

## Analysis of Fiscal Independence, Fiscal Dependence, and Fiscal Effectiveness of Central Lombok Regency 2019-2023

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### ABSTRACT

This study aims to analyze "fiscal independence, fiscal dependence, and fiscal effectiveness in Central Lombok Regency". The type of research used in this study is Descriptive research with a quantitative approach. The type of data used in the study is time series data. The data is analyzed using the Fiscal Independence Ratio, Fiscal Dependence Ratio, and Fiscal Effectiveness Ratio. The results of this study indicate that the Fiscal Independence of Central Lombok Regency in 2019-2023 shows a classification of "Not yet independent" with values of 11.04%, 11.55%, 8.95%, 12.21%, and 13.78%, then the Fiscal Dependence of Central Lombok Regency in 2019-2023 is in the "Very high" classification with values of 90.02%, 89.59%, 91.70%, 89.01%, and 87.78%, while the Fiscal Effectiveness of Central Lombok Regency in 2019-2023 shows a classification of "ineffective" with values of 9.51%, 9.83%, 7.73%, 10.80%, and 12.06%.

**Keywords:** *Fiscal Independence, Fiscal Dependence, Fiscal Effectiveness*

### 1. INTRODUCTION

In the reform era, the Indonesian government took major steps to improve the quality of public services through regional autonomy policies. Regional autonomy is one of the main instruments in accelerating regional economic growth by giving more authority to regional governments to make policies that are in accordance with the conditions and characteristics of their respective regions. In addition, regional autonomy is also expected to accelerate infrastructure development and equitable development throughout Indonesia. Regional autonomy is one of the major changes in Indonesian governance after the reform in 1998. The main objective of the regional autonomy policy is to increase community participation in decision-making and management of regional government. However, in addition to increasing community participation, regional autonomy is also expected to have a positive impact on regional economic growth [1].

The following is a summary of data on the Regional Revenue Budget, Regional Original Income (PAD), and Transfer Income reported from the 2019-2023 Regional Revenue and Expenditure Budget Realization Report for Central Lombok Regency, sourced from the Central Lombok Regency Regional Revenue Agency.

Table 1. Total Regional Income, Original Regional Income, and Transfer Income of Central Lombok Regency 2019-2023

Tahun	Pendapatan Daerah (Rp)	Pendapatan Asli Daerah (Rp)	Pendapatan Transfer (Rp)
2019	2.148.565.721.033,12	204.507.672.387,36	1.844.595.774.205,00
2020	2.096.751.245.984,90	206.419.405.625,90	1.776.714.951.375,00
2021	2.109.739.782.960,12	163.077.512.900,58	1.802.016.562.853,00
2022	2.210.181.941.992,33	238.785.324.104,33	1.934.225.978.231,00
2023	2.278.299.769.297,99	274.760.722.842,99	1.972.976.082.091,00

Source: Bapenda Central Lombok Regency, (2023)

Based on table 1, the Regional Income of Central Lombok Regency continues to increase from 2019 to 2023, while the Original Regional Income of Central Lombok Regency decreased in 2021 then increased in 2022 and until 2023, then it can be seen that the amount of Transfer Income of Central Lombok Regency continues to increase and is greater than the amount of Original Regional Income (PAD). This shows that the dependence of the Central Lombok Regency Government on transfers from the center is still quite high.

Increasing the level of efficiency, effectiveness, and accountability within the public sector is anticipated to be a result of the granting of regional autonomy. If the local administration of a territory is able to investigate its own financial matters, then that region might be considered an autonomous region. In order to achieve maximum independence from the central government, autonomous areas need to be equipped with the necessary authorities and capabilities. This is a perfect balance between the central government and the local government since each level of government is able to handle its own funds in order to finance the responsibilities and authority that are exclusive to its distinct regions. It is anticipated that the increase in the Regional Original Income (PAD) of the Central Lombok Regency government will further reduce the dependence of the local government on financial assistance from the centre. Additionally, the region will be more free to spend revenues in accordance with regional development priorities, which will further reduce the dependence of the local government on financial assistance from the centre. Despite this, the amounts of financial assistance that are provided by the centre to the Central Lombok Regency area are still relatively high in comparison to the Regional Original Income (PAD) that is obtained.

Based on the background above, it is an interesting thing for the author to research because basically the Regional Income of Central Lombok Regency continues to increase every year and the Original Regional Income also tends to increase every year, however, Central Lombok Regency still depends on Central Fund Transfers to Regions, because income from Central Fund Transfers to Regions is still much higher than the Original Regional Income of Central Lombok Regency Every Year.

### **Formulation of The Problem**

The problem formulation of this study is: How are Fiscal Independence, Fiscal Dependence, and Fiscal Effectiveness in Central Lombok Regency in 2019-2023?

## **2. LITERATURE REVIEW**

### **2.1 Regional Autonomy**

According to Law No. 23 of 2014 concerning Regional Government, which was most recently amended by Law No. 9 of 2015, the definition of the principle of regional autonomy is the right, authority, and obligation of autonomous regions to regulate and manage their own government affairs and the interests of local communities within the framework of the Unitary State of the Republic of Indonesia. This definition was established by Law No. 23 of 2014. In addition, Law No. 23 of 2014 explains that autonomous regions are legal community units that have territorial boundaries and are authorised to regulate and manage government affairs as well as the interests of local communities according to their own initiative based on the aspirations of local

communities. This law was passed in 2014. The decentralisation of government has led to the formation of autonomous areas as a consequence of its implementation.

As per [2], the primary qualities of a region capable of executing autonomy are: 1. Regional financial capacity refers to the region's ability and authority to identify financial sources, administer, and utilise its own finances for governmental execution. 2. Reliance on central assistance should be minimised; hence, PAD must serve as the primary source of funding, bolstered by national and regional financial equilibrium measures.

## **2.2 Fiscal Independence**

[3] asserts that regional financial independence reflects the capacity of local government to fund governmental operations, development, and community services utilising revenues generated from taxes and levies as essential resources for the region.

[4] elucidates that the degree of independence characterises a region's reliance on external financial resources. A higher independence figure correlates with increased community participation in the payment of regional taxes and levies, indicating a superior level of community welfare. To prepare for regional independence, of course, it is necessary to strengthen the regional economic structure so that the region has good financial resources [5]. Therefore, the regional government must be able to manage financial resources to finance management and development and provide adequate services to the community. The level of independence is calculated by comparing the amount of regional original income (PAD) with regional income from other sources such as central government assistance and regional loans [6].

## **2.3 Fiscal Decentralization**

Fiscal decentralization is a means of encouraging efficiency in the provision of public goods and can improve public welfare through synergy between public services and local needs [7]. It should be noted that the success of implementing fiscal decentralization and autonomy in each region varies. Differences in regional potential, involvement of external parties (investors, entrepreneurs, and the community), quality of human resources, and management of regional economic management are some of the factors that influence the results of the policies implemented [8].

## **2.4 Fiscal Dependence**

Regional financial dependency is a crucial element in fostering development and enhancing community welfare. In the execution of regional autonomy, it is crucial for local governments to evaluate the region's capacity to enhance local revenue, ensuring that the region does not rely solely on funding from the central government [7]. If a region has a low transfer from the central government, it can be concluded that the region has a good budget role and can be considered independent. That way, local governments can develop regions by improving the quality of public services, which has an impact on increasing community welfare.

## **2.5 Fiscal Effectiveness**

Effectiveness is related to the degree of success of an operation in the public sector so that an activity is said to be effective if the activity has a major influence on the ability to provide public services which are previously set targets [9].

Fiscal Effectiveness is related to the expected results with what is to be achieved. If PAD shows the ability of the local government to realize its targets, it will have an impact on the results achieved, the greater the results obtained, the greater the level of effectiveness, and vice versa, the smaller the results obtained, the smaller the level of effectiveness [10].

### **2.6 Regional Income**

According to Law Number 1 of 2022, regional income is the right of the regional government which is recognized as an increase in net wealth value in the relevant year period. According to Government Regulation Number 12 of 2019, regional income includes all receipts of money through the regional general cash account and other receipts in accordance with the provisions of laws and regulations recognized as an increase in equity which is the right of the region in 1 (one) budget year.

According to Law Number 9 of 2015, there are several sources of regional government income, namely: 1.) Regional Original Income (PAD), including regional taxes, regional levies, results of management of separated regional assets, and other legitimate regional original income, such as grants, emergency funds and other income in accordance with laws and regulations. 2.) Transfer Income, including central government transfers consisting of balancing funds, special autonomy funds, privilege funds, and village funds, as well as inter-regional transfers consisting of revenue sharing and financial assistance. 3.) Other Legitimate Regional Income, including regional income outside of regional taxes and regional levies, such as giro services and proceeds from the sale of regional assets.

## **3. METHODS**

This study employs descriptive research utilising a quantitative technique, aligned with its objectives and the nature of the issues addressed. This study was performed in Central Lombok Regency. This site was selected due to Central Lombok Regency's superior regional income compared to West Lombok Regency within West Nusa Tenggara Province.

This study employs the Case Method for data gathering, as case study research is a subset of descriptive research aimed at delivering a comprehensive account of the background and typical characteristics of the case. This study utilises secondary data in the form of time series, covering the observation period from 2019 to 2023. This study utilises secondary data sourced from relevant agencies, including numerical data from the Regional Revenue Agency (Bappenda) and other pertinent organisations relating to the research issue.

### **3.1 Data Analysis Model**

The analysis model used in this study is quantitative descriptive, which is a statistical analysis used to describe, summarize, and analyze quantitative data. Quantitative data is data that can be measured or calculated using numbers [11]. Quantitative descriptive research will present the results of how fiscal independence, fiscal dependence, and fiscal effectiveness in Central Lombok Regency in 2019-2023 are calculated by:

#### **1. Fiscal Independence Ratio**

The independence ratio is determined by contrasting Regional Original Income with Transfer and Loan Income. A lower independence ratio indicates a greater dependency of the regional government on external funding sources. Conversely, the higher the independence ratio means that the lower the dependence of the regional government on aid funds from outside parties [12]. The formulation for calculating fiscal independence is as follows (UGM Fisipol Team & Ministry of Home Affairs Research and Development Agency:

$$\text{Rasio Kemandirian Fiskal} : \frac{\text{Pendapatan Asli Daerah (PAD)}}{\text{Pendapatan Transfer + Pinjaman}} \times 100\%$$

**Table 2. Classification of Fiscal Independence**

No.	Rasio Kemandirian(%)	Keterangan
1.	0-25	Belum Mandiri
2.	25-50	Menuju Mandiri
3.	50-75	Mandiri
4.	75-100	Sangat Mandiri

Source: Fitri & Kiswara (2022)

## 2. Fiscal Dependency Ratio

The dependency ratio compares the transfer income received by the regional government to the overall regional revenue [13]. A higher regional fiscal dependency ratio indicates increased reliance of the regional administration on the central government for the execution of regional autonomy. According to [14], the calculation formula for calculating the fiscal dependency ratio of regional government finances is as follows:

$$\text{RKF} : \frac{\text{Pendapatan Transfer}}{\text{Total Pendapatan Daerah}} \times 100\%$$

**Table 3. Classification of Fiscal Dependence**

No.	Nilai KF(%)	Keterangan
1.	<10,00	Sangat Rendah
2.	10,00-20,00	Rendah
3.	20,00-30,00	Cukup
4.	30,00-40,00	Sedang
5.	40,00-50,00	Tinggi
6.	>50,00	Sangat Tinggi

Source: Mahmudi (2010) in (Digdowiseiso et al.,2023)

## 3. Fiscal Effectiveness Ratio

Fiscal Effectiveness is related to the expected results with what is to be achieved. If PAD shows the ability of the local government to realize its targets, it will have an impact on the results achieved, the greater the results obtained, the greater the level of effectiveness, and vice versa, the smaller the results obtained, the lower the level of effectiveness [7]. The following is the fiscal calculation formula:

$$\text{REF} : \frac{\text{Realisasi Penerimaan PAD}}{\text{Total Pendapatan Daerah}} \times 100\%$$

**Table 4. Classification of Fiscal Effectiveness**

No.	Nilai EF (%)	Keterangan
1.	>100,00	Sangat Efektif
2.	100,00	Efektif
3.	90,00-99,00	Cukup Efektif
4.	75,00-89,00	Kurang Efektif
5.	<75,00	Tidak Efektif

Source: Mahmudi (2019)

## 4. RESULTS AND DISCUSSION

### 4.1 Fiscal Independence of Central Lombok Regency (2019-2023)

The degree of independence quantifies the financial capacity of local governments to fund their own activities, development, and community services, assessed by the ratio of Regional Original Income (PAD) to the total central government assistance and loans received. The subsequent formula delineates the degree of regional financial autonomy:

$$\text{RKF} : \frac{\text{Pendapatan Asli Daerah (PAD)}}{\text{Pendapatan Transfer} + \text{Pinjaman}} \times 100\%$$

The following is the Fiscal Independence Ratio of Central Lombok Regency for 2019-2023:

#### 1. Fiscal Independence Ratio 2019

$$\begin{aligned} \text{RKF} &= \frac{204.507.672.387,36}{1.844.595.774.205,00 + 6.876.957.500,00} \times 100\% \\ &= 11,05\% \end{aligned}$$

#### 2. Fiscal Independence Ratio 2020

$$\begin{aligned} \text{RKF} &= \frac{206.419.405.625,90}{1.776.714.951.375,00 + 9.778.985.700,00} \times 100\% \\ &= 11,55\% \end{aligned}$$

#### 3. Fiscal Independence Ratio 2021

$$\begin{aligned} \text{RKF} &= \frac{163.077.512.900,58}{1.802.016.562.853,00 + 20.000.000.000,00} \times 100\% \\ &= 8,95\% \end{aligned}$$

#### 4. Fiscal Independence Ratio 2022

$$\begin{aligned} \text{RKF} &= \frac{238.785.324.104,33}{1.934.225.978.231,00 + 20.000.000.000,00} \times 100\% \\ &= 12,22\% \end{aligned}$$

### 5. Fiscal Independence Ratio 2023

$$RKF = \frac{274.760.722.842,99}{1.972.976.082.091,00 + 19.901.253.248,00} \times 100\%$$

$$= 13,79\%$$

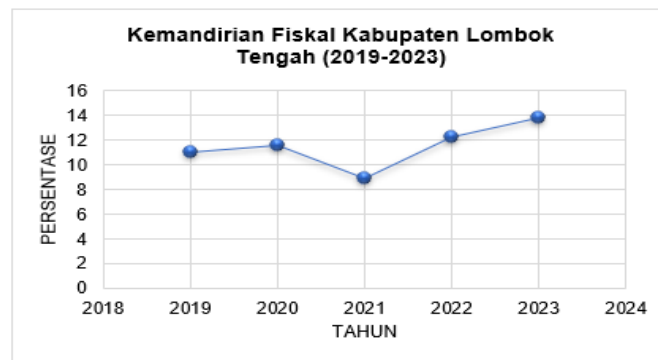
Table 5. Fiscal Independence Ratio Central Lombok Regency 2019-2023

Tahun	Pendapatan Asli Daerah (Rp)	Pendapatan Transfer (Rp)	Pinjaman (Rp)	Rasio (%)
2019	204.507.672.387,36	1.844.595.774.205,00	6.876.957.500,00	11,05%
2020	206.419.405.625,90	1.776.714.951.375,00	9.778.985.700,00	11,55%
2021	163.077.512.900,58	1.802.016.562.853,00	20.000.000.000,00	8,95%
2022	238.785.324.104,33	1.934.225.978.231,00	20.000.000.000,00	12,22%
2023	274.760.722.842,99	1.972.976.082.091,00	19.901.253.248,00	13,79%

Source: Processed Data, 2024

Based on table 5, the results of data analysis obtained from the Regional Revenue Agency of Central Lombok Regency, the fiscal independence of this region shows a tendency to increase, especially in Regional Original Income (PAD). However, the proportion of PAD to total regional income is still relatively small compared to transfer income from the central government, which shows that the efforts of the regional government in exploring its own sources of income have not been optimal. In 2021, the percentage of fiscal independence decreased to 8.95%, increasing again in 2022, namely 12.22% and 2023, namely 13.79%, this indicates instability in the region's ability to be fiscally independent. The increase in PAD in recent years could be an indication of the government's steps in maximizing regional potential, but not yet independent.

Graph 1. Fiscal Independence



Based on graph 1 in categorizing the results according to the classification table according to "[4]". So based on the calculation results, the fiscal independence ratio of Central Lombok Regency for each year is as follows: in 2019, namely 11.05% indication of the classification Not Yet Independent, in 2020, namely 11.55% indication of the classification Not Yet Independent, in 2021, namely 8.95% indication of the classification Not Yet Independent, in 2022, namely 12.22% indication of the classification Not Yet Independent, in 2023, namely 13.79% indication of the classification Not Yet Independent. The results of this calculation show that even though there has been an increase in the fiscal independence ratio from year to year, Central Lombok is still categorized as "Not Yet Independent" according to the classification of [4], because its independence ratio is still below 25%.

In terms of fiscal independence, the increase in PAD each year indicates local government to increase original income through various sources of income. However, the

proportion of PAD is still much lower than the transfer income from the central government, which shows that Central Lombok is still not fully fiscally independent. This limited fiscal independence indicates the need for strengthening in the management of resources.2333local to reduce dependence on central funds.

#### 4.2 Fiscal Dependence of Central Lombok Regency (2019-2023)

The degree of dependency shows the comparison between the amount of transfer income received by the regional government and the total regional revenue. The greater the ratio of regional fiscal dependency means the greater the dependence of the regional government on the central government. In this study, the measurement of dependency is carried out with the following calculation.

$$\text{RKF} : \frac{\text{Pendapatan Transfer}}{\text{Total Pendapatan Daerah}} \times 100\%$$

##### 1. Fiscal Dependency Ratio 2019

$$\begin{aligned} \text{Rasio Ketergantungan Fiskal} &: \frac{1.844.595.774.205,00}{2.148.565.721.033,12} \times 100\% \\ &= 85,85\% \end{aligned}$$

##### 2. Fiscal Dependency Ratio 2020

$$\begin{aligned} \text{Rasio Ketergantungan Fiskal} &: \frac{1.776.714.951.375,00}{2.096.751.245.984,90} \times 100\% \\ &= 84,74\% \end{aligned}$$

##### 3. Fiscal Dependency Ratio 2021

$$\begin{aligned} \text{Rasio Ketergantungan Fiskal} &: \frac{1.802.016.562.853,00}{2.109.739.782.960,12} \times 100\% \\ &= 85,41\% \end{aligned}$$

##### 4. Fiscal Dependency Ratio 2022

$$\begin{aligned} \text{Rasio Ketergantungan Fiskal} &= \frac{1.934.225.978.231,00}{2.210.181.941.992,33} \times 100\% \\ &= 87,51\% \end{aligned}$$

##### 5. Fiscal Dependency Ratio 2023

$$\begin{aligned} \text{Rasio Ketergantungan Fiskal} &= \frac{1.972.976.082.091,00}{2.278.299.769.297,99} \times 100\% \\ &= 86,60\% \end{aligned}$$



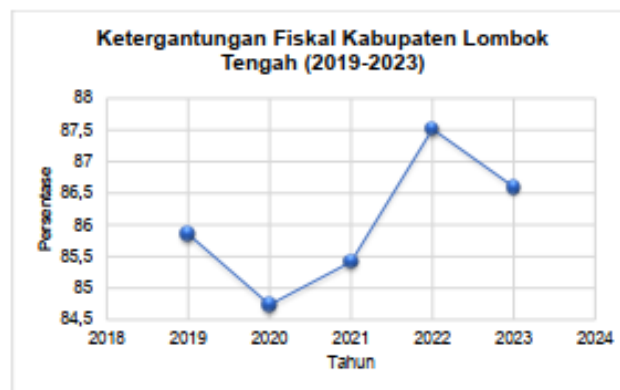
Table 6. Fiscal Dependency Ratio Central Lombok Regency 2019-2023

Tahun	Pendapatan Transfer (Rp)	Pendapatan Daerah (Rp)	Rasio KF (%)
2019	1.844.595.774.205,00	2.148.565.721.033,12	85,85%
2020	1.776.714.951.375,00	2.096.751.245.984,90	84,74%
2021	1.802.016.562.853,00	2.109.739.782.960,12	85,41%
2022	1.934.225.978.231,00	2.210.181.941.992,33	87,51%
2023	1.972.976.082.091,00	2.278.299.769.297,99	86,60%

Source: Processed Data, 2024

Based on table 6, the results of the data obtained in the fiscal dependence of Central Lombok Regency remained high during the 2019-2023 period, which was initially 85.85% in 2019 and 86.60% in 2023, as seen from the proportion of transfer income that continues to dominate regional income sources. In 2023, despite a significant increase in PAD, total transfer income still reached more than 85% of total regional income. This shows that Central Lombok still relies on allocations from the central government to finance various development programs. This dependence indicates a risk to regional autonomy, because the availability of development funds is highly dependent on central government policies and budget conditions, which can hinder development if there is a reduction in central fund allocations.

Graph 2. Fiscal Dependence



Based on graph 2 above, the Fiscal Dependency Ratio (FDR) of Central Lombok Regency from 2019 to 2023 is in the "Very High" classification every year, with the following dependency values or Financing to Deposit Ratio (FDR): in 2019 it was 90.02%, in 2020 it was 89.59%, in 2021 it was 91.70%, in 2022 it was 89.01% and in 2023 it was 87.78%. Based on the results of the analysis through the classification according to [14] through the Fiscal Dependency Ratio indicator. This shows that the results show that Central Lombok Regency in 2019 to 2023 is in the "Very High" classification evenly above > 50.00 every year, meaning that Central Lombok Regency is still very dependent on transfer income from the central government during this period.

The aspect of fiscal dependency in Central Lombok Regency shows that transfers from the central government remain a major component in the structure of regional revenue. The high fiscal dependency on central transfers indicates that this region has not been optimal in utilizing local economic potential to generate original income. This also shows that although PAD has increased, the proportion of transfer funds still dominates, indicating the need for a strategy to increase regional financial autonomy.

### 4.3 Fiscal Effectiveness of Central Lombok Regency (2019-2023)

In the context of fiscal effectiveness, Central Lombok Regency needs to ensure that the management of regional funds, both from PAD and transfers, is used optimally to support regional development. Although regional income shows an increase, the effectiveness of fund management must be evaluated more deeply to ensure that budget allocations are on target. If fiscal effectiveness is achieved, the regional government will be better able to utilize PAD and transfers for development activities that are directly beneficial to the community. These efforts include improving the quality of public services, infrastructure development, and utilizing funds according to sustainable regional development priorities.

The performance of the Central Lombok Regency Government is said to be effective if the ratio produced or achieved is more than 100%. The higher the effectiveness ratio value, the better the performance of the Central Lombok Regency Government. In this study, effectiveness measurement was carried out with the following calculations:

$$\text{Rasio Efektivitas Fiskal} : \frac{\text{Realisasi Penerimaan PAD}}{\text{Total Pendapatan Daerah}} \times 100\%$$

The following is the fiscal effectiveness ratio of Central Lombok Regency for 2019-2023:

#### 1. Fiscal Effectiveness Ratio 2019

$$\begin{aligned} \text{REF} &= \frac{204.507.672.387,36}{2.148.565.721.033,12} \times 100\% \\ &= 9,52\% \end{aligned}$$

#### 2. Fiscal Effectiveness Ratio 2020

$$\begin{aligned} \text{REF} &= \frac{204.507.672.387,36}{2.096.751.245.984,90} \times 100\% \\ &= 9,84\% \end{aligned}$$

#### 3. Fiscal Effectiveness Ratio 2021

$$\begin{aligned} \text{REF} &= \frac{204.507.672.387,36}{2.109.739.782.960,12} \times 100\% \\ &= 7,73\% \end{aligned}$$

$$\begin{aligned} \text{REF} &= \frac{204.507.672.387,36}{2.210.181.941.992,33} \times 100\% \\ &= 10,80\% \end{aligned}$$

#### 4. Fiscal Effectiveness Ratio 2022

#### 5. Fiscal Effectiveness Ratio 2023

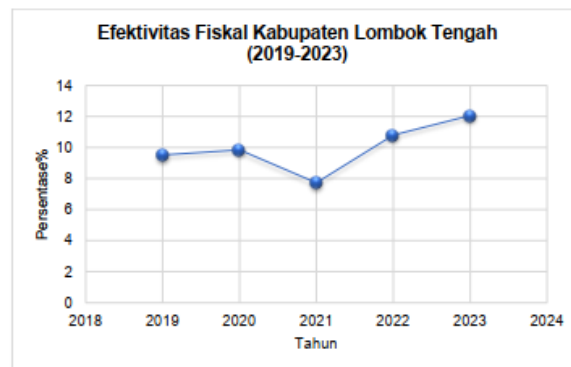
$$\begin{aligned} \text{REF} &= \frac{204.507.672.387,36}{2.278.299.769.297,99} \times 100\% \\ &= 12,06\% \end{aligned}$$

Table 7. Fiscal Effectiveness Ratio Central Lombok Regency 2019-2023

Tahun	Pendapatan Asli Daerah (Rp)	Pendapatan Daerah (Rp)	Rasio EF (%)
2019	204.507.672.387,36	2.148.565.721.033,12	9,52%
2020	206.419.405.625,90	2.096.751.245.984,90	9,84%
2021	163.077.512.900,58	2.109.739.782.960,12	7,73%
2022	238.785.324.104,33	2.210.181.941.992,33	10,80%
2023	274.760.722.842,99	2.278.299.769.297,99	12,06%

Source: Processed Data, 2024

Based on table 7, the results of the data obtained in the fiscal effectiveness of Central Lombok Regency show an increase even though it had decreased in 2021, which was originally in 2019 which was 9.52%, then in 2021 it became 7.73% and increased again in 2023 which was 12.06%. Although there is an increase in the results of the calculation of fiscal effectiveness each year, the effectiveness of Central Lombok Regency is still classified as ineffective.



Graph 3. Fiscal Effectiveness

Based on graph 3 above, the results of the calculation of the fiscal independence ratio of Central Lombok Regency for each year are as follows: in 2019, namely 9.51% indication of Ineffective classification, in 2020, namely 9.83% indication of Ineffective classification, in 2021, namely 7.73% indication of Ineffective classification, in 2022, namely 10.80% indication of Ineffective classification, in 2023, namely 12.06% indication of Not Yet Ineffective classification.

Based on fiscal effectiveness, it was found that budget management in Central Lombok Regency faces challenges in ensuring that available funds are used appropriately and efficiently because according to the Fiscal Effectiveness classification through Mahmudi's source (2019) almost evenly from 2019 to 2023 fiscal effectiveness in Central Lombok Regency tends to be "Ineffective" with a value of only 10.00%.

The increase in PAD should be directly proportional to the increase in fiscal effectiveness in meeting regional development needs. However, this study shows that the effectiveness of fiscal management still requires optimization, especially in ensuring that the budget is used for priority programs that contribute directly to community welfare.

### Discussion

The results of the analysis show that the fiscal independence of Central Lombok Regency is still in the "Not Yet Independent" category. The fiscal independence ratio ranged from 8.95% to 13.78% during the 2019-2023 period, far below the 25% threshold indicating the level of independence. Although there was an increase in the ratio in 2022 and 2023, this was not significant

enough to change the classification status. The increase in PAD from IDR 163.07 billion in 2021 to IDR 274.76 billion in 2023 reflects the efforts of the local government to increase local potential.

However, the contribution of PAD to total regional income is still small, indicating that local income sources have not been optimally utilized. This is a major challenge in increasing fiscal independence. The fiscal dependence of Central Lombok Regency is still very high, with the proportion of transfer income exceeding 85% of total regional income each year. This places Central Lombok Regency in the "Very High" category according to Mahmudi's classification (2010). This high dependency creates risks for the sustainability of regional development if there is a reduction in funds from the center.

The Fiscal Dependency Ratio (FDR) value shows stability at a high level, with an average value above 87%. The dominance of transfer funds shows that Central Lombok has not succeeded in reducing fiscal dependence even though PAD shows an increasing trend. This requires a regional income diversification strategy to reduce fiscal risk. Fiscal effectiveness in Central Lombok Regency is also a major issue. The fiscal effectiveness ratio during 2019-2023 ranged from 7.73% to 12.06%, which is classified as "Ineffective." Although there was a small increase in 2023, this value still shows weaknesses in the allocation and use of the budget to support regional development.

The increase in PAD should be accompanied by an increase in fiscal effectiveness, but data shows that the increase in PAD has not been able to significantly increase the effectiveness of budget management. This indicates the need for improvements in budget planning and management to be in accordance with regional development priorities. High dependence on central transfer funds hampers regional fiscal autonomy. This also risks reducing the flexibility of local governments in responding to development needs if central allocation policies change. Therefore, diversification of revenue sources is an urgent need.

To improve fiscal independence, Central Lombok Regency needs to develop local potential through increasing human resource capacity, regional asset management, and innovation in exploring new sources of income. This effort also requires collaboration with the private sector to strengthen the local economic base. Low fiscal effectiveness indicates the need for strengthening budget management. The local government needs to ensure that every budget allocation has a direct impact on improving community welfare and priority infrastructure development.

## CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn:

1. The fiscal independence ratio of Central Lombok Regency for each year is as follows: in 2019, it was 11.04% indicating the classification of Not Yet Independent, in 2020, it was 11.55% indicating the classification of Not Yet Independent, in 2021, it was 8.95% indicating the classification of Not Yet Independent, in 2022, it was 12.21% indicating the classification of Not Yet Independent, in 2023, it was 13.78% indicating the classification of Not Yet Independent.
2. The Fiscal Dependency Ratio of Central Lombok Regency from 2019 to 2023 is in the "Very High" classification every year, with the dependency value or Financing to Deposit Ratio (FDR) as follows: in 2019 it was 90.02%, in 2020 it was 89.59%, in 2021 it was 91.70%, in 2022 it was 89.01% and in 2023 it was 87.78%.

The fiscal independence ratio of Central Lombok Regency for each year is as follows: in 2019, it was 9.51% indicating Ineffective classification, in 2020, it was 9.83% indicating Ineffective classification, in 2021, it was 7.73% indicating Ineffective classification, in 2022, it was 10.80% indicating Ineffective classification, in 2023, it was 12.06% indicating Ineffective classification.

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