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Article

Formulation of Deconcentration Fund Budget Allocation in Indonesia

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Abstract: The allocation for the use of Deconcentration Funds focuses on the seven priority health programs listed in the Regulation of the Minister of Health for the Republic of Indonesia. Therefore, this study aims to formulate a budget allocation for deconcentration funds in the health sector. Secondary data were analyzed using reports from the Ministry ofHealth for five years (2014-2018) on the Human Development Index (HDI), population, area, number of health workers, as well as amount and percentage for the realization of deconcentration funds. The results showed that the variables which had a significant effect were the number of districts/cities, the area, and HDI, while those without a significant effect were population, the number of health workers, and the percentage of budget realization. Political factors and regional commitment to implementing as well as using the budget were shown to also affect the deconcentration of funds both from the central andregional sources. Generally, deconcentration funds are used for non-physical tasks, including coordinating and synchronizing planning, facilitation, technical guidance, training, outreach, supervision, investigations and surveys, direction, and control. Based on the results, the budget allocation for deconcentration funds for health development needs to be calculated according to regional capacities by considering the number of districts/cities,land area, and the HDI.

Keywords: formulation; deconcentration fund; health development

1. Introduction

The support for implementing health programs in Indonesia is included in the fifth agendaof the President's Nawa Cita, namely improving the quality of life with the Healthy Indonesia Program to increase the health and nutritional status of the community through empowerment. According to law number 17 of 2007 concerning the National Long-Term Development Plan (RPJPN) for 2005-2025, the direction of national development in the health sector must be prioritized by all components of the Indonesian Nation to increase awareness, willingness, and the ability to live healthy to achieve the highest public health status [1]. Meanwhile, the public health development status in the province and district/city is reflected in the Community Health Development Index (IPKM). The number of indicators used in the 2018 IPKM was 30, and grouped into seven sub-indices namely under-five and reproductive health, health services, health behavior, non-communicable diseases, infectious diseases, and environmental health [2].

The Ministry of Health understands that the central government's financial support is vital for local governments to accelerate the improvement of the public health status and the nutrition of the people. The support from the central government for regional health activities through PP No.7/2008 is a form of deconcentration fund which is fully delegated to the regional government or the Governor who in turn is accountable to the Minister of Health [3].

Furthermore, according to the Government Regulation No. 7 of 2008 article 15 paragraph 2, planning programs and deconcentration activities must pay attention to authority, efficiency, effectiveness, state financial capacity, and synchronization between

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deconcentration and regional development activity plans. In the Minister of Health Regulation No. 55 of 2018 concerning guidelines for the use of the ministry of health deconcentration funds for the 2019 fiscal year, there are seven health sector programs covering 1) management and the implementation of other technical tasks; 2) strengthening national health insurance; 3) community health development; 4) health services; 5) disease prevention and control 6) pharmaceutical and medical devices, as well as 7) human resources development and empowerment. Meanwhile, budgets from deconcentration funds are included in the provincial health office implementation list [4].

Although the use of deconcentration funds for health programs in the regions has been implemented for a long time, the allocated funds have not been used optimally. Putro, G. et al. showed that deconcentration funds are still top-down,not bottom-up, hence, the budget menu is the same for all regions regardless of regional needs, and there are often some activity menus that cannot be implemented. Furthermore, there are differences in cost standards between the central government and the understandable regions due to the topographical, geographic, and demographic variations. These differences might lead to poor coordination [5]. Other findings indicate that some activity menus cannot be implemented because there is no match between central and regional activities, including environmental health and the Integrated Guidance Post (Posbindu). Delay in drafting Technical Guidelines (Juknis) for using deconcentration funds also hampered its absorption in the regions. According to the Planning and Budget Bureau of the Ministry of Health, the absorption of deconcentration funds in the regions is considered good when it reaches 85%. However, this study shows that regions can only absorb 70% [6].

The MDG target has not been achieved as demonstrated by the maternal mortality rate in 2015 which was 125 per 100,000 live births, while in Indonesia, it was 305 per 100,000 live births in 2015 [7]. Meanwhile, the target of Sustainable Development Goals (SDGs) is to reduce the maternal mortality rate (MMR) globally to less than 70 per 100,000 live births in 2030 [8]. The IMR (Infant Mortality Rate) in Indonesia is still high according to the data from the 2017 IDHS, which is 24/1000 live births, while the 2015 MDGs target was 23/1,000 live births [9][10]. Therefore, this study aims to formulate budget allocation for deconcentrating funds in the Indonesian Ministry of Health sector.

2. Materials and Methods

This study used a quantitative method with a cross-sectional design, while data were analyzed using multiple linear regression to determine the direction of the positive or negative relationship between the independent and the dependent variables. It also aims to predict the value of the dependent variable when the independent variable value experiences an increase or a decrease. The data used was the ratio scale, while the enter method was adopted because it causes all independent variables to remain involved until the formation of the equation model [11][12].

Furthermore, this study used secondary data from various sources and was also complemented by relevant literature. To refine the analysis, in-depth interviews were performed with several sources from the Ministry of Health's Planning and Budgeting Bureau, the Finance Bureau, the Secretary of the Directorate General of Public Health, as well as Disease Prevention and Eradication (P2P).

3. Results

The regulation of the Minister of Finance Number 248/PMK.07/2010 concerning Amendments to 156/PMK.07/2008 regarding Guidelines for the Management of Deconcentration Funds and Co- administered Task Funds classifies several aspects of Deconcentration and Assistance Tasks' implementation as follows: (i) The balance of funding must be carried out proportionally to ensure that the distribution and allocation are not overly concentrated in certain areas (ii) The allocation of deconcentration and co-administration funds must consider the regional fiscal capacity, which consists of

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transfers to the regions and the financial capacity. The formulation results regarding the balance of funding are outlined in the recommendation of the Minister of Finance and submitted to the Ministry or Institution with a copy to the Head of the National Development Planning Agency (Bappenas) RI.

Aside from being grouped into three priority areas namely (Priority I, Priority II, and Non- Priority), the relationship between the real Per Capita Regional Funding Capability Index (IKPD) and the Human Development Index (HDI) is determined in four quadrants using the real IKPD per capita as the horizontal axis, and the National HDI as the vertical axis.[14] The four quadrants are as follows:

- Quadrant I for regions with real IKPD per capita above the average and HDI above the national average categorized as non-priority areas
- Quadrant II for regions with real IKPD per capita below the national average and HDIabove the national average categorized as priority areas II
- Quadrant III for regions with real IKPD per capita below the national average and HDI below the national average categorized as priority area I
- Regions in Quadrant IV have actual IKPD per capita higher than the national average but lower HDI and are categorized as non-priority areas. The only province that is included in this quadrant is West Papua.

According to the Minister of Finance's recommendation regarding the Balance of Funding in Regions for Deconcentration Planning and Assistance Tasks for the 2020 Fiscal Year, 34 provinces in Indonesia based on the quadrants can be categorized into four, namely three Priority and one non-priority. The conditions in each province determined the allocation of deconcentration and co-administration funds for the 2019 Fiscal Year.

Table 1 shows 12 provinces with priority 1, 14 provinces in priority 2, and 8 with no priority. Meanwhile, priority is primarily based on the particular quadrant, IKPD, and IPKM. From the table, South Sumatra Province is categorized as priority 1 with an IPKM number of 68.86 and an IKPD number of 0.53, and it is in quadrant 3. North Sumatra Province is in priority 2, with an IPKM number of 70.57, an IKPD number of 0.54, and it is in quadrant 2. Furthermore, West Papua Province is a non-priority area, with an IPKM figure of 62.99 and an IKPD figure of 3.34, and is included in quadrant 1. These results can be used in making consideration for the provision of deconcentrated funds from the Central to the Provincial Government in the context of carrying out health sector development. This deconcentration fund is determined by the central government (top-down planning), hence, the provincial government only receives and carries out predetermined activities.

According to the Ministry of Finance of the Republic of Indonesia, in providing this deconcentration fund, apart from considering the Human Development Index (IPM), Regional Development Capability Index (IKPD), Quadrants and Priorities, the number of districts/cities, total area, number of health workers and populations must also be considered as shown in Table 2.

Provinces in quadrant 1 are not prioritized in obtaining deconcentration funds, those that received the most significant budget allocation were Riau, Aceh, and East Kalimantan. Meanwhile, provinces in quadrant 2 include West Java, North and West Sumatera, Riau Islands, Jambi Bengkulu, Banten, Central Java, SR Yogyakarta, East Java, North and South Sulawesi, Southeast Sulawesi, as well as Bali. The province that received the lowest allocation was Bengkulu. Provinces in quadrant 3 are South Sumatera, Lampung, West and South Kalimantan, Gorontalo, Center and West Sulawesi, West Nusa Tenggara, East Nusa Tenggara, Maluku, North Maluku, as well as Papua. The province with the lowest allocation was NTB. Meanwhile, only West Papua Province was found in quadrant 4.

Table 1. Development Priorities in Provinces in Indonesia according to IPKM, IKPD, and Quadrants, 2019.

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No	Province	IPKM	IKPD	Quadrant	Priority
1	South Sumatera	68.86	0.53	3	1
2	Lampung	68.25	0.57	3	1
3	West Kalimantan	66.26	0.54	3	1
4	South Kalimantan	69.65	0.88	3	1
5	Gorontalo	67.01	0.93	3	1
6	Center Sulawesi	68.11	0.77	3	1
7	West Sulawesi	64.30	0.78	3	1
8	West Nusa Tenggara	66.58	0.59	3	1
9	East Nusa Tenggara	63.73	0.53	3	1
10	Maluku	68.19	0.88	3	1
11	North Maluku	67.20	0.97	3	1
12	Papua	59.09	0.94	3	1
13	North Sumatera	70.57	0.54	2	2
14	West Sumatera	71.24	0.67	2	2
15	Riau Islands	74.45	0.94	2	2
16	Jambi	69.99	0.78	2	2
17	Bengkulu	69.95	0.87	2	2
18	West Java	70.69	0.46	2	2
19	Banten	71.42	0.66	2	2
20	Central Java	70.52	0.44	2	2
21	SR Yogyakarta	78.89	0.83	2	2
22	East Java	70.27	0.44	2	2
23	North Sulawesi	71.66	0.76	2	2
24	South Sulawesi	70.34	0.58	2	2
25	Southeast Sulawesi	69.86	0.72	2	2
26	Bali	74.30	0.72	2	2
27	Aceh	70.60	1.81	1	Non-Priority
28	Riau	71.79	1.01	1	Non-Priority
29	Bangka Belitung	69.99	1.15	1	Non-Priority
30	Jakarta CSR	80.06	3.83	1	Non-Priority
31	Central Kalimantan	69.79	1.04	1	Non-Priority
32	East Kalimantan	75.12	1.37	1	Non-Priority
33	North Kalimantan	69.84	2.13	1	Non-Priority
34	West Papua	62.99	3.34	4	Non-Priority

Data source: Ministry of Finance of the Republic of Indonesia, 2019 [13] .

The province with the highest deconcentration fund budget in 2018 in quadrant 1 was DKI Jakarta Province at 89.6%, and the lowest was in Aceh Province at 72.9%, while East Kalimantan was included in the highest absorption Number 4 at 87.5%. In the provinces in quadrant 2, the highest was North Sulawesi with 97.4%, and the lowest was East Java at 75.1%, while Banten was one of the provinces with the lowest budget absorption Number 6 at 88.3%. Furthermore, Central Sulawesi had the highest deconcentration fund budget absorption in 2018 in quadrant 3 at 97.7%, and the lowest was Maluku Province with 77.5%. In quadrant 4, the realization of the 2018 deconcentration fund absorption in West Papua Province was 95.4% higher than the previous year.

Table 2. Budget Allocation of Deconcentration Fund for Health Sector in Indonesia. 2019

No	Province	Quadrant	Priority	IPM	IKPD	2018				Budget Allocation2019(IDR)
						Number of districts/cities	Total area (Km2)	Number of health workers	Total population	

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1	Aceh	1	NP	70.60	1.81	23	57,956	34,701	5,281,314	33,262,174,000
2	Riau	1	NP	71.79	1.01	12	87,024	24,120	6,814,909	43,627,474,000
3	Bangka Belitung	1	NP	69.99	1.15	7	16,424	11,034	1,459,873	25,713,256,000
4	Jakarta CSR	1	NP	80.06	3.83	6	664	125,690	10,467,629	22,681,175,000
5	Southeast Kalimantan	1	NP	69.79	1.04	14	153,565	16,626	2,660,209	22,142,074,000
6	East Kalimantan	1	NP	75.12	1.37	10	129,067	25,571	3,648,835	29,368,389,000
7	North Kalimantan	1	NP	69.84	2.13	5	75,468	5,424	716,407	23,515,477,000
8	North Sumatra	2	2	70.57	0.54	33	72,981	43,825	14,415,391	25,903,556,000
9	West Sumatra	2	2	71.24	0.67	19	42,013	26,967	5,382,077	16,538,839,000
10	Jambi	2	2	69.99	0.78	11	50,058	22,246	3,570,272	19,796,351,000
11	Bengkulu	2	2	69.95	0.87	10	19,919	14,931	1,963,300	15,920,447,000
12	Riau Islands	2	2	74.45	0.94	7	8,202	11,443	2,136,521	51,940,259,000
13	West Java	2	2	70.69	0.46	27	35,378	82,014	48,683,861	57,277,477,000
14	Central Java	2	2	70.52	0.44	35	32,801	149,740	34,490,835	16,592,446,000
15	SR Yogyakarta	2	2	78.89	0.83	5	3,133	31,508	3,802,872	53,182,151,000
16	East Java	2	2	70.27	0.44	38	47,800	171,763	39,500,851	23,255,324,000
17	Banten	2	2	71.42	0.66	8	9,663	23,292	12,689,736	20,305,735,000
18	Bali	2	2	74.30	0.72	9	5,780	29,446	4,292,154	24,251,063,000
19	North Sulawesi	2	2	71.66	0.76	15	13,852	14,903	2,484,392	42,609,760,000
20	South Sulawesi	2	2	70.34	0.58	24	46,717	42,267	8,771,970	26,058,679,000
21	Southeast Sulawesi	2	2	69.86	0.72	17	38,068	17,643	2,653,654	24,908,758,000
22	South Sulawesi	3	1	68.86	0.53	17	91,592	35,261	8,370,320	24,811,716,000
23	Lampung	3	1	68.25	0.57	15	34,624	23,471	8,370,485	25,581,093,000
24	West Nusa Tenggara	3	1	66.58	0.59	10	18,572	63,912	5,013,687	18,750,604,000
25	East Nusa Tenggara	3	1	63.73	0.53	22	48,718	19,213	5,371,519	27,279,739,000
26	West Kalimantan	3	1	66.26	0.54	14	147,307	21,696	5,001,664	32,645,457,000
27	South Kalimantan	3	1	69.65	0.88	13	38,744	22,154	4,182,695	40,063.903.000
28	Central Sulawesi	3	1	68.11	0.77	13	61,841	19,707	3,010,443	28,998,353,000
29	Gorontalo	3	1	67.01	0.93	6	11,257	8,520	1,185,492	21,254,503,000
30	West Sulawesi	3	1	64.30	0.78	6	16,787	5,586	1,355,554	19,515,795,000
31	Maluku	3	1	68.19	0.88	11	46,914	9,833	1,773,776	27,768,146,000
32	North Maluku	3	1	67.20	0.97	10	31,983	6,893	1,232,632	26,511,092,000
33	Papua	3	1	59.09	0.94	29	319,036	14,917	3,322,526	48,862,823,000
34	West Papua	4	NP	62.99	3.34	13	99,672	6,491	937,458	80,127,905,000

Source: Directorate General of Fiscal Balance. Ministry of Finance of the Republic of Indonesia. 2019 (specifically for quadrant data. Priority. IPM. and IKPD)14 RI Ministry of Health. Health Profile Book. 2018 (Number of districts/cities. area. number of health workers. population) [7].

Allocation of the deconcentration fund was performed using the regression equation model and formulation. The results support the standard error test and show that the human development index, the area, the number of districts/cities, the population, the number of health workers, and the percentage of realizing the deconcentration fund budget in 2018 have the power of influence of 95.3%.

Table 3. Deconcentration Fund Budget Realization in each Province in Indonesia for fiveyears starting from 2014-2018

No	Province	Quadrant	Priority	Realization of absorption of deconcentrated funds (in%)				
				2014	2015	2016	2017	2018
1	Aceh	1	NP	70.9	64.3	59.3	80.0	72.9
2	Riau	1	NP	82.6	77.2	58.0	87.7	85.7
3	Bangka Belitung	1	NP	74.0	71.7	62.7	87.6	87.6
4	Jakarta CSR	1	NP	63.3	55.8	54.9	77.8	89.6
5	Central Kalimantan	1	NP	82.6	80.0	63.9	84.6	88.5
6	East Kalimantan	1	NP	61.1	67.1	51.1	87.9	87.5
7	North Kalimantan	1	NP	0.0	43.5	39.3	68.0	73.8
8	North Sumatera	2	2	85.6	73.2	58.4	93.0	92.4
9	West Sumatera	2	2	90.9	79.6	53.8	89.6	82.5
10	Jambi	2	2	90.6	88.3	68.2	95.6	97.0

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11	Bengkulu	2	2	88.5	89.4	65.3	93.0	95.4
12	Riau Islands	2	2	77.7	66.1	61.3	88.9	87.3
13	West Java	2	2	66.3	39.1	44.8	81.2	82.6
14	Central Java	2	2	83.0	74.1	52.3	92.0	92.2
15	SR Yogyakarta	2	2	81.9	75.1	46.1	88.6	91.4
16	West Java	2	2	71.2	29.1	52.9	83.4	75.1
17	Banten	2	2	77.5	73.6	62.5	86.0	88.3
18	Bali	2	2	84.6	74.9	61.9	86.1	87.1
19	North Sulawesi	2	2	93.0	91.2	75.7	98.6	93.7
20	South Sulawesi	2	2	88.2	93.6	72.6	96.1	94.4
21	Southeast Sulawesi	2	2	91.9	92.0	67.9	97.1	97.4
22	South Sumatera	3	1	82.4	78.6	61.6	90.2	91.2
23	Lampung	3	1	92.3	91.0	54.0	93.9	92.5
24	West Nusa Tenggara	3	1	85.0	77.3	61.9	88.4	88.8
25	East Nusa Tenggara	3	1	83.2	88.3	71.2	95.1	94.2
26	West Kalimantan	3	1	79.0	74.7	56.0	88.7	85.2
27	South Kalimantan	3	1	80.8	83.8	53.7	88.7	86.9
28	Central Sulawesi	3	1	90.7	89.8	71.1	97.5	97.7
29	Gorontalo	3	1	93.4	89.2	69.8	94.1	96.5
30	West Sulawesi	3	1	68.0	54.3	54.8	82.0	83.8
31	Maluku	3	1	75.9	50.7	43.6	74.0	77.5
32	North Maluku	3	1	62.1	64.4	48.9	76.9	85.0
33	Papua	3	1	86.1	74.2	54.9	93.4	95.4
34	West Papua	4	NP	72.5	58.9	56.5	82.8	95.4

Source: Directorate General of Financial Balance. Ministry of Finance of the Republic of Indonesia in 2019 [14]

Based on the regression analysis with the enter method on the results of F count >F table, all variables including human development index (X1), number of districts/cities (X2), area (X3), number of health workers (X4), and population (X5), as well as the percentage of realizing the deconcentration of fund budget in 2018 (X6) have a significant effect on the variable of deconcentration fund budget allocation (Y), hence, the equation formed is as follows:

$$Y = 54{,}740{,}155{,}683.222 + (-925{,}888{,}389.275)\ X1 + (764{,}366{,}224.648)\ X2 + (77{,}490.441)\ X3 + (21{,}313.203)\ X4 + (297.013)\ X5 + (242{,}511{,}456.432)\ X6$$

All contributing variables involved in forming the equation model for the budget allocation of deconcentration funds (Y) are :

1. Variables that contribute significantly:
   a. Human Development Index (X1), (score p = 0.007)
   b. Number of Regencies / Cities (X2), (score p = 0.001)
   c. An area (X3), (score p = 0.001)
2. Contributing but not significant variables:
   a. Total population (X5), (score p =0.234)
   b. Number of health workers (X4), (score p = 0.060)
   c. Percentage of realization 2018 (X6), (score p = 0.131)

The results can be used in planning deconcentration fund budget allocations by considering the most influential factors. Another important consideration for policymakers is to pay attention to other factors including confounding or confounding variables such as politics, central government priority program policies, and other funds that are the same as the allocation for 7 (seven) health programs financed by deconcentration funds and cannot be answered through statistical tests except through in-depth interviews.

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Table 4. Regression equation model

Coefficient's							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	54740155683.222	27770663534.295		1.971	0.059	-2240539219.345	111720850585.789
	Human development index	-925888389.275	316167140.642	-0.268	-2.928	0.007	-1574609776.752	-277167001.799
	Number of districts/cities	764366224.648	193978482.643	0.484	3.940	0.001	366355254.421	1162377194.875
	Area	77490.441	21021.653	0.336	3.686	0.001	34357.571	120623.311
	Number of health workers	21313.203	45610.230	0.060	0.467	0.644	-72271.258	114897.664
	Number of citizens	297.013	174.191	0.234	1.705	0.100	-60.397	654.423
	Presentation of realization 2018	242511456.432	155663704.659	0.116	1.558	0.131	-76884083.096	561906995.961

a. Dependent Variable: 2019 budget allocation

4. Discussion

Deconcentration funds originate from the State Revenue and Expenditure Budget (APBN) implemented by the Governor as the central government's representative, which includes all revenues and expenditures excluding funds allocated to central vertical agencies in the regions. The principle of using deconcentrated funds is determined by the Governor as the government's representative in the regions [15]. Technically, in implementing deconcentration funds, the provincial health office carries out certain activities. Deconcentration funds generally take non-physical activities such as planning, synchronization, coordination, facilitation, technical guidance, training, counseling, supervision, investigations and surveys, guidance, supervision, and control. The deconcentration fund budgeting process goes through several stages of mechanisms, including setting a ceiling for the allocation of each regional government in this case, the provincial health office by the program management unit at the central level; submitting activity proposals by referring to the deconcentration menu that has been previously defined; and examination of proposed activities carried out by several related central units [16].

Deconcentration funds can only be allocated to provincial health offices, which are then managed to finance non-physical activities involving district/city health offices. The realization of deconcentration funds can be high or low. Therefore, there is a need to carry out further studies, especially on the causes of the low absorption of deconcentrated budgets in several provinces. The adequacy of deconcentrated budget allocations for each program and province needs to also be analyzed [4][17].

The National Health Insurance Program, the Management Support Program, the Maternal and Child Nutrition and Health Development Program, the Health Effort Development Program, the Disease Control, and Environmental Health Program, the Pharmaceutical and Medical Devices Program, and the Health Human Resources Development and Empowerment Program are the seven programs designated to use deconcentration funds [17]. The funds are allocated to achieve program targets used in the framework of synergy and coordination between the central government and the regions by considering the mandatory menu and predetermined choices [18].

Based on the results and previous reports, there is a need to provide rewards and punishments for regions that are unable to absorb/realize deconcentration, for example,

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by reducing the budget in the following year. Similarly, rewards should be given to regions that achieve high budgets [16].

5. Conclusions

Variables that significantly determine budget allocation for deconcentration funds are the number of districts/cities, the size of the area, and the Human Development Index, while those that do not have an effect are the populations, the number of health personnel, and the realization of deconcentration funds. Furthermore, the absorption of deconcentration funds has not been optimal because the regions prioritize the absorption of activities from the Regional Budget (APBD) at the provincial level. One of the activities is the cost of determining employee performance allowances. The inventory of problems in the utilization of deconcentrated funds in each province has also not been conveyed to the central government, leading to delays in budget absorption

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