AKADEMIK E-ISSN 2774-888X
Jurnal Mahasiswa Ekonomi & Bisnis
Vol. 6, No. 2, Mei 2026

The Effectiveness of the Use of Urban Village Funds in Infrastructure Development: A Study in Kemenangan Tani Village, Medan Tuntungan

Grace Angelia Paulina Dakhi
Universitas Panca Budi Medan, indonesia
Email Korespondensi : graceangeliapaulinapaulinadakhi@gmail.com

Submitted: 01st March 2026 | **Edited**: 04th April 2026 | **Issued**: 01st May 2026

Cited on: Dakhi, G. A. P. (2026). The Effectiveness of the Use of Urban Village Funds in Infrastructure Development: A Study in Kemenangan Tani Village, Medan Tuntungan. *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis, 6*(2), 975-985.

ABSTRACT

The allocation of village funds is intended to accelerate the development of basic infrastructure at the local level. However, in practice, the effectiveness of fund utilization is often questioned, particularly regarding the alignment between planning, implementation, and the resulting outcomes. This study aims to analyze the extent to which the utilization of village funds in Kemenangan Tani Subdistrict, Medan Tuntungan District, can be considered effective in supporting infrastructure development. The primary issue addressed in this study is whether the realization of fund utilization has significantly contributed to the improvement of public facilities and infrastructure within the community. This research employs a descriptive qualitative approach using secondary data, including budget allocation and realization reports from 2022 to 2024, as well as documentation of existing infrastructure conditions. The findings indicate that although the rate of budget realization is relatively high, not all infrastructure projects have generated direct and tangible benefits for local residents. These results suggest the need to improve planning mechanisms and evaluation processes to ensure that the allocation of funds is more targeted and effective in achieving its intended development objectives.

Keywords: Village Funds, Effectiveness, Infrastructure Development, Kemenangan Tani, Budget Realization

INTRODUCTION

Equitable development has become a primary priority in Indonesia's national development agenda, particularly at the local level, where disparities in resource allocation have frequently occurred (World Bank, 2020; Lewis, 2019). In order to strengthen public service functions and accelerate development at the urban village (kelurahan) level, the government has allocated Urban Village Funds as a form of direct fiscal intervention aimed at addressing the actual needs of the community (Ministry of Finance of the Republic of Indonesia, 2021). These funds are designed to support the development of basic infrastructure, improve environmental quality, and promote

community empowerment based on local potential (Sofyani et al., 2020). Nevertheless, alongside their implementation, critical questions have emerged regarding the extent to which Urban Village Funds are effectively utilized and oriented toward the real needs of residents.

Various studies indicate that the effectiveness of Urban Village Fund utilization is not solely determined by the size of the allocated budget but is also strongly influenced by the quality of planning, transparency in financial management, and community participation in decision making processes (Aritenang, 2020; Permana & Pratama, 2022). In many regions, a gap still exists between development planning and the actual outcomes observed in the field (Sofyani et al., 2020). Infrastructure projects funded through Urban Village Funds sometimes fail to function optimally or are not utilized as intended by the community. This situation raises concerns that the use of such funds may not yet be fully oriented toward sustainability and long-term development impacts (Lewis, 2019).

This study specifically focuses on a case study of Kemenangan Tani Urban Village, Medan Tuntungan District, which has consistently received Urban Village Funds during the 2022–2024 period. Although administratively the urban village has reported various infrastructure development activities, there has been no academic study assessing whether the implementation has fulfilled the principles of effectiveness, particularly in terms of target accuracy, efficiency of fund utilization, and the benefits generated for the community (Permana & Pratama, 2022). Examining this issue is important in order to provide an objective overview of Urban Village Fund management practices at the local level and to offer insights for the formulation of development policies that are more responsive to community needs.

Preliminary findings indicate that the development of public infrastructure is often prioritized. This includes road access, bridges, and places of worship (World Bank, 2020). The importance of urban village financial management in supporting infrastructure development and improving public services has encouraged the conduct of this study to evaluate the effectiveness of Urban Village Fund management (Aritenang, 2020). As part of the analysis, the following table presents the details of the urban village expenditure budget and its realization for the period 2022–2024.

Table 1. Expenditure Budget for 2022

No	Program/Activity	Budget Allocation (in Rupiah)	Realization (in Rupiah)
1	Development of Urban Village Facilities and Infrastructure	398,017,170	357,091,127
2	Community Empowerment in the Urban Village	216,258,265	212,993,456
	Total	614,275,435	570,084,583

Source: Financial Realization Report of Kemenangan Tani Urban Village, 2022

The table above presents information on the budget allocation and expenditure realization for two main programs in Kemenangan Tani Urban Village in 2022. The Urban Village Facilities and Infrastructure Development program had a budget allocation of Rp 398,017,170, while the realized expenditure reached Rp 357,091,127. Meanwhile, the Community Empowerment Program in the urban village had a budget allocation of Rp 216,258,265, with total realized expenditure amounting to Rp 212,993,456. Overall, the total budget allocation for both programs in 2022 was Rp 614,275,435, with a total expenditure realization of Rp 570,084,583.

Table 2. Expenditure Budget for 2023

No	Program/Activity	Budget Allocation (in Rupiah)	Realization (in Rupiah)
1	Development of Urban Village Facilities and Infrastructure	117,916,083	117,916,083
2	Community Empowerment in the Urban Village	181,999,453	181,999,453
3	Office Operational Funds	44,689,444	44,689,444
	Total	344,604,980	344,604,978

Source: Financial Realization Report of Kemenangan Tani Urban Village, 2023

The table above presents the detailed budget allocation and expenditure realization for three programs in Kemenangan Tani Urban Village in 2023. The Urban Village Facilities and Infrastructure Development program had a total budget allocation of Rp 117,916,083, and the realized expenditure was exactly the same as the allocated budget, amounting to Rp 117,916,083. The Community Empowerment Program in the urban village had a budget of Rp 181,999,453, with the realized expenditure also matching the allocated amount of Rp 181,999,453. Meanwhile, the Office Operational Fund was allocated Rp 44,689,444, and the realized expenditure was likewise equal to the budgeted amount of Rp 44,689,444.

Overall, the total budget allocation for the three programs in 2023 was Rp 344,604,980, while the realized expenditure was Rp 344,604,978, which is almost identical to the allocated budget.

Table 3. Expenditure Budget for 2024

No	Program/Activity	Budget Allocation (in Rupiah)	Realization (in Rupiah)
1	Development of Urban Village Facilities and Infrastructure	94,730,000	84,588,600
2	Community Empowerment in the Urban Village	86,702,068	85,017,192
3	Office Operational Funds	6,997,104	6,923,450
4	Provision of Supporting Services for Regional Government Affairs	13,047,200	11,876,500
	Total	201,476,372	188,405,742

Source: Financial Realization Report of Kemenangan Tani Urban Village, 2024

The table above presents the budget allocation and expenditure realization for four programs in Kemenangan Tani Urban Village in 2024. The Urban Village Facilities and Infrastructure Development program had a budget allocation of Rp 94,730,000, while the realized expenditure amounted to Rp 84,588,600. The Community Empowerment Program in the urban village had a budget of Rp 86,702,068, with realized spending reaching Rp 85,017,192. The Office Operational Fund was allocated Rp 6,997,104, and the realized expenditure was Rp 6,923,450. Meanwhile, the Provision of Supporting Services for Regional Government Affairs program had a budget allocation of Rp 13,047,200, with realized spending totaling Rp 11,876,500. Overall, the total budget allocation for these programs in 2024 was Rp 201,476,372, while the total realized expenditure reached Rp 188,405,742.

LITERATURE REVIEW

Effectiveness is a key concept used to evaluate the performance of organizations, programs, and public policies. According to Richard M. Steers (2015), effectiveness refers to the ability of an organization to achieve predetermined goals within a specific time frame. Similarly, Mahmudi (2019) emphasizes that effectiveness is not only related to goal achievement but also to how efficiently resources are utilized to produce desired outputs. In addition, Bernhard Pekei (2016) explains that effectiveness can be observed through how well a system performs its functions in achieving its objectives. In the context of public financial management, effectiveness is often measured by comparing

allocated budgets with realized expenditures and assessing their contribution to development outcomes. This study applies the effectiveness ratio, which compares expenditure realization with budget targets to evaluate how effectively urban village funds support infrastructure development.

Urban Village Funds represent an important fiscal instrument within Indonesia's decentralization framework, designed to accelerate development and empower communities at the urban village (kelurahan) level (World Bank, 2020; Lewis, 2019). These funds originate from the State Budget and are distributed through regional government budgets to strengthen local governance, development activities, and public service delivery (Ministry of Finance of the Republic of Indonesia, 2021). The management of these funds is regulated through policies such as Minister of Home Affairs Regulation No. 20 of 2018, which emphasizes the principles of transparency, accountability, community participation, and budget discipline (Sofyani et al., 2020). Through proper management and community involvement, Urban Village Funds are expected to support infrastructure development, enhance community capacity, and improve the quality of public services at the local level (Aritenang, 2020).

Urban village financial management involves a structured process that includes planning, implementation, administration, reporting, and accountability for financial activities within a fiscal year (Permana & Pratama, 2022). Effective financial management is an essential component of fiscal decentralization, enabling local governments to allocate resources efficiently and improve public services (Lewis, 2019). According to Indra Bastian, sound financial management not only ensures efficient use of funds but also promotes good governance (Bastian, 2019). Effective financial practices at the local level are expected to support development outcomes, particularly in improving infrastructure and community welfare (Pratolo & Jatmiko, 2023).

Infrastructure development plays a crucial role in enhancing social and economic activities within a community (World Bank, 2020). Basic infrastructure such as roads, bridges, drainage systems, public facilities, and community service centers improves accessibility, mobility, and overall quality of life (Aritenang, 2020). At the urban village level, local funds are frequently used to finance small-scale infrastructure projects that directly affect residents' daily lives (Yuliani & Suryanto, 2021). Community

participation in planning and implementation is also important, as it strengthens local ownership and supports the sustainability of development initiatives (Sofyani et al., 2020).

Previous research conducted by Sri Wulan and Puja Rizqy Ramadhan (2024) highlights that effective village financial management is strongly influenced by the integration of several key administrative processes, including proper planning, transparent implementation, systematic reporting, and clear accountability mechanisms. Their study emphasizes that when village governments follow structured financial management procedures, public funds can be allocated more appropriately to development priorities and community needs. Effective planning allows village administrations to identify priority programs, while transparent implementation ensures that financial resources are utilized in accordance with regulations and development goals. Furthermore, accountability mechanisms such as financial reporting and public oversight play a crucial role in maintaining trust between local governments and the community (Mardiasmo, 2018; Halim & Kusufi, 2020). However, the study also identifies several challenges that may hinder the effectiveness of financial management, particularly limited human resource capacity, insufficient technical expertise, and frequent adjustments to government regulations (Siregar & Badrudin, 2019). These conditions indicate that continuous monitoring, capacity building for local officials, and stronger institutional supervision are essential to ensure that public funds are managed efficiently and contribute to sustainable local development (OECD, 2021).

METHOD

This study employs a descriptive quantitative approach to objectively describe conditions using numerical data. The research focuses on the role of urban village funds in supporting local development and their influence on the effectiveness of financial management at the urban village level. The analysis covers the period 2022–2024 to observe recent developments and changes. The study uses primary and secondary data. Primary data are obtained directly from sources through interviews, observations, and document collection, while secondary data include financial reports, program implementation reports, and budget data.

Data analysis is conducted using descriptive analysis and the effectiveness ratio method. The effectiveness ratio measures the extent to which realized expenditures

achieve the predetermined budget targets. A program is considered effective when the realization meets or exceeds the planned target, with higher ratios indicating better government performance. The effectiveness ratio is calculated using the following formula:

$$\text{Effectiveness} = \frac{\text{Expenditure Realization}}{\text{Expenditure Target}} \times 100\%$$

The criteria for measuring effectiveness are as follows:

Table 4. Effectiveness Criteria

Effectiveness Ratio Result	Criteria
< 60%	Ineffective
60% – 80%	Less Effective
80% – 90%	Moderately Effective
90% – 100%	Effective
> 100%	Highly Effective

RESULTS

General Overview of the Research Object

Kemenangan Tani Urban Village is the administrative center of Medan Tuntungan District. It is located along Jamin Ginting Road, which is classified as a provincial road and serves as one of the assessment routes for the Adipura Award, as well as a main intercity route leading to tourism destinations. Kemenangan Tani is one of the nine urban villages located within Medan Tuntungan District and covers an area of approximately 150 hectares. The details of the land area of Kemenangan Tani Urban Village in Medan Tuntungan District can be seen in the following table.

Table 5. Land Use

No	Land Use Type	Area
1	Dry Fields / Agricultural Land	30 Ha
2	Residential Area	100.31 Ha
3	Yards / Home Gardens	0.65 Ha
4	Public Facilities	19.04 Ha
5	Total Area	150 Ha

Source: Prodeskel (Village Profile System), Kemenangan Tani Urban Village, 2024

The geographical distance of Kemenangan Tani Urban Village can be seen in the following table:

Table 6. Geographical Distances

No	Location from the Urban Village	Distance

No	Location from the Urban Village	Distance
1	Berastagi	54 km
2	Belawan Sea	35 km
3	Deli River	13 km
4	Sibolangit Protected Forest Area	27 km
5	Lau Cih Central Market	2 km
6	Belawan Port	35 km
7	Polonia Airport	12 km
8	Kualanamu International Airport	38 km
9	Amplas Bus Terminal	15 km
10	Railway Station	14 km
11	Medan Fair Mall	13 km
12	Podomoro City Deli Medan	14 km
13	Sun Plaza Mall	12 km
14	Hillpark Sibolangit	33 km
15	Medan Tuntungan Police Sector Office	1 km
16	Koramil 07/MT (Military Subdistrict Command)	0 km
17	Tuntungan Community Health Center	0.25 km
18	H. Adam Malik General Hospital	1 km
19	Border of Deli Serdang Regency	3 km
20	Aceh Provincial Border	117 km

Source: Prodeskel (Village Profile System), Kemenangan Tani Urban Village, 2025

The Kemenangan Tani Urban Village Office, Medan Tuntungan District, is located at Jl. Bunga Ncole Raya No. 39, Neighborhood II, Kemenangan Tani Urban Village, Medan Tuntungan District, Medan City. The geographical distance of the urban village based on the centers of government administration can be seen in the following table.

Table 7. Geographical Distance to Government Centers

No	Location from the Urban Village	Distance
1	Medan Tuntungan District Office	0.3 km
2	Medan Mayor’s Office	13 km
3	Governor’s Office of North Sumatra Province	12 km

Source: Prodeskel (Village Profile System), Kemenangan Tani Urban Village, 2024

Facilities that support community mobility and activities are also relatively adequate, as indicated by the presence of 17,654 meters of asphalt roads and 1,120 meters of hardened roads. In addition, there are two small bridges that support accessibility within the area. The urban village also has four internet cafés, two health

centers (besides the community health center), and several sports facilities, including a futsal field, a football field, a volleyball court, and a badminton court. The presence of one wetland area and three farming groups also reflects that the area still has potential natural resources and agricultural activities. Overall, these facilities and infrastructures reflect the urban village's efforts to meet basic community needs and improve the quality of life of its residents.

Table 8. Effectiveness of Financial Management in Kemenangan Tani Urban Village (2022–2024)

Year	Budget Allocation (in Rupiah)	Expenditure Realization (in Rupiah)	Achievement	Effectiveness Criteria
2022	614,275,435	570,084,583	93%	Effective
2023	344,604,980	344,604,978	100%	Effective
2024	201,476,372	188,405,742	94%	Effective

Based on the table above, the overall effectiveness of urban village fund utilization for infrastructure development in Kemenangan Tani Urban Village was categorized as effective during the period 2022–2024. In 2022, the infrastructure development program achieved about 90% effectiveness, with total expenditure realization reaching 93%, indicating effective performance. In 2023, both the program and total expenditure reached 100% effectiveness. In 2024, the infrastructure development program slightly decreased to 89% (moderately effective), while overall expenditure realization remained 94% (effective). Despite this minor decline, the overall financial management of urban village funds still met the criteria for effectiveness.

The effectiveness of financial management in supporting local development is influenced by accountability, transparency, and community participation. Transparency is demonstrated through open access to budget and activity information, while digital communication tools such as Facebook and WhatsApp have been used by the urban village administration to disseminate development information and facilitate public feedback. This digital approach improves transparency, responsiveness, and community participation.

Community involvement is also essential, as residents participate in planning discussions, implementation, and the use of development outcomes. The findings indicate that the utilization of urban village funds for infrastructure development in Kemenangan Tani has consistently been effective. Although challenges such as time

constraints, weather conditions, and limited budgets exist, the ability of the local government to adapt to community priorities plays a key role in ensuring successful development outcomes.

CONCLUSION

This study aims to evaluate the effectiveness of Urban Village Fund utilization for infrastructure development in Kemenangan Tani Urban Village, Medan Tuntungan District, and to identify factors influencing its success. The analysis of budget allocation and expenditure realization from 2022 to 2024 shows that the use of Urban Village Funds has generally achieved a high level of effectiveness, particularly in terms of budget absorption and physical project implementation. However, not all infrastructure projects have produced direct and long-term benefits for the community.

The findings reveal a gap between administrative outputs and social outcomes, where some projects demonstrate high budget realization but do not fully address community priorities. Community participation in planning and monitoring processes still needs to be strengthened to ensure that development programs are more inclusive and responsive to local needs.

In addition, the study highlights that community initiative and participation play an important role in enhancing the effectiveness of fund utilization. Activities such as participation in development planning forums, community cooperation (gotong royong), the formation of community groups, and local economic empowerment initiatives contribute significantly to development outcomes. The use of social media for public communication and the support of local micro-enterprises also improve transparency and community engagement. Overall, the utilization of Urban Village Funds in Kemenangan Tani can be considered administratively effective, but improvements in participatory planning and continuous evaluation are necessary to ensure that infrastructure development better reflects community needs and expectations.

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