



BUDGET POLICY INNOVATION THROUGH PARTICIPATORY BUDGETING IN THE PROVINCIAL GOVERNMENT OF BANTEN

Delly Maulana

Study Program of Public Administration
Faculty of Social and Political Sciences Serang Raya University
e-mail: delly_maulana@yahoo.com

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ABSTRAK

Abstract

The involvement of civil society and society groups through the concept of participatory budgeting in public management, especially in the budgeting process is a key factor in realizing good governance. In the context of the Provincial Government of Banten, this province is an area with a good budget potential, both from the original revenue of the region and from the overall income, but the condition has not made a significant impact on the development of the region, as it can be seen from the two districts in Banten Province which are included in the category of underdeveloped areas, namely Lebak District and Pandeglang District. Therefore, this paper tries to give an idea of the importance of budget policy innovation in Provincial Government of Banten through participatory budgeting, so that high budget potential can give significant impact to the development and prosperity of the society in Banten Province. This article uses qualitative research methods by utilizing secondary. The research result shows participatory budgeting practiced in Indonesia, especially in the province of Banten are just a new concept.

A. INTRODUCTION

Implementation of decentralization policy in Indonesia gives consequences to local governments with various authorities to be able to run various public affairs whose ultimate aim is the welfare of the society. In realizing the public affairs aimed at prospering the society, it cannot be separated from the budgeting policy. With this context, the public budget reflected in the Regional Revenue Budget (APBD) plays an important role to be the instrument of the desired social change.

Normatively, the objectives of decentralization policy are to create accountability, to improve the quality of public services, and to encourage the participation of society in local government decision-making. Therefore, in realizing the Regional Revenue Budget (APBD) as an instrument of desired social change and in accordance with the objectives of decentralization, it is necessary to have the involvement of civil society

and society groups in public management to influence the process of policy formulation and implementation which is likely to be able to improve public services and public accountability.

Brillantes and Tiu Sonco II (2005) stated that in order to create effectiveness of the process of good governance of the local government, it is necessary to empower and involve the society in the decision-making process. This condition is considered important because it will support pro-poor policies, public services improvement, poverty reduction, and the achievement of the MDGs.

Furthermore, the involvement of civil society and society groups through the concept of participatory budgeting in public management, especially in the budgeting process is a key factor in realizing good governance. Conceptually, good governance is the process of organizing the state government which is solid and responsible, as well as efficient and effective, by maintaining the

"synergy" of constructive interaction between the state domains, the private sector and the society. There are several indicators to do in the realization of good governance at the local level, namely: realizing local participation, legal certainty, transparency, accountability, fairness, orientation on the common goals, efficacy and effectiveness, and responsiveness. (LAN, 2000).

Meanwhile, Vegara in AtiurRahman (2005) stated that participatory budgeting is a process in which everyone has an equal opportunity in influencing the allocation of public resources from the perspective of local government by considering the sectoral priorities. In budgetary policies, the local governments use the information of the society in the arrangement of income and expenditure as part of the decision-making process. Such a concept is an innovative policy-making process, in which the society is directly involved in policy decisions. In this process, open forums which are held annually provide equal opportunities for the society to provide input as development priorities, and the society can also monitor the implementation of government policies, especially in the implementation of policy at the local government level.

In the context of Banten, this province is a region with a good budget potential, both from the original revenue of the region as well as from the overall income, but this condition does not make a significant impact on the development of the region. Based on the 2010-2014 trend data from the General Directorate of Fiscal Balance at the Ministry of Finance of the Republic of Indonesia on the total revenue growth of the region and its main components, namely PAD and balancing funds, indicates that Banten Province (19.08%) is ranked second after DKI Jakarta (22.98%), and the third is West Java (16.45%). And when viewed from the average PAD growth in 2010-2014, Banten province is the province with the highest PAD average, reaching 26.69%. Then followed by the Province of DKI Jakarta which reached 25.74% and West Java Province which reached 22.33%. (Dirjen Perimbangan Keuangan, 2014) Furthermore, the revenue budget of 8 districts / cities in the province of Banten in 2014 was around Rp. 16,880,492.17, while the budget was around Rp. 15,224,306.04. (BPS Banten, 2015)

With high APBD, logically it will be able to give a significant impact on development of the province of Banten. However, the fact is that it does not give a significant impact, for example in the issue of the development. Based on data from the Ministry of Finance of the Republic of Indonesia, it indicates that there are two districts in Banten Province which fall into the category of districts that are left behind, namely Lebak Regency and Pandeglang Regency.

Based on such background, the authors want to give an idea of the importance of budgeting reformation in Banten Province through the perspective of participatory budgeting, so that large budget potentials can have an impact on improving the development and welfare of the people in Banten Province.

B. LITERATURE REVIEW

a. The Concept of Participatory Budgeting

According to Brian Wampler (2007), participatory budgeting is a decision-making process through which citizens are deliberative and negotiate with respect to the distribution of public resources. The participatory budgeting programs are implemented at the request of governments, citizens, NGOs and CSOs to enable the citizens to play a role directly in deciding how and where the resources are spent. Such programs should create opportunities to engage, educate, and empower citizens, and can encourage the civil society to be more dynamic. Participatory budgeting can also help to foster transparency, and has the potential to reduce government inefficiency and corruption.

Wampler (2007) also states that budgetary participation will also address two different but interconnected matters: first, improving government performance and second, improving the quality of democratic application. This is because the participatory budgeting will help to improve the state's performance through a series of restrictive institutional rules and examine the prerogative rights of the government as well as to create an increased opportunity of citizens to engage in public policy debates. In addition, it also helps to improve the quality of democracy by encouraging direct public participation in public and open debates, and to increase their knowledge of public affairs.

b. Actors in Participatory Budgeting Practice

Wampler (2007) describes about the actors involved both politically and socially who have different motivations to promote and participate in participatory budgeting. The actors are as follows:

First, the local government. The local governments can implement participatory budgeting programs to achieve various objectives. This includes building a base of political support, achieving a more equitable distribution of existing resources, promoting public learning, and promoting transparency in government.

Second, citizen as an individual. Citizens have an incentive to participate in participatory budgeting programs. Therefore, there are several things that can be the benefits from the application of this concept. Firstly, participatory budgeting improves their access in public activities for decision making. The intensity of public meetings in the decision-making process can create fairness in the resource distribution and reduce the practice of clientelism. Secondly, the important incentive for citizens is that they will gain access to information. The meetings will provide information to the citizens with a broader understanding about the government, government responsibilities, policies, and policy making. Even the budgets and policy-making are often seen as "black boxes" where inputs and output are not known to everyone, but are known only to a few government officials. Therefore, participatory budgeting provides a structure for the citizens to obtain the information necessary to develop a better understanding of their political and administrative environment; and the last, the benefit of participatory budgeting for citizens is the direct relationship between participation and quality of the service provided. This is because citizens can directly choose the desired program and can directly feel the impact.

Third, the Civil Society Organization. There are several reasons for the importance of civil society organizations. Firstly, the main incentive for civil society organizations is like social or local group movements to participate in the participatory budgeting indirectly. Because one of the criteria for distributing public goods is the number of citizens attending the meeting, the more citizens mobilized by the civil society organization, there will be more justice of public goods distribution for the citizens. This is because the relationship between

mobilization and the result set will strengthen the role of the civil society organizations in the participatory budgeting. Secondly, participatory budgeting programs require an opportunity for them to build a wider network of supporters. Besides, the participation of civil society will also provide links with potential alliances in increasing the broader opportunities in building social and political coalitions. Thirdly, the civil society organizations are participating to influence policy by providing input to the government in identifying public issues as well as in the formulation of public policy.

Fourth, Non-Government Organizations (NGOs). The participatory budgeting program provides mechanisms for NGOs to work with the citizens and governments to address urgent social issues. In countries that already implement the participatory budgeting, NGOs have the position on the supervisory board to organize and act as mediators between the government and participants in the budgeting program. Then, when NGOs play a direct role in the process, they tend to promote community empowerment and encourage transparency in the governance process. In other countries' cities, NGOs act as advisors, providing support to participants.

Fifth, the business community. The business community can support the participatory budgeting programs as it promotes transparency, reduces corruption, and increases efficiency. Meanwhile, participatory budgeting programs are not inherent or need to involve the reformation of the budget system. The increased attention to the budget that often causes the government to take the policy of efficiency for the sake of the cleanliness of the financial sector, because the clean financial sector is a direct consequence of participatory budgeting program. In the business community, multiple contractors and businesses engaged in development will get the benefit directly. Therefore, project selection and the order of project implementation may allow the contractors to bid in an open and fair system. Small contractors will get the benefit because many projects are selected through the participatory budgeting program. Contractors no longer pay bribes to ensure that the project is fully funded and implemented. Instead, the time and sequence of the project become part of the public record. The businesses that benefit from the closed

and corrupted practices are absolutely not enthusiastic about the implementation of the participatory budgeting concept.

C. METHOD

The research method used in this article is qualitative research of secundar data.

D. DISCUSSION

a. Participatory Budgeting is Just a Concept

Participatory budgeting practices in Indonesia, especially in the province of Banten are just a new concept. There are several issues that cause this to happen. First, participatory budgeting through the implementation of development planning discussion (*Musrenbang*) of the new areas is ceremonial. Actually, the implementation of the Law No. 25 of 2004 on the national development planning system is representative in supporting the participatory budgeting, especially in Article 11, which states that *Musrenbang* should involve the people in the society. It is needed to know that national and regional development planning discussions (*Musrenbang*) comprise of long-term national and regional *Musrenbang*, medium-term national and regional *Musrenbang*, and national annual *Musrenbang* or called as government work plan or regional annual *Musrenbang* or called as local government work plan.

However, the facts show that the implementation of this policy has not supported the concept of participatory budgeting in the perspective of the local governance. *Musrenbang* implementation is only a formality, even there are many public issues that should be the problems of public are not recommended in the government's policy agenda. The conditions confirmed by the results of the research conducted by Zaenal Hirawan (2011), entitled "The Effectiveness of *Musrenbang* In Subang Regency Budgeting". The research shows that *Musrenbang* which had become the government media to involve community participation in development is in fact just an annual "ritual", or simply done just to finish the responsibility. The involvement of the society is still lacking and sometimes dominated by the same people from year to year. As a result, program planning does not get varied ideas. It just seems like

the program runs successfully but sometimes the program even runs personally by certain people.

Secondly, participatory budgeting through the implementation of the budgeting function of the Regional House of Representatives (*Dewan Perwakilan Rakyat Daerah/DPRD*) seems just like doing obligations and as a routine. In the domain of local politics, the concept of participatory budgeting should be one of the processes that must be performed by the members of the Regional House of Representatives, both at the provincial and district / municipal levels as an integral part of the budgeting process. The process of community aspiration filter in recess is an important activity in absorbing the aspirations and desires of the society in each electoral district to be taken into consideration in the mechanism of policy formulation, especially in planning budgeting mechanism.

However, the facts show that recess activity is not used as a momentum to conduct the community aspiration filter and serve as a consideration in the mechanism of policy formulation, especially in the mechanism of budgeting planning with the executive. This activity tends to be a formality, and only to finish the task, even the budgeting process in the Regional House of Representatives seems like a black box. The people do not know about the process of policy formulation, including the process of formulating the budgeting policy. The saddest thing is that this institution is an institution that is still filled by people who do not have integrity in carrying out its function. The data from the Indonesia Corruption Watch (ICW) noted that there are 48 elected legislative members of the election of 2014 who involved in the corruption case. A total of 26 people will serve as the members of the Regional House of Representative in the regency, 17 will become the members of the Regional House of Representatives in the province and five will be sworn in as the members of the House of Representatives of Republic Indonesia. (<http://indonesiasatu.kompas.com> downloaded on December 7, 2015)

Instead of wanting to fight for the people in preparing budgeting for pro poor, improving public services, and supporting transparency and accountability, they commit criminal acts of corruption as a practice that does not reflect integrity, which reduce level of public confidence in this institution. In the context of Banten Province,

recently, there were two Banten Provincial House of Representatives members involved in a bribery case in the establishment of Bank Banten with evidence of US\$ 11,000 and Rp. 60,000,000. It was indicated that the bribery was done to smoothen the process of the formation of Bank Banten at the legislative level. (www.merdeka.com downloaded on December 7, 2015 at 5:58 pm west Indonesian time)

Thirdly, participatory budgeting practices through the involvement of civil society and other communities of society as part of the interest group in Banten Province did not run effectively. Farazman (2004) stated that the effectiveness of local government administration should be able to build partnerships with some development actors in the region, especially with civil society and the communities of society, since local governments are the main implementers of policy decisions and result in the impact of a decision in governance.

At this level, all actions of the government are felt directly by the people. In addition, local government is closer to its citizens and other stakeholders, so that local governments must be accessible and responsive to their citizens. Therefore, the partnership undertaken by the local government is very important because this region is the central area to create the people's participation and the implementation of democracy as the right of citizens.

Such condition does not occur in Banten Province. The results of interviews with members of the Banten Provincial Information Commission, Ade Jahran, indicate that most of Non-Governmental Organizations (NGOs) in Banten Province requested information on budgets to local governments in the province, both at the level of province or regency. This condition clearly shows that the participatory budgeting process does not work effectively, i.e. it does not involve the stakeholders in the process of policy formulation, especially civil society and NGOs. The implication of cover-up and non-transparency in the budgeting process resulted in the distrust of Non-Governmental Organizations (NGOs) and other stakeholders to the local government in Banten Province.

b. Participatory Budgeting and Condition of Good Governance in Banten Province

The concept of participatory budgeting in

public management, especially in the budgeting process, should be a key factor in realizing good governance.

However, in the practice, the concept has not been implemented effectively in Banten Province. Based on the Indonesia Governance Index (IGI) issued by the Partnership in 2013 on Banten Province, it shows that Banten was ranked 17th out of 33 provinces in Indonesia with an index value of 5.81 or in the medium category. There are some principles which were in the bad category: the principle of justice (2.90), the principle of transparency (2.99) in the government arena, and the principle of transparency (3.50) in the bureaucratic arena. (Indonesia Governance Index, 2013)

Furthermore, based on a survey of local government integrity conducted by the Corruption Eradication Commission (KPK), Banten province has low local government integrity with a score of about 5.66. Meanwhile, according to International Transparency (TI), Banten still shows a high level of corruption in the governance with a score of about 4.87. In addition, the performance of Banten Province is also considered bad, according to a survey conducted by the Ministry of Home Affairs in 2010, Banten Province scored 44.57 and ranked 6th of the 7 new provinces of development. The above conditions seem to be quite relevant to one of the researches conducted by the Center for Population and Policy Studies of GadjahMada University (PSKK-UGM) released in 2007. This study aims to measure "Government Assessment in Banten Province" and the result of the research was surprising. There are a number of indicators that convinced Banten as bad governance rather than good governance. Some of these indicators are: a government effectiveness index of only 0.39; index participation 0.4; transparency index 0.33; index of information delivery capacity 0.44; quality index of regional government 0.47; the rule of law index of 0.38; public confidence index 0.44; and political stability index 0.6. Almost all indicators of good governance are below 0.5 which means the bad conditions, even very bad. (Ismanto, 2011)

In addition, in terms of financial governance in Banten Province, Supreme Audit Institution of the Republic of Indonesia found there were 40 problematic financial statements (www.beritasatu.com). Even the Provincial

Government of Banten gets the title of disclaimer or no assessment of the Supreme Audit Institution in fiscal year of 2013 and 2014 (www.news.okezone.com). This condition clearly shows that Banten provincial government has not put forward the principles of good budget management principles, namely: promoting accountability, paying attention to value for money, creating transparency, using honesty approaches in financial management, and encouraging the creation of controls in the implementation of budgeting.

E. CONCLUSIONS

The involvement of civil society and community groups through the concept of participatory budgeting in public management, especially in the budgeting process is a key factor in realizing good governance.

In the context of Banten province, this province is a region with a healthy budget potential, both from the revenue of the original region and from the overall income. However, the condition does not have a significant impact on development in the region, as it can be seen from the existence of the two districts in Banten Province which fall into the category of underdeveloped areas, namely Lebak District and Pandeglang Regency.

Therefore, there are several things that should be encouraged in realizing participatory budgeting practices in Banten Province. First, local governments need massive capacity building prior to implementing budgetary participation. Secondly, the commitment of local leaders needs to be encouraged. Thirdly, local leadership with sufficient capacity has to be created. Fourth, there must be sustainability in implementing innovation locally. And fifth, there must be synergy between the development actors in the regions, namely local governments, citizens, civil society organizations, NGO's and the business community.

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