

## **ABSTRACT**

### **Implementation of Village Allocation Fund At Kacaribu Village, Karo Regency**

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Village Allocation Fund (VAF) is a form of the fulfillment of the right of the village to implement local autonomy based on their interest and initiatives, and the right of origin, and/or traditional rights. The characteristics of these grants are diversity, participation, empowerment, democratization, autonomy, and the enhanced role of the village government to provide services and improvements of the welfare community as well as the acceleration of their development and growth. The VAF program has been implemented since 2008 after the issuance of government Law No. 72 in year 2005 and further supported under Ministry of Home Affairs regulation No. 37 issued in year 2007 by providing guidelines for the management of village funds.

This study intends to describe and analyze the implementation of the activity, the effectiveness and efficiency of VAF in the Kacaribu Village between year 2012-2014. The changes that occurred during program implementation over the period of

the 3-year period will give a clear understanding about what has happened with regards to community participation, accountability, and access of the community to information.

The result of the study show the evaluation at Kacaribu in 2012-2014 can be said to be well implemented since the use of funds and the implementation of activities is carried out in accordance with what has been written and planned for the village development planning meeting. The development program was set well enough to resolve the problems in the community and in accordance with the needs of the community. The village government continually endeavored to be accountable regarding VAF management. The village government also included the community in each phase of village development. The use of VAF is more widely used for the operation of village government rather than to fund village development so that the use of VAF is not perfectly fit with the purpose for village development. Using cost benefit analysis to measure IRR of the VAF on water project shows that the result the project is profitability or benefitability to the communities.

Based on that, it is recommended improvement by the village government who implement VAF must allocate completely as set out in the regulation, VAF should be divided as per regulation stating that 30% of funds for the village government operation and 70% for village development must be fixed truism and not one where the first (administer) take their full share and the others get what is left over. The honorary/fixed income should be budgeted separately out of VAF, since under the present condition, the VAF continues to creep will over their 30% allotment and has even has gone beyond 50%.