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# Implementation of the Budget Efficiency Policy for Foreign Direct Investment (FDI) Deconcentration Funds at the Investment and One-Stop Integrated Services Office of West Sumatra Province

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**Abstract**

Public expenditure efficiency and foreign direct investment governance have received increasing scholarly attention; however, limited research has examined how budget-efficiency policies affect the implementation of FDI deconcentration programmes at the provincial level. This study aims to analyse policy implementation, supporting and inhibiting factors, and institutional strategies related to FDI deconcentration budget efficiency at the Investment and One-Stop Integrated Services Office of West Sumatra Province. A qualitative approach with a descriptive case-study design was employed, involving four key informants selected through purposive sampling. Data were collected through semi-structured interviews, non-participant observation, and document analysis, then analysed through data condensation, data display, and conclusion verification. The findings show that budget efficiency was implemented through online coordination, integrated field visits, activity prioritisation, and digital investment promotion. These measures helped maintain basic service continuity and relatively favourable investment


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performance; however, they also reduced direct supervision, weakened the verification of Investment Activity Reports, and increased reliance on informal communication. The study contributes to policy implementation and value-for-money literature by demonstrating that fiscal savings do not necessarily produce substantive efficiency when supervisory capacity and accountability mechanisms are weakened. The findings imply the need for selective performance-based budgeting, protected funding for high-risk supervision, and an integrated hybrid monitoring system to strengthen the effectiveness, accountability, and sustainability of provincial FDI deconcentration governance.

**Keywords**: Budget Efficiency; Deconcentration Funds; Foreign Direct Investment; Policy Implementation; Investment Governance

## INTRODUCTION

Foreign direct investment (FDI) remains an important source of capital, employment, technology transfer, managerial knowledge, and integration into global production networks. Its contribution, however, is not generated automatically by the amount of capital entering a country. The development effects of FDI are strongly influenced by the quality of institutions, regulatory certainty, investment facilitation, infrastructure, human resources, and the capacity of governments to maintain relationships with investors after an investment project has commenced. Recent international developments have made these institutional factors increasingly important. Global productive investment has remained under pressure owing to geopolitical tensions, financing constraints, trade fragmentation, and economic uncertainty, while FDI flows continue to be concentrated in a limited number of countries and regions. Consequently, national and subnational governments are required to offer efficient, transparent, and responsive investment services rather than relying solely on fiscal incentives or the size of their domestic markets (U. N. C. on T. and Development, 2025; Nations, 2024).

The growing role of subnational governments has also changed the institutional structure of investment promotion. Investors do not interact exclusively with central government agencies because many practical matters, including licensing, land-use coordination, supervision, business problem resolution, and investment activity reporting, are handled at the provincial or local level. Subnational investment agencies therefore function not only as administrative licensing units but also as facilitators that connect investors with government institutions, local suppliers, communities, and regional

development opportunities. The Organisation for Economic Co-operation and Development O. for E. C. and Development (2023) argues that regional FDI attractiveness is closely related to the quality of institutional coordination between national and subnational investment agencies. Effective investment promotion also requires clearly defined mandates, adequate personnel, reliable data, investor aftercare, performance monitoring, and sufficient operational resources (O. for E. C. and Development, 2020, 2023). Budget availability is therefore inseparable from the institutional capacity of a regional government to attract, facilitate, supervise, and retain foreign investment.

Indonesia has undertaken substantial reforms to improve its investment climate through regulatory simplification, risk-based business licensing, the Online Single Submission Risk-Based Approach, and the strengthening of integrated one-stop services. The Investment Policy and Regulatory Review indicates that regional governments continue to hold important responsibilities for supervising business actors, ensuring compliance with licensing commitments, and imposing administrative measures through the integrated licensing system (Reed et al., 2024). These responsibilities position the provincial Investment and One-Stop Integrated Services Offices, known as *Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu* (DPMPTSP), at the centre of investment governance. Digitalisation has improved the accessibility and transparency of several services, yet limited infrastructure, institutional coordination, technological capacity, and human resources continue to constrain implementation in several regions (Adni et al., 2024). The existence of a national digital platform, therefore, does not eliminate the need for capable regional institutions and adequate operational financing.

National investment performance has shown considerable growth, although its geographical distribution remains uneven. The Ministry of Investment and Downstream Industry/BKPM reported that total investment realisation reached IDR 1,714.2 trillion in 2024, consisting of IDR 900.2 trillion in FDI and IDR 814.0 trillion in domestic investment. FDI accounted for 52.5% of total investment realisation, but a substantial share remained concentrated in West Java, Central Sulawesi, Jakarta, North Maluku, and Banten (Ministry of Investment and Downstream Industry/BKPM, 2025a). This concentration confirms that increases in national investment do not necessarily indicate an equal improvement in the investment capacity of every province. Empirical studies have also shown that FDI can contribute positively to regional economic growth, but its effects vary according to fiscal capacity, institutional quality, infrastructure, labour conditions, and regional economic

characteristics (Maulana, 2025; Sari & Maysarah, 2024; Triyono et al., 2021). Regional investment performance must therefore be examined through the interaction between capital inflows and the institutional arrangements that support them.

Indonesia's decentralised governance system provides several mechanisms through which central government programmes are implemented in the regions. One of these mechanisms is the deconcentration fund, an allocation derived from the State Revenue and Expenditure Budget and administered by a governor in the governor's capacity as a representative of the central government. Deconcentration funding is intended to support centrally mandated programmes whose implementation requires provincial institutions, while taking into account national fiscal capacity, regional funding balance, and local development needs (Ministry of Finance of the Republic of Indonesia, 2022). This arrangement creates a distinctive accountability structure because the provincial implementing agency is required to carry out central government priorities while operating within regional institutional conditions. Weak coordination between planning, budgeting, implementation, and reporting can consequently produce inconsistencies between formally established programmes and their actual execution. Similar problems have been identified in studies of central–regional programme integration, particularly when communication distortion, changes in political priorities, and limited institutional capacity affect implementation (Wahyudi et al., 2022).

The issue became more pressing following the enactment of Presidential Instruction Number 1 of 2025 on Spending Efficiency in the Implementation of the State and Regional Revenue and Expenditure Budgets for Fiscal Year 2025. The policy instructed ministries, agencies, and regional governments to review and rationalise expenditure as part of a national effort to control non-priority spending (Board, 2025). The policy was subsequently reinforced through regulations governing budget revisions, expenditure efficiency, transfers to regions, and adjustments to performance indicators (Board, 2025). Expenditure efficiency is justified when it eliminates unnecessary travel, ceremonial programmes, repetitive meetings, poorly targeted activities, and administrative spending that does not contribute to public outcomes. Efficiency becomes problematic, however, when uniform reductions also limit essential operational functions, weaken institutional responsiveness, or remove the resources required to achieve policy outputs. Public expenditure efficiency must therefore be understood as the capacity to obtain the best attainable outputs and outcomes from available resources, rather than as a reduction in expenditure alone (Bank, 2023; Barus et al., 2024).

This policy tension is evident in the management of FDI deconcentration funds at the DPMPTSP of West Sumatra Province. Administrative data compiled for this research show that the deconcentration allocation amounted to IDR 255 million in 2022, increased to IDR 323.236 million in 2023, and subsequently declined. Over the same period, FDI realisation increased from approximately USD 95.62 million in 2022 to USD 120.66 million in 2023 and USD 121.54 million in 2024. The preliminary DIPA for the 2025 fiscal year recorded an allocation of IDR 252.689 million for the West Sumatra DPMPTSP. Nevertheless, information obtained from the implementing agency indicates that the effective operational availability of the fund was subsequently perceived as absent or inaccessible after expenditure-efficiency adjustments. This distinction between the amount formally listed in an initial budget document and the resources effectively available for programme implementation is analytically important because policy implementation is determined by executable resources, not merely by nominal appropriations (DPMPTSP of West Sumatra Province, 2025; Ministry of Investment and Downstream Industry/BKPM, 2025b).

The relationship between deconcentration funding and FDI realisation should not be interpreted as a simple linear association. An increase in investment may result from the commencement of a large project, sectoral commodity demand, national regulatory reform, existing investor commitments, or reporting by companies whose investment decisions were made in previous years. Research on Indonesian FDI confirms that capital inflows are affected by multiple economic and institutional factors and may be directed primarily toward serving the domestic market rather than improving production efficiency or export competitiveness (World Bank, 2024). Fiscal transfers and investment may support regional growth, but their effects depend on allocation quality, institutional readiness, and the regional government's ability to convert financial resources into effective programmes (Maulana et al., 2025; Triyono et al., 2021). Accordingly, continued FDI growth during a period of budget reduction cannot by itself prove that the reduced funding had no adverse effect. The consequences may appear first in less visible functions, such as fewer company visits, weaker investor communication, reduced facilitation, delayed problem resolution, limited supervision, and lower compliance with Investment Activity Reports or *Laporan Kegiatan Penanaman Modal*.

Previous studies related to this issue can be classified into three broad areas. The first group has examined the relationship between fiscal decentralisation, FDI, economic growth,

and regional inequality, generally through provincial panel data (Maulana et al., 2025; Sari & Maysarah, 2024; Triyono et al., 2021). The second group has investigated investment licensing, digital public services, and the performance of one-stop service institutions, highlighting technological limitations, coordination problems, regulatory fragmentation, and resource constraints (Adni et al., 2024; OECD, 2020; World Bank, 2022). The third group has examined public expenditure efficiency and the implementation of the 2025 spending-efficiency policy in regional government institutions. These studies found that budget rationalisation may strengthen financial discipline and accountability, but insufficient communication, limited human resources, institutional resistance, and across-the-board expenditure reductions may weaken productivity and public-service quality (Maulani et al., 2026; Munawir et al., 2025; Riyadin et al., 2025).

Those studies offer useful evidence, yet they have not adequately explained how budget-efficiency directives are translated into the implementation of an FDI deconcentration programme at a provincial investment agency. Existing FDI research is largely concerned with investment determinants and economic outcomes, while studies of DPMPTSP services tend to focus on licensing innovation, digitalisation, and service quality. Recent budget-efficiency research has mainly addressed regional secretariats, legislative secretariats, education, and general public services. Limited attention has been paid to the way expenditure reductions affect the operational chain of foreign investment governance, including investment promotion, company supervision, investor aftercare, business problem resolution, coordination with central agencies, and monitoring of investment reports. The situation in West Sumatra also presents a specific empirical puzzle: FDI realisation continued to increase while the deconcentration resources used to support monitoring and facilitation were reduced or became operationally unavailable. This condition requires an implementation analysis rather than a conclusion based solely on budget absorption or investment realisation figures.

The novelty of this research lies in its examination of budget efficiency as an implementation process within a deconcentrated investment-governance arrangement. Edward (1980) policy implementation framework is relevant because it places communication, resources, implementers' disposition, and bureaucratic structure as the principal conditions through which policy decisions are converted into organisational action. The resource dimension is particularly significant in this case, but financial limitations cannot be analysed separately from the clarity of central directives, coordination among

implementing units, employee commitment, standard operating procedures, and the capacity to redesign activities. Lipsky (1980) concept of street-level bureaucracy further explains how frontline officials exercise discretion when policy demands remain high while operational resources decline. Such discretion may sustain basic services, but it can also produce uneven priorities, informal adaptations, and differences between formal programme design and daily implementation. Combining these perspectives makes it possible to assess whether budget efficiency has eliminated low-value expenditure or instead transferred implementation burdens to regional officials without sufficient institutional support.

Based on these considerations, this study aims to analyse the implementation of the FDI deconcentration budget-efficiency policy at the DPMPTSP of West Sumatra Province. The analysis focuses on the transmission and interpretation of the policy, the availability and utilisation of financial and human resources, the responses of implementing officials, the bureaucratic arrangements used to adjust programmes, and the consequences of these adjustments for investment promotion, facilitation, supervision, and investor communication. The study also seeks to identify the supporting and inhibiting factors that shape implementation and to explain how the agency maintains its investment-governance functions under increasingly restricted fiscal conditions. The findings are expected to contribute to policy implementation research by connecting expenditure efficiency with subnational investment administration and to provide practical evidence for designing selective, performance-based, and context-sensitive budget-efficiency policies.

## METHODS

This study employed a qualitative approach with a descriptive case-study design to examine the implementation of the foreign direct investment deconcentration budget-efficiency policy at the Investment and One-Stop Integrated Services Office of West Sumatra Province. A qualitative approach was selected because the study sought to understand policy implementation in its natural institutional setting, particularly the meanings, experiences, responses, and adaptation strategies of officials directly involved in budget management and foreign investment services. Creswell & Poth (2018) explain that qualitative research is appropriate when a phenomenon must be understood through the perspectives of participants and the context in which it occurs. The descriptive case-study design enabled an intensive investigation of a bounded case involving one provincial government agency, a

specific deconcentration funding arrangement, and the implementation of the national budget-efficiency policy. Yin (2018) states that a case study is suitable for examining a contemporary phenomenon when the boundaries between the phenomenon and its organisational context cannot be clearly separated. Unlike quantitative studies that primarily measure the relationship between fiscal allocations and investment realisation, this design explored how the policy was communicated, interpreted, implemented, and adjusted within the daily operations of the agency.

The research was conducted at the Investment and One-Stop Integrated Services Office of West Sumatra Province in Padang, Indonesia. The research participants were selected using purposive sampling because the study required informants who possessed relevant knowledge, direct experience, and formal responsibilities related to deconcentration budget management, investment facilitation, supervision, and foreign investment reporting. Purposive sampling allows researchers to select information-rich participants who can provide detailed evidence regarding the phenomenon under investigation (Patton, 2015; Sugiyono, 2019). Four key informants participated in the study: the Secretary of the Office, one intermediate-level investment administrator, and two junior-level investment administrators. Data were collected through semi-structured interviews, non-participant observation, and document analysis. The interview guide covered policy communication, budget availability, programme adjustments, human-resource capacity, bureaucratic coordination, obstacles to implementation, and strategies used to maintain foreign investment services. Observation was conducted to examine institutional activities related to budget administration, investor communication, investment supervision, and service delivery. Documentary evidence included budget planning documents, deconcentration fund reports for 2022–2024, foreign investment realisation data, investment activity reports, programme implementation records, and relevant laws and regulations. The interview guide was reviewed for its relevance to the research objectives, while the credibility of the evidence was strengthened through source, technique, and time triangulation by comparing information from different participants, methods, documents, and data-collection periods.

Data were analysed using the interactive qualitative analysis model proposed by Miles et al. (2014), which consists of data condensation, data display, and conclusion drawing and verification. Interview recordings and field notes were transcribed, repeatedly examined, and coded according to the research focus and the policy-implementation dimensions of communication, resources, implementers' disposition, and bureaucratic structure. Data

condensation involved selecting and grouping relevant statements concerning budget reductions, programme priorities, operational constraints, investor facilitation, supervision, coordination, and institutional adaptation. The organised data were then presented through thematic narratives, comparative matrices, summary tables, and chronological descriptions of changes in deconcentration allocations and foreign investment realisation. Conclusions were developed progressively by identifying patterns, similarities, differences, and relationships among themes. Verification was conducted by comparing interview findings with observations and official documents, re-examining inconsistent evidence, and confirming the interpretation of important information across informants. The final analysis focused on explaining how the budget-efficiency policy was implemented, the factors supporting and constraining its implementation, its consequences for foreign investment services, and the strategies adopted by the West Sumatra Provincial Investment and One-Stop Integrated Services Office to maintain institutional performance under limited fiscal resources.

## RESULTS

The findings were obtained from interviews conducted on April 15, 2026, with four officials directly involved in investment administration, supervision, and budget management at the Investment and One-Stop Integrated Services Office of West Sumatra Province. The informants consisted of the Secretary of the Office, one intermediate-level investment administrator, and two junior-level investment administrators. Interview findings were compared with observations and official documents relating to deconcentration funding, investment supervision, and foreign investment reporting. The results are organised into three main themes: the implementation of budget efficiency in supporting foreign direct investment performance, the supporting and inhibiting factors affecting implementation, and the strategies adopted by the agency after deconcentration funding was reduced or no longer operationally available.

### 1. Implementation of Budget Efficiency in Supporting Foreign Direct Investment Performance

The findings show that budget efficiency was not implemented solely by cancelling activities. The agency primarily changed the way activities were carried out by prioritising urgent tasks, transferring selected activities to online communication, and combining several

field assignments into a single visit. This approach was intended to reduce operational expenditure while maintaining the expected volume and quality of work.

The intermediate-level investment administrator explained that field visits were no longer conducted separately for every company. Activities that did not require direct inspection were handled through available communication technologies. Field visits were retained for cases that required physical verification, but several related assignments were combined into one travel schedule. He stated:

"Efficiency means making adjustments without reducing the quantity and quality of the work. Previously, we might visit the field for only one company. Now, we first assess whether the visit is necessary. When it is not urgent, we communicate online. When a field visit is necessary, we combine three or four related activities with similar objectives into one visit." (Intermediate-level investment administrator, interview, April 15, 2026)

This evidence indicates that the agency adopted activity integration as its principal cost-reduction mechanism. Travel frequency was reduced, but one field visit was expected to produce several outputs. The arrangement lowered transportation and official travel costs and allowed limited resources to be directed toward companies requiring immediate intervention. Online communication was therefore used as a substitute for routine contact, whereas physical visits were reserved for supervision, problem resolution, and verification that could not be conducted remotely.

Deconcentration funding had previously supported the agency's ability to supervise foreign-owned companies and encourage timely submission of Investment Activity Reports, locally known as *Laporan Kegiatan Penanaman Modal* (LKPM). One junior-level investment administrator stated that the availability of deconcentration funding had made a substantial contribution to supervision. Companies that received direct guidance and monitoring were more likely to report their business activities according to the reporting schedule.

"The deconcentration fund was highly supportive. The foreign-owned companies that we supervised generally reported their activities properly and submitted their reports according to the schedule. We also felt a moral responsibility to carry out the supervision because the government had entrusted us with the funding." (Junior-level investment administrator, interview, April 15, 2026)

The reduction in available funding directly affected the frequency of supervision across the districts and municipalities of West Sumatra. The Secretary of the Office reported

that limitations in central transfers and regional fiscal capacity had restricted the number of company visits. The agency could no longer maintain the previous frequency of licensing and investment supervision throughout the province.

"The budget reduction mainly affects supervision activities. Our fiscal position is currently limited, and the reduction in transfers to the regional government has affected the supervision of licensing and investment activities. We previously supervised companies across the districts and municipalities of West Sumatra, but the frequency is now very limited and has had to be reduced." (Secretary of the Office, interview, April 15, 2026)

Despite these limitations, the Secretary stated that investment realisation in 2025 remained relatively favourable and that the provincial investment target was still broadly maintained. This finding shows that a reduction in supervision funding did not immediately lead to a decline in reported investment realisation. However, the continuation of aggregate investment performance did not mean that all administrative and supervisory functions were operating at their previous capacity.

A more direct effect was found in the reliability of company reporting. Another junior-level investment administrator explained that field supervision served not only to remind companies of their reporting obligations but also to compare the information submitted through the reporting system with actual business conditions. When visits were reduced, some companies delayed their LKPM submissions, entered incomplete information, or reported zero realisation despite continuing business activities.

"There is inevitably an effect because the main problem concerns businesses that have not submitted their LKPM. Without field visits, many businesses do not want to report. Normally, we visit them to remind and supervise them. Some companies submit reports merely as a formality, report zero realisation, or provide information that does not correspond to actual conditions in the field." (Junior-level investment administrator, interview, April 15, 2026)

The results therefore reveal two different dimensions of efficiency. The first concerns the reduction of operational expenditure through online communication and integrated field visits. The second concerns the possible decline in supervisory depth and data verification. The first dimension produced immediate savings, whereas the second created a risk to the completeness and accuracy of foreign investment data.

**Table 1. Implementation of budget efficiency and its operational consequences**

| Efficiency practice | Empirical implementation | Immediate benefit | Identified limitation |
|---|---|---|---|
| Substitution of field activities with online communication | Routine coordination and reminders were conducted through telephone calls, WhatsApp, text messages, and online meetings | Reduced travel and meeting expenditure | Actual company conditions could not be physically verified |
| Integration of field assignments | Several companies or related activities were handled during one field visit | More outputs could be produced from one travel allocation | Time available for each company became more limited |
| Prioritisation of urgent cases | Field visits were directed toward companies with serious reporting or licensing problems | Limited funds were concentrated on high-priority cases | Companies considered less urgent received less direct supervision |
| Reduction in supervision frequency | Visits to companies across districts and municipalities were restricted | Lower operational expenditure | Lower reporting discipline and weaker verification of LKPM data |
| Maintenance of online reporting | Companies continued to submit investment reports electronically | Administrative reporting could continue despite funding restrictions | Reports could be incomplete, inaccurate, or inconsistent with field conditions |

Table 1 shows that the agency maintained most administrative functions by changing the mode and intensity of implementation. Nevertheless, the evidence distinguishes between the continuation of an activity and the preservation of its quality. Reporting could continue electronically, but factual verification could not always be conducted. Investment targets could remain satisfactory, but the institutional capacity to monitor the underlying activities became more restricted.

## 2. Supporting and Inhibiting Factors in the Implementation of Budget Efficiency

The principal inhibiting factor originated outside the agency. Informants associated the reduction in deconcentration funding with broader national fiscal conditions and changes in central government priorities. One informant stated that fiscal pressure had been increasingly felt since the COVID-19 pandemic and that more recent national priorities had focused on human-resource development, health, and infrastructure. From the perspective of investment administrators, this shift reduced the resources available for regional investment supervision and facilitation.

"The decline in central transfers began to be felt after the COVID-19 period. Under the current national priorities, investment activities receive less financial support because the

emphasis is placed on human-resource development, health, and infrastructure. From our perspective, investment should also be prioritised because when investment grows, other economic sectors also grow." (Junior-level investment administrator, interview, April 15, 2026)

The reduction in central support limited the agency's ability to conduct direct coordination with companies, particularly those located outside Padang. The geographical distribution of foreign-owned companies across West Sumatra requires transportation, official assignments, accommodation, and sufficient time for field verification. Without an adequate operational budget, the agency could not treat every reporting problem through direct intervention.

Regulatory changes were also identified as an inhibiting factor. Informants reported that new regulations created additional issues requiring explanation and coordination with business actors. However, some of the activities needed to resolve these issues could not be implemented because there was no corresponding budget. This condition produced a gap between the agency's formal responsibilities and the resources available to fulfil them.

The agency was also prohibited from conducting official activities without an appropriate assignment and budgetary basis. An informant emphasised that the agency could not accept financial assistance from a company to finance supervision or licensing activities. Such an arrangement could be classified as an unlawful gratuity and could compromise the legality and integrity of the licensing process. Consequently, employees could not personally finance or informally arrange official supervision merely to compensate for the absence of government funding.

Alongside these barriers, several supporting factors enabled basic investment services to continue. The most frequently mentioned factor was the use of communication technology. Officials used telephone calls, text messages, WhatsApp, Zoom, and other online channels to remind companies of their reporting obligations and respond to administrative questions. Existing communication networks between agency officials and company contact persons also reduced the difficulty of reaching business actors.

The intermediate-level investment administrator described the use of online platforms as the main operational support under restricted fiscal conditions:

"The supporting factor is the use of online technology. We can use Zoom, WhatsApp, or text-message services. The constraint is that direct coordination with

businesses becomes difficult, especially when new regulations create problems that should be resolved through activities that cannot be implemented because of budget efficiency." (Intermediate-level investment administrator, interview, April 15, 2026)

Officials' commitment to maintaining organisational performance was another supporting factor. The employees continued to contact companies, search for alternative communication methods, and coordinate with other government units even when field activities were not funded. The junior-level investment administrator explained that the agency continued looking for methods to obtain company reports without direct visits:

"We try to find solutions so that supervision can continue even without field visits. We contact businesses by telephone, text message, WhatsApp, or Zoom. The main concern is finding a way to maintain reporting, prevent disruption to our performance, and still achieve the target." (Junior-level investment administrator, interview, April 15, 2026)

Support was also provided through coordination with technical units, district and municipal governments, and central government institutions. These networks allowed the agency to exchange information and follow up on selected company issues without always conducting direct visits. At the regional government level, efforts to strengthen locally generated revenue were viewed as a possible means of improving fiscal capacity. The Secretary referred to revenue sources such as motor-vehicle taxes and surface-water taxes as areas that could be optimised to support the broader regional budget.

**Table 2. Supporting and inhibiting factors affecting policy implementation**

| Category | Factor | Empirical effect on implementation |
|---|---|---|
| Inhibiting factor | Reduction in central government transfers | Decreased availability of funds for supervision and investment facilitation |
| Inhibiting factor | Changes in national development priorities | Investment administration received less operational support than several other sectors |
| Inhibiting factor | Wide geographical coverage | Direct supervision of companies across districts and municipalities required substantial travel resources |
| Inhibiting factor | Regulatory changes | Increased need for consultation and coordination that could not always be financed |
| Inhibiting factor | Requirement for an official budget and assignment | Unfunded field activities could not legally be implemented |
| Supporting factor | Online communication technology | Enabled reporting reminders, consultation, and coordination at relatively low cost |
| Supporting factor | Established relationships with company contact persons | Facilitated communication during reporting periods |

| Category | Factor | Empirical effect on implementation |
|---|---|---|
| Supporting factor | Commitment of implementing officials | Maintained basic services despite the absence of normal operational support |
| Supporting factor | Coordination with technical and regional government units | Provided alternative channels for obtaining information and resolving selected problems |
| Supporting factor | Regional revenue optimisation | Offered a potential alternative for strengthening future fiscal capacity |

The supporting factors allowed the agency to preserve a minimum level of administrative continuity. However, they did not fully replace direct supervision. Communication technology was effective for reminders and consultation, but it could not confirm whether the reported investment value, business activity, employment, or project progress corresponded with conditions at the company location.

### 3. Strategies for Maintaining Investment Performance under Declining Deconcentration Funding

The agency adopted five main strategies to maintain investment performance: strengthening personal communication with company representatives, expanding electronic coordination, integrating supervision activities, continuing digital investment promotion, and mobilising institutional and social networks.

The first strategy involved the use of communication relationships that had been established before the budget reduction. Officials retained the contact details of persons in charge at foreign-owned companies and used these relationships to remind companies during each LKPM reporting period. This strategy enabled the agency to maintain contact without incurring field-travel costs.

"We rely more on personal communication that has already been established with company contact persons. During each reporting period, we remind them to submit their reports. Communication has generally remained good, but we cannot validate whether the information in the report corresponds to actual conditions in the field." (Junior-level investment administrator, interview, April 15, 2026)

The effectiveness of this approach depended heavily on the responsiveness and goodwill of company representatives. Officials could request information and remind companies of their obligations, but they could not compel factual disclosure through online communication alone. The agency generally had to accept the information submitted by the company when no field verification could be conducted.

The second strategy was electronic coordination with technical implementing units, district and municipal agencies, and central government institutions. This coordination was used to exchange information, discuss licensing problems, and obtain preliminary confirmation of company activities. The intermediate-level investment administrator reported that the agency regularly coordinated through electronic media with technical units in West Sumatra and with institutions at the central government level.

The third strategy was the continued promotion of regional investment opportunities through digital platforms. The agency maintained an online investment-potential platform through which prospective investors could independently access information about investment opportunities in districts and municipalities across West Sumatra. Digital promotion reduced the need for printed materials and physical exhibitions and enabled prospective investors to obtain initial information without visiting the agency.

The fourth strategy involved investment forums and promotional activities conducted through regional leadership networks. According to the Secretary, the governor and vice-governor continued to introduce investment opportunities during selected visits and forums involving potential partner countries. These activities were intended to connect regional investment opportunities with prospective investors and business networks outside the province.

"We continue to promote investment opportunities in West Sumatra through online methods and digital applications. The investment potential of districts and municipalities can be accessed independently by prospective businesses or investors. We also conduct investment forums, including promotional visits by the governor and vice-governor to several countries." (Secretary of the Office, interview, April 15, 2026)

The fifth strategy involved the use of Minangkabau diaspora networks. Informants stated that the agency was operating under a "minimalist" promotional position because direct access to company owners and investment decision-makers required substantial financial resources. Digital promotion could reach a broad audience, but it did not always reach individuals authorised to make final investment decisions. Company meetings were often attended by staff members who could provide information but could not approve investment commitments. The agency therefore sought to use Minangkabau business networks outside West Sumatra to introduce regional opportunities and connect officials with relevant investors.

The findings also show that these strategies were more effective in preserving communication than in generating fully verifiable investment outcomes. The Secretary described the results of the agency's innovations as reasonably positive but not yet optimal. West Sumatra's position in national investment realisation and investment growth remained below the agency's expectations. External pressures, including global geopolitical uncertainty, were also perceived as affecting investor confidence and investment decisions.

**Table 3. Strategies adopted to maintain foreign investment services**

| Strategy | Form of implementation | Contribution to organisational performance | Remaining weakness |
|---|---|---|---|
| Personal communication with company representatives | Periodic reminders through telephone calls and messaging applications | Maintained LKPM submission and contact with existing investors | Relied on voluntary responses and could not verify reported information |
| Electronic intergovernmental coordination | Online communication with technical units, district and municipal governments, and central agencies | Supported information exchange and selected problem resolution | Coordination quality depended on the data and responsiveness of partner institutions |
| Integrated supervision | Several objectives or companies were handled in one field assignment | Reduced travel costs and maintained limited field presence | Reduced the time and depth of examination for each company |
| Digital investment promotion | Publication of regional investment opportunities through an online platform | Expanded access to investment information at relatively low cost | Did not always reach company owners or final decision-makers |
| Investment forums and leadership promotion | Promotion through official forums and selected regional leadership visits | Increased the visibility of West Sumatra's investment potential | Required selective funding and did not guarantee investment commitments |
| Use of diaspora networks | Engagement with Minangkabau business networks outside the province | Created alternative access to prospective investors | Depended on informal relationships and sectoral compatibility |

The overall results indicate that the DPMPTSP of West Sumatra Province maintained basic investment-administration functions by reorganising activities rather than completely discontinuing them. Digital communication, integrated visits, institutional coordination, and existing personal networks enabled the agency to preserve reporting, promotion, and communication activities under restricted fiscal conditions.

Nevertheless, the strategies created a clear operational trade-off. Expenditure and travel frequency were reduced, while administrative communication continued. At the same time, physical verification, reporting accuracy, direct investor assistance, and the depth of

company supervision became more difficult to maintain. The agency was therefore able to preserve minimum service continuity, but the quality and comprehensiveness of foreign investment supervision were not fully equivalent to the period when deconcentration funding was available.

## DISCUSSION

### 1. Efficiency of Deconcentration Budget Utilisation in Supporting Foreign Direct Investment Performance

The findings demonstrate that budget efficiency at the Investment and One-Stop Integrated Services Office of West Sumatra Province was implemented primarily through operational adjustment rather than the complete termination of investment-related activities. Officials reduced the frequency of field visits, transferred routine communication to digital platforms, prioritised urgent cases, and combined several supervisory objectives into a single official trip. Such practices indicate that efficiency was interpreted as an attempt to maintain outputs with fewer financial resources. The agency therefore did not respond to fiscal restrictions passively but reorganised its working procedures to preserve essential investment services.

This interpretation corresponds with the principle of performance-based budgeting, which evaluates public expenditure according to the relationship between resources, outputs, and institutional outcomes. Budget efficiency cannot be established merely because expenditure has declined. It must also be shown that the reduced expenditure has not undermined the achievement of policy objectives. Afronisa & Erawati (2024) found that performance-based budgeting, accounting control, and reporting systems positively influenced the accountability of regional government institutions. Genius et al. (2025) similarly reported that information technology, internal control, and performance-based budgeting significantly contributed to government performance accountability. These studies support the argument that expenditure reduction should be accompanied by performance controls and reliable reporting mechanisms. Without these elements, lower spending may represent fiscal contraction rather than genuine organisational efficiency.

The operational adaptations found in West Sumatra also reflect a form of organisational resilience. The use of online coordination and the integration of several assignments into one field visit allowed the agency to sustain some activities under restricted

financial conditions. Eichholz et al. (2024) explain that the planning function of budgeting contributes to organisational resilience by enabling institutions to anticipate resource constraints, establish priorities, and adjust the allocation of responsibilities during periods of disruption. The relevance of this argument lies in the fact that resilience is not simply the ability to continue operating. It also requires an organisation to preserve the quality of its principal functions and develop a planned response to future uncertainty.

The evidence, however, reveals a distinction between **administrative continuity** and **substantive efficiency**. Administrative continuity was maintained because company representatives could still be contacted, reporting reminders could still be delivered, and investment promotion could still be conducted online. Substantive efficiency was less certain because the reduction in field supervision limited the agency's ability to validate whether Investment Activity Reports reflected actual company conditions. Reports could still be submitted electronically, but their completeness and factual accuracy were more difficult to confirm.

Digital communication is therefore an important supporting instrument, but it is not an equivalent substitute for all forms of direct supervision. Research on the implementation of the Online Single Submission Risk-Based Approach shows that digital systems can simplify procedures and reduce administrative burdens, while their effectiveness continues to depend on employee competence, organisational adaptation, institutional assistance, and the quality of supporting infrastructure (Kristantiya et al., 2023) . Evidence from regional one-stop services also indicates that online systems and direct services are complementary because digital platforms accelerate transactions, whereas direct interaction provides clarification, assistance, and solutions to problems that cannot be resolved automatically.

The continued achievement of a favourable investment realisation figure in 2025 should consequently be interpreted cautiously. Aggregate investment realisation does not provide sufficient evidence that the reduction of deconcentration funding had no institutional consequences. Investment figures may reflect projects initiated in earlier periods, capital expenditure by established companies, national-level policies, market conditions, or a small number of high-value investment projects. A stable or increasing investment figure can coexist with declining supervisory capacity, reduced company visits, and weaker reporting verification. The effect of budget reductions may initially appear in administrative dimensions that are not immediately visible in aggregate investment statistics.

This result extends previous public-budget studies by showing that the effect of efficiency policy should be assessed through the quality of the service chain rather than expenditure and output indicators alone. In the present case, the chain consists of communication with investors, company assistance, supervision, reporting compliance, factual verification, problem resolution, and the accuracy of investment data. Efficiency at one stage may generate a cost or risk at another stage. Reducing travel expenditure, for example, creates immediate savings, but may also weaken the verification process on which reliable investment statistics depend.

The experience of public agencies subjected to prolonged fiscal restrictions suggests that continued organisational operation should not automatically be regarded as transformation. Kirsop-Taylor (2022) distinguishes between institutions that merely return to a minimum operational condition and those that use fiscal pressure to build stronger organisational capacity. The West Sumatra case more closely represents adaptive continuity: officials maintained key services through personal initiative and technological substitution, but no evidence yet shows that the agency has developed a fully institutionalised model capable of guaranteeing the same supervisory quality under permanently reduced funding.

The theoretical implication is that budget efficiency in a deconcentrated programme should be viewed as a multidimensional concept. It includes economic efficiency, reflected in reduced operating costs; technical efficiency, reflected in the number of activities completed with available resources; and policy effectiveness, reflected in the extent to which supervision, reporting compliance, and investment facilitation remain reliable. The findings contribute to public financial management research by demonstrating that economic savings may be achieved without necessarily securing technical and substantive effectiveness.

Practically, the agency needs performance indicators that measure more than investment realisation and budget absorption. Relevant indicators may include the percentage of companies receiving direct or remote supervision, the proportion of LKPM submissions verified against factual conditions, the number of reporting discrepancies resolved, response time to investor problems, the cost per supervised company, and the proportion of high-risk companies visited. Such indicators would enable decision-makers to determine whether a revised working method produces genuine efficiency or simply transfers costs from the budget to service quality.

**2. Supporting and Inhibiting Factors in the Implementation of Budget Efficiency**

The implementation of budget efficiency was shaped by the interaction of communication, resources, implementers' disposition, and bureaucratic structure. These dimensions correspond to Edwards III's policy implementation framework and show that the success of an efficiency policy is not determined solely by the amount of funding reduced. It is also influenced by how the policy is communicated, whether operational resources remain sufficient, how officials respond to the change, and whether the organisational structure enables adaptation.

Regarding **communication**, the central budget-efficiency directive was understood by regional officials as an obligation to reduce or reorganise expenditure. The practical difficulty concerned the translation of a broad national directive into operational priorities at the agency level. Officials had to decide which activities could be moved online, which field visits remained indispensable, and which companies should be prioritised. Such decisions involved local interpretation because the formal policy did not automatically explain how investment supervision should be maintained after the supporting budget was restricted.

Clear policy communication is particularly important in a deconcentrated arrangement because policy authority, budget control, and implementation responsibilities are distributed across different government levels. Fragmented communication may lead regional agencies to retain formal obligations without receiving sufficient operational guidance or resources. Susilo et al. (2023) identified institutional fragmentation as a central problem in Indonesian investment promotion and argued that interactive governance is required to improve coordination, reduce overlapping responsibilities, and create a more coherent investment environment. The current findings reinforce that conclusion by showing that central–regional coordination must include not only the distribution of responsibilities but also agreement concerning which investment functions should be financially protected.

Communication technology emerged as both a supporting mechanism and a source of limitation. Telephone calls, WhatsApp messages, text messages, and online meetings enabled employees to maintain regular contact with companies at relatively low cost. Existing personal relationships with company representatives also accelerated communication during LKPM reporting periods. Nevertheless, online interaction depended on company responsiveness and the accuracy of information voluntarily supplied by business actors. It

allowed the agency to request and receive information but did not provide sufficient evidence that the information corresponded to actual investment activity.

The communication findings therefore challenge the assumption that digitalisation inherently produces complete efficiency. Digital tools reduce distance and transaction costs, but their value depends on the quality of data, users' competence, institutional integration, and the availability of verification procedures. Kristantiya et al. (2023) found that OSS-RBA adaptation required continuous improvement of employee capability and organisational readiness. Suartana (2025) examination of OSS-RBA implementation likewise found that digital public services remained constrained by civil-servant capacity, infrastructure, policy dissemination, and the need for direct assistance.

The **resource dimension** constituted the most significant constraint. The reduction or operational unavailability of deconcentration funding limited official travel, company supervision, investor assistance, and direct coordination across districts and municipalities. Investment administration in a geographically dispersed province cannot be implemented entirely from one office because some regulatory and reporting problems require observation of company locations, production activities, project progress, employment, and capital expenditure. Financial resources are therefore closely connected to the credibility of the supervisory process.

Human resources were also relevant. Employees were required to manage investment promotion, supervision, licensing coordination, reporting systems, and regulatory changes under increasingly restricted financial conditions. Commitment alone could not eliminate differences in technical knowledge or experience. Staff members who had not previously worked in investment supervision required additional time to understand sectoral regulations, environmental requirements, OSS procedures, and company-reporting issues. The lack of alignment between employee competencies and specialised assignments increased the burden of organisational adaptation.

Recent evidence supports the importance of combining financial resources, information technology, and internal control. Putri (2025) found that the use of information technology, internal control systems, and performance-based budgeting positively affected the accountability of Indonesian government agencies. The implication for DPMPTSP is that digital communication will produce better outcomes only when it is accompanied by qualified personnel, clear control procedures, and a performance framework capable of

identifying inaccurate or incomplete reporting. Technology cannot independently compensate for a sustained shortage of human and financial resources.

The **disposition of implementers** functioned as a major supporting factor. Officials continued contacting companies, coordinating with other government institutions, maintaining reporting schedules, and searching for alternative promotional channels. Their willingness to adjust prevented an immediate interruption of services. This attitude represents a form of administrative commitment because employees attempted to fulfil institutional targets even when the normal financial instruments were no longer available.

A strong disposition, however, has institutional limits. Employees may temporarily compensate for reduced resources by increasing personal communication, combining assignments, and exercising discretion. Such adaptations become difficult to sustain when they depend on individual relationships rather than standard procedures. An organisation becomes vulnerable when its performance depends heavily on the personal contact lists, informal networks, and voluntary efforts of particular employees. Staff transfers, retirement, workload increases, or changes in company representatives may disrupt these informal arrangements.

Resilience-based governance offers a useful interpretation of this condition. Distiyah et al. (2025) argue that resilient governance requires adaptive capacity, institutional learning, collaboration, and the ability to prepare for future disturbances rather than merely respond to current pressure. The West Sumatra findings show a high level of short-term adaptation among officials, but the adaptation has not yet been fully converted into an institutional resilience system. A resilient model would require formal protocols for remote supervision, risk-based company classification, shared databases, cross-agency verification, and minimum funding guarantees for high-risk cases.

The bureaucratic structure supported efficiency by permitting the rearrangement of activities and electronic coordination with technical units, district and municipal governments, and central agencies. The integration of several agendas into one field visit also demonstrated procedural flexibility. Nevertheless, the requirement that every official activity be supported by a formal assignment and budget created a significant constraint when no funding was available. Employees could not accept financial assistance from supervised companies because doing so could create conflicts of interest, unlawful gratuities, and questions about the legality of administrative actions.

This restriction is necessary for integrity and accountability, but it produces an implementation dilemma. The agency remains responsible for supervision yet cannot perform certain activities without an official budget. The solution cannot be informal financing because that would weaken administrative legality. The appropriate response is therefore to redesign the funding and coordination structure, not to expect employees or business actors to cover official operational costs.

Collaboration among institutions could reduce some of these pressures. Wicaksono et al. (2020) found that the implementation of integrated business licensing in Indonesia depends on collaboration among multiple actors responsible for licensing, spatial planning, and other technical requirements. The relevance to the West Sumatra case is that district and municipal agencies may assist with preliminary observation and data confirmation, while the provincial office retains coordination and supervisory responsibility. Such arrangements require clearly defined roles, interoperable information, and procedures that establish the evidentiary status of information obtained from partner institutions.

The practical implication is that budget efficiency should be implemented through differentiated protection of functions. Routine meetings, ceremonial expenditure, printing, and non-essential travel can be reduced more extensively. Supervision of high-risk companies, verification of large investment values, assistance for companies experiencing regulatory obstacles, and investigation of inconsistent LKPM reports should receive minimum protected funding. A uniform reduction across all activities overlooks differences in policy risk and may weaken functions that directly support data integrity and investor compliance.

**1. Strategies for Maintaining or Improving Investment Performance under Declining Deconcentration Support**

The agency adopted several strategies to maintain investment performance after deconcentration support declined: personal communication with company representatives, online coordination with government institutions, integrated field assignments, digital promotion through SIPOPEI, investment forums, regional leadership promotion, and engagement with Minangkabau diaspora networks. These strategies show that the organisation attempted to protect investment services by mobilising existing institutional and social resources.

The use of existing relationships with company contact persons was effective for maintaining communication and reminding businesses to submit LKPM. It also reduced the cost and time needed to establish contact during each reporting period. The weakness is that personal communication does not provide an independent verification mechanism. Company representatives remain the primary source of information, while officials have limited capacity to compare reported figures with physical project progress and other administrative data.

This strategy should therefore be understood as an investor-relationship and aftercare mechanism rather than a complete supervisory instrument. Investment promotion agencies do not only attract new investors; they also assist established investors, resolve operational problems, encourage reinvestment, and maintain compliance. Dickinson et al. (2023) found that the performance of investment promotion agencies depends on their organisational capabilities, strategic orientation, stakeholder engagement, and institutional arrangements. The present findings add that budget availability is also essential for maintaining aftercare and supervisory relationships at the subnational level.

Digital promotion through SIPOPEI provided a relatively economical channel for presenting investment opportunities across West Sumatra. Prospective investors could access information independently, while the agency could update promotional material without repeatedly organising exhibitions or printing documents. Digital promotion also expanded the geographical reach of investment information.

Its effectiveness remains dependent on the quality and specificity of the information provided. Investors generally require more than a description of regional potential. They need evidence concerning land availability, infrastructure, licensing requirements, raw materials, workforce capacity, market access, incentives, project ownership, environmental constraints, and financial feasibility. A platform that presents only general potential may increase visibility without producing investment commitments. The agency therefore needs to move from information publication toward the preparation of investment-ready project profiles.

Investment promotion also depends on institutional coordination. Islam et al. (2026) found that fragmented mandates, procedural delays, and weak coordination reduced the effectiveness of investment promotion agencies, while institutional streamlining was necessary to strengthen FDI attraction. Their findings are relevant to West Sumatra because

promotional success requires coordinated responses from provincial offices, district and municipal governments, technical agencies, licensing authorities, and national institutions. A prospective investor may lose interest when promotional information is not followed by clear land, licensing, infrastructure, and sectoral arrangements.

The use of regional leadership and diaspora networks can broaden access to prospective investors, especially when formal promotion budgets are limited. Minangkabau business networks outside the province may function as intermediaries who introduce investment opportunities to relevant entrepreneurs. Such networks can provide trust, local knowledge, and access to decision-makers who may be difficult to reach through general digital promotion. This strategy is particularly valuable when conventional exhibitions and international promotional visits are financially restricted.

Reliance on informal networks nevertheless requires careful institutionalisation. Investment opportunities should not depend solely on personal or cultural relationships because this may reduce continuity, transparency, and equal access. Diaspora engagement should be supported by formal investor databases, documented follow-up procedures, transparent project information, and clear responsibility for responding to expressions of interest. Informal access can initiate communication, but subsequent facilitation should follow accountable institutional procedures.

The broader strategic challenge is to transform reactive adaptation into planned fiscal resilience. The current measures were largely developed after funding became limited. They enabled the agency to continue working, but their long-term sustainability remains uncertain. Eichholz et al. (2024) emphasise that budgeting contributes to resilience when it supports planning and anticipation, not merely expenditure control after a crisis has occurred. Abdillah et al. (2025) similarly position institutional learning and preparation as essential elements of resilience-based governance.

A longer-term strategy could establish a hybrid and risk-based investment-management model. Companies could be classified according to investment value, reporting compliance, sectoral risk, project stage, and previous discrepancies. Low-risk and compliant companies could be supervised primarily through digital channels. Companies reporting substantial investment values, repeated zero realisation, inconsistent information, licensing problems, or non-compliance would receive direct supervision. Such differentiation would direct limited field resources toward cases with the greatest fiscal, regulatory, and data risks.

Intergovernmental collaboration should also be formalised. District and municipal DPMPTSP offices or relevant technical units could conduct initial observation based on standardised checklists, while the provincial office could manage data consolidation, higher-level coordination, and selected joint inspections. A shared digital dashboard could record company reporting status, identified inconsistencies, follow-up actions, responsible officers, and verification results. This arrangement would reduce duplication without eliminating accountability.

The findings generate several theoretical and practical implications. Theoretically, they broaden the understanding of policy implementation under fiscal restriction by showing that communication, resources, disposition, and bureaucratic structure interact dynamically. Resource reduction encouraged greater discretion and innovation among implementing officials, but it also increased dependence on informal relationships and remote information. The case therefore demonstrates that implementer commitment can moderate the effects of resource scarcity but cannot permanently replace sufficient institutional resources.

The study also contributes to the concept of value for money by identifying a trade-off between reduced operating costs and the quality of investment supervision. Economy was achieved through fewer journeys and greater reliance on digital communication. Efficiency was partially achieved because activities continued with lower resources. Effectiveness remained uncertain because factual verification, reporting accuracy, and direct company assistance became more difficult. Value for money is therefore attained only when these three dimensions are balanced rather than when economy is achieved at the expense of effectiveness.

Practically, the central government should avoid applying uniform efficiency reductions to all components of a deconcentrated programme. Budget reviews should distinguish low-value administrative expenditure from essential operational activities. Minimum operational support is still required for high-risk supervision, investor problem-solving, data verification, and coordination involving companies distributed across a large geographical area. Provincial agencies should also formulate contingency plans before future reductions occur so that alternative methods, institutional responsibilities, and protected service standards are established in advance.

Several limitations should be recognised when interpreting the findings. The research was conducted within a single provincial agency and involved four key officials, so it captures

the perspective of policy implementers rather than the full range of stakeholders. Representatives of foreign-owned companies, district and municipal DPMPTSP offices, central government officials, and independent investment analysts were not included. Their views might reveal different assessments of reporting compliance, service quality, and the consequences of reduced supervision.

The research also relied primarily on qualitative evidence and aggregate investment data. It did not calculate the precise cost savings generated by online coordination or integrated field visits, nor did it quantitatively test the relationship between deconcentration allocations, supervision intensity, LKPM compliance, data accuracy, and FDI realisation. Investment realisation is affected by many external variables, making it inappropriate to attribute changes directly to budget efficiency. Future research should combine interviews with company-level reporting data, numbers of field visits, cases of reporting correction, service-response times, and investment outcomes over several years.

Finally, the research examined the early implementation of a rapidly changing fiscal policy. Some institutional effects may only become visible after several reporting and investment cycles. Longitudinal and comparative studies involving several provinces would provide stronger evidence regarding whether the West Sumatra experience represents a local condition or a broader consequence of reductions in FDI deconcentration funding.

## CONCLUSION

This study concludes that the implementation of the foreign direct investment deconcentration budget-efficiency policy at the Investment and One-Stop Integrated Services Office of West Sumatra Province was carried out mainly through adjustments to working methods and the optimisation of available resources rather than through the complete elimination of activities. The agency transferred routine communication and coordination to online platforms, combined several supervisory agendas into a single field visit, and prioritised activities considered urgent. These measures reduced operational expenditure and allowed investment services to continue under restricted fiscal conditions. Foreign investment realisation in 2025 remained relatively favourable, indicating that budget reductions did not immediately weaken aggregate investment performance. However, the decline in the frequency of field supervision affected the agency's ability to verify Investment

Activity Reports, monitor company compliance, and ensure that reported investment data corresponded with actual business conditions.

The implementation of the policy was supported by employee commitment, digital communication technology, established relationships with company representatives, and coordination with central and local government institutions. Nevertheless, financial limitations, reduced operational facilities, wide supervisory coverage, and the inability of online communication to replace direct verification remained substantial barriers. The strategies adopted by the agency, including remote coordination, digital investment promotion, integrated supervision, and the use of institutional and social networks, were effective in maintaining minimum service continuity but remained largely short-term and reactive. Future policy should therefore apply selective and performance-based budget efficiency by protecting essential funding for high-risk supervision, investment-data verification, and investor assistance. The agency should also develop a risk-based hybrid supervision system, strengthen intergovernmental data integration, and establish measurable indicators of service quality so that fiscal savings do not reduce the accuracy, accountability, and long-term sustainability of foreign investment governance in West Sumatra.

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