

Policy Reformulation Action-Cycle Framework (PRACYF): A Case Study Decentralization and Regional Autonomy Policy in North Sumatra Province

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ABSTRACT

Decentralization and regional autonomy (DRA) policies have been implemented in Indonesia for 25 years. However, regional independence is still very low in 33 regions/cities in North Sumatra (North Sumatra) because the local revenue (PAD) is much smaller than the regional income and expenditure budget (APBD). The aim of this study is to analyze this phenomenon and find a conceptual framework for reformulating DRA policies. The research method uses mixed methods. The results of the analysis show that 88.49% of the regions are still dependent on transfer funds from the central government, so the nature of autonomy, namely the independence of autonomous regions, is still far from expectations. In the long run, it is important to reformulate policies through the Policy Reformulation Action-Cycle Framework (PRACYF). Theoretically, PRACYF has conceptual implications for the development of public policy and DRA, while in practice it can have implications for increasing the independence of autonomous regions and the welfare of the people in the regions.

ABSTRAK

Kebijakan desentralisasi dan otonomi daerah (DRA) telah diterapkan di Indonesia selama 25 tahun. Namun, kemandirian daerah masih sangat rendah di 33 daerah/kota di Sumatera Utara (Sumut) karena pendapatan asli daerah (PAD) jauh lebih kecil daripada anggaran pendapatan dan belanja daerah (APBD). Tujuan penelitian ini untuk menganalisis fenomena tersebut dan menemukan kerangka konseptual untuk merumuskan kembali kebijakan DRA. Metode penelitian menggunakan metode campuran. Hasil analisis menunjukkan bahwa daerah masih 88,49% bergantung pada dana transfer pemerintah pusat, sehingga hakikat otonomi, yakni kemandirian daerah otonom masih jauh dari harapan. Dalam jangka panjang, penting dilakukannya reformulasi kebijakan melalui Policy Reformulation Action-Cycle Framework (PRACYF). Secara teoritis, PRACYF berimplikasi pada pengembangan konseptual kebijakan publik dan DRA, sedangkan dalam praktiknya dapat berimplikasi pada peningkatan kemandirian daerah otonom dan kesejahteraan masyarakat di daerah.

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INTRODUCTION

After the centralized government system in the “Orde Baru” era (new order era), Indonesia entered a new phase in local government management. The Law (*Undang-undang/UU*) Number 5 of 1974, concerned The Principles of Government in the Regions, in the reform era, the Law was enhanced by a Law that focused on decentralization-regional autonomy, namely Law Number 22 of 1999 concerning Regional Government (regency/cities and provinces),

amended by Law Number 32 of 2004, and finally Law Number 23 of 2014. These laws, among other things, regulate district decentralization and regional autonomy (DRA). One of the affairs of decentralization is the management of regional taxes as the main source of income to encourage regional independence. In the Regional Revenue and Expenditure Budget (APBD) of a region, sources of regional income are reflected in PAD which includes regional taxes, regional levies, separated regional wealth management results, and other legitimate PAD. In addition to PAD, other regional revenues are transfer receipts (from the central government/APBN-State Revenue and Expenditure Budget) and other legitimate regional revenues (Law Number 23 of 2014, Article 285). Regional autonomy is determined by "self-supporting fiscal capacity" which is defined as the ability of regions to increase revenues by reducing the receipt of automatic transfer payments from the central government (Melamed, 2019). Thus, the truth of DRA is regional independence, regional fiscal independence, reduced transfer revenues, reduced balancing funds, and reduced regional financial dependence on the central government significantly. Meanwhile, in the example of the implementation of tax collection in West Java, there are still obstacles. The application of e-Samsat hardware and software technology through SAMBARA at the West Java Regional Revenue Agency for payment of motor vehicle taxes has not been able to accommodate public service innovation (Priastuti et al., 2022). Is the implementation of DRA in Indonesia ideal? We think the phenomenon is diametrical; government policy - as "hope" - is still not relevant to "reality".

As a comparative study, the phenomenon of obstacles to the implementation of DRA policies is not only experienced by Indonesia. The results of studies in several European countries show that actions by the central government that affect the level of regional autonomy through automatic transfer payments are defined as actions that affect regional fiscal independence (Melamed, 2019). The autonomous council, which is expected to overcome ethnic conflicts and lead to public participation in India has hampered the regional democratic process, has less political openness for the opposition, and has tended towards authoritarian rule (Wenner, 2015). The results of the 1960-2003 study of self-determination (regional autonomy) and a series of case studies in France and India resulted in many conflicts and this is very common in several countries that implement regional autonomy, including Corsica. Since 1970 Corsica has experienced internal obstacles in devolving autonomy at the national level (Cunningham, 2007). The same thing happened in South Sudan which asked to hold an independence referendum in response to the failure of regional autonomy in the country (Collin, 2020).

In regional development, globalization and decentralization play an inferior role. Economic development is influenced by geographical environment and ethnic characteristics, regional development is also determined by regional planning, investment, and industrialization, although there is no linear relationship between geography, ethnicity, and local development. We observe a trend of increasing inequality at the regional level, where the distribution of regional inequality changes from a single peak to a bimodal pattern. Those are the findings of a study on regional inequality in autonomous regions in West China (Dai et al., 2017).

In contrast to the phenomena in some of these countries, the obstacle to implementing DRA in Indonesia that is quite crucial is the independence of districts/cities and provinces, especially from the aspect of regional fiscal capacity to fulfill their regional expenditures. The results of studies in several regions in Indonesia show that the fiscal capacity of the regions that are sourced from regional taxes and levies as a source of PAD is still very minimal. The burden of government tasks handed over by the central government to regional governments is still not balanced with PAD so dependence on automatic transfer funds cannot be avoided, this greatly affects regional fiscal independence. The results of studies in regencies/cities in

Java Province (West Java, Central Java, East Java, and Bali) show that the contribution of PAD to APBD is still very small compared to the composition of transfer receipts from the central government. The General Allocation Fund (DAU) of central government assistance on average increases every year (Apriana & Suryanto, 2010). The contribution of regional retribution to district/city PAD in Central Java Province is still small. The ability of an area to explore PAD will affect the development of the area (Yasmin et al., 2021). The greater the contribution of PAD to the APBD, the less dependence on the central government (Asteria, 2015). Redistribution through taxes in regencies/cities in Java Island is not effective. The current tax system tends to widen income inequality. The relationship between income distribution and economic growth shows a greater influence in areas with high income, while in areas with low income, the effect is very small (Azhar Aziz et al., 2016). After the implementation of regional autonomy for twelve years in Bandung City, from 2004-2015 period, the contribution of PAD to regional spending was at most 20% (Wati & Fajar, 2017). Meanwhile, disaster risk in Indonesia can also weigh on the fiscal balance at the district and provincial levels due to a decrease in regional income and an increase in spending on social assistance, capital expenditure, consumer spending, and contingency spending (Wiyanti & Halimatussadiyah, 2021).

The results of several studies in North Sumatra Province in 19 regencies and cities in 2006-2011 show that regional fiscal capacity in the form of PAD has a significant positive effect on the level of regional financial independence. Meanwhile, regional financial independence is not significantly affected by profit-sharing funds (DBH) and DAU, and even Special Allocation Funds (DAK) have a significant negative effect on the level of regional financial independence (Marizka, 2013). A study of 15 regencies and 7 cities in North Sumatra illustrates that regional fiscal sources from PAD have a positive effect on the Presidential Instruction on Disadvantaged Villages (IDT). The DAU and the DAK have negative effects on IDT. DAU has negative effects on the Human Development Index (HDI). Medan City obtained the highest index (1.205765), while the lowest was Tebing Tinggi Regency (0.452854) (Sembiring, 2019). The study in Toba Samosir Regency concluded that PAD has a positive effect on regional spending (Panggabean, 2009). North Sumatra also has limited road infrastructure, even though the availability of infrastructure is very influential in increasing regional income (Febriaty, 2018); the contribution of industrial infrastructure is very large to increasing PAD and increasing regional independence (Anggraeni, 2016). Likewise, natural resources, human resources, science, and technology resources affect the development of regional income on Samosir Island and Lake Toba the Sumatra (Arnita et al., 2019). This phenomenon shows regional independence. Local governments – both big and small – need to increase their power. Not only to fulfill their responsibilities and independence but also as a tangible manifestation of the implementation of territorial administration reform to contribute to the theory and practice of local government public administration (Hayrapetyan & Mnatsakanyan, 2022). Policy implementation can be understood from the aspect of implementation, implementing organization (government), resources, and interpretation or communication in accordance with the direction, goals and objectives of a policy (Setiawan et al., 2022).

In implementing DRA in Indonesia, the public policy system as stated (Dunn, 2018) has met the ideal criteria. However, from the aspect of policy analysis, it has not met expectations. The reciprocal relationship between the three main elements, namely public policy, policy actors, and the policy environment is still not a complete chain. The pattern of involvement of policy stakeholders in the policy environment is still not dialectical. The objective and subjective dimensions of policy makers are not completely systemic in practice. Likewise, in problem-oriented policy analysis, it is important to fulfill the five procedures of policy

analysis, namely policy issues, policy actions, policy performance, policy results, and policy futures. This policy analysis is no exception in the implementation of DRA, especially regional self-reliance so that it does not have a continuous dependence on transfer funds to the central government.

However, in the regulations implementing regional autonomy, the central government provides opportunities for revenue transfers to regions that do not have sufficient financial capacity to finance government affairs and in particular mandatory government affairs relating to basic services. The State Revenue and Expenditure Budget (APBN) can accommodate DAK to assist regions with national priorities to be achieved. The DAU aims to equalize financial capacity among regions, while the DBH aims to reduce the gap in financial capacity between the central and regional governments. Although transfer grants have a positive purpose and are formally regulated in laws, namely Law Number 23 of 2014 and Law Number 6 of 2021; this opportunity is an action that affects regional fiscal independence (Melamed, 2019). Regional development policies – as part of national development – must look at the potential of the economic sector because this sector will determine the independence of a region (Rizal, 2018). Regional development policies and innovations - such as tourism - can be carried out by local governments through penta helix collaboration through active collaboration between government, business, community, academic, and media elements (Wahidah & Suherman, 2022).

Some of the results of previous research in North Sumatra focused more on mapping regional fiscal capacity in the context of implementing DRA, while our research focus placed more emphasis on decentralization reformulation in the context of implementing regional autonomy in North Sumatra Province. In the public policy process, which includes the stages of formulation, implementation, and evaluation (Skok, 1995), (Wahidah & Suherman, 2022) from the theoretical aspect, this article aims to develop a policy reformulation literature that is described from several theories used. Meanwhile, from the practical aspect, it aims to evaluate the implementation of DRA and regional income inequality in 33 regencies/cities in North Sumatra Province so that it is expected to be useful as a material for consideration by the central and regional governments in reformulating the DRA. Based on the theoretical and practical aspects, this study is expected to produce a new paradigm in the form of an action cycle framework for the formulation of DRA policies.

Literature Review

Public Policy

To analyze and formulate issues of public policy and public administration, a structural-functional framework cycle approach can be used with the steps of “three structural stages” and “four functional stages”. The three structural stages of public policy (vertical-column) include the “problem stream”, “policy stream”, and the “political stream”. While the “four functional stages” of public administration (horizontal-row) include “agenda-setting”, “formulation”, “implementation”, and “evaluation” (Skok, 1995).

Skok’s framework is drawn in the matrix form to make twelve “cell boxes” and each “cell box” is filled with cycle numbers sequentially starting from “cell-boxes” 1 to 12. Figure Structural-Functional table in the public policy cycle and public administration are:

Table 1.
Structural-Functional Matrix in the Cycle of Public Policy and
Public Administration

	Agenda Setting	Formulation	Implementation	Evaluation
Problem stream	1	2	3	4
Policy stream	5	6	7	8
Political stream	9	10	11	12

Source: Skok (1995)

Framework Skok which is elaborated on many well-known expert literatures in the field has made a major contribution to the interests of formulation analysis, implementation, evaluation of public policies, and public administration (Skok, 1995); (Sirajuddin, 2016); (Almeida & Báscolo, 2006).

If public opinion (in the process of formulation) is in line with public policy, it is said to be congruent, and this is a new direction of formulation (Monroe, 1998). The issue of coordination, collaboration, and partnership in the perspective of the public policy formulation is very important, especially the role of the state in these three elements in the fulfillment of resources and production, the development of social capital, and sustainable development (Hall, 1999).

Meanwhile, in implementing the policies, service gaps will occur if there is a difference between what is requested and what is offered at the bureaucratic level in the field (Hupe & Buffat, 2014). The policy implementation should be directed at the locus and focus so that it is in line with community expectations. Policy implementation requires to function, both from the aspect of intent, output, and outcome (Akib, 2010). Policy implementation is an activity, program, and activity in the implementation of policy decisions to achieve the goals set in policy decisions. To find out the implementation of the policy, there are three main activities, namely ex-ante (choosing priority alternatives), ongoing (progress of implementation), and ex-post (level of achievement) (Desrinelti et al., 2021).

The evaluation of public policies is a sine qua non activity (actions, conditional elements that are indispensable and important) and cannot be avoided for every nation-state in the world, namely evaluation during formulation, implementation, and post-implementation or impact assessment (evaluation). Appropriate standards and criteria are needed at every stage of evaluation, avoid subjectivity, and choose professionals so that policy evaluations can be carried out properly (Khan & Rahman, 2017).

Related to policy formulation, a policy innovation formulation requires methodologies and strategies, namely the "policy cycle", which includes agenda setting, impact analysis, and policy formulation. A policy formulation agenda with a combination (a mixture of various policy instruments) is more effective than a single agenda because there will be interactions and feedback effects between instruments in formulating a policy (Falcone et al., 2019). The incremental model in public policy holds that policy is a variation or continuation of past policies, modifies past policies, aims to carry out comprehensive policy evaluations, maintains the performance that has been achieved, and improves goals that have not been achieved to satisfy a pluralistic society (Muladi et al., 2016).

Some of the conceptual frameworks of public policy can be understood that public policy is a system of government or institutional actions to solve certain problems. Solving these problems, among others, is carried out through the stages of managing issues and making regulations (formulation stage), implementing regulations (implementation stage), monitoring and evaluating the implementation of these regulations (evaluation stage), and implementing policy reformulation. The conceptual framework for policy reformulation is a “comprehensive feedback and evaluation action cycle” which aims to modify and improve the formulation, implementation, and evaluation of policies that have been implemented in the previous cycle as a stakeholder effort to improve the quality of public services.

Decentralization and Regional Autonomy

Decentralization is the delegation of legal and political authority to autonomous regions. Autonomous regions (local government) have authority in planning and policy in public services in accordance with the authority delegated by the central government. In Third World Countries, the implementation of decentralization must be given a wider portion. This can accelerate equitable growth, integrate heterogeneity, and encourage local superior resources to increase regional economic capacity. Decentralization aims to create a non-centralized government management system, develop local leadership management, encourage decisions at the local level, increase the efficiency of rural community services, reach out to the rural poor, increase incentives, local participation, and reduce the dependence of local governments on the central government in fulfilling regional spending. (Rondinelli, 1981). The implementation of DRA is an answer to the problems of administering regional government in the field of public services and efforts to promote and increase regional independence (Purwanto et al., 2020).

Rondinelli and Cheema (1983) suggest four main forms of decentralization, namely (1) deconcentration (delegating responsibility from the central government to the regions), (2) decentralization (delegation to semi-autonomous organizations), (3) de-bureaucratization (involving non-government; privatization of government services), and (4) devolution (creating or strengthening independent levels or units of government through devolution of functions and powers) (Seymour & Turner, 2002). In Law Number 23 of 2014, the concept of decentralization means that autonomous regions have the right to carry out general government affairs which are given authority by the central government. This is in accordance with the principle of regional autonomy which means that regions have rights, authorities and obligations to regulate the affairs and interests of local communities within the NKRI system.

The conclusions and novelty of the results of this research are expected to produce a new paradigm in science. From policy reformulation, as development of deductive hypotheses (Bitektine, 2008); (Waters, 1987); (Mahootian & Eastman, 2009); (Oh, 2012); and (Guthery, 2007) which have been formulated by experts in the field of public administration and public policy previously. According to the views of the six experts in research methods, hypotheses-deductive can complement each other in the development of an inductive observational model, produce literacy (science), and have an important role that can be relied upon in the development of a theory. Thus, the new paradigm as a result of this research is expected to add insight new, both theoretically and practically, and can be tested by further researchers.

RESEARCH METHODS

This research method uses a mixed method research (MMR) approach (Abowitz & Toole, 2010) with a case study approach (Bitektine, 2008); case studies can generalize a phenomenon in social problems (Zainal, 2007). Quantitative data as primary data was obtained from the Ministry of Finance of the Republic of Indonesia or Kemenkeu RI (2022) which can be accessed openly, through the website of the ministry of finance. Qualitative data, we carried out a literature study from the results of previous similar studies in Indonesia, even several DRA studies from other countries, as a comparison material. The two types of data were then analyzed descriptively qualitatively. The research steps include (1) identifying research phenomena and problems based on theoretical references and previous research results; (2) formulating research objectives; (3) collecting data, conducting discussion and data analysis (descriptive-qualitative); and (4) formulating conclusions and research novelties (framework) and revealing the implications of research results.

RESULTS AND DISCUSSIONS

Decentralization in Several Countries: A Comparison

Fiscal and economic decentralization has a significant effect on economic growth and inflation; decentralization seems good for growth and bad for price stability in China (Feltenstein & Iwata, 2005). Implementation of decentralization in Leviathan country, intergovernmental and local government grants cause a flypaper-effect (Bae & Feiock, 2004). The flypaper effect occurs when regional spending is greater than transfer gains (from the central government) (Oates, 2003). The flypaper effect is an implication of the asymmetry between the amount of government assistance (transfers) and the capacity of local revenues. That is, the flypaper effect occurs when the government (central) aid is greater than the ability of the government (regional) revenue to meet the regional expenditure (Turnbull, 1992). Not only in the field of government financial management, but the phenomenon of the flypaper-effect also occurs provision of additional capital grants in the form of cash to female and male micro-entrepreneurs in the City of Ghana. Only in-kind grants can provide a profit even though the result is that male entrepreneurs earn less than female entrepreneurs (Fafchamps et al., 2013). In other studies of 84 IMF creditor countries in the period 1975-2014, financial development does not have a direct effect on the poverty gap, but economic growth can reduce poverty. Financial instability does not appear to affect the poverty gap (de Haan et al., 2021). This phenomenon contrasts with the evidence from Armenia on financial capability and socio-economic indicators. The results of the study prove that certain public services it will be more financially profitable if the (central government) has a larger local government unit (Barabashev, 2022).

Decentralization and Regional Autonomy in Indonesia

In political practice in Indonesia as referred to in Law Number 23 of 2014, decentralization focuses more on handing over affairs to autonomous regions. Autonomous regions have rights, authorities and obligations, including in regulating and managing government affairs and the interests of the regional community. The central government also gives deconcentration authority to regional governments through the delegation of some of their affairs based on the consideration that the governor is the representative of the central government in the regions. Deconcentration rights and obligations are also given to regents/mayors and vertical agencies in general government affairs.

Decentralization aims to reduce the centrality of power in the central government as happened in the New Order era (Suherman, Sugandi, et al., 2021). After the New Order, a decentralized system was established to divide power between the central government and local governments. Local governments have the authority to regulate their governance which is often referred to as regional autonomy. For the regions, decentralization aims to achieve political equality, regional accountability and regional responsiveness. However, in reality, regional spending (APBD) is still very dependent on the APBN (Hanida et al., 2021). In fact, in several cases, the implementation of regional autonomy in Indonesia has increasingly encouraged the development of corruption (Arifin & Irsan, 2019); such insignificant delegation of authority is called pseudo-decentralization; weakest decentralization (Abdullah, 2005). DRA has an impact on inequality between regions, this is very serious (Undang et al., 2022).

Furthermore, Law Number 23 of 2014 explains that to encourage the financial performance of regional governments, based on the principles of deconcentration and regional autonomy, the central government gives authority to regional governments to explore potential sources of regional income including (a) PAD (regional taxes, regional levies, results of separated regional wealth management; others; legitimate local revenue), (b) transfer income (central government transfer income and inter-regional transfer income), and (c) other legitimate regional income. Central government transfer revenues include balancing funds (DBH, DAU, and DAK), special autonomy funds, privilege funds, and village funds, while inter-regional transfer revenues include revenue sharing and financial assistance. Based on the results of the study during the 2011-2016 period, shows that the growth of natural resources DBH (*Sumber Daya Alam/SDA*) of Oil and Gas experienced a declining and negative trend. The contribution of DBH SDA Migas to balancing funds, regional income, and regional expenditures is in the "less" and "very low" categories (Handaka, 2017). This is different from the acquisition of DBH in Special Autonomous Regions such as the North Aceh Regency. Oil and gas DBH revenues reached IDR 1.89 trillion. However, the amount of DBH does not affect the welfare of the community. The poverty rate in the area in March 2012 reached 19.46%, above the average poor in Indonesia, which was 11.96% (Husna T.R., 2006).

Another phenomenon in several countries shows that the results of studies in Armenia prove that certain public services will be more financially profitable if (the central government) has a larger local government unit (Barabashev, 2022). Local governments in Armenia – both big and small – need to increase their power. Not only to fulfill the responsibility and independence of local government, but also as a concrete manifestation of implementing regional administration reform so that it can contribute, both in public administration practice and in theory (Hayrapetyan & Mnatsakanyan, 2022). In Ogun, the Nigerian state government is still interfering in local government affairs. In fact, if there is no interference, their contribution to the national economy will be greater (Ben-Caleb et al., 2021).

In terms of service innovation, the implementation of the quality of public services in Poland, public administration reforms, among others, are faced with the problem of "laziness" from local governments who still expect external support, including assistance from the central government (Michalski & Kopeć, 2021). This means that regional independence in Poland in monitoring the quality of public services is still low. The case in Vietnam may serve as an example, in recent years, government reform and local government reform, according to the theory of good governance, have achieved many remarkable results (Binh, 2021).

Regional Autonomy in North Sumatra

1) Data and Discussion

Based on data from the Kemenkeu RI (February 2022), the APBD of 33 districts/cities in North Sumatra Province (2022), that is: 1) local income (PAD, transfer revenue from the central government, and other legitimate revenue), and 2) local expenditure. The data areas are listed in Table 2.

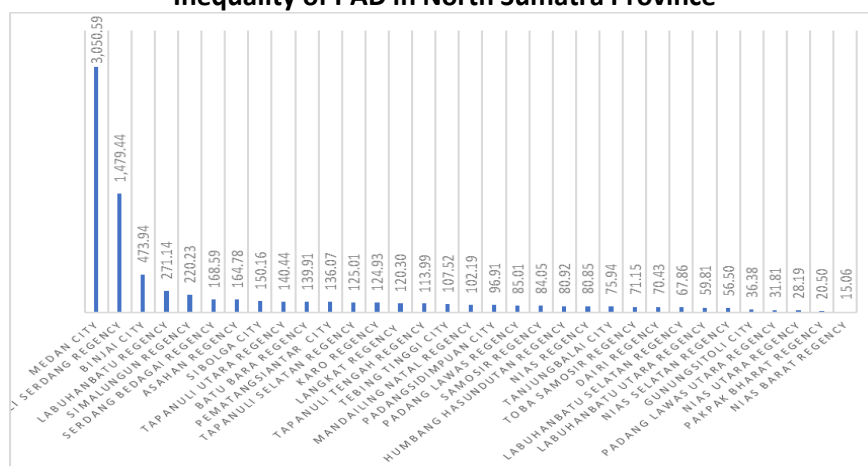
Table 2.
Regency/City APBD in North Sumatra Province, Fiscal Year 2022

Regency/City APBD in North Sumatra Province, Fiscal Year 2022 (in billion IDR)								
No	Name of Regency/City	Local Revenue			Totally revenue regional (APBD 2022)	Local Expenditure		Contribution
		Local-Own revenue (PAD)	Transfer revenue from the central government (Dana transfer)	Other legitimate revenue (Pendapatan lain-lain)		Local expenditure (Belanja daerah)	Surplus/ (deficit)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Medan City	3,050.59	2,319.61	1,051.99	6,422.20	6,722.20	(300.00)	48%
2	Deli Serdang Regency	1,479.44	2,167.05	556.05	4,202.54	4,229.54	(27.00)	35%
3	Simalungun Regency	220.23	2,068.20	116.24	2,404.67	2,399.37	5.30	9%
4	Binjai City	473.94	1,453.86	100.89	2,028.69	2,022.69	6.00	23%
5	Langkat Regency	120.30	1,658.56	126.11	1,904.97	1,901.97	3.00	6%
6	Asahan Regency	164.78	1,375.16	89.62	1,629.55	1,644.55	(15.00)	10%
7	Mandailing Natal Regency	102.19	1,431.77	54.66	1,588.62	1,602.46	(13.84)	6%
8	Serdang Bedagai Regency	168.59	1,340.60	62.69	1,571.88	1,557.62	14.26	11%
9	Nias Selatan Regency	56.50	1,337.69	45.20	1,439.39	1,481.39	(42.00)	4%
10	Labuhanbatu Regency	271.14	981.96	97.80	1,350.90	1,372.70	(21.80)	20%
11	Karo Regency	124.93	1,097.88	111.59	1,334.39	1,344.36	(9.97)	9%
12	Tapanuli Selatan Regency	125.01	1,129.98	69.16	1,324.15	1,433.19	(109.04)	9%
13	Tapanuli Utara Regency	140.44	1,095.50	64.25	1,300.20	1,369.87	(69.67)	11%
14	Tapanuli Tengah Regency	113.99	1,026.14	42.22	1,182.35	1,152.85	29.50	10%
15	Dairi Regency	70.43	1,037.03	36.56	1,144.03	1,181.75	(37.72)	6%
16	Batu Bara Regency	139.91	947.69	52.11	1,139.71	1,281.49	(141.78)	12%
17	Padang Lawas Utara Regency	31.81	1,035.82	39.34	1,106.98	1,318.20	(211.22)	3%
18	Padang Lawas Regency	85.01	941.97	70.75	1,097.73	1,135.95	(38.22)	8%
19	Toba Samosir Regency	71.15	933.78	64.85	1,069.78	1,124.69	(54.91)	7%
20	Labuhanbatu Utara Regency	59.81	883.17	82.30	1,025.27	1,025.27	-	6%
21	Humbang Hasundutan Regency	80.92	878.58	51.32	1,010.83	1,039.56	(28.73)	8%
22	Pematangsiantar City	136.07	747.43	52.24	935.74	999.03	(63.29)	15%
23	Nias Regency	80.85	819.72	12.24	912.80	943.00	(30.20)	9%
24	Labuhanbatu Selatan Regency	67.86	772.09	40.86	880.82	918.82	(38.00)	8%
25	Samosir Regency	84.05	711.12	37.07	832.24	852.83	(20.59)	10%
26	Padangsidempuan City	96.91	645.99	36.57	779.47	878.00	(98.53)	12%
27	Nias Utara Regency	28.19	701.90	30.00	760.09	889.49	(129.40)	4%
28	Tebing Tinggi City	107.52	507.99	110.05	725.57	726.73	(1.16)	15%
29	Nias Barat Regency	15.06	690.13	18.06	723.26	756.31	(33.05)	2%
30	Gunungsitoli City	36.38	619.77	32.72	688.87	716.86	(27.99)	5%
31	Sibolga City	150.16	494.39	20.56	665.10	764.92	(99.82)	23%
32	Tanjungbalai City	75.94	515.43	27.00	618.37	619.87	(1.50)	12%
33	Pakpak Bharat Regency	20.50	481.37	15.09	516.95	536.12	(19.17)	4%
Amount		8,050.60	34,849.33	3,418.16	46,318.11	47,943.65	(1,625.54)	
Average province		243.96	1,056.04	103.58	1,403.58	1,452.84	(49.26)	11.51%

Source: <https://djpk.kemenkeu.go.id> (February 2022)

Table 2 shows that the total PAD from 33 regencies/cities is IDR 8,050.60 billion with the provincial average of IDR 243.96 billion. There are only 4 districts/cities that receive PAD above the provincial average, respectively, Medan City (IDR 3,050.59 billion), Deli Serdang Regency (IDR 1,479.44 billion), Binjai City (IDR 473.94 billion), and Labuhan Batu Regency (IDR 271.14 billion). The other 29 regencies are below the provincial average, the lowest ranking is West Nias Regency (IDR 15.06 billion). The PAD inequality data is shown in the following graph:

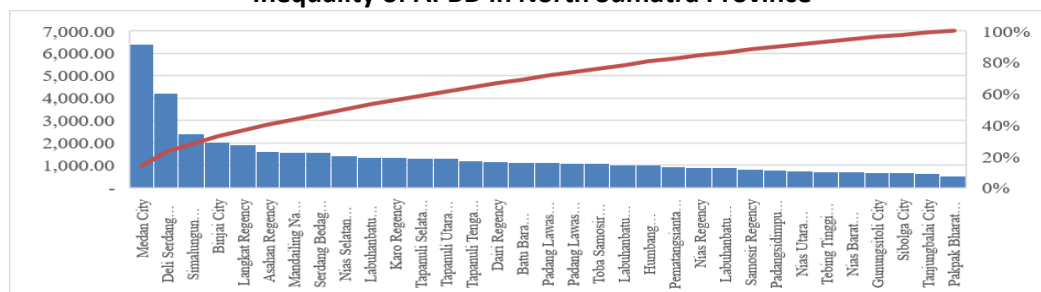
Graph 1.
Inequality of PAD in North Sumatra Province



Source: Province Government of North Sumatra (2022)

Meanwhile, the total budget for 2022 from 33 regencies/cities is IDR 46,318.11 billion, so the average APBD for the Province of North Sumatra is IDR 1,403.58 billion. Nine regencies/cities received APBD above the provincial average, namely Medan City (IDR 6,422.20 billion), Deli Serdang Regency (IDR 4,202.54 billion), Simalungun Regency (IDR 2,404.67 billion), Binjai City (IDR 2,028.69 billion), Langkat Regency (IDR 1,904.97 billion), Asahan Regency (IDR 1,629.55 billion), Mandailing Natal Regency (IDR 1,588.62 billion), Serdang Bedagai Regency (IDR 1,571.88 billion), and Nias Selatan Regency (IDR 1,439.39 billion). The remaining 24 districts/cities are below the provincial average, and the lowest is Pakpak Bharat Regency (IDR 516.95 billion). The budget gap is explained in the following graph:

Graph 2.
Inequality of APBD in North Sumatra Province



Source: Province Government of North Sumatra (2022)

The nine regencies/cities show a fairly high regional budget disparity. If regional income theoretically - is obtained through investment in developing the potential of a region, then it is investment foreigners can have an impact on increasing income inequality in the least developed countries (Tsai, 1995).

2) Regional Income: Flypaper Effect

As reflected in Table 1, the dependence of the APBD of 33 districts/cities in North Sumatra Province on the APBN has reached an average of 88.49%, indicating a very high flypaper effect. However, this phenomenon does not only occur in North Sumatra Province, it also occurs in other areas. For example, the Province of Central Java and the Province of the Special Region of Yogyakarta experienced a flypaper-effect caused by a large amount of regional spending sourced from central government transfers in the form of DAU (Prakosa, 2004). Flypaper-effect Gross Regional Domestic Product (PDRB) affects regional spending in 23 provinces in Indonesia in the period 2014-2016. The flypaper effect implies that unconditional transfers have an impact on increasing the amount of regional spending rather than PAD revenue itself (Pradipta & Jatmiko, 2018). The results of another study, in regencies and cities in Indonesia during the period 1988-2003, intergovernmental transfers stimulated an increase in local government spending that was greater than the original local revenue (flypaper-effect). It seems that the dependence of local governments on intergovernmental transfers will be worse. Regional governments in the long term tend to use foreign loans to finance increased spending. The above results indicate that the distribution of intergovernmental and interregional transfers must consider local tax efforts and minimum service standards play an important role in achieving expenditure efficiency (Kuncoro, 2007). Large-scale fiscal transfers will burden the central government's budget. A more appropriate approach is carried out in stages (Brodjonegoro & Asanuma, 2000). This phenomenon is a flypaper-effect because transfer assistance from the central government is greater than the capacity of regional income or PAD (Oates, 2003) and (Turnbull, 1992). But thing this is different from the case in Australia where intergovernmental grants are functional and do not cause a flypaper effect on government institutions (Worthington & Dollery, 1999). Political and financial autonomy must be implemented by local governments (Suherman, Suprayogi Sugandi, et al., 2021). Regional financial management - no matter how small - must be free from central interference (Ben-Caleb et al., 2021).

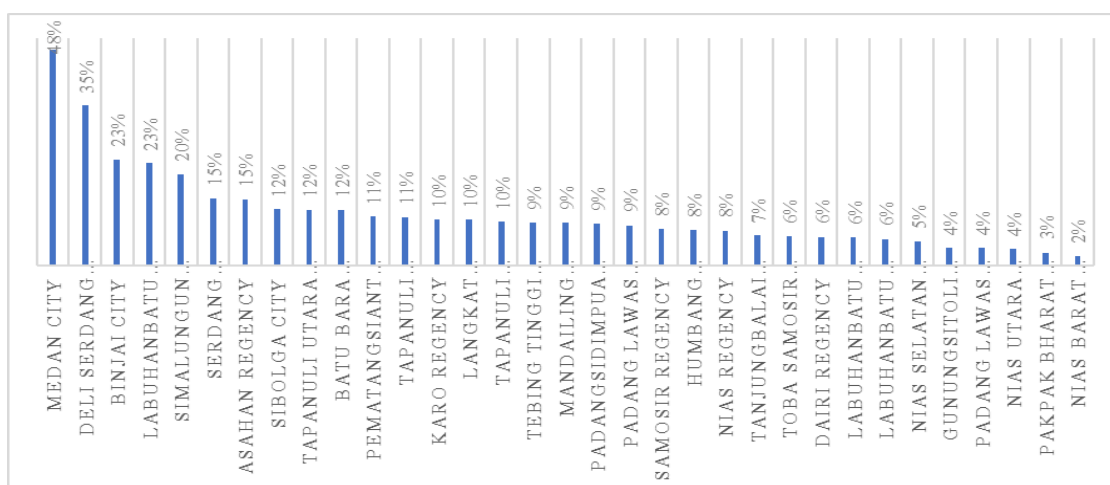
3) Policy Evaluation

Adapting the Skok Framework (Table 1), in the first cycle (problem stream), policy evaluation is in the fourth step, in the second cycle (policy stream) it is in the eighth step, and in the third cycle (political stream) it is in the twelfth step position. This shows that policy evaluation needs to be preceded by agenda-setting (step one), formulation (step second), and implementation (step third). In the case that we studied, the formulation and implementation of the decentralization of district/city government in North Sumatra Province have not been carried out more comprehensively, it is still partial. Meanwhile, in this decentralization evaluation study, it is hoped that it will be more comprehensive than the results of previous studies (Khan & Rahman, 2017), then the evaluation in the Skok Framework in the first cycle (problems stream), needs to be repeated in the second cycle (evaluation from the policy stream aspect) or step eighth, and repeated in the third cycle (evaluation from the political stream aspect) or step twelfth. Evaluation of the decentralization policy includes:

First, from the aspect of problem streams. The evaluation of the formulation and the implementation of policies for implementing DRA for regencies/cities in North Sumatra Province, empirically shows a very crucial problem to be evaluated so as not to cause extreme inequality. This phenomenon is reinforced by the results of previous findings, such as those (Sembiring, 2019), (Daulay, 2017), (Panggabean, 2009), (Febriaty, 2018), (Anggraeni, 2016), and (Arnita et al., 2019).

Second, from the aspect of policy streams. Then, evaluation of the implementation of decentralization and deconcentration policies in the regional fiscal sector is a sine qua non (Khan & Rahman, 2017). Unconditional disbursement of transfer funds from the central government to cover the lack of PAD in districts/cities and even provinces creates instability and a flypaper-effect, thereby increasing the amount of regional spending (Pradipta & Jatmiko, 2018), (Worthington & Dollery, 1999), tends to cause an asymmetrical relationship between regions (Deller & Maher, 2006), causing spatial interdependence between regions (Acosta, 2010), impact on economic inequality so that it has a significant effect on social cohesion (Goubin, 2016). In the case that we studied in districts/cities in North Sumatra Province, these findings were strengthened by some of the findings. The inequality is very extreme, such as regional income and APBD between Medan City and Nias Barat Regency or Pakpak Bharat Regency. Likewise, the average contribution of PAD to the APBD is only 11.51%. This means that 88.49% of the APBD revenues of 33 regencies/cities in North Sumatra Province are highly dependent on the APBN through the transfer of funds from the central government. These empirical facts require that in implementing policies related to regional independence, policy reformulation is required. The inequality of PAD revenue contribution to APBD is explained in the following graph:

Graph 3.
PAD Contribution to APBD in North Sumatra Province



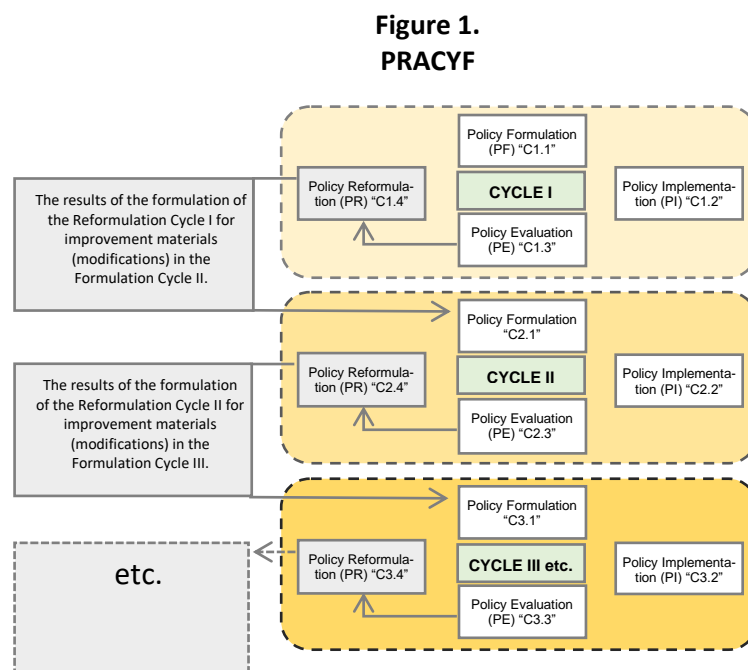
Source: Province Government of North Sumatra (2022)

Third, from the aspect of political streams. Evaluation of impact assessment (evaluation) (Khan & Rahman, 2017) that politics and public administration are inseparable functions (Skok, 1995). Covering public participation, lack of political openness and authoritarian rule can hinder regional democratic processes (Wenner, 2015), and policy evaluation needs to be integrated with certain political and institutional regulations (Almeida & Báscolo, 2006). Monroe (1998) findings regarding the role of the registrar in channeling the aspirations of constituents in the regions (elections) can be said to be in line (congruent) with the public policy if they can realize the expectations of the electorate (Monroe, 1998). The power of pressure groups creates a flypaper effect because the types of federal grants in the US that the states receive are the main source of funding at the state and local levels (Dogan & Kenyon, 1988). In the case we studied, the participation of legislative members at the central level (DPR RI and DPD RI) and regional (provincial and district/city) levels became very strategic in realizing the independence of their respective regions.

Decentralization and deconcentration political decisions can develop regional fiscal as a source of PAD originating from regional taxes and levies (Undang, 2022). Legislators can innovate to encourage regional potential to have added value, including the development of a tourism information system (Undang et al., 2021) and (Cahyani et al., 2021), mapping agribusiness potential information system (Maskun et al., 2021), and innovation of digital village development based on local wisdom (Heri et al., 2021). Innovation is very important because it determines the level of professionalism (Undang, 2020). Thus, from the political aspect, efforts to evaluate policies to produce decentralization reformulation in the implementation of regional autonomy are very necessary and important.

4) Policy Reformulation Action-Cycle Framework (PRACYF)

Based on the results and discussion, the conceptual framework that we propose in this study – as a new paradigm for policy reformulation – is the PRACYF (Figure 1). The framework models are:



Source: Adapted by the author from Dave Ebbutt (1985) in Gunawan Undang (2008)

Figure 1 can be understood in a cycle of public policy action and public administration, generally through the stages of policy formulation (PF), policy implementation (PI), policy evaluation (PE), and policy reformulation (PR). PR aims to improve or modify the previous policy, after going through the PI and PE process. As an illustration, in Cycle I a law firm made a PF on the draft of a new law. If the draft has been approved and stipulated by the legislative and executive bodies, then the law can be implemented (PI) and evaluated (PE) in Cycle I. At the end of the decade of Cycle I – for example – the PI needs to be evaluated to produce a new PE through the process PR for Cycle II follow-up materials. After being approved and determined by the legislative and executive bodies, in Cycle II the new law (results of changes) is implemented (PI), re-evaluated (PE) to produce a new PF for follow-up material for Cycle III, and so on.

As discussed earlier, the conceptual framework for the policy reformulation action cycle is an “overall feedback and evaluation action cycle” which aims to modify and improve the formulation, implementation, and evaluation of policies that have been implemented in the previous cycle – and can be applied to subsequent cycles – as a stakeholder effort to improve the quality of public services.

CONCLUSIONS

The implementation of the DRA policy in the reform era in Indonesia has lasted almost 25 years (1998-2022), since the fall of the 'centralistic' “Orde Baru” government led by President Soeharto (1966-1998). However, the reality is still 'centralized' like in the New Order era. The purpose of this study is to analyze this phenomenon and find a conceptual framework for policy reformulation. The research method uses a mixed model, with primary data sourced from the Kemenkeu RI (2022). The results of the analysis show that district/city government (Pemda) finances still depend on “transfer receipts” from the central government (88.49%). This means that the contribution of Regional Original Revenue (PAD) and regional fiscal is still low (11.51%); much lower than the need for regional expenditures, causing a flypaper effect. Not only occurs in 33 regencies/cities in North Sumatra Province, this phenomenon – according to the reference of previous research results – also occurs in several regions in Indonesia. For this reason, *first*, from the aspect of policy formulation, if policy reformulation is not carried out immediately, in the long run, it could have implications for continuing “regional dependence” on the central government. This is very diametrical with the nature and objectives of DRA, impeding the realization of regional self-sufficiency and community welfare, especially service improvement, justice, empowerment, community participation, competitiveness, and specificity of regional potential, especially from the aspect of the ability to increase PAD. *Second*, from the aspect of policy implementation. Even though the DRA policy plays an important role in regional development, and regional fiscal has a significant impact on economic development and regional independence, at the same time the central government provides transfer funds to regional governments thereby weakening regional independence, including in fulfilling regional spending. *Third*, from the aspect of policy evaluation. We also observe that there is an imbalance in the acquisition of PAD and APBD in 33 regencies/cities in North Sumatra Province so this can have implications for the even distribution of regional development. *Fourth*, from the aspect of policy reformulation. Starting from these three aspects – for the long term – we propose the importance of DRA policy reformulation through the implementation of the PRACYF. The PRACYF can be applied in creating a 'grand design' to reformulate a comprehensive and sustainable DRA policy.

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