Major Cause of the Underdevelopment of the 122 Disadvantaged Regions

Regions in Sumatera Island (13 Regions)
Major Aspects of the Underdevelopment: Economy, Infrastructure, Karakteristik Daerah.

Regions in Kalimantan Island (12 Regions)
Major Aspects of the Underdevelopment: Accessibility, Human Resources, Infrastructure

Regions in Sulawesi Island (18 Regions)
Major Aspects of the Underdevelopment: Human Resources, Economy, Karakteristik Daerah

Regions in Maluku Island (14 Regions)
Major Aspects of the Underdevelopment: Economy, Accessibility, Human Resources

Regions in Java Island (6 Regions)
Major Aspects of the Underdevelopment: Human Resources, Infrastructure (Lebak dan Pandeglang)

Regions in Nusa Tenggara Island (26 Regions)
Major Aspects of the Underdevelopment: Economy, Human Resources

Regions in Papua Island (33 Regions)
Major Aspects of the Underdevelopment: Economy, Accessibility, Human Resources

Sumber: Bappenas
PERUBAHAN PARADIGMA PEMBANGUNAN DESA:

DESA SEBAGAI SUBYEK UTAMA PEMBANGUNAN

Desa Baru

Objek Pembangunan

Subyek Pembangunan:

- Partisipatoris

Pertama, Pemberian kewenangan berdasarkan azas rekognisi dan subsidiaritas.

Rekognisi berarti pengakuan dan penghormatan terhadap keberadaan (eksistensi) desa.

Sedangkan subsidiaritas berarti penggunaan kewenangan skala lokal.

Ke dua, kedudukan desa sebagai pemerintahan berbasis masyarakat, yaitu campuran dari komunitas yang mengatur dirinya sendiri (self-governing community) dan pemerintahan lokal (local self-government).

FIRST, AUTHORITY IS GIVEN BASED ON THE PRINCIPLES OF RECOGNITION AND SUBSIDIARY

Recognition means to acknowledge the village existence. While, subsidiary means to give authority to the local.

SECOND, VILLAGES ARE CONSIDERED AS COMMUNITY BASED GOVERNMENT, both as self governing community and local self government.
### 3rd Nawacita: “The Government’s Commitment on Equitable Development”

<table>
<thead>
<tr>
<th>Agenda Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bring the country back to protect the entire nation and to give security to all citizens</td>
</tr>
<tr>
<td>2</td>
<td>Build a clean, effective, democratic and reliable governance</td>
</tr>
<tr>
<td>3</td>
<td>Build Indonesia from the periphery by strengthening the regions and villages within the framework of the Unitary State</td>
</tr>
<tr>
<td>4</td>
<td>Strengthen the country’s presence in conducting system reform and law enforcement that is free of corruption, dignity and trust</td>
</tr>
<tr>
<td>5</td>
<td>Improve the quality of human life and the people of Indonesia</td>
</tr>
<tr>
<td>6</td>
<td>Improve people’s productivity and competitiveness in international markets</td>
</tr>
<tr>
<td>7</td>
<td>Achieve economic independence by moving the strategic sectors of the domestic economy</td>
</tr>
<tr>
<td>8</td>
<td>Revolutionize the character of the nation</td>
</tr>
<tr>
<td>9</td>
<td>Strengthen diversity and strengthen social restoration</td>
</tr>
</tbody>
</table>
VILLAGE FUND POLICY

FROM GENERAL STATE ACCOUNT TO REGIONAL ACCOUNT

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Absorption Rate</th>
<th>Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>+ Rp 280,3 mil./village</td>
<td>82.72%</td>
<td>74,093 Villages</td>
</tr>
<tr>
<td>2016</td>
<td>+ Rp 643,6 mil./village</td>
<td>97.65%</td>
<td>74,754 Villages</td>
</tr>
<tr>
<td>2017</td>
<td>+ Rp 800,4 mil./village</td>
<td>98.41%</td>
<td>74,910 Villages</td>
</tr>
<tr>
<td>2018</td>
<td>+ Rp 800,4 mil./village</td>
<td>99.03%*</td>
<td>74,957 Villages</td>
</tr>
</tbody>
</table>

FROM REGIONAL ACCOUNT TO VILLAGE ACCOUNT

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Absorption Rate</th>
<th>Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>+ Rp 933,9 mil./village</td>
<td>82.72%</td>
<td>74,957 Villages</td>
</tr>
<tr>
<td>2016</td>
<td>+ Rp 46,98 T</td>
<td>97.65%</td>
<td>74,957 Villages</td>
</tr>
<tr>
<td>2017</td>
<td>+ Rp 60 T</td>
<td>98.41%</td>
<td>74,957 Villages</td>
</tr>
<tr>
<td>2018</td>
<td>+ Rp 60 T</td>
<td>99.03%</td>
<td>74,957 Villages</td>
</tr>
</tbody>
</table>

*Note: Data as of 21 Jan 2019

DISTRIBUTION OF VILLAGE FUND IN 2015-2018*
Absorption 88,25% 5.607 Village

Absorption 93,96% 5.665 Village

Absorption 98,30% 5.720 Village

Village Community Welfare in Frontier and Outermost Region

Note: There are 43 Frontier and outermost Regions/cities, but Batam and Dumai City do not have villages
RECAPITULATION OF VILLAGE FUNDS USED IN FRONTIER AND OUTERMOST REGION (BORDER AREA) 2015-2018

**To Support Economy**
- Village Road: 9,510,202 Meter
- Bridge: 130,596 Meter
- Village Market: 610 Unit
- BUM Desa: 1,445 Unit of Activity

**To Increase the Quality of Life of Village Community**
- Ground Retainer: 4,792 Unit
- Clean Water: 18,140 Unit
- Toilet: 9,076 Unit
- Maternity Center (Polindes): 570 Unit
- Boat Mooring: 1,066 Unit
- Water Reservoir: 680 Unit
- Irrigation: 4,421 Unit
- Sport Facilities: 1,289 Unit
- Drainage: 1,003,041 Meter
- Early Childhood Education (PAUD): 1,925 Unit
- Integrated Health Service: 1,797 Unit
- Well: 4,689 Unit
Budget allocation for the Ministries/Govt Institutions, DAK, and Village Fund in Disadvantaged Regions tend to be fluctuate every year, therefore it is necessary to **Synergize and Harmonize** the Planning and Implementation of Projects supporting the Development of Disadvantaged Regions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures Among Ministries/Govt Institutions in Disadvantaged Regions (IDR Trillion)</th>
<th>Amount of Physical Special Allocation Fund (DAK) in Disadvantaged Regions (IDR Trillion)</th>
<th>Village Fund in Disadvantaged Regions (IDR Trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>25.33</td>
<td>17.82</td>
<td>5.2</td>
</tr>
<tr>
<td>2016</td>
<td>21.31</td>
<td>23.28</td>
<td>11.97</td>
</tr>
<tr>
<td>2017</td>
<td>22.34</td>
<td>14.98</td>
<td>15.34</td>
</tr>
<tr>
<td>2018</td>
<td>24.47</td>
<td>16.75</td>
<td>15.67</td>
</tr>
<tr>
<td>2019</td>
<td>24.47</td>
<td>20.04</td>
<td>18.68</td>
</tr>
</tbody>
</table>

Sumber: Kementerian Keuangan
4 YEARS ACHIEVEMENT OF DEVELOPMENT DISADVANTAGED AND FRONTIER REGION MINISTRY OF VILLAGE, DEVELOPMENT DISADVANTAGED REGION, AND TRANSMIGRATION (1/2)

- **Regional/District Markets**: 15 units
- **Clean Water**: 291 units
- **Crossing Bridge/Village Bridge**: 10 units
- **Village Road**: 117 units
- **Student and Teacher Dormitory**: 60 packages in 12 disadvantaged regions
- **Community Learning Centre**: 10 units
- **Crafting Hut (Saung Terampil)**: 12 units
- **Classroom**: 248 units
- **Water Reservoir**: 41 units
- **Solar Panel / Biomass**: 41 units
- **Border area roads**: 294.68 km in 34 regions
- **Offshore Floating Cage (KJA)**: 14 units
- **Internet Café/ Community Hotspot**: 22 units
4 YEARS ACHIEVEMENT OF DEVELOPMENT DISADVANTAGED AND FRONTIER REGION MINISTRY OF VILLAGE, DEVELOPMENT DISADVANTAGED REGION, AND TRANSMIGRATION (2/2)

- Passenger Ship Capacity of 50
  - 14 UNITS in 14 DISTRICTS

- Wooden Bridge
  - 117 METERS

- Land Clearing
  - 849 Ha

- Learning Props
  - 20 UNITS in 20 DISTRICTS

- Facilities for Computer Training
  - 16 UNITS in 16 DISTRICTS

- Semi-permanent Road
  - 71 METERS

- Public Facility
  - 37 UNITS

- Transmigrants Settlement
  - 800 Households

- Road Connecting Shaft
  - 19.12 Km

- Village Information and Communication Network (Jarkindes)
  - 5 UNITS in 5 DISTRICTS

- Household Toilet in Transmigration Areas
  - 1,365 UNITS

- Early Warning System (EWS)
  - 5 UNITS in 5 DISTRICTS

- Village Road
  - 28.57 Km
DEVELOPMENT OF VILLAGE-OWNED ENTERPRISE (BUM DESA)

The number of Bum Desa increases every year. In 2018 around 61% of villages have had Bum Desa. The rapid increase in 2015 was due to increased village enthusiasm. 2017's rapid increase is due to Bum Desa being one of the priority programs for the use of village funds.
BUM Desa’s business type with a above IDR 1 Billion turnover

BUM Desa’s business type with a above IDR 1 Billion turnover is mostly in the form of financial services, 89% or around 129 BUM Desa has a financial services business (Savings and Loans), only around 16 BUM Desa (11%) whose business is not a service finance, they can vary in the form of trade, photocopying services, buying and selling LPGs, etc.

145 in total BUM Desa with a turnover of over Rp. 1 M in Indonesia
There has been an increase in the supply of EDC machines in Bumdes, so that villagers are increasingly able to get cash.

- 15% of Bumdes have EDCs at BNI Bank and BRI Bank.
- There has been an increase in Bumdes accounts in banks, so that village financial inclusiveness has increased.
- 57% of Bumdes have accounts at BRI Bank and BNI Bank.

Source: BNI 46, BRI, 2018
RURAL INCLUSIVE FINANCE 2014 – 2017

Savings account ownerships in rural areas has increased sharply. In 2014 only 29% of the adult population had savings accounts in formal financial institutions. In 2017, the percentage increased to 47%. This means an increase of 18%. This increase is greater than the average increase in East and Pacific Asian countries (2%), and globally (8%).

The gap in the savings account ownership in rural and urban areas in Indonesia in 2017 is 4%, which is not too large. This level of inequality is still equivalent to the average of the East and Pacific Asian countries. This gap level has dropped dramatically compared to 2014 which reached 17%.
BUMDES KUTUH IN BALI

- Established: **2016**
- Business type: **TOURISM**
- Village income: **Rp 34.000.000.000,-**
- Net income: **Rp 14.000.000.000,-**
- Tax paid: **± Rp 3.000.000.000,-**

On 2017, around 1 million tourist came to Pandawa Beach, Kutuh village. Bumdes Kutuh created about 200 entrepreneurs. Every year, there is a villager who get a scholarship until bachelor or master degree. Now, there is no poor or unemployed people in Kutuh village.
VILLAGE INNOVATION DEVELOPMENT 2017 – 2018

- Number of village innovation
- Replicated innovation

Villages are proven to be responsive on innovation in 2017 - 2018 village innovation has almost doubled, while its replication has increased almost 11 times fold.

In 2017 - 2018 there were 44,073 innovations submitted by the village.

In 2017 - 2018 as many as 75,953 village innovations are replicated.

Source: Dit PMD, Ditjen PPMD, Kemendesa PDTT, 31 Desember 2018
Construction of BTS in Disadvantaged Regions
(through partnership with Bakti- Ministry of Communication and Information Technology)
Business Model of Distribution of Flagship Products in Disadvantaged Regions

**Transportation & delivery**

**Warehouse Provider**

**Holding BUM Desa**

**Stockpoint**

**Marketplace**

**Offline**

**Fast Moving Consumers Goods**

**Wholesale Market and Export**

**Village Digitalization**

1. **Through**
   - **Farmers**
   - **Fishermen**
   - **Craftmen**
   - **Tailor**

2. **Direct (if the Holding BUM Desa is not established)**

3. **Through**

**STARTUP**

- **Administration**
- **Curation**
- **Promotion**
- **E-commerce aggregator**

**BUM Desa**

**ITPC**
Indonesian Trade Promotion Center
Study case
Konawe Region

"After becoming an Aruna fisherman, I got a good price and the scales were right. Now I can hold money, I am not confused buying basic necessities everyday and paying my house rent."

Mr Awal
Fisherman of Aruna

Impact
Aruna

Before:

Products: (5-10 Kg/Day)

Income: DR 1-2 million / month
Fishermen <10 Groups

After:

Products: (30 Kg/Day)

Future Income Projection: Rp 600-700 million / month
Fishermen >50 Groups

133 %
Increased income of each fisherman per month in Patronage Group

655 %
Value addition from raw material into export products of fish meat
Facility in Outermost Villages Increased (Number of villages)

Source: Indonesia Central Statistic Agency (BPS)

Economic Facilities in Outermost Villages Increased (Number of villages)

Source: Indonesia Central Statistic Agency (BPS)
In 2018, the number of disadvantaged villages decreased up to 53 villages compared to those of 2014. While the number of developing villages increased rapidly up to 730 villages.

Number of villages in frontier, outermost, and disadvantaged regions increased up to 703 villages during 2014-2018, from 4,563 villages becoming 5,266 villages.
PERFORMANCE ACHIEVEMENT FROM VILLAGE FUND

INCREASED VILLAGE FUND

<table>
<thead>
<tr>
<th>Year</th>
<th>Village Fund (Trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20.67</td>
</tr>
<tr>
<td>2016</td>
<td>46.98</td>
</tr>
<tr>
<td>2017</td>
<td>60</td>
</tr>
<tr>
<td>2018</td>
<td>60</td>
</tr>
<tr>
<td>2019</td>
<td>70</td>
</tr>
</tbody>
</table>

GINI RATIO IN THE VILLAGE IS RELATIVELY STABIL

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Rural</th>
<th>Urban</th>
<th>Rural and Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 2015</td>
<td>0.419</td>
<td>0.402</td>
<td>0.393</td>
</tr>
<tr>
<td>Sept 2016</td>
<td>0.409</td>
<td>0.394</td>
<td>0.391</td>
</tr>
<tr>
<td>Sept 2017</td>
<td>0.403</td>
<td>0.391</td>
<td>0.384</td>
</tr>
<tr>
<td>Sept 2018</td>
<td>0.391</td>
<td>0.384</td>
<td>0.379</td>
</tr>
</tbody>
</table>

INCREASED VILLAGE PERCAPITA INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Income (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>572,586</td>
</tr>
<tr>
<td>2015</td>
<td>659,414</td>
</tr>
<tr>
<td>2016</td>
<td>711,266</td>
</tr>
<tr>
<td>2017</td>
<td>780,593</td>
</tr>
<tr>
<td>2018</td>
<td>827,429</td>
</tr>
</tbody>
</table>

DECREASED POVERTY IN THE VILLAGE

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Urban Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 2015</td>
<td>14.09</td>
</tr>
<tr>
<td>Sept 2016</td>
<td>13.96</td>
</tr>
<tr>
<td>Sept 2017</td>
<td>13.47</td>
</tr>
<tr>
<td>Sept 2018</td>
<td>13.10</td>
</tr>
</tbody>
</table>

VILLAGE FUND TRANSFER IS INCREASING EVERY YEAR, TOTAL OF VILLAGE FUND DISTRIBUTED FROM 2015 TO 2019 IS UP TO IDR 257 TRILLION

TARGET OF NATIONAL MID-TERM PLAN (RPJMN) 2015 – 2019 HAS BEEN ACHIEVED IN 2018; IT SURPASS THE TARGET BY ALLEVIATING OTHER 2.665 VILLAGES INTO SELF-RELIANT VILLAGES AND DECREASE 6.518 DISADVANTAGED VILLAGES

INCOME OF VILLAGE PEOPLE HAS SUCCESSFULLY INCREASED WHILE THE POVERTY AND UNEMPLOYMENT IS SUCCESSFULLY DECREASED. ECONOMIC DISPARITY IS KEEP BEING LOW.