

Technical note on Sub-national budget (APBD) - Overview

1. Introduction

Budget data at the sub-national level has undergone changes in the format, structure, and definition over the years. In general, there are three budget formats over time:

- Makuda Format (prior to 2003)**
 Before 2003, the sub-national budget reports are divided into revenues and expenditures. Expenditures are classified into routine (recurrent) and development (investment). Further, routine expenditure is broken down by economic classifications (into six sections) and sectors (since 2001, into nine sectors) while development expenditure is only broken down into sectors (20 sectors).
- Kepmen 29 Format (2003-2006)**
 Starting in 2003, the APBD structure followed a new format as stated in the MoHA Decree No. 29/2002 (Kepmen 29). The Kepmen 29 format was not effective immediately for all regions as some regions still used the Makuda format in 2003 and 2004 (transition period). Kepmen 29 groups expenditures into two main categories: apparatus expenditure and public expenditure. For the functional classification, Kepmen 29 breaks down expenditure into 22 areas (*bidang*).
- Permendagri 13 Format (2007 onwards)**
 Another new format was introduced in 2007 following MoHA Regulation 13/2006. According to this format, expenditure is classified into "direct" and "indirect" expenditures, which are then further disaggregated according to their economic classification and affairs (*urusan*). This format was later slightly amended with MoHA Regulation no. 59/2007. Permendagri 13 is revised with Permendagri 59 with a slight change in the number of obligatory affairs (*urusan wajib*) from 25 to 26. However, the number of discretionary affairs (*urusan pilihan*) stays the same of 8 affairs. Both obligatory and discretionary affairs together make up 11 Gol function classification.

2. Data sources

The data is derived from Sub-national Financial Information System (Sistem Informasi Keuangan Daerah, SIKD) offline and online dataset within DG Fiscal Balance, MoF, for year 2001 to 2012. SIKD is a facility provided by the Ministry of Finance to collect, validate, process, and analyze sub-national financial information.

3. Data availability

One of the main challenges in consolidating sub-national budget data is the incomplete data as some provinces/districts do not report their budget in a given year. The summary number of regions that report their realized budget is presented at below table (*blue font indicates the incomplete number of provinces/districts that report*):

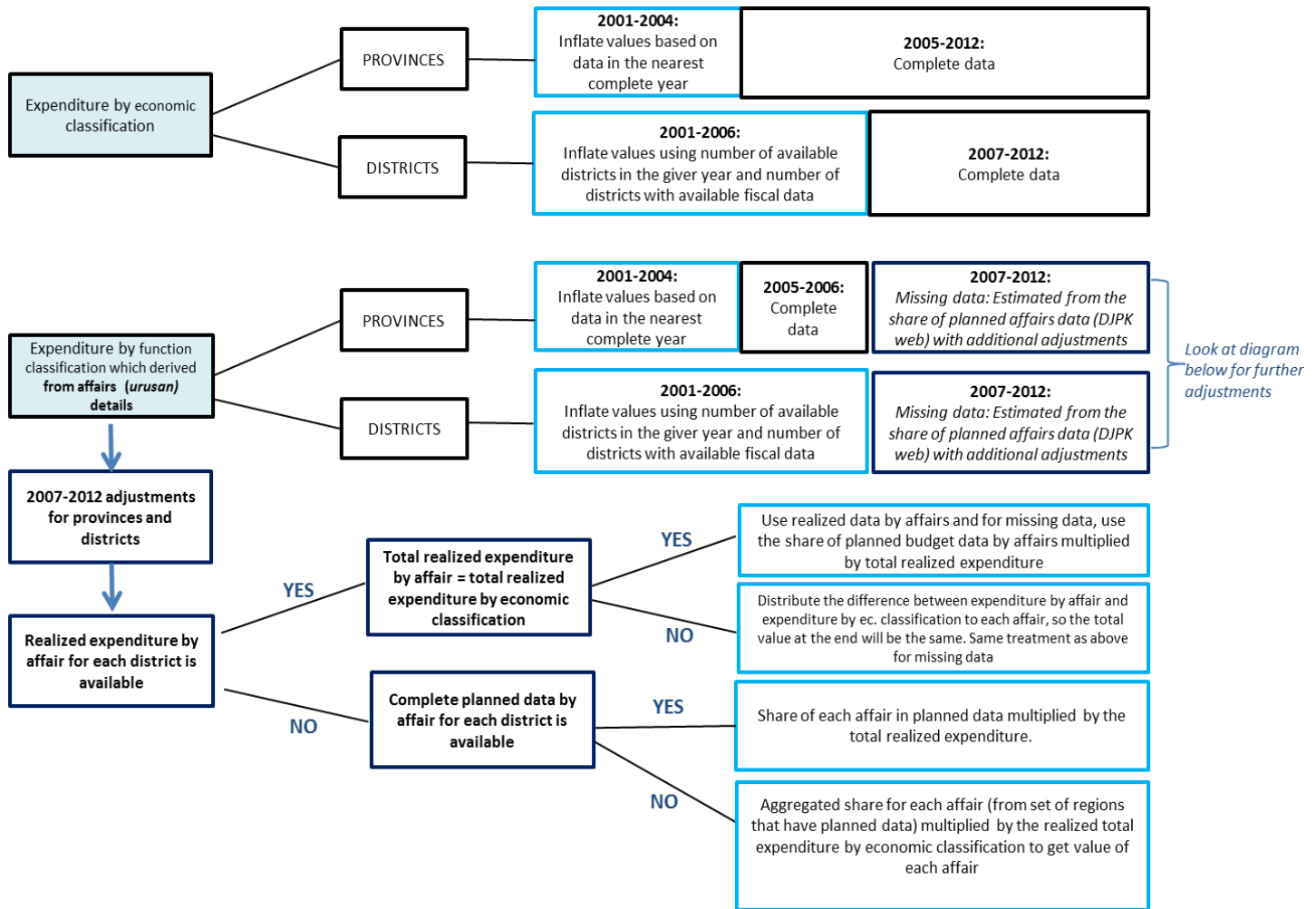
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total number of provinces	30	30	30	32	33	33	33	33	33	33	33	33
Total number of districts*	336	348	370	410	434	434	434	451	477	491	491	491
Number of provinces that report realized expenditure***	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>
	29	30	28	28	33	33	33	33	33	33	33	33
	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>
	29	30	28	28	33	33	19	33	33	28	23	26
Number of districts that report realized expenditure	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>	<u>Ec. Class</u>
	328	327	334	346	361	426	434	451	477	491	491	491
	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>	<u>Function</u>
	328	327	334	346	361	426	298	383	358	391	409	414

Note:

*Districts that show up in the budget data (from BPS) vary across years. In 2000, the total number of Kab/Kota is not clear since most of new Kab/Kota were formed during this period. **The total numbers of districts between 2001-2012 are derived from districts that received DAU transfer**

4. Data adjustment for consolidated view

To account for the incomplete sub-national data, it is necessary to do some data adjustments in order to obtain the aggregated view as if it comes from a complete set of provinces and districts. The adjustments *for the missing realized data* are summarized below:



5. Mapping to World Bank format

The World Bank compares expenditure across periods by mapping the different formats into the World Bank format, which are:

- Economic classification:
 - Personnel
 - Goods and Services
 - Capital
 - Transfer to lower level government (consist of Financial Assistance and Shared Revenue to lower level government)
 - Grants (started 2007 onwards)
 - Others
- Sector classification, which is based on the 11 functions under Permendagri 13/2006 plus 2 new sectors which are 'Agriculture' and 'Infrastructure'. The two additional sectors are remapped from several affairs (*urusan*) which in Permendagri 13 are under the economy, general administration, as well as housing and public facilities functions:
 - Government General Administration Section
 - Defense
 - Public Law and Order
 - Economy
 - Environment
 - Housing and Public Facilities
 - Health
 - Tourism and Culture
 - Religious affairs
 - Education
 - Social Protection
 - Infrastructure
 - Agriculture

6. References

- **Detailed documentation:** for further explanations on the re-mapping and adjustment process, as well as the different data classification systems, please refer to “**Sub-national data-detailed user manual.pdf**”
- **Further questions,** please contact:
 - Indira Hapsari (ihapsari@worldbank.org)
 - Ruth Nikijuluw (rnikijuluw@worldbank.org)