

Policy Paper

The Challenges of Physical Special Allocation Fund (SAF) Planning for Sustainable Economic Infrastructure Provision

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ABSTRACT

The paper aimed to examine the relationship between central and regional plan documents, the relevance of the Physical SAF menu to regional development, and how relevant the Physical SAF menu was to the Thematic Assignment of Sustainable Economic Infrastructure Provision (SEIP) to support regional priorities. A quantitative method was used for the analysis. It was carried out in a desk study with content analysis to track the 2021 Physical SAF policy for the assignment of SEIP in the Government Work Plan (GWP) and regional priorities of the Provincial Government Work Plan (PGWP). The results of the planning level analysis showed that there are still some irrelevant Physical SAF policies to the regional priorities for the themes of Tourism, Roads, Small and Medium Industries (SMEs), and the Environment. There are still many plans and activities for the Physical SAF not included in the provincial government's planning, thus affecting the implementation quality.

Keywords: Special Allocation Fund; Regional Development; Sustainable Economic Infrastructure Provision; Indonesia

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1. Introduction

Infrastructure is the backbone of economic growth, which must be strengthened through strategies that promote economic prosperity both at the local and global levels (Khoshnava et al., 2019). Massive infrastructure development carried out in Indonesia in recent times is one of the steps to increase competitiveness and equity to improve the community's welfare (Ervianto, 2019).

Good development planning contributes to achieving a country's development goals effectively. National development is an accumulation of regional developments and is essentially a forum for accumulating development programs (Nazarudin, 2015). Meanwhile, regional development begins with careful and professional planning coordination and is carried out in a synergistic and planned manner toward national development by taking the aspects of sustainability and environment into account (Abbas, 2020; Harrison, 2020; Pambudi, 2020a; Gol, 2004). The fundamental problems in the regional development planning process are still top-down; patterns of thinking tend to be one-way and do not include strategic issues in the regional development planning process (Pambudi et al., 2022; Aziz et al., 2013). On the other hand, regional development planning, including development using central government funding, should reflect the real conditions of a region (Pambudi, 2020b; Setianingsih et al., 2015).

Synchronization of planning in sustainable economic infrastructure provision requires integrating, adjusting, and aligning planning documents to achieve development goals. The national development planning system aims to ensure the integration, synchronization, and synergy across time between regions, spaces, government functions, and central and regional governments (Pambudi & Sitorus, 2021; Gol, 2004). Weak planning coordination (both vertical and horizontal) results in the poor government's ability to execute the development programs and activities and is usually preceded by an inconsistency between the central and regional development planning documents (Abbas, 2020; Volkery et al., 2006). Some indicators of non-optimal coordination in development planning are poor communication and a lack of awareness of executors and coordinators (Abbas, 2020). Therefore, a more comprehensive, targeted, and integrated planning is needed to achieve regional developments and provide equal distribution of economic resources to the community (Fadlina et al., 2013).

A state policy is considered effective when it positively impacts the community; in other words, the community will behave in accordance with the expectations of the government. Therefore, the government needs to ensure that effective policy implementation is carried out through good program design and structure of the implementation process. The Special Allocation Fund (SAF) is part of the government's policy to implement programs that support national priorities, including regional affairs (Pambudi & Putri, 2022). The allocation of transfer funds can be in the form of (1) Balancing Funds (General Transfer Funds, General Allocation Funds, Profit Sharing Funds, and Special Transfer Funds (SAF, both physical and non-physical); (2) Regional Incentive Funds (DID); (3) Special Autonomy or Autonomy Funds; Privileges Fund (D.I Yogyakarta Province); and (4) Village Funds. From various studies, SAF has the most significant influence on economic growth, among other types of transfer funds currently available (Juanda & Handa, 2017). The SAF budget is aimed at long-term investment activities, short-term investments, regional performance improvement, repair, and improvement of public service facilities and infrastructure classified as national priorities with long economic life and included in capital expenditure (Sukarna et al., 2012; Shadrina & Putri, 2019). Physical SAF aims to encourage public service facilities and infrastructure provision, fulfilment of Minimum Service Standards (MSS) and the achievement of the National Priority of PGWP in 2021. The acceleration of regional and regional development of general policy directions for the 2021 Physical SAF to support economic recovery after the COVID-19 included the followings: 1) Physical Special Allocation Funds were prioritized for activities with direct impacts on labour absorption and the ability to increase people's purchasing power in response to the COVID-19 pandemic; 2) Provision of sustainable infrastructure for economic recovery at the national level after the COVID-19 pandemic.

It is interesting to analyze the development of economic infrastructure provision in the regions funded by Special Allocation Funds (SAF) from the planning aspect as the basis for future improvement. More specifically, the evaluation of planning synchronization needs to identify how far the Physical SAF supports priority programs in the regions in a desk analysis on the central-regional planning gap in the implementation of Physical SAF Assignments, especially in Sustainable Economic Infrastructure Provision

(SEIP). As in the regulations made in 2021, the current SAF includes four fields: Tourism, Small and Medium Industry (SMI), Roads, and the Environment Sub-sector (Gol, 2020a; Gol, 2020b). The paper aimed to examine the relationship between Central and Regional Government Work Plan documents, the relevance of the Physical SAF menu to regional development, and how relevant the Physical SAF menu was to the Thematic Assignment of Sustainable Economic Infrastructure Provision to support regional priorities. The benefit of this analysis was that it provided information for the central and local governments to plan adaptive SAF that can accommodate the needs of local and central governments by implementing bottom-up and top-down planning. Good planning is implementable and has an optimal impact on the community as an object of development.

2. Methodology

A quantitative method was adopted for the analysis. It was carried out in a desk study with content analysis to track the 2021 Physical SAF policy for the assignment of Sustainable Economic Infrastructure Provision in the Government Work Plan (PGWP) and regional priorities of the Provincial Government Work Plan (PGWP). The secondary data used were policy documents at the central level (PGWP) and the regional level (PGWP), especially those from provinces that received the Physical SAF budget allocation for SEIP for the Fiscal Year 2021. For data analysis and processing, a proportional preference approach was utilized to describe the frequency of conditions for the data population. An overview of the effectiveness was presented using a planning gap analysis, whereas the suitability of regional priorities was described using content analysis as an instrument to reach a conclusion. To analyze the effectiveness, budget data were also used to see how the regional development agenda is in synergy with the national development agenda. The Assignment Physical SAF study was carried out only on 2021 data with the consideration of the thematic suitability in line with one of the government's strategies to handle the National Economic Recovery (NER) during and after the COVID-19 pandemic.

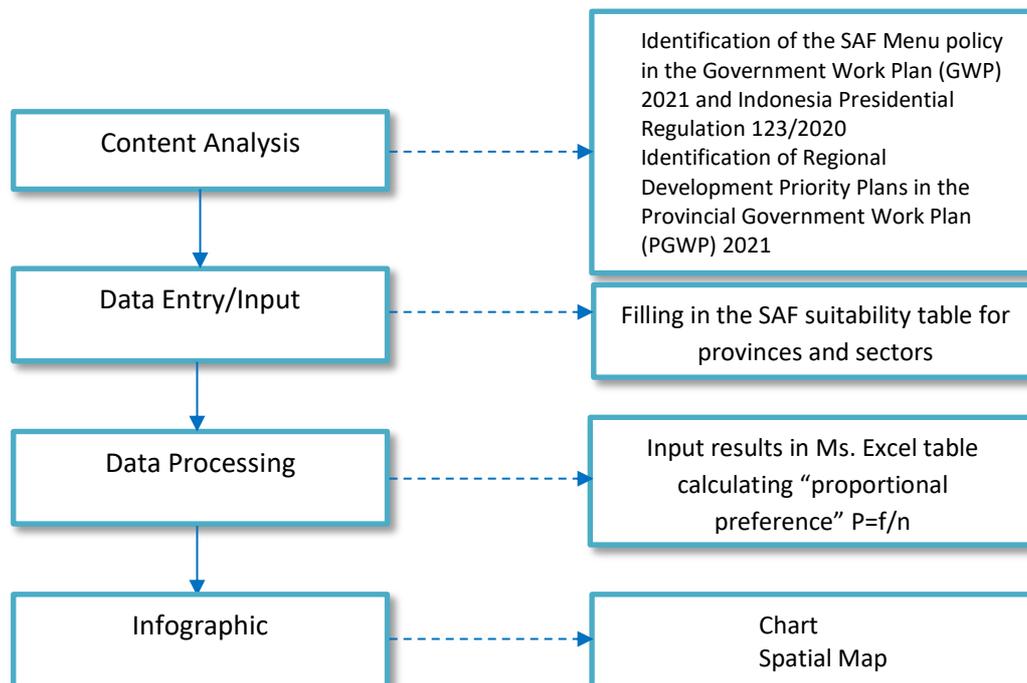


Figure 1. Gap Analysis Approach to Central-Regional Planning for Physical SAF Implementation with Thematic Assignment of Sustainable Economic Infrastructure Provision for the Fiscal Year 2021 (Source: Analysis Result, 2021)

Using the quantitative method, some data on the SAF Physical budget allocation were compared with the Regional Revenues and Expenditure budget allocation to figure out the extent of the Regional Priority Index in some regions of the Physical SAF. These analyses also used a spatial analysis (by Geographical Information System/ GIS) as a regional analysis infographic. The information on the

suitability and non-suitability of the Special Allocation Fund (SAF) Menu in the Government Work Plan with the Provincial Government Work Plan can be accessed through the activity menu in the Physical SAF in each field, which was then examined through the tagging table of the Special Allocation Fund-Regional Development Work Plan made by the author. Tagging describes the Special Allocation Fund field and its menu of activities. Each menu of activities in each field was evaluated for suitability and non-suitability through regional programs in each province's Regional Government Work Plans. After filling the tagging table for all regions, the tagging results were recapitulated with the distribution of each activity menu. Based on these, the conclusions and suitability/non-suitability results of the menu of activities in each field of all provinces through their regional programs were obtained. Spatially, regions with overall regional program suitability with the Special Allocation Fund menu were coloured green. Meanwhile, those that were "not suitable" were coloured red, while those with partial suitability were in orange colour.

3. Results and Discussion

Policy internalization in the planning process is a crucial issue in the series of development implementations. In the preparation of planning, the central and local governments use Law No. 25 of 2004 concerning the National Development Planning System as a legal basis (Gol, 2020b; Gol, 2004). National development planning is a unified development planning procedure to produce long-term, medium-term and annual development plans implemented by government administrators at the central and regional levels (Pambudi et al., 2022). This planning gap analysis illustrates how SAF policies are internalized in regional development. Thematic Physical SAF for the Provision of Sustainable Economic Infrastructure focused on infrastructure improvement to accelerate economic recovery after the COVID-19 pandemic. The analysis was conducted within the scope of provinces that received physical SAF allocations with Thematic Assignments of the Provision of Sustainable Economic Infrastructure (SEIP). The thematic assignments consisted of several sectors, namely the Tourism Sector (20 provinces), Small and Medium Industry Sector (32), Road Sector (31), and the Environment Sub-Sector (8).

3.1 Internalization of SAF Policy in Tourism Development Planning

The Government Work Plan for Fiscal Year 2021, as stated in Presidential Regulation 122 of 2020, allocated thematic policies of Physical Assignment SAF, one of which was to provide sustainable economic infrastructure in the tourism sector (Gol, 2020a; Gol, 2020b). It is further stated in the Presidential Regulation No. 123 of 2020 concerning Technical Guidelines for Physical SAF for Fiscal Year 2021 that the Tourism Sector has 5 (five) activity menus, namely: 1) Development of Tourism Area Amenity; 2) Development of the Tourist Pier Area; 3) Open Area Development; 4) Development of Tourist Tracks; and 5) Development of Supporting Facilities for Rural/Urban Tourism Areas. The Special Allocation Fund for Tourism for the Fiscal Year 2021 also had regional priorities, namely: 1) Ten National Priority Tourism Destinations, namely Lake Toba, Borobudur, Mandalika, Wakatobi, Labuan Bajo, Likupang, Bromo-Tengger-Semeru, Raja Ampat, Tanjung Kelayang, and Morotai Island; 2) Eight Development Tourism Destinations covering Batam-Bintan, Bukit Tinggi-Padang, Bandung-Halimun-Ciletuh, Banyuwangi, Sambas-Singkawang, Derawan-Berau, Toraja-Makassar-Selayar, and Biak-Cendrawasih Bay; and 3) Revitalizing Bali Destinations in accordance with Presidential Regulation No. 18 of 2020 concerning the 2020-2024 National Mid-Term Development Plan.

Table 1: Menu of Suitability of Physical SAF Assignments in the Tourism Sector with Regional Priorities for the Fiscal Year 2021

Provinces	Menu of Suitability of Physical SAF Assignments in the Tourism Sector with Regional Priorities					%
	Development of Tourism Area Amenity	Development of the Tourist Pier Area	Open Area Development	Development of Tourist Tracks	Development of Supporting Facilities for Rural/Urban Tourism Areas	
Aceh	✓	✓	✓	✓	✓	100

Provinces	Menu of Suitability of Physical SAF Assignments in the Tourism Sector with Regional Priorities					%
	Development of Tourism Area Amenity	Development of the Tourist Pier Area	Open Area Development	Development of Tourist Tracks	Development of Supporting Facilities for Rural/Urban Tourism Areas	
North Sumatra	✓	✓	✓	✓	✓	100
West Sumatra	✓	✓	✓	✓	✓	100
Bangka Belitung	✓	✓	✓	✓	✓	100
Riau islands	✓	✓	✓	✓	✓	100
Banten	✓	✓	✓	✓	✓	100
West Java	✓	✓	✓	✓	✓	100
Central Java	✓	✓	✓	✓	✓	100
DIY	✓	✓	✓	✓	✓	100
East Java	✓	✓	✓	✓	✓	100
West Kalimantan	X	X	X	X	X	0
North Sulawesi	✓	✓	✓	✓	✓	100
South Sulawesi	✓	✓	✓	✓	✓	100
Southeast Sulawesi	✓	X	X	X	✓	40
Bali	✓	✓	✓	✓	✓	100
West Nusa Tenggara	✓	✓	✓	✓	✓	100
East Nusa Tenggara	✓	X	✓	X	X	40
North Maluku	✓	✓	✓	✓	✓	100
Papua	✓	X	X	X	✓	40
West Papua	X	X	X	X	X	100

Source: Analysis Result, 2021

The Physical Special Allocation Fund for the Fiscal Year 2021 with the Thematic Assignment of Sustainable Economic Infrastructure (SEIP) Provision was allocated to 20 provinces to develop the tourism sector. Based on the planning gap analysis results on the issue of conformity to the SAF menu, out of 20 provinces, two provinces did not have regional priority programs relevant to the Physical SAF menu for the Tourism Sector SEIP Assignment, namely West Kalimantan and West Papua, included in the criteria for the location of the Physical SAF budget allocation recipients for the Sustainable Economic Infrastructure Provision of the Tourism Sector for the Fiscal Year 2021. A total of 15 provinces had regional development priority programs in their planning documents that were 100% relevant to the activity menu of Physical SAF Assignments of SEIP in the Tourism Sector, and three provinces only had 40% conformity.

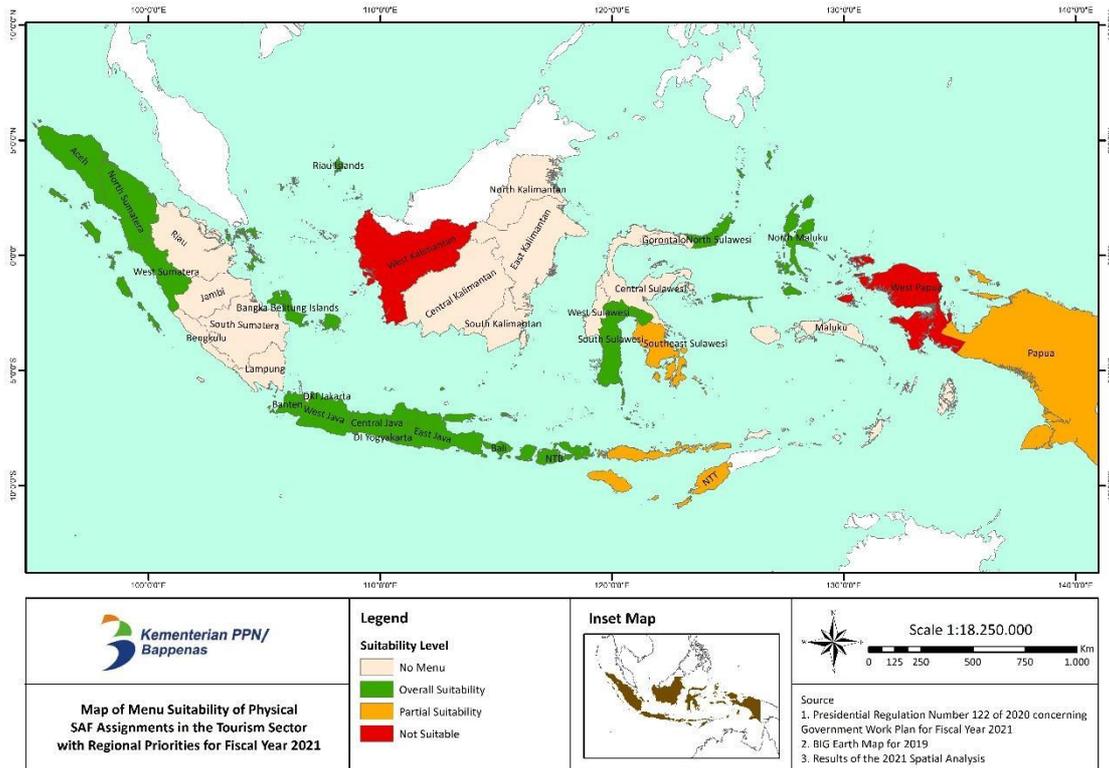


Figure 2. Map of Suitability Menu of Physical SAF Assignments in the Tourism Sector with Regional Priorities for the Fiscal Year 2021 (Source: Analysis Result, 2021)

The diversity of the suitability levels of the menu with regional priorities is shown in Figure 2, in which North Sumatra, Aceh, West Sumatra, Bangka Belitung, Riau Islands, Banten, West Java, Central Java, DIY, East Java, North Sulawesi, South Sulawesi, Bali, West Nusa Tenggara, and North Maluku had an average of 75% suitability, while Southeast Sulawesi, East Nusa Tenggara, and Papua had 15% of partial suitability, and West Kalimantan and West Papua had 10% of unsuitability.

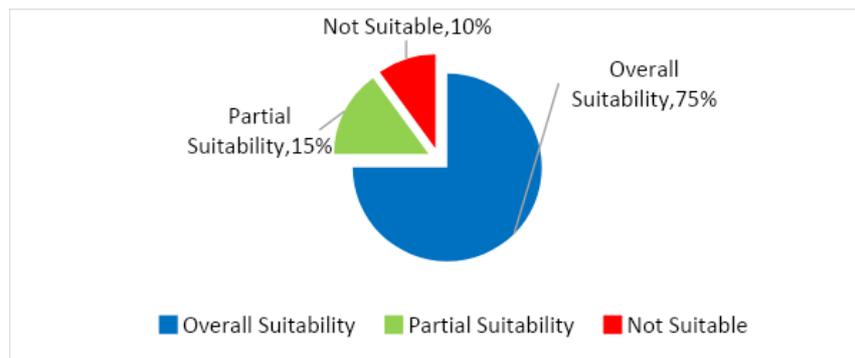


Figure 3. The Proportion of Regional Suitability with Physical SAF Assignments for Tourism Sector for the Fiscal Year 2021 (Source: Analysis Result, 2021)

Based on the gap analysis results, at the level of details of the SAF Thematic Assignment SEIP for the Fiscal Year 2021 menu, various results showed the menu of suitability with regional priorities in the PGWP 2021. The suitability and non-suitability of the Special Allocation Fund (SAF) Menu in the Government Work Plan with the Provincial Government Work Plan can be seen from the activity menu in the Physical SAF in each field, which was then examined through the tagging table of the Special Allocation Fund-

Regional Development Work Plan made by the author. Tagging describes the Special Allocation Fund field and its menu of activities. Each menu of activities in each field was evaluated for suitability and non-suitability through regional programs in each province's Regional Government Work Plans. After filling the tagging table for all regions, the tagging results were recapitulated with the distribution of each activity menu. Based on these, the conclusions and suitability/non-suitability results of the menu of activities in each field in all provinces through their regional programs were obtained.

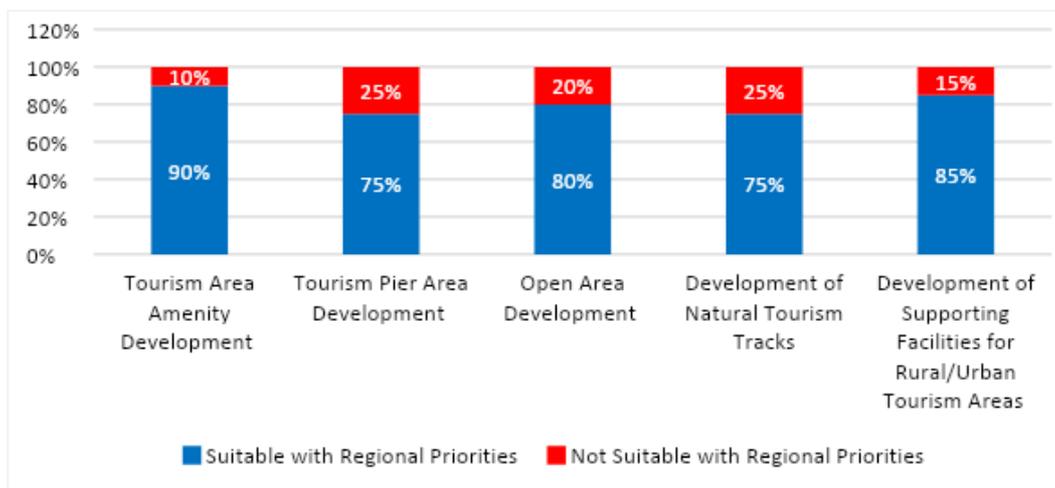


Figure 4. Levels of SAF in the Menu of Suitability with Regional Priorities in Physical SAF Assignments for the Tourism Sector for the Fiscal Year 2021 (Source: Analysis Result, 2021)

It included the Tourism Area Amenity Development activity menu, which had a suitability level of 90%, Tourism Pier Area Development with a suitability level of 75%, Open Area Development with a suitability level of 80%, Development of Natural Tourism Tracks with a suitability level of 75%, and Development of Supporting Facilities for Rural/Urban Tourism Areas with a suitability level of 85%. Tourism Area Amenity Development had the highest level of suitability. It suggests that the issue of Tourism Area Amenity Development was a priority in the regions.

3.2 Internalization of SAF Policy in Small and Medium Industries Development Planning

The Special Allocation Fund for the Assignment of Small and Medium Industries (SMI) had two activity menus, namely, the Development of the SMI Centers and the Revitalization of the SMI Centers. This Special Physical Allocation Fund for the Small and Medium Industries Sector was specifically allocated for the development of the following locations: 1) SMI sector locations/SMI centres affected by the COVID-19 pandemic; 2) Locations based on industrial zoning analysis and SMI development by the Ministry of Industry, areas of 27 Industrial Estates in National Mid-Term Development Plan of 2020-2024 (9 Priority Industrial Estates/Major Projects and 18 Industrial Development Zones) and districts/cities that were directly adjacent; 3) 10 Tourism Destinations; 4) Strategic locations that accelerate the regional economic development; 5) Locations related to the completion of the previous development targets and revitalization of the Physical SAF in the SMI Sector; 6) Areas within the National Priority Rural Areas related to the industry, and 7) the Disadvantaged, Outermost, and Frontier areas.

Table 2: Menu of Suitability of Physical SAF Assignments in the Small and Medium Industry Sector with Regional Priorities for the Fiscal Year 2021

Provinces	Menu of Suitability of Physical SAF Assignments in the Small and Medium Industry Sector with Regional Priorities		%
	Development of the SMI Centers	Revitalization of the SMI Centers	
Aceh	✓	✓	100
North Sumatra	✓	✓	100
West Sumatra	✓	✓	100
Riau	✓	✓	100
Jambi	✓	✓	100
South Sumatra	✓	✓	100
Bengkulu	✓	✓	100
Lampung	✓	✓	100
Bangka Belitung	X	X	0
Riau islands	✓	✓	100
Banten	✓	✓	100
West Java	X	X	0
Central Java	X	X	0
DIY	✓	✓	100
East Java	✓	✓	100
West Kalimantan	X	X	0
Central Kalimantan	✓	✓	100
South Kalimantan	✓	✓	100
East Kalimantan	✓	✓	100
North Kalimantan	✓	✓	100
North Sulawesi	✓	✓	100
Central Sulawesi	✓	✓	100
South Sulawesi	✓	✓	100
Southeast Sulawesi	✓	✓	100
West Sulawesi	✓	✓	100
West Nusa Tenggara	✓	✓	100
East Nusa Tenggara	✓	✓	100
Maluku	✓	✓	100
North Maluku	✓	✓	100
Gorontalo	✓	✓	100
Papua	✓	✓	100
West Papua	✓	✓	100

Source: Analysis Result, 2021

In 2021, all regions received the Special Physical Allocation (SAF) Fund with the Thematic Assignment of Sustainable Economic Infrastructure (SEIP) Provision for the Small and Medium Industry Sector, except for areas in the Provinces of Bali and DKI Jakarta. The planning gap analysis of SAF with Thematic Assignment of SEIP for the Small and Medium Industry Sector involved 32 provinces where the analysis results showed that the Physical SAF menu for the SEIP for the Small and Medium Industry Sector was not suitable (0% suitability level) with regional priorities in four provinces, namely West Java Province, Bangka

Belitung, Central Java, and West Kalimantan. Other provinces had a suitability level of 100% or had included a menu of development and revitalization activities for the Small and Medium Industry centres in their planning documents. The provinces were Aceh, North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Bengkulu, Lampung, Riau Islands, Banten, DIY, East Java, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, North Sulawesi, Central Sulawesi, South Sulawesi, Southeast Sulawesi, West Sulawesi, West Nusa Tenggara, East Nusa Tenggara, Maluku, North Maluku, Gorontalo, Papua, and West Papua.

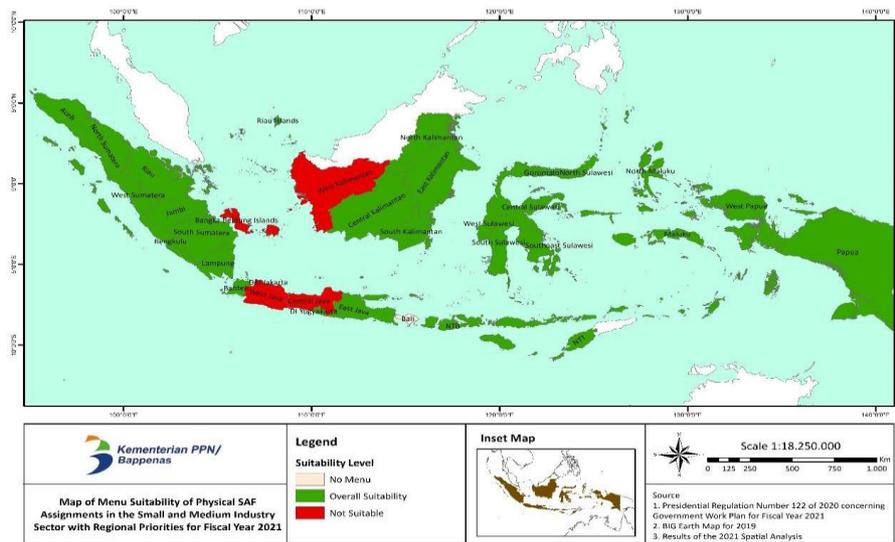
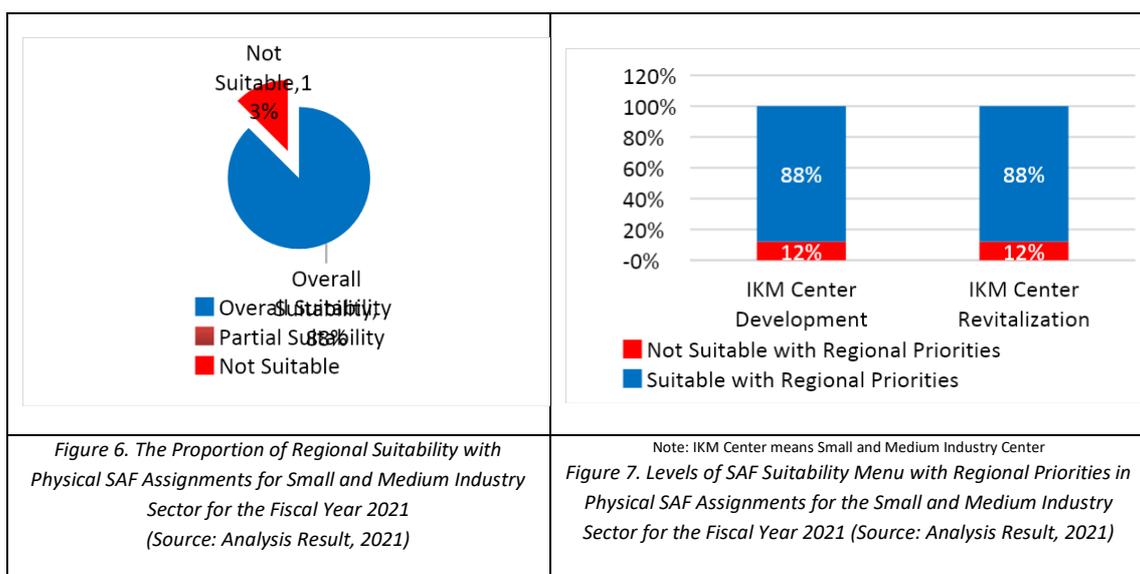


Figure 5. Map of Menu Suitability of Physical SAF Assignments in the Small and Medium Industry Sector with Regional Priorities for the Fiscal Year 2021 (Source: Analysis Result, 2021)

Based on the analysis of the regional suitability for the activity menu of the Physical SAF Assignment of SEIP focusing on the Small and Medium Industry sector, 87% had overall suitability while 13% were not suitable. Thus, it can be assumed that 87% of the regions had included the menus of development and revitalization activities for Small and Medium Industry centres in their regional planning documents (the PGWP of 2021). In each activity menu, 88% of the Small and Medium Industry (SMI) Center Development and SMI Center Revitalization SAF Physical Assignment activity menu followed the regional priorities listed in the planning documents, especially the Provincial Government Work Plan (PGWP) of 2021.



3.3 Internalization of SAF Policy in Roads Development Planning

The Special Allocation Fund for the Road Sector Assignment had two activity menus: Road Handling and Bridge Handling. The locations prioritized for the Physical SAF Assignment of the Road Sector with Thematic of Sustainable Economic Infrastructure Provision (SEIP) were National Tourism Areas, Special Economic Zones (SEZ), and Industrial Estates. National Tourism Areas were directed at locations as mandated in Government Regulation No. 50 of 2011 concerning the National Tourism Development Master Plan of 2010-2025, where there were 88 National Tourism Strategic Areas. The target locations for Special Economic Zones (SEZ) were directed as regulated in Presidential Regulation No. 3 of 2016 concerning Special Economic Zones of 11 SEZs and Presidential Regulation No. 45 of 2016 concerning Government Work Plans for the 2016 Financial Year, which included 10 SEZs. The target locations for Industrial Estates were directed based on the Ministerial Regulation that regulates industries, including the Small and Medium Industries. The development policy of the Small and Medium Industries for the period of 2020-2024 is required to further spread industrial development outside Java Island with the primary strategy, namely building 30 Small and Medium Industry Centers to promote the growth of SMEs in the centres and create employment.

The Physical Special Allocation Fund of the SEIP Assignment in the Road Sector for the Fiscal Year 2021 was implemented in all regions except in DKI Jakarta, Banten, and West Java. In other words, the planning gap analysis on the implementation of Physical SAF of SEIP Assignment in the Road Sector for the Fiscal Year 2021 only included 31 provinces. The gap analysis results showed that, out of 31 provinces, one province with menu of activities for the Physical SAF Assignment of Roads did not follow its regional priorities in the Provincial Government Work Plan of 2021. The province was North Kalimantan.

Table 3: Menu of Suitability of the Physical SAF Assignments in the Roads Sector with Regional Priorities for the Fiscal Year 2021

Provinces	Menu of Suitability of Physical SAF Assignments in the Roads Sector with Regional Priorities		%
	Road Handling	Bridge Handling	
Aceh	✓	✓	100
North Sumatra	✓	✓	100
West Sumatra	✓	✓	100
Riau	✓	✓	100
Jambi	✓	✓	100
South Sumatra	✓	✓	100
Bengkulu	✓	✓	100
Lampung	✓	✓	100
Bangka Belitung	✓	X	50
Riau islands	✓	✓	100
Banten	✓	✓	100
West Java	✓	✓	100
Central Java	✓	✓	100
DIY	✓	✓	100
East Java	✓	✓	100
West Kalimantan	✓	✓	100
Central Kalimantan	✓	X	50
South Kalimantan	✓	✓	100
East Kalimantan	✓	✓	100
North Kalimantan	X	X	0
North Sulawesi	✓	X	50

Provinces	Menu of Suitability of Physical SAF Assignments in the Roads Sector with Regional Priorities		%
	Regional Priorities		
	Road Handling	Bridge Handling	
Central Sulawesi	✓	X	50
South Sulawesi	✓	✓	100
Southeast Sulawesi	✓	✓	100
West Sulawesi	✓	✓	100
West Nusa Tenggara	✓	✓	100
East Nusa Tenggara	✓	✓	100
Maluku	✓	✓	100
North Maluku	✓	✓	100
Gorontalo	✓	✓	100
Papua	✓	✓	100
West Papua	✓	✓	100

Source: Analysis Result, 2021

There were four provinces with a suitability level of 50% or only one menu of activities that followed their regional priorities. The provinces were the Bangka Belitung Islands, Central Kalimantan, North Sulawesi, and Central Sulawesi. Other provinces had a suitability level of 100%, or two menus of activities for the Physical SAF of SEIP Assignments in the Road Sector had followed their regional priorities. The provinces were Aceh, North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Bengkulu, Lampung, Riau Islands, Central Java, DIY, East Java, West Kalimantan, South Kalimantan, East Kalimantan, South Sulawesi, Southeast Sulawesi, West Sulawesi, Bali, West Nusa Tenggara, East Nusa Tenggara, Maluku, North Maluku, Gorontalo, Papua, and West Papua.

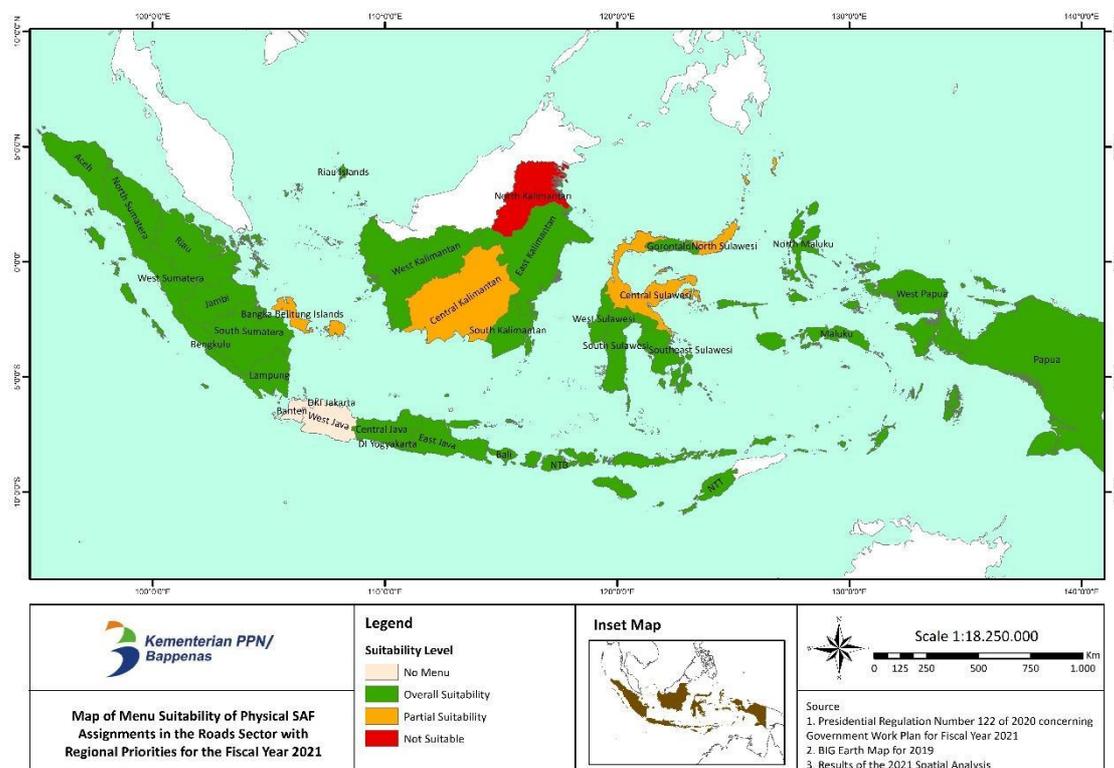
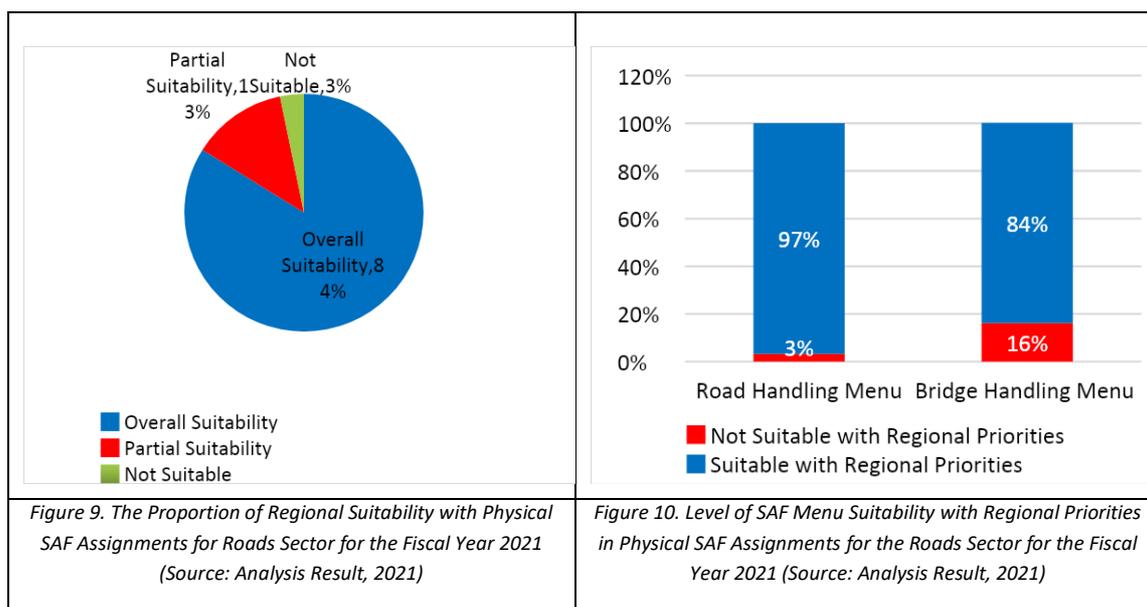


Figure 8. Map of Suitability Menu of Physical SAF Assignments in the Roads Sector with Regional Priorities for the Fiscal Year 2021 (Source: Analysis Result, 2021)



Based on the results of the analysis, the regional suitability for the Physical Special Allocation Fund of SEIP Assignment in the Road Sector for the Fiscal Year 2021 had three categories: 1) provinces with overall suitability to the SAF menu (84%), 2) partial suitability (13%), and 3) not suitable with the Physical SAF menu (3%). Although there was a discrepancy between the SAF menu and regional priorities, most of the Physical SAF menus of SEIP Thematic Assignment in the Road Sector for the Fiscal Year 2021 followed their regional priorities, especially in the regions that had received SAF budget allocations. This gap analysis also identified the suitability level of each menu of the Physical SAF for the Thematic Assignment of Roads. On the road handling menu, the suitability level of the menu with regional priorities was 97%. In comparison, the suitability level for the bridge handling menu was 84%. It showed that the regions prioritized the road handling menu in the Provincial Government Work Plan of 2021 more than the bridge handling menu.

3.4 Internalization of SAF Policy in Environment Sub-sector Development Planning

The Physical Special Allocation Fund for the Thematic Assignment of the Sustainable Economic Infrastructure Provision (SEIP) in the Environmental Sector only had one activity menu, namely waste management and supporting infrastructure. The criteria for a location of the Physical SAF Assignment in the Environment Sector were as follows: 1) It was a regency/city that had compiled and determined the Regional Policies and Strategies for the Management of Household Waste and Waste Similar to Household Waste (Jakstrada) and a Waste Management Balance (with the Regional Head's approval); 2) It was a regency/city included as a priority tourist destination area; 3) It was a regency/city with exemplary commitment and progress in waste management, but the percentage of operational capacity for waste management was still low; 4) The 2021 PON Papua venue based on the Instruction of the President of the Republic of Indonesia No. 1 of 2020 concerning Acceleration of Support for the Implementation of the XX National Sports Week and the XVI National Paralympic Week of 2020 in Papua Province.

Table 4: Menu of Suitability of Physical SAF Assignments in the Environment Sub-sector with Regional Priorities for the Fiscal Year 2021

Provinces	Menu of Suitability of Physical SAF Assignments in the Environment Sub-sector with Regional Priorities	
	Waste Management and Supporting Infrastructure	%
North Sumatra	X	0
Bangka Belitung	✓	100
West Java	✓	100
Central Java	✓	100
North Sulawesi	✓	100
Southeast Sulawesi	X	0
West Nusa Tenggara	X	0
East Nusa Tenggara	X	0

Source: Analysis Result, 2021

The Physical Special Allocation Fund (SAF) for the Sustainable Economic Infrastructure Provision (SEIP) with Thematic Assignment in the Environment Sub-sector for the Fiscal Year 2021 was only allocated to regions in eight provinces, including Bangka Belitung, Central Java, East Java, North Sulawesi, North Sumatra, Southeast Sulawesi, West Nusa Tenggara, and East Nusa Tenggara. Based on the planning gap analysis results in the eight provinces, four provinces with regional priorities followed the Physical SAF menu and four other provinces whose regional priorities did not follow the Physical SAF menu. The four provinces with regional priorities relevant to the menu were Bangka Belitung, Central Java, East Java, and North Sulawesi. Meanwhile, the four provinces that did not have environmental priorities were North Sumatra, Southeast Sulawesi, West Nusa Tenggara, and East Nusa Tenggara.

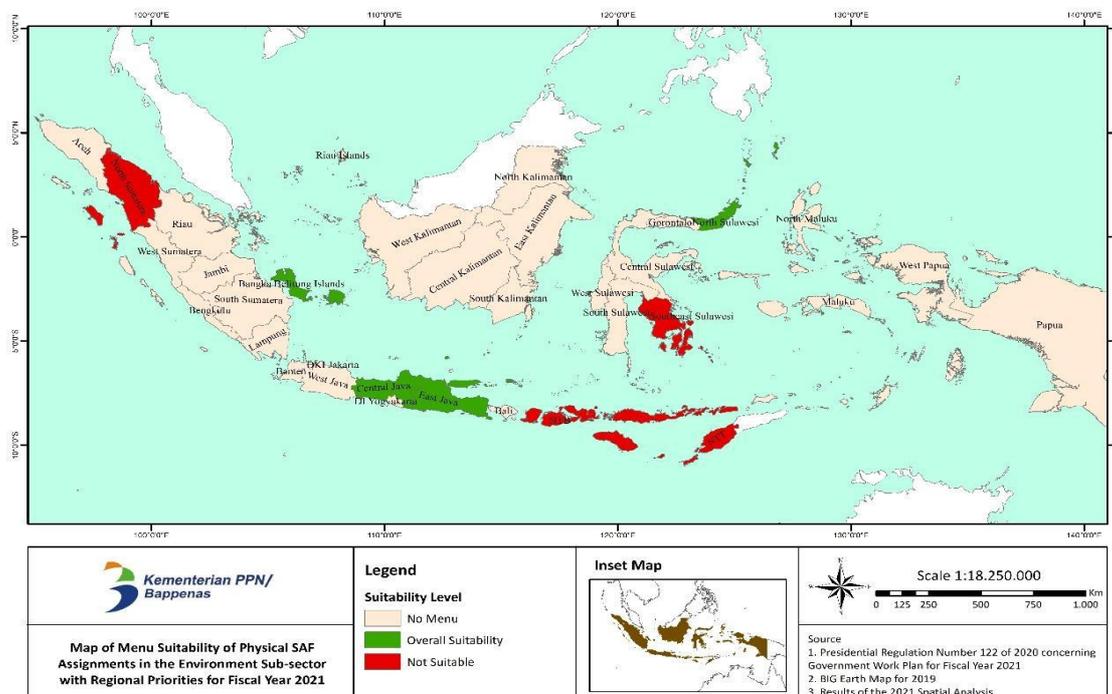
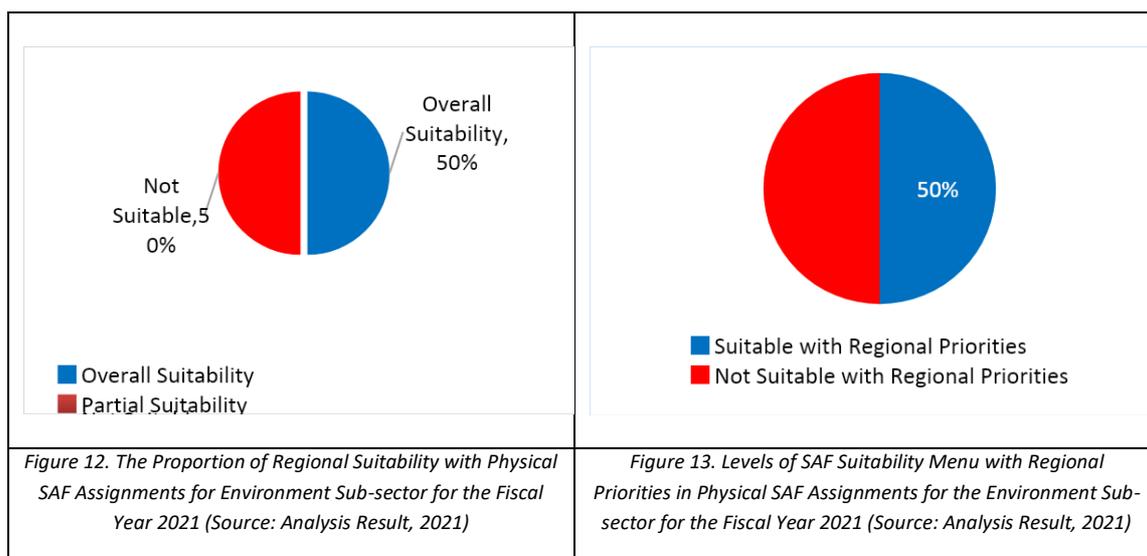


Figure 11. Map of Menu of Suitability of Physical SAF Assignments in the Environment Sub-sector with Regional Priorities for the Fiscal Year 2021 (Source: Analysis Result, 2021)



The Thematic Physical SAF for the Provision of Sustainable Economic Infrastructure stated in Presidential Regulation No. 122 of 2020 consists of four fields: Small and Medium Industries, Tourism, Roads, and the Environment. Thematic Provision of Sustainable Economic Infrastructure is in line with one of the government's goals to achieve the National Economic Recovery (PEN) during and after the COVID-19 pandemic. The four fields in the Thematic Physical SAF for the Provision of Sustainable Economic Infrastructure were directed at the locus relevant to the implementation of the Major Project (MP) in the second National Priority (NP), namely developing areas to reduce inequality and ensure equity, and other National Priorities with a regional approach.

The policy direction of the Physical SAF in the Tourism Sector was to increase community economic activity, support the acceleration of economic recovery affected by the COVID-19 pandemic, and increase the competitiveness of tourism destinations. The direction of the Physical SAF in the SMI Sector was to encourage the development of industrial areas in 27 Industrial Estates spread across Indonesia and to support economic recovery in the regions to mitigate the impacts of COVID-19. The Physical SAF Assignments in the Road Sector had a specific policy direction aiming at improving the quality of transportation services through the reinforcement of connectivity, accessibility, and community mobility in national priority areas integrated into the national transportation network system to support poverty reduction and food security programs, as well as the provision of sustainable economic infrastructure as a response to the impacts of COVID-19. The Physical SAF Assignments for the Environment and Forestry Sector, the Environment sub-sector also supported the program aiming to provide sustainable economic infrastructure, especially in the development of 10 priority tourist destinations to support economic recovery after the COVID-19 pandemic. The four fields were integral to the infrastructure strengthening to support economic recovery after the COVID-19 pandemic.

3.5 Problems and Evaluation of Development Planning

Special Allocation Funds (SAF) have a significant role in regional development, which makes these funds one of the critical budget sources for physical infrastructure in regions with a high contribution. The role of SAF was illustrated from the aspect of regional planning. This planning gap analysis showed how SAF policies were internalized in regional development. The study was carried out within the provincial scope that received the Physical SAF allocation. The thematic assignments consisted of the Tourism Sector (20 provinces), Small and Medium Industry Sector (32), Roads Sector (31), and Environment Sub-sector (8). In the analysis of the suitability level between the planning of the Physical SAF Assignment of SEIP for the Fiscal Year 2021 in the Tourism Sector, out of 20 provinces, two provinces with no regional priority programs relevant to the Physical SAF menu for the SEIP Assignment of Tourism Sector were West Kalimantan and West Papua. A total of 15 provinces had regional development priority programs in their planning documents with 100% relevance to the activity menu of Physical SAF Assignments of SEIP in the

Tourism Sector. From 20 provinces, the diversity of the suitability levels of the menu to the priority of the provincial areas comprised 75% overall suitability, 15% partial suitability, and 10% unsuitability.

In the analysis of the suitability level between the planning of the Physical SAF Assignment of SEIP for the Fiscal Year 2021 in the Small and Medium Industry (SMI) Sector, the results showed that the Physical SAF menu for the SEIP in the SMI Sector was not suitable (0% suitability level) with regional priorities in four provinces, namely West Java Province, Bangka Belitung Islands, Central Java, and West Kalimantan. In terms of regional suitability for the activity menu of the Physical SAF Assignment of SEIP for the Small and Medium Industry sector, 87% had overall suitability, and 13% were unsuitable. In each activity menu, 88% of the Small and Medium Industry (SMI) Center Development and SMI Center Revitalization of SAF Physical Assignment activity menu followed the regional priorities listed in the planning document.

After analyzing the suitability level between the planning of the Physical SAF Assignment of SEIP for the Fiscal Year 2021 in the Roads Sector, one out of 31 provinces with the menu of activities for Physical SAF Assignment for Roads did not follow their regional priorities in the Provincial Government Plan of 2021, namely North Kalimantan. In terms of regional suitability for the Physical Special Allocation Fund of SEIP Assignment for Road Sector for the Fiscal Year 2021, there were three variations, namely provinces with overall suitability to the SAF menu (84%), partial suitability (13%), and unsuitability to the Physical SAF (3%). Although there was a discrepancy between the SAF menu and regional priorities, most of the Physical SAF menus of SEIP Thematic Assignment for Road Sector for the Fiscal Year 2021 followed regional priorities, especially in regions that received SAF budget allocations.

In the analysis of the suitability level between the planning of the Physical SAF Assignment of SEIP for the Fiscal Year 2021 in the Environment Sub-sector, the Special Allocation Fund was only provided to the regions in eight provinces, including Bangka Belitung, Central Java, East Java, North Sulawesi, North Sumatra, Southeast Sulawesi, West Nusa Tenggara, and East Nusa Tenggara. There were four provinces with regional priorities following the Physical SAF menu, and there were four provinces with regional priorities not following the Physical SAF menu. The proportion of regions with development priorities that were overall suitable with the SAF menu for the Thematic Assignment of SEIP in the Environment sub-sector was only 50%, and those that were not overall suitable accounted for 50%.

The data analysis results related to the suitability level of development planning for Physical SAF with the Thematic Assignment of Sustainable Economic Infrastructure Provision for the Fiscal Year 2021 showed that there are still some irrelevant Physical SAF policies to regional priorities, both for the themes of Tourism, Roads, Small and Medium Industries and the Environment Sub-sector. It indicates that the process of internalizing central-regional policies in the development planning system has not run optimally yet. Coordination of regional development planning related to SAF faced problems triggered by several conditions, such as 1) Implementation of different main tasks and functions from development planners in coordinated work units; 2) The procedures and working mechanisms of each work unit were different in carrying out development planning; 3) The organizational structure was less institutionalized according to the line of command; 4) Division of labour and leadership in coordinating development planning. Therefore, in the future, both the central and local governments need to consider creating an integrated regional development planning coordination model to realize the success of national development.

The coordination of SAF development planning in the regions has not run optimally yet, both from vertical and horizontal coordination (Pambudi & Pramujo, 2022; Handoko et al., 2017). Vertically, the most common problem is the gap between the main tasks, procedures, mechanisms, and organizational structure, which often provokes a debate in the matter of regional development planning. In addition, the problem of coordination is not well planned on a macro basis and is non-transparent, with procedures/mechanisms not following the provisions of the administrator. Likewise, in the case of data and statistical information that are not well-coordinated as part of the main tasks and functions, that must be procedural. Meanwhile, horizontally, the lack of clarity, inconsistency, and misunderstanding of planning coordination is characterized by unclear lines of command that often lead to differences in the division of tasks and weak leadership. In addition, the division of labour that changes frequently and the presentation of data/information depending on the characteristics of the leadership also leads to a less than optimal level of linkage to regional development planning.

Another problem in the implementation of national and regional development planning is the out-of-sync with budgeting. It can occur due to changes in organizational structure, coordination of central government transfer fund policies that have been adjusted due to certain conditions, low quantity and

quality of planning and budgeting staff, political interest factor, unalignment between the regional government strategic policies funded by the Local Government Budget and the targets and priorities of the transfer funds, and inadequate financial capacity of the region itself.

Conclusions

In a more general context, data analysis results related to the suitability level of development planning for the Thematic Assignment of Physical SAF of Sustainable Economic Infrastructure Provision for the Fiscal Year 2021 showed that there are some irrelevant Physical SAF policies to the regional priorities in the Tourism, Roads, Small and Medium Industries and the Environment Sub-sector. It suggests that the process of internalizing central-regional policies in the development planning system has not been optimal, both from vertical and horizontal coordination. From the vertical coordination of SAF, the most frequent problem is the gap between the main tasks, procedures, mechanisms, and organizational structure, which often becomes a matter of discussion in regional development planning. Meanwhile, horizontally, the lack of clarity, inconsistency, and misunderstanding of planning coordination is characterized by unclear lines of command that often lead to differences in the division of tasks and weak leadership. Another problem related to the implementation of national and regional development planning is the out-of-sync with budgeting. It can occur due to changes in organizational structure, coordination of central government transfer fund policies that have been adjusted due to certain conditions, low quantity and quality of planning and budgeting staff, political interest factor, regional government strategic policies funded by the Local Government Budget are not aligned with the targets and priorities of the transfer funds, and the inadequate financial capacity of the region itself.

Recommendation

Conceptually, the preparation of SAF proposals by the regions is a form of bottom-up participatory planning to avoid a mismatch between what is needed by the regions and what is provided by the central government, both in terms of type and amount of SAF. However, practically, the policy for Physical SAF for the Thematic Assignment of SEIP for the Fiscal Year 2021 had not been fully internalized in regional development planning as a regional priority program. A crucial recommendation to overcome this condition is that the verification process of the Physical SAF activity proposal from a region needs to consider its suitability with regional priorities. It is to ensure the sustainability of the central government intervention program, which the local government will continue. The Special Physical Allocation Fund is a temporary stimulus; thus, its themes and activities will adjust to national priorities.

The author recommends that the central and local governments involve all their devices related to the Physical SAF to carry out ex-ante evaluations from the development planning stage, both at the central and regional levels. The follow-up to this evaluation is the development of a comprehensive monitoring and evaluation system for the Physical SAF. Good planning can consider the implementation logic, such as inconvenient terrain and adaptability to change. In addition, it is necessary to increase inter-agency coordination through communication channels, both at the central and regional levels, implementing more permanent regulations so that they are not easy to change and providing access to local governments to know the process of determining allocations. In the long term, it is essential to reorganize the central and regional planning timelines in a regulation to avoid asynchronous planning documents, including those funded by transfer funds, such as one in the form of the Special Allocation Fund.

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