

## **Social Policy in the Implementation of Concurrent Government Affairs in the Nias Archipelago Area, Indonesia**

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### **Abstract**

The implementation of social policies for Concurrent Government Affairs in the Nias Archipelago Area, Sumatera Utara Province, is still experiencing inequality, especially from the aspect of budget allocation. This article aims to analyze these problems, using a qualitative descriptive method, data sourced from the Ministry of Finance of the Republic of Indonesia (2022). We use data analysis techniques through data reduction, data presentation, and drawing conclusions. The results showed that (1) out of 33 regencies/cities in Sumatera Utara Province, 5 regencies/cities in the Nias Archipelago Area, namely Nias Regency, Nias Selatan Regency, Nias Utara Regency, Nias Barat Regency, and Gunungsitoli City experienced significant imbalances in budget extreme allocations with 28 non-island (mainland) regions and below the provincial average. The lack of social policies will have a significant effect on the implementation of Optional Concurrent Government Affairs in the archipelago; and (2) Conceptually, it is important to pay attention to the principles of accountability, efficiency, externality, and national strategic interests in treating archipelagic areas through increased transfer funds – including the General Allocation Fund (DAU) and the Special Allocation Fund (DAK) - as specifically regulated in Law Number 23 of 2014 concerning Local Government. It is hoped that the novelty of this research can become material for evaluating policies of the central and provincial governments. This research can have implications for accelerating development, especially in island areas.

Keywords: social policy, concurrent affairs, Nias Archipelago

### **Abstrak**

Implementasi kebijakan sosial urusan pemerintahan konkuren di Daerah Kepulauan Nias, Provinsi Sumatera Utara masih mengalami ketimpangan, terutama dari aspek alokasi anggaran. Artikel ini bertujuan untuk menganalisis masalah tersebut, menggunakan metode deskriptif kualitatif dengan sumber data dari Kementerian Keuangan Republik Indonesia (2022). Kami menggunakan teknik analisis data melalui reduksi data, penyajian data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa (1) dari 33 kabupaten/kota di Provinsi Sumatera Utara, 5 kabupaten/kota yang ada di daerah Kepulauan Nias, yakni Kabupaten Nias, Kabupaten Nias Selatan, Kabupaten Nias Utara, Kabupaten Nias Barat, dan Kota Gunungsitoli mengalami ketimpangan alokasi anggaran yang ekstrim dengan 28 daerah non-kepulauan (daratan) dan berada di bawah rata-rata provinsi. Kebijakan sosial untuk daerah kepulauan tersebut sangat berpengaruh nyata terhadap pelaksanaan urusan pemerintah konkuren pilihan sebagai daerah kepulauan; dan (2) Secara konseptual, ketimpangan tersebut penting memperhatikan prinsip akuntabilitas, efisiensi, eksternalitas, dan kepentingan strategis nasional dalam memperlakukan daerah kepulauan melalui peningkatan dana transfer – termasuk Dana Alokasi Umum (DAU) dan Dana Alokasi Khusus (DAK) - sebagaimana telah diatur secara khusus dalam Undang-undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah. Novelty tersebut diharapkan menjadi bahan evaluasi kebijakan pemerintah pusat dan provinsi. Penelitian ini dapat berimplikasi pada percepatan pembangunan, terutama di daerah kepulauan.

Kata kunci: kebijakan sosial, urusan konkuren, Kepulauan Nias

## INTRODUCTION

Social policies in the administration of government affairs in Indonesia are regulated in Law Number 23 of 2014 concerning Local Government. These affairs include affairs of absolute government, concurrent, and general. Concurrent government affairs - in the management of islands - include governmental affairs of choice based on the potential of a region. However, this authority - especially in terms of political budgeting - has not shown encouraging results, especially in Sumatera Utara Province. Of the 33 regencies/cities, the Nias Archipelago Area still experiences inequality with other regions in APBD allocation, namely Nias Regency, Nias Selatan Regency, Nias Utara Regency, Nias Barat Regency, and Gunungsitoli City which are still below the average APBD of Sumatera Utara Province, except for Nias Selatan Regency. The total 2022 APBD for 33 regencies/cities is IDR 46.31 trillion, bringing the provincial average to IDR 1.40 trillion. Only nine regencies/cities are above the provincial average, namely Medan City (IDR 6.42 trillion), Deli Serdang Regency (IDR 4.20 trillion), Simalungun Regency (IDR 2.40 trillion), Binjai City (IDR 2.03 trillion), Langkat Regency (IDR 1.90 trillion), Asahan Regency (IDR 1.63 trillion), Mandailing Natal Regency (IDR 1.59 trillion), Serdang Bedagai Regency (IDR 1.58 trillion), and Nias Selatan Regency (IDR 1.44 trillion). The remaining 24 regencies/cities are below the provincial average, and the lowest is Pakpak Bharat Regency (IDR 517 billion). Likewise in the acquisition of Regional Original Income (PAD). The total PAD 2022 from 33 regencies/cities is IDR 8.05 trillion (provincial average of IDR 245 billion). There are only 4 regencies/cities that receive PAD above the provincial average, namely Medan City (IDR 3.05 trillion), Deli Serdang Regency (IDR 1.48 trillion), Binjai City (IDR 474 billion), and Labuhan Batu Regency (IDR 474 billion). The five regencies/cities in the Nias Archipelago Area included in the 29 regencies/cities whose PAD is below the provincial average, in fact Nias Barat Regency received the lowest PAD (IDR 15 billion) (Undanget al., 2023). Special assistance from the provincial and central governments to accelerate the development of archipelagic regions - such as in the form of DAU and DAK - as stipulated in Law Number 23 of 2014 - has not been implemented positively so that income inequality between regions (Undang et al., 2021) - especially with regional archipelagic countries - is very high. In fact, the government has the authority to manage public finances, both planning and implementation as well as evaluation in development (Undang, 2022).

Meanwhile, several potentials in 5 regencies/cities in the Nias Islands can be empowered to develop Optional Concurrent Government Affairs. Nias Regency has the potential for natural/special interest, cultural/historical, and agro tourism objects, which are spread across the SOZIONA tourism economic area (Somi-Bozihona-Onolimbu-Nalawo) (Lase et al., 2018); Nias Selatan Regency has the leading sectors of agriculture, forestry and fisheries (Fau, 2018); tourism (Puspita, 2019); contributions and potential local taxes and fees are in the moderate category (Waoma, 2017); Nias Utara Regency has superior potential in the agricultural, forestry and economic sectors so that it contributes to the development of the Gross Regional Domestic Product (GDP) by 52.25% (2020-2022) (Ilmiha, 2023); Nias Barat Regency has several potential tourist attractions, such as *Pantai Sirombu* (Sirombu Beach), *Pulau Asu* (Asu Island), *Pantai Gu'u* (Gu'u Beach), *Pantai Fari'i* (Fari'i Beach), *Pantai Ture* (Ture Beach), *Pantai Fadaya* (Fadaya Beach), *Pantai Valaete* (Valaete Beach), *Pulau Bawa* (Bawa Island), *Bale, Bukit Hermon* (Hermon Hill), *Rumah Adat* (Traditional Houses), and *Batu Megalit* (Megalithic Stones) in Lahomi Village, Lolozirugi Village, and Sisarahili Village (Liyushiana, 2019). Meanwhile, Gunungsitoli City has several potentials including the tourism sector (Sismudjito et al., 2018); and Micro, Small, and Medium Enterprises (UMKM) spread across 6 sub-districts, namely Gunungsitoli District (5,821), Gunungsitoli Selatan District (612), Gunungsitoli Utara District (844), Gunungsitoli Barat District (240),

Gunungsitoli Idanoi District (914), and Gunungsitoli Alo'oa District (291) bringing a total of 8,722 business actors (Putra et al., 2018). Some of these potentials are important to be mapped through the Geographic Information System (GIS) (Maskun et al., 2021) or through the development of growth centers and their supporting areas in regional development in Nias Regency (Gulo, 2015). However, several potentials that can be developed in Optional Concurrent Government Affairs in the five districts are still experiencing several obstacles, especially aspects of budget constraints and investment.

These conditions require the formulation and implementation of policies (Suhendar & Suherman, 2022). Since the promulgation of Law Number 23 of 2014, especially in the administration of co-administered government affairs, the implementation of decentralization has faded. Concurrent government affairs that should strengthen regional autonomy are still centralized. The solution is that the affairs of concurrent government remain the affairs of regional government which are absolute and important to strengthen the role of the DPD (Regional Representative Council) for the benefit of regional progress (Azhar, 2022). There is an anomaly in the relationship between the center and the regions due to the disproportionate division of governmental affairs which is irrelevant to the principle of broadest autonomy. The governor's authority as the representative of the central government in the regions does not clarify the exercise of authority in the administration of concurrent government affairs (Nugraha, 2021). Concurrent government affairs should be flexible and able to accommodate the needs of local communities (Wicaksono & Rahman, 2020). Improving regional community services is important to implement through new autonomous regional structuring policies to improve public services, welfare, shorten the span of control, and equitable development (Undang et al., 2022).

From a social policy perspective, this phenomenon is important to study, especially with regard to concurrent government affairs with a focus on budgetary political imbalances that can trigger the development of inter-regional social inequalities in North Sumatra Province, particularly in the Nias Archipelago Area. The formulation of the problem that we propose is (1) What is the objective condition of social policy in the Nias Archipelago Area from the perspective of budget policy in the area of concurrent government affairs for the islands? (2) Conceptually, what are the solutions offered to minimize social inequality in the Nias Archipelago Area, especially from the perspective of concurrent government affairs in the maritime preferred government affairs sector? The novelty of this research includes the absence of a specific study from the perspective of concurrent government affairs, particularly in the implementation of Optional of Government Affairs in the Nias Archipelago Area.

## **RESEARCH METHOD**

This research uses a qualitative approach (Abowitz & Toole, 2010), (Rezvi et al., 2022); and (Syawaludin, 2023) to develop a deductive hypothesis (Bitektine, 2008); (Waters, 1987); (Mahootian & Eastman, 2009), through a social science approach (Darmalaksana, 2020). In the development of inductive research models, deductive hypotheses can complement each other, generate references, and in qualitative research can be relied upon for the development of a theory. Primary research data comes from the Ministry of Finance of the Republic of Indonesia (2022), specifically related to budgetary political policies in the implementation of social policies on Choice of Government Affairs in the Nias Archipelago Area. Meanwhile, other data were obtained from the results of previous similar studies. The data is then analyzed descriptively qualitatively through the process of data reduction, data presentation, and drawing conclusions. Data is processed through descriptive statistics (Nasution, 2017); (Muhson, 2006); (King et al., 2018), and (Jasti & Kodali, 2014). Thus, this research is expected to produce a

deductive hypothesis as the novelty of this research. The implications of this research are expected to contribute to accelerating development, especially in the Nias Archipelago Area.

## **RESULTS AND DISCUSSION**

### **Concurrent Government Affairs in Other Countries**

Concurrent government affairs social policies have been implemented in the health sector in the United States (Bauml et al., 2019). The application of concurrent sourcing in the public sector for regional (state) community services in the United States can be used as a strategy to mitigate potential contract risks. Mixed contracts can help reduce risk, benefit citizens, and as a strategic management option rather than contracting with partners (Hefetz et al., 2014). Meanwhile, in England the practice of concurrency analysis is at odds – such as in the legal field – about the application of this theory. Some experts argue that in order for concurrency to occur in legal events, expert testimony must begin at the same time, while other experts consider it unnecessary, to avoid overlapping, especially between conflicting expert testimony (Livengood, 2017).

### **Concurrent Social Policy on Government Affairs in Indonesia**

Since 1998, Indonesia has had a system of decentralized government and regional autonomy (Otda) for 25 years. However, until now it still has a "centralistic" nuance, such as the system for administering local government in the era of President Soeharto (1966-1998) which was based on Law Number 5 of 1974 concerning Fundamentals of Local Government (Undang et al., 2023). Since reform (1998), the law was refined into Law Number 22 of 1999 concerning Local Government, which was replaced by Law Number 32 of 2004 concerning Local Government, and finally Law Number 23 of 2014 concerning Local Government.

Government affairs in Indonesia are regulated in Law Number 23 of 2014. The law stipulates that Government Affairs is the power and authority of the president which is carried out by ministries and regional governments. The classification of government affairs includes absolute government affairs (central government authority), concurrent government affairs (the division of central, provincial and regencies/cities government affairs), and general government affairs (the president's authority as head of government). Regional governments have the authority that must be implemented related to basic services, such as health, education, security, public order, public works, spatial planning, housing and settlements, as well as community and social protection. Meanwhile, mandatory government affairs that are not related to basic services, such as food, environment, land, labor, population, women's empowerment, child protection, community empowerment, transportation, UMKM, informatics and coding, investment, youth and sports, culture, etc. While Optional Government Affairs includes maritime affairs and fisheries, agriculture, forestry, tourism, transmigration, trade and industry as well as energy and mineral resources. With regard to Government Affairs in Provinces with Archipelagic characteristics, Law Number 23 of 2014 stipulates that (1) Based on the Co-Administration Principle, to carry out the authority of the central government in the marine sector, provinces receive assignments from the central government after the province fulfills norms, standards, procedures and criteria (NSPK) determined by the central government; (2) To support the provincial government - in planning development and determining DAU and DAK - the central government must pay attention to provincial areas in order to achieve national priorities based on territory and accelerate regional development in the fields of

maritime affairs, socio-culture, economy, human resources, maritime customary law, and participation of island communities; (3) The central government can allocate accelerating funds outside of the DAU and DAK in order to support the accelerated development of archipelagic regions (Indonesia, 2014).

The implementation of Concurrent Government Affairs in the implementation of decentralization and regional autonomy in Indonesia – including in provinces with Archipelagic Characteristics – is still experiencing obstacles, including the independence of regencies/cities and provinces in fulfilling regional spending sourced from regional fiscal resources. Several studies show that the regional fiscal capacity as a source of PAD is still very minimal. The burden of concurrent government affairs handed over to the regions is still not balanced between PAD and regional needs so that the dependence on transfer funds is getting bigger. Conditions like this greatly affect regional fiscal independence. The results of a study in the Provinces of West Java, Central Java, East Java, and Bali, the composition of the PAD contribution to the APBD is still very small so that it is fulfilled by receiving transfers from the central government, including through the DAU, which on average increases every year (Apriana & Suryanto, 2010). In Central Java Province, the contribution of regional levies to regencies/cities PAD is still small (Yasmin et al., 2021); while regional dependence will be smaller if the amount of contribution of PAD to APBD increases (Asteria, 2015). In regencies/cities on Java Island, tax redistribution tends to widen income inequality (Azhar Aziz et al., 2016); in Bandung City, the contribution of PAD to APBD (2004-2015) was at most 20% (Wati & Fajar, 2017).

In the implementation of concurrent government affairs as part of the authority of decentralization and regional autonomy, since Indonesia entered the reform era, it has still faced several obstacles. In Siak Regency – for example – although the implementation of concurrent government affairs has increased every year, there are still some obstacles such as the arrangement of the Regional Spatial Planning (RTRW) (Maulidiah & Husnah, 2018). Obstacles in the implementation of government affairs in Serang City are more diverse than in Siak Regency, namely (1) the availability of infrastructure is not optimal; (2) regional economic innovation and competitiveness are still low; and (3) the administration of governance is not yet optimal, such as in the education, health and social sectors. These four problems are influenced by factors (1) legal politics; (2) local government financial performance (more balancing funds than PAD); and (3) regional head leadership innovation (Ramadhan & Azhari, 2021). Likewise at the provincial level, the implementation of social policies in concurrent affairs in the Province of the Special Region of Yogyakarta (DIY) - for example - does not give "special authority" to provincial and regencies/cities governments in providing housing for low-income people, thereby hampering the implementation of social policies in the "special area". Conditions like this require special regulations in the form of implementing regulations to clarify the division of functions between the central and local governments. Other social policies in providing housing for low-income people are Law Number 1 of 2011 concerning Housing and Residential Areas and Law Number 20 of 2011 concerning Flats. However, these two laws do not give specific authority to "special areas", even though land is increasingly limited and population growth is increasingly concentrated in urban areas (Sodikin, 2019).

The implementation of decentralization - in Law Number 23 of 2014 - actually distributes Government Affairs, but in reality it is only a financial relationship between the central government and the regions. This has led to a decline (weakening) of the governor's position as regional head in the implementation of Concurrent Government Affairs, because the governor is obliged to carry out national strategic programs [in his position as a representative of the central government in the regions] (Ramdani, 2022). The implementation of Concurrent Government Affairs in our country - referring to Clarke and Steward - is included in The Agency Model, because local governments do not have sufficient

power, only as agents of the central government. He is only tasked with implementing the policies of the central government (Wijayanti, 2014). No matter how extensive the autonomy given to the regions, the final responsibility for administering local government will still be in the hands of the central government. In implementing the principles of decentralization and deconcentration in Indonesia, it shows a tendency for autonomous regions to coincide with administrative regions (Kurnia, 2022). Given the vast extent of the affairs of local government administration, there is a high potential for irregularities to occur, either by design or due to incompetence, so that supervision is very important, such as internal supervision by the auditor of the Functional Position of Supervision for the Implementation of Local Government Affairs (PPUPD) (Gafar et al., 2022).

## Inequality of Government Affairs

### Budget Inequality

The results of a study in Sumatera Utara, in the 2022 APBD in 33 regencies/cities in Sumatera Utara Province show a flypaper effect, because the regions still depend on "transfer receipts" from the central government (88.49%), while the regional PAD and fiscal contribution to the APBD is still low (11.51%). This inequality – in the long term – can have implications for independence and "regional dependence" on the central government so that the substance of decentralization and regional autonomy – to make the regions self-reliant – is ambiguous (Undang et al., 2023).

Some of the results of studies in Sumatera Utara Province, among others, show that although regional fiscal capacity (PAD) has an effect on regional financial independence, Profit Sharing Funds (DBH), DAU, and DAK have a negative effect on regional financial independence (Marizka, 2013). In 22 regencies/cities of Sumatera Utara Province, local fiscal resources derived from PAD have had a positive effect on the Presidential Decree on Disadvantaged Villages (IDT). However, IDT and Human Development Index (IPM) are not affected by DAU and DAK (Sembiring, 2019). In Toba Samosir Regency, PAD has a positive effect on regional spending (Panggabean, 2009).

This phenomenon shows the independence of the regions, even though they need to increase their power as a concrete manifestation of implementing regional administrative reforms (Hayrapetyan & Mnatsakanyan, 2022). To overcome this – among other things – it is important to pay attention to aspects of implementing organizations (government), resources, and policy interpretations that are in accordance with the directions, goals and objectives in implementing a policy (Setiawan et al., 2022).

**Table 1. APBD Inequality in Sumatera Utara Province Year 2022**

		Regency/City APBD in Sumatera Utara Province Fiscal Year 2022 (in billion IDR)				
No	Name of Regency/City	Local Revenue			Local Expenditure	Contribution
		Local-Own revenue	Transfer revenue from the central government (PAD)	Other legitimate revenue (Pendapatan lain-lain transfer)	Totally regional revenue (APBD 2022)	Local Surplus/ (deficit) (Belanja daerah)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Medan City	3,050.5	92,319.61	1,051.99	6,422.20	5,722.20	(300.00)	48%
2	Deli Serdang Regency	1,479.4	42,167.05	556.05	4,202.54	4,229.54	(27.00)	35%
3	Simalungun Regency	220.23	2,068.20	116.24	2,404.67	2,399.37	5.30	9%
4	Binjai City	473.94	1,453.86	100.89	2,028.69	2,022.69	6.00	23%
5	Langkat Regency	120.30	1,658.56	126.11	1,904.97	1,901.97	3.00	6%
6	Asahan Regency	164.78	1,375.16	89.62	1,629.55	1,644.55	(15.00)	10%
7	Mandailing Natal Regency	102.19	1,431.77	54.66	1,588.62	1,602.46	(13.84)	6%
8	Serdang Bedagai Regency	168.59	1,340.60	62.69	1,571.88	1,557.62	14.26	11%
9	Nias Selatan Regency	56.50	1,337.69	45.20	1,439.39	1,481.39	(42.00)	4%
10	Labuhanbatu Regency	271.14	981.96	97.80	1,350.90	1,372.70	(21.80)	20%
11	Karo Regency	124.93	1,097.88	111.59	1,334.39	1,344.36	(9.97)	9%
12	Tapanuli Selatan Regency	125.01	1,129.98	69.16	1,324.15	1,433.19	(109.04)	9%
13	Tapanuli Utara Regency	140.44	1,095.50	64.25	1,300.20	1,369.87	(69.67)	11%
14	Tapanuli Tengah Regency	113.99	1,026.14	42.22	1,182.35	1,152.85	29.50	10%
15	Dairi Regency	70.43	1,037.03	36.56	1,144.03	1,181.75	(37.72)	6%
16	Batu Bara Regency	139.91	947.69	52.11	1,139.71	1,281.49	(141.78)	12%
17	Padang Lawas Utara Regency	31.81	1,035.82	39.34	1,106.98	1,318.20	(211.22)	3%
18	Padang Lawas Regency	85.01	941.97	70.75	1,097.73	1,135.95	(38.22)	8%
19	Toba Samosir Regency	71.15	933.78	64.85	1,069.78	1,124.69	(54.91)	7%
20	Labuhanbatu Utara Regency	59.81	883.17	82.30	1,025.27	1,025.27	-	6%
21	Humbang Hasundutan Regency	80.92	878.58	51.32	1,010.83	1,039.56	(28.73)	8%
22	Pematangsiantar City	136.07	747.43	52.24	935.74	999.03	(63.29)	15%
23	Nias Regency	80.85	819.72	12.24	912.80	943.00	(30.20)	9%
24	Labuhanbatu Selatan Regency	67.86	772.09	40.86	880.82	918.82	(38.00)	8%
25	Samosir Regency	84.05	711.12	37.07	832.24	852.83	(20.59)	10%
26	Padangsidempuan City	96.91	645.99	36.57	779.47	878.00	(98.53)	12%
27	Nias Utara Regency	28.19	701.90	30.00	760.09	889.49	(129.40)	4%
28	Tebing Tinggi City	107.52	507.99	110.05	725.57	726.73	(1.16)	15%
29	Nias Barat Regency	15.06	690.13	18.06	723.26	756.31	(33.05)	2%
30	Gunungsitoli City	36.38	619.77	32.72	688.87	716.86	(27.99)	5%
31	Sibolga City	150.16	494.39	20.56	665.10	764.92	(99.82)	23%
32	Tanjungbalai City	75.94	515.43	27.00	618.37	619.87	(1.50)	12%
33	Pakpak Bharat Regency	20.50	481.37	15.09	516.95	536.12	(19.17)	4%
<b>Amount</b>		<b>8,050.60</b>	<b>34,849.33</b>	<b>3,418.16</b>	<b>46,318.11</b>	<b>47,943.65</b>	<b>(1,625.54)</b>	
<b>Average province</b>		<b>243.96</b>	<b>1,056.04</b>	<b>103.58</b>	<b>1,403.58</b>	<b>1,452.84</b>	<b>(49.26)</b>	<b>11.51%</b>

Source: (1) <https://djpk.kemenkeu.go.id> (February 5, 2022), downloaded February 6, 2022; (2) Undang et al. (2023).

Based on data we obtained from the Ministry of Finance of the Republic of Indonesia (2022) and the results of a study by Undang et al., (2023), the imbalance in the implementation of concurrent

government affairs in Sumatra Utara Province can be seen from the political aspect of the budget as reflected in the APBD of 33 regencies/cities in the province the.

Table 1 shows that **first**, of the 5 regencies/cities in the Nias Archipelago Area, only the Nias Selatan Regency APBD (IDR 1.44 trillion) is above the provincial average (IDR 1.40 trillion). This is also rank 9 (the lowest of the 9 regions that have an APBD above the provincial average). However, regional expenditure needs (IDR 1.48 trillion) are greater than PAD (IDR 56.50 billion) and other income (IDR 45.20 billion) so that transfer funds from the APBN reach IDR 1.34 trillion. The amount of the budget is still experiencing a budget deficit (IDR 42 billion) to meet regional spending. The contribution of PAD to APBD is very small, namely only 4%. This means that 96% of the APBD depends on central government transfer funds (APBN).

**Second**, of the 5 regencies/cities in the Nias Archipelago Area, the Nias Regency APBD (IDR 912.80 billion) is below the provincial average (IDR 1.40 trillion); rank 23 out of 33 regencies/cities. However, regional expenditure needs (IDR 943 billion) are greater than PAD (IDR 80.85 billion) and other income (IDR 12.24 billion) so that transfer funds from the APBN reach IDR 819.72 billion. The amount of the budget is still experiencing a budget deficit (IDR 30.20 billion) to meet regional spending. The contribution of PAD to APBD is very small, namely only 9%. This means that 91% of the APBD depends on central government transfer funds (APBN).

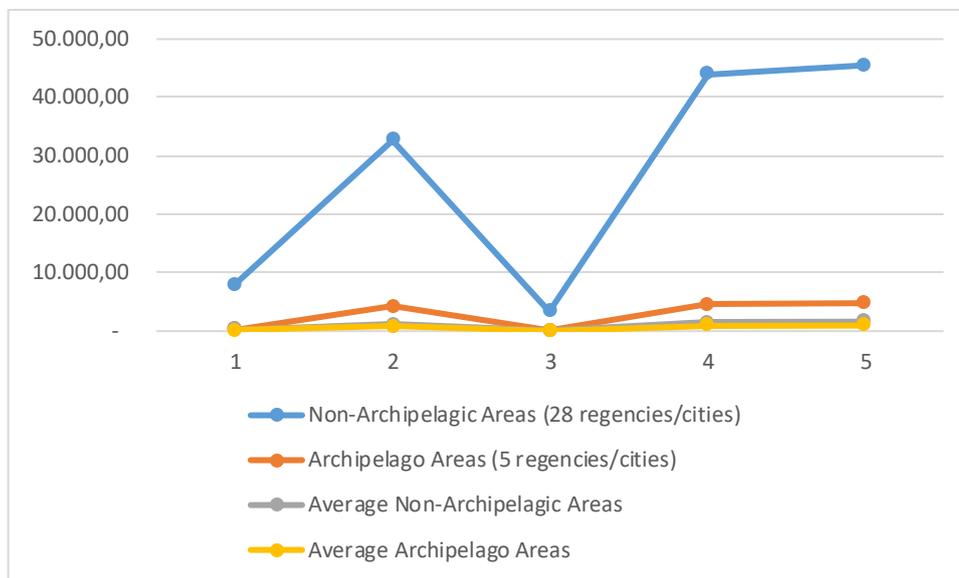
**Third**, of the 5 regencies/cities in the Nias Archipelago Area, Nias Utara Regency APBD (IDR 760.09 billion) is below the provincial average (IDR 1.40 trillion); rank 27 out of 33 regencies/cities. However, regional expenditure needs (IDR 889.49 billion) are greater than PAD (IDR 28.19 billion) and other income (IDR 30 billion), so that transfer funds from the APBN reach IDR 701.90 billion. The amount of the budget is still experiencing a budget deficit (IDR 129.40 billion) to meet regional spending. The contribution of PAD to APBD is very small, namely only 4%. This means that 96% of the APBD depends on central government transfer funds (APBN).

**Fourth**, of the 5 regencies/cities in the Nias Archipelago Area, Nias Barat Regency APBD (IDR 723.26 billion) is below the provincial average (IDR 1.40 trillion); rank 29 out of 33 regencies/cities. However, regional expenditure needs (IDR 756.31 billion) are greater than PAD (IDR 15.06 billion) and other income (IDR 18.06 billion) so that transfer funds from the APBN reach IDR 690.13 billion. The amount of the budget is still experiencing a budget deficit (IDR 33.05 billion) to meet regional spending. The contribution of PAD to APBD is the smallest, namely only 2%. This means that 98% of the APBD depends on central government transfer funds (APBN).

**Fifth**, of the 5 regencies/cities in the Nias Archipelago Area, the Gunungsitoli City APBD (IDR 688.87 billion) is below the provincial average (IDR 1.40 trillion); rank 30 out of 33 regencies/cities. However, regional expenditure needs (IDR 716.86 billion) are greater than PAD (IDR 36.38 billion) and other income (IDR 32.71 billion) so that transfer funds from the APBN reach IDR 619.77 billion. The amount of the budget is still experiencing a budget deficit (IDR 27.99 billion) to meet regional spending. The contribution of PAD to APBD is very small, namely only 5%. This means that 95% of the APBD depends on central government transfer funds (APBN).

In Graph 1 it is explained that 28 non-island (mainland) districts/cities receive a total PAD of IDR 7.91 trillion; Transfer Funds of IDR 32.70 trillion; Other Income IDR 3.36 trillion; APBD IDR 43.97 trillion, and Regional Expenditure IDR 45.52 trillion. The amount of the budget is still very far from the total budget of 5 archipelago regions with a total PAD of only IDR 217 billion; Transfer Funds of IDR 4.17 trillion; Other Income IDR 138.22 billion; APBD IDR 4.52 trillion, and Regional Expenditures IDR 4.79 trillion. This budget imbalance can result in suboptimal implementation of social policies in the

implementation of concurrent government affairs, particularly in marine development in the Nias Islands which constitutionally should receive special treatment for the purpose of equal development between non-island (mainland) and island areas in North Sumatra Province.



**Graph 1. Budget Inequality of Non-Archipelagic Areas (Mainland) and Archipelagic Areas in Sumatera Utara Province (2022)**

**Source:** Results of research data processing (2023).

The graph 1 explains the average PAD for 28 non-island (mainland) regencies/cities of IDR 282.62 billion; Transfer Funds of IDR 1.17 trillion; Other Income IDR 120.03 billion; APBD IDR 1.57 trillion, and Regional Expenditures IDR 1.63 trillion. The amount of the budget is still very far from the total budget of 5 archipelagic regions, namely the average amount of PAD is only IDR 43.40 billion; Transfer Funds of IDR 833.84 billion; Other Income IDR 27.64 billion; APBD IDR 904.88 billion, and Regional Expenditures IDR 957.41 billion.

***Inequality of Concurrent Affairs Social Policy in the Nias Archipelago Area***

Implementation of social policy on Concurrent Government Affairs should take into account four principles, namely the principles of accountability, efficiency, externality, and national strategic interests (Prasetio & Nurdin, 2021) and (Pradana et al., 2023). Based on the data we have obtained, these four principles have not yet been realized in the implementation of social policies, particularly in the area of concurrent government affairs in the Nias Archipelago Area, resulting in inequality in the implementation of concurrent affairs in the Nias Archipelago Area. **First**, viewed from the social policy aspect, real inequality can be seen empirically from the budget policy (2022), even though according to the regulation of Law Number 23 of 2014, to support regions with island characteristics, in preparing development plans and establishing DAU and DAK policies the central government is obligated to pay attention to provincial areas; become a development priority, accelerating maritime development, social culture, economy, human resources, maritime customary law, and island community participation. Even the central government can allocate accelerated funds outside the DAU and DAK. However, in reality, of

the total DAU and DAK obtained through transfer funds for 33 regencies/cities throughout Sumatra Utara Province of IDR 34.85 trillion, 5 regencies/cities in Nias Archipelago Area only received IDR 4.17 trillion (an average of IDR 834 billion; below the provincial average of IDR 1.06 trillion). This means that this is an extreme inequality in social development, the total transfer funds for the five regions are still smaller than the APBD of one regencies/cities, namely Medan City (IDR 6.42 trillion) and Deli Serdang Regency (IDR 4.20 trillion). This condition is still very far from the principle of accountability, because the central government, in terms of the size of the budget allocation, the scope and impact of government affairs, neglects its responsibilities.

**Second**, the principle of efficiency. The principle of efficiency in utilizing budget allocations, the central government still ignores the highest interest (national priority) in accelerating maritime development, socio-culture, economy, human resources, maritime customary law, and island community participation. Even though this has been sufficiently efficient and effectively regulated in social policy in the marine sector.

**Third**, the principle of externality. The principle of externality can have a positive or negative impact on the social environment, including the economy, fiscal, health, social welfare, and justice (Suciadi et al., 2020). The impact of externalities on concurrent government affairs in the maritime sector can strengthen Indonesia's geopolitics and geostrategy as a maritime country, both domestically – to pursue equality with non-marine areas (land) – and abroad, such as resilience (economic, social, cultural) and defense country. This requires the political support of a proportional budget between the Nias Archipelago Area and other non-island regions in the Sumatera Utara Province and Indonesia.

**Fourth**, the principle of national strategic interests. Special treatment for the Nias Archipelago Area is very important to be prioritized, among others in order to maintain state sovereignty and strengthen foreign relations. The policy of Law Number 23 of 2014 that in order to support accelerated development in archipelagic areas, the central government can allocate accelerated funds outside the DAU and DAK. This policy can be understood as an opportunity to increase the budget for the defense and security sector. In this context, Blackwell's (1951, 1953) (Kim & Kim', 1995) agency framework, in making decision-making information systems for public services, becomes very important for local governments in carrying out actions as agents of the central government, especially in implementing government affairs the concurrent choice in the field of archipelagic resource management that is contextual with defense and security, which also contains the principle of externality in maintaining the sovereignty of the Indonesian state.

## **CONCLUSION**

Social policies for the implementation of decentralization and regional autonomy, especially in the implementation of the Optional Concurrent Government Affairs for Regions with Archipelagic Characteristics, are reflected in Law Number 23 of 2014 concerning Local Government. The policy stipulates that the provincial government authorized to manage marine natural resources receives an assignment from the central government based on the Co-administration Principle; in formulating development plans and establishing DAU and DAK policies, the provincial areas with island characteristics must be taken into account; the central government can allocate accelerated funds outside the DAU and DAK; become a national priority in formulating a strategy to accelerate regional development in the management of natural resources in the sea, economy, socio-culture, human resources, development of customary laws related to marine management, and community

participation. Meanwhile, Optional Concurrent Government Affairs that can be managed by the Regional Government of the islands include marine and fishery natural resources; tourist; marine industry and marine-based energy; and mineral resources.

Based on this law, Sumatera Utara Province is one of the areas that has the potential to develop Optional Concurrent Government Affairs in the marine sector, namely in the Nias Archipelago. Of the 33 regencies/cities in Sumatera Utara Province, 5 of them are located in the islands, which include Nias Regency, Nias Selatan Regency, Nias Utara Regency, Nias Barat Regency, and Gunungsitoli City.

The implementation of social policies on Optional Concurrent Government Affairs in the marine sector in the Nias Archipelago is still experiencing inequality, especially from the aspect of budget allocation. The results of the study show that (1) out of 33 regencies/cities in Sumatera Utara Province, 5 regencies/cities in the Nias Archipelago area, namely Nias Regency, Nias Selatan Regency, Nias Utara Regency, Nias Barat Regency, and Gunungsitoli City experience an imbalance in allocation budget extreme with 28 non-island (mainland) regions and below the provincial average. The implementation of social policies that are still worrying for the archipelago area has a real impact and hinders the successful implementation of concurrent government affairs as an archipelago area; and (2) Conceptually, it is important to pay attention to the principles of accountability, efficiency, externality, and national strategic interests in treating archipelagic areas through increased transfer funds – including DAU DAK - as stipulated in Law Number 23 of 2014. This novelty study is expected to be able to become material for evaluating policies of the central and provincial governments. This research can have implications for accelerating development, especially in the archipelago area.

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