial reports, and be orderly in the use of the budget.

2.4 Village Fund

Government Regulation of the Republic of Indonesia Number 8 of 2016, Article 1 paragraph 2, defines village funds as allocations from the State Revenue and Expenditure Budget, channeled through the Regional Revenue and Expenditure Budget, to support village governance, development, and community empowerment. These funds aim to enhance community welfare, public services, economic growth, poverty reduction, and address development disparities between villages [7][8].

2.5 Public welfare

The status of community life, which is reflected in the standard of living in the community, is referred to as community welfare. In the meanwhile, as per [9], the quality of life in the community is a good indicator of the welfare of the lower middle class. A community's ability to escape poverty, maintain improved health, have high levels of education, and boost productivity within the community are what define its standard of living.

2.6 Community Welfare Indicators

Community welfare is measured by several indicators, the indicators for community welfare according to BPS are:

- a) Income indicators are classified into 3 items, include:
 1. Tall (>Rp. 10,000,000)
 2. Medium (Rp. 5,000,000)
 3. Low (<Rp. 5,000,000)
- b) Consumption or household expenditure indicators are classified into 3 items, namely:
 1. Tall (> Rp. 5,000,000)
 2. Medium (Rp. 1,000,000 - Rp. 5,000,000)

3. Low (< Rp. 1,000,000)
- c) Five items of housing were assessed, which are the roof, walls, house ownership status, floor, and floor area. The following 5 items will then be categorized into three groups, respectively:
 1. Permanent
Permanent criteria are determined by the quality of the walls, roof and floor. A permanent house building is a house whose walls are made of high quality brickwork/wood, the floor is made of high quality tiles/ceramic/wood and the roof is made of zinc/tile/shingles/asbestos.
 2. Semi Permanent
A semi-permanent dwelling is a house with half-walls/bricks with no plaster/ low-quality wood, a floor made of low quality tiles/cement/ timber, and a roof made of zinc/tile/shingles/asbestos.
 3. Non-Permanent
A non-permanent house is a house whose walls are very simple, namely made of bamboo/boards/leaves, the floor is made of earth and the roof is made of leaves or a roof made from a mixture of used zinc/tiles and the like.
 - d) The residential facility indicator comprised 12 items: grounds, equipment, refrigeration, lighting, vehicles, cooking fuel, clean water sources, drinking water facilities, method and source of drinking water, toilet facilities, and distance of toilet from home. The items are classified in 3 clusters.
 1. Complete
It is classified as complete if the residential facility has the 12 items mentioned above in good or adequate condition.
 2. Enough

It is considered sufficient if the residential facility has at least more than the 6 items mentioned above and is in a suitable condition for use.

3. Not enough
Classified as deficient if the residential facilities contain less than 6 items that are in a suitable condition for use.
- a) Family members' health indicators are classified into 3 items, namely:
 1. Good
It is considered good if every member of the family at least <25% of their lives are in a state of illness.
 2. Enough
It is considered sufficient if each family member has a percentage of 25% -50% who is often sick.
 3. Not enough
It is considered sufficient if each family member has a percentage of >50% who is frequently sick.
- b) The ease of obtaining health services indicator consists of 5 items, namely distance to the nearest hospital, distance to a pharmacy, medicine management, medicine prices, and contraceptives. These five items are then classified into 3 groups, namely:
 1. Easy
It is relatively easy if the 5 items above have been fulfilled.
 2. Enough
It is considered sufficient if at least the 3 items above can be fulfilled.
 3. Difficult
Classified as difficult if less than 3 items are met.
- c) The ease of enrolling children in education indicator consists of 3 items, namely school fees,

distance to school, and admission process. These three items are then classified into 3 groups, namely:

1. Easy
It is relatively easy if the 3 items above have been fulfilled.
 2. Enough
It is considered sufficient if the 2 items above have been fulfilled.
 3. Difficult
It is considered difficult if you are only able to fulfill 1 item above.
- d) The indicator of ease of obtaining transportation facilities consists of 3 items, namely vehicle costs, vehicle facilities, vehicle ownership status. These 3 items are then classified into 3 groups, namely:
1. Easy
It is considered sufficient if the 3 items above have been fulfilled.
 2. Enough
It is considered sufficient if the 2 items above have been fulfilled.
 3. Difficult
It is considered difficult if you are only able to fulfill 1 item above.

3. RESEARCH METHODS

3.1 *Types of research*

This type of research is descriptive research, which aims to describe the phenomena or symptoms that occur in the management of village funds in improving community welfare.

3.2 *Place and time of research*

This research was conducted in Setuta Village, Janapria District, Central Lombok Regency. The research was conducted from 28 February 2024 to 27 April 2024.

3.3 *Research Population*

The population in this study included all households in Setuta Village. The number of households in Setuta Village is reflected in the number of family heads, which is 1599 family heads. The institutional population that became the source of data related to the management of village funds in Setuta Village consisted of 67 members of the Village Consultative Body, which included Setuta Village Staff, the Village Consultative Body (BPD), youth organisations, community leaders, and hamlet heads.

3.4 Research Sample

This study's sampling strategy made use of probability sampling, which gives every member of the population an equal chance of being chosen for a sample. The Solvin formula was used to determine the sample size of family heads in Setuta Village.

$$n = \frac{N}{1+N(e)^2}$$

Information:

n = Number of samples
 N = Number of populations
 E = Error rate (15%)

Based on calculations using the Solvin formula, the number of samples to be studied was 44 households, which was considered representative with an error rate of 15%. To determine the sample in each hamlet, a proportionate stratified random sampling technique was used.

$$n = \frac{N_i}{N} \times sz$$

Information:

n = Number of samples in each hamlet
 Ni = Total population in each hamlet
 N = Total population
 sz = Sample size 44

After carrying out calculations using the proportionate stratified random sampling formula above, the sample distribution of respondents in each hamlet in Setuta Village was obtained as follows.

Table 1. Number of samples for each hamlet in Setuta Village

No	Hamlet	Head of family	Sample
1	Batu Belek	153	4
2	Bile Tawah	89	2
3	South Liwung	133	4
4	North Liwung	89	2
5	Siwi	183	5
6	Sesame	93	3
7	West Setuta	166	5
8	East Setuta	119	3
9	Maybe	219	6
10	Mongok	99	3
11	Juna	256	7
Total		1599	44

Source: Primary Data, processed (2023)

Apart from using samples, researchers also used related informants to obtain data related to village fund management in Setuta Village. The number of relevant informants taken in this research was 22 informants consisting of various elements involved in the Village Deliberation Institution.

3.5 Data Collection Techniques and Tools

Data collection techniques were used to obtain relevant data as expected in the research objectives. In this research, data collection techniques consist of observation, interviews, questionnaires and documentation.

3.6 Data Types and Sources

According to Sugiyono (2018), there are two types of research data sources, namely primary data and secondary data. Primary data for this research comes from distributing questionnaires directly. Meanwhile, because information is collected from this data, secondary data is obtained indirectly.

3.7 Data analysis

1) Administrative Analysis

The process of analysing village fund administration refers to

the management principles stipulated in Permendagri No. 20/2018 and Permendesa No. 11/2019.

2) Effectiveness Ratio

The Effectiveness Ratio in this study measures the village government's ability to realise the village fund budget compared to the predetermined target. To assess the effectiveness of village fund management in Setuta Village, the effectiveness ratio was calculated using the following formula.

$$\text{Effectiveness Ratio} = \frac{\text{Realization of the Village Fund Budget}}{\text{Village Fund Budget Target}} = X 100\%$$

3) Community Welfare Analysis

To determine the welfare of the Setuta Village community, 8 indicators of family prosperity based on the Central Statistics Agency (BPS) were used in 2015. Based on the welfare criteria according to BPS, two stages of assessment were conducted.

The first step was to give a score for each answer to the eight indicators, with values of 3, 2, and 1. Then, all the scores obtained were totalled, and the result of this sum determined the level of welfare of each respondent. Further details can be seen in the table below.

Table 2. Indicators of Prosperous Families

No	Welfare Indicators	Criteria	Score
1	Income	1. Tall (> Rp. 10,000,000)	3
		2. Medium (Rp. 5,000,000 – Rp. 10,000,000)	2
		3. Low (<Rp. 5,000,000)	1
2	Household consumption or expenses	1. Tall (>Rp. 5,000,000)	3
		2. Medium (Rp. 1,000,000 – Rp. 5,000,000)	2
		3. Low (<Rp. 1,000,000)	1
3	Living conditions	1. Permanent	3
		2. Semi permanent	2
		3. Non-permanent	1
4	Residential facilities	1. Complete	3
		2. Enough	2
		3. Not enough	1
5	Health of family members	1. Good (<25%)	3
		2. Less (25% - 50%)	2
		3. Enough (>50%)	1
6	Ease of getting health services	1. Easy	3
		2. Enough	2
		3. Difficult	1
7	Ease of enrolling children into education	1. Easy	3
		2. Enough	2
		3. Difficult	1

8	Ease of obtaining transportation facilities	1. Easy	3
		2. Enough	2
		3. Difficult	1

Source Central Statistics Agency (2015)

Information:

- a. High level of well-being: score value 20-24
- b. Medium level of well-being: score value 14-19
- c. Low level of well-being: score value 8-13

4. RESULTS AND DISCUSSION
4.1 Village Fund Management in Setuta Village

The research informants obtained the following results from distributing questionnaires.

a. Principles of Using Village Budgeting in Setuta Village

1) Justice

The use of village budget has not yet been optimised. This injustice can be seen from the inequality, where some hamlets are given more priority in receiving and using village funds than other hamlets. Prioritized hamlets receive more infrastructure projects, economic assistance and empowerment programs, while other hamlets do not receive the same attention, resulting in development gaps between hamlets within Setuta Village. The existence of this problem shows the need for evaluation in improving the management of village funds to ensure that all village residents receive fair and equitable benefits.

2) Priority Needs

The research found that the utilization of village funds in Setuta Village based on the priority of needs basis, namely the prioritisation of

village affairs that are more urgent, better attended to, and that directly touch on the interests of the most members of the rural communities; and, has been well done but not yet fully optimum. Dissatisfaction from a small number of respondents was due to differences in individual experiences regarding the direct benefits of funded projects, and the need for improvements.

3) Focused

Setuta Village has been implemented with the principle of focus, namely by prioritising the allocation of funds on 3 to 5 types of activities that follow the needs and priorities set at the national, provincial, district/city, and village levels. For example, priority has been given to the construction of clean water, education, and health facilities that are directly related to improving the quality of life of the community. The selection of these activities not only reflects the village's immediate needs, but is also in line with broader development initiatives, so that every rupiah invested generates maximum impact for the benefit of the people of Setuta Village.

4) Village Authority

The use of village funds in Setuta Village has been based on the principle of

village authority, which prioritises the right of origin and village-scale local competence. This authority allows Setuta Village to identify, plan, and implement projects that suit the needs and characteristics of the village, including the development of local cultural activities.

5) Participative

Based on the research results, the use of village funds in Setuta Village is not yet based on participatory principles, namely prioritizing community initiative and creativity, which is not given enough attention in managing village funds. The lack of implementation of local ideas is caused by limitations in participation, where only representatives from each hamlet are involved in village deliberations, while students who can contribute ideas and innovations do not participate in village deliberations. This limited participation in village meetings shows the loss of new and innovative ideas that might help in village development.

6) Village Resource-Based Self-Management

The use of village funds in Setuta has been carried out with the principles of self-management and village resource-based management, by prioritising self-management through the use of natural village recourses, as well as prioritising the labour, thoughts, and skills of

villagers and their local expertise. In its implementation, this process involves the use of local labour, raw materials from the village, and local knowledge and expertise. Development projects, such as road construction and clean water facilities, are carried out by working groups from the village community itself, which allows for cost savings and increased efficiency.

7) Be independent

The use of village funds in Setuta Village has been implemented with the principle of independence, namely by prioritising the utilisation of village funds through village resources to finance development activities managed by, from, and for the village community, so that village funds can rotate continuously in the village area.

8) Village Typology

Based on the results of the research, the use of village funds in Setuta Village has been implemented by applying the principles of village typology, namely by considering unique conditions and realities related to the geographical, sociological, anthropological, economic, and ecological characteristics of the village, as well as changes or development and progress of the village. In its implementation, the village considers geographical conditions that may influence the types of projects that can

be carried out, such as infrastructure development that suits the topography and land use of the village. Apart from that, sociological and anthropological aspects are also taken into consideration in understanding the needs and desires of village communities and cultural values as the basis for development programs. Village economic and ecological aspects, such as local economic potential and the availability of natural resources, determine the types of activities that can provide sustainable benefits for village communities.

b. Village Financial Management

1) Planning

The village fund management stage in Setuta Village begins with a village meeting. The village community, represented by representatives from each dusun, participated in determining priorities for the use of village funds. The results of this deliberation are then used as a guide in preparing the Village Government Work Plan (RKPD). The RKPD of Setuta Village that has been prepared becomes the main guideline in the preparation of the Village Budget (APBDes). Thus, this process ensures that the allocation of village funds truly reflects the needs and aspirations of the village community, and ensures transparency and accountability in the management of village funds.

2) Implementation

The implementation stage of village fund

management in Setuta Village was carried out by the village government in accordance with the work plan that had been determined in the RKPD, and each planned activity programme was carried out in accordance with the agreed schedule and specifications with the active involvement of the village community in various aspects of implementation. The village community not only acts as beneficiaries, but also as implementers of these activities, thus creating a sense of ownership and shared responsibility. Village financial management is also conducted in a transparent and accountable manner during the fiscal year period, which runs from 1 January to 31 December. All financial activities, including the receipt and expenditure of funds, are documented and reported following applicable regulations.

3) Administration

The administrative stage of village fund management in Setuta Village is carried out by recording in detail every receipt and expenditure in the general cash book. Every financial transaction, whether it is the receipt of funds from the central government or expenditure for village programs and activities, is recorded carefully and in detail. Accurate recording makes it easier to track the flow of funds, helps in compiling financial reports, and facilitates the audit process

by the authorities. In this way, the village government can ensure that village funds are used effectively and by applicable regulations, as well as providing clear and accountable reports to the village community and other stakeholders.

4) Reporting

At the reporting stage, the Setuta village chief periodically reports on the implementation of the APBDes to the bupati/walikota via the camat. This report includes the budget for the use of village funds, including details of income, and the programme of activities to be implemented. In addition, to ensure transparency and accountability to the community, this report is also provided to the Setuta Village people via information media such as billboards. In this way, the Setuta Village community can monitor the use of the Village Budget. This step ensures that the whole process of managing village funds is conducted openly.

5) Accountability

At the accountability stage, the Setuta Village Head submits an accountability report on the realisation of

the APBDes to the bupati/walikota through the camat. This report details the use of village funds throughout the fiscal year, including receipts and expenditures, as well as an evaluation of the implementation of financed programmes and activities. Apart from being submitted to government authorities, this report was also conveyed to the Setuta Village community through information media such as notice boards (billboards). This transparency allows Setuta Village residents to know clearly how village funds are managed and used, as well as ensuring that the use of funds is in accordance with the approved plan. This process not only fulfills aspects of legality and accountability, but also strengthens community trust in the management of village funds and their participation in village development.

4.2 Effectiveness Ratio

The Effectiveness Ratio in this study describes the village government's ability to realise the planned village fund budget compared to the predetermined village fund budget target. The higher the effectiveness ratio, the better the village's ability.

Table 3. Effectiveness of Village Fund Management in Efforts to Improve Community Welfare in 2020-2022

Field	Year	Budget (Rp)	Realization (Rp)	Percentage (%)	Information
Development	2020	466,000,800	465,999,895	100%	Very effective
	2021	1,240,364,000	1,240,364,000	100%	Very effective
	2022	273,008,500	273,008,500	100%	Very effective
Empowerment	2020	41,500,000	41,500,000	100%	Very effective
	2021	34,170,000	34,170,000	100%	Very effective

	2022	431,422,000	431,422,000	100%	Very effective
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Source: Secondary data (2024)

Based on the above table, it appears that the use of village funds in Setuta Village in the development sector and empowerment for three consecutive years, namely 2020, 2021, and 2022, was recorded as very effective with an effectiveness rate of 100%. This shows that village funds have been utilized optimally for various development and

community empowerment programs.

4.3 Analysis of the Impact of Village Fund Management on Community Welfare in Setuta Village

The general level of community welfare is assessed from 8 indicator above can be seen in the following table.

Table 4. Level of Welfare of the Setuta Village Community in 2020

No	Category	Total score	Number of Respondents	Percentage (%)
1	High Level of Welfare	20-24	8	18%
2	Medium Welfare Level	14-19	36	82%
3	Low Welfare Level	8-13	-	-
	Amount		44	100

Source: Secondary data (2024)

Based on the data in the table above, it can be seen that in 2020 the people of Setuta Village showed quite varied welfare profiles. Most of the respondents, namely 36 respondents or 82% of the total sample, were at a moderate level of welfare. This shows that the majority of people can meet their basic needs, although they still face

some difficulties in education and income. Meanwhile, 8 respondents or 18% of the total sample achieved a high level of welfare. This group has better access to health services, education, transportation, and has stronger economic stability which allows them to enjoy a better quality of life than other rural communities.

Table 5. Level of Welfare of the Setuta Village Community in 2021

No	Category	Total score	Number of Respondents	Percentage (%)
1	High Level of Welfare	20-24	9	20
2	Medium Welfare Level	14-19	35	80
3	Low Welfare Level	8-13	-	-
	Amount		44	100

Source: Secondary data (2024)

Based on the data in the table above, in 2021 the level of welfare of the Setuta Village community experienced positive changes compared to the previous year. As many as 35 respondents or 80% of the total sample were at a moderate welfare level, which means they can still fulfill their basic needs, although there are still

several challenges in terms of education and income. Meanwhile, the number of people with a high level of welfare increased to 9 respondents or 20% of the total sample. This 2% increase shows improvements in access to health, education and community economic services.

Table 6. Level of Welfare of the Setuta Village Community in 2022

No	Category	Total score	Respondent	Percentage (%)
1	High Level of Welfare	20-24	13	30
2	Medium Welfare Level	14-19	31	70
3	Low Welfare Level	8-13	-	
	Amount		44	100

Source: Secondary data (2024)

Based on the data in the table above, in 2022 the welfare of the Setuta Village community will show a positive increase. A total of 31 respondents or 70% of the total sample were at a moderate level of welfare, which reflects their ability to fulfill basic needs, although there are still challenges in other aspects. Meanwhile, the number of respondents with a high level of welfare increased to 13 respondents or 30% of the total sample. An increase of 10% from 2021 shows significant progress in access to health services, education, transportation and economic stability.

5 CONCLUSIONS

Following the discussion and research results, the following conclusions can be drawn:

- 1) Forest management of village finances in Setuta Village during the 2020-2022 period has not been fully implemented in strict accordance with existing laws and policies. However, the effectiveness of the use of village funds reached 100% or can be said to be very effective. This shows that village funds have been used properly by the predetermined plan.
- 2) The impact of village fund management in Setuta Village on community welfare is categorized as moderate, which is measured based on 8 indicators of community welfare, namely income, household expenditure, housing, living facilities,

health, ease of obtaining health services, the ease of putting children to school, and the facility of obtaining transportation.

5.2 Suggestion

On the basis of the above research results, the authors recommend the following.

- 1) Improving Justice in Development

In village development, in the effort to improve community welfare, the Setuta Village Government must be truly fair in determining the programmes to be implemented, without favouritism towards each hamlet.

- 2) Developing Village Potential

To improve community welfare, the government must direct village funds to support the development of village potential, one of which is the ketak craft. The village budget can be allocated for production and capital assistance for ketak craftsmen, skills training, and product marketing assistance to expand market reach. Supporting ketak crafts will increase productivity, which in turn will improve community welfare.

- 3) Developing Village-Owned Enterprises (BUMDes)

The Setuta Village Government can develop BUMDes Setuta by establishing a savings and loan business unit as

one of its business units. In addition to developing the BUMDes, this step can also help the community by providing

business capital that is more easily accessible to villagers, to encourage economic activities in Setuta Village.

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