REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA
NUMBER 61/PMK.07/2011

CONCERNING
GENERAL GUIDELINES AND ALLOCATION OF REGIONAL INCENTIVE FUNDS FOR
THE 2011 FISCAL YEAR

BY THE GRACE OF GOD ALMIGHTY

THE MINISTER OF FINANCE OF REPUBLIC OF INDONESIA,

Considering : that in order to stipulate the allocation of Regional Incentive Funds for the 2011 Fiscal Year for provinces and regencies/cities that has been allocated in Act Number 10 of 2010 concerning State Revenue and Expenditure Budget for the 2011 Fiscal Year, it is necessary to stipulate a Regulation of the Minister of Finance concerning General Guidelines and Allocation of Regional Incentive Funds for the 2011 Fiscal Year;

In View of : 1. Act Number 33 of 2004 concerning Financial Balance between Central and Regional Government (State Gazette of the Republic of Indonesia of 2004 Number 126, Supplement to the State Gazette of the Republic of Indonesia Number 4438);
2. Act number 10 of 2010 concerning State Revenue and Expenditure Budget for the 2011 Fiscal Year (State Gazette of the Republic of Indonesia of 2010 Number 126, Supplement to the State Gazette of the Republic of Indonesia Number 5167);
3. Government Regulation Number 48 of 2008 concerning Education Funding (State Gazette of the Republic of Indonesia of 2008 Number 91, Supplement to the State Gazette of the Republic of Indonesia Number 4864);
4. Presidential Decree Number 56/P of 2010;
5. Regulation of the Minister of Finance Number 84/PMK.07/2009 concerning Allocation of Educational Function Expenditure Budget in Regional Budget;
6. Regulation of The Minister of Finance Number 126/PMK.07/2010 concerning Implementation and Accountability of Transfer Budget to Regions;

Decides : REGULATION OF THE MINISTER OF FINANCE CONCERNING GENERAL GUIDELINES AND ALLOCATION OF REGIONAL INCENTIVE FUNDS FOR THE 2011 FISCAL YEAR;

CHAPTER 1
GENERAL PROVISIONS

Article 1

In this Regulation of The Minister of Finance:

1. State Revenue and Expenditure Budget or Anggaran Pendapatan dan Belanja Negara, hereinafter referred to as APBN, is an annual financial plan of the central government that is discussed and mutually approved upon by the Government and House of Representatives and stipulated by an Act.

2. Regional Revenue and Expenditure Budget or Anggaran Pendapatan dan Belanja Negara, hereinafter referred to as APBD, is an annual financial plan of a regional government that is discussed and mutually approved upon by the Regional Government and Regional House of Representatives and stipulated by a Regional Regulation.

3. Regional Incentive Funds or Dana Insentif Daerah, hereinafter referred to as DID, refer to Adjustment Funds in APBN for the 2011 Fiscal Year that are allocated to provinces and regencies / cities to conduct educational function by considering the criteria of performing regions that meet the Main Criteria, Performance Criteria, and Minimum Limits of Performance Completion as the basis to stipulate DID allocation receiving regions and calculate the amount of DID allocation.

4. Main Criteria shall be criteria that must be met as a feasibility determinant of receiving regions, covering regions that at least obtain Qualified Opinion from the Supreme Audit Board from financial statements of the relevant regional government and
regions that stipulate the Regional Regulation of APBD in a timely manner.

5. Performance Criteria are criteria that stipulated as the assessment element towards the performance and effort of the regions, consists of Financial Performance Criteria, Educational Performance Criteria, and Economical and Welfare Performance Criteria.

6. Financial Performance Criteria are criteria stipulated as the assessment element of performance and efforts of regions, including regions that are able to improve or maintain the quality of the Regional Government Financial Statements to get the Unqualified Opinion (WajarTanpaPengecualian – WTP) or Qualified Opinion (WajarDenganPengecualian – WDP) from the Supreme Audit Board, regions that stipulate a Regional Regulation concerning APBD in a timely manner every year, and regions that reach Regional Original Revenue (PendapatanAsli Daerah – PAD) increment above the national average.

7. Education Performance Criteria are criteria stipulated as the assessment element of performance and efforts of regions, including regions that are able to reach Gross Enrollment Rate of Primary School and equivalent above the national average and/or regions that are able to reach Gross Enrollment in Secondary School and equivalent above the national average, and regions that are able to reduce the distance of the Human Development Index (HDI) to ideal IPM (100) above the national average.

8. Economic and Welfare Performance Criteria are criteria stipulated as the assessment element of performance and efforts of regions, including regions that are able to reach the economic growth rate above the average rate of national economic growth, regions that are able to reduce the poverty level above the average reduction of national poverty level, regions that are able to reduce the unemployment level above the average reduction of national unemployment level.

9. Minimum Limits of Performance Completion are certain minimum scores from the scoring of the Financial Performance

Article 2

The main objective of the DID allocation to heads of provinces and regencies / cities is to encourage the regions to manage their finances better which is indicated by opinions gained from the Supreme Audit Board on the regional government financial statements and encourage the regions to always stipulate the APBD in a timely manner.

CHAPTER II
ALLOCATION OF REGIONAL INCENTIVE FUNDS

Article 3

1) The allocation of DID for the 2011 Fiscal Year for provinces and regencies / cities shall be stipulated at an amount of Rp1,387,800,000,000, 00 (one trillion, three hundred eightyseven billion, eight hundred million Rupiahs).

2) The proportion of DID for the 2011 Fiscal Year for provinces and regencies / cities shall be as follows:
   a. for provinces, it is set at 10% (ten percent) of the total number of DID as referred to in paragraph (1); and
   b. for regencies / cities, it is set at 90% (ninety percent) of the total number of DID as referred to in paragraph (1).

3) The stipulation of performing regions and calculation of the amount of DID allocations shall be based on the Main Criteria, Performance Criteria and Minimum Limits of Performance Completion.

4) DID as referred to in paragraph (1) is allocated to assist regions in conducting educational function as the Central Government’s Policy.

5) The implementation of educational function as referred to in paragraph (4) is the allocation of educational function budget that is set in APBD to fund the implementation of education as
the responsibility of regional government.

6) The details of DID receiving regions and the amount of DID allocation shall be as stated in Appendix I, which constitutes an integral and an inseparable part of this Regulation of the Minister of Finance.

Article 4

DID as referred to in Article 3 is a part of regional budget that is set in APBD for the 2011 Fiscal Year and/or Revised APBD for the 2011 Fiscal Year.

CHAPTER III
USE OF REGIONAL INCENTIVE FUNDS

Article 5

1) The DID as referred to in Article 3 paragraph (3) shall be used for activities in order to perform educational function as listed in APBD and/or Revised APBD for the 2011 Fiscal Year as regional authorities / affairs, by type of expenditures as follows:
   a. capital expenditure;
   b. good expenditure;
   c. employee expenditure;
   d. financial aid expenditure; and
   e. grant expenditure.

2) Details for each type of expenditure as referred to in paragraph (1) shall be in accordance with the Regulation of the Minister of Finance concerning the Allocation of Educational Function Fund in Regional Budget.

3) Expenditure as referred to in paragraph (1) is included in the calculation of education fund expenditure allocation that is stipulated at least at 20% (twenty percent).

Article 6

Activities that cannot be funded from the DID include:
a. Co-funding of Special Allocation Fund (Dana AlokasiKhusus – DAK);
b. School Operational Assistance (BantuanOperasionalSekolah – BOS);
c. official education; and
d. grant to regional companies.

CHAPTER IV
DISTRIBUTION OF REGIONAL INCENTIVE FUNDS
Article 7

1) The distribution of DID shall be conducted by transfer from the State General Treasury Account to Regional General Treasury Account at once.

2) The distribution of DID as referred to in paragraph (1) shall be conducted after the receiving regions submit a Regional Regulation concerning APBD for the 2011 Fiscal Year, Statement Letter, and the Regional Incentive Fund Use Plan to the Director General of Financial Balance.

3) The form of the Statement Letter as referred to in paragraph (2) shall be as listed in Appendix II, which constitutes an integral and an inseparable part of this Regulation of the Minister of Finance.

4) The form of the Regional Incentive Fund Use Plan as referred to in paragraph (2) is as listed in Appendix III, which constitutes an integral and an inseparable part of this Regulation of the Minister of Finance.

CHAPTER V
SUPERVISION OF REGIONAL INCENTIVE FUND IMPLEMENTATION
Article 8

The supervision of DID implementation shall be conducted by functional regulatory authorities in accordance with the provisions of legislation.
CHAPTER VI
CLOSING PROVISIONS

Article 9

This Regulation of the Minister of Finance shall come into force on the date of its promulgation.

For public cognizance, this Regulation of the Minister of Finance shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta on March 28, 2011
MINISTER OF FINANCE,

Signed,
AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta on March 28, 2011
MINISTER OF LAW AND HUMAN RIGHTS
Signed
PATRIALIS AKBAR
STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 172

Appendix I ............... 
Appendix II ............... 
Appendix III ...............