

# Effective Local Government Support to Villages

## Village Law Policy Note

October 2019

### Summary

The role of the local government in village development is largely defined by the Local Government Law (UU 23/2014), which forms the legal basis for local government regulations related to organization and functions of local technical agencies in providing guidance and supervision to village governments. Both the Village Law (UU 6/2014) and Local Government Law (UU 23/2014), which were passed in the same year, define authorities of village governments and local governments, respectively. However, these two laws provide different guidance on the role of local governments in supporting and supervising village governments. The Local Government Law and its derivative regulations mandate a critical role of district government agencies to oversee villages (particularly the District Agency for Village Community Empowerment and Sub-district), which differentiates the role of district government and villages related to village and community empowerment affairs. Current efforts to align the Local Autonomy Law and Village Law through a revised

government regulation on concurrent government affairs are expected to address the gaps and conflicts in these laws. In the meantime, some district governments have initiated local regulations and positioned the local government as a critical facilitator for village development. Establishing systematic support from local government to villages and communities on Village Law Implementation requires:

1. Revised government regulation (peraturan pemerintah or PP) on concurrent government affairs to harmonize the Village Law and Local Autonomy Law.
2. Ensuring that the regional planning agencies (Bappeda) take greater authority to coordinate and facilitate collaboration on rural area, inter-village and village development.
3. Implementing the role of sub-district (Kecamatan) in providing guidance and oversight of village government as mandated in the Government Regulation on Sub-district (PP Kecamatan No. 17/2018).
4. Update audit guidelines for the standardisation and strengthening of functions and applications.

*\*This note was prepared jointly by the World Bank and KOMPAK at the request of Bappenas, to inform policy discussion related to Village Law. The note is based on available data as of October 2019, including forthcoming assessments and studies. It is one of five briefs: 1) How to improve the delivery of Village Law, 2) Effective support from Local Governments to Villages, 3) Delivering Quality Rural Infrastructure with Village Funds, 4) Putting communities at the center of Village Law implementation, and 5) Financial management, reporting and oversight.*

## How to Improve Systems Between Local Governments and Villages

The two major laws that govern the functions of local governments and villages – the Local Government Law (UU 23/2014) and the Village Law (UU 6/2014) – need to be harmonized. The problem arises when subnational entities (provinces and districts) refer to UU 23 and its derivative regulations in defining their functions, while village governments follows UU 6 and its ensuing regulations. Moreover, the Village Law assigns the central and provincial governments with specific responsibilities for village guidance and supervision related to village government, whereas the Local Government Law does not.

Within the district, the unit responsible for village and community empowerment is the Agency for Village and Community Empowerment (Dinas Pemberdayaan Masyarakat Desa or Dinas PMD). Given its formal structure as a district agency, the Dinas PMD faces difficulties in coordinating cross-cutting issues with other district agencies, such as Public Works, Education, Health, and Agriculture. This is a significant gap as many villages report needing additional support from these technical agencies.<sup>1</sup> The division of government affairs by the Local Government Law (UU 23/2014) presents a risk of making village affairs as a new sector, as evidenced by DPMD allocating 95% of their budget to village affairs.<sup>2</sup> Therefore, the province and district agencies (particularly sectoral agencies) neither have a clear mandate nor any incentive to provide support to villages.

Figure 1: UU 6/2014 and UU 23/2014 set out different roles for local government support to villages

Village Law (UU 6/2014) and its derivatives	Local Autonomy Law (UU 23/2014) and its derivatives	Impact
Assigns village support and oversight to all levels of government. Province to oversee district support to villages (Articles 112-115)	Does not assign guidance and oversight tasks for village administration to central and provincial government (see UU23 Annex on division of responsibilities)	DG Bina Pempdes in MoHA does not receive sufficient budget. Provinces do not oversee districts, conduct village-level activities directly, or only provide financial assistance.
Article 112(3) Central, Provincial and District/Municipal Governments shall empower the village communities by promoting the quality of village administration and community through education, training, and counseling.	Does not mention village facilitation and capacity building. Kabupaten is only tasked for guidance and supervision on spatial planning, village administration and institutions.	Unclear who is responsible for village capacity building. Therefore, local governments usually wait for top-down training programs from the central government.
Mandates all levels of government to support and supervise village (Article 112). Allocate Village Funds (DD) from the national budget (APBN) to make effective all village-based programs (Article 72.2).	Changes the unit that manages village and community affairs from coordinating body ( <i>Badan</i> ) to technical agency ( <i>Dinas</i> ), thus creating village development as a new sector. Village affairs is (perceived as) DPMD mandate only. Local Governments do not recognize the role and mandate of technical sector agencies in supporting villages. Local Inspectorate and the Sub-district Head ( <i>Camat</i> ) focus on oversight and supervision rather than support.	Technical support from key sectors has diminished from minimal to none. Opportunity for synergy between village and district is missing. Even ministries and Provincial Agency for Village and Community Empowerment (DPMD) are still doing village-scale projects instead of collaborating and providing technical support to villages. The 2018 Village Potential (Podes) data from Bureau of Statistics (BPS) shows least progress on the basic services dimension of the Village Development Index (IPD).

**Box 1: In Pacitan District, Kecamatans are playing a key role in bridging the gap between villages and districts to provide oversight, support, and coordination more effectively and efficiently.**

Kecamatans, which are on the front-line of village support, have limited funding and staff for village binwas. Following the passage of the Village Law, MOHA's Directorate General of Village Government Affairs developed a new strategy and approach (Grand Design) to strengthen the capacity of village governments to execute their expanded responsibilities. Starting in 2016, MOHA began working with KOMPAK to pilot a program to strengthen the capacity of sub-district (kecamatan) government in 24 districts across seven provinces. Under this pilot, sub-district teams, consisting of sub-district staff, sector staff and village facilitators, have been assembled, trained and equipped to guide and facilitate village governments to strengthen enhance governance, planning and budgeting, coordination around basic service provision.

In the villages of Pacitan district, the implementation of local poverty alleviation program, *Grindulu Mapan*, was not optimal due to lack of valid data and information on who and where are the poor families are. Starting in early 2016, the Bupati tasked sectors (BAPPEDA, Education, Health, Social, CRVS, Sub-districts) to collaborate and support villages on village governance and to integrate the data/information systems to ensure accurate and updated data. The Bupati delegated the Camat to provide facilitation (PTPD) to villages and expand their roles to conduct supervision and monitoring on the *Grindulu Mapan* program implementation. The integrated data at district level allowed villages to have digital Civil Registry and Vital Statistics (CRVS) data and support to accelerate and outreach the legal identity services. With the data synchronized and validated, Pacitan could synergize their poverty alleviation program and integrated between sectors, as well as villages. Current (2018) poverty rate is 14% which has reduced from 16% (2014).

**The Local Government Law (UU 23/2014) does not mandate how sectoral agencies (health, education, public works, etc.) should coordinate with villages and provide guidance and supervision (bimbingan dan pengawasan or binwas) to the villages.** This is particularly concerning given the ten-fold increase in village budgets since Village Law started. The lack of clarity in the role of sectoral agencies has created uncertainty in the division of authorities for critical areas such as irrigation, schools, and Early Child Development (PAUD).<sup>3</sup> It has also meant that there is no systematic mechanism for villages and sectoral agencies to coordinate in delivering joint projects. A recent study<sup>4</sup> found that village governments and district stakeholders perceive basic services as the authority of technical agencies (SKPD) at the district level.<sup>5</sup>

**District and sub-district governments (Kecamatan) have the potential to play a critical role in facilitating village governments.** Given the number of villages in Indonesia and the vast regional variation in capacities, priorities and local contexts, the district and especially the sub-district can play a role in facilitating village government support, as well as in providing oversight and reporting for the increased village funds (see Box 1).

## Policy Recommendations

1. **Bappenas to facilitate MoHA Regional Development (Bangda), Village Development (Bina Pempdes) and Regional Administration (BAK) directorate generals to revise the government regulation (PP) on concurrent affairs** to better clarify implementation of Village Law and Local Government Law.
  - a. Set targets and budget ceilings for provinces and districts to provide support and supervision to villages (drawing on P3PD).
  - b. Governor and/or Bupati to issue performance indicators for provinces, districts, sub-districts on their support to villages.
  - c. Bappenas to consolidate the village development indices to inform progress on the above targets, including greater weight on village capacity and governance indicators.
  - d. MoHA to revise and standardize budget nomenclature for local governments' guidance and supervision to villages.
  - e. MoHA to provide clear guidance to each of government level on how to assign staff and budgets in local government units for village support and supervision.
  - f. MoHA and Bappenas to design and test mechanisms to strengthen the incentives and accountability of districts and sub-districts for improving the quality of village support and supervision, including:
    - i. Strengthen existing systems to monitor and report on village spending and outputs. Build on these to measure the quality of village spending.
    - ii. Establish and improve mechanisms to foster healthy competition between districts, sub-districts, and villages on village performance.
    - iii. MoHA to increase priority on village support and supervision in annual Ministerial regulation on local government budget preparation (APBD).
2. **Bappenas, in coordination with MoHA, to ensure that regional planning boards (Bappeda) take greater authority for rural area, inter-village and village development.** The role of Dinas PMD to support coordination on area development, including rural area development (Kawasan Perdesaan) and inter-village development, should be strengthened.
3. **Bappenas to coordinate with MoHA and MoF on strengthening the role of Kecamatan in village development.** In line with the government regulations on Implementation of Village Law (PP 47/2015) and Kecamatan (PP 17/2018), the Bupati should clarify and delegate some authorities for guidance and supervision (binwas) to the Kecamatan. Kecamatan, through delegation of authorities from Bupati, can coordinate technical assistance from sectoral agencies to villages, including by establishing village consultation clinics as a local and demand-based learning platform.

- 4. Bappenas should coordinate with MoHA to update guidelines for the standardisation and strengthening of audit functions and applications.** In line with the government regulation on Guidance and Oversight of Local Government (PP 12 / 2017), the district inspectorates have a responsibility to ensure village financial accountability. Inspectorates are responsible for monitoring, review, evaluation, and audit.

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<sup>1</sup> World Bank, Review of Local government Capacity to Support Implementation of Village Law, June 2019 (draft).

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> The World Bank's Local Governance Assessment found that some technical agencies (SKPD) are unwilling to share responsibilities with villages. For example, Dinas PU refuse village irrigation to be transferred to the village, Dinas Education still considers PAUD as part of its authority, and the Health Dinas still considers food supplements to be within its authority.

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