

## Evaluation of Contribution and Distribution of Special Allocation Fund (DAK) Physical Assignment Thematic of Sustainable Economic Infrastructure Provision

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### *Abstract*

Field implementation of the Special Allocation Fund (DAK) Assignment, especially the thematic of Sustainable Economic Infrastructure Provision in 2021 from the local government's point of view, is a significant matter because it is related to development priorities achievement, especially during the COVID-19. Concerning the need for information on the spatial distribution of the DAK allocation for Physical Assignment, especially the Thematic of Sustainable Economic Infrastructure Provision (PIEB) for the 2021 fiscal year, it is necessary to carry out a series of spatial analyzes showing the distribution of the DAK Physical allocation and its contribution to regional development using a budget comparison approach. Spatial analysis was carried out for mapping: 1) The contribution and role of the DAK Physical allocation to the local government budget in 2021; 2) Contribution of DAK Physical Assignment allocation of PIEB to the local government budget in 2021; 3) Contribution of DAK Physical Assignment allocation of PIEB (Small and Medium Industries (IKM), Roads, Tourism, and the Environment) to the local government budget in the fiscal year of 2021. In general, regions with a high category of DAK Physical contributions are dominated by provinces in the Eastern Region of Indonesia. On average, the DAK Physical Assignment allocation of Sustainable Economic Infrastructure Provision contributes 0.5% to the Provincial Budget. It is necessary to monitor and evaluate the implementation of DAK Physical for the Sustainable Economic Infrastructure Provision and improve coordination between institutions, both at the central and regional levels.

**Keywords:** DAK Assignment; Spatial Analysis; PIEB; APBD.

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## I. Introduction

The implementation of decentralization is one of the implementations of regional autonomy so that local governments can manage development appropriately (Juaningsih *et al.*, 2020; Hirawan, 2007; Bonet, 2006). One of the transfer schemes of government affairs to the regions is the relationship between the central and the local government through special transfer funds. Following Minister of Finance Regulation Number 50/PMK.07/2017 Management of Transfer to Regions and Village Funds, transfers to regions are part of state spending to fund the implementation of fiscal decentralization (GoI, 2017). One of the forms of transfer funds to the regions is the Special Allocation Fund (DAK) Physical (Pambudi, 2021a; Ibrahim & Abdul, 2019; Kuncoro, 2004). DAK is a fund sourced from the State Budget (APBN) allocated to regional development (GoI, 2017; GoI, 2014). The linkage of National Priorities through DAK and Regional Priorities through local policies will determine the success of DAK in the regions with a symbiosis of mutualism and a sense of regional ownership of national policies.

In Presidential Regulation Number 123 of 2020 concerning Technical Guidelines for Physical DAK for Fiscal Year 2021, DAK-Physical Assignment is to support the achievement of Major Project targets and particular priorities and to support COVID-19 handling and economic recovery (GoI, 2020c). One of the ways to accelerate the transformation of the national economy is by developing and building infrastructure. The availability of adequate infrastructure can support equity and justice, reduce disparities between regions, and improve the community's quality of life through economic activities. The COVID-19 pandemic has an impact not only on the implementation of central policies but also on local governments (Pambudi, 2021b).

Field implementation of the Special Allocation Fund (DAK) Assignment, especially the thematic of Sustainable Economic Infrastructure Provision in 2021 from the local government's point of view, is a significant matter because it is related to development priorities achievement, especially during the COVID-19. Big Data analysis shows that there is a link between the news trend on Physical DAK with the initial situation of COVID-19 in March 2020 when it started to enter Indonesia (Pambudi, 2021a). Nevertheless, the pattern of public sentiment related to negative news tends to be smaller than positive and neutral news. The response to the policy and regulation of the Physical DAK at the central government level is considered quite adaptive to the COVID-19 conditions. This quick response from the central government provides legal certainty and a budget for DAK implementation in the field (Pambudi, 2021b).

The State Revenue and Expenditure Budget (APBN) for the Fiscal Year 2021 based on Presidential Regulation Number 113 of 2020 planned at Rp2,750,028,018,431,000.00 that consists of (i) Central Government Expenditure Budget and (ii) Transfer to Regions and Village Funds. The Transfers to Regions and Village Funds are planned at Rp795,479,475,461,000.00, including (i) Transfers to Regions; and (ii) Village Fund. Transfers to the regions at Rp723,479,475,461,000.00 divided into Balancing Funds, Regional Incentive Funds (DID) and Special Autonomy Fund, and the Privileges Fund for the Special Region of Yogyakarta. The Allocation of the Balancing Fund itself is Rp688,676,556,270,000.00 which consists of the General Transfer Fund of Rp492,253,011,279,000 and Special Transfer Fund of Rp196,423,545,000,000. The allocation of the Special Transfer Fund is divided into the Special Allocation Fund (DAK) Physical and Non-physical. Physical DAK budget in 2021 is planned at Rp65,248,200,000,000.00 (sixty-five trillion two hundred forty-eight billion two hundred million rupiahs) and constitutes 33.22% of the Special Transfer Fund, 9.47% of the Balancing Fund, 9.02% of Transfer Funds to Regions, and 2.37% of the total APBN for Fiscal Year 2021. The total budget for the DAK-Physical Assignment to the Sustainable Economic Infrastructure Provision is Rp3,827,354,950,000,00 divided into Physical DAK for Small and Medium Industries (SMIs), Roads, Tourism, and the Environment (GoI, 2020a; GoI, 2020b).

Spatial analysis is the process of manipulating and extracting location data and spatial information into new meanings that can be used as a basis for decision-making in the field under study (Chang, 2006; Budiman, 2016). Concerning the need for information on the spatial distribution of the Physical DAK budget for Assignment, especially the Thematic for Provision of Sustainable Economic Infrastructure (PIEB) for the 2021 fiscal year, it is necessary to carry out a series of spatial analyzes showing the distribution of the Physical DAK budget and its contribution to regional development using a budget comparison approach. Spatial analysis used for mapping: 1) The contribution and role of the Physical DAK allocation to the Provincial APBD in 2021; 2) Contribution of Physical DAK allocation of PIEB Assignments to the Provincial APBD in 2021; 3) Contribution of Physical DAK allocation for PIEB Assignments (Small and Medium Industries (SMIs), Roads, Tourism, and the Environment) to the Provincial APBD for the 2021 fiscal year.

## **II. Purpose**

In 2021, Physical DAK will undergo a refocusing and simplification of types/sectors/activities so that the allocation per region is significant and optimal in the context of recovering the impact of the COVID-19 pandemic, increasing and equitable provision of public service infrastructure, and strengthening synergies with ministry/institutional expenditures (K/L) and other sources of funds. In addition, the importance of consideration and involvement of local governments and regional characteristics in DAK planning is expected to make development more sustainable, up-to-date, and adaptive, including during emergency conditions (Pambudi, 2021c).

If we look at the posture of the APBN, the proportion of Physical DAK allocations in 2021 is Rp63.648 trillion, or about 8% of the Transfers to Regions and Village Funds (TKDD) allocation. Although the contribution to the total TKDD is only 8%, because the Physical DAK focuses on the development of physical facilities and infrastructure in the regions, the Physical DAK has a strategic role in the economy. The objectives of the analysis of the DAK-Physical Assignment budgeting for the Sustainable Economic Infrastructure Provision include:

- 2.1. Identifying the spatial distribution of the DAK-Physical Assignment allocation of the Theme of Sustainable Economic Infrastructure Provision in the Tourism, Small and Medium Industries (SMIs), Roads and the Environment sub-sector by using an interval grouping approach;
- 2.2. Identifying the spatial distribution of the Physical DAK allocation contribution to the structure of the Provincial Local Government Budget (APBD) for the 2021 fiscal year;
- 2.3. Identifying the spatial distribution of DAK-Physical Assignment allocation contribution of the Theme of Sustainable Economic Infrastructure Provision in the Tourism and Roads Sector to the Provincial APBD in 2021;

## **III. Methodology**

### **3.1. Methods**

The research method is a descriptive quantitative method based on a literature review to map the distribution of DAK budget allocations and DAK contributions to the regions. The data used in the mapping is spatial and non-spatial secondary data. The spatial data used in the spatial analysis in this report comes from the 2019 Geospatial Information Agency (BIG) Earth Map, which includes the following layers: 1) Indonesian Administrative Boundaries; 2) Province of Indonesia Polygons; 3) Indonesian Sea Borders; 4) Other Country Polygons. The spatial analysis process uses the ArcMap 10.8 application.

The non-spatial data used are budget data consisting of the Physical DAK allocation for 2021 fiscal year, the DAK-Physical Assignment budget for the Thematic of Sustainable Economic Infrastructure Provision (PIEB) 2021 fiscal year, the DAK-Physical Assignment budget for the PIEB in the tourism and road sector, and Provincial Local Government Budget (APBD) 2021. Sources of data were obtained secondary, both in the form of policy papers (Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021) as well as secondary data Provincial APBD in 2021 obtained from the Directorate General of Regional Finance of the Ministry of Internal Affairs. Spatial analysis through the thematic map overlay process produces a description of the use of space according to a particular theme, namely the contribution of DAK funding to the region. The visualization is depicted with a 1:18,250,000 scale map and is included in a small-scale map because it is above the scale of 1:500,000.

### 3.2. Data Processing Techniques

The data processing technique uses a data grouping approach with classification based on an interval scale. The number of intervals set at 3 (three) indicates high, medium, and low with the development of the interval scale formula as follows:

$$\text{Interval Width} = \frac{\text{Upper Boundaries} - \text{Lower Boundaries}}{\text{Number of Intervals}} \quad (1)$$

The data processed into interval scale grouped into 4 (four) themes in the Fiscal Year 2021, namely the DAK Assignment allocation of PIEB, comparison data of Physical DAK to Provincial APBD, comparison data of Physical DAK PIEB to Provincial APBD, comparison data of Physical DAK PIEB in the Tourism Sector to the Provincial APBD, and comparison data of PIEB Physical DAK in the Road Sector to the Provincial APBD. The interval limits for low, medium and high scales are shown in Table 1.

**Table 1.** Category and Interval Limits in Spatial Analysis

No	DAK Sector/Sub-Sector	Category	Interval Limits (Rp)	No	Theme / Sector of DAK	Category	Interval Limits (%)
<b>DAK-Physical Assignment Budget Allocation Thematic of PIEB</b>				<b>Comparison of the Physical DAK Budget to the Provincial Budget (APBD)</b>			
1	Tourism	No Budget Allocation	0 Billion	1	Physical DAK to provincial budget (APBD)	No Budget Allocation	0%
		Low	1-33 Billion			Low	<3,6%
		Medium	33,1-65 Billion			Medium	3,6-7,2%
		High	65,1-99 Billion			High	>7,2%
2	Small and Medium Industries	No Budget Allocation	0	<b>Comparison of the DAK-Physical Assignments Budget Thematic of PIEB to the Provincial Budget</b>			
		Low	1-29 Billion	1	Physical DAK PIEB to Provincial Budget (APBD)	No Budget Allocation	0%
		Medium	29,1-57 Billion			Low	<0,53%
		High	57,1-85 Billion			Medium	0,53-1,05%
3	Road	No Budget	0			High	>1,05%

No	DAK Sector/Sub-Sector	Category	Interval Limits (Rp)	No	Theme / Sector of DAK	Category	Interval Limits (%)
4	Environment	Low	8-115 Billion	<b>Comparison of the DAK-Physical Assignments Budget Thematic of PIEB for Tourism and Roads to the Provincial Budget (APBD)</b>			
		Medium	115,1-222 Billion	1	Tourism Sector PIEB	No Budget Allocation	0%
		High	222,1-329 Billion			Low	<0,07%
		No Budget	0			Medium	0,07-0,13%
		Low	4-12 Billion			High	>0,13%
		Medium	12,1-20 Billion	2	Road Sector PIEB	No Budget	0
		High	20,1-28 Billion			Low	<0,72%
						Medium	0,72-1,05%
						High	>1,05%

Source: data processed, 2021

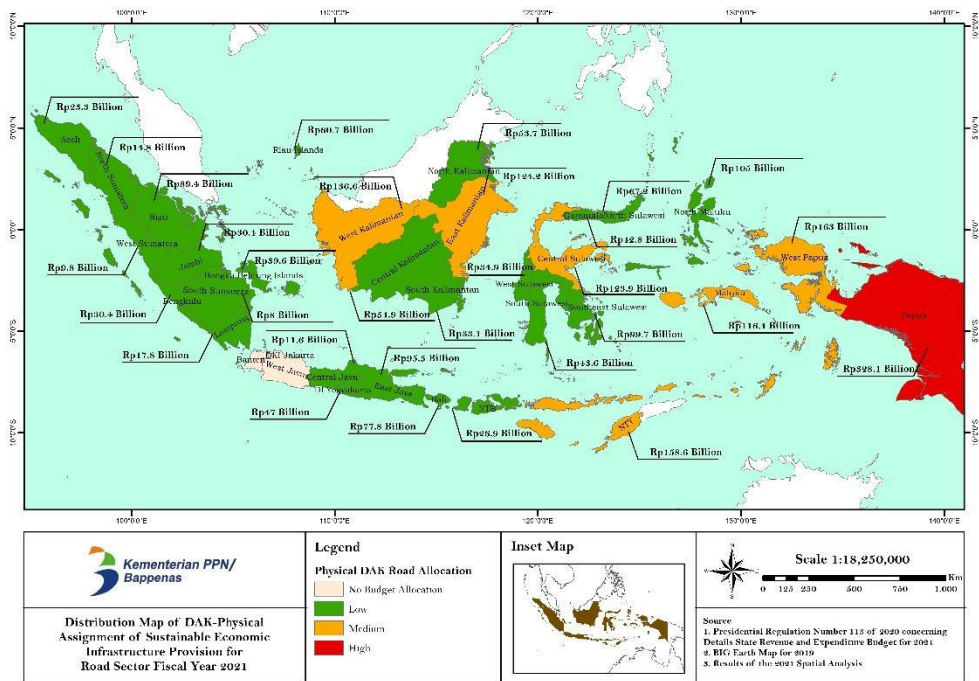
#### IV. Spatial Analysis of Physical DAK Budget Structure to Regions

If we look at the posture of the APBN, the proportion of Physical DAK allocations in 2021 is Rp63.648 trillion, or about 8% of the Transfers to Regions and Village Funds (TKDD) allocation. Although the contribution to the total TKDD is only 8%, because the Physical DAK focuses on the development of physical facilities and infrastructure in the regions, the Physical DAK has a strategic role in the economy. In 2021, Physical DAK will undergo a refocusing and simplification of types/sectors/activities so that the allocation per region is significant and optimal in the context of recovering the impact of the COVID-19 pandemic, increasing and equitable provision of public service infrastructure, and strengthening synergies with ministry/institutional expenditures (K/L) and other sources of funds. Regular Physical DAK focuses on minimum service standards achievement and filling gaps in education, health, and connectivity services. The Regular Physical DAK budget consists of education, health, and family planning. Physical DAK Assignments Budget are cross-sectoral based on themes/programs that support the achievement of Major Project targets and specific priorities. DAK-Physical Assignment consists of 4 themes: (1) The theme of reducing maternal mortality and stunting, (2) The theme of poverty alleviation, (3) The theme of food security, and (4) The theme of sustainable economic and infrastructure provision.

Spatial analysis of the Physical DAK budget structure to regions is carried out by presenting spatial information on the budget structure for DAK-Physical Assignment of Sustainable Economic Infrastructure Provision (PIEB) in the SMIs, Roads, Tourism, and Environment sub-sectors for the Fiscal Year 2021 as well as a comparison of the DAK Physical and DAK-Physical Thematic of PIEB to Provincial Budget (APBD) for the Fiscal Year 2021. This comparison shows the scale of the contribution of the Physical DAK to local governments. The results of the spatial analysis of DAK budget to regions include the contribution of 1) Physical DAK allocations; 2) Physical DAK Allocation Assignment of the Thematic of Sustainable Economic Infrastructure Provision; 3) Physical DAK Allocation in the Road Sector, and 4) Physical DAK Allocation in the Tourism Sector to the Provincial APBD in 2021.



Thematic of PIEB, and 3.63 percent of the Physical DAK for the 2021 fiscal year. The distribution map of the DAK-Physical Assignment of PIEB for the Road Sector to the Provincial Budget (APBD) for the 2021 fiscal year shown in Figure 2. Information sources of Special Allocation Fund (DAK) Physical Assignments of PIEB for Road Sector for Fiscal Year 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The DAK-Physical Assignments budget of PIEB for the Road Sector in the map is the DAK-Physical Assignments of PIEB allocation for the Road Sector resulting from the accumulation of provincial and district/city budgets. The results of the analysis show that as many as 3 (three) regions have no physical DAK allocation for Physical DAK of PIEB for Road Sector, 24 are in a low category (green zone with 8-115 billion rupiah allocation), 6 (six) in the medium category (orange zone with 115-222 billion rupiah allocation), and 1 region in the high category (red zone with 222-329 billion rupiah allocation).



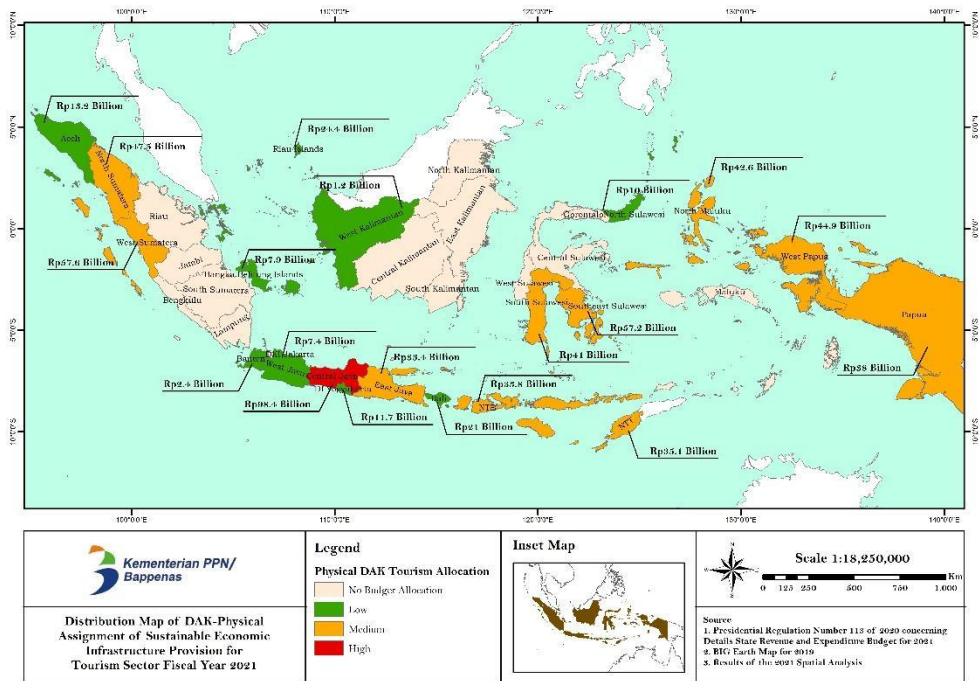
**Figure 2.** Distribution Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Road Sector Fiscal Year 2021

**Source:** Analysis Results, 2021

#### 4.3. The distribution of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Tourism Sector Fiscal Year 2021

The Physical Special Allocation Fund (DAK) Assignment for the Thematic of Sustainable Economic Infrastructure Provision (PIEB) for the Tourism Sector has a total budget of Rp629,847,000,000.00 or 19.46 percent of the total DAK-Physical Assignments Thematic of PIEB, and 0.97 percent of the Physical DAK for the 2021 fiscal year. The distribution map of the DAK-Physical Assignment of PIEB for the Tourism Sector to the Provincial Budget (APBD) in 2021 shown in Figure 3. Information sources of Special Allocation Fund (DAK) Physical Assignments of PIEB for Tourism Sector for Fiscal Year 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The DAK-Physical Assignments

budget of PIEB for the Tourism Sector on the map is the DAK-Physical Assignments of PIEB allocation for the Tourism Sector resulting from the accumulation of provincial and district/city budgets. The results of the analysis show that as many as 14 (fourteen) regions have no physical DAK allocation for Physical DAK of PIEB for Tourism Sector, 9 (nine) are in a low category (green zone with 1-33 billion rupiah allocation), 10 (ten) in the medium category (orange zone with 33-65 billion rupiah allocation), and 1 region in the high category (red zone with 65-99 billion rupiah allocation).



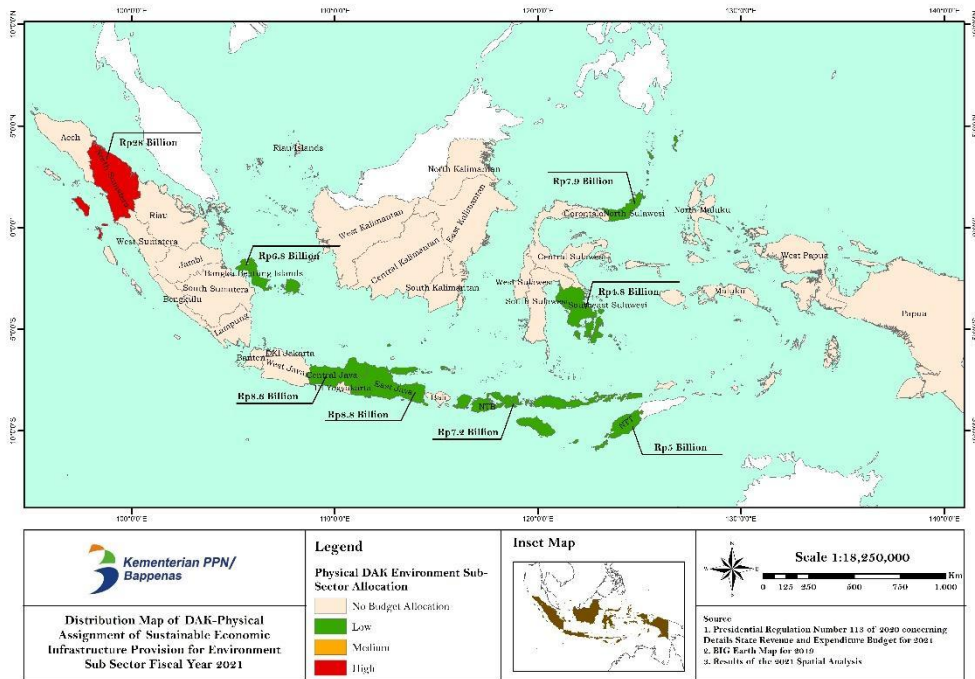
**Figure 3.** Distribution Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Tourism Sector Fiscal Year 2021

Source: Analysis Results, 2021

#### 4.4. The distribution of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Environment Sub-Sector Fiscal Year 2021

The Physical Special Allocation Fund (DAK) Assignment for the Thematic of Sustainable Economic Infrastructure Provision (PIEB) for the Environment Sub-Sector has a total budget of Rp77,354,950,000.00 or 2.02 percent of the total DAK-Physical Assignments Thematic of PIEB, and 0.22 percent of the Physical DAK for the 2021 fiscal year. The distribution map of the DAK-Physical Assignment of PIEB for the Environment Sub-Sector to the Provincial Budget (APBD) in 2021 shown in Figure 4. Information sources of Special Allocation Fund (DAK) Physical Assignments of PIEB for Environment Sub-Sector for Fiscal Year 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The DAK-Physical Assignments budget of PIEB for the Environment Sub-Sector on the map is the DAK-Physical Assignments of PIEB allocation for the Environment Sub-Sector resulting from the accumulation of provincial and district/city budgets. The results of the analysis show that as many as 26 regions have no physical DAK allocation for Physical DAK of PIEB for Environment Sub-Sector, 7 (seven) are in a low category (green zone with 4-12 billion rupiah allocation), 0 (zero) in the medium category (orange zone with 12-20 billion

rupiah allocation), and 1 region in the high category (red zone with 20-28 billion rupiah allocation).



**Figure 4.** Distribution Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Environment Sub-Sector Fiscal Year 2021

Source: Analysis Results, 2021

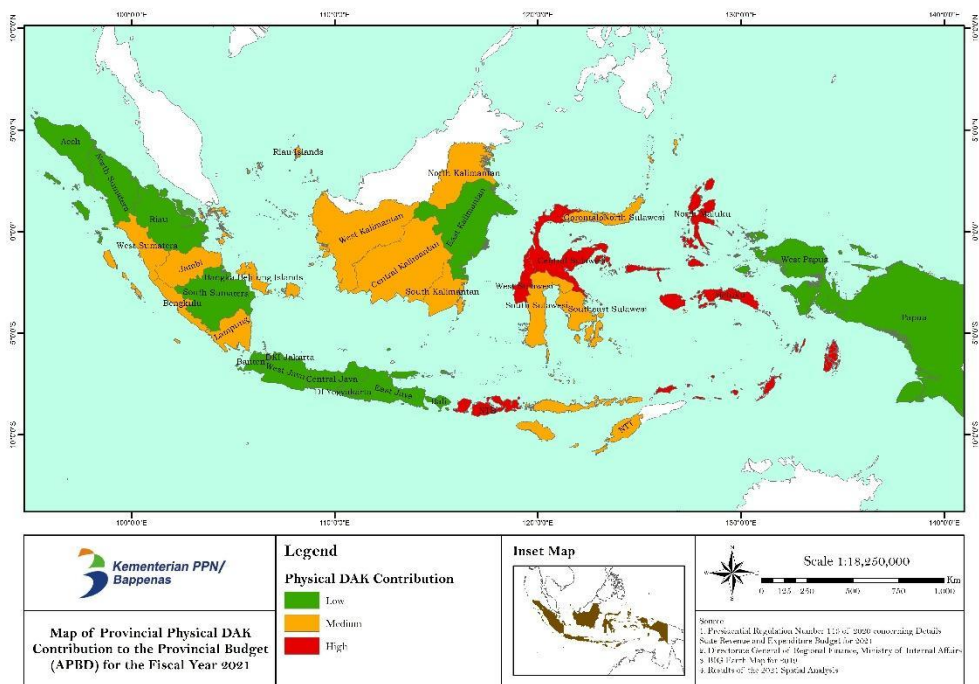
## V. Physical DAK Contribution and Role to Regions

In the structure of the State Budget (APBN), the Special Allocation Fund (DAK) is one type of Transfer to the Regions and the Village Fund (TKDD) that is included in the Balancing Fund (Pambudi & Putri, 2022; GoI, 2020b). DAK consists of Physical DAK and Non-Physical DAK. Physical DAK is a fund allocated in the APBN to particular regions to help to finance special physical activities, which are regional affairs and national priorities, such as health, education, and sustainable economic infrastructure. The function of the Physical DAK is to overcome inequality in the availability of infrastructure and public services between regions, equitable distribution of the quantity and quality of regional public service infrastructure as well as increasing public access to basic public services, such as strengthening stunting interventions, construction and rehabilitation of public library service facilities, provision of housing in slums and integrated handling of slum houses and construction of Community Health Center buildings. In allocating the DAK budget so far, there has been no equal role between the Ministry of National Development Planning/Bappenas and the Ministry of Finance, which has an impact on several DAK financing that are not on target, as the original goal was to support national priorities (Pambudi et al., 2021).

### 5.1. Contribution of Physical DAK to Provincial Budget (APBD) for Fiscal Year 2021

The total budget for the Provincial Physical DAK for the 2021 Fiscal Year is Rp11,216,236,008,000.00 (eleven trillion two hundred sixteen billion two hundred thirty-six million and eight thousand rupiahs) and 17.19 percent of Physical DAK, 5.71 percent of

the Special Transfer Fund, 1.63 percent of the Balancing Fund, 1.55 percent of the Transfer Fund to the Regions, and 0.41 percent of the total State Budget (APBN) for the 2021 fiscal year. Based on Presidential Regulation Number 123 of 2020 concerning the Government Work Plan for the 2021 fiscal year, the policy directions for the Physical DAK for the 2021 fiscal year are 1) Refocusing and simplifying the types, fields, and activities of the Physical DAK; 2) Improvement and equity in the provision of public service infrastructure; and 3) Increase synergies with Ministry/Agency spending and other sources of funds. The distribution of the comparison of the Provincial Physical DAK to the Provincial Budget (APBD) for the 2021 fiscal year can show the scale of the contribution of the Physical DAK budget to the provincial government. The spatial analysis of the Physical DAK contribution to the structure of the Provincial Government budget showed in Figure 5.



**Figure 5.** Map of Provincial Physical DAK Contribution to the Provincial Budget (APBD) for the Fiscal Year 2021

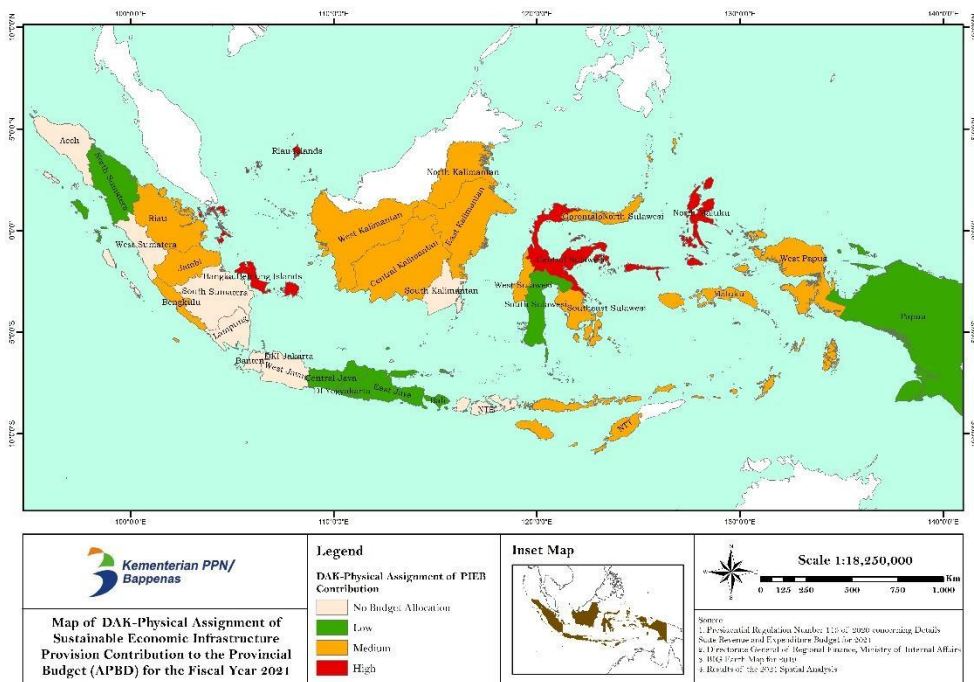
**Source:** Analysis Results, 2021

Distribution map source of Special Allocation Fund (DAK) Physical Assignments in 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The physical DAK budget on the map is the Physical DAK allocation for each province. The results of the analysis show that out of 34 provinces, 14 provinces in the low category (green zone with Physical DAK contribution <3.6 percent), 16 (sixteen) provinces in the medium category (orange zone with Physical DAK contribution 3.6-7.22 percent), and 4 (four) provinces in the high category (red zone with DAK Physical contribution >7.2 percent). Regions with DAK Physical contributions in the low category, namely: the Provincial Governments of Aceh, North Sumatra, Riau, South Sumatra, DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, Banten, Bali, East Kalimantan, West Papua, and Papua. Regions with DAK Physical contributions are in the medium category, namely: Provincial Governments of West Sumatra, Jambi, Bengkulu, Lampung, Bangka Belitung Islands, Riau Islands, NTB, NTT, West Kalimantan, Central Kalimantan, South Kalimantan, North Kalimantan, North Sulawesi, South Sulawesi, Southeast Sulawesi, and Gorontalo, while the regions with DAK

Physical contributions are in the high category, namely: the Provincial Governments of Central Sulawesi, West Sulawesi, Maluku, North Maluku.

## 5.2. Contribution of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision to the Provincial Budget (APBD) for the Fiscal Year 2021

Special Allocation Funds are part of transfers to regions that are allocated with the aim of funding certain programs, activities, and/or policies that become national priorities and assisting the operation of public services, the use of which has been determined by the Government (GoI, 2022). The Physical Special Allocation Fund (DAK) is intended to fund special regional needs (capital expenditure support) divided into Regular Physical DAK and Assignment Physical DAK. Regular Physical DAK focuses on minimum service standards achievement and filling gaps in education, health, and connectivity services. Physical DAK Assignments are cross-sectoral based on themes/programs that support the achievement of Major Project targets and specific priorities, namely: (1) The theme of reducing maternal mortality and stunting, (2) The theme of poverty alleviation, (3) The theme of food security, and (4) The theme of sustainable economic and infrastructure provision.



**Figure 6.** Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision Contribution to the Provincial Budget (APBD) for the Fiscal Year 2021

**Source:** Analysis Results, 2021

Based on Presidential Regulation Number 113 of 2020 concerning Details of the State Revenue and Expenditure Budget for Fiscal Year 2021, the total budget for DAK-Physical Assignment at the provincial government level is Rp3,345,908,761,000.00 or 5.13 percent of the Physical DAK budget for the 2021 fiscal year, wherein the DAK-Physical Assignment to the Sustainable Economic Infrastructure Provision (PIEB) at the provincial government level has a total budget of Rp945,503,282,000.00 or 28.26 percent of the Provincial DAK-Physical Assignment, 8.43 percent of the total Provincial Physical DAK, and 1.45 percent of the total Physical DAK for the 2021 fiscal year. The discussion in this report is devoted to the DAK-Physical Assignment of PIEB Thematic at the provincial government level with

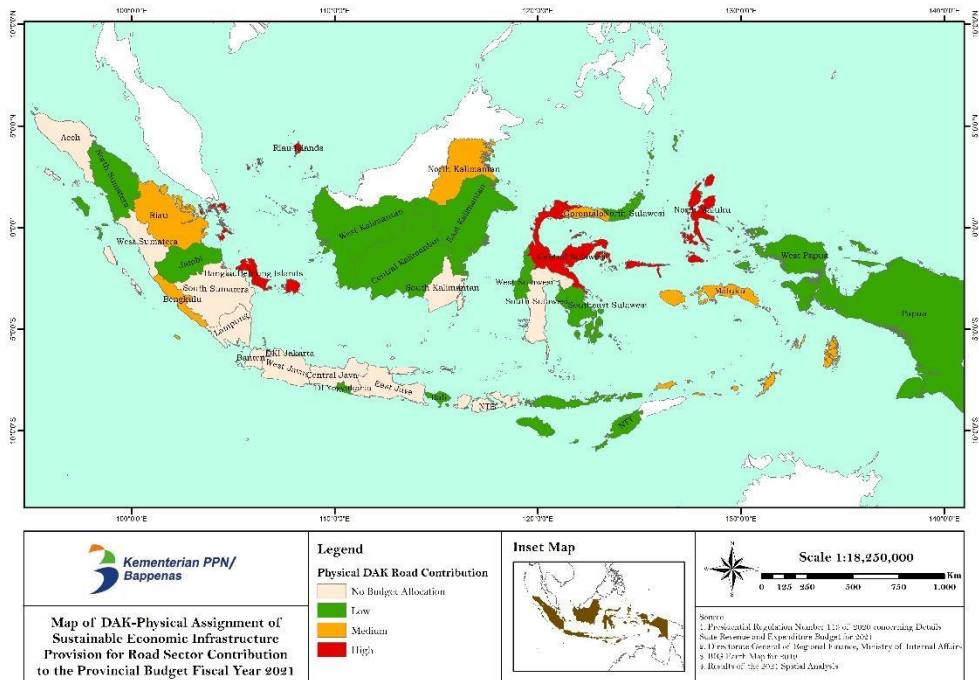
the distribution of the contribution scale of the DAK-Physical PIEB Thematic to the Provincial Budget in 2021 shown in Figure 6.

Distribution map source of Special Allocation Fund (DAK) Physical Assignments of PIEB Thematic in 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The results of the analysis show that out of 34 provinces, 9 (nine) have no DAK-Physical Assignment of PIEB allocations, 7 (seven) in the low category (green zone with DAK-Physical Assignment of PIEB contribution <0.53 percent), 14 (fourteen) provinces in the medium category (orange zone with DAK-Physical Assignment of PIEB contribution 0.53-1.05 percent), and 4 (four) provinces in the high category (red zone with DAK-Physical Assignment of PIEB contribution >1.05 percent). Regions with DAK-Physical Assignment of PIEB contributions in the low category, namely: the Provincial Governments of North Sumatra, Central Java, DI Yogyakarta, East Java, Bali, South Sulawesi, and Papua. Regions with DAK-Physical Assignment of PIEB contributions in the medium category, namely: the Provincial Governments of Riau, Jambi, Bengkulu, NTT, West Kalimantan, Central Kalimantan, East Kalimantan, North Kalimantan, North Sulawesi, Southeast Sulawesi, Gorontalo, West Sulawesi, Maluku, and Papua West, while the regions with DAK-Physical Assignment of PIEB contributions in the high category, namely: the Provincial Government of the Bangka Belitung Islands, Riau Islands, Central Sulawesi, and North Maluku.

### **5.3. Contribution of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Road Sector to the Provincial Budget Fiscal Year 2021**

Special Allocation Fund for Physical Assignment of PIEB for the Road Sector at the provincial government level has a total budget of Rp945,503,282,000.00 divided into Physical DAK for Roads and Tourism Sector. DAK-Physical Assignments of PIEB for Provincial Roads have a total budget of Rp893,905,136,000.00 or 94.5 percent of the DAK-Physical Assignments at the provincial level, 7.97 percent of the Provincial Physical DAK, and 1.37 percent of the total Physical DAK. The contribution map of the DAK-Physical Assignment of PIEB for Provincial Road Sector to the Provincial Budget in 2021 shown in Figure 7.

Distribution map source of Special Allocation Fund (DAK) Physical Assignments of PIEB Thematic for Provincial Roads in 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The results of the analysis show that out of 34 provinces, 12 provinces have no DAK-Physical Assignments of PIEB for Road Sector allocation, 13 in the low category (green zone with DAK Physical Assignment of PIEB for Road Sector contribution <0.72 percent), 5 (five) provinces in the medium category (orange zone with DAK Physical Assignment of PIEB for Road Sector contribution 0.72-1.05 percent), and 4 (four) provinces in the high category (red zone with DAK Physical Assignment of PIEB Thematic for Road Sector contribution >1.05 percent). Regions with contributions from DAK-Physical Assignments of PIEB Thematic for Roads in the low category, namely: Provincial Government of North Sumatra, Jambi, DI Yogyakarta, Bali, NTT, West Kalimantan, Central Kalimantan, East Kalimantan, North Sulawesi, Southeast Sulawesi, West Sulawesi, West Papua, and Papua. Regions with the contribution of DAK Physical Assignment of PIEB for Roads in the medium category, namely: the Provincial Governments of Riau, Bengkulu, North Kalimantan, Gorontalo, and Maluku, while the regions with the contribution of DAK Physical Assignment of PIEB that are in the high category are: the Provincial Government of the Bangka Belitung Islands, Riau Islands, Central Sulawesi, and North Maluku.

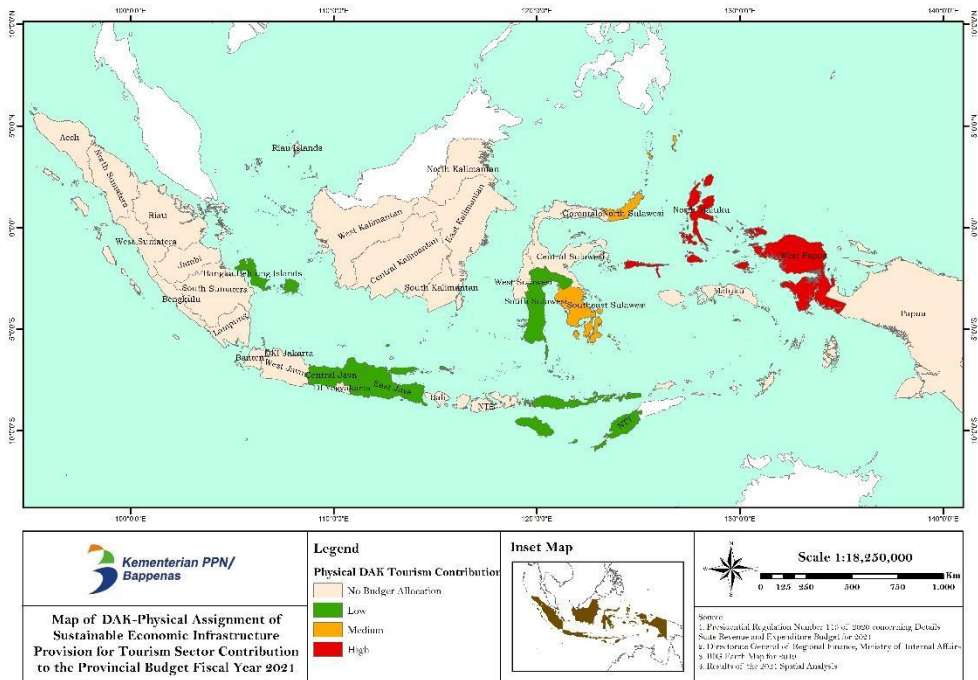


**Figure 7.** Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Road Sector Contribution to the Provincial Budget Fiscal Year 2021

Source: Analysis Results, 2021

#### 5.4. Contribution of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Tourism Sector to the Provincial Budget Fiscal Year 2021

Special Allocation Fund for Physical Assignment of PIEB for the Tourism Sector at the provincial government level has a total budget of Rp51,598,146,000.00 or 5.5 percent of the total DAK-Physical Assignment of PIEB, 0.46 percent of the Provincial Physical DAK, and 0.08 percent of the total Physical DAK. The contribution map of the DAK-Physical Assignment of PIEB for Tourism Sector to the Provincial Budget in 2021 shown in Figure 8. Distribution map source of Special Allocation Fund (DAK) Physical Assignments of PIEB Thematic for the Tourism sector in 2021 based on Presidential Regulation Number 113 of 2020 concerning State Revenue and Expenditure Budget Details for the Fiscal Year 2021. The results of the analysis show that out of 34 provinces, 25 provinces have no DAK-Physical Assignments for PIEB for Tourism Sector allocation, 5 in the low category (green zone with DAK-Physical Assignments of PIEB for Tourism Sector contributions <0.07 percent), 2 (two) provinces in the medium category (orange zones with DAK-Physical Assignments of PIEB for Tourism Sector contributions 0.07–0.13 percent), and 2 (two) provinces in the high category (red zone with DAK-Physical Assignments of PIEB for Tourism Sector contributions > 0.19 percent). Regions with contributions from DAK-Physical Assignments of PIEB Thematic for Tourism Sector in the low category, namely: the Provincial Governments of the Bangka Belitung Islands, Central Java, East Java, NTB, and Central Sulawesi. Regions with contributions from DAK-Physical Assignments of PIEB Thematic for Tourism Sector in the medium category, namely: the Provincial Governments of North Sulawesi and Southeast Sulawesi, while the regions with the contributions from DAK-Physical Assignments of PIEB Thematic for Tourism Sector in the high category, namely: the Provincial Governments of North Maluku and Papua.



**Figure 8.** Map of DAK-Physical Assignment of Sustainable Economic Infrastructure Provision for Tourism Sector Contribution to the Provincial Budget Fiscal Year 2021

**Source:** Analysis Results, 2021

## VI. Conclusion

Physical DAK budget in the 2021 fiscal year is Rp65,248,200,000,000.00, while the total budget for Physical DAK for the Province is Rp11,216,236,008,000.00 (17.19 percent of the Physical DAK, 5.71 percent of the Special Transfer Fund, 1.63 percent of the Balancing Fund, 1.55 percent of the Transfer to Regions, and 0.41 percent of the total State Budget (APBN) for the 2021 fiscal year). The direction of the Physical DAK policy for the 2021 fiscal year is to 1) Refocusing and simplification of types, fields, and activities of Physical DAK; 2) Improvement and equity in the provision of public service infrastructure, and 3) Increase synergies with the Ministry/Agency spending and other sources of funds. The results of the analysis of the contribution of the Physical DAK allocation to the Provincial Budget for the 2021 fiscal year are as follows:

- 6.1. The contribution category of Physical DAK (Low <3.6 percent; Medium 3.6-7.22 percent; High >7.2 percent):
- 6.2.1. Low Category: Provincial Governments of Aceh, North Sumatra, Riau, South Sumatra, DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, Banten, Bali, East Kalimantan, West Papua, and Papua.
- 6.2.2. Medium Category: Provincial Governments of West Sumatra, Jambi, Bengkulu, Lampung, Bangka Belitung Islands, Riau Islands, NTB, NTT, West Kalimantan, Central Kalimantan, South Kalimantan, North Kalimantan, North Sulawesi, South Sulawesi, Southeast Sulawesi, and Gorontalo.
- 6.2.3. High Category: Provincial Governments of Central Sulawesi, West Sulawesi, Maluku, and North Maluku.

- 6.2. The contribution category of DAK-Physical Assignments of Sustainable Economic Infrastructure Provision (Low <0.53 percent; Medium 0.53-1.05 percent; High >1.05 percent).
  - 6.2.4. Low Category: Provincial Governments of North Sumatra, Central Java, DI Yogyakarta, East Java, Bali, South Sulawesi, and Papua.
  - 6.2.5. Medium Category: Provincial Governments of Riau, Jambi, Bengkulu, NTT, West Kalimantan, Central Kalimantan, East Kalimantan, North Kalimantan, North Sulawesi, Southeast Sulawesi, Gorontalo, West Sulawesi, Maluku and West Papua.
  - 6.2.6. High Category: Provincial Governments of the Bangka Belitung Islands, Riau Islands, Central Sulawesi, and North Maluku.
- 6.3. The contribution category of DAK-Physical Assignments of Sustainable Economic Infrastructure Provision for the Road Sector (Low <0.72 percent; Medium 0.72-1.05 percent; High >1.05 percent).
  - 6.3.1. Low Category: Provincial Governments of North Sumatra, Jambi, DI Yogyakarta, Bali, NTT, West Kalimantan, Central Kalimantan, East Kalimantan, North Sulawesi, Southeast Sulawesi, West Sulawesi, West Papua, and Papua.
  - 6.3.2. Medium Category: Provincial Governments of Riau, Bengkulu, North Kalimantan, Gorontalo, and Maluku.
  - 6.3.3. High Category: Provincial Governments of the Bangka Belitung Islands, Riau Islands, Central Sulawesi, and North Maluku
- 6.4. The contribution category of DAK-Physical Assignments of Sustainable Economic Infrastructure Provision for the Tourism Sector (Low <0.07 percent; Medium 0.07-0.13 percent; High >0.19 percent).
  - 6.4.1. Low Category: Provincial Governments of the Bangka Belitung Islands, Central Java, East Java, NTB, and Central Sulawesi
  - 6.4.2. Medium Category: Provincial Governments of North Sulawesi and Southeast Sulawesi.
  - 6.4.3. High Category: Provincial Governments of North Maluku and Papua.

In Presidential Regulation Number 123 of 2020 concerning Technical Guidelines for Physical DAK for Fiscal Year 2021, DAK-Physical Assignment is to support the achievement of Major Project targets and particular priorities and to support COVID-19 handling and economic recovery. One of the ways to accelerate the transformation of the national economy is by developing and building infrastructure. The availability of adequate infrastructure can support equity and justice, reduce disparities between regions, and improve the community's quality of life through economic activities. The budget allocation for DAK-Physical Assignments for the Sustainable Economic Infrastructure Provision at the provincial government level is Rp945,503,282,000.00 divided into Physical DAK for Roads and Tourism. DAK-Physical Assignment of PIEB for Provincial Road Sector has a total budget of Rp893,905,136,000.00, while DAK-Physical Assignment of PIEB for Provincial Tourism Sector has a total budget of Rp51,598,146,000.00. In general, regions with a high category of DAK Physical contributions are dominated by provinces in the Eastern Region of Indonesia. On average, the DAK-Physical Assignment budget for the Provision of Sustainable Economic Infrastructure Assignment contributes 0.5% to the Provincial Budget.

## VII. Recommendation

Based on the analysis results, each province has a different DAK contribution, especially the Physical DAK Assignment of Sustainable Economic Infrastructure Provision

contribution, which differs for each regional finance. Recommendations regarding DAK funding for regions are as follows:

- 7.1. It is necessary to develop policies and strategies in increasing Local Own-source Revenue (PAD) to reduce regional dependence on Balancing Funds, in particular the Special Allocation Fund (DAK), especially in regions with DAK Physical contributions in the high category, which indicates the regional fiscal dependence on the Physical DAK budget.
- 7.2. It is necessary to monitor and evaluate the implementation of DAK-Physical Assignments for the Sustainable Economic Infrastructure Provision in terms of their suitability and effectiveness to support economic recovery during the COVID-19 pandemic.
- 7.3. It is necessary to improve coordination between institutions, both at the central and regional levels, implement more permanent regulations so not easily changed, and provide access to local governments to know the process of determining the allocation so that it will be better in planning and budgeting DAK that is more targeted and has a better impact on local communities.
- 7.4. The Central Government must provide rewards to regions that have good performance in the implementation of DAK, such as increasing budget allocations.
- 7.5. It is necessary to synchronize the DAK planning and budgeting schedule with the regional planning and budgeting schedule based on the applicable regulations. It needs in-line physical DAK planning with the regional planning stages, so it does not interfere with the preparing and determining the Provincial Budget (APBD) process.
- 7.6. Regulations are needed from the Governor/Mayor to make the Physical DAK sustainable and integrated with future activities so that the construction of facilities and infrastructure can be completed comprehensively and efficiently.

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