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## Commentary

# Unraveling Policy Overlaps in Indonesia's National Development Planning System

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Indonesia's development governance faces persistent structural challenges: policy overlaps that undermine coherence in planning, performance management, and budgeting. This commentary adopts a systems-level perspective to examine how fragmented mandates and institutional silos collectively shape governance complexity, directly affecting development outcomes at the subnational level while drawing lessons from international reform experiences.

Indonesia's development planning architecture consists of the National Development Planning System (SPPN), the Government Performance Accountability System (SAKIP), and performance-based budgeting mechanisms. While established to enhance governance quality, public administration scholarship demonstrates that proliferating policy tools and institutional actors increase policy incoherence and institutional fragmentation (Peters, 2015). Indonesia's planning and performance systems evolve within separate institutional logics, creating what Moynihan (2008) conceptualizes as decoupled performance systems where planning, performance measurement, and budgeting remain insufficiently integrated. This fragmentation is reinforced by goal ambiguity (Rainey, 2009), as SPPN prioritizes development targets while SAKIP emphasizes organizational accountability. Fragmented approaches among key government bodies weaken interministerial coordination and exacerbate policy inconsistencies (O'Leary & Bingham, 2009). This silo mentality is particularly evident in the Ministry of Home Affairs, the Ministry for Administrative and Bureaucratic Reform, and the Ministry of Finance.

## Fragmented mandates

Indonesia's development governance fragmentation stems from layered regulatory frameworks governing planning, performance accountability, and budgeting. The National Development Planning

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System (SPPN), mandated through [Law No. 25 of 2004](#), establishes hierarchical long-term, medium-term, and annual development plans, positioning Bappenas as the primary architect while regional governments operate under Permendagri No. 86 of 2017. Parallel to this, SAKIP, formalized through [Presidential Regulation No. 29 of 2014](#) and Ministerial Regulation PAN-RB No. 53 of 2014, introduces a distinct logic centered on measurable outcomes, performance agreements, and a methodologically rigorous yet procedurally separate periodic evaluation method. The fiscal governance framework adds another layer. Indonesia's fiscal system, regulated by [Law No. 17 of 2003](#), [Law No. 23 of 2014](#), and Permendagri No. 77 of 2020, imposes its own performance-based budgeting standards. This coexistence creates institutional layering where new rules accumulate without synchronizing with existing ones, producing structural friction as each regulatory cluster promotes its own priorities, indicators, and compliance requirements ([Howlett & Rayner, 2020](#); [Capano & Pritoni, 2022](#)).

This fragmentation manifests in misaligned authority boundaries. Bappenas directs planning; Kemendagri oversees subnational planning and financial governance; KemenPAN-RB regulates performance accountability; and the Ministry of Finance determines fiscal ceilings and transfers. This reflects policy regime fragmentation, where interconnected domains evolve under separate institutional guardians, weakening interoperability ([Scholl & Scholtes, 2022](#)). Because each framework operates within its own cycle planning under RPJMN/RPJMD, performance under SAKIP, and budgeting under APBD, the absence of binding cross-regulatory integration mechanisms produces inconsistent indicators, disconnected data systems, and duplicated reporting obligations. [Pollitt and Bouckaert \(2017\)](#) argue that such fragmentation is typical in reform-driven governments where new systems are added without consolidating older ones.

Comparative experience suggests this fragmentation requires deliberate institutional redesign. New Zealand consolidated fragmented planning legislation into a unified spatial framework integrating investment and regulatory functions under coordinated oversight ([New Zealand Council for Infrastructure Development, 2024](#)). Australia mandated integrated planning and reporting through legislative reform, requiring local governments to synchronize strategic plans, budgets, and performance measures within unified cycles ([City of Glen Eira, 2024](#)). These reforms demonstrate that voluntary coordination mechanisms are insufficient; binding regulatory integration is necessary to eliminate parallel systems.

### **Institutional overlaps**

Institutional overlaps are rooted in both regulatory layering and practical challenges experienced by local governments. The [World Bank \(2020\)](#) notes that regional governments struggle to align development plans (RPJMD), performance indicators (IKU/IKD under SAKIP), and budget structures (APBD) due to differing guidance from Bappenas, the Ministry of Home Affairs, and KemenPAN-RB, resulting in duplicated planning documents and fragmented accountability mechanisms. The [OECD \(2021\)](#) emphasizes that local governments operate within "multi-authority environments" where sectoral ministries impose their own planning and reporting obligations, creating parallel accountability chains compelling regional governments to satisfy multiple unharmonized evaluative standards. Earlier academic studies reinforce these observations. [Antlöv et al. \(2016\)](#) document how Indonesian districts receive inconsistent directives between planning (Bappeda), financial governance (BPKAD), and performance evaluation (Inspektorat), leading to delays and prioritization of compliance over strategic outcomes. The [UNDP \(2022\)](#) reaffirms that fragmented institutional guidance creates overloaded administrative workloads in producing mandatory reports such as RKPD, Renja OPD, PK, RKT, and LAKIP.

Digital governance tools offer promising pathways to bridge institutional silos. Integrated planning and budgeting platforms can significantly reduce redundancy and improve inter-ministerial coordination ([Gil-Garcia et al., 2023](#); [Scholl & Scholtes, 2022](#)). Indonesia's Regional Government Information System (SIPD-RI) rollout since 2023 represents a step toward digital integration, yet implementation remains uneven due to limited technical capacity, inconsistent adoption rates, and insufficient inter-ministerial coordination ([Sasanti, 2023](#); [Fitria, 2024](#)). Empirical evidence illustrates these challenges concretely: in Karanganyar Regency, the regional financial agency had not fully implemented SIPD-RI in accounting and financial reporting by fiscal year 2023 despite the mandatory deadline ([Vitriana et al., 2024](#)). In Mojokerto, human resource readiness remained inadequate due to employees' limited understanding of SIPD-RI functionalities ([Yanti et al., 2024](#)). These cases demonstrate that digital tools encounter significant

ground-level friction when institutional capacity, technical infrastructure, and inter-ministerial coordination remain fragmented.

### Misaligned indicators

Misaligned indicators constitute one of the most consequential forms of policy overlap. Although planning, performance, and budgeting systems should support one another, their indicators are developed through separate institutional logics, undermining coherence and accountability. Local governments must navigate multiple indicator regimes simultaneously: RPJMD indicators from SPPN, organizational indicators from SAKIP, and budgeting indicators from APBD processes, each shaped by different regulatory philosophies. [Suwanda \(2018\)](#) shows that districts struggle to align RPJMD outcome indicators with SAKIP's performance indicators due to differing specificity and measurement standards. SAKIP emphasizes organizational outcomes while RPJMD emphasizes sectoral development achievements, leading to double targets and inconsistent monitoring.

[Triawan \(2024\)](#) found that program indicators did not fully consider the hierarchy of performance indicators, with misalignment between output indicators, outcome indicators, and impact indicators across planning documents. [LAN RI \(2021\)](#) indicates that discrepancies are rooted in limited technical capacity, insufficient data system integration, and inconsistent interpretation of national guidelines. Without harmonized indicators, performance accountability becomes compliance-oriented rather than development-oriented, diverting local administrative energy toward satisfying fragmented indicator regimes.

### Disconnected planning and budgeting

A longstanding tension in Indonesia's public sector governance is the persistent gap between development plans and budget execution. Over the past decade, capital expenditure absorption remained below targeted levels, with execution rates around 80–85% ([World Bank Independent Evaluation Group, 2025](#)). This reflects systemic issues such as procurement delays, protracted administrative procedures, and late budget ceiling adjustments, limiting annual budgets' ability to achieve RPJMD and RKPD targets.

Reviews of special-purpose funds, including Special Autonomy (OTSUS) arrangements, identify gaps between program design and implementation ([SKALA, 2023](#)). Weaknesses in financial management systems, misaligned activity structures, and inconsistent disbursement procedures erode intended program impacts. Bappenas emphasizes harmonizing the Government Work Plan (RKP) with the State Budget (APBN) and improving vertical coherence between national and subnational fiscal priorities ([Bappenas, 2025](#)). However, fiscal oversight bodies document technical mismatches between conditional transfer formulas and local planning priorities, creating budget rigidities that reduce space for subnational innovation ([DJP, 2024](#)).

While SIPD-RI represents a significant policy initiative toward digital governance integration, its implementation outcomes reveal persistent structural weaknesses. Studies document recurring technical challenges, including system errors, server downtime, network instability, data inconsistencies, and inaccurate report outputs ([Nangoy et al., 2025](#)). More fundamentally, these technological solutions were introduced without adequately addressing underlying institutional fragmentation. Research demonstrates that local government performance accountability improvements have been slow and dominated by formalism rather than substantive change ([Salomo & Rahmayanti, 2023](#)). This pattern reflects policy layering: adding new systems atop existing ones without resolving foundational incoherence, perpetuating rather than eliminating fragmentation ([Pollitt & Bouckaert, 2017](#)).

The issue is exacerbated by unspent regional funds. The Ministry of Finance revealed that trillions of rupiah remained "parked" in bank accounts without being absorbed into actual spending despite formal APBD allocation ([Jakarta Daily, 2025](#)). Recent evaluations indicate that although bureaucratic reforms prevented budget inefficiencies amounting to IDR 128.5 trillion, public service quality and development outcomes remain low in many regions ([Kompas, 2025](#)), suggesting financial accountability does not inherently translate into effective development results.

Research reveals that regional administrations face conflicting directives across planning, budgeting, and performance systems, resulting in delayed project approvals and administrative burden diverting

capacity from service delivery (Fatimah, 2024). The World Bank documented persistent under-execution of capital budgets, directly delaying infrastructure development, school construction, and health facility upgrades (World Bank, 2020). When planning, performance, and budgeting systems operate in parallel, the ultimate losers are citizens who depend on timely and effective public services.

## Conclusion

Indonesia's development governance reflects a complex evolution of reform initiatives introduced at different times to address distinct policy challenges. The planning system (SPPN), performance accountability framework (SAKIP), and budgeting processes were each designed with sound intentions, yet they have evolved along separate institutional pathways. This separation has created coordination challenges that affect the translation of development plans into tangible outcomes. Local governments navigate multiple reporting requirements and indicator frameworks, which can divert capacity from direct service delivery to administrative compliance.

Addressing these challenges requires thoughtful integration rather than additional regulatory layers. Three pathways merit consideration. First, establishing a coordination mechanism at the national level could facilitate dialogue between ministries responsible for planning, performance management, and fiscal oversight, helping to harmonize requirements and reduce inconsistencies across systems. Second, advancing digital integration initiatives such as SIPD-RI alongside e-SAKIP and budgeting platforms offers opportunities to streamline processes and reduce duplication through shared data systems, provided implementation is accompanied by adequate technical support and capacity development. Third, developing a common reference framework for indicators across planning, performance, and budgeting systems could help align goals and measurement approaches, making accountability more coherent and less fragmented.

Moving forward, Indonesia's development governance would benefit from approaches that strengthen coherence across existing systems rather than adding new ones. When planning, budgeting, and performance measurement work in concert, resources can be directed more effectively toward improving public services and infrastructure. The challenge lies not in the absence of governance systems but in creating the institutional mechanisms and political commitment necessary to bring them into meaningful alignment. Achieving this integration represents an opportunity to enhance both government efficiency and development outcomes.

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