

ABSTRACT

The political economy literature argues that the allocation of intergovernmental transfers does not always reflect regional needs, but may be shaped by the electoral considerations of the incumbent. This study empirically examines the relationship between regional electoral support and discretionary transfers across districts/cities in Indonesia over the 2017–2019 period, with electoral support measured by Joko Widodo's vote share in the 2014 Presidential Election. Three competing political economy models, namely core voter, swing voter, and political investment, are tested separately using cross-sectional OLS. The results show that the core voter model most consistently explains the allocation pattern, in which districts with the highest support (>70%) receive larger transfer allocations, while the political investment and swing voter models find no consistent empirical support. These findings indicate that the allocation of discretionary transfers is directed more toward rewarding loyalty and reinforcing the incumbent's support base.

Keywords: discretionary transfers, DAK Fisik Penugasan, electoral support, core voter, political economy

JEL classification: D72, H77

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