

ABSTRACT

Ahmad David Darissalam. 2015, THESIS. Title: “Analysis of Regional Financial Capacity and Performance of Kabupaten Nganjuk in Supporting Implementation of Regional Autonomy in 2013”

Supervisor : Yona Octiani Lestari, SE., MSA.

Keywords : Financial Capability, Financial Performance, Autonomy, Regional Own Source Revenue

Since the deciding of *Undang-Undang Nomor 32 Tahun 2004*, all of provinces and *Kabupatens/Kotas* had been authorized to manage and regulate its own territory, accompanied by a reduction of central government authority in some aspects, including financial aspects. Therefore, all of autonomous regions are required to optimize the District Own Resource Revenue/DORR (*Penerimaan Asli Daerah/PAD*) to payed the operational cost of regional government. Some reports was showed a high failure of regional autonomy caused by the low DORR value that's not comparable with the expenditure of local government. The goal of this study is to proving whether this case probably happen in *Kabupaten Nganjuk*, based on the uncovered data.

This study is using descriptive qualitative approach to describe the research focus systematically includes indicator of financial capacity, financial performance, and achievements of regional autonomy. The research subjects are four regional government institutions of *Kabupaten Nganjuk* that related to regional finance and regional autonomy. The data was collected by observation, documentation, and interviews. And the analysis of data through four stages: data reduction, data presentation, sources confirm, and conclusion.

The results was showing that the Degree of Fiscal Decentralization of *Kabupaten Nganjuk* is very less (<10%) and the Regional Capability Level Relationship pattern shows an Instructive pattern. Its means all of Government's policy must be approved by the Central Government. Nevertheless, financial performance indicator to show a good trend, that DORR had absorbed over the target. Then, the successions of autonomy in the HDI scale, more influenced by structure form of regional budget, with the share of spending more budget on education and health aspects, which is comparable with the high value of HDI, Literacy Rate, and Life Expectancy.