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Analisis Kapasitas Fiskal Pemerintah Kabupaten dan Kota di Provinsi Nusa Tenggara Timur
AN ANALYSIS OF THE FISCAL CAPACITY OF DISTRICT AND CITY GOVERNMENTS IN THE EAST NUSA TENGGARA PROVINCE

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ARTICLE INFORMATION

ABSTRAK

Penelitian ini bertujuan untuk menganalisis kapasitas fiskal kabupaten dan kota di Provinsi Nusa Tenggara Timur melalui analisis derajat desentralisasi dan indeks kapasitas fiskal. Data dianalisis menggunakan formula derajat desentralisasi fiskal dan perhitungan indeks kapasitas fiskal. Hasil penelitian menunjukkan bahwa rata-rata kabupaten dan kota di Provinsi Nusa Tenggara Timur memliki derajat desentralisasi yang rendah sebesar 7,99% dan berada pada indeks kapasitas fiskal dengan kategori sangat rendah sebesar 0,442-0,515. Kemampuan keuangan daerah lebih rendah dibandingkan dengan dana transfer atau dana yang bersumber dari pemerintah pusat untuk membiayai kebutuhan/belanja daerah yang penggunaannya telah ditetapkan dalam peraturan. Kontribusi terbesar terhadap alokasi belanja daerah bersumber dari dana transfer pemerintah pusat.

Kata kunci: desentalisasi, kapasitas fiskal, indeks kapasita fiskal desentalisasi, kapasitas fiskal, indeks kapasita fiskal

ABSTRACT

This study aims to analyze the fiscal capacity of districts and cities in East Nusa Tenggara Province through the analysis of the degree of decentralization and fiscal capacity index. Data were analyzed using the degree of fiscal decentralization formula and the calculation of the fiscal capacity index. The results showed that on average, districts and cities in East Nusa Tenggara Province have a low degree of decentralization of 7.99% and are in the very low fiscal capacity index category of 0.442-0.515. The financial capacity of the region is lower than the transfer funds or funds sourced from the central government to finance regional needs / expenditures whose use has been determined in the regulations. The largest contribution to the allocation of regional expenditure comes from central government transfer funds.

Keywords: decentralization, fiscal capacity, fiscal capacity index

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INTRODUCTION

The potential of a region is the main basis for the government to maximize regional revenue. This revenue is reflected in the amount of realization of local revenue or PAD. On the other hand, the government's optimal ability to increase the amount of revenue from regional own-source revenues will also determine the allocation of these revenues to regional expenditures. The ability of the region reflected in its own-source revenue is one component of regional fiscal capacity, along with other sources of revenue, namely the General Allocation Fund (DAU), Revenue Sharing Fund (DBH) and Other Legitimate Regional Revenues.

In its development, the level of local government independence has not experienced significant development. The regional autonomy that has been running so far has not been sufficient to streamline the proportion of local revenue in the regional revenue structure. The existence of an unbalanced proportion between sources of revenue from the central government and local governments will affect the proportion and allocation of local expenditures.

The calculation of fiscal capacity is needed to see the fiscal capacity of the region and the fiscal gap or shortfall that must be met from transfer funds to meet regional needs. This calculation will produce a regional fiscal capacity index and become the basis for a region to be categorized into high, medium and low fiscal capacity groups. When a region is in a certain fiscal category, it will certainly have an impact on the allocation of regional expenditure.

Table 1. Category Range of Regional Fiscal Capacity (KFD)

Range	Category
IKFD < 0,275	Very Low
0,275 $\leq$ IKFD < 0,458	Low
0,458 $\leq$ IKFD < 0,863	Medium
0,863 $\leq$ IKFD < 1,745	High
IKFD $\geq$ 0,458	Very High

Source: Minister of Finance Regulation Number 116/PMK.07/2021

Fiscal capacity map is a description of regional financial capacity grouped based on the regional fiscal capacity index. This is then used as a consideration in the context of determining the regions that will receive grants, determining the amount of assistance funds by the local government, if required and/or other uses in accordance with the provisions of laws and regulations. In addition, determining the amount of grants will greatly affect the allocation of regional expenditure in the government, especially with the existing fiscal capacity category.

Regional financial capability or regional fiscal capability is the ability of regional finances and transfer funds to the regions, minus regional civil service expenditures. Data on regional financial capacity includes regional own-source revenues and other legal revenues (Minister of Finance Regulation No. 66 / PMK.07 / 2011). APBD becomes a document and policy basis by containing the direction of regional development regional development direction for a period of one fiscal year agreed upon and used as a guideline preparation of Budget Priorities and Ceiling Regional financial capability can be seen through the degree of fiscal decentralization, namely

comparing the amount of revenue from local revenue to total regional revenue. The higher the PAD contribution, the higher the regional financial capability.

The financial capacity of each region is reflected through regional revenues minus revenues whose use has been determined and certain expenditures (Minister of Finance Regulation (PMK) Number 116/PMK.07/2021). The calculation of regional fiscal capacity is divided for provinces and districts/cities. The calculation of capacity for both categories is as follows:

a. Calculation of fiscal capacity of districts/cities

KFD Districts/City– i = Revenue – (Revenue for which appropriations have been made + specific expenditure)

Notes:
- The revenues referred to are Regional Original Revenue, Transfer Revenue and Other Legitimate Revenues.
- Income whose use is predetermined includes:
  1. Revenue sharing fund of tobacco excise tax
  2. Physical special allocation fund
  3. Non-physical special allocation fund
  4. Special autonomy fund
  5. Village funds
  6. Grant
- Specific expenditure are Employee Expenditures, Interest Expenditures, Revenue Sharing Expenditures and Village Fund Allocation

b. Calculation of the Regional Fiscal Capacity Index:

$$\text{IKFD Districts/City-I} = \frac{KFD\frac{Districts}{City}-i}{(\Sigma KFD\ District-i)/n}$$

Considerations in determining grant recipient areas, the amount of matching funds by the local government if required and other uses in accordance with statutory regulations are based on the calculation of regional fiscal capacity.

The components of fiscal capacity (Bawono et al, 2017) consist of:

1. Regional Original Revenue

Regional Original Revenue (PAD) is revenue obtained by the region which is levied based on local regulations in accordance with statutory regulations. Regions can improve good facilities and infrastructure in public sector services because increasing better facilities and infrastructure can increase community productivity, one of which can attract investors to invest.

2. Regional Expenditure

Regional expenditure is a deduction from net worth during the relevant fiscal year. Regional expenditure is prioritized to meet infrastructure needs in order to improve the quality of services and community needs in an effort to fulfill regional obligations.

Widani and Erawati (2016) describes the elements of fiscal capacity from the revenue side of the revenue budget as Regional Original Revenue, General Allocation Fund, Revenue Sharing Fund and Other Legitimate Regional Revenues. In the Regional Budget (APBD), the local government public sector budget is actually the output of allocating

resources and allocating resources is a fundamental problem in public sector budgeting. Allocation problems will be more evident in regions that experience low capacity.

RESEARCH METHODS

This research is quantitative descriptive research. This method is used to describe the situation objectively using numbers, namely financial data taken from the Budget Realization Report (LRA) to be further analyzed and interpreted. The population in this study were districts and cities in East Nusa Tenggara Province, totaling 21 districts and 1 city. The samples in this study were districts and cities totaling 22 with complete data on each variable tested. Data for each variable was collected from the Regional Finance Agency of East Nusa Tenggara Province for the 2017-2021 fiscal year.The test is carried out using the analysis of the degree of decentralization, namely comparing Regional Original Revenue (PAD) to Total Regional Revenue. Furthermore, it analyzes regional fiscal capacity based on the results of the calculation of the fiscal capacity index and its category. Researchers also conducted a correlation analysis. Correlation analysis is conducted to see the strength (closeness) of the relationship (correlation) between two observed variables and whether they are statistically correlated (Algifari, 2016). The direction of the relationship between the variables being analyzed can be a positive relationship or a negative relationship. The magnitude and size of the relationship between variables is expressed by an index

number called the correlation coefficient (Budiwanto, 2017). The correlation analysis used is a partial correlation model (r) to calculate the relationship between each component of fiscal capacity and regional expenditure allocations. The significance test of partial correlation is carried out using the t test, namely by comparing t count with t table at the specified significance level.

RESULTS AND DISCUSSION

Degree of Decentralization Analysis

The calculation of the degree of decentralization is to compare the amount of regional own-source revenue with the total regional revenue. The result of this calculation will show the degree of PAD contribution to total regional revenue.

Table 2. Degree of Decentralization of Districts and City in NTT Province, 2017-2021

Kab./Kota	2017	2018	2019	2020	2021
Kab. Alor	7,72	5,64	4,52	5,69	4,66
Kab. Belu	10,55	9,57	8,89	9,11	8,45
Kab. Ende	8,63	51,44	5,57	7,95	6,13
Kab. Flotim	2,72	5,11	5,47	4,81	5,53
Kab. Kupang	2,47	5,35	4,90	5,61	6,40
Kab. Lembata	5,19	5,40	5,67	5,26	4,85
Kab. Malaka	6,65	50,73	5,85	7,17	6,41
Kab. Manggarai	11,59	8,19	8,43	8,38	8,57
Kab. Ma-Bar	12,16	9,81	14,60	8,90	14,21
Kab. Ma-Tim	9,36	4,29	4,88	4,58	4,00
Kab. Nagekeo	6,08	4,43	3,92	4,23	4,75
Kab. Ngada	7,57	5,43	6,11	6,11	5,33
Kab. Rote	6,63	3,58	3,87	4,34	4,22
Kab. Sabu	8,90	5,53	5,10	5,77	4,85
Kab. Sikka	11,35	9,01	8,04	10,85	8,09
Kab. Sum-Bar	12,31	10,54	10,23	7,73	7,94
Kab. SBD	10,52	4,40	4,55	4,66	4,37

Kab. Sum-Teng	5,47	5,13	4,90	5,32	0
Kab. Sum-Tim	8,83	6,93	8,21	8,13	11,37
Kab. TTS	13,36	4,91	5,17	5,78	4,79
Kab. TTU	7,70	5,32	5,20	5,57	6,74
Kota Kupang	19,82	14,66	15,89	14,85	15,38
Average	**8,89**	**10,70**	**6,82**	**6,85**	**6,68**

Source: data processed

The results of the calculation of the degree of decentralization show that the contribution of regional own-source revenue (PAD) to total regional revenue in districts and cities in NTT Province is still very low. The contribution of PAD to total revenue in 2017-2021 is in the range of 6.68% to 10.70%.

It also shows that local governments still have a high dependency on revenue from other sources. The lower the degree of decentralization of a region, the more instructive the relationship between the central government and local governments. The instructive relationship pattern illustrates the role of the central government which is more dominant than the independence of the local government itself, which means that it has not been able to implement autonomy financially.

Distribution of Fiscal Capacity Index by Region

The greater contribution of Transfer Funds or funds whose use has been determined rather than the results of managing regional potential can show the fiscal capacity possessed by districts and cities in NTT Province. The following table shows the fiscal capacity index and its categories for districts and cities in NTT Province.

Table 3. Fiscal Capacity Index of Districts and Citites in NTT Province

Districts/City	2017	2018	2019	2020	2021	Rata-rata	Category
Kab. Alor	0,560	0,379	0,478	0,430	0,523	0,474	Very Low
Kab. Belu	0,380	0,521	0,376	0,946	0,491	0,543	Low
Kab. Ende	0,450	0,444	0,394	0,353	0,446	0,417	Very Low
Kab. Flotim	0,450	0,451	0,446	0,423	0,462	0,446	Very Low
Kab. Kupang	0,530	0,548	0,487	0,683	0,517	0,553	Low
Kab. Lembata	0,380	0,386	0,341	0,298	0,401	0,361	Very Low
Kab. Malaka	0,450	0,340	0,260	0,322	0,344	0,343	Very Low
Kab. Manggarai	0,540	0,598	0,545	0,541	0,546	0,554	Low
Kab. Ma-Bar	0,590	0,285	0,592	0,517	0,797	0,556	Low
Kab. Ma-Tim	0,370	0,543	0,448	0,736	0,455	0,510	Very Low
Kab. Nagekeo	0,380	0,423	0,315	0,332	0,318	0,354	Very Low
Kab. Ngada	0,390	0,439	0,415	0,515	0,455	0,443	Very Low
Kab. Rote	0,430	0,457	0,352	0,302	0,368	0,382	Very Low
Kab. Sabu	0,420	0,404	0,340	0,449	0,444	0,411	Very Low
Kab. Sikka	0,530	0,477	0,486	0,682	0,498	0,535	Low
Kab. Sum-Bar	0,370	0,394	0,424	0,314	0,453	0,391	Very Low
Kab. SBD	0,450	0,390	0,401	0,397	0,513	0,430	Very Low
Kab. Sum-Teng	0,370	0,428	0,336	0,321	0,360	0,363	Very Low

Kab. Sum-Tim	0,510	0,620	0,541	0,573	0,643	0,577	Low
Kab. TTS	0,530	0,461	0,566	1,085	0,600	0,648	Low
Kab. TTU	0,440	0,468	0,435	0,472	0,448	0,453	Very Low
Kota Kupang	0,530	0,636	0,755	0,631	0,778	0,666	Low
Rata-rata	0,457	0,459	0,442	0,515	0,494		
	Very Low	Very Low	Very Low	Very Low	Very Low		

Source: data processed

The table above shows that the average fiscal capacity of districts and cities in NTT Province is still in the very low category. This category follows the classification stipulated in PMK No. 116/PMK.07/2021. Low fiscal capacity indicates that the financial capacity of the region is still very low and the role of transfer funds or assistance from the central government is still very high, especially in financing its needs. If categorized based on the value or index of fiscal capacity, it can be seen that the regions with the highest and lowest fiscal capacity indexes change every year, as presented in table 4.

Table 4. Descriptive Analysis of Fiscal Capacity Index 2017-2021

Descriptive		Description
2017		
Minimum	0,370	Kab. Manggarai Timur, Kab. Sumba Barat, Kab. Sumba Tengah
Maximum	0,590	Kab. Manggarai Barat
2018		
Minimum	0,285	Kab. Manggarai Barat
Maximum	0,636	Kota Kupang
2019		
Minimum	0,260	Kab. Malaka
Maximum	0,755	Kota Kupang
2020		
Minimum	0,298	Kab. Lembata
Maximum	1,085	Kab. TTS

2021		
Minimum	0,318	Kab. Nagekeo
Maximum	0,797	Kab. Manggarai Barat

Source: data processed

This table shows that the maximum value of the Fiscal Capacity Index is different each year and in different cities/districts. In 2017, there were 3 regencies with the lowest fiscal capacity index, namely Kabupaten Manggarai, Kabupaten Sumba Barat and Kabupaten Sumba Tengah. While Kabupaten Manggarai Barat had the highest Fiscal Capacity Index in 2017 and 2021, it became the kabupaten with the lowest Fiscal Capacity Index in 2018. This change also shows that in certain years, the amount of PAD as revenue sourced from the regions fluctuates. Furthermore, when viewed from the category of each region, there is an increase in the fiscal capacity category in 2020 and 2021 as presented in Figure 1.

Development of Foscal Capacity Index of Regency/City in NTT Province 2017-2021
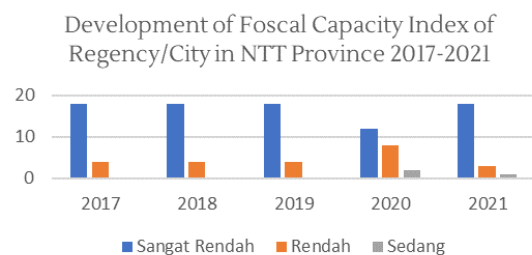
Kategori	2017	2018	2019	2020	2021
Very Low	18	18	18	12	18
Low	4	4	4	8	3
Medium				2	1

Figure 1. Development of Fiscal Capacity Index Categorization

The figure above shows that from 2017 to 2019, the number of regions in the very low and low categories did not change. Meanwhile, in 2020 and 2021, there were regions that experienced an increase in the fiscal capacity index so that they entered the Medium category, namely Kabupaten Belu and Kabupaten TTS in 2020 and Kabupaten Manggarai Barat in 2021.

CONCLUSION

On average, districts and cities in NTT Province still have low fiscal capacity. In other words, the regional financial capacity from the potential or wealth of the region is lower in its contribution to financing regional needs/expenditures compared to transfer funds or funds sourced from the central government, the use of which has been stipulated in regulations. This can be seen from the degree of decentralization and the fiscal capacity index. The results of the calculation of the fiscal capacity index and its categories on average during 2017-2021, there are still many districts that are classified as very low in the fiscal capacity index category, which also shows that regional financial independence is still relatively low. This is due to the low ability of local governments to optimize the revenue potential of their own local wealth. The average local potential (tourist attractions, hotels, restaurants) is still not explored and handled properly. Local tax targets are not aligned with existing potential and compliance with tax or levy payments is still low. Thus, the government still cannot optimize the revenue realized. This is also supported by economic studies that show that there is no single local governments that demonstrate revenue self-sufficiency, even in accumulation, local governments in East Nusa Tenggara only have a ratio of accumulation of local governments in East Nusa Tenggara only has a ratio of 10 percent in the last 3 years of 10 percent in the last 3 years. This is also because the government has set its own revenue target too low, so that even realizations that exceed the target are still unable to support regional fiscal capacity.

Future research can analyze government policies and efforts related to increasing the fiscal capacity and financial autonomy capabilities of local governments. In addition, as we know that East Nusa Tenggara is still a region with low regional financial capacity, this research can be a source of study for the government, especially in optimizing its potential. This research is an addition to the results of studies, especially for efforts to optimize regional income, in addition to other studies that have been done before.

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