

# Accountability of Governance and Sustainable Development Goals (SDGs) on Economic Growth in Village Fund Management According to the Perspective of Islamic Economics

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Article Info:	ABSTRACT
Submitted: 13-03-2025	Village fund management in Indonesia is critical for equitable development, yet gaps persist in aligning it with Islamic economic principles and SDGs. This study investigates accountability in village financial governance from an Islamic perspective, focusing on transparency, community participation, and SDG integration in Sinar Rejeki Village. A qualitative case study approach was employed, combining interviews, document analysis, and observation to assess compliance with Minister of Home Affairs Regulation No. 114 of 2014 and Sharia principles. The village's fund management adheres to regulatory and Islamic standards, with social media enhancing transparency and participatory Musrenbangdes (village deliberations) fostering trust. Notably, SDG-aligned initiatives reduced poverty, evidenced by a decline in aid recipients (27 families in 2024 vs. 131 in 2022). The research offers a framework for Islamic-based village governance, advocating for digital tools and SDG integration to optimize fund utilization and community welfare.
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## Introduction

Village development is a primary focus of the Indonesian government and a key component of the national strategy to enhance the overall living standards of its citizens (Subekan, 2020). This emphasis stems from the fact that a significant portion of Indonesia's territory consists of rural areas, with the Central Statistics Agency (2024) reporting 83,971 villages across the country. Given this vast number, a targeted and well-structured approach to village development can yield substantial social and economic benefits. By prioritizing villages as the foundation for achieving self-sufficiency, village funds must be allocated with precision and accountability. Supported by skilled personnel and adequate infrastructure, effective village governance is essential to ensure these funds are utilized optimally (Syamsuri, 2024). With proper oversight and management, villages can achieve independence and emerge as pivotal drivers of national progress (Asrori, 2014).

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The sustainable management of village funds is a national and global priority, as many countries strive to strengthen rural development and foster local economic empowerment. In Indonesia, the village budget is distributed equitably across all district regions, ensuring no area is left behind. The allocation process involves two main components: the Basic Allocation (AD), which is determined by dividing the basic allocation per district by the number of villages, and the Allocation Formula, which incorporates data such as population size, poverty rates, land area, and geographical challenges (Indika et al., 2022). This systematic approach ensures that funds are allocated based on objective criteria, addressing the unique needs of each village.

Transparency and accountability in using village funds are critical to achieving the desired developmental outcomes. The Indonesian government has implemented measures to ensure that village funds are utilized effectively, including regular audits and community participation in decision-making processes. By involving local stakeholders, the government aims to foster a sense of ownership and responsibility among villagers, thereby enhancing the sustainability of development projects (Syamsuri, 2024). Furthermore, the equitable distribution of funds helps to reduce disparities between regions, promoting inclusive growth and reducing poverty levels in rural areas (Indika et al., 2022).

The role of village governments in this process cannot be overstated, as they are the primary actors responsible for implementing development initiatives. To fulfill this role effectively, village officials must possess the necessary skills and knowledge, supported by adequate training and resources (Subekan, 2020). Providing proper infrastructure, such as roads, schools, and healthcare facilities, is essential to create an enabling environment for growth (Asrori, 2014). When these elements are in place, villages can harness their potential to contribute significantly to the national economy, transforming into hubs of innovation and productivity.

Village development is a multifaceted endeavor that requires coordinated efforts from the government, local authorities, and communities. By prioritizing equitable fund allocation, transparency, and capacity-building, Indonesia can unlock the potential of its rural areas, ensuring sustainable progress and improved living standards (Subekan, 2020; Syamsuri, 2024). The success of these initiatives will benefit villages and strengthen the nation as a whole, aligning with global efforts to promote rural development and economic empowerment (Indika et al., 2022). With continued commitment and collaboration, Indonesia's villages can become models of resilience and prosperity, driving the country toward a brighter future (Asrori, 2014).

This research investigates responsibility in managing village funds from an Islamic viewpoint, covering the phases of preparation and execution, administrative record-keeping, and accountability reporting. The current research introduces novelty by integrating Islamic economic principles with village fund governance and Sustainable Development Goals (SDGs), a perspective underexplored in prior studies (Humaida et al., 2020; Khalil, 2021). While existing research emphasizes transparency and accountability in village funds (Arianto, 2023; Aziiz & Prastiti, 2019), this study uniquely examines how Sharia-compliant governance, rooted in principles like *Tabligh* (transparency) and *\*Maqasid al-Sharia\** (preservation of welfare), enhances accountability and aligns with SDGs (Alisjahbana & Murniningtyas, 2018; (Normasyhuri et al., 2022). Additionally, it empirically analyzes the impact of participatory

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budgeting and digital tools (e.g., social media) in Sinar Rejeki Village, offering a localized model for Islamic economics in rural development (Permata & Fauzan, 2023; Rejeb & Rejeb, 2024).

## **Material and Method**

The research was carried out in Sinar Rejeki Village, Jati Agung District, South Lampung Regency, and lasted about  $\pm$  two months from the issuance of the research permit by the relevant institution.

These findings apply a descriptive analysis approach. The research site is in Jati Agung District with a focus on Sinar Rejeki Village because the village funds that have fallen almost entirely have been realized, making it the largest among other villages in Jati Agung District. The subjects in this finding include the government and village officials in the research area as well as the community and village heads. In this approach, the researcher identifies valid sources of information by requesting recommendations from other informants who can present relevant information for these findings. Meanwhile, the information acquisition method is carried out through direct observation, where the researcher directly visits the research site to pay attention to the population's involvement in the area.

The approach used to analyze the data is a qualitative approach, where the data is described and analyzed according to the findings through interviews and direct observation on site. The information obtained by the researcher is organized, edited, refined, and then retyped, considering that the majority of the information obtained is not yet in the condition that has been processed (such as field reports that are still filled with handwriting and difficult for others to understand, audio notes that have not been transcribed, along with images that have not been printed or classified). Sizable qualitative information needs to be simplified and classified into appropriate groups. In addition, in qualitative data analysis, researchers also relate empirical findings based on existing theories, then interpret the findings according to the academic perspective used.

## **Results and Discussion**

### **The Importance of Accountability**

Accountability is one of the fundamental principles in management that plays a crucial role in strengthening public trust in various initiatives or policies prepared and implemented by the government for long-term interests. (Donaldson 1998) defines governance as a system that is the basis for organizational accountability. To maintain optimal standards of care and improve service quality on an ongoing basis, they create an ecosystem that promotes excellence (Flynn & Brennan, 2021). Accountability encompasses a broad concept, including the obligation to be responsible, present, report, and disclose all agent activities to the public (Mardiasmo, 2009) (Aziiz & Prastiti, 2019). The use of internet-based platforms as a tool for transparency and public responsibility related to village budgets plays a role in providing important data for villagers, so that they can encourage their involvement more actively (Arianto, 2023).

Before carrying out the Village Development Planning Conference (Musrenbangdes), the initial stage was to hold a Hamlet Meeting (Musdus), then continued with a Special Meeting

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(Mushus). Only after the Musdus and Mushus processes are completed can the Village Deliberations (Musdes) be held. The Village Apparatus will hold a final deliberation known as Musrenbangdes, where the Village Consultative Body (BPD) plays the role of the leader of this deliberation. BPD itself acts as a representative of the community in the formulation of decisions. Therefore, BPD has the authority to regulate the course of Musrenbangdes to determine planning for the next period." (Interview results on December 30, 2024) (Mais et al., 2024)

Referring to the previous informant's statement, it can be concluded that the budget management for Village Allocation is by the decree of the Regional Head of South Lampung Number 4. A 2020 report concerning the distribution of resources and the distribution of village fund allocation details for all villages in South Lampung Regency in the 2020 period, which many parties have proposed in the design process.

### **Governance According to an Islamic Perspective**

The management of the state in the era of the Prophet focused on strengthening the capacity of human potential, starting with the formation of the Islamic Brotherhood between the Muhajirin and the Anşar. Considering that the people of Medina have a high diversity, the basic principles of the Medina Charter were born as the basis for a common footing (*kalimah sawa*) agreed by various groups in Medina to realize an inclusive political and social order. The author reveals several gaps in Sharia governance practices, especially in reporting, disclosure, and completion of fatwas (Rejeb & Rejeb, 2024). Governance is one of the main mechanisms to control and balance problems that may occur in an organization (Kumkit et al., 2024). Government administration in the context of sharia also includes the regulation of interaction between individuals, which includes aspects of *muamalah* and *'uqubah*. In the aspect of *muamalah*, the scope includes governance, economic system, educational structure, interaction between men and women, and diplomatic relations. Meanwhile, aspects of *'uqubah* (sanction system) include *hudud* (for example, punishment of stoning), *jinayah* (application of *qishash*), *ta'zir* (punishment for violations of sharia that do not have explicit provisions on *nash*), and *mukhalafat* (punishment for violations of state administrative regulations) (An-Nabhani, 1994, pp. 169-211) (Khalil, 2021).

### **SDGs Goals Related to the Economy**

Sustainable Development Goals, also known as SDGs, are a long-term global program to increase the resources and potential that exist in each country. Sustainable Development Goals (SDGs) Officially on September 25, 2015, this product was introduced to the United Nations (UN) located in New York (Alisjahnana & Murniningtyas, 2018) (Kohl et al., 2021). Indonesia is one of the countries that actively contributes to setting the SDGs targets at the national level (Tasia & Martiningsih, 2023). The government has consistently tried to alleviate poverty through various initiatives, one of which is realized in the form of village funds (Normasyhuri et al., 2022). In accordance with that, the Ministry of Village Development, Disadvantaged Regions, and Transmigration seeks to realize integrated infrastructure at the village level through the Village Sustainable Development Goals (SDGs) to improve the standard of living of the community (Wibowo & Hapsari, 2022).

### Implementation of SDGs at the Village Level

Poverty remains a recurring social issue and is a significant problem that requires immediate action (Nawir et al., 2022). The number of assistance recipients for the poor in Sinar Rejeki Village decreased from 2022 to 2024, as can be seen from the higher number of recipients in 2022 compared to 2024.

**Table 1. Total Recipients of Assistance Allocation from the Government in 2022-2024**

No.	Total Government Subsidy Recipients	era	Help Name	Amount of Assistance
1.	131 families	2022	BLT DD	IDR 900,000 (October-December)
2.	39 KK	2023	BLT DD	IDR 900,000 (August-October)
3.	27 KK	2024	BLT DD	IDR 600,000 (June-July)

Source: Village Information System

The Head of Sinar Rejeki Village, Iwan Syamsuri, emphasized that the distribution of Direct Cash Assistance from Village Funds (BLT-DD) must be carried out in full without any reduction under any conditions. "We distributed BLT-DD to 27 Beneficiary Families (KPM) for two months, namely June and July," explained Iwan. He added that each KPM receives a nominal assistance of IDR 300,000 monthly, or IDR 600,000 for two months in the 2024 Fiscal Year. This statement was conveyed by the Head of Sinar Rejeki Village, Iwan Syamsuri, in the handover of aid on Saturday, June 8, 2024, at the Sinar Rejeki Village Office. Iwan also hopes that BLT-DD residents can use it optimally to meet their essential needs, such as buying basic food and other daily necessities according to their respective needs.

"Hopefully, the distribution of BLT-DD will benefit the people who get it, at least it can help ease their burden in current conditions," he said.

### Sustainable Development Goals (SDGs) According to the Islamic Perspective

The fundamental concept in economic development based on Islamic teachings states that God arranges natural resources. Means or capital for people to achieve welfare, which is commonly referred to as Allergies (Humaida et al., 2020). Sustainable development goals (SDGs), Governments in Islam need to consider five methods of fulfilling basic human needs that must be met:

1. Protection of religion (Al-Din)
2. Preservation of life (Al-Nafs)
3. Pelestarian akal (Al-Aql)
4. Offspring care (Al-Nasl)
5. Securing assets (Al-Maal)

Islam has established the quality of people's lives, covering all aspects of life. If this design is applied to the government structure, the benefits obtained are not limited to Muslims only, but also to diverse societies (Amalia, 2016) (Sulasih et al., 2022). Sustainable development

goals in the Islamic view, it is believed that humans are the driving force behind sustainable development goals, while ethics is the fundamental aspect that underlies them.

### **Economic Growth Indicators**

Various regulations and provisions, including sanctions imposed by the South Lampung Regency Government, are often obstacles, especially related to the competence of the workforce involved in village budget management. In this context, the rules and administrative demands in the use of Village Fund Allocation (ADD) have resulted in creating anxiety for Sinar Rejeki Village in its management (Lili, 2018). The use of the village budget is one of the economic growth parameters for the village infrastructure process (Permata & Fauzan, 2023). The following is the amount of Sinar Rejeki Village Fund Allocation.

**Table 2. Total Allocation of Sinar Rejeki Village Funds**

<b>Year</b>	<b>ADD</b>
2024	IDR 1,331,441,000
2025	IDR 1,582,396,000

*Source:* Village Information System

Referring to the previous table, it can be concluded that the distribution of village funds for Sinar Rejeki has increased, where the government focuses more on distributing funds to villages with poor and disadvantaged populations compared to villages where the majority of the population comes from the middle and upper economic groups (Aassouli, 2018).

### **The Role of Village Funds in Economic Development**

The results of interviews with several residents of Sinar Rejeki Village revealed that the village has implemented infrastructure development initiatives that show the results of discussions between villages, which are then submitted by the village authorities to be used as part of the rural development plan (Welan et al., 2019). In a broader scope, development has various definitions that depend on different perspectives (Pratama et al., 2021).

### **Economic Growth According to an Islamic Perspective**

According to the theory put forward by Adam Smith and David Ricardo, four key elements affect economic development, namely the size of the population, capital accumulation, the area, natural resources, and the level of technological progress applied (Zainuddin, 2017). The theory of sustainability, like the previous theory, is also. This concept was first introduced in the realm of economics. Some of the early researchers who carried ideas related to evolutionary thinking and natural selection in economics included Schumpeter (Jafar et al., 2010).

According to Islam, economic growth refers to a continuous trend that arises from the main factors of production and can provide benefits to human welfare (Nasution et al., 2023).

### Village Fund Management Process

Part of the village revenue is rooted in the allocation of the financial redistribution budget between the budget received by the district or city from the central government and the local government, whose distribution to each is given proportionally, with an allocation of at least 10%, which is known as the allocation of village funds (Pratiwi & Muliasari, 2020).

**Table 2. Sinar Rejeki Village Budget in 2024**

1. Village Income	IDR 1,895,295,618
1. Original Village Income = Rp. 9,560,750	
2. Balance Fund = Rp. 1,885,734,868	
3. Other Legitimate Income	
2. Village Shopping	IDR 1,091,985,753
1. Indirect Spending = Rp. 58,395,000	
2. Direct Shopping = IDR 1,033,590,753	
3. Financing	IDR 30,762,244
1. Revenue = IDR 29,237,755	
2. Expenses = Rp. 60,000,000	

*Source:* Village Information System

The allocation of funds is intended for village development with the following details: (a) At least 30% is allocated for the economic evolution of the community and the improvement of the living standards of residents; (b) At least 30% is allocated for the management of government affairs; and (c) A maximum of 40% is allocated for the advancement of infrastructure.

### Village Funds According to an Islamic Perspective

Islam emphasizes the importance of a detailed and systematic design study, as stated in the Holy Qur'an and the words of the Prophet, as the primary source of life guidance in facing various life problems. One of the manifestations of the Tabligh principle is budget transparency. Tabligh, which means conveying everything openly and without concealment, reflects the value of honesty in various aspects, including in speaking, intention and determination, planning, execution, action, and in the realization of religious principles.

In the context of budget management, the principle of honesty can only be carried out through openness in budget transparency. Therefore, budget transparency is an obligation. From the perspective of Islamic law, rejecting budget transparency is seen as a despicable act that can cancel the reward of worship to God. Therefore, openness is crucial to protecting public funds from corrupt practices. This principle also requires those in power to be open, as stated in the words of Allah in Surah An-Nahl, verse 10.:

وَإِذَا بَدَّلْنَا آيَةً مَّكَانَ آيَةٍ وَاللَّهُ أَعْلَمُ بِمَا يُنَزَّلُ قَالُوا إِنَّمَا أَنْتَ مُفْتَرٍ بَلْ أَكْثَرُهُمْ لَا يَعْلَمُونَ

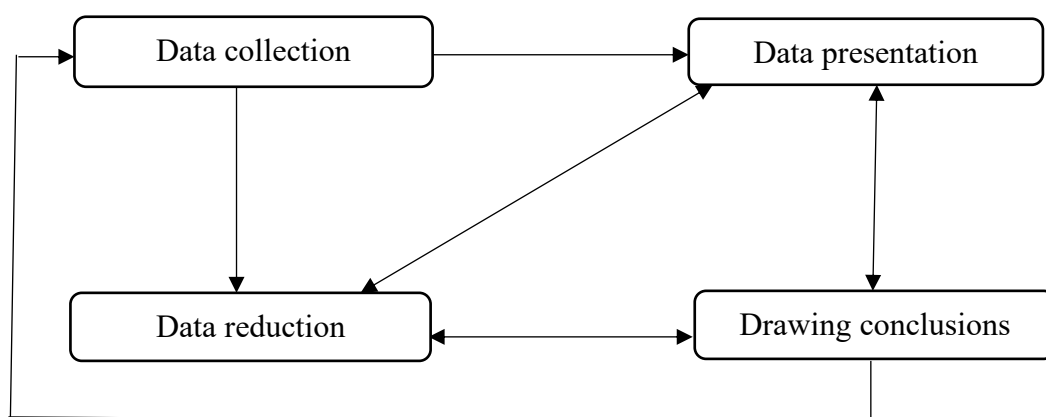
"And when We put a verse in the place of another verse in its place, even though Allah knows better what He has revealed, they say, "Indeed, you are a person who makes things up." In fact, most of them do not know". (Q.S. An-Nahl 16:101)

The surah explains that if you replace the verse of the Qur'an with another verse – where Allah, having a very wide knowledge, understands a lot of everything that He has revealed, including about the time, content, and wisdom behind the change for the benefit of the ummah – then when this situation takes place, some people who do not know speak.

## Discussion

### Research Data Analysis

Researchers can also write articles to be published in scientific journals to disseminate the research results carried out and compile them in the form of academic papers. Of course, researchers need to choose appropriate journals, where editors and readers have an interest in qualitative research as well as data and findings obtained through the interview method (Jogiyanto Hartono, 2018). The process of evaluating information in a qualitative study begins before the researcher is active on site, continues while the researcher is on site, and continues after the research ends. Nasution (2023) emphasized that the analysis had started at the time of the formulation and elaboration of the issue, and the pre-location research began and continued until the preparation of the findings report. The process of information analysis became the main guideline in subsequent research, even to the point of allowing the formation of a "grounded" theory. However, in a qualitative approach, the emphasis on data analysis takes place in tandem with data collection activities in the field (Octaviani & Sutriani, 2019).



**Figure 2. Qualitative Research Data Analysis Process**

*Source:* Miles and Huberman's Research Methods Book

The display in the image shows the relationship between the data collection process and data analysis, where data collection is an essential element in the analysis. Data reduction is carried out as a step to summarize information, then group the data into specific concept units, categories, and themes (Rijali, 2018). Research shows that access to financial resources is essential for promoting green investment and implementing environmental performance (Hernandez, 2016) (Rahman, 2023).



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## Conclusion

The study concludes that accountability in Sinar Rejeki Village's financial governance is essential for strengthening public trust, ensuring efficient use of village funds, and meeting community needs, with social media proving effective in enhancing transparency and participatory governance, fostering better community relations and engagement. Future research could explore the role of digital platforms, such as mobile apps, e-reporting systems, or blockchain in improving financial oversight, compare social media with government portals in disseminating financial data, and assess the long-term effects of participatory budgeting on corruption reduction, trust-building, and resource optimization, providing policymakers with innovative approaches to inclusive financial governance.

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