

East Nusa Tenggara
Public Expenditure Analysis (NTT-PEA)

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ACKNOWLEDGEMENTS

This report was compiled based on the main findings of research undertaken cooperatively by the NTT (Nusa Tenggara Timur – East Nusa Tenggara) provincial government, several leading NTT universities, World Bank, and the AusAID-funded, Australia-Nusa Tenggara Assistance for Regional Autonomy (ANTARA) Program. The NTT Researcher Team – led by Frits O. Fanggidae, and consisting of Frankie J. Salean and Melkianus Ndaomanu from Universitas Kristen Artha Wacana (Artha Wacana Christian University), Kupang, and Thomas Ola Langoday from Universitas Katolik Widya Mandira (Widya Mandira Catholic University), Kupang, as members – composed the research overview report. A number of other researchers have also contributed to and been involved in research at the case study site – district/municipal level, including:

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Wolfgang Fengler, Petrarca Karetji and Richard Manning directed the overall process of the research.

PREFACE



It is with joy that I am announcing the release of the East Nusa Tenggara Public Expenditure Analysis (NTT-PEA), a comprehensive report regarding issues of public finance management in the context of regional autonomy.

There is much learning to be gleaned from this report that will help us to provide better services to the public, especially in the areas of health and education – which we are committed to improving in our mid-term development plans. We are also committed to increasing community access to these essential services. We still face great challenges, in an area where poverty extends across the broad geography of a diverse archipelago. Yet we are ready to meet these challenges, and what we learn from this report will help us to deal with them.

Three main elements are necessary to enhance our performance. First, we need a strong, shared vision to respond to the needs of the people. We must reach agreement on the needs to be addressed, and agree upon the realistic targets required for each year. Our vision is to be performance based, and we need to develop indicators to manage and measure our results.

Second, we need to build the capacity of our bureaucracy to ensure that we have the right capacity/skills and facilities to achieve the results. We are going to develop a capacity-building program focused on the issues identified in this report.

Third, we need to have funding sources to achieve our targets. This means that we need to become smarter in planning, in composing budgets, and in monitoring our work. This report constitutes a tool to help us to allocate our existing resources more effectively.

This report is a means to enable us to look at the past situation of our regional budget planning and to take appropriate steps to move toward the paradigm of *Anggaran Untuk Rakyat Menuju Sejahtera* (**Anggur Merah** – a budget to lead the people toward prosperity) in keeping with the Vision, Mission, Strategies and direction of regional development policy for East Nusa Tenggara in the coming five years.

The regional expenditures of the East Nusa Tenggara provincial government increased significantly in the 2003 to 2007 time frame, with the exception of the 2003-2004 period, in which there was a decrease. Over the 2003 to 2007 period, the increase in regional expenditures amounted to 66.03 percent, relative to the 46.34 percent increase during the previous four-year period. These increases occurred primarily in the sectors of education (25.21%), health and infrastructure, and they were due mainly to the support of funding sources from the central government, through deconcentrated funds and balancing funds (including the General Allocation Grant or DAU – *Dana Alokasi Umum*, and Special Allocation Grant or DAK – *Dana Alokasi Khusus*), which consisted of fairly large amounts each year.

The provincial government is committed to increasing its transparency and accountability, in accord with the principles of good governance, and this report represents an important milestone of the progress made so far. However, it is important to note that the report does not mark the end of a process, but rather, a starting point in handling/overcoming the challenges we face on behalf of a brighter future for East Nusa Tenggara.

This report was produced through the hard work of many people. I would like to thank AusAID and the ANTARA team, as well as World Bank and the Decentralization Support Facility for Eastern Indonesia (SOEI) for their support and participation. I would also like to convey my appreciation to all the researchers from the various universities in NTT province and for the facilitation provided by Bappeda (the Regional Development Planning Agency) at the provincial, district and municipal levels, because without their support, it would not have been possible for this report to be completed.

Based on the recommendations in this report, I invite all interested parties to participate in the various follow-up activities, so that East Nusa Tenggara may serve as an example to other areas in Indonesia, of public finance management that is effective, efficient, transparent and accountable.

Kupang, 9 September 2008

A handwritten signature in black ink, appearing to read 'Frans Lebu Raya', written over a horizontal line.

Drs. FRANS LEBU RAYA
Gubernur Nusa Tenggara Timur

FOREWORD



Australian Embassy
Indonesia

In the middle of last year, the Nusa Tenggara Timur provincial government requested support from Australia, through AusAID and the World Bank to carry out a public expenditure analysis for the province and selected districts. This report is the culmination of some very hard work since that request.

This expenditure analysis is an excellent example of efforts to better serve the community by finding ways to improve public financial management and bring services to the poor and disadvantaged. It is no small thing for an administration to expose its finances to close scrutiny in order to increase efficiencies and ensure that funds are spent in the most effective way. It is also heartening to see the provincial and district governments' enthusiasm and commitment to this exercise, demonstrated by the real contribution to the initiative through budget and staff time. I would like to congratulate the Governor of Nusa Tenggara Timur (NTT) and his staff for their strong and unwavering support to the process.

I would like to commend the universities in NTT for their hard work in collecting and analysing data. This project really demonstrates how collaboration between provincial and local governments and universities can bring results. This is an example of a partnership that works and provides a model for the rest of the region and the country. This report has drawn heavily on lessons from other provinces, including Papua, Gorontalo, Aceh and Nias, and has used these lessons to improve on the final product. Not least, the Nusa Tenggara Timur expenditure analysis has a gender focus highlighting the importance of gender-disaggregated data for effective planning and budgeting.

The strong collaboration between institutions as varied as provincial and local governments, academic institutions, the World Bank, and AusAID is a great example of effective partnership. With good will we can work together for a brighter future for the people of Nusa Tenggara Timur.

I wish all levels of government well in their future steps using information in this report to guide their planning and budgeting process. I also state Australia's willingness to continue engaging (through the Australia Nusa Tenggara Assistance for Regional Autonomy Program) with NTT governments to support increased capacity for improved planning and budgeting.

Finally, I thank the authors for their collaborative effort and outstanding work in facilitating the process and producing a report in such a timely manner.

September 2008

A handwritten signature in black ink, appearing to be 'R. Klein', written over a horizontal line.

Australian Ambassador to Indonesia

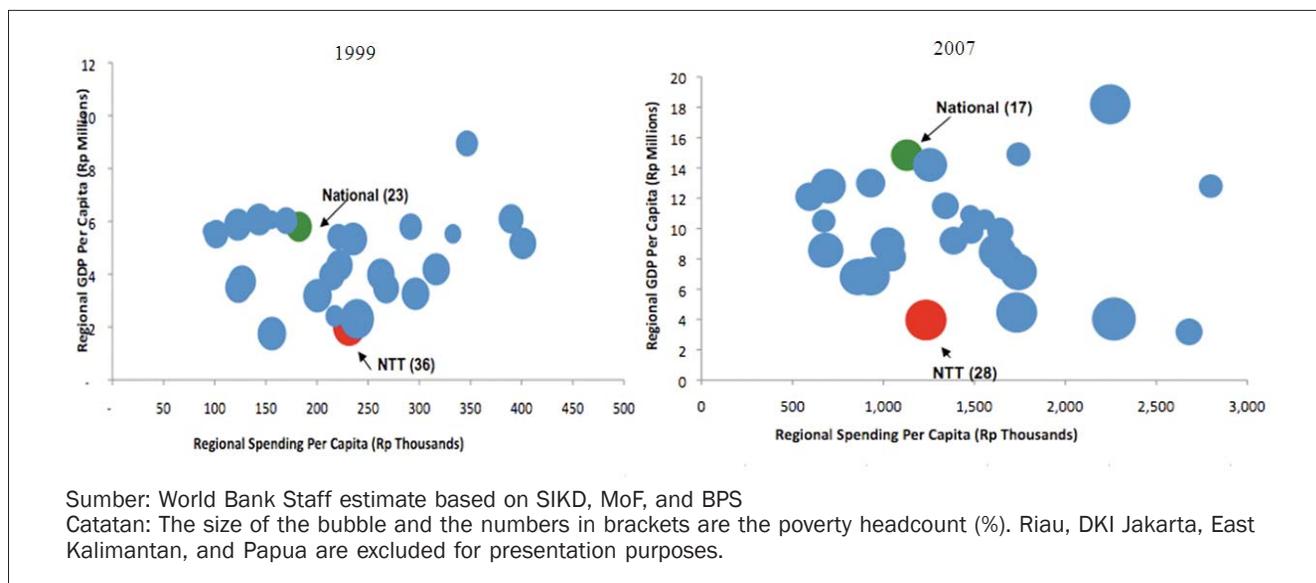
EXECUTIVE SUMMARY

After enjoying a significant boost in its fiscal resources following decentralization, NTT will face challenges in the years ahead. Prior to the implementation of decentralization in 2001, more than one-third of NTT's population was classified as poor, making the province one of the poorest in Indonesia. After decentralization, although per capita regional spending tripled and the poverty rate decreased, NTT has remained one of the least economically developed provinces in Indonesia.

Relative to other provinces, NTT has only modest fiscal resources per capita. Despite this limitation, NTT's provincial and district/city governments have improved their spending mixes by allocating more resources towards the strategic sectors of education, health and infrastructure. However, the improved spending mixes have still to be reflected in corresponding improvements in the quality of public service delivery and expanding the regional economy. These challenges faced by the province are all the more acute given that fiscal resources are projected to decline in real terms going forward.

NTT faces a multitude of economic challenges. In addition to high levels of poverty and a small regional economy with only modest government spending, NTT also has high unemployment and high prices. Prices in NTT are relatively higher than the national average due to the combination of increasing commodity prices and transportation costs. NTT's significant economic development challenges are in part due to its geographic isolation and semi-arid climate. As a province consisting of many islands, access and transportation are significant issues.

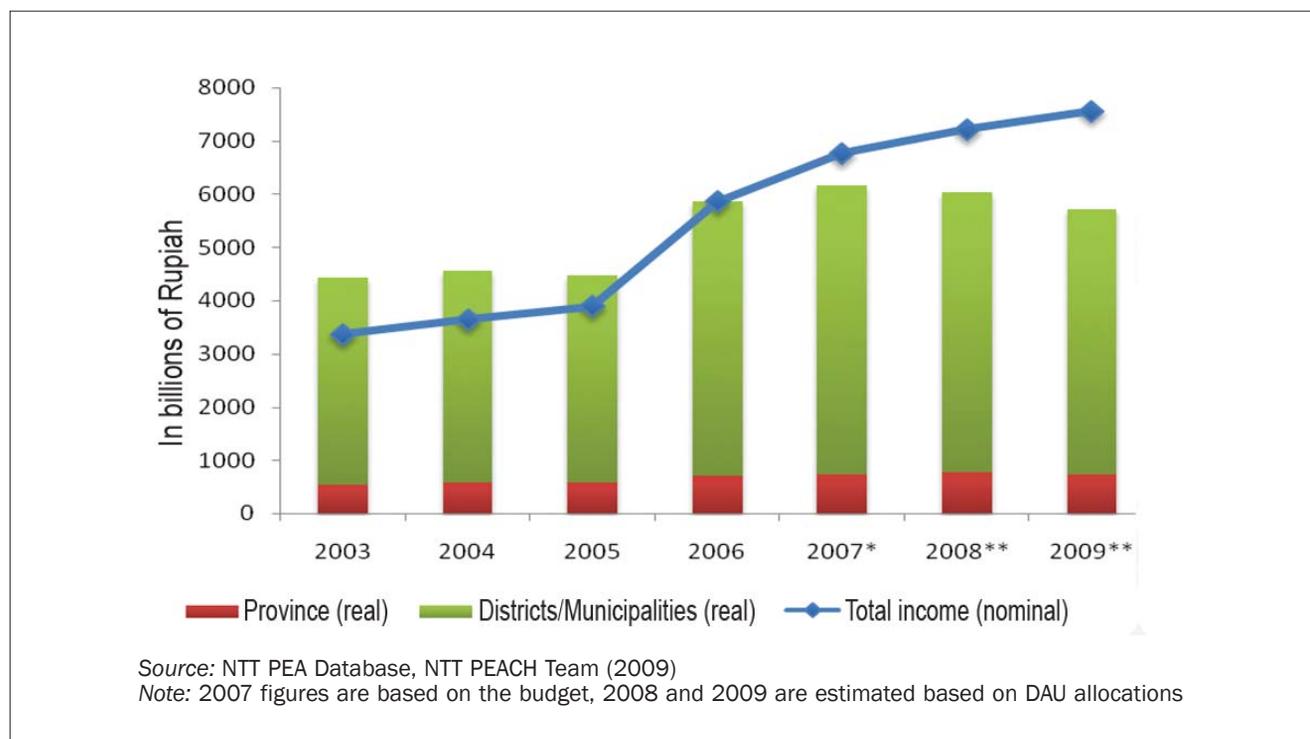
NTT has been a lagging province, both pre- and post-decentralization



Revenue and Expenditure

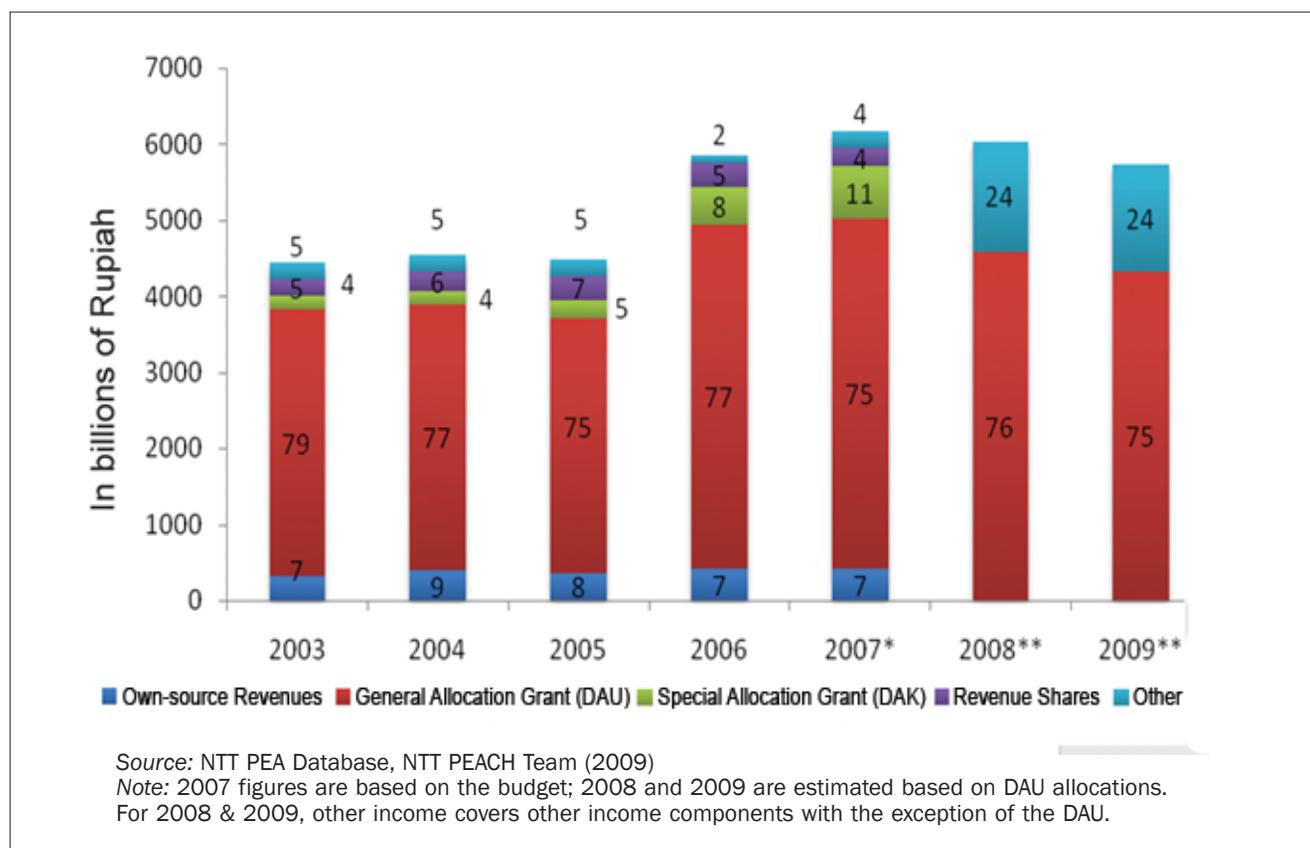
NTT will face declining fiscal resources going forward. The province has enjoyed substantial increases in fiscal resources, both in nominal and real terms, mostly via central government transfers. This was particularly the case in 2005, when Indonesia's windfall from oil prices, together with reductions in subsidies, was passed on to sub-national governments. After reaching a peak in 2007, fiscal resources in NTT are projected to decline in real terms notwithstanding continued increases in nominal value.

Nominal sub-national revenue has increased consistently despite a decline in real terms since 2007



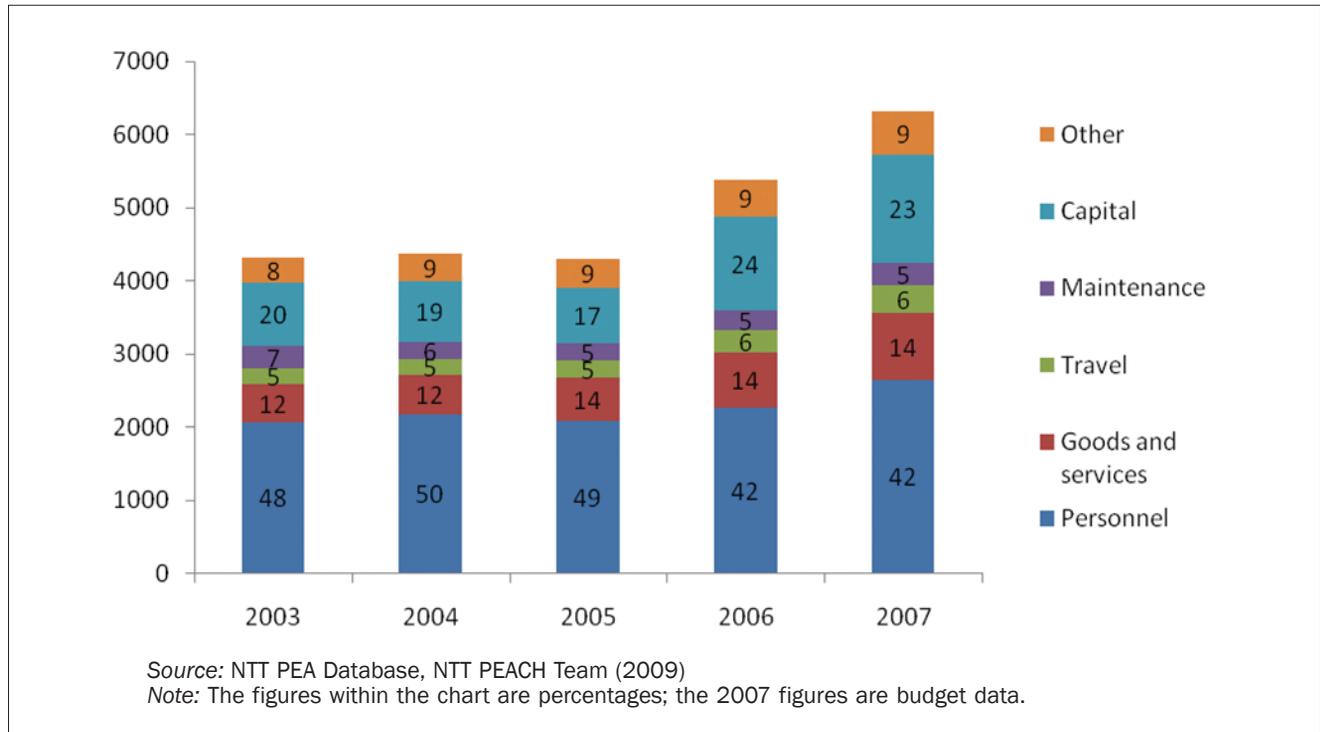
Even more than other regions in Indonesia, NTT is highly dependent on transfers from the central government. The size of NTT’s economy and the semi-arid nature of its climate limit the capacity of the province to improve its own ability to generate income. The economy is relatively undeveloped and natural resources are few. This is reflected in an increasing dependency on central government transfers, the DAU and DAK. These transfers increased from 83 percent of NTT revenue in 2003 to 86 percent in 2007. Own-source revenue, while increasing, is still only a minor contributor to the regional budget.

Dependency on central transfers increased in 2003-07

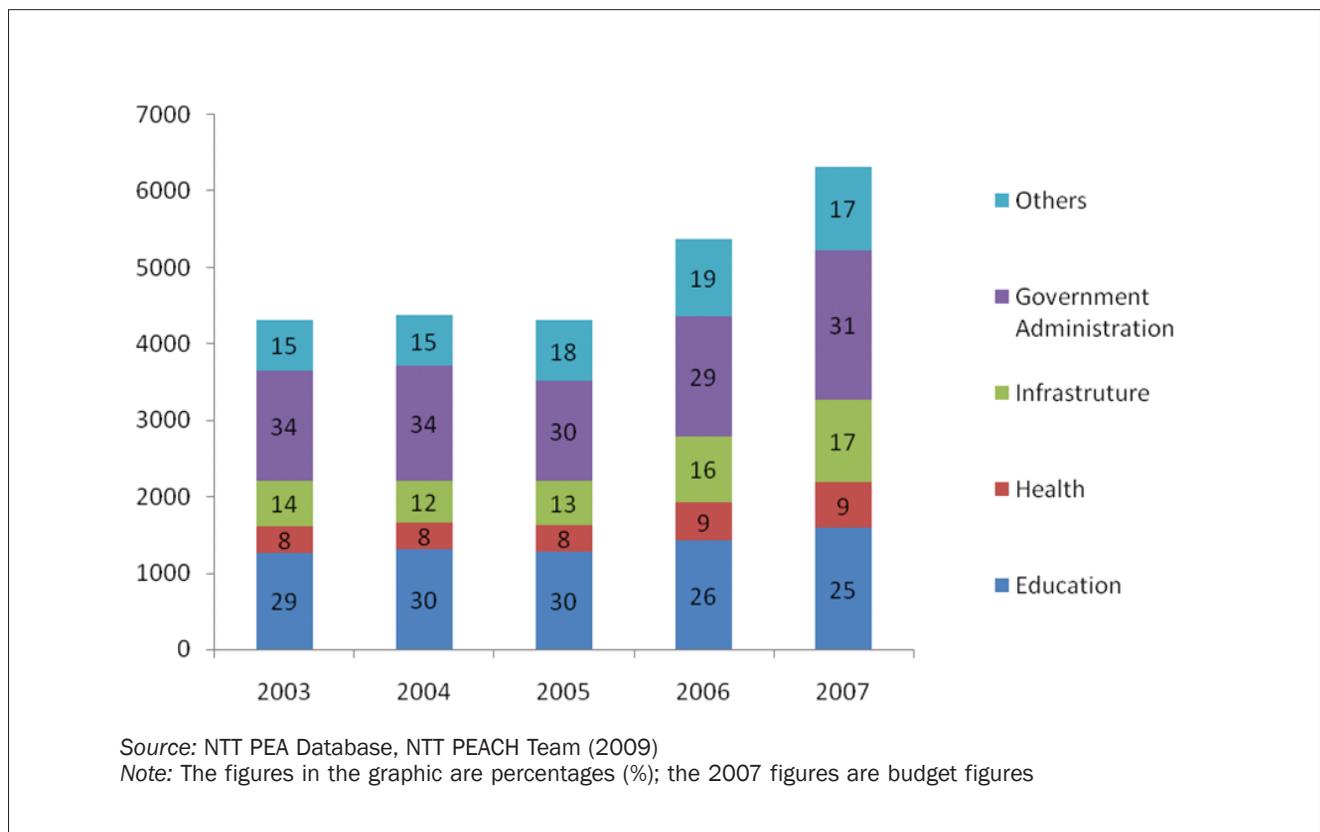


Despite limited fiscal resources, NTT still succeeded in improving its spending mix in 2003-07. This is reflected not only by decreasing personnel expenses but, more importantly, also in a decline in general administration spending. At the same time, public spending on the strategic sectors of education, health and infrastructure has been maintained or in some cases increased. Despite the improved spending mix, both personnel expenses and general administration remain the largest spending components.

Spending on salaries accounts for almost half of total expenditure



Government administration remains the largest spending item



Spending in the strategic sectors

Education: although improvements in education spending are making education more accessible, there has been little impact on outcomes. Consistent increases in education spending in NTT have been reflected in improvements in access to schools and teachers. However, overall education outcomes remain largely unaffected by this increased spending. Almost three out of four people in NTT are school drop-outs and net enrollment rates for secondary schools are below the national average. One of the main reasons for high drop-out rates and low enrollment rates in secondary education is the inability of families to pay for education costs.

Health: most health sector spending has been allocated to improve access to health services. More households in NTT have access to free health services than in neighboring provinces and access is above the national average. However, improved access has not been accompanied by better health outcomes. For example, relatively more people experience malnutrition in NTT than elsewhere. This has serious implications for a wide range of health related issues in the province and ultimately results in a higher morbidity rate. Improving health outcomes will require a sustained effort backed by the government, not only in continuing to improve access but also in raising the quality of health service delivery.

Infrastructure: the performance in NTT is mixed. Access to sanitation in NTT is relatively high compared with the national average and neighboring provinces, while access to clean water and electricity remains relatively low. In response, the sub-national government has increased the level and share of infrastructure spending, with a larger share of spending now allocated to capital expenditure, especially for infrastructure facilities aimed at improving access.

Planning, regulations, and institutions

The current planning and budgeting mechanisms now use new regulations but improvements in the budgetary process are still needed. While prioritization in the planning documents now exists, clear guidance on implementation is still lacking. Budget realization is less than optimal, given that most spending on projects or activities financed through capital spending still occur towards the end of the fiscal year.

As with other regions, sub-national governments in NTT are struggling to keep up with changes in public financial management (PFM) regulations. New regulations require a learning process and adaptation, especially in regions where the PFM capacity of government officials is relatively low. The challenge lies not just in translating new central government regulations into regional regulations, but also in successfully implementing them.

Gender and regional development challenges

A comprehensive approach to gender is required in order to tackle the issue. While analysis on gender is available, recommendations have still to be incorporated into programs and activities. This may be because the issue is considered a low priority in the region or that the available data are still too limited, especially in terms of budgeting data.

Poverty, food security and unemployment are the main development challenges facing the province. NTT's sub-national governments are committed to alleviating poverty in the region. However, in recent years poverty reduction has stagnated and in some cases slightly increased. Poverty also contributes towards the problem of food security, an issue that affects NTT far more than other regions, and is also hampered by NTT's semi-arid climate and isolated geography. In terms of unemployment, the relatively small size of the economy limits the availability of job opportunities.

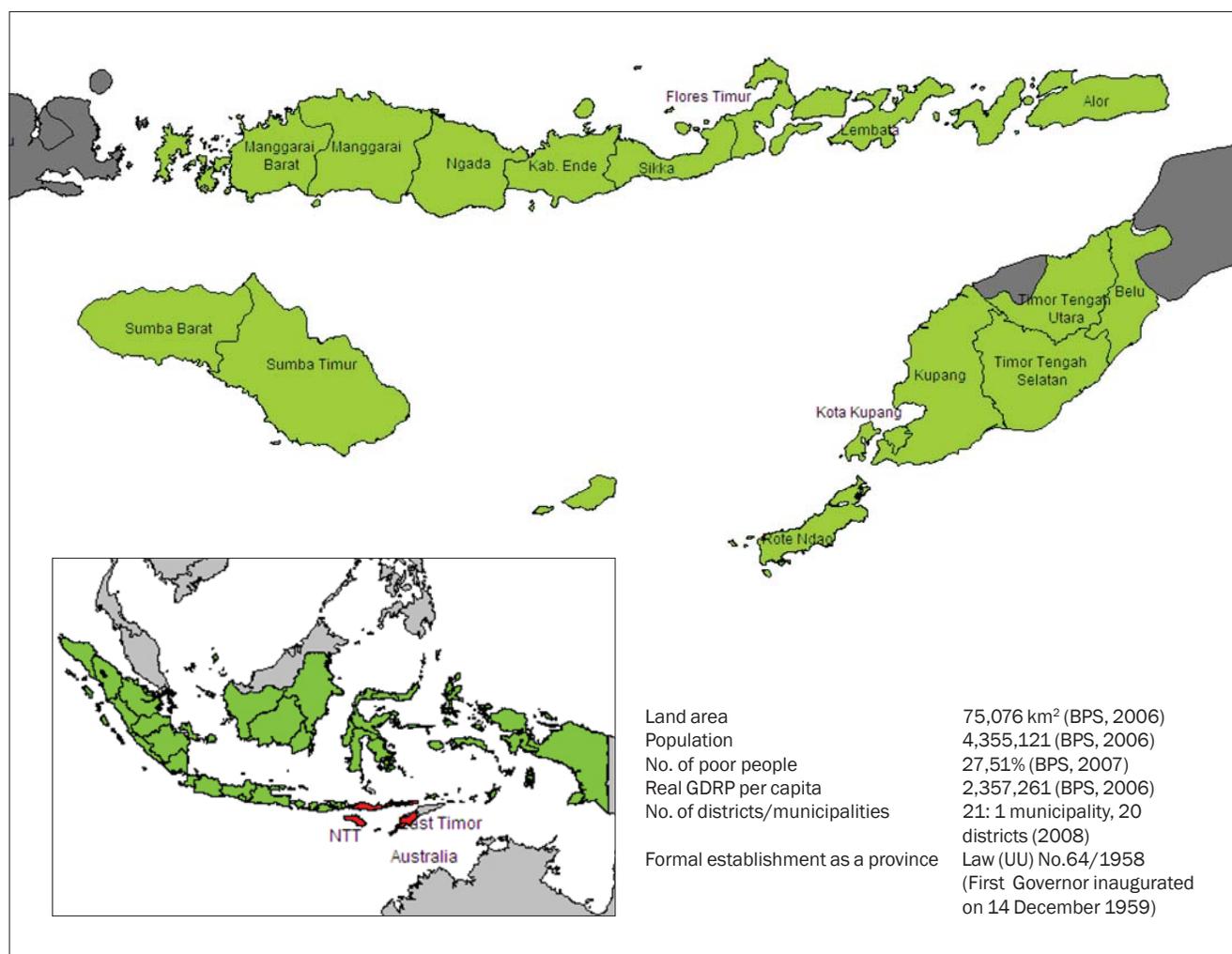
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Introduction

Background

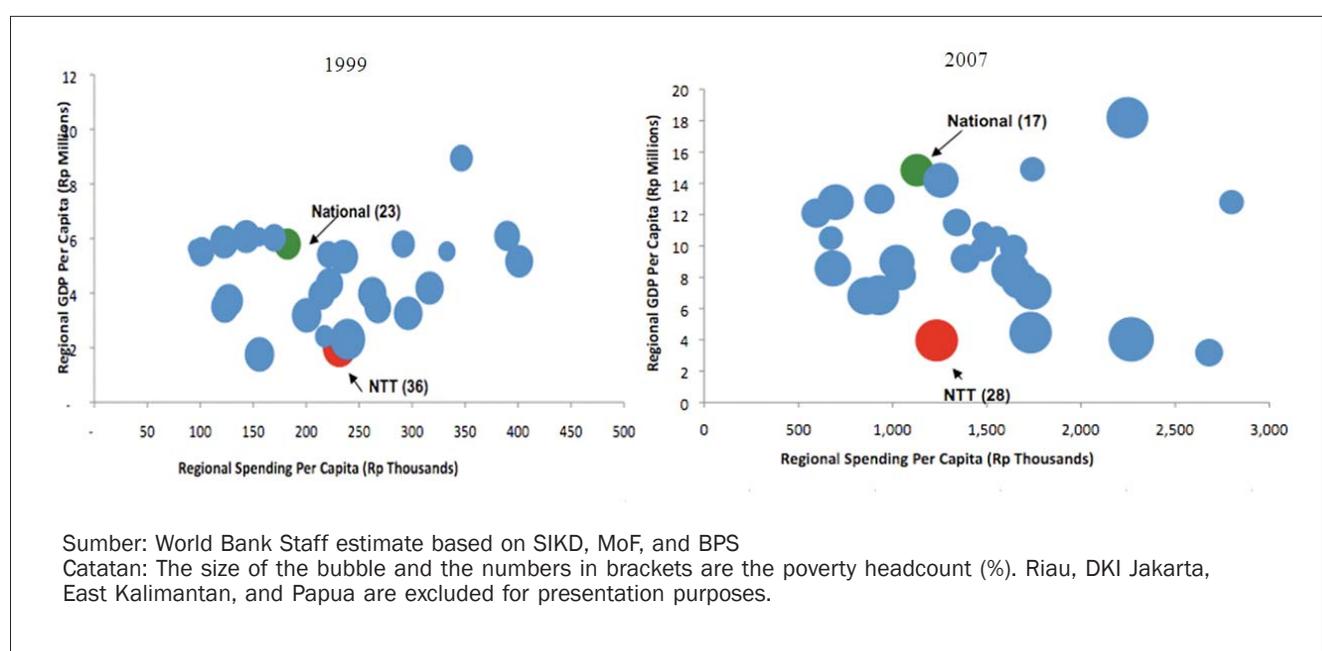
Before decentralization was implemented, over one third of the population of East Nusa Tenggara (NTT) was classified as poor. This made NTT (together with Papua and Maluku) the poorest region in Indonesia. Another challenge that NTT faced was low fiscal capacity. Although regional spending per capita for NTT (including provincial government, district/municipal government, and central government spending) was medium level, compared with other provinces, NTT's GDRP per capita was the lowest in Indonesia (Figure 2).

FIGURE 1. NTT information at a glance



West Sumba and East Sumba are listed as the districts with the highest percentages of poor people and Kupang city has the smallest poor population. Poverty is measured based on the poverty line. By definition, the poverty line is the rupiah value of monthly spending per capita required to cover the minimum basic food and non-food necessities deemed essential for an individual to maintain a decent standard of living. Based on BPS (*Badan Pusat Statistik* – Central Bureau of Statistics) calculations, the minimum monthly amount required for life necessities, to maintain a decent standard of living in NTT is Rp. 670,560; whereas monthly spending per capita in NTT is Rp. 128,200. This demonstrates that monthly spending per capita in NTT is still far short of what is necessary to maintain an adequate standard of living. In view of differences in the percentages of poor people found among the districts/municipalities of NTT, there appear to be fairly striking differences, or imbalances. East Flores, whose natural resources (economy) are relatively limited, has a low rate of poverty, whereas West Sumba and Manggarai, whose natural resources (economies) are relatively better, have high rates of poverty. From this point of view, it seems that poverty is closely linked, among other things, to the capacity of the respective district/municipal governments to manage the natural resources (economies) they possess.

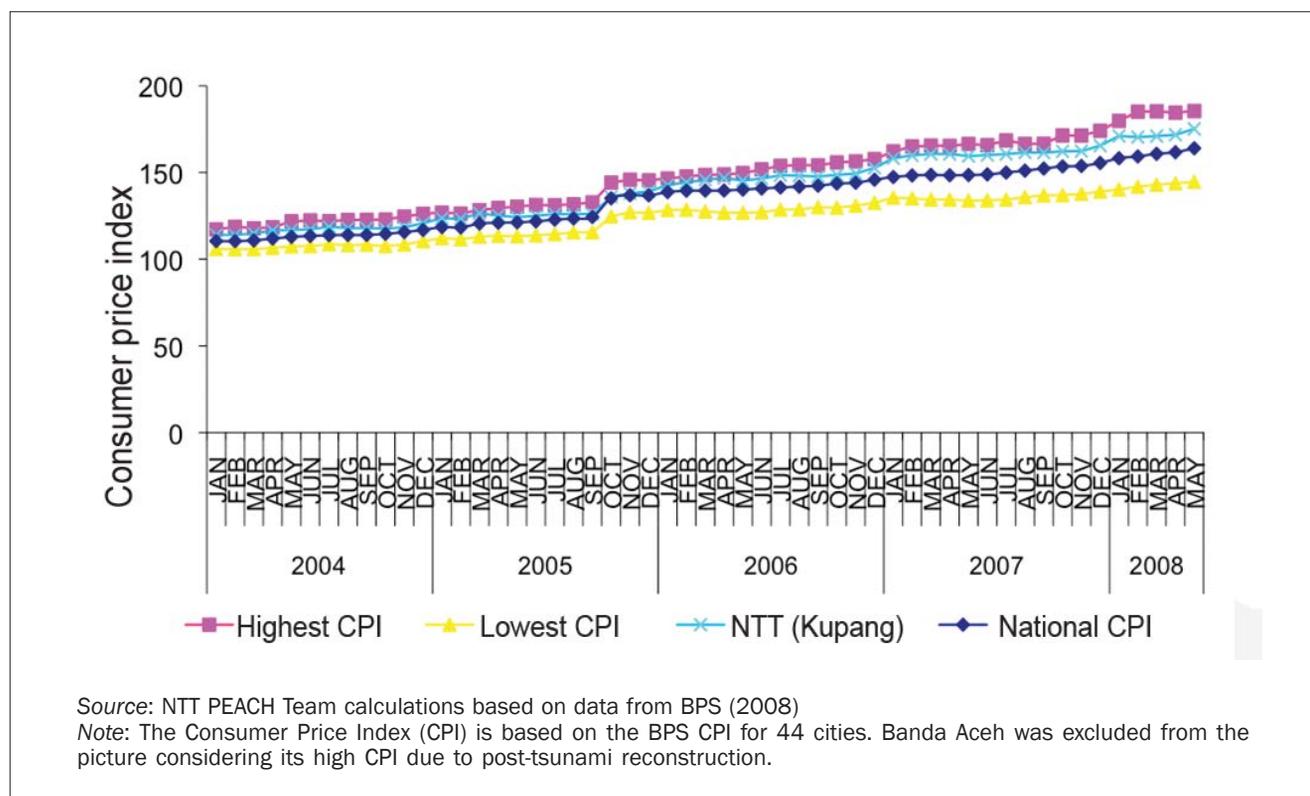
FIGURE 2. NTT has been a lagging province, both pre- and post-decentralization



After decentralization was implemented, although spending per capita in NTT increased threefold, and poverty levels also decreased, NTT remained a province with a lagging economy. In 2004, NTT's GDRP per capita was still among the lowest in Indonesia (Figure 2). Although the level of poverty fell by as much as 8% between 1999 and 2004, the level of poverty in NTT continued to be 10% higher than the national average.

In general, NTT faces serious economic challenges. Aside from its high level of poverty and limited regional economic capacity, with a level of public spending classified as medium in Indonesia, NTT also faces high unemployment and price levels. Since the reduction of the basic fuel oil (BBM) subsidy in 2005, prices in NTT have soared higher than the national average. In combination, rising commodity prices and transportation costs became contributors to the inflation that has been occurring in NTT (Figure 3).

FIGURE 3. Price levels in NTT are higher than the national average



The serious economic development challenges in NTT are due, among other things, to its geographic isolation and semi-arid climate. Like NTB and Maluku, NTT is classified as a semi-arid region because of its minimal annual rainfall and the intermediate position it occupies between a desert climate and a humid climate¹. As an archipelago province, access and transportation availability are critical issues. The combination of its semi-arid climate and isolation give NTT limited access to natural resources.

NTT is extremely dependent upon an agriculture sector that is still traditional. In 2006, the agriculture sector contributed 40% of the NTT GDRP. And, together with excavation and mining (the extractive sector), it is the sector that absorbs most of the labour force in NTT, namely, 72% of male workers and 68% of female workers. Despite its significant contribution, the agriculture sector is still not flourishing, as demonstrated by the high number of farmers who are still dependent on subsistence agriculture and have still limited access to modern agricultural technology and methods. Being in an area with such dry soil conditions, where water is only available in certain timeframes, the farmers face many difficulties in planting and harvesting their crops, especially those who still employ traditional methods.

The concurrence of regional economic weaknesses, high poverty levels, and difficult climatic and geographic challenges demand seriousness on the part of the regional governments of NTT to make maximal use of the financial resources of their regions. For this reason, it is extremely important to understand, from a local perspective, how regional financial resources are spent, and the effectiveness of these expenditures in improving various aspects of social life.

¹ A semi-arid climate or steppe climate is generally described as a region with a climate of low annual rainfall (250-500 mm or 10-20 inches). A more precise definition is provided by Köppen's classification of climates, which treats steppe climates (BS) as intermediates between desert climates (BW) and humid climates in terms of ecological and agricultural characteristics.

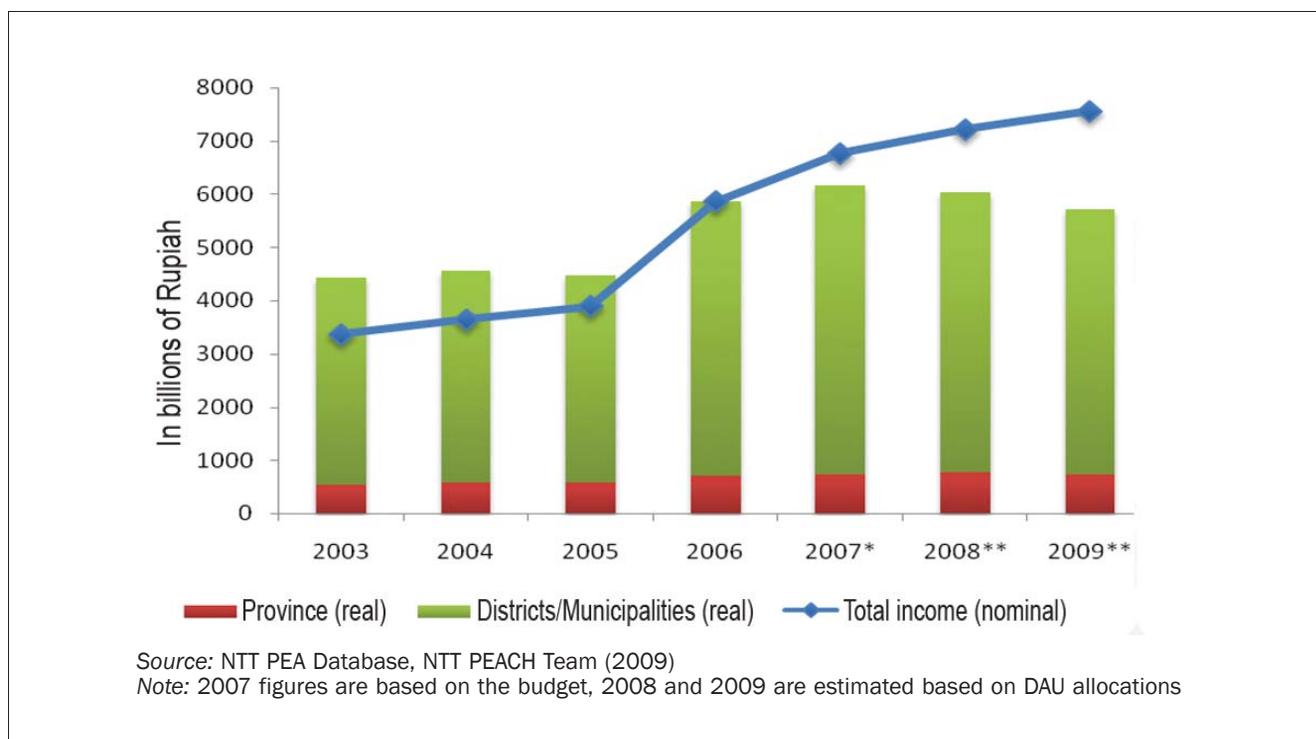
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Income And Financing

In the 2003 to 2009 time frame, the total income of the NTT regional government increased rapidly. In nominal terms, NTT regional government income in this period increased as much as 124%. In real terms, increases in regional government income took place up until 2007. By 2009, the real income of the NTT regional government is estimated to have undergone a decrease, largely caused by changes in the formula for the General Allocation Grant (DAU), and by inflation.

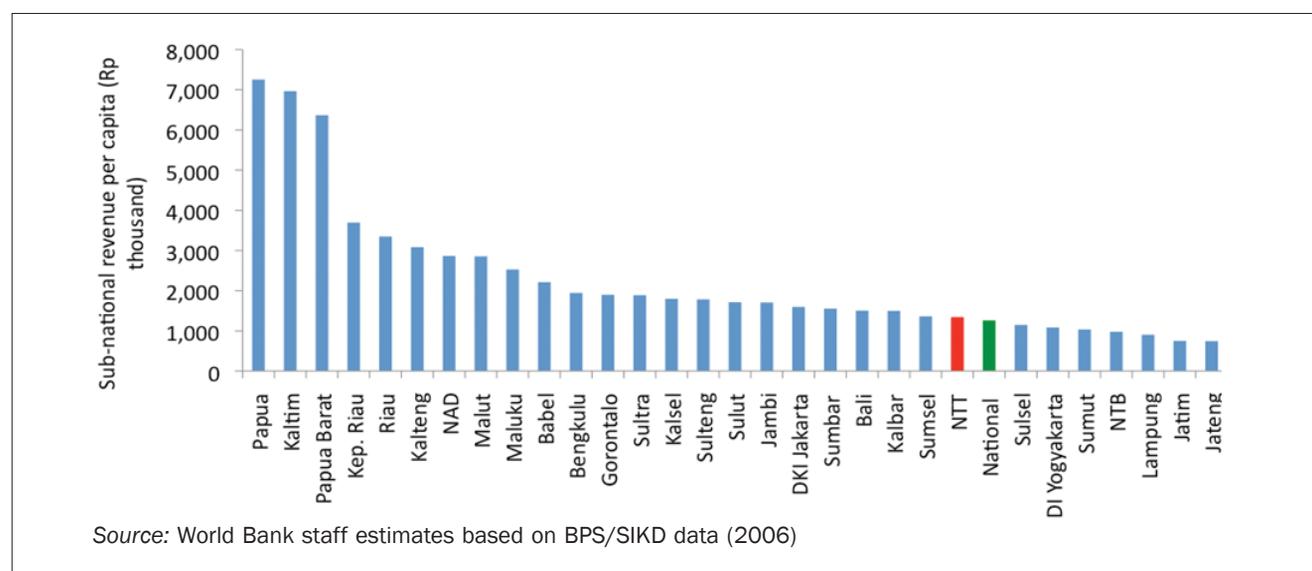
Most of the fiscal resources in the province of East Nusa Tenggara (of the province and districts/municipalities) are managed by the district and municipal governments. On average, the provincial government manages approximately 13% of the total regional income of NTT, while the balance, approximately 87%, is managed by the district/municipal governments. In 2003, of the overall fiscal resources amounting to Rp 4.669 trillion, only 11% was managed by the provincial government, while the balance of 89% was managed by the 15 districts/municipalities then comprising NTT. The proportion of fiscal resources managed by the provincial and district/municipal governments respectively tended to be unchanging throughout the 2003-2007 period. The exception was in 2004, when the provincial government managed 14% of the fiscal resources, or Rp 583.2 billion, out of overall fiscal revenues totalling Rp 3.952 trillion.

FIGURE 4. NTT Regional government income has continually increased, although in real terms it has decreased since 2007



With a per capita income of Rp 1.3 million, NTT ranks 10th lowest out of 32 provinces of Indonesia (Figure 5). There are striking difference in government income among the provinces in Indonesia. For example, in 2006, the per capita income of the province of Papua was the highest in Indonesia, amounting to five times the per capita income of the province of NTT. Whereas the per capita income of the province of West Java was less than half that of the province of NTT. High per capita income may be due to extra transfers from the central government in the form of Special Autonomy Funds (Papua and Aceh) and Post-conflict Assistance Funds (Maluku and North Maluku), or to the possession of highly significant natural resources (Kalimantan, Riau, Papua and Aceh). Meanwhile, low per capita income is often linked to high population density, as in Java and Sumatra.

FIGURE 5. Regional government revenue per capita in NTT is nearly equal to the average for provinces in other areas



East Nusa Tenggara Province is a semi-arid province that has relatively large fiscal revenues. A semi-arid region is a region with low annual rainfall. In 2006, income realizations from the regional budgets or APBD (*Anggaran Pendapatan dan Belanja Daerah*) of all districts/municipalities as well as the province of NTT only amounted to Rp 5.857 trillion, ranking NTT 18th out of 33 provinces in Indonesia. Nevertheless, if compared with other semi-arid provinces in Indonesia in the same year, the fiscal revenues of all districts/municipalities and the province of NTT were still far higher than those of the province of Maluku, which had fiscal revenues amounting to Rp 3.212 trillion and ranked 24. Meanwhile, the province of NTB (Nusa Tenggara Barat -West Nusa Tenggara), which is characterized as semi-arid just like the province of NTT, had fiscal revenues amounting to Rp 4.171 trillion, or ranked 28 in Indonesia as a whole.

Box 1. Regional Income Sources

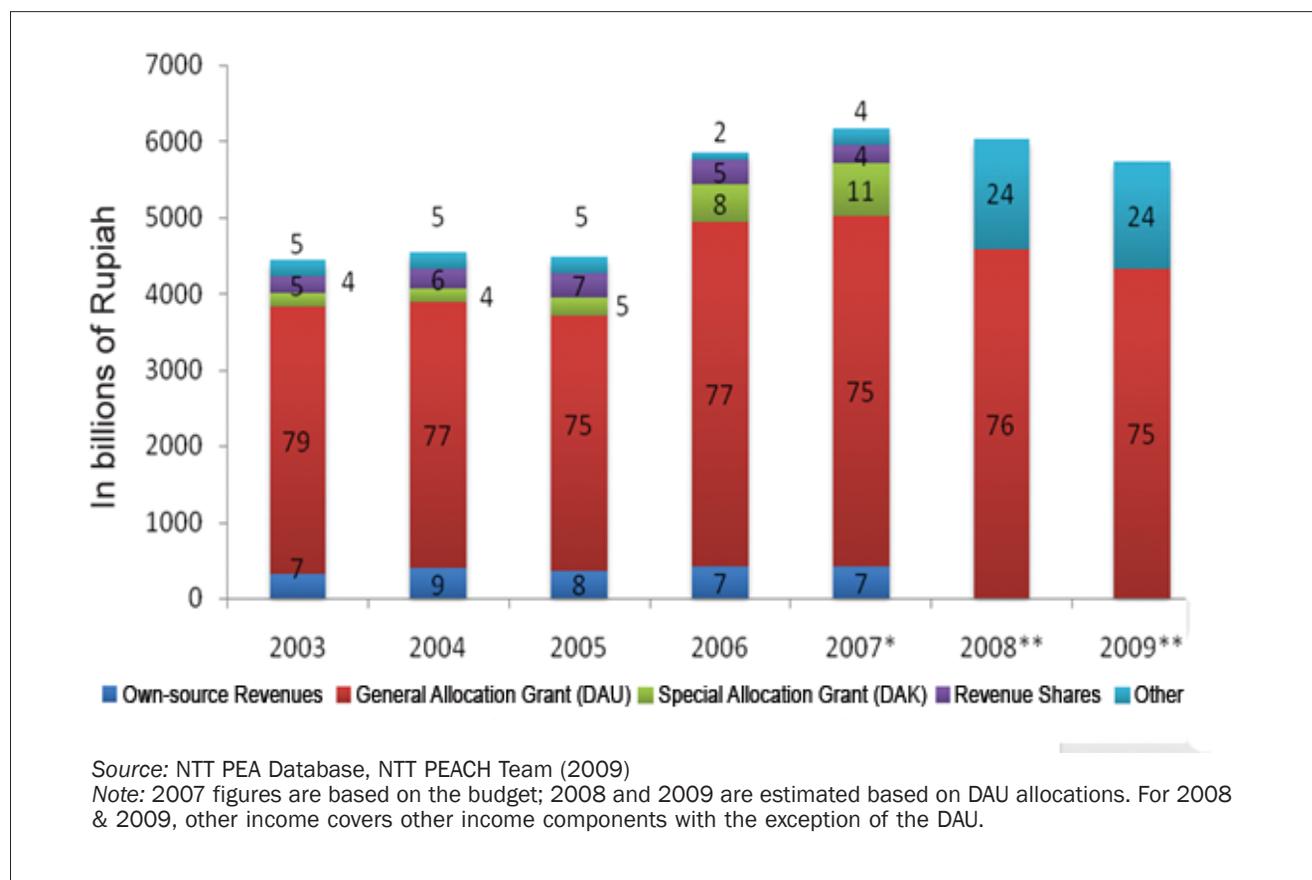
As is the case with other provinces in Indonesia, NTT province has four main income sources, namely:

- 1) General Allocation Grant (DAU – *Dana Alokasi Umum*): discretionary grant funds from the central government to all regional governments, intended to generate fiscal equality. The DAU is allocated using a formula that is calculated based on several factors, including population, land area, GDRP per capita, the Human Development Index (HDI), budget and expenditures related to civil servant salaries, the level of provincially generated or own-source revenue (PAD), and revenue shares.
- 2) Special Allocation Grant (DAK – *Dana Alokasi Khusus*): conditional grant funds given by the central government to the regional government to finance special needs of the region. These funds are directed at and specially set aside to finance programs that contribute to national development priorities.
- 3) Tax and Natural Resource Revenue Shares: income that originates from taxation (at the national level) and natural resources, which is shared between the central government and regional governments based on a ratio determined by laws and regulations.
- 4) Regional Own-source Income (PAD – *Penerimaan Asli Daerah*): income collected by the regional government, including regional taxes, user fees (*retribusi* – including various kinds of permits), and profits from regional government investments.

The first three sources represent inter-governmental transfers and are used by the central government to balance vertical and horizontal fiscal capacity among the various regions.

The dependence of NTT upon the DAU and DAK has continually increased. In 2003 DAU and DAK sources accounted for 83% of the total income of NTT, and in 2007 rose to account for 86% of its total income (Figure 6). The main increases were obtained from DAK allocations. The high dependence of NTT on these central government transfers in the form of the DAU and DAK shows that the sums of other sources of income, based on the local economy (such as natural resources) or generated by the regional governments on their own (such as local taxes and user fees), are very limited.

FIGURE 6. The dependence of the NTT regional government on transfers from the central government increased in the 2003-2007



The proportion of the DAU across all districts/municipalities in NTT tended to be unchanging throughout the 2003-2007 period. The DAU constitutes the largest part of the balancing funds structure, which, aside from the DAU, also consists of the special allocation grant (DAK) and tax and natural resource revenue share funds. In addition to the balancing funds, there are also other lawful forms of income as well as funds and tax revenue shares from the province for the district/municipal governments.

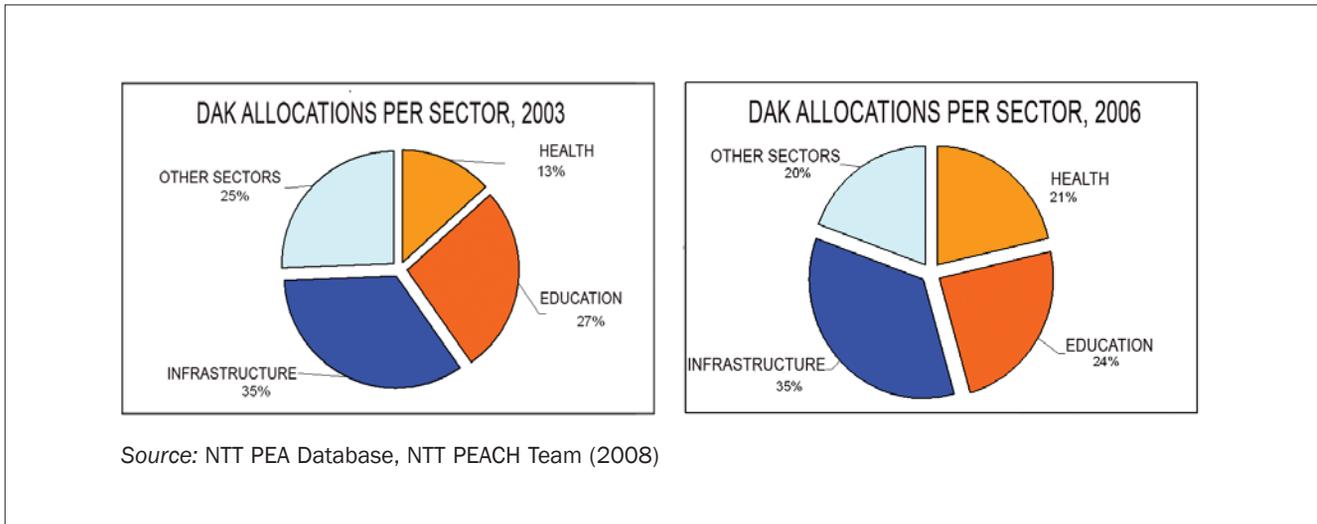
Increases in the amount of the DAU to all districts/municipalities in NTT during the 2003-2007 period only resulted in relatively small changes to the DAU per capita. In contrast, increases in the sum of the DAK in this time period enabled a nearly threefold increase in the DAK per capita. This is because the overall increase in the sum of the DAU only reached 31% in the 2003-2007 time frame, whereas the DAK in the same period grew faster, with an overall increase of 192%. The DAU per capita only rose 17%, while the DAK per capita increased nearly three times in value during the 2003-2007 period.

In the 2003-2007 period, the DAU increased by as much as 31% from Rp 3.5 trillion to Rp 4.6 trillion (around 75% of the total income of NTT), while the DAK increased more than threefold, from Rp 165 billion to Rp 682 billion. Based on the data for 2006, 80% of the DAK was allocated to the sectors of health, education and infrastructure.

The largest DAK allocations have been made to three main sectors related to the provision of basic public needs. The total DAK allocation for these sectors in fact rose from 75 % in 2003 to 80% in 2006. Of the total DAK for 2003, amounting to Rp 165 billion, Rp 20.7 billion was allocated to the health sector, Rp 42.4 to the educa-

tion sector, and Rp 53.3 billion to the infrastructure sector, while the balance was allocated to other areas. In 2006 the allocations underwent increases, namely, to Rp 105.6 billion for health, Rp 117.8 billion for education, and Rp 172.5 billion for infrastructure.

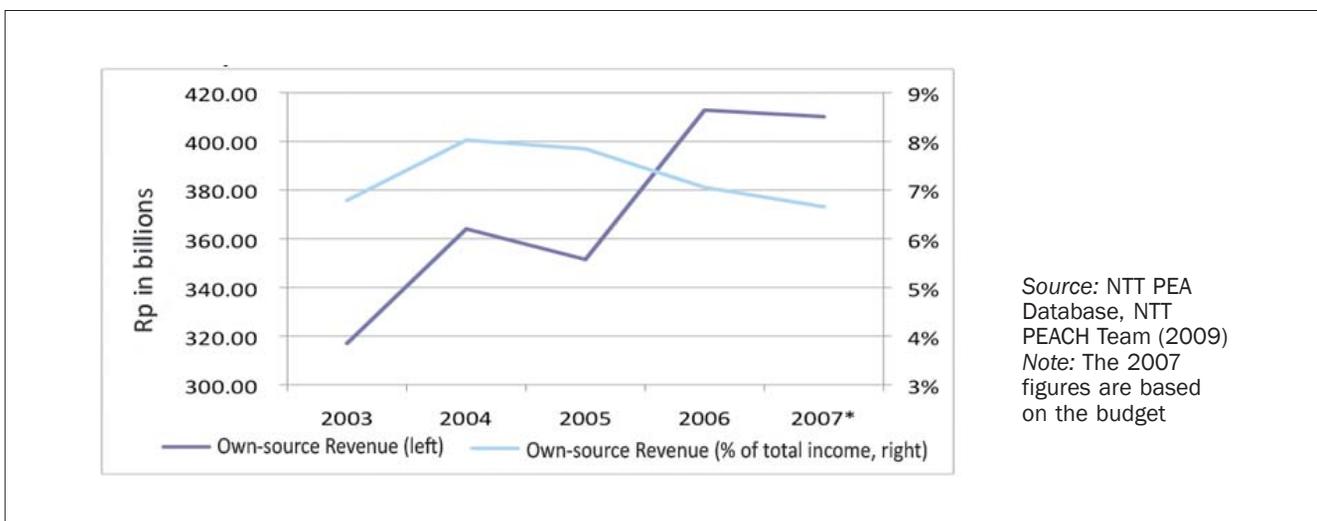
FIGURE 7. DAK allocations for three basic public service sectors in 2003 and 2006



Revenue share fund totals were relatively unchanging. In 2003 revenue shares amounted to Rp 239 billion (around 5% of total income) while in 2007 they came to Rp 240 billion (around 4% of total income). Almost all of the revenue-share income originated from taxes, since NTT's portion of natural resource revenue shares is relatively small².

The growth of own-source revenues in the 2003-2007 period could not keep pace with the growth in NTT regional government fiscal resources. Although the former rose as much as 29% in the 2003-2007 period, their contribution to total income could be said to have undergone almost no change, since they contributed only 7% to total income (Figure 8). It is estimated that approximately 40% of the total own-source revenue of NTT was produced by the provincial government, and this revenue accounted for approximately 25% of the provincial government's total income. Conversely, there were significant decreases at the district/municipal government level, where own-source revenue only accounted for an average of 4% of total income.

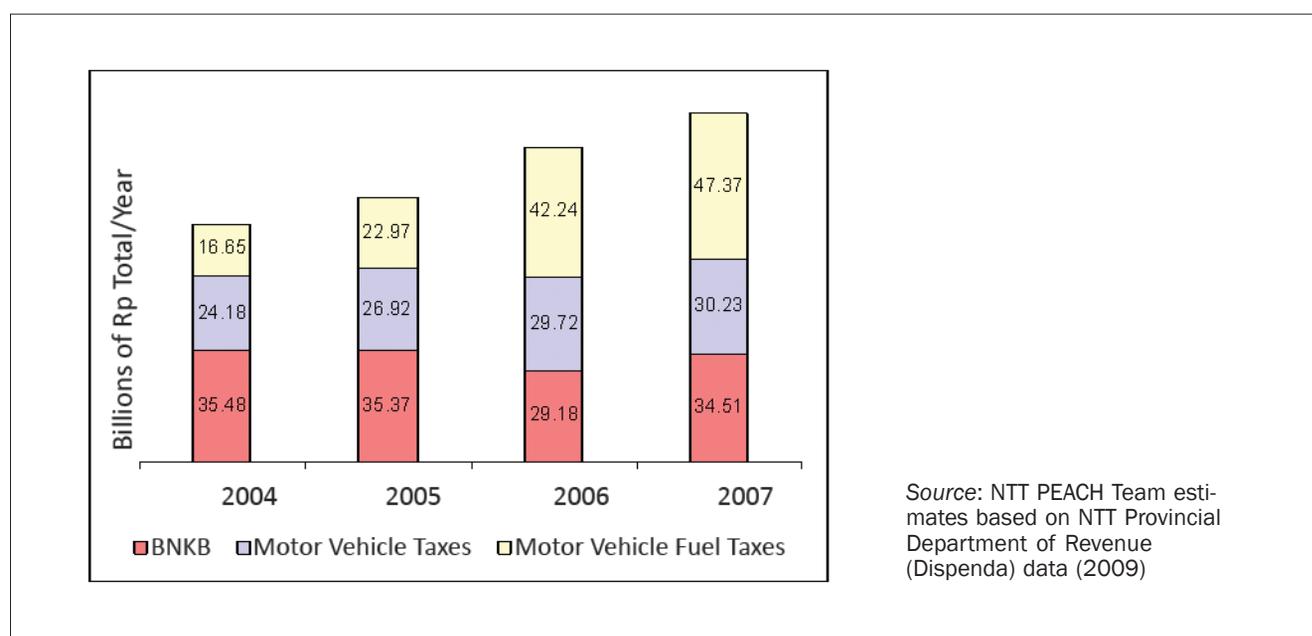
FIGURE 8. In the 2003-2007 period, total own-source revenue increased, although the portion of the total income it represented did not change much



² In the 2003-2004 period, NTT received around Rp 400 million from natural resource revenue shares.

Regional taxes constitute the largest component of the own-source revenue structure of East Nusa Tenggara province. From 2003 to 2007, the regional tax component contributed 60% of regional own-source revenue. Local user fees constituted a small but ever increasing component, in terms of both amount and proportion. Regional taxes were obtained from: Transfer of Title to Motor Vehicle Fees (BNKB – *Bea Balik Nama Kendaraan Bermotor*), which comprised the largest proportion; and motor vehicle taxes, taxes on motor vehicle fuel, and residential water taxes, which comprised the smallest proportion. Aside from local taxes and user fees, some other lawful own-source income sources and regional enterprise profits also contributed a small proportion of total own-source revenues.

FIGURE 9. The three dominant types of regional taxes in NTT province



Although local user fees in NTT Province constitute a small part of the own-source revenue structure, their sums and proportions rose each year over the 2003-2007 period. In 2003, approximately 12% of own-source revenues originated from local user fees, and this rose to 17% in 2007. At the provincial level, local user fees consisted of three types. User fees for government services (*retribusi jasa usaha*) comprised the biggest portion of the local user fee structure (approximately 90% of local user fees came from this component). Meanwhile, public service fees (*retribusi jasa umum*) and certain licensing fees comprised two types of fees of lower value (contributing less than 10% of the total for local user fees). Unlike the provincial government, in most of the district/municipal governments of NTT, it is precisely local user fees that constitute the dominant part of the own-source revenue structure. Due to their authority, the district/municipal governments can more freely regulate the objects of user fees, so that the types of local user fees levied at the district/municipal level are more numerous than the types of local user fees levied by the provincial government. Thus, the sums and shares of local user fees of the district/municipal governments relative to their total own-source revenues are greater than the sums and shares of local user fees of the provincial government.

District/municipal governments have a different basis for taxes and user fees than the provincial government. Street lighting taxes, restaurant taxes, hotel taxes and taxes on Class C materials extraction are the sorts of taxes that make fairly dominant contributions in the local tax structures in districts/municipalities. Meanwhile, fees for health services, government services, usage of local assets and terminals are the sorts of fees that make a significant contribution to the own-source revenue of a district through the local user fee component. Meanwhile, in the city of Kupang, as the seat of government and economic activity center of NTT, fees for disturbance permits (*retribusi ijin gangguan*) are also a type of fee that makes a fairly big contribution to own-source revenue. This is because this type of fee is levied on all activities involving the installation of banners, advertisements, and billboards, with the rate of payment based on the number of days, and the size and type of media used.

TABLE 1. Types of Local Taxes and User Fees in Two Districts/Municipalities in NTT

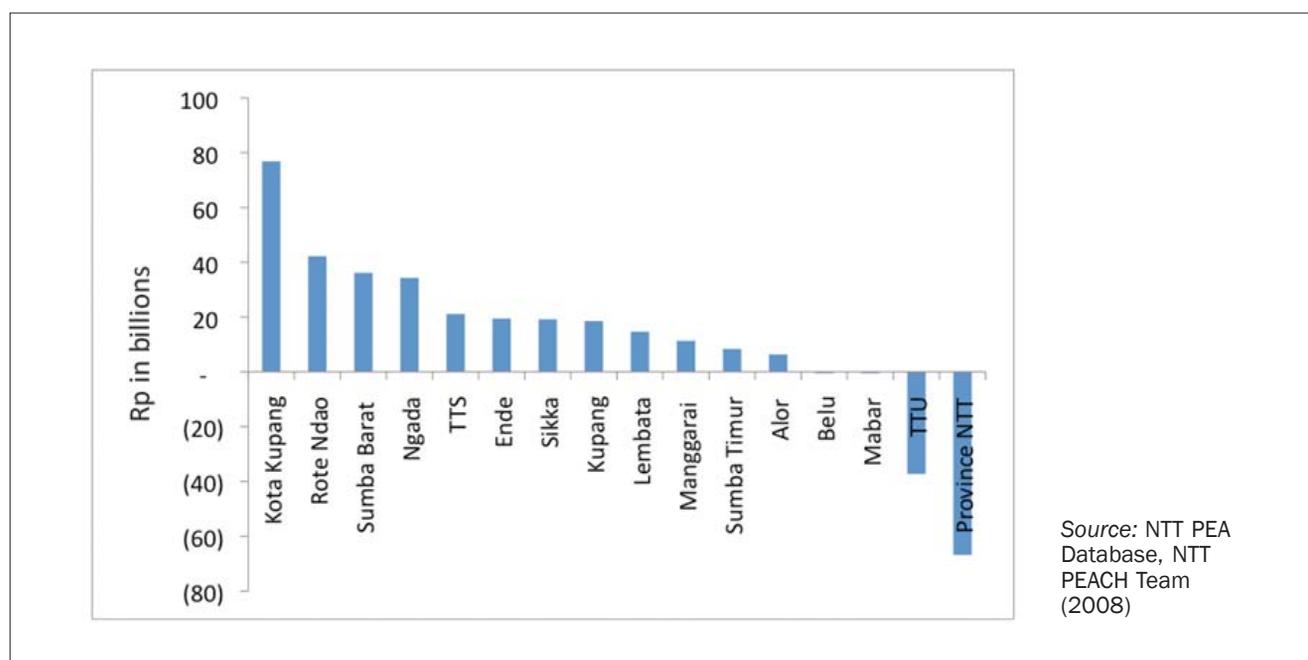
MOST MAJOR TYPES OF TAXES & USER FEES	2004 Millions of Rp	2005 Millions of Rp	2006 Millions of Rp
WEST SUMBA DISTRICT			
Class C Materials Extraction Taxes	408 (54%)	449 (50%)	460 (43%)
Street Lighting Taxes	225 (30%)	420 (36%)	360 (34%)
Restaurant Taxes	120 (16%)	295 (25%)	243 (23%)
TOTAL LOCAL TAXES	753 (100%)	1,164 (100%)	1,063 (100%)
Health Service Fees	1,922 (57%)	2,038 (50%)	2,347 (41%)
Asset Usage Service Fees	354 (10%)	457 (11%)	1,533 (27%)
Terminal Service Fees	235 (7%)	219 (5%)	239 (4%)
TOTAL LOCAL USER FEES	3,389 (100%)	4,076 (100%)	5,730 (100%)
KUPANG CITY			
Street Lighting Taxes	3,891 (76%)	4,549 (74%)	4,797 (72%)
Hotel Taxes	359 (7%)	549 (9%)	707 (11%)
Restaurant Taxes	286 (6%)	335 (5%)	368 (6%)
TOTAL LOCAL TAXES	5,089 (100%)	6,148 (100%)	6,686 (100%)
Health Service Fees	610 (13%)	698 (11%)	594 (10%)
Disturbance Permit Fees	593 (12%)	787 (13%)	842 (14%)
Printing Cost Replacement Fees	503 (10%)	721 (12%)	668 (11%)
TOTAL LOCAL USER FEES	4,792 (100%)	6,148 (100%)	6,229 (100%)

Source: NTT PEA Database, NTT PEACH Team (2008)

Note: The figures in brackets are the percentages of the total taxes / user fees

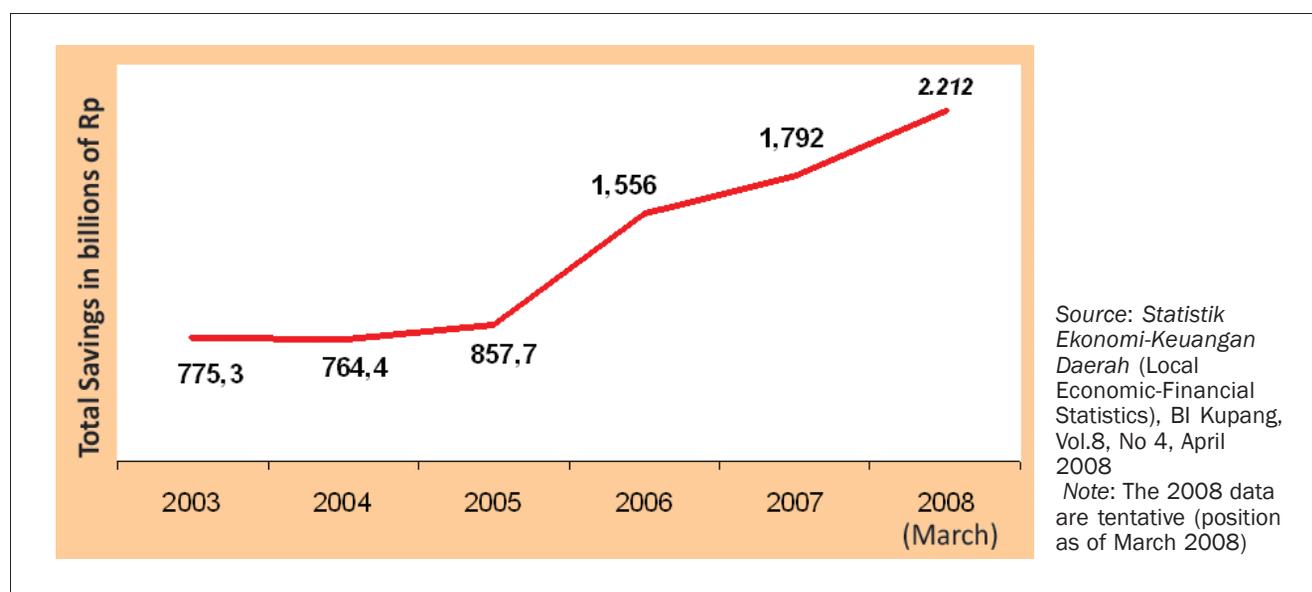
The recording of budget balances still constitutes a problem for regional governments in NTT. Most of the districts/municipalities in NTT have budget surpluses or SILPA (*sisal lebih perhitungan anggaran* – carryovers from the previous year’s budget accounts) (Figure 10). On the one hand, such budget surpluses can be understood as the result of budget efficiency efforts. However, on the other hand, they can also be seen as a sign of a regional government’s incapacity to use its budget. SILPA recording is done inconsistently, such that there are still cases where budget balances from a certain year do not match the SILPA in the following year.

FIGURE 10. Most of the districts/municipalities had budget surpluses in 2006



The total regional government-owned savings/deposits (*simpanan*) in public banks in NTT increased from 2003 to 2007. In 2003, the amount of regional government-owned funds (not including central government-owned funds) deposited in a number of public banks was Rp 775 billion, later increasing to Rp 1.7 trillion. In fact it is estimated that the total reached Rp. 2.2 trillion by the March 2008 period. These increases in government savings indicate the presence of a certain amount of capital that is not moving (idle), which could in fact be used to finance various government services, especially efforts to increase the provision of services to meet basic public needs.

FIGURE 11. The position of government savings in public banks continues to rise



Conclusions:

- **The small-scale economy and limited natural resources of NTT Province show its limited capacity to increase its income sources.** This is reflected in continually increasing dependency on transfers of funds from the central government, especially the DAU and DAK. In 2003, 78% of the total income of NTT came from the DAU and DAK; this kept rising to reach 86% in 2007. For other sources of income, NTT receives an insignificant portion of natural resource revenue shares, and an amount of tax revenue shares that is also constant and has not increased since 2003.
- **Since 2003, the own-source revenues of NTT have continued to increase, in tandem with increases in the income sources of NTT overall.** In 2007, own-source revenues covered 7% of the total income of NTT. This proportion is classified as small in comparison to the national average, which is as high as 20%. There are many explanations for the low level of own-source revenues, including the issues that there are a limited number of small enterprises, low taxes from the entertainment sector (hotels and restaurants), a relatively small number of registered motor vehicles, and weaknesses in the provision of services (which actually constitute important sources for increasing user fees). Further analysis of the composition of own-source revenues is needed in order to assess potentials for raising them in the future.

Recommendations:

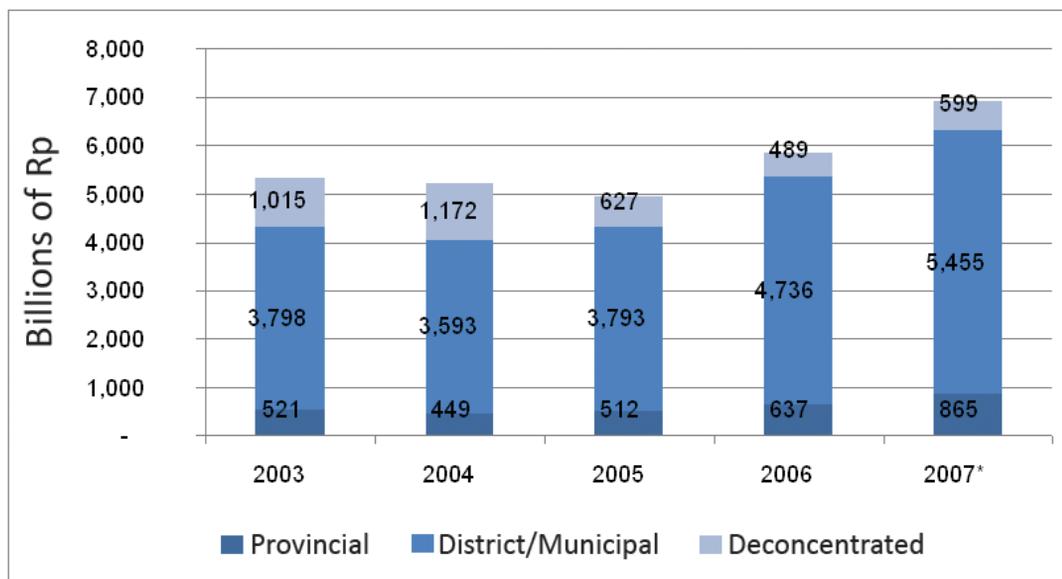
- **The NTT government should make efforts to increase local income generating capacity.** These capacity building efforts can be differentiated into short-term efforts and long-term efforts. In the short term, efforts could be focused on building fiscal capacity indirectly, by providing regulations to enable the development of tax sources and of the local economy, rather than making regulations that increase the burdens businesses face. Such efforts should be made through increases in own-source revenue, especially from local user fee and regional tax sources, originating from local economic activities. Increasing regional own-source revenues (PAD) constitutes part of regional fiscal policy and is intended to strengthen the fiscal foundation of a region. Strengthening the region's fiscal foundation is one of the demands of regional autonomy, which has basically given regional governments the freedom to govern themselves, including the strengthening of their own fiscal foundations. Thus far, since regional autonomy came into effect, the ratios of regional own-source revenues to total regional revenues, as well as to the balancing funds, have been relatively small. This shows that the level of regional fiscal dependence is still relatively high. For this reason, efforts to increase regional own-source revenues form part of the strategy to reduce the level of regional fiscal dependence.
- **Efforts to increase regional own-source revenues should be made together with efforts to increasingly improve public services.** Own-source revenues should be understood as the result of the economic capacity of society; the greater people's economic capacities are, the greater their capacities will be to pay for the public services that government provides. Therefore, efforts to increase own-source revenues must be integrated with efforts to improve the economic performance of society as a whole.
- **There is need for policies related to the development of an appropriate basis for tax assessment and tax collection endeavors.** To this end, an investigation is necessary to formulate, with accuracy, what possible opportunities there are for the government to increase own-source revenues.

3

Spending

In the 2003-2007 period, spending at the regional level in NTT increased by as much as 30%. This change was driven by mutually related increases in income, especially the additions to the totals of the DAU and DAK transfers from the central government. Meanwhile, since 2003, central government expenditures (through deconcentrated funds) have gradually decreased.

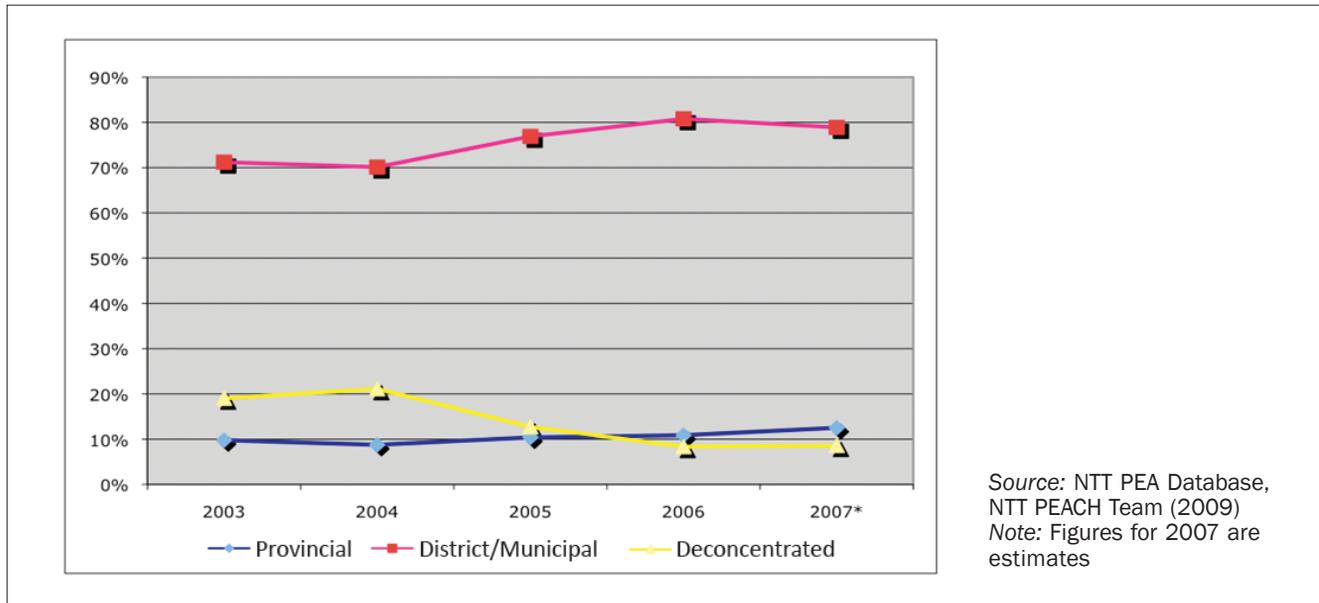
FIGURE 12. Real spending in NTT increased in the 2006-2007 period, mainly driven by increases to the DAU and DAK



Source: NTT PEA Database, NTT PEACH Team (2009)

District/municipal governments have continued to control a very large proportion of public spending in NTT (Figure 12). In 2007, the district/municipal governments controlled 79% of all government spending in NTT (increased from 71% in 2003). In the same time frame, the proportion of deconcentrated expenditures decreased from 19% of total expenditures in 2003, to just 9% in 2007. Meanwhile, the DAK increased threefold during this period, proving that the role of the central government was still critical to public spending in NTT, although this role was now operating through a different mechanism.

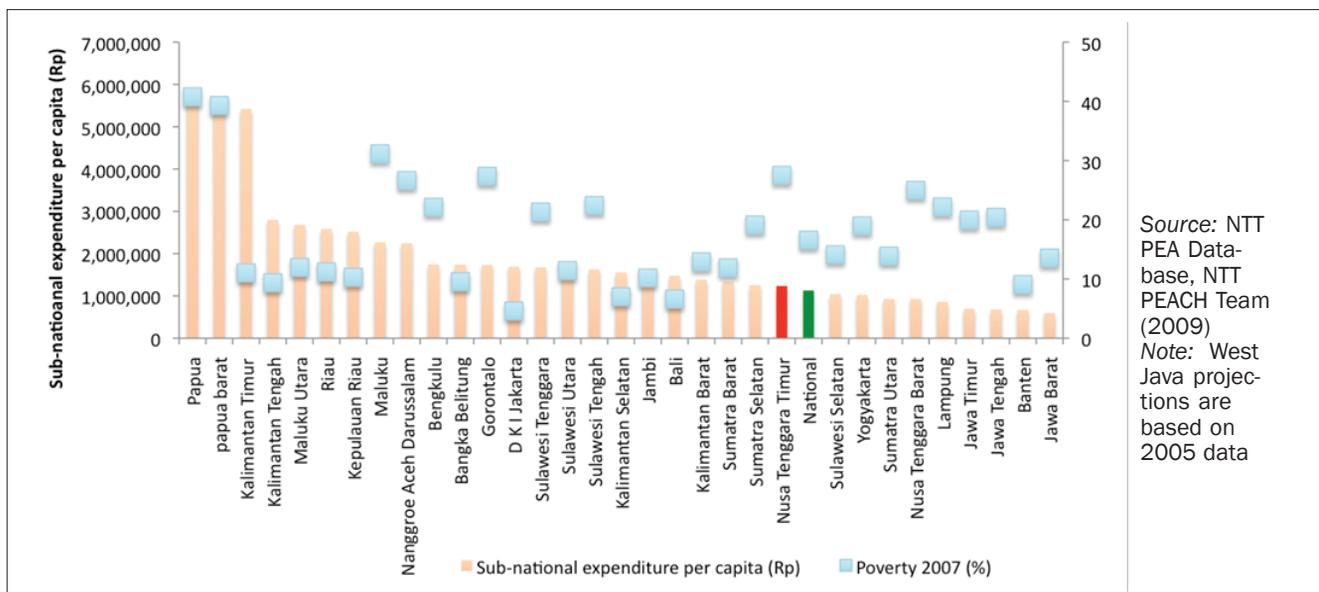
FIGURE 13. Central, provincial and district/municipal portions of public spending in NTT



Spending per capita in NTT, at Rp 1.23 million, occupies the 10th lowest rank relative to other provinces in Indonesia (Figure 14). Like income per capita, spending per capita also shows striking variation among the provinces of Indonesia. For example, Papua spends Rp 5.9 million per individual, the highest among the provinces of Indonesia and nearly five times more than spending per capita in NTT. In contrast, the spending per capita of Banten province is only 55% of the spending per capita of NTT. The existence of these variations among the provinces is in fact a consequence of the regional income per capita, which in turn is calculated after it has been measured against a number of other factors, including population density and the support of available natural resources.

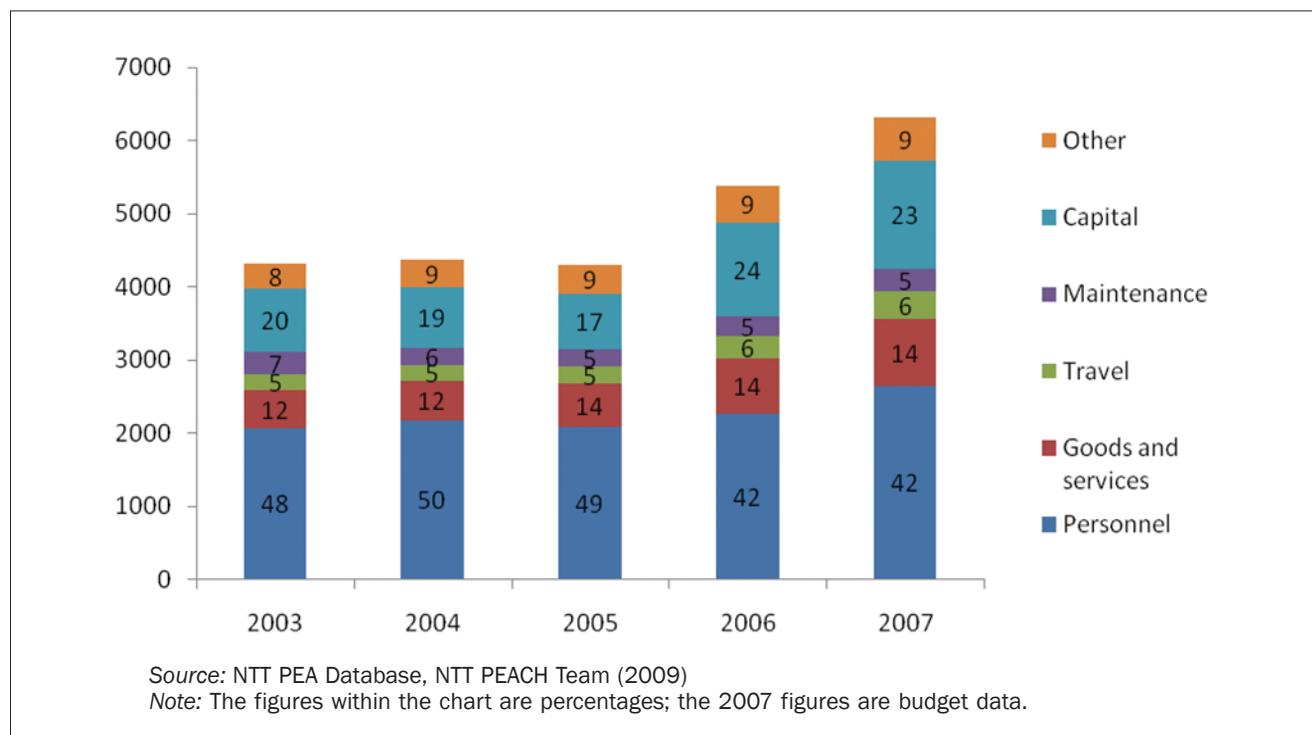
If NTT is compared with other provinces in the region of eastern Indonesia that have semi-arid characteristics, it is found that expenditures per capita in Maluku are twice as large as those of NTT. Meanwhile, West Nusa Tenggara (NTB) has lower expenditures per capita than NTT. By way of further comparison, in 2006, the population of the province of NTT was 4.35 million people, while that of the province of NTB was 4.25 million, and that of the province of Maluku, only 1.27 million (BPS: Key Indicators, 2007). Thus, although the nominal total of APBD expenditures for East Nusa Tenggara was the highest of these three semi-arid provinces, the expenditures per capita of the province of Maluku was the highest of the three provinces because of its relatively small population.

FIGURE 14. Spending per capita in NTT ranked 10th lowest in Indonesia in 2006



From 2003 to 2005 it is calculated that half of all NTT spending was used for personnel salaries. The amount underwent a small decrease to around 42% in 2006 and in 2007 (Figure 15). Meanwhile, in the same period, the portion of spending allocated to capital expenditures increased slightly from 20% to 23%. Nearly the same as other provinces in Indonesia, spending on maintenance expenditures in NTT was very low – only 5% of total spending. By way of comparison, in 2007, expenditures on official travel in NTT were even higher than maintenance expenditures.

FIGURE 15. Spending on salaries uses up nearly half of NTT regional government spending



Across all districts/municipalities in NTT, personnel expenditures are the most dominant. It is estimated that in 2007, the personnel expenditures portion reached 43% of overall expenditures in all the districts/municipalities as well as in the province of NTT. Capital expenditures that could be enjoyed by the public occupied second place, accounting for a portion of 23%. The capital expenditures component, by definition, is aimed at financing programs and activities whose benefits are to be enjoyed by the public³. For this reason, increasingly greater spending on capital expenditures will bring increasingly greater benefits for the people of East Nusa Tenggara province. Goods and services expenditures occupied third place, with allocations amounting to 14%. The balance was allocated to maintenance expenditures, official travel, and other expenditures not included in the other categories, comprising a relatively small portion of the budget.

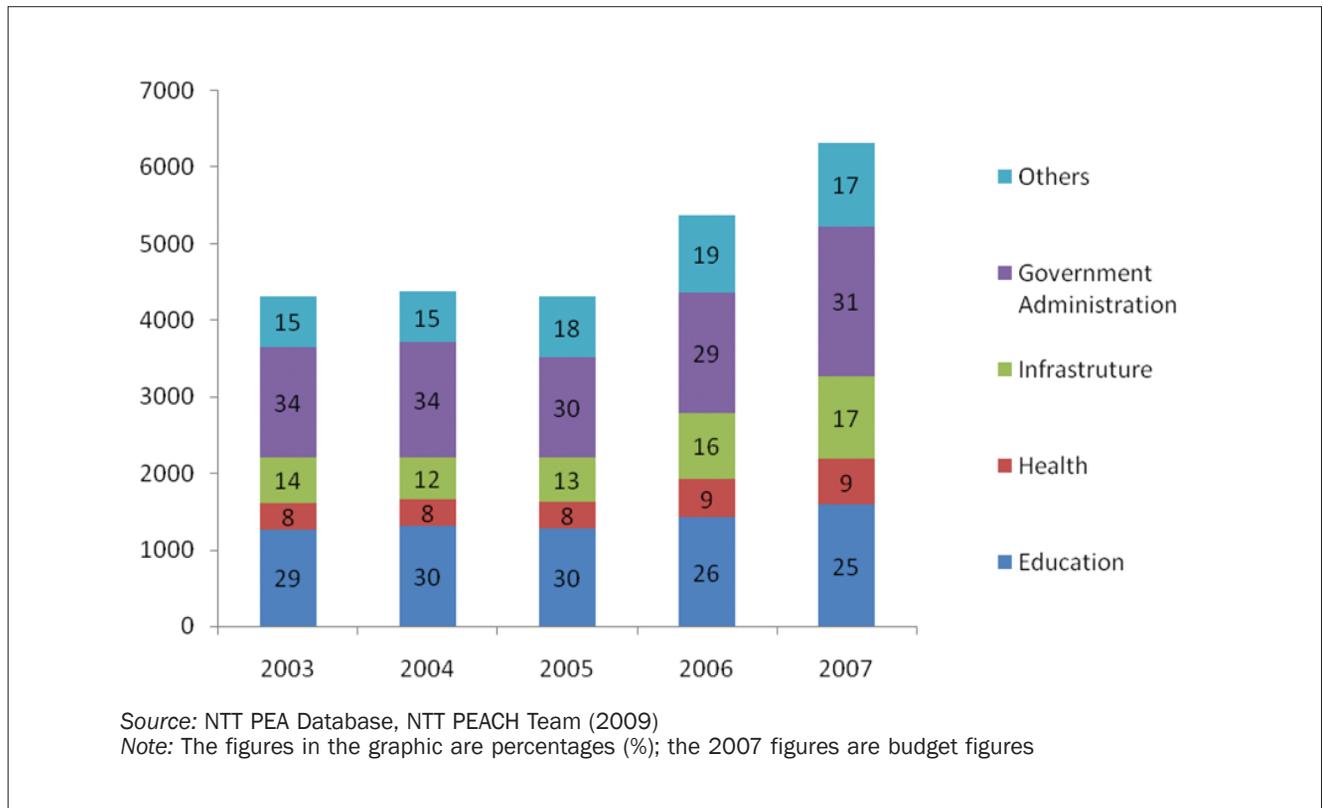
Approximately one third of total spending in NTT is spent on general administration; this constitutes the largest sectoral expenditure allocation in NTT. The second largest sectoral expenditure is education spending, which amounted to 25% of the total budget in 2007. Other significant sectoral spending includes spending on the infrastructure sector (15% of total spending in 2007) and the health sector (9% of the total budget). Further, both government administration and education expenditures showed falling trends from 2003 on, while those in the health and infrastructure sectors kept rising, although the increases were small.

Expenditures for strategic sectors cover the sectors of health, education, and infrastructure. These three sectors are areas directly linked to services for basic public needs and they have significant social impacts. The infrastructure sector includes the areas of public works and communications, while the education sector in the structure of the regional budgets (APBD) of the province and districts/municipalities includes expenditures for

³ According to Directorate General of the Treasury regulations (Perdirjen Perbendaharaan), an expenditure is categorized as a capital expenditure if: (i) the expenditure results in the acquisition of fixed assets or other assets that extend [asset] life, benefit or capacity; (ii) the expenditure increases the minimum capitalization limit of fixed assets or other assets determined by the government; and (iii) the fixed asset acquisition is not intended for sale.

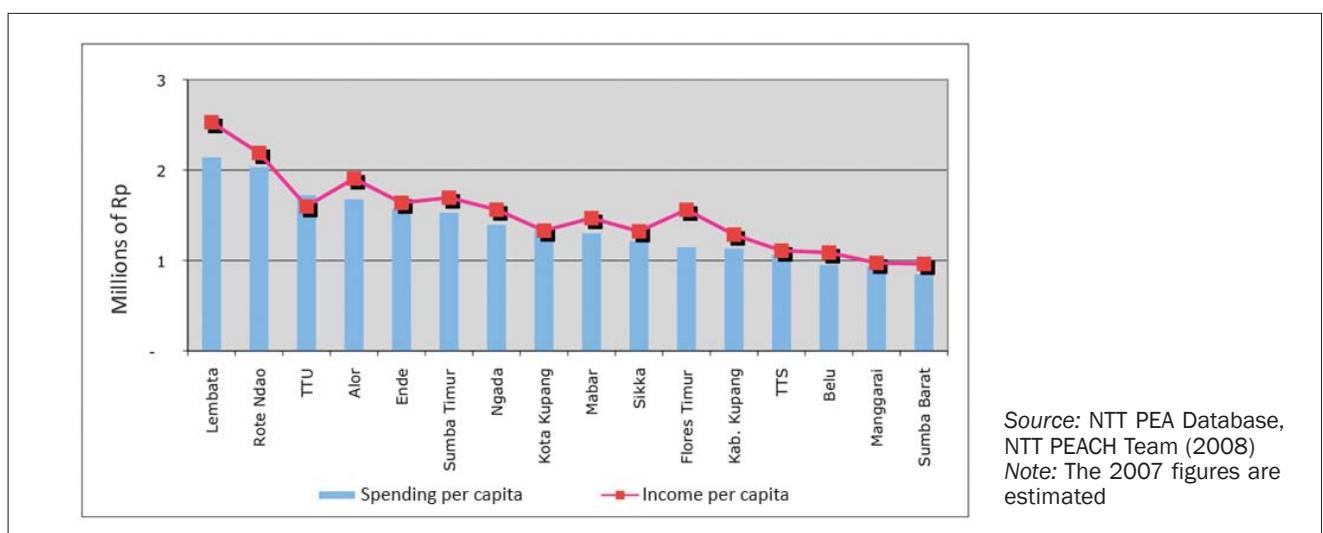
the Office of Education and Culture, libraries, museums, and spending on other government technical implementing units (UPTD – *Unit pelaksana teknis dinas*) related to education. Health sector expenditures encompass spending on the Health Office, hospitals, and health-related UPTDs such as the regional laboratory and others.

FIGURE 16. Approximately 30% of total spending is used for government administration



Spending levels showed significant variation among the districts/municipalities. Lembata district was the district with the highest spending per capita, amounting to Rp 2.1 million, twice as high as the spending per capita of West Sumba district, amounting to Rp 847,478. It is assumed that the high spending per capita in Lembata was a consequence of the equally high level of its income per capita (Figure 17). Considering that the DAU contributes around three quarters of the total income per capita at the district/municipal level, as a result, spending at the district/municipal level is also influenced by the various factors that determine the DAU allocation (See Ch. 2).

FIGURE 17. There are enormous variations in spending per capita among the districts/municipalities in NTT



Since 2003, NTT budget absorption levels have improved. In 2003, only 88% of the allocated budgets could be spent (Table 2). Since 2003, budget realization levels have risen, to the point of reaching 103% in 2006. Further analysis is necessary to consider when expenditures should best be made, above all bearing in mind the tendency in many areas for most of the expenditures to be made only in the last quarter of the fiscal year concerned.

TABLE 2. Budget realization levels

Economic classification	2003	2004	2005	2006
Personnel (%)	92.43	96.11	90.16	95.56
Goods and Services (%)	88.00	98.09	96.51	105.17
Official Travel (%)	90.20	97.26	103.66	111.93
Maintenance (%)	93.11	106.41	103.05	96.87
Capital (%)	78.76	104.42	94.92	102.22
Other (%)	88.95	100.69	104.61	106.90
Total Spending (%)	88.56	100.50	98.82	103.11

Source: NTT PEA Database, NTT PEACH Team (2009)

Conclusions:

With limited resources, between 2003 and 2007 NTT endeavored to improve the composition of its spending. This trend is shown not only by the decreasing expenditures on personnel salaries, but also, even more importantly, by overall decreases in spending on the government administration. At the same time, allocations for spending on public services – particularly in the education, health, and infrastructure sectors – did not decrease, or indeed increased. It is extremely important for the regional governments in NTT to continue to increase funding allocations for public services, and conversely, to decrease expenditures on government administration.

Recommendations:

- **The NTT government must reorganize its system of expenditure budget allocation to match its regional development priorities.** Budgetary re-allocations are necessary to ensure that limited fiscal resources are suitably allocated in all areas. To ensure proper agreement between the development goals and priorities and the budget allocations, adequate planning capacity is required.
- **Capacity building for the planning apparatus is necessary, to ensure that the development goals and budget allocations agree.** Efforts to enhance the capacity of the administration can be made, for example, through training in planning management, and training in the use of databases for planning.
- **Deconcentrated expenditures must be synchronized with regional budget (APBD) expenditures.** To ensure there is no overlap or duplication in regional expenditures, there is need for planning that can synchronize the expenditures sourcing from the central government (e.g. through deconcentrated funds) and expenditures that draw on APBD sources. Thus, the likelihood of duplication in a given type of program or activity can be minimized.
- **The East Nusa Tenggara provincial government needs to improve its accountancy standards as well as its public finance transparency and accountability to society.** In this regard, capacity-building efforts are required to ensure that public finance planning, budgeting, and reporting are done in a conscientious manner, and in keeping with the needs of the local community.

4

Education

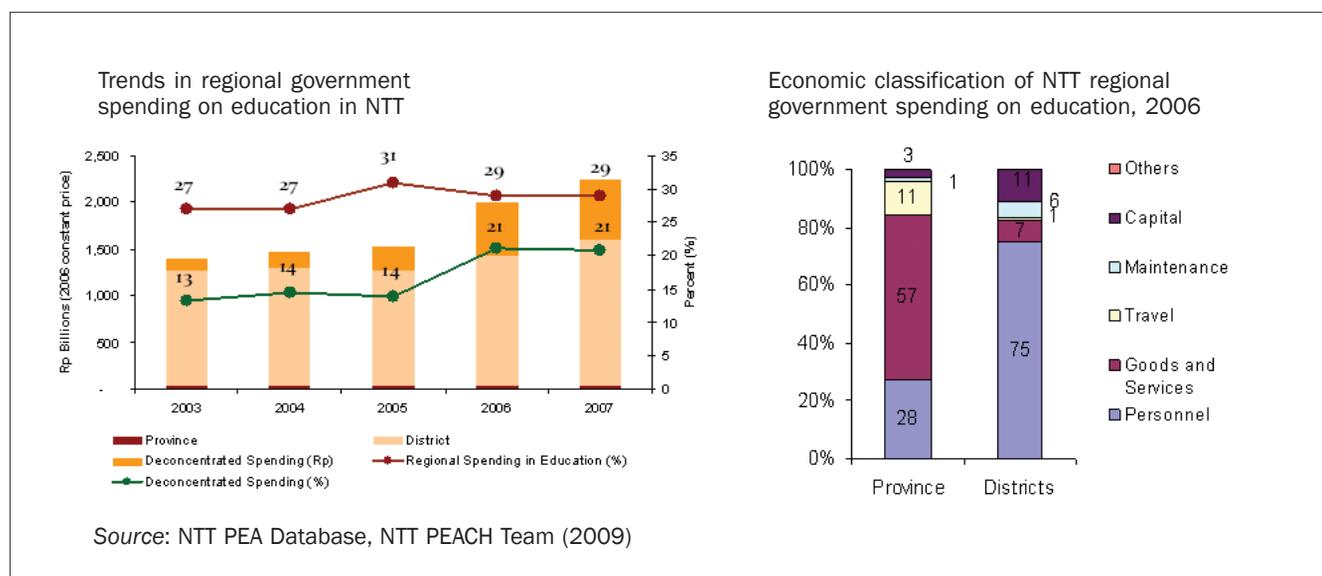
The education sector development program at the provincial level is directed at improving the quality and relevance of, and equality of opportunities for education. The aim is to produce human resources that are high quality, educated, and skilled; can master and apply science, technology and the arts, or IPTEKS (*ilmu pengetahuan, teknologi dan seni*); have professional attitudes; and are able to take advantage of existing potentials and opportunities for prosperity together with their surrounding communities. The formulation of this education development aim is translated into five (5) main programs in the area of education, namely:

- * Primary Education Development
- * Secondary Education (SMU/SMK, SMA) Development
- * Out-of-School (Informal) Education Development
- * Revitalization of Educational Management
- * IPTEKS Development, Dissemination, and Application

Total NTT spending in the area of education (provincial, district/municipal, and deconcentrated) rose by 39%, from Rp 1.46 billion in 2003 to Rp 2.04 billion in 2007. The proportion of total spending in NTT expended on education – which ranged around 29% (Figure 18) except for a small increase in 2005 – shows that the regional governments in NTT have continually positioned education as a priority sector. District/municipal governments contribute as much as 75% of NTT’s total spending in the education sector. Meanwhile, the balance is divided between the provincial and the central government, through deconcentrated expenditures.

In terms of their use, most of the education expenditures are used for capital expenditures, then maintenance and personnel expenditures. The capital expenditure component increased from 64.38% (2003) to 75.97% (2007). Whereas the maintenance expenditure component decreased from 18.11% (2003) to 10.83% (2007); this was also true of personnel expenditures, which decreased from 11.31% (2003) to 7.30% (2007).

FIGURE 18. Trends and composition of education spending in NTT



Over 80% of total spending in the education sector (provincial and district/municipal) was used for personnel and service provision expenditures (through goods and services expenditures). At the provincial level, more attention was given to service provision, as seen from the 57% expended for goods and services. At the district/municipal level, more attention was given to the service providers, as seen from the fact that 75% of total district/municipal spending used for personnel expenditures, particularly for the payment of teachers' salaries. Maintenance expenditures themselves could be classified as miniscule, comprising only 1% at the provincial level, and 6% at the district/municipal level (Figure 18). In general, the conditions of classrooms in a wide range of schools in Indonesia may truly be classified as bad. This is the result of the low level of funding allocated for asset maintenance.

BOX 2: BOS FUNDS ARE HELPING TO IMPROVE THE QUALITY OF EDUCATION IN NTT

The BOS (*Biaya Operasional Sekolah* – School Operation Cost) program is proof of the commitment of the government to provide high quality, basic education free of charge to students. The 1945 Constitution (UUD 1945) and Laws on the National Education System emphasize that all citizens of Indonesia have a right to education (Third amendment to UUD 1945, Article 31:2) and the government has an obligation to finance basic education without charging a fee (Law No. 20/2003, Article 34).

The BOS allocation per student for primary school (SD) students rose from Rp 235,000 in 2007 to Rp 276,000 in 2008, and is slated to increase to Rp 397,000 in 2009. Meanwhile, for high school (SMP/SMA) students, it rose from Rp 324,500 to Rp 376,000, then was further supplemented to become Rp 570,000 per student. BOS funds for each student in 2009 will be unified with the BOS for books, and its size will differ in cities and districts.

SD GMT Manulai I primary school in Manulai I Village, West Kupang sub-district is one of the schools that has derived positive benefits from this government policy. In 2008 the school received BOS funding assistance amounting to Rp 42,300,000. According to **Ms. Aleida Yovita, STh**, the Chairperson of the SD GMT Manulai I School Committee, with these assistance funds they managed to overcome the funding problems of their school, which is owned by a private foundation. The school had always had funding problems because of the limited fiscal capacity of the foundation parties, while 90% of the students came from disadvantaged/impoverished families, so that it was hard for school parties to rely on funding through fees collected from the students. *"The BOS funds have helped us to improve the quality of education. Based on an agreement between the School Committee and the School parties, which was cast into the School Budget Plan (RAPBS – Rencana Anggaran Pendapatan dan Belanja Sekolah), it was agreed that the 2008 BOS funds would be set aside for: scholarships for disadvantaged students, purchasing sport outfits for disadvantaged students, a remedial program for students who lack academic capacity, assistance for female students who cannot afford to continue their education in junior high school (SMP), purchasing simulation aids, support books, sports equipment, and a range of teacher development programs,"* said the Committee Chairperson.

Meanwhile, according to the school principal, **Mr. Daniel Sanu**, the BOS funds have also enabled a reduction in the burden on parents to pay school fees: *"With the existence of the BOS, school parties didn't have to collect education fees from the students' parents, most of whom are farmers who cannot afford to pay. In fact, registration fees for new students were not charged at all, so that now, the parents who are unable to pay are not having difficulties schooling their children."*

To ensure the success of the program, school parties are required to be transparent and accountable in managing the BOS funds. The Chairperson of the NTT Provincial BOS Management Team, **Drs. Aloysius Min**, who also holds the position of Head of the Curriculum Division of the Kindergarten/Primary School Sub-office of the NTT Provincial Education Office, said: *"To ensure that the assistance funds can be well managed, the school committee parties, teachers, and even the students' parents can control the implementation of the program by each school. The participatory role of each of these parties can be expected to have an impact on education quality and performance."*

Sustained focus on the education sector as a priority in NTT has already had an impact on increased access to schools and teachers. In the 2003-2005 periods, the number of students per school ratios decreased at all levels of education, and still shows lower trends compared to the national average. This positive impact is the result of large numbers of new schools being built in the 2000-2005 period. During this period the number of schools rose by as much as 6% for primary education, 20% for junior secondary education, and 12% for senior secondary education. The student to school ratios signify that as a result of their geographic isolation, most of the schools are serving small populations, and thus, have low rates of participation with the smaller numbers of students being schooled.

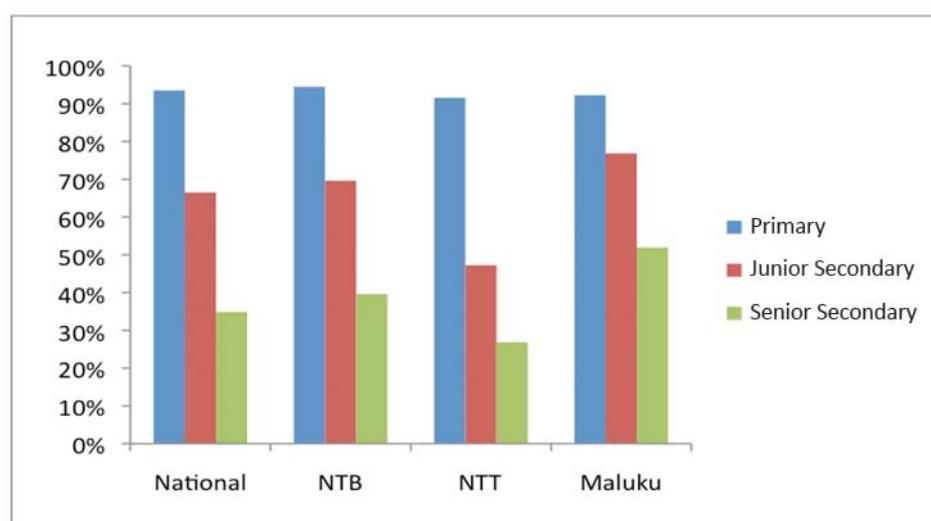
TABLE 3. The ratios of students per school have decreased below the national average, while the student to teacher ratios are almost the same as the national average.

Province	School	Student – School Ratio			Student – Teacher Ratio		
		2003	2004	2005	2003	2004	2005
NTT	SD	161	152	150	21	20	23
	SMP	242	234	238	15	15	14
	SMA	342	318	325	12	13	14
NTB	SD	157	156	161	20	21	21
	SMP	466	393	418	17	14	15
	SMA	442	424	393	15	15	13
Maluku	SD	134	129	120	18	21	21
	SMP	205	202	189	10	9	9
	SMA	362	360	382	15	17	17
National Averages	SD	178	176	175	21	22	22
	SMP	354	339	366	16	15	15
	SMA	395	382	375	14	14	14

Source: BPS, *Statistik Kesejahteraan Rakyat* (People’s Well-being/Prosperity Statistics) (2006) Note: SD = Primary School, SMP = Junior High School, SMA = Senior High School.

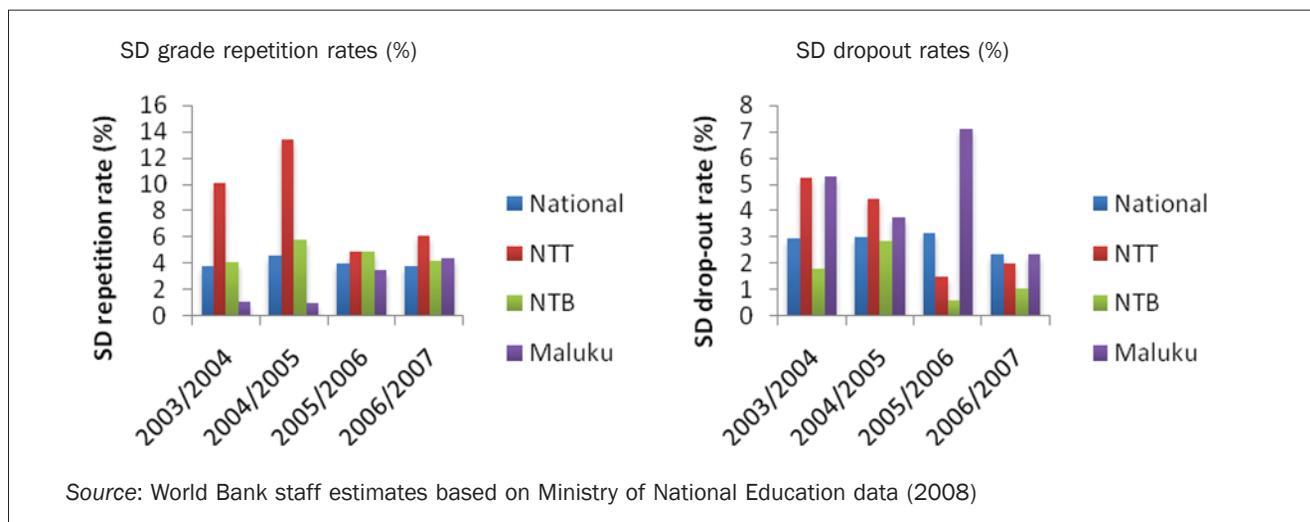
Although access to schools and teachers seems to be sufficient, this has not yet comprehensively improved the standard of public education. This shows there is need for improvement in the quality of education. NTT is recorded to have a proportion of residents who have not completed formal education that ranks second highest nationally (after Papua). Over 74% of the total population above 10 years of age are people who have not finished school, and most generally, they have only completed primary school. This trend is in line with the Net Enrolment Ratios (NER) at primary, junior secondary, and senior secondary education levels. The NER for primary education is 2% below the national average. However, for the junior high school (SMP) and senior high school (SMA) education levels, the discrepancies are more striking. The NER for SMP in NTT is 47% while the national level average is 66%. Meanwhile, the NER for SMA is 27%, or 8% below the national average (Figure 19). The common reasons why school dropout cases occur are: leaving school in order to assist with family economy, and inability to pay for tuition.

FIGURE 19. Net enrolment rates for primary school come close to the national average, but for junior secondary and senior secondary school they fall far below the national average



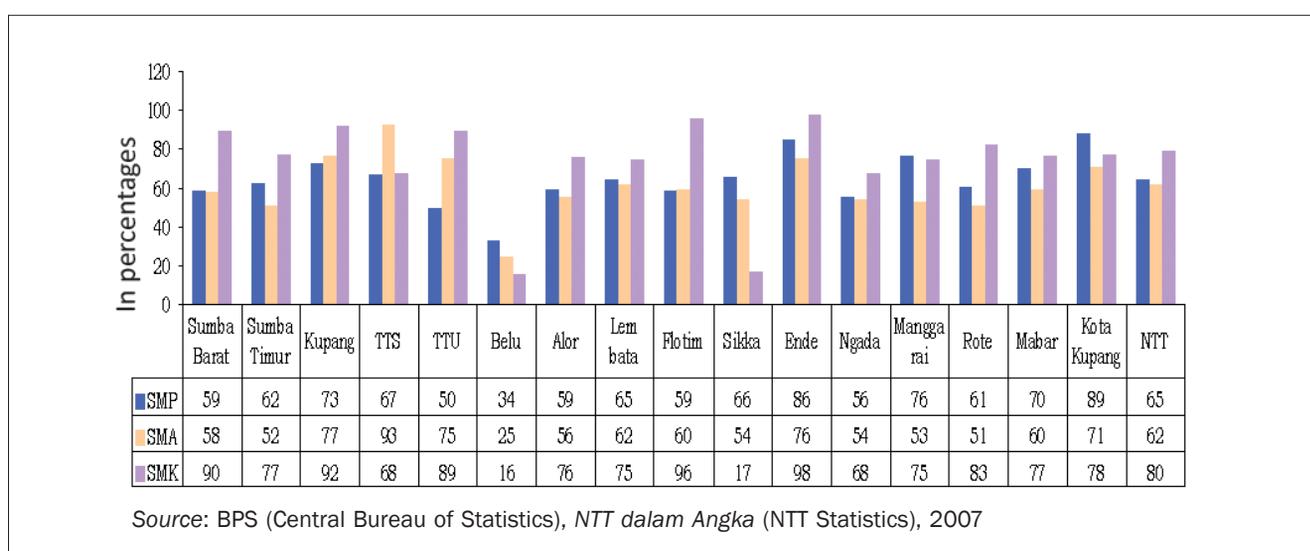
Source: World Bank staff estimates based on Susenas (National Socio-Economic Survey) data (2006)

FIGURE 20. The quality of primary education (SD) has been increasing



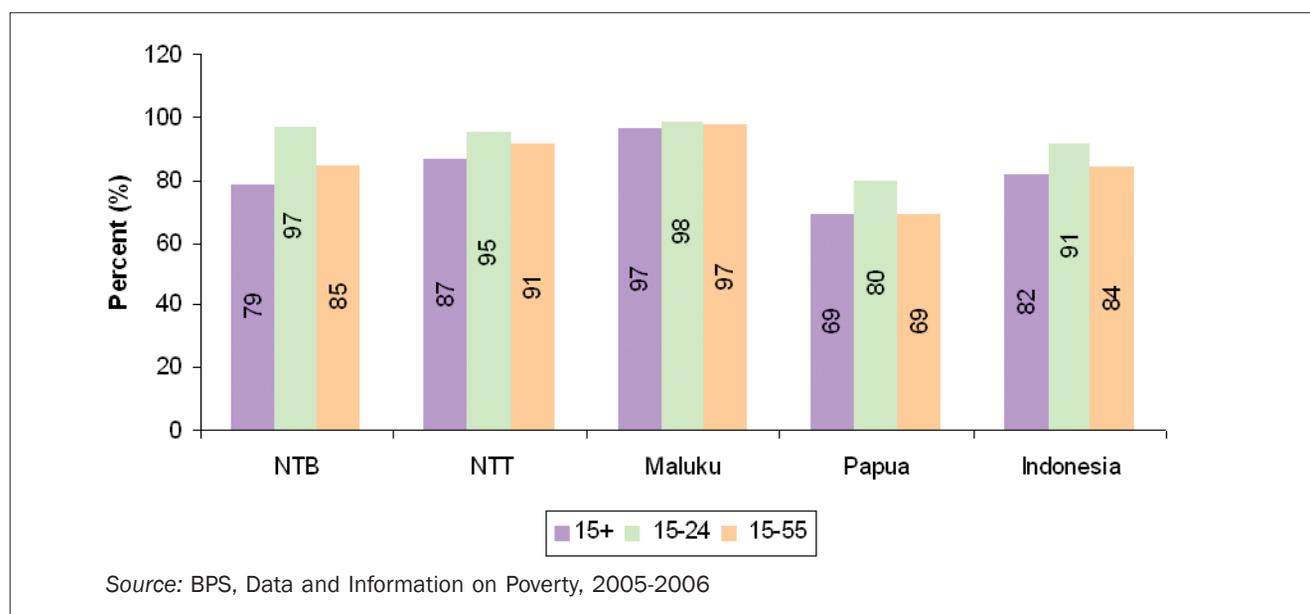
National Exam pass rates at the SMP, SMA and SMK (vocational high school) education levels in the districts/municipalities in NTT are highly variable. At the SMP level of education, the average pass rate at the provincial level in 2006/2007 was 65%. There were nine districts with a pass percentage rate below the provincial average and seven districts/municipalities with a pass rate above the provincial average (Figure 21). The highest SMP-level pass rate was found in the city of Kupang (89%) and the lowest, in the district of Belu (34%). At the SMA level, the average pass rate at the provincial level was 62%. There were ten districts with pass rates below the provincial average, and six districts/municipalities with pass rates above the provincial average. At the SMA education level, the district of TTS had the highest pass rate (93%) and the district of Belu, the lowest (25%). At the SMK education level, the average pass rate at the provincial level was 80%. There were ten districts/municipalities with pass rates below the provincial average, and six districts above the provincial average. At the SMK level, the highest pass rate was found in the district of East Flores, while the lowest were found in the districts of Belu and Sikka.

FIGURE 21. National SMP, SMA, and SMK Exam Pass Rates in the Districts/Municipalities of NTT, 2006/2007.



The percentage of the population that is literate in NTT is relatively high compared to NTB, Papua and the national average, although it is lower than that of Maluku. This indicates that although the records show that the proportion of the NTT population that has not completed formal education ranks second highest nationally (after Papua), in terms of literacy, NTT performs fairly well in the population categories of those who are 15 years old and above, 15-25 years old, and 15-55 years old (Figure 22). It is thought that this is related to the success of out-of-school education programs to eradicate illiteracy.

FIGURE 22. The percentage of the population that is literate in NTT tends to be high compared to NTB, Papua, and the national average



Conclusions:

The relatively large education budget is mainly used for personnel and goods and services expenditures. At the provincial level, more attention is given to service provision (goods and services expenditures), while at the district/municipal level, more attention is given to personnel expenditures, especially teachers' salary payments.

Increases in spending on education in NTT have shown good results in the form of increased access to schools and teachers – as shown by improvements in the ratios in the numbers of students per school and per teacher, and by the relatively high percentage of the population that is literate, although these are not yet sufficient to strengthen the overall outcomes of education. NTT ranks second in Indonesia in terms of the number of people who have not completed formal education. This trend is in line with the NER for primary school, which is close to the national average, although the NERs for SMP and SMA lag significantly behind the national average. Thus, the focus of the NTT government should be placed on ensuring that school-age children can continue and complete their formal education.

Student pass rates at the SMP, SMU, and SMK levels vary among the districts/municipalities in NTT. The number of districts/municipalities with pass percentages below the provincial average is greater than the number of districts with pass percentages above the provincial average. This indicates the as yet unequal distribution of education provision among the districts/municipalities in NTT.

Recommendations:

- **The relatively high percentage of the education budget (over 20%) should be accompanied by changes in the structure of expenditures.** Allocations for capital and maintenance expenditures should be increased, especially in the districts/municipalities.
- **The NTT provincial government should prioritize efforts to improve education-sector outcomes.** Outcomes can be improved by improving the quality of expenditures on the education sector, especially through improving the quality of basic (primary school/SD and junior secondary school/SMP) education, having a more even distribution of senior/vocational secondary schools (SMU/SMK), and making efforts to eradicate illiteracy in a number of local areas.
- **Efforts need to be made to restructure power/authority among education offices at the provincial and district/municipal levels in the province of NTT.** This restructuring of power is important in order to improve public services in the field of education, especially in connection with the provision of education equipment, infrastructure and facilities, as well as quality control of teaching and learning processes.

5

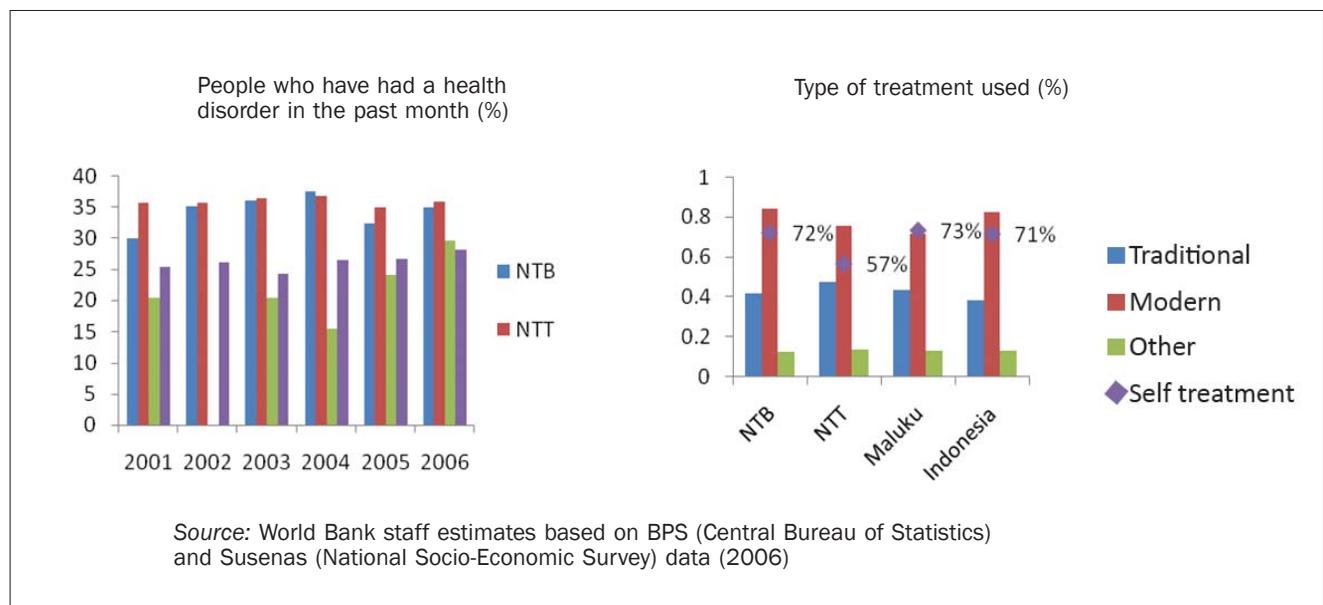
Health

Health development is directed at generating human resources that are physically, mentally, and socially healthy, and have healthy life behavior patterns, evenly distributed across and covering all members of society; increasing public education/awareness raising (*penyuluhan*) on healthy behavior patterns; improving the quality of the population; and improving the performance of health agencies. These health development policy aims are further articulated in a number of key programs, as follows:

- * Provision and Quality Improvement of Health Personnel
- * Quality Improvement of Public Health Services
- * Quality Improvement of Medical Services
- * Handling/Control of Pandemics (*Kejadian Luar Biasa Kesehatan*)
- * Public Health Education and Community-based Development
- * Health Development Management Capacity Building

NTT faces significant issues in the areas of health and nutrition, including high rates of malnutrition and high number of people with health disorders. Cases of famine and malnutrition are always occurring in NTT, especially during the dry season and when harvests are minimal or fail. In turn, malnutrition is a condition that facilitates the occurrence of other diseases. In 2006, one out of every three people in NTT were sick every month. This rate is higher than the national average, which is one out of four. The number of people suffering from health disorders was also higher than that in the neighboring provinces of NTB and Maluku.

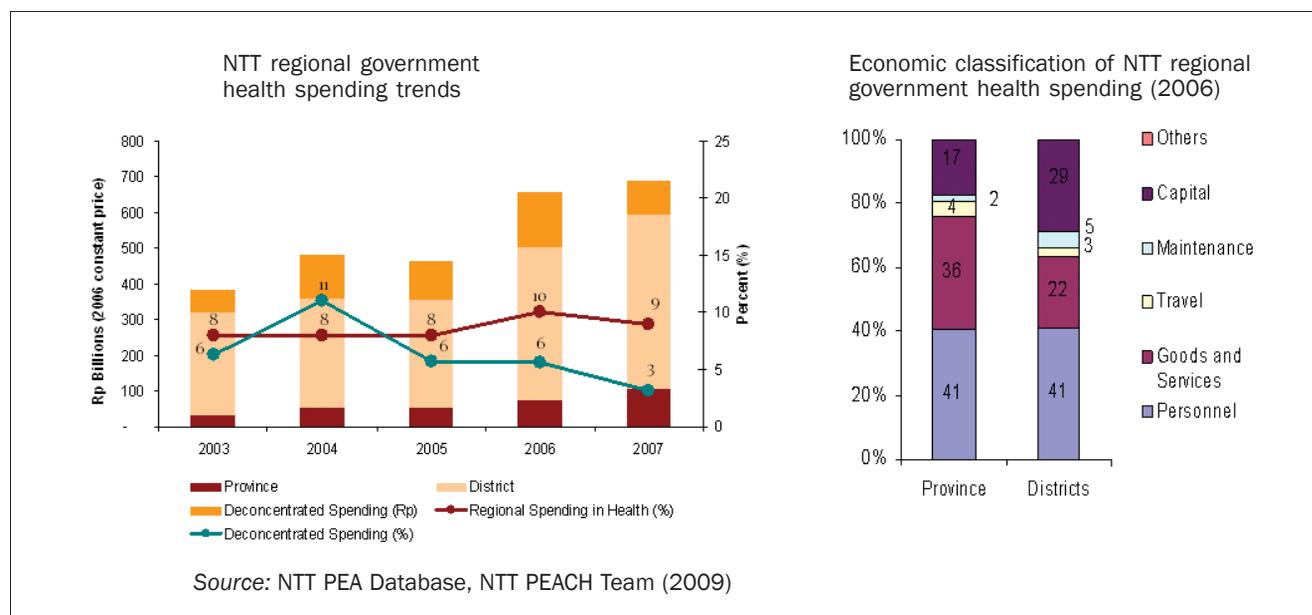
FIGURE 23. The people of NTT suffer more frequent health disorders but tend to avoid self treatment



Although the rate of people suffering from health disorders in NTT is high, few NTT residents use self-treatment, for example, by determining what type of medicine to use on their own. The rate of self-treatment of 57% is very low compared to the national average (71%) and to that of neighboring provinces (Figure 23). One of the reasons for this is better access to public health services and free health services in NTT.

In the 2003 to 2007 time frame, total NTT regional spending on health (including provincial, district/municipal, and deconcentrated spending) increased by 40%. It is estimated that 9% of total public spending in the region was spent on the health sector, and this proportion remained relatively stable throughout this period. Based on per capita calculations, spending in the health sector rose by as much as 87%, from Rp 84,000 in 2003 to Rp 157,000 in 2007 (Figure 24).

FIGURE 24. Trends and composition of NTT regional government health spending



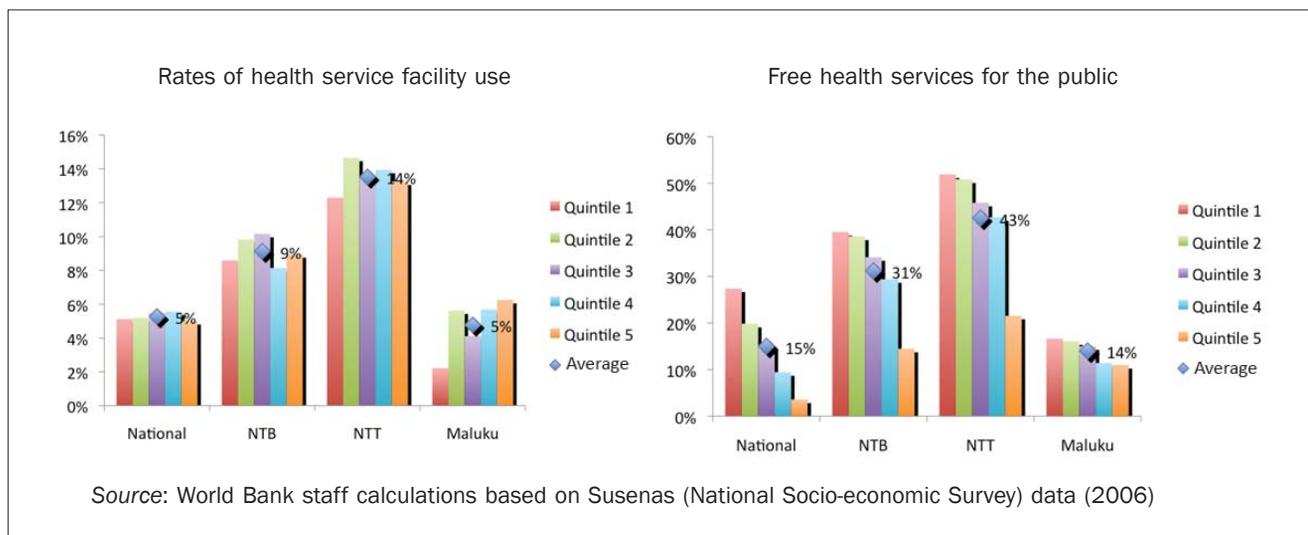
The largest component of regional government spending on health was used for salaries, while the portion used for maintenance was very small. The largest portion of regional government spending on health (including the province and the districts/municipalities) – approximately 40% – was used to pay salaries, covering salaries for both health staff and administration staff. At the same time, less than 5% was spent on maintenance (Figure 24). Goods and services expenditures comprised the second largest spending component, such that the provincial government spent 36%, and the district/municipal governments, 22% of their total health spending on goods and services. Capital expenditures, which finance much of the health infrastructure, accounted for 17% at the provincial level, and 29% at the district/municipal level. Regarding maintenance expenditures, which totaled only 2% of total health spending at the provincial level, and 5% at the district/municipal level, there are concerns that difficulties will arise at a later date, because too little is being used to take care that the health infrastructure remains in good condition.

Increased spending in the health sector has encouraged the creation of better access to health services in NTT. In 2006, an average of 14% of people suffering from disease in NTT used government-provided services, including outpatient and inpatient services (Figure 25). Public health service facilities include hospitals, public health centers (Puskemas – Pusat Kesehatan Masyarakat) and public health posts or auxiliary centers (Pustu – Puskesmas Pembantu). This rate of use of these public health service facilities is 5% higher than the national average and higher than the rates of the neighboring provinces of NTB (9%) and Maluku (5%).

NTT residents have better access to free health services compared to the average for residents of Indonesia. An average of 43% of households in NTT receive some form of free health services. This percentage is nearly three times better than the national average, which is 15%, and better than those found in the neighboring provinces of NTB (31%) and Maluku (14%). These free health services may take the form of free-of-charge basic health services in a number of health service facilities, the provision of insurance for the poor (ASKESKIN), the provision of cards to the poor to cover health care expenses (Kartu Miskin), or other special forms of treatment for

the poor. This access to free services also shows that there is a tendency to show great partiality to the poor. It is estimated that half of those in the lowest-earning group receive these free health services. Whereas the level of use of these services increasingly falls as earnings rise.

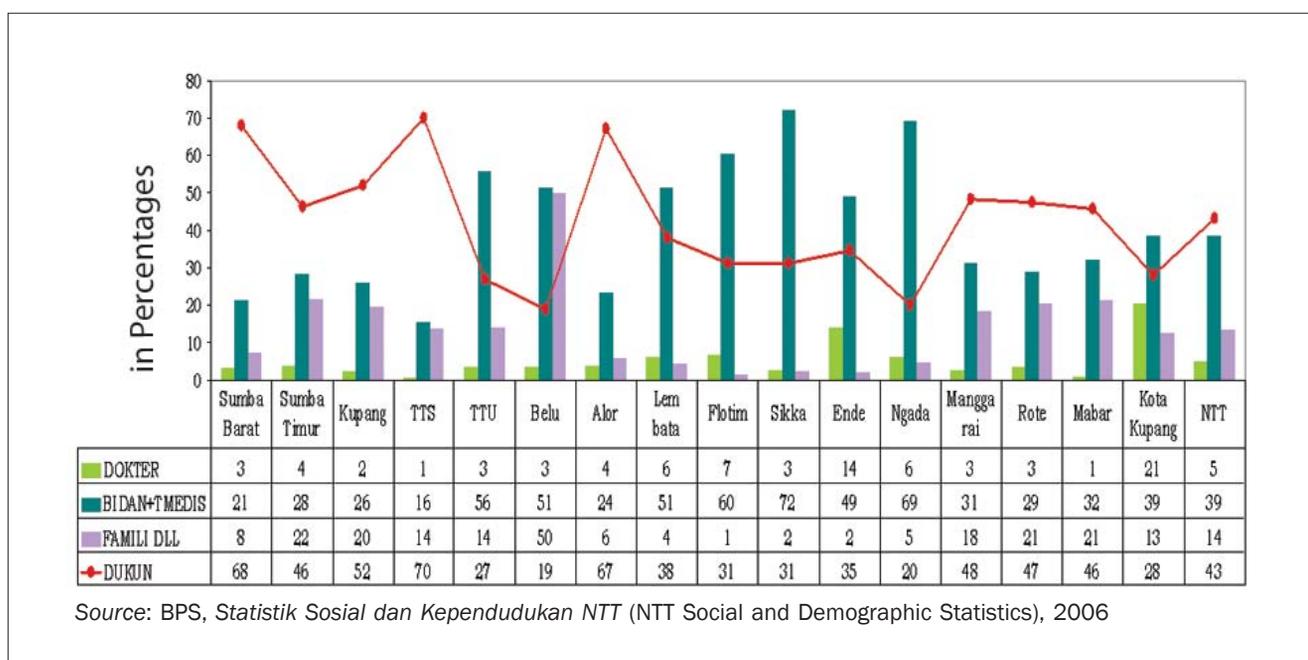
FIGURE 25. Increased health sector spending encourages the creation of higher rates of access to health services



Source: World Bank staff calculations based on Susenas (National Socio-economic Survey) data (2006)

Infant mortality rates in NTT are lower than those in NTB and Maluku, but they are still higher than the national average. The rate of infant mortality per 1,000 births decreased from 44 (2000) to 35 (2005) and the Central Bureau of Statistics (BPS) predicted that it would decrease to 31 per 1000 births by 2007. Among other things, such conditions are influenced by assistance during childbirth. As can be seen in Figure 26, the most dominant types of birth attendants were non-medical workers; that is, traditional birth attendants (*dukun*) and family members assisted 56.65 % of births, while medical workers (doctors and midwives) assisted only 43.35% of births.

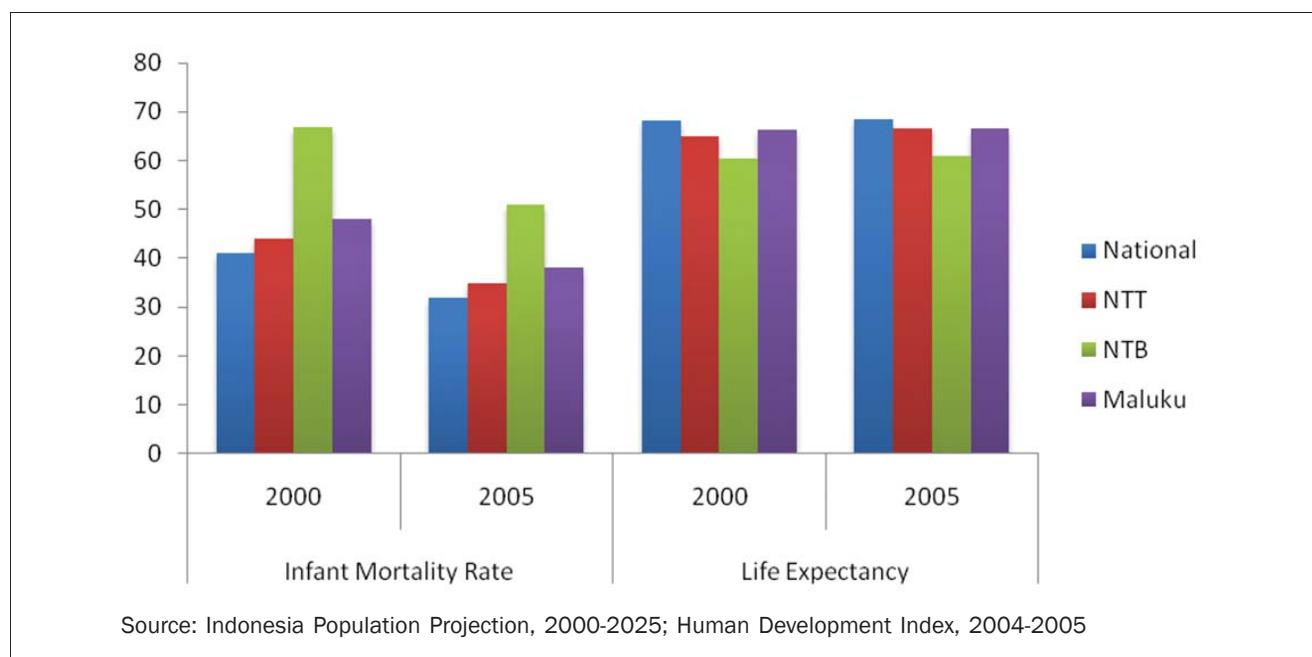
FIGURE 26. Percentages of children under age five in NTT according to birth attendants involved in their birth, 2006



Source: BPS, Statistik Sosial dan Kependudukan NTT (NTT Social and Demographic Statistics), 2006

The life expectancy rate of people in NTT is better than the average life expectancy rate of the province of NTB, but a bit lower than the national average. Good quality of life and adequate health services will cause average human lifespans to be longer. The existing conditions attest that quality of life and health services in the province of NTT are fairly good, nearly the same as the situation in the province of Maluku, and even better than that in the province of NTB.

FIGURE 27. Infant mortality rates and life expectancy rates



Conclusions:

Most health expenditures are used for expenditures on personnel and on goods and services. Meanwhile, expenditures on infrastructure are very small. Capital expenditures, which finance most of the health infrastructure, are calculated to amount to 17% at the provincial level, and 29% at the district/municipal level. Regarding maintenance expenditures, which amount to only 2% of all health spending at the provincial level, and 5% at the district/municipal level, there are concerns that difficulties will arise in the future because too little is being spent to take care that the health infrastructure remains in good condition.

Increases in health sector spending allocations have succeeded in increasing community access to public services in the field of health. Compared with the national average as well as those of its neighboring provinces, NTB and Maluku, NTT has a smaller number of sick people who do self-treatment (for example, those who buy medicine themselves as opposed to going to see a doctor). Additionally, NTT also has a higher rate of usage of public health services, and a greater proportion of households receiving free health services.

Nonetheless, increases in access to public health services have not yet had a significant influence on improvements in the overall outcomes in the field of health. The morbidity rate, that is, the proportion of people who suffer from disease(s) each month relative to the total population, is still higher than the national average. Malnutrition is also an ongoing problem, and it is thought that the low level of nutrition contributes to the incidence of many health problems in NTT. Achieving better health indicators (such as morbidity rates) takes a long time and requires government support, not only to strengthen access to public health services, but also the quality of these services.

Recommendations:

- **It would be best for the allocation of expenditures in the field of health to be directed at efforts to improve health services for the community.** A restructuring of health field expenditures must be undertaken in connection with efforts to improve health infrastructure and facilities. Allocations for personnel expenditures, which dominate expenditures in the health field, must give priority to spending on functional personnel (doctors, expert/specialist doctors, medical workers, and nurses), so that the service ratios for each type of health personnel can be continually improved.
- **The NTT provincial government needs to improve health services in isolated, rural, and border areas.** The relatively high morbidity rate is a problem that occurs especially in areas far from the city; therefore, efforts should be made to fix this problem and at the same time improve health services, especially in isolated, rural, and border areas.
- **Coordination between the health offices at the provincial and district/municipal levels must be improved so that efforts to improve health serves can be maximized.** Improvements to health services through health infrastructure and facilities must be supported by the availability of functional health personnel, which generally falls under the authority of district/municipal government, because any addition of physical health facilities (such as public health centers/*puskesmas* or auxiliary public health centers/*pustu*), will only function effectively if they are adequately furnished with health personnel.

6

Infrastructure⁴

Infrastructure development is directed at supporting the development of economic activities in the main-stay production sectors, and at connecting one economic area to another so as to create an economic unit that enables the increased mobility of production, goods and services factors. The key programs being implemented are:

- * Improvement to the Quality of Land, Marine and Air Infrastructure and Facilities Services
- * Improvement and Maintenance of Provincial Road and Bridge Infrastructures
- * Improvement in Water and Irrigation Resource Development
- * Residential Infrastructure and Facilities Development

Main emphasis in infrastructure development program(s) has been placed on efforts to increase agricultural commodity production, although the results obtained are not yet adequate. The following table shows that in the 2004-2006 timeframe, production of the eight (8) most outstanding food crop commodities in NTT actually decreased.

TABLE 4. Harvested Areas, Average Yields and Production of Food Crops, 2004-2006

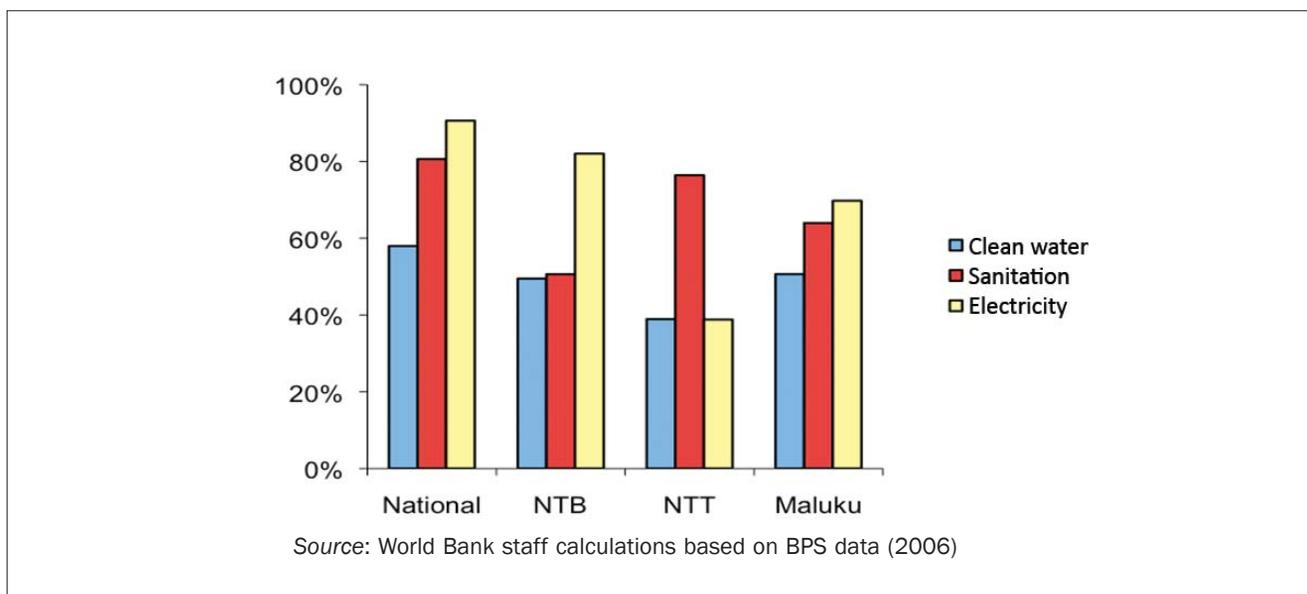
No	Comodity	2004			2005			2006		
		Harvested Area (ha)	Average Yield (quintal / ha)	Production (metric ton)	Harvested Area (ha)	Average Yield (quintal / ha)	Production (metric ton)	Harvested Area (ha)	Average Yield (quintal / ha)	Production (metric ton)
1	Rice	183,728	30	5,52,205	162,539	28	4,61,008	173,208	30	5,11,910
2	Corn	264,907	24	6,22,812	239,588	23	5,52,439	252,410	23	5,82,964
3	Cassava	99,498	10.5	1,041,280	86,464	103	891,783	89,591	10.5	938,010
4	Yam	16,257	78	1,26,406	12,930	77	99,748	14,480	77	1,11,006
5	Peanut	17,225	10	1,7,680	14,374	10	14,518	17,356	10	1,7,832
6	Soybean	2,308	10	2,369	2,093	10	2,118	2,694	10	2,786
7	Mung bean	24,012	8	19,896	20,010	8	16,695	22,598	8	19,534
8	Sorghum	6,690	9	5,863	4,100	8	3,449	7,362	8	6,002

Source: NTT dalam Angka (NTT Statistics), 2005-2007

NTT's rate of access to sanitation is better than that of its neighboring provinces, and slightly lower than the national average. It is estimated that 76% of households in NTT have access to some form of sanitation facility. This is only 5% below the national average, but far better than the neighboring provinces of NTB and Maluku (Figure 28). Additionally, over 60% of households in NTT have their own sanitation facilities. This is 2% above the national average, and 20% and 10% above NTB and Maluku, respectively, in 2006. Nevertheless, some of these sanitation facilities are still very simple and semi-permanent in character.

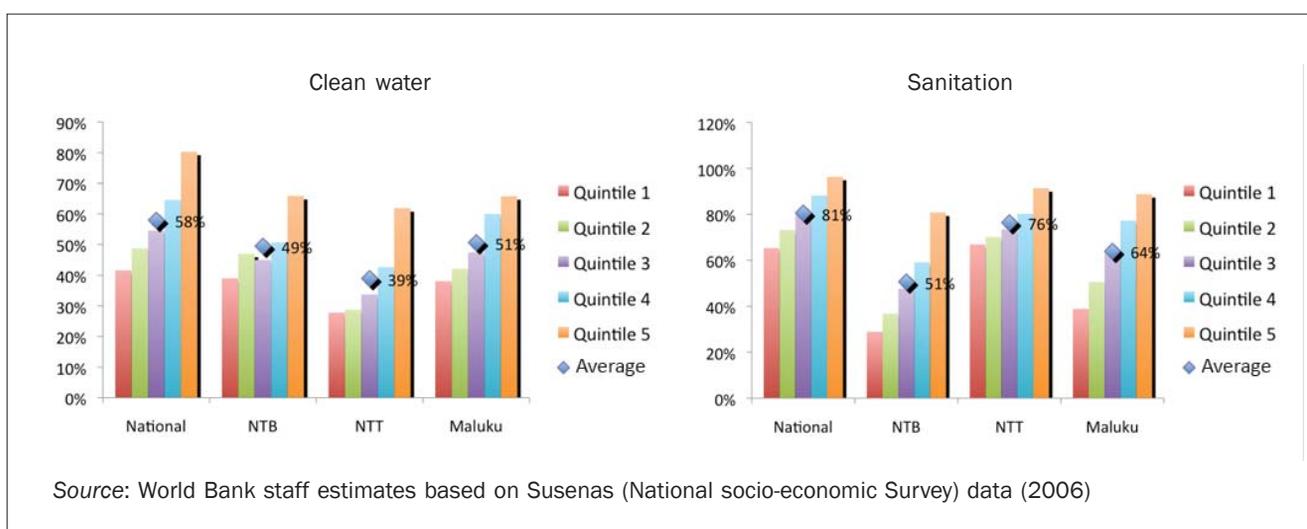
⁴ Regional government spending in the infrastructure sector covers housing, water and sanitation, and transportation. Spending on electricity is financed by, and is the business of, the central government. The data analyzed in this report only include data on transportation, clean water, sanitation, and lighting/electricity, in view of the obstacles to obtaining more detailed data that were encountered.

FIGURE 28. NTT has performed well in providing access to sanitation, but falls short in providing clean water and lighting/electricity



If access to sanitation is categorized as high, access to clean water is low, all the more so when compared with the national average (Figure 29). In 2006, more than 39% of NTT households did not have access to clean water. This is 20% below the national average, as well as being lower than the rates in Maluku and NTB. Minimum annual rainfall is the factor that significantly influences the scarcity of clean water. There are many cases where people must travel very far just to get the water they require to meet their daily needs. Clean water scarcity also constitutes a big issue for poor groups in NTT, as less than 30% of the lowest income groups have access to water, a highly conspicuous disparity compared to the more than 60% who have access to water among the highest income groups (Figure 29). NTT also has numerous cases of diarrhea, of which the scarcity of water supply facilities is thought to be a contributing cause.

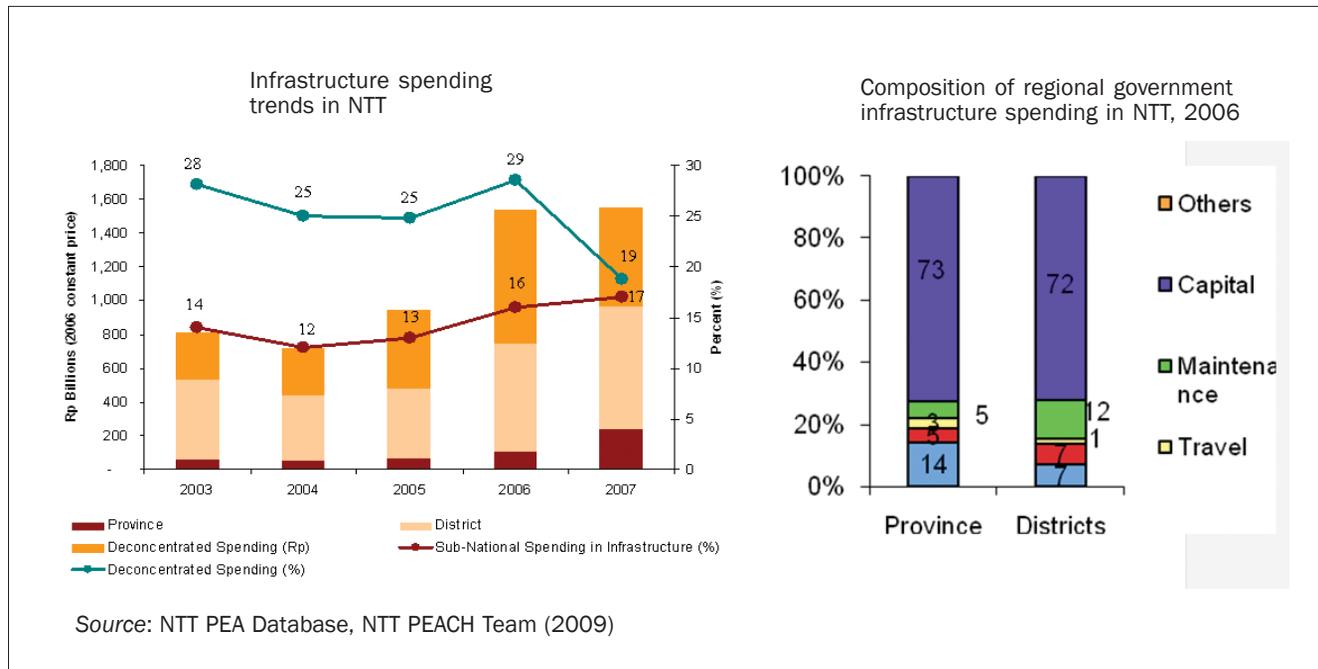
FIGURE 29. NTT has difficulty accessing clean water, even though it has far better sanitation than neighboring provinces



Access to lighting (electricity) is another NTT challenge. Only 36% of households had access to PLN (*Pelayanan Listrik Negara* – State Electricity Service) in 2006. This is far below national and neighboring province – Maluku and NTB – averages (Figure 28). Despite this, it should be noted that electrical services are financed by the central government.

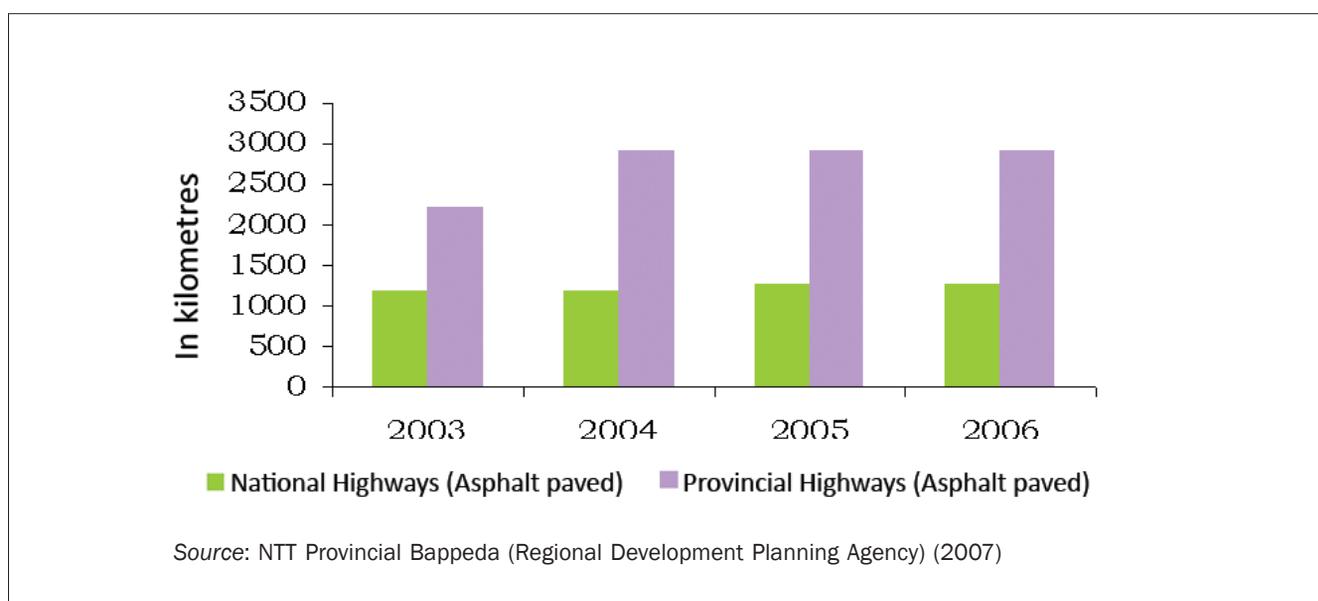
NTT (provincial and district/municipal) spending on the infrastructure sector has increased continuously, both in terms of value and proportion. Following a decrease in its total in 2004, the proportion of NTT spending allocated to the infrastructure sector increased again, up to 17% in 2007, from what was formerly only 14% in 2003. In total, infrastructure spending increased by as much as 60% from 2003 to 2007, at an average rate of 14% per year. By 2007, the district/municipal governments bore 77% of total infrastructure spending in NTT, although, since 2003, the provincial contribution had gradually increased.

FIGURE 30. Trends and composition of infrastructure spending in NTT



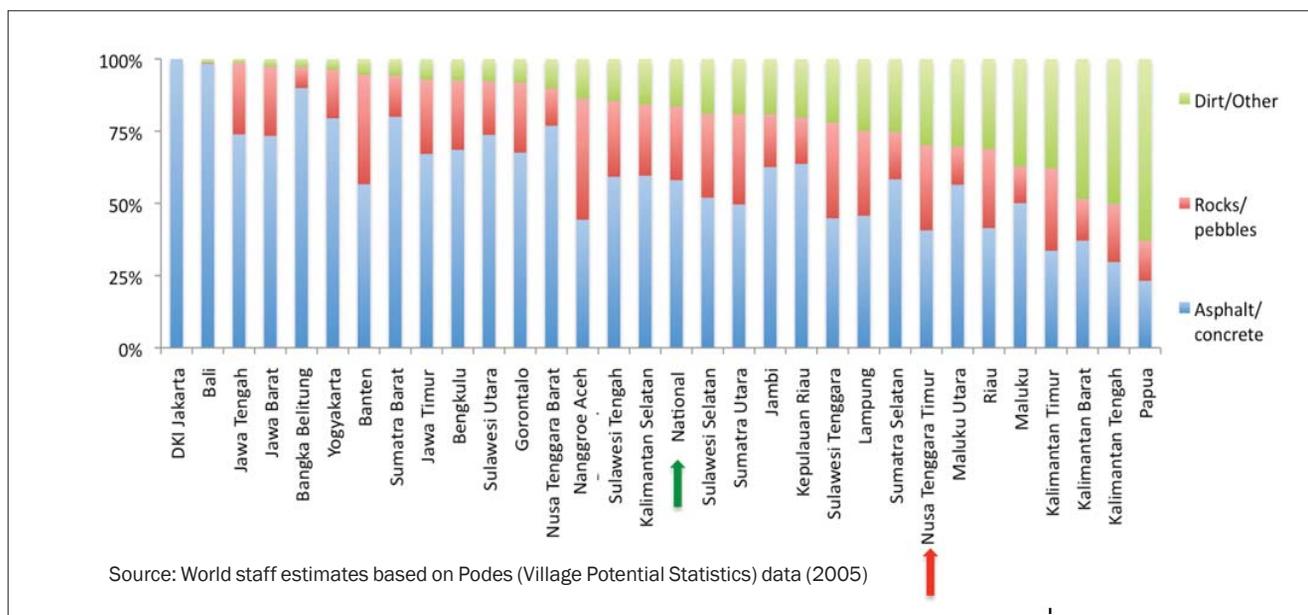
The majority of the infrastructure spending was used for building new infrastructures and for maintenance. At the provincial and district/municipal levels, NTT used approximately 75% of its infrastructure budget to build new infrastructure facilities. Spending on these capital expenditures amounted to 77% of total infrastructure spending at the provincial level, and 75% at the district/municipal level. Maintenance expenditures comprised the second largest group of expenditures, covering 12% of total infrastructure spending at the district/municipal level, and 5% at the provincial level (Figure 30).

FIGURE 31. National and provincial highway development in NTT



This increasingly greater spending on infrastructure has extended the lengths of asphalt-paved provincial highways, although road conditions in rural areas are still dominated by unpaved, gravel and dirt roads. This is why, nationally, NTT ranks in the 10th lowest position for provinces with the worst rural road conditions (Figure 32). The terrible conditions of rural roads make it difficult for village residents to be able to access the increasingly good provincial and national highways.

FIGURE 32. NTT ranks in 10th position for village access to asphalt and gravel/rock and pebble roads.



Conclusions:

Infrastructure budget allocations for capital expenditures (by the province and the districts/municipalities) exceed 70%, mainly used for road building/repairs. This fact has encouraged fairly major improvements to the provincial highway infrastructure, although the quality of rural roads has not undergone quality improvement.

The development of other infrastructures (for sanitation, clean water, electricity) in NTT has shown variable performance. On the one hand, the level of access to clean water and lighting/electricity is still low, while on the other, the level of access to sanitation may be classified as high. The low level of access to clean water is one of the reasons for the high morbidity rate in NTT compared to Maluku, NTB and the nation as a whole.

Recommendations:

- Considering that most of the deconcentrated funds are allocated for road infrastructure development, the development of other kinds of infrastructure, especially for clean water, should receive adequate budget allocations through the regional budgets (provincial and district/municipal APBDs). The main problem faced by most of the people of NTT province is lack of clean water supplies. As the soil structure and dry (semi-arid) climate characteristics of NTT strongly limit the supply of clean water available to meet community needs, it would be most advisable for the government to allocate infrastructure sector expenditure budgets mainly to efforts to provide clean water supplies for the public.

Regional Development Planning and Finance Management

Regional Development Plans, known as Propeda (*Program Pembangunan Daerah*) and Mid-term Development Plans, known as RPJMD (*Rencana Pembangunan Jangka Menengah*) are generally formulated based on the key issues faced by each region. The identified results of the studies of district Propeda/RPJMD that were carried out showed that, in general, there were five priority sectors, namely, the economic, education, health, infrastructure, and law and governance sectors. Upon further scrutiny, these findings are not surprising. The HDI and poverty rate of NTT are worse than the national average, which indicates the scale of the issues in the economic, education and health sectors. Aside from these key sectors, regional priorities also covered law enforcement, regional government institutional strengthening, city/district planning, and security and public order. These priorities represent choices relevant to the domestic conditions of each area. Thus, it can be said that from the point of view of development planning, both the province and districts/municipalities have endeavored to formulate exact regional development priorities in their development planning documents.

In the provincial and district/minicipal Propeda/RPJMD that were studied, five-year development targets and performance indicators had not yet been clearly formulated, except at the NTT provincial level. The lack of clarity in the formulation of targets and performance indicators was, among other things, due to the unavailability of adequate data, since almost none of the district/municipal governments as yet have a well-organized data collection/documentation system.

The majority of public or direct expenditure realizations are always carried out in a relatively brief time period approaching the end of the fiscal year. The reason for this is that the budget cycle is not properly fulfilled, where delays are always happening in the authorization of the APBD (regional budget), *APBD Tambahan* (amended or supplementary budgets), and *APBD Perhitungan/Pertanggung jawaban* (account/accountability statements). These delays create a situation that is not conducive for the SKPD (*Satuan Kerja Perangkat Daerah* – Local Government Work Units) to carry out their programs, because the time available is relatively tight. Consequently, many of the programs are implemented simply to pursue the budget absorption targets, while aspects of program performance and process are not given enough attention.

Laws and regulations related to regional finance management have been subject to ongoing changes in the last few years. In the past five years, the central government has issued a number of new laws and regulations related to regional planning and budgeting, including those on state finance (UU No. 17/2003), the state treasury (UU No. 1/2004), the national development planning system (UU No. 25/2004), regional autonomy (UU. No 32/2004), and fiscal balancing (UU No. 33/2004). The various laws and regulations, along with the regulations deriving from them in the form of Regional Regulations or Ministerial Regulations and Decrees, have fundamentally changed various aspects of the implementation of regional finance management, including the aspects of planning and budgeting and cash management, as well as the aspects of asset management and procurement.

In NTT, all of the local governments studied showed difficulties in responding to the rapid changes in these various national laws and regulations. For example, up until mid-2008, only the South Central Timor or TTS (*Timor Tengah Selatan*) district government and the Nusa Tenggara Timur (NTT) provincial government had succeeded in completing regional regulations on the basics of regional finance management as stipulated by Government Regulation No 58/2005 in conjunction with Minister of Internal Affairs (Permendagri) Regulation No.13/2007 regarding regional finance management.

Generally, regional governments in NTT (both provincial and district/municipal) have endeavored to decrease the portions allocated to government administration expenditures over the past five years. As previously mentioned in Chapter 3, the portion allocated to administration expenditures fell from 48% in 2003 to 42% in 2007.

The implementation of PP (Government Regulation) No. 41/2007 has proven able to improve bureaucratic efficiency and reduce the portion of government administration expenditure allocations. PP 41/2007 on regional government organizational structures regulates the minimum and maximum numbers of work units (SKPD) in a regional government, based on the variables of population size, land area, and the size of the budget (APBD) of the regional government concerned. Thus far, the application of this PP has had a positive impact in South Central Timor (TTS) district, which is the first district to implement the PP through Perda (Regional Regulations) Nos. 19 through 22/2007 on the establishment of the organization and work system of the regional government. The impact of the implementation of PP No. 41/2007 was a reduction in the numbers of echelons within the structure from 1106 to 887, which had implications for the reduction of salary expenditures by as much as Rp 2 billion, or approximately 0.4% of total spending (Table 5).

TABLE 5. Spending on civil servant salaries in South Central Timor (TTS) district

Prior to the implementation of PP 41/2007				After the implementation of PP 41/2007			
Echelon	#	Salary Amount (Monthly)	Total Salary (Annual)	Echelon	#	Salary Amount (Monthly)	Total Salary (Annual)
II a	1	3,250,000	39,000,000	II a	1	3,250,000	39,000,000
II b	31	2,025,000	753,300,000	II b	28	2,025,000	680,400,000
III a	175	1,260,000	2,646,000,000	III a	66	1,260,000	997,920,000
III b	24	980,000	282,240,000	III b	125	980,000	1,470,000,000
VI a	798	540,000	5,171,040,000	VI a	619	540,000	4,011,120,000
VI b	77	480,000	443,520,000	VI b	48	480,000	276,480,000
Total	1106		9,335,100,000		887		7,474,920,000

Source: *Bagian organisasi Pemda TTS* (Subchapter on TTS local government organization)

Conclusions:

- **Planning and budgeting processes are still far from effective.** Although the planning documents have prioritized certain sectors, these documents do not provide clear guidelines for implementing the plans. Additionally, budget realizations are far from effective because the majority of public or direct expenditures are made at the end of the fiscal year.
- **As is the case in other regions, local governments in NTT are also facing difficulties keeping pace with changes made to various regulations in the area of regional finance management.** This is mainly due to the rapid turnover of regulations produced by the central government that were not

immediately followed up by changes in the regulations for implementing them, and additionally, due to the weak capacity of the regional government administration to prepare offshoots of these regulations in the regions (*legislative drafting*).

- **NTT has made significant progress in improving its bureaucratic efficiency.** In general, NTT has succeeded in reducing the portion of spending on government administration. At the district/municipal level, the TTS government was, *de jure*, prepared for insitutional restructuring, having already determined regional regulations on its institutional organization and work system, and the impact of this showed up in its success, *de jure* and *de facto*, in decreasing salary expenditures by implementing the regulations concerned as a further implementation of PP 41/2007.

Recommendations:

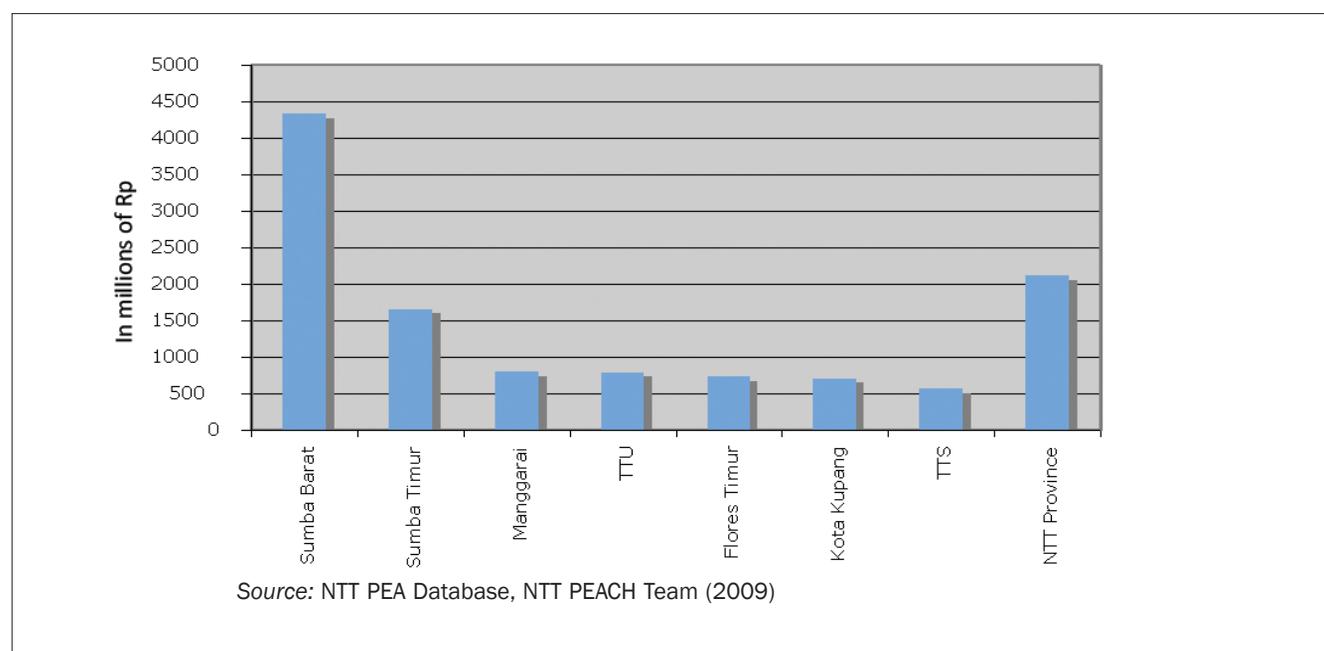
- **Regional governments in the province of NTT need to improve their planning documents and budgeting cycles.** For the planning documents, integrated program plans and activities must be developed, along with measurable and realistic indicators that can be used to monitor implementation. The first step to improving the budgeting cycle is to determine the APBD before the beginning of a given fiscal year, and APBD Amendments before the beginning of the fourth quarter of the fiscal year concerned.
- **The NTT provincial government must respond quickly to changes in the national regulations on the management of State finance.** One way this can be accomplished is through efforts to increase the legislative drafting capacity of the administration, so that they can also quickly change or create regional regulations on regional finance management in keeping with the changes to the national regulations.
- **Provincial and district/municipal governments in NTT are advised to implement PP no. 41/2007 soon.** As a first step in implementing this PP, an academic study could be conducted on the most optimal structure and work system, based on local conditions, for the creation of local regulations on the establishment of the organization and work system of local government administrations.

NTT's Development Challenges

8.1. Gender

Although the provincial government and the seven (7) district/municipal governments covering the case study locations all have programs related to gender issues, only the West Sumba district government specifically mentioned the subject of gender in its development goals and mission. Another issue in gender mainstreaming is that most government programs do not measure differential impacts on women and men, which makes it difficult to assess who is benefiting from the government's non-targeted spending, which generally covers most spending. While it is true that in all of the case study locations, the government had allocated funds for gender-targeted programs, there were fairly big variations among the districts/municipalities in the amounts allocated for such programs. In this context, West Sumba district had the highest level of spending, amounting to Rp 4.3 billion of its capital expenditures, while TTS had the lowest, with an allocation of only Rp 568 million (Figure 33)⁵. The significant allocation of West Sumba district is consistent with the explicit commitments of the latter, as cast into its mid-term development-planning document ((RPJMD).

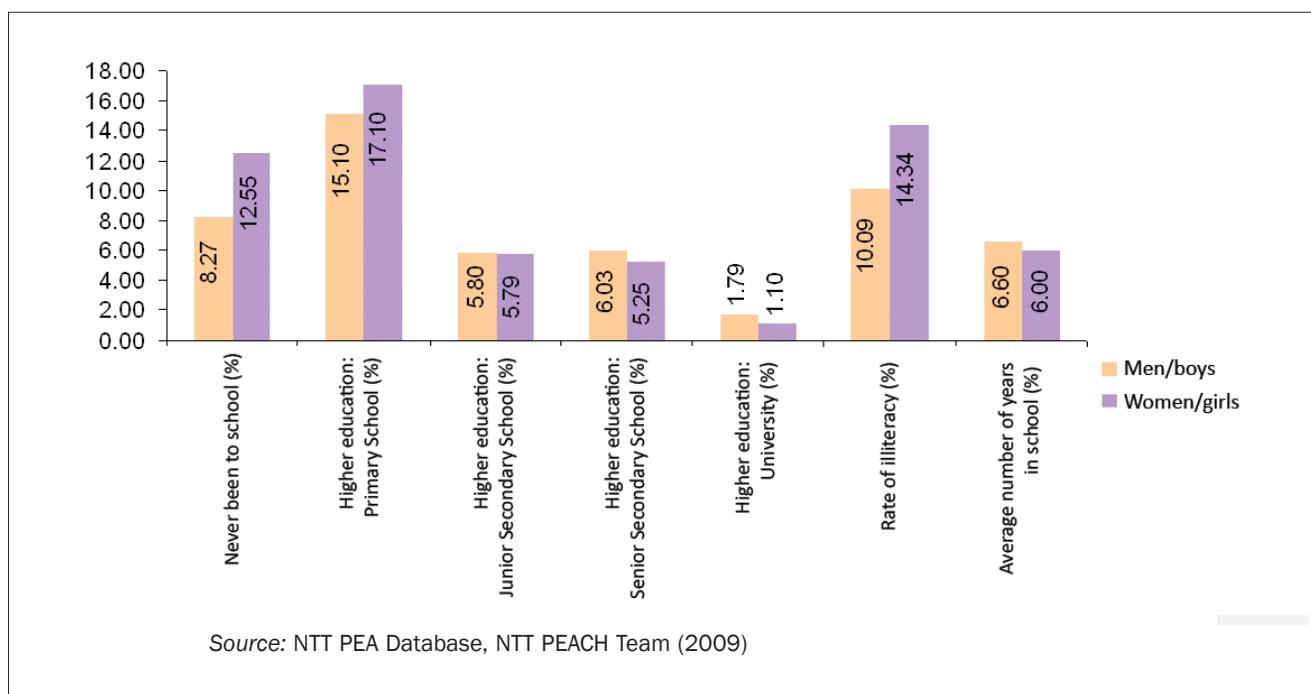
FIGURE 33. Highly diverse levels of funding allocation for gender-targeted programs among the districts/municipalities in 2006



⁵ Programs categorized as gender-targeted programs are based on the program naming formulations in the 2006 APBD.

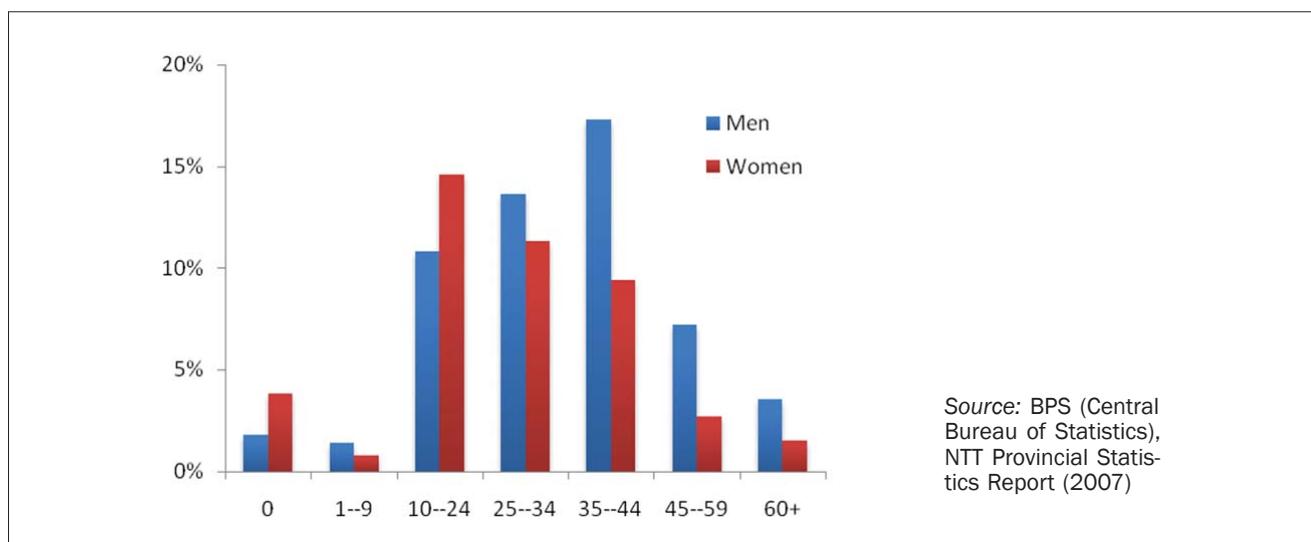
In NTT, male groups have slightly greater access to education than female groups, although in terms of education levels, the two groups do not show much difference. The percentage of women who have never been to school (13%) is higher than that of men (8%). These data may explain why the proportion of illiterate women (14%) is higher than that of illiterate men (10%). Generally, the average length of time boys are educated is also longer (6.6 years) compared to that of girls (6 years). Male and female education levels can be said to be nearly the same for primary and junior secondary education, although later on, fewer girls receive senior secondary and tertiary education (Figure 34).

FIGURE 34. Disaggregated education sector indicators (2006)



Although their levels of education are not much different, the number of women in the labor force is much smaller than that of men. It is estimated that the proportion of women in the labor force is only 65%, a significant variance compared to the proportion of men, which reaches 85%. Women also tend to work fewer work hours than men, which indicates that their jobs are mainly part-time jobs. As Figure 31 presents, the proportion of women over 15 years of age who work up to 24 hours per week appears to be far higher than that of men. As shown in the figure, as workhours increase, the proportion of working men rises far higher than that of women.

FIGURE 35. Adult women (15 years up) work fewer hours than men.



The imbalance in the number of women and men in the labor force is also reflected in the government bureaucracy in NTT. In 2007, the number of women in echelon 2, 3, and 4 positions across the ranks of the bureaucracy in NTT amounted to only 26%. Table 6 also shows that the higher one goes up the ladder the fewer women there are in these bureaucratic positions.

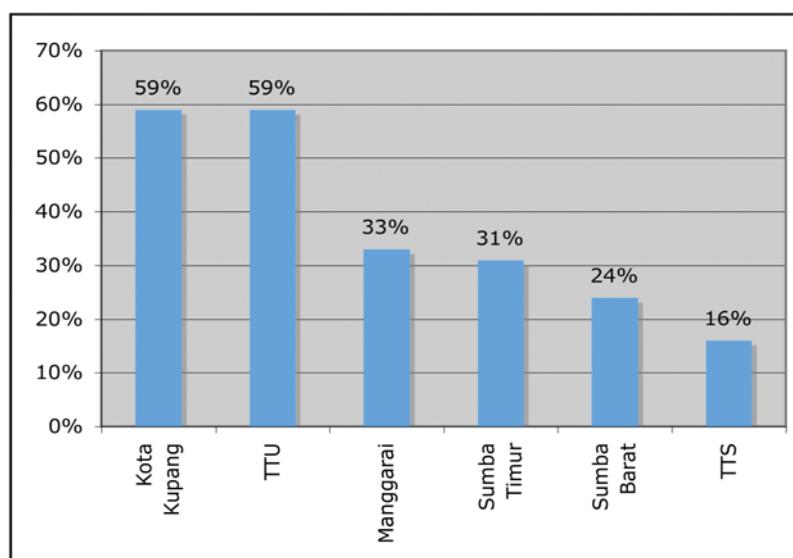
TABLE 6. The higher up the ladder the smaller the number of women

	Men	Men (%)	Women	Women (%)
Echelon 1	1	100	0	0
Echelon 2	43	88	6	12
Echelon 3	192	85	35	15
Echelon 4	476	70	205	30
Total	712	74	246	26

Source: BPS (Central Bureau of Statistics), *NTT Dalam Angka* (NTT Statistics), 2007

On average, only four out of ten women giving birth in NTT are assisted by medical personnel. An important health issue for women in that only 43% of births in NTT are medical personnel-assisted. This is far below the average, both nationally and in the neighboring provinces of NTB (62%) and Maluku (46%). The numbers also vary a lot among the districts/municipalities. For example, the percentage of births assisted by medical personnel in the city of Kupang (60%) is almost four times as high as in TTS (16%) (Figure 36). These figures are consistent with trends found in other provinces, whereby medical personnel are more concentrated in urban areas. The Analysis of Public Spending in the Health Sector conducted by World Bank (2008) found that most government medical personnel in urban areas also seek supplementary income from private practices. This is because there are better opportunities to find supplementary income in urban areas, which have higher demands for private health services.

FIGURE 36. Proportions of births assisted by medical personnel vary significantly among districts/municipalities.



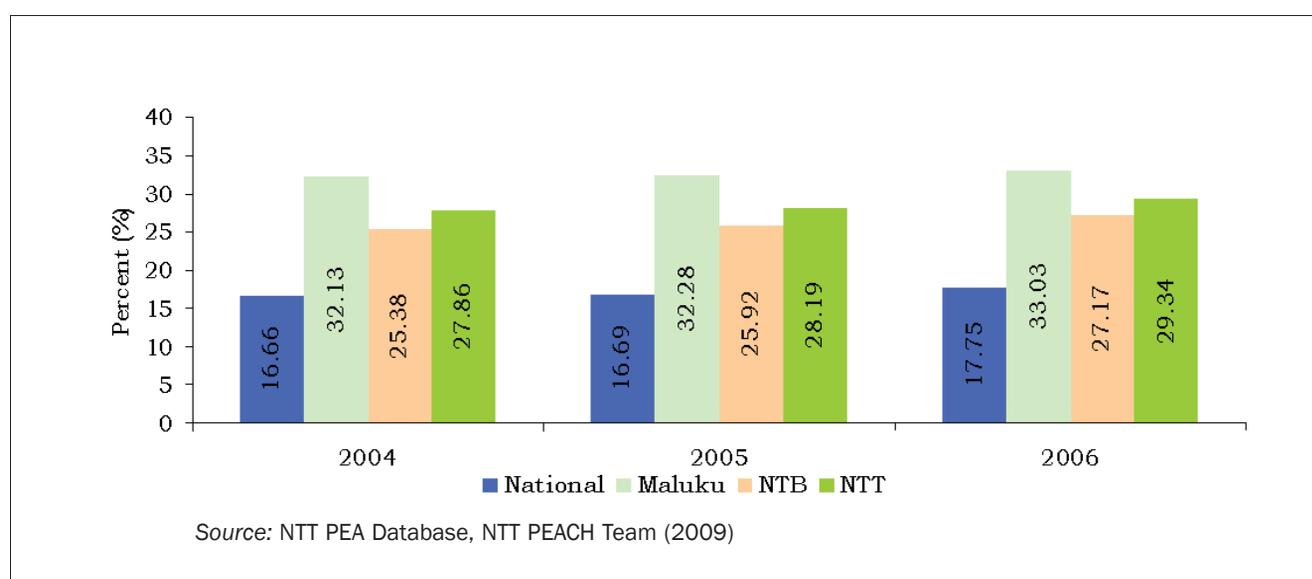
Source: BPS (Central Bureau of Statistics), *Laporan Statistika Sosial dan Kependudukan* (Report on Social and Demographic Statistics) (2006)

8.2. Poverty, Food Insecurity, and Unemployment

The local issues that receive attention from the NTT provincial government through Regional Expenditures are Poverty, Food Insecurity, and Unemployment. The choice of these three local issues is closely tied to the real conditions of NTT, where rates of poverty and incidences of food insecurity and unemployment each year are fairly striking.

The number of poor households in NTT in the recent past has shown a rising trend. In 2004 the percentage of poor people in NTT was greater than in NTB, but a little smaller than the percentage of poor people in the province of Maluku. Conditions tended to remain unchanged in the time from 2004 to 2006. The percentage of the poor in NTT is far greater than the average percentage of the poor at the national level.

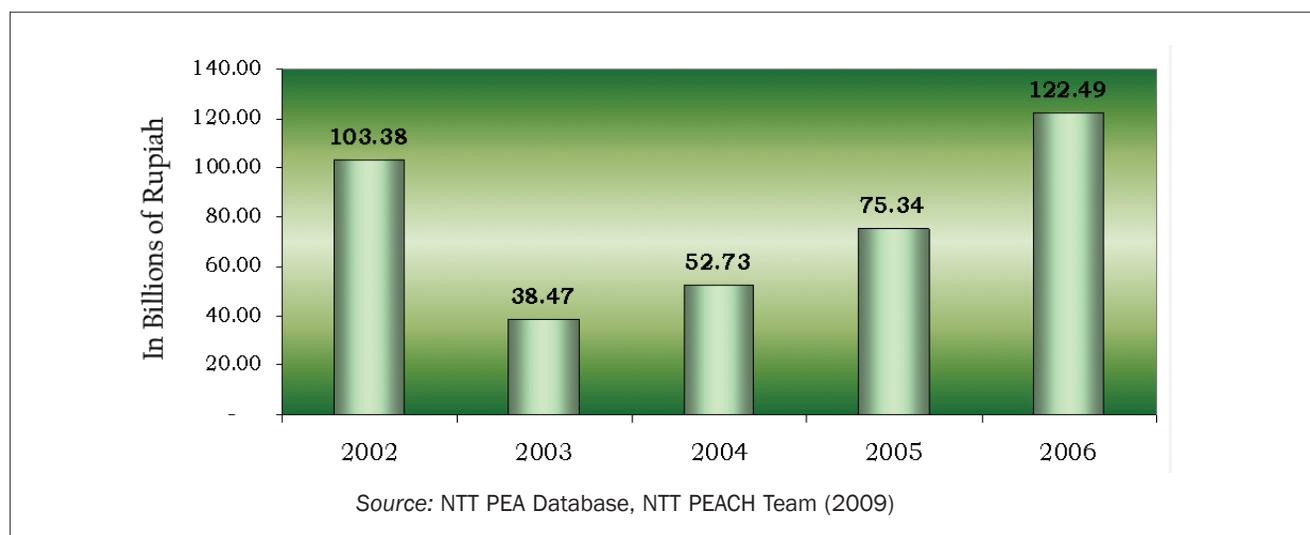
FIGURE 37. The poor in NTT, NTB, Maluku, and nationally, 2004-2006



The NTT provincial government is committed to overcoming poverty in this area in an institutionalized manner, in line with central government policy, through Presidential Regulation (PerPres) No. 54/2005 on the Coordination Team to Overcome Poverty (TKPK – *Tim Koordinasi Penanggulangan Kemiskinan*). To this end, the NTT provincial government established the NTT Provincial Committee to Overcome Poverty (*Komite Penanggulangan Kemiskinan Pemerintah Provinsi NTT*) in 2002, whose name was later changed to the NTT Provincial Coordination Team to Overcome Poverty (*Tim Koordinasi Penanggulangan Kemiskinan Provinsi NTT*) by NTT Governorial Decree (KepGub) No. 44/KEP/HK/2007 on 2 February 2007.

The budget for financing the various programs to overcome poverty in NTT originates from the Provincial Budget (APBD Provinsi) and from the central government through the National Budget (APBN). Funds from the APBD are generally used as funds for assistance, institutional strengthening of the poor, and official travel, accommodations, and honoraria for the SKPD (Local Government Work Unit) officers who do the monitoring and evaluation of the range of existing poverty programs. In other words, the APBD is mainly used for the needs of the officers and does not go directly to solutions to the problems of the poor. There are also some SKPD who use the nomenclature 'poverty budgets', but their allocations are not for solutions to the problems, but rather for official travel, accommodations, and honoraria for the officers to monitor implementation, evaluate the programs, and so on. For example, there is the Poor Family Documentation Program of the NTT Provincial BPMD (*Badan Penanaman Modal Daerah – Regional Capital Investment Board*).

FIGURE 38. Regional expenditures to overcome poverty in NTT province



NTT province is a region that frequently undergoes food shortages or food insecurity. This situation is related to natural conditions in NTT, which is dry due to a lack of water sources, often causing farmers to undergo crop and/or harvest failure. As a further consequence, people often face food insecurity. Data from the Office of Agriculture, Food Crops and Horticulture (*Dinas Pertanian Tanaman Pangan dan Hortikultura*) and the Food Security Agency (*Badan Bimas Ketahanan Pangan*) of NTT Province show that total food crop production in NTT in the past five years, on an aggregate basis, shows a surplus. On the other hand, existing data demonstrate that in the past five years, the number of people in NTT experiencing food insecurity and malnutrition has been continually rising.

The problem of food insecurity recurs often in NTT, especially in rural areas. Thus, government policies to diversify staple foods in Indonesia, including NTT, have not yet fully succeeded. To date, people still continue to treat rice as their staple food. Data from the Provincial Office of Agriculture, Food Crops and Horticulture and Food Security Agency of NTT indicate that the food shortages in NTT are shortages in foods based on rice. Shifts in patterns of staple food consumption from corn to rice are entirely due to factors of social status and do not rest on the nutritional value, energy, and so on, that the food contains.

The NTT provincial government has made a variety of policies for dealing with food insecurity, by identifying and mapping the locations of areas that frequently face disaster. The programs that have been developed include farmer-enterprise infrastructure and facility development, technology development, dry land optimization, farmer training, productive enterprise diversification, the development, socialization, and promotion of local foods (tubers, bananas, etc.), improvement of integrated pest management, and interventions in areas affected by food insecurity through direct aid to communities. However, the results are not yet satisfactory.

In anticipation of food insecurity, the NTT provincial government established the NTT Provincial Food Security Council or DKP (*Dewan Ketahanan Pangan*) in 2002. This agency was formed as a follow-up on Presidential Decree (Kepres) No. 132/2001 on Food Security Councils. The NTT Provincial DKP was established by NTT Gubernorial Decree (KepGub) No. 93/KEP/HK/2002, which was later replaced by NTT Gubernorial Decree (KepGub) No. 131/KEP/HK/2003 on 26 May 2003. In exercising its tasks, the DKP is assisted by a secretariat and working groups as follows. The DKP Secretariat is ex officio run by the NTT Provincial Food Security Development Board, while the working groups are:

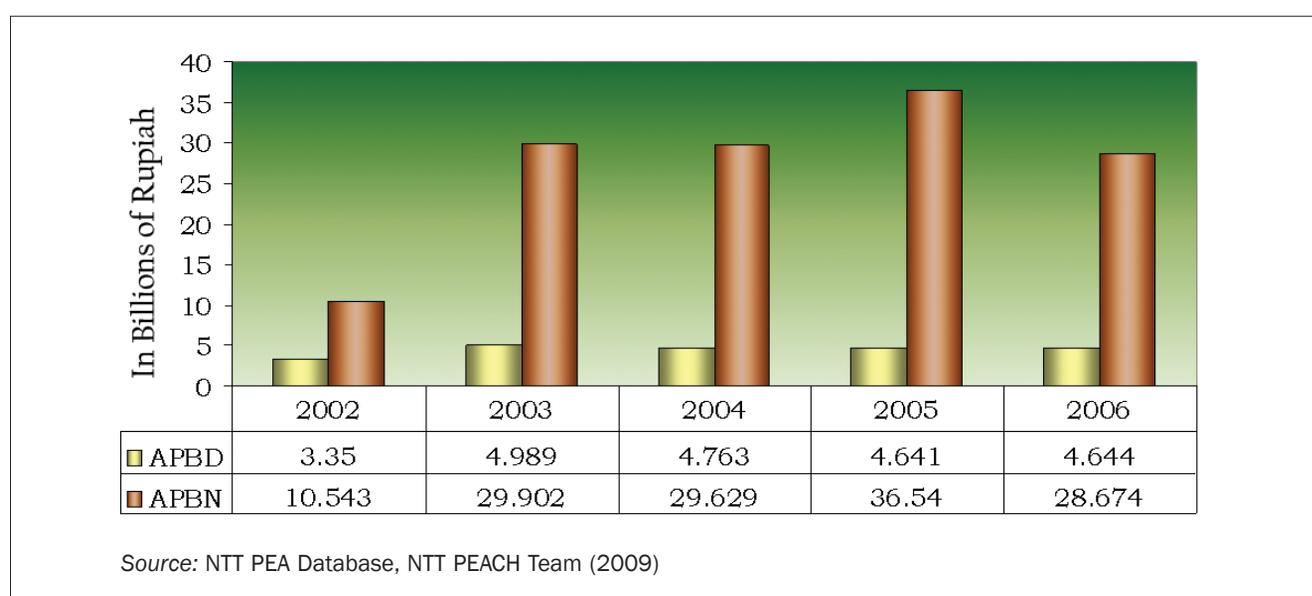
1. Food Production Working Group, chaired by the Head of the NTT Provincial Office of Agriculture, Food Crop and Horticulture, and assisted by a secretary and members of 15 work units, including NGOs/CBOs.
2. Distribution Control and Price Monitoring Working Group, chaired by the Head of the NTT Provincial Office of Industry and Trade (*Dinas Perindag*), and assisted by a secretary and members of 13 government work units and sub-units.
3. Nutrition and Food Diversification Working Group, chaired by the Head of the NTT Provincial Health Office, and assisted by a secretary and members of eight (8) government work sub-units, including the Chairperson of the NTT branch of PHRI (Indonesian Hotel and Restaurant Association).
4. Nutrition and Food safety, Quality Control Working Group, chaired by the Head of the NTT Provincial Office

of Social Affairs, and assisted by a secretary and members of 14 government work sub-units, including the Chairperson of the NTT Regional YLKI (Indonesian Consumer Association).

- Support Infrastructure and Facilities Working Group, chaired by the Head of the NTT Office of Settlement and Regional Infrastructure (*Dinas Kimpraswil*), and assisted by a secretary and members of 14 government work units and sub-units.

The budget for improving food security in NTT comes from two sources, namely: the NTT Provincial Budget (APBD) and the National Budget (APBN). However, the amount of funding from the APBD is relatively small compared to that from the deconcentrated funds (APBN). The small size of the APBD budget allocations are tied to the still limited finance capacity of the region and the lack of regional government commitment to developing the agriculture sector as the livelihood base of the majority of society. Since regional autonomy came into effect, the central government stipulated agriculture to be a matter of choice, but the NTT provincial government could have kept assigning main priority to agriculture sector development, so that the region could spur growth in the productivity of the agriculture sector, in order to increase farmers' incomes and no longer be dependent on food (rice) from other regions. It should be made clear that not all of the funds allocated from the APBD are utilized for public expenditures, but that most of the budget is utilized for government administration expenditures, so that the funds that actually reach the community amount to less than the allocated public expenditures budget.

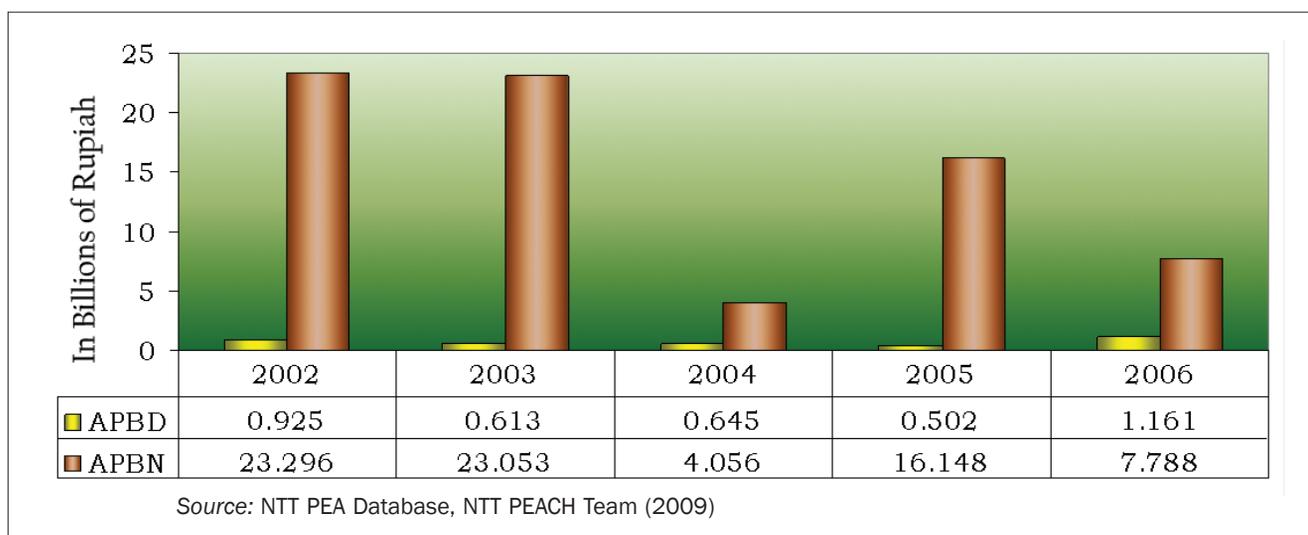
FIGURE 39. Regional expenditures on food insecurity in NTT province



The fairly complex labor issues of NTT are a burden to the NTT government, so these issues require serious handling. The presence of ex-refugees from East Timor in the NTT region had yet to be thoroughly resolved up to the time of this research. Dealing with this open unemployment is in reality not just the responsibility of the NTT regional government alone, but also the responsibility of all of components of society in the region. However, the government must still be a pioneer in the creation of employment for society by encouraging the growth of investment and spurring higher levels of economic growth.

To finance programs to tackle unemployment, the NTT provincial government allocates APBD funds every year. This serves as a form of commitment on the part of the NTT provincial government to overcome unemployment in the region. In terms of budget allocations for dealing with unemployment in NTT Province, the majority of this budget comes from the APBN, while the part allocated from APBD funds is relatively small. This indicates the lack of attention and priority on the part of the NTT provincial government toward its constitutional responsibility to provide decent employment and livelihoods for its people.

FIGURE 40. Regional expenditures to overcome unemployment in NTT province



Conclusions:

- **Gender issues are not yet given adequate space in provincial and district/municipal planning documents.** Generally, gender problems are mentioned in analysis, but their translation into programs and activities is very limited. Neither does APBD Public Budget Policy (KUA-APBD) mention gender as a program area that calls for attention in development expenditures.
- **In the framework of determining whether government budgets are sensitive to the issue of gender inequity, a system of collecting disaggregated data should soon be created that could demonstrate the differential impacts of government programs on male and female groups.** Similar to other parts of Indonesia, in NTT almost no efforts have been made to calculate what proportion of the budget benefits men and women. The disaggregation of data based on men and women would facilitate the growth of development programs aimed at women, who are more marginalized, as their targets. Like the creation of programs that have the poor as their targets, the creation of programs that target women will contribute to improving the appearance of the human development indicators, beyond merely creating benefits that are particular only to women.
- **Poverty, food insecurity, and unemployment still constitute crucial problems facing the government and people of NTT.** The TKPK and DKP, with the authority to coordinate all programs for overcoming poverty and food insecurity, have not yet managed to exercise their tasks and functions effectively and efficiently. Due to the status of both as non-structural agencies, it is difficult for them to coordinate with the offices/departments (*dinas*)/agencies/boards (*badan*) that have links with the tasks of overcoming poverty and food insecurity. Programs to overcome poverty and food insecurity as well as unemployment in the province of NTT have not yet conducted evaluations to ascertain their successes and weaknesses. Although APBD and APBN funding allocations are sufficiently large to tackle poverty, poverty rates are showing rising trends.

Recommendations:

- **Gender must receive enough space in development plans, both mid-term (RPJMD) and annual (RKPD).** In order to ensure adequate attention is paid to gender issues, programs created at the level of the SKPD and then gathered to form the RKPD must pay greater attention to gender.
- **The NTT provincial government must build a disaggregated data/information system for the planning process.** The use of disaggregated data is an important prerequisite for gender-responsive planning and budgeting. Sufficiently adequate data can be developed and made use of by every SKPD in order to provide gender-responsive services to the public.
- **Gender-based performance indicators should be specifically determined as a reference in measuring development success.** These kinds of indicators must be used in order to see more equitable impacts of successful development on society (both for male as well as female groups).
- **Targeting improvements in the rate of literacy among women would constitute an appropriate strategy for reducing the level of illiteracy in NTT.** Although education levels of women may be classified as similar to those of men, considering that the proportion of women who have never enjoyed an education is higher than that of men, illiteracy is more frequent among women. Because women are more marginalized, as can be seen from the education indicators, targeting improvements in literacy levels among women will provide a higher return on investment in the education sector.
- **More in-depth research is needed to explain why the level of women's participation in the work force is significantly and far lower than that of men, beyond considerations of their education levels.** Possible areas to be investigated are societal expectations, the structure of the job market, economic conditions, discrimination against women in the workplace, and women's preferences to mainly work at home.
- **The NTT provincial government should endeavor to revitalize the existence of the NTT Provincial Coordination Team to Overcome Poverty (TKPK) and the Food Security Council (DKP).** As non-structural agencies, their coordinative authority renders their roles ineffective in tackling the problems of poverty and food insecurity in NTT.
- **Increasingly better coordination is required among the provincial and district/municipal TKPKs and DKPs as well as all the agencies linked to overcoming poverty and food insecurity in NTT.** Efforts to improve effective coordination are necessary, so that overlaps between the programs of the province and districts/municipalities as well as the other related agencies can be avoided, and in order to produce synergy.
- **There is need for integrated evaluation of all programs and spending to overcome poverty and food insecurity in NTT.** This evaluation must be able to assess the extent to which they are effective, and at the same time serve as input for the improvement of subsequent strategies and programs to overcome poverty and food insecurity in NTT.
- **In order to deal with poverty and food insecurity in an integrated manner, comprehensive strategies and programs need to be developed.** This is because these two problems encompass very broad dimensions and therefore, tackling them requires holistic, cross-agency strategies.

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Annex 1.

Matrix of findings and recommendations

Key Issues	Recommendations	Related Gov. Agencies
REVENUES		
The ratios of regional own-source revenues (PAD) to total regional revenues and to balancing funds are relatively small.	To strengthen the regional fiscal foundation, increases to regional own-source revenues (PAD) must form a strategic part of regional policy. A study is needed to accurately formulate possible opportunities for the government to increase the PAD.	Provincial and District/Municipal Governments
Limited numbers of small enterprises, entertainment sector enterprises (hotels and restaurants), and registered motor vehicles, as well as weaknesses in service provision, are some of the reasons contributing to the low PAD.	Efforts to increase the PAD should be integrated with efforts to improve the people's economy and public services. The higher the economic capacity of the people, the higher will be their capacity to pay for public services provided by the government and/or local taxes.	Provincial and District/Municipal Governments
SPENDING		
With limited resources, NTT has endeavored to improve the composition of its spending. Nevertheless, in line with increases in public expenditures, its effectiveness in managing public-service expenditures still needs to be improved.	Build the capacity of the planning apparatus to improve the effectiveness of public expenditures by increasing the correspondence between budget allocations and development goals and priorities	Provincial and District/Municipal Governments
	Increase transparency and accountability in public finance management in order to ensure that public finance planning, budgeting, and reporting are done in a conscientious manner, in accordance with local community needs.	
Although deconcentrated expenditures have been decreasing, Special Allocation Grant (DAK) expenditures have increased threefold during the 2003-2007 period, which indicates that the role of the central government remains important in public spending in NTT.	The DAK and deconcentrated expenditures need to be synchronized with regional budget (APBD) expenditures to ensure that overlaps or duplications do not occur. There is need for a planning strategy that can synchronize the programs and activities of the central government with the expenditures that draw on APBD sources.	Provincial, District/Municipal, and Central Governments
EDUCATION		
NTT ranks in second place in Indonesia for its great number of residents who have not completed formal education.	The focus of the governments of NTT should be directed at efforts to ensure that school-aged children can continue and complete formal education.	Provincial and District/Municipal Governments
The NER (net enrolment ratio) for junior secondary (SMP) and senior secondary (SMA) education still lag significantly behind the national averages.	Education outcomes must be improved, especially by improving the quality of basic education (in primary schools/SD and junior secondary schools /SMP), and by increasing public access to senior and vocational secondary schools (SMU/SMK) through a more even distribution of education facilities.	Provincial and District/Municipal Governments
The relatively large education budget is mainly used for personnel expenditures and goods and services expenditures.	The relatively high percentage of the education budget (over 20%) must be accompanied by changes in the structure of expenditures. Allocations for capital expenditures and maintenance expenditures must be increased, especially at the district/municipal level.	District/Municipal Governments
	Efforts should be made to restructure authority /power (and the synergy) between education offices at the provincial and district/municipal levels in the province of NTT, especially in relation to the provision of education infrastructure, equipment and facilities, as well as quality control of teaching and learning processes.	Provincial and District/Municipal Governments

Key Issues	Recommendations	Related Gov. Agencies
HEALTH		
Most of the health expenditure budget is used for personnel expenditures and goods and services expenditures.	Allocations for personnel expenditures, which dominate expenditures in the health sector, should be prioritized for spending on functional personnel (doctors, expert/specialist doctors, medical workers and nurses) so that the service ratios for each type of health personnel can continue to be improved.	Provincial and District/Municipal Governments
Maintenance expenditures are not balanced with capital expenditures in the health sector, such as to take care that the health infrastructure continues to be properly maintained.	The restructuring of expenditures in the health sector should be focused on efforts to improve health infrastructure and facilities, balanced by adequate health infrastructure maintenance expenditures.	Provincial and District/Municipal Governments
The problems of relatively high malnutrition and morbidity rates, especially in areas far from the city.	Improvements must be made to health services, especially in isolated, rural, and border areas.	District/Municipal Governments
	Improvements to health services through health infrastructure and facilities should be supported by the availability of functional health personnel, which generally is under the authority of district/municipal government. Coordination between the provincial and district/municipal level health offices must be improved so that efforts to improve health services can be maximized.	Provincial and District/Municipal Governments
INFRASTRUCTURE		
Infrastructure budget allocations are mainly used for road building/repairs, yet NTT still ranks in the 10th lowest place for provinces with the worst rural road conditions.	For effectiveness and efficiency, the infrastructure budget, especially at the district/municipal level, must focus more on rural road building, particularly in isolated areas.	Provincial and District/Municipal Governments
The main problem faced by a majority of people in the province of NTT is the unavailability of clean water, but budget allocations for this are still miniscule.	Considering that a large part of the deconcentrated funds are allocated for road infrastructure development, it would be best for infrastructure expenditures at the provincial and district/municipal levels to start paying attention to clean water infrastructure development.	Provincial and District/Municipal Governments
NTT DEVELOPMENT CHALLENGES		
Planning and budgeting processes are still far from effective. Although the planning documents prioritize certain sectors, these documents do not provide clear guidelines for the implementation of the plans. Additionally, budget realizations are still far from effective since the majority of public or direct expenditures are made at the end of the fiscal year.	Regional governments in the province of NTT need to improve their planning documents and budgeting cycles. For the planning documents, it is necessary to develop integrated program and activity plans, along with measurable and realistic indicators that can be used to monitor implementation. The first steps to improving the budget cycle are to determine the APBD before the beginning of a given fiscal year, and APBD Amendments before the beginning of the first quarter of the fiscal year involved.	Provincial and District/Municipal Governments
As in other regions, regional governments in NTT are also facing difficulties in keeping pace with the changes made to various regulations in the area of regional finance management. This is primarily due to the rapidity of the regulatory changes made by the central government that are not immediately followed by changes in the regulations of their implementers, among other things because of the weak capacity of the regional government administration to prepare offshoots of these regulations in the regions (legislative drafting).	The NTT provincial government should respond quickly to changes to the national regulations on State finance management. One way this can be accomplished is through efforts to increase the legislative drafting capacity of the administrations, so that they can also quickly change or create regional regulations on regional finance management in keeping with the changes to the national regulations.	Provincial and District/Municipal Governments

Key Issues	Recommendations	Related Gov. Agencies
NTT DEVELOPMENT CHALLENGES		
<p>NTT has made significant progress in improving its bureaucratic efficiency. In general, NTT has succeeded in reducing the portion of spending on government administration. At the district/municipal level, the TTS government was, <i>de jure</i>, prepared for insitutional restructuring, having already determined regional regulations on its institutional organization and work system, and the impact of this showed up in its success, <i>de jure</i> and <i>de facto</i>, in decreasing salary expenditures by implementing the regulations concerned as a further implementation of PP 41/2007.</p>	<p>Provincial and district/municipal governments in NTT are advised to implement PP no. 41/2007 soon. As a first step in implementing this PP, an academic study could be conducted on the most optimal structure and work system, based on local conditions, for the creation of local regulations on the establishment of the organization and work system of the local government administrations.</p>	<p>Provincial and District/Municipal Governments</p>
<p>Gender issues are not yet receiving sufficient space in provincial and district/municipal planning documents.</p>	<p><i>Gender</i> needs to be given sufficient space in development plans, both mid-term (RPJMD) and annual (RKPD). To ensure that adequate attention is paid to gender, in composing every program, the technical work units or SKPD should give special attention to the impacts of a given program on women.</p>	<p>Provincial and District/Municipal Governments</p>
<p>In NTT, efforts are almost never made to calculate what proportions of the budget are beneficial to male groups and female groups.</p>	<p>NTT provincial government must build a disaggregated data/information system for the planning process. These disaggregated data must be used as an important prerequisite for gender-responsive planning and budgeting.</p>	<p>Provincial and District/Municipal Governments</p>
	<p>Gender-based performance indicators should be specifically determined as a reference in measuring development success. The impacts of development success on both male and female groups must be continually measured.</p>	<p>Provincial and District/Municipal Governments</p>
	<p>More in-depth research is needed to explain why the level of women's participation in the work force is significantly lower than that of men, beyond considerations of their education levels. Possible areas to be investigated are societal expectations, the structure of the job market, economic conditions, discrimination against women in the workplace, and women's preferences to mainly work at home.</p>	<p>Provincial and District/Municipal Governments</p>
<p>Although women's education levels may be classified as the same as those of men, the proportion of women who have never enjoyed an education and are illiterate is higher than that of men.</p>	<p>Target improvements in the rate of literacy among women and increasing the length of time women stay in school. These efforts will provide a higher return on investment in the education sector.</p>	<p>Provincial and District/Municipal Governments</p>
<p>The existence of the NTT Provincial Coordination Team to Overcome Poverty (TKPK) is not yet considered to be effective in tackling the problems of poverty and food insecurity in NTT.</p>	<p>The NTT provincial government should endeavor to revitalize the existence of the NTT Provincial Coordination Team to Overcome Poverty (TKPK) and Food Security Council (DKP). These agencies need to be further upgraded from being only non-structural, coordinative agencies.</p>	<p>Provincial and District/Municipal Governments</p>
<p>Overlaps in and weak coordination of activities to deal with poverty</p>	<p>Increasingly better coordination is required among the provincial and district/municipal TKPKs and DKPs as well as all the agencies linked to overcoming poverty and food insecurity in NTT, so that overlaps among the programs of the province and districts/municipalities as well as the other related agencies can be avoided, in order to achieve synergy.</p>	<p>Provincial and District/Municipal Governments</p>

Key Issues	Recommendations	Related Gov. Agencies
NTT DEVELOPMENT CHALLENGES		
Frameworks for evaluating the management of programs/activities related to overcoming poverty are not yet running well.	There is need for integrated evaluation of all programs and spending to overcome poverty and food insecurity in NTT. This evaluation must be able to assess the extent to which they are effective, and at the same time serve as input for the improvement of subsequent strategies and programs to overcome poverty and food insecurity.	Provincial and District/Municipal Governments
	In order to deal with poverty and food insecurity in an integrated manner, comprehensive strategies and programs need to be developed. This is because these two problems encompass very broad dimensions and therefore, tackling them requires holistic cross-agency strategies.	Provincial and District/Municipal Governments

Annex 2.

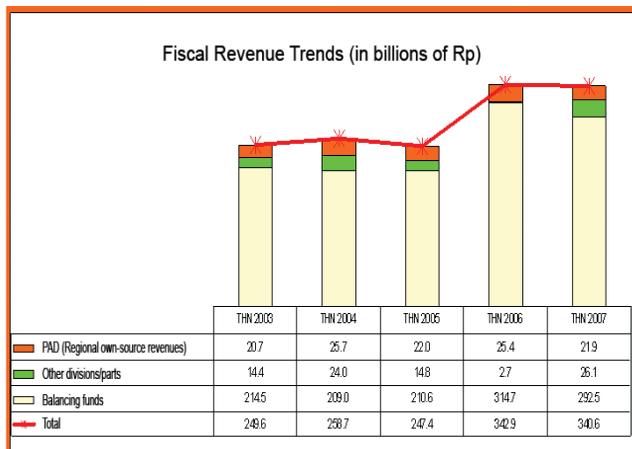
Public Finance Analysis in Seven (7) Case Study Locations

KUPANG CITY

In the 2003 to 2007 time frame, the total income of Kupang city increased by 36%, but this increase did not change its income structure. Income underwent a decrease in 2005. Then it increased again in 2006 and 2007. Increases in income were mainly due to the fairly large increases of the balancing funds (DAU). During this period the income structure did not undergo any change, with the balancing funds component consistently constituting the dominant part (reaching over 80%) while the role of regional own-source revenues or PAD actually kept decreasing, falling from 8% in 2003 to 6% in 2007.

Over a third (37%) of the spending of Kupang city was spent on public administration. This and the education sector were the two sectors that received the largest expenditure allocations. The portion of spending on the infrastructure sector tended to fluctuate; from 2003 to 2007 the largest allocation in this area took place in 2006, when it was 22.4%. Allocations for the health sector in Kupang city represented a relatively small portion of the spending, but tended to increase. In 2003 the health sector obtained a portion of 3.5%, but in 2007 the portion increased to 5.6%.

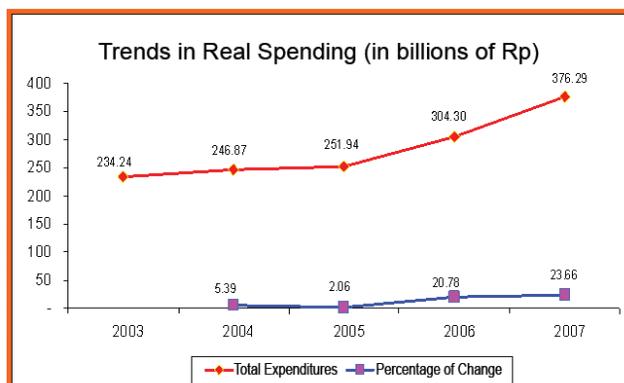
FIGURE 1.



Source: NTT PEA Database, NTT PEACH Team (2009); 2007 figures are estimated

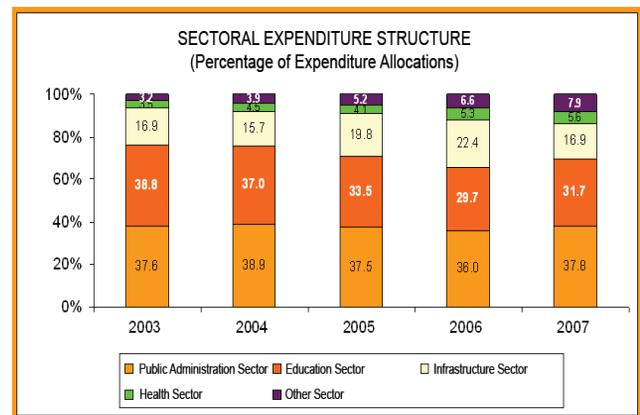
In the 2003-2007 period, Kupang city spending increased by 52%. This increase was driven by increases in total regional expenditures of 20% in 2006, and 23% in 2007.

FIGURE 2.



Source: NTT PEA Database, NTT PEACH Team (2009)

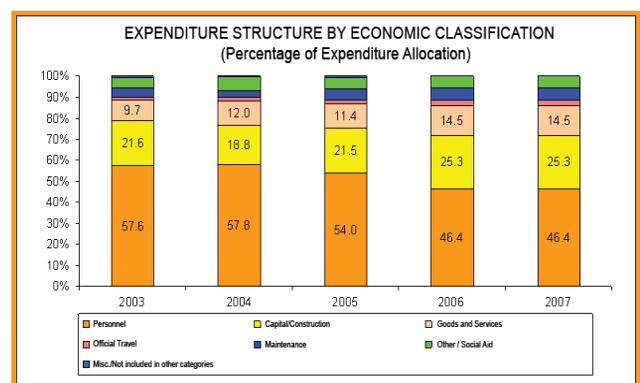
FIGURE 3.



Source: NTT PEA Database, NTT PEACH Team (2009); 2007 figures are estimated

From 2003 to 2005 it is calculated that half of the total spending of Kupang city was spent on personnel salaries, although this decreased to approximately 46% in 2006 and 2007. In the same period, the proportion of spending allocated to capital expenditures increased slightly, from 21% to 25%. Similar to other areas in NTT, spending on maintenance expenditures in Kupang City was very minimal.

FIGURE 4.

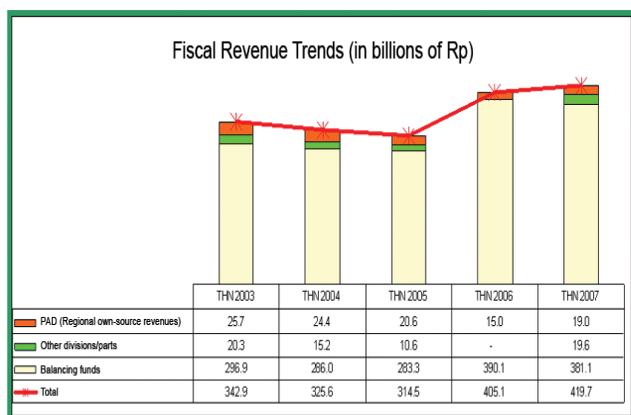


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

SOUTH CENTRAL TIMOR (TTS) DISTRICT

Within the 2003 to 2007 time frame, the total income of South Central Timor or TTS (Timor Tengah Selatan) district increased by 22%, but this increase did not change its income structure. This income underwent decreases in 2004 and 2005. Then it increased again in 2006 and 2007. Increases in income were mainly due to the fairly large increases of the balancing funds (DAU). During this period the income structure did not undergo any change, with the balancing funds component consistently constituting the dominant part and in fact, continuing to grow larger (from 87% to 91%), while the role of regional own-source revenues or PAD actually kept decreasing, falling from 8% in 2003 to 5% in 2007. This fact at the same time indicates a continuing increase in fiscal dependency.

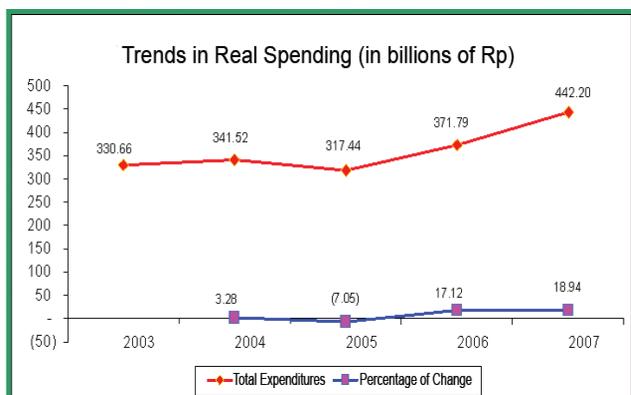
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

In the 2003-2007 period, TTS district spending increased by 32%. However, in 2005 there was a decrease of 7%. This decrease in the amount of spending was due to a relatively small decrease in income.

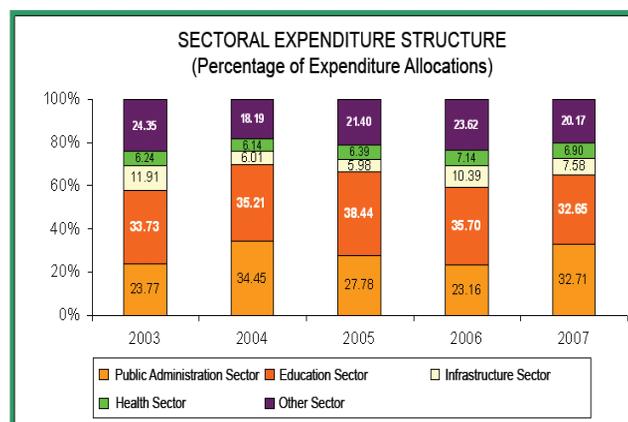
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

The TTS district government has proven its attention to education sector development. In the 2003 to 2007 time frame, the largest budget allocation was set aside for the education sector. However, it turns out that the health and infrastructure sectors have not yet received sufficient enough budget allocations. In fact, the health sector only received a portion of 6% to 7% during this period.

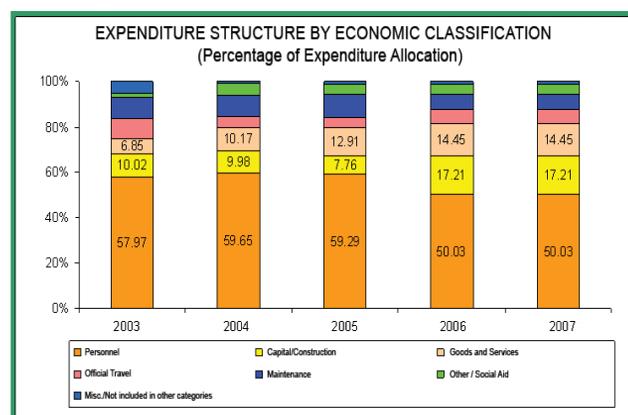
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Personnel expenditures in TTS district were using up over half of the total spending of the APBD. However, in 2006 and 2007, the TTS district government succeeded in somewhat reducing the personnel expenditures portion to 50% from its original 57% in 2003. Meanwhile, the portion for capital expenditures increased from 10% in 2003 to 17% in 2007. The same thing happened with expenditures classified as goods and services, which increased from 6% to 14% of total regional expenditures. However, most unfortunately, the small portion for maintenance expenditures underwent a decrease from 9% in 2003 to 6% in 2007.

FIGURE 4.

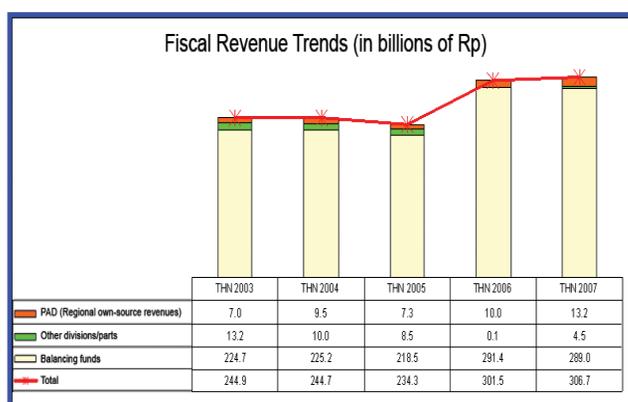


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

NORTH CENTRAL TIMOR (TTU) DISTRICT

In the 2003 to 2007 timeframe, the total income of North Central Timor or TTU (Timor Tengah Utara) district increased by 25%, but this increase did not change its income structure. In 2004 there was almost no change in the income of this area. There was decrease in revenue in 2005 but it then increased again in 2006 and 2007. The increases in income were mainly due to fairly large increases in the amount of balancing funds (DAU) received. In this period, the income structure did not go through any changes, with the balancing funds component consistently constituting the dominant part, and even continuing to grow larger (from 87% to 91%), while the role of regional own-source revenues or PAD actually kept decreasing, falling from 8% in 2003 to 5% in 2007. These facts at the same time indicate a continuing increase in fiscal dependency.

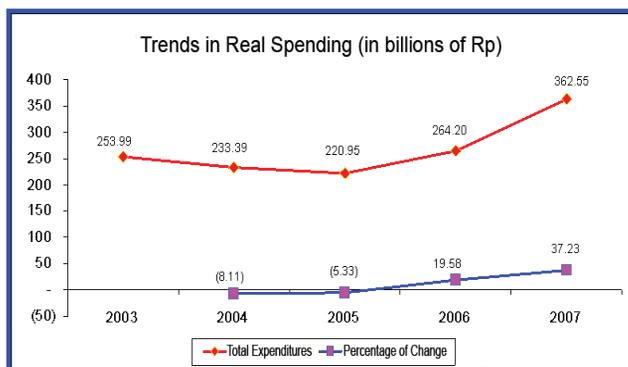
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Patterns of growth in the spending of TTU district fluctuated following patterns of growth in its income. During the 2003-2007 period, decreases in total spending occurred twice, that is, in 2004 and in 2005. However, in 2006 total spending rose by 19% and then by an additional 37% in 2007.

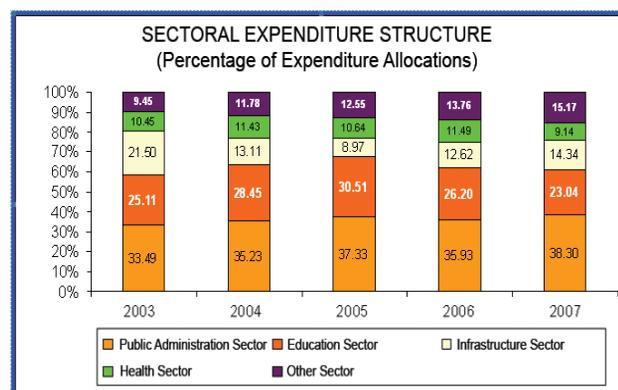
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Half of the spending of TTU district was used for the sectors of public administration and education. The public administration sector took a one third portion of expenditures and constituted the sector that received the largest budget allocation. Meanwhile, spending on the education sector fulfilled legal provisions, in that the spending allocation exceeded 20%. The amount of spending on the infrastructure sector fluctuated and showed a tendency to become increasingly smaller, while the health sector received a smaller portion, namely, 9% to 11% in the 2003-2007 period.

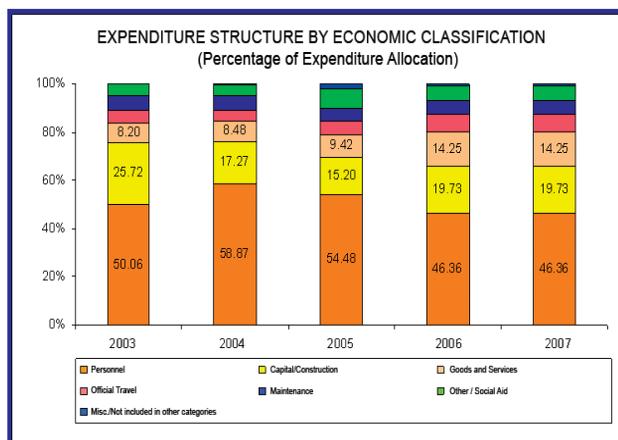
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

As in other regions, personnel expenditures in TTU district were using up half of the total spending of the APBD. However, since 2006 the regional government has succeeded in somewhat reducing the personnel expenditures portion, down to 46% from its original 50% in 2003. Meanwhile, the portion for capital expenditures decreased from 25% in 2003 to 19% in 2007. Spending on goods and services expenditures increased from 8% to 14% of total regional expenditures, while the maintenance expenditures portion tended to remain constant.

FIGURE 4.

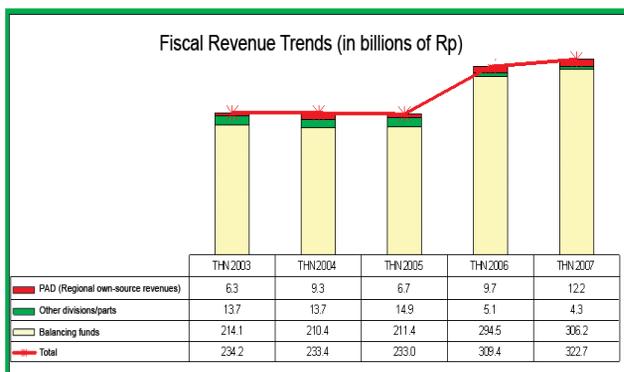


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

EAST FLORES DISTRICT

In the 2003 to 2007 time frame, the income of East Flores district increased by 38%, but the increase did not change the income structure. From 2003 to 2005 there was almost no change in the income of this region; in fact it tended to decrease by a relatively small amount. However, in 2006 and 2007, there were increases due to fairly large increases in the amount of balancing funds (DAU) received. In this period, the income structure did not go through any changes, with the balancing funds component consistently constituting the dominant part, and even continuing to grow larger (from 91% to 95%), while the role of regional own-source revenues or PAD tended not to change. These facts at the same time indicate a continuing increase in fiscal dependency.

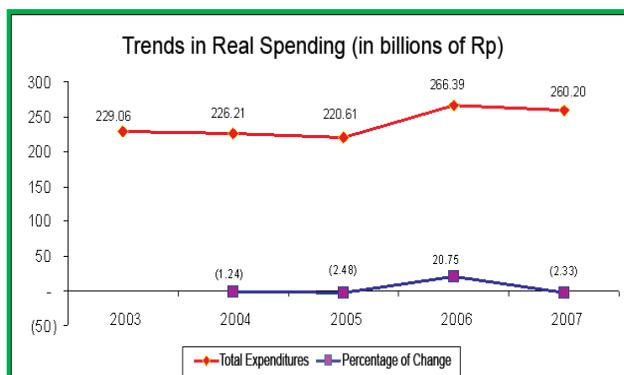
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

East Flores district spending from 2003 to 2007 fluctuated, indeed tended to decrease. During this period, only in 2006 was there an increase in spending, amounting to 20%. In real terms, in the years 2004, 2005, and 2007, the total spending of this region actually decreased, albeit by relatively small percentages.

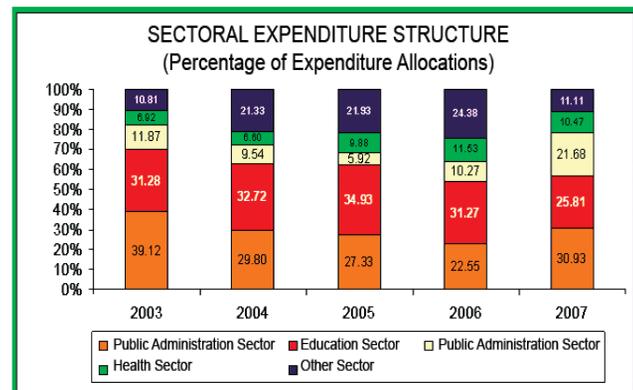
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Half of the spending of East Flores district was used for the sectors of public administration and education. The public administration sector constituted the sector that received the largest budget allocation, although the portion of the spending it took tended to decrease. Meanwhile, spending on the education sector fulfilled legal provisions, in that the spending allocation exceeded 20%. The amount of spending on the infrastructure sector fluctuated and showed a tendency to become increasingly larger, while the health sector received a smaller portion, although it tended to expand, namely, from 6% in 2003 to 10% in 2007.

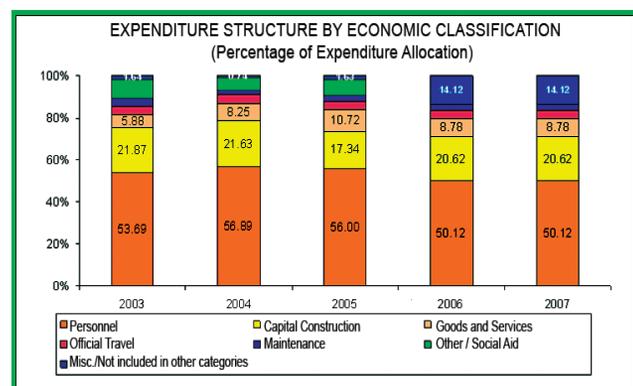
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Like other regions, East Flores district used half of its total spending on personnel expenditures. The personnel expenditures portion did not go through any significant changes in the 2003-2007 period. Capital expenditures during this period constituted a relatively large portion of spending, that is, between 17% and 20%. Most unfortunately, the portion for maintenance expenditures, in real terms, was extremely small and even tended to decrease, that is, going from 4% in 2003 to only 2% in 2007. Meanwhile, expenditures on things not included in other categories actually constituted a portion that increased significantly in 2006 and 2007.

FIGURE 4.

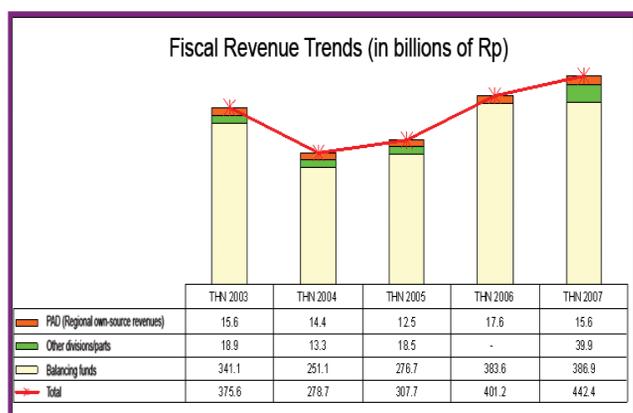


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

MANGGARAI DISTRICT

In the 2003 to 2007 time frame, the total income of Manggarai district in real terms increased by 18%. In 2004 there was a 26% decrease in income. In 2005 it increased a little, then increased further in 2006 and in 2007. The increases in income were mainly due to fairly large increases in the amount of the balancing funds (DAU). In this period, the income structure did not undergo changes, with the balancing funds component consistently constituting the dominant part, although it decreased slightly (from 91% to 87%), while the role of regional own-source revenue or PAD tended to remain constant, that is, amounting to only 4%, except in 2004 when it was 5%.

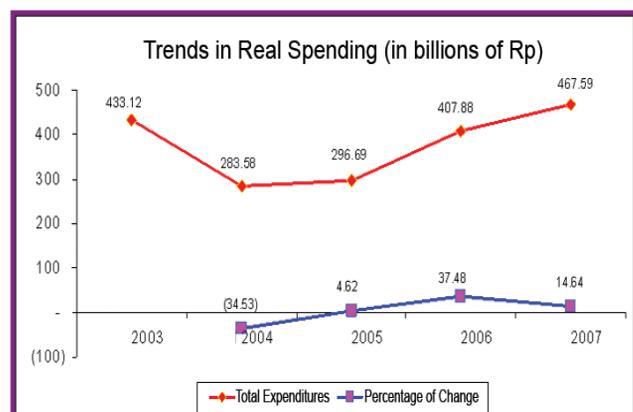
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Manggarai district spending from 2003 to 2007 fluctuated, indeed tended to decrease. During this period, only in 2006 was there an increase in spending, amounting to 20%. In real terms, in the years 2004, 2005, and 2007, the total spending of this region actually decreased, albeit by relatively small percentages.

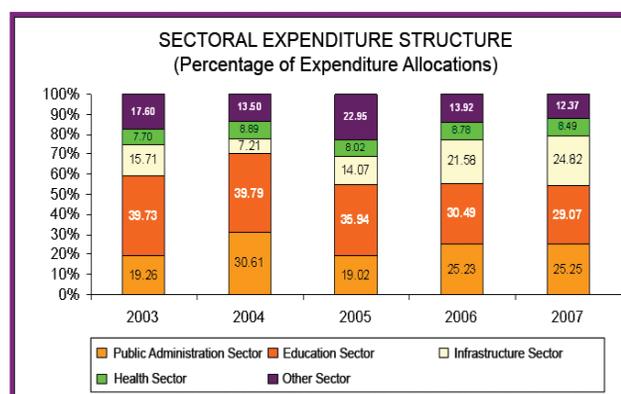
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Over a third of the spending of Manggarai district was used for the education sector. Education received a portion of almost 40% in 2003, although as of 2005, this amount fell to 35%, and finally, to 29% in 2007. Meanwhile, the public administration sector is the sector that has received the second largest budget allocation, and whose portion of the spending has tended to rise. The same is true of the infrastructure sector, where both the amount spent and the portion it represents have undergone increases. On the other hand, the health sector has only been apportioned less than 10% of the region's spending.

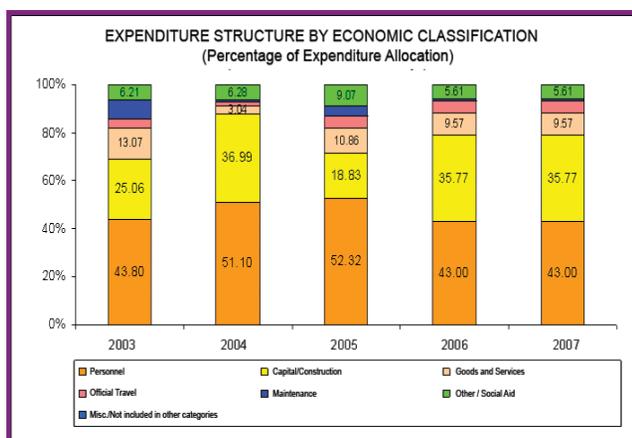
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Over a third of the spending of Manggarai district was used for the education sector. Education received a portion of almost 40% in 2003, although as of 2005, this amount fell to 35%, and finally, to 29% in 2007. Meanwhile, the public administration sector is the sector that has received the second largest budget allocation, and whose portion of the spending has tended to rise. The same is true of the infrastructure sector, where both the amount spent and the portion it represents have undergone increases. On the other hand, the health sector has only been apportioned less than 10% of the region's spending.

FIGURE 4.

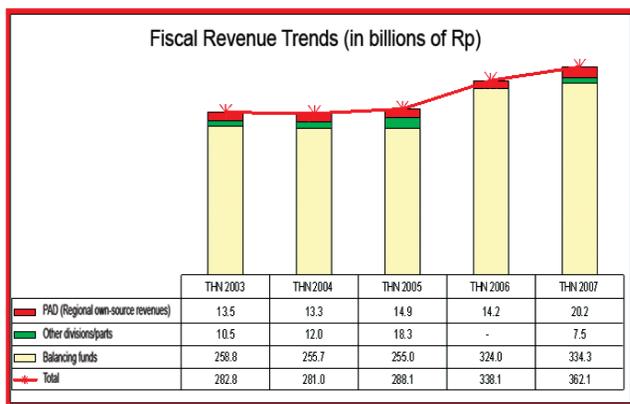


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

WEST SUMBA DISTRICT

The total income of West Sumba district increased by 28% between 2003 and 2007, but the increases did not change its income structure. From 2003 to 2005 there was almost no change in the income of the region. Then it increased in 2006 and in 2007. The increases in income were largely due to fairly large increases in the amount of the balancing funds (DAU) received. In this period, the income structure did not go through any changes, with the balancing funds component consistently constituting the dominant part (around 92%), while the role of regional own-source revenues or PAD tended to remain constant at 5%. These facts at the same time indicate a very great fiscal dependency on the funds originating from the central government.

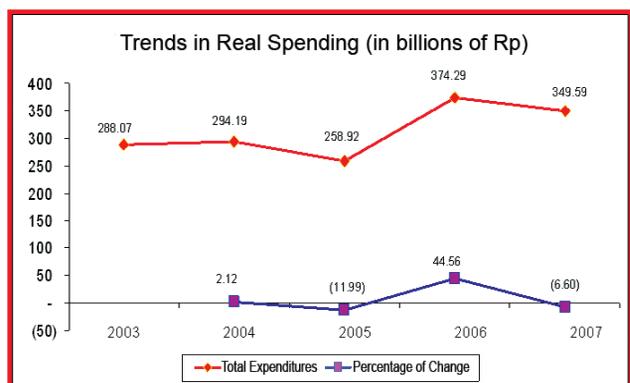
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

West Sumba district spending from 2003 to 2007 fluctuated annually. During this period increases in spending occurred only in 2004 and in 2006. In real terms, in the years 2005 and 2007, the total spending of this region actually decreased, albeit by relatively small percentages.

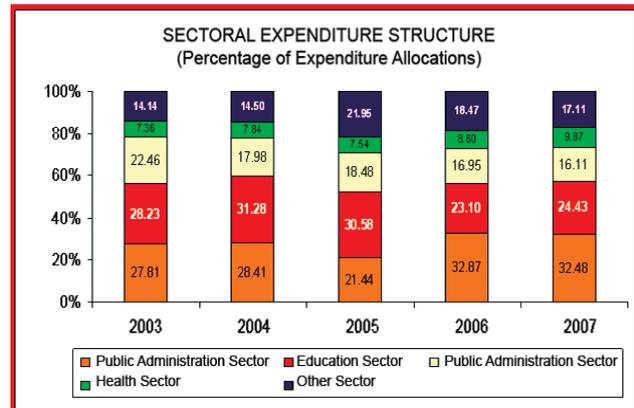
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

One third of the spending of West Sumba was spent on public administration. This sector and the education sector constituted the two sectors that received the largest expenditure allocations. The infrastructure sector received a fairly large portion of the spending, but tended to decrease. Allocations for the health sector in West Sumba constituted a relatively small portion of the spending, but tended to increase, albeit in relatively small amounts. In 2003 the health sector received a portion of 7% but in 2007 this increased to 9%.

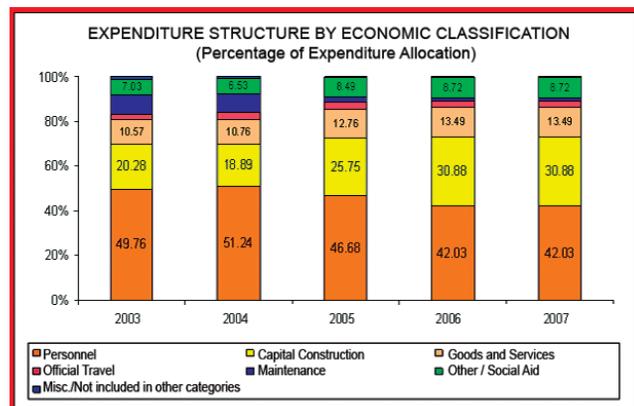
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Like other regions, West Sumba was using a large part of its spending for personnel expenditures. However, the regional government succeeded in decreasing the portion of expenditures on personnel from 49% in 2003 to 42% in 2007. Meanwhile, capital expenditures received a relatively large portion, with the tendency to increasingly rise. However, most unfortunately, it turns out that maintenance expenditures, in real terms, received an extremely small portion, and even tended to decrease, from its original 8% to just 1.4% in 2007.

FIGURE 4.

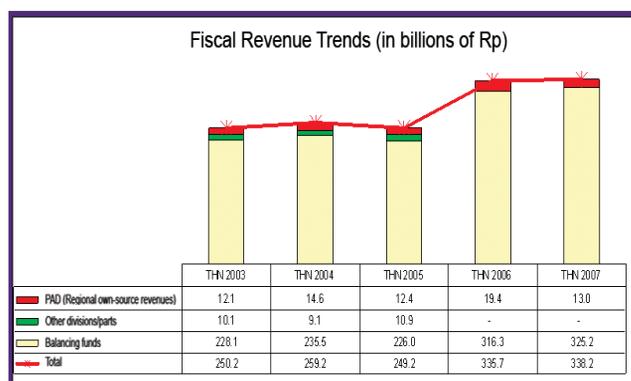


Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

EAST SUMBA DISTRICT

In the 2003 to 2007 time frame, the total income of East Sumba district increased by 35%. But in 2005, there was a 5% decrease in the region's income. It later increased again in 2006 and in 2007. These increases were mainly due to fairly large increases in the amount of balancing funds (DAU) received. In this period, the income structure did not go through any changes, with the balancing funds component consistently constituting the dominant part, and even continuing to grow larger (from 91% to 96%), while the role of regional own-source revenues or PAD actually increasingly fell, from 5% in 2003 to 4% in 2007. These facts at the same time indicate a continuing increase in fiscal dependency.

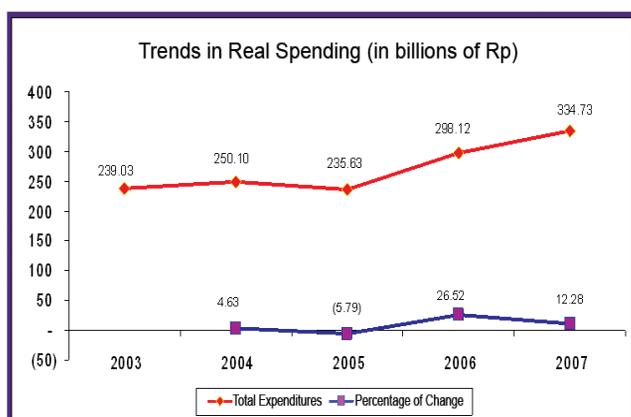
FIGURE 1.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

East Sumba district spending fluctuated from 2003 to 2007, following the income patterns each year. During this period, there was a decrease in spending in 2005, amounting to 5.7%.

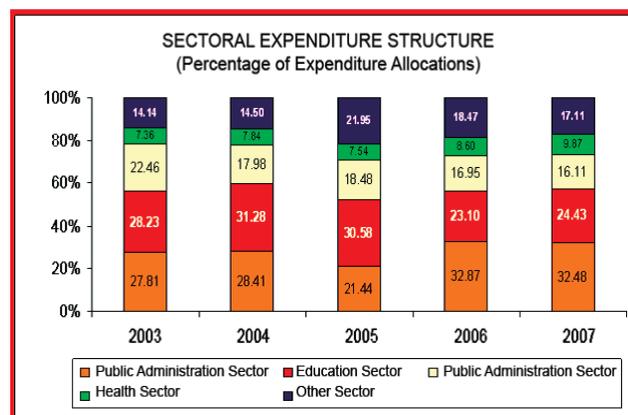
FIGURE 2.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

A fairly large portion of spending in East Sumba went to the education sector. This and the public administration sector constituted the two sectors that received the largest expenditure allocations. The same was true of spending on the infrastructure sector, which received a fairly large portion, although it tended to fluctuate. The health sector in East Sumba district received a relatively small portion of the spending allocations, although it tended to increase, albeit by relatively small amounts. In 2003, the health sector received a portion of 7% but in 2007 this increased to 9%.

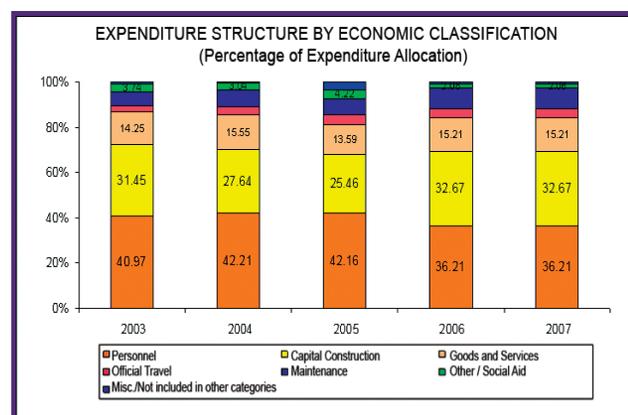
FIGURE 3.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Like other regions, East Sumba was using a large part of its spending for personnel expenditures. However, the region succeeded in decreasing the portion of expenditures on personnel from 40% in 2003 to 36% in 2007. Meanwhile, capital expenditures received a relatively large portion, with the tendency to fluctuate. It turns out that the portion for maintenance expenditures, in real terms, received an extremely small portion, although the size of the portion kept increasing. In 2003 the allocation for maintenance expenses was 6%, and later increased to 9% in 2007.

FIGURE 4.



Source: NTT PEACH Database, NTT PEACH Research Team (2008); figures for 2007 are estimated

Annex 3. Remarks on Methodology

Regional Revenues and Expenditures Budget (APBD)

Regional Revenues and Expenditures Budgets, known as APBD (*Anggaran Pendapatan dan Belanja Daerah*), are the annual budgets allocated and/or budgeted by provincial and district/municipal governments. These budgets consist of two categories: planned (to be approved by the Regional Parliament or DPR) and realized (based on actual spending or accountability reports from the regional head).

Data spanning from 2003 to 2006 were obtained from the provincial and district/municipal governments in NTT. Data for 2007 were compiled based on budget data. Projections were made for several revenue components in NTT's 2008-2009 budget. The Ministry of Finance provided data as a source for national-scale comparisons.

Annex 4.

NTT Regional Government Budget Data

NTT Annex

Income (at 2006 constant price, in billions of Rp)

PROVINCE	2003	2004	2005	2006	2007	2008	2009
REGIONAL OWN-SOURCE REVENUE (PAD)	124.0	154.2	162.0	176.0	182.4		
Regional Taxes	69.0	95.7	98.5	101.6	109.5		
Regional User Fees	15.2	20.8	23.0	27.1	30.8		
Regionally-owned Enterprise Profits	7.2	11.1	15.5	10.5	13.3		
Other Lawful Regional Own-source Revenues	32.7	26.6	25.0	36.8	28.7		
BALANCING FUNDS	409.7	416.4	403.0	528.1	541.5		
Tax Revenue Shares	29.6	35.4	51.2	48.7	37.0		
Non-tax Natural Resource Revenue Shares	0.1	0.1	0.0	-	-		
General Allocation Grant (DAU)	372.2	380.9	351.8	479.4	504.6	516.1	494.2
Special Allocation Grant (DAK)	7.9	-	-	-	-		
Finance & Tax Revenue Shares from the Province	0.0	-	-	-	-		
Special Autonomy Fund Income	0.0	-	-	-	-		
OTHER LAWFUL INCOME SOURCES	11.6	12.5	8.8	-	-		
Income from the National Government	11.6	12.5	8.8	-	-		
Income from the Province	0.0	-	-	-	-		
Income from Other Districts/Municipalities	0.0	-	-	-	-		
Emergency Funds	0.0	-	-	-	-		
Contingency/Balancing Funds Assistance	0.0	-	-	-	-		
Adhoc Adjustment Funds	0.0	-	-	-	-		
Pilkada (Regional Head election) funding aid from the APBN (National Budget)	0.0	-	-	-	-		
Other	0.0	-	-	-	-		
TOTAL INCOME	545.4	583.2	573.8	704.1	724.0	771.0	738.4
DISTRICTS/MUNICIPALITIES	2003	2004	2005	2006	2007	2008	2009
REGIONAL OWN-SOURCE REVENUE (PAD)	193.5	233.0	188.9	239.5	227.7		
Regional Taxes	32.3	30.6	29.5	33.5	35.7		
Regional User Fees	49.1	59.1	64.2	86.1	79.7		
Regionally-Owned Enterprise Profits	8.3	14.8	10.1	12.2	15.6		
Other Lawful Sources of Own-Source Revenue	103.8	128.6	85.1	107.7	96.7		
BALANCING FUNDS	3492.9	3,527.7	3,510.6	4,805.1	4,991.5		
Tax Revenue Shares	185.8	228.4	260.3	242.6	202.7		
Non-tax Natural Resource Revenue Shares	5.8	6.5	4.5	20.4	-		
General Allocation Grant (DAU)	3144.1	3,122.5	3,000.6	4,050.0	4,106.7	4,071.5	3,825.6
Special Allocation Grant (DAK)	157.2	170.3	245.2	492.0	682.1		
Finance & Tax Revenue Shares from the Province	0.0	-	-	-	-		
Special Autonomy Funds Income	0.0	-	-	-	-		
OTHER LAWFUL INCOME SECTORS	203.4	208.3	205.3	110.9	218.6		
Income from the National Government	125.1	97.4	106.4	12.6	-		
Income from the Province	25.5	59.7	56.3	86.8	-		
Income from other Districts/Municipalities	0.0	9.2	-	3.0	-		
Emergency Funds	35.4	17.6	7.0	3.4	-		
Contingency/Balancing Funds Assistance	0.0	-	-	-	-		
Adhoc Adjustment Funds	0.0	-	-	-	-		
Pilkada (Regional Head election) funding aid from the APBN (National Budget)	0.0	-	-	-	-		
Other	0.2	16.1	8.8	5.2	-		
TOTAL INCOME	3889.8	3,969.1	3,904.8	5,155.5	5,437.8	5,267.7	4,986.0

Annex 4.

NTT Regional Government Budget Data

Annex NTT

Spending (at 2006 constant price, according to sector, in billions of Rp)

PROVINCE (SECTOR)	2003	2004	2005	2006	2007
Government Public Administration	287.0	252.8	250.3	298.5	339.9
Agriculture	10.2	23.5	24.0	24.4	39.0
Fishery and Marine	8.6	8.5	9.1	8.8	9.5
Mining and Energy	7.8	5.7	7.3	4.5	4.8
Forestry and Plantations	11.7	11.9	12.1	14.9	7.4
Industry and Trade	7.0	6.8	5.3	6.7	7.4
Cooperatives	3.5	3.2	4.0	4.4	4.9
Capital Investment	2.4	2.4	2.8	2.9	2.8
Labor	8.5	7.5	7.2	7.7	11.8
Health	52.2	52.8	53.1	72.9	103.4
Education and Culture	31.5	32.4	34.9	47.7	48.1
Social Affairs	11.8	10.6	14.5	14.8	14.4
Spatial Planning	0.0	-	-	-	7.7
Settlements	0.0	-	-	-	-
Public Works	58.6	51.6	71.1	107.8	238.4
Communications (highway, radio, etc.)	8.3	6.2	5.5	7.5	9.7
Environment	4.0	3.3	3.6	3.8	5.0
Population/Residential Affairs	0.0	-	-	-	-
Sports	2.5	2.3	2.7	4.1	5.4
Tourism	5.4	4.4	5.1	5.9	5.3
Land	0.0	-	-	-	-
Other (Revenue Share & Financial Aid Expenditures)	0.0	-	-	-	-
Other (Unexpected Expenditures)	-	-	-	-	-
TOTAL	520.9	485.8	512.5	637.3	864.9

DISTRICTS/MUNCIPALITIES	2003	2004	2005	2006	2007
Government Public Administration	1161.1	1,319.7	1,248.6	1,527.0	1,831.5
Agriculture	148.1	137.0	138.4	192.9	234.1
Fishery and Marine	36.0	47.7	57.6	72.4	81.3
Mining and Energy	32.3	34.9	21.0	39.1	42.7
Forestry and Plantations	67.6	62.8	56.9	67.3	58.3
Industry and Trade	32.0	29.2	25.8	30.5	38.4
Cooperatives	28.5	24.0	20.3	23.3	24.7
Capital Investment	4.9	5.5	5.8	5.8	7.1
Labor	22.5	23.7	24.0	33.6	42.3
Health	289.1	305.1	304.3	421.9	487.6
Education and Culture	1236.5	1,264.5	1,239.6	1,366.6	1,545.3
Social Affairs	20.8	19.9	17.3	21.5	23.9
Spatial Planning	0.0	0.4	0.1	2.1	45.2
Settlements	10.5	112.2	71.2	96.3	52.2
Public Works	471.0	317.1	354.5	544.8	699.1
Communications (highway, radio, etc.)	49.8	45.6	66.4	85.4	91.1
Environment	21.8	23.2	26.5	36.7	41.7
Population/Residential Affairs	33.1	43.8	47.3	56.6	71.2
Sports	3.1	1.0	1.8	1.8	4.0
Tourism	24.8	24.2	25.1	26.3	29.4
Land	3.9	1.6	0.9	0.7	0.2
Other (Revenue Share & Financial Aid Expenditures)	68.4	14.5	29.9	-	-
Other (Unexpected Expenditures)	31.7	1.7	3.6	3.2	3.5
TOTAL	3797.5	3,859.4	3,786.9	4,655.7	5,454.8

Annex 4.

NTT Regional Government Budget Data

Annex NTT

Spending (at 2006 constant price, by economic classification, in billions of Rp)

PROVINCE

Type of Expenditure	2003	2004	2005	2006	2007
Personnel	182.2	177.8	167.6	189.1	256.6
Goods and Services	86.4	81.5	101.8	121.5	164.9
Official Travel	49.1	41.0	44.6	56.6	76.9
Maintenance	12.3	11.4	11.9	15.5	21.0
Other / Social Assistance	105.3	-	-	-	-
Capital / Construction	85.6	63.5	81.8	114.2	155.0
Spending not included in other categories*	0.1	110.6	104.7	140.4	190.6
Total	520.9	485.8	512.5	637.3	864.9

DISTRICTS/MUNCIPALITIES

Type of Expenditure	2003	2004	2005	2006	2007
Personnel	1892.6	2,013.1	1,917.1	2,040.5	2,403.0
Goods and Services	427.7	466.7	487.0	628.8	733.1
Official Travel	177.9	181.2	190.3	245.7	291.0
Maintenance	282.9	237.5	222.0	258.8	305.4
Other / Social Assistance	201.8	54.6	21.4	17.2	21.3
Capital / Construction	780.8	686.1	666.7	1,132.7	1,317.8
Spending not included in other categories*	33.7	220.1	282.4	331.8	383.2
Total	3797.5	3,859.4	3,786.9	4,655.7	5,454.8

Deconcentrated Expenditures (at 2006 constant price, by sector, in billions of Rp)

SECTOR	2003	2004	2005	2006	2007
Health	194.4	205.1	273.3	301.2	443.7
Education and Culture	110.5	107.7	24.0	93.4	40.1
Other	709.7	859.5	329.8	94.2	110.5
TOTAL	1,014.7	1,172.3	627.1	488.8	594.4

Annex 4. NTT Regional Government Budget Data

Annex NTT Income 2003 (nominal price, in millions of Rp)

	NTTProvince	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao
REGIONAL OWN-SOURCE																
REVENUE (PAD)	94,332	15,717	19,570	5,346	4,810	11,687	10,252	9,166	9,360	10,003	8,729	20,672	8,373	8,819	3,393	1,263
Regional Taxes	52,440	9,207	1,490	606	637	1,753	922	1,139	1,464	1,183	1,528	1,736	709	1,329	769	75
Regional User Fees	11,541	3,937	3,173	1,326	2,022	3,606	2,517	1,461	2,902	3,635	4,057	1,359	2,410	3,028	744	1,188
Regionally-Owned Enterprise Profits	5,496	30	392	259	304	374	267	1,011	512	607	221	1,509	421	248	172	-
Other Lawful Sources of Own-Source Revenue	24,854	2,544	14,515	3,156	1,848	5,954	6,545	5,555	4,482	4,577	2,922	16,068	4,832	4,213	1,708	-
BALANCING FUNDS	311,585	173,460	225,801	170,856	162,852	270,421	194,711	171,694	169,394	199,498	176,423	214,709	180,479	161,191	130,265	54,506
Tax Revenue Shares	22,487	8,903	11,122	10,387	9,762	11,289	11,438	9,202	10,060	9,187	8,519	5,519	9,815	8,772	11,915	5,441
Non-tax Natural Resource Revenue Shares	58	3	450	289	-	582	553	344	434	191	444	814	-	339	-	-
General Allocation Grant (DAU)	283,040	158,754	203,030	149,780	146,690	247,849	174,020	155,448	153,700	180,520	160,660	197,980	164,664	146,480	111,550	39,850
Special Allocation Grant (DAK)	6,000	5,800	11,200	10,400	6,400	10,700	8,700	6,700	5,200	9,600	6,800	10,396	6,000	5,600	6,800	9,215
Finance and Tax Revenue Shares from the Province	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Autonomy Funds Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER LAWFUL INCOME SECTORS	8,810	640	15,418	10,034	10,447	3,347	10,087	9,437	10,440	9,197	39,838	12,975	-	9,710	5,718	7,363
Income from the National Government	8,810	-	13,668	8,444	9,448	-	7,980	7,692	8,998	8,405	10,529	11,650	-	8,344	-	-
Income from the Province	-	640	1,749	1,590	999	3,347	2,107	1,745	1,442	676	2,401	1,325	-	1,366	-	-
Income from other Districts/Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Funds	-	-	-	-	-	-	-	-	-	-	26,909	-	-	-	-	-
Contingency/Balancing Funds Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adhoc Adjustment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilkada (Regional Head election) funding aid from the APBN (National Budget)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	117	-	-	-	-	-	-
TOTAL INCOME	414,727	189,818	260,789	186,236	178,109	285,455	215,050	190,297	189,194	218,699	224,990	248,356	188,852	179,720	139,375	63,132

Annex 4. NTT Regional Government Budget Data

Annex NTT Spending 2003 (nominal price, according to sector, in millions of Rp)

SECTOR	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao
Government Public																
Administration	218,218	67,061	59,775	64,684	68,148	63,452	60,920	56,362	55,751	73,117	80,233	66,636	56,367	43,291	48,675	18,515
Agriculture	7,778	1,376	12,273	4,181	5,403	13,207	11,566	9,645	4,394	12,773	3,076	13,998	6,876	6,404	4,757	2,667
Fishery and Marine	6,559	56	2,024	1,389	3,968	1,517	3,581	2,510	2,151	1,899	2,238	1,052	1,276	1,859	1,356	517
Mining and Energy	5,907	65	8,550	950	-	2,195	1,254	4,195	1,794	1,354	1,213	860	-	-	1,289	815
Forestry and Plantations	8,886	-	6,221	2,441	2,392	7,975	6,223	3,707	4,733	4,005	3,309	-	4,586	2,459	3,367	-
Industry and Trade	5,313	902	2,004	1,677	653	1,772	511	1,793	1,070	1,492	1,983	1,191	3,348	1,865	3,243	829
Cooperatives	2,645	151	1,412	-	796	1,305	2,658	1,915	997	2,473	1,646	4,678	884	912	1,013	840
Capital Investment	1,841	62	-	575	-	1,271	-	521	-	-	-	796	505	-	-	-
Labor	6,446	94	1,147	1,931	884	2,401	576	1,161	635	1,250	1,248	1,053	1,980	1,199	963	598
Health	39,712	6,246	15,686	20,185	12,061	25,345	16,123	17,498	12,859	19,038	16,369	7,973	12,950	23,963	10,313	3,265
Education and Culture	23,968	69,111	84,805	48,491	54,479	130,873	61,840	47,694	56,277	74,329	63,488	71,352	63,663	55,219	36,744	21,933
Social Affairs	8,964	153	1,429	1,290	637	827	2,065	1,018	1,861	1,839	878	903	804	819	1,295	-
Spatial Planning	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-
Settlements	-	362	6,146	-	-	-	-	-	-	-	-	-	1,447	-	-	-
Public Works	44,571	28,396	25,925	39,797	19,830	48,227	44,020	28,752	28,284	14,236	16,342	17,288	3,847	21,451	17,762	4,006
Communications																
(highway, radio, etc.)	6,279	1,692	4,025	1,738	845	3,505	5,182	1,578	2,264	1,651	1,540	1,478	8,204	1,709	1,685	801
Environment	3,051	1,940	594	916	305	2,176	766	496	1,344	2,587	722	580	1,057	2,393	730	-
Population/Residential																
Affairs	-	146	1,469	-	714	1,012	645	619	15,407	1,120	758	778	644	1,226	636	-
Sports	1,869	-	-	-	-	-	774	774	1,565	-	-	-	-	-	-	-
Tourism	4,133	322	1,609	2,717	829	1,855	1,136	1,397	2,353	1,513	2,187	761	1,160	1,002	-	-
Land	-	-	-	187	2,247	-	-	142	286	-	-	-	140	-	-	-
Other (Revenue Share & Financial Aid Expenditures)	-	-	12,749	-	-	-	-	-	6,887	-	-	18,197	-	14,220	-	-
Other (Unexpected Expenditures)	-	-	3,612	-	-	20,468	-	-	-	-	-	-	-	-	-	-
Total	396,140	178,134	251,457	193,150	174,191	329,372	219,066	181,778	200,913	214,677	197,230	209,575	169,749	179,991	133,829	54,785

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2003 (nominal price, according to economic classification, in millions of Rp)

TYPE OF EXPENDITURE	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rohe Ndao
Personnel	138,532	102,565	145,779	96,682	93,517	144,280	108,998	74,473	78,885	126,619	113,562	97,378	91,405	86,906	51,657	26,586
Goods and Services	65,681	17,275	17,234	15,834	10,245	43,048	23,165	25,906	39,754	24,584	18,475	16,434	16,847	30,838	20,582	5,015
Official Travel	37,327	2,621	22,128	10,138	6,486	12,488	5,336	4,859	12,900	13,938	9,225	9,059	7,068	8,726	8,024	2,330
Maintenance	9,330	7,540	24,609	11,180	7,027	26,573	19,227	11,081	6,821	12,622	20,230	31,613	11,802	14,948	5,538	4,356
Other / Social																
Assistance	80,062	8,406	4,428	9,578	15,973	20,458	15,409	6,801	6,276	6,028	-	16,858	16,413	14,220	9,990	2,597
Capital /																
Construction	65,094	38,391	25,204	49,687	38,093	82,526	44,430	57,171	55,567	29,613	35,739	36,894	24,368	24,353	37,859	13,901
Spending not included																
in other categories*	112	1,335	12,076	50	2,850	-	2,500	1,486	710	1,275	-	1,340	1,846	-	178	-
Total	396,140	178,134	251,457	193,150	174,191	329,372	219,066	181,778	200,913	214,677	197,230	209,575	169,749	179,991	133,829	54,785

Annex 4. NTT Regional Government Budget Data

Annex NTT

Income 2004 (nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
REGIONAL OWN-SOURCE REVENUE (PAD)	123,690	35,662	20,364	7,616	7,484	11,508	11,359	11,716	11,010	9,755	9,435	22,998	9,156	8,454	5,055	3,531	1,782
Regional Taxes	76,779	5,089	2,832	530	796	1,609	1,082	1,655	1,295	1,272	2,107	1,693	1,092	1,555	1,234	288	371
Regional User Fees	16,681	5,296	3,931	1,754	2,283	4,761	3,623	2,196	3,772	4,079	4,420	1,893	3,096	3,207	1,561	1,093	429
Regionally-Owned Enterprise Profits	8,895	268	554	393	506	385	438	1,160	1,357	665	357	4,467	576	434	268	18	-
Other Lawful Sources of Own-Source Revenue	21,336	25,010	13,048	4,938	3,899	4,752	6,214	6,705	4,586	3,738	2,551	14,945	4,392	3,258	1,992	2,132	982
BALANCING FUNDS	333,935	169,895	237,865	177,411	168,684	197,748	206,141	186,008	178,620	211,123	185,994	234,103	179,039	173,004	142,094	101,496	79,707
Tax Revenue Shares	28,407	11,882	12,248	11,588	10,622	13,071	13,027	12,365	10,316	14,616	10,651	12,813	10,932	10,252	12,260	6,683	9,861
Non-tax Natural Resource Revenue Shares	54	1	696	430	-	1,020	570	544	426	-	430	594	-	487	-	-	-
General Allocation Grant (DAU)	305,474	150,982	216,751	157,163	150,222	173,147	182,594	162,358	159,338	186,697	165,323	211,456	158,237	153,290	121,234	89,314	65,846
Special Allocation Grant (DAK)	-	7,030	8,170	8,230	7,840	10,510	9,950	10,740	8,540	9,810	9,590	9,240	9,870	8,975	8,600	5,500	4,000
Finance and Tax Revenue Shares from the Province	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Autonomy Funds Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER LAWFUL INCOME SOURCES	10,012	10,249	2,509	11,170	11,001	14,248	13,416	10,163	15,782	14,178	17,833	4,542	12,952	13,118	3,966	9,154	2,765
Income from the National Government	10,012	6,575	-	-	10,344	10,628	9,581	7,313	3,007	9,479	-	-	9,092	10,202	-	1,862	-
Income from the Province	-	3,674	2,509	3,169	656	3,620	3,836	2,850	12,775	2,258	1,393	2,093	3,860	2,917	-	2,292	-
Income from other Districts/Municipalities	-	-	-	-	-	-	-	-	-	-	2,351	-	-	-	-	5,000	-
Emergency Funds	-	-	-	-	-	-	-	-	-	-	14,089	-	-	-	-	-	-
Contingency/Balancing Funds Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adhoc Adjustment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilkada (Regional Head election) funding aid from the APBN (National Budget)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	467,638	215,806	260,739	196,198	187,169	223,504	230,916	207,886	205,412	235,056	213,263	261,643	201,148	194,576	151,115	114,182	84,254
TOTAL INCOME																	

Annex 4. NTT Regional Government Budget Data

Annex NTT
Spending 2004 (nominal price, according to sector, in millions of Rp)

Sector	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
Government Public																	
Administration	202,745	76,841	94,354	65,595	54,065	69,612	60,593	56,976	73,342	74,289	87,162	92,054	66,213	65,573	50,804	40,175	30,652
Agriculture	18,828	1,586	9,582	6,990	7,202	8,540	9,963	9,870	4,394	13,083	3,845	9,749	7,862	5,898	3,876	5,221	2,204
Fishery and Marine	6,799	226	1,879	1,076	8,329	2,225	3,473	3,015	2,151	2,082	2,392	2,252	2,328	2,887	2,040	1,554	356
Mining and Energy	4,537	149	14,301	1,035	-	1,213	1,065	1,424	1,794	1,054	864	1,126	-	-	2,515	913	515
Forestry and Plantations	9,538	-	6,215	2,760	3,097	5,613	6,158	5,502	4,733	3,150	3,466	-	5,136	1,892	2,654	-	-
Industry and Trade	5,434	1,026	1,614	1,851	796	1,419	472	2,062	1,070	1,336	1,864	1,456	2,511	1,244	2,900	922	901
Cooperatives	2,606	248	1,230	-	779	1,022	2,748	743	997	1,935	1,235	4,680	1,005	991	772	877	-
Capital Investment	1,902	328	-	1,022	-	624	-	712	-	-	-	763	606	-	-	372	-
Labor	6,029	208	1,121	2,060	606	3,584	518	1,593	628	1,061	1,401	1,115	1,469	1,432	816	874	517
Health	42,332	7,293	16,686	19,360	11,981	20,214	15,824	17,141	12,859	21,401	29,283	10,929	14,699	22,387	12,213	6,586	5,792
Education and Culture	25,992	72,797	96,395	53,589	59,348	90,493	65,716	55,290	57,044	80,409	78,840	85,630	70,320	60,951	34,233	25,460	27,519
Social Affairs	8,534	175	1,298	1,618	676	803	2,264	939	1,861	1,357	1,046	940	764	996	1,190	-	-
Spatial Planning	-	297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settlements	-	29,308	6,386	-	-	-	-	-	-	-	11,153	14,297	12,588	16,272	-	-	-
Public Works	41,394	951	13,807	20,967	16,313	14,114	34,007	36,289	28,284	19,260	-	6,542	18,952	-	26,144	6,462	12,218
Communications																	
(highway, radio, etc.)	4,934	1,389	2,661	3,571	993	2,276	4,483	3,483	2,264	2,881	1,132	1,589	1,085	4,149	2,883	1,065	669
Environment	2,627	2,476	661	1,074	610	1,907	785	563	1,344	2,683	833	707	1,086	2,172	852	840	-
Population/																	
Residential Affairs	-	1,907	4,094	2,032	2,333	2,663	2,271	2,324	2,607	3,635	2,849	3,852	1,036	1,061	1,277	956	218
Sports	1,813	-	-	-	-	-	-	794	-	-	-	-	-	-	-	-	-
Tourism	3,497	339	1,241	2,206	1,263	1,089	1,175	1,222	2,353	1,430	1,377	888	2,777	1,052	-	986	-
Land	-	-	-	352	-	-	-	614	286	-	-	-	-	-	-	-	-
Other (Revenue)																	
Share & Financial																	
Aid Expenditures	-	-	-	-	11,665	-	-	-	-	-	-	-	-	-	-	-	-
Other (Unexpected Expenditures)	-	-	-	-	1,345	-	-	-	-	-	-	-	-	-	-	-	-
Total	389,542	197,543	273,525	187,157	181,400	227,409	211,515	200,556	198,013	231,047	228,742	238,570	210,437	188,956	145,170	93,264	81,561

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2004 (nominal price, according to economic classification, in millions of Rp)

Type of Expenditure	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
Personnel	142,557	113,949	162,932	110,175	103,206	130,703	104,196	84,655	90,436	127,849	108,144	139,757	106,545	97,375	59,366	40,090	34,975
Goods and Services	65,381	23,606	27,855	15,880	14,962	29,201	24,013	31,296	39,282	26,658	23,168	25,122	20,283	31,405	21,199	10,042	10,316
Official Travel	32,843	2,876	13,490	8,963	7,904	12,707	5,999	6,717	11,742	17,753	12,942	10,022	11,535	7,702	7,046	4,702	3,220
Maintenance	9,127	6,886	26,350	11,019	3,083	3,890	18,869	15,750	9,238	12,618	26,015	13,373	11,540	15,111	7,875	7,336	1,519
Other /																	
Social Assistance	-	35	-	-	11,665	-	-	-	-	6,269	-	-	-	-	12,800	-	13,011
Capital/Construction	50,944	36,940	27,520	31,482	39,235	36,619	41,955	55,330	40,468	38,459	43,606	19,907	38,801	19,801	34,803	26,720	18,513
Spending not included in other categories*	88,690	13,252	15,376	9,639	1,345	14,289	16,484	6,808	6,848	1,441	14,866	30,389	21,732	17,562	2,082	4,374	8
Total	389,542	197,543	273,525	187,157	181,400	227,409	211,515	200,556	198,013	231,047	228,742	238,570	210,437	188,956	145,170	93,264	81,561

Annex 4. NTT Regional Government Budget Data

Annex NTT Income 2005 (nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
REGIONAL OWN-SOURCE																	
REVENUE (PAD)	140,649	19,122	17,320	6,374	5,849	10,267	12,907	10,727	9,183	10,899	12,118	14,633	9,553	10,749	4,595	6,636	3,073
Regional Taxes	85,549	6,148	2,339	664	745	2,098	1,227	1,834	1,308	1,914	1,761	1,193	1,029	1,363	939	487	575
Regional User Fees	19,963	5,874	3,242	1,794	3,205	4,589	4,076	2,706	3,851	4,904	5,901	1,731	3,730	6,308	1,506	1,618	688
Regionally-Owned																	
Enterprise Profits	13,433	50	646	849	416	430	1,084	1,039	1,035	529	374	788	537	473	418	84	14
Other Lawful Sources																	
of Own-Source Revenue	21,704	7,050	11,092	3,068	1,483	3,150	6,519	5,148	2,989	3,552	4,081	10,922	4,257	2,605	1,732	4,447	1,797
BALANCING FUNDS	349,951	182,896	242,262	186,643	183,550	236,717	218,649	193,836	179,458	226,642	193,727	247,551	190,174	186,310	151,401	133,303	95,260
Tax Revenue Shares	44,440	14,485	15,889	14,338	16,029	15,644	17,584	17,175	13,524	18,086	12,920	15,012	14,385	12,871	10,684	8,242	9,172
Non-tax Natural Resource																	
Revenue Shares	37	98	326	320	-	492	327	326	324	-	344	326	242	263	-	6	485
General Allocation Grant (DAU)	305,474	159,274	211,747	158,095	154,291	206,161	186,467	164,704	153,700	194,596	166,722	213,553	161,677	161,536	128,017	109,535	75,462
Special Allocation Grant (DAK)	-	9,040	14,300	13,890	13,230	14,420	14,270	11,630	11,910	13,960	13,740	18,660	13,870	11,640	12,700	15,520	10,140
Finance and Tax Revenue																	
Shares from the Province	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Autonomy Funds Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER LAWFUL INCOME SECTORS	7,645	12,831	12,942	10,467	12,940	20,230	18,641	11,859	4,929	10,407	9,947	13,280	10,840	11,785	6,145	3,558	7,476
Income from the																	
National Government	7,645	7,064	9,236	7,371	-	10,694	15,894	9,444	2,432	-	-	9,419	7,985	-	4,631	2,185	6,032
Income from the Province	-	5,767	3,697	3,096	-	3,569	2,747	2,416	2,497	-	9,947	2,227	2,855	5,708	1,514	1,373	1,444
Income from other																	
Districts/Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	6,077	-	-	-
Contingency/Balancing																	
Funds Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adhoc Adjustment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilkada (Regional Head election) funding aid from																	
the APBN (National Budget)	-	-	9	-	-	-	-	-	-	-	-	1,634	-	-	-	-	-
Other	-	-	-	-	-	5,968	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	498,245	214,848	272,523	203,485	202,339	267,215	250,196	216,422	193,570	247,948	215,791	275,464	210,566	208,845	162,141	143,496	105,808

Annex 4. NTT Regional Government Budget Data

Annex NTT Spending 2005 (nominal price, according to sector, in millions of Rp)

Sector	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
Government Public																	
Administration	217,349	81,941	91,472	72,071	52,363	71,818	66,147	65,865	57,482	72,992	80,317	98,658	71,996	70,562	52,123	46,959	31,422
Agriculture	20,804	1,757	8,871	7,863	4,795	12,043	10,865	12,190	4,139	12,077	5,683	9,817	8,117	6,856	5,045	6,388	3,701
Fishery and Marine	7,866	1,375	4,926	2,271	8,969	2,930	2,939	2,551	3,056	2,133	2,304	2,694	3,430	2,686	2,831	3,199	1,731
Mining and Energy	6,340	556	4,213	982	-	1,344	987	999	878	1,259	1,209	884	131	-	1,105	2,578	1,130
Forestry and Plantations	10,536	-	8,301	2,791	2,601	5,665	6,004	4,019	4,158	2,884	3,346	-	4,272	2,099	3,264	-	-
Industry and Trade	4,625	1,184	1,553	1,549	848	1,972	443	1,035	1,007	1,613	1,720	1,233	1,907	1,820	2,133	1,743	657
Cooperatives	3,490	373	1,360	-	821	1,288	2,734	889	860	1,858	1,542	1,548	874	1,023	1,012	1,429	-
Capital Investment	2,470	271	-	809	-	691	-	608	-	-	-	922	492	-	-	1,258	-
Labor	6,247	266	1,292	2,013	811	1,833	554	1,926	969	1,051	2,098	1,204	2,327	1,890	1,063	515	995
Health	46,082	9,071	17,667	22,382	18,925	20,654	16,956	19,035	12,810	23,314	18,320	8,459	16,198	23,354	16,807	10,475	9,839
Education and Culture	30,275	73,186	105,960	58,071	66,915	92,837	68,762	53,895	57,426	85,486	74,837	95,602	69,365	66,477	38,381	32,520	36,650
Social Affairs	12,586	314	1,331	1,353	714	799	2,308	889	932	1,170	1,307	764	698	856	1,583	-	-
Spatial Planning	-	-	-	-	-	-	-	-	-	-	-	-	85	-	-	-	-
Settlements	-	570	5,989	-	-	-	-	34,038	-	-	14,010	-	7,214	-	-	-	-
Public Works	61,736	41,380	14,049	15,937	10,110	33,977	36,081	-	49,580	16,502	-	17,237	7,113	11,981	30,184	13,141	10,533
Communications																	
(highway, radio, etc.)	4,741	1,857	2,430	1,278	1,230	2,275	5,469	1,210	2,532	2,876	2,127	1,244	22,408	2,191	5,094	1,851	1,612
Environment	3,104	3,729	900	931	640	2,993	809	665	1,146	3,189	1,362	710	913	3,109	923	1,006	-
Population/Residential Affairs	-	550	3,602	-	2,968	2,172	2,302	2,071	9,151	3,753	1,956	2,552	1,994	3,791	1,509	1,592	1,105
Sports	2,328	-	-	-	-	-	-	798	732	-	-	-	-	-	-	-	-
Tourism	4,395	385	1,363	1,552	1,160	2,329	1,468	1,491	1,941	1,482	1,394	2,060	2,643	1,242	-	1,311	-
Land	-	-	-	-	-	-	-	425	204	-	-	-	141	-	-	-	-
Other (Revenue Share & Financial Aid																	
Expenditures)	-	-	-	-	14,578	-	-	-	-	4,069	-	-	-	-	-	-	7,286
Other (Unexpected Expenditures)	-	-	-	-	3,114	-	-	-	-	-	-	-	-	-	-	-	-
Total	444,975	218,765	275,282	191,854	191,560	257,619	224,829	204,600	209,006	237,708	213,532	245,589	222,316	199,938	163,055	125,966	106,660

Annex 4. NTT Regional Government Budget Data

Annex NTT Spending 2005 (nominal price, according to economic classification, in millions of Rp)

Type of Expenditure	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
Personnel	145,542	118,121	162,828	104,425	107,267	132,966	104,922	86,251	93,291	142,984	110,109	144,654	104,787	98,582	61,831	46,270	45,349
Goods and Services	88,417	25,042	31,795	17,799	20,543	26,994	28,671	27,797	29,366	34,190	27,840	16,354	21,203	38,373	28,778	17,483	30,683
Official Travel	38,758	4,398	14,620	10,864	7,499	14,236	8,168	8,213	10,882	16,487	15,648	13,307	11,636	8,386	8,438	7,083	5,361
Maintenance	10,329	11,065	28,247	9,637	5,345	11,404	5,235	14,344	9,307	11,095	18,879	14,196	11,882	11,620	11,054	15,270	4,228
Other /																	
Social Assistance	-	-	-	-	14,578	118	-	-	-	3,923	-	-	-	-	-	-	-
Capital /																	
Construction	70,997	46,944	22,857	29,017	33,214	47,517	53,262	52,090	57,536	28,883	26,420	27,425	44,927	18,702	40,640	35,691	13,754
Spending not included																	
in other categories*	90,932	13,194	14,935	20,112	3,114	24,384	24,572	15,905	8,625	147	14,636	29,653	27,881	24,274	12,315	4,169	7,286
TOTAL	444,975	218,765	275,282	191,854	191,560	257,619	224,829	204,600	209,006	237,708	213,532	245,589	222,316	199,938	163,055	125,966	106,660

Annex 4. NTT Regional Government Budget Data

Annex NTT

Income 2006 (nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
REGIONAL OWN-SOURCE REVENUE (PAD)	175,952	25,253	14,980	9,956	9,874	17,328	17,029	19,427	12,959	14,812	14,931	22,941	15,510	19,479	9,099	8,758	7,169
Regional Taxes	101,616	6,685	2,839	759	957	3,173	1,395	4,080	1,594	2,296	2,122	1,130	1,526	1,727	922	954	1,368
Regional User Fees	27,075	6,178	4,548	2,526	4,635	5,504	5,655	4,875	7,290	6,072	7,294	1,912	7,146	13,670	5,309	1,667	1,831
Regionally-Owned Enterprise Profits	10,500	1,803	606	555	780	342	952	1,575	687	597	465	1,705	364	560	683	292	189
Other Lawful Sources of Own-Source Revenue	36,761	10,586	6,987	6,116	3,503	8,309	9,028	8,897	3,388	5,847	5,049	18,194	6,474	3,523	2,184	5,845	3,782
BALANCING FUNDS	528,149	302,360	385,038	285,006	294,574	377,723	319,853	310,981	273,324	347,574	298,628	369,074	300,926	292,540	203,103	207,637	236,751
Tax Revenue Shares	48,713	17,474	17,562	12,147	6,617	19,888	18,821	17,447	15,414	15,601	15,377	15,457	15,844	14,372	13,975	14,782	11,865
Non-tax Natural Resource Revenue Shares	-	-	263	4,122	13,473	377	346	410	-	137	339	309	-	318	-	71	264
General Allocation Grant (DAU)	479,436	260,636	325,363	239,558	246,374	322,608	272,806	261,404	229,500	303,447	253,522	320,237	252,052	247,890	166,668	161,078	186,832
Special Allocation Grant (DAK)	-	24,250	41,850	29,180	28,110	34,850	27,880	31,720	28,410	28,390	29,390	33,070	33,030	29,960	22,460	31,705	37,790
Finance and Tax Revenue Shares from the Province	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Autonomy Funds Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER LAWFUL INCOME SECTORS	-	13,749	5,064	6,522	5,123	6,132	10,251	5,309	3,727	12,557	4,733	8,710	4,686	10,159	3,903	3,047	7,275
Income from the National Government	-	-	-	88	-	-	-	-	-	1,032	-	2,749	-	5,386	-	-	3,356
Income from the Province	-	11,000	5,064	6,433	5,123	6,132	7,254	5,309	3,727	6,037	4,733	5,652	4,686	4,774	3,903	3,047	3,919
Income from other Districts/Municipalities	-	-	-	-	-	-	2,997	-	-	-	-	-	-	-	-	-	-
Emergency Funds	-	-	-	-	-	-	-	3,383	-	-	-	-	-	-	-	-	-
Contingency/Balancing Funds Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adhoc Adjustment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilkada (Regional Head election) funding aid from the APBN (National Budget)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	2,749	-	-	-	-	-	-	-	2,105	-	310	-	-	-	-	-
TOTAL INCOME	704,101	341,362	405,083	301,484	309,572	401,183	347,134	335,717	290,011	374,943	318,292	400,725	321,123	322,179	216,105	219,442	251,195

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2006 (nominal price, according to sector, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
Government Public																	
Administration	298,459	109,527	118,120	94,930	97,721	91,536	94,421	81,729	96,307	98,768	98,180	132,948	95,782	111,156	80,159	70,532	55,218
Agriculture	24,404	4,644	13,724	13,624	8,449	18,507	18,750	17,041	8,905	16,640	9,556	12,107	14,720	10,018	7,409	11,366	7,393
Fishery and Marine	8,804	2,598	5,593	3,587	6,409	5,901	3,978	4,304	5,218	4,115	3,794	4,138	3,552	5,789	3,838	3,677	5,888
Mining and Energy	4,524	1,094	5,050	2,247	-	2,289	3,316	3,822	1,596	2,424	1,530	3,153	1,464	-	4,595	3,657	2,868
Forestry and Plantations	14,911	-	7,344	3,328	4,150	7,169	9,671	7,087	6,085	4,501	4,724	-	6,716	3,435	3,048	-	-
Industry and Trade	6,659	2,075	2,194	2,087	1,512	1,809	748	1,869	1,931	2,475	2,227	2,454	1,840	1,765	1,686	1,499	2,271
Cooperatives	4,430	500	1,847	-	2,618	1,650	1,894	1,911	1,370	2,794	2,042	1,759	1,410	1,535	1,153	859	-
Capital Investment	2,927	333	-	1,769	-	827	-	606	-	-	-	-	847	-	-	1,385	-
Labor	7,728	345	1,404	2,823	3,439	3,579	892	4,486	1,166	1,785	2,625	1,928	2,325	2,377	885	910	2,604
Health	72,928	16,176	26,528	30,353	30,144	33,114	23,248	29,706	24,218	33,505	33,390	8,241	24,764	46,034	21,181	16,077	25,261
Education and Culture	47,654	90,343	132,740	69,224	83,665	119,208	92,281	77,568	67,412	106,224	94,619	117,764	87,105	81,857	45,407	41,310	59,833
Social Affairs	14,765	368	1,445	1,978	1,010	1,570	2,946	1,331	2,403	2,231	1,925	-	1,243	1,314	1,744	-	-
Spatial Planning	-	-	-	-	-	-	-	-	-	-	-	-	2,076	-	-	-	-
Settlements	-	766	8,040	-	-	-	-	56,484	-	-	22,240	-	8,761	-	-	-	-
Public Works	107,820	65,567	36,941	31,049	23,487	80,913	50,214	-	34,954	36,758	-	26,797	9,662	31,969	21,331	31,403	63,714
Communications																	
(highway, radio, etc.)	7,505	2,665	1,685	2,281	3,892	4,815	9,152	1,929	3,602	3,550	1,510	1,378	31,981	2,903	6,003	2,052	5,970
Environment	3,794	4,825	1,924	2,497	-	4,806	1,073	1,790	1,898	5,114	1,763	1,493	1,712	3,950	1,571	2,256	-
Population/ Residential Affairs	-	1,629	5,195	-	-	5,046	2,553	2,955	11,326	7,703	3,483	2,564	3,255	4,914	1,777	1,944	2,225
Sports	4,111	-	-	-	-	-	-	1,106	690	-	-	-	-	-	-	-	-
Tourism	5,870	847	2,015	2,421	-	2,433	1,780	1,706	2,705	1,905	1,719	2,163	2,659	1,745	-	2,222	-
Land	-	-	-	-	-	-	-	584	141	-	-	-	-	-	-	-	-
Other (Revenue Share & Financial Aid Expenditures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Unexpected Expenditures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	637,291	304,299	371,790	264,199	266,496	385,173	316,917	298,116	271,926	330,494	285,326	318,889	301,873	310,761	201,788	191,149	236,469

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2006 (nominal price, according to economic classification, in millions of Rp)

Type of Expenditure	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
Personnel	189,102	141,231	194,031	122,477	133,309	165,752	130,195	107,947	113,261	174,711	135,151	176,424	131,882	125,358	74,942	55,700	58,152
Goods and Services	121,491	44,215	45,189	37,661	23,863	36,197	45,979	45,339	46,004	48,772	42,279	21,967	29,613	47,174	30,993	30,650	52,891
Official Travel	56,637	7,946	17,360	18,592	11,070	17,878	9,601	11,347	17,750	25,008	23,308	19,648	20,054	11,411	12,303	11,004	11,424
Maintenance	15,461	17,146	34,961	16,035	6,107	4,922	5,062	27,588	10,492	14,054	19,697	15,752	22,348	28,656	13,700	16,367	5,954
Other /																	
Social Assistance	-	16,310	-	-	-	-	-	-	-	-	-	-	-	-	-	917	-
Capital /																	
Construction	114,179	76,862	48,219	52,130	54,543	137,644	104,822	97,392	64,069	61,814	46,866	52,676	64,176	55,799	37,982	72,928	104,823
Spending not included in other categories*	140,421	591	32,030	17,304	37,604	22,779	21,258	8,503	20,350	6,135	18,025	32,422	33,800	42,363	31,868	3,581	3,225
Total	637,291	304,299	371,790	264,199	266,496	385,173	316,917	298,116	271,926	330,494	285,326	318,889	301,873	310,761	201,788	191,149	236,469

Annex 4. NTT Regional Government Budget Data

Annex NTT Income 2007 (estimated, nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	West Manggarai
REGIONAL OWN-																	
SOURCE REVENUE (PAD)	200,165	24,077	20,855	14,444	13,359	17,062	22,134	14,242	13,273	17,300	14,500	11,605	15,895	20,640	9,890	11,100	9,501
Regional Taxes	120,172	7,561	2,397	877	1,216	3,611	1,558	2,879	1,678	3,256	2,092	1,115	2,038	1,974	1,207	3,451	2,220
Regional User Fees	33,828	7,353	4,304	2,688	4,644	5,195	7,574	4,947	4,045	6,680	8,057	1,738	5,853	14,153	5,582	2,145	2,495
Regionally-Owned Enterprise Profits	14,636	3,699	599	-	1,060	536	3,416	820	1,266	1,205	405	1,788	372	639	496	552	292
Other Lawful Sources of Own-Source Revenue	31,529	5,465	13,556	10,879	6,439	7,719	9,586	5,597	6,284	6,159	3,946	6,964	7,632	3,873	2,604	4,953	4,494
BALANCING FUNDS																	
Tax Revenue Shares	594,172	320,967	418,138	317,066	335,925	424,522	366,828	356,777	311,611	411,701	340,085	444,726	342,756	337,312	246,362	231,781	270,006
Non-tax Natural Resource Revenue Shares	40,583	10,963	17,034	13,893	17,571	23,456	17,015	13,833	10,237	21,428	14,307	3,629	11,754	13,363	10,372	9,082	14,512
General Allocation Grant (DAU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Allocation Grant (DAK)	553,589	277,705	355,802	258,755	271,659	348,963	302,572	293,655	256,249	344,589	278,452	382,802	278,275	279,124	188,170	182,910	206,094
Finance and Tax Revenue Shares from the Province	-	32,299	45,302	44,418	46,695	52,103	47,241	49,289	45,125	45,684	47,326	58,295	52,727	44,825	47,820	39,789	49,400
Special Autonomy Funds Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER LAWFUL INCOME SECTORS																	
Income from the National Government	-	28,630	21,492	4,953	4,763	43,785	8,274	-	14,838	3,499	37,081	13,266	35,054	9,368	4,292	866	9,655
Income from the Province	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from other Districts/Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency/Balancing Funds Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adhoc Adjustment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilkada (Regional Head Election) funding aid from the APBN (National Budget)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	794,337	373,675	460,485	336,463	354,047	485,369	397,236	371,019	339,722	432,500	391,666	469,597	393,705	367,321	260,544	243,747	289,162

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2007 (estimated, nominal price, according to sector, in millions of Rp)

Sector	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
Government Public																	
Administration	372,965	156,183	158,693	152,367	88,300	129,550	124,563	119,266	116,145	124,248	142,541	189,300	122,434	132,523	96,115	91,618	65,652
Agriculture	42,768	7,276	25,645	18,103	7,208	22,449	25,651	24,560	10,739	20,933	13,873	17,239	18,815	11,944	8,884	14,764	8,790
Fishery and Marine	10,453	3,976	6,988	5,528	6,122	4,573	5,780	5,535	6,292	5,177	5,509	5,892	4,540	6,902	4,602	4,776	7,001
Mining and Energy	5,294	1,159	5,524	2,502	-	2,414	4,096	3,921	1,925	3,050	2,221	4,489	1,872	-	5,510	4,750	3,410
Forestry and Plantations	8,079	-	5,085	3,721	5,749	5,329	4,051	3,879	7,339	5,663	6,859	-	8,585	4,095	3,655	-	-
Industry and Trade	8,079	2,401	2,902	3,759	2,413	2,050	2,733	2,617	2,328	3,114	3,234	3,495	2,352	2,105	2,022	1,948	2,701
Cooperatives	5,390	564	2,407	-	1,405	1,774	2,116	2,026	1,653	3,515	2,964	2,505	1,803	1,830	1,383	1,116	-
Capital Investment	3,096	307	-	1,986	-	1,233	729	698	-	-	-	-	1,082	-	-	1,799	-
Labor	12,922	314	1,538	4,591	3,280	7,809	3,859	3,695	1,406	2,245	3,811	2,745	2,971	2,833	1,061	1,182	3,097
Health	113,486	23,228	33,462	36,346	29,878	43,555	37,841	36,232	29,206	42,148	48,477	11,734	31,655	54,883	25,397	20,883	30,034
Education and Culture	52,741	130,992	158,385	91,648	73,694	149,154	93,723	89,737	81,297	133,628	137,371	167,680	111,343	97,591	54,446	53,659	71,139
Social	15,810	485	2,414	3,087	1,064	1,584	1,950	1,867	2,898	2,807	2,795	-	1,589	1,567	2,091	-	-
Spacial Planning	8,401	4,616	16,601	8,331	4,475	3,448	4,857	4,651	-	-	-	-	2,653	-	-	-	-
Settlements	-	1,103	12,713	-	-	-	-	-	-	-	32,289	-	11,199	-	-	-	-
Public Works	261,557	66,543	34,190	54,027	54,785	121,878	59,504	56,974	42,154	46,241	-	38,156	12,351	38,114	25,577	40,791	75,754
Communications																	
(highway, radio, etc.)	10,687	3,104	2,569	3,029	7,106	5,441	2,292	2,195	4,344	4,466	2,192	1,963	40,880	3,462	7,198	2,666	7,098
Environment	5,489	6,472	3,114	2,764	-	3,089	2,649	2,537	2,289	6,434	2,560	2,126	2,188	4,710	1,884	2,931	-
Residential																	
Affairs/Population	-	3,508	10,422	2,624	-	5,441	3,419	3,274	13,659	9,690	5,056	3,651	4,161	5,858	2,130	2,526	2,645
Sports	5,921	-	-	-	-	-	1,789	1,713	832	-	-	-	-	-	-	-	-
Tourism	5,769	622	2,519	3,368	-	2,259	1,961	1,877	3,262	2,396	2,495	3,080	3,398	2,080	-	2,886	-
Land	-	-	-	-	-	-	-	-	170	-	-	-	-	-	-	-	-
Other (Financial Aid & Revenue Share)																	
Expenditures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Unexpected Expenditures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	948,907	412,852	485,173	397,780	285,481	513,030	383,564	367,252	327,938	415,754	414,247	454,053	385,870	370,496	241,955	248,293	281,152

Annex 4. NTT Regional Government Budget Data

Annex NTT

Spending 2007 (estimated, nominal price, according to economic classification, in millions of Rp)

Type of Expenditure	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu	Ende	Kupang	Ngada	Sikka	Lembata	Role Ndao	West Manggarai
Personnel	281,567	191,612	253,204	184,402	142,806	220,773	157,575	132,981	136,590	219,783	196,217	251,204	168,578	149,454	89,860	72,352	69,141
Goods and Services	180,896	59,987	58,971	56,703	25,563	48,213	55,648	55,854	55,481	61,354	61,382	31,277	37,853	56,242	37,162	39,813	62,885
Official Travel	84,330	10,780	22,654	27,992	11,858	23,813	11,620	13,979	21,406	31,460	33,839	27,976	25,635	13,605	14,752	14,294	13,583
Maintenance	23,021	23,262	45,623	24,142	6,542	6,556	6,127	33,986	12,653	17,680	28,597	22,429	28,566	34,164	16,427	21,260	7,079
Other Expenditures/ Social Assistance	-	22,128	-	-	-	-	-	-	-	-	-	-	-	-	-	1,192	-
Capital Expenditures/ Development	170,009	104,281	62,924	78,488	58,429	183,335	126,866	119,978	77,267	77,761	68,042	75,003	82,034	66,524	45,543	94,730	124,630
Miscellaneous Expenditures not included in other categories	209,083	802	41,798	26,053	40,283	30,340	25,729	10,475	24,542	7,717	26,169	46,164	43,205	50,506	38,211	4,652	3,834
Total	948,907	412,852	485,173	397,780	285,481	513,030	383,564	367,252	327,938	415,754	414,247	454,053	385,870	370,496	241,955	248,293	281,152

Annex 4.

NTT Regional Government Budget Data

Annex NTT

Income 2008 (estimated, nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu
General Allocation Grant (DAU)	616,602	313,888	389,485	285,797	290,057	382,535	82,809	324,935	284,633	379,987
Special Allocation Grant (DAK)	42,576	38,658	60,063	56,162	62,036	65,116	55,977	58,467	58,048	57,297
TOTAL INCOME	921,233	416,141	492,420	363,083	368,464	489,749	106,655	413,803	363,949	473,990

	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	Manggarai West	Nagekeo	Sumba Southwest	
General Allocation Grant (DAU)	307,599	401,642	164,114	302,338	213,795	199,093	239,246	147,783	154,877	
Special Allocation Grant (DAK)	57,368	72,708	64,827	55,204	53,554	51,184	58,402	15,508	13,151	
TOTAL INCOME	409,461	501,523	212,704	389,315	277,620	267,877	327,104	220,795	199,221	

Annex NTT

Income 2009 (estimated, nominal price, in millions of Rp)

	NTT Province	Kupang City	TTS	TTU	East Flores	Manggarai	West Sumba	East Sumba	Alor	Belu
General Allocation Grant (DAU)	652,757	329,008	395,751	289,200	324,837	232,282	221,035	337,429	295,940	384,891
Special Allocation Grant (DAK)	59,733									
TOTAL INCOME	975,250	436,187	500,343	367,407	412,646	297,384	284,685	429,715	378,408	480,107

	Ende	Kupang	Ngada	Sikka	Lembata	Rote Ndao	Manggarai West	Nagekeo	East Manggarai	Southwest Sumba
General Allocation Grant (DAU)	322,462	412,510	240,094	311,878	223,447	207,118	247,347	211,196	171,327	223,988
Special Allocation Grant (DAK)										
TOTAL INCOME	429,246	515,093	311,180	401,599	290,153	278,674	338,179	315,536	220,381	334,649