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Preventing Village Fund Corruption in Indonesia: Evaluating Community Participation and Social Accountability in Rural Governance

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Abstract

The Indonesian Village Fund program has significantly expanded the fiscal resources available to rural governments, while simultaneously creating new opportunities for corruption and misuse of public funds. This article examines the effectiveness of community participation and social accountability mechanisms in preventing corruption in village fund management. Using normative juridical and socio-legal analysis, the study evaluates village governance regulations, public participation mechanisms, financial transparency requirements, and local oversight institutions. The article argues that formal financial reporting requirements are insufficient when village communities lack access to understandable budget information or meaningful opportunities to monitor implementation. The study proposes a community-centered anti-corruption framework incorporating participatory budgeting, publicly accessible financial information, community monitoring, whistleblowing mechanisms, and protection for citizens who report suspected irregularities. Particular attention is given to the role of village consultative institutions and civil society organizations in monitoring expenditure. The article concludes that strengthening social accountability can complement formal auditing and law enforcement by preventing corruption before it becomes embedded in village financial administration. Effective village-level anti-corruption policy should therefore combine institutional controls with meaningful community participation.

[*Program Dana Desa Indonesia telah secara signifikan memperluas sumber daya fiskal yang tersedia bagi pemerintah desa, sekaligus menciptakan peluang baru untuk korupsi dan penyalahgunaan dana publik. Artikel ini mengkaji efektivitas partisipasi masyarakat dan mekanisme akuntabilitas sosial dalam mencegah korupsi dalam pengelolaan dana desa. Dengan menggunakan analisis yuridis normatif dan sosio-legal, studi ini mengevaluasi peraturan tata kelola desa, mekanisme partisipasi publik, persyaratan transparansi keuangan, dan lembaga pengawasan lokal. Artikel ini* *berpendapat bahwa persyaratan pelaporan keuangan formal tidak cukup ketika masyarakat desa tidak memiliki akses terhadap informasi anggaran yang mudah dipahami atau peluang yang berarti untuk memantau pelaksanaannya. Studi ini mengusulkan kerangka kerja anti-korupsi yang berpusat pada masyarakat yang menggabungkan penganggaran partisipatif, informasi keuangan yang dapat diakses publik, pemantauan masyarakat, mekanisme pelaporan pelanggaran, dan perlindungan bagi warga yang melaporkan dugaan penyimpangan. Perhatian khusus diberikan pada peran lembaga konsultatif desa dan organisasi masyarakat sipil dalam memantau pengeluaran. Artikel ini menyimpulkan bahwa penguatan akuntabilitas sosial dapat melengkapi audit formal dan penegakan hukum dengan mencegah korupsi sebelum tertanam dalam administrasi keuangan desa. Oleh karena itu, kebijakan anti-korupsi tingkat desa yang efektif harus menggabungkan kontrol kelembagaan dengan partisipasi masyarakat yang bermakna.*]

Keywords: Village funds, corruption prevention, rural governance, social accountability, Indonesia

Introduction

The establishment of the Village Fund represents a major institutional transformation in Indonesia's rural governance system because it places substantial public resources within institutions that historically possessed comparatively limited fiscal authority. Law No. 6 of 2014 on Villages established a legal foundation for strengthening village autonomy, development, community empowerment, and village financial management, while subsequent amendments, including Law No. 3 of 2024, have continued to reshape the institutional position of villages. The legal framework recognizes participation as one of the principles of village governance and places village development within a broader framework of community involvement, accountability, and empowerment (Republic of Indonesia 2014, 2024). This legal architecture reflects an important normative assumption: decentralizing resources to villages should not merely relocate fiscal authority but should strengthen democratic governance at the local level. Nevertheless, decentralization also changes the distribution of opportunities for abuse. When substantial resources are transferred to institutions with limited administrative capacity and highly concentrated local political authority, corruption risks may increase unless accountability develops at a comparable pace. Consequently, the Village Fund should be analyzed simultaneously as a development instrument and as a potential site of decentralized corruption.

The relationship between fiscal decentralization and corruption is not straightforward. Decentralization may improve responsiveness because decision-makers are closer to citizens, but proximity does not automatically produce accountability. Indonesian evidence demonstrates that greater local fiscal authority can coexist with corruption when institutional constraints, oversight, and transparency remain inadequate (Batubara 2016; Siburian 2022; Syarif 2023). Village governance presents an even more complex situation because political authority, social relationships, economic interests, and family networks frequently overlap within relatively small communities. The village head and officials may therefore possess both formal authority over public resources and informal influence over residents who depend on local networks. Under such conditions, citizens may possess valuable information concerning public projects while simultaneously facing social or political costs if they challenge village authorities. This creates an accountability paradox: the physical proximity between citizens and government can facilitate monitoring, but the same proximity can discourage criticism. The effectiveness of Village Fund governance therefore depends not simply on whether citizens are close to officials but on whether institutions transform that proximity into meaningful opportunities for scrutiny and corrective action.

The legal framework already contains several principles that appear capable of addressing these risks. Law No. 6 of 2014 recognizes participation, transparency, accountability, and community empowerment within village governance, while the financial management framework established by Minister of Home Affairs Regulation No. 20 of 2018 regulates the administration of village finances and remains legally effective (Republic of Indonesia 2014; Ministry of Home Affairs 2018). The existence of these rules demonstrates that the Indonesian regulatory system does not lack formal accountability requirements. The more difficult issue is whether those requirements operate as substantive mechanisms of corruption prevention. Research on Village Fund management repeatedly identifies accountability, transparency, internal control, competence, information systems, and participation as important determinants of financial governance (Ash-shidiqqi and Wibisono 2018; Arfiansyah 2020; Savitri et al. 2022). However, empirical findings also reveal that formal compliance may coexist with weak citizen oversight. This distinction is critical because a village government may complete reports, display budget information, and conduct deliberative meetings without necessarily enabling citizens to understand expenditures or challenge irregular implementation. Therefore, the central analytical problem is not the absence of regulation but the gap between regulatory compliance and socially consequential accountability.

The concept of social accountability provides a useful framework for examining this gap. Social accountability refers broadly to mechanisms through which citizens and organized social actors obtain information, scrutinize public authorities, articulate demands, and seek responses or consequences for government performance (Fox 2015). Its significance for Village Fund governance lies in its potential to complement conventional administrative accountability. Audits and financial reports provide formal assurance, but citizens can contribute contextual knowledge that external auditors may not possess. Residents know whether a road was actually constructed, whether beneficiaries received assistance, whether public facilities exist, and whether project quality corresponds with official documentation. Yet social accountability is not automatically generated by participation. Citizen voice becomes effective only when it is connected to institutional mechanisms capable of receiving, investigating, and responding to citizen claims (Fox 2015; Waddington et al. 2019). This means that village meetings, information boards, community forums, and complaint channels should not be evaluated merely by their existence. They should be assessed according to whether they alter information asymmetries, redistribute monitoring capacity, constrain discretionary authority, and generate consequences for misconduct.

This article consequently examines the effectiveness of community participation and social accountability as mechanisms for preventing corruption in Village Fund management. The analysis focuses on three interconnected questions. First, to what extent does the Indonesian legal and institutional framework provide opportunities for citizens to participate in village financial governance? Second, why can formal participation, transparency, and reporting remain insufficient to prevent corruption? Third, what institutional configuration can transform community participation into effective social accountability? The article adopts a descriptive-analytical approach rather than a purely doctrinal one. It describes the legal architecture, identifies institutional vulnerabilities, analyzes empirical findings from the literature, and develops an integrated argument concerning preventive governance. The central proposition is that corruption prevention requires a transition from accountability as reporting to accountability as continuous public scrutiny. Formal legal controls remain indispensable, but they become more effective when connected to accessible information, citizen monitoring, protected reporting, representative institutions, and credible institutional responses. In this model, community participation is not treated merely as a democratic value but as an institutional resource for reducing opportunities for corruption.

Legal and Institutional Framework of Village Fund Governance

The legal foundation of Village Fund governance begins with Law No. 6 of 2014 on Villages, which established villages as legally recognized entities possessing authority based on rights of origin and local-scale authority. The law also frames village development around principles of participation, empowerment, and community involvement (Republic of Indonesia 2014). These principles are significant because they provide a normative foundation for interpreting Village Fund management as more than a technical accounting exercise. Public resources transferred to villages are intended to support development and community welfare, meaning that the communities affected by expenditure should have opportunities to participate in determining priorities and monitoring outcomes. Law No. 3 of 2024 subsequently amended the Village Law and remains part of the current legal framework (Republic of Indonesia 2024). The continuing development of the

Village Law demonstrates that village governance remains institutionally dynamic, particularly concerning village authority, administration, and the relationship between local autonomy and state supervision. From an anti-corruption perspective, however, autonomy must be balanced by accountability. Fiscal discretion without effective scrutiny can create opportunities for misuse, whereas excessive centralized control can undermine the developmental rationale of village autonomy. The legal challenge is therefore to combine autonomy with enforceable accountability.

The financial management dimension is further regulated through Minister of Home Affairs Regulation No. 20 of 2018 on Village Financial Management. This regulation replaced the earlier Minister of Home Affairs Regulation No. 113 of 2014 and remains in force as the principal ministerial framework governing village financial administration (Ministry of Home Affairs 2018). Its significance is that it translates broad statutory principles into administrative processes concerning planning, implementation, administration, reporting, and accountability. In principle, such proceduralization reduces discretionary ambiguity because village officials are expected to follow defined financial procedures. Yet proceduralization can also create an institutional bias toward documentary compliance. If accountability is evaluated primarily through whether forms are completed and reports submitted, the system may reward administrative conformity without necessarily detecting substantive irregularities. The distinction is especially important because corruption may occur within apparently compliant procedures. A project can have a budget, contract, payment record, and completion report while nevertheless being overpriced, poorly implemented, or directed toward politically connected beneficiaries. Consequently, Ministerial Regulation No. 20 of 2018 should be understood as the foundation of financial accountability rather than as a complete anti-corruption system. Its preventive effectiveness depends on whether formal controls are supplemented by independent scrutiny and community verification.

The anti-corruption dimension of Village Fund management is governed more broadly by Law No. 31 of 1999 on the Eradication of Criminal Acts of Corruption as amended by Law No. 20 of 2001. These laws establish the legal consequences associated with corrupt conduct, including conduct involving abuse of authority and unlawful enrichment under the relevant statutory provisions (Republic of Indonesia 1999, 2001). Their relevance to Village Fund governance is straightforward: public resources administered by village governments do not exist outside the national anti-corruption framework. Village officials remain subject to legal accountability when public funds are misappropriated. However, criminal law primarily operates as a sanctioning mechanism. It becomes relevant after conduct has reached the threshold of a legally punishable offense and after evidence has been established. Anti-corruption policy that relies exclusively on criminal enforcement is therefore reactive. The stronger policy objective is to create institutional conditions under which opportunities for corruption are detected early, challenged publicly, and corrected administratively before financial losses become entrenched. Community monitoring, transparency, internal control, and complaint systems consequently function not as substitutes for criminal law but as preventive layers that can reduce the number of cases reaching the criminal enforcement stage.

The legal architecture therefore reveals an important institutional division. The Village Law establishes autonomy, participation, and community empowerment; Minister of Home Affairs Regulation No. 20 of 2018 structures financial administration; and anti-corruption legislation establishes legal consequences for corrupt conduct. Together, these instruments create a multi-layered accountability structure, but they do not necessarily guarantee interaction between its layers. A village may comply with administrative procedures while citizens remain unable to scrutinize expenditure. Conversely, citizens may identify irregularities but lack a formal channel capable of converting their observations into investigation. This institutional fragmentation explains why social accountability is important. Social accountability can connect formal administrative obligations with community-level information. The problem is not simply whether a rule exists but whether information about compliance travels between citizens, village officials, representative institutions, supervisory bodies, and law enforcement agencies. Effective corruption prevention therefore requires vertical and horizontal accountability to operate as mutually reinforcing systems. Administrative institutions provide authority and sanction, while citizens provide localized observation and social pressure. The effectiveness of Village Fund governance depends on the quality of this interaction.

Village Fund Corruption as an Institutional Problem

Village Fund corruption should not be understood exclusively as the result of individual moral failure. Although individual intention is obviously relevant to criminal responsibility, a governance perspective asks why particular institutional environments make corrupt behavior easier to undertake, conceal, or normalize. Research on Indonesian villages identifies weak supervision, insufficient competence, inadequate accountability, ineffective internal controls, and information asymmetry as important vulnerabilities (Ash-shidiqqi and Wibisono 2018; Pattimura 2019; Safitri and Respati 2023). These variables point toward an institutional explanation. Where financial authority is concentrated in a small number of officials, where residents possess limited budgetary knowledge, and where monitoring institutions lack independence, the cost of corrupt behavior may become relatively low. Corruption prevention must consequently focus on reducing opportunities and increasing the probability of detection. This approach does not deny individual responsibility; instead, it recognizes that institutional arrangements influence the incentives and opportunities surrounding individual behavior. Village Fund governance should therefore be designed so that officials face continuous scrutiny rather than occasional inspection. Such scrutiny should begin during planning, continue through implementation, and extend to post-project evaluation. A preventive architecture is stronger when corruption must overcome several independent monitoring mechanisms rather than a single audit performed after expenditure has already occurred.

One of the most important vulnerabilities is information asymmetry. Village officials possess specialized information concerning budgets, procurement procedures, technical specifications, financial realization, and administrative documentation. Ordinary residents typically possess much less information and may not understand the technical language used in financial reports. Safitri and Respati (2023) identify information-related and organizational factors as relevant to accounting fraud in Village Fund management. The analytical implication is that transparency cannot be reduced to disclosure. Information must be available, comprehensible, timely, and sufficiently detailed to enable scrutiny. If a village posts a complex financial table that residents cannot interpret, the government may technically satisfy a transparency obligation without reducing information asymmetry. The same problem emerges when information is disclosed only after expenditure decisions have already been made. Transparency becomes more preventive when information is available before and during implementation, allowing citizens to compare official plans with actual activities. The objective should therefore be to convert transparency from a passive disclosure principle into an active monitoring resource. Citizens should be able to answer basic questions about what was budgeted, who benefited, where money was spent, how much was spent, and whether the promised output was actually delivered.

The scale of Village Fund administration also creates a particular risk of elite capture. In many villages, political and economic relationships are highly concentrated, while the number of actors participating in public decision-making is comparatively small. This can create situations in which formal participation is controlled by village elites, influential families, contractors, or politically connected community leaders. Participation then becomes a mechanism for legitimizing decisions rather than challenging them. The problem is not unique to Indonesia. International research on participatory governance shows that participatory institutions can be captured when citizens possess unequal resources, information, or political influence. Kornberger, Meyer, and Brandtner (2022), for example, demonstrate how participatory budgeting can develop unintended opportunities for elite influence. The lesson for Indonesian village governance is that participation should not be evaluated only by the number of meetings or participants. Researchers and policymakers should ask who participates, whose preferences are incorporated, who controls information, and whether dissenting positions can influence decisions. Inclusive participation requires deliberate institutional design, including representation of women, youth, marginalized groups, poorer households, and residents who are not closely connected to village political networks.

Community Participation and the Problem of Formalism

Community participation is embedded within the normative architecture of Indonesian village governance, but the existence of participatory procedures does not necessarily produce substantive participation. Participation can occur at different levels, ranging from information dissemination to consultation, joint decision-making, monitoring, and citizen-initiated accountability. The distinction is particularly important in Village Fund governance because corruption risks do not occur exclusively during planning. A community may participate actively in identifying development priorities while having little influence over procurement, project implementation, payment, or evaluation. Arifa (2019) demonstrates that participation can vary across different stages of village development, while research on village financial governance generally finds that participation is associated with improved accountability when supported by other institutional conditions (Hendrawati and Pramudianti 2020; Sakdiyah, Rani, and Bharata 2023). This suggests that participation should be conceived as a continuous process rather than a single deliberative event. The strongest anti-corruption potential emerges when citizens remain involved after a budget has been approved. Continuous participation makes it more difficult to separate public decision-making from public monitoring and creates opportunities for residents to identify discrepancies between official commitments and actual implementation.

Recent empirical research reinforces the distinction between participation in form and participation in substance. Studies of village financial governance continue to identify positive relationships among accountability, transparency, and community participation, but other findings demonstrate that formal compliance may not translate into meaningful citizen influence. Tanete (2024), for example, finds positive effects of accountability, transparency, and community participation on Village Fund management, whereas Ummah, Junjunan, and Nufaisa (2024) find that community participation and accountability are influential while transparency does not necessarily exert a significant effect in the studied context. These apparently divergent findings should not simply be treated as methodological contradictions. They indicate that governance mechanisms operate conditionally. Transparency may be ineffective if citizens cannot use the information, while participation may be ineffective if officials are not responsive. Similarly, accountability mechanisms may exist without preventing corruption if monitoring lacks independence. The analytical conclusion is that no single governance variable should be treated as a sufficient anti-corruption instrument. The relevant unit of analysis is the institutional relationship among information, participation, monitoring, responsiveness, and consequences.

Budget clarity illustrates this interdependence. Research in Indonesia has found that clarity of budget targets, financial systems, and transparency are associated with accountability in Village Fund management (Anwar, Sulkiah, and Wadi 2024). The significance of budget clarity extends beyond accounting because citizens can only participate meaningfully when they understand the objectives against which implementation can be evaluated. A budget that merely lists expenditure categories does not necessarily enable residents to determine whether public value has been achieved. For example, a budget allocation for road improvement becomes socially meaningful when residents know the location, planned length, technical standard, cost, implementation period, and responsible actor. This transforms the budget from an internal administrative document into a public monitoring instrument. Consequently, participatory budgeting should provide citizens with information sufficiently precise to permit comparison between promises and outcomes. The more specific the public commitment, the greater the possibility of detecting deviations. This logic supports the integration of participatory budgeting with project-level transparency and community monitoring rather than treating annual village deliberation as the endpoint of participation.

Social Accountability as a Preventive Mechanism

Social accountability is analytically different from conventional administrative accountability because it places citizens within the accountability relationship. Fox (2015) emphasizes that social accountability initiatives depend on the interaction between citizen voice and institutional capacity. Voice without response can become symbolic, while institutional mechanisms without citizen information can fail to detect localized misconduct. This insight is highly applicable to Village Fund governance. Residents can observe activities that may not be visible through administrative documentation, but their observations become consequential only when institutions are capable of receiving and processing them. Waddington et al. (2019) similarly demonstrate through systematic evidence that community monitoring can influence service delivery and governance outcomes, although effectiveness varies across contexts. Social accountability should therefore be understood as a chain rather than a single intervention: citizens require information, information must support scrutiny, scrutiny must produce claims, claims must receive institutional responses, and responses must have consequences when misconduct is established. For Village Fund governance, this chain can operate before, during, and after expenditure. It can therefore provide a preventive layer that complements financial auditing and criminal enforcement.

The preventive function of social accountability becomes particularly important because conventional audits are necessarily limited by timing and information. An external auditor may examine financial documents and identify anomalies, but community members can observe project implementation continuously. This difference creates a potential division of labor between formal and social monitoring. Formal institutions possess legal authority, professional expertise, and sanctioning capacity. Citizens possess contextual knowledge, proximity, and continuous observation. Neither is sufficient by itself. If community monitoring identifies an apparently defective infrastructure project but no institution investigates the allegation, citizen oversight becomes ineffective. Conversely, if auditors rely entirely on financial documents without localized verification, technically compliant documentation may conceal substantive deficiencies. The objective should therefore be institutional complementarity. Village-level social monitoring should generate information that can be escalated to formal supervisory institutions, while formal institutions should provide citizens with accessible explanations of findings and corrective actions. Such interaction can reduce both the informational limitations of auditing and the enforcement limitations of community participation.

The concept of accountability also requires a distinction between answerability and sanction. Officials may be asked to explain an expenditure without facing consequences if the explanation is inadequate. Accountability is therefore stronger when public officials have an obligation not only to provide information but also to respond to justified criticism and correct deficiencies. This is especially relevant under the Village Fund system because the legal framework establishes responsibilities for village financial administration, while anti-corruption legislation provides more severe consequences for conduct meeting the statutory definition of corruption (Ministry of Home Affairs 2018; Republic of Indonesia 1999, 2001). A community-centered system should connect ordinary administrative deviations with progressively stronger responses. Minor discrepancies can trigger administrative correction; repeated failures can trigger supervisory review; credible allegations of corruption can be escalated to competent investigative institutions. Such graduated accountability prevents every dispute from being criminalized while ensuring that serious misconduct cannot be neutralized through informal settlement. Social accountability thus becomes meaningful when it is embedded in an institutional escalation structure.

Transparency, Siskeudes, and Citizen Usability

Digitalization has introduced another important dimension into Village Fund accountability. The Village Financial System, commonly known as Siskeudes, was developed to improve the consistency, accuracy, and administrative management of village financial information. Empirical studies generally associate the implementation of village financial systems with stronger financial accountability (Arfiansyah 2020; Rahayu and Rahmawati 2022). Recent research also finds that the use of Siskeudes can improve reporting accuracy and transparency in village financial administration (Maharani and Widodo 2024). These developments demonstrate the importance of technological infrastructure for reducing administrative error and standardizing financial procedures. Nevertheless, an accounting information system designed primarily for government administration should not automatically be considered a public transparency mechanism. Its value for social accountability depends on whether relevant information can be translated into citizen-accessible formats. A technically sophisticated financial system may strengthen the relationship between village officials and supervisory institutions while leaving ordinary citizens outside the information architecture. The distinction is therefore between digital administration and digital accountability. The former improves internal management; the latter makes information usable for public scrutiny.

This distinction is supported by recent research showing that transparency does not always produce accountability in a direct manner. Ummah, Junjunan, and Nufaisa (2024) found that transparency did not significantly influence Village Fund management in their research setting, whereas accountability, participation, and accounting information systems were significant. This finding suggests that the existence of disclosed information may be insufficient when citizens lack incentives, capacity, or institutional channels to use it. Anwar, Sulkiah, and Wadi (2024) similarly emphasize the importance of financial systems and budget clarity for accountability. The analytical implication is that transparency should be designed around usability. A village should not merely publish an annual budget but should communicate project-level information in accessible language, explain financial changes, identify implementation responsibilities, and provide mechanisms through which residents can question discrepancies. Transparency becomes socially meaningful when citizens can use it to make judgments. Thus, a stronger Village Fund information architecture would connect Siskeudes-generated administrative data with public-facing summaries, village information boards, digital platforms, community meetings, and complaint channels.

BPD, Civil Society, and Whistleblowing

The Village Consultative Body (*Badan Permusyawaratan Desa* or BPD) is particularly important because it provides an institutional bridge between community interests and village government. Its potential contribution differs from informal citizen monitoring because it can institutionalize representation, deliberation, and scrutiny within the village governance structure. However, the BPD's effectiveness depends on access to information, institutional competence, and practical independence. If BPD members depend heavily on the village executive or lack the capacity to examine budgets and implementation, their formal authority may not translate into effective oversight. Research on village governance emphasizes the importance of internal control, accountability, transparency, and participation in preventing and detecting corruption (Putri et al. 2024). The BPD should consequently be treated as one component within a broader accountability network rather than as a standalone supervisory institution. Its role can include reviewing development priorities, examining implementation reports, facilitating citizen complaints, and ensuring that village government responses to public concerns are documented. Strengthening BPD capacity would therefore address an important institutional gap between individual citizen voice and formal governmental oversight.

Civil society organizations can complement BPD functions by providing technical knowledge, community organizing, and independent monitoring. Their contribution is especially valuable where villagers lack the expertise required to interpret financial information or identify procurement irregularities. Civil society can translate technical documents into accessible information, train community monitors, facilitate inclusive participation, and assist citizens in documenting complaints. International research on social accountability emphasizes that citizen action is more effective when supported by organizational capacity and responsive institutions (Fox 2015; Muchadenyika 2017). In the Indonesian context, recent research similarly identifies community engagement as a potential corruption-control mechanism operating through transparency, accountability, social capital, and local cultural dynamics. This suggests that anti-corruption policy should not treat civil society as an external actor interfering with village administration. Instead, civil society can operate as a connective institution that strengthens the information and monitoring capacities of communities while maintaining a degree of independence from village government.

Whistleblowing mechanisms constitute another necessary component because participation does not always produce open criticism. Residents may observe suspected irregularities but remain reluctant to raise allegations publicly because village communities are socially interconnected. Fear of retaliation, reputational damage, loss of access to government programs, or conflict with influential actors can discourage reporting. A credible complaint mechanism must therefore protect confidentiality, establish clear procedures, define response deadlines, and provide escalation pathways. The objective is not to encourage indiscriminate accusations but to reduce the personal cost of reporting credible concerns. This approach is consistent with the preventive orientation of anti-corruption policy. Law No. 31 of 1999 as amended by Law No. 20 of 2001 establishes the legal consequences of corruption, but criminal enforcement becomes effective only when suspected conduct can be identified, reported, investigated, and proven (Republic of Indonesia 1999, 2001). A protected complaint system therefore functions as an early-warning mechanism connecting social observation with formal enforcement. Without such a bridge, legal sanctions may remain distant from the everyday realities in which Village Fund irregularities are first observed.

Toward an Integrated Community-Centered Anti-Corruption Framework

The preceding analysis supports the development of a Community-Centered Village Fund Anti-Corruption Framework consisting of five mutually reinforcing elements: participatory budgeting, accessible financial transparency, community monitoring, protected complaint mechanisms, and institutionalized oversight. The first element, participatory budgeting, requires citizen involvement before expenditure decisions become administratively fixed. Residents should receive sufficient information concerning proposed projects, costs, beneficiaries, implementation schedules, and alternatives. The second element, accessible transparency, requires information to be communicated in formats that ordinary citizens can understand. The third element, community monitoring, extends participation from planning into implementation and evaluation. The fourth element, protected complaints, provides a safe mechanism for reporting irregularities. The fifth element, institutionalized oversight, connects citizen observations to BPD, supervisory authorities, and where necessary law enforcement. The framework is intentionally layered because corruption prevention cannot depend on one mechanism. If a citizen misses an irregularity, another mechanism should still operate; if an administrative control fails, community monitoring should provide an additional line of defense. The objective is institutional redundancy rather than institutional duplication.

The framework also requires a change in how participation is evaluated. Conventional indicators often measure the number of meetings held, participants attending, documents disclosed, or reports submitted. Such indicators measure institutional activity rather than accountability outcomes. A more analytically meaningful evaluation should ask whether citizens influenced budget priorities, whether public information was understandable, whether project implementation was independently monitored, whether complaints received responses, and whether identified irregularities resulted in correction. Recent research on Village Fund governance supports this outcome-oriented approach. Studies continue to find positive relationships between accountability, transparency, participation, and financial management, but qualitative research also identifies persistent barriers involving information accessibility, accountability effectiveness, and inclusive participation (Tanete 2024; Hidayat 2025). The appropriate policy response is therefore not simply to increase the quantity of participation but to improve its institutional consequences. Participation becomes anti-corruptive when it changes incentives, increases detection probability, and creates credible pressure for correction.

The framework should also integrate vertical and horizontal accountability rather than treating them as alternatives. Vertical accountability includes administrative reporting, inspectorate supervision, financial auditing, and legal enforcement. Horizontal or social accountability includes citizen participation, BPD scrutiny, civil society monitoring, public information, and complaints. Their strengths are complementary. Formal institutions possess legal authority and professional capacity, while citizens possess proximity and contextual knowledge. The integration can be operationalized through an escalation chain: citizen observation, community verification, village-level response, BPD review, supervisory investigation, and formal enforcement when warranted. This structure ensures that social accountability does not become a parallel justice system while preventing formal institutions from becoming disconnected from local information.

The ultimate objective is to create a governance system in which every stage of Village Fund management is exposed to an appropriate form of scrutiny. Such integration also reduces the risk that corruption becomes embedded before formal institutions become aware of it.

Analytical Discussion

The principal analytical finding is that Village Fund corruption should be conceptualized as a problem of institutional visibility. Corruption becomes easier when decisions, transactions, beneficiaries, and implementation outcomes remain difficult for outsiders to observe. Formal reporting increases documentary visibility, but social accountability increases substantive visibility. A financial report may show that money was spent on infrastructure, while citizens can determine whether the infrastructure actually exists and serves the intended population. This difference explains why administrative compliance cannot substitute for community oversight. Permatasari et al. (2024), using Village Fund data covering all Indonesian villages during 2018–2020, demonstrate the value of examining anomalies within financial management and reporting systems. Their contribution also illustrates the importance of moving beyond individual cases toward systematic scrutiny. Yet data-based monitoring and community monitoring answer different questions. Administrative data can identify unusual patterns, while citizens can explain local circumstances. Combining both forms of information would create a stronger early-warning system than either mechanism alone. The implication is that Village Fund accountability should be designed around multiple sources of visibility rather than a single reporting hierarchy.

The second analytical finding concerns the difference between participation and power. Participation becomes meaningful only when participants possess some capacity to influence decisions or trigger institutional responses. A citizen who is invited to a meeting but cannot access the budget, challenge project selection, inspect implementation, or submit an effective complaint possesses voice without meaningful power. This explains why participation can coexist with corruption risk. The recent literature increasingly supports this interpretation by showing that community engagement can function as a corruption-control mechanism through transparency, accountability, social capital, and culturally embedded relationships, but its effectiveness depends on how these mechanisms interact (Putri et al. 2024; community-engagement research 2025). The policy implication is that participation should be accompanied by institutional guarantees. Citizens need information rights, monitoring opportunities, complaint channels, and protection from retaliation. Without these supports, participation may become a legitimizing ritual rather than a constraint on public authority.

The third analytical finding concerns the relationship between law and governance. Indonesian village regulations already provide a relatively extensive formal foundation for accountability. The Village Law establishes participation and community empowerment; Minister of Home Affairs Regulation No. 20 of 2018 provides financial-management procedures; and anti-corruption legislation establishes criminal consequences for corrupt conduct (Republic of Indonesia 2014, 1999, 2001; Ministry of Home Affairs 2018). The persistence of corruption risks therefore cannot be explained simply by regulatory absence. The more plausible explanation is an implementation gap between formal rules and institutional capacity. Laws establish obligations, but organizations must possess the resources, incentives, independence, and information necessary to implement them. This distinction is important for policy because adding new regulations may have limited value if existing mechanisms remain weakly implemented. Reform should therefore prioritize institutional connectivity: ensuring that information reaches citizens, that citizens can act on information, and that institutions respond when citizens identify problems. The strongest anti-corruption strategy may consequently be better implementation of existing principles rather than continuous expansion of formal rules.

The fourth analytical finding is that technology should be treated as an enabling instrument rather than an independent solution. Siskeudes can strengthen accounting consistency and reporting, but technological systems do not eliminate political incentives, elite capture, or social pressure. Recent studies confirm that financial information systems contribute to accountability, while also emphasizing the continuing importance of participation and institutional governance (Arfiansyah 2020; Maharani and Widodo 2024; Anwar, Sulkiah, and Wadi 2024). The policy challenge is therefore to connect administrative technology with citizen-facing transparency. Village governments should translate financial information into understandable public information rather than expecting citizens to interact directly with complex accounting systems. Technology becomes anti-corruptive when it increases the probability that discrepancies will be noticed and reported. It becomes merely administrative when it improves internal recordkeeping without increasing public visibility. Digital governance should therefore be evaluated not only by accuracy and efficiency but also by accessibility, usability, responsiveness, and its contribution to citizen oversight.

Policy Implications

The first policy implication is that Village Fund transparency should be redesigned around the principle of public usability. Villages should disclose not merely aggregate financial figures but project-level information that allows residents to compare planned expenditure with actual implementation. Public information should identify project objectives, locations, budgets, implementation periods, responsible actors, beneficiaries, and physical progress. Such disclosure would operationalize the broader principles of accountability and transparency embedded within the village governance framework. The information should be presented through multiple channels because digital access is uneven across rural communities. Notice boards, village websites, social media, public meetings, and printed summaries can operate simultaneously. The purpose is not simply to satisfy formal disclosure requirements but to reduce information asymmetry. When citizens possess sufficient information to ask specific questions, public officials face stronger incentives to explain decisions. Transparency consequently becomes part of the preventive control system rather than a documentary obligation performed after expenditure.

The second implication concerns the institutionalization of community monitoring. Monitoring should occur at three stages: before implementation, during implementation, and after completion. Before implementation, citizens can verify whether proposed projects correspond to community priorities and whether costs appear reasonable. During implementation, residents can compare physical progress with official schedules and specifications. After completion, they can assess whether the project produces the promised public benefit. This approach would transform participation from a planning event into a continuous accountability process. The BPD can facilitate this process by aggregating citizen concerns and ensuring that government responses are documented. Civil society organizations can provide training and technical assistance where communities lack financial or procurement expertise. The objective is to institutionalize local knowledge without replacing professional auditing. Community monitoring should therefore be integrated with formal supervision rather than positioned as an adversarial alternative to government.

The third implication concerns complaint and whistleblowing protection. Village governments and supervisory institutions should establish accessible reporting channels that permit confidential complaints, define response periods, document investigations, and provide escalation mechanisms. Such systems are particularly important in socially dense communities where direct confrontation may impose significant social costs. Protection should extend beyond anonymity where necessary and should include safeguards against retaliation. Complaints should also be categorized according to seriousness so that administrative mistakes are not treated identically to suspected embezzlement, procurement fraud, or conflicts of interest. A credible reporting system increases the probability of early detection while allowing formal institutions to distinguish between ordinary administrative deficiencies and potential criminal conduct. This is consistent with a layered anti-corruption model in which administrative correction, supervisory review, and criminal enforcement form a continuum rather than isolated processes.

The fourth implication is that BPD capacity and independence require greater policy attention. The effectiveness of representative institutions cannot be assumed merely because the institution exists legally. BPD members need access to financial documents, training in budget analysis, understanding of procurement principles, and institutional mechanisms for responding to citizen complaints. Their role should include not only participation in deliberation but also systematic scrutiny of implementation and follow-up on government responses. This would strengthen horizontal accountability within villages. At the same time, institutional safeguards should prevent BPD oversight from becoming politicized or dominated by competing local elites. Capacity-building should therefore be accompanied by clear procedural standards and public reporting of oversight activities. The broader objective is to create an institutional actor capable of translating diffuse citizen concerns into structured accountability claims.

Conclusion

The Village Fund has expanded the developmental capacity of Indonesian villages while simultaneously creating a governance environment in which significant public resources are administered close to local political and social networks. This institutional transformation makes corruption prevention inseparable from questions of participation, transparency, accountability, and oversight. The analysis demonstrates that Indonesia already possesses an extensive legal framework governing these matters. Law No. 6 of 2014 and its subsequent amendments establish the foundations of village autonomy and participation; Law No. 3 of 2024 continues the development of that framework; Minister of Home Affairs Regulation No. 20 of 2018 structures village financial management; and Law No. 31 of 1999 as amended by Law No. 20 of 2001 establishes the legal consequences of corruption (Republic of Indonesia 2014, 2024, 1999, 2001; Ministry of Home Affairs 2018). The persistence of corruption risks therefore demonstrates that legal rules alone cannot guarantee preventive governance. The critical issue is whether those rules generate continuous visibility, scrutiny, responsiveness, and consequences.

Community participation has significant potential to become an anti-corruption mechanism because villagers possess information that formal administrative systems may not capture. Nevertheless, participation is not inherently corrective. It can become formalistic when citizens lack understandable information, when deliberative forums are dominated by elites, when social pressure discourages criticism, or when complaints do not generate institutional consequences. The concept of social accountability provides a stronger analytical framework because it connects citizen information and voice with institutional response. The article therefore argues for a transition from participation as attendance toward participation as consequential oversight. Such oversight requires participatory budgeting, citizen-accessible financial information, continuous community monitoring, protected complaints, capable BPD institutions, civil society support, and escalation to formal supervisory or law enforcement institutions when necessary. The resulting framework does not seek to replace auditing or criminal law. Instead, it creates additional preventive layers that make corruption more difficult to conceal.

Ultimately, effective Village Fund corruption prevention requires integration rather than substitution. Administrative accountability provides procedural discipline; digital financial systems improve information management; auditing provides professional scrutiny; criminal law provides sanctions; and social accountability provides localized observation and public pressure. Their effectiveness increases when these mechanisms communicate with one another. The central policy objective should therefore be to construct an accountability ecosystem in which citizens can see how funds are allocated, understand what government promises to deliver, monitor whether implementation corresponds with those promises, report credible irregularities safely, and receive institutional responses. Such an ecosystem transforms community participation from a procedural requirement into a practical constraint on discretionary power. The broader lesson is applicable beyond Indonesia: decentralization becomes sustainable when fiscal autonomy is matched by institutional accountability. Village Fund governance should therefore be evaluated not simply by whether resources reach villages, but by whether rural communities possess meaningful institutional power to ensure that those resources are used lawfully, transparently, and for the public purposes for which they were allocated.

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