

Strengthening Fiscal Independence: The Role of Regional Original Revenue and Research-Based Budget Priorities in Funding Central Kalimantan's RPJMD Program for Inclusive Welfare

Sastori Aryanto^{1*}, Wiwin Zakiah², Benius³

MIE Study Program, Faculty of Economics and Business, University of Palangka Raya, Indonesia

Corresponding Author: Sastori Aryanto torisdm@gmail.com

ARTICLE INFO

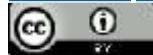
Keywords: Fiscal Autonomy; Local Own-Source Revenue (PAD); Research-Based Budgeting; RPJMD; Inclusive Welfare

Received : 28, November

Revised : 30, December

Accepted: 26, January

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ABSTRACT

Fiscal autonomy is a fundamental prerequisite for regions to implement sustainable and equitable development. This article analyzes strategies for strengthening the fiscal autonomy of Central Kalimantan Province (Kalteng) by focusing on optimizing Local Own-Source Revenue (PAD) and implementing research-based budget priorities to fund programs in the Regional Medium-Term Development Plan (RPJMD). This research uses a qualitative approach with a case study method, through secondary data analysis from Regional Budget (APBD) documents, RPJMD, and related literature. The findings indicate that Central Kalimantan's revenue structure still depends on central government transfers, with a relatively limited contribution from PAD. Potential PAD sources such as local taxes, levies, and natural resource management have not been maximized. Furthermore, the budgeting process has not fully internalized research evidence as a basis for setting priorities, potentially leading to inefficiencies. This article proposes an integrative strategic framework covering: (1) diversification and intensification of the PAD base with a green economy approach; (2) strengthening local government fiscal capacity; (3) institutionalization of an Evidence-Based Planning and Budgeting System; and (4) strengthening public accountability and participation.

INTRODUCTION

Fiscal Decentralization and Demands for Regional Accountability The era of global decentralization has shifted the development paradigm from a centralized approach to strengthening regional capacity. In Indonesia, the massive post-1998 reforms gave birth to a regional autonomy framework that grants broad authority to local governments to manage their own affairs. However, true autonomy lies not only in administrative authority but also in fiscal independence—the ability of regions to finance their governance and development independently (Bird & Slack, 2004). This independence is a prerequisite for realizing responsive, accountable, and sustainable development. In the context of the post-2015 Sustainable Development Goals (SDGs), the demand for inclusive and equitable development is growing, placing local governments at the forefront, requiring adequate fiscal resources and the ability to manage them effectively.

At the national level, although fiscal transfers from the central government to the regions (through the Balancing Fund) have increased significantly, regional dependence on these transfers has the potential to weaken incentives to optimize local economic potential and reduce accountability to local communities (Bahl & Bird, 2008). The phenomenon of the "natural resource paradox" in many wealthy regions, where natural wealth does not correlate with community welfare and regional fiscal capacity, is clear evidence of the failure to manage autonomy substantively (Jatmiko et al., 2020). Therefore, strengthening Regional Original Revenue (PAD) is not merely a technical matter of revenue, but rather a political-economic project to realize the essence of decentralization.

Central Kalimantan Province (Kalteng) represents a miniature illustration of this enormous challenge. As the second-largest province in Indonesia, Central Kalimantan is blessed with abundant natural resources, particularly in the forestry, oil palm plantation, and mining sectors. These primary sectors are the main contributors to the province's Gross Regional Domestic Product (GRDP) (BPS Kalteng, 2023). Ironically, the contribution of this natural wealth to Regional Original Income (PAD) is very minimal. Data shows that the average contribution of Central Kalimantan's PAD to total revenue over the past five years has only been around 18-20%, far below the ideal minimum of 30-40% for an autonomous region. The majority (around 78%) of regional revenue still relies on transfers from the central government. This high fiscal dependency creates several complex problems. First, regional fiscal flexibility is limited. The development programs outlined in the Central Kalimantan 2021-2026 Medium-Term Development Plan (RPJMD), which aims to realize "a Blessed, Just, and Prosperous Central Kalimantan," are often hampered by uncertainty and dependence on central government funding allocations. Second, low regional revenue (PAD) means regions lack the leverage to design truly contextual and innovative programs, as the development "pocket" is controlled centrally. Third, and most crucially, is the challenge of achieving inclusive prosperity. Central Kalimantan still faces development disparities between urban and rural areas, unequal access to basic services, and high poverty rates in several districts. Limited funding and a lack of independence mean that programs addressing

these issues are often sectoral, unintegrated, and lacking solid empirical evidence on the root causes and effective solutions.

Fiscal Gap and Knowledge Gap in BudgetingThe fundamental problems facing Central Kalimantan can be conceptualized as two mutually reinforcing gaps:

1. **Fiscal Gap:**The gap between the region's vast economic potential and its low actual fiscal capacity (PAD). This gap is caused by: (a) an undiversified PAD structure that still relies on the fluctuating vehicle tax sector; (b) suboptimal exploitation of the potential of the green economy, environmental services, and regional assets; and (c) the capacity of regional tax and levy administration that still needs to be improved.
2. **Knowledge Gap in Budgeting:**The gap between the ideal of evidence-based planning and the reality of budgeting practices, which are often political, incremental, and lacking research support, is evident. This gap is manifested in: (a) a budget preparation process that is weak in needs analysis and impact evaluation; (b) the marginalization of the role of research and development (R&D) units in the budget policy cycle; and (c) a misalignment between RPJMD program priorities and actual allocation patterns in the APBD.

These two gaps create a negative cycle: Fiscal dependency leaves regions with insufficient resources to fund in-depth research and evaluation. Without strong evidence, budgeting becomes ineffective and poorly targeted, which in turn hinders the achievement of development outcomes (such as poverty and inequality reduction). Failure to achieve these outcomes then weakens the economic base and public trust, ultimately making it even more difficult to increase local revenue (PAD).

Based on this background, this article aims to answer the research question: How can strategies for strengthening fiscal independence through optimizing local revenue (PAD) and implementing research-based budget priorities be integrated to fund the RPJMD program to achieve inclusive prosperity in Central Kalimantan Province? This article makes significant contributions both theoretically and practically. Theoretically, this article synthesizes and develops a conceptual framework that connects three main discourses that are often discussed separately: fiscal decentralization, evidence-based budgeting (EBB), and inclusive development. The proposed framework offers a holistic analytical lens for understanding the dynamic interactions between fiscal capacity, spending quality, and development outcomes. Practically, this article presents an in-depth diagnosis of Central Kalimantan's fiscal conditions and budgeting process, and offers an integrative strategic framework that is operational and contextual. The resulting policy recommendations are expected to guide local governments, the Regional People's Representative Council (DPRD), and other stakeholders in Central Kalimantan to break the negative cycle of dependency and inefficiency, towards fiscal independence that brings tangible benefits to all levels of society.

LITERATURE REVIEW

The Theory of Fiscal Decentralization and Regional Independence

The main theoretical framework in this study is rooted in the Fiscal Decentralization Theory developed by Musgrave (1959) and Oates (1972). This theory argues that the allocation of public functions (stabilization, distribution, and allocation) can be divided between the central and regional governments to achieve efficiency. Oates (1972) in his Decentralization Theorem states that "every public good should be provided by a jurisdiction that has the same geographical scope as the benefits of the good." This theory is the philosophical foundation of regional autonomy, where regional governments are assumed to better understand local preferences and needs and thus can provide public goods and services more efficiently.

However, this efficiency depends on fiscal equivalence—the balance between spending authority and revenue sources at the regional level (Olson, 1969). This is where the concept of fiscal independence becomes crucial. Bird (1993) defines fiscal independence as the capacity of regional governments to make decisions about their own revenues and expenditures. This independence has two dimensions: revenue autonomy (the authority to determine the tax/levy base and rates) and revenue adequacy (the sufficiency of resources to finance decentralized functions). This theory explains why a high dependence on central transfers, as is the case in Central Kalimantan, can undermine accountability and efficiency—a phenomenon known as the soft budget constraint problem (Kornai et al., 2003), where regional governments lack strong incentives to manage their budgets strictly due to the constant expectation of a bailout from the central government.

Optimal Tax Theory and Locally-Generated Revenue Strengthening Strategies

To overcome soft budget constraints and achieve independence, local governments need to optimize their Locally Generated Revenue (PAD). Optimal Tax Theory (Ramsey, 1927; Diamond & Mirrlees, 1971) provides the basic principles. The Ramsey Rule principle suggests that taxes be levied with inverse elasticity to demand to minimize distortion (excess burden). In the regional context, this theory translates into the "Tax Assignment" principle (Bahl & Bird, 2008), which determines which types of taxes/levies are most suitable for regional administration based on their characteristics: a non-mobile tax base, low visibility, and relatively simple administration.

Furthermore, Fiscal Capacity theory (Boex, 2003) emphasizes that regional fiscal capacity is determined by economic potential (tax base) and administrative capacity (tax effort). Locally-generated revenue (PAD) innovation, as examined by Saragih (2019), can be understood as an effort to expand the tax base to new sources (green economy, digital assets) and increase tax effort through technology and administrative reform. The PAD diversification strategy also aligns with Revenue Diversification theory (Carroll, 2009), which argues that a diversified revenue structure can improve fiscal stability and resilience to economic shocks.

Evidence-Based Policy (EBP) Theory and Evidence-Based Budgeting

The second theoretical framework is Evidence-Based Policy (EBP), which has its roots in the evidence-based medicine movement and has developed within public policy science (Davies, Nutley, & Smith, 2000). This theory rejects approaches to policymaking based solely on intuition, ideology, or political pressure. Instead, EBP emphasizes the use of the best available scientific evidence – from academic research, program evaluations, performance data, and best practices – throughout the policy cycle.

In the context of budgeting, this theory manifests as Evidence-Based Budgeting (EBB) or Priority-Based Budgeting (Mulyadi, 2021). EBB challenges traditional budget models such as Incremental Budgeting (Wildavsky, 1964), which tend to simply adjust the previous year's budget with small increases without fundamentally evaluating program effectiveness. EBB also differs from Political Budgeting (Poterba, 1994), in which budget allocations are heavily influenced by political cycles and patronage transactions. EBB theory argues that budgeting should be a rational and transparent process, where every Rupiah is allocated based on cost-benefit analysis, impact evaluation, and data on the most pressing community needs (Sutrisno & Ali, 2023).

Theory of Inclusive Development and Sustainability

The third theoretical framework is Inclusive Development Theory, which is a synthesis of human development theory (Sen, 1999), social justice (Rawls, 1971), and sustainable development (WCED, 1987). Amartya Sen (1999) in his capability approach argues that the goal of development is to expand people's substantive freedoms to live a life they value. Inclusive development, therefore, is a process that not only pursues economic growth (means), but ensures that the results of that growth are accessible and enjoyed equitably by all groups in society, especially the disadvantaged (ends).

In the context of regional fiscal policy, this theory leads to the concepts of Pro-Poor Budgeting and Gender-Responsive Budgeting (Prasetyo & Halim, 2021), where budgets are specifically designed to address structural inequalities. This theory also requires the integration of ecological sustainability principles, which is particularly relevant for Central Kalimantan, a province with vital peat ecosystems and tropical forests. The concept of Green Fiscal Policy (OECD, 2021) offers instruments to align fiscal policy with environmental goals, for example through environmental taxes/levies (green taxes) or incentives for the green economy.

Theoretical Synthesis and Article Positioning

This article positions itself at the intersection of these three major theoretical streams. We argue that Fiscal Decentralization Theory provides a normative justification for why fiscal independence is important. EBP/EBB Theory provides an operational methodology for how available resources should be allocated rationally and accountably. Meanwhile, Inclusive Development Theory provides a moral compass and the ultimate goal for why both (independence and rational allocation) are necessary.

In other words, fiscal independence without evidence-based budgeting risks ineffective and inequitable allocations (violating Sen's principle). Conversely, evidence-based budgeting without fiscal independence will be limited in its scope due to its reliance on central government priorities and allocations (violating Oates' principle). The synergy of the two, guided by an inclusive development compass, is a necessary and sufficient condition for financing the RPJMD (Regional Medium-Term Development Plan) oriented toward broad and sustainable prosperity in Central Kalimantan. This theoretical synthesis underlies the conceptual framework and empirical analysis in this article.

Conceptual Framework

Based on the literature review, this research was developed with a conceptual framework that describes the systematic relationship between key variables to achieve the research objectives.

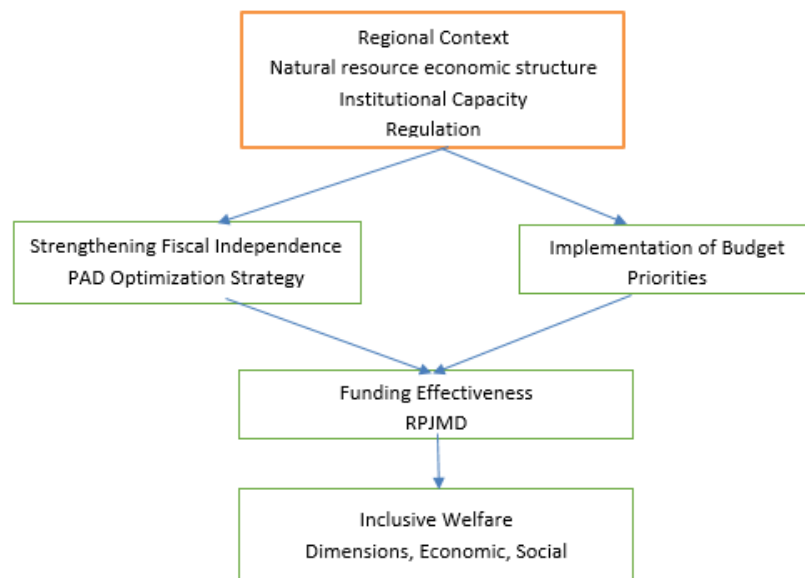


Figure 1. Conceptual Framework

Explanation of Conceptual Framework:

1. Regional Context (Conditional Variable): It is an external factor that influences all relationships within the framework. Central Kalimantan's specific context – including its natural resource-based economic structure, local government institutional capacity, and fiscal regulatory landscape – will shape how fiscal strengthening strategies are designed and how EBB can be implemented.
2. Independent/Intervention Variables:
 - Strengthening Fiscal Independence through Optimization of Locally-Generated Revenue (PAD): This variable represents proactive efforts to increase the capacity of regional independent

revenue, which is measured through the strategy of intensification and diversification of PAD sources.

- Implementation of Research-Based Budget Priorities (EBB): This variable represents efforts to improve the quality of budget allocation and spending by basing decisions on scientific evidence, performance data, and evaluations.
3. Mediating Variable: Effectiveness of RPJMD Program Funding: This variable serves as a critical link. The synergy of these two independent variables is expected to increase funding effectiveness, manifested in: (a) greater alignment between APBD allocations and RPJMD priorities, (b) efficiency and accuracy of fund disbursement, and (c) increased capacity for outcome-based monitoring and evaluation.
 4. Dependent Variable: Inclusive Welfare: It is the ultimate goal of the entire policy chain. Increasing the effectiveness of program funding is expected to have a direct impact on improving inclusive welfare, as measured by increased access to and quality of basic services, reduced inequality, and increased community participation in development.

This framework assumes that a single intervention (optimizing only PAD or only EBB) will be insufficiently effective. The maximum impact on inclusive welfare will only be achieved if there is synergy between increasing fiscal capacity (fiscal space) and improving spending quality, driven by research evidence.

METHODOLOGY

Research Approach and Type

This research uses a qualitative approach with an intrinsic case study design. The qualitative approach was chosen because the research aims to deeply understand the social phenomenon (fiscal strengthening and budgeting) within its specific natural context, namely the Central Kalimantan Provincial Government (Creswell & Poth, 2018). The case study design allows researchers to explore the complexity and uniqueness of the case through various data sources (Yin, 2018). This study is intrinsic because it focuses on an in-depth understanding of the Central Kalimantan case itself, not as a representative of other cases.

Data Collection Sources and Techniques

The data used is secondary data, collected through documentary studies. This technique was chosen because it is suitable for analyzing formally documented government policies and financial performance. Data sources include:

1. Policy and Planning Documents: Central Kalimantan RPJMD 2021-2026, Central Kalimantan APBD Financial Note 2019-2023.
2. Budget and Financial Accountability Documents: APBD Documents (Regional Regulations and Explanations), Regional Government Financial Reports (LKPD) and Performance Reports (LKjPD) for 2019-2023.

3. Statistical Data: Central Kalimantan BPS Publication (Central Kalimantan in Figures, Poverty Profile, etc.), data from the Ministry of Finance regarding the realization of transfers to regions.
4. Academic Literature and Study Reports: Scientific journals, books, theses/dissertations, and study reports from Bappeda Kalteng, LPEM-FEB UI, or other relevant think-tank institutions.

Data Analysis Techniques

Data were analyzed using content analysis and descriptive-analytical document analysis techniques. The analysis process followed the interactive model of Miles, Huberman, & Saldaña (2014), which includes:

1. Data Reduction: Selecting, focusing, and simplifying raw data from documents. Financial data is classified (e.g., PAD vs. Transfer, type of expenditure), while policy data is coded by theme (e.g., "PAD innovation," "program evaluation," "inclusive targets").
2. Data Presentation: Organize the reduced data into a matrix, table, or narrative description that allows conclusions to be drawn. Examples: RPJMD-APBD program alignment matrix, 5-year revenue composition trend table, budgeting process flowchart.
3. Conclusion Drawing/Verification: Identifying patterns, relationships, and key findings from the presented data. Initial conclusions are continuously verified by cross-checking them with the raw data and the literature to ensure validity. The analysis focuses on patterns of fiscal dependency, gaps in the planning-budget process, and opportunities for synergy as outlined in the conceptual framework.

Validity and Reliability

To fulfill the aspect of validity (trustworthiness) in qualitative research (Lincoln & Guba, 1985), the following was carried out:

1. Source Triangulation: Confirm findings by comparing data from various documents (APBD, LKPD, RPJMD, BPS reports).
2. Triangulation of Theory: Interpret findings using more than one theoretical perspective (fiscal decentralization theory, evidence-based policy theory, inclusive development theory).
3. Peer Debriefing: Discuss findings and interpretations with colleagues or experts in the field of fiscal policy to gain critical input.
4. Audit Trail: Documenting in detail and systematically the entire research process, from data collection, coding, to analysis, so that it can be traced by other researchers.

RESEARCH RESULT AND DISCUSSION

Analysis of Regional Revenue Structure and Performance: Dominance of Transfers and Vulnerability of PAD

An analysis of the Central Kalimantan Regional Budget (LKPD) for the 2019-2023 period reveals a revenue structure that remains highly dependent on the central government. The average contribution of Regional Original Revenue

(PAD) is only 18.7% of total regional revenue. In contrast, the contribution of the Balancing Fund (Revenue Sharing Fund/DBH, General Allocation Fund/DAU, Special Allocation Fund/DAK) averages 78.5%. The remaining 2.8% comes from Other Legitimate Revenues. This figure indicates that Central Kalimantan's fiscal independence index is still very low (<0.2), indicating very high dependency (Bahl & Bird, 2008). This pattern is consistent with the findings of Jatmiko et al. (2020) regarding the natural resource paradox, where natural resource wealth does not necessarily translate into strong regional fiscal capacity due to the centralized national fiscal system.

In more detail, the composition of PAD demonstrates a dual dependency. As much as 52.3% of total PAD comes from motor vehicle taxes (PKB and BBNKB), which are highly volatile and dependent on macroeconomic conditions and national transportation policies. Meanwhile, potential revenue from natural resource management, particularly from the forestry and plantation sectors, the backbone of Central Kalimantan's economy, only contributes less than 5% to total PAD. This confirms the existence of a large fiscal gap between economic potential and actual regional fiscal capacity, while also demonstrating the weakness of regional instruments to capture added value from primary economic activities within their regions.

Neglected Regional Revenue Potential: From the Green Economy to Digital Assets

Analysis of the RPJMD, regional potential, and regulations shows several innovative PAD sources that have not been optimally utilized:

1. **Green Economy and Environmental Services:** Central Kalimantan has significant potential for ecotourism (National Parks, Lake Tahai), carbon reserves from peatlands, and non-timber forest products. However, there are no regional regulations governing specific levies or fees for these environmental services. Schemes such as entrance fees to specific ecotourism areas or incentive schemes for companies to pay for environmental services (Payment for Ecosystem Services/PES) could be a sustainable source of local revenue (Saragih, 2019).
2. **Regional Asset Management and PPP:** Government assets such as office buildings, land, or public service facilities have not been optimally managed commercially to generate revenue. Public-Private Partnership (PPP) schemes for infrastructure are also minimal. Yet, profit-sharing from asset management, or PPPs, can be a significant source of regional revenue (PAD).
3. **Digital Economy:** The growth of the digital and e-commerce sectors has not been matched by regional regulations that can capture contributions, for example through levies on certain-scale e-commerce business permits or the development of digital platforms for regional services and tax collection.

The neglect of this potential reflects the absence of a systematic and future-oriented PAD diversification strategy, as criticized by Kadir et al. (2022).

Deconstructing the Budgeting Process: The Gap between Evidence and Politics

Analysis of the Financial Note, Draft APBD, and LKjPD documents reveals several critical points in the budgeting cycle that weaken the "research-based" basis:

1. **Weak Evidence-Based Planning:** Program and budget proposals from regional government agencies (SKPD) often lack supporting documentation such as academic studies, previous program evaluations, or social impact analyses. The rationale presented is more normative ("in line with core duties and functions") or politically aspirational ("supporting the regional head's priority programs"), rather than based on real-world needs and evidence of effectiveness.
2. **Marginal R&D Functions:** Research and Development units within local governments, including the Regional Development Planning Agency (Bappeda), act more as planning administrators than as producers and refiners of policy evidence. Their capacity to conduct rapid assessments, systematic reviews, or rigorous impact evaluations remains limited (Nugroho & Salam, 2022). As a result, planning documents such as the Regional Work Plan (RKPD) are more of a collection of proposed activities than evidence-based policy documents.
3. **A Legislative Process Lacking Scientific Criticism:** Discussions of the draft regional budget (APBD) in the Regional People's Representative Council (DPRD) focus more on negotiating allocations by region or sector based on electoral political considerations, with little use of independent studies or performance evaluations as bargaining tools. Forums such as expert hearings or public reviews of program effectiveness are rarely conducted systematically.

These practices distance the budgeting process from the ideal of Evidence-Based Budgeting (EBB) and tend to consolidate incremental and political-aspirational approaches (Mulyadi, 2021).

Acute Misalignment: RPJMD Priorities vs. APBD Realities

The alignment matrix analysis between the priority programs of the 2021-2026 RPJMD and the 2022-2023 APBD spending allocation shows misalignment in several crucial aspects for inclusive welfare:

1. **Poverty and Stunting Management Program:** Despite being a top priority program, its budget allocation is spread across numerous regional government agencies (Social Services, Health Services, and Community Empowerment Services) without centralized coordination and an integrated data-driven targeting system. There is no budget mechanism that specifically ties this allocation to targets for reducing extreme poverty or stunting prevalence in specific locations based on vulnerability maps. This has the potential to lead to duplication, leakage, and ineffectiveness, as cautioned by Wijayanto & Febrianto (2022).
2. **Local Economic Empowerment Program:** Allocations for entrepreneurship training and capital assistance are often not accompanied by funding for post-program mentoring, business feasibility

studies, or value chain mapping of leading commodities. As a result, program outcomes often stop at training outputs, rather than increasing the real incomes of beneficiaries.

3. Rural Basic Infrastructure Program: Infrastructure development (roads, bridges, clean water) is often determined by local political pressure (pork barrel politics) rather than based on spatial priority studies that consider the impact on accessibility, reducing inequality, and stimulating the economy of underdeveloped villages.

This misalignment reflects the disintegration between strategic planning (RPJMD), budgeting (APBD), and the evaluation system (LKjPD). Without this integration, claims of being "evidence-based" and "results-oriented" become mere rhetoric.

Building Synergy: An Integrative Framework for Fiscal Strengthening and Evidence-Based Budgeting

Based on the in-depth findings above, an integrative strategic framework is needed that simultaneously addresses the root causes of the problem on both the revenue (PAD) and expenditure (budget) sides. This framework consists of four mutually reinforcing pillars:

- **Pillar 1: Transforming the PAD Base towards Sustainability and Innovation.**
 - **Strategy:**(1) Aggressive Diversification: Drafting and ratifying Regional Regulations on Limited Environmental Service Fees and Regional Asset Management. (2) Technology-Based Intensification: Developing an Integrated Regional Tax Information System connected to population and business data to minimize the tax gap. (3) Exploring New Instruments: Conducting feasibility studies and pilot projects for instruments such as regional green bonds or profit-sharing schemes from carbon economic value projects.
 - **Discussion:** This strategy directly targets the Strengthening Fiscal Independence variable within the conceptual framework. By reducing reliance on transfers and vehicle taxes, Central Kalimantan creates a more stable and autonomous fiscal space that can be allocated to inclusive programs.
- **Pillar 2: Institutionalization of Evidence-Based Planning and Budgeting System.**
 - **Strategy:**(1) Mandatory Evidence Regulation: Issue a Governor's Regulation requiring that every budget program proposal above a certain threshold include a concise policy brief containing the problem, evidence, policy options, and evaluation plan. (2) Strengthening R&D Capacity: Transforming R&D units into policy research units with impact evaluation capabilities, the output of which is a prerequisite for budget discussions in Bappeda and the DPRD. (3) Independent Expert Forum: Forming an independent panel of experts (academics, practitioners, civil society) that provides assessments of the quality of evidence and the design of priority programs.

- **Discussion:** This pillar is an operational instrument for realizing the variables of Research-Based Budget Priority Implementation. This shifts the budget culture from being political and incremental to being more rational and outcome-oriented (Davies et al., 2000).
- **Pillar 3: Tight Integration of Planning-Budgeting-Monitoring-Evaluation (PAME).**
 - **Strategy:**(1) Integrated Digital System: Develop a digital platform that connects RPJMD targets, SKPD programs, budget ceilings, realization, and outcome indicators. This platform must be publicly accessible on a limited basis. (2) Actual Performance-Based Budget: Link the following year's budget ceiling for a program to the achievement of the previous year's outcome indicators, based on the results of an independent evaluation. (3) Periodic Spending Review: Conduct an in-depth review of the cost-effectiveness of 3-5 major programs annually, with binding recommendations: continue, improve, or stop.
 - **Discussion:** This pillar is the heart of the mediating variable of RPJMD Program Funding Effectiveness. It ensures that available funds (from Pillar 1) and appropriately allocated funds (from Pillar 2) are truly managed to achieve the desired results.
- **Pillar 4: Open Governance and Inclusive Accountability.**
 - **Strategy:**(1) Gender and Disability Responsive Budgeting (ARGD): Seriously implement budget analysis that is responsive to the needs of vulnerable groups to ensure that no one is left behind (Prasetyo & Halim, 2021). (2) Meaningful Public Participation: Revitalize Musrenbang with inclusive and evidence-based methods, and provide channels for complaints and public feedback on program implementation. (3) Easy-to-Understand Reporting: Publish popular versions of the LKPD and LKjPD that explain the use of public money and its impact on welfare in simple language.
 - **Discussion:** This pillar ensures that the entire process, from local revenue collection to program evaluation, is transparent and the results are accountable to the public. This is the condition that enables the ultimate goal of sustainable, inclusive prosperity and public trust to be achieved.

These four pillars are interrelated and must be implemented as a comprehensive reform package. Increasing local revenue (PAD) without good budget governance risks inefficiency and corruption. Conversely, budget reform without increasing fiscal capacity will be hampered by funding constraints. The synergy between the two will be the catalyst for accelerating inclusive development in Central Kalimantan.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the challenges to fiscal independence and budget effectiveness in Central Kalimantan are structural and interrelated. High fiscal dependence on central transfers and undiversified local revenue sources (PAD) makes the region vulnerable to external shocks. Furthermore, a budgeting

process that is not yet evidence-based and lacks accountability for outcomes often results in resource allocation that is not aligned with inclusive development priorities. These two issues form a vicious cycle, hindering the achievement of inclusive prosperity as mandated by the Regional Medium-Term Development Plan (RPJMD).

To break this cycle, simultaneous and integrated interventions are needed on both the revenue and expenditure sides, as outlined in the four-pillar strategic framework. Specific policy implications are:

1. For the Central Kalimantan Provincial Government: Immediately establish a Fiscal and Budgeting Reform Task Force led directly by the Governor/Deputy Governor, with the mandate to translate this framework into a Roadmap for Strengthening Fiscal Independence and Budget Effectiveness for 2024-2029. This roadmap must include quantitative targets (e.g., increasing the PAD ratio to 25% by 2029, and requiring 100% of priority programs to include policy briefs by 2025) and concrete steps with clear responsibilities.
2. For the Central Kalimantan DPRD: Amending the Council's Rules of Procedure to require the use of academic studies and evaluation results as primary materials in the discussion and determination of the Regional Budget. Establishing a Budget Expert Committee consisting of DPRD members and independent experts to review the quality of program proposals.
3. For the Central Government (Ministry of Finance & Ministry of Home Affairs): Providing special fiscal incentives (for example, additional allocations for certain DAK) for regions that successfully implement sustainable PAD innovations and verified EBB systems. Furthermore, facilitating the process of ratifying regional regulations on new PAD instruments that align with national sustainable development goals.

ADVANCED RESEARCH

For Academics and Civil Society: Act as a critical and constructive partner by being involved in providing research evidence, participating in quality musrenbang forums, and conducting social oversight of program implementation and regional financial reporting.

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