

## Co-Learning on Budget Literacy and Expenditure Tracking of the Village Development Program

Rahmad Hidayat, Tauhid, Muhammad Sauki

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### **Correspondence Author**

Administrative Science of  
STISIP Mbojo, Bima  
Email: rahidsmart@gmail.com

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**Abstract.** At the village level, not all residents have knowledge of the content of budget documents as well as minimal attention and awareness to influence the budgeting process that takes place in their area. Based on these problems, this activity is oriented towards increasing budget literacy and the ability to trace expenditures for village development programs to certain community groups. Partners are trained in a targeted manner so that they can map the weaknesses and strengths of the village budgeting posture as seen in the current year's APBDesa document, both in its structure, format, and allocation as a basis for advocating for their priority needs to the Village Government and BPD so that they can be accommodated in the village planning-budgeting document in future. This activity has been implemented on February 21, 2021, at 08.00-11.00 PM in the Office Hall of Rabakodo Village, Woha District, Bima Regency, West Nusa Tenggara Province by involving twenty-five people from the vulnerable group which consisted of housewives, poor people, and young villagers. Pedagogical approaches used to teach budget literacy and expenditure tracing were the combination of direct instruction with enquiry-based learning, values clarification exercises, and participatory learning. This intervention was effective to increase the participants' knowledge and insight into the participatory budgeting process. Nevertheless, their attention and awareness to participating in the formulation of the village budget and monitoring its spending need to be forged further through several similar facilitations.



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## INTRODUCTION

Law No. 6/2014 on Village was issued to serve as a guide to performing actions and a precept to compassing the relationship between the Village Government and citizens in the management of the development process. This regulation also requires power holders in the village to be more responsive to the aspirations of all elements of the

community, especially the vulnerable group, as well as be transparent and accountable in managing all development programs. Public accountability of the village government is expected to be created simultaneously with the opening of wider opportunities for residents to participate in the village planning-budgeting cycle because citizen participation can motivate government accountability by giving some inputs that allow the government

to connect with and respond to the needs and preferences of citizens. Citizen participation also breaks down the attitudes of distrust of government that have become prominent (Shah & Shen, 2007). As citizens provide real-time and accurate information, they participate and coproduce information for their governments as partners (Thomas, 2012).

This regulation sets a guide to realize a professional, efficient, effective, open, and accountable government. On the community side, this law aims to encourage community initiatives, movements and participation to develop village potentials as well as assets to realize shared prosperity. Both of these objectives require the preconditions for a dynamic relationship between responsive government and active community (Hidayat, Hendra, & Iptidaiyah, 2019). An important indicator of the responsiveness of the Village Government and Village Consultative Body (*Badan Permusyawaratan Desa/BPD*) to the priority needs of the residents always leads to whether or not these needs are accommodated in village planning-budgeting documents in the form of the *RPJMDesa*, *RKPDesa*, and *APBDesa*.

In other words, the aspirations of the residents are formulated by the Village Government as an inseparable part of other development agendas, especially those placed in the domain of community development and community empowerment. Not limited to this domain, the Village Government is also willing to allocate many funds in the budgeting document for the realization of the fulfilment of the basic interests of other important elements in the village. Government should be both responsive and efficient and ensuring effective government was the duty of both elected officials and citizens (Cleveland, as cited in Ebdon & Franklin, 2006: 437). The government must want to seek participation as much as the participants want to give it, and citizens are less likely to participate if the political environment is not positive and accepting of input (Miller & Evers, 2002).

At all levels of government, public accountability cannot be taken for granted, and it must be earned by an accountable, transparent, controllable and responding government. Without accountability, there is

space for abuse of power, corruption and totalitarianism (Loozekoot & Dijkstra, 2017: 807). Open and effective governance cannot be realized while a disconnect remains between an extreme focus on the supply-side aspects of government budget information—accessibility, timeliness, and comprehensiveness—and the capacity of citizens to meaningfully analyze their government's budget data and contribute to the budget process (Masud et al., 2017: 7). Transparency is the essential requirement for the accountability of the public organization. It can be defined as the availability and accessibility of relevant information about the functioning of the polity. There are two essential components for the development of transparency. These components include (1) the availability of the public information, which is related to the issue of contents; and (2) the accessibility of the public information, related to the issue of methods or procedures in obtaining the contents that are relevant to the public interest. The accessibility of public information requires adequate capabilities of the public to find, comprehend and use the information that they need—in other words, it requires a certain degree of public information literacy (Gerring & Thacker, 2004).

In particular, the issue of citizen participation in the development budgeting stage is termed participatory budgeting. This concept emphasizes the important roles of citizens in the budget process because it is necessary for the government to ascertain the wants, needs, and desires of the polis in a democracy to accurately represent them (Franklin, Ho, & Ebdon, 2009), and it is a year-long decision-making process in which citizens negotiates among themselves and with government officials in organized meetings over the allocation of new capital investment spending on projects, such as health care clinics, schools, and street paving (Baiocchi, 2013). Citizen participation in the budget process specifically has been seen as a way to “educate participants on the budget, enhance two-way communication, inform decision making, gain support for budget proposals, create a sense of community, and enhance trust” (Franklin, Ho, & Ebdon, 2009).

A budget is a vital document that lays out a government's economic priorities in

terms of policies and programs. Throughout the budget cycle—formulation, approval, execution, and oversight—the government allocates and uses public funds; budgets present these allocations and expenditures. A budget allows citizens to gain an appreciation of the competing fiscal priorities and constraints faced by their government, and the budget cycle allows them to provide input on public budget priorities, implementation, and outcomes (Masud et al., 2017: 2). And there are three main rationales for engaging citizens in the budget process: (1) Citizens will better understand resource allocation decisions, (2) public officials learn citizens' preferences, and (3) citizens review public officials' accountability (Franklin & Ebdon, 2007).

Citizen input matters most at the beginning and the ending stages of the budget process. The results show that citizen input during the overall budget process is positively associated with greater organizational effectiveness, yet the effect is predominantly driven by the processes at these two stages. Particularly, citizen input collected during the information sharing and program assessment stages has a greater positive impact on agency outcomes than the input collected at the budget discussion or budget decision stages. This means that involving citizens when setting the budget priorities might help agencies better match the preferences of their constituency. Citizens might be useful not only as consultants at the early stages but also as judges when assessing the agencies' results. Such findings demonstrate that the timing of citizen input in the budget process does affect an agency's effectiveness (Guo & Neshkova, 2012: 332).

Although budgets are often seen as technical documents that are best handled by officials and administrators, public involvement in the budgeting process is increasingly seen as a critical way to help a community understand the possibilities and constraints of local governance (Nylen, 2013). Under the right circumstances and design, concerned and knowledgeable citizens can influence the budget process. Citizen participation has the potential to change the inefficient, command-and-control culture of government. A shift in focus toward a participatory structure that engages and empowers citizens may also lead to greater

efficacy in the provision of government services (Clark & Guzman, 2017: 949).

Common problems associated with participation in the budgeting and financial management process that limit citizen access and hinder a citizen orientation include (1) citizens are generally not empowered to participate, even when participatory mechanisms are provided. Citizens are commonly poorly informed about how the process works, what the public meeting agendas are, and what budgets involve; (2) participatory mechanisms tend to be structurally flawed. Mechanisms such as public meetings, the most regularly used mechanism, are commonly poorly advertised, irregularly held, and managed in such a way as to limit civic input. They are also held as events separate from the formal budgeting process, only introduced as an add-on or related event, rather than an intrinsic part of the process; (3) the products of participation are generally difficult to identify and are commonly ignored by budgeters and financial managers; and (4) even where citizens are involved in developing budget proposals in the first two stages, the lack of citizen access or influence in the other three stages fatally limits the value of their contributions. There is no way to ensure that participatory products are taken seriously in budget decisions, implementation and monitoring, and evaluation (Andrews & Shah, 2005: 186-187).

At the village level, not all residents have knowledge of the content of budget documents as well as minimal attention and awareness to influence the budgeting process that takes place in their area. Based on this problem, this community service program is oriented towards increasing budget literacy and the ability to trace expenditures for village development programs. Budget literacy, defined as the ability to read, decipher, and understand public budgets to enable and enhance meaningful citizen participation in the budget process, involves a technical understanding of public budgets and the ability for youth to engage in the budget process. It has two main components: (1) a technical understanding of public budgets, including familiarity with government spending, tax rates, and public debt; and (2) the ability to engage in the budget process, including having practical knowledge of daily issues such as tax filings and access to social

benefits as well as an elementary understanding of the economic, social, and political implications of budget policies, the stakeholders involved, and when and how to provide input during the annual budget cycle (Masud et al., 2017).

Budget literacy reflects the competencies necessary for the management of the personal or family budget (e.g. the ability to make a budget, to specify the financial objectives and to decide about the allocation of the financial sources) and includes the ability to manage a variety of life situations from a financial point of view. Budget literacy includes two specialized components: administration of financial assets (e.g. deposits, investments and insurance) and administration of financial liabilities (loans or leasing) [Klinsky, 2009; as cited in Tomaskova, Mohelska, & Nemkova, 2011: 366].

In line with the conceptual formulation of Masud et al. (2017), budget-literacy learning which is managed through this community service program seeks to realize several substantive outcomes. These outcomes include (1) enhanced knowledge of public budgets, such as government revenues and expenditures, fiscal policy, practical skills for daily living, economic competence, and civic awareness; (2) improved competency in written, verbal, analytical, and numerical skills, among others; and (3) development of values and attitudes, such as thinking proactively about economic phenomena and participating as informed persons in the discussion of economic issues and decision making.

## METHOD

This community service program seeks to encourage certain community groups to have the ability to map the advantages and disadvantages of village budgeting postures as seen in the current year's *APBDesa* document, in terms of structure, format, and allocation as material for advocating for their priority needs so that the Village Government and the *BPD* are willing to accommodate it in the village planning-budgeting document for the coming year. Increased awareness of citizens about the format, structure, and allocation of village expenditures in the current year's budgeting

document (the *APBDesa*), which is supported by the ability to formulate the ideal posture of the next year's village budgeting document characterized by the accommodation of their priority needs by the Village Government and *BPD* as the core outputs that are expected to be created through activities this. On that basis, pedagogical approaches used to teach budget literacy were the combination of direct instruction with enquiry-based learning, values clarification exercises, and participatory learning. This program has been implemented on February 21, 2021, at 08.00-11.00 PM in the Office Hall of Rabakodo Village, Woha District, Bima Regency, West Nusa Tenggara Province, involving twenty-five people from the vulnerable group element which consisted of housewives, poor people, and young villagers.

## RESULTS AND DISCUSSION

The preparation of a development plan that can accommodate all groups of citizens is not an easy thing. The village experience for 32 years was regulated by Law No. 5/1979 on Village Administration, which did not provide much flexibility for both residents and the village government to determine their destiny, requires a long process to change the village development planning and budgeting, as mandated by Law No. 6/2014 on Village that must involve residents. Involvement of residents also requires a process of experience, learning from the implementation of village deliberations which still very rarely involve groups of people with disabilities, the poor and women. The involvement of marginalized groups is very important, especially regarding the fulfilment of basic needs.

This rarely involved group, when they enter and attend village deliberations, may not necessarily be able to voice their interests. Like a running competition, the starting line between groups that are usually invited and active in the village and this group is different. There is a need for affirmations (special acceleration) to get their voices to the village government and get a response by being included in the village planning and budgeting documentation. For example, some groups bridge the voices of groups of people with disabilities, women and the poor. For groups

who are accustomed to speaking up in the village to be able to convey the needs of this group that is often not heard, then this group of people with disabilities, women and the poor need to draw up a collective agreement to determine what special needs will be conveyed to groups capable of voicing proposals to the village. The proposal relates to activities and budget requirements.

Beginning his presentation, the facilitator stated that village budgeting is the process of preparing financial plans for one fiscal year, starting from January 1 to December 31, which is guided by the village development planning document. The final result of this process is the issuance of a Village Regulation on the *APBDesa*. Meanwhile, village finances are all village rights and obligations that can be valued in money and everything in the form of money and goods related to the implementation and obligations of the village. The Permendagri No. 113/2014 on Village Financial Management states that village finances within one fiscal year must be managed in a transparent, accountable, participatory manner, and conducted in an orderly and budgetary discipline.

The *APBDesa* is the embodiment of village planning commitments, which can be seen from the quantity of rupiah allocated in the document as a basis for determining budget allocations for expenditures for the needs of government administration, development implementation, community development, and village community empowerment. The *APBDesa* must be distributed proportionally for all areas of village development management, including for vulnerable groups such as women, persons with disabilities, and the poor so that they get an adequate budget. The community can control the use of village funds for the fulfilment of citizens' rights based on the results of a comparison between the content of the Village Budget document and the level and scope of realization of budget spending by the Village Government. The *APBDesa* can be read by asking two important things. These aspects include (1) to whom does the Village Government take sides? Referring to the type of activity and its budget allocation, participants can find out whether the program favours the substantive needs of the vulnerable group or not based on the

percentage of funds obtained; and (2) what programs are village priorities that must be funded by the *APBDesa*? From reading the types of village programs, it can be seen that the priority of the village is more in what areas of authority. If the Village Government disburses a large budget for infrastructure rather than community empowerment and development, it can be ascertained that the Village Government prioritizes physical facilities over human development.

The facilitators explained in more detail the technique of reading the budget through observing aspects of (a) consistency: seeing the suitability and linkage between the *APBDesa* as a budgeting document and the *RKPDesa* and *RPJMDesa* as planning documents; and (b) commitment: measuring budgetary alignments for Vulnerable groups in the village based on the location dimension (make sure the location of the activity implementation is not collected into one point in a fair distribution to all areas in the village, especially areas that are far from access to basic services, especially education and In addition, ensure that the beneficiaries are in accordance with the program targets), the dimensions of allocation (make sure there is adequate allocation for the implementation of certain programs or activities, especially for marginalized groups such as women, persons with disabilities, and the poor), as well as the dimensions of method of delivering the program (make sure the program or activity really touches the target subjects and benefits them).

Moreover, there are some strategies that the village government can take to achieve social inclusion in the management of village development, namely (1) opening up wide participation spaces for vulnerable groups in the village as a form of affirmation for the interests of women, persons with disabilities, and the poor; (2) prepare supporting facilities for vulnerable groups; (3) responsive and open to suggestions from people from vulnerable groups; (4) prepare a friendly planning-budgeting forum for vulnerable groups; and (5) using various media of information and publications that can be accessed by vulnerable groups. Social inclusion and accountability in the village planning-budgeting process are characterized by (a) access: affordability of information and data sources to be obtained; (b) participation:



community involvement in village planning-budgeting deliberations; (c) control, supervision, inspection, or control: the ability of residents to participate in controlling the process of discussing village planning and budgeting materials; and (d) benefits: how the

budget can provide benefits to citizens through several available development programs.



Figure 1. The Co-Learning Process

The facilitator's explanation continued on the topic of expenditure tracking, namely the activity of tracking expenditures in the budget implementation stage to ensure that the *APBDesa* has been spent in line with the planning documents so that it provides benefits for program targets, especially vulnerable groups. Expenditure tracking activities have an important meaning to (i) encourage optimal benefits from development programs or activities, especially for vulnerable groups; (ii) prevent corruption and nepotism, and (iii) encourage social inclusion and accountability in the village. Shopping search can use work tools as presented in table 2 (*attachment 2*). Furthermore, the facilitator guides the participants to jointly fill in the working tool table for budget scrutiny and expenditure tracking based on the village context and their respective observations, conduct a simple analysis of the findings

obtained and their conclusions, give appreciation for activities that have been conducted well, and develop a plan. a follow-up to next year's planning advocacy.

## CONCLUSION AND SUGGESTION

Law No. 6/2014 on Village is a regulation that accommodates the interests of the community. The spirit it contains is to encourage democratization in decision making, village independence, and the consolidation of village development. The Village Law upholds the recognition principle, which means acknowledging the socio-cultural diversity in Indonesia. This principle also means recognizing the existence of various vulnerable entities such as ethnic and religious-based minorities, subaltern groups, and indigenous peoples. The regulation also presents the principle of

subsidiarity in which the village has the right to determine its future according to a series of formal authorities in managing village development. In other words, the Village now has the freedom to determine its policies as a consequence of the issuance of the Village Law.

Village budgets must be managed and utilized as well as possible for the welfare of the community. Therefore, the Village Government must manage and distribute finances and village assets to residents. The budgeting process must be transparent and accountable: the process is open and accountable under statutory provisions. Village level government institutions are obliged to report, explain, and account for all their actions to the community. Citizens' insight about the budgeting process must be forged so that they have the attention and awareness of participating in the formulation of the village budget and monitoring its spending in the form of development programs. This joint learning about budget literacy and tracking of village development program expenditures was conducted to realize this noble orientation.

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