



Community-driven Development: A Reflection on South Korea's Saemaul Undong and Its Potential Applications in Indonesia's Village Funds

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ARTICLE INFORMATION

Received: December 23, 2024
Revised: April 18, 2025
Available online: April 30, 2025

KEYWORDS

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ABSTRACT

Corruption in village funds is a significant issue in Indonesia, consistently ranking as the highest since 2015. Village funds are intended to enhance government affairs, development, and community empowerment; however, problems such as regulatory misuse and incompetence among village officials persist. This study aims to investigate the impact of Community-driven Development (CDD) on improving people's welfare and enhancing the country's economy, while also analyzing the potential adoption of South Korea's Saemaul Undong program principles in Indonesia's village fund implementation. Employing qualitative methods, primary data were collected via questionnaires from eight beneficiaries across eight different villages, supplemented by secondary data from literature reviews. The findings indicate that CDD empowers grassroots communities to engage actively in their development, with the government playing a vital role in restoring public trust and addressing perceptions of power abuse. Furthermore, integrating Saemaul Undong principles—focusing on infrastructure, land reform, and human resource development—into Indonesia's village fund program can improve rural public service needs. This study fills a literature gap on CDD and village fund management, offering valuable insights for stakeholders and beneficiaries while addressing rising corruption issues.

INTRODUCTION

South Korea has garnered global acclaim for its cultural promotion, particularly through the Korean Wave, yet its success is underpinned by historical initiatives like the Saemaul Undong program, established in 1970 under President Park Chung Hee. This program was a response to the socio-economic turmoil following the Korean War (1950-1953). During this period, South Korea faced significant challenges, including a weak political structure and widespread hunger, which led to stagnation in community development and basic needs not being met.

Saemaul Undong aimed to revitalize rural communities and bridge the urban-rural divide exacerbated by export-oriented industrialization. It was built on three core principles: diligence, self-help, and collaboration, which encouraged community engagement and local development, aiming to enhance both social and physical environments and increase income and productivity in villages (Deniar, 2021).

To introduce Saemaul Undong effectively, the South Korean government conducted extensive public education campaigns through various media channels, providing training to village leaders and community members on local development projects. This included education on management principles and modern agricultural practices, intending to mobilize local resources and establish infrastructure projects that would enhance rural livelihoods. The collaborative approach engaged both the government and villagers in realizing planned developments.

The principles of community-driven development have been successfully implemented in various countries, including Brazil, where similar programs have reduced rural poverty through community empowerment, particularly among women in decision-making and project management for development. This is supported by water project investments carried out in collaboration with the community to generate income (World Bank, 2012). Another example, the Chinese government has made

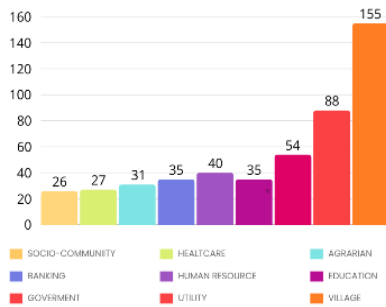
significant strides in reducing poverty and economic inequality through a planned urbanization strategy and accelerated rural revitalization that touched various aspects, from infrastructure to local economic empowerment (Wibawa, 2019).

In Indonesia, the government has launched rural development initiatives through the Village Funds program, funded by the State Revenue and Expenditure Budget and allocated to villages via regional budgets. This initiative aligns with President Jokowi's vision of systematic and sustainable national development focused on enhancing regional strengths (Adam et., 2024). Both South Korea and Indonesia share agrarian-based social structures and significant rural populations reliant on agriculture, highlighting the importance of community participation in rural development programs. Both nations prioritize essential infrastructure—roads, clean water, sanitation, and electricity—as fundamental to improving rural quality of life and fostering economic growth.

However, despite these similarities, the socio-political contexts of each country influence their rural development strategies. In Indonesia, the Village Funds program allocates "2 M," which denotes a 2 billion Indonesian Rupiah allocation per village, though this amount can vary based on factors such as population size and geographic area. Challenges persist in implementing these village funds due to regulatory misuse and the inadequacies of village officials responsible for oversight and execution.



MAPPING OF CORRUPTION CASES BY SECTOR IN 2022



SOURCE : INDONESIA CORRUPTION WATCH (2024)

Corruption remains a significant issue, with the village sector in Indonesia consistently ranking among the most corrupt since 2015, as highlighted by reports from Indonesia Corruption Watch. The vast number of villages complicates effective monitoring, creating opportunities for the misuse of allocated funds (Mahriadi et al., 2021). Structural issues, including fragmented oversight and limited human resource capacity, exacerbate corruption, hindering accountability in village fund management. Furthermore, infrastructure challenges, such as poor road access and limited telecommunications, impede program implementation and monitoring. Educational deficits contribute to a lack of awareness regarding accountability and transparency, compounding these challenges. The village funds have become a target for corrupt practices, as indicated by findings from the Corruption Eradication Commission, which has identified critical gaps in the regulatory framework, oversight mechanisms, governance structure, and human resource capacity.

Given the pervasive corruption impeding the effective use of village funds in Indonesia and the established success of the Saemaul Undong program as a community-based development model, this research aims to analyze Saemaul Undong and assess its applicability to the Indonesian context. The study seeks to address two key research questions: first, what impact does community-based development, exemplified by Saemaul Undong, have on community welfare and national economic growth? Second, how can the principles and strategies of Saemaul Undong be adapted to enhance the management and implementation of Indonesia's village funds program? This research is significant as it aims to identify pathways for leveraging successful community-based development principles from South Korea to tackle the persistent challenges of corruption and inefficiency in Indonesia's village funds program. By exploring mechanisms that promote community engagement, transparency, and accountability within Saemaul Undong, the study aspires to provide valuable insights and recommendations for optimizing village funds management, thereby contributing to improved rural welfare and national economic development in Indonesia.

Existing literature often focuses on isolated challenges within Indonesia's village funds program, lacking comprehensive analyses that connect these challenges to the success mechanisms of Saemaul Undong. This research intends to fill that gap by providing a comparative analysis that delves into the core principles, strategies, and enabling factors of Saemaul Undong, assessing their relevance to the Indonesian context. While some studies touch on Community-Driven Development (CDD) in relation to both programs, there is a need for a detailed, context-specific analysis of how successful elements from established CDD models like Saemaul Undong can enhance the

implementation of contemporary national CDD initiatives like the village funds in Indonesia. This international perspective enriches the study, as South Korea's experience presents a compelling case of successful rural development driven by community participation and principles such as perseverance, self-reliance, and collaboration.

By examining the strategies employed during the Saemaul Undong era and their outcomes, the research aims to extract valuable lessons and potential models for other developing countries facing similar challenges. This comparative lens allows for the identification of best practices and adaptable strategies effective across different cultural and political contexts, ultimately contributing to a broader understanding of community-based development strategies that transcend national borders. The success of Saemaul Undong serves as an inspiring example of how a focused, community-centered approach can effectively address socio-economic challenges and achieve significant national progress, making it highly relevant to Indonesia's ongoing efforts to empower rural communities through its village funds program.

METHOD

In this research, a qualitative method was employed to understand and analyze phenomena occurring within the research object through descriptive sentences derived from various data sources. The study focused on 14 villages strategically selected across major islands in Indonesia, including three villages in West Sumatra, South Sumatra, and Riau; two villages in Central Kalimantan and West Kalimantan; two villages in Central Java and East Java; one in Denpasar, Bali; and two each from North Sulawesi and Central Sulawesi, as well as two from Papua and West Papua.

Data collection involved distributing questionnaires to village communities that had directly benefited from village development. Primary data were gathered through these questionnaires, which were sent to 14 randomly selected respondents; however, only 8 recipients of village funds from 8 different villages responded. This approach allowed for flexible and concise answers due to the geographic spread of the research locations.

Secondary data were acquired through literature studies, including books, articles, journals, and electronic media, focusing on community development programs and their effectiveness compared to the Saemaul Undong program.

Data analysis was conducted using a content analysis method, which involved data reduction, presentation, and verification as outlined by Miles and Huberman (in Sugiyono, 2018). This process continued until data saturation was achieved. Confirmability was established by gathering and presenting information in narrative text, tables, and graphs to elucidate the findings descriptively and explanatorily. The final stage involved careful verification and conclusion drawing to identify patterns and causal relationships, ensuring the validity of the analyzed data (Lexi & MA, 2010).

RESULTS AND DISCUSSION

Saemaul Undong is a movement that focuses primarily on rural communities, aiming to transform them into more productive, modern, and developed societies. Saemaul Undong was first initiated by South Korean President Park Chung Hee during his presidency from 1963 to 1979. At that time, South Korea was facing a multifaceted crisis following the devastation

caused by the conflict on the Korean Peninsula, which put the country's economy at the bottom of the global Gross Domestic Product (GDP) rankings. Saemaul Undong is derived from the words "Sae" meaning new, "Maul" meaning village, and "Undong" meaning movement. Saemaul Undong aims to change rural communities into more productive, modern, and developed societies (Deniar, 2021). When the Saemaul Undong program was first introduced by the President of South Korea, the disparity between urban and rural conditions was stark, due to industrial policies that were solely export-oriented and uneven development. Park Chung Hee believed that the three spirits of Saemaul Undong - diligence, cooperation, and self-reliance - could overcome the challenges faced by rural communities. Furthermore, the implementation of this program aimed at a mental revolution, using community movement to improve physical and social environments, as well as increase income and productivity in rural areas.

The land reform in South Korea, with its unique characteristics, was a crucial initial step that created a conducive social and economic environment for the success of the Saemaul Undong movement (Mike, 2013). The movement focuses on building and improving infrastructure, such as roads, clean water sources, electricity, and communication facilities, with emphasis on village-level implementation (Jamal, 2009). Based on Muller's explanation (2010), the overall conditions of rural life in the country deteriorated in the 1970s as the population grew, urban expansion encroached on agricultural land, and the World Trade Organization's pressure to further open South Korea to agricultural commodity imports from abroad became factors that supported the implementation of the Saemaul Undong.

Another determining factor in the success of the Saemaul Undong program is consistent support from a dedicated government that serves the community, ensuring maximum benefits for all layers of society. The community greatly felt the positive impact of this program, although it was not free from the dictatorship of the government at that time (Han, 2004). Saemaul Undong marks a turning point for South Korean society and can serve as best practice for other countries, particularly those with similar conditions, to implement this program in their own countries. The significant changes that occurred in rural development since the implementation of Saemaul Undong in the 1970s, both new and old practices, were more a series of local experiments conducted by the government rather than a model adapted from history (Firman, 2010).

According to Presidential Regulation Number 60 of 2014, Article 1, Paragraph 2, the definition of village funds is funds sourced from the Regional Revenue and Expenditure Budget allocated to villages and transferred through the Regional Revenue and Expenditure Budget of regencies/cities. These funds are used to finance village affairs and development, community development, and empowerment. Furthermore, village funds are allocated by considering factors such as total population, poverty levels in the area, the size of the village territory, and the geographical challenges of reaching village locations. Village funds, as mentioned in Regulation of the Minister of Finance Number 145 of 2023 concerning the Management of Village Funds, in Article 1 Paragraph 7, are part of Transfers to Regions designated for villages to support funding for village affairs, and development, community empowerment, and community-related activities. This regulation highlights the urgency of decentralization at the village level as a strategy to enhance the efficiency and effectiveness of organizations providing public

services at the lowest administrative level, while also striving to address issues of social inequality and poverty (Lewis, 2015).

The Village funds are received by villages annually from the State Revenue and Expenditure Budget (APBN), intentionally provided to assist with the development and improvement of communities in villages. Village funds are an Indonesian government program aimed at enhancing development in villages by directly channeling funds to them. This program began in 2015 as part of the government's effort to improve infrastructure, the economy, and welfare in rural areas.

Village communities play a role in determining development priorities and supervising the transparent use of these funds. In addition, local governments are responsible for ensuring that the aid funds received are allocated in an effective and efficient manner (Hidayah, 2019). However, as further explained by Goerl & Seiferling (2014) and Setiawan & Aritenang (2019), the effectiveness of fiscal decentralization in reducing inequality does not solely depend on fund transfers but is also influenced by the characteristics of the government in terms of autonomy and the level of economic development.

Although village funds have made a positive contribution to improving development in Indonesia's villages, the program also faces several challenges, including issues related to fund management, project sustainability, and good governance.

Community-driven development is a commitment to empower communities at the grassroots level, allowing them to make choices about the actions they take for the sustainability of their future (Arianti et al., 2022). In Community-driven development, local communities play a primary role in identifying their needs, planning solutions, and managing resources to address the issues they face. The findings of research obtained by gathering information from informants using questionnaires distributed to village residents and officials, parties directly involved and affected by this community-based development, highlight these aspects.

Village governments are required to have the competence to implement development programs in the village and are responsible for transparently reporting on village funds. This transparency is necessary to foster trust between the community and the government, which in turn helps to prevent social conflicts. Furthermore, as cited by Arianti et al. (2022), the World Bank identifies five main characteristics of community-driven development:

1. Community Involvement in Development

Community-driven development in its implementation strives to involve community-based organizations or representatives who are considered to have the best understanding of the conditions within their own communities. A focus on the community means that a key feature of community-driven development projects is that the beneficiaries or grant recipients are community members themselves.

2. Community-based Development Activities

Community organizations or the local community itself are responsible for participatory planning and/or designing sub-projects.

3. Empowerment as the Central Feature

A primary characteristic of community-driven development projects is empowerment. The program trains communities to access, control, and manage available resources. Communities are granted full authority to manage activities based on their needs, supporting the overall welfare of the community.

4. Direct Community Participation

Communities can be directly involved in the implementation of projects and even sub-projects. Community participation may take the form of labor or funding. However, communities are not limited to participating in these ways; they can also contribute indirectly to sub-projects by managing and supervising contractors and participating in the maintenance of infrastructure after project completion.

5. Community as a Monitoring and Evaluation Element.

Communities also serve as one of the elements for monitoring and evaluation, which is a distinctive feature of community-driven development. As mentioned earlier, community participation can be facilitated through tools such as community scorecards and community complaints systems that allow people to voice their opinions and ensure accountability in the implementation of community-driven development.

Two Pillars of Community Development



Source : Blackburn (1989)

The concept of community-based development can be understood as a framework where community development relies on two interconnected pillars: the community pillar and the development pillar, which can be illustrated as follows:

The “Community” pillar refers to the quality of community development that emphasizes social relationships within community life. In contrast, the other pillar is “Development,” which refers to the direction of community development characterized as a movement from a planned and process-oriented society towards a developmental goal (Blackburn, 1989 in Adi 2008; 36). In the community pillar, the community is not merely an object of development but also an active subject involved in every stage of the development process. Furthermore, the community plays a central role in planning, implementing, and evaluating development programs. As one informant conveyed to the researcher, “the community must be actively involved from the planning stage to the implementation of projects or programs. This participation ensures that local needs and aspirations are reflected in the initiatives undertaken” Thus, every activity to be carried out is based on prioritized needs and aligned with community aspirations.

In this regard, the essence of “development” extends beyond merely meeting needs; it also considers environmental, socio-political, and economic aspects in a sustainable manner. Additionally, development should adhere to equitable distribution to reduce disparities arising from the development process. Development must also continuously innovate by utilizing technology that is appropriate for local conditions.

The Impact of Community-based Development on Improving People’s Welfare and National Economic Growth

As explained above, community-driven development is one approach within the strategy of community empowerment that emerges from the perspective of people-centered development. The people or community are the focal point of this empowerment strategy. Communities possess deep knowledge about their conditions, needs, and potentials. By involving the community in the development process, it can be ensured that

development targets are accurately met and aligned with expectations. Moreover, community involvement in development can yield positive impacts, such as independence in managing available resources and fostering a sense of ownership and responsibility towards the programs implemented. In line with what was stated by a respondent, “good management of village funds requires active community involvement in the planning, implementation, and monitoring of projects. This can enhance the overall quality of life in rural communities and support sustainable development at the local level.” In relation to this, for the program to be effective, it must be accompanied by efforts to change the power structure within society and involve groups that have historically been disenfranchised in politics (Bardhan, 2000).

Community-based development tends to be more efficient and emphasizes sustainability because the community, as a collective, has a shared interest in maintaining development results. The Saemaul Undong program has considerably burdened rural economic development as the movement has evolved (Collins et al., 2012). This occurred when the movement focused on infrastructure development, with many community members participating by providing labor. However, as the movement expanded to include economic improvement, leaders at the time demanded that villagers contribute through cash transfers. Consequently, some community members became heavily indebted, even though they did not yet have stable household incomes.

Looking at the experience of the Saemaul Undong program implemented by South Korea during its era, Indonesia began under conditions that closely resembled those of South Korea, where infrastructure was still very limited, and the community faced significant economic and social difficulties due to internal conflicts. Development in Indonesia has not focused sufficiently on developing the potential and capacity of human resources as part of sustainable development. This has resulted in communities relying solely on inherited potential, particularly in the agricultural sector, with minimal ability and opportunities for innovation.

The popularity of Saemaul Undong on the global stage can be seen in how quickly South Korea recovered from the devastation following the Korean War. South Korea is now a country to be reckoned with due to its advanced economy and serves as a model for both developed and developing nations. One of the strategies that developing countries like Indonesia can adopt is the development of rural communities through community-based empowerment. The success of the Saemaul Undong movement was driven by the initiatives of South Korean leaders who aimed to eradicate poverty in their country, along with the collective efforts of the people towards progress and independence.

A key factor in the success of Saemaul Undong is land reform. This reform was implemented to achieve income equity among rural communities, granting them land ownership rights that had a direct impact on increasing productivity and providing a sense of security in managing available resources. The main focus of Saemaul Undong was the infrastructure revolution in communities, transforming farmers into independent and modern producers to enhance the productivity of managed resources (Kwon, 2016). Farmers actively participate with their own abilities, which is why this movement is sustainable (Kim, 2011).

At that time, the government emphasized the importance of self-reliance among the community, encouraging them not to

depend on state assistance, although initially, the government provided incentives to ignite the spirit of independence within the community. Consequently, the Saemaul Undong program evolved into one that prioritized self-sufficiency and mutual cooperation. Additionally, land reform encouraged the expansion of education, which became one of the catalysts for the success of this movement. Independent villagers were able to send their children to higher levels of education, thus directly impacting educational improvement in rural communities.

The foundation of successful industrialization in South Korea was its rural areas, which were far from being underdeveloped. The rural population supported industrialization by providing competent labor for urban areas. At that time, rural communities were able to renovate homes, improve roads, build community halls, and even establish cooperatives (Kwon, 2016). In addition to improving infrastructure, Saemaul Undong also increased household incomes by producing fertilizers and pesticides locally, which helped agricultural productivity and were much cheaper than imported products. Furthermore, the government encouraged local businesses by establishing home-based food processing factories, which supported village incomes. Saemaul Undong became the foundation that propelled South Korea's economic development into a prosperous nation, marked by poverty alleviation and income equity.

To achieve a level comparable to South Korea, Indonesia needs to adopt the positive values embedded in the Saemaul Undong program. With a similar agricultural background, Indonesia certainly faces challenges that South Korea did not encounter, including differences in land area, topography, and population size. The distribution of village funds may not be uniform across all villages throughout Indonesia, both in terms of quantity and project quality. Factors hindering this include the difficulty of accessing diverse rural areas, the capacity and competence of village governments in managing their communities, and the self-serving practices of certain individuals who lack awareness of the need to develop their regions for the nation's progress. Fund transfers, along with the autonomy granted to regions, cannot be fully regarded as incentives to combat inequality between regions due to the high level of fiscal decentralization (Arham, 2014).

However, village funds are expected to serve as a catalyst for enhancing regional potential and driving participation from various sectors in the planning process to the reporting of village development. To address challenges and maximize opportunities, the development of village funds can be achieved by increasing the capacity of village officials through training and mentoring, strengthening the oversight system for the use of village funds by the central and local governments, as well as the community, directing the use of village funds towards sustainable development with long-term impacts, encouraging innovation and creativity in the use of village funds to tackle existing issues, and building cross-sector collaboration.

Community-driven development is a focal point based on its understanding, which is that development should center on the people, where communities understand local conditions and their potential, thereby positively influencing the management of available resources and being responsible through oversight of the development process in their own areas.

Potential Applications of the Saemaul Undong Program in the Implementation of Village Funds

The village funds allocated by the government aim to impact village development, both in infrastructure and socio-economic

fields, to improve the welfare of rural communities. Community development should aim to enhance the living standards of the people holistically. The spirit of Saemaul Undong can be applied to the village funds program by adopting the approach of the South Korean government, which consistently and dedicatedly supports public service needs, particularly in rural areas. The success of this program highly depends on the commitment of all parties, including the government, communities, and various other stakeholders.

Communities are required to actively engage and recognize existing opportunities so that development can be initiated by local residents. Developing can emerge from local initiatives by guiding communities to play an active role and recognizing opportunities. Rural communities must also participate in overseeing the implementation of village funds to ensure that these funds are utilized appropriately. The community is expected to be critical and concerned about financial management in the village. Efforts that can be made to enhance community participation include:

a. Awareness Programs

This program aims to foster understanding and awareness among village communities. Village facilitators provide information about village financial management so that the community is more informed about existing issues or policies, thus understanding and realizing the importance of participation in managing village funds. This awareness can be achieved through seminars or focus group discussions and by utilizing social media to disseminate information.

b. Providing Education and Training to Village Communities

This is essential for improving the quality of life and welfare of the community, enabling them to acquire the knowledge and skills needed for personal and community development. Providing education and training to village communities is an important long-term investment. With sustained efforts, it can create more advanced, independent, and prosperous rural communities.

c. Strengthening Village Institutions

This is a continuous process that requires commitment from various parties. In the context of community participation, village institutions are crucial for enhancing the effectiveness of village governance in making more appropriate and responsive decisions to community needs, serving as a forum for conveying development aspirations in the village, such as the Village Consultative Body.

d. Utilizing Technology

The use of technology is crucial for innovating and creating platforms for active community participation. For example, developing a village website with features for complaints, criticism, and suggestions from the community, or leveraging social media to disseminate information, thereby making the village's financial management process more transparent and accessible.

e. Forming Community Groups

These groups are formed based on their professions and interests and serve as an alternative to enhance community participation in generating priority activities that form the basis for policy formulation.

Village funds also allow villages to independently build and manage their regions. The implementation of these funds is essential to encourage villages to be self-sufficient and serve as drivers of community welfare. Development that emphasizes community empowerment, both to improve the quality of life in

terms of infrastructure and socio-economic aspects, aims at reducing the gap between rural and urban areas and strengthening the role of communities in development.

Village funds have the potential to promote the empowerment of rural communities, one of which is to facilitate the development of basic infrastructure such as roads, bridges, and irrigation systems needed to support community activities. As observed currently, the development of such infrastructure has already been implemented evenly. This aligns with what one respondent stated: "so far, it has been going well, especially in improving village infrastructure such as the construction of farm access roads, bridges in agricultural centers, drainage systems, and also empowerment programs, all of which positively impact the progress of the village.

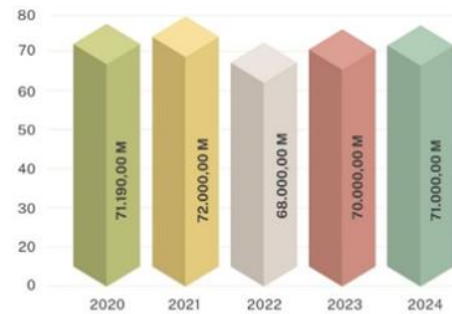
Through village funds, relevant training sessions are organized according to the needs and potential of the community, such as skills training, entrepreneurship, and financial management. The aim is to build high-quality and competitive human resources, thereby encouraging forming independent and productive community groups. A concrete example is supporting the development of Micro, Small, and Medium Enterprises (MSMEs) and increasing the added value of local products. This empowerment program allows communities to confidently manage their businesses and develop their local potential. Village funds also foster a spirit of cooperation and social awareness in organizing, collaborating, and making collective decisions.

If managed well, village funds can contribute to accelerating village development, ensuring that development programs and activities run smoothly according to the established priorities. Infrastructure development and the management of natural and human resources aim to improve the living standards of rural communities and effectively address social and economic issues occurring within these communities.

Community-based development offers many benefits for the community and the environment. The Saemaul Undong movement places great importance on community participation in village development. By directly involving local residents in planning, implementation, and evaluation, village funds can be used effectively and transparently. However, the success of this initiative largely depends on how the process is designed and implemented. With active contributions from the community, adequate training, and strong partnerships, community-based development can be an effective solution to many local development challenges. Nevertheless, it is important to recognize that there are impacts resulting from this program.

In Agency Theory, there is a perspective in the public sector where the community perceives that the policy implementers, in this case, the government at the village level (the agent), carry out their activities primarily for their own benefit. The village community (the principal) views that the government cannot be trusted to execute its work effectively in the public interest. This theory explains an imbalance of information between the community and the government, which can lead to conflicts regarding the accountability of village financial management (Maria et al., 2021).

Structure of the Regional Transfer and Village Funds of the Ministry of Finance



Source : TKDD Ministry of Finance of the Republic of Indonesia (2024)

According to data from the Ministry of Finance of the Republic of Indonesia, village funds have shown an increasing trend every year, although there was a decline in 2022. With the large budget, there are opportunities for corrupt officials to exploit various programs established under the guise of development and the establishment of village-owned enterprises. Deviations occur due to the lack of oversight systems and the increasing budget for village funds each year. This happens when certain village officials abuse their authority in managing village finances for personal gain and inflate budgets, leading to state losses and hindering development. Village fund budgets are considered the most vulnerable to corruption based on data from Indonesia Corruption Watch (ICW). In 2023, corruption in village funds reached 187 cases, in which village funds corruption consistently remains a fertile ground for corruption and a sector frequently handled by law enforcement agencies. When local governments do not have sufficient authority to manage their own finances, it leads to inefficiencies in local government due to budget constraints and issues of excessive investment in the provision of public goods (Bellofatto & Besfamille, 2018).

However, the minimal strict oversight, the need for significant system improvements, and regulations issued by the government contribute to the continuation of this condition. In Law Number 3 of 2024 concerning the Second Amendment to the Law on Villages, Article 39 has been amended to state that the term of office for village heads is 8 years, and they may serve a maximum of 2 consecutive terms. Previously, the term of office for village heads was 6 years for 3 consecutive terms. This regulation has the potential for abuse of power and is not a solution to corruption in the village sector.

The substantial amount of funds makes the position of village head a target for a select few who seek power. If the competition for the village head position is balanced with competent leadership and governance based on integrity, it can lead to the community's welfare. However, if the opposite occurs, it may result in disaster for rural community development and cause losses to the state. This competition can give rise to various forms of politics in villages, one of which is money politics, which is used to buy votes and influence public choices through financial means.

According to research conducted by Arham (2020), the main priority for the use of village funds is physical infrastructure development, which accounts for 83.9%, far exceeding the budget for empowerment and social activities at 12%. Additionally, the

dominant involvement of third parties in infrastructure projects has become one of the triggers for corruption in villages.

Family politics also frequently occur, where certain families already holding power can dominate for several generations. The emergence of family politics, commonly known as political dynasties, stems from one family's desire to hold power, meaning that power is distributed among family members or relatives. This model has great potential for development based on policies that only benefit a select few and increase inequality in the democratic process in villages. The regenerated positions have certain advantages, such as having resources to compete with opponents, long-established networks with community leaders, and popularity gained through long-standing deception. According to experts, the best type of supervision is community participation and accountability, which will be emphasized to prevent future violations (Candra, 2024). This power struggle can also create unhealthy competition and divisions among village residents, hindering development. The most important factor beyond the conflict over power is the competence of officials and the community, and optimal oversight.

Despite facing several challenges, the village funds program holds great hope for rural development. By fostering a spirit of cooperation among various stakeholders and adopting the principles of the Saemaul Undong movement, these funds can be optimized to enhance infrastructure, social welfare, and economic opportunities in the villages, ultimately leading to a more inclusive and sustainable future.

CONCLUSION

The findings of this research highlight key insights into the Saemaul Undong and its applicability to Indonesia's village funds program. Both initiatives underscore the significance of community engagement, self-reliance, and collaborative leadership as essential components for successful rural development. The Saemaul Undong movement has effectively transformed rural South Korea, demonstrating how community-driven efforts can lead to substantial improvements in local economies and infrastructures.

In Indonesia, the village funds program mirrors these principles by enabling rural communities to leverage their unique strengths and resources. The research indicates that when communities actively participate in the planning and monitoring of development projects, they tend to achieve better outcomes. This active involvement fosters a sense of ownership, ensuring that initiatives are tailored to local needs and conditions.

However, challenges remain for the village funds initiative. Issues such as limited human resource capacity, insufficient community participation, and the potential for corruption pose significant hurdles. Addressing these challenges is crucial for realizing the full potential of the village funds. This research suggests that by adopting the successful elements of the Saemaul Undong, such as leadership dedication and community empowerment, Indonesian villages can enhance their development efforts.

The implications of these findings advocate for a more robust framework that emphasizes transparency, accountability, and community involvement in the management of village funds resources. By doing so, rural communities can not only improve their economic conditions but also contribute to the broader objective of national economic growth and poverty alleviation. Ultimately, the lessons learned from the Saemaul Undong can

serve as a guiding framework for enhancing the effectiveness of rural development programs like the village funds in Indonesia.

RECOMMENDATIONS

This research assumes a similarity in the background and values of the programs in each country, but it has not deeply identified the differences in social, cultural, political, and economic contexts that could influence the success of the programs. Furthermore, this study has not discussed the differences in the capacity of village officials, community characteristics, and geographical contexts. Therefore, future research could develop instruments to measure indicators of the success values of Saemaul Undong, such as in local economic growth, infrastructure improvement, and measuring the capacity of officials and community characteristics, which can then be facilitated to enhance competencies. More specifically, it aims to investigate the business processes of the Saemaul Undong program in planning, implementation, and project supervision to extract values that can be applied in village funds.

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