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Interpolation of local potential parameters in allocating village fund formulation as an effort to development of local-based tourism

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Abstract:

The development of Indonesia tourism today has experienced a significant increase. This is inseparable from the role of great tourism potential in Indonesia. The village tourism sector can be developed through cultural wealth, education, and ecotourism. However, issues have arisen in the efforts to manage tourism, particularly in rural areas, due to the suboptimal role of the government in managing tourism potential. Conversely, in order to optimize village authority, Villages Law provides financial assistance in the form of Village Funds, which come from a basic allocation fund of 90% that is the same for all villages, plus a formulation fund of 10% which represents the difference in the amount of village funds received between villages. The formulation fund is adjusted to the Number of Population (25%), Number of Poor (35%), Village Area (10%) and geographical difficulty (30%). Unfortunately, the division of parameters is consumptive and not productive, in the sense that there is no division of parameters for the local potential of villages that differ from one village to another. Therefore, the author initiated the idea of adding parameters to the village's local potential in the distribution of village fund formulation funds. The research method used in this scientific work is normative juridical. The addition of local potential parameters in the distribution of village fund formulation funds includes the potential of the village tourism sector. With the implementation of this idea, it is expected to optimize tourism management efforts and increase the potential of the tourism sector in Indonesia.

Keyword: Interpolation; Village Fund; Local-based tourism



INTRODUCTION

Article 18 paragraph (1) of the Indonesia Constitution 1945 states that Indonesia is a unitary state consisting of regions. In article 18 paragraph (1), it is stated that the division of regions is divided into provincial areas which are further divided into regencies and cities, where the structure of local government is regulated by law. It is determined later in the next paragraph that local governments are empowered to exercise the widest

possible autonomy, except for matters determined by law as a matter of the central government. The autonomous nature of the region is given by the central government based on laws and regulations to the smallest government unit that can regulate its own household, namely the village government (Kusuma, 2014).

Juridically based on Village Law, a village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, local community interests based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the government system of Indonesia. The village should be the center of economy and development because of the availability of materials and labor that is quite cheap and the means of transportation, communication and electricity that will benefit the rural economy. However, the reality on the ground shows that economic development in rural areas is far behind when compared to economic development in urban areas (Sunarso, 2020). There are several things that cause the economic condition of the village cannot keep pace with the economic condition in the city.

One of the factors that causes the rural economy to be unable to keep pace with urban economic conditions is the backwash effect that develops in rural areas, on the other hand the spread effect is more developed in urban areas. Spread effects are forces that have a positive influence, a beneficial influence that encourages progress and development. On the contrary, backwash effects are forces that have a negative influence, or a detrimental influence that will hinder economic development. Some evidence that encourages the development of the backwash effect is the habits or culture of people who smell religious, demonstrations effects, low work ethic, and prioritize prestige over achievement (Sunarso, 2020).

In addition to the backwash effect, other factors that affect rural economic inequality are the narrow opportunities for rural community participation in development, as a result of lack of exploitation and ownership of production assets, low commodity exchange rates, and low human resource capabilities. Economic inequality between cities and villages has increased after the economic crisis in Indonesia (Iryanti, 2014). This then has an impact on the number of urban residents who are greater than rural residents with a percentage of 56% versus 44%. The sharply increasing inequality between the urban economy and the rural economy negatively affects Indonesia, even though one of the government's main objectives is to carry out equity, especially in the development sector (Gemasa, 2017). So that efforts and strategic steps are needed to balance or minimize economic inequality between the economy of residents in villages and the economy of residents in cities.

Law Number 6 of 2014 concerning Villages emerged to improve the previous laws and regulations governing villages, which were considered unable to accommodate interests and needs and restore the existence of villages as the lowest level of government that has the right to manage their own households without leaving customs. One of them is an increase in funds received by villages in the Village Opinion and Expenditure Budget (APBDes). Funds managed by villages include Village Original Revenue, Regional Tax Revenue Sharing and District/City Regional Levies, part of the Central and Regional Financial Balance Fund received by Districts/Municipalities, budget allocations from the State Budget, financial assistance from the Provincial and District/City Budgets, as well as non-binding grants and donations from third parties.

The provision of direct assistance in the form of Village Fund Allocation is a tangible manifestation of the government in an effort to develop villages by supporting the improvement of physical and non-physical infrastructure of villages. With this support, it is hoped that there will be an improvement in the standard of living of rural communities and empowerment of rural communities to increase community power towards independent community conditions (Ismail, 2016). Village Minister Regulation Number 5 of 2015 mandates the use of village funds to finance the development and empowerment of rural communities (TNPPK, 2016).

The provision of direct assistance in the form of Village Fund Allocation is a tangible manifestation of the government in an effort to develop villages by supporting the improvement of physical and non-physical infrastructure of villages. With this support, it is hoped that there will be an improvement in the standard of living of rural communities and empowerment of rural communities to increase community power towards an independent community condition (Oleh, 2014). This breakthrough in village fund reform is effective enough to reduce rural poverty, reinforced by Lin's research in China which proves that economic growth in China is supported by fiscal reforms accompanied by rural reforms (Sukanto & Azwardi, 2014).

In line with the priority objectives of using village funds, the tourism sector is a potential sector that is in accordance with the priority objectives of using village funds both in terms of development and community empowerment. Development in the village as a whole has the essence of including: 1) the village where the village government runs its government; 2) villages where villagers practice their life and religious patterns and gather in a harmony of life that reflects the karmic system of the community; 3) villages where villagers do leisure and recreational activities to hang out in the nature of their villages; 4) villages where the community has attitudes, behaviors to protect, maintain and utilize ownership of cultural arts, environment, traditional values that can encourage the sustainability of the promotion of the village itself (Jumarding, 2021).

So that the tourism sector through tourism villages can be categorized as a form of village development based on the essence of village development. While the tourism sector as a potential sector owned by the community can be explored and optimized for its existence with the aim of improving the community's economy as well as classifying tourism as a form of community empowerment (Nurhajati, 2018). The tourism sector is a potential and even strategic sector for some villages in Indonesia. Villages can not only take advantage of natural resource management (KKNM, 2017) as a means of community development and empowerment, but also other sectors such as tourism, education, local culture to boost village income potential (Mustafa, 2017). Tourism development requires the role of the government in terms of distribution and allocation in accordance with the needs in managing the tourism sector in rural areas (Plaituka, 2014).

The village fund allocation consists of a Base Allocation of 90% plus a Formulation Allocation of 10%. Each village gets an equal Basic Allocation in the details of the village fund allocation of 90% based on the principle of justice. To adjust to village conditions, a Formulation Allocation of 10% of the total village funds is disbursed as a differentiator in the amount of village fund receipts obtained between villages. The amount of 10% of the formula allocation fund is determined based on several variables, including the number of villagers (weight 25%), the number of rural poor (weight 35%), the area of the village area (weight 10%), and the level of geographical difficulty (weight 30%) (Mulyani, 2016).

According to the Chairman of Committee I of the Regional Representative Council of the Republic of Indonesia, Ahmad Muqowam, the allocation with a ratio of 90:10 from village funds is considered unfair to village heads because the difference is only 10% of the total village fund receipts, while the condition of villages in each region varies (Satrio, 2017). The Government of Indonesia through the Director General of Financial Balance of the Ministry of Finance plans to reduce the Basic Allocation fund from 90% to 80%, while the Formulation Fund is increased from 10% to 20% (Sawitri, 2017).

However, the problem is, in the variables or parameters of the distribution of the Formulation Fund does not cover the development of the tourism sector specifically. The existing parameters only focus on development and poverty alleviation but do not accommodate development and community service in the tourism sector as a potential sector and even become a strategic sector in some villages. Therefore, the author initiated a system in the form of adding local potential parameters in the parameters of the Village Fund Formulation Fund as an effort to strengthen tourism development and empowerment. The idea was outlined in a scientific paper entitled "Interpolation of Local Potential Parameters in Allocating Village Fund Formulation as an Effort to Development of Local-based Tourism.

RESEARCH METHOD

This type of research is normative juridical or also called doctrinal legal research where researchers examine secondary legal materials (Soemitro, 1988), then continue with research on primary data in the field to answer problems that are the focus of research that conceptualizes law. The approach method used in this study is using a statutory approach and Conceptual. Statute approach, which involves examining the legal regulations regarding the implementation of village fund distribution and allocation in Indonesia today (Marzuki, 2007). Conceptual approach, namely by examining and understanding the concepts of distribution flow and allocation of village funds and the division of parameters in the formulation fund (Ibrahim, 2007).

The legal material search technique in this research is conducted through documentation study and literature review via printed books and literature, as well as from literature and news portals available on the internet To obtain the necessary legal materials, the researcher will conduct legal material searches in several strategic literature centers around the author's research area, including the Documentation and Legal Information Center (PDIH) of the Faculty of Law at Brawijaya University, the Central Library of Brawijaya University, and the Public Library and Archives of Malang City.

All legal materials that have been successfully collected are then inventoried, classified, and analyzed using descriptive analysis with the aim of outlining various legal issues, in order to find appropriate solutions and provide new formulations within the parameters or variables of village funds, specifically the local potential parameter that distinguishes village revenues adjusted to the diverse rural conditions in Indonesia Descriptive method, which is a method used to study existing issues in society, as well as the prevailing norms in everyday life and specific situations (Nazir, 2005).

The purpose of this descriptive writing is to create a systematic, factual, and accurate depiction or portrayal of facts, characteristics, and relationships among phenomena, in order to find a solution. After the analysis process, the synthesis process is carried out by drawing and connecting the formulation of the problem, the purpose of

writing, and the discussion conducted Next, general conclusions are drawn, followed by recommending several things as efforts to transfer ideas.

RESULT AND DICUSSION

Village funds according to Minister of Finance Regulation number 241 of 2014 concerning the Implementation of Transfer Accountability to Regional and Village Funds are funds sourced from the state budget intended for those transferred through the district and city budgets which are used to finance the administration of government, implementation of development, community development. Village funds are one of the crucial issues in the Village Law, calculating the budget based on the number of villages by considering the population, poverty rate, area, and geographical difficulty level in order to improve welfare and equitable distribution of village development.

Based on Law Number 6 of 2014 concerning Villages, the authority is given to regulate and manage its authority in accordance with the needs and priorities of the village. This means that village funds will be used to mark the overall authority according to the needs and priorities of the village funds, but, considering that village funds are sourced from Central Expenditure, to optimize the use of village funds, the government is given the authority to set priorities for the use of village funds to support village development programs and village community empowerment. The priority of using these funds remains in line with the authority that the village is responsible for.

According to Law Number 6 of 2014 concerning Villages in Article 72 paragraph (1) concerning sources of village income, letter d states "village fund budget which is part of the balance fund received by the District/City". Furthermore, in paragraph (4) of the same Article it is stated that "the village fund budget should be referred to in paragraph (1) point d at least 10% of the balanced funds received by the District/City in the regional revenue and expenditure budget after deducting special allocation funds". In the transition period, before the village fund reaches 10%, the village fund budget is met through reallocation of Central Expenditure from village "village-based programs", ministries/agencies submit budgets for programs based on ministers and ministers who carry out government affairs in the field of national development planning to be designated as sources of village funds.

The existence of Law Number 6 of 2014 concerning Villages is the legal basis for the recognition of villages as an autonomous region of their own. In relation to fiscal decentralization which is the subject of the enactment of the law is related to 10% of funds from the state budget for villages throughout Indonesia, where each village will receive approximately 1 billion per year. The distribution of the budget is almost uniform around 1 billion even though the government's management capacity is very diverse, this will be anticipated through fiscal decentralization rules that regulate the size of the village budget based on its needs and to manage through government regulations.

Village funds are managed in an orderly manner, comply with the provisions of laws and regulations, are efficient, economical, effective, transparent, and responsible by taking into account a sense of justice and propriety and prioritizing the interests of the local community. The government budgets Village Funds nationally in the State Budget every year. This Village Fund Allocation Policy (AAD) is one of them, this policy was issued by the government in an effort to overcome problems in the village area, both development, government, and social problems. This is strengthened by Law Number 23

of 2014 which is strengthened by Government Regulation Number 72 of 2005 which provides legal certainty for the financial balance of villages and districts / cities. Based on Government Regulation Number 72 of 2005 article 68 paragraph 1 letter c, villages obtain Village Fund Allocation (AAD).

The allocation given is the right of the village. Previously, villages did not get clarity on budgets to manage development, government and social affairs. Through AAD, villages have the opportunity to manage development, government and social society autonomously. By utilizing ADD, villages can also play a more active role in driving village empowerment. ADD comes from the government's financial balance fund. Village Fund Allocation or ADD is the financial part obtained from tax revenue sharing and part of the central and regional financial balance fund received by the district. The source of income of the village as a whole is used to mark all the authorities that are the responsibility of the village. The funds are used to finance Village Government programs in carrying out government activities and community empowerment, with the aim of:

1. Improve the administration of village government in carrying out government, development and community services in accordance with their authority.
2. Improve the ability of community institutions in the village in planning, implementing and controlling development in a participatory manner in accordance with the potential of the village.
3. Increase income equality, employment opportunities and business opportunities for rural communities.
4. Encourage the improvement of community self-help.

According to the Regulation of the Minister of Home Affairs Number 37 of 2007 concerning Guidelines for Village Financial Management, article 18 states that the Village Fund Budget comes from the District/City APBD sourced from the share of the Central and Regional Financial Balance Fund received by the District/City for villages at least 10% (ten percent). The Village Revenue and Expenditure Budget, hereinafter referred to as APBDes, is an annual village financial plan that is discussed and approved jointly by the village government and the Village Consultative Body established by village regulations and the Village Allocation Fund contained in the District Government Financial Assistance includes:

1. Village Government Apparatus Income Allowance (TPAPD)
2. Village Fund Budget
3. Allowance for local taxes and levies
4. Other aid donations from the district.

The distribution of the Village Fund Budget (ADD) can be seen based on the main independent variable and additional independent variables with the following details:

1. The principle of equity is the amount of the same share of the Village Fund Budget (ADD) for each region or what is called the minimum Village Fund Allocation (ADD). Village Fund Allocation (ADD) of the main independent variable is 70% and the additional independent variable is 30%.
2. The fair principle is the amount of the Village Fund Allocation (ADD) which is divided proportionally for each region based on the value of village weights calculated by certain formulas and variables or Proportional Village Fund Allocation (ADD) (ADDP), the main proportional variable of 60% and the additional proportional variable of 40%.

The main independent variable is the variable that is considered most important to determine the value of the village weight. The main variables are aimed at gradually reducing the gap in community welfare and public basic services between villages and overcoming poverty in the structure of the community in the village. The main independent variables include:

1. Poverty indicators
2. Indicators of basic education
3. Health indicators
4. Village affordability indicators

While the so-called additional variables are variables that can be added by each region. Additional variables include:

1. Population indicator
2. Area indicator
3. Indicators of economic potential
4. Indicator of the number of community units (Hamlets)

The amount of village funds for each village as referred to in article 11 paragraph (1) of Government Regulation Number 60 of 2014 concerning Village Funds Sourced from the State Budget, is calculated based on the number of villagers, village area, village poverty rate and geographical difficulty. The number of villages is the number of villages determined by the minister, and the poverty rate is the percentage of households holding Social Protective Cards. The number of villagers, the area of the village, and the number of rural poverty as referred to in paragraph (2) are calculated by weight:

1. 30% (thirty hundredths) of the total villagers;
2. 20% (twenty hundredths) of the village area; and
3. 50% (fifty hundredths) for rural poverty.

The geographical difficulty of each village is used as a multiplier factor for the calculation as referred to in paragraph (3). The amount of village funds for each village as referred to in paragraph (1) is calculated by:

1. Village Fund for a village = Village Fund ceiling of the district/city x [(30% x percentage of the number of villagers concerned to the total population of the village in the district/city concerned) + (20% x percentage of the area of the village concerned to the total area of the village in the district/city concerned) + (50% x percentage of households holding Social Protection Cards to the total number of village households in the district/city concerned)]; and
2. The calculation results as referred to in letter a are adjusted to the level of geographical difficulty of each village.
3. The level of geographical difficulty as referred to in paragraph (4) is determined by factors which include Availability of basic services, Infrastructure conditions, Transportation; and Village-to-district communication.

While the benefits of holding ADD for villages include: Villages can save development costs, villages can manage their own development projects; Each village gets equitable development so that it is better able to provide services to the village community; Villages obtain budget certainty for village government operational expenditures; Villages can handle village problems quickly without having to wait for programs from the District/City Government; Villages are no longer only dependent on self-help in managing village governance, development and social issues; Can

encourage the creation of democratization in the village; Can encourage the creation of direct supervision from the community to suppress deviations.

With the ADD, village governments are required to improve the performance of village government administration, improve village public services and encourage effectiveness and efficiency in village governance. The ADD policy is prepared by the district/city government to protect, improve the welfare of rural people, as well as to fulfill village rights. The process of preparing ADD in Districts / Municipalities through;

1. Formulate ideas or come up with initiatives/initiatives;
2. Establish an ADD policy drafting team;
3. Carry out the process of formulating and determining policies as well as transparent and participatory;
4. Socialize and implement ADD policies properly and accountably.

To avoid abuse in implementing or implementing ADD policies, it is necessary to have strong institutions in the village, so that the funds can be managed properly. The basic principles in managing ADD are participatory, open, responsible, and pay attention to equality. Therefore, in order for the implementation of ADD to realize the welfare of rural communities, supervision and evaluation involving all components of the village community are needed.

Thus, the distribution of village funds, especially Formula Funds, is actually still considered not to accommodate the interests and needs of a village area fairly because each village in addition to receiving the same amount of basic allocation of village funds is also a parameter used as a determinant of obtaining funds that may distinguish the nominal village funds obtained between villages. Referring to several laws and regulations that are currently still in force, the formulation fund of 10% of village funds is distributed fairly and equitably to villages in Indonesia with the aim of community development and empowerment.

The distribution of funds for the formulation is based on four parameters or variables (Mulyani, 2016): 1) Number of Villagers (weight 25%); 2) Number of Rural Poor (weight 35%); 3) Total Area (10%); 4) Geographical difficulty (30%). There is even a plan for the Ministry of Finance of the Republic of Indonesia to increase the amount of formulated funds which is now 10% of total village funds to 20% of total village funds and the discourse is planned to be realized in 2018 (Sawitri, 2017). With the various efforts that have been made by the government, village funds should have become a support for the community's economy, especially the priority purpose of using village funds not only for development but also community empowerment.

However, if studied holistically, the priority objectives of village funds, which in essence are for community development and empowerment, rely more on the development sector and do not minimally boost the potential of community empowerment which should be one of the priority objectives for using village funds. This latent condition causes people to depend on village funds for development and does not significantly self-reliant rural communities. In fact, reflecting on the previous discussion above, the tourism development sector in Indonesia is constrained by many obstacles that must be faced. Tourism as one of the authorities of local government can be a supporter of the economy and even the main focus of the community in an area. Various efforts have been made by the government in realizing tourism development, including in terms of supporting the development of tourism potential contained in the village or

the program is known as a tourist village. The tourist village has its own uniqueness because there is local wisdom in it. Each tourist village promises its own advantages based on geographical location, land construction, social typology, anthropology and sociology of its community, etcetera (Luthfy, 2017).

Village funds have been successfully implemented in Indonesia, although there are still some technical evaluations in their implementation. However, in its implementation, there is a blurring of support for the development of tourism or the local potential of a village because the parameters of the distribution of Formulation Fund revenues are not described in detail. Tourism is one of the local potentials of the region, but there is no parameter for the distribution of the Formulation Fund that specifically gives a quota to the development of tourism in the village. Hefrizal Handra recommended improving the policy on the use of village funds, especially in terms of managing the use of village funds through prioritizing certain sector spending, especially meeting basic needs in the fields of health, education and infrastructure, developing local economic potential, and utilizing natural resources and the environment (Handra, 2017).

Therefore, a concept of village fund reformulation is needed by adding local potential parameters as one of the determining variables for obtaining village funds by a village, keeping in mind the regional potential of each village is different. The addition of local potential parameters or variables in the Village Fund Formulation Fund is one of the government's efforts to support the development of tourism potential in rural areas in Indonesia. Not only focusing on the development sector, but the addition of local potential parameters can provide effectiveness in the use of village funds in the priority goal of village funds, namely community empowerment. Specifically, the addition of local potential can be beneficial as a financial injection for villages with regional potential that rely on socio-cultural aspects that grow and develop in the community, for example Panglipuran Traditional Village in Bali where the village still upholds its culture and customs, and residential layouts that are full of local wisdom (Fajrin, 2021).

Not only Panglipuran Traditional Village, but also optimization of local potential, especially tourism in rural areas, can also include all villages that focus on tourism development as their economic fulcrum. Even in general, the parameters of local potential not only cover the tourism sector, but also development in other sectors besides the tourism sector which is the main focus of development in a rural area that is adjusted to the potential of areas that can be managed such as the agricultural sector, plantations, animal husbandry, fisheries, etcetera. The sector is not only profit-based for people's livelihoods, but with good management it can provide more benefits if the sector is also managed as a natural resource-based tourism object. It also supports the creative industry in Indonesia based on natural resources (Mursito, 2014).

As an effort to accommodate local potential in village funds, there are several ways that can be studied as concrete steps to penetrate local potential parameters in village funds, especially to optimize the role of village funds in the development of tourism in rural areas. The first way can be taken by expanding the variable Total Area of Village Area, where in the current laws and regulations have a variable amount of 10% of the total village fund formulation funds which are 10% of the total village funds obtained by a village and as a differentiator of village fund acquisition between villages in Indonesia. The expansion can be accommodated through a draft ministerial regulation or presidential regulation, Where there is a discourse on policy changes in terms of the

amount of general allocation funds and formulation funds in village funds. The accommodation of local potential parameters can be set out explicitly or implicitly or in annexes or explanations to the regulatory plan. This is to provide space in the development of local potential that relies on geographical factors and the potential utilization and management of natural resources in a rural area.

However, in the first way there is a weakness that must be examined, namely regarding the proportionality of the parameters given to local potential because it must be divided by existing variables, namely the Total Area variable where the variable only has a percentage of 10% in the village fund formulation fund or about 1% of the total village fund so that it is potentially disproportionate and does not affect policies too much in managing local potential Through financial injections from village funds. So that there is a second mechanism in the reformulation of accommodation of local potential parameters in village funds. The mechanism is to add new variables in the village fund in addition to the four variables that already exist.

With the addition of a new variable, namely local potential in village funds. Currently, there are four variables in the village fund formulation fund, namely the Number of Village Population, the Number of Village Poor, the Total Area, and the Geographical Difficulty Level of each village. These four variables tend to meet the community consumer sector where village funds are used to be allocated to infrastructure development sectors such as buildings, bridges, road repairs and transportation systems, irrigation, electricity, communication sectors and other supporting infrastructure as physical infrastructure in rural areas (Sunarso, 2020). The infrastructure sector and other facilities supported by village funds should benefit the rural economy.

The technical implication of adding local potential variables in village fund formulation funds is a reduction in the percentage of village fund formulation funds on other variables. So that it can provide space for new variables, namely local potential variables so that they can be penetrated in village fund formulation funds. In some variables that tend to be oriented towards the consumer sector (not the productive sector) which has the potential to have an effect on community dependence on financial injections from village funds. If the formulation funds in village funds are allocated from other variables to local potential variables, it can optimize the productive sector of the community in terms of community empowerment by supporting rural potential, one of which is tourism.

The author recommends allocating the percentage of several variables from four variables determining the acquisition of formulation funds between villages. Variables that can be allocated to divert the consumer sector into a productive sector are a reduction in the variable percentage of the Number of Village Population and the variable Number of Rural Poor People Where both variables are full of consumptive interests and vulnerable to community dependence on meeting the needs and interests of the community from fulfilling village funds.

The variable Number of Villagers and the variable Number of Rural Poor have a fairly large percentage in allocating the total formulation funds amounting to 10% of the total village funds. The variable Number of Village Residents has a percentage of 25% of the total formulation funds, while the variable Number of Village Poor Residents has a variable amount of 35% of the total formulation funds. The percentage of these two

variables is disproportionate and not optimal if it is not allocated to productive sectors such as community empowerment in the field of regional potential such as tourism, agriculture, plantations, fisheries, etcetera.

To optimize the proportional percentage size, 5% of the variable percentage of the Number of Village Population can be allocated to local potential variables. Meanwhile, to increase financial allowances, 10% of the variable percentage of the number of rural poor people can be allocated to local potential variables. So that with the addition of one variable in the village fund formulation fund so that in the future the variable for determining the acquisition of local potential variables is increased from four variables to five variables. So that the formulation fund variables include 1) Number of Village Population (weight 20%); 2) Number of Rural Poor (weight 20%); 3) Total Area (weight 10%); 4) Geographical Difficulty (30% weighting); and 5) Local Potential (15% weighting). So that for local potential, one of which is tourism, it can be boosted by additional finance from the village fund formulation fund. In the future, local potential variables can be one of the supports so that a village with tourism potential increases the productivity of the village to become a tourist village.

CONCLUSION

Indonesia is a multicultural country with abundant natural resource potential and spread across various regions in Indonesia, especially in rural areas that are still not fully touched by modernization. Each village in Indonesia has its own regional potential, including in the tourism sector both relying on culture, sociology of the community and natural wealth. However, there are still obstacles in optimizing the utilization of local potential, which is rooted in the lack of financial capital for the development of local potential in each region. Village funds, which are the latest program breakthroughs, are still unable to accommodate local potential because they focus on the consumer sector such as village infrastructure development.

Efforts that can be made to boost the utilization of local potential, especially the tourism sector, are to add variables or parameters of local potential to the village fund formulation fund, which is a differentiator of village fund acquisition between villages. To be able to penetrate local potential variables, you can use a mechanism to reduce the weight or percentage of other variables that are considered disproportionate because they are too focused on community consumption and are vulnerable to the effect of community dependence on village funds. The variable of local potential is added with a weight of 15% of the village fund formulation fund which is 10% of the total village fund. This addition is expected to increase the tourism sector in rural areas in Indonesia.

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