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FISCAL DECENTRALIZATION AND VILLAGE INNOVATION IN REGIONAL AUTONOMY LAW

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Abstract: This research is motivated by the gap between village fiscal independence and the realities of local-level innovation. Although Law Number 6 of 2014 concerning Villages and fiscal decentralization policies provides significant financial authority through Village Funds, some villages in Wonogiri Regency remain trapped in administrative dependence and monotonous programs. The main question of this research is how the findings suggest an association between village development status, institutional capacity, and the ability to translate fiscal authority into innovative programs. This research presents a critical review of the implementation of village autonomy, focusing on policy integration. The method used is descriptive qualitative, with data collected through interviews, observations, and document studies in three sample villages: Waleng Village (Independent), Domas Village (Advanced), and Tlogosari Village (Developing). Research findings indicate that the efficiency of the program implemented by the Central Government has created a significant breakthrough for villages, in accordance with the classifications established by the Ministry of Villages. In contrast, villages in the "Developing" category still experience high fiscal dependency. This study concludes that political support, such as the Wonogiri Innovation Award (WIA), helps spur village creativity, but human resource capacity building is needed to ensure that fiscal decentralization is not merely a tool for budget absorption

Tulisan ini dilatarbelakangi adanya kesenjangan antara kemandirian fiskal desa dengan realitas inovasi di tingkat lokal. Meskipun Undang-Undang Nomor 6 Tahun 2014 tentang Desa dan kebijakan desentralisasi fiskal memberikan wewenang finansial yang besar melalui Dana Desa, masih terdapat desa di Kabupaten Wonogiri yang masih terjebak dalam ketergantungan administratif dan program yang monoton. Pertanyaan utama penelitian ini adalah bagaimana tinjauan yuridis-politis desentralisasi fiskal memengaruhi inovasi desa dan apa yang membedakan kapasitas inovasi antar kategori desa. Penelitian ini memosisikan diri sebagai kajian kritis terhadap implementasi otonomi

desa dengan fokus pada aspek integrasi kebijakan. Metode yang digunakan adalah kualitatif deskriptif dengan teknik pengumpulan data melalui wawancara, observasi, dan studi dokumen di tiga desa sampel: Desa Waleng (Mandiri), Desa Domas (Maju), dan Desa Tlogosari (Berkembang). Hasil penelitian menunjukkan bahwa efisiensi program yang dilakukan oleh Pemerintah Pusat menciptakan satu terobosan yang baik bagi desa sesuai dengan pengelompokan yang ditetapkan Kemendes. Sebaliknya, desa kategori "Berkembang" masih mengalami ketergantungan fiskal yang tinggi. Penelitian ini menegaskan bahwa dukungan politik mampu mewujudkan kebijakan yang baik berupa program inovasi seperti Wonogiri Innovation Award (WIA) efektif dalam memacu kreativitas desa, namun diperlukan penguatan kapasitas SDM agar desentralisasi fiskal tidak sekadar menjadi alat penyerapan anggaran.

Keywords: Fiscal Decentralization; Village Innovation; Village Funds; Wonogiri Regency; Village Independence.

INTRODUCTION

Villages are an essential entity within the Unitary State of the Republic of Indonesia (NKRI). Their existence predates the proclamation of Indonesian independence on August 17, 1945. In the past, villages functioned as social communities and represented the original form of governance of the Indonesian people, existing long before the establishment of Indonesia as a state. In fact, the formation of Indonesia began from rural areas, as most of the country's territory is rural. When comparing the number of cities and villages, villages significantly outnumber cities. The number of provincial capitals, municipalities, and regencies is around 500 urban areas, while the number of villages in 2025 reaches 84,276. Currently, regulations concerning villages have been specifically established, marked by the enactment of (Widhi Nugroho, Kusuma Putra, et al. 2024) Law Number 6 of 2014 on Villages affirms that villages are no longer merely a local state government, but rather a form of community-based village governance. This construction combines the concepts of a self-governing community and local self-government. The general provisions of the Village Law define Village Development as an effort to improve the quality of life and livelihoods for the greatest possible benefit of village communities.

Village Authority (Widhi Nugroho, Kusuma Putra, et al. 2024) Village authority is reflected in Article 18 of Law Number 6 of 2014, which includes authority in the administration of village governance, the implementation of village development, the fostering of village communities, and the empowerment of village communities based on community initiatives, traditional rights, and local customs (Nova et al. 2025). The spirit embodied in this regulation has led Indonesia to adopt a regional autonomy policy implemented through decentralization. The objective is to delegate authority from the central government to local governments so they can manage their regions independently, thereby improving the efficiency and indicates of public services(Iswanto and Miskan 2025). Fiscal

decentralization, particularly through the transfer of funds to regions and villages (such as the Village Fund), plays an important role in granting greater fiscal authority to finance(Nugrahanti, Lanjarsih, and Ratna 2025) local development. Village development is reflected in the Village SDGs, which are adapted to the local context through 18 Village SDGs goals, covering economic, social, environmental, and governance dimensions of sustainable development (Widhi Nugroho, Eko Mardani, et al. 2024).

The importance of rural development, according to Karl W. Deutsch, can be likened to a person navigating a ship in the middle of a vast ocean(Sukmani 2025). The ship's captain must know the destination toward which the ship and its cargo are sailing. In this context, the "captain" refers to the village head. A government leader who has been granted legitimate authority must develop the region's potential by utilizing available resources. Fiscal decentralization policies, particularly through the allocation of Village Funds, provide substantial financial authority for villages to plan and implement development(Mayyora et al. 2025) programs in accordance with local priorities(Dian and Tjandra Kirana 2026). The central government sets priorities for the use of Village Funds each year, for example focusing on Village-Owned Enterprises (BUMDes), stunting reduction, or plant/animal-based food security. This situation causes the much-emphasized bottom-up planning process (planning from the grassroots level) as mandated by the Village Law to become merely a formality, as villages must adjust their plans to align with directives from the central government.



Source: Ministry of Home Affairs (Kemendagri) material presented at the DPRD Wonogiri FGD, 2025.

If we examine the village development planning diagram, it should always begin with bottom-up planning that leads to the implementation of programs(Agastha and Rahman 2025). Once programs have been established, they should be communicated to the community regarding the extent to which they have been realized. This is important to prevent misinformation among the public(Ishaq et al. 2025) under the pretext of Village Fund usage, as noted by one village head in Wonogiri.

The Village Government Work Plan (RKP Desa) is an annual agenda that can serve

as a benchmark for a village's progress through the innovation of proposed programs. Wonogiri was selected as the object of this study because it is one of the regions with the highest number of villages in Central Java, totaling 251 villages. Wonogiri Regency also remains among the lower-ranked regions in terms of poverty levels.(Widhi Nugroho, Kusuma Putra, et al. 2024), Focus on addressing the problem, aiming for a single-digit figure. This is certainly not easy and requires massive collaboration. The percentage of the poor in 2024 was 10.71%, a decrease of 0.23% from 2023. Quantitatively, the number of poor people in 2024 was 102.57 thousand, a decrease of 2.25 thousand from 2023(Hadim 2024). The Wonogiri Regency Government has successfully secured a spot in the top 10 or 12 of the national-level Indonesia Government Award (IGA) 2022. Over the past two years—2020 and 2021—the regency received the IGA from the Ministry of Home Affairs. In 2022, the Wonogiri Regency Government showcased 1,268 regional innovations, earning a place in the national top 10 out of 241 regencies and cities evaluated by the central government team (specifically, the Ministry of Home Affairs). In the district category, first place went to Jatipurno District, followed by Giriwoyo District in second place and Selogiri District in third. In the school/student category, SMP 1 Baturetno took first place, SMA 1 Girimarto took second, and SMA 1 Wonogiri took third. Meanwhile, in the Regional-Owned Enterprise (BUMD) category, first place went to PT BPR Bank Giri Sukadana, second to Perumda Air Minum Giri Tirta Sari, and third to PT BPR BKK Jateng Perseroda (Wonogiri Branch). The crowning achievement was maintaining the WIA award for five consecutive years (Hartika, Sholatiyah, and Hasanah 2024).

"The WIA represents a commitment to providing ample opportunity for competition in order to realize the ideals of the nation's founders. Wonogiri, once viewed as poor and arid, has demonstrated extraordinary government management," he said. The administration intends to provide dedicated space for creators to continue their work, with the results of their creativity serving as a foundation for policymaking. The total of 1,268 innovations is an extraordinary figure; every element has contributed its best work. This is the commitment demonstrated by the region through public service—which is why I chose to conduct my research in Wonogiri.

The author selected these three villages after reviewing the village classification, categorized as independent, advanced, or developing released by the Ministry of Villages. If we look at the Copy of the Decree of the Minister of Villages and Development of Disadvantaged Regions of the Republic of Indonesia No. 343 of 2025 concerning the Status of Village Progress and Independence, there are 3 villages that we used as samples to find out the extent of the juridical-political review of the meaning of fiscal decentralization on program innovations implemented in Village programs.

Table 1 - the Status of Village Progress and Independence

No	Village	Category
1	Waleng	Mandiri
2	Domas	Maju

3	Tlogosari	Berkembang

Source: researcher's village sampling, 2026

By law, the Wonogiri Regency Government has a progressive legal framework that allows villages to be creative without fear of violating financial regulation(Fajri, Fajri, and Fajri 2025)s. However, in practice, many programs remain entangled in monotony, especially since the central government currently has a larger share of programs(Indra Widjaya and Damayanti 2025). Villages that are reluctant to be creative are like being in a safe zone, without any movement, simply going with the flow. Politically, the same is true. Achieving political will, recognized through six consecutive IGA (Innovation Government Award) wins, is no easy feat. It requires strong political commitment from the Regent and the executive branch to decentralize programs down to the village level(Timon 2021). A generally well-developed culture(Ramadhani and Aswad 2025) of competition has been fostered through the Wonogiri Innovation Award (WIA), demonstrating that fiscal decentralization is accompanied by political recognition for creative villages. The real gap lies here, as independent villages have a far more forward-thinking perspective than developed and developing villages. Programs are often simply implemented without sustained output.

Research conducted by Sri Juni Woro Astuti et al. revealed that the allocation of a minimum of 20% of village funds for food security programs is still oriented towards administrative compliance. Another study conducted by Lusiana et al. from Raja Ali Haji Maritime University revealed the financial relationship between the central and regional governments within the framework of fiscal decentralization and its impact on regional economic growth(M. Ferdi Septianda 2025). The main focus was to evaluate the contribution of the General Allocation Fund (DAU) and the Special Allocation Fund (DAK) to Regional Original Income (PAD) and equitable development between regions. Using a quantitative approach, data were analyzed to see the extent to which fiscal transfer policies support regional financial independence and sustainable development(Darmayanti and Sulindawati 2025). The results showed that DAU and DAK have a significant influence on increasing PAD, but regional dependence on central funds remains high.

Although numerous studies have been conducted on fiscal decentralization and Village Innovation separately, there remains a research gap that Fiscal decentralization produces(Turmudi 2025) different innovation outcomes depending on village institutional capacity, regulatory literacy, and political support.: the integration of policies and strategies(Adellya Santika et al. 2025). There is little literature or in-depth study on the integration of these two aspects, given that comprehensive development only addresses one aspect. Therefore, to create legal certainty, it is crucial for the public to participate in the process of formulating laws and regulations or the legislative process. Through this public participation(Handayani, Damayanti, and Mulyawan 2025), the resulting legal products will be more relevant and responsive to community needs and more readily accepted by the public.

RESEARCH METHOD

This research was conducted using a descriptive qualitative method. Descriptive qualitative methods analyze a problem by interpreting a subject or object of research based on facts, which are then interpreted and conclusions drawn. Qualitative research is a research method utilized in research procedures that produce descriptive data, where descriptive data is explained in detail using words. This research focuses on policies issued by the Wonogiri Regency government (villages as shown in the table above) and reviews these policies using established achievement indicators and linking them to applicable laws and regulations (Moleong Lexy J 2016).

In data collection, two types of data were used in this study: primary and secondary data. Primary data was collected through interviews with village officials, including the village head, village secretary, head of village planning, head of village government, and community members who participate in village policymaking(Ubaidulloh and Purwanto 2025). In addition, primary data was also collected from observations around the village and village government documents. The secondary data in this study were taken from news, scientific articles, scientific books, and related government documents related to the research conducted. Furthermore, in this study, the researcher conducted an analysis consisting of three streams of analysis activities carried out simultaneously, these analysis activities are data reduction, data presentation and drawing conclusions or data verification. These three activities are cycles that are carried out simultaneously, interactively before, during and after data collection in parallel form.

RESULT AND DISCUSSION

Impact of 2024 Village Law Amendment on Regional Regulations

The aspiration to realize village development—wherein villages are granted full authority to manage their own affairs—has long existed, emerging from a time when the government distorted village authority through legislation that integrated villages into the local government structure. The author posits that there are at least two primary objectives behind the desire to restore the authority for self-governance to villages. First, considering the historical context—where villages were granted autonomous rights to manage their own affairs as far back as the Dutch East Indies colonial era—the devolution of authority from the superstructure (regency/municipal governments) to the village government today serves as a form of state recognition and validation of the village's existence. Second, there is a desire to foster village self-reliance; historically, villages have been positioned as subordinate to local governments, a status that has not only rendered them dependent on local authorities but has also diminished their capacity for self-governance. The enactment of the Village Law addresses these two core objectives. Specifically, it restores the status of the village—which, under Law Number 32 of 2004 concerning Local Government, was placed within the vertical

hierarchy of local government—by redefining the village's position so that it no longer functions as a vertical entity subordinate to the local government.

This serves as an antithesis and a sharp critique of Law Number 32 of 2004 concerning Regional Government, which substantively fails to recognize village autonomy; instead, it posits a regional autonomy framework that grants authority solely to autonomous regions, with villages merely serving as components within those regions. Furthermore, this represents a clear form of state appreciation and recognition of the existence of villages—which, from a historical and empirical perspective, constitute the most fundamental, self-governing units. The substance of Law Number 6 of 2014 establishes a regulatory framework for villages based on the recognition of their inherent, traditional rights (*recognisi*); the assignment of local-scale authority and local decision-making for the benefit of the village community (*subsidiarity*); as well as the principles of diversity, togetherness, mutual cooperation (*gotong-royong*), kinship, deliberation, democracy, self-reliance, participation, equality, empowerment, and sustainability. Through these provisions, Law Number 6 of 2014 reaffirms the original autonomy of villages—an autonomy that had previously been curtailed by Law Number 22 of 1999 and Law Number 32 of 2004.

The restoration of a village's original autonomy is intended to help achieve one of the core objectives of village self-reliance: the creation of a "self-governing community." Based on the rights of origin—which are recognized and respected by the state in accordance with the mandate of Article 18B, Paragraph (2) of the 1945 Constitution—villages (or entities known by other designations) possess the right to regulate and manage their own affairs. Furthermore, it is entirely possible for traditional (*adat*) villages to flourish alongside, or independently of, administrative village structures. It is also expected that village governments will leverage this original autonomy to mitigate the encroachment of regional government authority, which could otherwise undermine the foundations of village governance and community life. By recognizing this original autonomy, village governments can become more autonomous and self-reliant, rather than serving merely as bureaucratic instruments for the ruling regime. This "local self-governing" capacity—a key pillar of village self-reliance envisioned under Law Number 6 of 2014—is expected to be realized. This potential is further strengthened by the enactment of Law Number 6 of 2014, which substantively incorporates reforms regarding the governance and administration of villages.

Although regulations provide villages with the opportunity to carry out their own development, they do not, in practice, grant them full autonomy to make independent decisions at the local level. Regional governments continue to play a role, even though village development is no longer a delegated authority of the regional government. The interference of regional governments in village development often leaves villages preoccupied with administrative tasks and the implementation of programs mandated by the central or regional governments. Consequently, villages are effectively compelled to submit to and function as extensions of the regional government, burdened by the requirements of supra-village organizational structures. This issue persists throughout the entire development cycle—from

the initial planning stages to the final reporting of development outcomes. It is crucial to incorporate village interests into regional development planning, as each village possesses unique characteristics and potential that may differ from those of the regency or city in which it is located. For instance, a village focused on tourism development may have priorities that do not align with the broader development strategy of the regency or city. Therefore, it is essential to examine the extent to which villages are required to use regional development plans as a primary reference for their own development, as well as the implications that may arise if they fail to do so. Clarifying these requirements would establish greater regulatory certainty regarding the conditions under which villages are obligated to align their development planning with regional development frameworks.

This perspective viewed within the context of authority over village development—underscores a requirement for villages to acknowledge and adhere to regional development policies. Consequently, if a village government's development plan does not align with regional development planning, the village is deemed non-compliant with existing regulations, even if its plan is well-tailored to the specific demands, potential, and needs of the village itself. Given this, there is a need for more detailed and specific regulations regarding the mandate that villages must use regional development plans as a primary reference for their own development planning. Beyond aligning their development plans with regional frameworks, villages are also required to incorporate programs initiated by the central and regional governments. These mandates—alongside the local-scale development initiatives formulated by the village government through the Village Government Work Plan (RKPDes)—must be implemented by the village. In practice, these externally initiated programs place a significant burden on the village, requiring it to manage a multitude of development initiatives—ranging from local-scale projects to sectoral programs mandated by higher levels of government. This process keeps the village occupied with extensive administrative tasks, spanning from the initial implementation phase through to the final reporting of results. As a result, local-scale village programs must be carried out concurrently with these government-mandated programs, both of which demand substantial attention from both the village government and the local community.

Administrative activities in village development span the entire process, from inception to completion. These administrative tasks must be reported to higher-level authorities—starting with the submission of development plans to the Regent or Mayor for formal ratification as the RKPDes, and concluding with accountability reports that cover both program implementation and village financial statements. This regulatory framework demonstrates that the authority granted to villages for their own development is not only incomplete but also burdens them with extensive administrative requirements involving the central and regional governments. Consequently, the development authority ostensibly granted to villages under the Village Law becomes illusory; in practice, it differs little from previous arrangements. Therefore, a revision of the Village Law is essential—one that reinforces the village's authority to manage its own affairs, including the power to direct its

own development. Villages must function as both the subject and the object in defining the direction and goals of their development. This principle should be reflected throughout the entire development cycle—from planning to evaluation and reporting. Furthermore, regulations governing the development process must limit interference from regional governments to ensure that the authority granted to villages is not distorted by the interests of higher-level local authorities.

Throughout the constitutional history of the Republic of Indonesia, the Desa (village) has evolved into various forms. It requires protection and empowerment to become strong, progressive, independent, and democratic, thereby establishing a solid foundation for governance and development aimed at fostering a just, prosperous, and thriving society. Following the enactment of Law Number 6 of 2014 concerning Villages—as amended by Law Number 6 of 2023 (which ratified Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into law)—certain provisions regarding villages are no longer aligned with the dynamics of legal developments within society or the constitutional landscape of Indonesia. Consequently, these provisions require amendment. In addition to serving as a follow-up to Constitutional Court rulings, revisions have been made to several articles and/or clauses within Law Number 6 of 2014 concerning Villages (as amended by Law Number 6 of 2023). These changes—which address Constitutional Court rulings and refine the existing legislation—cover areas such as: the status of the village; the administration of village governance; the principles and objectives of village regulation; the duties, rights, obligations, eligibility requirements, and terms of office for village heads; village finance; village development; and transitional provisions concerning the terms of office for incumbent village heads.

The amendment to the Village Law—enacted as Law Number 3 of 2024—aims to enhance the effectiveness of village-level governance, improve community welfare, increase the transparency and accountability of village administration, boost public participation, elevate the performance of village government, and improve the well-being of village officials. This is pursued through various mechanisms, including funds for conservation and rehabilitation, more diversified management of revenue sources, community empowerment, and greater effectiveness in village governance. The enactment of Law Number 3 of 2024 necessitates that Wonogiri Regency also revise its local regulations (*Peraturan Daerah/Perda*), specifically:

1. Amendments to Regional Regulation Number 17 of 2016 concerning the Election, Confirmation, Appointment, Inauguration, and Dismissal of Village Heads;
2. Amendments to Regional Regulation Number 8 of 2018 concerning the Village Consultative Body (Badan Permusyawaratan Desa);
3. Regional Regulation of Wonogiri Regency Number 19 of 2016 concerning Village Officials.

Fiscal Decentralization

The Fiscal Decentralization Policy through villages grants villages significant management authority(Ishak and Selamat 2025) to develop priority programs for implementation (Khartika et al. 2025). However, researchers found that the majority of the three sample villages we visited still exhibited administrative dependency. Villages tended to be apathetic and followed central government directives without any innovation (Riewpassa, Latuheru, and Touwely 2025).

Based on Decree of the Minister of Villages (Kepmendes) PDT No. 343 of 2025, village categorization was carried out using the Village Index (ID) Data Collection mechanism to determine village progress and independence status in 2025. Unlike the previous year, which still used the Village Development Index (IDM)(Hendriawan and Marliana 2025), the 2026 standard uses the Single Village Index, which covers six main dimensions (Izamahendra and Subhan 2025), including: basic services (availability of education and health facilities), social (social resilience and social capital), economic (market presence, banking access, and village business potential), environmental (natural resource management and disaster mitigation), accessibility and governance.

After the ratification of the latest Law on Villages, the community is no longer a spectator of development implementation but as an actor involved in the development process in the village, the community has the authority to recognize the rights of origin (recognition), determine authority and make decisions locally for the benefit of the village community (subsidiarity), togetherness, kinship, diversity, deliberation, mutual cooperation, participation, democracy, independence, empowerment, equality and sustainability. The Law on Villages aims to establish village independence in the independence of village government (Local Self Government) and the independence of village communities (Self Governing Community) (Nugroho, Hardianto, and Mardani 2026). To support village development, the central government has an obligation to transfer funds to villages sourced from the State Revenue and Expenditure Budget of 10% in accordance with the mandate of Law Number 6 of 2014. The government continues to allocate village funds to support development in creating community welfare(Paudi, Abidin Umar, and Niode 2025) and poverty alleviation in villages, the allocation of village funds has an increasing trend every year. Over the past three years, there has been an increase in village fund allocation. According to a report by the Ministry of Finance of the Republic of Indonesia, as of June 19, 2023, there has been an increase in village fund receipts, with the allocation of funds based on population, area, and geographic conditions of the village, in line with the previously formulated RPJMDes and RKPDes. 70% of village funds are allocated to finance the development of infrastructure and facilities for health, education, and the economy to improve community welfare, as well as financial assistance to village institutions. Meanwhile, 30% of village funds are allocated for village government operations based on an interview with the village head (Hartika, Sholatiyah, and Hasanah 2024).

The above data is merely a snapshot of the field and does not reflect reality, as Minister of Finance Regulation No. 7 of 2026 states that nearly 58% of the Village Fund allocation

has been cut for the Red and White Village Cooperative based on news UGM. A government policy directing the majority of village funds—specifically 58 percent—toward the "Merah Putih" Village Cooperative development program has drawn criticism from academics. Among them, Prof. Dr. Bambang Hudayana, M.A., a Professor of Anthropology at Universitas Gadjah Mada, believes the policy has the potential to undermine the spirit of village autonomy that has long been championed(Abdi, Muhammadiyah, and Barat 2025). Villages only manage approximately 300 million Rupiah for various programs. Under these conditions, villages are apathetic and follow policy directions without any enthusiasm for change. As village-level funding allocations increase, community support and participation become crucial. In accordance with financial management principles, village funds must be planned, utilized(Dzulkarnain et al. 2024), and evaluated openly and transparently, involving all levels of society. The goal of community participation is to create a well-coordinated planning process between individuals and communities, enabling village development to take place.

Village Innovation as a Solution

Innovation is a crucial factor in supporting regional competitiveness. Innovation initiatives constitute a comprehensive set of measures designed to enhance regional effectiveness and efficiency. It is recognized that innovation cannot occur sporadically or in isolation; rather, it requires collaboration among various actors interacting within a framework known as an innovation system. The Agency for the Assessment and Application of Technology (BPPT, 2008) defines the Regional Innovation System (SIDa) as the holistic process of developing innovation through the collaboration of government institutions—including local governments—as well as research and development agencies, educational institutions, the business sector, and the community. Regional innovation encompasses all forms of renewal in the administration of regional government. Local government governance innovation refers to innovations in the management(Siregar and Suryani 2025) of local government—encompassing the structuring of internal workflows for executing management functions and the management of specific operational elements—such as Hadirku, Si Tampan, Simapres, Si Nona, and others.

Based on sampling data from the article, the following is an in-depth comparison between Waleng Village, Domas Village, and Tlogosari Village in the context of implementing fiscal decentralization and village innovation as seen through the RKPDes:

Table 2 -Waleng Village RKPDes 2026

No	Program Name	Achievement Targets	Amount of financing
1	Development of Karang Taruna (Youth Organization), LPM (Community Empowerment Institute), and PKK (Family Welfare Empowerment)	Waleng Village	14 Milion
2	Organization of Youth Competitions	Waleng Village	25 Milion
3	Organization of a Youth Festival	Waleng Village	10 Milion

Source: 2026 Village Government Work Plan (RKPDes) of Waleng Village

Table 3 - Domas Village Government Work Plan (RKPDes) for 2026

No	Program Name	Achievment Targets	Amount of financing
1	Mapping and analysis of rural poverty	Domas Village	22 Milion
2	Development of a Village Information System	Domas Village	21 Milion
3	Organization of inter-regional competitions		15 Milion

Source: 2026 Village Government Work Plan (RKPDes) of Domas Village

Table 4 - Tlogosari Village Government Work Plan (RKPDes) for 2026

No	Program Name	Achievement Targets	Amount of financing
1	Operation of Village Security Posts	3 hamlets	15 Milion
2	Enhancement of village institutional capacity	Tlogosari Village	15 Milion
3	Capacity building for BPD (Village Consultative Body)	Village	5 Milion
Notes		The rest are predominantly physical	

Source: Tlogosari Village Government Work Plan (RKPDes) for 2026

Based on interviews and visits to the village locations, researchers discovered new things related to the programs initiated by the village. If we look at the RKPDes(Benda 2025) Waleng Village, categorized as independence, prioritizes greater empowerment over physical development(Rohimah, Wilujeng, and Vitasari 2025). Conversely, Tlogosari Village, categorized as developing, requires a larger physical development due to its limited infrastructure.

Table 5 - Comparison of Village Innovation Characteristics

Comparison Aspect	Waleng Village (Independent)	Domas Village(proceed)	Tlogosari Village (develop)
Perspective (Vision)	Highly visionary and forward-thinking. Understands that village funds are a tool for long-term independence.	Currently developing. Has started to move away from old mindsets but is still in a transition phase.	Tends to be short-term. Focuses on fulfilling basic and administrative needs..
Innovation Implementation	Program innovations have sustainable outputs. Not just about spending the budget.	Programs are starting to vary, but their sustainability still needs further strengthening.	Programs tend to be monotonous. Innovations are often done merely to fulfill administrative obligations..

Response to Central Government	Able to align central programs with creative local innovations.	Efforts are made to follow central directives while trying to find opportunities for innovation.	Highly dependent on central directives. Stuck in a "comfort zone" and only follows national program trends.
Human Resource (HR) Capacity	Village officials have high initiative.	Village officials are quite adaptive but still require technical assistance	Village officials demonstrated comparatively lower initiative in proposing non-routine programs

Source: Author's research, 2026

CONCLUSION

Budget efficiency does not constrain the scope of village governance; rather, it acts as a stimulus for local creativity. Through targeted governance breakthroughs, villages have proven capable of generating adaptive innovations that deliver widespread community impact, even with limited funds. The key to this success lies in well-considered prioritization, the utilization of internal village potential, and transparency that fosters public trust. Legal-Political Literacy Skills: Waleng Village, as an independent village, demonstrates a better ability to translate the Regency's "legal umbrella" into concrete programs. They are not afraid to innovate because they understand the legal boundaries and the existing political support (WIA). Quality of Community Participation: In lower-category villages (Tlogosari), public participation in the village legislative process may still be a mere formality. In contrast, in independent villages, community involvement is more active, making village legal products (*Perdes*) more responsive to real needs. Fiscal Dependence: Although all three villages receive Village Funds, Tlogosari Village appears to be more "shackled" by central administrative regulations. This causes bottom-up planning in the village to become a mere formality. [*W*]

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