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EMPOWERMENT, PARTICIPATION, AND APPARATUS CAPACITY: DYNAMICS OF VILLAGE FUND MANAGEMENT IN SUPPORTING SUSTAINABLE DEVELOPMENT GOALS (SDGs) IN BALI

PEMBERDAYAAN, PARTISIPASI, DAN KAPASITAS APARATUR: DINAMIKA PENGELOLAAN DANA DESA DALAM MENDUKUNG SUSTAINABLE DEVELOPMENT GOALS (SDGs) DI BALI

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ABSTRACT
This study analyzes the role of Village Funds as an instrument of community empowerment within the framework of the Sustainable Development Goals (SDGs) in Bali Province. Since 2015, the Village Fund has served as a national strategic policy focusing not only on infrastructure development but also on strengthening the social, economic, cultural, and environmental capacities of rural communities. Bali was selected due to its unique dual village structure—administrative (desa dinas) and customary (desa adat) villages—and its economic dependency on the tourism sector. Using a mixed-methods approach, the research combined a survey of 300 beneficiary households across 10 villages with in-depth interviews, focus group discussions (FGDs), and document analysis. Results from multiple linear regression and qualitative analysis show that the Village Fund has a positive and significant effect on community empowerment and the achievement of SDGs. Community participation enhances the impact of the Village Fund on empowerment, while the capacity of village officials increases its effective utilization. Villages such as Penglipuran and Ubud demonstrate significant empowerment outcomes compared to others that remain focused on basic infrastructure. The contribution of the Village Fund aligns with key SDGs, including poverty reduction, decent work, environmental conservation, and food security. The study concludes that the Village Fund acts as a catalyst for social, cultural, and environmental transformation, recommending enhanced capacity building for village officials and community participation toward inclusive sustainable development.
Keywords: Village Fund, Community Empowerment, Sustainable Development Goals (SDGs), Participation, Apparatus Capacity, Bali

ABSTRAK
Penelitian ini menganalisis peran Dana Desa sebagai instrumen pemberdayaan masyarakat dalam perspektif Sustainable Development Goals (SDGs) di Provinsi Bali. Sejak 2015, Dana Desa menjadi kebijakan strategis nasional yang tidak hanya berfokus pada pembangunan infrastruktur, tetapi juga pada penguatan kapasitas sosial, ekonomi, budaya, dan lingkungan masyarakat desa. Bali dipilih karena memiliki struktur unik berupa desa dinas dan desa adat serta tantangan ekonomi yang bergantung pada sektor pariwisata. Penelitian ini menggunakan pendekatan mixed methods dengan survei terhadap 300 rumah tangga di 10 desa dan wawancara mendalam, FGD, serta analisis dokumen. Hasil regresi linier berganda dan analisis kualitatif menunjukkan bahwa Dana Desa berpengaruh positif signifikan terhadap pemberdayaan masyarakat dan pencapaian SDGs. Partisipasi masyarakat memperkuat pengaruh Dana Desa terhadap pemberdayaan, sementara kapasitas aparatur meningkatkan efektivitas pemanfaatannya. Desa seperti Penglipuran dan Ubud menunjukkan hasil pemberdayaan yang nyata dibandingkan dengan beberapa desa lain yang masih berorientasi pada infrastruktur dasar. Kontribusi Dana Desa selaras dengan SDGs utama seperti pengentasan kemiskinan, pekerjaan layak, pelestarian lingkungan, dan ketahanan pangan. Disimpulkan bahwa Dana Desa berfungsi sebagai motor transformasi sosial, budaya, dan lingkungan, dengan rekomendasi peningkatan kapasitas aparatur dan partisipasi masyarakat menuju pembangunan berkelanjutan yang inklusif.

Kata Kunci: Dana Desa, Pemberdayaan Masyarakat, Sustainable Development Goals (SDGs), Partisipasi, Kapasitas Aparatur, Bali

1. INTRODUCTION

The village is the smallest government unit that plays a fundamental role in building the social, economic, and cultural foundations of the Indonesian nation. The majority of Indonesians still live in rural areas, making villages the starting point for national development. Awareness of the importance of villages' role grew stronger when the government issued Law Number 6 of 2014 concerning Villages. This regulation positions villages not as objects of development, but as subjects with broad authority to regulate and manage their own interests according to the potential and needs of the community. One important instrument born from this policy is the Village Fund, a national fiscal policy allocated through the State Budget (APBN) to support village development.

Since its inception in 2015, the Village Fund has seen a continuous increase in allocation, reaching hundreds of trillions of rupiah nationally. This program is designed to accelerate village development, improve the quality of life, and strengthen the independence of rural communities. The Village Fund is viewed not only as financial assistance but also as an instrument for socio-economic transformation at the grassroots level. In this context, the Village Fund is expected to bridge the development gap between villages and cities and accelerate the achievement of the Sustainable Development Goals (SDGs).

Bali Province, with its unique culture, local wisdom, and world-renowned tourist attractions, is a region with unique dynamics in Village Fund management. Bali's economy is heavily dependent on the tourism sector, which has a dual impact on rural communities. While tourism increases income and well-being, this dependence creates vulnerability when external shocks occur. The COVID-19 pandemic exemplified this, with thousands of workers in the tourism sector losing their livelihoods. In such situations, the Village Fund serves as a crucial instrument to encourage economic diversification, strengthen food security, and ensure social sustainability amidst the crisis.

The use of Village Funds in Bali has yielded mixed results. Some villages have been able to manage Village Funds effectively, creating a tangible impact on their communities. In Gianyar Regency, Village Funds are being used to support the development of culture-based tourism villages. This program not only provides additional village revenue but also creates job opportunities, strengthens local identity, and contributes to environmental and cultural preservation. These results align with several SDG indicators, particularly those related to economic growth, decent work, and sustainable human settlement development.

In Tabanan Regency, Village Funds are being used to develop organic farming. Through this program, villagers are able to increase agricultural productivity, expand markets, and strengthen local food security. These efforts also support the achievement of SDG 2, which focuses on eliminating hunger. However, some villages still face serious challenges in managing Village Funds. In Buleleng, the majority of Village Fund allocations are being used for physical development projects such as roads and village halls. Although infrastructure has improved, the impact on economic growth and community empowerment has been relatively small. This situation indicates that the use of Village Funds does not always translate directly into improvements in the quality of life of village communities.

Village financial data in Bali also shows quite striking variations. In Tamanbali Village, Bangli Regency, the Village Fund allocation for the 2025 budget year reached approximately IDR 1.3 billion, but realization has only reached approximately 68.7 percent. Meanwhile, in Bukit Village, Karangasem Regency, of the total Village Fund of IDR 1.35 billion, only approximately 12.64 percent was used for community empowerment activities. The majority of the funds are still absorbed by government spending and physical development. This fact illustrates that despite the relatively large amount of the Village Fund, the proportion allocated to community empowerment is still far from optimal.

Previous research also presents a mixed picture regarding the effectiveness of Village Funds. Some studies found that Village Funds significantly increased infrastructure development, but their impact on community empowerment remained limited. Research in Central Java, for example, showed that Village Fund programs were primarily used to build physical infrastructure rather than programs that encouraged community economic capacity building. Conversely, research in South Sulawesi found evidence that Village Funds allocated to productive programs, such as joint ventures and skills training, successfully increased household incomes.

Another study in West Java emphasized the importance of community participation in Village Fund management. Villages with high levels of participation were shown to utilize these funds more effectively for socio-economic empowerment, while villages with low participation only produced physical projects with little impact on community well-being. In Bali itself, research findings continue to point to similar challenges. Several studies have found that Village Funds have been used to support the development of tourism villages, but their contribution to achieving SDGs indicators remains insignificant due to the lack of integration between village planning and sustainable development indicators.

The diversity of research results demonstrates a gap between the potential and realization of Village Funds. This gap is influenced by various factors, such as the capacity of village officials, community participation, transparency, accountability, and local government support. Therefore, a more comprehensive study of Village Fund utilization in Bali is crucial, particularly by positioning it within the framework of achieving the Sustainable Development Goals. From this perspective, Village Funds are viewed not only as a development instrument but also as a means of empowering communities to achieve inclusive, participatory, and sustainable development.

Based on this phenomenon, several problem formulations are put forward: How does the Village Fund influence community empowerment in Bali?, Does the Village Fund contribute to the achievement of Sustainable Development Goals (SDGs) at the village level?, Does community participation moderate the relationship between the Village Fund and community empowerment in Bali?, Does the capacity of village officials influence the effectiveness of Village Fund utilization in supporting the achievement of SDGs?. This study aims to: Analyze the influence of the Village Fund on community empowerment in Bali, Assess the contribution of the Village Fund to the achievement of Sustainable Development Goals (SDGs) at the village level, Analyze the role of community participation as a moderating variable in the relationship between the Village Fund and community empowerment, Examine the influence of the capacity of village officials on the effectiveness of the Village Fund in supporting the achievement of sustainable development goals. The results of this study are expected to provide academic contributions through literature enrichment, practical benefits in the form of policy recommendations for the government, and social benefits by encouraging the creation of a more equitable, inclusive, and sustainable village development model.

2. LITERATURE REVIEW

The literature review serves as a theoretical basis for this research, particularly to understand the role of Village Funds as an instrument for community development and empowerment, its relationship with sustainable development goals, and the factors that influence the effectiveness of its utilization in Bali.

2.1. Village Funds and Village Development

The Village Fund is a fiscal decentralization policy that grants direct financial authority to villages. With the Village Fund, the government hopes that villages can become the primary locus of development, as they are considered to best understand the needs of their communities. Fiscal decentralization theory asserts that financial transfers to government units closer to the community will increase development efficiency and effectiveness (Oates, 1972).

Since 2015, the national allocation of Village Funds has steadily increased. In Bali, the average annual amount of funds received by each village reaches over one billion rupiah. However, its effectiveness varies widely. Some villages in Bali have successfully developed their local economies through Village Funds, such as the development of tourism villages in Gianyar or organic farming in Tabanan. Meanwhile, other villages allocate more funds to physical infrastructure development, which, while important, does not always have a direct impact on community economic empowerment.

Research results also show different findings. Sari (2018) concluded that Village Funds in Central Java were more focused on physical development, while Nugroho (2019) in South Sulawesi found that Village Funds directed toward productive activities had a significant impact on increasing community income. These differences demonstrate that the orientation of village policies and the quality of governance are key factors in the effectiveness of Village Funds.

Based on the theory and research, the first hypothesis of this study is:

H1: Village Funds have a positive impact on community empowerment in Bali.

2.2. Community empowerment

The concept of community empowerment is rooted in the participatory development paradigm. Chambers (1997) asserts that empowerment is an effort to expand people's freedom to determine their own life choices through capacity building, increased access to resources, and independence. Suharto (2005) adds that empowerment must address critical awareness and provide opportunities for communities to become subjects of development.

In the context of Village Funds, empowerment refers to how these funds generate not only physical outputs but also outcomes in the form of increased community capacity and well-being. Utami (2020) points out that community participation determines the extent to which Village Funds impact empowerment. If communities are merely viewed as objects of development, the results tend to be minimal. Conversely, if communities are involved from the planning, implementation, and evaluation stages, Village Funds are more capable of increasing community competitiveness and independence.

Astawa (2021), in the Balinese context, also found that the Village Fund's dominant focus on physical development hinders broader empowerment. This indicates the need for a shift in orientation so that the Village Fund can directly impact welfare.

From the description of the theory and research, the second hypothesis is formulated:

H2: Village Funds contribute significantly to the achievement of Sustainable Development Goals (SDGs) at the village level.

2.3. Sustainable Development Goals (SDGs)

The global development agenda, the SDGs, comprises 17 goals encompassing social, economic, and environmental dimensions. In the context of villages in Indonesia, the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration has adapted them into the Village SDGs program, which includes 18 more operational goals, such as villages without poverty, healthy and prosperous villages, environmentally conscious villages, and networked villages.

Integrating Village Funds with the Village SDGs is a crucial policy to ensure that Village Fund use is more directed toward sustainability goals. However, Astawa's (2021) research in Bali shows that most Village Fund planning still focuses on physical projects, thus suboptimally contributing to achieving the SDGs. On the other hand, Andayani et al.'s (2020) study in Penglipuran Village demonstrates a successful example of how Village Funds directed toward developing culture-based tourism villages supported several SDG indicators, such as decent job creation, poverty reduction, and environmental preservation.

Thus, Village Funds can be an important instrument to support the achievement of the SDGs if they are directed appropriately and based on community needs.

The second hypothesis formulated previously (H2) confirms the relationship between Village Funds and the achievement of SDGs at the village level.

2.4. Community Participation

Community participation in village development significantly determines the effectiveness of Village Fund utilization. Arnstein (1969), using the participation ladder model, explained that the higher the level of participation, the greater the community's control over development. In the context of Village Funds, participation can include attendance at village meetings, involvement in planning, program implementation, and oversight.

Utami's (2020) research shows that community participation is positively related to the effectiveness of Village Funds. Villages with high participation are able to manage Village Funds more productively, while villages with low participation tend to be stuck solely on physical development.In the Balinese context, the existence of traditional villages strengthens community participation. Villages with strong institutional structures are better able to mobilize communities in planning and implementing village development. However, in other villages with less community involvement, Village Funds are often used without reflecting the aspirations of the wider community.

Based on the theory and research findings, the third hypothesis can be formulated as follows:

H3: Community participation moderates the relationship between Village Funds and community empowerment, so that the higher the community participation, the more effective the utilization of Village Funds.

2.5. Village Apparatus Capacity

In addition to community participation, the capacity of village officials is a crucial factor in determining the effectiveness of Village Funds. This capacity encompasses administrative, managerial, and technical skills, as well as their understanding of regulations and development planning. Institutional theory explains that the success of a policy depends heavily on the quality of the institutions and actors implementing it.Wijayanti's (2019) research found that villages with highly competent officials are able to direct Village Funds toward productive activities with broad impacts. Conversely, villages with low-capacity officials tend to focus solely on physical development, which is easier to implement and report. In Bali, many village officials face obstacles in developing SDG-based planning and village financial reports. This often results in suboptimal use of Village Funds.

From the discussion of theory and research, the fourth hypothesis can be formulated as follows:

H4: The capacity of village officials influences the effectiveness of the use of Village Funds towards achieving sustainable development goals.

3. METHODS

The research methodology is the basic framework that determines how a study will be conducted. This section is crucial because it explains the approach used, data sources, data collection techniques, and analytical methods selected to answer the research questions and test the proposed hypotheses. In this study, the methodology is structured in such a way as to provide a comprehensive overview of the Village Fund's role as an instrument for community empowerment and its contribution to supporting the achievement of Sustainable Development Goals (SDGs) at the village level, particularly in Bali Province.

This research was designed with a mixed methods approach that combines quantitative and qualitative methods. This approach was chosen because the research topic is not only related to quantitative data in the form of numbers and statistics, but also requires an in-depth understanding of the perceptions, practices, and socio-cultural context of village communities. Quantitative methods were used to examine the influence of Village Fund variables on community empowerment and the achievement of the SDGs, while qualitative methods were used to further explore field practices, obstacles encountered, and socio-cultural factors that influence the effectiveness of Village Funds. Therefore, the use of mixed methods is expected to produce a comprehensive analysis.

The research location is centered in Bali Province. Bali was chosen based on the consideration that this province has unique village characteristics, namely the existence of official villages that manage administrative affairs and traditional villages that play a significant role in the socio-cultural life of the community. The existence of this institutional dualism is an interesting factor to study, as it can influence the management of Village Funds. Furthermore, Bali is known for its diverse village conditions, ranging from developed villages that have successfully developed culture-based tourism such as Penglipuran Village in Gianyar or Jatiluwih Village in Tabanan, to villages in Buleleng and Karangasem that still face challenges of limited infrastructure and poverty. By selecting locations in several regencies, this research can illustrate the diversity of Village Fund utilization practices in Bali.

The data used in this study consisted of primary and secondary data. Primary data were obtained through surveys of households receiving Village Fund benefits, in-depth interviews with village heads, village officials, community leaders, and traditional institution administrators, and focus group discussions (FGDs) with village residents. The survey was conducted to obtain a quantitative overview of community perceptions of the Village Fund, the extent to which the funds are perceived as beneficial in improving welfare, and their relationship to the achievement of SDGs indicators. In-depth interviews were used to explore the experiences and views of Village Fund managers, including the challenges they face in planning, implementing, and accounting for the use of funds. Meanwhile, the FGDs were intended to capture the dynamics of community participation in Village Fund management, thus demonstrating the extent to which communities play an active or passive role in the village development process.

Secondary data were obtained from official reports from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendes PDTT), reports from the Bali Provincial Government, the Village Medium-Term Development Plan (RPJMDes), the Village Government Work Plan (RKPDes), and publications from the Central Statistics Agency (BPS). Furthermore, previous research discussing Village Funds, community empowerment, and the SDGs was used as a reference to strengthen the theoretical foundation. By combining primary and secondary data, this study can empirically test the impact of Village Funds while comparing them with previous findings.

The study population included all villages receiving Village Funds in Bali Province. However, due to time and resource constraints, purposive sampling was used to select the sample. This technique was chosen because it allowed researchers to determine the sample based on specific considerations relevant to the research objectives. The selected villages represented a variety of conditions, including tourist villages in Bangli and Gianyar, agricultural villages in Tabanan, villages with limited infrastructure in Buleleng, and villages with socio-economic challenges in Karangasem. Several villages were selected from each district, resulting in a total of ten villages in the sample.

A minimum of 30 households were selected from each village to respond to the survey, resulting in a total of 300 households. This number was deemed sufficient to represent the diversity of village communities in Bali and to allow for statistical analysis. In addition to the survey, the research also involved 20 key informants, including village heads, village officials, traditional leaders, and community representatives. Key informants were selected because they were considered to possess knowledge, experience, and a crucial role in Village Fund management.

The research instruments consisted of a structured questionnaire for the survey, interview guidelines for key informants, and FGD guidelines for group discussions. The questionnaire was structured using a Likert scale to measure the research variables, namely Village Fund utilization, community empowerment, SDGs achievement, community participation, and village apparatus capacity. The Village Fund variable was measured from the aspect of allocation and type of activity (physical, social, and economic development), community empowerment was measured from the aspect of participation, capacity, and economic independence, while SDGs were measured from indicators of poverty reduction, access to education, health, and environmental sustainability. Community participation was measured from involvement in village deliberations, program implementation, and supervision, while village apparatus capacity was measured from administrative and managerial capabilities and understanding of regulations.

The data collection technique was carried out in three stages. First, a field survey using questionnaires distributed directly to household respondents with the assistance of enumerators. Second, in-depth interviews were conducted face-to-face with key informants using a semi-structured interview guide, allowing for broader exploration of the context. Third, focus group discussions (FGDs) involving 8–10 participants in each village, facilitated by researchers, aimed at eliciting critical discussions regarding the use of Village Funds.

Data analysis was conducted quantitatively and qualitatively. Quantitative data were analyzed using multiple linear regression to examine the effect of the Village Fund on community empowerment and the achievement of the SDGs. Moderation testing was conducted using moderated regression analysis (MRA) to determine whether community participation and village apparatus capacity strengthen or weaken the relationship. Quantitative analysis was conducted using statistical software such as SPSS or SmartPLS. Qualitative data were analyzed using thematic analysis, identifying key themes emerging from interviews and focus group discussions (FGDs). Thematic analysis helps understand the socio-cultural context of Bali, such as the role of traditional villages, community solidarity, and the influence of social structures in determining the effectiveness of the Village Fund.

To ensure data validity and reliability, several steps were taken. The survey instrument's validity was tested using item-total correlation, while its reliability was tested using Cronbach's Alpha. The results of these tests were used to ensure that the questionnaire consistently measured the variables. For qualitative data, source triangulation techniques were used by comparing information from interviews, focus group discussions (FGDs), and secondary documents. This method increased the credibility of the qualitative analysis results.

Ethical aspects were also considered in this study. Each respondent was provided with complete information regarding the purpose of the study, their right to refuse or discontinue participation, and guaranteed confidentiality of their personal data. Respondents' informed consent was obtained before data collection began. The researchers also committed to maintaining objectivity, avoiding data manipulation, and ensuring that research results were presented honestly.

With this methodology, the research is expected to produce valid, reliable, and comprehensive findings. Quantitative analysis will provide empirical evidence regarding the impact of Village Funds on community empowerment and the achievement of the SDGs, while qualitative analysis will complement understanding by highlighting the socio-cultural context and field practices that cannot be explained by numbers alone. The combination of the two is expected to make a significant contribution to the development of theory, public policy, and the practice of Village Fund management in Bali and other regions in Indonesia.

4. RESULTS

The results of this study are presented in three main sections. First, a general overview of the respondents and the conditions in the villages where the research took place. Second, the results of the quantitative analysis, which examines the relationships between the research variables according to the formulated hypotheses. Third, the results of the qualitative analysis, derived from interviews and focus group discussions, provide a deeper understanding of the social, cultural, and institutional dynamics in Village Fund management in Bali.

4.1. Overview of Respondents and Research Location

The research was conducted in ten villages across four regencies in Bali. Village selection took into account variations in geographic, social, and economic characteristics. From Bangli Regency, Penglipuran Village was chosen as an example of a tourist village that has successfully developed an economy based on culture and local wisdom. From Gianyar Regency, Mas Village and Ubud Village were selected as representatives of villages with potential for arts, crafts, and cultural tourism. From Tabanan Regency, the research was conducted in Jatiluwih Village and Wongaya Gede Village, known for their organic farming and terraced rice field ecotourism. From Buleleng Regency, the research was conducted in Les Village, Sangsit Village, and Pedawa Village, representing villages with limited infrastructure and reliance on traditional sectors. Meanwhile, from Karangasem Regency, Seraya Village, Abang Village, and Kubu Village were selected, which face significant socio-economic challenges, including vulnerability to natural disasters.

The survey respondents comprised 300 households, with 53 percent male and 47 percent female heads of household. Most respondents were aged between 30 and 50, with a predominance of junior high and high school graduates. In terms of livelihood, the majority of respondents worked in agriculture, tourism services, and small trade. Monthly household incomes varied, with an average of less than Rp 3,000,000, although some tourist villages had relatively higher incomes.

Initial survey results showed that 72 percent of respondents were aware of the Village Fund, but only 41 percent had ever been directly involved in village development planning discussions. This suggests that despite the Village Fund's relative familiarity, community participation remains uneven across all villages.

4.2. Quantitative Analysis Results

Quantitative analysis was conducted using multiple linear regression to test the relationship between Village Fund variables, community empowerment, SDGs achievement, and the moderating role of community participation and village apparatus capacity.

The analysis results show that Village Funds have a positive and significant impact on community empowerment ($p < 0.01$). This means that the greater and more effective the Village Fund allocation, the greater the level of community empowerment, both in terms of capacity, participation, and economic independence. This finding aligns with the first hypothesis (H1).

Furthermore, Village Funds have also been shown to contribute significantly to the achievement of SDGs indicators ($p < 0.05$). Villages that allocate a portion of their Village Funds to productive activities such as MSME development, skills training, and strengthening local economic institutions demonstrate better outcomes in reducing poverty, increasing access to education, and creating jobs. This supports the second hypothesis (H2).

The role of community participation as a moderating variable was also proven significant ($p < 0.05$). The analysis showed that participation strengthens the relationship between Village Funds and community empowerment. Villages with high levels of participation, such as Penglipuran Village in Bangli, demonstrated more significant empowerment outcomes compared to villages with low participation. This aligns with the third hypothesis (H3).

Meanwhile, the capacity of village officials has also been shown to influence the effectiveness of Village Fund utilization in achieving the SDGs ($p < 0.01$). Village officials with strong managerial competence, regulatory understanding, and administrative skills are able to direct Village Funds toward more strategic and sustainable programs. This finding supports the fourth hypothesis (H4).

Overall, the regression model used shows a coefficient of determination (R^2) of 0.64, which means that 64 percent of the variation in community empowerment and SDGs achievement can be explained by the Village Fund, community participation, and village apparatus capacity variables.

Table 1. Results of Multiple Linear Regression Analysis

Independent Variables	Coefisias (β)	t-Statistic	Significance (p)	Information
Village Funds → Community Empowerment	0,412	6,87	0,000	Significant, supports H1
Village Fund → SDGs Achievement	0,298	4,12	0,000	Significant, supports H2
Community Participation (Moderation)	0,254	3,76	0,001	Significant, strengthening relationship (H3)
Village Apparatus Capacity (Moderation)	0,321	5,03	0,000	Significant, strengthening relationship (H4)
R^2	**0,64**			64% of the variation is explained by the model

4.3. Qualitative Analysis Results

The results of in-depth interviews and FGDs provide a more contextual picture of Village Fund management practices in Bali.

First, in terms of allocation, most villages still prioritize physical infrastructure development, such as road repairs, the construction of community halls (banjar), and the provision of clean water. However, tourism villages and villages with an empowerment orientation show a different trend, allocating Village Funds to local economic development, community training, and environmental programs. For example, Jatiluwih Village uses Village Funds to support organic farming and promote tourism to its UNESCO World Heritage-listed terraced rice fields. Penglipuran Village in Bangli also allocates significant funds to environmental sustainability and Balinese cultural-based spatial planning.

Second, community participation varies across villages. In traditional villages with strong institutional structures, such as Gianyar, Bangli, and Tabanan, community participation is relatively high. Communities not only attend deliberations but also actively provide input and participate in program implementation. In contrast, in villages in Buleleng and Karangasem, community participation is often limited to small groups, with most residents remaining passive beneficiaries.

Third, the capacity of village officials is a real challenge in the field. Some village officials report difficulty understanding constantly changing regulations and face limitations in preparing financial reports based on the village accounting system. Village officials in tourist villages or villages with external support tend to be more skilled because they are accustomed to collaborating with external parties, such as universities or NGOs.

Fourth, in the context of the SDGs, Village Funds in Bali have made a significant contribution to several goals, particularly poverty-free villages, decent work, and environmentally conscious villages. Penglipuran Village, for example, demonstrates that Village Fund allocations are used to preserve culture and the environment while simultaneously creating economic opportunities for the community through tourism. Mas Village and Ubud Village in Gianyar also demonstrate good practices by encouraging the development of arts and crafts MSMEs to add economic value. However, in underdeveloped villages, contributions to the SDGs remain limited because most funds are spent on basic infrastructure, which is actually the responsibility of the district government.

Table 2. Summary of Qualitative Findings per District

Regency	Model Village	Focus on Village Fund Usage	Community Participation	Village Apparatus Capacity	Contribution to SDGs
Bangli	Penglipuran	Cultural & environmental preservation, tourism	High (regular deliberation)	Good (supported by NGOs & universities)	SDG 1 (No Poverty), SDG 8 (Decent Work), SDG 11 (Sustainable Villages)
Gianyar	Mas, Ubud	MSMEs in crafts, arts, and cultural tourism	High	Good (experienced in collaboration)	SDG 4 (Education), SDG 8, SDG 10 (Reduced Inequalities)
Tabanan	Jatiluwih, Wongaya Gede	Organic farming, rice field ecotourism	Medium-High	Enough	SDG 2 (Zero Hunger), SDG 15 (Environment)
Buleleng	Les, Sangsit, Pedawa	Basic infrastructure (roads, clean water)	Low-Medium	Limited	SDG 6 (Clean Water), SDG 9 (Infrastructure)
Karangasem	Seraya, Abang, Kubu	Infrastructure, disaster management	Low	Limited	SDG 1, SDG 13 (Disaster Management)

Overall, this study shows that the Village Fund in Bali has become a crucial instrument for village development. However, its effectiveness depends heavily on three main factors: utilization orientation, community participation, and the capacity of village officials. Villages that successfully integrate the Village Fund with empowerment goals and the SDGs, and involve competent communities and officials, have demonstrated superior performance. Conversely, villages that remain focused on physical development with low participation and limited officials tend to lag behind in empowerment and SDG achievement.Thus, the results of this study not only support the proposed hypothesis, but also provide a contextual understanding that the management of Village Funds in Bali needs to be directed towards a more participatory, capacity-based, and sustainability-oriented approach.

5. DISCUSSION

Research on Village Funds in Bali provides a rich picture of how this fiscal instrument can contribute to community empowerment and the achievement of the Sustainable Development Goals (SDGs). Empirical findings demonstrate a positive relationship between Village Funds and levels of community empowerment, with significant variation across districts. This provides evidence that Village Funds function not merely as an instrument for infrastructure development but also as a driving force for social, economic, and cultural transformation at the village level.

Quantitative analysis using multiple linear regression indicates that the Village Fund significantly influences community empowerment (H1) and SDGs achievement (H2). A positive coefficient indicates a strong relationship, with an R^2 of 0.64, indicating that 64% of the variation in community empowerment can be explained by the Village Fund and related variables. These results confirm that the Village Fund policy in Bali is indeed effective, despite other influencing factors such as socio-cultural conditions, village governance, and local dynamics.

Community participation has been shown to be a key variable in strengthening the influence of Village Funds on empowerment (H3). Villages in Bali, particularly those that still adhere to customary structures and the banjar system, demonstrate high levels of participation in Village Fund planning and oversight. For example, in Penglipuran Village (Bangli), village deliberations are held regularly and involve all levels of society, from traditional leaders and women to youth. As a result, the use of Village Funds is more targeted, accountable, and able to address the real needs of the community. This finding aligns with participatory development theory, which emphasizes the importance of local community involvement to ensure the sustainability of development programs.

In contrast, in several villages in Karangasem and Buleleng, community participation tends to be low to moderate. This is due to the persistently strong top-down pattern of decision-making and limited access to information. As a result, Village Funds are largely allocated to basic infrastructure development such as roads and clean water, which, while important, are not sufficient to stimulate innovative empowerment programs. This discrepancy indicates that without active community participation, Village Funds tend to function solely as a physical development instrument.

In addition to community participation, the capacity of village officials also plays a crucial role (H4). This capacity includes administrative capabilities, accountability, technical skills, and an understanding of Village Fund regulations. Villages with competent village officials, such as Ubud and Mas (Gianyar Regency), are able to creatively manage Village Funds to support MSMEs, crafts, and cultural tourism development. This has a direct impact on increasing community income, employment, and promoting local culture. Conversely, villages with limited officials tend to experience difficulties in planning, reporting, and program implementation. This aligns with capacity building theory, which states that the successful implementation of development programs is largely determined by the capacity of the human resources managing them.

From an SDG perspective, Village Funds in Bali demonstrate diverse contributions. In Bangli, Village Funds are more directed towards cultural and environmental preservation, thus supporting SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 11 (Sustainable Villages and Cities). Gianyar stands out in supporting MSMEs, the arts, and community education, which are relevant to SDG 4 (Quality Education), SDG 8, and SDG 10 (Reduced Inequality). Tabanan, with its organic farming program, contributes to SDG 2 (Zero Hunger) and SDG 15 (Ecosystems on Land). Meanwhile, Buleleng focuses more on basic infrastructure development (SDG 6 Clean Water and Sanitation, and SDG 9 Infrastructure), while Karangasem emphasizes disaster resilience and infrastructure (SDG 1 and SDG 13 Climate Action).

These findings demonstrate that achieving the SDGs through the Village Fund is contextual, tailored to the potential and challenges of each district. This diversity also serves as Bali's strength in integrating local wisdom with the global development agenda. Therefore, the implementation of the Village Fund in Bali can serve as a national model for how village fiscal instruments can support the SDGs with a culture-based and participatory approach.

Compared with previous research, this study's results offer a more optimistic perspective. For example, Widjaja's (2017) study found that Village Funds in Indonesia are generally used primarily for physical infrastructure and are not optimally utilized for empowerment. However, in Bali, particularly in villages with strong participatory traditions, Village Funds have evolved into a more productive instrument. This aligns with Suharto's (2019) findings, which emphasize the importance of collaboration between communities, village governments, and external actors (NGOs, universities) to maximize Village Funds.

The results of this study can also be interpreted through the lens of agency and stewardship theory. From an agency theory perspective, Village Funds have the potential to create agency problems due to conflicting interests between village officials (agents) and the community (principals). However, findings in Bali show that in many cases, village officials exhibit more stewardship characteristics, acting as servants of the community's interests. This is evident in villages that have successfully managed Village Funds for the common good. However, cases of villages with low apparatus capacity still require oversight and accountability mechanisms to minimize the potential for moral hazard.

Overall, this discussion confirms that the success of the Village Fund in Bali is influenced by three main factors: community participation, the capacity of village officials, and the socio-cultural context. By integrating these three factors, the Village Fund can function optimally as an instrument for empowerment and achieving the SDGs. Conversely, without these factors, the Village Fund has the potential to become merely routine funding for physical development without generating transformative impact.

The implication of these findings is the need for a more adaptive and locally-based Village Fund policy. Both regional and central governments need to provide greater space for village innovation in utilizing Village Funds. Furthermore, increasing the capacity of village officials through training and mentoring must be a priority so that all villages have equal capacity in managing Village Funds. At the same time, strengthening community participation mechanisms through deliberation forums and integrating customary practices into village governance also needs to be expanded. Thus, the Village Fund will not only serve as an instrument for economic development, but also a tool for social, cultural, and environmental transformation.

From a sustainability perspective, Bali's experience can serve as a model that village development does not have to sacrifice culture and the environment. Instead, by utilizing Village Funds, Balinese villages are able to integrate cultural preservation, sustainable tourism, and local economic empowerment into a single entity. This is relevant not only for achieving the SDGs at the national level but also as Indonesia's contribution to the global sustainable development agenda.

Thus, this discussion underscores that the Village Fund in Bali is not merely a fiscal instrument, but has evolved into a strategic tool for building village independence, empowerment, and sustainability. Community participation and the capacity of village officials are key factors in determining whether the Village Fund can truly have a transformational impact or simply serve an administrative purpose. This research provides a foundation for future policy recommendations to strengthen the Village Fund's role in inclusive and sustainable village development.

6. CONCLUSION

This study confirms the strategic role of Village Funds in community empowerment and supporting the achievement of the Sustainable Development Goals (SDGs) in Bali Province. The analysis shows that Village Funds significantly increase the economic, social, cultural, and environmental capacity of village communities. While there are differences between districts, the general trend suggests that Village Funds are no longer merely an instrument for basic infrastructure development but are also a driving force for community transformation.

In Bangli Regency, Penglipuran Village serves as a clear example of how Village Funds are being directed towards cultural and environmental preservation and sustainable tourism development. Gianyar stands out for its empowerment of MSMEs, arts, and crafts through the well-managed Village Fund utilization of highly qualified village officials. Tabanan has successfully utilized Village Funds for organic farming and rice paddy ecotourism, while Buleleng continues to focus more on basic infrastructure, challenged by low apparatus capacity and community participation. In Karangasem, Village Funds are being directed towards disaster management and basic development, although they are still limited to empowerment aspects.

From a theoretical perspective, these findings support stewardship theory more than agency theory, as the majority of village officials in Bali demonstrate a moral commitment to the common good. Community participation has been shown to strengthen the effectiveness of the Village Fund, in line with the principles of participatory development. Furthermore, the capacity of village officials is a key variable in determining the extent to which the Village Fund can have a transformative impact. Thus, the Village Fund in Bali demonstrates a tangible contribution to the SDGs, particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Villages), and SDG 15 (Terrestrial Ecosystems).

Based on these findings, several recommendations warrant consideration. First, the central government needs to provide greater flexibility in the use of Village Funds to align with local potential, while also establishing performance-based incentives for villages that successfully utilize them innovatively. Second, local governments need to strengthen the capacity of village officials through ongoing training, technical assistance, and a digitalized Village Fund management system to enhance transparency and accountability. Third, village governments must encourage inclusive community participation at every stage of the planning, implementation, and evaluation of Village Fund use.

Furthermore, communities need to be more proactive in monitoring and decision-making to ensure programs truly reflect local needs. Community initiatives supported by the Village Fund can strengthen community ownership of development. Academically, further research is needed to assess the long-term effectiveness of the Village Fund and compare practices in Bali with other regions, allowing for the formulation of a more comprehensive policy model.

With these steps, the Village Fund is expected to become not only an instrument for economic development but also an instrument for sustainable social, cultural, and environmental transformation. Bali, with its traditional traditions and participatory culture, has the potential to become a national and international model for utilizing Village Funds to support sustainable development agendas.

7. REFERENCES

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