

OPEN ACCESS

Citation: Arsyad, A. N. A., & Nalien, E. M. (2024). Regional Financial Capability Analysis Bone District in Return of National Economic Recovery Loans. *Jurnal Bina Praja*, 16(2), 307–320. https://doi.org/10.21787/jbp.16.2024.307-320

Submitted: 22 June 2024 Accepted: July 2024 Published: August 2024

© The Author(s)



This work is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License.

ARTICLE

Regional Financial Capability Analysis Bone District in Return of National Economic Recovery Loans

Andi Nurul Aulia Arsyad¹, Elvira Mulya Nalien (≥ 2

^{1,2} Institute of Home Affairs Governance, West Java, Indonesia

≥ elviramnalien@ipdn.ac.id

Abstract: Regional loans provide consequences for regions to make payments on the loan at the specified time. This article aims to determine how Bone Regency's financial capacity is to pay off PEN loans over the next eight years, analyzed using Mahmudi's Debt Service Coverage Ratio (DSCR). DSCR consists of eight indicators: Regional Original Income, General Allocation Funds, Profit Sharing Funds, Reforestation Fund Profit Sharing Funds, Mandatory Expenditures, Loan Principal Installments, Loan Interest and Other Loan Costs. This article uses a qualitative approach using quantitative data. Data collection techniques include Semi-Structured Interviews, Passive Participant Observation, and Documentation. The research results showed that Bone Regency can repay PEN loans in the next 8 years and meets the minimum DSCR score criteria of 2.5 points. There are no obstacles in repaying PEN loans, but regional finances in 2024 are predicted to be burdened due to the implementation of regional elections. Efforts made to overcome obstacles to repaying PEN loans are by producing good financial reports. Also, to anticipate a budget deficit that may occur in 2024 by budgeting a reserve fund that starts in 2022 and can be disbursed in 2024.

Keywords: DSCR; Financial Capability; PEN Loan.

1. Introduction

The pandemic coronavirus disease 2019 (COVID-19) infected Indonesia in mid-2019 and significantly impacted the country's economic decline. Various policies regarding restrictions on community activities have disrupted regional economic turnover, resulting in decreased regional income. There is a policy refocusing and budget reallocation in handling the COVID-19 pandemic, forcing local governments to immediately find solutions so that regional development activities run hand in hand with handling the COVID-19 pandemic. Therefore, regional governments are required to look for other sources of regional income. One alternative is a regional loan. This study utilizes Mahmudi's concept of regional fiscal capacity to examine how local governments might address budgetary problems during the pandemic (Mahmudi, 2019). This methodology aids in evaluating the capacity of regions to use alternative financial sources, such as PEN loans, to sustain developmental stability.

Various regions in Indonesia have used regional loans as a source of financing for development in their regions. There is a lack of financing for regional development. In this case, the regional government has currently been given the authority to make regional loans and regional bonds (Mardiasmo, 2021). The existence of regional loans will increase opportunities for regions to carry out development and development according to regional needs and priorities (Hasnita, 2021).

Bone Regency is one of the districts that receive regional loans. The regional loan is the National Economic Recovery (PEN) loan. It will be obtained by regional governments that have clear programs during the pandemic (Sipayung & Ardiani, 2022). There is a COVID-19 pandemic causing Bone Regency's regional income to experience a significant decline. This decline in regional income has slowed the pace of regional development activities. This is because all government policies are focused on handling COVID-19. As one of the affected areas by COVID-19 to support its regional income, Bone Regency held a PEN loan, and as of December 29, 2021, it had received an injection of PEN loan funds amounting to Rp278 billion from PT Sarana Multi Infrastruktur (PT SMI) as a State-Owned Enterprise (BUMN) providing infrastructure development financing. The PEN loan has been approved by the Regional House of Representative Council (DPRD) of Bone Regency and has been budgeted for in the 2021 Regional Revenue and Expenditure Budget (APBD) of Bone Regency.

The basic concept of regional National Economic Recovery (PEN) loans emerged after the central government's policy to carry out national economic recovery due to the pandemic COVID-19 that hit Indonesia in 2019 and 2020. Government policy in terms of refocusing and budget reallocation in the context of handling COVID-19 This means that local governments must immediately look for other alternatives so that regional development projects can run. For this reason, funds were provided in the form of PEN loans to affected areas COVID-19, so it is hoped that it can accelerate economic recovery in the region (Mooduto et al., 2021).

It is hoped that the PEN loan can build the region from the downturn of the pandemic COVID-19 in terms of infrastructure, so that good public services are achieved. Due to the effects of COVID-19, regions experience difficulties implementing regional government programs, so PEN loans are given to regions. Regions highly dependent on receiving local revenue during the COVID-19 pandemic experienced economic difficulties, resulting in sharply reduced regional revenues. This has stopped most infrastructure development programs. It is hoped that the PEN loan will enable regional governments to carry out regional programs/activities so that the economy in the region recovers, although in the end, it will be a burden on the region to repay the loan (Sofi et al., 2022).

This loan can finance regional development to restore the regional economy affected by the COVID-19 pandemic, especially in Bone Regency. However, regional loans result in regional obligations to return principal installments and loan interest. Returning the principal installments and interest on this loan is a challenge for local governments so that financial management runs well and loan repayments are made. Therefore, regions are required to be smart in managing their regional finances. Mahmudi's paradigm underscores the significance of fiscal capability in enabling a local government to fulfill its financial responsibilities. In this scenario, DSCR analysis is essential for assessing Bone Regency's financial capacity to efficiently handle PEN loans. It is intended that regions have the fiscal capacity to repay loans; for example, it can be seen from the amount of regional income they have.

Apart from the level of regional fiscal capacity, the implementation of regional loans must also pay attention to the DSCR value (Debt Service Coverage Ratio). The specified value is a minimum of 2.5 as stated in Government Regulation 56 of 2018 concerning Regional Loans. DSCR is a comparison between total Regional Original Income (PAD), regional share (revenue sharing), and General Allocation Fund (DAU) after deducting mandatory expenditure, with the total principal installments, interest, and other loan fees due. In connection with this, this research aims to see Bone Regency's ability to repay loans using the DSCR analysis. The DSCR value can determine the financial capacity of local governments, especially Bone Regency, to carry out principal loan repayments. The DSCR value is known by looking at the projected regional income and expenditure in the current loan year. This projection is useful for calculating the DSCR value of regional governments so that regional financial capacity can be assessed in repaying loans (Wan, 2024). This study employs Mahmudi's methodology to analyze the Debt Service Coverage Ratio (DSCR) to assess Bone Regency's financial capability to repay the PEN loan and facilitate regional development.

The Debt Service Coverage Ratio (DSCR) is a common tool for evaluating the capacity of regional governments to meet their debt commitments. Yulitiawati and Ana Mustika analyzed the fiscal performance of Ogan Komering Ulu Regency, indicating that the Debt Service Coverage Ratio (DSCR) was 30.80 in 2014 but was absent in the following years (Yulitiawati & Mustika, 2020). Second, Cusyana and Nurwati stated that Depok City's financial performance was commendable, evidenced by a Debt Service Coverage Ratio (DSCR) consistently above the minimum requirement (Cusyana & Nurwati, 2020).

Third, Nita Hasnita's research measured Kendari City's financial performance using several financial ratios analyses, one of which is the Debt Service Coverage Ratio. The results of this research obtained the value of the Debt Service Coverage Ratio, which is above the minimum value of 2.5 points (Hasnita, 2021). Fourth, based on the results of research by Sudarlan et al. (2018) regarding the analysis of regional loans as an alternative to financing regional development in Kutai Kartanegara. The results of this research show that because the Kutai Kartanegara Regency Government makes no long-term or medium-term loans, there are no results in the Debt Service Coverage Ratio calculations. On the other hand, the results of debt analysis on Regional Original Income show very poor value. The results of this research can conclude that the Kutai Kartanegara Regency Government cannot rely on Original Regional Income to repay short-term obligations. Sudarlan et al. examined Kutai Kartanegara Regency's debt capacity and found that the local government had not taken out any medium- or longterm loans, so no DSCR values were calculated. The study also indicated weak financial performance, especially due to the region's dependence on PAD to meet short-term debts. This study expands on the DSCR model to evaluate the Bone Regency's capacity to repay the PEN loan, which was introduced as part of the country's economic recovery

plan post-COVID-19. By analyzing Bone Regency's financial management and DSCR figures, this research will shed light on the region's ability to handle its financial commitments and the wider effects on local economic development during crises.

To address this gap, this research will evaluate Bone Regency's ability to repay the National Economic Recovery (PEN) loan using the DSCR metric. Expanding on the DSCR model, this study assesses Bone Regency's capacity to manage the PEN loan, which was introduced as part of the national post-COVID-19 recovery strategy. By analyzing the region's financial management and DSCR figures, this study aims to provide insights into Bone Regency's financial commitments and the broader implications for local economic development during crises. The study's uniqueness lies in its focus on Bone Regency's post-pandemic fiscal challenges, a subject not addressed in prior research. Hence, the main research question is: Can Bone Regency meet its debt obligations under the PEN loan scheme using DSCR as a measure of its financial capacity.

2. Methods

This research uses a qualitative approach, which explores and understands the meaning that a number of individuals or groups of people ascribe to social or humanitarian problems (Creswell, 2016). Conceptualizing research objects using a system of concepts, assumptions, and theories that can inform the research being studied starts with formulating questions for methodological decisions and data collection and analysis procedures (Riazi, 2016). This research uses quantitative data, from data collection and interpretation to the appearance of research results using numbers. The framework of this research is inductive, namely, to examine specific symptoms and then draw general conclusions based on the results of the research carried out (Simangunsong, 2015).

The author collected data through Semi-Structured Interviews, Passive Participant Observation, and Documentation. Data were collected through interviews with seven informants consisting of the head of the Bone Regency Finance and Assets Agency (BKAD), the secretary of the Bone Regency BKAD, the head of the budget planning division of the Bone Regency BKAD, the head of the treasury division of the Bone Regency BKAD, the head of the Bone Regency Public Works department, members one person from the Regional People's Representative Council of Bone Regency, and one of the people of Bone Regency, in this case the people of Kalero Village, and two independent experts, including an academic in regional finance and a policy analyst with expertise in local government fiscal policy, who directly experienced the realization of the PEN loan.

Quantitative data collection is done by taking data based on the Bone Regency Budget Realization Report (LRA) document for 2018 to 2022 and the Bone Regency PEN loan progress report document. The analysis uses Mahmudi's Debt Service Coverage Ratio (Mahmudi, 2019) which states that a region's ability to repay long-term loans can be determined by a DSCR value of at least 2.5 points.

Meanwhile, before calculating the DSCR, projections are made of regional income and regional expenditure, in this case, Regional Original Income, General Allocation Funds, Profit Sharing Funds, Reforestation Fund Profit Sharing Funds, and Mandatory Expenditures using the Equation Trend. Equality trend using data time series (periodic data) is data arranged based on time sequence or data collected from time to time (Maryati, 2010). Based on data time series that has been collected in this research will be used in the equation trend to find out projected financial conditions in the future.

3. Results and Discussion

The author analyzes regional financial capabilities in repaying Bone Regency's National Economic Recovery (PEN) loans using an analysis of the Debt Service Coverage Ratio (DSCR) in the current loan year, namely 2022 to 2029. The criteria for fulfilling the DSCR value is a minimum of 2.5 points. The DSCR value was obtained based on calculations from a formula in accordance with the theory described by Mahmudi.

In accordance with the data analysis techniques that the author has previously described in carrying out calculations of Debt Service Coverage Ratio (DSCR) first the author will carry out projections of Regional Original Income (PAD), Profit Sharing Funds (DBH), General Allocation Funds (DAU), Reforestation Fund Profit Sharing Funds (DBH DR) and Mandatory Expenditure (BW) is a component included in the DSCR calculation formula. In projecting these components or indicators, the author uses data analysis Time Series using the Equation Method Trend.

3.1. Equality Trend

Equation Method Trend of this research was carried out using the least squares sum method (the least square method) which is formulated as follows:

Information:

```
Y' = a + bX

Y' : Dependent variable value
a : Intercept Y, which is the value of Y when X = 0 <math>\left(\frac{\Sigma Y}{n}\right)

b : Slope of the line trend <math>\left(\frac{\Sigma XY}{\Sigma X^2}\right)

X : The value of the independent variable in trend is time.
```

The equality trend above will be used to perform projections towards Original Regional Income (PAD), General Allocation Funds (DAU), Profit Sharing Funds (DBH), Reforestation Fund Profit Sharing Funds (DBH DR), and Mandatory Expenditures (BW) for the next eight years. The projection results are used as a basis for the Debt Service Coverage Ratio (DSCR) calculations. As for the calculation of the equation, trend are as follows:

Table 1. Calculation of Eq Trend Locally Generated Revenue (PAD)

Fiscal Year	PAD (Y) in Rupiah	Х	XY in Rupiah	X2
2018	199,472,831,779	-2	-398,945,663,558	4
2019	208,169,739,391	-1	-208,169,739,391	1
2020	250,562,915,028	0	0	0
2021	208,439,169,492	1	208,439,169,492	1
2022	199,957,946,226	2	399,915,892,452	4
Σ	1,066,602,601,916		1,239,658,995	10

 $\textbf{Source:}\ \textit{Processed by the author based on the 2018-2022 Bone Regency Budget Realization Report}$

Based on Table 1, the equation is obtained trend for PAD, namely PAD = 213,320,520,383 + 123,965,899 X, a amounting to 213,320,520,383 and b amounting to 123,965,899. This means that to find out the next year's PAD projection, apply the equation trend obtained and then replace the coefficients X with the time you want to project. As for the equation trend, what is obtained occurs trend positive, which means that every year, it is projected that PAD will tend to increase.

Regional Original Income (PAD) is an effort to fulfill regional obligations by regional governments that aim to improve the regional economy. It is hoped that the

implementation of improving the regional economy will have an impact on improving the community's quality of life. For regions to fulfill these goals, the government is required to have its financial system on both the income and expenditure side so that regions do not always depend on funding from the central government (Yasin, 2019).

Original Regional Income (PAD) is income whose source comes from regional income in the tax sector, levies, results from the management of separated regional assets and other legitimate regional original income. This source of income is a contribution to regions that are free to explore resources in their regions to implement regional autonomy as a form of implementation of the principle of decentralization (Worumi, 2018).

Based on this, local original income is an important indicator that can assess the success of implementing regional autonomy. Looking at the amount of PAD owned by a region, as stated in the APBD, can explain the financial capacity of a region. In the DSCR analysis, the PAD component is important because PAD is regional income, which can describe regional financial capacity. This income is taken into account towards the region's ability to repay loans.

Table 2. Calculation of Eq Trend Profit Sharing Fund (DBH)

Fiscal Year	DBH (Y) in Rupiah	х	XY in Rupiah	X2
2018	23,302,043,707	-2	-46,604,087,414	4
2019	17,179,515,954	-1	-17,179,515,954	1
2020	23,467,088,444	0	0	0
2021	36,295,771,309	1	36,295,771,309	1
2022	36,421,291,923	2	72,842,583,846	4
Σ	136,665,711,337		45,354,751,787	10

Source: Processed by the author based on the 2018-2022 Bone Regency Budget Realization Report

Based on Table 2, the equation is obtained trend for DBH, namely DBH = 27,333,142,267 + 4,535,475,179 X, a amounting to 27,333,142,267 and b amounting to 4,535,475,179. This means that to find out the DBH projection for the following year, you need to apply the equation trend obtained and then replace the coefficients X with the time you want to project. As for the equation trend, what is obtained occurs positive trend, which means that every year, it is projected that DBH will tend to increase.

Revenue Sharing Funds (DBH) have a strategic role as a fiscal balance between the center and the regions and are sourced from shared taxes. These funds are used to improve the main functions of local government, especially in service and development aspects. The distribution of DBH is carried out through the allocation of funds to regions every year, where the amount is not the same for each region because it is adjusted to the needs or problems of the region itself. DBH allocation to various regions considers the potential of producing regions and looks at the percentage of funding for the implementation of decentralization. DBH is one of the basic capitals of regional governments to obtain funds for regional development, which does not always come from original regional income alone (Agustina, 2022).

Based on Table 3, the equation is obtained trend for DAU, namely DAU = 1,038,869,970.60 - 26,944,290,900 X an amounting to 1,302,419,034,211 and b amounting to -26,944,290,900. This means that to find out the DAU projection for the following year, apply the equation trend obtained and then replace the coefficients X with the time you want to project. As for the equation trend obtained, it appears

Table 3. Calculation of Eq Trend General Allocation Fund (DAU)

X2
4
1
0
1
4
10

Source: Processed by the author based on the 2018-2022 Bone Regency Budget Realization Report

that the trend negative, which means that every year, the DAU is projected to tend to decrease.

General Allocation Funds are part of Transfers to Regions (TKD), which are allocated to reduce disparities in financial capacity and public services between regions. A region's DAU is determined based on the fiscal gap calculated in one budget year. The fiscal gap is the difference between regional fiscal needs and potential regional income. The real financial capacity of local governments can be seen from the size of their DAUs. The DAU component in the DSCR calculation is very important because DAU contributes the largest income to the region. The high DAU owned by a region will impact the ease with which the region can pay the loan principal charged. If the region is unable to make loan principal payments, then cutting the DAU is an alternative that the region has.

Table 4. Calculation of Eq Trend Mandatory Shopping (BW)

Fiscal Year	BW (Y) in Rupiah	х	XY in Rupiah	X2
2018	927,270,742,459	-2	-1,854,541,484,918	4
2019	924,153,976,001	-1	-924,153,976,001	1
2020	943,798,309,599	0	0	0
2021	934,813,058,962	1	934,813,058,962	1
2022	921,143,356,348	2	1,842,286,712,696	4
Σ	4,651,179,443,369		-1,595,689,261	10

Source: Processed by the author based on the 2018-2022 Bone Regency Budget Realization Report

Based on Table 4, the equation is obtained trend for BW, namely BW = 930,235,888,674-159,568,926X,anamountingto 930,235,888,674 and bamounting to 159,568,926. This means that to find out the BW projection for the following year, you need to apply the equation trend obtained and then replace the coefficients X with the time you want to project. As for the equation trend obtained, it appears that the negative, which means that every year, BW is projected to tend to decrease. However, the author did not calculate the Profit-Sharing Fund for Reforestation Funds because the Bone Regency Regional Government Revenue and Expenditure Budget does not contain this account. Therefore, because the Reforestation Fund was not budgeted, in this study, the value was considered zero.

Regional expenditure is all from the regional general treasury account that reduces the Excess Budget Balance (SAL) in the relevant fiscal year period. This expenditure is an obligation of the regional government, which is recognized as a reduction in the value of net assets and will not be repaid by the regional government. Regional expenditure is a regional expenditure burden that is allocated fairly and evenly so that the community can enjoy it without discrimination (Sinurat & Panjaitan, 2017).

3.2. Calculation of PAD, DBH, DAU and BW Projections

PAD, DBH, DAU, and BW projections are calculated based on the trend equations derived from the limited data available. These projections are intended for the repayment period of the PEN loan, spanning eight years (2022-2029). PAD, DBH, DAU, and BW projections are conducted before calculating the Debt Service Coverage Ratio (DSCR) for each year during the loan repayment period. As for the equation trend above, the projections for PAD, DBH, DAU, and BW can be presented in Figure 1.

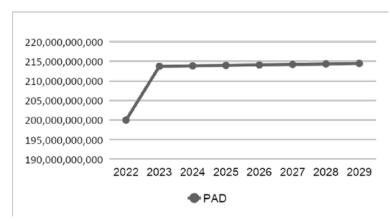


Figure 1. Projection of Original Regional Income (PAD)

Source: Processed by the author based on trend equation calculations

Based on Figure 1 shows the projection of Bone Regency's Original Regional Income from 2022 to 2029, which continues to increase. In 2022, the total PAD for Bone Regency will be Rp199,957,946,226. Then, in the following year, it became Rp213,692,418,082. Continued in 2024, namely Rp213,816,383,981. In 2025, the projected PAD will be Rp213,940,349,881.

Meanwhile, in 2026, it will be Rp214,064,315,780. Continued in 2027, amounting to Rp214,188,281,680. Meanwhile, in 2028, it will increase again to Rp214,312,247,579. At the end of the loan period, PAD is predicted to amount to Rp214,436,213,479.

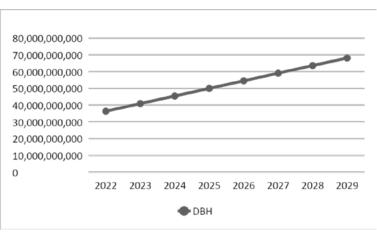


Figure 2. Projection of Profit Sharing Funds (DBH)

Source: Processed by the author based on trend equation calculations

Figure 2 shows the projection of the Bone Regency Revenue Sharing Fund from 2022 to 2029, which continues to increase. In 2022, the total DBH for the Bone Regency will be Rp36,421,291,923. Then, in the following year, it became Rp40,939,567,804. Continued in 2024, namely Rp45,475,042,982. In 2025, the projected DBH will be Rp50,010,518,161.

Meanwhile, in 2026, it will be Rp54,545,993,340. Continued in 2027, amounting to Rp59,081,468,518. Meanwhile, in 2028, it will increase again to Rp63,616,943,697. At the end of the loan period, DBH is predicted to amount to Rp68,152,418,876.

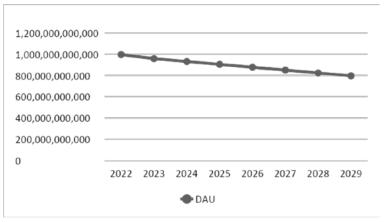


Figure 3. General Allocation Fund Projections (DAU)

Source: Processed by the author based on trend equation calculations

Figure 3 shows the projection of the Bone Regency General Allocation Fund from 2022 to 2029, which continues to decline. In 2022, the total DAU for Bone Regency will be Rp996,360,633,000. Then, in the following year, it became Rp958,037,097,900. Continued in 2024, namely Rp931,092,807,000. In 2025, the DAU projection will be Rp904,148,516,100.

Meanwhile, in 2026, it will be Rp877,204,225,200. Continued in 2027, amounting to Rp850,259,934,300. Meanwhile, in 2028, it will decrease again to Rp823,315,643,400. At the end of the loan period, DAU is predicted to amount to Rp796,371,352,500.

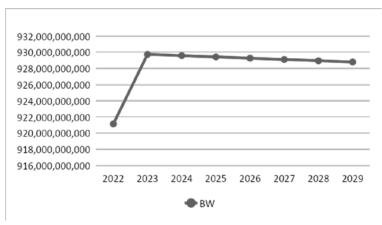


Figure 4. Mandatory Expenditure Projections (BW)

Source: Processed by the author based on trend equation calculations

Figure 4 shows the projection of Mandatory Expenditures for Bone Regency from 2022 to 2029, which continues to increase. In 2022, the total BW for Bone Regency will

be Rp921,143,356,348. Then, in the following year, it became Rp929,757,181,896. Continued in 2024, namely Rp929,597,612,969. In 2025, the projected BW will be Rp929,438,044,043.

Meanwhile, in 2026, it will be Rp929,278,475,117. Continued in 2027, amounting to Rp929,118,906,191. Meanwhile, in 2028, it will increase again to Rp928,959,337,265. At the end of the loan period, BW is predicted to amount to Rp928,799,768,339.

3.3. Calculation Debt Service Coverage Ratio (DSCR)

DSCR is a ratio to measure the ability of regional governments to repay regional loans. This ratio is formulated as follows:

$$DSCR = \frac{\{PAD + DAU + (DBH - DBHDR)\} - BW}{Pokok\ pinjaman + Bunga + BL}$$

This equation results from the previous equations used to determine the debt service coverage ratio (DSCR). In particular, the estimated revenue streams for Bone Regency are represented by the PAD, DAU, and DBH components obtained from these equations. The Revenue Sharing Funds (DBHDR) are subtracted from DBH to account for revenue sharing-related charges. This computation yields the entire amount of accessible money, which is subsequently utilized to pay for the debt service obligations, which include principal and interest payments, as well as the required expenditures (BW). As a result, the DSCR computation incorporates Equations 1 through 4, which establishes a direct correlation between expected income and debt service capacity.

The DSCR value shows the regional financial capacity to repay long-term loans. The amount of this value has certain criteria that indicate the minimum value coverage for the region to be able to repay the loan. A region is said to be able to repay the loan if the resulting DSCR value is at least 2.5. If the DSCR value is less than 2.5, it can be predicted that negative cash flow will occur (Mahmudi, 2019). A DSCR below 2.5 implies possible negative cash flow, indicating a greater chance of default, according to financial assessments that underpin this criterion. With empirical study and the analysis of several regional financial performance measures.

After previously the author has carried out projections on the indicators that make up the DSCR formula, namely PAD, DBH, DAU, and BW, the other data needed before calculating the DSCR value is the amount of principal loan installments, loan interest, and other costs that accompany the PEN loan. The author has obtained this data in the Bone Regency Financial Agency and Regional Assets Treasury Sector, which is contained in the Bone Regency PEN Loan Progress Report, which can be detailed as follows:

Table 5. Bone Regency PEN Loan Repayment Installments

Year —		Payment Amount (Rupiah)		Lean Balance (Bunish)
Teal	Loan Tree	Loan Interest	Cost Management	Loan Balance (Rupiah)
2022	0	14,405,891,025.78	515,718,904.31	278,766,975,305
2023	0	17,255,678,771.38	515,718,904.31	278,766,975,305
2024	46,461,162,550.83	14,379,729,809.48	515,718,904.31	232,305,812,754.17
2025	46,461,162,550.83	14,379,729,809.48	429,765,753.60	185,844,650,203.34
2026	46,461,162,550.83	11,503,783,847.59	343,812,602.88	139,383,487,652.51
2027	46,461,162,550.83	8,627,837,885.69	257,859,452.16	92,922,325,101.67

Vaar	Payment Amount (Rupiah)			Laan Dalamaa (Dumiah)
Year Loan Tree		Loan Interest	Cost Management	Loan Balance (Rupiah)
2028	46,461,162,550.83	5,751,891,923.79	171,906,301.44	46,461,162,550.84
2029	46,461,162,550.83	2,875,945,961.90	85,953,150.72	0

Source: Bone Regency PEN Loan Progress Report

Based on Table 5, in 2022 and 2023, Bone Regency will not be charged to make principal payments on PEN loans. This is because PT SMI, as the lender, provides a grace period (grace period) for the Regional Government of Bone Regency for two years so that in the first two years, it is only mandatory to pay loan interest and other loan costs. The author can calculate the DSCR value for the PEN loan period based on the data obtained. The PEN loan period in question is 2022 to 2029. The DSCR value of the Bone Regency PEN loan can be seen as follows:

Table 6. Mark Debt Service Coverage Ratio

Year	DSCR Value
2022	20.88
2023	15.92
2024	4.25
2025	3.89
2026	3.71
2027	3.51
2028	3.29
2029	3.04

Source: Processed by the author based on DSCR calculations

Table 6 shows that Regency has the ability to do this in accordance with the criteria for the minimum DSCR value to be needed to repay a loan, namely 2.5 points.

Based on calculations that have been carried out, Bone Regency has the highest DSCR value in 2022 and 2023. This can happen because Bone Regency was given a grace period (grace period) for two years for not making PEN loan principal payments. Therefore, that year, the Bone Regency Government received relief or convenience. From 2024 to 2029, the average DSCR value obtained is between 3.00 and 4.00. When compared with 2022 and 2023, this value is much smaller. However, this does not rule out that Bone Regency can repay the loan. The low DSCR value obtained from 2024 to 2029 is because, in that year, the Bone Regency Regional Government was obliged to pay the PEN loan principal in installments and the existing loan interest. Therefore, based on the analysis of the DSCR value above, it can be concluded that the Bone Regency Government has the financial capacity to repay the PEN loan.

If we look at the benefit value of the PEN loan itself, the amount of the PEN loan repayment installments each year is likely to be directly proportional to the realization of the PEN loan, which is focused on regional infrastructure development in the form of the construction of several roads and bridges in Bone Regency. Based on the value of the PEN loan received by Bone Regency, which is approximately Rp278 billion in 2021, Bone Regency has built roads and bridges, including the construction of 13 work packages, 61 spaces, with a length of 96 kilometers and four bridges. If converted to the length of the road, it is around 20 km of concrete and 70 km of hotmix.

This development will likely be directly proportional to the reduction in regional development budget allocations in the following year. This is because there are standard shopping prices for the construction of roads and bridges or concreting carried out by

the Bone Regency Government in 2021, when compared with the following year, for example 2024, there will most likely be a price increase of 50%. For example, in 2021, road construction will be per meter hotmix, amounting to Rp2.5 million. However, in 2024 it is not impossible, in fact it is very possible that the price will increase to Rp4.5 million. So, the costs incurred in 2021 are minimal costs or budget allocations, so they have more benefit value.

The flow of PEN Loan repayment has been regulated in the Regulation of the Minister of Finance of the Republic of Indonesia Number 43/PMK.07/2021 concerning the Management of National Economic Recovery Loans for Regional Governments, which explains that loan repayment will be carried out by calculating directly from the distribution of General Transfer Funds (General Allocation Funds and/or Profit Sharing Funds). For regions that apply for PEN loans, the loan repayment installments will be directly deducted from general transfer funds, in this case, namely DAU and/or DBH.

However, even though there are no obstacles in repaying the PEN loan, this will have an impact on the regional development of Bone Regency, especially in 2024. Based on the author's observations, in 2024, the Regional Head Election (Pilkada) of Bone Regency will also be held. The funds required are quite large, so it is predicted that this will burden regional finances, as well as cut DAU to make PEN loan installment payments. However, the Bone Regency Government fully understands this and has taken steps to budget reserve funds in stages starting in 2022, where the reserve funds will be disbursed and used to support the 2024 regional elections later.

With regard to the budgeted reserve funds, based on the author's observations obtained in the 2022 Bone Regency Budget Realization Report, the Bone Regency Government has budgeted the formation of a Reserve Fund of Rp5 billion. The 2022 reserve fund budgeting can be seen in Table 7.

Table 7. Bone Regency Reserve Fund for 2022

Funding Release	DSCR Value
Provision Fund Formation	Rp5,000,000,000
District Capital Participation	Rp10,000,000,000
Total Funding Disbursements	Rp15,000,000,000

Source: Bone Regency APBD 2022

Referring to Article 201 Paragraph 8 of Law Number 10 of 2016 concerning the Election of Governors, Regents, and Mayors, it is written that the National Simultaneous Voting in the territory of the Unitary State of the Republic of Indonesia will be held in 2024. For this reason, regional governments are obliged to provide funds for its implementation. In accordance with PP Number 12 of 2019 concerning Regional Financial Management, it is explained that reserve funds are funds set aside for shelters that require relatively large funds that cannot be met in one budget year. Budgeting reserve funds must be done in stages. In accordance with the reserve fund budgeting, the Bone Regency Government has budgeted for the 2024 regional elections in stages starting in 2022.

Therefore, the efforts that the Bone Regency government has made to repay PEN loans are to be carried out in accordance with applicable regulations. Repayment of PEN loans is carried out using a deduction mechanism from DAU and recorded as interest expenditure in the APBD so that financial reporting runs smoothly. Furthermore, regarding the impact resulting from the DAU cuts, especially in 2024, namely the reduction in the allocation of costs for development due to more focus on meeting the costs of implementing the Simultaneous Regional Elections, the Bone Regency

Government is trying to budget for the formation of a reserve fund starting in 2022. Later, during implementation, the 2024 regional elections will be held to support the running of the democratic party.

4. Conclusion

The author concludes that based on the value of the Debt Service Coverage Ratio (DSCR) which has been calculated, Bone Regency can repay PEN loans; this is proven by the results of the Bone Regency Regional Government's DSCR calculation, which meets the criteria of a minimum of 2.5. In 2022 and 2023, it has the highest DSCR values, 20.88 and 15.92. Continued in 2024, the DSCR value will be 4.25 points, and in 2025, 3.89 points. In 2026 it will be 3.71 points, in 2027, it will be 3.51 points, in 2028, it will be 3.29 points and in 2029, it will be 3.04 points which if averaged, is worth 3.00.

Acknowledgment

While collecting data for journals at this point, the author realizes that it will not work well without help and support from various parties to the author, both directly and indirectly. Therefore, the author would like to express his infinite gratitude to the Government of Bone Regency, South Sulawesi Province, especially the Regional Finance and Assets Agency of Bone Regency.

References

- Agustina, I. (2022). Kebijakan Dana Bagi Hasil (DBH) Berdasarkan Perimbangan Keuangan Pusat dan Daerah. *JEKP (Jurnal Ekonomi dan Keuangan Publik)*, 9(1), 51–60. https://doi.org/10.33701/JEKP. V911 2787
- Creswell, J. W. (2016). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. SAGE Publications.
- Cusyana, S. R., & Nurwati. (2020). Analisis Kinerja dan Kemampuan Keuangan Terhadap Penyelenggaraan Pemerintahan Kota Depok (Dari Sisi Sisa Pokok Pinjaman Daerah dan Debt Service Coverage Ratio). Jurnal Akuntansi dan Bisnis.
- Hasnita, N. (2021). Analisis Rasio Keuangan dalam Mengukur Kinerja Pemerintah Kota Kendari. *Jurnal Indonesia Sosial Sains*, 2(8), 1320–1329. https://doi.org/10.59141/JISS.V2I08.395
- Mahmudi. (2019). *Analisis Laporan Keuangan Pemerintah Daerah*. Unit Penerbit dan Percetakan Sekolah Tinggi Ilmu Manajemen YKPN.
- Mardiasmo. (2021). Otonomi dan Manajemen Keuangan Daerah. Andi.
- Maryati. (2010). Statistika Ekonomi dan Bisnis. (UPP) AMPYKPN.
- Mooduto, W. I. S., Podungge, A. W., & Mahmud, M. (2021). Menakar Kelayakan Pinjaman Pemulihan Ekonomi Nasional (PEN) Daerah pada Kabupaten Bone Bolango. *Jambura Accounting Review, 2*(2), 123–135. https://doi.org/10.37905/JAR.V2I2.38
- Riazi, A. M. (2016). The Routledge Encyclopedia of Research Methods in Applied Linguistics: Quantitative, Oualitative, and Mixed-Methods Research. Routledge.
- Simangunsong, F. (2015). *Metodologi Penelitian Pemerintahan*. IPDN Press. https://inlislite.ipdn.ac.id/opac/detail-opac?id=3132
- Sinurat, M., & Panjaitan, H. M. (2017). Perencanaan dan Penganggaran Daerah. Pustaka Rahmat.
- Sipayung, B., & Ardiani, A. (2022). Manajemen Risiko dalam Pertimbangan Pengajuan Pinjaman Dana Pemulihan Ekonomi Nasional (PEN) Daerah. *Kinerja*, 19(4), 681–691. https://doi.org/10.30872/jkin. v19i4 12108
- Sofi, I., Sakti, M. P., Bachtiar, A., & Nugraha, S. P. (2022). Pelaksanaan Pinjaman PEN Daerah dan Dampaknya Terhadap Penyerapan Tenaga Kerja di Daerah. *Jurnal Anggaran dan Keuangan Negara Indonesia*, 4(1), 1–22. https://doi.org/10.33827/AKURASI2022.VOL4.ISS1.ART142
- Sudarlan, Sampeallo, Y. G., & Anggraini, N. (2018). Analisis Pinjaman Daerah Sebagai Alternatif Pembiayaan Pembangunan Daerah Kutai Kartanegara. *JAMDI (Jurnal Akuntansi Multi Dimensi), 1*(1). https://doi.org/10.96964/JAMDI.V1I1.192
- Wan, A. (2024). What Is Debt Service Coverage Ratio & How to Calculate It. *In Fit Small Business*. https://aceequityresearch.com/debt-service-coverage-ratio/

- Worumi, H. (2018). Model Strategi Peningkatan Pendapatan Asli Daerah Kabupaten Sarmi Provinsi Papua. Jurnal Ekologi Birokrasi, 6(3), 23–39. https://doi.org/10.31957/JEB.V6I3.781
- Yasin, M. (2019). Analisis Tingkat Pendapatan Asli Daerah (PAD) pada Kinerja Keuangan Daerah Terhadap Pertumbuhan Ekonomi di Provinsi Jawa Timur. *JEB17: Jurnal Ekonomi dan Bisnis, 4*(2), 1003–1018. https://repository.utssurabaya.ac.id/37/1/2822
- Yulitiawati, & Mustika, A. (2020). Analisis Rasio Derajat Desentralisasi Fiskal, Kemandirian Keuangan Daerah, dan Debt Service Coverage Ratio (DSCR) dalam Mengukur Kinerja Keuangan Pemerintah Daerah Kabupaten Ogan Komering Ulu Tahun Anggaran 2013 2017. *Jurnal Akuntansi dan Bisnis, 1*(1). https://journal.unbara.ac.id/index.php/etap/article/view/551