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Indonesia: Budget Credibility and the Sustainable Development Goals

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**International
Budget
Partnership**

Table of Contents

1. Purpose and main findings	04
2. Overview of government commitment to the SDGs in setting national priorities	05
3. Budget credibility in Indonesia	08
4. Data sources for classification of the budget per sector related to SDGs and country progress in achieving targets	09
5. How COVID-19 impacted spending patterns in 2020	12
6. Gender spending in the public budget	15
7. Limitations of the budget data used	16
8. Conclusions and recommendations	18
9. References	19
10. Annexes	21

Abbreviations

APBD: Anggaran Pendapatan dan Belanja Daerah (budget drafted by local governments and adopted by a “perda” following debate and agreement within local legislature)

APBN: Anggaran Pendapatan dan Belanja Nasional (national budget drafted by central government and, following discussion and negotiation, adopted as law by the legislature)

BPK: Badan Pemeriksa Keuangan (Supreme Audit Institution)

DAK: Dana Alokasi Khusus (Special Allocation Fund, part of regional fiscal balance transfers system)

DAU: Dana Alokasi Umum (General Allocation Fund, a key element of the “dana perimbangan” system for transfer of central general budget support to regions)

IBP: International Budget Partnership

JICA: Japan International Cooperation Agency

KSI: Knowledge Sector Initiatives

PUG: Pengarus utamaan gender (gender mainstreaming)

RAD TPB: Rencana Aksi Daerah TPB (SDGs Local Action Plan)

RAN TPB: Rencana Aksi Nasional TPB (SDGs National Action Plan)

TPB: Tujuan Pembangunan Berkelanjutan (Sustainable Development Goals)

UNDP: United Nations Development Program

VNR: Voluntarily National Review

1. Purpose and main findings

The Indonesian government has made a firm commitment to meeting the targets of the Sustainable Development Goals (SDGs) by 2030, as evidenced by Presidential Regulation No. 59/2017. Development program action plans at the national and regional levels align with the SDGs and their associated targets. To have a significant impact on accelerating achievement of the SDGs, Indonesia should develop a mechanism to translate these action plans into development programs and activities.

Many countries face the challenge of budget credibility—the ability of a government to implement its budget as planned. This credibility is the goal of SDG indicator 16.6.1, which compares government budget planning with implementation. The Indonesian government’s budget performance in the four years spanning 2017-2020 showed overall implementation rates of 93% (2017), 100% (2018), 92% (2019), and 93% (2020).¹ When disaggregated, however, the government’s budget reporting indicates a range of underspending and overspending in seven sectors that contribute to achievement of the SDGs.

This brief aims to assess the budget’s credibility in achieving the SDGs across these seven sectors in Indonesia: (1) Agriculture and Food, (2) Education, (3) Environment, (4) Gender Equality, (5) Social Protection, (6) Health, and (7) Clean Water and Sanitation. Furthermore, the purpose of this study is to assess the suitability of the central government’s plans and budget implementation for the 2017-2020 fiscal years. The study attempts to compare budget trends in Indonesia with progress toward achieving the SDGs, as presented in the sustainable development index report.²

¹ Percentage of Government budget realization

² Source: <https://dashboards.sdgindex.org/profiles/indonesia>

2. Overview of government commitment to the SDGs in setting national priorities

Achievement of the SDGs was mandated by Presidential Regulation No. 59/2017, which requires the preparation of three SDG planning documents for Indonesia: the SDGs Roadmap, the SDGs National Action Plan, and the SDGs Provincial Action Plans. As shown in Figure 1, the SDGs have been aligned with several Indonesian planning documents, including the 2015-2019 National Medium-Term Development Plan, known as Rencana Pembangunan Jangka Panjang Nasional (RPJMN). There is no information available on how this document is translated into government programs, activities, and budgets. Currently, for the purposes of government planning, the SDGs activity program lacks a budget code and SDG-specific disaggregated data. Therefore, detailed tagging is needed at the input component level in local governments and at the output program level at ministries/agencies to get a detailed picture of budget credibility issues.

According to a 2018 report by the Supreme Audit Institution, known as Badan Pemeriksa Keuangan (BPK), in the SDG planning audit process, the Indonesian government showed sufficient capacity to present data for monitoring and evaluation. On the other hand, data presentation at the local government level required improvement. Other challenges to integrating central and local processes include poor coordination among ministries, inaccurate measurement and use of indicators, and a lack of SDG adoption at the local government level due to differences in development priorities and politically motivated turnover in local government officials.

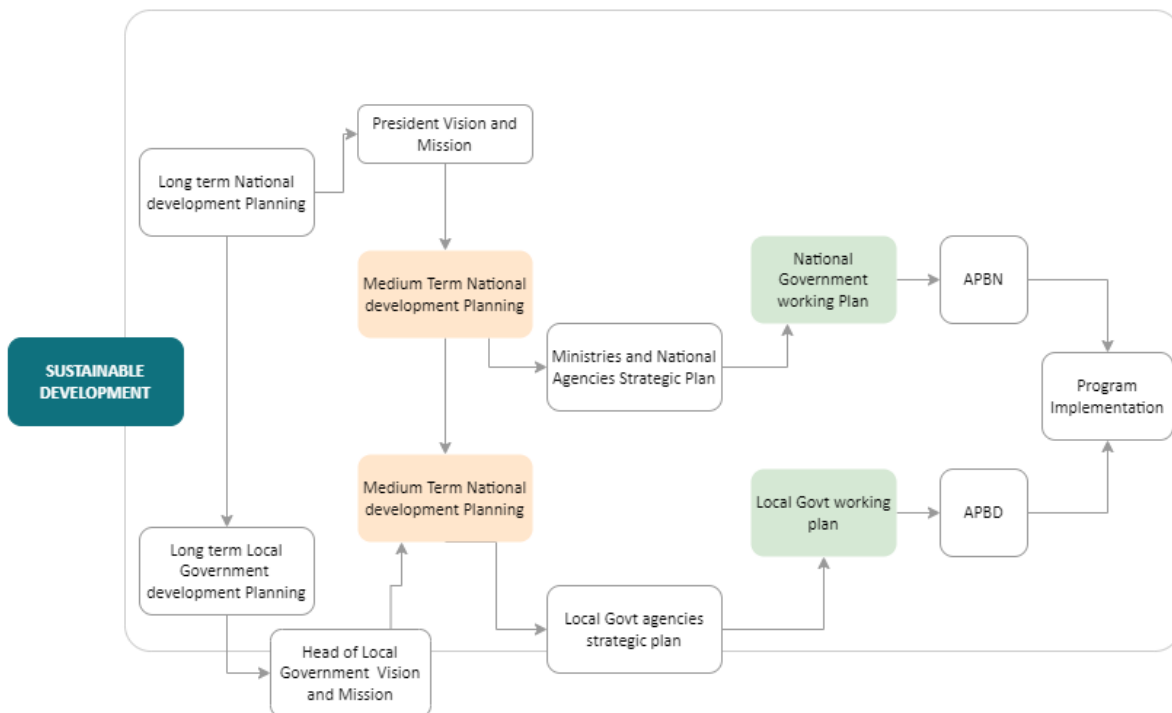


Figure 1: Sustainable Development Goals' (SDGs) alignment into government development planning documents

In addition to the national budget, known as the Anggaran Pendapatan dan Belanja Nasional (APBN), sources of government funding to finance the SDGs are regional budgets, known as Anggaran Pendapatan dan Belanja Daerah (APBD); a general allocation fund, known as Dana Alokasi Umum (DAU); a special allocation fund, known as Dana Alokasi Khusus (DAK); village funds; and other legal and non-binding sources.³ These non-binding sources include international aid, corporate social responsibility (CSR) funds, and community donations. International assistance includes support from the:

- United Nations Children’s Fund (UNICEF) to establish the SDGs Dashboard.⁴
- Asian Development Bank (ADB) to develop Indonesia’s 2030 SDGs roadmap.
- Japan International Cooperation Agency (JICA) to develop a SDG electronic monitoring and evaluation (e-monev) system.
- German Development Agency (GIZ) to assist in the formulation of e-monev.
- United Nations Development Fund (UNDP) and Australia’s Department of Foreign Affairs and Trade (DFAT) to support the SDGs Secretariat.

Non-binding non-government funding or public assistance is not recorded in state financial documents, making detailed budget information difficult to obtain. Bappenas, the Ministry of National Development Planning, stated at the annual SDGs conference that it faced a funding gap of approximately IDR 14 quadrillion (\$944 billion) to meet its target SDG-related budget for 2020-2024, which stands at IDR 67 quadrillion (\$4.5 trillion). Bappenas did not explain how the budget requirement was calculated. What is clear, however, is that the pandemic caused a sharp increase—up to 70 percent, by some estimates—in the need for SDG funding.^{5 6} According to BPK (2018),⁷ the Indonesian government has been successful in identifying funding needs and sources for the SDGs. Nevertheless, special regulations concerning the budget for SDGs are required; in this case, the recommendation is for collaboration between Bappenas and the Ministry of Finance to establish regulation regarding the quality of the SDG budget and spending.

Bappenas stated at the 2019 annual SDG conference that the government would establish an SDG Financing Hub as a unit within Bappenas. The unit is to serve as a coordinating center for SDG financing.⁸ As of this writing, however, no information from the SDGs Financing Hub was discovered online or in the form of activities. Another SDG funding innovation strategy is to involve the legislature in the process of approving the SDG budget and the launch of SDG Indonesia ONE by the Ministry of Finance, it is an integrated SDGs financing platform gathered commitment of 34,5 trillion rupiah (USD2,3 Billion) for SDGs.⁹ The effectiveness of this innovation is unknown because there is no in-depth study and unavailability of open public progress report.

Indonesia conducted a series of Voluntary National Reviews (VNRs) in 2017, 2019, and 2021 to track country progress in achieving the SDGs. In the 2019 VNR, Indonesia recorded the successful achievement of action plans for achieving the SDGs, with 27 provinces having SDGs Local Government Action Plans in 2020. Monitoring and evaluation (monev) reports for SDGs Local Government Action Plans have been submitted by 11 provinces. However, neither the 2019 SDG report nor the VNR report contained any discussion of the budget that was used and its sources. The VNR contains a special chapter on the possibility of financing the SDGs, but it does not specify the source or amount of potential financing.

³ Source: Perpres 59/2017 (Presidential regulation no 59/2017 on SDGs)

⁴ Source : <http://TPB.bappenas.go.id/dashboard/>

⁵ Source : <https://mediaindonesia.com/ekonomi/448875/bappenas-sebut-kebutuhan-pendanaan-untuk-TPB-mencapai-rp67-ribu-triliun>

⁶ Source : <https://adv.kompas.id/baca/sinergi-pendanaan-inklusif-untuk-pencapaian-TPB/>

⁷ Source: Badan Pemeriksa Keuangan Republik Indonesia. (2018). PERFORMANCE AUDIT REPORT OF THE PREPAREDNESS FOR IMPLEMENTATION OF TPB IN INDONESIA. BPK RI. https://www.intosai.org/fileadmin/downloads/focus_areas/TPB_and_SAls/sai_preparedness_audits/TPB_2019_Indonesia_prep_EN.pdf

⁸ Source: <https://www.medcom.id/ekonomi/mikro/nN9wYM9k-bappenas-bentuk-TPB-financing-hub>

⁹ Source: kemenkeu.go.id/publikasi/siaran-pers/keterangan-pers-luncurkan-sdg-indonesia-one-kemenkeu-dukung-pencapaian-sustainable-development-goals-di-indonesia/

The 2019 VNR does include reporting on budget credibility indicator 16.6.1, Primary Government Expenditures as a Proportion of The Original Approved Budget (Table 8, p. 162), along with a narrative explaining the trends in budget credibility in the years reported (2014-2017) and public financial management reforms that the government had undertaken in recent years around asset management and procurement.

The BPK has reviewed the 2021 VNR and compiled a three-criteria framework for assessing the document based on: (1) suitability of the data, (2) consistency of the data reported in the 2017 and 2019 VNR reports with the 2021 VNR, and (3) validation against BPK audit results. None of these criteria assess the use of SDG-related funding.¹⁰ Like the 2019 report, the 2021 VNR includes a table presenting trends in budget credibility from 2014-2020 for indicator 16.6.1, which tracks primary government expenditure as a proportion of the original approved budget (Table 4.9, p. 245). The document also includes additional data on the share of government agencies receiving unqualified status in their audit reports and scores on the government’s performance accountability system.¹¹

The Indonesian government has set a goal of eradicating poverty by 2024, six years before the SDGs expire in 2030.¹² This was mentioned in the 2017 VNR report, which discussed seven of the 17 goals (Goals 1, 2, 3, 5, 9, 14, and 17). Taken together, these seven, including Goal 1: No Poverty, are interconnected and contributes each other (VNR 2017).

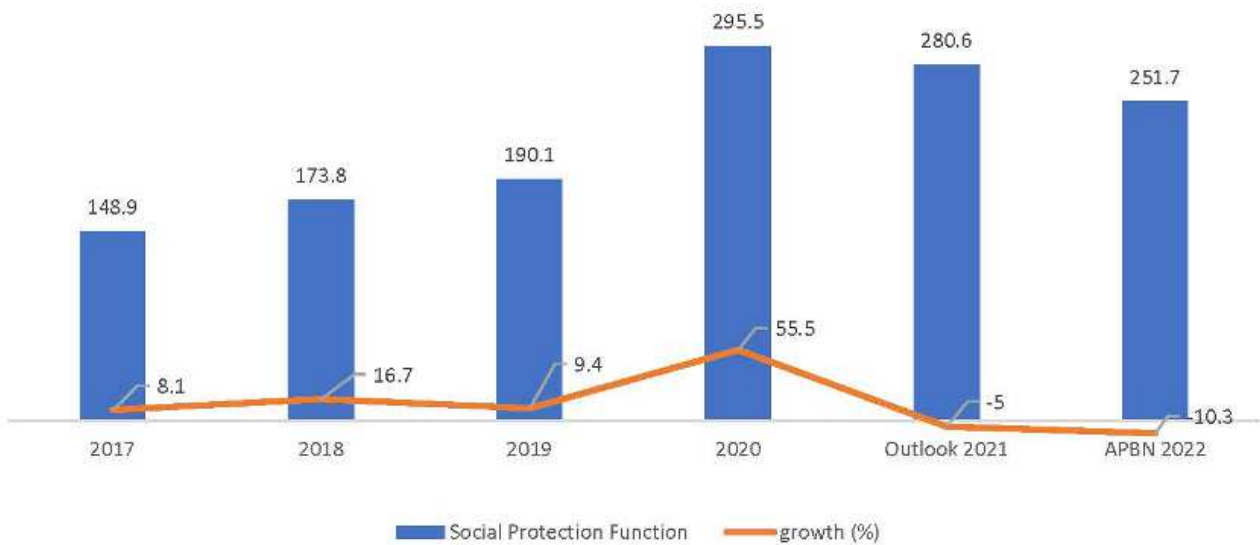


Figure 2: Trends in the government’s budget in the social protection function for the 2017-2022 period (billion rupiahs). Source: MoF Financial Note of the 2022 RAPBN

Based on Figure 2, the average annual budget growth rate for the social protection function is approximately 26 percent (MoF, 2021). The increase in budget allocations from 2017 to 2020 is linked to a decrease in the poverty rate over the last ten years, from approximately 18 percent in 2006 to 11 percent in 2016. According to data from the World Bank, there will be a gradual improvement until 2019. Despite this, there are still economic disparities and unequal growth in Indonesia’s rural and urban areas.

¹⁰ Source: VNR 2021 p 13

¹¹ Note that the data reported for deviations in the government report in the VNRs does not match the figures shown in this brief. Figures reported in this brief are derived from official budget documents that show the total budget for the year (including all expenditures). The sources of the figures presented in the VNR are not clear; in future reports, it could be helpful to cite the basis so that these calculations can be reproduced by researchers and civil society.

¹² The government has launched social protection programs such as cash transfer program: PKH (Program Keluarga Harapan)/Family hope program, Indonesia Pintar, a program to improve education access and benefits for poor (<https://pjp.kemdikbud.go.id/home>), electricity and fuel subsidies, and direct cash assistance to help achieve these goals faster.

3. Budget credibility in Indonesia

Budget absorption at the aggregate level has been quite good in the last four years, with budget absorption rates of around 93 percent (2017), 100 percent (2018), 92 percent (2019), and 93 percent (2020).¹³ A Knowledge Sector Initiative (KSI) study revealed several main problems in Indonesia's planning and budgeting system, including a disconnect between the planning and budgeting processes, incompatibility between central and local development planning, and a lack of evidence of program and budget approval verification.¹⁴ In addition, Seknas Fitra, an Indonesian nongovernmental organization, stated in a 2013 brief that application of the budget planning information system had deteriorated, with relevant government agencies failing to publish their reasons for budget changes. Furthermore, whether there was an adjustment that impacted achievement of the SDG indicators is unknown. This demonstrates that the state's financial planning and budgeting system has a problem with accountability.

The process for changing the budget is governed by Government Regulation No. 45 of 2013, which sets out the procedures for implementing the state budget and grants organizational units the authority to make changes to the budgets within their purview. According to article 38 of the Government Regulation, budget changes can be made for a variety of reasons, including administrative allocative as well as those driven by changes to the fund withdrawal plan or the plan for receiving funds. To obtain approval from the legislatures, the government must submit a budget amendment.

The government's performance report focuses on descriptions of performance achievements and maximizing budget absorption. Since the government's financial reports have not been integrated with performance reports, there is no explanation regarding the relationship between output and budget realization in financial reports. Other credibility issues center around local governments' low absorption rates, with a significant proportion of funds earmarked for their budgets, known as Anggaran Pendapatan dan Belanja Daerah (APBD), left unspent (Putri, 2021; James Sinaga, 2016).¹⁵

Local governments are obliged to submit regional financial information (IKD) to the Ministry of Finance¹⁶ and make the LKPD (Local Government Financial Report) accessible to the public. Due to the limited sources of local government funding, decentralization resulted in an increase of around 50 percent in the government's budget for the regions. A 2020 study by the Public Expenditure and Financial Accountability (PEFA) program states that 85 percent of regional budgets depend on the transfer of funds from the central government. Since the budget reporting mechanism does not include details disaggregated by sector, there is no information available regarding the regional budget's contribution to the achievement of the SDGs. One indication that the local government budget has not been used effectively for development is that personnel expenditures have consumed an average of nearly 59 percent of local government budgets over the last three years.¹⁷

¹³ Percentage of Government budget Realization

¹⁴ Source: <https://www.ksi-indonesia.org/assets/uploads/original/2020/03/ksi-1585487219.pdf>

Retrieved from news article: <https://www.cnbcindonesia.com/news/20211123153210-4-293779/sri-mulyani-sentil-kepala-daerah-uang-rakyat-malah-ditahan>

¹⁶ This is stated in Ministry of Finance Regulation no 07/2020, Retrieved from web: https://djpk.kemenkeu.go.id/wp-content/uploads/2021/01/231_PMK.07_2020Per-1.pdf

¹⁷ Retrieved from news article: <https://www.liputan6.com/bisnis/read/4656969/59-persen-dari-anggaran-daerah-habis-untuk-bayar-gaji-pns>

4. Data sources for classification of the budget per sector related to SDGs and country progress in achieving targets

As shown in Table 1 below, the overall budget performance of the seven SDG-related sectors shows in average underspending of 10 percent and overspending of up to 12 percent. These highest deviations include underspending in the last three years by the agriculture and food sector (-10 percent), by the clean water and sanitation sector (-7 percent), and by programs related to gender (-5 percent).

The proportion of each sector's budget to the total government budget shows a focus on water and sanitation, which accounts for 7 percent of the central government budget. The Covid-19 pandemic led to a significant increase in the 2020 budgets of several ministries, including Badan Nasional Penanggulangan Bencana (BNPB)/ National Disaster Management Agency, which covers the environment sector; the Ministry of Social Affairs; the Ministry of Health; and the Ministry of Cooperatives and Small and Medium Enterprises, which covers gender equality, among other programs. These increases trace to the National Economic Recovery (PEN) program, which focused on efforts to procure vaccines and reduce poverty in the wake of the public health crisis. Although BNPB, in accordance with Presidential Regulation No. 59/2017, agency contributes to the environmental sector, it has also chaired the PEN task force, overseeing the body responsible for an overall government budget increase of 2,054 percent.

<u>Related SDG Goal(s)</u>	<u>SDG Index Performance</u>	<u>SDG Index Trend</u>	<u>Share of Total Spending (Average)</u>	<u>Budget Deviation (Average)</u>
Goal 2: Zero Hunger	Major challenges remain	Moderately improving	2%	-10%
Goal 4: Quality Education	Challenges remain	On track or maintaining SDG achievement	5%	-1%
Goal 13: Climate Action	Challenges remain	Stagnating	1%	12%
Goal 14: Life Below Water	Major challenges remain	Stagnating		
Goal 15: Life on Land	Major challenges remain	Stagnating		
Goal 5: Gender Equity	Significant challenges remain	Moderately improving	0.5%	-5%
Goal 3: Good Health and Wellbeing	Major challenges remain	Moderately improving	5%	1%

Goal 1: No Poverty	Significant challenges remain	Moderately improving	4%	-1%
Goal 10: Reduced Inequalities	Major challenges remain	Moderately improving		
Goal 6: Clean Water and Sanitation	Major challenges remain	Trend information unavailable	7%	-7%
Total Government Budget				-6%

Table 1: SDGs progress and trends by seven sectors, compared to the average trend of budget credibility and proportion of the total government budget from 2017 to 2020

Budget trends for the 2017-2019 period show no consistent pattern between budget allocations and efforts to increase the SDG performance index. For example, the gender equality sector has an index performance showing that significant challenges remain, but the sector's share of the total central government budget is very small at 0.1 percent. In 2020, the share increased to 2 percent due to a 3,000 percent increase in the budget of the Ministry of Cooperatives and SMEs. At the same time, the sector underspent its budget by 1-8 percent over a four-year period. Sector 3, the Environment, has had a fairly high deviation, underspending by 16 percent in 2017, overspending by 26 percent and 46 percent in 2018 and 2019, respectively, and underspending by 7 percent in 2020. These deviations prompted the SDG index to label the sector "stagnating."

Further studies are needed to determine the relationship between budget credibility and the achievement of SDG indicators, measured in part by the country's performance on the SDG index. These studies would need to account for the impact of emergency spending during the Covid-19 pandemic, which skewed budgets and placed significant disbursement pressures on several sectors. After the APBN is ratified, each ministry has the authority to submit a budget directly to the Ministry of Finance and to transfer funds between units, organizations, and programs without the need for legislative approval. Since this can lead to nominal differences between the initial APBN and the ministerial budget, this brief makes use of ministry budget data (PAGU DIPA)¹⁸ for 2020.

¹⁸ PAGU DIPA (Daftar isian Pelaksanaan Anggaran) is detailed budget implementation list released by ministry/government agencies.

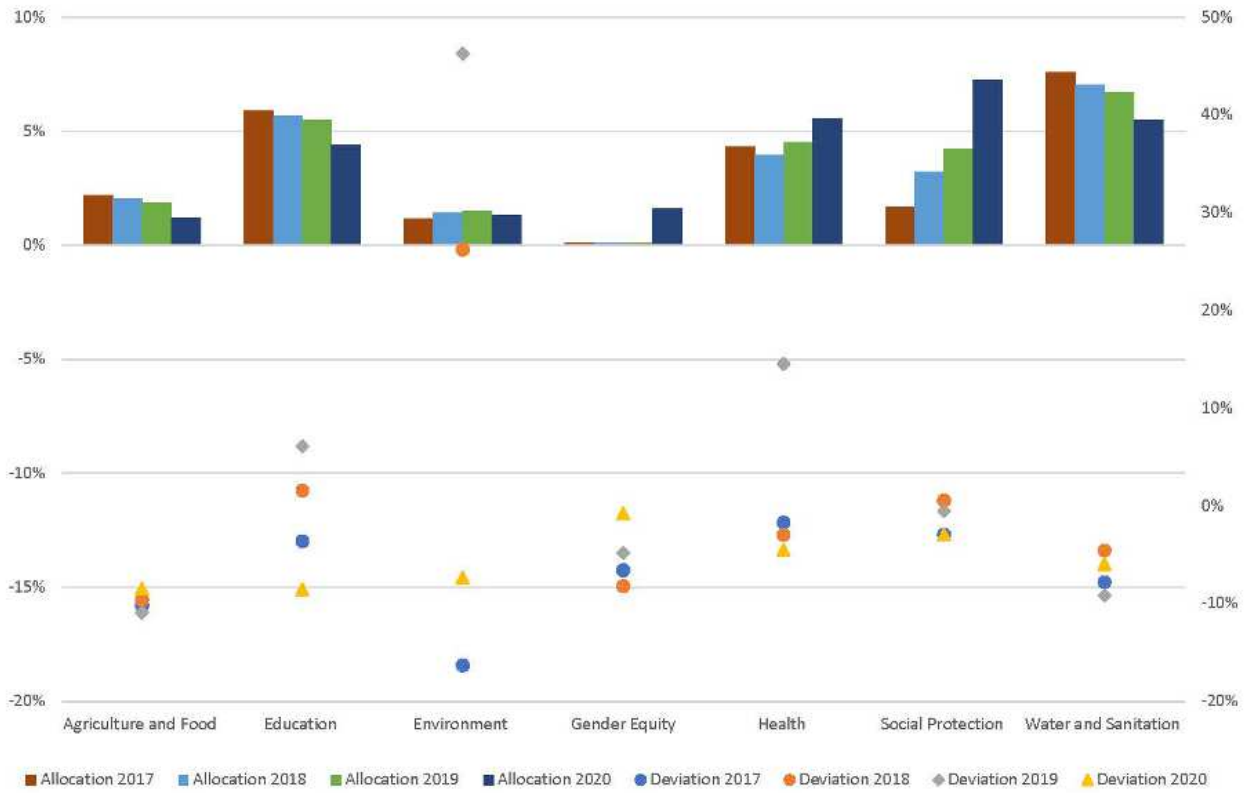


Figure 3: Budget allocations and deviation by sector over the 2017-2020 period

5. How COVID-19 impacted spending patterns in 2020

Most studies agree that the pandemic has hampered the achievement of the SDGs in Indonesia across almost all sectors. Paramashanti (2021) discusses the impact on Goal 2: Zero Hunger and on related food security goals, citing the increased threat of hunger, malnutrition, and stunting.¹⁹ Safitri et al. (2021) stated that, of the four pillars of SDGs in Indonesia,²⁰ the economic and social pillars are most affected since they impact three goals—Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), and Goal 3 (Ensure Healthy Lives and Promote Well-Being for All at All Ages). In addition, A. H. Halimatussadiyah et al., (2020) stated that economic and social risks will increase, including disruption of food supply, increasing poverty rates, increasing hospital waste, increasing unemployment, increasing air pollution, increasing social inequality, lack of water supply and mental health, and increasing intensity and severity of climate-related disasters. Novita (2021) emphasized how the unemployment rate increased by 3.7 million people and the health and economic sectors were so badly affected that it caused a disruption in almost all the achievements of the SDGs²¹ with different levels of impact.²² The World Bank states that without emergency interventions, such as social assistance, 5.58 million Indonesians will be categorized as poor, representing a major setback to Indonesia's seven-year efforts to reduce poverty.²³

As an initial step toward overcoming the Covid-19 crisis, the Indonesian government has implemented financial and fiscal policy efforts, including budget refocusing and reallocation, as well as a three-stage stimulus. First, the Committee for the Handling of Covid-19 and the National Economic Recovery (KPCPEN) was established in March 2020.²⁴ The Indonesian government has also implemented a policy of Large-Scale Social Restriction (PSBB), which is followed by the mass purchase and distribution of free vaccines. Second, the Indonesian government issued an emergency response to address the possibility of economic growth falling to -5 percent. PEN was launched with a budget of IDR 405 trillion (\$27 billion), which was later increased to IDR 695 trillion (\$47 billion). Third, the government charged PEN with fulfilling 33.5 percent of the government's social protection programming (Figure 5). According to the IBP policy paper, in addition to health and the economy, which are the primary focuses of PC-PEN²⁵ the pandemic affects other sectors such as education, social, political, transportation, and legal, each of which require separate fiscal policy interventions. One of the paper's findings was the government's low absorption of the PC-PEN budget, which only reached 83 percent of the IDR 695 trillion (\$47 billion) ceiling at the end of 2020. This low absorption was primarily due to the low absorption of the SME incentive cluster (47 percent) and the health cluster (64 percent).

¹⁹ Source: <https://www.journal.fkm.ui.ac.id/kesmas/article/view/3934>

²⁰ Government of Indonesia has divided the SDGs into four development pillars. All SDGs/TPB targets and goals are divided into either the Social Development pillar, Economic Development pillar, Environmental Development pillar, or Legal and Governance Development pillar.

²¹ Source: <https://tpb.bappenas.go.id/wp-content/uploads/2021/01/Thinking-Ahead-Indonesia%E2%80%99s-Agenda-on-Sustainable-Recovery-from-COVID-19-Pandemic.pdf>

²² Source: "COVID-19 Impact on TPB and the Fiscal Measures: Case of Indonesia," <https://doi.org/10.3390/ijerph18062911>

²³ Source: <https://documents1.worldbank.org/curated/en/987911604465487663/pdf/Indonesia-COVID-19-Observatory-Ex-ante-Poverty-and-Distributional-Impacts-of-COVID-19-in-Indonesia.pdf>

²⁴ Source: <https://pen.kemenkeu.go.id/in/page/responkebijakan>

²⁵ PC-PEN: Penanganan Covid 19-Pemulihan Ekonomi Nasional is Indonesia government initiatives on Covid 19 relieves and the National Economy Recovery Program

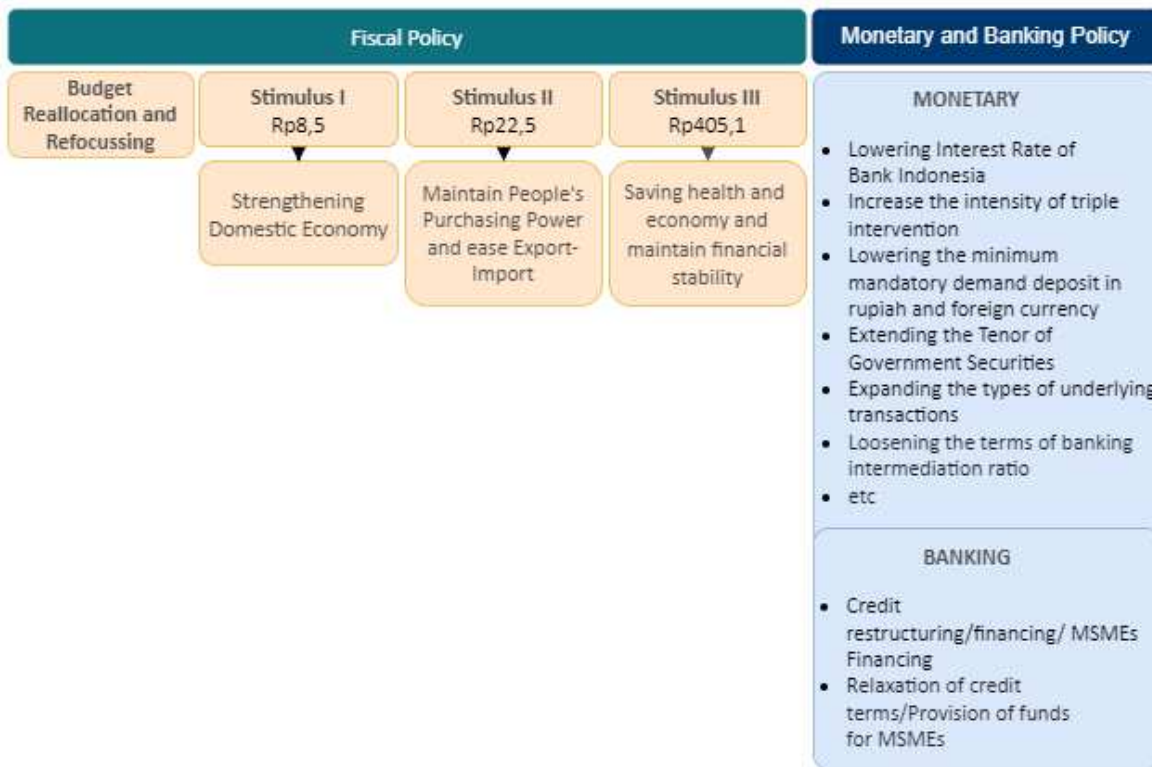


Figure 4: Fiscal and monetary policies during the pandemic (In trillion rupiah)
<https://pen.kemenkeu.go.id/in/page/tantanganCovid>

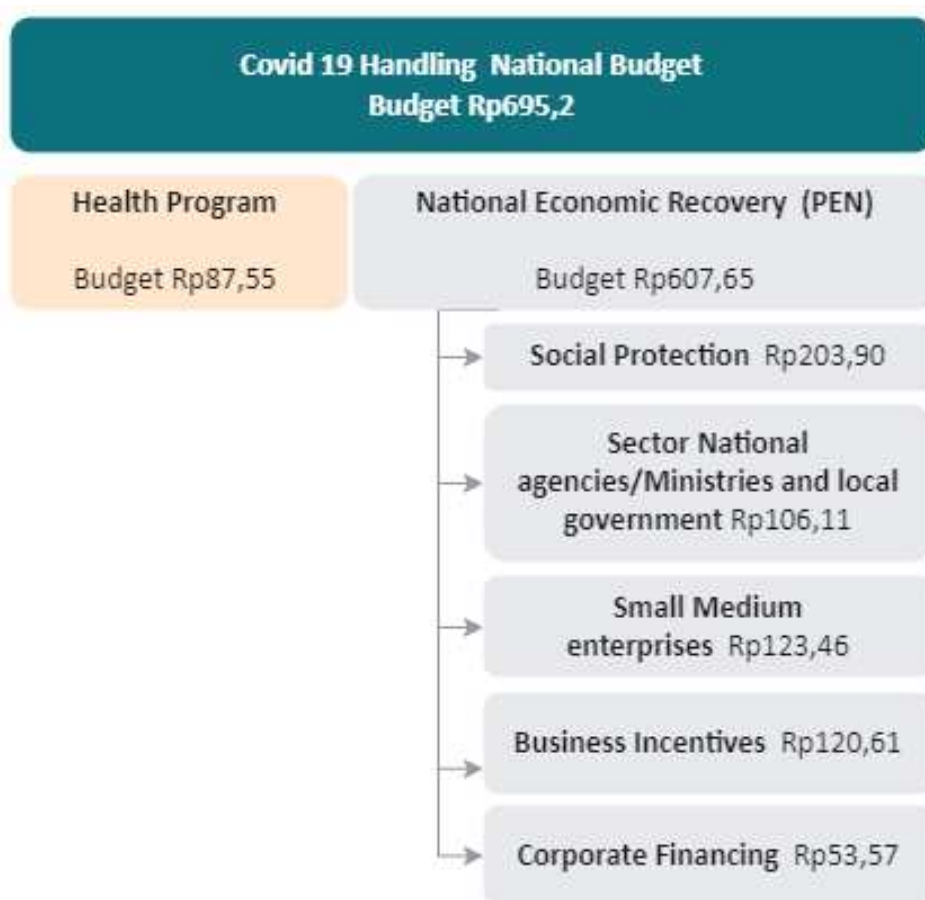


Figure 5. Cost of handling Covid-19 (in trillion rupiah)
<https://pen.kemenkeu.go.id/in/page/tantanganCovid>

To mitigate the impact of the pandemic on SDG achievement, the government developed the SDGs National Action Plan 2021-2024 (Rencana Aksi Nasional (RAN) SDGs 2021-2024) which include a strategy for meeting SDG targets following the Covid-19 pandemic. This strategy includes policies in the social, economic, legal, and governance spheres. Novita (2021) contends that this action plan should be more comprehensive and that the effectiveness of the proposed policies and programs should be monitored and studied. Many parties must be involved in this government policy to ensure that policies and their implementation are in sync.

6. Gender spending in the public budget

According to Presidential Regulation 59/2017 on SDGs, the government institutions responsible for carrying out the implementation of SDG Goal 5 consist of eight ministries, which are the Coordinating Ministry for Human Development and Culture, National Planning Agency (Bappenas) of Indonesia, Ministry of Women's Empowerment and Child Protection, Ministry of Finance, Ministry of Home Affairs, Ministry of Empowerment of State Apparatus and Bureaucratic Reform, Ministry of Manpower, Ministry of Cooperatives and Small and Medium Enterprises, and Ministry of Health. In this brief, only two out of eight ministries are included to avoid overlapping budget data calculations. Currently, there is no public information that provides an overview of gender allocation in the government budget, especially for activities related to the SDGs. To find out the impact of each ministry's contribution to the achievement of Goal 5, a more detailed budget review is needed.

The Presidential Instruction (Inpres) of the Republic of Indonesia No. 9/2000 on Gender Mainstreaming (PUG) in National Development governs the central government's (ministry/institutions and local governments' mandate to implement gender mainstreaming. Other policies initiated by the National Strategy for Accelerating Gender Mainstreaming through Gender Responsive Planning and Budgeting (Stranas PPRG) are governed by Circulars issued by the State Minister of National Development Planning/Head of Bappenas, the Minister of Finance, the Minister of Home Affairs, and the Minister of Women's Empowerment and Child Protection. Bappenas has also released a mechanism for identifying a Gender Responsive Budget (ARG),²⁶ which states that the marking of gender-responsive budgets in this guidebook is limited to ministry/institution expenditures in the APBN, excluding non-ministry Expenditures, Transfer Funds to Regions, Village Funds, and Regional Budget (APBD). The Minister of Finance Regulation (PMK) No. 119 / PMK.02/2009 regarding guidelines for the preparation and review of work plans and budgets of ministries and agencies also regulates this marking mechanism in detail. According to this PMK, ministries and institutions are required to prepare a Gender Pathway Analysis (GPA) and a Gender Budget Statement (GBS). GBS is a document that must be included in the KRISNA information system's input process.²⁷ Until now, KRISNA has not been accessible to the public, nor has GBS. In gender-responsive budgeting (GRB), thematic budgeting has a special budget code of 003. This budget codification rule actually facilitates the ARG process²⁸ in the government, especially in ministries and institutions, to track gender budgets that can support the SDGs for gender equality. However, according to the 2021 Indonesian VNR, Indonesia's public gender-responsive budget is still classified as not meeting expectations for transparency. This is due to the lack of a mechanism that can demonstrate the public disclosure of gender-related information. According to a 2020 PEFA study, while GRB regulations and laws already exist, their effectiveness is unknown due to a lack of evaluation and assessment of their implementation. Furthermore, there is no clear direction for developing programs with an impact on gender equality. Thus, a gender-based budget analysis and tracking system are required to measure government programming impact on the achievement of SDGs Goal 5 (Gender Equality).

²⁶ Source : <https://www.bappenas.go.id/files/publikasi-kpapo/Kesetaraan%20Gender%20dan%20Pemberdayaan%20Perempuan%20Pedoman%20Penandaan%20ARG%20KL%20Edisi%20II%202020.pdf>

²⁷ The Collaborative Planning and Budget Performance Information System (KRISNA) is a platform that integrates systems from three ministries, namely the Ministry of National Development Planning/Bappenas, the Ministry of Finance, and the Ministry of State Apparatus Utilization and Bureaucratic Reform to support the planning, budgeting, and reporting of accountable performance information. KRISNA v03 was just launched in November 2021 and is planned to be completed in 2022, source <https://www.ksi-indonesia.org/id/wawasan/detail/2242-perbaikan-krisna-menuju-sistem-perencanaan-dan-penganggaran-yang-paripurna>

²⁸ Gender Responsive Budget (GRB) is a budget that accommodates justice for women and men in obtaining access and benefits, participating in decision making, and controlling resources as well as having equality of opportunity and chance in enjoying development outcomes. Source : https://www.bappenas.go.id/files/6513/5027/4523/arg-penyusunan-gbs_20120720144840_0.pdf

7. Limitations of the budget data used

The process of selecting the ministry responsible for a particular sector in this brief is to avoid overlapping budget allocation calculations. In addition, the data presented is aggregate data and, rather than separating the type of expenditure and program, is based only on the budget of the selected ministry. Therefore, the data presented is a proxy for the real budget used to achieve goals in certain SDG sectors. The selection of classification based on the organization/ministry unit as a contributor to the SDGs budget is carried out based on Presidential Regulation No. 59/2017 on SDGs. This Presidential Regulation clearly states the list of ministries that contribute to the SDGs. By not classifying budgets by function, the government makes it difficult to understand the contribution of each function to the SDGs. For example, out of 11 government budgets, it is not known in detail which function contributes to Goal 5: Gender Equality.

The table below describes the process for selecting ministries that contribute to the social protection sector (Goal 1 and Goal 10). Other sectors also use the same mechanism. Therefore, the data presentation in this brief does not show the entire government budget. The ministry responsible for each objective can be seen in full in Annex 2.

<u>Reference Document</u>	<u>Contributing Ministries</u>	<u>Selected Ministry Contributing to Social Protection Sector Presented in the Brief</u>
MoF's financial note on social protection function	<ul style="list-style-type: none"> • Ministry of Social Affairs • Ministry of Women Empowerment and Child Protection of the Republic of Indonesia 	<ul style="list-style-type: none"> • Ministry of Social Affairs • Ministry of Village, Development of Disadvantaged Regions, And Transmigration
Presidential Regulation 59/2017 on SDGs	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (Bappenas) of Indonesia • Ministry of Finance (MoF) • Ministry of Education and Culture Republic of Indonesia • Ministry of Social affairs • Ministry of Village, Development of Disadvantaged Regions And Transmigration • Ministry of Religious Affairs • Ministry of Health • Ministry of Public Works & Housing • National Disaster Management Agency, BNPB 	

Table 2: Ministries contributing to the social protection sector

The SDG planning technical document describes the process of implementing the SDGs in regions using the APBD with an integration mechanism, as illustrated in Figure 1. Since there are no public documents that show budget allocation to local governments by SDG, SDG funding in these regions cannot be reflected in the brief. The provincial government is responsible for reporting on SDG achievement, and there is no detailed information on whether the contribution to the SDGs at the district and city levels can be reflected in the provincial government report.

8. Conclusions and recommendations

Indonesia has made every effort to meet the SDGs targets, including by incorporating the targets of the SDGs into development programs in the form of action plans at the national and regional levels. In the SDGs index, Indonesia is currently ranked 97th out of 165 countries. However, due to the lack of a monitoring and evaluation mechanism for the SDG-related budget, it is difficult to obtain sufficient detailed budget data to provide an overview of the total budget used for SDG achievement. Given the limitations of the research presented in this brief, it is not possible to conclude that there is a direct relationship between budget credibility and efforts to meet the SDGs' priority targets. The budget trends in this brief show that budget credibility is an issue in almost all sectors—particularly the high overspending in the environmental sector in 2018 and 2019—with a stagnant value in the SDG performance index. Finding the link between budget credibility and the impact of achieving the SDGs necessitates a more detailed review or tracking of the budget and evaluation of program achievement indicators as well as the use of monitoring and evaluation methods that can be carried out on a regular basis.

Recommendations to improve the credibility of the SDG-related budget include:

1. The government should create a model for monitoring and evaluating the budget's credibility as it contributes to the achievement of the SDGs. This aims at ensuring that the budget is used correctly to accelerate the priority of certain SDG goals. Ensuring that the results of this budget's monitoring and evaluation are accessible to the public will also help mainstream the SDGs at all levels of government, fostering inclusive development efforts and increased budget transparency and accountability.
2. The BPK's role as an independent entity to oversee SDG implementation, including monitoring and evaluation, must be enhanced. This, in turn, will boost the credibility of the SDG budget. As stated in the 2019 and 2021 VNR, BPK is currently auditing the SDGs but only during the planning process, not during implementation.
3. The Indonesian government must ensure mitigation efforts for sustainable development goals that face high risks as a result of the pandemic or have earned a "stagnant" or "major challenges remain" designation on the SDG index. This effort must consider the needs and use of the budget for well-targeted and -monitored programs and activities.
4. Indonesia already has a set of gender-related regulations and rules, but because there is no monitoring or studies on how these tools are implemented, it is difficult to see how they improve gender equality. The government should ensure that this set of regulations is implemented by the relevant ministries and local governments to increase the accountability of gender-based budgets.
5. The Indonesian government should ensure the long-term viability of the platform established by the government and development partners (e.g. SDGs Financing Hub, SDGs One) to maximize funding and strengthen the process of monitoring and evaluating SDG performance.

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10. Annexes

Annex 1: Approved Budget and Actual Spending

Sector	Related SDG Goal(s)	Administrative Classification	Approved Budget (National Currency billion rupiah)				Actual Spending (National Currency, Units)				Deviation, by Sector (%)				Sector Share of Total Spending (%)			
			2017	2018	2019	2020-PAGU DIPA	2017	2018	2019	2020- PAGU DIPA	2017	2018	2019	2020- PAGU DIPA	2017	2018	2019	2020- PAGU DIPA
Agriculture and Food	Goal 2	Ministry of Agriculture (MoA)	24146.4	23,820.8	21,686.5	15,886.2	21910.6	21,836.6	19,424.3	15,188.7	-10%	-10%	-11%	-8%	2%	2%	2%	1%
		Ministry of Agrarian affairs and Spatial Planning	6607.6	9,065.9	9,669.3	8269.6	5707.6	7,886.5	8,509.2	6,925.7								
Education	Goal 4	Ministry of Education and Culture Republic of Indonesia	37965.07	40,092.0	35,993.1	86,386	36865.4	39,432.4	36,494.7	79,061.8	-4%	2%	6%	-9%	6%	6%	5%	4%
		Ministry of Research, Technology and Higher Education Indonesia	39487.6	41,284.0	41,264.1	1977.5	37780.3	43,238.0	45,499.0	1,766.3								
Environment	Goal 13	The National Disaster Management Agency	1887.4	749.4	619.4	12713.4	2644.4	7,104.7	8,079.9	11,757.6								
	Goal 14	Coordinating Ministry for Maritime and investment affairs	300.5	300.3	254.2	259.5	262.2	273.9	595.6	244.4	-16%	26%	46%	-7%	1%	1%	2%	1%
		Ministry of Fisheries and Marine Affairs (MoFMA)	9138.3	7,287.6	5,483.0	5269.8	6111.4	6,097.4	5,055.1	4,809.9								
Goal 15	Ministry of Environment and Forestry	6463.3	8,025.6	9,076.5	7658.8	5871.7	7,180.9	8,843.0	7,196.2									
Gender Equity	Goal 5	The Ministry of Women Empowerment and Child Protection of the Republic of Indonesia	503	553.8	493.6	203.4	486.6	516.9	480.2	199.5	-7%	-8%	-5%	-1%	0.1%	0.1%	0.1%	2%
		Ministry of Cooperatives and Small and Medium Enterprises	960.7	944.5	961.4	29474.6	880.7	858.5	904.7	29,256.4								
Health	Goal 3	Ministry of Health	55863.5	59,097.7	58,746.5	107033.6	54912.3	57,348.7	67,279.3	102,207.4	-2%	-3%	15%	-5%	4%	4%	4%	6%
Social Protection	Goal 1 and 10	Ministry of Social affairs	17318.9	41,295.7	58,906.5	134,171.8	17164.6	41,234.1	57,726.6	130,288.4	-3%	1%	-1%	-3%	2%	3%	4%	7%
		Ministry of Village, Development of Disadvantaged Regions And Transmigration	4673.3	5,145.3	4,325.6	2564.7	4,182.3	5,460.7	5,165.8	2,451.2								
Water and Sanitation	Goal 6	Ministry of Public Works & Housing	104237.8	107,386.3	110,731.6	107159	96103.3	102,483.6	100,557.5	100,793.1	-8%	-5%	-9%	-6%	8%	7%	7%	5%

Sources:

The data sources from different documents such as Laporan Keuangan Pemerintah Pusat (LKPP) (National Government Budget Report) year 2017, 2018, 2019 and Nota Keuangan (Budget statement: policy document accompanying draft budgets). All document can be accessed through these links:

LKPP 2017 <https://www.kemenkeu.go.id/media/10117/lkpp-2017.pdf>
<https://drive.google.com/file/d/1cpyVn2uxDSYdbTnCFThFkYOHdLHlPDnk/view>

LKPP 2019 <https://www.kemenkeu.go.id/media/15858/lkpp-2019.pdf>
<https://www.kemenkeu.go.id/media/15868/buku-ii-nota-keuangan-beserta-rapbn-ta-2021.pdf>
<https://www.kemenkeu.go.id/media/18103/lkpp-2020.pdf>
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<https://www.kemenkeu.go.id/media/18103/lkpp-2020.pdf>

Annex 1: Approved Budget and Actual Spending

<u>Sector</u>	<u>Related SDG Goal(s)</u>	<u>Ministry, Program or Function (Ref: Annex: President regulation No 59 /2017 on SDGs)</u>
Agriculture and Food	Goal 2	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance (MoF) • Coordinating Ministry for Economic Affairs • Ministry of Health (MoH) • Ministry of Agriculture (MoA) • Ministry of Fisheries and Marine Affairs (MoFMA) • Ministry of Public Works & Housing • Ministry of environment and Forestry • Ministry of Agrarian affairs and Spatial Planning
Education	Goal 4	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance (MoF) • Ministry of Education and Culture Republic of Indonesia • Ministry of religious Affairs • Ministry of Research, Technology and Higher Education Indonesia
Environment	Goal 13	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (BAPPENAS) Indonesia • Coordinating Ministry for Economic Affairs • Ministry of Finance (MoF) • Ministry of Home Affairs • The National Disaster Management Agency • Ministry of Environment and Forestry
	Goal 14	<ul style="list-style-type: none"> • Coordinating Ministry for Maritime and investment affairs • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance (MoF) • Ministry of Fisheries and Marine Affairs (MoFMA) • Ministry of Environment and Forestry • Ministry of Home Affairs

	<p>Goal 15</p>	<ul style="list-style-type: none"> • Coordinating Ministry for Economic Affairs • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance • Ministry of Environment and Forestry • Ministry of Public Works & Housing • Ministry of Agriculture • Ministry of Fisheries and Marine Affairs
<p>Gender</p>	<p>Goal 5</p>	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia. • National Development Planning Agency (BAPPENAS) Indonesia. • The Ministry of Women Empowerment and Child Protection of the Republic of Indonesia • Ministry of Finance • Ministry of Home Affairs • Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi; • Ministry of Manpower • Ministry of Cooperatives and Small and Medium Enterprises • Ministry of Health
<p>Health</p>	<p>Goal 3</p>	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance • Ministry of Health • Ministry of Trade • Ministry of Education and Culture Republic of Indonesia • Ministry of Manpower • Ministry of Transportation • Ministry of Industry • Ministry of Social Affairs • Coordinating Ministry for Political, Legal, and Security Affairs of the Republic of Indonesia
	<p>Goal 1</p>	<ul style="list-style-type: none"> • Coordinating Ministry for Human Development and Culture of the Republic of Indonesia • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance • Ministry of Social Affairs • Ministry of Village, Development of Disadvantaged Regions And Transmigration, • Ministry of Education and Culture Republic of Indonesia • Ministry of religious Affairs

		<ul style="list-style-type: none"> • Ministry of Health • National Disaster Management Agency, BNPB • Ministry of Public Works & Housing
	<p>Goal 10</p>	<ul style="list-style-type: none"> • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance (MoF) • Ministry of Social Affairs • Ministry of Village, Development of Disadvantaged Regions And Transmigration • Coordinating Ministry for Political, Legal, and Security Affairs of the Republic of Indonesia • Ministry of home affairs • Ministry of religious Affairs • Central Bureau of Statistics • Coordinating Ministry for Economic Affairs • Ministry of foreign affairs • Ministry of Manpower
<p>Water and Sanitation</p>	<p>Goal 6</p>	<ul style="list-style-type: none"> • Coordinating Ministry for Economic Affairs • National Development Planning Agency (BAPPENAS) Indonesia • Ministry of Finance (MoF) • Ministry of Public Works & Housing • Ministry of health • Coordinating Ministry for Political, Legal, and Security Affairs of the Republic of Indonesia • Ministry of Industry • Ministry of Environment and Forestry • Ministry of Agriculture