

The Implementation Potential of Village Fund in Islamic Economic Perspective with The Instrument of Maqashid Syariah

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Abstract—This study employs descriptive qualitative method with a case study. This research is conducted in Pojok Village, the Subdistrict of Campurdarat, Tulungagung. The study objectives are: (1) to analyze the allocation of the Village Fund in 2015 conducted by the village government, (2) to create alternative models of the allocation of Village Fund in the Islamic Economy perspective. This study uses primary and secondary data. Data have been obtained and tested its validity using triangulation of data sources. Furthermore, data were analyzed using the model of Miles and Huberman; data were selected, presented and verified to conclude and answer the research questions of this study. The conclusions of this study are: (1) the implementation of Village Fund in 2015 only reached 29 percent of the total 100 percent of the regulation, (2) there are several obstacles in the implementation of Village Fund, (3) Alternative Implementation for Village Fund in Islamic Economy Perspectives is with the approach of Maqashid Syariah formulated in a roadmap for 4 (four) years period.

Keywords: Village Fund, Maqashid Sharia approach, Roadmap of Village Fund

I. INTRODUCTION

Every society within a country will increasingly interact with each others to integrate global financial trade flows that affect change in villages, sub-districts and cities for economic development. Sustainable socio-economic development in rural areas will be achieved through financial accountability, transparency, policy development and implementation, resource management, food security, improving education and health services, and accessing capital (cash) for productive activities [1].

In relation to that objective, the terms “decentralization: and “devolution” have been known. Politicians and political theorists often suggest that devolution is relative to decentralization, a more equitable outcome structure through better inclusion of local actors in decision-making. Decentralization involves the transfer of public authority, resources, and personnel from the national level to regional jurisdiction, bringing administrative, political and fiscal planning, and decision-making processes closer to citizens and increasing their participation. On the contrary, devolution is the giving of law from the (administrative, political, economic) power of the central government of a sovereign state to the government at the subnational level [2].

In Indonesia, people in regions, especially in rural areas, still face poverty, underdevelopment and difficulties in accessing public services. This condition encourages awareness of the need for equitable distribution of development and public financial support (APBN) for rural communities. APBN allocation for villages is expected to attract community involvement in development. In order to

create a strong foundation in implementing village development, the government and the House of Representatives have issued Law no. 6 Year 2014 on the Village. The law recognizes the authority of the village and empowers the village to be strong, advanced, independent, and democratic [3].

The phenomenon that occurs is the inaction of the allocation of Village Funds at the village level caused by various factors. Seeing this opportunity, the researchers intend to develop the potential of the Village Fund allocation model in the perspective of Islamic Economics. As Al Ghazali points out, in Islamic societies there are five essential syariah mandates of the individual and social life. Among others: 1. Religion, 2. life or soul, 3. *nasl* (family or relatives), 4. *Mal* including poverty or welfare and 5. *aql* among other intellectuals [4].

The quality of development is automatically defined by *Maqashid al-Shari'ah*. It states that although economic growth is important, it is not enough to achieve a good human life (*falah*). This should also be accompanied by increased peace of mind and declining crime rates. This can not be achieved without spirituality of every human being, justice and proper behavior at all levels of human relations. In accordance with this, Shari'ah gives a high priority to the elevation of spiritualism and fraternity as well as social and economic justice in the *maqasid* list [5].

II. LITERATURE REVIEW

A. Village dan Village Development

According to the Government Regulation No. 43/2001 concerning Villages, it is stated that the village is a legal entity having its original structure based on special privileges of origin, as referred to in the elucidation of Article 18 of the 1945 Constitution. In Chapter 1, General Provisions, Article 1, stated that:

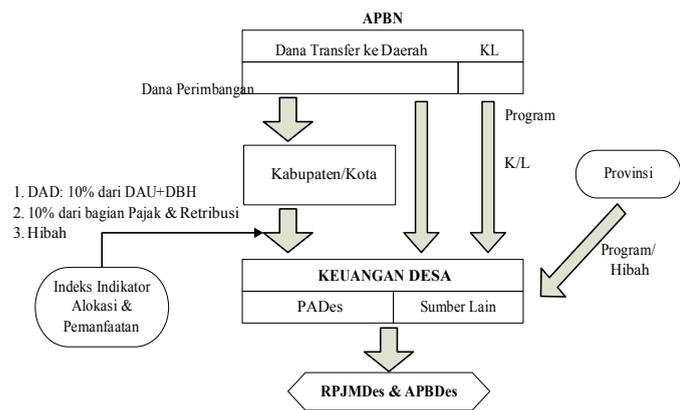
"Village or so-called with other names, hereinafter referred to as village, is a legal community unity that has the authority to regulate and manage the interests of the local community based on local origins and customs recognized in the national government system and located in districts or *kabupaten*" [6].

Development is a process of change of betterence through a planned effort [7]. Development is a social change from a certain state of the situation into that is considered more valuable. Economic development in villages emphasizes the agriculture sector because the majority of the population in Indonesia is farming and living in the village. Infrastructure development in villages is a new approach. Rural infrastructure development is important to support the needs of the community so as to increase the effectiveness and efficiency of village activities. Rural development is the entire

ongoing development activity in the countryside, covering all aspects of the community autonomous life in developing communities by developing mutual cooperation among the society (*gotong royong*) [8].

B. Village Finance and Village Fund

Based on PP (the Government Regulation) 60 year 2014, revised again through PP 22 of 2015, village funds are funds sourced from the State Revenues and Expenditures (APBN) Budget for villages transferred through the district and municipal budget (APBD) and used to finance the administration, development implementation, community development and community empowerment [9].



Source: [10]

Fig. 1. The Scheme of Village Financial Sources

Source of village income is managed through APBDesa. The APBDesa is an annual village financial plan defined by village regulations containing predicted sources of income and expenditure to support the needs of the village development program. With the APBDesa, the implementation of village governance will have a measurable strategic plan based on the available and used budget. The village budget is used equally based on the principle of local financial management in order to realize the ideals of good governance [11].

C. Transaction Cost Theory

Transaction cost theory provides the terms of reference as a general explanation of the point of departure of an organization as a mechanism to support decisions on conditions of uncertainty and prevents opportunistic attitudes toward exchange. It is the main focus of efficiency creation and is practiced almost in all economic approaches. Therefore, as the name implies, the main focus of the transaction theory is the transaction costs in the activities of the organization. This theory explains that organization is the consequence of market failure in an environment. The secondary focus of transaction theory is transaction costs on the hierarchy, control and compliance of costs in an organization.

In addition to the explanations for the problem of market failure mentioned above, this theory also explains that the growth of a community organization with its hierarchical management causes the head of the organization to lose control over the lower and middle level personalities that

impact on the possibility of middle level personalities following their personal interests by creating a kind of empire building and exploit organizational resources for their personal interests [12].

D. Islamic Economics dan Maqashid Syariah

Muhammad Abduh al-Arabi interpreted the Islamic economy as a set of general economic basics concluded from the Qur'an and Hadith and is an economic building founded on the basis of the two foundations and the environment and time. Definitely, Islamic economics is defined as: "Islamic economics aims the study of the human *falah* (well-being) achieved by organizing the resources of the earth on the basic of cooperation and participation".

The concept of economic growth in Islam is different from the concept of economic growth of capitalism which always uses indicators of GDP (Gross Domestic Product) and per capita. In Islam, growth must go hand in hand with equity.

The purpose of economic activity is not to promote growth as in the economic concept of capitalism. The Islamic economic goal prioritizes poverty alleviation and reducing unemployment. The enforcement of Islamic socio-economic justice is based on a sense of brotherhood (*ukhuwah*), mutual love (*mahabbah*), shoulder-to-shoulder (*takaful*) and mutual help (*ta'awun*), between the rich and the poor and between the ruler and the people. Furthermore, in order to realize the ideals of socio-economic justice, Islam strictly prohibits the concentration of wealth assets on a particular group and offers

the concept of zakat, infaq, shadaqah, waqaf and other institutions, such as taxes, jizyah, and so on [14].

One of the instruments in the Islamic economy is *Maqashid al-syari'ah*, which can be interpreted as the objectives of Islamic teachings or can also be understood as the goals of the Shari'ah creator (Allah) in outlining the teachings/shari'ah of Islam. Assessing *maqashid* theory can not be separated from the discussion of *maslahah*. This is because, in fact, in terms of substance, the form of *al-maqashid asy-syari'ah* is benefit (*maslahat*). In terms of *Maslahat Dharuriyyat*, there are five main and fundamental things: (1) maintaining religion (*hifz al-din*), (2) nourishing the soul (*hifz al-nafs*), (3) nourishing the mind (*hifz al-'Aql*), (4) maintaining family/lineage (*hifz al-'ird*), and (5) maintaining property (*hifz al-mal*) [15].

III. RESEARCH METHOD

A. Research Framework

The fiscal stimulus contributes greatly to the rapid economic recovery. It is also said that fiscal policy poses a significant role both to economic growth and to reducing poverty nationally. Village Funds is a solution for villages to improve village development. However, so far the process of implementing the Village Fund program has not fully led to the socio-economic development of rural communities. The offered alternative is the implementation of Village Fund in the framework of Islamic Economics with the approach of *Maqashid Syariah*. In more detail, the framework of this research is presented in the chart below.

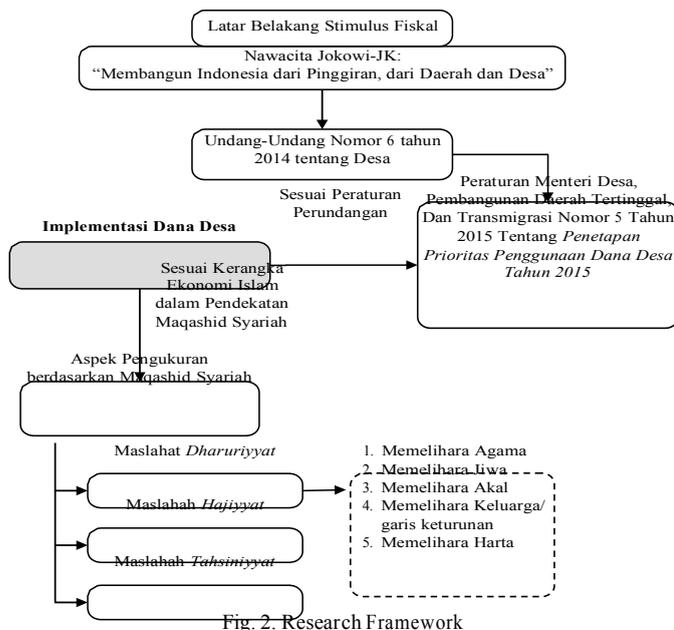


Fig. 2. Research Framework

B. The Object of the Research

The object of this research is the entire human resources of the Village Government and the authorities in the management of the Village Fund, as well as the data of the Village Fund and RPJMDesa program in the village of Pojok, Campurdarat sub-district, Tulungagung district, East Java.

C. Data Sources

Sources of the research data is the Village Fund Program and RPJMDes 2015 in Pojok village Campurdarat, Tulungagung. As the primary data source, the village has information on the data required in this study. The researchers also set other supporting data sources to add information so that the data obtained is more complete.

D. Data Analysis

The data is analysed by summarizing, selecting the main points, focusing on the things that are important to look for the theme and pattern (data reduction), then the data is presented in a pattern in accordance with the study (data display), and after that a conclusion is drawn that yields a hypothesis and a description of a previously dimly lit or dark object becoming light (conclusion drawing) or verification [16].

IV. RESULTS

A. Village Fund Implementation Reports

The following is the data of Village Fund Implementation Report of Pojok village, Campurdarat Sub-district of Tulungagung Regency in 2015:

Table 1. Village Fund Implementation Report

| No | Description | Amount |
|---------------------------|------------------------|----------------|
| Distribution Phase | | |
| 1 | Village Fund I (40%) | Rp 116.235.251 |
| 2 | Village Fund II (40%) | 116.235.251 |
| 3 | Village Fund III (20%) | 58.117.625 |

| Total | | Rp 290.588.127 |
|--------------------|--|-----------------------|
| Expenditure | | |
| 1 | Construction and Development | |
| 1.1 | Building retaining wall | Rp 48.284.127 |
| 1.2 | Establishing dam | 28.135.000 |
| 1.3 | Rabat road construction | 23.395.000 |
| 1.4 | Talut road construction | 186.044.000 |
| 2 | Village Community Empowerment | |
| 2.1 | Preparation Training of RPJMDes and RKPDes | 3.030.000 |
| 2.2 | Training of Agricultural Business Group | 1.175.000 |
| 2.3 | and Capacity Building of KPMD | 525.000 |
| Total | | Rp 290.588.127 |

In 2015, Pojok village has allocated Village Funds in the field of Village Development Implementation in the form of building retaining walls, dam, Rabat road development, and road construction, with total allocation of Rp 285,858,127. While in the field of Village Community Empowerment, Pojok village has allocated Village Fund in the form of Preparation Training of RPJMDes and RKPDes, Training of Agricultural Business Group, and Capacity Building of

KPMD, with total allocation of Rp 4,730,000. The allocation of Village Funds for Village Development Implementation is 98.37 percent, while the remaining 1.63 percent is used for Village Community Empowerment. This condition indicates that the infrastructure requirement in Pojok Village is still very important so that construction becomes the priority program of Village Fund implementation.

B. The Implementation of Village Fund Based on Legislation

The implementation of Village Funds in the Pojok village Campurdarat district Tulungagung regency in 2015 is still not 100 percent implemented. When compared with the number of programs proclaimed by the Ministry of Village, Development of Underdeveloped Regions, and Transmigration through the Regulation of the Minister of Village, Development of Underdeveloped Regions and Transmigration No. 5 of 2015 on the Establishment of Village Funds Priority Year 2015, Pojok Village only reached 29 percent a total of 100 percent of the implementation of Village Funds in 2015. The total number of Village Fund priority programs in 2015 is in accordance with the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 concerning the Establishment of Village Funds Priority in 2015, consisting of 48 priority programs. Meanwhile, Pojok village is only able to run as many as 14 programs in 2015.

The lack of maximization of the implementation of the Village Fund because, firstly, Village Fund is considerably new with the new regulations. So that the Pojok village government apparatus are still in the learning stage. Second, the implementation of the Village Fund meets the priority program in accordance with the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 on the Establishment of Priority for the Use of Village Funds in 2015, can not be implemented in one time. The Village Fund itself has just been distributed for the first time in 2015, so the results have not been significant. Third, there is no counselor for the village that

directs the management of the Village Fund, especially the Village Fund's special priority programs for the Village Corner in accordance with the RPJMDes and RKPDes. Fourth, not all programs listed in the Village Minister Regulation, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 Concerning the Establishment of the Priority of Village Funds Usage 2015 can be implemented in the Pojok village. This is because there are some programs that can not be applied at Pojok village because of resource constraints, such as support programs for village activities and community management of village and community Forest can not be applied because Pojok village does not have village forest. Another example is the utilization of seaweed resources can not be applied because the village is not a coastal area that is able to cultivate seaweed.

C. Alternative Implementation of Village Funds in the Perspective of Islamic Economy through *maqashid Syariah* Approach

The concept of Islamic Economics in the *Maqashid Syariah* approach is very likely to be applied because there is no detail concept of how the efforts of community empowerment are implemented, especially in the allocation of the Village Fund. The five most important and basic things are: (1) maintaining religion (*hifz al-din*), (2) maintaining the soul (*hifz al-nafs*), (3) nourishing the mind (*hifz al-'Aql*), (4) family / lineage (*hifz al-'ird*), and (5) maintaining property (*hifz al-mal*), as a guide in formulating Village Fund allocation programs. So the concept becomes an alternative implementation of Village Fund in the next year which aims to achieve benefits (*maslahah*) for the whole community.

The implementation of Village Funds in the Pojok village either according to the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 on Determination of Priority of Village Fund Usage Year 2015, RPJMDes and RKPDes, or according to Islamic Economics concept with *Maqashid Syariah* approach, in this research, is embodied in the form road map during the period of 4 (four) years ahead. The reason for making a road map of Village Fund Implementation in the village of Pojok is because the road map is easier in delivering priority programs that are firstly implemented and will be easier to be understood.

The information presented in the road map is the stage or activities undertaken for each Village Fund's program and activities in Pojok village, target achievement, implementation, responsibility, required support, and budget required. In the implementation of programs and activities of Village Funds in Pojok village, the road map can be used as auxiliary tool for measuring performance achievement and monitoring and evaluating the implementation of Village Funds programs in Pojok village. The preparation of the road map of Village Fund Implementation in Pojok Village uses 4 (four) principles, namely: (1) Clear, road map is easy to understand and can be implemented, (2) Brief, road map is presented in a succinct and compact format as specified. (3) Adjustable, the road map accommodates feedback and improvements, and (4) Detailed, the road map is a description

of the Village Fund implementation activities in the Pojok village and the results of the implementation.

Here is a model of roadmap for the implementation of Village Funds according to the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 on the Establishment of Village Funds Priority in 2015, RPJMDes and RKPDes, as well as in the concept of Islamic Economics with the *Maqashid Syariah* approach that will be implemented over the next 4 years:

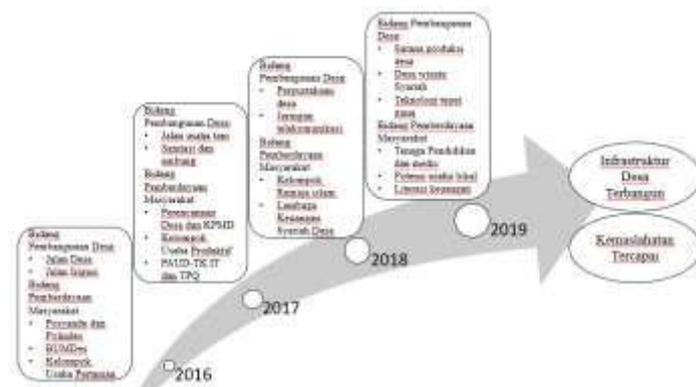


Fig. 3. Road Map of Alternative Implementation of Village Fund

The Road Map above is in line with the laws and principles of the *Shariah Maqashid*. During the period of 4 (four) years from 2016-2019 there are 2 (two) areas of development, namely the field of village infrastructure development and empowerment of village communities. In 2016, the area of village development consists of construction of village roads and irrigation roads. The community empowerment consists of coaching and developing Posyandu, Polindes, BUMDes, and agricultural business groups. In 2017, the area of village development consists of the development of farm roads, environmental sanitation and dam. The field of community empowerment consists of improving village capacity and KPMD, fostering and developing productive business groups, PAUD-TK IT, and TPQ. In 2018, the area of village development consists of the development of village libraries, telecommunications networks, especially internet access. The field of community empowerment consists of coaching and developing Islamic youth and the establishment of *Shariah* economic institutions of the village, such as village *Shariah* cooperatives. In 2019, the area of village development consists of the development of village production facilities, *Shariah* tourism village, and appropriate technology. The field of community empowerment consists of improving education and health personnel, developing local-potential-based businesses, and increasing public finance literacy related to *Shariah* financial products.

V. CONCLUSION

Based on this research, it can be concluded that:

- a. The implementation of Village Funds in Pojok village Campurdarat sub-district Tulungagung regency in 2015 has not been fully implemented, only about 29 percent of 100 percent implementation of Village Fund 2015.

- b. The lack of maximization of the implementation of the Village Fund because, firstly, Village Fund is considerably new with the new regulations. So that the Pojok village government apparatus are still in the learning stage. Second, the implementation of the Village Fund meets the priority program in accordance with the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 5 of 2015 on the Establishment of Priority for the Use of Village Funds in 2015, can not be implemented in one time, meaning that it requires stages in its implementation. Third, there is no counselor for the village that directs the management of the Village Fund, especially the Village Fund's special priority programs. Fourth, not all programs listed in the regulation can be implemented in all villages.
- c. Alternatif Implementasi Dana Desa Dalam Persepektif Ekonomi Islam dengan Pendekatan Maqashid Syariah dirumuskan dengan terlebih dahulu menyaring program-program prioritas Dana Desa yang sesuai dengan Peraturan Perundangan. Alternatif implementasi berbentuk road map (periode 4 tahun) disesuaikan dengan peraturan perundangan dan prinsip-prinsip dalam Maqashid Syariah. Konsep Ekonomi Islam dalam pendekatan Maqashid Syariah sangat mungkin diterapkan karena belum ada konsep secara detail bagaimana usaha-usaha pemberdayaan masyarakat dilaksanakan, khususnya dalam alokasi Dana Desa.
- d. An alternative Implementation of Village Funds in Islamic Economic Perspectives with the Maqashid Syariah Approach is formulated by first filtering priority programs of Village Funds in accordance with the Laws and Regulations. The implementation alternatives in the form of road map (4-year period) are adjusted to the laws and principles of the Maqashid Shariah. The concept of Islamic Economics in the Maqashid Syariah approach is very likely to be applied because there is no detail concept of how the efforts of community empowerment should be implemented, especially in the allocation of the Village Fund.

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