Identifying Constraints to Budget Execution in Indonesia’s Infrastructure Sector

Mark Ahern, Aliya Ihsan, Hari Purnomo, Alex Sienaert, Theo Thomas, Ashley Taylor

Timely budget execution and sound public financial and management (PFM) institutions are key to achieving development targets and outcomes. In Indonesia’s case improving budget execution is all the more important given the recent steep increase in the budget allocation for key infrastructure sectors to address infrastructure shortfalls. Timely budget execution is even more critical during an economic slowdown as expenditure policy is a key countercyclical tool which can be used to inject demand into the economy. Indeed, understanding the challenges and constraints facing budget execution can help policy makers better prepare and respond to any potential shocks, for example those emanating from a deteriorating external environment. This GET Note presents the methodology and findings from a recent survey of budget execution in Indonesia and options to address those challenges.  

I. Background

Motivations for examining budget execution in the infrastructure sector included the Government’s commitment in the Medium Term Development Plan 2010-2014 to improve infrastructure services and significantly boost infrastructure spending, as well as increased concern with low and “slow” (back-loaded) absorption capacity in 2010 and 2011, particularly for capital expenditures. The study was jointly conducted by the Fiscal Policy Office, Institute for Economic and Social Research Faculty of Economics University of Indonesia (LPEM-FEUI), and the World Bank. Within the World Bank teams on Public Sector, Economic Policy and Procurement contributed.

The team analyzed a sample of 36 budget authorizations (Daftar Isian Pelaksanaan Anggara, or DIPA) provided to spending units in the infrastructure sector at each stage of budget execution (budget preparation, procurement, and implementation) and identified gaps between plans and actual implementation. The study was carried out in four locations through data analysis, focus group discussions, and in-depth interviews with stakeholders including officials of the project implementing unit (Satker), officials at the local treasury offices (KPPN), and selected contractors. Figure 1 illustrates the analytical framework for the study. A sample questionnaire used in the study can be found in Annex I.

GET Notes – Recently Asked Questions Series intends to capture the knowledge and advice from individual engagements of the World Bank’s Global Expert Team on Public Sector Performance (PSP GET). The views expressed in the notes are those of the authors and do not necessarily reflect those of the World Bank. For more information about the PSP GET, contact GET team leader Bill Dorotinsky (wdorotinsky@worldbank.org) or go to http://go.worldbank.org/ITQY7A0K0.


2 Rencana Pembangunan Jangka Menengah Nasional, or RPJMN.
The objectives of the study were as follows:
- To analyze and identify constraints on 2010 budget execution and disbursement;
- To assess the effectiveness of the reforms that have been introduced to accelerate 2011 budget execution, and;
- To provide policy recommendation on ways to improve budget execution particularly within the infrastructure sector.

Figure 1: Analytical Framework
The study found that weak disbursements of the budget in 2010 and 2011 highlight ongoing challenges with budget execution. In 2010, all key infrastructure sectors saw actual spending come in below the budgeted amount. In both 2010 and 2011, less than 85 percent of the revised capital expenditure budget was disbursed, notwithstanding an increase in nominal terms of 44 percent in actual capital expenditure between 2010 and 2011. Most budget increases were allocated to key infrastructure sectors (Figure 2). In addition, more than 50 percent of total disbursements occurred in the last quarter of those two years. These slow and low disbursement patterns are likely to reoccur in 2012. In the first half 2012, disbursement of capital expenditure improved slightly but remained low at 18 percent of the full year budget allocation (see Section III).³

The study’s findings face some limitations, including the small sample size and limited scope of analysis. The sample included only 36 out of 343 DIPAs issued for infrastructure activities with capital expenditures of greater than IDR 1 billion. It also focused only on budget execution processes and did not assess the quality of spending or post implementation stage (e.g. audit). Some Satkers (of which there are anywhere between 22,000 – 29,000) were not available at the time of survey and some Satkers who implemented the 2010 DIPA were no longer in the same post or were very difficult to track due to restructuring at the Ministry of Public Works. Some secondary data collected from the field was less adequate than expected, particularly primary output progress data from contractors. Finally, the study only covers line ministry’s spending of central government budget (APBN), excluding sub-national government budget (APBD).

In response to the challenges in infrastructure spending, the Government recently established a budget execution task force⁴ to closely monitor and eliminate bottlenecks in budget execution. The task force is led by the Presidential Work Unit for Supervising and Controlling Development, *Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembangunan* (UKP4), and co-led by the Ministry of Finance and the State Development Audit Agency (BPKP). Other measures that have been introduced include: streamlining budget preparation and payment processes; implementation of a new regulation on procurement (*Perpres* No. 54/2010), and; the implementation of guidance on budget execution (*Perpres* No. 53/2010, a second revision of *Keppres* No 42/2002), which provides flexibility on Satker (work unit) personnel appointments.

---

³ For cross-country analysis of government spending disbursement profiles please see December 2010 *Indonesia Economic Quarterly*
⁴ *Tim Evaluasi dan Pengawasan Penyerapan Anggaran* (TEPPA)
II. Study Methodology

Thirty-six DIPA (see Annex IV for an example DIPA) were selected as samples in the study. The selection process consisted of several steps. First, DIPA were selected within ministries that implement infrastructure projects, such as the Ministry of Public Works, the Ministry of Energy and Mineral Resources, and the Ministry of Transportation. At this stage, there were about 1,800 Satker with a total budget of Rp 35 trillion. Second, within these ministries a limited number of DIPA that were considered to be core infrastructure activities were selected. Activities such as training or other administrative activities were excluded. As a result, the sample size became 724 Satker with a total budget of Rp 13.6 trillion. Third, DIPA with budgets of less than Rp 1 billion were excluded, which left 343 Satker with budgets of Rp 11 trillion. Then, expenditure data by Satker were sorted by the size of capital expenditure by province. Finally, Satker were selected within 4 provinces that have the largest capital expenditure which include DKI Jakarta (as a pilot area), West Java, North Sumatra and South Sulawesi. The 36 selected DIPA had a total budget value of Rp 3.4 trillion.

The samples were analyzed based on their characteristics. Sample characteristics were distinguished based on the nature of the projects, i.e. length of projects (single- or multi-year), source of funds (domestic or foreign-funded), and type of activity (operations and maintenance, or construction). Single-year projects are usually funded in rupiah and characterized as operations and maintenance projects and do not involve land acquisition. On the other hand, multi-year projects are usually mega-projects and funded by loans or mix financing. Most multi-year projects are construction projects that require land acquisition. In addition, sample characteristics were also distinguished based on the number of activities.

A pilot survey was implemented in DKI Jakarta between July and August, 2011, while the actual survey was conducted between September and October 2011. As part of the pilot survey, the team interviewed related directorates in each line ministry. It was an important step in understanding each ministry’s internal policies and procedures that provide guidance to the Satker. Furthermore, early visits to line ministries were also important in connecting the team to the Satker at the provincial level. Letters from related directorates general were also crucial in facilitating the field survey. Intense discussions with staff of DG Budget, DG Treasury and the treasury offices in charge of loan projects (KPPN V and KPPN VI) were also conducted. Endorsement letters from the Fiscal Policy Office (BKF) and DG Treasury were crucial in facilitating the focus group discussions (FGDs) and accessing secondary data.

This study involved tracking the constraints in budget execution at every stage of the process, from budget and work plan preparation through to project completion. The review included the assessment of both financial and physical progress of the 36 DIPA selected. Financial progress was assessed by comparing actual monthly disbursements against monthly cash planning outlined in the budget (DIPA). Physical progress was reviewed by focusing on the largest activity or package carried out by the Satker by comparing the actual physical progress with implementation schedule outlined in the contract. In addition, the analysis also included budget composition based on economic classifications, source of funding, and expenditure composition.
This study does not include oversight and audit on infrastructure quality, which is related to the monitoring and provision of infrastructure.

Both financial and physical progress were compared against the benchmark timeline based on the DIPA, contract documents, and government regulations. The gaps that may exist between the benchmark timeline and actual implementation at every stage of the implementation process indicate challenges in budget execution. This analysis was carried out based on 24 DIPA implemented in 2010. In order to analyze the effectiveness of reforms that have been introduced to accelerate budget execution, this study focused on 12 of the 36 sampled DIPA in 2011. The analysis includes the impact of regulations on DIPA implementation in terms of timing, procedures, and cost. In addition, the consistency among regulations was also assessed.  

Finally, policy recommendations were formulated by drawing upon the analysis from the field survey and inputs from preliminary dissemination, as well as ongoing analysis undertaken by the Public Financial Management (PFM) team in the World Bank Office Jakarta. To take into account the broader and long-term PFM agenda, policy recommendations also incorporate ongoing analysis undertaken by the PFM team within the World Bank. The analysis from the survey includes quantitative analysis and focus group discussions with relevant stakeholders. It also incorporates the latest developments such as the implementation of PMK No. 194/2011 on multi-year contracts (revision of PMK No. 56/2010) and inputs during preliminary dissemination.

III. Delays During Budget Preparation Present the Main Bottlenecks, with Procurement and Implementation also Affecting Disbursements

The assessment of budget execution was divided into three stages: budget preparation, procurement, and implementation. The performance of budget execution is influenced by many factors such as the nature of the project (maintenance and operation, or construction), the length of a project, and the source of funding. The implementation is not only influenced by internal factors within Satker or the respective line ministry, but also by external factors such as other line ministries, lower-level governments, parliament, and other institutions. Thus, issues identified in budget implementation vary widely from technical, capacity, policy and regulation, and institutional. Nonetheless, some critical issues commonly emerge as constraints during budget execution (Figure 3).

Although the procurement and implementation stages also face some challenges, delays during budget preparation are the most critical and significantly affect subsequent activities

---

5 The new regulations that affected budget execution in 2011 included Ministry of Finance Decree on Multi-year Contracts (PMK No. 56/2010), Presidential Regulation on Procurement (Perpres No. 54/2010), Presidential Regulation on Satker Re-appointments (Perpres No. 53/2010), Presidential Instruction on Budget Efficiency (Inpres No. 7/2011), Ministry of Finance Decree on Warning Letters from Satker to Contractors (PMK No. 170/2010), Ministry of Finance Decree on Rewards for Line Ministries in terms of extra budget allocations (PMK No. 38/2011), and other technical guidance issued by the Ministry of Finance.
Long-standing issues remain the primary reasons for delays during budget preparation. Those include: administrative delays in the Satker receiving the DIPA (although the DIPA are approved before the fiscal year) and delays in appointing Satker personnel; the lengthy process of DIPA revision and unblocking blocked (bintang) DIPA; poor planning and budgeting due to weak capacity of the Satker; and the budget details of the appropriation process (approval by Parliament) being at a highly disaggregated level - i.e. not only at the ministry or project level, but also at the activity level as well as by type of expenditure.

Figure 3: Identified critical issues within each step of budget execution in 2010 and 2011

<table>
<thead>
<tr>
<th>I. Budget Preparation</th>
<th>II. Procurement</th>
<th>III. Implementation</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment of Satker personnel still experience delays and remain single year</td>
<td>Lengthy objection and appeal process</td>
<td>Complex and lengthy land acquisition process</td>
<td>Lack of socialization and insufficient time for preparation prior to implementation of new policies that affect budget execution</td>
</tr>
<tr>
<td>Bintang (blocked DIPA) practice</td>
<td>Lack of utilization of early procurement flexibility</td>
<td>Skewed disbursement toward end of fiscal year</td>
<td></td>
</tr>
<tr>
<td>Lengthy DIPA revision process</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The procurement process is regulated by a new procurement regulation (Perpres No.54/2010, a revision of Keppres No. 80/2003) which became effective in 2011. This has brought with it some new challenges on account of a number of structural changes introduced by the new regulation. For instance a lack of familiarity with the new system has resulted in multiple interpretations and has caused procurement committees to adopt an overly cautious approach during the procurement process. The objection-and-appeal procedures, which aim to improve transparency, were introduced with no clear time limits, significantly affecting the procurement process. The lack of human resources (certified procurement specialists as required by the law) and inadequate infrastructure to support e-procurement (e.g., limited bandwidth) were also often identified as constraints by Satker personnel. A weak incentive structure for Satker personnel, coupled with growing concerns over the heightened level of fiduciary (audit) control, also discourages Satker personnel performance in project implementation. The flexibility to conduct early procurement before the fiscal year, to accelerate procurement process as allowed by the new regulation, has also not been effective.

Project implementation depends on the nature of the project - large-scale construction projects that have a land acquisition component often experienced delays due to the lengthy and complex processes, coupled with coordination issues. About two thirds of the Satker in the sample indicated that they faced problems in land acquisition. For example, Satker development of the Double Track Railway 2010 experienced significant gaps between the planned and actual implementation progress due to delays in land acquisition process (Figure 4). Meanwhile, non-construction projects (maintenance and operation) were mostly implemented as expected. For example, a road maintenance activity (carried out by Highway Construction and Maintenance West Java 2010) was implemented as planned as it did not require land acquisition (Figure 5).
The first disbursements of capital expenditure generally occur at the end of the first quarter and vary by the nature of the project. There are inconsistencies when comparing disbursement plans against actual spending caused by delays in starting implementation of projects, delays at the Satker in processing payments, and contractors’ preference for submitting invoices for payment at the end of the fiscal year as many contractors feel that the payment procedures are cumbersome (Figure 6). There is still no clear monitoring system and a lack of enforcement to monitor the process by which the Satker issue payment orders to local treasury offices (KPPNs). However, similar to project implementation, the financial disbursement of non-construction activity (maintenance and operational) remained in accordance with the plan (Figure 7).

While new policies on budget efficiency and optimization are expected to enhance the quality of spending, insufficient experience and time for preparation prior to implementation has negatively affected budget execution (e.g., through multiple DIPA revisions). Presidential Instruction (Inpres) No. 7/2011 on Budget Efficiency required all line ministries to cut/reduce their budgets by a minimum of 10 percent. Ministry of Finance Regulation PMK No. 38/2011 regarding budget optimization aimed to provide rewards and punishments to line ministries based on efficiencies in procurement in 2010. Most Satker consequently had to revise their DIPA and budget details (POK). The utilization of budget optimization and reallocation of the 10 percent savings were decided in March, which slowed down Satker’s performance and left insufficient time for proper planning. As a result, new initiatives/activities for budget optimization were blocked and were not fully spent.
IV. Recommendations for Improving Budget Execution in Indonesia

As a result of the study, a number of areas were identified to accelerate budget execution. The study recommended focusing, in the near term, on high-risk and high-priority projects that are likely to experience delays - such as large capital projects and those that have previously experienced problems during the preparation phase. This could be done through close monitoring and by providing targeted support to selected line ministries and Satkers. To this end, TEPPA and the Ministry of Finance have been active in monitoring and coordinating with line ministries to accelerate budget execution. In addition, the introduction of any new policies would need to take into account potential adverse impacts on budget execution and allow enough time to ensure understanding of the new regulations and preparing accordingly prior to implementation. Otherwise this could exacerbate an already complex budget execution process and delay further implementation.

Accelerating the issuance of the new government regulation (PP) on budget execution which is currently under preparation, could address some of the constraints and regulatory inconsistencies in budget preparation and execution from 2013. The recurring administrative delays could be reduced by minimizing the application of conditional budget approval or blocked (bintang) DIPA and further streamlining budget revision procedures.
The study also found that the procurement process could also be improved in 2013, particularly by optimizing the flexibility to conduct early procurement before the fiscal year, allocating the necessary resource for e-procurement implementation, and improving understanding of the regulation across line ministries and Satkers. Streamlining the objection-and-appeal procedure (e.g., increasing the deposit for submitting an objection and introducing clear limits on the number and duration of appeals and objections) could also help. Finally, linking performance of the procurement committee members to Key Performance Indicators (KPIs) could provide incentive for the committee to improve their performance.

In addition, expediting the government regulation on land acquisition, in order for the newly approved law (Law 2/2012) to be effective, was found to be critical in enhancing the land acquisition process which has been a significant bottleneck in many infrastructure project implementations.

In the medium term, efforts to improve budget execution should be closely aligned with the ongoing broader PFM reforms including the implementation of Performance Based Budgeting (PBB) and Medium Term Expenditure Framework (MTEF) as well as performance management reforms for public sector staff. To this end, one of the important elements is providing increasing authority to line ministries (Echelon 1 officials) to deal with DIPA revisions at the activity level. This could speed up budget preparation and implementation through strengthened ex-post control and audit. Therefore, current detailed input-based budget appropriation by Parliament is no longer in line with the current reforms towards PBB, suggesting that budget appropriation (approval by parliament) should be at a more aggregated program level. In addition, the study found that efforts should be made to gradually discontinue the practice of using blocked DIPA (bintang) or conditional budget approvals.
Annex I

Questionnaire for Treasury Office (KPPN)
Absorption and Implementation of DIPA

Background
In recent years, the absorption of government spending, especially for capital expenditures, are less optimal. These can be seen from the low realization of central government spending which partly executed through by Line Ministries. In addition, the pattern of budget absorption is more prevalent at the end of the year which could impede the achievement of development initial targets planned. By conducting this study, the government through the Ministry of Finance is trying to analyze the various factors that influence the effectiveness of government spending absorption by Line Ministries. Specifically, the purposes of this study are to identify and analyze the factors that inhibit the absorption of the budget in 2010 and investigate the impact of policies reform in order to accelerate the absorption of budget in 2011.

Guidelines for respondent
There are several types of questions in this questionnaire:
- Most questions are closed with alternative answers that have been provided. You have to give check mark (✓) in the answer box that suits with your conditions and experiences.
- The others are opened questions. You are expected to fill them based on your conditions and experiences.

There is no right or wrong answer. Please feel free to answer the questions based on your experiences when conducted the government activities in 2010 and 2011. The confidentiality of your answer will be guaranteed and it will not be disseminated.

Vendor and Satker surveys are available in the World Bank’s AskGov Library or upon request to askgov@worldbank.org
I. Questions

1. Please list the regulations related to the disbursement of DIPA: ________________________________

2. When the Working Units (Satker) proposed disbursement using revised DIPA, has KPPN received the related revised DIPA?
   1 = Yes
   2 = No
   Specify the reason

3. What type of documents required for disbursement of DIPA?
   1 = DIPA from DG Treasury
   2 = Summary of Contract from Satker
   3 = Monthly Certificate from Vendor
   4 = Other(s), specify_________________________________

4. How many times KPPN receive incomplete disbursement documents?
   1 = 1-3 times per week / month / year
   2 = 4-6 times per week / month / year
   3 = > 6 times per week / month / year

5. How long does it take for KPPN to verify the document until Payment Order (SP2D) issued?
   1 = <1 day
   2 = 1-2 days
   3 = 3-5 days
   4 = > 5 days

6. According to your opinion, what obstacles that are often encountered by Satker which can delay the disbursement of the DIPA? (You may have more than one answer)
   1 = Incomplete documents
   2 = Inappropriate documents
   3 = Delay in payment request by Vendor
   4 = Long time procurement process
   5 = Other(s), specify_________________________________

7. According to your opinion, why disbursement of DIPA were accumulated at the end of the year?
   1 = Low progress of revising of DIPA
   2 = Low progress of revising of Operational Instruction (POK)
   3 = Long time procurement process
   4 = Other(s), specify_________________________________

8. Please explain any problems that you encountered in DIPA disbursement
   _______________________________________________________________________________________
   _______________________________________________________________________________________
   _______________________________________________________________________________________

9. Required Data:
   i. Monthly transactions record per Working Unit (Satuan Kerja)
   ii. Log Book

The World Bank
### II. KPPN Perception on Several Policies Related to Implementation of DIPA 2011

10. Please indicate your assessment about several policies enacted by government to increase the effectiveness and efficiency of expenditure in Line ministries/Agencies. Make sure you have clear understanding about the policies. If you do, then give your assessment. **Circle the corresponding number/word.**

<table>
<thead>
<tr>
<th>No.</th>
<th>Policies</th>
<th>Do You Clearly Understand The Policies</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finance Minister Decree No. 192/ 2010 on Procedures of Drafting and Approving DIPA 2011</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>2</td>
<td>Finance Minister Decree No. 49/ 2011 on Procedures of Revision on Budget on 2011 FY</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>3</td>
<td>DG Treasury Decree No. 22 / 2011 on Procedures of Revision on DIPA 2011</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>4</td>
<td>Finance Minister Decree No. 38/ 2011 on Procedures of the Use of the Optimization Fund Obtained from Line Ministries/Agencies Budget Spending.</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>5</td>
<td>DG Treasury Decree No. 11/ 2011 Amending DG Treasury Decree No. 66 Year 2005 on Mechanism of Payment on APBN Expense</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>6</td>
<td>Finance Minister Decree No. 100/ 2010 on Standardized Cost in 2011 FY.</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>7</td>
<td>Finance Minister Decree No. 123/ 2010 on Specific Standardized Cost in 2011 FY.</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
<tr>
<td>8</td>
<td>Presidential Decree No. 54/ 2010 on Government Procurement on Goods/ Services</td>
<td>Yes No</td>
<td><img src="" alt="Assessment Table" /></td>
</tr>
</tbody>
</table>
Annex II

Planning and Budgeting Cycle

- Proposed Activities (musrem-bang)
- Recomended Activities
- Tri - Lateral Meeting
- Financial Notes (Nota Keuangan)
- RKA / KL
- DIPA Warrant
- DIPA Execution

Stakeholders

- Line Ministry:
  - Satker
  - Balai
  - Dit. Planning
- President:
  - Parliament
  - DG Budget
  - Line Ministry
- DG Treasury:
  - Line Ministry
  - Satker
- Financial Notes (Nota Keuangan)
Annex III

Example of DIPA Issuance Process

Source: PP 20 on government work plan and PP 90/2010 on formulation of work plan and budgeting of line ministry revision of PP 21/2004 and LPEM-FEU analysis.

Notes:
1. After the President issues the Presidential Regulation on Budget Detail (RKA-KL) in October, K/L will conduct final preparation to complete DIPA requirements.
2. All the necessary documents for DIPA will be submitted to DG Budget, who will verify the completeness of DIPA requirements (TOR, details budget, feasibility study, etc). If the documents are complete, the documents are ready to be signed by DG Budget. However, if the documents are not complete, DG Budget will put mark (Bintang) to the DIPA, which indicates that DIPA is approved with conditional and can only be implemented after the required documents are complete.
3. After being verified by DG Budget, DIPAs are submitted to DG Treasury to be issued before 31 December.
4. Officially, DIPA will be handed over by President to K/L or Governor.
5. Line ministries (K/Ls), through Secretary General Office, will deliver the documents to their respected Satkers. Head of Satker will send proposal for Satker’s personnel to be approved by the Minister. Once the appointment letter of Satker’s personnel received, Satkers can start implementation by preparing or revising the POK (term of reference) or completing the required documents for “blocked” DIPA.
Annex IV

Sample of DIPA (Budget Warrant)

KEMENTERIAN KEUANGAN REPUBLIK INDONESIA

LAMPIRAN : 1 (SATU) SET DAFTAR ISIAN PELAKSANAAN ANGGARAN (HALAMAN I S.D.IV)

SURAT PENGESAHAN DAFTAR ISIAN PELAKSANAAN ANGGARAN

TAHUN ANGGARAN 2011

NOMOR : 0433/022-03.1.01/01/2011

A. Dasar :
1. UU No. 17 Tahun 2003 tentang Keuangan Negara
2. UU No. 1 Tahun 2004 tentang Perbendaharaan Negara
3. UU NO. 10 Tahun 2010 tentang APBN TA 2011
4. Keputusan Presiden No.26 Tahun 2010 tentang Rncian ABPP dan SPRKAL No. STAP-022.03.06-0/AG/2011
5. Dasar lain

B. Dengan ini disahkan Alokasi Anggaran :
1. Kementerian Negara / Lembaga : (022) KEMENTERIAN PERHUBUNGAN
2. Unit Organisasi : (03) DITJEN PERHUBUNGAN DARAT
3. Provinsi : (06) NANGROE ACEH DARUSSALAM
4. Kode/Nama Satker : (466612) PENGEMBANGAN LLAJ NANGROE ACEH DARUSSALAM

Sebesar: Rp.34.244.136.000 (***TIGA PULUH EMPAT MILYAR DUA RATUS EMPAT PULUH EMPAT JUTA SERATUS TIGA PULUH ENAM RIBU RUPIAH***)

Untuk fungsi sub fungsi dan kegiatan-kegiatan sebagai berikut :

Kode dan Nama Fungsi dan Sub Fungsi :
04 EKONOMI
04.08 TRANSPORTASI

Kode dan Nama Program dan Kegiatan :
022.03.06 Program Pengelolaan dan Penyelenggaraan Transportasi Darat
022.03.06.1951 Pembangunan dan Pengelolaan Prasarana dan Fasilitas Lalu Lintas Angkutan Jalan

Output

Target Kinerja Jumlah Sumber Dana Biokir Kantor Bayar

<table>
<thead>
<tr>
<th>Output</th>
<th>Target Kinerja</th>
<th>Jumlah</th>
<th>Sumber Dana</th>
<th>Biokir</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951.01 Layanan Perkantoran Bidang LLAJ</td>
<td>12.00 Bulan</td>
<td>378.875.000</td>
<td>RM</td>
<td>(001) KPPN Banda Aceh</td>
</tr>
<tr>
<td>1951.02 Pengadaan dan Pemasangan Fasilitas Keselamatan LLAJ</td>
<td>1,000.00 Unit</td>
<td>17.533.500.000</td>
<td>RM</td>
<td>(001) KPPN Banda Aceh</td>
</tr>
<tr>
<td>1951.03 Penataan Manajemen Rekayasa Lalu Lintas</td>
<td>1,00 Paket</td>
<td>616.500.000</td>
<td>RM</td>
<td>(001) KPPN Banda Aceh</td>
</tr>
<tr>
<td>1951.04 Pembangunan Terminal Angkutan Penumpang</td>
<td>1,00 Kegiatan</td>
<td>13.254.409.000</td>
<td>RM</td>
<td>12.004.409.000</td>
</tr>
<tr>
<td>1951.12 Subsidi Operasional Angkutan Jalan</td>
<td>1,00 Kegiatan</td>
<td>905.602.000</td>
<td>RM</td>
<td>12.004.409.000</td>
</tr>
<tr>
<td>1951.43 Sosialisasi dan Promosi Bidang LLAJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951.45 Pengembangan Sistem Informasi dan komunikasi LLAJ</td>
<td>50.000.000</td>
<td>RM</td>
<td>(001) KPPN Banda Aceh</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>33.244.136.000</td>
<td>RM</td>
<td>12.004.409.000</td>
</tr>
</tbody>
</table>

E. Surat Pengesahan ini berlaku sebagai dasar pencairan / pengesahan bagi Bendahara Umum Negara / Kuasa Bendahara Umum Negara.

F. DIPA ini berlaku sejak tanggal 1 Januari 2011 sampai dengan 31 Desember 2011

Banda Aceh, 20 Desember 2010
A.N. MENTERI KEUANGAN R.I.
KEPALA KANWIL DITJEN PERBENDAHARAAN PROV NAD
AGUS SANTOSO
NIP. 195004121975071001

Source: DIPA, Ministry of Transportation
## Annex V

### Recommendations

#### I. Budget Preparation

<table>
<thead>
<tr>
<th>Issues</th>
<th>2012</th>
<th>2013</th>
<th>Medium-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satker personnel are still appointed annually and with delays</td>
<td>Closely monitor DIPA that has not appointed Satker personnel and remind respective K/Ls for their action</td>
<td>• Revise Perdirjenben No. 66/2005</td>
<td>• Implement government regulation (PP) on budget execution</td>
</tr>
<tr>
<td>Bintang (blocked DIPA)</td>
<td>• Develop guideline with clear timeline to remove bintang</td>
<td>Minimize the application of bintang (blocked DIPA) and develop clear procedures and criteria in giving and removing bintang</td>
<td>• Discontinue bintang-practice.</td>
</tr>
<tr>
<td>Lengthy DIPA revision</td>
<td>• Provide targeted assistance to remove bintang for large and politically prioritized projects</td>
<td>• Integrate and synchronize budget documentation and disbursements between MoF and K/Ls through integrated IT system</td>
<td>• Reduce ex-ante controls and increase ex-post controls of documents.</td>
</tr>
<tr>
<td>Poor planning and budgeting</td>
<td></td>
<td>Improve capacity of Satker in planning and budgeting, and multi-year project management</td>
<td>Synchronize planning and budgeting between Bappenas and DG-Budget</td>
</tr>
<tr>
<td>Rigidities and details budget discussion</td>
<td></td>
<td></td>
<td>Appropriation should be at higher level – remove the existing attachment 4 in the Keppres RKA-KL</td>
</tr>
</tbody>
</table>
## II. Procurement

<table>
<thead>
<tr>
<th>Issues</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of understanding of Perpres No. 54</td>
<td>• Improve dissemination of Perpres No. 54/2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Create MOU between K/L, Procurement Agency (LKPP), Anti-Corruption Commission (KPK), to have assistantship</td>
<td></td>
</tr>
<tr>
<td>Lengthy procurement process</td>
<td></td>
<td>Streamline the objection-and-appeal procedure (e.g., increasing the value of the deposit &amp; introducing clear limits on the number, duration of appeals- objections)</td>
</tr>
<tr>
<td>Lack of incentive to participate in procurement committee</td>
<td></td>
<td>• Link performance of the procurement committee to the Key Performance Indicators of K/L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consider risk-based incentive structure for Satker personnel and procurement committee</td>
</tr>
<tr>
<td>Lack of infrastructure to support e-procurement</td>
<td></td>
<td>Allocate sufficient budget for IT infrastructure to support e-procurement</td>
</tr>
</tbody>
</table>
### III. Implementation

<table>
<thead>
<tr>
<th>Issues</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lengthy and complex land acquisition</td>
<td>Closely monitor and provide targeted support to large infrastructure project</td>
<td>Accelerate the finalization and revision of technical regulations on land acquisition in order for the newly approved Law to be effective.</td>
</tr>
<tr>
<td>Lack of coordination (e.g., special license)</td>
<td>Facilitate expedited process in coordination</td>
<td></td>
</tr>
</tbody>
</table>
| Skewed disbursement toward end of fiscal year (due to contractor preference to claim at the end of fiscal year and slow processing at Satker) | Socialization and enforcement of PMK 170 on the schedule of payment | - Link performance of disbursement to Satker’s Key Performance Indicators  
- Establish electronic monitoring system at Satker to process the invoice submit by contractors  
- Optimize PMK No. 194/2011 on multi-year contracts to smooth the rush in disbursements at the end of the fiscal year by carrying them over into the next FY  
- Encourage K/Ls to submit requests for multi-year contracts for large capital projects in APBN-P 2012.  
- Relax the 100-percent physical completion requirement by year-end |
IV. Others

<table>
<thead>
<tr>
<th>Issues</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>Some new policies (e.g., budget efficiency, budget optimalization, and the new requirement to fully complete land acquisition process for multiyear projects) introduced in 2011 had an adverse impact on budget execution</td>
<td>Take into account potential adverse impact of new policies on budget execution and allow enough time for socialization and preparation for implementation</td>
</tr>
</tbody>
</table>