



SUMMARY

APRILIA SUKMAWATI. *Analysis of Work Plan and Budget Policy Implementation in Ministry of Agriculture to Increase Agriculture Sector Performance. Supervised by HERMANTO SIREGAR and NUNUNG NURYARTONO.*

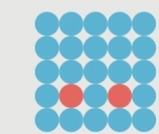
Central government expenditure in APBN has very important role to achieve national goals, particularly to promote economic growth and social welfare. The strategic role of central government expenditure to spur budget national growth brings budget planning as one of the most crucial process in the APBN preparation. This prompted the government to reform planning and budgeting aspect through the implementation of unified budget, performance based budgeting (PBB), and medium term expenditure framework (MTEF) by releasing the Act No. 17 of 2003 about State Finance and the Act No. 25 of 2004 about National Development Planning System.

Ministry of Agriculture is one of the ministry has a strategic role in achieving economic growth and creating social welfare. Agriculture sector becomes an important part in Indonesia economics growth due to most of Indonesian people earn a living by utilizing agriculture sector and also has a huge contribution to Gross Domestic Product (GDP) and foreign exchange. Agriculture sector has an important role as a source of staple food, where food security is a major requirement to achieve economic and political security. Government support in agriculture sector performance improvement is realized through increment of the Ministry of Agriculture budget allocations.

Implementation of unified budget, PBB and MTEF as a conceptual framework in budget planning reforms as well as allocation and expenditure increment in Ministry of Agriculture was not able to improve the agricultural sector performance significantly. This caused by the mechanism of government budget planning as one of the crucial processes in APBN preparation has not been implemented optimally. Further, researcher purposes are: to examine more deeply about suitability of integrated budgeting, PBB and MTEF concept implementation in preparation of work plan and RKA-K/L documents of the Ministry of Agriculture by using descriptive analysis and gap analysis, as well as identify the Ministry of Agriculture program which significantly affect to performance improvement in agriculture sector by using multiple linear regression.

Result shows that in preparation of work plans and budget documents, unified budgeting system has been implemented properly by Ministry of Agriculture, yet there are partial gaps or errors in applying standard account charts and full costing concept. While the Ministry of Finance has released regulation about Standard Account Chart, however there are still errors in expenses categorization into standard account. This impacted to the delay in budget realization, as it must for working unit to revise RKA-K/L document account and DIPA before implementation of program. The partial gaps also have fatal impact when audit is carried out and found errors in RKA-K/L document account and DIPA that possibly inflict a financial loss.

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Performance based budgeting is principled to three pillars namely performance indicator, performance evaluation and standard cost implementation. However, there are still partial gaps in each component. Preparation to formulate performance indicator (PI) and performance target that do not meet the principle of SMART-V, makes evaluation process of performance difficult to measure. Output formulation that has not entirely reflected the overarching activities and programs, as well as the input component that still inappropriate with output target makes efficiency and effectiveness of the budget not achieved yet. On the other hand, unintegrated ministries and agencies work plan application in BAPPENAS with application in Ministry of Finance is also an obstacle in synchronizing with budget planning documents. Performance evaluation has not been utilized optimally by Ministry of Agriculture in creating policy related to budgeting for the next year. Various Regulations related to performance evaluation report is considered burdensome, because it is substantially the same, but differ in terms of drafting format. Cost Standard Output (SBK) has not been implemented optimally by Ministry of Agriculture, where in 2013 only Inspectorate General implements SBK.

There are still partial gap or errors in applying MTEF, where the estimated progress of the preparation of the application RKA-K/L, Ministry of Agriculture still less attention to whether the provisions of the program/activity will continue/stop, whether the outputs and the components used are still continuing/stopped, whether the components used are a major component or support component, and there are errors in the indexation and yet the inclusion of non-economic parameters optimally. This resulted in the advanced forecast figures compiled by Ministry of Agriculture be inaccurate thus can't be used as a basis for determining the budget in the next fiscal year.

Multiple linear regression analysis result shows that Ministry of Agriculture expenditure in agriculture research and extension programs as well as agricultural commodities increment production and productivity program had significant negative effect on the growth of agriculture sector GDP. It is indicated due to budget utilizing into the type of expenditure and activities that are less precise (miss allocation) to support performance improvement. While infrastructure procurement program expenditures as well as agricultural fertilizer and seed subsidy program had no significant effect on the growth of agricultural GDP.

Keywords : Unified budget, performance based budgeting, medium term expenditure framework, gap analysis, Ministry of Agriculture