

# Infrastructure Funding Strategy for Strengthening of Patterns in the Rural Support Reforming, and Border Region Left Behind (Case Study in West Kalimantan)

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## Abstract

Rural, borders and underdeveloped regions is one area that is still a concern of various circles, especially the government. The strengthening of the attention was inspired by the emergence of a very serious issue, among others; poverty, underdevelopment and low levels of social welfare. One of the root causes that can lead to this condition is the infrastructure of the area is less support to settlement of rural areas, borders and underdeveloped areas. Therefore, in the context of this study to examine how strategies to strengthen the implementation of infrastructure funding patterns in favor of the arrangement of rural areas, borders and underdeveloped areas.

**Keywords** : Funding, Infrastructure, Budgeting

## 1. Background Research

Around the borders of a country has an important role in determining the boundaries of sovereignty, use of natural resources, security and territorial integrity. Development of border regions is basically an integral part of national development. The border region has a strategic value in supporting the success of national development, it is represented by the characteristics of the activities that have important implications for state sovereignty, a driving factor for improving the socio-economic welfare of society around it, have a relation of mutual influence with the activities carried out in other regions bordering with the regions and between countries, as well as having an impact on the condition of defense and security, both regionally and nationally.

Geographically, the continental territory of the Republic of Indonesia is directly adjacent to some neighboring countries such as Malaysia, Papua New Guinea (PNG) and Timor Leste. The continental border regions spread across the three islands, four fifteen provinces and districts / cities that each region has the characteristics of the border areas that vary with the total length of the land border line as a whole is 2914.1 km.

While the Indonesian maritime territory borders with 10 countries: India, Malaysia, Singapore, Thailand, Vietnam, Philippines, Republic of Palau, Australia, Timor Leste and PNG. Maritime border areas generally form the outermost islands totaling 92 islands, some of which are small pulau-pulau that still needs to be organized and managed more intensively. The vast area of sea and land borders Indonesia certainly needs the support system of border management organized and professional, both at the central and local levels. But a lack of infrastructure in the border regions have shown that the government has a good border management system. During this time, responsibility for management of border areas bersifatkoordinatif only among government agencies ministries and non-ministerial, without a government institution directly responsible for border management from central to local level.

For decades backward border issue is still not received sufficient attention from the government. This is reflected in the development policy less attention to the border regions and more directed to the areas that are densely populated, easy access and potential, while the development policies for remote areas, isolated and left behind as the border area is still not prioritized. This causes a lack of attraction for businesses to carry out economic activities in the border regions Indonesia.

Just review the Indonesia-Malaysia border in Kalimantan. The breadth of the border region of Indonesia should reflect the existence of a policy of effective border management and accountability, especially from infrastructure. However, conditions on the ground indicate that the Indonesian border management system as long as it is in an alarming stage. Increased crime in the border (border crime) as timber smuggling, goods and drugs, human trafficking, terrorism, as well as the penetration of alien ideologies have compromised the sovereignty and security and stability in the border state. During this time, the Indonesian border region simply regarded as the outer defense line state, therefore the approach used in managing the border only on approach to security (security approach). That is why investment flows less touching thorough border area. Compare with Malaysia, have used the approach to welfare (prosperity) and security side by side on the development of border areas.

With this condition, so that at the local level problems faced by the communities area of the border are: remoteness, backwardness, poverty, high prices of goods and services, limited infrastructure and facilities of public services (infrastructure), poor quality of human resources in general, and the population distribution uneven.

Conditions today's frontier region in general has not received attention proportionally. This can be seen by

the lack of infrastructure available in the border region. It is a lot of cause various problems such as, changes in boundaries, smuggling of goods and services as well as transnational crime (transnational crimes).

Rural Region, Border, and Disadvantaged Areas is an area that termaginalkan in the implementation of development in Indonesia over the years. Border area is regarded as a 'backyard' in the development paradigm is centralized. The development paradigm create a support infrastructure in the region is very low, which resulted in the poverty rate is high. Based on data reported by the National Agency for Border Management (BNPP) years, the rate of poverty in the region reached 18.7%, higher than the national average of 14.1% per year.

The high poverty rate increasing encouragement for people to engage in economic activities that are illegal in order to meet their needs, such as illegal logging, smuggling, etc. Even in recent years, pretty much the threat of North Kalimantan border residents to relocate citizenship because the supply of basic commodities are very limited from Indonesia. If not addressed with the right policies, the potential breakdown of integrity and sovereignty of the Republic of Indonesia in the future will increase.

Changing conditions in the region is one of the main agenda of the Cabinet Works. National Medium Term Development Plan (RPJMN) Year 2015-2019 as the embodiment of the concept Nawacita Elected President mentioned that the development approach will be carried from the suburbs to the strengthening of rural and border areas. Implementation approach to development of suburbs is facing a tough challenge.

Most of the authority and responsibility of infrastructure development in the region is in the hands of local government, the provincial government and district / city governments. The high personnel expenditure, local governments have the ability to lower funding in infrastructure is the responsibility and authority. This is indicated is one of the main causes of the backwardness of development in rural areas, borders and underdeveloped areas.

Existing funding patterns of local infrastructure implemented under existing legislation, is considered not able to answer the needs of handling infrastructure problems in rural areas, borders and underdeveloped areas. Strategies to strengthen the infrastructure financing pattern for this area that need to be undertaken to get an overview of conditions and problems that occur. The strategy will be used to overcome the problems and speed up development of infrastructure in rural, border, and left behind.

## **2. Problem Definition, Purpose and Use Research**

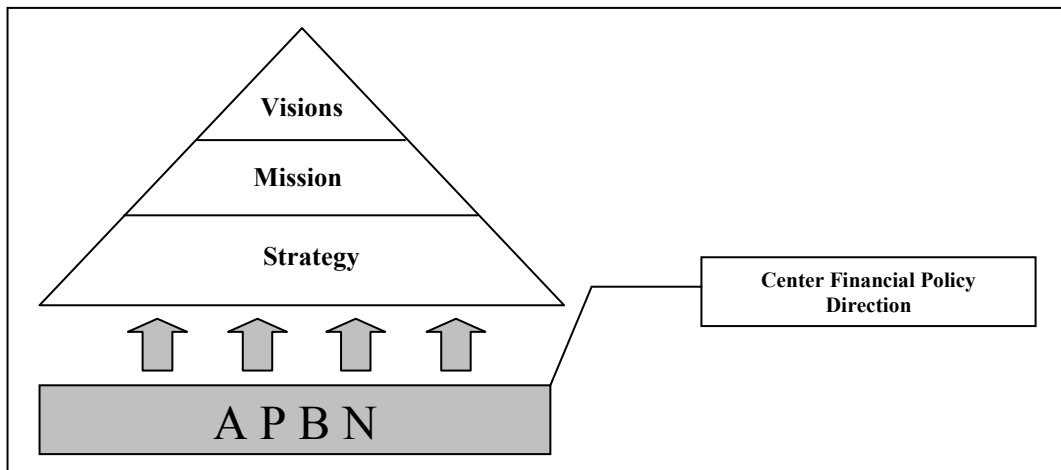
To facilitate the analysis in this study, the research problem is formulated as follows: "How can a strategy of strengthening the implementation of infrastructure funding patterns in favor of structuring rural areas, borders and underdeveloped regions?". The purpose of this study is to analyze the strategy of strengthening the implementation of infrastructure funding patterns in favor of structuring rural areas, borders and underdeveloped areas. While the usefulness of this research is to contribute ideas for policy makers, particularly in the neighborhood of Public Works and Housing Kememtrian People in favor of the arrangement of rural, border and underdeveloped areas. In addition, it is expected to provide recommendations on the strategic steps that can be done to speed up development of infrastructure in rural areas, borders and underdeveloped areas.

## **3. Frame of Mind**

Siagian (2004) states that the strategy is a series of fundamental decisions and actions made by the top management and implemented by all levels of an organization in the achievement of these goals. Understanding other strategies as expressed Craig & Grant (1996) is a strategic goal-setting and long-term goals of a company and the direction of action and the allocation of the necessary resources to achieve the goals and objectives.

Definition of Infrastructure, according to Grigg (2000) infrastructure is a physical system that provides transportation, irrigation, drainage, buildings and other public facilities, which are required to meet basic human needs both social needs and economic needs. This notion refers to the infrastructure as a system. Where the infrastructure in a system are the parts in the form of infrastructure (networks) are inseparable from each other.

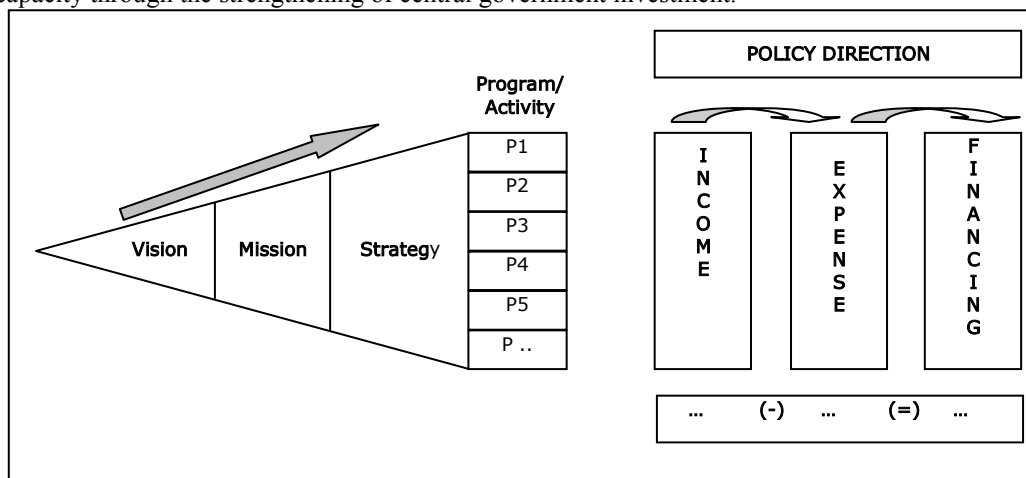
State Budget (APBN) is an annual financial plan of the central government were discussed and agreed upon by the Central Government and the Parliament are set by legislation (decree). In conjunction with RPJMN, the budget is a political commitment to fund the central government administration development strategy in units of programs and activities during the period of 5 (five) years. Legislation on the budget that is set every year is a clear form of efforts to realize the vision and mission that has been set, through a variety of strategies, programs and activities with the support of funding priorities. To direct the use of the funds provided for the right target, then every year the determined direction of monetary policy through the preparation of documents of Public Policy Budget (KUA) and Priorities and Budget Ceiling While (PPAS).



**Image 1**  
 Relationship Between Frame of Mind Strategy, Budget and Policy Direction  
 Financial Centre

Financial management policy direction of the Central Government in the five (5) years may implies that:

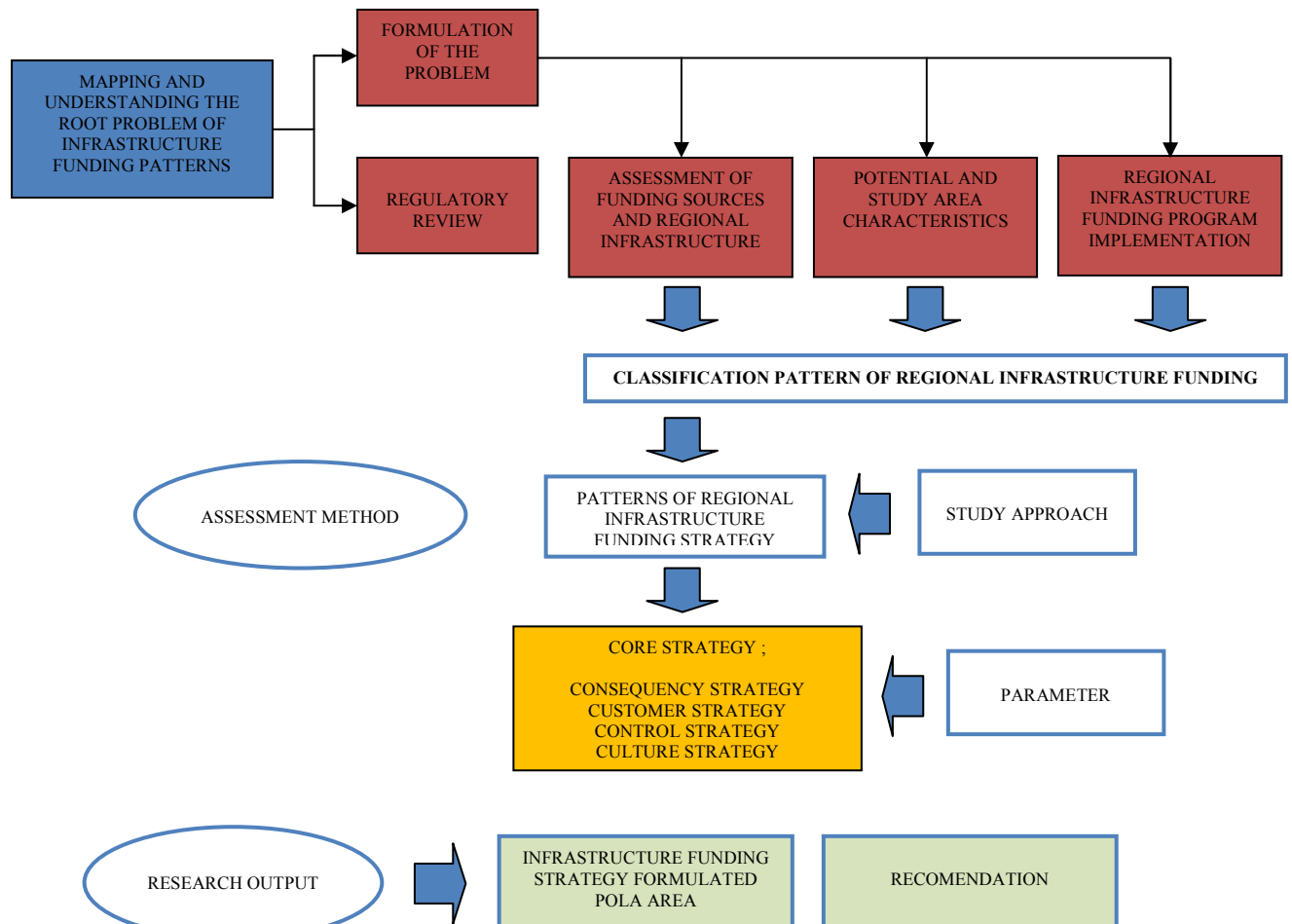
1. To ensure the availability of funds, incomes policy next five years directed through intensification and extension of sustainable sources of revenue (sustained), grow the business and investment climate conducive in order to guarantee the availability of funds to support regional development;
2. Directions on state budget spending policies are fully utilized to support policies and programs of strategic medium-term development priorities five (5) year;
3. The medium-term financing policy center five (5) year ahead is directed to improve local financial capacity through the strengthening of central government investment.



**Image 2**  
 Relationship Between Strategic Frame of Mind and APBN Components

The policy directions outlined in the Budget is one of the efforts to realize the vision and mission that has been set for the next 5 years. To realize then pursued by a variety of strategies, programs and activities during the five years of gradual and sustained. Within the framework of the financial management of the center to the regions, there are some issues strategically significant effect on the ability, patterns of management of funding sources, and direction of the policies adopted, among others are: General Allocation Fund (DAU), Special Allocation Fund (DAK), Regional Loans , the Emergency Fund and the Regional Asset Management.

The frame of mind in this study can be described below:



**Image 3 :**  
**Frame of Mind**

#### 4. Results and Discussion

##### 4.1 Results

##### a. Kebijakan Pendanaan Pembangunan Infrastruktur Daerah

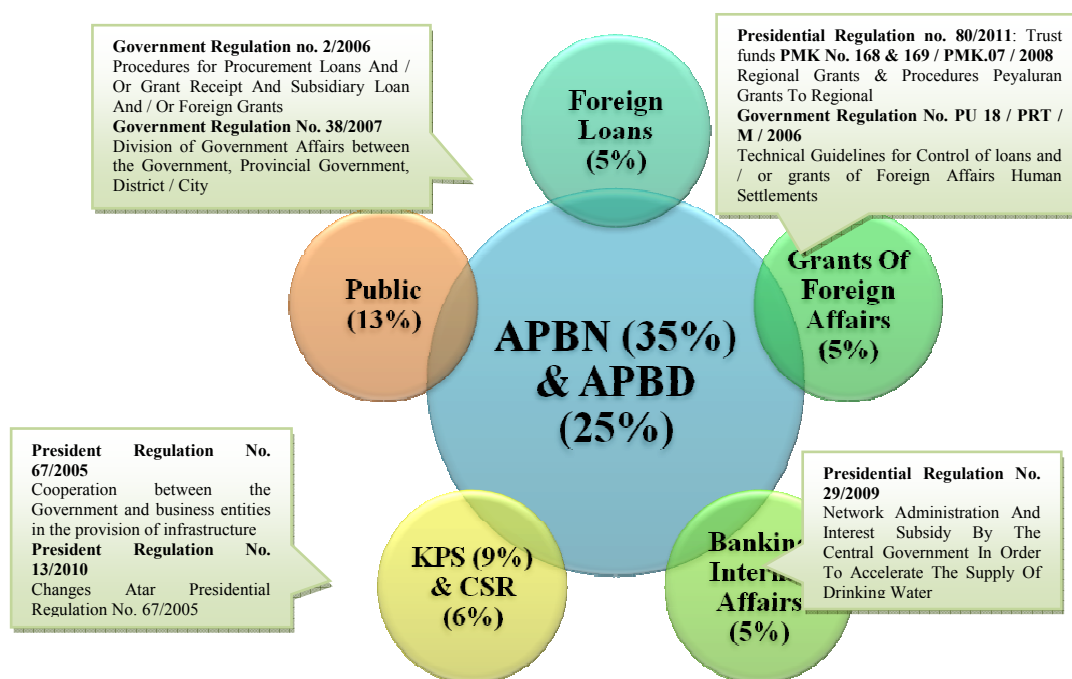
Policy infrastructure development financing is directed to optimize the sources of funds to support the development and construction of settlements, which is a source of national funds, the state budget), the source of local funds (APBD provincial, district / city, as well as international resources (foreign aid in the form of a grant / grant and loans / loan) either from multilateral institutions (World Bank, Asian development Bank, etc.) as well as bilateral donors. In addition, policies financing infrastructure development is directed to utilize sources of non-government funding, which is a source of private funds and sources of funds. In particular, private funding sources pursued by seeking public private partnership that blend funds and regional budgets, the partnership state / local enterprises and the private sector that aims to make the area has the attraction of investors to undertake economic activities that benefit society.

Achievement of the National Infrastructure Development services until the end of 2013 was still low at 55.04% with the details in the urban and rural 52.16% 57.87%. The achievement is still far from the target / goal ie 68.87% of Indonesian people gain access to the National Infrastructure Development in 2015. To be able to catch up, it takes an investment of Rp 65.27 trillion. Strategic Plan 2010-2014 of the Directorate General of Human Settlements mentions the availability of funds in the state budget was only Rp 37.63 trillion will be channeled through the regular program of the government. While the remaining Rp 27.64 trillion must be met through a variety of other alternative sources of financing. It is necessary to develop financing for infrastructure development by funding source APBN / APBD, combined with foreign loans and grants, the private sector, banks and the public.

Sources of funds for the implementation of the activities and sub-national Infrastructure Development Activity in 2012 from the state budget entirely pure. Whereas the budget for the implementation of Activity and Sub Activity Infrastructure Development nationally entirely consisting of Unit (PIU Infrastructure Development national center and Unit (PIU) Infrastructure Development Province. Until now, Infrastructure Development still

relies on funding national and regional budgets. At the level of the Central Government, financing Infrastructure development still relies on funding Ministries and Institutions (K / L). As for the construction of the funding available from the Ministry of public Works of Housing and Bappenas. In general, the source of funding for Infrastructure, still rely on the state budget, budget, CSR state revenues, grants and loans. within five years there was an increase, although not significant, but still around 1% of the state budget expenditure. Some sources of funding the central government as the decentralization fund (DAK / DAU), deconcentration fund and perbantuan / TP, microcredit, and others, it turns out there are still obstacles to access to infrastructure.

Sebagai gambaran, porsi sumber pendanaan sebagaimana diamanatkan dalam berbagai peraturan yang berlaku dapat dilihat pada gambar di bawah ini.



**Image 4:**  
**Patterns and Alternative Funding**

In order to achieve the objectives of national infrastructure development program as stipulated in the Development Plan, still needs funding sources abroad as one of the alternative financing. The foreign borrowing requirement is to accelerate the achievement of national infrastructure and close defisist State Revenues and Expenditures Budget (APBN). To improve the effectiveness of the utilization of loans / grants, has made various improvements regulations related to the planning and execution of loans / grants, among others: Government Regulation No. 30/2011 concerning Regional Loan PP PP 10/2011 on Procedures for Procurement Loans or foreign grants, Regulation 2/2012 concerning grants for local governments (of foreign institutions and national governments).

Proposed infrastructure development activities are financed from loans and / or grants of State should meet the criteria referred to in Regulation of the Minister of National Development Planning / Head of Bappenas No. PER.005 / M.PPN / 06/2006. These criteria include general criteria and specific criteria. The general criteria applicable to each of the proposals, while specific criteria are criteria that apply specifically to the proposals of each agency proposer and the type of loan agreement or successor-hibahan. The general criteria to be followed for classified deserving foreign loans is :

- 1) The activity in accordance with the direction and goals RPJM;
- 2) The development activities in order to achieve the objectives of the program which is a national infrastructure development priorities;
- 3) Activities should take into consideration the ability of execution
- 4) Activities that are technically and more efficient financing for dibayai of loans and or grants;
- 5) The results of the activities can be operated by domestic resources and can be expanded to other activities.

Specific Criteria for Infrastructure Development program that will be proposed to receive PHLN is :

- a. Selectively, in accordance with the Strategic Plan targets Directorate General of Cipta Karya, but not all programs and activities will be proposed through PHLN;
- b. Focus, with measurable indicators to support the achievement of the drinking water service access



- 100%, slum reduction to 0% and 100% access sanitation services, and to maintain the quality of neighborhoods from becoming seedy back;
- c. Significantly, massive and require large financing, which is difficult when financed through the state budget or the budget; considering aspects of integration of the scale of the entity; Priority for district / city that the National Strategic and district / city has a program that is responsive and community empowerment (Cluster C and Cluster D), but only for regional entities and the environment;
  - d. Responsif, shown by the readiness and commitment of the Regional Government;;
  - e. Sustainable, to support the achievement of other targets in the context of economic growth (pro-growth), job creation (pro-job), the reduction of poverty in a real and measurable (pro-poor) and supporting environmentally sound infrastructure development (pro-environment);
  - f. Replication The program is considered a success, it is proposed to be funded by the state budget;
  - g. Specialist knowledge and technology (transfer of knowledge) in project management and international best practice, as a lever investment (investment leverage) in encouraging private sector participation both through direct lending scheme, PPP and other schemes and in the framework of international cooperation (international cooperation);
  - h. There is a balance between Physical Activity (Project Assistance) and the Non-Physical Activity or Technical Assistance (Capacity Development / Technical Assistance).

Proposed activities for financing (loans) from abroad can be categorized into three groups: :

1. Proposed Activities of the Ministry / Agency
2. Proposed activities of the Local Government

Overseas subsidiary loan (PPLN) or the Subsidiary Loan Agreement (SLA) is a subsidiary loan to the city of the Central Government. Based on Government Regulation No. 10 Year 2011 on Procedures for Procurement of Foreign Loans and Grant Receipt in Article 1, funding in the form of SLA may come from outside the State (either from the government, international donors, or financial institutions) or in the country (from government own). Because the Local Government or the City can not borrow from abroad directly, the foreign loans can only be received by the Central Government through continued loan or SLA. Under Article 7 of Government Regulation No. 10 of 2011, funds from this loan agreement (SLA) can be accepted by the State in the form of loans or grants. The under Regulation No. 30 of 2011, the Foreign Subsidiary Loan Agreement (Subsidiary Loan Agreement or SLA is an agreement between the Ministry of Finance with the Regional Head.

3. Proposed activities of BUMN

There are six related regulations in foreign loans to the agency proposed.

#### **b. General Allocation Mechanism Loans and / or Grants Regional Infrastructure**

State Minister for Development Planning / Head of Bappenas together with the Minister of Finance, Minister of Foreign Affairs and Related Agencies synchronize activities with prospective Lender and / or Grants. Synchronization is done in order to obtain the suitability of the scope of activities to the activities listed in DRPHLN-JM with prospecting work program Lenders and / or Grants. The synchronization is done periodically, either through meetings or correspondence.

Prospective Lender and / or Grants can come from a foreign country (bilateral), Institute for Multilateral Financial Institutions and Non-Financial Foreign, Financial Institutions Non Foreigners residing outside the territory of the Republic of Indonesia. Program candidates Lender / Foreign Grants are program priorities set by PPHLN which will be given to a borrower or grant recipient countries. The program priorities elaborated on the policies and strategies that have been prepared by the candidate PPHLN to a recipient country lending / grants.

The criteria for the preparation of PHLN must meet the following criteria :

- Selective, focus
- Significant, massive and require large financing
- Responsive
- Sustainable
- Replication Project is funded by the state budget
- Pilar development cooperation
- Balance CDTA and PA

#### **c. Peningkatan Kesiapan Pendanaan Infrastruktur Daerah**

In order to improve the readiness of the Regional Infrastructure Development plan of implementation for local governments that will be forwarding the loan, prior to the preparation of more detailed, need to make an assessment on the financial ability of Local Governments indication prospective implementers of activities. To that end, Minister for State Development Planning / Head of Bappenas will ask information to the Minister of Finance on the financial capability indications relevant local governments. The information will be used to assess the financial capability indication based on the Local Government Finance Minister Regulation No. 53 / PMK.010 / 2006 on Procedures for Granting Regional Loan from Government funds are sourced from the

Foreign Loans, namely:

- a. Indications projection calculations about the ability of local government in fulfilling the obligation to repay the loan (Debt Service Coverage Ratio / DSCR);
- b. Information number of local government borrowing is concerned; and
- c. Regional loan performance.

State Minister for Development Planning / Head of Bappenas will conduct assessment activities that will be financed by the loan agreement to the Regional Government, which includes:

- a. Continuation of the loan used to finance investment in infrastructure and / or facilities that generate revenue in the budget of LGs subsidiary loan obtained from levies on the use of infrastructure and / or the means;
- b. Continuation of loans for activities that are initiated by the Ministry / Agency, carried out in order to achieve program objectives for priority infrastructure development of national and regional governments do not have sufficient capacity to achieve the program objectives;
- c. Their approval of Parliament on the proposed plan to continue borrowing by local governments;
- d. Ability of Local Government in carrying out activities;
- e. The ability of the regional government providing matching funds; and
- f. Feasibility financial plan proposed loan.

Based on the results of the assessment, Minister of State. Planning / Head of Bappenas coordinating with the local government proposing to draw up a detailed plan for the activities successor loans to local government.

In order to improve the readiness activity implementation plan to the Regional Government which is the successor to the grant, Minister for State Development Planning / Head of Bappenas will confirm with the relevant Local Government about the readiness of the region to implement the planned activities of Ministries / Agencies and Local Government's ability to meet the requirements of implementing them. Furthermore, State Minister for Development Planning / Head of Bappenas will ask information to the Minister of Finance on the financial capability indications, arranged by the Local Government Finance Minister Regulation No. 52 / PMK.010 / 2006 on Procedures Grants To Local, namely:

- a. Map of local fiscal capacity, which describes the ability of local finance is reflected through general acceptance Budget and Expenditure (excluding special allocation funds, emergency funds, loan funds long, and other revenues restricted to certain leased) to fund government duties after deducting personnel expenditure and is associated with the number of poor;
- b. Details of the allocation of grants from the Government received in the region of 5 (five) years. Assessment of the activities that will be the successor hibahan to local governments by the State Ministry of Planning / Head of Bappenas, covering:
  - Successor grants used to finance local government in order to achieve program objectives which are priorities for national infrastructure development;
  - Local Government grant recipient is the successor to the program target area is a priority national infrastructure development;
  - Local Government does not have sufficient financial capability to achieve the target of the program is a national infrastructure development priorities, based on an assessment of the financial capability indication Local Government;
  - The approval of Regional Head;
  - Ability of Local Government in carrying out the activities; and
  - The existence of the willingness of local governments to provide most of the cost of implementation of activities, which is determined based on the financial capacity of Local Government.

Based on the results of those assessments, State Minister of Planning / Head of Bappenas, coordinated the preparation of a detailed plan for the activities successor hibahan with Local Government.

#### **d. Penyusunan Rencana Kegiatan Rinci Pendanaan Infrastruktur Daerah**

Based on the results of synchronization infrastructure development activities with prospective Lender and / or Grants, produced a list of planned activities that have got interest / indication sources of funding of candidates PPHLN. Furthermore, State Minister for Development Planning / Head of Bappenas would coordinate with the agency proposing to increase the readiness of the implementation plan of infrastructure development activities that have received indications such funding sources.

Increased readiness of infrastructure development activities in question are preparing a detailed plan, which is preparing the details of planned activities and requirements in the implementation of infrastructure development activities are at least include: the type of activity to be undertaken, the location of the activities, the planned allocation of the budget, determining the working unit will implement activities, organization of implementation, and the timetable for implementation, as well as the mechanism of procurement of goods and services, and if necessary can be improved feasibility study.

The increase in the readiness phase is an important stage that will determine the level of success of an activity, because at this stage determine the certainty of implementation and financing activities. With the preparation of the infrastructure development activities are optimized, the expected implementation of the activities financed by loans / grants can be carried out in accordance with the work plan a responsible agency / implementing activities and is expected to increase the sense of ownership of these activities by the agency proposing and implementing activities. Prepare a detailed activity carried out by the agency responsible for and implementing activities. The results of the implementation of the preparation of the detailed activities will be submitted to the State Minister for Planning / Head of Bappenas.

In carrying out the preparation of a detailed plan of infrastructure development, PPHLN candidate can provide technical assistance to the authorities responsible for the activities. To keep the plan drawn up by experts who provided the candidate PPHLN in accordance with the work plan of the agency responsible / implementing activities and as much as possible increase the use of local content in the activities to be carried out, the agency responsible / implementing activities need to give careful attention to each document generated by experts in the.

Documents produced by the technical assistance in the preparation of the detailed plan of action will also be used as an ingredient in the assessment process (appraisal) by the lender. Assessment document prepared by the lender would then be material that will be discussed with the Indonesian government in the negotiation phase and the preparation of the agreement. If there is a breakdown in the negotiations and the signing of an agreement between the Indonesian government PPHLN, document assessment (appraisal), together with the text of the treaties and other important documents will be submitted to the Board of Director of the institute Lenders and / or Grants.

The above description explains the importance of a detailed planning phase, since in this stage one of the important activities is to determine the design and scope of the implementation of an activity. Especially for the activities proposed by local governments and state-owned enterprises, it is necessary to do the conformity assessment activities with the provisions of.

#### 4.2 Discussion: Regional Infrastructure Funding Strategy Pattern

Strategy is the organization planning process consists of activities that are performed to identify organizational goals and dipersiapkannya specific plans to achieve, allocating and utilizing resources in order to achieve organizational objectives.

##### (1) Core Strategi (Strategi Inti)

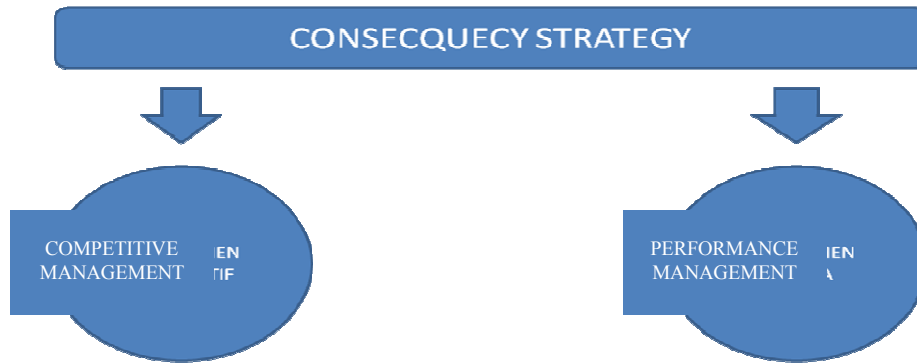
Strategy core (Core Strategy), which is Strategy redefined the goals of governance, including regional autonomy through the establishment of vision, mission, goals and objectives, policy direction and the roles of institutional and individual apparatus government administrators.



##### (2) Consecquency Strategy

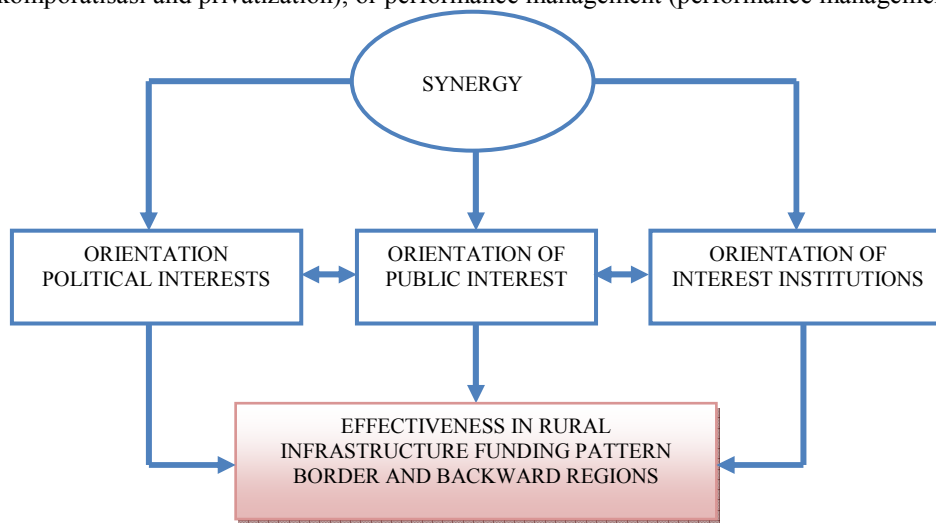
Strategy consequences (Consekquency strategy), in this case needs to be formulated and reorganized patterns of institutional and individual incentives, either through a competitive approach to management, business management (komporatisasi and privatization), or performance management (performance management).





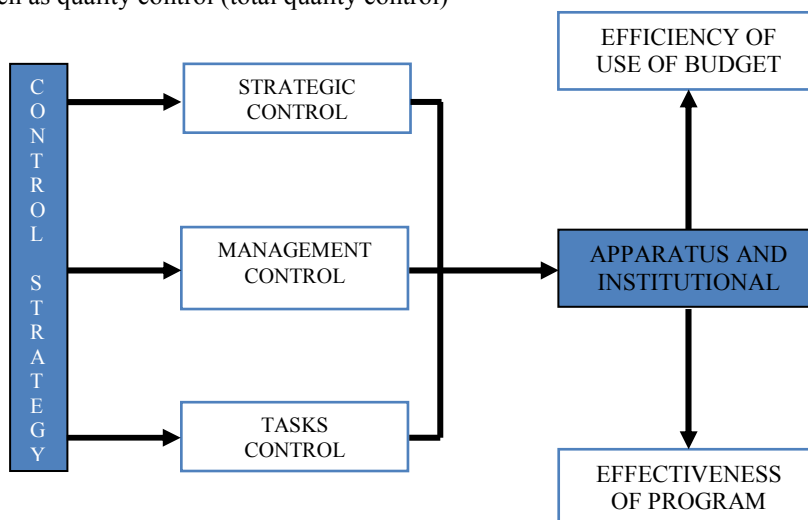
**(3) Customer Strategy**

Strategy consequences (Consekquency strategy), in this case needs to be formulated and reorganized patterns of institutional and individual incentives, either through a competitive approach to management, business management (komporatisasi and privatization), or performance management (performance management).



**(4) Control Strategy**

The control strategy (Control Strategy), that is the reformulation of the effort to control the organization, ranging from: (a) Strategic control which is the process of formulation and determination of the organization, (b) Control of management, which is a control in keeping the implementation of the tasks (actuating) suitable the strategy has been defined, (c) control tasks as controlling its implementation (operational). The third of this control can be developed through the development of institutional organizational structure that rests on the power of the apparatus such as quality control (total quality control)

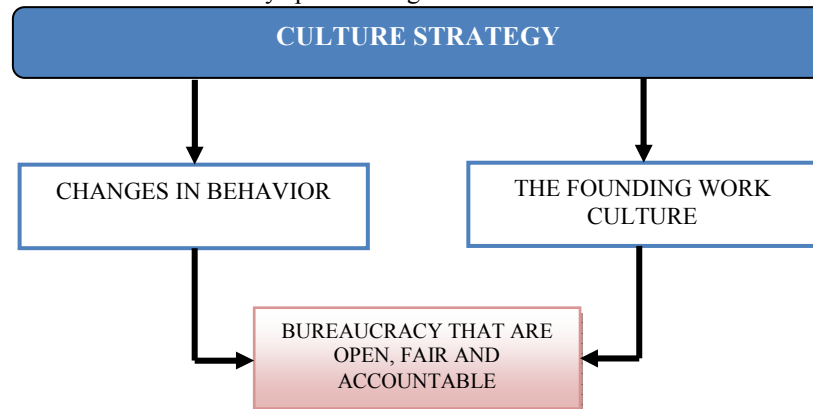


**(5) Culture Strategi**

Cultural strategy / culture (Cultur strategy), that their efforts to reorient the behavior and culture apparatus and

bureaucracy that is more open and able to revitalize and adopt cultural values (both cultures old and new), more touching nilai-values of justice and liver conscience.

Cultur (culture) reflect the beliefs shared (shared beliefs), values, expectations and norms of the members of the organization. Cultur (culture) will also reflect custom made by a person, group or organization in carrying out its activities. In the context of the institutional arrangement, culture or the culture will determine the success of the institutional arrangements that will be done. This is understandable, because the culture will color every activity within the organization. It should be understood that in order to change the culture or the culture that has developed or has become a habit of a person, group or organization is not easy. Moreover, habits are considered to have benefit or convenience. It is usually spawned organizational culture.



## 5. Conclusions and Recommendations

### 5.1 Conclusions

- 1) The development of infrastructure in rural areas, borders and underdeveloped areas has not been fully in accordance with the demands and needs of the region, particularly with respect to the amount of budget received by the region.
- 2) The development of infrastructure in rural areas, borders and underdeveloped areas, requires synergy between all stakeholders both central and local government, including community leaders, traditional leaders, religious leaders and entrepreneurs as well as.
- 3) The pattern of funding that is run in support of the development of local infrastructure, generally follow the pattern that is both bottom up and top down. This is reflected in the planning through the mechanism musrenbang. While the determination of the budget, is done through the provision of special allocation funds (DAK)
- 4) In general, the pattern of development financing regional infrastructure in value, is quite effective in supporting the acceleration of regional development in rural, border and underdeveloped areas, there are only a few issues that is quite crucial that should be appreciated and given the solution, among others: (1) Juknis received late regions, (2) the guidelines changed in the current fiscal year, (3) the provisions Juknis contravene the provisions of by-laws, (4) Menu activities Juknis does not comply with the conditions or regional requirements, (5) the guidelines are too detailed / detail ( 6) Coordination Juknis less than optimal.

### 5.2 Recommendations

- 1) The central government needs to initiate and facilitate their opportunities to obtain alternative funding patterns infrastruktural in rural areas, borders and underdeveloped areas
- 2) It takes the strategy of strengthening the implementation of infrastructure financing patterns more comprehensive regional and terintegratif, which is expected to support the restructuring of rural, border and underdeveloped areas
- 3) National and regional governments are advised to immediately strengthen the institutional capacity of the village in order to optimize the absorption of budget and structuring development programs in rural villages and borders

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Minister of Finance Regulation No. 53 / PMK.010 / 2006 on Procedures for Granting Regional Loan from Government funds are sourced from the Foreign Loans



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