

# Internalization Of SAF Physical Assignment For Environment And Forestry In The Development Planning Of North Sumatera Province

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## ABSTRACT

*Fiscal balance is intended to ensure balance and fairness in using financial resources between the central and regional governments so that regions have sufficient resources to meet local needs without neglecting national interests. Fiscal balance is also carried out in the environment and forestry sectors. To date, efforts to improve environmental quality and the carrying capacity of watersheds and lakes are still not in line with national expectations. The Special Allocation Fund (SAF) budget for the Environment and Forestry (E&F) Sector is encouraged to support the national priorities contained in the National Medium-Term Development Plan (MNDP) document and detailed in the Government Annual Work Plan (GAWP), with its implementation carried out by the Regional Government. This study aims to evaluate the internalization of the SAF Physical E&F Sector Menu in regional planning and assess the implementation of its utilization in the regions as input for future development planning in the environment and forestry sectors. This study uses a descriptive qualitative approach to ongoing evaluation through a literature review, questionnaires, and limited discussions (FGD) with regional stakeholders. The literature review used regional planning documents in 34 provinces, with a deep dive into North Sumatera Province. Based on the results of questionnaires, local governments argue that 71 percent of SAF has effectively achieved goals and objectives, while the remaining 29 percent is still not optimal. For the regions, the limited budget also causes low SAF effectiveness. The central and local governments must sit together to formulate the importance of increasing budget allocations in the Environment and Forestry field in the regions, increasing human resources capacity, improving coordination between relevant agencies, engaging relevant parties in conflict resolution, and improving monitoring and evaluation mechanisms.*

**Keywords:** Environment, Evaluation, Forestry, SAF

## ABSTRAK

Insentif fiskal dimaksudkan untuk menjamin keseimbangan dan keadilan dalam penggunaan sumber daya keuangan antara pemerintah pusat dan daerah, sehingga daerah memiliki sumber daya yang cukup untuk memenuhi kebutuhan daerah tanpa mengabaikan kepentingan nasional. Insentif fiskal juga dilakukan di sektor lingkungan hidup dan kehutanan. Hingga saat ini, upaya peningkatan kualitas lingkungan dan daya dukung DAS dan danau masih belum sesuai dengan harapan nasional. Dana Alokasi Khusus (DAK) untuk Sektor Lingkungan Hidup dan Kehutanan (LHK) didorong untuk mendukung prioritas nasional yang tertuang dalam dokumen Rencana Pembangunan Jangka Menengah Nasional (RPJMN) dan dirinci dalam Rencana Kerja Tahunan Pemerintah (RKP), dengan pelaksanaannya dilakukan oleh Pemerintah Daerah. Tujuan penelitian ini adalah untuk mengevaluasi internalisasi Menu Sektor LHK DAK Fisik dalam perencanaan wilayah dan mengkaji pelaksanaan pemanfaatannya di daerah sebagai masukan untuk perencanaan pembangunan ke depan di sektor lingkungan hidup dan kehutanan. Penelitian ini menggunakan pendekatan kualitatif deskriptif dalam lingkup evaluasi berkelanjutan melalui kajian pustaka, kuesioner, dan diskusi terbatas (FGD) dengan pemangku kepentingan di daerah. Tinjauan literatur menggunakan dokumen perencanaan daerah di 34 provinsi, dengan penyelaman mendalam ke Provinsi Sumatera Utara. Berdasarkan hasil kuesioner, pemerintah daerah berpendapat bahwa 71 persen DAK telah efektif dalam mencapai tujuan dan sasaran, sedangkan 29 persen sisanya masih belum optimal. Bagi daerah, keterbatasan anggaran juga menyebabkan efektivitas DAK rendah. Pemerintah pusat dan daerah perlu duduk bersama merumuskan pentingnya peningkatan alokasi anggaran di bidang Lingkungan Hidup dan Kehutanan di daerah, peningkatan kapasitas sumber daya manusia, peningkatan koordinasi antar instansi terkait, libatkan pihak-pihak terkait dalam penyelesaian konflik, serta perbaiki mekanisme monitoring dan evaluasi.

**Kata Kunci:** DAK, Evaluasi, Kehutanan, Lingkungan

## INTRODUCTION

Reform, decentralization, and regional fiscal balance are 3 (three) essential concepts in the Indonesian governance context. Each has a specific role in strengthening democracy, powering regions, and dividing financial resources between the central and local governments (Pambudi, 2023; Oates, 1999). A reform era is a form of rejection of the centralization system that has failed in various aspects to realize social welfare for all Indonesians (Huda & Heryansyah, 2019). In some ways, decentralization is interpreted as improving public service delivery and fostering a better understanding of fiscal preferences and local needs (Purwadi et al., 2020; Nurmiyati et al., 2020).

Regional fiscal dependence on fiscal decentralization implementation in Indonesia is one of the problems that must be overcome. It results from the practice of neo-classical economic theory, which gave birth to income inequality. Experience in many developing countries shows high inequality hampers economic growth (Bonet, 2006). Therefore, regional fiscal balance is needed as a mechanism for financial balance between the central government and local governments. It is crucial because regions need sufficient financial resources to finance various development programs and public services in their regions (Pambudi, 2021; Chandra et al., 2017). Fiscal balance includes revenue sharing,

financial transfers between central and local governments, and the allocation of natural resource revenue-sharing funds (Pratama & Septiana, 2022). Fiscal balance ensures balance and fairness in using financial resources between the central and regional governments so that regions have sufficient resources to meet local needs without neglecting national interests. Fiscal balance is also carried out in the environmental and forestry sectors.

Environmental and forestry fiscal decentralization is part of the government's efforts to provide authority and financial resources to local governments to manage environmental and forestry issues in their areas (Fauziyah & Trisnawati, 2022). It is in line with the broader principle of decentralization in Indonesia. In the context of environmental fiscal decentralization, local governments are responsible for managing and protecting the environment in their areas. They have the authority to develop environmental policies and programs that suit local conditions, including water management, waste management, afforestation, and nature conservation. In this case, local governments also have the authority to impose environment-related taxes or levies to support environmental management and conservation.

Meanwhile, fiscal decentralization of forestry involves giving local governments the authority and financial resources to manage and utilize forest resources in their regions. Local governments have a crucial role in forest management, including protecting, monitoring, planning, and sustainable use of forest resources. They can also manage revenues from forestry activities, such as taxes, levies, or forest revenue-sharing funds.

With environmental and forestry fiscal decentralization, local governments are expected to respond more to environmental and forestry issues in their regions (Pambudi, 2019; Orchidea et al., 2016). They can develop policies that better suit local needs, improve environmental monitoring and protection, and increase community participation in environmental conservation efforts and sustainable forest management.

The Indonesian government continues to evaluate and improve existing policies and regulations to achieve effective reform, decentralization, and fiscal balance. It is done so that power and resources can be distributed fairly, as well as to strengthen governance that is responsive, accountable, and able to meet the needs of communities at the local level. The Special Transfer Fund is one scheme that considers the central government's regional interests. Special Transfer Funds are funds allocated in the State Budget to regions to help fund special physical and non-physical activities that are regional affairs. One form of transfer of funds is the Special Allocation Fund, both physical and non-physical (Rafi & Arza, 2023). Physical Special Allocation Funds are funds sourced from State Budget revenues allocated to specific regions to help fund special activities that are Government affairs, which are the region's authority, and following national priorities.

The Environment and Forestry sector is one of the development areas financed by the Physical Special Allocation Fund (Pambudi, 2020). To date, efforts to improve the environmental quality and carrying capacity of watersheds and lakes have not been as successful as expected nationally. Watershed and lake management is a shared responsibility of various stakeholders, namely the government, the community, and the private sector. However, in practice, there is often overlapping authority and a lack of coordination between stakeholders. This causes watershed and lake management efforts to be ineffective. On the other hand, the community, as a key actor in watershed and lake management, still does not realize the importance of preserving them. This is characterized by people who often carry out activities that can damage watersheds and lakes, such as littering, cutting down trees illegally, and using pesticides excessively. Another fundamental problem is that watershed and lake management require a sizable budget. Ironically, the budget available for watershed and lake management is still not ideal. This causes watershed and lake management efforts to be hampered.

In this context, the use of the SAF budget for the Environment and Forestry Sector is included in the development planning system that supports national priority programs contained in the National Medium-Term Development Plan (NMDP) document and detailed in the Government Annual Work Plan (GAWP). In this regard, local governments must prioritize providing infrastructure, facilities, and physical development related to the environment and forestry in a more targeted manner following national targets (Pambudi, 2022). The menu of activities in the SAF physical assignment is relevant to support several national targets, including 1) reduction of critical land area; 2) recovery target of 15 watersheds; 3) technical civil soil and water conservation; 4) industries that meet emission quality standards; 5) waste management; and 6) peat restoration. The SAF Physical Assignment target of the Environment and Forestry Sub-Sector includes restoring the health of 15 Priority Watersheds and 15 Priority Lakes.

Article 13 paragraph 1 of Presidential Regulation (Perpres) No. 141/2018 on Technical Guidelines for Physical SAF for Fiscal Year 2019 states that monitoring and evaluation of physical SAF management in the regions are carried out individually or jointly by the minister or head of institutions, the Minister of Finance, the Minister of National Development Planning/Head of the National Development Planning Agency, and the Minister of Home Affairs. Article 13, paragraph 2, part c, states explicitly that the Minister of National Development Planning and Head of the National Development Planning Agency monitor and evaluate the achievement of outputs as well as the impacts and benefits of implementing the activities of each physical SAF sector, which is a national priority.

Considering that the internalization of physical SAF in the Environment and Forestry Sector in regional planning has not been a topic of study in Indonesia, it becomes an exciting thing to review concerning its harmony as the primary support for achieving other development priorities in the regions. Deepening the substance of implementation in the field with a case study in North Sumatera Province

(Sumatera Utara) is also interesting to discuss because this area receives the largest physical SAF allocation in the Environment and Forestry Sector. This study aims to evaluate the internalization of the physical SAF menu for the Environment and Forestry Sector in regional planning and assess the implementation of its utilization in the regions as input for future development planning in the Environment and Forestry Sector.

**Table 1.**  
**Data/Facts on The Allocation of SAF to North Sumatera compared to other regions**

No	Province	Allocation (Million IDR)		
		Phisical SAF for Environment and Forestry Sector		
		Environment	Forestry	Total
1	Province of Aceh	420	6.282	6.702
2	Province of Bali	-	2.421	2.421
3	Province of Kepulauan Bangka Belitung	300	3.413	3.713
4	Province of Banten	-	1.408	1.408
5	Province of Bengkulu	603	2.669	3.271
6	Province of DI Yogyakarta	-	1.992	1.992
7	Province of DKI Jakarta	-	-	-
8	Province of Gorontalo	634	14.268	14.903
9	Province of Jambi	603	5.304	5.906
10	Province of Jawa Barat	603	20.316	20.919
11	Provinsi Jawa Tengah	603	18.128	18.731
12	Province of Jawa Timur	603	11.699	12.302
13	Province of Kalimantan Barat	-	8.849	8.849
14	Province of Kalimantan Selatan	452	3.914	4.366
15	Province of Kalimantan Tengah	555	6.136	6.691
16	Province of Kalimantan Timur	603	1.231	1.834
17	Province of Kalimantan Utara	-	3.161	3.161
18	Province of Kepulauan Riau	578	583	1.161
19	Province of Lampung	661	10.921	11.582
20	Province of Maluku	-	5.925	5.925
21	Province of Maluku Utara	-	14.329	14.329
22	Province of Nusa Tenggara Barat	-	8.593	8.593
23	Province of Nusa Tenggara Timur	300	15.337	15.637

No	Province	Allocation (Million IDR)		
		Physical SAF for Environment and Forestry Sector		
		Environment	Forestry	Total
24	Province of Papua	661	8.955	9.616
25	Province of Papua Barat	-	13.236	13.236
26	Province of Riau	603	5.468	6.071
27	Province of Sulawesi Barat	634	9.281	9.915
28	Province of Sulawesi Selatan	-	17.590	17.590
29	Province of Sulawesi Tengah	634	11.150	11.785
30	Province of Sulawesi Tenggara	603	20.743	21.346
31	Province of Sulawesi Utara	634	15.737	16.371
32	Province of Sumatera Barat	-	12.471	12.471
33	Province of Sumatera Selatan	437	1.744	2.181
34	Province of Sumatera Utara	603	21.446	22.048

## METHODS

This study uses both secondary and primary numerical data. Policy analysis uses a content analysis approach through literature studies of relevant theories and policies in the Physical SAF Assignment sector, especially the Environment and Forestry Sector. Based on Government Regulation 39 of 2006 as a derivative of Law 25 of 2004, it is stated that on-going evaluation is an activity of careful observation of a condition in the current year, including its behavior, intending to provide recommendations and necessary actions that can be taken (GoI, 2006; GoI, 2004). This research uses a descriptive qualitative approach within the scope of ongoing evaluation through literature reviews and focus group discussions (FGDs) with local stakeholders. The literature review used regional planning documents in 34 provinces, with a deep dive into North Sumatera Province. In conducting FGDs, important informants were involved, namely the head of the Regional Apparatus Organization Unit in North Sumatera or a representative in the FGD, especially from the North Sumatera Provincial Bappeda, the North Sumatera Provincial Environment and Forestry Office, and the Environmental Agency receiving SAF for the Environment and Forestry Sector in the Regency or City. The Focus Group Discussion was held on September 5, 2019 at the North Sumatra Provincial Bappeda Office (Regional Development Planning Board) with 52 participants from representatives of local technical offices and Bappeda of provincial, regency and city governments in North Sumatra that received Special Allocation Funds, especially in the environment and forestry sector. The rationale for selecting these informants is related to the region's location that received the largest allocation of SAF for the Environment and Forestry Sector. In addition, employees who become informants in the Regional Apparatus

Organization Unit are directly involved in the planning and implementation of SAF in the field, so providing factual field information is considered relevant.

When conducting Focus Group Discussions, questionnaires were also given to be filled in by FGD participants. The questionnaire was conducted on September 5, 2019 at the North Sumatra Provincial Bappeda Office with 52 questionnaire fillers coming from representatives of technical agencies and Bappeda of provincial, district and city governments in North Sumatra that received Special Allocation Funds, especially in the environment and forestry sector.

Secondary sources used are policy documents at both the Central level (the Government Annual Work Plan, or GAWP) and the Regional level (the Regional Government Annual Work Plan, or RAGWP), especially provinces that get the 2019 Physical SAF Assignment budget allocation for the Environment and Forestry Sector. Provinces that received special allocation funds include: Province of Aceh, Province of Bali, Province of Kepulauan Bangka Belitung, Province of Banten, Province of Bengkulu, Province of DI Yogyakarta, Province of Gorontalo, Province of Jambi, Province of Jawa Barat, Provinsi Jawa Tengah, Province of Jawa Timur, Province of Kalimantan Barat, Province of Kalimantan Selatan, Province of Kalimantan Tengah, Province of Kalimantan Timur, Province of Maluku Utara, Province of Nusa Tenggara Barat, Province of Nusa Tenggara Timur, Province of Papua, Province of Papua Barat, Province of Riau, Province of Sulawesi Barat, Province of Sulawesi Selatan, Province of Sulawesi Tengah, Province of Sulawesi Tenggara, Province of Sulawesi Utara, Province of Sumatera Barat, Province of Sumatera Selatan, and Province of Sumatera Utara (North Sumatera).

The deepening in North Sumatera Province was carried out considering that this province has a large SAF budget compared to other provinces with a policy focus on the environment and forestry in Indonesia in 2019. Data analysis and processing in the study used a proportional preference approach that describes the frequency conditions of the data population (Buisseret & Prato, 2020). The analysis used a literature review approach and limited discussions with local governments. The effectiveness description was carried out using the planning gap analysis and the suitability of regional priorities, using content analysis to conclude.

The effectiveness analysis also uses budget data to see how the regional development agenda synergizes with the national development agenda. In general, this research provides policy recommendations through the assessment of 1) The suitability of the DAK menu in the field of Environment and Forestry with North Sumatera Regional Planning seen from a national perspective (at a macro level with other provinces receiving Physical SAF in the field of Environment and Forestry), and 2) Deepening the analysis through a portrait of common problems at the site level from various aspects.



## RESULTS AND DISCUSSION

### Environment and Forestry Development Profile Analysis

Presidential Regulation 72 of 2018 stipulates 12 (twelve) activity menus in the Physical SAF Assignment scheme for the Environment and Forestry Sector that support the National Priority Program, namely 9 (nine) activity menus for the Environment Sub-Sector and 3 (three) activity menus for the Forestry Sub-Sector. The twelve activity menus include 1) Waste Management and Supporting Infrastructure; 2) Procurement of Waste Transport Equipment, Dump Truck; 3) Procurement of Arm Roll Waste Transportation Equipment; 4) Reduction and Control of Liquid Wastewater Pollution Load through Small Scale Business Wastewater Treatment Plant; 5) Procurement of Continuous, Automatic, and Online Water Quality Monitoring Tools and Systems; 6) Procurement of Laboratory Equipment for Water Quality Tests; 7) Procurement of Non-Mercury Gold Processing Facilities and Infrastructure; 8) Procurement of Laboratory Equipment for Mercury Quality Tests; 9) Air Pollution Control in Metropolitan, Large, and Provincial Capitals Prone to Forest and Land Fires; 10) Development of Facilities and Infrastructure for Productive Economic Enterprises; 11) Forest and Land Rehabilitation; 12) Development of Infrastructure for the Operationalization of FMUs, Tahura, and Urban Forests.

The targets of the Physical SAF Assignment of the Environment and Forestry Sub-Sector include restoring the health of 15 Priority Watersheds and 15 Priority Lakes. The government has set 15 watersheds and 15 priority lakes in the NMDP 2015–2019. The 15 Priority Watersheds include the Asahan watershed (North Sumatera), Siak watershed (Riau), Musi watershed (South Sumatera), Citarum watershed (West Java), Sekampung watershed (Lampung), Cisadane watershed (West Java, Banten), Ciliwung watershed (West Java, DKI Jakarta), Serayu watershed (Central Java), Bengawan Solo watershed (Central Java), Brantas watershed (East Java), Kapuas watershed (West Kalimantan, Central Kalimantan), Saddang watershed (West Sulawesi, Central Sulawesi), Moyo watershed (West Nusa Tenggara), and Limboto watershed (North Sulawesi).

In addition, 15 Priority Lakes have been designated by the government to be restored, including Lake Toba (North Sumatera), Lake Rawapening (Central Java), Lake Rawadanau (Banten), Lake Batur (Bali), Lake Kerinci (Jambi), Lake Singkarak (West Sumatera), Lake Poso (Central Sulawesi), Mahakam Cascade Lake (East Kalimantan), Lake Melintang and Tondano (North Sulawesi), Lake Tempe-Lake Matano (South Sulawesi), Lake Limboto (Gorontalo), Lake Sentarum (West Kalimantan), Lake Jempang (East Kalimantan), and Lake Sentani (Papua). In the GAWP 2019, the Environment and Forestry sector is included in National Priority 4 (PN 4), namely Strengthening Energy, Food, and Water Resources Security, and National Priority 1 (PN 1), namely Human Development through Poverty Reduction and Improving Basic Services. National Priority 4, closely related to Environment and Forestry affairs, has two Priority Programs: 1) a priority program for Increasing the Quantity, quality,



and Accessibility of Water Resources; and 2) a priority program for Improving Natural resource Support and Environmental Capacity.

**Table 2.**

**Special Allocation Fund for Physical Assignment of Environment and Forestry Sector Supporting Natural Resources and Environment Sector Policy in GAWP 2019**

No	Policy Direction for Natural Resources and Environment	Intervention through the Activity Menu of the Special Allocation Fund for Physical Assignment for the Environment and Forestry Sector
1.	Improved forest governance through the establishment and operation of Forest Management Units	Development of operational infrastructure of Forest Management Units through the construction of resorts and two-wheeled vehicles for forest security
2.	Improving the quality of the environment by reducing the burden of water, air, and land pollution	Controlling the use of mercury in artisanal gold mining through non-mercury gold processing infrastructure 6 (six) activities
3.	Improving the quality of the environment through specific waste management and waste processing through waste banks and recycling centers.	Construction of 249 units of Waste Bank with a capacity of 1 ton/day, with a target of reducing waste generation by 90,885 tons/year

*Source: GoI, 2018a; GoI, 2018b*

In 2019, the budget allocation for the Physical SAF Assignment of the Environment and Forestry Sub-Sector reached IDR 530,200,000,000.00, of which the allocation for the Environment Sub-Sector was IDR 225,500,000,000.00, and the Forestry Sub-Sector was IDR 304,700,000,000.00. The Physical SAF Allocation for Forestry Sub-Sector Assignment is spread across 33 Provinces (without DKI Jakarta), with the largest allocation in West Sumatera Province amounting to IDR 21,445,554,000.00 and the smallest allocation in Riau Islands Province amounting to IDR 582,595,000.00. Meanwhile, the allocation of Physical SAF assignments in the Environmental Sub-Sector is spread across 33 provinces (except DKI Jakarta), where the highest allocation is in Central Java Province, amounting to IDR 25,033,961,000.00, and the smallest allocation is in North Maluku Province, amounting to IDR 1,304,429,000.00. When viewed from the target, the Physical SAF Assignment of the Environmental Sub-Sector has one of the regional targets of 15 Priority Watersheds and 15 Priority Lakes.

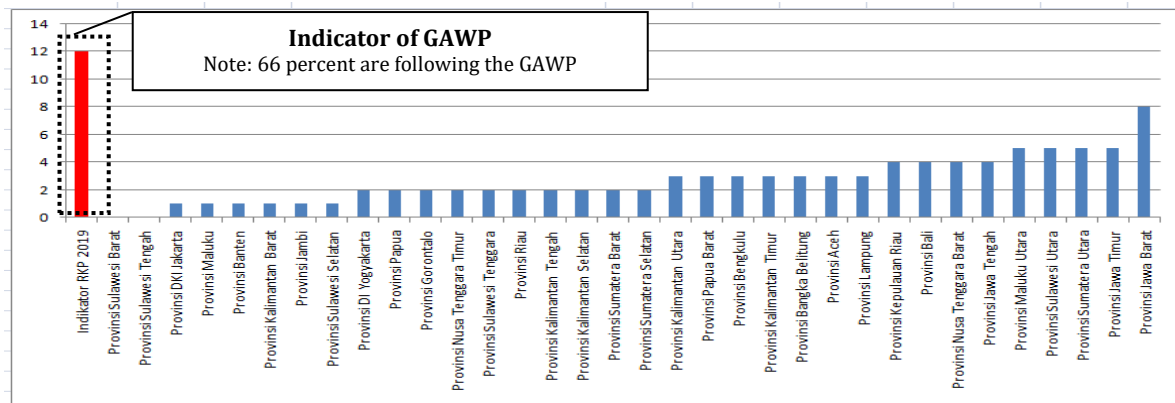
The physical SAF Assignment of the environment Sub-Sector does not yet reflect the territorial priorities of watersheds and lakes as stated in Presidential Regulation 141 of 2018. There are still many provinces that have priority watershed and lake areas, but the budget allocation for the Physical SAF Assignment of the environment Sub-Sector is slight, such as in the provinces of North Sulawesi, Banten, Southeast Sulawesi, and West Kalimantan. South Kalimantan Province, which is not a priority watershed and lake area, has the eighth-largest budget allocation for Physical SAF environmental assignments. Sub-Sector out of 33 provinces and the SAF Sub-Sector of Forestry, the allocation of

Physical SAF assignments in the Sub-Sector of Forestry does not reflect the territorial priorities of watersheds and lakes as stated in Presidential Regulation 141 of 2018.

The results of the analysis show that there are still many provinces that are priority watershed and lake areas, but the budget allocation for Physical SAF assignments in the forestry sub-Sector is slight, such as in the provinces of East Kalimantan, Banten, South Sumatera, Bali, Jambi, Riau, and Central Kalimantan. Southeast Sulawesi Province, not a Priority Watershed and Lake Area, has the second largest Physical SAF Assignment of Forestry Sub-Sector budget allocation out of 33 Provinces, amounting to IDR 20,742,903,000.00. Based on this data, the policy direction contained in Presidential Regulation 141/2018 and the SAF budget allocation policy have not been synchronized, so the allocation of Physical SAF assignments in the Environment and Forestry Sub-Sector has not optimally restored the health of 15 watersheds and 15 National Priority Lakes.

#### Analysis of GAWP and RGAWP Internalization related to Physical SAF Assignment for Environment and Forestry in 2019

Based on the results of the planning gap analysis (GAWP-RGAWP), West Sulawesi and Central Sulawesi Provinces did not establish a menu of environmental and Forestry activities in the RGAWP. West Java Province has set eight activity menus aligned with the GAWP, or 66 percent are following the GAWP.



Number of Activity Menus in the GAWP	Figure 1. Conformity of RGAWP with GAWP in 2019 related to Physical SAF Assignment for the Environment and Forestry Sector  <i>Source: Processed from GAWP 2019 and RGAWP 34 Provinces in 2019</i>
Number of Activity Menus in the RGAWP	

The analysis results also show that the other 31 provinces only set Environment and Forestry Programs (funded by SAF) in their RGAWP, ranging from 1–5 menus of activities or conformity with the GAWP of 8.3 percent to 41.6 percent.

### Case Study Analysis: Physical SAF Assignment for Environment and Forestry in 2019 North Sumatera Province

The 2019 Physical SAF Assignment of Environment and Forestry field analysis was conducted in North Sumatera Province. The North Sumatera Provincial Government has a work plan for 2019 that is outlined in Governor Regulation No. 30 of 2018 concerning the 2019 North Sumatera Provincial Government Work Plan. The Regional Government Annual Work Plan (RGAWP) of North Sumatera Province has the theme "Improving Development to Encourage the Creation of a Resilient Economic Structure to Realize an Independent, Prosperous, and Equitable North Sumatera" with a focus on regional development priorities, including 1) Increased human resource development and poverty reduction through the fulfillment of essential community services; 2) Reducing gaps between regions through increased infrastructure development, strengthening connectivity and maritime; 3) Sustainable, inclusive economic growth through the development of agriculture, processing industry, tourism, services, and trade; 4) Improving food security, energy and water resources and disaster mitigation; and 5) Improving bureaucratic reform, governance, law enforcement, and corruption prevention.

The 2019 Regional Government Annual Work Plan (RGAWP) of the North Sumatera Provincial Government has supported the national development agenda contained in the 2019 GAWP. Based on the synchronization results, the 2019 North Sumatera Provincial RGAWP has been following supporting the National Priorities.

**Table 3.**

#### **Synchronization of National and Provincial Priorities in 2019**

GAWP 2019 (National Priority)	RGAWP North Sumatera 2019 (Provincial Development Priority)
Human development through poverty reduction and improvement of essential services	Improved human resource development and poverty reduction through the fulfillment of essential community services
Reduction of inter-regional disparities through strengthening connectivity and maritime affairs	Reduction of inter-regional disparities through increased infrastructure development strengthened connectivity and maritime affairs.
Increased economic value added and job creation through agriculture, industry, tourism, and other productive services.	Sustainable, inclusive economic growth through the development of agriculture, processing industry, tourism, services, and trade
Strengthening energy, food, and water resources security	Improved food security, energy and water resources, and disaster mitigation
National security stability and election success	National security stability and election success

*Source: GoI, 2018b; GoI, 2018c*

In support of the national priority of strengthening energy security and food and water resources, the 2019 North Sumatera RGAWP has set the theme of the development program, namely improving the quality of the environment and controlling pollution and environmental damage.

**Table 4.**  
**Synchronization of Central-Local Programs in the Context of SAF Assignment for the Environment and Forestry Sector**

Special Allocation Fund for Environment and Forestry Sub-Sector Assignment as stated in the GAWP 2019	Programs and Activities in Presidential Regulation 141 of 2018 on SAF Technical Guidelines	Provincial Development Program in the North Sumatera RGAWP 2019
<u>Environment Sub Division</u>	<u>Environmental Sub-Sector for Regency/City</u>	1. Improved environmental quality index
1. Waste Management and Supporting Infrastructure	1. Reduction and control of pollution load from liquid waste by 30 percent in 15 priority watersheds / 15 priority lakes	2. Reduction of greenhouse gas effect emissions
2. Procurement of Waste Transport Equipment dump truck	2. Waste management	3. Protection and conservation of natural resources
3. Procurement of arm-roll waste transportation equipment	<u>Environmental Sub-Sector for Province</u>	4. Improved quality and access to information on natural resources and the environment
4. Reduction and Control of Liquid Wastewater Pollution Load through Small-scale Business Wastewater Management Installation	1. Provision of a continuous, automatic, and online water quality monitoring system	
5. Procurement of Continuous, Automatic, and Online Water Quality Monitoring Tools/Systems	2. Provision of laboratory equipment for water quality and mercury testing	
6. Procurement of Laboratory Equipment for Water Quality Testing		
7. Procurement of Non-Mercury Gold Processing Facilities and Infrastructure		
8. Procurement of Laboratory Equipment for Mercury Quality Test		
9. Air Pollution Control in Metropolitan, Regency, City, and Provincial Capitals Prone to Forest and Land Fires		
<u>Forestry Sub Division</u>	<u>Forestry Sub Division</u>	
1. Development of Productive Economic Business Facilities and Infrastructure	1. Development of facilities and infrastructure for productive economic enterprises	Not available
2. Forest and Land Rehabilitation	2. Forest and land rehabilitation, in the form of plant maintenance, plant creation, construction of retaining dams, gully plug construction, and infiltration well construction	
3. Infrastructure Development for Operationalization of Forest Management Units (FMUs), Botanical Forest Parks (Tahura), and Urban Forests	3. Development of operational infrastructure for FMUs, Tahuras, and urban forests, in the form of construction of FMU resorts, construction of tourism infrastructure,	

Special Allocation Fund for Environment and Forestry Sub-Sector Assignment as stated in the GAWP 2019	Programs and Activities in Presidential Regulation 141 of 2018 on SAF Technical Guidelines	Provincial Development Program in the North Sumatera RGAWP 2019
	and provision of 2-wheeled vehicles for FMU/Tahura security.	

*Source: GoI, 2018a; GoI, 2018b; GoI, 2018c*

In the context of the Physical SAF Assignment of the Environmental Sub-Sector, the RGAWP 2019 of North Sumatera Province is relevant to the 2019 GAWP. The Regional Government Annual Work Plan (RGAWP) of North Sumatera Province has allocated program themes with the Physical SAF Assignment of Environmental Sub-Sector Menu, including 1) Improvement of the environmental quality index; 2) Reduction of greenhouse gas emissions; 3) Protection and conservation of natural resources; and 4) Improving the quality and access to information on natural resources and the environment. The North Sumatera Provincial RGAWP document has not allocated activity themes relevant to the Physical SAF Forestry Sub-Sector Assignment menu.

Based on the results of field visits, several activity locations are not following the targets set out in Presidential Regulation 72 of 2018 and Presidential Regulation No. 141/2018. For example, in Tebing Tinggi Regency, the location of waste management development infrastructure facilities was not built in the location of the Asahan watershed area unit and part of the upstream of Lake Toba, so the facilities built have not supported waste management to restore the health of the Asahan watershed and also the health of Lake Toba.

When conducting Focus Group Discussions, questionnaires were also given to be filled in by FGD participants. The questionnaire was conducted on September 5, 2019 at the North Sumatra Provincial Bappeda Office with 52 questionnaire fillers coming from representatives of technical agencies and Bappeda of provincial, district and city governments in North Sumatra that received Special Allocation Funds, especially in the environment and forestry sector. Based on the questionnaire results, some local governments think that the Physical SAF Assignment menu of the Environment and Forestry Sub-Sector is following local needs (50 percent), but others think that the SAF menu is not following their needs (50 percent).

For regional governments, the Physical SAF Assignment budget for the environment Sub-Sector is not sufficient to meet local needs for managing waste and other environmental management for reasons including 1) The need for waste banks and waste infrastructure (the case in Tebing Tinggi City) is greater than the SAF funds provided; 2) Infrastructure and facilities in the region are incomplete and do not meet the requirements of environmental management; 3) Insufficient fulfillment of facilities and infrastructure for environmental management (the case of Simalungun Regency); and 4) Serdang

Bedagai Regency requires many facilities and infrastructure for laboratories and waste management. The menu in the Physical SAF Assignment of the Environmental Sub-Sector is not fully aligned with the needs of local governments. As experienced by Tobasa Regency, basic supporting facilities such as garbage cans, garbage bins, and garbage containers are no longer included in the 2019 SAF menu, even though Tobasa Regency still needs this infrastructure. The technical and administrative criteria for obtaining an allocation of SAF funds are not entirely ideal. Some several districts and cities did not receive SAF allocations despite having administrative requirements; for example, Tebing Tinggi City did not receive a SAF allocation in 2020 even though it had fulfilled one of the requirements, namely having received the Adipura Cup and having a Regional Strategy Policy (Jakstrada).

Based on the results of filling out the questionnaire, local governments argue that 71 percent of SAF has been effective in achieving goals and objectives, while the remaining 29 percent is still not optimal. For the regions, the limited budget also causes low SAF effectiveness. The limited budget causes local governments to set priorities, so not all goals can be achieved. In 2019, the Physical SAF Assignment menu for the Forestry Sub-Sector does not provide activities for the construction of control dams but only provides activities for the construction of retaining dams. Currently, to reduce river sedimentation, control dams are better than retaining dams. On that basis, 2019 activities in the technical civil aspect are less than optimal to meet the target of improving the function and health of priority watersheds.

**Table 5.**

**Findings of SAF Environment and Forestry Implementation Issues in the Regions and Their Causal Constraints**

Problem Findings	Causes
Misuse of funds is not following the allocation, decreased quality of implementation, or not achieving the expected results.	Lack of effective oversight, particularly implementing monitoring and evaluation mechanisms to ensure accountability and transparency in using SAF.
Conflicts of interest between different parties, e.g., between local communities, industry, and conservation efforts	The lack of effective coordination between these agencies can hinder the implementation of programs and projects and lead to overlapping or duplication of efforts. Lack of adequate anticipation and coordination given that the environment and forestry often involve multiple and diverse interests, such as economic, social, and environmental interests.
Slow progress in physical achievements	Lack of trained human resources, infrastructure limitations, and environmental challenges can affect achieving expected results.
Some Provincial Development Planning Agencies are unaware of the development of activities sourced from the State Budget, especially the SAF Physical Assignment of the Environmental Sub-Sector.	Lack of coordination between the Provincial Government and the Ministry of Environment and Forestry and Regency/City Governments in implementing the Physical SAF Assignment for the Environmental Sub-Sector.



Problem Findings	Causes
There are complaints that the price of laboratory equipment for the environmental sub-sector, such as water quality measuring instruments, air quality, and mercury tests, is inadequate according to regional wishes.	The region purchased laboratory equipment with the standard costs not following the standard prices set in the SAF menu, which impacted the lack of payment.
The local governments implementing the Physical SAF Assignment in the Forestry Sub-Sector did not enthusiastically welcome the implementation of forest and land rehabilitation with SAF funds.	Cost standards that are lower than the pure State Budget for the same activities lead to reluctance by local governments to realize existing SAF funds.
Some regions do not allocate the Regional Budget for waste management, a regional problem.	High dependence on SAF funds for waste management, especially recycling in the region
The target of improving the regional environmental quality index in the regions is not significantly influenced by SAF funds, especially the Physical SAF Assignment of Environmental Sub-Sector.	The menu of monitoring equipment activities in the Physical SAF Assignment of the Environmental Sub-Sector does not address the root causes according to the GAWP targets.

*Source: Analysis Results, 2023*

## CONCLUSION

Regional development in the environment and forestry field with special allocation funds (SAF) is a government effort to encourage and support sustainable development and environmental and biodiversity conservation. The SAF budget can be an additional source of funding explicitly earmarked for regions to implement programs and projects in the environment and forestry sectors. Local governments must identify these issues and take appropriate measures to overcome them. It could involve increasing budget allocations, improving human resource capacity, improving coordination between relevant agencies, engaging parties in conflict resolution, and improving monitoring and evaluation mechanisms.

The central and local governments must sit together to analyze the environment, challenges, and opportunities. Identifying these needs will be the basis for formulating programs and projects to be funded through SAF. These programs and projects must align with national and regional policies related to environmental conservation, natural resource management, climate change mitigation, and biodiversity conservation efforts.

Based on the analysis results, several things still need to be improved in implementing the Physical SAF Assignment for the Environment and Forestry Sector. Some recommendations that can be given include: a) The need for the Ministry of National Development Planning/Bappenas to have the same role as the Ministry of Finance in determining the SAF budget allocation to ensure that GAWP targets are achieved optimally; b) There is a need to improve coordination and the active role of the Regional Government, to fulfill the mechanisms and requirements for SAF disbursement in accordance



with regulations set by the Central Government (Ministry of Finance); c) There needs to be a one-stop reporting system through the Krisna application that can be accessed by all central and regional SAF actors; d) It is necessary to develop a control framework in the implementation of SAF, including stopping disbursements if there is inconsistency with planning; e) It is necessary to develop a joint monitoring and evaluation (M&E) system involving every stakeholder (central and regional) with the obligation to allocate a M&E budget in the Juknis at each stage of DAK planning, budgeting and implementation; f) The need to consider changing the menu of activities for the procurement of water, air and other quality monitoring equipment because the menu of activities cannot improve the quality of water, air and others directly (the logical framework is too far away); g) The need for the Ministry of Environment and Forestry through its regional technical implementation units to initiate periodic monitoring and evaluation with the Provincial Bappeda as well as efforts to improve coordination between stakeholders; h) The need for bottom-up involvement of local governments in determining cost standards carried out by SAF technical Ministries/Agencies to obtain ideal and universal standards nationally; and i) The need for increased socialization of the broader SAF concept by Ministries/Agencies that SAF is only a funding stimulant, not the significant regional budget in development.

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