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3, September 2018 Page: 459-478 The Implementation of Village Fund Policy in Improving Economy of Village Society (Case Study at Kuala Sub-district of Nagan Raya District) Ar Royyan Ramly¹; Wahyuddin²; Julli Mursyida³; Mawardati⁴ 1,2Universitas Serambi Mekkah; 3,4Malikulsaleh University Article in Jurnal Ilmiah Peuradeun Available

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village fund allocation which became second source in village finance revenue.

The analysis made is to see how this village fund policy is able to increase the economic potency of the village so that there is equal distribution of income in village society. The method used is qualitative with descriptive analysis approach. The results of this study indicated that the policy of village funds and the allocation of village funds in the case of Kuala Sub-district of Nagan Raya District still cannot increase the potential of the village through utilization village fund, while the potential of the village is very large.

This is because the policy of village fund allocation is still directed to infrastructure development or physical potential, besides; there are still obstacles of human resources in managing the village funds. The village which is classified as independent is Simpang Peut village which manage their business through village business entity.

Keywords: Village Funding Policy, Village Potential, Village Development, Economy Improving Copyright © 2018 SCAD Independent Jurnal Ilmiah Peuradeun All Rights Reserved Vol. 6, No. 3, September 2018 Printed in Indonesia Page: 459-478 Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 460} A.

Introduction Various efforts have been done by the government to improve rural welfare and poverty alleviation, such as through: Integrated Area Development (PKT), the underdeveloped village of Presidential instruction (IDT), developing IDP into Underdeveloped Villages Development Program (P3DP) and in 2000, Indonesian government developed a society-based poverty program known as the Sub-district Development Program (KDP) Urban Poverty Program (UPP), National Program for Public empowerment (PNPM), which was later incorporated into the Village Fund Allocation (ADD), and Aceh has a devoted allocation that is the Village Fund Allocation (ADG).

The Village Fund Policy has been regulated in Law No. 6 of 2014 on Villages and regulation of village minister No. 21 of 2015 on the priority of the use of village funds and PP 60 Year 2014 on village funds sourced from APBN. The source of village funds comes from the allocation of village-based central funds and the allocation of village funds of at least 10% of the balance funds received by the District / Municipal after deducting the Special Allocation Fund (DAK).

Then the implementation of village funds comes from the central government through transfers to the regions from the DAU and DBH which are adjusted to the number of population in every village, poverty, IKK, and village area, while the Village Allocation Fund (ADG) is sharing from District funds / Municipal destined for gradual village

development (Ministry of Finance, 2016). The allocation of village funds is given to the village with the aim of: a.

Improving the implementation of village governance in the implementation of government services, development and society in accordance with the authority, b. Improving the capacity of Society Institutions in the village in the implementation planning and development control in a participatory manner in accordance with the potential of the village c. Increasing the equitable distribution of employment and opportunity income for villager. d.

Encourage the improvement of self-help society. The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences {461 In addition, the allocation of village funds (ADG) is a source of village income derived from the district / municipality government granted to village through the balance fund after DAK deducted. The allocation of Village funds is arranged in the regent regulation (Qanun) of each District / City in Aceh.

This is based on Qanun Number 5 Year 2003 on Village where Village is the lowest organization under the urban village in Aceh government structure. Village has the duty to carry out the government, development and foster society. In line with the objectives of the Village Fund Allocation Program (ADG), Aceh has prioritized ADG funds to district areas, especially the for the expansion area from other districts. This is due to the expansion of districts caused by the density of the population and the unequal of the economic empowerment of the people.

Referring to this reason then, the main objective of expansion is to improve the standard of living societies who are below the poverty line, such as in Nagan Raya District. Nagan Raya District is an expansion area of Aceh Barat District; the expansion area is also called a special area that needs to be perceived by the government. Referring to this reason so that, the main purpose of expansion is the improvement of standard living society that is below the poverty line.

In the implementation of the expansion program area and ADG program is running with one main goal, namely poverty alleviation and economic distribution. The landmass of Nagan Raya Regency is 3,544.90 hectares with potential of forest, sea, plantation and mining with economic growth 3.89 percent in 2015. However, the percentage of low economic society in Nagan Raya district is still high around 20.13 percent in 2015, this percentage is better than the previous year with a percentage of 24 to 33 percent of the total low economic society.

One of the sub-districts that has strategic areas and economic boosts of the people is Kuala Sub-district. Kuala is the main access center with a regional line connecting between districts in Aceh Province. In addition, the position of Kuala has access to the main market and public service centers such as offices, and regional hospitals.

While the broad distribution of Kuala Sub district is 3.41 percent of the Nagan Raya area. Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 462} However, there are still societies who are below the poverty line that has no access to the utilization of village development in Kuala sub-district.

Therefore, in line with the aim of the government allocates village funds to improve the economic equality and increase the welfare of the society through the village fund allocation program and the village fund allocation in Kuala sub-district for the realization of an independent village through the implementation of the village fund policy and the contribution of the Village-Owned-Enterprises (BUMG) is in Kuala sub-district.

Therefore, the allocation of village funds should be directed to encourage village activities and enterprises through BUMG in each village. Thus, this research tries to analyze the implementation of village fund allocation policy and village fund allocation (ADG) in the management of village potency to increase society welfare.

Rationalization proposed how the implementation of the fund policy is able to manage the potential of the village? And whether the allocation of village funds and village funds is directed to empower low economic societies in Kuala sub-district? The purpose of this study is the analysis of the implementation of village fund policy towards the economic empowerment of the societies and the management of village funds directed to the natural resources potential owned by each village. B.

Method The method used in this research is qualitative approach with descriptive method of analysis using case study at village in Kuala sub-district Nagan Raya. The source of data obtained by this research comes from primary and secondary data sources. Primary data sources were obtained by going directly to the research objects in seven villages, Society Empowerment Board (BPM), and BPS Nagan Raya District.

While the secondary data source of the researcher obtains to support and strengthen the primary data by accessing official website, document review, journal, book and information related to the implementation of village fund allocation policy in Kuala

sub-district. The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences {463 In this study, researchers used several data collection techniques and data analysis techniques.

Data collection techniques used data triangulation method using interviews, observation and questionnaire distribution. Interviews and observations were conducted directly with village officials such as keuchik(headman of village), village secretary, village treasurer, and head of hamlet in seven villages in Kuala sub- district.

In addition, interviews were conducted with the Office of Society Empowerment Agency (BPM) of Nagan Raya District and the Village Owned Enterprise (BUMG). Furthermore, the researchers conducted observations towards village and the society to see the phenomenon and activities carried out by the society in the implementation of the allocation of village funds. Then the questionnaires distributed to the village society who participated in village development.

While the data analysis technique of this research used descriptive and narrative analysis on the implementation of village fund policy and village fund management in order to increase the village potency. As for the technique of this analyst is done with stages, among others; first stage reduce data by gathering important information related to research problems, then data are grouped according to the topic used.

Second stage Grouping data arranged in the form of tables and narration so it will form information from the data required in accordance with the formulation of research problems. Third stage to interpret data of the required information in accordance with the problems studied. Four stage. Taking conclusions that have been prepared after going through data processing, thus giving answers to the problems studied.

Fifth stage, to verify the result of data analysis with data from informant to avoid error interpretation done from interview result, observation and also spreading of questionnaire, so that the result obtained can be declared valid. C. Research Finding 1. Condition of the region The location of this research is located in Kuala Sub-district of Nagan Raya.

Kuala is the fourth largest sub district in the Nagan Raya district about Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 464} 3.41 percent of Nagan Raya total area. Total Area of Kuala sub-district is about 120, 89 KM2 with capital sub-district of ujong patihah village.

Kuala sub-district government consists of 2 urban village and 17 villages, namely Puloe leand Suak Sikhaurban villages. Pulo ie urban village consists of Puloe le village, Blang Muko, Blang Baro, Ujong Sikuneng, Puworejo, and Simpang Peut. While Suak Sikha urban village consists of Ujong Patihah village, Alue le Mameh, Ujong Pasi, Blang Teungoh, Cot Kumbang, Blang Bintang, Ujong Padang, Jogja, and Lawa Batu. Table 1: List of Urban Villages and Village in Kuala Sub-district No Urban Villages Village 1 Puloe le 1. Puloe le 2 . Blang Muko 3 . Blang Baro 4 .

Ujong Sikuneng 5 . Puworejo 6 . Simpang Peut 2 Suak Sikha 1. Ujong Patihah 2 . Alue le Mameh 3 . Ujong Pasi 4 . Blang Teungoh 5 . Cot Kumbang 6 . Blang Bintang 7 . Ujong Padang 8 . Jogja 9 . Lawa Batu Source: Data processed from profile Nagan Raya District Ratio numberof residents in Kuala sub-district in accordance with the latest data in 2015 is 10,433 of male and 10,160 of female. While in 2014 are 10,789 of male and 10,770 of female, there were decreased the number of residents from 2014 to 2015.

This is appropriate when compared with the rate of population growth in Nagan Raya District with the latest data decreased from 11, 35% in 2010, up to 2.29% in 2013 (BPS, 2017). The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences {465 Table 2: The Population of Kuala Sub-district Year Male Female Total 2013 10.255 10.198 20.453 2014 10.789 10.770 21.559 2015 10.433 10.160 20.593 Data source: BPS of Nagan Raya Sub-district.

However, there is research limitation in this research, in this case village that research object are 7 village that are, village Ujong Fatihah, Blang Teungoh, Simpang Peut, Alue le Mameh, Purworejo, Blang Baro and Blang Muko. In this case, the determination of the object of research due to the large potential and village owned enterprise (BUMG) in each village to develop the business owned by the village. Then the environment and government in the village of research objects tend to be more conducive and easily accessible.

As mandated by Law Number 32 of 2004 and Law Number 33 of 2004, regional autonomy expressly authorizes the district and village to manage and manage their own households. Therefore, it is necessary to have a good, transparent and accountable financial management system. 2. Implementation Policy of Village Fund Allocation The use of village funds is very useful for the society which can increase the development of infrastructure and village services that are held by the village.

Then the village obtained the budget certainty provided by the central government and

district / municipal with village funds village, government is required to improve the performance of village government administration, improve public services (Oleh, 2014). Source of village funds Based on PP. 60/2014 states that the Village Fund comes from APBN.

The Village Fund is granted 10% (ten percent) inside and outside the transfer funds to the regions and it is gradually granted. In 2015, there are three stages in the distribution of DD. In phase I (April) DD is distributed by 40%, phase II (August) by 40% and phase III (October) by 20%. Then in 2016, the scheme is changed to 2 (two) stages, Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No.

3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 466} namely phase I (March) by 60% and phase II (August) by 40%. The reason for this phase change is due to 2015 scheme (Aziz, 2016) scheme. The village fund distribution scheme is based on two sources. The first fund sourced from the central government amounted to 10 percent of the balancing fund with a base formula of 30 percent of the total population of the village, 35 percent of the total low economic level villagers, 10 percent of the village area and 30 percent of IKK.

The second largest source is derived from district / municipality balancing funds, with the ceiling of village funding allocations following the basic formula set by the central government. Table 3: Calculation of Village Funds Per-District / Municipal. Calculation per-regency/ municipality Calculation per Village Number of villages x Basic allocation (90% of total village funds divided by number of villages in Indonesia) Basic Allocation 90% The remaining 10% is calculated based on population variable (25%), poverty rate (35%), area (10%), constructions index (30%).

Note: the construction cost index is used to measure the degree of geographic difficulty. The allocation is calculated by taking into the number of the population, the poverty number of the region and the geographical difficulty of each village (determined by factors comprising the availability of basic service infrastructure, infrastructure conditions and accessibility / transportation.

Defined by the central government Defined by the Regent / mayor of the municipal. Source: Processed from KOMPAK data, 2017. So that from the above explanation, it can be distinguished source of village funds derived directly from the central government and the source of village funds provided by districts/ municipalities arranged in each regent regulation (perbup)/ regional regulations (perwil).

While the village funds derived from the regency/ municipality are arranged in regent

regulation (perbup) or qanun in Nagan Raya District. These village fund is The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences {467 are made into two basic items: The village fund items derived from central government transfers and the allocation of village funds (ADG) arranged in regent regulation (perbup) derived from district/municipal that are intended to finance the operations of public servants in the village. The village fund policy (DD) and the allocation of village funds (ADG) in Kuala sub-district are based on Nagan Raya regent regulation No.

3 of 2016 and No. 4 of 2016 on the procedures and determination of village fund details from the state revenue and expenditure budget in Nagan Raya fiscal in 2016. Then, it is subsequently reorganized in regent regulation No. 16 of 2016 and number 85 of 2016 regarding the amendment to the regent regulation of Nagan Raya No. 3 and No.

4 of 2016 regarding the distribution and determination of village fund details from the state budget of revenue and expenditure in Nagan district the budget year 2016. Meanwhile, for the allocation of village funds in 2017, there will be a delay in the preparation of the regent regulation and the draft budget and village (APBG) budget which will be proposed for phase I (May).

Table 4: Detailed Budget Fund of Kuala Village 2016 Name of the Village Basic Allocation Number of Low Economic Population Allocation of Formula Village Fund Ceiling Blang Muko 565,640,000 302 44,183,083 609,823,000 Purworejo 565,640,000 98 27,223,025 592,863,000 Blang Baro 565,640,000 148 30,528,111 596,168,000 Alue le Mameh 565,640,000 85 22,738,201 588,378,000 Simpang Peut 565,640,000 51 62,460,966 628,101,000 Blang Teungoh 565,640,000 40 21,569,024 587,209,000 Ujong Patihah 565,640,000 196 64,379,954 630,020,000 Data Source: processed from the details of Village Fund FY 2016.

The table above shows the amount of village funds and the ratio of village funds to the number of low economic population in 7 villages in Kuala Sub- district. The village fund ceiling of each village shows different figures. Similarly, the allocation of different formulas is also adjusted to the formula of the ceiling of village funds minus the basic allocation.

In the budget changes there is no significant reduction to the amount of funds provided. However, in Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 468} this case it is adjusted to the formula of population, the total population of low

economic population, area and IKG with changed the number.

Then in 2017 **the allocation of village funds** can be seen in the table below: Table 5: Detailed Village Budget Funds of Kuala Sub-district 2017

Name of Village	Basic Allocation	Number of Low Economic Population	Allocation of Formula	Village Fund Ceiling
Blang Muko	720,442,000	302	51,428,514	771,871,000
Purworejo	720,442,000	98	31,654,253	752,096,000
Blang Baro	720,442,000	148	35,510,416	755,952,000
Alue le Mameh	720,442,000	85	26,440,302	746,882,000
Simpang Peut	720,442,000	51	72,541,774	792,984,000
Blang Teungoh	720,442,000	40	25,063,644	745,506,000
Ujong Patihah	720,442,000	196	74,827,443	795,269,000

Source of data: processed from the details of gampong fund FY 2017. The table above shows the increase in village funds from 2016 to 2017 by 10 percent.

In the 2017 the policy of **allocation of village funds (ADG)** based on regulation of Nagan Raya No. 4 of 2017 concerning the procedure of distribution and determination of village budget allocation sourced from the budget of revenues and expenditures of Nagan Raya District 2017 and Regent regulation (Perbup) No.

5 of 2017 on the procedure of distribution and determination of village funds sourced from the budget of revenues and expenditures of the fiscal year 2017. 3. Analysis of economic improvements of village societies Resources are an important factor toward the successful implementation of village funding policies, which, if lack of resources, so that it will be ineffective and efficient in implementing policies.

This indicates that if the human resources ability level is low, then the result will be less satisfactory (Tuwaidan, 2014). In addition to adequate resources, to improve the performance of public services in the village is also required participative society, because most of the society owns and utilize natural resources or potential village inhabited.

Without public participation in improving the performance of public services, it will be more **The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences** {469 difficult to empower and improve the village potential. Therefore, society becomes the main resource in processing and utilizing other resources.

In Kuala sub-district, there are great natural resources so that **the potential of the village is** also considered very large. The majority of village society in Kuala sub-district work as garden farmers, local traders, and small industry owners. Yet, we need to know the

magnitude of participatory influence of the society on rural development through the implementation of the policy of allocation of village funds and has not been so maximized.

The expectation of the implementation of village funds will have a positive effect on the potential increase of the existing village. According to the results of field research obtained we can see the village potential that exist in Kuala sub- district that are very diverse in table 6 below. Table 6: Village Potential Analysis in Kuala Sub- district Village Types of Potential Industry/ Business Blang Muko Agriculture Purworejo Plantation and Agriculture Home industry Blang Baro Agriculture Alue le Mameh Agriculture Simpang Peut Plantation and Commerce small business and hotel Blang Teungoh Agriculture Ujong Patihah Plantation Bricks Industry Data source: processed from KCDA 2015-2016 Source: rocsedbyautofromve potentials data district Kuala Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 470} D.

Discussion **Implementation of village fund policy** is expected to be beneficial for villages throughout Indonesia, in accordance with village typology one of which is improving the welfare of rural societies. There are three factors that influence the successful implementation of village fund allocation program, First human resources; Second socialization of fund distribution, Third coordination implementation (Agustino, 2006).

In this case, the roles and benefits of the allocation of village funds, that are the improvement of the economy, education, access as citizens and the relationships that produce political behavior. The same study was conducted by Suparman et al. (2014) mentions basically ADD is a tool to accelerate the process of empowering the village community in order to solve various problems that they can actually solve themselves in the region.

Through ADD villagers can learn to handle development activities on a self-managed basis and eventually they become more confident to independently build their village. Therefore, all activities funded by ADD are planned, implemented and evaluated openly and widely known by the people so that the derived funds will have useful value and benefit for the citizens.

While some villages in Kuala sub-district are in the preparation of development programs which was followed by village in coordination with the sub-district, the program compiled in village income and expenditure budget (APBG) **is still directed to infrastructure development** at village in Kuala sub-district since 2015 until 2017, the reason for this gradual infrastructure development has become the target of the

government so that village more leverage in serving the society.

The disbursement of village funds and the allocation of village funds are very influential on the preparation of APBG proposed by each village and this is in accordance with qanun or regent regulation in Nagan Raya District. Then in the preparation of APBG (Village Government Budget) there are two sources of funds available to finance village development in Kuala sub-district, first source of funds from the central government. The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences {471 channeled to the village in the form of allocation of village funds.

Transfer of village funds from the government is by 10% after deducting the DAU and DBH by considering the formula that has been determined. Secondly, the village funds come from the balance of funds received by district / municipal after deducting DAK (Special Allocation Fund). Funds originating from the sharing of districts / municipalities are referred as village fund allocations.

The allocation of village funds is aimed to encourage the implementation of community services in village maximally, and it is intended for village operation. According to research conducted by Darmiasih, et al (2015) generally, target of village fund allocation is society empowerment by 70% and operational cost of village government and village consultant board by 30%.

Furthermore, the mechanism of channeling and utilizing village funds and ADG in Kuala sub-district through a process that has been regulated in law or regent regulation of Nagan Raya district. Initially village designed the program to be held by holding a meeting by village consultant board (BPD) in each village. Then, according to Sulumin research (2015), in planning the allocation of village funds by capturing the aspirations of the society and community needs through deliberation planning and development (musrenbang) and increase community participation in village financial management.

The meeting was attended by village officials ranging from tuha peut village, tuha lapan, headman of village (keuchik), secretary, treasurer, head of hamlet, and other village elements. After discussing the planned program then discussed in the APBG and proposed to the District through the agency of society empowerment agencies of Nagan Raya district.

However, in this case sub-district also has the authority to examine the draft of APBG proposal from each village according to the prevailing rules. Due to the fact that although the village has the authority to manage the funds but the supervision process

is still underway, as mentioned by Aziz (2016), and Sulumin (2015), the supervision is still carried out by the government above it, both the government at the level of sub-districts and districts.

In the future, the Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 472} ratio of village funds will increase; therefore it is necessary to assist the village to be more effective and efficient in village development and serving the society.

Currently the survey results obtained by Kuala Sub- district have only three temporary companions to supervise and control the development of the village. The management of the village fund allocation is self-managed, in accordance with research of Aziz (2016), the implementation of village funds is done through two ways: first self-managed, that is by employing local villagers so that income and increased purchasing power are maintained. Second, encourage economically productive activities of society.

The results of this study indicate the role and participation of the society very determine the development and empowerment of the village economy, by utilizing the potential in the village. It should be with the greater potential owned by village. Meanwhile, one of the empowerment focus in the management of village funds is to improve other economic empowerment in accordance with the village needs set in village meetings such as increased investment through procurement of production equipment, capitalization and capacity building through apprenticeship and training.

While in Kuala sub-district there is only one village that successfully manage the potential of the village through the assistance and support of economic activities. Simpang Peut village has managed for 3 years to improve village capacity through BUMG (Owned Enterprises of Village). This program adds and increases village asset and also the potential owned by village.

Simpang Peut village has a very influential potential for Kuala Sub-district, with a very strategic location, where there are traditional markets that provide the needs of almost all of Nagan Raya society, then other physical potentials such as hotel and business institutions such as banking are located in Simpang Peut village. In addition, there are also rice fields and nutmeg plantations surrounding society, therefore the Simpang Peut can be said as a center of economic activity in Kuala sub-district and even Nagan Raya District.

The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of

Social Sciences {473 BUMG Bina Bersama gampong Simpang Peut manages traditional market into village asset such as stall building land in Simpang peut market of under BUMG management, so that business turnover is Rp. 800,000 per month and Rp. 9.600.000 per year, with Rp 50,000,000 from PNPM -BKPG in 2014, and then the distribution of village funds amounting to Rp 55,782,000 in 2015 to the present.

So one of the villages that is very active in managing village potency is Simpang Peut village. However, in the management of village potency, not all village can utilize its management maximally, such as Blang Teungoh village, Ujong Patihah, Alue le Mameh, Blang Muko, Blang Baro, and Purworejo. Each village still has obstacles and challenges while the potential is so big.

Blang teungoh village adjacent to Simpang peut village and Ujong Patihah, the possibility of potential include the expansion of market area in the Simpang Peut and also wide rice field area. Then Ujong Patihah village became the central governmental activity of Kuala sub-district, with strategic location of physical potential owned by regional public hospital, Kuala sub-district office and the biggest coal industry in Nagan Raya, besides there are rice field and plantation area such as rubber, palm and cocoa which became the livelihood of ujong patihah village. Then purworejo village has the main potency of plantation, nutmeg and home industry.

While Blang Muko Village, Alue le Mameh, and Blang Baro have wide natural resource potential at rice field and plantation. Obstacles in the utilization of village funds for the development of potential villages, among others, First capacity and capability of human resources are still low. In the process of channeling and the use of ADD and ADG in 2017, there was delayed disbursement due to the slow reports of LPJ village to district/central government and also slow of budgeting by districts in regent regulation.

Second, Participative of society, basically society participate in village development and also capacity building in villages, but obstacle faced, society have not got complete information or socialization about usage and management of village fund and also ADG in village at Kuala Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 **Vol. 6, No. 3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences** 474} sub-district. This is because there is no serious attention of the district, sub- district and village governments in conducting socialization or providing transparent information to the society.

The same thing is expressed by Aziz (2016), Annivelorita (2015), Tuwaidan (2014), Siddik (2015), Darmiasih, et al (2015), the low quality of village government officials in quality and quantity due to the low educational background. Then the lack of socialization of

village officials is related to the distribution of village funds, so that still the villagers do not know the ADD program designed by the village.

Third, the late disbursement of the budget allocation of village funds thus causing delays in the construction of projects or running programs that have been planned by the village. Furthermore, delays in ADG disbursement affect TPK (Implementation Team) and also village officials in receiving incentives. This delay is also caused by delayed accountability reports prepared by each village in n Kuala sub-district.

The findings of the researcher on the implementation and management of **the allocation of village funds** from 2015 to 2017 have not been so utilized to manage the potential of villages in the potential of natural resources. However, the management is more directed to the development and physical potentials in village such as the construction of office infrastructure of headman of village (keuchik), pavement hall, mosque/Mushalla renovation, because the program designed by the village should be adjusted to regent regulation (perbup)/qanun of Nagan Raya and also the government's attention in prioritizing infrastructure development in order to maximize service to the society.

Fourth, overlapping arrangements on village funds, villagers who can be confused in **the management of village funds** (Kompas, 2017). Other things the implementation of supervision of the administration of village finance and village reporting, since 2015 until now has not so maximum supervision on the use of village funds. The absence of integration of village fund reporting in gampong with central government. The current nagan district still uses budget-based budget apparatuses that have not **The Implementation of Village Fund Policy in Improving Economy of Village Society Ar Royyan Ramly; Wahyuddin; Julli Mursyida; Mawardati JIP-The International Journal of Social Sciences** {475 been integrated with the ministry of finance, currently expected in 2018 to simultaneously integrate the reporting **of the use of village funds** into the village financial system (Siskeudes). So there is no manual financial reporting that can be utilized by the community. Therefore, **the management of village funds to increase the potential of the village is** still so complicated, because there are still many sides to be studied, such as directing **the use of village funds** only on the side of development, whereas the government targets four priorities in the utilization of village funds ie village development, village government administration, village communities, and community development. E.

Conclusion From the result of the above study, **it can be concluded that the** implementation of fund allocation in sub-district of Kuala Nagan Raya is still not maximal in the utilization of village potency, because the program is directed to

infrastructure development, while the effort of economic improvement is not maximal yet. Answering the question of the village economic problem, the government should be very concerned about the reporting and accountability of the village apparatus.

the use of village funds applies not only to other parties but also to other things such as enhancing community empowerment through empowerment groups and village-owned enterprises, as well as community development as well as the development of early childhood education, village groups and sports facilities for youth. According to the philosophy, the basic law and basic objectives of the allocation of village funds, Nagan Raya district has the potential of large villages of natural resources. Potential villages play an important role in implementing community economic empowerment programs.

The allocation of village funds should be directed to encourage community development, training skills, empowerment of village-owned enterprises (BUMG) through village potentials, in the hope that the community will receive an economic education so that the realization of an economic improvement program. can be implemented optimally. In addition, the Jurnal Ilmiah Peuradeun p-ISSN: 2338-8617 Vol. 6, No.

3, September 2018 e-ISSN: 2443-2067 JIP-The International Journal of Social Sciences 476} government should also increase supervision in various sectors on the use of village funds, such as reporting the use of budgets integrated with the central government. hopefully the result of this research is research conducted by government, academia, and society. Bibliography Agustino, L. (2006). Dasar-Dasar Kebijakan Publik.

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