

UDC 332

THE IMPACT OF VILLAGE FUNDING ON ECONOMIC GROWTH AND COMMUNITY WELFARE

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ABSTRACT

President Jokowi is currently devoting his attention to rural development and rural economic development to improve people's welfare. Village funds have an effect on economic growth, shown by the ability to use village funds effectively to support village development which managed to increase the human development index. It is also shown from the development of village infrastructure, educational institutions and health services that already exist in each village. Nevertheless village funds have no effect on poverty, shown by its failure in reducing poverty because the programs carried out by the village government still prioritize infrastructure development and do not increase the number of programs on community empowerment. The impact of Village funds greatly affects economic growth and community welfare because its existence will improve existing infrastructure in the village and improve human resources by empowering rural communities to reduce unemployment and alleviate poverty, which in turn will increase economic growth. The allocation of Village funds will affect the welfare of the village community, meaning that the higher the village funds, the lower the poverty level.

KEY WORDS

Village fund, economic growth, community welfare.

The Ministry of Villages, Development of Disadvantaged Areas and Transmigration has a mandate to carry out Nawacita Jokowi especially the third Nawacita "Building Indonesia from the Outskirts by strengthening regions and villages". One of the big agendas is to oversee the implementation of Law No. 6 of 2014 concerning Villages in a systematic, consistent and sustainable manner with facilitation, supervision and assistance. This concept is very interesting to see from various perspectives of regional economics. This concept is special because it is very rarely discussed in academic forums.

President Jokowi is currently devoting his attention to rural development and rural economic development to improve people's welfare. The village is a legal entity that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of the local community based on community initiatives, rights of origin, and traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia (Hartono, 2008). The village has the authority to regulate and manage the interests of its own community according to local conditions and socio-culture. The village community is a group of people who interact with each other so that in the village community there are agreements that have been determined, both written and unwritten, so that each village community should obey and implement it.

The economic growth of an area can also be seen from the distribution of income of rural communities which can be seen from the poverty rate of each region in all provinces so that the role of the government through the allocation of Village funds is very helpful for the welfare of the community, especially in underdeveloped areas, which still experience the impact of poverty caused by the source. human power is still relatively low and is a complex problem that can strike any area.

Economic growth is a major problem that always occurs in every region. Economic growth can be used as a benchmark for economic development in an area. To determine the level and growth of people's income, one indicator that is able to measure it is by calculating the rate of increase in the GrossDomestic Regional Product (GDRP) at constant prices.

GDRP can be used as information material for reference for development planning, especially in the economic sector that has already been implemented.

The growth rate of GDRP continuously fluctuates, especially in 2018 which a decline occurred in several provinces such as West Nusa Tenggara in 2018 by minus 5.56 percent, this is due to natural disasters in the form of earthquakes that rocked Lombok with a magnitude of 7.0 so that it affects the decline in investment which is one indicator of economic growth in the region, as is the case with Papua Province, which previously had the GDP growth rate in 2018 of 5.52 percent to minus 17.13 this was caused by there is a decrease in mining production at Freeport. A stable GDRP growth rate occurred in the Yogyakarta area which continuously from 2017 to 2019 has increased this is due to the presence of investors until 2018 there were 368 company units or investors consisting of 179 Domestic Direct Investments (DDI) and 189 Foreign Direct Investment (FDI) so that it can increase the rate of economic growth in the region, then followed by the Province of Bali which also experienced fluctuations and decreases in 2019 by 4.54 percent this was due to the existence of several real estate sectors, electricity and gas procurement sectors. The manufacturing sector, the education service sector, the financial services sector and insurance sector as well as the health services sector and social activities experienced a decline.

The ultimate goal of development is the people's welfare. Humans are not only objects of development but are expected to become subjects, so that they can make a useful contribution to the progress of an area which at a macro level becomes the progress of a country. The success of development is measured by several parameters, and the most popular today is the Human Development Index (HDI). This measuring tool was launched by Mahbub ul Haq in his book entitled Reflection on Human Development (1995) and has been agreed. world through the United National Development Program (UNDP). Based on the HDI value, UNDP divides the human development status of a country or region into three groups, namely HDI less than 50 which is classified as low, between 50 to 80 which is classified as medium and above 80 which is classified as high.

The theory of the formation of the Human Development Index is in the form of three dimensions, namely (UNDP-2004): long and healthy life is indicated by life expectancy at birth, which is formulated into life expectancy. With a scientific dimension it can be measured by the literacy rate and the average length of schooling, these two components form the education index. The dimension of a decent living standard is shown by real expenditure per capita, which is standardized in the income index. Provinces in Indonesia obtain an average Human Development Index which each year experiences an increase as can be seen in table 2 as follows:

Table 2 – Human Development Index by Province 2018-2020

Province	Human Development Index by Province 2018-2020 (%)		
	2018	2019	2020
Aceh	71,19	71,90	71,99
North Sumatra	71,18	71,74	71,77
West Sumatra	71,73	72,39	72,38
Riau	72,44	73,00	72,71
Jambi	70,65	71,26	71,29
South Sumatra	69,39	70,02	70,01
Bengkulu	70,64	71,21	71,40
Lampung	69,02	69,57	69,69
Kep. Bangka Belitung	70,67	71,30	71,47
Kep. Riau	74,84	75,48	75,59
DKI Jakarta	80,47	80,76	80,77
West Java	71,30	72,03	72,09
Central Java	71,12	71,73	71,87
In Yogyakarta	79,53	79,99	79,97
East Java	70,77	71,50	71,71
Banten	71,95	72,44	72,45
Bali	74,77	75,38	75,50
West Nusa Tenggara	67,30	68,14	68,25

East Nusa Tenggara	64,39	65,23	65,19
West Kalimantan	66,98	67,65	67,66
Central Kalimantan	70,42	70,91	71,05
South Borneo	70,17	70,72	70,91
East Kalimantan	75,83	76,61	76,24
North Kalimantan	70,56	71,15	70,63
North Sulawesi	72,20	72,99	72,93
Central Sulawesi	68,88	69,50	69,55
South Sulawesi	70,90	71,66	71,93
Southeast Sulawesi	70,61	71,20	71,45
Gorontalo	67,71	68,49	68,68
West Sulawesi	65,10	65,73	66,11
Maluku	68,87	69,45	69,49
North Maluku	67,76	68,70	68,49
West Papua	63,74	64,70	65,09
Papua	60,06	60,84	60,44
Indonesia	71,39	71,92	71,94

Source: <https://www.bps.go.id/>

In Table 2, it can be seen that the percentage of the Human Development Index (HDI) on average each year has increased. The percentage of human development index in DKI Jakarta Province occupies the highest place, namely 80.47 percent in 2018, 80.76 percent in 2019 and 80.77 percent in 2020, while the lowest HDI is in Papua Province with the Human Development index in 2018 was 60.06 percent, in 2019 it was 60.84 and in 2020 it was 60.44 percent, for the Province of Bali it was in fourth place after the Riau Islands, where in 2020 the percentage of the human development index in Bali Province was 75.50 percent. This means that Bali has a quality level of health, education and the fulfillment of the needs of the Balinese people in 2019 in general has increased compared to the previous year.

Bali has been known as a tourist destination since the 1920s (Picard, 2003). Bali is home to the majority of Hindu minorities in Indonesia which has beautiful beaches, biodiversity and artistic and cultural heritage, creating opportunities in the tourism sector (Tajeddini et al, 2017). According to Viken (2011) tourism is all tourist and their activities. Gjorgievski et. al. (2013) suggest that the role of the tourism sector in the economy can be seen from the expenditure of tourists on goods and services in tourist destination areas. The contribution of the tourism sector has a large impact on regional income (Vojnovic and Knezevic, 2013). In fact, regions that are often tourist destinations for foreign or domestic tourists tend to have high incomes, but it does not rule out that there is still a problem of poverty.

The Human Development Index (HDI) is an indicator that explains how residents of an area have the opportunity to access the results of a development as part of their rights to earn income, health, education, and so on. With a healthy and well-educated society, an increase in people's productivity will also increase the expenditure for consumption, when the expenditure for consumption increases, the poverty rate will decrease. On the other hand, low Human Development Index (HDI) results in low work productivity of the population. Low productivity results in low income generation. So that low income causes a high number of poor people (Sukmaraga, 2011: 8).

There are many strategies that have been carried out by the government to overcome the problem of poverty but these strategies have not been able to reduce the poverty rate (Dariwardani, 2014). The role of local and central governments is very much needed in improving the welfare of the people in the regions. Since 2015, the government has provided Village Funds to villages sourced from the State Revenue and Expenditure Budget (APBN) which is transferred through the district / city Regional Revenue and Expenditure Budget (APBD). The village has the right to manage its authority and funding.

In fact, the existence of special financial assistance funds for villages is not followed by an increase in community welfare that is evenly distributed in districts / cities in the Province, even though the provision of special financial assistance should be able to support community economic growth and is expected to be able to overcome problems experienced by the community so far (Wirawan, 2015).

One of the objectives of the Village Fund Allocation (ADD) is to alleviate poverty and inequality and improve community welfare. In its use, 30 percent of ADD is used for operational costs of running the village government and 70 percent is used for physical development and community empowerment (Nurcholis, 2011: 90). As part of the Republic of Indonesia (NKRI), the village government needs to receive supervision from the government level above. This is because in the future, the amount of Village Fund that will be given to the village will be even greater while the capacity and capability of human resources (Human Resources) in village financial management is still not sufficient. In addition, community involvement in planning and monitoring the use of village funds is still felt to be minimal. Thus, this is an important task and note not only for the central government, but also for district / city governments and village governments and communities to build villages collectively (Azis, 2016).

According to Government Regulation No.10 of 2014 Village funds are funds sourced from the APBN intended for villages, the funds are transferred through the district regional budget. This Village Fund is used to finance the implementation of village governance, the implementation of village development, village community development, and the empowerment of village communities. The purpose of village funds is to alleviate poverty and improve community welfare.

The village has developed in various forms so that it needs to be protected and empowered so that it becomes strong, advanced, independent, and democratic so that it can create a strong foundation in implementing governance and development towards a just, prosperous and prosperous society. Through the Village Fund (DD), villages have the opportunity to manage village development, governance and social affairs autonomously. The Village Fund will encourage an increase in the standard of living and welfare of the village community if it is activated intensively and effectively. Rural development as a development target, in order to reduce various rural and urban gaps and increase the economy in the village. The provision of Village Funds is a form of fulfilling the village's right to carry out its autonomy so that it grows and develops. Village growth based on diversity, participation and democratization, community empowerment. The role of the village government is enhanced in providing services and community welfare as well as accelerating economic and regional development and growth.

Economic growth is related to the process of increasing the production of goods and services in people's economic activities and is a long-term economic problem for a country. Thus, economic growth is like a machine that can improve the quality of a country's economy, so that it can measure a country's performance in terms of its economy and its development can be known from time to time. Differences in the economic growth of a region will result in income inequality between regions, both between islands, provinces and districts / cities. "

Based on the description of the research and the background of the problem above, a problem can be formulated, namely how is the impact of Village funds on economic growth and community welfare?

METHODS OF RESEARCH

This research uses qualitative. Qualitative research is research that intends to understand the phenomenon experienced by research subjects holistically, and by means of descriptions in the form of words and language, in a special natural context and by utilizing various scientific methods (Moleong, 2007: 6). The type of research approach is descriptive. Descriptive research is research that seeks to address existing problem solutions based on data.

RESULTS AND DISCUSSION

Based on data from Bureau of Statistics, BPS (2019), it is shown that in the last 3 years, namely the 2017 to 2019 period, in general the realization of Village Funds in 33 provinces throughout Indonesia has increased. This indicates that there is an increase in the

amount of Village Funds provided from the Central Government to Local Governments throughout Indonesia. The provinces of Central Java and East Java are the two provinces with the highest amount of Village Fund Realization in Indonesia, while the Bangka Belitung Islands and North Kalimantan are the two provinces with the lowest amount of Village Fund Realization.

Realization of Village Funds provided by the government through the State Revenue and Expenditure Budget (APBN) in accordance with Law No. 6 of 2014 by taking into account the size of the area and the number of villages owned by each province as well as paying attention to the poverty level of each of these regions so that the goal of equitable welfare for each can be realized. The description of the realization of the Village Fund per Province in 2018 to 2020 can be seen in Table 2 as follows:

Table 2 – Realization of Village Funds per Province in Indonesia in 2018 - 2020 (thousand rupiah)

No	Province	Realization of Village Funds per Province 2017-2019 (thousand rupiah)		
		2018	2019	2020
1	Aceh	4.457.512.950	4.955.500.482	5.050.301.256
2	North Sumatra	3.874.857.829	4.452.049.366	2.705.444.657
3	West Sumatra	790.787.312	932.325.519	961.135.402
4	Riau	1.254.688.851	1.436.685.874	1.470.374.080
5	Jambi	1.037.674.061	1.184.558.060	1.221.842.427
6	South Sumatra	2.309.392.954	2.683.946.345	2.712.779.047
7	Bengkulu	945.638.279	1.079.418.707	1.099.512.847
8	Lampung	2.091.198.105	2.427.111.117	2.454.053.315
9	Bangka Islands Belitung	264.571.725	309.831.614	321.740.760
10	Riau islands	221.500.941	261.333.056	273.346.665
11	West Java	4.823.095.418	5.710.074.611	5.940.216.905
12	Central Java	6.737.083.091	7.889.431.604	8.200.608.600
13	In Yogyakarta	361.894.397	423.785.125	354.198.276
14	East Java	6.253.330.552	7.441.561.392	7.654.234.840
15	Banten	937.180.879	1.092.073.316	1.122.813.298
16	Bali	531.141.963	630.189.586	657.798.211
17	West Nusa Tenggara	983.185.878	1.181.329.455	1.233.354.121
18	East Nusa Tenggara	1.541.956.908	3.020.504.603	3.090.060.054
19	West Kalimantan	1.688.279.973	1.992.571.733	2.042.632.135
20	Central Kalimantan	1.144.586.424	1.347.142.545	1.403.071.877
21	South Borneo	1.316.573.429	1.506.337.021	1.533.082.274
22	East Kalimantan	730.928.055	870.119.582	908.976.179
23	North Kalimantan	387.688.280	463.268.514	487.453.221
24	North Sulawesi	1.065.411.508	1.210.560.814	1.241.529.043
25	Central Sulawesi	1.363.158.368	1.567.950.719	1.610.204.714
26	South Sulawesi	1.986.216.686	2.351.148.984	2.382.220.597
27	Southeast Sulawesi	1.411.237.132	1.613.817.589	1.653.925.686
28	Gorontalo	540.591.708	636.614.465	644.017.610
29	West Sulawesi	472.270.192	560.226.664	574.952.086
30	Maluku	964.700.076	1.122.509.201	1.159.385.596
31	North Maluku	785.606.677	891.604.070	921.882.920
32	West Papua	1.329.719.076	1.516.915.258	1.560.810.507
33	Papua	4.284.844.848	5.237.503.009	5.408.865.352

Source: Bureau of Statistics (BPS) 2021, Ministry of Finance (processed data).

Based on table 2, it can be seen that the realization of Village funds allocated by the government per Province starts from the lowest level in Bangka Belitung Province with Village funds of 264.5 billion in 2018 this is due to the number of districts owned by 6 regencies so that the funds received according to the proportion of the number of regencies and villages owned, the Village funds that received the largest realization were in the Province of Central Java with Village funds of 8.2 trillion in 2020 this was due to the large number of districts in the region, namely 29 regencies and East Java Village funds

amounting to 7.6 trillion with the number of districts as many as 30 and besides that, the realization of Village funds is also given by referring to the area of the area and the number of villages in the district..

The Impact of Village Funds on Economic Growth. Based on the results of the Gusti Afrilianto Award Research on the Impact of Village Funds on Economic Growth in Bogor Regency, it is stated that the provision of village funds has a real and positive effect on economic growth in Bogor Regency in 2013-2016 with a coefficient of 0.070585. These results indicate that an increase in the provision of village funds allocation by 1 percent will increase economic growth by 0.070585 percent. This is in line with Nurudeen's research (2010) which states that government spending should be used to increase regional production capacity and the use of government expenditure is used for transportation activities as well as an increase in expenditure allocations for education and health. The coefficient of 0.070585 shows that the elasticity value is inelastic, which means that an increase in the allocation of village funds will increase the GRDP growth of less than 1%.

Research conducted by M. Rimawan in 2019 on the effect of Village fund allocation on economic growth, the Human Development Index and poverty in Bima district also stated that the allocation of village funds has an effect on economic growth, this shows that the village has been able to use village fund allocations effectively. To support village development and the allocation of village funds has been able to increase the human development index, it can be seen from the development of village infrastructure, educational institutions and health services that already exist in each village, but the allocation of village funds has no effect on poverty, this shows that village fund allocations have not been able to reduce poverty because the programs carried out by the village government still prioritize infrastructure development and do not increase the number of programs on community empowerment. The implication of this research is the need for evaluation by the central government regarding the allocation of village funds so that the allocation of village funds can run effectively. Evaluation in this case can be carried out such as socialization of government regulations, training of human resources. So that it can reduce the use of funds outside of priority and the potential for misuse of village funds. Effective and efficient implementation of village funds will support village development so that welfare will increase and poverty will decrease. In this study there are limitations, namely 1) this research is still researching in general, it is expected that the next researcher will examine the details of the village 2) add other indicators such as the unemployment variable and the Gini index for each district. 3) Government regulations must be clear so that the village government can understand the allocation village funds.

The Impact of Village Funds on Community Welfare. The impact of Village funds on community welfare began since the provision of village funds in 2015 was very helpful and provided benefits to the community, the community felt the impact directly, for example being able to deal with poverty and inequality problems in the village. In terms of economic aspects and the development of village funds, it is very beneficial for various economic aspects to be controlled and fulfilled. The development of underdeveloped villages is carried out in order to reduce the various inequalities that exist in the village. It is also hoped that the provision of village funds will be able to overcome problems that occur in the village.

Based on the results of the research conducted, it was found that there were two categories of utilization of village funds, namely physical development and empowerment (non-physical). Physical development is the development of community facilities and infrastructure to facilitate their work. Then the use of development through empowerment is a development process where the community takes the initiative to start a process of social activities to improve their own situation and condition. In the physical development carried out in the form of building bridges, making drainage, procuring garbage bins, procuring street lights, repairing market stalls, building *posyandu* (integrated health services), while the use of village funds is through community empowerment in the form of providing assistance for underprivileged communities, providing food for pregnant women and toddlers. , youth empowerment and sports, providing scholarships for high achieving and underprivileged students.

The distribution of the use of village funds in the form of physical development is around 70%, while empowerment is around 30%. Judging from the geographic area of Kalola village which consists of rice fields, the thing that is most needed by people who generally also work as farmers is farming roads, the priority of Kalola village is to facilitate access for residents who are livelihoods as farmers who easily reach their workplaces. If public access is easy, the quality of the population will also increase (Widjaja, 2003). The construction of a farm road in Awatarae hamlet is very helpful, the community no longer bothered to transport their crops, it is the buyers who come to the harvest location to buy the Kalola people's rice fields, this proves that village funds have a very big influence on the community and lead to the welfare of the community. as stated by (Nasikun, 1987) that the state in which people feel safe, free, prosperous and have an identity. In the utilization of village funds in Kalola village, there is integration between the upper and lower levels, where the upper level as the Village Head and Kalola village officials provide, control and supervise the levels that are below it, while the lower level referred to here are workers, laborers and the community. villages that provide the necessary conditions and strengths needed for the upper level so that the existing social system in Kalola village. A system consisting of system elements. Each element is functionally interconnected from one system to another. It is the same as a village that has a village government structure, where the village government must carry out its duties according to its function based on its status and role (Damsar: 2005).

The central government gives authority and opportunity to villages in implementing village development activities with the aim of increasing the welfare of village communities (Nurohman et al., 2019). Fully the funds used by the village in their use to advance the village are their own responsibility so that the allocation of village funds is very important. However, the process of distributing these funds must involve the functions and roles of district / city governments. Village funds are provided by the government with the aim of alleviating poverty and supporting village activities in order to make the village independent through programs that have been planned by each village. Several criteria are needed that must be met in order to distribute village funds, such as transparency and accountability. Provisions relating to the distribution of village funds are regulated by the government in the Minister of Finance Regulation Number 112 / PMK.07 / 2017 (Sekretariat Negara, 2017a).

Research conducted by Nurohman and Qurniawati (2019), concluded that there was a negative influence that arose between the variable allocation of village funds and the variable of community welfare. This influence shows that the surrounding community does not feel the direct impact of the use of village funds that are used to improve tourist facilities. Meanwhile, Dura's research (2016) concluded that there was a positive impact on the variable of village fund allocation on the variable of community welfare. This impact can be seen from local income because it is directly related to the economic problems of the community that are used to build village facilities by conveying aspirations to village institutions.

The results of research conducted by Rusydi (2012) which states that ADD allocation activities are quite effective in improving community welfare. Therefore, monitoring activities need to be carried out to ensure that there is no misuse of the budget and it is properly allocated. Supervision is the activity of gathering information about the development or implementation of an activity. Supervision is usually carried out periodically during the process of the related activities. Meanwhile, evaluation is an activity to assess as a whole whether an activity has been carried out in accordance with a previously prepared plan or activity. Evaluation is usually carried out at the end of an activity.

Several studies related to village funds, development, and community welfare have been carried out in Indonesia. Mahfudz (2009) conducted research on the impact of village fund allocations on community empowerment and village institutions. In the aspect of ADD allocation, most of the use of ADD turns out to be more directed at physical activities (construction of physical facilities and infrastructure), followed by additional welfare for village officials in the form of full service funds, allowances and the like and partly for routine activities.

Independent management of Village funds has a positive impact on both the village government and the community. In addition, the presence of the Village Fund Allocation (ADD) also provides flexibility for the Village to manage governance in the village, development and social community autonomously. Implementation of Village Fund Allocation (ADD) in which there is a planning, implementation and evaluation process in accordance with the stages that exist in community empowerment.

Community involvement in the implementation of the Village Fund Allocation (ADD) conditions the community to be in the empowerment stage, where all of this leads to the welfare of an independent community in the end. Saputra (2016) examines the effectiveness of village fund management in Lembean Village in Bangli Regency.

Daraba (2017) conducted research on the effect of village funds on community welfare in North Galesong District. The results showed that there was a significant positive effect of Village Funds on the level of community welfare. The Village Fund Program has a contribution of 0.329 to the improvement of community welfare. The value of R² is corrected by 0.789. This value explains that as much as 78.9% of the different variations in the level of community welfare are determined by the Village Fund program at the level of significance = 0.05.

The Impact of Economic Growth on Community Welfare. Ranis (2004) states that economic growth provides direct benefits to increased human development through increased income. Increased income will increase household expenditure allocations for more nutritious food and education, especially for poor households. The same opinion is stated by Arsyad (2010) which states that economic growth as the relative value of changes in GRDP from time to time indicates an increase in people's income from time to time as well. The increase in community income is indicated by an increase in the allocation of income for consumption of primary, secondary and tertiary needs so that the local people become richer, healthier, more educated as an indicator of the Human Development Index (HDI) figures. This is in line with research conducted by Mirza (2010) and Priambodo (2015) which states that economic growth has a positive effect on the human development index, which is an indicator of people's welfare.

At the macro level, the distribution of increased income from economic growth will also have a strong impact on human development and economic growth whose benefits are directed more to the poor will have a greater impact on human development (Ranis, 2004). Increased economic growth will increase people's income, with the increase in income that occurs, the ability of the community to meet their needs will be better, this shows that welfare in the form of community income begins to increase. UNDP also stated that until the end of the 1990s, human development in Indonesia was determined by economic growth or Gross Domestic Product (GDP). GDP growth will encourage people to get better education and health facilities (Lilis and Yohana, 2012)

Economic growth is a measure of a country or a region as a state institution for the provision of necessities such as services and / or goods, so that the needs of the community in the necessities of life can be met. Increased economic growth directly increases people's income, and this increase indicates that people's ability to meet their daily needs is getting better. Economic growth also encourages people to get a better life, health and education. Economic growth is also able to reduce unemployment which directly affects the poverty rate. The lower the unemployment rate, the social welfare rate will increase.

Sholihah and Kustanto (2017) in their research stated that economic growth has an impact on people's welfare but not significantly. The conclusion from this research shows that the government needs to pay attention to factors outside of economic growth so that the welfare of society can be created.

Awandari and Indrajaya (2016), through their research, conclude that there is a positive and significant influence generated between economic growth on people's welfare. Based on these results, it means that the higher the economic growth, the higher the welfare of the community. In contrast to research conducted by Rosita (2016), the results obtained show that economic growth has a negative and significant effect on people's welfare.

CONCLUSION

Village funds have an effect on economic growth, this shows that the village has been able to use village funds effectively to support village development and the allocation of Village funds has been able to increase the human development index. This can be seen from the development of village infrastructure, educational institutions and health services that already exist in each. village. but village funds have no effect on poverty, this shows that Village funds have not been able to reduce poverty because the programs carried out by the village government still prioritize infrastructure development and do not increase the number of programs on community empowerment.

The impact of Village funds greatly affects economic growth and community welfare because with the existence of village funds it will be able to improve existing infrastructure in the village and improve human resources by empowering rural communities so that they can reduce unemployment and alleviate poverty so that economic growth will increase besides that Also, the allocation of Village funds will affect the welfare of the village community, meaning that the higher the village funds, the lower the poverty level.

Village funds have a positive and significant effect on community welfare. This means that the higher the village funds, the higher the welfare of the community in the area. The level of poverty has a negative and significant effect on the welfare of the community, meaning that the higher the level of poverty, the lower the welfare of the community, the government is expected to continue the village fund program to increase the human development index and alleviate poverty and strive for people not to experience poverty again.

Economic growth has an insignificant effect and has a positive relationship to people's welfare. A positive sign means that an increase in the rate of economic growth will be accompanied by an increase in the welfare of the provincial community in Indonesia.

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