

Regulatory Impact Assessment (RIA) on grant assistance policy in Badung Regency

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Abstract

Purpose: the purpose of this study is to analyze the Regulatory Impact Assessment (RIA) of the Grant Aid Policy in Badung Regency.

Research methodology: This study uses a qualitative approach with the Regulatory Impact Assessment data analysis technique.

Results: The targeted outputs in this study are the analysis of the impact, costs and benefits of the Badung Regency grant aid policy which can be used as evaluation material for the government in implementing the Badung Regency grant aid policy. The policy recommendation is the second option, which is to improve the grant selection and reporting process. This option provides a balance between increasing policy effectiveness and implementation risk, and supports the needs of Badung Regency to ensure more optimal and transparent policy benefits.

Keywords: *Implementation; Public Policy; Assistance; Grant; Regulatory Impact Assessment (RIA)*

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1. Introduction

One of the government's efforts to improve community economic development is through the Grant Fund Policy. The provision of grants by regional governments aims to support the implementation of regional government affairs. The provision of grants is intended to support the achievement of government program and activity targets while still paying attention to the principles of justice, propriety, rationality, and benefits for the community (Minister of Home Affairs Regulation Number 32 of 2011 as amended by Minister of Home Affairs Regulation Number 39 of 2012, Article 4 paragraph (3)). Regional governments in providing grant assistance are adjusted to their own regional financial capabilities and must continue to prioritize the fulfillment of mandatory spending first (Minister of Home Affairs Regulation Number 32 of 2011 as amended by Minister of Home Affairs Regulation Number 39 of 2012, Article 4 paragraph (1) and paragraph (2)) (Budhi, Lestari, & Suasih, 2021; Handayani, Rusmana, & Warsidi, 2023; Juliyantri, 2022).

Grant spending also plays an important role in the economic development activities of districts/cities. Grant spending is intended to support the achievement of the targets of the City Government's programs and activities, by paying attention to the principles of justice, propriety, rationality and benefits for the community. Grant spending is part of operating spending which is a budget expenditure for the daily activities of the central/regional government that provides short-term benefits. The presence of grants can be used as business capital assistance to community groups and individuals to boost the economy. This will be clearly seen from community business activities such as the utilization of idle land, the use of new technology in managing businesses and the improvement of assets owned such as houses, vehicles and so on (Manurung & Putro, 2024; Rizki, Zulgani, & Hodijah, 2021).

Reported from the Official Portal of the Badung Regency Government, Badungkab.go.id, in April 2024 the Badung Regency Government handed over cash grants to the community and the handover of BKK to the Village Government in Badung Regency in the 2024 fiscal year APBD amounting to more than IDR 979 billion, this aims to implement programs and policies that provide optimal benefits for the community, by prioritizing the concept of good cooperation between the government and the community of Badung Regency (badungkab.go.id, 2024c).

The Badung Regency government's optimism towards this Grant Fund Policy is also shown by the Badung Angelus Buana Program. In order to realize equitable welfare and equitable development for the community in various regions of Bali Province and two regions outside Bali, in 2024 (Setda, 2024) the Badung Regency government through the Regent's budget policy, set aside hotel and restaurant tax revenues from the tourism industry in the form of grants and BKK, to be distributed to other regions, vertical agencies and political parties through the Badung Angelus Buana program which means Badung Sharing From Badung For Bali. After providing BKK and Grant assistance to Jembrana, Buleleng, Karangasem and Klungkung Regencies, in 2024 it was Bangli Regency's turn to receive by symbolically handing over Grants and special financial assistance (BKK) amounting to more than IDR 160 billion. The Badung Angelus Buana Program in Bangli Regency funds were provided by distributing BKK to 373 recipients, with a total value of IDR. 70,175,000,000, and Grant assistance given to 175 recipients, with a total assistance amount of Rp. 96,420,197,500. Badung Angelus Buana is a concrete manifestation of the Badung Regency Government's collaborative strategy (Collaborative Governance) with other governments, with the aim of encouraging development in the Bali Province (badungkab.go.id, 2024a).

The purpose of this grant policy is in accordance with the vision and mission in the Initial Draft of the 2025-2045 Badung Regency RPJPD, namely "Badung Unggul: Advanced, Prosperous and Sustainable". where this vision reflects a modern, innovative, and adaptive Badung Regency in circular economic, socio-cultural, and environmental development. With great commitment, Badung Regency is determined to excel in economic advancement, equitable prosperity, and protecting and managing natural heritage. Progress in Badung Regency is reflected in high income levels, quality infrastructure, high levels of education, and skilled labor. Prosperity in the long-term development of Badung Regency reflects the balance between economic growth, equal distribution of wealth, and protection of the natural environment. The sustainability of Badung Regency's development includes protection of the natural environment, with wise efforts in managing natural resources and preventing environmental damage (badungkab.go.id, 2024b).

The implementation of a regulation generally has many impacts that are difficult to predict without conducting detailed studies and consultations with affected parties (Susanto, Suprpto, & Hadiyanto, 2018). Including the grant aid policy in Badung Regency will have an impact on related parties (stakeholders), this impact can certainly be a positive or negative impact. One method for analyzing the impact of implementing a regulation is Regulatory Impact Analysis (RIA).

Organisation for Economic Co-operation and Development (2008) stated that RIA is a fundamental tool to assist the government in assessing the impact of a regulation. RIA is used to test and measure the potential benefits, costs and impacts of new or existing regulations. The implementation of RIA supports the policy-making process by considering valuable empirical data for a policy decision, and through the development of a rational decision framework to examine the potential implications of regulatory policy choices. The main feature of RIA is the consideration of the potential economic impact of a policy (Dwiyanti, Luh Putu Agustini Karta, Cintya, & Bendesa, 2023; Rizal, Fanggidae, & Neno, 2023; Susanto et al., 2018; Thalib, Suaib, Lawani, & Aldi, 2024).

The formulation of the problem in this study is "How is the grant aid policy analyzed using the Regulatory Impact Assessment (RIA) method in Badung Regency?" to evaluate and produce recommendations for grant aid policy options in Badung Regency using the Regulatory Impact Assessment (RIA).

2. Results and discussions

2.1 Regulatory Impact Assessment (RIA) Study of Grant Policy Implementation in Badung Regency

The Grant Fund Policy in Badung Regency aims to support the development of culture, customs, arts, and traditions through a grant scheme that has been regulated in regional regulations. This study is based on the results of interviews with the Head of the Service and the heads of the Badung Regency Cultural Service on December 31, 2024 and aims to analyze the effectiveness of the implementation of this policy from the legal, governance, socio-economic impact, and administrative efficiency aspects. The presentation of the results of this study begins with identifying the problem and continues with the next stages.

1. Problem Identification

Although the Grant Fund has been effective in supporting cultural preservation and social welfare, there are several major challenges in its implementation:

- 1) High Administrative Burden: the high number of proposals of almost 7,000 (seven thousand) proposals in a month causes delays in the verification process and disbursement of funds.
- 2) Dual Management in Recipient Institutions: The e-Grant System has detected overlapping in the management of recipient institutions.
- 3) Community Dependence on Grant Funds: There is concern that the community is not building financial independence because they are too dependent on grants.
- 4) Lack of Coordination with Technical Regional Apparatus Organizations (OPD): Grants related to infrastructure require additional verifiers from Regional Apparatus Organizations (OPD) such as the Public Works, Housing and Settlement Agency, which slows down the disbursement process, because human resources at the Cultural Agency do not have the qualifications or competence to verify infrastructure.
- 5) Transparency: Lack of information on the criteria for grant recipients, so that requirements are often not met and the Community proposing grants must repeatedly revise their proposals.
- 6) Effectiveness: Not all grant funds produce the expected impact.
- 7) Accuracy of Distribution: There are several grant recipients who do not comply with the policy objectives.

2. Legality and Compliance Aspects

Legality Aspects The legality of grant funds in Badung Regency is that grant funds are regulated in Badung Regent Regulation No. 8 of 2022 which was later updated by Badung Regent Regulation No. 11 of 2023. This regulation ensures that grants are provided continuously and incidentally to traditional, arts, and cultural institutions.

Compliance with Regulations, according to informants, until now, the grant fund policy has not experienced legal problems because it has gone through a screening mechanism starting from the Legal Section of the Badung Regency Regional Secretariat, the Badung Regency Regional Inspectorate, and the Badung Regency Regional Development Planning Agency. However, the main challenges that occur are: 1) the existence of dual management in grant recipient institutions, which is detected through the e-Grant system. 2) Proposal submission and verification are carried out by the Cultural Service, while the disbursement process is through TAPD and BPKAD.

3. Effectiveness of Implementation

Submission and disbursement process. Grants are stimulus in nature with no limit on the number of submissions, but are still verified for eligibility. The e-Grant system has accelerated the administration and reporting process. Annual grant proposals are submitted in March of the previous year, while grant changes can be submitted in January of the current year. Monitoring is carried out by the Cultural Service, Inspectorate, and BPK in several stages to ensure accountability for the use of funds. The obstacle in implementing this grant fund policy is the high number of proposals of almost 7,000 (seven thousand) proposals in a month causing delays in the verification process and disbursement of funds. requires additional verifiers from Regional Apparatus Organizations (OPD) such as the Public

Works, Housing and Settlement Service, which slows down the disbursement process, because human resources at the Cultural Service do not have the qualifications or competence to verify the infrastructure sector.

4. Efficiency and Transparency

The efficiency and transparency aspect is that Grant Funds are not subject to additional administration fees or taxes. Transparency is guaranteed through the e-Grant system which records the entire process from submission to disbursement. Periodic evaluations are carried out to determine whether the funds disbursed are commensurate with the benefits obtained by the community. 5. Stakeholder Involvement, stakeholders involved in the implementation of grant funds are: the community is involved in grant planning through mapping and equalizing submissions. Customary institutions, village offices, and local governments have a coordinating role in supervising and distributing funds. The evaluation process involves grant recipients to provide feedback for policy improvement. However, there is a lack of coordination in the implementation process of grant funds, especially in terms of supervision, such as when the proposal submission is signed by the Village Head, but after approval from the district government (whether the proposal is passed or not, the Village Head does not receive a copy), here lies the weakness in its management so that the Village Head/Sub-district Head does not have the authority to carry out supervision.

5. Regulatory Impact Evaluation

RIA examines the impact of this policy in the following aspects:

- 1) Economic Impact, economically the grant funds contribute to improving the local economy by helping to fund traditional and cultural events. The community does not need to allocate personal funds, thus increasing purchasing power and social welfare. However, the lack of a long-term impact evaluation mechanism means that the effectiveness of the budget has not been optimally measured.
- 2) Social Impact, seen from the social impact that this Grant strengthens cultural identity and maintains the sustainability of local traditions. Community participation in grant planning still needs to be improved so that the distribution of funds is fairer and more equitable. The risk of community dependence on grants needs to be anticipated with education and empowerment strategies. And its effectiveness is limited to certain sectors.
- 3) Governance Impact, the impact of Governance that the grant has used an electronic system, namely the e-Grant System, increases transparency and accountability in fund management. Periodic evaluations have been carried out by the Cultural Service, Regional Inspectorate, and the Audit Board of Indonesia (BPK) to ensure the use of funds in accordance with the provisions. The lack of integration with other OPDs has caused delays in the verification of grants related to infrastructure projects.
- 4) Cultural Impact: Grant policies have been able to maintain and preserve cultural traditions, but in some locations the architectural characteristics of ancestral heritage buildings have been removed (i.e. the large number of mountain stones used in temple buildings, the characteristic of Balinese architecture is paras and/or rubbed bricks, not pressed bricks).
- 5) Environmental Impact: Several grants have been used for environmentally friendly activities, but have not been a top priority.

6. Policy Options and Recommendations

Based on the evaluation above, there are several policy options that can be implemented to improve the effectiveness of Grant Funds:

- 1) Option 1: Optimizing Proposal Verification
 - a. Developing an initial screening mechanism to reduce the administrative burden on the Cultural Service.
 - b. Utilizing an artificial intelligence (AI) system in e-Grants for rapid detection of dual management.
- 2) Option 2: Strengthening Community Financial Independence
 - a. Improving education programs for the community so that they are not fully dependent on grants.

- b. Providing incentives to communities or organizations that are able to demonstrate independence initiatives in funding cultural events.
- 3) Option 3: Improving Collaboration with Technical OPDs
 - a. Accelerating the process of validating grants related to infrastructure by forming a cross-OPD coordination team.
 - b. Simplifying the grant application mechanism that requires verification from other OPDs to be more efficient.
- 4) Option 4: Improving e-Grant Technology
 - a. Developing an automation system that allows real-time reporting on the use of grant funds.
 - b. Integrating e-Grants with regional financial systems to increase the efficiency of fund disbursement.

7. Risk Analysis of Grant Policy for Badung Regency

From the three options that have been analyzed, the assessment is based on potential risks, implementation, and long-term impacts. From the four options above, they are filtered into 3 options, namely: Option 1: Maintaining the current policy without change. Option 2: Improving the grant selection and reporting process. Option 3: Replacing the grant policy with other forms of assistance, such as direct subsidies. With the following description: Option 1: Maintain current policy unchanged Highest Risk; Current policy does not address issues of transparency, mistargeting, and lack of evaluation. Potential to perpetuate negative public perception and economic losses due to inefficient grant funding. Conclusion: High risk of stagnation as existing issues are left unaddressed. Option 2: Improve Grant Selection and Reporting Process Moderate Risk; Requires investment of time, effort, and money to improve selection and reporting systems. Risk of resistance from recipient groups who feel threatened by stricter criteria. However, this option has a high potential to improve transparency and accountability in the long term. Conclusion: Moderate but manageable risk, especially with phased implementation. Option 3: Replace Grant Policy with Direct Subsidy High Risk for Initial Implementation; Requires major reforms in recipient identification, digital infrastructure, and subsidy management. Higher risk of misuse of subsidies at the individual level without strong oversight. Elimination of grants could undermine funding for community projects with broad impact. Conclusion: High risk in transition due to complexity and potential resistance from previous recipients.

8. Public Input

The majority of stakeholders supported the grant policy but wanted greater transparency in the process.

3. Conclusion

The implementation of Grant Funds in Badung Regency has been effective and has provided real benefits for cultural preservation and social welfare, but still faces administrative challenges, community dependency, and lack of coordination across OPDs. The e-Grant system has increased transparency and accountability in fund management. However, administrative challenges and community dependency on grants are still issues that need to be addressed.

3.1 Recommendations

Suggestions as strategic steps to optimize the implementation of grant policies in Badung Regency, if the conclusion is for the second option, namely:

1. Preparation of new criteria and selection systems, namely by involving experts, the community, and stakeholders to formulate fair, measurable, and inclusive selection criteria.
2. Digitalization of Reporting, Using a digital platform for grant reporting to facilitate supervision and transparency.
3. Periodic Monitoring and Evaluation, Developing a grant impact evaluation mechanism, such as annual performance audits and community satisfaction surveys.
4. The policy recommendation is the second option (2), namely improving the grant selection and reporting process. This option provides a balance between increasing policy effectiveness and

implementation risk, and supports the needs of Badung Regency to ensure more optimal and transparent policy benefits.

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