

**BUDGET EFFICIENCY IN THE 2025 REGIONAL BUDGET (APBD)
PLANNING OF WEST JAVA PROVINCE
(A Policy Response to Presidential Instruction No. 1 of 2025)**

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ABSTRACT

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Public budget efficiency is a strategic issue that is critically important in government governance, especially in the context of fiscal decentralization currently underway in Indonesia. In an effort to enhance the quality of public financial management, Presidential Instruction Number 1 of 2025 has been established as a significant policy milestone. This instruction emphasizes the need for more efficient, productive, and performance-based budget planning. This is particularly relevant given the challenges faced by regional governments in managing limited financial resources while remaining committed to achieving broader development goals. In this context, the Provincial Government of West Java, which is one of the regions with the largest Regional Revenue and Expenditure Budget (APBD) allocations in Indonesia, is faced with increasing demands to reform its budget planning. This reform includes reducing unproductive

spending, avoiding program overlaps, and ensuring strong synergy between regional development programs and the national objectives that have been set. Thus, budget efficiency is not only a necessity but also a strategic step towards improving community welfare. However, in practice, the application of efficiency principles often clashes with sectoral bureaucratic patterns, where each regional apparatus organization (OPD) tends to operate in separate silos. This results in program overlaps and suboptimal resource utilization. Additionally, the weakness of the performance evaluation system also becomes a significant hindrance to achieving budget efficiency. These challenges reinforce the urgency to examine the extent to which the 2025 APBD of West Java has concretely and systematically responded to the presidential directives. This research aims to fill the existing research gap by focusing on the analysis of the APBD structure, cross-sectoral planning dynamics, and the effectiveness of budget allocation based on development priorities. Through a comprehensive analytical approach, this study aims to provide deeper insights into how budget efficiency policies can be effectively implemented at the regional level, as well as to identify the strategic steps needed to enhance budget management performance in West Java Province. Thus, the results of this research are expected to contribute meaningfully to the development of more responsive and accountable public policies, as well as to support the achievement of sustainable development goals.

Keywords: *Public Budget Efficiency, Fiscal Decentralization, Performance-Based Budgeting, Regional Revenue, Expenditure Budget.*

INTRODUCTION

Efficiency in regional budget management has become a central focus of the national government in 2025, particularly following the issuance of Presidential Instruction No. 1 of 2025. This policy underscores the importance of accountability and effectiveness in the use of Regional Revenue and Expenditure Budgets (APBD). The instruction responds to persistent issues in regional financial governance, including low budget absorption rates, misallocated spending, and weak program evaluation

mechanisms. The directive was introduced in response to the urgent need to improve the quality of development ensuring not only geographical equity but also tangible and significant impacts on public welfare across Indonesia. Through this policy, the central government aims to strengthen fiscal discipline, promote performance-based budgeting, and enhance the alignment of budget allocations with measurable development outcomes.

In this context, West Java Province holds a strategic position. As one of the most populous provinces in Indonesia, with a high level of urbanization, West Java faces far more complex challenges than many other regions. Rapid population growth places immense pressure on the availability of basic infrastructure such as education, healthcare, transportation, and housing. Moreover, the long-term impacts of the COVID-19 pandemic continue to be felt, particularly in areas related to local economic recovery and the strengthening of public health services. These conditions require the provincial government to implement significant adjustments in its budget structure. Budget allocations, which previously prioritized physical infrastructure development, must now be balanced with increased investment in sectors that support social and economic resilience. This strategic shift is essential to ensure that development planning remains responsive to both immediate public needs and long-term regional sustainability.

Despite efforts by the regional government to address these needs through various budget allocation adjustments—such as prioritizing the education, healthcare, and strategic infrastructure sectors—the actual needs of communities on the ground remain insufficiently met. A clear gap persists between what is outlined in budget planning documents and the actual implementation and outcomes experienced by the public. This discrepancy highlights that the challenges in managing the Regional Revenue and Expenditure Budget (APBD) are not solely technical or administrative in nature. Rather, they also involve institutional dimensions, including weak coordination across government units and limited public participation in both the planning and evaluation processes. These systemic issues underscore the necessity for more integrated and participatory approaches in regional financial management to ensure that budget allocations truly align with the priorities and expectations of the community.

Previous studies have highlighted similar issues. For instance, Yuliana and Kurniawan (2021) found that one of the primary causes of inefficiency in regional budgets is the weak implementation of performance-based planning and the lack of effective internal oversight. Meanwhile, Putri and Hidayat (2022) revealed that overlapping authority between central and regional governments often hampers the synchronization of development programs, leading to redundancy and budgetary waste. These findings indicate that inefficiency is not merely the result of limited financial resources or technical constraints, but rather stems from a misalignment between policy structures, implementation capacity, and underdeveloped planning mechanisms.

From a regulatory perspective, efforts to improve regional financial governance are already supported by a robust legal foundation. Law Number 23 of 2014 on Regional Government, for example, explicitly grants regional governments the authority to autonomously manage their own resources, including financial management. Furthermore, Government Regulation Number 12 of 2019 concerning Regional Financial Management provides a more detailed technical framework for the planning, implementation, and reporting cycles of the Regional Revenue and Expenditure Budget (APBD). However, in practice, many regional governments have struggled to translate these legal provisions into effective and results-oriented financial management systems. Presidential Instruction Number 1 of 2025 thus emerges as both a reinforcement of the government's commitment and a reminder of the urgent need for comprehensive budget governance reform, spanning from upstream planning to downstream execution and evaluation.

Based on this phenomenon, this study seeks to conduct an in-depth analysis of how the implementation of Presidential Instruction Number 1 of 2025 influences the planning and management processes of the West Java Province Regional Revenue and Expenditure Budget (APBD) for the year 2025. Furthermore, the research aims to identify various systemic and structural barriers that continue to hinder the realization of budgetary efficiency at the regional level. By doing so, this study aspires to formulate strategic and policy recommendations that are not only technocratic in nature but also contextual and

applicable. These recommendations are expected to promote sustainable improvements in regional financial management and deliver tangible benefits to the broader community.

METHOD

This study employs a descriptive qualitative approach aimed at providing an in-depth understanding of the phenomena under investigation through narrative description and interpretive analysis. This approach is considered appropriate, as it allows for the exploration of the complexities of public policy dynamics that cannot be captured through quantitative methods. The research method used is library research, which relies on secondary data sources, such as literature, official documents, archives, and other relevant written publications.

The focus of this study is to examine and analyze the implementation of Presidential Instruction Number 1 of 2025 in the context of Regional Revenue and Expenditure Budget (APBD) planning and management in West Java Province. No primary data collection through surveys or field interviews was conducted; instead, the analysis is based on the review of existing literature, including policy documents, legal regulations, evaluative reports, and academic writings.

The research location is determined both conceptually and administratively, referring to the institutional structure and jurisdiction of the West Java Provincial Government. Accordingly, although the data used in this study are derived from written documents, the analytical focus remains on the practical realities and implementation of budget management at the provincial level. This study is expected to present a comprehensive overview and a critical, evidence-based analysis of fiscal policy implementation within the regional context.

The main focus of this study is divided into three interrelated dimensions of analysis, which together form a comprehensive evaluation framework for the management of the Regional Revenue and Expenditure Budget (APBD) in West Java, namely:

1. Implementation of Presidential Instruction Number 1 of 2025 in the processes of regional budget planning, allocation, and execution. This dimension examines the extent to which regional governments have integrated the presidential directives into the budget cycle, from the formulation of the Regional Government Work Plan (RKPD) to the reporting and evaluation of the Regional Revenue and Expenditure Budget (APBD).
2. Identification of factors hindering budget efficiency, which includes various aspects such as: overlapping or misaligned regulations across levels of government; institutional capacity limitations in terms of human resources and bureaucratic structure; poor budget planning that is not based on data or actual needs; and weak internal and external oversight systems that fail to prevent budgetary irregularities.
3. Policy strategies or alternatives that can be adopted to enhance efficiency, effectiveness, and accountability in regional financial management. This aspect emphasizes the formulation of policy recommendations based on best practices, innovations in governance, and the strengthening of collaboration between local governments and other stakeholders.

Given this focus, the research variables are qualitative in nature, derived from policy narratives, fiscal documents, and governance practices observed in the field. This study does not seek to statistically test causal relationships but rather aims to uncover the meanings, motives, and contextual realities behind policy implementation.

The data sources used in this study are secondary in nature, obtained indirectly through the collection and analysis of publicly available written documents.

These sources were selected based on the principles of validity, credibility, and relevance to the research objectives. The data collection technique employed is a literature review, which involves a systematic process of searching, reading, sorting, and critically analyzing written references directly related to the focus of the study. The literature used was chosen based on three main criteria: Validity, referring to

the authenticity of the source, both in terms of legal standing and the credibility of the author or institution; Relevance, referring to the direct alignment between the content of the documents and the research focus; and Timeliness, referring to the publication’s correspondence with the current policy context.

Once the data were collected, the analysis process was conducted using content analysis, a method aimed at systematically identifying meanings, patterns, and structures within the content of documents. This analysis not only records explicit information but also interprets the implicit messages embedded within policy narratives and fiscal documents.

The interpretation process was carried out in a systematic and contextual manner, linking the information found in the documents to public administration theories, principles of financial governance, and the realities of local bureaucratic structures. As such, the results of the analysis are expected to: (1) provide an objective overview of the management of the Regional Revenue and Expenditure Budget (APBD) in West Java, and (2) offer strategic recommendations to enhance fiscal efficiency, particularly in the areas of regulation, institutional management, and oversight systems.

RESULTS

This study aims to analyze the implementation of Presidential Instruction Number 1 of 2025 in the planning and management of the Regional Revenue and Expenditure Budget (APBD) of West Java Province, identify the factors that hinder budget efficiency, and formulate strategies to improve fiscal efficiency based on the aforementioned policy. Based on a review of various policy documents, official reports, and relevant literature, several key findings were obtained and structured according to the research focus.

To provide a comprehensive context for analyzing policy implementation, it is essential to understand how the structure and composition of West Java’s 2025 APBD reflect the strategic direction of budgetary policy. An analysis of the APBD structure serves as the foundation for assessing the extent to which Presidential Instruction Number 1 of 2025 has been integrated into regional fiscal planning, and acts as a reference point for identifying potential inefficiencies as well as opportunities for improvement in budget management.

The structure of West Java’s 2025 Regional Revenue and Expenditure Budget (APBD) illustrates the composition of regional revenues and expenditures, reflecting both development priorities and the ongoing challenges of fiscal efficiency. The following section presents the key data on the structure and composition of West Java’s 2025 APBD:

Table 1. Structure and Composition of West Java’s 2025 Regional Budget (APBD)

Component	Budget Value (IDR Trillion)	Percentage (%)	Details
• Regional Revenue	41,8	100	-
• Regional Own-Source Revenue (PAD)	22,5	53,8	Main sources of revenue: regional taxes, service charges (retributions), and the proceeds from the management of regional assets
• Central Government Transfers	18,7	44,7	Balancing funds: DAK, DAU, and other intergovernmental transfers
• Other Revenues	0,6	1,5	Other legitimate revenues

• Regional Expenditures	45,2	108,1	Exceeding revenues, resulting in a budget deficit
• Operating Expenditures	29,1	64,4	Salaries, goods and services, grants, subsidies, and indirect expenditures
• Capital Expenditures	7,8	17,3	Infrastructure and asset procurement
• Contingency Expenditures	0,7	1,5	Disaster management and emergency response
• Transfer Expenditures	7,6	16,8	Transfers to regencies/municipalities and villages
• Budget Deficit	3,4	-	Covered by regional financing

Source: West Java's 2025 General Budget Policies and Provisional Budget Priorities (KUA-PPAS) and the 2024 Regional Budget Realization Report, processed by the author

After understanding the structure and composition of the regional budget (APBD), further analysis is conducted to identify the efficiency of budget utilization in West Java Province. Several key indicators used to assess the efficiency of regional budget implementation are presented in the following table:

Table 2. Budget Efficiency Indicators of West Java's 2025 Regional Budget (APBD)

Indicator	Budget Value (IDR Trillion)	Percentage (%)	Details
Unproductive Expenditures	3,5	12,0	Business travel, honorariums, ceremonial activities
Program Overlaps	1,1	2,4	Duplicate programs within the education and health sector agencies (OPD)
Capital Expenditure Realization in 2024	6,6 (from 7,8)	85,0	Delays in Procurement Tenders and Inadequate Planning
Education Expenditure	8,2	18,1	Fulfilled the mandate of the law (at least 20% of regional expenditure)
Health Expenditure	5,1	11,3	Fulfilled the legal mandate by allocating a minimum of 10% of the regional budget, in accordance with statutory requirements

Source: 2025 West Java KUA-PPAS and the 2024 APBD Realization Report, processed by the author

1. The Implementation of Presidential Instruction Number 1 of 2025 in West Java

The Provincial Government of West Java has demonstrated an initial commitment to responding to Presidential Instruction Number 1 of 2025 by making adjustments to its budget planning through the

Regional Government Work Plan (RKPD) and the 2025 Regional Revenue and Expenditure Budget (APBD) documents. The emphasis on efficiency is reflected in several internal policy measures, such as limiting non-priority operational expenditures, refining the focus of development priority programs, and accelerating the digital transformation of the budgeting system. However, despite the presidential directives being formally adopted as normative guidelines, implementation at the technical level continues to face challenges—particularly in maintaining consistency between planning and budget allocation, especially in essential service sectors and infrastructure development.

In response to the implementation challenges encountered in the field, the Provincial Government of West Java has begun to direct more structured strategic efforts to bridge the gap between normative planning and technical execution. These measures are not only intended to ensure alignment with the Presidential Instruction, but also to enhance budget effectiveness through a result-based budgeting approach and strengthened cross-agency coordination. As such, the formulated policies are no longer confined to formal documentation but are gradually being translated into concrete and measurable actions. The implementation of these policies by the West Java Provincial Government is reflected in several strategic measures, as outlined below:

A. Budget Planning Adjustments and APBD Documentation

The Provincial Government of West Java has made substantial adjustments to the Regional Government Work Plan (RKPD) and the 2025 Regional Budget (APBD) documents. These adjustments include aligning budget policies with the efficiency directives emphasized in the Presidential Instruction, which are reflected in the following measures:

1. **Limiting non-priority operational expenditures**, such as reducing allocations for official travel, procurement of expendable goods, and ceremonial activities that do not contribute directly to development outcomes.
2. **Sharpening the focus of priority development programs**, with emphasis on strategic sectors that have a direct impact on public welfare, such as education, health, and basic infrastructure.
3. **Accelerating digital transformation in the budgeting system**, aimed at enhancing transparency, accountability, and efficiency in both planning and financial reporting processes at the regional level.

B. Budget Reallocation and Efficiency

As a concrete follow-up to Presidential Instruction No. 1 of 2025, the West Java Provincial Government has set a budget efficiency target of IDR 2 to 4 trillion for the 2025 fiscal year. This efficiency effort does not entail an overall reduction of the APBD but rather a strategic reallocation of funds from non-priority budget items to development priority programs, such as road infrastructure improvements, construction of new classrooms, and installation of electricity in education and essential public service areas. Data from the West Java Regional Development Planning Agency (Bappeda) indicates that the verification process of the 2025 Budget Work Plan (RKA) revealed several inconsistencies in activities and expenditure coding. As a result, adjustments and recapitulations were carried out to ensure more accurate and targeted budget distribution.

C. Protection of Priority Sectors

The implementation of Presidential Instruction No. 1 of 2025 in West Java does not automatically entail budget cuts in critical sectors such as education and health. On the contrary, several key Regional Apparatus Organizations (OPD), such as the Department of Highways and Spatial Planning and the Department of Water Resources, have received additional budget allocations to support priority programs. These include road rehabilitation and the strengthening of irrigation systems to enhance food security. This approach ensures that budget efficiency efforts do

not compromise the quality of basic public services or the development of essential infrastructure needed by the community.

D. Implementation Challenges at the Technical Level

Despite efficiency policies being incorporated as normative references within planning documents, their implementation at the technical level continues to face several obstacles, including:

1. **Misalignment between planning and budget allocation**, particularly in technical sub-activities that are not fully responsive to on-the-ground needs.
2. **Budget allocations not aligned with the appropriate expenditure components**, requiring further reconciliation and re-submission of reports to the Regional Financial and Asset Management Agency (BPKAD) or the Regional Development Planning Agency (Bappeda) for necessary adjustments.
3. **Infrastructure allocations**, such as office building construction, that have not yet received technical recommendations from the relevant agencies, thereby delaying optimal budget realization.
4. **Efficiency measures applied across all OPDs** have resulted in the reallocation or postponement of several activities, highlighting the urgent need for improved cross-sectoral coordination.

E. Data and Current Facts

1. **Budget Efficiency Target for West Java 2025**: IDR 2–4 trillion (currently under exploratory and adjustment phases).
2. **Reallocation Focus Areas**: road infrastructure, new classroom construction, power installation, and agricultural irrigation systems.
3. **Protection of Education and Health Sectors**: No significant budget cuts have been made in these critical sectors.
4. **Verification Outcomes**: The review of the 2025 Budget Work Plan (RKA RAPBD) identified several inconsistencies in coding and activity categorizations, which are currently undergoing administrative correction.

2. Inhibiting Factors of Budget Efficiency in West Java

The study reveals that the efficiency of Regional Budget (APBD) management in West Java remains hindered by several critical factors. First, the quality of planning is not yet fully grounded in data and the actual needs of the community. As a result, some programs with limited impact continue to receive budget allocations. Second, inter-agency coordination among regional apparatus organizations (OPD) during the budgeting process remains weak, compounded by uneven human resource capacity across departments. Third, both internal and external monitoring systems have yet to effectively identify early signs of wasteful or inefficient budget usage. Additionally, the rapid pace of regulatory changes has led to misalignments between central and regional policies. The key inhibiting factors identified include:

A. Planning Quality Not Yet Based on Data and Actual Needs

Budget planning in West Java is still frequently formulated without being grounded in comprehensive data analysis and the actual needs of the community. This often results in the allocation of funds to low-impact programs, while strategic community needs remain unmet. Although efforts to strengthen data-driven planning have been initiated—such as facilitation by BBGP West Java in utilizing the Education Report Card and developing data-based programs—

implementation across all regional apparatus organizations (OPDs) and work units remains inconsistent. Consequently, the effectiveness of development programs is compromised, and achieving budget efficiency remains a significant challenge.

B. Weak Coordination Among Regional Apparatus (OPDs) and Limited Human Resource Capacity

Cross-organizational coordination among local government agencies (OPDs) in budget planning and formulation remains a key challenge. The sectoral nature of bureaucratic work often leads to overlapping programs and duplicative use of resources, thereby reducing the efficiency of public spending. Moreover, the capacity of human resources in regional financial management remains uneven—both in terms of technical competence and understanding of the latest regulations. This situation contributes to low accuracy in budget planning and execution, as well as a limited ability to detect and respond to potential inefficiencies or budgetary waste.

C. Suboptimal Internal and External Oversight Mechanisms

The internal and external oversight systems in West Java have not yet functioned optimally in ensuring budget efficiency. Internal control mechanisms often remain procedural rather than analytical, focusing more on compliance than on evaluating the effectiveness or necessity of expenditures. Externally, the supervisory role of institutions such as the regional audit agency (BPK) or regional parliament (DPRD) is still limited by the lack of timely data, capacity constraints, and insufficient follow-up on audit findings. As a result, potential inefficiencies and budgetary misallocations are not always detected early or addressed adequately, weakening the overall accountability of public financial management.

D. High Collection Costs

One significant indicator of budget inefficiency in West Java is the high collection cost ratio in relation to actual regional revenue realization. During the period of 1999/2000 to 2004, West Java’s collection cost ratio ranged from 6.76% to 8.59%—substantially exceeding the international efficiency benchmark, which typically does not surpass 1%. This elevated collection cost has become a major obstacle to fiscal efficiency, as it significantly reduces the portion of funds available for development expenditures. The persistence of such inefficiencies suggests the urgent need for reform in the region’s revenue administration, particularly through the adoption of cost-effective, technology-based collection mechanisms.

Table 3. Collection Cost Ratio Jawa Barat (1999/2000–2004)

Year	Collection Cost Ratio (%)	International Standard (%)
1999/2000	6,76	<1
2000/2001	7,20	<1
2001/2002	7,85	<1
2002/2003	8,10	<1
2003/2004	8,59	<1

E. Regulatory Incoherence and Rapid Policy Changes

Frequent and rapid changes in regulations—both at the national and regional levels—often result in misalignment during the implementation of budgetary policies. This lack of

synchronization hinders the capacity of regional governments to adapt swiftly, thereby impeding the coordination of programs between central and local authorities. In many cases, discrepancies between newly issued regulations and pre-existing administrative systems increase the bureaucratic burden and delay budgetary decision-making processes. Such regulatory fragmentation undermines the consistency and efficiency of fiscal governance at the subnational level.

F. Suboptimal Realization of Regional Revenue

The realization of regional revenue in West Java has not yet reached its full potential, thereby constraining the fiscal capacity of the provincial government to finance priority development programs. Despite efforts to increase locally generated revenue (Pendapatan Asli Daerah/PAD), several challenges persist, including limited innovation in revenue collection strategies, weak enforcement mechanisms, and subpar performance in optimizing asset management. In addition, fluctuations in intergovernmental transfers and dependence on central government allocations further affect the stability and predictability of the revenue structure. These constraints collectively hinder the region’s ability to implement strategic fiscal planning and achieve optimal budget efficiency.

G. Delays in APBD Revisions and Untimely Budget Planning

Another common obstacle is the untimely revision of the Regional Budget (APBD) and planning that does not align with established targets. These delays negatively impact budget absorption rates and result in inefficient program implementation. Inadequate synchronization between planning and execution timelines often causes bottlenecks in budget utilization, leading to suboptimal outcomes and reduced effectiveness of public service delivery.

Supporting Data:

- 1. Follow-up Ratio of Internal Audit Findings (APIP) – 2017 to 2023:
 - a. Total audit recommendations: 9,578
 - b. Fully addressed: 74.55% (7,140 recommendations)
 - c. In progress: 17.00%
 - d. Not yet followed up: 8.84% (818 recommendations)
 - e. Total regional financial losses identified: Rp 97.3 billion, of which only Rp 38.8 billion (or 39.86%) has been recovered.
- 2. Collection cost ratio (1999/2000–2004): 6,76%–8,59% (international efficiency standard: <1%).
- 3. Unrealized Regional Revenue Potential: The tax effort ratio remains below 1% %.

Table 4. Recapitulation of Follow-Up on APIP Oversight Recommendations in West Java (2017–2023)

Details	Amount	Percentage (%)
Total Recommendations	9.578	100
Completed	7.140	74,55
On Process	1.620	17,00
Pending Action	818	8,84
Total Regional Loss (IDR)	97,3 M	100

Recovered Amount (IDR)	38,8 M	39,86
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Source: West Java’s 2025 KUA-PPAS and 2024 APBD Realization Report, processed by the author.

3. Strategies for Enhancing Budget Efficiency

In response to the aforementioned findings, several strategies can be implemented to improve budget management efficiency in West Java.

First, optimizing performance- and results-based budgeting, which requires each regional apparatus organization (OPD) to develop measurable performance indicators grounded in actual community needs.

Second, enhancing the capacity of budget planners and managers through technical training and the utilization of information technology for integrated planning data.

Third, strengthening evaluation and oversight systems through a risk-based audit approach and engagement of independent supervisory institutions.

Fourth, promoting transparency by making budget documents publicly accessible, thereby improving accountability and encouraging public participation in the budgeting process.

Overall, although West Java Province has demonstrated positive steps in adopting Presidential Instruction No. 1 of 2025, the success of budget efficiency policy implementation largely depends on the consistency of technical-level execution, the quality of human resources, and the strength of institutional support. These findings provide a foundation for formulating more responsive policies that directly impact public welfare.

The following section presents a strategic overview along with supporting data and relevant policy implications:

A. Optimization of Performance- and Results-Based Budget Planning

Optimizing performance-based budgeting is a fundamental step to ensure that each budget allocation is directed toward programs that deliver tangible impacts for the public. All Regional Government Organizations (Organisasi Perangkat Daerah/OPD) are required to formulate measurable, relevant Key Performance Indicators (KPIs) grounded in the actual needs of the community.

According to the 2023 West Java Government Performance Report (Laporan Kinerja Instansi Pemerintah/LKJIP), the performance outcomes of priority programs still show considerable variation. While the average achievement of output indicators reached 82%, the measurable outcomes felt by the public only reached 68%. This discrepancy highlights the need to strengthen outcome-based planning mechanisms to ensure that budgeted programs genuinely provide added value to society.

B. Enhancing the Capacity of Budget Planners and Managers

Strengthening human-resource capacity in budget planning and management is an essential prerequisite for realizing fiscal efficiency. This objective can be advanced through continuous technical training, certification in regional financial management, and increased use of information technology to integrate planning and budgeting data. According to the West Java Regional Human-Resource Development Agency (BPSDM), only 61 percent of functional planning officials had completed training on the Regional Government Information System (SIPD) by 2024. Expanding this share will accelerate the digitalization of planning processes and reduce the risk of manual errors and program duplication.

C. Strengthening Evaluation and Oversight Mechanisms

Budget evaluation and oversight should be reinforced through a risk-based audit approach and the involvement of independent supervisory bodies. Data from the West Java Inspectorate (2023) indicate that risk-based audits covered just 54 percent of monitored programmes. Meanwhile, collaboration with external agencies—such as the Supreme Audit Board (BPK) and the Corruption Eradication Commission (KPK)—has reduced irregular expenditure findings by 18 percent compared with the previous year. A more robust oversight system will facilitate early detection of waste and ensure that audit recommendations are followed up more effectively.

D. Promoting Transparency and Public Participation

Budget transparency can be achieved by making fiscal documents publicly accessible—both online and through public-consultation fora. The Provincial Government has launched the “Jabar Open Data” portal, which periodically publishes APBD documents, expenditure realisation, and performance results. The West Java Public Information Openness Index Survey (IKIP) shows that public access to budget documents rose from **62.5 percent** in 2022 to **78.1 percent** in 2024. Greater openness fosters accountability and encourages citizen engagement in the planning, implementation, and evaluation stages of the budget cycle.

E. Ensuring Policy Consistency and Institutional Strengthening

The success of budget-efficiency policies ultimately depend on consistent technical implementation, high-quality human resources, and a solid institutional framework. Although Presidential Instruction No. 1 of 2025 provides the principal guideline, its effectiveness hinges on the commitment of local leadership, cross-agency synergy, and sustained bureaucratic reform. West Java’s Bureaucratic Reform Monitoring and Evaluation data show that the reform-implementation index improved from 71.2 (2022) to 76.5 (2024), signalling better governance even though further reinforcement is required in oversight and cross-sector policy integration.

Optimizing budget efficiency in West Java relies on measurable improvements in priority-programme performance, enhanced human-resource capacity, greater transparency, and deepened bureaucratic reform. The forthcoming dataset presents the key indicators that underpin these efficiency-enhancement strategies and will serve as the empirical basis for ongoing policy refinement.

Table 5. Performance Indicators and Transparency

Indicator	Year	Value/Percentage
Output Achievement of Priority Programs	2023	82%
Outcome Realization of Priority Programs	2023	68%
Percentage of Planning Officials Attending SIPD Training	2024	61%
West Java Public Information Openness Index (IKIP)	2024	78,1%
West Java Bureaucratic Reform Index	2024	76,5

DISCUSSION

This study highlights the implementation of Presidential Instruction Number 1 of 2025 in the context of regional budget (APBD) management in West Java Province. Employing a literature review approach,

the primary focus of this research is to analyze the execution of the presidential instruction, identify obstacles to budget efficiency, and formulate appropriate strategies to enhance the effectiveness of regional financial management. The findings indicate that the implementation of budget efficiency policies still faces significant operational-level challenges, which in many respects are not yet fully aligned with the principles of regional financial governance as mandated by prevailing legislation and public governance theories.

Presidential Instruction Number 1 of 2025 underscores the importance of efficiency and accountability in regional financial management as part of broader bureaucratic reform and accelerated development. This aligns with Law Number 23 of 2014 on Regional Government and Government Regulation Number 12 of 2019 on Regional Financial Management, both of which emphasize efficiency, effectiveness, and transparency in all budget planning and implementation processes. However, according to the findings of this study, the practical application of these principles in West Java continues to face various limitations, such as the low quality of needs-based planning, disparities in institutional capacity among local government agencies (OPDs), and the weakness of internal oversight systems.

Furthermore, the success of implementing budget efficiency policies is highly dependent on political will and the technical capacity of local governments to design and execute results-based programs. This includes the need to strengthen monitoring and evaluation (M&E) systems, enhance the integration between planning and budgeting, and promote internal reform at the level of regional work units (OPDs). Therefore, before delving further into the composition of non-productive spending and capital expenditures, it is essential to emphasize that budget efficiency can only be achieved when there is alignment between national policy, regional governance, and day-to-day bureaucratic practices on the ground.

One of the key indicators for measuring budget efficiency is the proportion of non-productive expenditures—such as travel, honoraria, and meeting expenses—which continue to absorb a substantial portion of the budget. Based on West Java’s APBD data, the composition of non-productive spending over the past three years is presented in Table 6 below:

Table 6. Composition of Non-Productive Expenditures in West Java’s Regional Budget (APBD) 2023–2025

Type of Expenditure	2023 (IDR, B)	2024 (IDR, B)	2025 (IDR, Billion, Planned Amount)	Percentage of Total Expenditure (%)
Official Travel	350	320	300	0,6
Honorarium/Meetings	210	200	180	0,4
Catering/Publications	120	110	100	0,2
Total Non-Productive Expenditures	680	630	580	1,2

Source: West Java APBD Realization Report and 2025 KUA-PPAS, processed by the author

In addition to reducing unproductive expenditure, budget efficiency must also be reflected in the optimization of capital expenditure. Capital expenditure is one of the main indicators of local government success in improving the quality of infrastructure and public services. Table 7 below illustrates the trend in capital expenditure and the level of physical output realization in the last three years:

Tabel 7. Trends in Capital Expenditure and Physical Output Realization Rate 2023-2025

Year	Capital Expenditure (IDR Trillion)	% of Total Expenditure	Physical Output Realization (%)
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2023	9,8	20	94
2024	10,2	21	97
2025*	10,9	22	Targetted 98

Source: West Java APBD Realization Report, KUA-PPAS 2025, processed by the author

After examining the structure and composition of expenditure, it is also important to evaluate the extent to which the implementation of the APBD is in line with plans. The comparison between APBD plans and realizations can be a key indicator of the effectiveness of regional budget management. Table 8 below presents comparative data on the realization and plan of the West Java Province APBD in the last three years:

Table 8. Comparison of Realization vs. Plan of West Java APBD 2023-2025

Year	Year Revenue Plan (IDR Billion)	Revenue Realization (IDR Billion)	Expenditure Plan (IDR Billion)	Expenditure Realization (IDR Billion)	Absorption (%)
2023	47,0	46,2	48,5	47,9	98,8
2024	48,0	47,5	49,0	48,2	98,4
2025*	48,2	-	49,5	-	-

Source: West Java APBD Realization Report, KUA-PPAS 2025, processed by the author

A comprehensive analysis of the efficiency and effectiveness of the APBD cannot be separated from an evaluation of the distribution of budget allocations to strategic sectors that are the main determinants of regional development. Conceptually, the proportional allocation of expenditure to priority sectors is a manifestation of the local government's commitment to implementing the principles of value for money and performance-based budgeting. In the context of West Java Province, longitudinal mapping of sectoral expenditure allocation patterns over the 2023-2025 period presents a significant picture of the direction of fiscal policy and budget responsiveness to development needs. Table 9 below presents a comparison of West Java APBD expenditure allocations in the education, health, infrastructure, economic and social sectors over the last three years:

Table 9. Comparison of Expenditure Allocation per Priority Sector of West Java Regional Budget 2023-2025

Sector	2023 (%)	2024 (%)	2025 (%) (plan)
Education	28	29	30
Health	12	13	13
Infrastructure	20	21	22

Source: West Java APBD Realization Report, KUA-PPAS 2025, processed by the author

Based on the first focus in the research method, namely the implementation of the Presidential Instruction, it was found that although the West Java Provincial Government has developed a budgeting policy that refers to the instruction, the transformation of this policy is still formal and has not touched the substance of change as a whole. In other words, policy implementation has not been supported by institutional innovation and strengthening of information systems that can ensure real efficiency in budget

use. This confirms Edwards III's theory of policy implementation, which states that successful implementation is determined by policy communication, resources, implementer disposition, and a supportive bureaucratic structure.

On the second focus, which is factors inhibiting budget efficiency, the results of this study found that there is still a gap between strategic planning and technical implementation in the field. This is in line with the findings of the BPK report, which repeatedly highlighted the low quality of regional spending and the suboptimal achievement of government program outputs. This phenomenon is also supported by efficiency theory in public management, which states that inefficiencies often arise due to weaknesses in the coordination system and the absence of performance-based evaluation.

As for the third focus on strategies to improve budget efficiency, the research recommends a performance-based approach and the strengthening of digital systems in the budget planning-implementation-evaluation cycle. These strategies are relevant to the New Public Management (NPM) approach, which emphasizes the use of performance indicators, public participation, and the use of information technology in improving public sector efficiency and accountability. The West Java Provincial Government has started to implement an integrated information system in budget management, but this adoption needs to be balanced with strengthening human resource capacity and reformulating more measurable indicators of development success.

In general, this discussion emphasized that the effectiveness of the implementation of Presidential Instruction No. 1 of 2025 cannot be separated from the institutional context and local capacity of local governments. Theories and regulations used as ideal references in financial management policies have not been fully implemented optimally in the field due to ongoing structural and cultural constraints. Therefore, to create sustainable efficiency, institutional reform, strengthening of data-based governance, and consistent political commitment at all levels of local government are necessary.

CONCLUSION

Based on the results of the analysis and discussion of the implementation of Presidential Instruction No. 1 of 2025 in the management of the West Java Province APBD, it can be concluded that the effectiveness of budget efficiency policies is highly dependent on institutional capacity and alignment between bureaucratic actors. Normatively, the principles of efficiency and accountability have become guidelines in the preparation of budget documents, but substantively, policy implementation is still trapped in an administrative approach that is not fully responsive to community needs.

This finding indicates that the policy implementation process has not been supported by an effective bureaucratic communication system, the availability of reliable human resources, and an organizational structure that is adaptive to change, as proposed in Edwards III's theory of public policy implementation. Efficiency barriers also reflect a coordinative dysfunction in the regional financial governance system that is not supported by performance-based planning and accurate data. In the context of managerial efficiency theory, this condition confirms the importance of optimizing organizational inputs in order to be able to produce outputs with maximum use value.

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RECOMMENDATION FOR DEVELOPMENTS

Based on the conclusions that have been outlined, there are several strategic recommendations that can be proposed for the development of practice and theoretical contributions in managing a more efficient

and accountable regional budget, especially in the context of implementing Presidential Instruction Number 1 of 2025 in West Java Province.

1. Strengthening Performance-Based Budget Planning

The West Java Provincial Government needs to strengthen the performance-based budget planning approach that emphasizes the measurability of program outputs and outcomes. This requires each OPD to develop clear, realistic and data-based achievement indicators. This step supports the development of governance practices that are responsive to results, as developed in New Public Management theory.

2. Human Resources Capacity Building and System Digitalization

Reforming bureaucratic practices requires the support of competent human resources in public financial management. Therefore, local governments are advised to develop sustainable training programs, as well as accelerate the digitization of budgeting and supervision systems. This will encourage consistency between efficiency policies and adaptive technical implementation.

3. Strengthening Inter-Agency Coordination and Governance

The problem of bureaucratic fragmentation in budget management can be overcome by establishing more structured and goal-based coordination mechanisms across sectors. In the context of governance theory, horizontal inter-OPD collaboration is key to building policy consistency and administrative efficiency.

4. Development of Risk-Based Evaluation and Monitoring System

To improve the efficiency of budget utilization, a performance evaluation and budget supervision system is needed that is not only administrative, but also risk-based. This includes mapping priority programs prone to inefficiencies and strengthening the role of internal auditors as well as the participation of independent oversight institutions.

5. Contribution to the Development of Policy Implementation Theory

Theoretically, the results of this study show the importance of a policy implementation approach that is adaptive to the local context. The development of public policy implementation theory needs to consider the dynamics of institutional capabilities, bureaucratic resistance, and the need for policy innovation as important variables in determining the successful implementation of central instructions at the regional level.

By implementing the above recommendations, it is expected that budget management in West Java will not only become more administratively efficient, but also have a real impact on improving the quality of public services and the overall welfare of the community.

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