Actor Participation of Budgeting Policy Process in Banten, Indonesia

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Abstract

In actualizing the Regional Government Budget as an instrument for the desired social changes and in accordance to the purpose for decentralization, there needs to be the involvement of the civil society, community groups, and other stakeholders in public management to influence the policy formulation process and policy implementation which could improve public services and public accountability. The purpose of the current study was to describe the process of formulating the budgeting policy and identifying and plotting the participation of a number of actors, both formal actors and informal actors, in the process of formulating the budgeting policy in the Banten Province Regional Government. The research method employed was a qualitative research method using the NVivo 12 Pro software application. A number of the current study's findings which were related to the budgeting process were clearly linked to the actors’ political relation which would give rise to demands and requests in the form of activity proposals. This process would also give rise to various compromises and bargaining between the actors involved, including the value system which influences it. Moreover, the process of formulating the budgeting policy in Banten Province Regional Government in 2018, both in planning and budgeting, were done only as a procedure but not yet substantively. Therefore, budgeting policy formulation process needs to prioritize more widespread public participation, especially in discussions and collecting input or information for the government, both directly or indirectly so that a transparent and accountable process is created.

Keywords: Policy formulation; Actor; Participatory Budgeting; Transparency; Accountability


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INTRODUCTION

History has shown that the implementation of the decentralization policy, including the fiscal decentralization in 2001 in the wake of the reformation movement in mid-1998 began with the implementation of Law Number 22 Year 1999 pertaining to Regional Government and Law Number 25 Year 1999 pertaining to the Financial Balance between the Government and Regional Government. In the 14 years of the decentralization, there have twice been changes in laws pertaining to regional governance, Law Number 32 Year 2004 and the most recent Law Number 23 Year 2014, especially in Chapter XI which pertains to regional finances. Meanwhile, in relation to the connection between the central and regional finances, there has only been one change with Law Number 33 Year 2004 pertaining to the Balance between Regional Finances.

The purpose of implementing the decentralization policy is the creation of accountability, the improvement of the quality of public services, and the encouragement of public participation in the regional government’s decision making. Therefore, in order to actualize the Regional Government Budget (APBD) as an instrument for the desired social changes, and to be in accordance to the purpose of decentralization, there needs to be involvement of the civil society, community groups, and other stakeholders in public management to influence the policy formulation process and policy implementation which would enable improvements in public services and public accountability.

In order to create these, there needs to be society empowerment and involvement in the decision-making process. This condition is believed to be important because it could support pro-poor policies, improve public services, and reduce the poverty rate through debates so that they may enrich the quality of the decision-making. (Alex B. Brillantes and Jose Tiu Sonco II, 2005) In addition, the budgeting process which emphasizes on public participation is also expected to give benefits which include: First, the discussion of the budget could be conducted together with citizens and the elected politicians to discuss public budgeting allocation; Second, a participatory budgeting is also expected to create benefits as a part of the sincere information of what the citizens need and prefer so the policy makers could provide goods and services according to the citizens’ preferences; and Third, revealing the budgeting “black box” design and implementation to the entire public because this could strengthen political accountability and is a tool for elected politicians’ commitment. (Sonia Goncalves, 2013) Moreover, study results have demonstrated that the participatory budgeting concept was one of the most significant innovations in Latin America to improve public participation and regional government accountability, where the councils in each district could determine their priorities in utilizing a portion of the city’s income. (Souza, Batley, & Melo, 2001)

The results of the studies above have demonstrated that a good budgeting process must prioritize widespread public participation, especially in discussions and providing suggestions or information for the government, because the main issue in the budget formulation process is how the process is conducted in a participatory manner, both the planning phase and budgeting phase, by involving all the actors so that all the policies to be implemented are in accordance to the people’s preferences.

From a number of studies conducted in Banten province, it is evident that the people’s participation in the budgeting process was limited to the planning and did not extend to the discussion or establishment phases. The still-powerful role of bureaucracy and politicians (and of course the informal actors) in the bud-
eting discussion and establishment phases nullified the citizen participation in the planning phase. Nearly all the people’s suggestions were not accommodated in the budgeting political policies which were dominated by the economic and and political interests of the elite (Maulana, 2018; Widiyanto & Kariadi, 2011).

Therefore, the current study will describe the budgeting policy formulation process and identify and map the participation of a number of actors, both formal actors and informal actors, in the budgeting policy formulation process in the regional government.

RESEARCH METHODS

This study employed a qualitative method. In this study, the data collection was conducted through observations, interviews, and literature review. Whereas the data analysis was conducted with the assistance of the NVivo 12 pro software so that the results were comprehensive.

RESULTS AND DISCUSSION

Actors in the Budgeting Policy Formulation in the Banten Province Regional Government in 2018

The Regional Government Budget policy formulation process is inseparable from the role of the actors because the Regional Government Budget formulation process is a policy formulation process (Ibrahim & Proctor, 1992) and policy formulation is part of one of the public policy phases (Oliver, 1986).

Public policy can be defined as directives or guidelines that are tangible, trusted, or acknowledged by the entire society. The directives could be initiated by the government, the public sector, or the public. Therefore, the definition of public policy includes a broad scope: government policy, parliamentary law, and policies formulated by the regional government and implemented by the public and private sectors. Nak-ai, Jiawiwatkul, & Temsirikulchia (2018) hill then defined policy as a political product which determines and establishes the boundaries of what the country does. To be more exact, Anderson stated that when the government makes a decision or choses a certain action to solve social issues and adopts a special strategy to plan and implement it, this is public policy. Osman (2014) Meanwhile, Dye revealed that in general, public policies are anything the government chooses to do and not to do in overcoming a public issue (Lee, Al-yafi, & Weerakkody, 2014).

The issues that have entered the policy agenda are discussed by the policymakers. The aforementioned issues were defined to then have their solutions found. In this phase, forecasting is needed. According to Dunn, forecasting can provide knowledge relevant to the policies regarding issues in the future as an effect of taking alternatives, including the choice of doing nothing. In addition, according to Dunn also, policy forecasting has three main forms: projection, prediction, and forecast. Projections are forecasts based on extrapolation of past or current trends to the future. Projections could be strengthened by arguments from authorities (such as expert opinions) and casual logic (economic and political theories). On the other hand, predictions are forecasts based on strong theoretic assumptions. On the other hand, forecasts are based on informative assessments or expert evaluation on the situation of people in the future. Then Anderson stated that in general, the term policy shows the behavior of a number of actors or a group of actors such as government authorities, government or legislative agencies, especially in the public activity area such as public transport or those under consumer protection. Public policies could also be viewed as whatever the government chooses to do or not to do. Furthermore, Anderson also revealed that policy is defined as something that is relatively sta-
policy, an intentional act which is conducted and followed by the actors or the group of actors in solving a problem or the problem which is currently the issue or a trending issue. This definition is focused on what is actually done, not what is suggested or expected; differentiating between policy and decision, which is essentially a specific choice between alternatives for solving special problems and viewing a policy from that is developing from time to time. Public policy is a policy developed by a government institution (non-government actors and factors that might directly influence policy development) (Anderson, 2003; Dunn, 2014).

Meanwhile, conceptually, policy formulation (Anderson, 2003; Avriel, Arad, Kami, & Breiner, 1983; Dunn, 2014; Madlen Serban, 2015; Mara S. Sidney, 2007) includes the creation, identification, and selection of programs for acting upon a problem and is also known as alternatives or choices. The actors are involved in the policy formulation, identifying the existing alternatives for handling the current issues, and whether there are any difficulties or ambiguities in the formulation of the policy proposal.

The actors involved in the policy-making process are group into formal and informal policy-makers. These two groups are involved in the public policy process. According to Anderson (Anderson, 2003; Popoola, 2016), the actors in formal policy formulation are those who have the legal authority to be involved in the public policy formulation process. The actors in this category include legislators, executives, administrators, and judicial. Each of these actors is responsible for policy formulation in different ways. These people are actors from the government who formally hold public offices and are involved in political institutions and play a direct role in the policy formulation. On the other hand, informal actors in public policy formulation are a group of people who do not hold public offices and are not from political institutions. They are not within the government but they are bequeathed a right to participate and play a role in influencing the public policy formulation process so that they are considered as a force in the policy-making process. Even though they are actively involved, they do not have a formal authority to make any decisions in

Figure 1. Power and Interest of Actors in the Budgeting Policy Formulation Process
Source: Processed by the authors (2019)
the public policy. These people are from interest groups, political parties, communication media, and individual citizens.

The Regional Government Budget (APBD) budgeting policy formulation process is not merely a financial administrative process but is also a process that will reflect the political relationship between the actors involved. Therefore, the Regional Government Budget formulation process is inseparable from the political relationships between the actors which will give rise to demands and requests in the form of activity proposals. This process will even give way to various compromises and bargaining between the actors involved, including the value systems which influence them, because the budgeting policy formulation process is part of the political setting (Giuriato, 2016; Richard, 1986).

In the actor-identifying process, there needs to be an analysis of the actors based on their power, interests, and influence (Bryson, Quinn, & Bowman, 2011; Hermans & Thissen, 2009). According to Ondee and Pannarunothai (Ondee & Pannarunothai, 2008), actor analysis is a systematic method to collect and analyze data regarding the actors’ interests (individual, group, and organization) in the effort to identify policy actors, especially the main actors in a policy system, assessing their respective interests (wagering), and predicting the potentials that influence the development and the implementation of the policy.

From the mapping of the actors involved in the Regional Government Budget formulation process in the Banten Province Regional Government in 2018, there were formal actors (executives and legislative) and informal actors (mass media, political parties, NGO, the Regional Research Committee, community elders). The executives consisted of the Governor/Vice Governor, Regional Secretary, Budgeting Team, the Regional Work Unit (SKPD), Banten Province Regional Development Planning Agency, the Ministry of Home Affairs, and the Corruption Eradication Commission (KPK), whereas the legislative consisted of the Budgeting Agency and DPRD (Regional People’s Representative Council) Commissions.

When viewed from their power and interests, the Governor was the main actor, and the second main actor was the
DPRD Budgeting Agency, Regional Development Planning Agency, the Regional Government’s Budgeting Team (TAPD), and Head of OPD (a new term for SKPD) (Figure 1). Similarly, in the case of power and influence, the Governor was again the main actor and the DPRD Budgeting Agency the second main actor (Figure 2).

The Regional Government Budget policy formulation process has undergone a shift, in the past the legislative had strong power in influencing the budget, leading to many council members asking them to include their programs and budgets. The situation has changed, the council members can no longer do this; they can only stall the process to increase their bargaining time. However, the bargaining will peter off with time because there are regulations of how long the discussion process can last and the Regional Government Budget must be established. If the formal actors do not comply, those actors (the Governor or DPRD) will be sanctioned by suspending their pay for 6 months and the programs related to the council will not be budgeted. This situation clearly weakens the council members’ position and makes them simply follow the executives’ lead.

Meanwhile, the involvement of NGO, Ormas, and Academics (the university element) was merely procedural. Each of these were asked to participate in the OPD and Development Planning Consultation forum, but in reality, the OPD and Development Planning Consultation Forum in Banten Province which in the past was a medium for the participation of the civil society in the development policy formulation process, is now often only an "annual ritual" or only conducted to fulfill the requirements. Moreover, in this activity, many of the participants were unsure of whether their aspirations became the government’s agenda or not. This situation clearly indicated that the participation of stakeholders in the budgeting process was limited to the planning and did not extend to the discussion stage or the decision-making. This was because they could only give suggestions in OPD and Development Planning Consultation forum events and had no idea whether their suggestions became government agenda or not. This condition was avoidable if the formal actors truly facilitated the participation of the other actors using the

Figure 3. The Budgeting Policy Formulation Process
Source: Processed by the authors (2019)
participatory budgeting concept.

According to Wampler (Brian Wampler, 2007; Piper, 2019; Souza et al., 2001; Vincent, 2010; Wampler, 2007), participatory budgeting is a decision-making process where the citizens deliberately negotiate the distribution of public resources. The participatory budgeting program is conducted as requested by the government, citizens, Non-Governmental Organizations (NGO), and other Community Organizations to enable a direct role in determining how and where the resources are spent. These programs must create an opportunity for involvement, is educational and empowers the people, and can encourage civil society to be more dynamic. Participatory budgeting could also encourage transparency and accountability, and has the potential for reducing inefficiency and corruption within the government. This is one of the innovations to expand the representation of every group, including marginal groups, in the budgeting process. This condition would also allow the poor to give input to politicians who in the past did not fight for their needs in the budgeting process.

Furthermore, according to Diether and Marian (Lee, 2017), participatory budgeting allows citizens to negotiate budget allocation and investment priorities with the government. The purpose of participatory budgeting itself is to create transparency and accountability to the traditional budgeting practice. According to Sintomer (Lee, 2017; Melgar, 2014; Smith, 2015), participatory budgeting was first implemented by the local government of Porto Alegre, Brazil in 1989, and since has been implemented world-wide, especially in Latin America and the Caribbean. Globally, there are around 1,269 – 2,777 regional governments that have implemented participatory budgeting in 2013. There were 626 – 1,138 cases in Latin America, 474 – 1,317 cases in Europe, 58 - 109 cases in Asia, and 110 - 211 cases in Africa.

This concept has a number of advantages, namely: First, this concept is expected to facilitate the collaboration between citizens and the elected politicians to discuss the public expenditure allocation. Participatory budgeting is also expected to be beneficial in collecting the pure information of what the citizens need and prefer. As a result, the policymakers would be able to provide those goods and services and could develop better policies that are suitable with the citizens’ preferences according to the information revealed in the participatory forum; Second, by revealing the budgeting “black box” design and its implementation to the public. Participatory budgeting is expected to strengthen political accountability because it works as a commitment tool for the elected politicians. At the end of each participatory cycle, the citizens would know the amount of the public budget which was supposed to be used and the exact projects or services that were supposed to be funded by the budget expenditure. As a result, they would be able to more accurately oversee and evaluate the actions of the politicians they had elected using this model. This mechanism could improve the accountability or could become a commitment mechanism which consequently means that it can be assessed empirically (Sonia Goncalves, 2013).

Actor Participation in the Budgeting Policy Process in the Banten Province Regional Government in 2018

The budgeting policy formulation process is strongly linked to actor interactions and interrelation (Rijal, Madani, & Fatmawati, 2013; Silke Adam & Kries, 2007) because in presenting a public issue to be made into a regional government agenda and to be budgeted there are interactions and interrelation between the actors (conflicts, bargaining, and collaboration) as each of the ac-
tors have their own interests. For example, one of the regional council members might present arguments and fight for his or her constituent area's issues in meetings with the related Regional Device Organization in the Banten Province Regional Government. Similarly, NGOs will reveal public issues to the formal actors (legislative and executive members) and this could give rise to conflicts. However, the process will create bargaining between the actors to find a meeting point, regardless of whether it is symmetrical or not.

Procedurally the Regional Government Budget (APBD) budgeting policy formulation process starts with a planning policy process, a compilation of budget general policies, discussion and agreement between the Regional Government and DPRD, evaluation of the Ministry of Home Affairs, and budget decisions. This is shown in Figure 3.

Based on Law Number 23 Year 2014 pertaining to the Regional Governance article 261, regional development planning must be conducted using technocratic, participatory, political, and top-bottom and bottom-up approaches. A technocratic approach is an approach using a scientific method and mind frame to achieve regional development goals and aims. A participatory approach is an approach involving various stakeholders. A political approach is an approach conducted by translating the elected head of the regional government’s vision and mission into the intermediate development plan documents which are discussed with the DPRD. The top-bottom and bottom-up approach is a planning process which is harmonized in the development conferences that are held in the Village, Sub-district, Regency/City, Province, and National levels.

The results of the study revealed that these forums have not yet been implemented effectively. Moreover, the participation response of each of the elements was still poor, especially the presence of DPRD members. Even the OPD delegates from the Banten Province Government and Regency/City OPD were dominated by the staff and echelon III authorities so the discussions and decision-making were not particularly effective because they were not immediately discussed and decided on. During the researcher’s personal observations of the OPD Forum, it seemed more of a requirement fulfillment and simply dissemination. Even though in the execution there was a question and answer session, but the nature was only as suggestions as they did not have the power to change the decisions and did not become the government’s agenda in the Regional Government Budget formulation. In addition, this forum is yet to become a medium to capture the stakeholders’ aspirations. This was due to a number of reasons, first OPD was still focused on old policies and programs; second many of the forum’s participants do not understand the authority of the provincial government; third, the policies and programs were already locked, even though they were still workplan drafts. This situation turned the forum into a mere seminar or workshop.

The next step was the Regional Development Planning Agency holding a coordination meeting between OPD divisions before the province-level Development Planning Consultation. It should be noted that at the moment Banten Province Regional Government used an information technology application in the 2018 Regional Government Budget formulation process by using the Planning, Budgeting, and Reporting Management Information System (SIMRAL) application. SIMRAL is an application recommended by the Corruption Eradication Commission in collaboration with the Agency for the Assessment and Application of Technology (BPPT) as the application provider. Information technology is believed to be capable of guaranteeing the
transparency and accountability in regional financial management (Sedmihradská, 2015; Twizeyimana & Andersson, 2019).

However, the results of this study revealed some issues in the implementation, first, many OPDs were not yet synchronized in their planning documents, especially between their Strategic Plan and Workplan documents, for instance regarding the activity volume and location. It should be noted that the system demands the OPD to be capable of synchronizing the planning and budgeting documents, down to the activity locations and budget ceiling; second, the participants of the forum were limited to staff, not the high-ranking officials who have authority in decision-making, leading to an unseasoned implementation of the planning process.

After the synchronization between OPDs under the Banten Province Regional Development Planning Agency leading sector, the process was continued with the Development Planning Consultation activity. Substantially, the implementation of Development Planning Consultation must prioritize participatory patterns as a service for the public. However, facts showed that in substance the implementation deserved criticism because it was merely a formality; the Development Planning Consultation process that cost a lot did not yield high-quality planning.

A good planning process should be able to synchronize the Development Planning Consultation process at the executive level and recess at the legislative level so that the two processes could complement each other. However, each of these processes ran the course on their own, causing the information from the DPRD to be not well incorporated into the planning process, even though the DPRD’s role is crucial in providing input regarding the constituents’ desires. This situation was caused by a number of problems, First, the process of collecting information about the issues in the society through the recess mechanism was not in accordance to the Regional Government Budget planning phase, for example, the budgeting was already complete when the DPRD had just begun recess and vice versa. Second, the mechanism of council main idea inclusion should actually be the public’s aspiration through the council, granted access to the budgeting process so that the data from the Development Planning Consultation results becomes vertical data for the policy formulation process in the Regional Government Budget formulation with the addition of horizontal data from recess results.

Normatively, all stakeholders can monitor the planning process and give input during the Regional Government Budget policy-making process so that the policy that is made is suitable to the public’s needs because a good-quality policy is a policy which can solve public problems. Therefore, the legislative board as a representative of the public must be attuned to the public’s desires and convey them to the government to be made into policies. This situation means that the Development Planning Consultation must be bottom-up planning (planning from the grassroot level) and must be able to understand the people so that it could fulfill the people of Banten’s needs and desires.

This condition is a fact that the planning process before the program is budgeted in the Banten Provincial Government is still problem-laden, for example, a lot of data is opposite the facts in the field, violating Law Number 23 Year 2014 pertaining to Regional Governance article 31 which states that development planning must be based on accurate and accountable data and information. Furthermore, policy-making in the Banten Province Regional Government OPD was very limited in information collection, and the policies and programs made still referred to the previous year’s policies and programs and merely fulfilled the political
wishes of the Governor through its vision and mission. This situation clearly indicates that the bottom-up planning mechanism is not yet in operation and is merely procedural.

Therefore, a planning process that begins from the grassroot level must truly be implemented because the participatory budgeting process will improve citizen responsibility, increase involvement in public life, encourage opinion diversity, and offer an increased legitimation of the decisions because participatory budgeting is an alternative in creating democratization based on the participatory mechanism (for example through the community forums and elections). Sintomer (Smith, 2015) had observed the implementation of participatory budgeting in Europe and found that the “fourth power” that emerged or was supported by the participatory budgeting framework was that decision-making was conducted directly or indirectly in public budgeting and financial decisions.

Normatively, the budgeting process in the Banten Province Regional Government year 2018 must apply the Thematic, Holistic, Integrative, and Spatial approach and the expenditure budgeting policy based on the ‘money follows’ program by ensuring that the programs allocated are truly beneficial and not merely due to a functional duty from the Provincial Government Provinsi. Furthermore, in the process of determining programs, the Banten Province Regional Government must also search for information and develop alternative policies that are in line with the issues that exist in this area.

Therefore, further studies need to be conducted as an effort to make the planning and budgeting process more effective so that it may produce the best possible programs. However, the problem is that the planning and budgeting process in the Banten Provincial Government involving research studies is very limited because the budgeting and program mindset still uses old programs. In addition to referring to old programs, the programs that are formulated are also top-down in nature, the programs decided on mostly reflected the wishes of the Governor. This issue surely has its consequences on the quality of the policies made, there are some that believe that the existing policies only focus on popularity which aims to improve their image.

This situation should not have happened if only the policy formulation process of the Regional Government Budget was conducted seriously and substantively by the Banten Province Regional Government so that the programs offered and budgeted by the executive could have better quality and could be implemented well and on target. Basically, society must truly benefit from the Regional Government Budget. From the study results, it was apparent that many of the programs suggested by the executive did not reflect the people’s needs. In addition, the council does not have the right to revise or replace the suggested programs, the council only has the right to either approve or not approve. The council’s suggestions are often rejected because they said the suggestions are not found in the Regional Medium-Term Development Plan (RPJMD). This happened because there were low-quality issues from the beginning in addition to individual and group interests, an unavoidable truth.

This situation is unavoidable because the budgeting process is not only an administrative decision but also a political one. Therefore, according to Wildavsky and Caiden (Ibrahim & Proctor, 1992; Pratiwi, 2010), budgeting is a process where a variety of people or groups express their different needs and make different decisions. To reach a decision out of the varied interests, they deliver arguments of what they believe is right and just, while the government itself is rife with conflicts regarding the selection
of policies in budgeting. Furthermore, Wildavsky and Caiden (M.M. Ibrahim & Prorct, 1992; Pratiwi, 2010) stated that the purpose of budgeting is as diverse as the purposes of the people involved in the process of making it, budgets are made to coordinate various activities, complement one another, but the budget is also used for their own gains such as facilities they use by mobilization of the support from other groups.

CONCLUSION

The budgeting policy formulation process is not only as a financial administrative process but is also a process that reflects the political relations between the actors involved in it. The results of the study demonstrated that the budgeting process is inseparable from the political relations between actors which give rise to demands and requests in the form of activity proposals. The process will also give rise to various compromises and bargaining among the actors involved, including the system values that influence them. In addition, the budgeting policy formulation process in Banten Province Regional Government both in its planning and in budgeting is done only as procedurally not substantively; the activities are conducted only to fulfill the obligation without any regard for the substantive aspect which prioritizing a wide public participation, especially in the discussions and giving information to the government.

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