

From Public Money to Public Action: Policy-Translation Capacity in Southeast Sulawesi, Indonesia

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ABSTRACT

Public money does not become developmentally consequential through allocation alone; its effects depend on how fiscal choices are translated into coordinated and implementable public action. This article develops policy-translation capacity to explain that conversion by focusing on functional connectivity among institutional capabilities. It asks how policy-translation capacity conditions the conversion of fiscal choices into public action and helps explain differentiated trajectories of inclusive development in Southeast Sulawesi, Indonesia. The study uses an explanatory mixed-methods design combining longitudinal fiscal and development evidence for 2015–2024 with planning and policy documents, fiscal and governance reports, audit findings, institutional assessments, field observations, and 22 semi-structured interviews with senior officials involved in planning, fiscal management, programme implementation, and internal oversight. The findings show persistent dependence on intergovernmental transfers alongside divergent developmental trajectories: poverty improved but diverged from the national trend, inequality declined non-linearly, and human development substantially converged toward the national benchmark. Institutional analysis identifies uneven connectivity across four interfaces linking fiscal authorization to operational readiness, distributed responsibility to coordinated action, implementation experience to adaptation, and identified weakness to substantive correction. Formal institutional functions were generally present, but their outputs did not consistently become usable inputs for subsequent action. The article contributes to institutional-capacity research by conceptualizing policy-translation capacity as a process-oriented mechanism rather than an additional capacity category. It demonstrates that the developmental effectiveness of public money depends not only on resources, fiscal discretion, or the strength of individual capabilities, but also on the institutional interfaces through which budgeting, implementation, coordination, evidence use, and correction remain connected. Strengthening these interfaces may improve the capacity of decentralized governments to convert fiscal opportunities into adaptive, coordinated, and developmentally consequential public action across successive policy implementation cycles.

Keywords: public money; policy-translation capacity; functional connectivity; public financial management; fiscal decentralization; institutional capacity; public action; Indonesia

INTRODUCTION

Public money acquires developmental significance when governments convert fiscal decisions into interventions that improve societal outcomes. This issue is especially important in decentralised systems, where subnational governments carry major responsibilities for infrastructure, services, social protection, and development. Although fiscal decentralisation can improve responsiveness by bringing decisions closer to local needs (Faguet, 2014; Oates, 1972), discretion does not guarantee developmental effectiveness; outcomes

depend partly on the institutional conditions under which authority is exercised (Smoke, 2015). The public-management problem is therefore how fiscal choices acquire operational effect through public action.

Fiscal resources create developmental opportunities rather than determining outcomes. Poverty captures material deprivation, inequality the distribution of gains, and human development capabilities in health, education, and living standards (Sen, 2000; UNDP, 2024); progress in one dimension need not be matched in others. Studies likewise find heterogeneous consequences of fiscal decentralisation across institutional settings, including Indonesia, where fiscal discretion, locally generated revenue, and expenditure do not translate uniformly into poverty reduction or wider social outcomes (Anggraeni et al., 2022; Faguet, 2014; Siburian, 2022; Smoke, 2015). The analytical question is thus how fiscal opportunities produce differentiated developmental outcomes.

Indonesia provides a consequential setting for examining this conversion problem. More than two decades of decentralisation have combined substantial subnational responsibilities for planning, budgeting, public-service provision, and programme implementation with persistent fiscal interdependence. During 2015–2024, intergovernmental transfers accounted for approximately 65.5% of aggregate regional revenue, compared with about 24.3% from locally generated revenue (Pendapatan Asli Daerah, PAD), and remained the dominant revenue source throughout the period. This combination of extensive responsibilities and reliance on transferred resources makes Indonesia an informative setting for examining how public money is translated into public action.

Southeast Sulawesi presents a particularly revealing configuration within this fiscal architecture. During 2015–2024, intergovernmental transfers averaged approximately 82.5% of provincial revenue, while PAD represented only about 10.7%. Yet developmental outcomes followed markedly different trajectories. Poverty declined from 12.90% to 11.21%, more slowly than the national decline from 11.22% to 9.03%, widening the provincial–national gap from 1.68 to 2.18 percentage points. The Gini ratio declined from 0.399 to 0.370 but fluctuated during the period, while the provincial Human Development Index increased from 65.86 to 73.62 as the national index rose from 69.55 to 74.20, narrowing the gap from 3.69 to 0.58 points. Within the same provincial fiscal setting, therefore, poverty showed relative divergence, inequality improved non-linearly, and human development substantially converged toward the national benchmark (BPS, 2015, 2025). A common fiscal setting thus coexisted with markedly different developmental trajectories.

This juxtaposition shifts the explanatory problem from fiscal inputs or aggregate outcomes to the institutional space between public money and public action. The issue is neither whether fiscal dependence constrains development nor whether greater resources mechanically improve outcomes, but what occurs after fiscal choices are made and before they acquire operational effect. Fiscal resources create opportunities for intervention, yet those opportunities must pass through programme design, implementation, coordination, evidence use, adaptation, and correction before they can contribute to societal outcomes. Explaining differentiated developmental conversion therefore requires attention to the institutional processes through which fiscal choices are translated into public action.

Institutional- and policy-capacity scholarship provides a foundation for this analysis. Grindle (2017) emphasizes administrative and implementation capability; Andrews et al. (2017) distinguish formal arrangements from demonstrated functional capability; and Wu et al. (2015) locate analytical, operational, and political competences across governance levels. Recent work further confirms the multidimensional character of organizational capacity in addressing complex problems (Capano et al., 2025; Vanhengel et al., 2026). These perspectives show that public action depends on interdependent capabilities, but say less about how connections among them persist or break down as fiscal decisions move through implementation, coordination, evidence use, adaptation, and correction. Planning may exist without implementable programmes, coordination without aligned action, information without learning, and accountability without correction. The unresolved issue is therefore whether relevant capabilities remain functionally connected across the fiscal-to-action process.

To address this gap, this study develops policy-translation capacity, defined as the institutional ability to connect fiscal decisions and resources with coordinated, implementable, evidence-informed, and correctable

public interventions. Building on institutional- and policy-capacity scholarship, which recognizes the multidimensional and interdependent nature of governmental capabilities (Andrews et al., 2017; Wu et al., 2015, 2018), the concept does not add another category of capacity; rather, it makes the functional connections among existing capabilities across the fiscal-to-action process the primary object of analysis. Functional connectivity concerns whether outputs from one institutional function become usable inputs for subsequent action. The analysis focuses on four analytically distinguishable but interdependent interfaces: fiscal choice to operational action, distributed responsibility to coordinated action, implementation experience to adaptation, and identified weakness to corrective action. Together, these interfaces make the continuity—or breakdown—of policy translation observable as fiscal choices move toward public action.

Accordingly, the study asks: How does policy-translation capacity condition the conversion of fiscal choices into public action, and how does this help explain differentiated trajectories of inclusive development in Southeast Sulawesi? An explanatory mixed-methods design combines longitudinal evidence on fiscal governance, poverty, inequality, and human development with documentary, audit, and qualitative institutional evidence. The study refines institutional-capacity scholarship by foregrounding functional connectivity across the fiscal-to-action process and clarifying how institutional discontinuities weaken the conversion of fiscal opportunities. Empirically, it explains how a common fiscal setting can coexist with differentiated development trajectories. For public financial management, it shifts attention from resources or isolated institutional components toward the interfaces connecting budgeting, implementation, coordination, evidence use, and correction.

THEORETICAL AND ANALYTICAL FRAMEWORK

From public money to public action: the conversion problem

Public money provides governments with the fiscal means to pursue collective objectives, but resources acquire practical significance only through the actions they enable. Fiscal decentralisation can expand subnational discretion by bringing expenditure decisions closer to locally differentiated needs (Faguet, 2014; Oates, 1972), while own-source revenue and intergovernmental transfers provide resources for infrastructure, public services, and welfare priorities. Yet neither fiscal discretion nor expenditure is self-executing; their effects depend partly on the institutional and governance conditions through which resources become implementable interventions (Smoke, 2015; Sow & Ivohasina, 2015). Public money therefore creates opportunities for public action rather than public action itself.

Fiscal authorization does not itself produce operational effect. Budget allocations may establish priorities without ensuring implementation, coordination, learning, or correction (Greiling & Halachmi, 2014; Hill & Hupe, 2022; Peters, 2015; Rashman et al., 2009). Comparable fiscal opportunities can consequently produce public action with different degrees of coherence and adaptability. Fiscal inputs and expenditure patterns alone therefore provide an incomplete account of developmental consequences.

This study calls the broader phenomenon developmental conversion: the process through which fiscal opportunities become public action capable of contributing to societal outcomes. It is the phenomenon requiring explanation, not a separate governmental capability or a direct causal pathway from expenditure to development. Analysis must therefore examine how priorities become implementable programmes, distributed responsibilities become coordinated action, experience informs adaptation, and identified weaknesses generate correction. The theoretical task is to identify the mechanism sustaining—or disrupting—these connections.

From institutional capacity to functional connectivity

Institutional-capacity scholarship provides the conceptual foundation for explaining the space between fiscal opportunity and public action. A first implication is that formal authority and resources should not be equated with functional capability. Capacity concerns what public institutions can accomplish through available resources, organizational arrangements, and administrative processes rather than the formal presence of those attributes alone (Andrews et al., 2017; Grindle, 2017). Policy-capacity scholarship extends this perspective by

distinguishing analytical, operational, and political competences across individual, organizational, and systemic levels (Brenton et al., 2023; Wu et al., 2015, 2018). Possessing fiscal authority, administrative structures, or policy instruments therefore does not establish that governments can mobilize them effectively as fiscal choices move toward public action.

Effective public action depends on interdependent capabilities rather than one institutional attribute. Implementation involves organizational arrangements, discretion, coordination, and actor interaction (Hill & Hupe, 2022), while policy capacity combines competences across governance levels (Brenton et al., 2023; Wu et al., 2015, 2018). Recent research similarly stresses configurations of resources, methods, motivations, and governmental and societal interactions (Yang et al., 2024), including links through which implementation experience informs policymaking (Polman & Alons, 2021). Capacity therefore operates partly through relationships among institutional functions.

This interdependence creates a connectivity problem. Coordination manages organizational interdependence (Christensen et al., 2007; Peters, 2015); learning connects experience to subsequent action (Rashman et al., 2009); evidence-informed policymaking separates information production from its use (OECD, 2020); and accountability matters when oversight generates organizational response (Greiling & Halachmi, 2014). Because these functions are not self-executing, the relevant question is whether coordination shapes implementation, experience becomes usable evidence, and accountability findings alter subsequent action.

Functional connectivity denotes the extent to which outputs from one institutional function become usable inputs for related or subsequent action. It implies neither a rigid sequence nor complete integration: public action is recursive, and feedback can reshape design, coordination, allocation, and implementation. Capacity scholarship already recognizes interdependence across functions and levels (Peters, 2015; Wu et al., 2015); the narrower analytical move here is to make continuity and breakdown across the fiscal-to-action process explicit. This provides the basis for policy-translation capacity as the mechanism through which fiscal choices acquire operational effect.

Policy-translation capacity as an institutional conversion mechanism

Policy-translation capacity specifies how functional connectivity converts fiscal choices into public action. It is the institutional ability to connect fiscal decisions and resources with coordinated, implementable, evidence-informed, and correctable interventions. Rather than extending capacity taxonomies (Wu et al., 2015; Yang et al., 2024), it asks whether existing capabilities remain connected as choices acquire operational effect. Capacity is stronger when institutional outputs become usable inputs for subsequent action and weaker when these connections repeatedly fail.

The first interface connects fiscal choice to operational action. Budgetary authorization gives priorities formal and financial status, but implementation requires feasible programme designs, assigned responsibilities, and deliverable activities. Policy intentions are shaped by organizational arrangements, discretion, resources, methods, and actor interactions rather than executed mechanically (Hill & Hupe, 2022; Yang et al., 2024). Administrative and implementation capability therefore concerns whether fiscal priorities acquire implementable form, rather than simply whether personnel or organizational resources are available. Translation weakens when funded priorities retain budgetary status without becoming operationally feasible.

The second interface connects distributed responsibility to coordinated action. Public interventions frequently depend on actors across organizational units and levels of government, making implementation contingent on managing interdependence. Specialization and fragmentation are recurring challenges to coherent governmental action (Christensen et al., 2007; Peters, 2015), while implementation research likewise recognizes intra-governmental coordination and actor interactions as integral to implementation. Coordination capability therefore concerns whether responsibilities, resources, sequencing, and actions become sufficiently aligned, rather than whether formal coordination structures merely exist. Translation weakens when procedural coordination coexists with operational fragmentation.

The third interface connects implementation experience to adaptation. Implementation generates administrative data, performance information, evaluation findings, and experiential knowledge, but their availability does not ensure learning or adaptation. Evidence-informed policymaking distinguishes evidence production from its use in decisions (Newman, 2020; OECD, 2020; Sanderson, 2002), while organizational-learning scholarship examines how experience is interpreted and incorporated into subsequent action (Bundi & Trein, 2022; Rashman et al., 2009). Evidence-and-learning capability therefore concerns whether implementation experience becomes usable knowledge for programme adjustment, resource decisions, or subsequent implementation. Translation weakens when information accumulates without altering action.

The fourth interface connects identified weakness to corrective action. Monitoring, audit, evaluation, and reporting can expose implementation problems, but detection alone does not improve performance. Accountability becomes consequential when findings generate remedial action and institutional improvement rather than ending with reporting or formal compliance (Greiling & Halachmi, 2014). Public-sector audit research similarly shows that the significance of audit findings extends beyond their formal identification, as follow-up on audit recommendations can contribute to improvements in financial reporting and public service quality (Furqan et al., 2020). Accountability-and-correction capability therefore concerns whether identified weaknesses alter subsequent decisions and action. Translation weakens when deficiencies are repeatedly documented without changing the arrangements that reproduce them.

These interfaces constitute a connected and recursive conversion mechanism rather than a rigid policy sequence. Implementation experience can reshape programme design, coordination failures can prompt organizational adjustment, evidence can alter implementation, and accountability findings can feed back into allocation or delivery. Policy-translation capacity therefore cannot be inferred from any single capability: implementation resources may coexist with weak coordination, extensive information with limited adaptation, or robust oversight with ineffective correction. What matters is whether these functions collectively enable fiscal choices to acquire and retain operational effect.

The framework expects uneven developmental conversion where functional connectivity is uneven. Resources and discretion can expand opportunities without ensuring coherent implementation, adaptation, or correction. Policy-translation capacity neither determines development outcomes nor serves here as a statistical mediator; poverty, inequality, and human development also reflect wider contextual conditions. It instead explains institutionally why comparable fiscal opportunities may differ in developmental effectiveness. The guiding proposition is that public money becomes developmentally effective partly through the functional connections that translate fiscal choices into action.

RESEARCH DESIGN AND METHODS

Research design

This study employs an explanatory mixed-methods design to examine how fiscal opportunities are converted into public action and how this process helps explain differentiated trajectories of inclusive development in Southeast Sulawesi (Creswell, 2016). The design addresses two connected questions: what longitudinal patterns characterize fiscal governance and development outcomes, and how institutional processes help explain the translation of fiscal choices into public action. Quantitative and institutional evidence therefore perform complementary rather than parallel functions: the former identifies empirical patterns requiring explanation, while the latter examines the processes surrounding their conversion.

The analysis proceeds in three connected stages. First, longitudinal fiscal and development data for 2015–2024 are examined to identify patterns in fiscal structure and allocation and trajectories across poverty, inequality, and human development. Second, documentary, audit, and qualitative evidence are analysed through the policy-translation framework across four interfaces: fiscal choice to operational action, distributed responsibility to coordinated action, implementation experience to adaptation, and identified weakness to corrective action. Third, the two strands are integrated through explanation building and pattern matching to assess whether recurring patterns of connection or breakdown plausibly explain the differentiated developmental conversion identified longitudinally.

The design neither treats policy-translation capacity as a statistical mediator between fiscal conditions and development outcomes nor assumes that institutional processes provide their sole explanation, given the broader economic, demographic, and policy conditions shaping development. Its narrower purpose is to examine how fiscal opportunities acquire—or fail to acquire—operational effect through public action and whether variation in this process helps explain observed developmental patterns. The principal unit of analysis is therefore the provincial fiscal-to-action process, examined longitudinally within its developmental context.

Study setting, data and operationalisation

Southeast Sulawesi Province constitutes the empirical setting, with fiscal governance and development trajectories examined over 2015–2024. The province is treated as an explanatory case rather than as statistically representative of Indonesian provinces (Yin, 2018). Its analytical relevance lies in the coexistence of substantial subnational responsibilities, high reliance on intergovernmental transfers, and differentiated trajectories across poverty, inequality, and human development. This configuration enables within-case examination of how fiscal opportunities are translated into public action under a common provincial institutional setting.

The quantitative component draws on official government statistics. Fiscal data were compiled from the Directorate General of Fiscal Balance (Direktorat Jenderal Perimbangan Keuangan, DJPK), Ministry of Finance, while poverty, inequality, and human-development data were obtained from Statistics Indonesia (Badan Pusat Statistik, BPS). Annual series for 2015–2024 provide the longitudinal basis for identifying fiscal patterns and developmental trajectories. The institutional component draws on planning and policy documents, fiscal and governance reports, audit findings, development documentation, institutional assessments, field observations, and stakeholder evidence from the underlying research. These sources are used to examine the institutional processes surrounding the patterns identified quantitatively.

Fiscal governance is represented by three indicators capturing distinct aspects of fiscal opportunity and allocation. Own-source revenue share is measured as PAD relative to total regional revenue, indicating the share of fiscal resources generated locally. Capital expenditure relative to total regional expenditure captures allocation toward capital formation and longer-term development purposes, while welfare expenditure relative to total expenditure represents allocation toward welfare-oriented interventions. Developmental trajectories are examined through the poverty rate, Gini ratio, and Human Development Index (HDI), representing material deprivation, distributional inequality, and human capabilities, respectively. These indicators are examined as longitudinal patterns within a common fiscal and institutional setting rather than as variables from which developmental effects are causally estimated.

Quantitative analysis

The quantitative component uses longitudinal comparative pattern analysis to identify fiscal and developmental configurations requiring institutional explanation (Beach & Pedersen, 2019). Annual trajectories of own-source revenue, capital-expenditure, and welfare-expenditure shares are examined over 2015–2024 to assess persistence and change in fiscal structure and allocation. Poverty, inequality, and human development are examined over the same period to identify the direction, magnitude, and temporal consistency of developmental change.

Developmental trajectories are assessed both within the province over time and, where comparable national series are available, relative to national trends. Provincial–national gaps are used to identify convergence or divergence, while year-to-year movement is examined to distinguish sustained change from fluctuation or non-linear improvement. The three development dimensions are interpreted separately rather than combined into an aggregate outcome, allowing contrasting trajectories within the same fiscal setting to remain analytically visible.

The analysis is descriptive and within-case: it does not estimate causal effects of fiscal indicators on development outcomes. Its purpose is to establish the pattern configuration to be explained—including persistent or changing fiscal conditions and convergence, divergence, or non-linear movement across

development dimensions. These patterns are subsequently compared with institutional evidence through explanation building and pattern matching to assess how functional connectivity in the fiscal-to-action process may help account for differentiated developmental conversion.

Institutional evidence and policy-translation analysis

The institutional analysis examines how fiscal choices acquire operational effect and where connections in the fiscal-to-action process weaken. Evidence is drawn from planning and policy documents, fiscal and governance reports, audit findings, institutional assessments, field observations, and interview material. Interview evidence comprised 22 semi-structured interviews conducted between April and July 2026 with senior officials purposively selected for their direct involvement in regional planning, fiscal management, programme implementation, and internal oversight. These sources are analysed collectively to examine how formal arrangements operated in practice and to identify recurring patterns of connection or breakdown in policy translation.

Analysis is organized deductively around the four interfaces developed in Section 2. The fiscal choice–operational action interface examines whether budgeted priorities acquire feasible programme designs, implementation arrangements, and executable activities. The distributed responsibility–coordinated action interface examines whether responsibilities, resources, sequencing, and actions are aligned across relevant organizational boundaries. The implementation experience–adaptation interface assesses whether administrative, performance, and evaluative information informs diagnosis and programme adjustment. The identified weakness–corrective action interface examines whether audit, monitoring, and oversight findings generate follow-up and changes in subsequent decisions or implementation.

Evidence is compared across source types and institutional functions, with particular attention to whether outputs from one function become usable inputs for related or subsequent action. The analysis distinguishes the formal presence of institutional arrangements from their practical operation: planning procedures, coordination mechanisms, information systems, or accountability requirements are not treated as evidence of functional connectivity unless their consequences are observable in related institutional action. Convergence across documentary, audit, observational, and interview evidence strengthens an interpretation, while divergent evidence is retained where it reveals differences between formal arrangements and operational practice.

The resulting patterns are compared with the fiscal and developmental trajectories identified longitudinally. The purpose is not to attribute individual development outcomes to particular institutional weaknesses, but to assess whether recurring patterns of functional connection or breakdown provide a plausible process explanation for differentiated developmental conversion. The four interfaces therefore function as analytical lenses for explanation building and pattern matching, rather than as independently measured institutional variables.

Mixed-methods integration, credibility and ethics

Mixed-methods integration followed an explanatory logic through pattern matching and explanation building. Longitudinal analysis established the fiscal and developmental patterns requiring explanation, while institutional analysis examined whether recurring patterns of functional connectivity or breakdown provided a plausible process explanation for differentiated developmental conversion. Integration therefore occurred at the level of interpretation rather than through statistical combination of the two evidence strands.

Credibility was strengthened through triangulation across official statistics, government documents, audit evidence, institutional assessments, field observations, and interview accounts. Interpretations were compared across source types, with particular attention to convergence and divergence between formal institutional arrangements and their practical operation. Quantitative patterns were interpreted descriptively rather than causally, while institutional evidence was used to identify recurring processes rather than attribute individual development outcomes directly to particular organizational conditions. Divergent evidence was retained where it qualified or challenged an emerging interpretation.

The study relies predominantly on official secondary and institutional documentary evidence. Qualitative material from the underlying research is reported by institutional function rather than personal identity, and no personally identifying information is presented.

RESULTS

Fiscal conditions and differentiated developmental trajectories

Southeast Sulawesi remained strongly transfer-dependent throughout 2015–2024. Intergovernmental transfers averaged approximately 82.5% of provincial revenue, while locally generated revenue (PAD) accounted for about 10.7%, compared with an aggregate subnational transfer share of approximately 65.5% nationally. This revenue structure remained persistent across the period, establishing a common transfer-dependent fiscal setting within which changes in expenditure allocation and developmental trajectories can be compared.

Expenditure composition was less stable than the revenue structure. Capital and development expenditure represented 31.2% of total expenditure in 2015, remained above 36% during most of 2016–2022, and peaked at 41.5% in 2022 before falling to 31.1% in 2023 and 27.7% in 2024, although late-period comparisons should be interpreted cautiously because of changes in expenditure nomenclature. Welfare expenditure followed a different pattern, increasing from 1.6% of total expenditure in 2015 to around 4% in the later years, although with substantial annual fluctuation. Fiscal opportunities were therefore accompanied by changing allocation patterns: development-oriented expenditure remained substantial for much of the period but showed a marked late-period decline in this classification, while welfare expenditure acquired greater relative budgetary weight.

Developmental outcomes, however, followed markedly different paths. Poverty declined from 12.90% in 2015 to 11.21% in 2024, but the national rate fell more rapidly, from 11.22% to 9.03%. The provincial–national gap consequently widened from 1.68 to 2.18 percentage points, indicating absolute improvement with relative divergence. Progress was also uneven over time, with poverty remaining above 11% after 2020.

Inequality displayed a different temporal pattern. The Gini ratio declined overall from 0.399 to 0.370 but fluctuated during the decade and temporarily exceeded the national level before improving toward the end of the period. Human development showed the clearest relative improvement: provincial HDI increased from 65.86 to 73.62, while the national index rose from 69.55 to 74.20, narrowing the gap from 3.69 to 0.58 points.

HDI therefore exhibited substantial convergence, in contrast to poverty divergence and the non-linear improvement in inequality. Taken together, these patterns show that persistent transfer dependence and changing expenditure composition coexisted with markedly different trajectories of developmental progress, establishing the pattern of differentiated developmental conversion examined institutionally below.

Policy-translation capacity across four institutional interfaces

Institutional evidence shows that the conversion of fiscal choices into public action was neither uniformly weak nor consistently effective. Formal arrangements for planning, coordination, performance information, and oversight were present, but their practical effects depended on whether outputs generated within one institutional function became usable inputs for subsequent action. Across the four interfaces, the recurring issue was therefore less the absence of institutional functions than uneven functional connectivity among them.

Fiscal choice to operational action

The first interface concerns whether fiscal priorities acquire implementable form. Planning and budgeting procedures were institutionally established, translating selected development priorities into formal programmes and budget allocations. The principal weakness emerged in maintaining continuity between these authorized priorities and executable intervention. Documentary and interview evidence indicated recurring difficulties in translating budgeted priorities into sufficiently mature programme designs, particularly where implementation required technical readiness, cross-unit support, or alignment between planning and budget execution.

As one interviewee involved in regional planning observed: “The programme may already be included in the planning and budget documents, but implementation still depends on technical readiness. Sometimes the budget is available while the programme design or supporting arrangements are not yet sufficiently prepared.”

This pattern was also reflected in documentary evidence showing gaps between planned priorities and implementation readiness, including adjustments during execution and uneven realization of some development programmes. The evidence therefore indicates that fiscal authorization was more consistently established than operational readiness. The breakdown at this interface did not primarily concern whether priorities entered formal plans and budgets, but whether they acquired the programme design, organizational support, and implementation readiness required to become public action.

Distributed responsibility to coordinated action

The second interface concerns whether distributed responsibilities become coordinated action. Formal coordination mechanisms operated across planning, budgeting, and programme implementation, but they did not consistently produce operational alignment. Difficulties were most visible where interventions required sustained collaboration across organizational boundaries, with differences in priorities, sequencing, and implementation readiness disrupting continuity between jointly agreed priorities and coordinated delivery.

As one interviewee involved in programme implementation explained: “Coordination meetings are conducted and responsibilities are discussed, but implementation can still follow the priorities of each unit. When activities depend on several units, maintaining the same direction through implementation is more difficult.”

Documentary and field evidence similarly indicated that formally assigned responsibilities did not always translate into synchronized activities and implementation across participating units. Coordination was therefore more consistently procedural than operational: mechanisms for interaction and responsibility allocation were established, but alignment of resources, sequencing, and action remained uneven. The connectivity weakness lay in sustaining coordinated action once implementation crossed organizational boundaries.

Implementation experience to adaptation

The third interface concerns whether information generated through implementation becomes usable for learning and adaptation. Agencies routinely produced administrative data, performance reports, monitoring information, and evaluation findings. The principal weakness was not information availability but its uneven use in modifying programmes and subsequent decisions. Interview evidence indicated that reporting requirements were generally fulfilled, while feedback from implementation into programme adjustment was less systematic.

As one interviewee involved in programme monitoring observed: “We have performance data and evaluation reports, but they are often used mainly to fulfil reporting requirements. Whether the findings are then used to change the programme depends on the follow-up process.”

Performance and evaluation evidence reinforced this distinction between information production and adaptive use: implementation gaps could be documented without consistently generating changes in programme design, resource decisions, or delivery arrangements. The interface was therefore stronger in information production than adaptive use. Translation weakened where implementation experience remained documented knowledge rather than becoming an input into subsequent action.

Identified weakness to corrective action

The fourth interface concerns whether weaknesses formally identified through audit, oversight, and accountability processes generate corrective action. Institutional evidence showed that mechanisms for detecting and recording deficiencies were well established. The more variable element was whether identified weaknesses produced timely and durable changes in subsequent decisions and implementation.

As one interviewee involved in internal oversight observed: “Findings are followed up administratively, but completing the follow-up does not always mean that the underlying problem has been resolved. Similar issues can appear again because the correction may address the finding rather than the process that produced it.”

Audit and follow-up evidence similarly indicated that formal responses to identified deficiencies could coexist with recurring implementation and administrative weaknesses. The critical distinction was therefore between administrative closure and substantive correction. Accountability mechanisms identified and recorded problems more consistently than they generated durable changes in the arrangements through which those problems recurred. Translation weakened when formal follow-up closed findings without sufficiently correcting underlying processes.

Uneven functional connectivity and developmental conversion

Across the four interfaces, a consistent pattern emerged: institutional functions were more consistently present than functionally connected. Fiscal priorities entered formal programmes and budgets more reliably than they acquired operational readiness; coordination mechanisms were more established than sustained operational alignment; information production was more systematic than adaptive use; and administrative follow-up was more consistent than substantive correction. Policy translation was therefore neither absent nor uniformly weak. Rather, its continuity varied across the institutional connections through which fiscal choices acquired operational effect.

This institutional pattern provides a process-based interpretation of the fiscal and developmental configurations identified longitudinally. Persistent transfer dependence coexisted with changing expenditure composition, including substantial but temporally uneven capital-and-development expenditure and a growing relative budgetary weight for welfare expenditure. Yet developmental trajectories remained differentiated: poverty improved absolutely while diverging from the national trajectory, inequality improved non-linearly, and human development substantially converged. These patterns do not establish a direct correspondence between particular fiscal allocations, institutional interfaces, and individual development outcomes. Instead, they show that fiscal opportunities passed through institutional processes in which implementation, coordination, learning, and correction were connected with varying continuity.

The combined evidence therefore indicates uneven developmental conversion under uneven functional connectivity. Fiscal resources and formal institutional arrangements provided opportunities and mechanisms for public action, but their developmental significance depended partly on whether authorized priorities, coordinated responsibilities, implementation knowledge, and identified weaknesses carried forward into subsequent action. The evidence does not establish policy-translation capacity as the sole explanation for observed developmental trajectories; rather, it provides a plausible institutional account of why fiscal opportunities within a common subnational setting can coexist with markedly different patterns of developmental progress. The central empirical finding is thus not simply constrained institutional capacity, but uneven continuity across the interfaces connecting public money to public action.

DISCUSSION

The findings shift attention from fiscal resources and institutional functions to the connections through which public money becomes action. Southeast Sulawesi combined persistent transfer dependence and changing expenditure allocation with differentiated developmental trajectories. Across the fiscal-to-action process, however, formal functions were more consistently present than connected: authorization did not ensure operational readiness, coordination did not always sustain alignment, information production exceeded adaptive use, and administrative follow-up did not necessarily produce substantive correction. The central problem was thus uneven continuity among functions required to give fiscal choices operational effect.

This finding refines institutional- and policy-capacity scholarship by making functional connectivity an explicit object of explanation. Existing research shows that performance depends on more than formal authority and resources (Andrews et al., 2017; Grindle, 2017), conceptualizes capability as multidimensional and multilevel (Brenton et al., 2023; Wu et al., 2015, 2018), and treats implementation as a configuration of

resources, methods, and actor interactions (Yang et al., 2024). The findings extend these perspectives: planning procedures, coordination arrangements, information systems, and oversight mechanisms may all exist while remaining disconnected. Functional connectivity therefore locates institutional performance at the interfaces through which available capabilities become mutually consequential for public action.

Policy-translation capacity specifies the consequence of this connectivity problem. The contrasts between authorization and readiness, procedural coordination and operational alignment, information production and adaptive use, and administrative closure and substantive correction show that translation can fail between formally established functions. This interpretation connects implementation processes (Hill & Hupe, 2022), coordination under organizational interdependence (Peters, 2015), learning and evidence use (OECD, 2020; Rashman et al., 2009), and accountability as organizational response rather than compliance (Greiling & Halachmi, 2014). The common process question is whether action generated at one point can inform and alter subsequent institutional action.

The differentiated developmental trajectories further demonstrate why fiscal effectiveness cannot be inferred from either resource availability or aggregate developmental improvement. Poverty declined but diverged relative to the national trajectory, inequality improved non-linearly, and human development substantially converged. This multidimensional pattern is consistent with Sen's (2000) distinction among dimensions of development and with evidence that the developmental consequences of decentralization vary across institutional settings and outcomes (Anggraeni et al., 2022; Faguet, 2014; Siburian, 2022; Smoke, 2015). The present findings do not imply that variation in policy-translation capacity can be mapped directly onto particular developmental outcomes. Rather, the pattern-matching analysis provides a plausible process-based explanation of how uneven functional connectivity conditions the translation of fiscal opportunities into public action. The evidence therefore supports an institutional interpretation of differentiated developmental conversion rather than an outcome-specific causal attribution. Poverty, distribution, and human capabilities remain shaped by different combinations of public intervention and wider contextual conditions. Differentiated outcomes therefore make institutional conversion analytically visible without establishing policy-translation capacity as their sole or direct cause.

This interpretation also extends the public-management problem embedded in fiscal decentralization. Decentralization can bring fiscal authority closer to local needs and expand opportunities for responsive allocation (Faguet, 2014; Oates, 1972), but discretion alone does not ensure developmental effectiveness (Smoke, 2015). The findings suggest that the relevant management problem continues after fiscal choice: budgetary authority must still become implementable programmes, coordinated delivery, adaptive action, and effective correction. Persistent transfer dependence is therefore only one feature of the fiscal setting; neither the source of public money nor changes in its allocation reveal whether expenditure will acquire sustained operational effect. From this perspective, the developmental significance of decentralised finance depends partly on the institutional infrastructure connecting fiscal decisions to action. Policy-translation capacity thus complements attention to fiscal autonomy and allocation by directing analysis toward what happens between public money and public action.

This has a practical implication for public financial management. Improving developmental effectiveness need not always begin with additional fiscal resources or additional formal procedures. Where planning, budgeting, coordination, performance information, and oversight arrangements already exist, leverage may instead lie at the interfaces connecting them. For other decentralized jurisdictions, the findings suggest that diagnosing fiscal performance requires attention not only to resource adequacy or individual institutional capabilities, but also to the interfaces through which budgeting, implementation, learning, and correction are connected. Budget authorization needs to be linked to implementation readiness; distributed responsibilities to coordinated delivery; performance information to programme adaptation; and audit or oversight findings to correction of underlying processes. Strengthening these connections shifts managerial attention from adding institutional components toward improving how existing components work together. This does not diminish the importance of resource adequacy or formal capacity. It suggests, however, that additional resources may have limited developmental payoff when the institutional connections required to carry them into implementable, adaptive, and correctable action remain discontinuous.

These conclusions should be interpreted within the study's analytical boundaries. Southeast Sulawesi is an explanatory case rather than a statistically representative one, which limits the direct generalization of the findings to settings with different fiscal, political, cultural, and institutional conditions. The longitudinal analysis identifies differentiated fiscal and developmental trajectories without estimating outcome-specific causal effects. The institutional analysis also relies on documentary, audit, observational, and interview evidence that, despite triangulation across sources, may remain affected by selective reporting, differences in institutional documentation, and respondent interpretation. In addition, the analysis focuses primarily on functional connectivity across institutional interfaces and does not examine in comparable depth the political and cultural conditions that may shape why these connections strengthen or weaken. Poverty, inequality, and human development are also influenced by economic, demographic, labour-market, national-policy, and other contextual conditions beyond the institutional processes examined here. These boundaries limit causal and statistical generalization but do not preclude analytical inference about how discontinuities across institutional functions can weaken the translation of fiscal opportunities into public action.

CONCLUSION

This study examined how policy-translation capacity conditions the conversion of fiscal choices into public action and how this process helps explain differentiated trajectories of inclusive development in a decentralized setting. Evidence from Southeast Sulawesi shows that persistent transfer dependence and changing expenditure composition coexisted with markedly different developmental trajectories: relative divergence in poverty, non-linear improvement in inequality, and substantial convergence in human development. Institutional evidence indicates that the central conversion problem lay less in the absence of formal governmental functions than in their uneven functional connectivity. Fiscal authorization was more consistently established than operational readiness, coordination more procedural than operational, information production stronger than adaptive use, and administrative follow-up more consistent than substantive correction.

These findings develop policy-translation capacity as a process-oriented refinement of institutional-capacity scholarship. Its analytical value lies in shifting attention from whether governments possess relevant capabilities to whether outputs generated by one institutional function become usable inputs for related or subsequent action. For public financial management, this suggests that improving the developmental effectiveness of public money may require not only additional resources or stronger individual capacities, but also stronger interfaces connecting budgeting, implementation, coordination, evidence use, and corrective action.

The conclusions remain bounded by a single explanatory case and a longitudinal design that identifies patterns rather than outcome-specific causal effects. Future research should therefore test the portability of policy-translation capacity across subnational governments and countries with different fiscal, political, cultural, and institutional configurations. Comparative research could develop more systematic measures of functional connectivity, including network-based approaches where appropriate, to examine how institutional interfaces vary across settings. Process-tracing designs could further clarify how particular connections strengthen, weaken, or recover over time and identify the political, cultural, and organizational conditions shaping these processes. Such research would help assess whether different combinations of interface strengths and weaknesses generate recurring patterns of policy translation across institutional contexts. The broader implication is that the developmental value of public money depends not only on how much governments have or where they allocate it, but on whether institutional connections allow fiscal choices to become coordinated, adaptive, and correctable public action.

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Ethical Approval

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Disclosure of Interest

The authors report there are no competing interests to declare.

Data Availability Statement

The qualitative data supporting the findings of this study are not publicly available because they contain potentially identifiable information and are subject to confidentiality commitments made to participants. Quantitative and documentary materials that are publicly accessible can be obtained from the official sources cited in the article.

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