POLICY BRIEF



**The Importance of Immediate Outcome Reporting in Ensuring Accountability and Effectiveness of the Special Allocation Fund for Physical Infrastructure**

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# Executive summary

The success of the Special Allocation Fund for physical infrastructure (DAK Fisik) is assessed based on the achievement of immediate outcome (IO) indicators. Therefore, IO reporting plays a crucial role in ensuring both accountability and effectiveness of DAK Fisik. However, findings from focus group discussions and field visits conducted throughout 2024 in Gorontalo, East Nusa Tenggara (NTT), Maluku, and Aceh indicate that IO reporting still faces significant challenges. These challenges include understanding of officials regarding IO indicators, issues with reporting processes and timelines, and system integration. This policy brief offers several concrete recommendations: improving the capacity of regional personnel responsible for DAK Fisik, refining the reporting timeline, integrating reporting applications, and implementing incentives and sanc- tions for timely or delayed reporting.

**Keywords:** *Special Allocation Fund, physical infrastructure, immediate outcome, reporting*

# Background

Law Number 1 of 2022 on Financial Relations between the Central and Regional Governments, particularly Article 1 Paragraph 72, regulates the Special Allocation Fund (DAK), which is part of the Transfer to Regions (TKD) fund. The government allocates DAK funding to support specific programs, activities, and/or policies that align with national priorities and enhance public service operations. DAK is categorised into DAK Fisik, DAK Nonfisik, and Grants to Regions.

DAK Fisik serves as a key instrument for infrastructure development and basic services at the regional

level. IO indicators are designed to measure the direct impact and effectiveness of this program. However, regional governments have varying levels of understanding of these indicators, and reporting remains suboptimal. This hampers program evaluation and future planning. This policy brief aims to provide policy recommendations to the National Development Planning Agency (Bappenas) as well as regional governments, particularly the Regional Development Planning Agency (Bappeda) and other relevant local government institutions.

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*Analysis of IO Indicators and Measurement*

**The IO of DAK Fisik serves as an indicator to directly measure the outcomes of DAK implementation in the regions.** These outcomes go beyond just physical outputs—they also assess the usability and benefits of the resulting infrastructure. Defining IO indicators is more complex than setting output indicators, as IOs must reflect outcomes that can be immediately utilised. The details of IO indicators are outlined in Presidential Regulation (Perpres) Number 57 of 2024 on the Technical Guidelines (Juknis) for DAK in each sector of DAK Fisik. An analysis of the indicators established in the 2023 and 2024 Presidential Regulations shows that most IO indicators in the Juknis DAK Perpres are set at the menu level. Some menus even have more than one IO indicator. For example, in the road infrastructure sector, under the road maintenance menu, two IO indicators are used:

(1) Percentage of improved road conditions and (2)

Average travel speed on maintained roads (km/h).

**DAK Fisik also requires integrated planning at the regional level.** It is not only about infrastructure development but also about preparing the human resources needed to operate it so that the IO can be fully achieved. For example, in the health sector, under the provision of community health centres (Puskesmas) at the sub-district level, the IO indicator is the percentage of newly established Puskesmas that are ready to provide services. This indicator not only measures the physical output but also its usability, ensuring that the new facilities are supported by staff.

**Among the most comprehensive IO indicators are those used in the education sector.** For example, in the elementary school (SD) sub-sector, the IO indicator is the percentage of schools whose infrastructure meets at least 90% of the National Education Standards (SNP). Changes or improvements in this indicator depend on the increase in the number of elementary schools meeting the 90% SNP threshold. To ensure accurate measurement, schools must update their infrastructure data in the Education Data System (Dapodik) by March of the following year. The updated data is then verified by the local Education Department.

## The IO indicators in various DAK Fisik sectors reflect the short-term outcomes of implementation across different sectors, sub- sectors, menus, and details. This is in line with the

scope, objectives, targets and priorities for use set by the relevant ministries. For example, DAK Fisik in the education sector requires local governments to prioritise the fulfilment and completion of the provision of educational facilities and infrastructure in education units. This is done to achieve the SNP and in order to fulfil the Minimum Service Standards (SPM) for Education. DAK in the road sector is also prioritised to improve the condition of road stability in the regions and reduce the average travel time on the roads. In the health sector, the target is to reduce maternal and infant mortality, stunting, and strengthen the health service system. Although IO in the health sector is at the level of menu details, the indicators set have referred to the principle of utilisation.

# Issues related to IO reporting

## Limited Understanding of IO among Regional Government Officials

The level of understanding of IO indicators varies significantly, and many regional government officials do not fully grasp IO indicators, including their differences from input and output indicators, nor do they fully understand the reporting process. This lack of understanding is caused by several factors, one of which is that socialisation efforts have not effectively reached the right targets. Additionally, staff turnover and position shifts within regional governments are often not accompanied by proper knowledge transfer from outgoing to incoming officials. Furthermore, IO indicators, which rely on ratio and percentage formulas, can be difficult to comprehend, especially for officials who have not thoroughly read the Perpres on the DAK Technical Guidelines

## Challenges in the IO Reporting Process

From a technical standpoint, there are several key issues in the IO reporting process: a) Lack of knowledge on how to input IO data into government- provided applications such as KRISNA, e-Monev, and Dapodik, b) Uneven network access and synchronisation issues between different reporting applications, and c) Misalignment of reporting schedules with other key regional government activities. In practice, IO reporting at the regional level also faces various challenges, such as the requirement for the regional head’s signature, which often slows down the process. Additionally, the submission of IO reports coincides with the proposal

process for the next year’s DAK, leading to a heavy workload for the same officials, who are responsible for both planning and reporting. Other issues include weak coordination between regional government departments (OPD) and delays in data input, further complicating the overall reporting process.

## Limited Utilisation of IO Data

IO data has not been effectively utilised for evaluation or as a reference for proposing the following year’s DAK at the regional level. This may be partly due to regional officials not yet being familiar with the DAK Fisik application, which is used for planning, reporting, and evaluation. Additionally, the lack of real-time data integration between applications (e.g. Dapodik and KRISNA) further hinders use of IO data.

**Inaccuracies in IO Targets and Achievements** In addition to the fact that no reporting was done at all, some IO achievements were very low because the indicators were potentially not in line with local conditions. Conversely, there were achievements of more than 100% due to too low targets set in the technical guidelines. In addition, there were also local complaints that some DAK activities were not in line with local needs. For example, the details of practical items in the DAK Juknis were not suitable for certain Vocational High Schools (SMKs) in the region. However, the 2024 Presidential Regulation on DAK Fisik indicates that targets will no longer be set at the national level.

# Targeted policies

* Presidential Regulation Number 57 of 2024 concerning Technical Guidelines for the Special Allocation Fund for Physical Infrastructure (DAK Fisik) for Fiscal Year 2024.
* Presidential Regulation Number 15 of 2023 concerning Technical Guidelines for the Special Allocation Fund for Physical Infrastructure (DAK Fisik) for Fiscal Year 2023.

**Policy recomendations**

1. **Capacity Building for Regional Human Resources Handling DAK Fisik.** Regular training and continuous outreach on IO indicators and reporting processes, especially from technical ministries, would be beneficial. At the regional level, Bappeda, as the leading unit in planning, would benefit from personnel who comprehensively understand the Presidential Regulation on Technical Guidelines for DAK and its IO indicators. This enables them to supervise Regional Government Organisations and other units involved in utilising DAK Fisik. The Ministry of Primary and Secondary Education, which defines IO in a very comprehensive manner, can emphasise that DAK Fisik in various fields and sub-fields is intended to ensure that educational institutions meet at least 90% of the National Education Standards (SNP). Local governments can be encouraged to select the most suitable programs to enhance IO indicators in the education sector.
2. **Improvement of the Reporting Process and Timeline.** The involvement of the same regional personnel from planning to IO reporting increases their workload. The key solution to this issue lies with regional governments, which can strengthen human resources for planning and reporting to avoid problems even if the timelines are tight. Additionally, government initiatives to align IO reporting schedules with DAK Fisik planning will help ensure IO reporting is completed before planning for the next fiscal year begins. Most importantly, local governments need a simple, easy-to-understand technical guide for data entry.
3. **Integration of the Reporting System.** The applications used for IO reporting, such as KRISNA, e-Monev, and Dapodik, are essentially already integrated. Therefore, it is necessary to clearly explain their interconnections to regional personnel. Furthermore, these applications must be able to share data in real-time. If there are limitations, these should be clearly communicated to ensure understanding. Provincial Bappeda’s access to IO reports from regencies/cities will allow them to monitor reporting progress. If necessary, Provincial Bappeda could also validate IO data submitted by OPD. Additionally,

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its coordination, guidance, and supervision (Korbinwas) roles are essential to remind regencies/cities to complete their reports.

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1. **Adjusting IO Targets Based on Regional Conditions.** If the government needs to set IO targets for each region, it is crucial to ensure the validity of these targets by considering the latest conditions and infrastructure availability in each region.
2. **Incentives and Sanctions.** Incentives can encourage regions that submit IO reports and base rewards on their achievements while also enforcing sanctions for non-reporting regions. Incentives can be granted based on timely IO reporting and performance in achieving IO targets (measuring either the percentage of the given target met or improvement from the previous year). Sanctions could involve restrictions on DAK proposals for certain fields, sub-fields, or program details if IO reports are not submitted—without limiting the ability to propose DAK in other areas where IO reporting is completed. Additionally, IO reporting beyond the scheduled deadline could still be allowed so that evaluation can proceed for effectiveness and accountability assessments, both at the regional and national levels.
3. **Continuous Evaluation of IO Indicators.** The IO indicators set in the Presidential Regulation on DAK Technical Guidelines are already aligned with their intended purpose—measuring outcomes and direct benefits of DAK Fisik implementation in the regions. However, these indicators would benefit from continuous evaluation to keep up with shifting goals and priorities within each sector and sub-sector.