

DOCUMENTATION AND MANUAL- CENTRAL GOVERNMENT BUDGET

The Indonesia Fiscal Database
Central government Expenditure with three classifications:
sectoral, functions and economic classifications



THE WORLD BANK
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Documentation and Manual- Central Government Budget

OVERVIEW

Central government realized expenditure data (APBN Realisasi) is available up to 2012. The data is provided by several Directorates General (DG) in MoF (Ministry of Finance). Starting in 2005, besides the annual financial note and summary of budget statistics, MoF has also been publicly releasing audited reports of CG realization budget data (LKPP).

Budget data at the CG level has undergone changes in format, structure, and definition over the years. There have been two main budget formats over time:

a. Routine-development format (prior to 2005)

Before 2005, expenditures were classified into either routine (recurrent) or development (investment). Each category was then classified into 20 sectors.

b. New format (2005 onwards)

Pursuant to the State Finance Law 17/2003, expenditures have been classified by function and by type (economic classification).

In order to have a consistent classification across periods and more detailed figures, expenditures data was re-mapped into a World Bank format based on economic classification and sectors. Details of the budget structure in different periods as well as the mapping process are explained in the next sections.

CENTRAL GOVERNMENT BUDGET STRUCTURE

Routine development format (pre 2005)

Under this format, expenditures are mainly classified into routine and development expenditure. The routine expenditure then breaks down in more detail into good and services spending, personnel, subsidy, interest payment and other routine spending. While development expenditure, which consists mainly of capital, is classified into *rupiah* financing and project financing. Furthermore, each routine and development expenditure category is decomposed in 20 different (old) sectors. See Annex 1 for sector and subsector list.

New format (2005 onwards)

The current CG budget format has been applied since 2005. Under this format, CG expenditure is not classified into routine and development term but unified into one single structure with the following categories:

- Personnel spending
- Good and service spending
- Capital spending
- Interest payment
- Subsidy
- Grant
- Social assistance
- Others

Besides this economic classification, CG expenditure is classified into 11 functions, in an effort from the Government of Indonesia (GoI) to follow the international COFOG standards (Classification of the function of government). The detailed list of functions and sub functions is described in Annex 2.

DATA AVAILABILITY AND DATABASE ORGANIZATION

Database organization

The database offers three views of expenditure:

- 11 functions, following GoI budget data classification
- 13 sectors, following World Bank format sector classification, derived from the remapping of functions and (old) sector classification, with some time series adjustments
- Economic classification, following World bank economic classification, derived from remapping CG expenditure budget data

In all three views, this database **excludes** transfers from CG to the lower level of government since this database primarily takes the expenditure point of view in presenting the data, hence attributing the expenditure to the lowest level of government in charge of the spending. Transfers, in this case, would become revenue for lower levels of government: therefore transfers appear as sub-national governments' expenditure.

Availability issues

The availability issue at CG level is less acute than at the sub-national level. However, potential issues may arise with regard to mapping and adjustments, especially for detailed sectoral data.

For the high level classification data, the only availability issue arises in fiscal year 2002. In this year, there are gaps in the detail routine expenditure realized data. An extrapolation was used, based on ratios from the 2002 budget data then applied to total audited realized expenditure, in order to get an estimated value of detailed routine expenditure.

DATA TREATMENT

Mapping into World Bank format

The World Bank compares expenditure across periods by mapping the different formats into a "new" format called "sector", which is based on the 11 functions that CG budget has plus two new sectors. The two additional sectors are 'Agriculture' and 'Infrastructure' due to the importance and high relevance of these two sectors in Indonesian development.

The World Bank format classifies expenditure by:

- a) Economic classification
 - 1) Personnel
 - 2) Goods and Services
 - 3) Capital
 - 4) Social assistance (*only applied for CG data*)
 - 5) Others (include grant)
- b) Sector classification
 - 1) Government General Administration Section
 - 2) Defense
 - 3) Public Law and Order
 - 4) Economy

- 5) Environment
- 6) Housing and Public Facilities
- 7) Health
- 8) Tourism and Culture
- 9) Religious affairs
- 10) Education
- 11) Social Protection
- 12) Infrastructure
- 13) Agriculture

Mapping economic classification

The complete mapping scheme into worldbank economic classification is presented in Figure 1. A big structural change in the budget format has been applied from routine-development into the unified budget structure. Given the constraint of not having consistent detailed data of development expenditure across years, total development expenditure is considered to be capital expenditure with the caveat that for the period prior to 2005, it may include social assistance spending and grants.

FIGURE 1. MAPPING TO WORLD BANK ECONOMIC CLASSIFICATION FROM CG DIFFERENT FORMATS

Routine-development format (pre 2005)		New format (2005 onwards)		World bank format - Economic classification
1. Routine expenditure		1.Personnel	→	1.Personnel
1.a. Personnel	↙	2.Good and services	→	2.Good and services
1.b. Good and services	↙	3.Capital	→	3.Capital
1.c. Interest payment	↙	4.Interest payment	→	4.Social assistance
1.d. Subsidy	↙	5.Subsidy	→	5.Others
1.e. Others routine	↙	6.Grants	→	Excluding the interest payment and subsidy
2. Development expenditure		7.Social assistance	→	
2.a. Rupiah financing	↙	8. Others	→	
2.b. Project financing	↙			

Mapping sector classification

MAPPING ROUTINE DEVELOPMENT FORMAT TO SECTOR CLASSIFICATION

In mapping process from the Routine development format to the World Bank sector classification, it is done at the subsectors level. Subsectors of 20 sectors both from routine expenditure and development expenditure are classified into 13 sector classification.

TABLE 1. MAPPING ROUTINE AND DEVELOPMENT FORMAT INTO THE WORLD BANK SECTOR CLASSIFICATION

1_Government General Administration			
18.1	Government Apparatus Sub-sector		
18.2	Developing System and Implementation of Supervision		
05.4	Finance Sub-sector		
16.3	Institutions, Equipment and Infrastructure of Science and Technology Sub-sector		
16.5	Aerospace Sub-sector		
16.6	Information System and Statistical Sub-sector		
19.1	Political Sub-sector		
19.2	Foreign Relation Sub-sector		
19.3	Information, Communication and Mass-media sub-sector		
2_Defense			
20.1	People's Defense and Security System Sub-sector		
20.2	Armed Forces Sub-sector		
20.4	Proponent Sub-sector		
3_Public Law and Order			
20.3	Police Sub sector		
17.1	National Law Building Sub-sector		
17.2	Law Apparatus Building Sub-sector		
17.3	Law Equipment and Infrastructure Sub-sector		
4_Economy			
05.1	Domestic Trade Sub-sector		
05.2	Foreign Trade Sub-sector		
05.3	National Business		
		Development Sub-sector	
05.5	Cooperatives and Small Business Sub-sector		
04.1	Manpower Sub-sector		
01.1	Industrial sub-sector		
16.2	Applied and Basic Science Sub-sector		
07.1	Mining Sub-sector		
5_Environment			
10.2	Spatial Planning Sub-sector		
6_Housing and Public Facilities			
14.1	Housing and Settlement Sub-sector		
09.1	Regional Development Sub-sector		
09.2	Transmigration Sub-sector		
7_Health			
13.2	Health Sub-sector		
12.1	Population and Family Welfare Sub-sector		
8_Tourism and Culture			
08.1	Tourism Sub-sector		
11.4	Youth and Sports Sub-sector		
9_Religious Affair			
15.1	Religious Services Sub-sector		
15.2	Religious Educational Building Sub-sector		
11.3	National Culture and Belief in God Almighty Sub-sector		
10_Education			
11.1	Education Sub-sector		
11.2	Official and Informal Education Sub-sector		
16.1	Technical Production and		
		Technology Sub-sector	
		11_Social Protection	
13.1	Social Welfare Sub-sector		
13.3	Empowerment of Women Sub-sector		
		12_Infrastructure	
03.1	Water Resource Development Sub-sector		
03.2	Irrigation Sub-sector		
07.2	Energy Sub-sector		
06.1	Road Infrastructure Sub-sector		
06.2	Mainland Transportation Sub-sector		
06.3	Marine Transportation Sub-sector		
06.4	Air Transportation Sub-sector		
06.5	Meteorology, Geophysics, Search and Rescue Sub-sector		
08.2	Telecommunication Sub-sector		
10.1	Environment Sub-sector		
14.2	Construction and Urban Planning Sub-sector		
		13_Agriculture	
02.1	Agriculture Sub-sector		
02.2	Forestry Subsector		
02.3	Fishery Subsector		
16.4	Marine Sub-sector		

MAPPING NEW FORMAT TO SECTOR CLASSIFICATION

In mapping process from the new format (11 function classification) to the World Bank sector classification, it is done at the subfunction level where some sub-functions are moved to develop new sectors.

TABLE 2. MAPPING FROM FUNCTION CLASSIFICATION UNDER NEW FORMAT TO SECTOR CLASSIFICATION

1_Government General Administration			
01.01	Executive and Legislative Institutions, Financial and Fiscal Problems and Foreign Affairs Sub Function		
01.02	Foreign Aid Sub Function		
01.03	Public Services Sub Function		
01.04	Basic Research and Science and Technology Development Sub Function		
01.05	Government Borrowing Sub Function		
01.06	Regional Development Sub Function		
01.07	Public Services Research and Development Sub Function		
01.90	Other Public Services Sub Function		
2_Defense			
02.01	State Defense Sub Function		
02.02	Defense Support Sub-Function		
02.03	Foreign Military Assistance Sub-Function		
02.04	Defense Research and Development Sub Function		
02.90	Other Defense Sub Functions		
3_Public Law and Order			
03.01	Police Department Sub Function		
03.02	Disaster Response Sub Function		
03.03	Law Guidance Sub Function		
03.04	Judicature Institution		
03.05	Incarceration Institution		
03.06	Law and order research and development		
03.90	Other Public Law and Order Sub Function		
4_Economy			
04.01	Trade, Promotion of Businesses, Cooperatives and		
		Small and Medium Enterprises Sub Function	
04.02	Manpower Sub Function		
04.07	Industry and Construction Sub Function		
04.10	Economy R&D Sub Function		
04.90	Other Economic Sub Functions		
04.06	Mining Sub Function		
5_Environment			
05.03	Pollution Overcoming Sub Function		
05.04	Natural Resources Conservation Sub Function		
05.05	Spatial Planning and Land Matters Sub Function		
05.06	Environment R & D Sub Function		
05.90	Other environment Sub Functions		
6_Housing and Public Facilities			
06.01	Housing Construction Sub Function		
06.02	Empowerment of Settlement Communities Sub Function		
06.04	Road lightening		
06.05	Housing and public facilities R&D		
06.90	Other Housing and Public Facilities Sub Functions		
7_Health			
07.01	Medicines and Health Supply Sub Function		
07.02	Individual Health Services Sub Function		
07.03	Public Health Services Sub Function		
07.04	Population and Family Planning Sub Function		
07.05	Health Research and Development Sub Function		
07.90	Other Health Sub Functions		
8_Tourism and Culture			
08.01	Promotion of Tourism and Culture Sub Function		
08.02	Guidance to Youth and Sports Sub Function		
08.03	Guidance to Publications and Broadcasting Sub Function		
08.04	Tourism and Culture R&D		
08.05	Founding of sport achievement		
08.90	Other Tourism and Culture Sub Functions		
10.10	Youth and sport founding		
9_Religious Affairs			
09.01	Enhancing Religious Life Sub Function		
09.02	Harmonious Religious Life Sub Function		
09.03	Religious Research and Development Sub Function		
09.90	Other Religious Services Sub Functions		
10_Education			
10.01	Education of Early Aged Children Sub Function		
10.02	Primary Education Sub Function		
10.03	Secondary (Senior High) Education Sub Function		
10.04	Non-Formal and Informal Education Sub Function		
10.05	In-Service Education Sub Function		
10.06	Tertiary Education Sub Function		
10.07	Facilitation Services to Education Sub Function		
10.08	Religious Education Sub Function		

10.09	Education Research and Development Sub Function
10.90	Other Education Sub Functions
11_Social Protection	
11.01	Social Protection and Service Extension for Patients and Disabled Sub Function
11.02	Social Protection and Services for very old People Sub Function
11.03	Social Protection and Services to Families of Heroes, Fighters for Indonesia's Independence, Freedom Fighters Sub Function
11.04	Social Protection and Services for Children and Families Sub

Function	
11.05	Women Empowerment Sub Function
11.06	Providing Information and Guidance Sub Function
11.07	Housing Assistance Sub Function
11.08	Social Assistance and Security Sub Function
11.09	Social Security R&D Sub Function
11.90	Other Social Protection Sub Functions
12_Infrastructure	
04.04	Water Resource Sub Function
04.05	Fuel and Energy Sub Function
04.08	Transportation Sub Function

04.09	Telecommunications Sub Function
05.01	Waste Management Sub Function
05.02	Waste Water Management Sub Function
06.03	Drinking Water Supply Sub Function
13_Agriculture	
04.03	Agriculture, Forestry, Fishery and Marine Sub Function

Data treatment and adjustment

Treatment for subsidy, interest payment and transfer

In constructing this database, we *exclude the transfer* from central government to the lower level (subnational) government. The main idea of this database is taken from the expenditure point of view: it presents the data from the lowest level of government responsible for spending. So in this case transfers will eventually appear as part of subnational government spending.

This database also *excludes the subsidy from the government general administration spending* since both spendings could not be classified into particular sectors, i.e: rice subsidy can be justified to include either in agriculture or social protection. The other rationale is because these types of expenditures in most cases would not be applied in the form of real spending by the government into the economy but rather a market intervention practice, i.e: the fuel subsidy takes form as price intervention in which government disbursed some amount of money to the SOE's functions as a fuel distributor. However the database still provides the breakdown figures of the subsidy number to present a broad idea what the details of the subsidy are.

For the interest payment, under the sector and function classification, this allotment is being excluded basically in order to give more precise number of how much the government spend in bureaucracy administration. As for any interest of adjusting the data become more consistent with the GoI classification, users should add back the interest payment number into the general administration function/sector.

Time series adjustment

For ensuring consistency across years, this database involves some adjustment to account for the fact that Government of Indonesia (GoI) classification of certain programs/activities changes over time. The adjustments are described as follows:

SALARY COMPONENT ADJUSTMENT

In 2008, some component of personnel expenditure (which is *activity 001*) that previously is within each function was reclassified and grouped into one account under sub function General Public Services (except for education). MoF revert this approach starting 2011 where that component is gradually reclassified to each relevant function again.

To make it consistent over years, a proportion of that activity based on 2007 data is calculated and serves as a basis to estimate the amount that should be added into each sector. This adjustment applied to all sectors between 2008 and 2010, except for education and the new developed sectors: infrastructure and agriculture. The exclusion of those two new sectors from this adjustment is because prior to 2007, activity 001 is mostly classified under sub function “others” in each function (xx.90). This means when the remapping process applied, there is no portion of this activity that being remapped since this step does not involve any movement of this xx.90 subfunction in forming new sectors. Therefore, the adjustment shouldnot be applied to infrastructure and agriculture sector to ensure the time consistency.

However, the checking process of the expenditure breakdowns reveals that the reverting process is not completely applied in 2011 and 2012 but gradually. Some of the ministries still have their salary component under general administration sector. Several additional adjustments then being taken to revert back that salary component:

- Portion of Ministry of Religious Affairs salary component is added to religious sector and deducted from general administration sector in 2011
- Portion of police salary component is added to public order and safety sector and deducted from general administration sector in 2011 and 2012
- Portion of Ministry of Health (MoH) salary component is added to health sector and deducted from general administration sector in 2011

HEALTH PUBLIC SERVICE AGENCY ADJUSTMENT

Some spendings on goods, services, and capital from non-profit public service agencies (*Badan Layanan Umum – Puskesmas, RSUD, etc*) also being reclassified during 2011 and 2012 to general administration sector instead of health sector. To make it consistent across time, the allotment of these spendings in 2011 and 2012 is deducted from general administration sector and adds into health sector. For 2012 there is additional treatment since the data is less detail than 2011 and could not capture that specific spending. Thus, a proportion of those spendings in 2011 is calculated and then serves as a basis to estimate the value of this allotment in 2012.

ANNEX

ANNEX 1. SECTOR CLASSIFICATION IN ROUTINE-DEVELOPMENT FORMAT (PRE 2005)

01	Industrial Sector
01.1	Industrial sub-sector
02	Agriculture and Forestry sector
02.1	Agriculture Sub-sector
02.2	Forestry Subsector
02.3	Fishery Subsector
03	Irrigation Sector
03.1	Water Resource Development Sub-sector
03.2	Irrigation Sub-sector
04	Manpower Sector
04.1	Manpower Sub-sector
05	Trade, National Business Development, Finance and Cooperative
05.1	Domestic Trade Sub-sector
05.2	Foreign Trade Sub-sector
05.3	National Business Development Sub-sector
05.4	Finance Sub-sector
05.5	Cooperatives and Small Business Sub-sector
06	Transportation, Meteorology and Geophysic Sector
06.1	Road Infrastructure Sub-sector
06.2	Mainland Transportation Sub-sector
06.3	Marine Transportation Sub-sector
06.4	Air Transportation Sub-sector
06.5	Meteorology, Geophysic, Search and Rescue Sub-sector
07	Mining and Energy Sector
07.1	Mining Sub-sector
07.2	Energy Sub-sector
08	Tourism, Post and Telecommunication Sector
08.1	Tourism Sub-sector
08.2	Telecommunication Sub-sector
09	Regional Development and Transmigration Sector
09.1	Regional Development Sub-sector
09.2	Transmigration/Development of New Area & Society Empowerment Sub-sector
10	Environment and Spatial Planning Sector
10.1	Environment Sub-sector
10.2	Spatial Planning Sub-sector
11	Education, National Culture, Belief in God Almighty, Youth and Sports
11.1	Education Sub-sector
11.2	Official and Informal Education Sub-sector
11.3	National Culture and Belief in God Almighty Sub-sector
11.4	Youth and Sports Sub-sector
12	Population and Family Welfare Sector

12.1	Population and Family Welfare Sub-sector
13	Social Welfare, Health, Women's Role, Children
13.1	Social Welfare Sub-sector
13.2	Health Sub-sector
13.3	Empowerment of Women, Children and Teen-Agers Sub-sector
14	Housing and Settlement Sector
14.1	Housing and Settlement Sub-sector
14.2	Construction and Urban Planning Sub-sector
15	Religious Sector
15.1	Religious Services Sub-sector
15.2	Religious Educational Building Sub-sector
16	Science and Technology Sector
16.1	Technical Production and Technology Sub-sector
16.2	Applied and Basic Science Sub-sector
16.3	Institutions, Equipment and Infrastructure of Science and Technology
16.4	Marine Sub-sector
16.5	Aerospace Sub-sector
16.6	Information System and Statistical Sub-sector
17	Law Sector
17.1	National Law Building Sub-sector
17.2	Law Apparatus Building Sub-sector
17.3	Law Equipment and Infrastructure Sub-sector
18	Government Apparatus and Supervision Sector
18.1	Government Apparatus Sub-sector
18.2	Developing System and Implementation of Supervision
19	Political, Foreign Relation, Information and Communication
19.1	Political Sub-sector
19.2	Foreign Relation Sub-sector
19.3	Information, Communication and Mass-media sub-sector
20	National Defence and Security Sector
20.1	People's Defence and Security System Sub-sector
20.2	Armed Forces Sub-sector
20.3	Police Sub-sector
20.4	Proponent Sub-sector

ANNEX 2. FUNCTION CLASSIFICATION IN CURRENT FORMAT (2005 ONWARDS)

CODE	FUNCTION/SUB FUNCTION
1	GENERAL PUBLIC SERVICES
1.01	Executive and legislative organs, financial and fiscal affairs, external
1.02	Foreign economic aid
1.03	General services
1.04	Basic research
1.05	Public debt transaction
1.06	Regional development
1.07	R & D General public service
1.90	General public services n.e.c
2	DEFENSE
2.01	Military defense
2.02	Civil defense
2.03	Foreign military aid
2.04	R & D defense
2.90	Defense n.e.c.
3	PUBLIC ORDER AND SAFETY
3.01	Police services
3.02	Natural disaster rescue
3.03	National law development
3.04	Law court
3.05	Prisons
3.06	R & D public order and safety
3.90	Public order and safety n.e.c.
4	ECONOMIC AFFAIRS
4.01	Commercial, cooperation and small medium enterprise
4.02	Labor affairs
4.03	Agriculture, forestry, fishing and marine
4.04	Irrigation
4.05	Fuel and energy
4.06	Mining
4.07	Industries and construction
4.08	Transport
4.09	Telecommunication
4.10	R & D economic affairs
4.90	Economic affairs n.e.c.
5	ENVIRONMENTAL PROTECTION
5.01	Waste management
5.02	Waste water management
5.03	Pollution abatement
5.04	Natural resources conservation
5.05	Spatial planning and land
5.06	R & D environmental
5.90	Environmental protection n.e.c.
6	HOUSING AND COMMUNITIES AMMENITIES
6.01	Housing development
6.02	Community development
6.03	Water supply

6.04	Street lighting
6.05	R & D housing and communities
6.90	Housing and community amenities n.e.c.
7	HEALTH
7.01	Medical product, appliances, and equipment
7.02	Individual public health services
7.03	Society public health services
7.04	Population and family planning
7.05	R & D health
7.90	Health n.e.c.
8	TOURISM AND CULTURE
8.01	Tourism and culture development
8.02	Youth and sport development
8.03	Broadcasting and publishing services
8.04	R & D tourism and culture
8.05	Founding of sport achievement
8.90	Tourism and culture n.e.c.
9	RELIGION
9.01	Enhancement religious life
9.02	Development of harmonism between religion
9.03	R & D religion
9.90	Religion n.e.c.
10	EDUCATION
10.01	Pre-primary education
10.02	Primary education
10.03	Secondary education
10.04	Formal and informal education
10.05	In-Service education
10.06	University
10.07	Subsidiary services to education
10.08	Religion education
10.09	R & D education
10.10	Youth and sport founding
10.90	Education n.e.c
11	SOCIAL PROTECTION
11.01	Sickness and disability
11.02	Old age
11.03	Protection and social services for family hero
11.04	Family and children
11.05	Women empowerment
11.06	Counseling and social guidance
11.07	Housing
11.08	Social security
11.09	R & D social protection
11.90	Social protection n.e.c.