

ANALYSIS OF PSEUDO-DECENTRALIZATION AND FINANCIAL DEPENDENCY IN THE IMPLEMENTATION OF REGIONAL AUTONOMY IN SUMEDANG REGENCY OF INDONESIA

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Abstract. *This study examines the phenomenon of pseudo-decentralization and financial dependence in the context of regional autonomy implementation in Sumedang Regency, Indonesia. Using a case study approach and analyzing financial data from 2019-2022, this research investigates the extent to which Sumedang Regency relies on central and provincial governments for financial resources. The findings reveal a high level of financial dependence due to limited income sources provided by the central government to regions like Sumedang. Despite this dependency, Sumedang Regency has successfully executed development programs and received awards, partly due to effective political lobbying by regional leaders. However, this reliance on local elites may hinder the achievement of decentralization objectives and lead to unequal development outcomes. As a recommendation, the central government is urged to focus on implementing fiscal policies that distribute more lucrative and equitable financial resources to all regencies and cities, promoting genuine decentralization and fair development.*

Keywords: *pseudo-decentralization, financial, autonomy, region, dependence.*

Reikšminiai žodžiai: *pseudodecentralizacija, finansinė, autonomija, regionas, priklausomybė.*

Introduction

Since 2001, the implementation of regional autonomy in Indonesia has faced significant challenges. The primary goal of regional autonomy, namely to improve the welfare of the population through enhanced services, community participation, empowerment, and increased regional competitiveness, has not been fully realized (Badrudin and Siregar 2015). The failure to achieve these goals in the context of regional autonomy can be attributed to various distortions in its implementation. These distortions involve the emergence of oligarchies, clients, and regional fanaticism (Sabara 2022), as well as significant dependence on political elites (John T Sidel in Sabara, 2022). (John T Sidel in Sabara 2022). Furthermore, the escalating development of corruption further complicates the challenges faced (Badrudin and Siregar 2015).

According to the legal framework and regulations governing decentralization and regional autonomy in Indonesia, local governments are obliged to achieve a certain level of self-reliance in managing their own affairs (Article 18, paragraphs (2) and (5) of the 1945 Constitution; Article 10, paragraph (2) of Law No. 32 of 2004; Law No. 23 of 2014, Article 1, paragraph (12)). Fiscal decentralization is a crucial aspect, requiring local governments to finance their expenditures, primarily from their own revenue sources, while the central government is obligated to delegate authority to local governments over their revenue sources, including setting tax rates or tax bases (Hardiana, Tanuatmodjo, and Kurniati 2020). Habibi argues that autonomy demands regional self-reliance in various domains, including financial independence for local development initiatives (Habibi 2015). Kaunang et al. emphasize that the core objectives of re-

gional autonomy and fiscal decentralization are to enhance autonomy and reduce the fiscal dependence of local governments on the central government (Kaunang, Naukoko, and Londa 2016). According to the views of Halim (2004) and Kaunang et al. (2016), regional financial independence, or fiscal autonomy, reflects the ability of regions to fund their own governance activities, development projects, and public services from taxes and levies collected (Tahar and Zakhya, 2011; Kaunang, Naukoko and Londa, 2016).

The execution of government tasks by both the central and regional governments stems from the division of responsibilities and functions between them. This division also carries financial consequences, especially concerning the financing of these responsibilities. Therefore, regions need to have financial resources, including local revenue sources and other income sources provided by the central government.

Financial aspects play a key role in regional governance (Musa'ad, 2010; Hendawati, Komarasakti and Ansori, 2017). Regions must have adequate financial resources to effectively carry out the delegated functions of governance (Hastuti 2018). The effective implementation of local government authority heavily relies on the availability of sufficient financial resources (Hastuti 2018). However, the reality in Indonesia, including in Sumedang Regency, raises questions about the effectiveness of regional autonomy in the decision-making process, considering the substantial allocation of funds from the central government to regional entities.

Local governments have access to various sources of Regional Original Revenue, such as taxes, levies, income from regional enterprises, and revenue from activities or other legal businesses conducted by the local government. Nevertheless, there is a fundamental issue regarding the sufficiency of these sources of Regional Original Revenue to generate profitable income.

The financial capacity of a region is determined by the existence of sources of Regional Original Revenue and their income potential (Purbadharmaja et al. 2019). The profitability of local revenue sources, especially local taxes, depends on how the tax base responds to factors such as inflation, population growth, and economic expansion (Yasrina, 2020; Slattery and Zidar, 2020). In countries that implement decentralization policies, typically in developed countries, there is a tendency to grant greater authority to regions to manage profitable revenue sources (Nasution, Handoko, and Pohan 2018; Agyemang-Duah et al. 2018). Conversely, in developing countries, where profitable financial resources are generally controlled by the central government, the local government's access to these resources is limited, especially for sources with limited revenue potential, such as entertainment tax, corporate registration tax, property tax, and similar levies. This limitation is due to a lack of comprehensive assessment of the revenue potential from various types of local taxes and levies (Rosyada 2017).

The issue of limited local revenue sources has given rise to a phenomenon known as pseudo-decentralization, impacting income and development planning. Fiscal pseudo-decentralization occurs when formal decentralization seemingly grants authority to regions to acquire revenue sources, but in reality, only a small portion of the income is transferred, rendering local revenue sources inadequate (non-profitable). This fiscal pseudo-decentralization ultimately leads to pseudo-decentralization in regional development planning. Essentially, this situation creates the impression that local governments have the authority to carry out governance functions in regional development planning, even though, in reality, regions may not be able to propose or implement programs tailored to the needs of the region and its community. Instead, local governments often implement more development programs initiated by provincial or central governments.

Local governments in developing countries generally have limited access to profitable revenue sources, such as income tax, sales tax, and income tax from international trade. Instead, they are often restricted to taxes with lower revenue potential, such as entertainment tax, corporate registration tax, property tax, and similar levies. This limitation arises due to a lack of comprehensive evaluation of all types of local taxes and levies to assess their suitability and sufficiency as sources of Regional Original Revenue (Rosyada 2017).

In the implementation of regional financial autonomy in Sumedang, Indonesia, significant challenges

are evident. Over 70% of the budget for governance, public services, and development relies on financial assistance from the provincial and central governments. This creates a high level of financial dependence, necessitating adherence to programs outlined by the central government.

Despite extensive literature on these challenges, there remains a gap in understanding the specific mechanisms contributing to pseudo-decentralization and financial dependence at the local level. To address this gap, this research employs a qualitative approach.

This article aims to explore why pseudo-decentralization persists in Sumedang despite significant achievements. We will also delve into the extent to which the regency government can achieve the goals of regional autonomy. The following sections will detail the research methodology, bridging the existing literature gap, and providing an in-depth perspective on the implementation of regional autonomy in Sumedang.

Literature Review

Theoretically, the distribution of governmental power can be pursued through two main approaches: the distribution of institutional power and the distribution of territorial power (Hamja 2020). The institutional power distribution approach aligns with the concept of Montesquieu's *Trias Politica*, where power is divided into three branches: legislative, executive, and judicial. On the other hand, the territorial power distribution approach encompasses aspects of decentralization and deconcentration, each demonstrating specific dynamics in the distribution and exercise of governmental authority. This phenomenon highlights the complexity of power structures in the governance context and depicts the theoretical evolution to achieve effective and responsive balance in policy implementation and governance.

Decentralization, as a phenomenon, takes two forms: functional decentralization and territorial decentralization. Functional decentralization involves the transfer of authority from the central government to specialized institutions, while territorial decentralization involves the delegation of authority from the central government to local institutions within specific geographic boundaries (Talitha, Firman, and Huldalah 2020). Emphasizing the duality of these decentralization forms is essential in understanding the concept and implementation of decentralization in the context of public policy. The implications of this study reinforce the understanding of the roles and impacts of both forms of decentralization within the framework of a decentralized governance.

Fiscal readiness is often overlooked in the context of the dimensions of regional autonomy, an aspect that holds significant implications in the government structure. The success of fiscal decentralization, as an integral part of regional autonomy, relies entirely on the financial management capabilities of the local government. Regions with limited revenue sources, as seen in Sumedang Regency, face serious challenges due to constraints on financial autonomy. This phenomenon becomes the focus of studies, as revealed by (Suprayitno, Nurseto, and Supriyanto 2017) and (Hardiana, Tanuatmodjo, and Kurniati 2020), highlighting the urgency of effective financial management in achieving the goals of fiscal decentralization and optimizing regional welfare.

Financial dependence on the provincial and central governments is a limiting factor for the autonomy of regency/city governments in setting development priorities, resulting in a condition known as pseudo-decentralization in development planning and budgeting (Purwanto and Pramusinto 2018). This phenomenon reflects the complexity of the financial relationships between central and regional government entities, influencing the dynamics of local development policy implementation.

In line with these challenges, regions are encouraged to enhance their Local Own Source Revenue (*PAD*) as an effort to reduce dependence on the central government (Habibi 2015). The improvement of *PAD* is considered a strategic step to enhance the financial independence of regions, providing more room for local governments to determine and implement development policies according to local needs. The implications of emphasizing the enhancement of *PAD* are essential in overcoming barriers of financial

dependence that may limit the flexibility and autonomy of regency/city governments.

The hierarchical government structure facilitates the division of government functions at various levels of governance (Sawir 2019). However, it should be noted that the perspective of the central government has the potential to influence this balance, with impacts felt on local revenue generation (Roza 2021). This dynamic reflects the complex relationship between the government structure and the central viewpoint in the context of task distribution and resource allocation at the regional level. As an integral part of governance and public policy analysis, understanding this interaction becomes crucial in detailing the complexity of decentralization implementation and its impacts at the regional level.

The financial relationship between the central government and regions in Indonesia follows a second approach, where specific government functions are delegated to regions before financial resources are provided (Faguet 2014; Gray and Barford 2018; Hariyanto 2020). This phenomenon reflects a strategy in the implementation of fiscal decentralization, where the delegation of government functions aligns with efforts to provide financial autonomy to regions. In this context, Faguet (2014), Gray and Barford (2018), and Hariyanto (2020) contribute to understanding the dynamics of the financial relationship between the center and regions, as well as the effectiveness of decentralization implementation in Indonesia.

From a policy impact perspective, fiscal decentralization significantly influences capital spending but does not have a significant impact on economic growth and social welfare at the regency/city level (Salam and Izzatusholekha 2020). Debates surrounding decentralization arise as a result of shortcomings in centralized planning, which could potentially lead to political instability and social conflict (Leigh and Lee 2019). These findings provide crucial insights in the context of fiscal policy and development formulation at the regional level, emphasizing the need to understand the dynamics of the decentralization effects on key aspects of local development.

The role of development planning and budgeting becomes highly crucial in shaping the economy and ensuring fair resource allocation (Wildavsky 2017). This practice has become increasingly significant in many countries that link their annual budgets with medium-term plans for both capital and routine expenditures, creating a framework that supports strategic decision-making in resource utilization (Wildavsky 2017). This phenomenon reflects a commitment to long-term planning and budget precision, contributing to the stability and balance of the national and local economies. In the discourse of public policy, a profound understanding of the interaction between planning and budgeting has significant implications for achieving sustainable development and equitable resource distribution.

Method

This qualitative research aims to gain an in-depth understanding of the phenomenon of pseudo-decentralization in the implementation of regional autonomy in Sumedang Regency. Intensive field research was conducted from 2019 to 2022. Sumedang Regency was chosen as the research locus due to its lack of natural resources and not being an investment destination, resulting in a small *PAD* for Sumedang Regency. Nevertheless, during the period of 2019-2023, Sumedang Regency has received 50 national and provincial-level awards. Some of these awards include:

1. National-level Best Public Service Award from the Ministry of Administrative and Bureaucratic Reform.
2. Second rank in Indonesia for the implementation of anti-corruption programs in the third quarter, as issued by the Corruption Eradication Commission (*KPK*) in 2021.
3. Second rank nationally in preventing stunting in the community in 2021, in the category of information technology usage through innovation, specifically the use of the *e-Simpat* application.
4. First national rank and the Government Performance Accountability System (*SAKIP*) award from the Ministry of Administrative and Bureaucratic Reform.

5. Best implementation nationally of the meritocracy system and human resources management, indicating that Sumedang Regency has implemented personnel management policies based on qualifications, competencies, and performance.
6. In financial management, Sumedang Regency received Unqualified Opinion (*WTP*) from the Supreme Audit Agency (*BPK*) seven times consecutively.
7. Second rank in national-level development planning, achievement, and innovation from the National Development Planning Agency (*Bappenas*) in 2022.

The unique characteristics of Sumedang Regency make it an interesting study subject, especially to answer the question of why, despite the existence of pseudo-decentralization in financial planning and regional development, Sumedang Regency continues to receive awards at both the national and West Java Province levels.

Data Collection

Regional autonomy data were obtained through the use of secondary data obtained from *BPS* in the form of regional budget (*APBD*) data, *PAD* data, and revenue data from Sumedang Regency. The analysis method applied uses the ratio of regional financial independence and the ratio of *PAD* growth. The following are the formulas for calculating these ratios:

- a. Calculating the Regional Financial Independence (RFI) Ratio

$$\text{RFI Ratio} = \frac{\text{Locally-generated revenue}}{\text{Central or Provincial Government Assistance and Loans}} \times 100\%$$

- b. Calculating the *PAD* Growth Ratio

$$\text{PAD Growth Percentage} = \frac{\text{PAD year } p - \text{PAD year-1}}{\text{PAD year-1}} \times 100\%$$

To analyze the level of regional financial independence using the following criteria for the pattern of relationships and the level of regional ability:

Table 1. Relationship Patterns and Regional Capability Levels

Financial capability	Independence	Relationship Patterns
That's low	0% - 25 %	Instruktif
Low	25% - 50 %	Konsultatif
Currently	50% - 75 %	Partisipatif
Tall	75% - 100 %	Delegatif

Source: Nataluddin in Hardiana et al., (2020).

Data Collection for Pseudo-Decentralization

To obtain data on the occurrence of pseudo-decentralization in regional development planning in Sumedang Regency, participatory observation and interviews were used as data collection techniques. The applied method of analysis is thematic analysis. Data were collected through participatory observation during the formulation of the Medium-Term Development Plan. Information about the dependency

of Sumedang Regency government on the central and provincial governments, the local leaders' ability to convey programs and development activities from the central and provincial governments, and the achievements of Sumedang Regency government were gathered through in-depth interviews with several key informants. Data were obtained from HS, DS, DSuk, Su, KG (Bureaucrats); TM (Politician), FAM (Academician, Youth Activist). After all data were collected, the next step was to analyze the data. The analysis process used was the interactive analysis model (Matthew B. Miles, A, Michael Huberman 2014).

By adopting a mixed-methods approach, this study aims to provide a comprehensive understanding of the factors perpetuating pseudo-decentralization and financial dependence in Sumedang Regency.

Results and Discussion

Sumedang Regency Regional Financial Independence

Theoretically, decentralization and regional autonomy should provide freedom for regency/city governments to regulate and manage the interests of the region and the local community, especially in improving the quality of public services, fostering growth and development, reducing poverty, achieving Sustainable Development Goals (SDGs), enhancing the efficiency of public sector governance, or achieving macroeconomic stability and fiscal sustainability (Martinez-Vazquez, Lago-Peñas, and Sacchi 2017). Many of the unmet goals of decentralization and regional autonomy are due to separatism, corruption, accountability and political representation issues, as well as the nationalization of the political system (Martinez-Vazquez, Lago-Peñas, and Sacchi 2017).

Conceptually, there are three dimensions of decentralization: political, administrative, and fiscal (Schneider 2003). However, in practice, there is a tendency in some countries, including Indonesia, to prioritize political and administrative decentralization over fiscal decentralization. The central government tends to prioritize political and administrative decentralization, especially in terms of devolving government revenue sources. This political decentralization policy results in low autonomy for regencies/cities in Indonesia in carrying out governance functions. High dependence on the central and provincial governments is a manifestation of the low level of autonomy for regencies/cities. For example, in 2020, the allocation of balancing funds flowing to the West Java Provincial Government reached 15,881.42 billion Rupiah, experiencing an increase of 7.2 percent compared to the previous year. Meanwhile, regencies/cities in West Java Province experienced a decrease in the realization of revenue from balancing funds by 8.06 percent, reaching a figure of 43,659.63 billion Rupiah. During the same period, other revenue realizations in the West Java Provincial Government increased significantly by 29.04 percent, reaching a total of 100.98 billion Rupiah. The income structure between the West Java Provincial Government and the Regencies/Cities Government shows a striking difference. The West Java Provincial Government is dominated by *PAD* at 52.23 percent, while the Regencies/Cities Government relies more on balancing funds, contributing 53.52 percent of the total revenue (Figure 1).

In this context, the dominance of the Equalization Fund received by the Regency/City Government reflects that the entity is still highly dependent on transfer funds, both received from the Central Government in the form of the General Allocation Fund (*DAU*) and Special Allocation Fund (*DAK*), as well as from the Provincial Government in the form of profit-sharing funds. This indicates that the majority of the financing sources for regency/city expenditures come from transfer funds originating from the central and provincial governments.

Although Law Number 1 of 2022 provides equal opportunities for Provincial and Regency/City Governments to explore local revenue sources, especially in terms of local levies, there is, in fact, no significant difference. In this law, both Provincial and Regency/City Governments can explore their revenue sources from local levies through three main categories. First, Public Service Fee Collection such as health services, cleanliness, public road parking, market services, and traffic management. Second, Business Service Levies in the form of providing places for business activities, including wholesale markets, shops, and

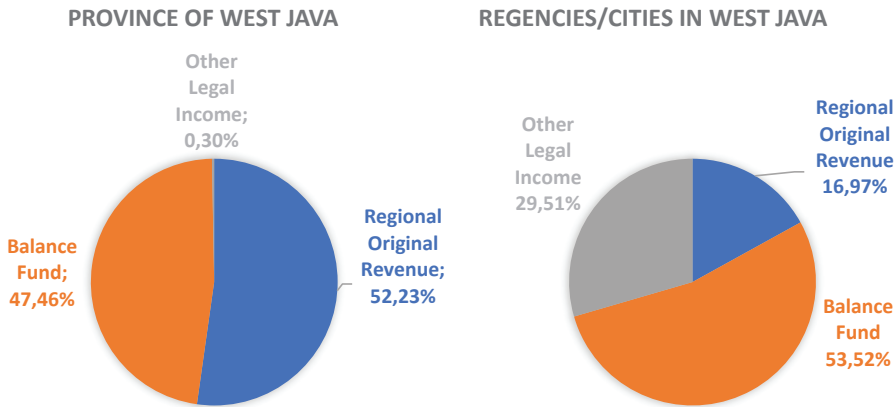


Figure 1. Revenue Structure of West Java Province and Regencies/Cities in West Java Province in 2020

Source: BPS, 2022.

other business venues; providing places for fish auctions, agricultural products, and forest products. Third, Specific Permit Granting Services in the form of building permits; the use of foreign labor; and the management of artisanal mining.

When Regency/City Governments seek to increase PAD, they are required to further develop business service levies compared to general service levies or specific permit granting service levies. Prioritizing general service levies and specific permit granting service levies can pose a risk, namely a reduced interest of investors to invest in the Regency/City area. Table 2 shows the revenue structure in Sumedang Regency from 2019 to 2022.

Table 2. Structure of Regional Revenue in Sumedang Regency 2019-2022

No	Years	Loccally-generated revenue	Balancing Fund	Provincial Grants
1.	2019	Rp. 463.528.449.322,47	Rp. 742.184.434.785,00	Rp. 36.437.021.093,00
2.	2020	Rp. 444.430.236.011,44	Rp.1.628.340.815.970,00	Rp.134.266.775.232,00
3.	2021	Rp. 470.281.819.936,29	Rp.1.619.635.326.253,00	Rp.138.496.690.338,00
4.	2022	Rp. 518.962.803.143,84	Rp.1.765.132.904.738,00	Rp.164.239.295.900,00
SUM		Rp.1.897.203.308.414,04	Rp5.755.293.481.746,00	Rp.473.439.782.563.00

Source: Research Result, 2023

The analysis of Sumedang Regency’s financial independence can be conducted through the exploration of Table 3, which presents the Regional Revenue of Sumedang Regency. The financial independence ratio of Sumedang Regency from 2019 to 2022 is also calculated and documented in the table.

The financial independence ratio of Sumedang Regency in 2019 reached 59.5%, indicating a relatively high level of independence. However, a significant decline occurred in 2020, reaching 25.1%, indicating a greater dependency on external sources of income. Nevertheless, there is an observed increasing trend in 2021 and 2022, with ratios of 26.75% and 28.37%, respectively. This signifies efforts to enhance local financial independence, although it remains below the 2019 level.

Table 3. *Financial Independence Ratio and PAD Growth in Sumedang Regency*

No	Rasio	2019	2020	2021	2022
1.	Regional Financial Independence	59,5 %	25,1 %	26,75 %	28,37 %
2.	PAD growth		-4,12 %	5,82 %	10,35 %

Source: Research Result, 2023.

Revenue from *PAD* also saw fluctuations during this period. Although it experienced a decline of -4.12% in 2019, *PAD* successfully recovered and even recorded significant growth in the subsequent years, namely 5.82% in 2020 and 10.35% in 2021. Details for 2022 might not be complete in the data source; nevertheless, the positive growth trend provides an optimistic outlook regarding efforts to enhance Sumedang Regency's local revenue.

In the analysis of regional financial independence data, the average for regencies/cities in West Java Province indicates a very low level of financial independence. Sumedang Regency, as one of the entities in the province, also recorded a financial independence rate that is classified as very low during the period from 2019 to 2022. In 2019, Sumedang Regency's financial independence was already low, reflecting challenges in achieving optimal fiscal autonomy. Nevertheless, the growth of Sumedang Regency's *PAD* showed quite significant fluctuations. There was recorded growth of 5.82% in 2021 and 10.35% in 2022, although there was a contraction in 2020 that led to a negative growth of -4.12%.

It is essential to scrutinize these calculation results in the context of the legal provisions related to expected fiscal decentralization that can be implemented by the central government. However, it is evident that fiscal decentralization policies remain superficial and tend to become political slogans without concrete substance to support regional autonomy. Although the State Budget (*APBN*) spending has increased significantly by 121 percent since 2005, the proportion of transfers to regions remains stagnant, staying at around 30 percent of the total national expenditure (Simanjuntak 2015). This indicates an imbalance that needs careful consideration in efforts to enhance fiscal autonomy and regional financial independence.

The figures for the financial independence of Sumedang Regency consistently reflect a relatively low level. This finding aligns with research results related to the financial independence of regions, indicating its impact on various development aspects. Previous studies, such as those conducted by (Amalia and Purbadharmaja 2014) and (Adipura, Rahayu, and Junaidi 2022), highlight that the low financial independence of regions correlates with the Human Development Index.

Further impacts are also evident in the economic sector, as revealed by the studies of (Saputra, Amzar, and H.P 2015), (Mauludin and Dewi 2020), and (Adipura, Rahayu, and Junaidi 2022). The combination of regional financial independence, efficiency, effectiveness, and harmonization in expenditure has significant effects on community welfare, reflected in indicators such as per capita income, life expectancy, and years of schooling (Hamid 2018).

Therefore, in response to these findings, the Sumedang Regency Government is committed to enhancing regional financial independence. This effort is reflected in the growth of *PAD* from 2020 to 2022. Referring to the Signaling Theory (Malau and Simarmata 2020), the increase in local own-source revenue is used as an informational signal, reflecting the determination of the Sumedang Regency Government to strengthen regional autonomy as a positive step in local economic development.

Several studies, such as those conducted by (Nasution, Handoko, and Pohan 2018) and Malau and Simarmata (2020), have revealed that *PAD* plays a significant Regency Government has taken steps to increase *PAD*, regional financial independence still lags and is considered low. According to (Andriani and Wahid 2018), this situation indicates a decline in the region's ability to fund development programs, forcing it to rely on central government transfers, general allocation funds, and special allocation funds.

It is important to note that the region's ability to obtain balance funds, general allocation funds, and especially special allocation funds, heavily depends on local leadership. In the context of the Sumedang Regency Government, with low regional financial capacity, achieving accomplishments becomes crucial. These achievements not only have a direct impact on regional income but also contribute to increased tax revenues, such as hotel taxes, restaurant taxes, and street lighting taxes. In this regard, DS's statement is relevant:

"The Sumedang Regency Government has received the national second prize for its handling of stunting through *e-Simpat*. Based on this victory, President Joko Widodo has instructed all districts/cities to study stunting management in Sumedang Regency. There are 150 regency/city governments throughout Indonesia that have conducted comparative studies on stunting. On average, each regency/city conducting a comparative study consists of 21 people. The Sumedang Regency Government has implemented a policy that those conducting comparative studies must stay in hotels in Sumedang Regency for a minimum of 2 days. This policy is expected to boost the local revenue of Sumedang Regency."

Alongside this, Sumedang Regency's achievement of receiving the national first prize in the Government Performance Accountability System (*SAKIP*) from the Ministry of Administrative and Bureaucratic Reform not only stands as a local accomplishment but also serves as a catalyst for several local governments to conduct comparative studies. In this context, HS stated: "Sumedang Regency has received the first prize for *SAKIP* from the Ministry of Administrative and Bureaucratic Reform, particularly for Village *SAKIP*. Many district/city governments in Indonesia learn from Sumedang Regency about *SAKIP*, especially Village *SAKIP*. They come to Sumedang to learn. The Sumedang Regency Government itself arranges for those who want to learn about *SAKIP* (especially Village *e-SAKIP*) in Sumedang to stay, contributing to an increase in hotel occupancy, restaurants attracting customers, and souvenir shops selling their products.

The increase in *PAD* in Sumedang Regency is also attributed to the increase in revenue from land and building taxes. Currently, the Sumedang Regency government is actively pursuing arrears of land and building taxes for the years 2020 and 2021, amounting to approximately 3.7 trillion, with the hope of achieving an ambitious target of 6 trillion.

Despite the increase in *PAD* in Sumedang Regency, efforts to achieve more optimal regional financial independence must continue. The Sumedang Regency government needs to develop strategies and policies that can enhance local revenue, achieve efficiency in expenditures, and ensure transparency and accountability in financial management. Improving regional financial independence will have a significant positive impact, not only in enhancing the quality of public services but also in supporting sustainable regional development.

The independence of Regional Development Planning in Sumedang Regency

The meticulous examination of the Sumedang Regency *RPJMD* (Medium-Term Development Plan) development process unveils a pronounced impact of fiscal pseudo-decentralization on regional development planning. Despite the legal empowerment of regions to articulate and enact their development plans, the tangible execution in Sumedang Regency underscores the prevalence of a pseudo-decentralization paradigm.

The commencement of the process entails deliberations between the Regional Head Campaign Team and crucial agencies like *BAPPEDA* (Regional Development Planning Agency), *Bapenda* (Regional Revenue Agency), and *BPKAD* (Regional Financial and Asset Management Agency), aimed at formulating priority programs consistent with the campaign pledges of the elected Regional Head. The subsequent formulation and dissemination of the *RPJMD* to diverse organizational units adhere to established formal procedures. However, an in-depth analysis of the *RPJMD* content reveals a significant congruence with national development priorities, suggesting a deficiency in genuine decentralization within regional planning.

This alignment raises questions about the extent of regional autonomy in shaping development strategies. While the formal procedures indicate a decentralized approach, the substance of the *RPJMD* reflects a broader influence from national agendas. This discrepancy points to a pseudo-decentralization phenomenon, where the appearance of regional authority in planning may not translate into substantial autonomy. It underscores the need for a more nuanced examination of the power dynamics between central and regional entities in the planning process.

The fiscal limitations confronted by Sumedang Regency accentuate the complexities in realizing the envisioned development initiatives. The primary source of local revenue, namely the *PAD*, falls short in providing the necessary financial backing for the prioritized projects. This inadequacy is compounded by the allocation of funds towards the operational expenditures and aspirations of *DPRD* (Regional People's Representative Assembly) members, thereby imposing additional constraints on the budget earmarked for development endeavors.

These financial challenges underscore the critical need for diversified revenue streams or enhanced fiscal management strategies to augment the available resources. The insufficiency of local revenue has implications for the feasibility and scale of the proposed development programs, necessitating a comprehensive review of financial allocations and priorities to ensure the effective implementation of the regional development agenda.

FAM's statement accentuates the constrained financial capacity of Sumedang Regency, constraining the allocation of funds to maintenance-oriented projects rather than substantial capital expenditures. Despite these financial limitations, the local government demonstrates resilience in initiating infrastructure projects, albeit with a more modest scale. This persistence in project implementation, even within financial constraints, highlights the commitment to addressing regional development needs within the available fiscal parameters.

The study unveils the pivotal role played by the Regent in securing external funding to actualize development projects. Leveraging extensive experience and a well-established network forged through roles in various legislative bodies, the Regent adeptly engages in effective lobbying for support from both central and provincial authorities. Noteworthy instances of successful lobbying, exemplified by securing funds for the library building and COVID-19 response, underscore the Regent's instrumental contribution to the region's developmental pursuits.

Yet, the achievement in securing external funds begets a manifestation of pseudo-decentralization, wherein developmental agendas are swayed by external sources rather than adhering strictly to local priorities. While the emphasis on national and provincial programs proves advantageous in securing financial support, it concurrently jeopardizes the authenticity inherent in regional development planning.

The prevailing conditions in Sumedang Regency mirror a state of fiscal pseudo-decentralization, wherein formal decentralization exists only nominally, and the reliance on external financial sources obstructs genuine autonomy. The dearth of authority in determining budget allocation policies, coupled with the influence of political lobbying on budget disbursement, further solidify the pseudo-decentralized state.

The study underscores a crucial point: notwithstanding the formal endorsement of decentralization, the development programs in Sumedang Regency lack viability without external funding. The Regent assumes a pivotal role in navigating the intricate web of intergovernmental relations, ensuring a secure stream of resources for the region. While this strategy has proven effective, it underscores an imperative for a more equitable fiscal policy, essential for fostering fair and sustainable regional development throughout Indonesia.

In the context of developing the *RPJMD* in Sumedang Regency, findings from previous research offer a rich and profound perspective. Simanjuntak (2015) highlights the risk of disproportion in local budget allocation, a finding that resonates with the reality of Sumedang Regency. The limitations of local resources, as emphasized by Amin (2017) and Sari, Garvera, and Sihabudin (2018), pose a tangible obstacle to achieving genuine regional autonomy. The presence of pseudo-fiscal decentralization, as elucidated by Habibi (2015), further complicates Sumedang Regency's efforts to achieve financial self-reliance.

Akadun (2023) underscores the crucial role of leadership in enhancing organizational performance, aligning with the finding that individual capabilities, especially those of local leaders, play a key role in garnering support and resources. Lastly, Sabara (2022) discusses the impact of the political model of fiscal decentralization, creating competition among regions to secure funds from the central government.

Considering these findings, we understand that Sumedang Regency not only faces local financial constraints but also significant external pressures in the development planning process. Dependency on external support, as illustrated by the Regent's ability to secure additional resources, yields positive outcomes in realizing development projects. However, alongside this success, a form of pseudo-decentralization emerges, where the development agenda is more influenced by external factors, sacrificing authenticity and regional autonomy.

Therefore, from a policy perspective, there is an urgent need to consider a more equitable and sustainable fiscal framework. The central government needs to evaluate the fiscal decentralization model that triggers imbalanced competition among regions. In the context of Sumedang Regency, this may involve increased central fund allocations and fiscal policy reforms to ensure that regions like Sumedang have sufficient resources to realize their development vision with full autonomy.

Conclusions

- Sumedang Regency finds itself entangled in financial dependency on both the central and provincial governments due to the absence of lucrative local revenue sources provided by the central government. This fiscal landscape is emblematic of a decentralized system that, in practice, manifests as pseudo-fiscal decentralization, influencing regional development planning.
- Despite the financial reliance, Sumedang Regency remains resilient in executing development programs and activities, garnering accolades, albeit sourced predominantly from the central and provincial governments. The acquisition of awards, both directly and indirectly, contributes to the augmentation of Sumedang Regency's revenue. Notably, the successful implementation of central and provincial development initiatives in Sumedang is facilitated by adept political lobbying and collaborative efforts on the part of regional leaders. However, this reliance on elite figures in the execution of decentralization and autonomy policies poses a significant risk, potentially impeding the attainment of decentralization and regional autonomy objectives and fostering disparate development outcomes. As such, it becomes imperative to scrutinize and reform the fiscal decentralization model, ensuring equitable resource allocation and sustainable development for regions like Sumedang within the overarching framework of decentralization policies.

The political landscape of fiscal decentralization, leading to fiscal reliance of regency/city governments on the central government (pseudo-decentralization), coupled with dependence on elite figures, poses a substantial threat to the successful realization of decentralization and regional autonomy goals, contributing to unequal developmental outcomes. In light of these challenges, the authors advocate for a proactive stance by the central government in promoting fiscal policies that ensure regency/city governments access financially lucrative and equitable resources.

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PSEUDODECENTRALIZACIJOS IR FINANSINĖS PRIKLAUSOMYBĖS ANALIZĖ ĮGYVENDINANT REGIONINĖ AUTONOMIJĄ INDONEZIJOS SUMEDANGO REGIONE

Anotacija. Šiame tyrime nagrinėjamas pseudodecentralizacijos ir finansinės priklausomybės reiškinys įgyvendinant regioninę autonomiją Sumedango regione, Indonezijoje. Taikant atvejo studijos metodą ir analizuojant 2019-2022 m. finansinius duomenis, šiame tyrime nagrinėjama, kokių mastu Sumedango regionas yra priklausomas nuo centrinės ir provincijų valdžios finansinių išteklių. Tyrimo rezultatai atskleidžia didelę finansinę priklausomybę dėl ribotų centrinės valdžios teikiamų pajamų šaltinių tokiems regionams kaip Sumedangas. Nepaisant šios priklausomybės, Sumedango regionas sėkmingai vykdo plėtros programas ir gauna apdovanojimus. Iš dalies dėl veiksmingo regiono vadovų politinio lobizmo. Tačiau tokia priklausomybė nuo vietos elito gali trukdyti siekti decentralizacijos tikslų ir lemti nevienodus vystymosi rezultatus. Rekomenduojama centrinei valdžiai sutelkti dėmesį į fiskalinės politikos įgyvendinimą, kuri paskirstytų pelningesnius ir teisingesnius finansinius išteklius visam regionui ir miestams. Taip skatinant tikrą decentralizaciją ir teisingą vystymąsi.

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