

MSc Programme in Urban Management and Development

Rotterdam, the Netherlands

August 2021

Thesis title: Assessing the Participatory Budgeting Process in Kutai Kartanegara Local Government, Indonesia

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Specialisation: Strategic Urban Planning and Policy

Country: Indonesia

Report number: 1480

UMD 17

Summary

Indonesia conducts five planning approaches in its planning system: political, technocratic, participatory, top-down, and bottom-up approaches. Indonesia's bottom-up development planning method is generally implemented through participatory budgeting with the Development Planning Forum (*Musrenbang; Musyawarah Perencanaan Pembangunan*). The participatory budgeting method is used to gather aspirations and build a feeling of belonging among these stakeholders by including all stakeholders in implementing development programs and projects.

The research aims to explore the relationship between the participatory budgeting process and the process of development projects. To attain this objective, the characteristics of participatory budgeting are studied and analyzed to find its influence on development projects. Therefore, the main research question of the thesis is: 'What impact does participatory budgeting have on the process of development projects Kutai Kartanegara Local Government?'. Six variables are assessed in this research: financial, participatory, legal and regulatory dimensions, accountability, transparency, and effectiveness and efficiency.

Semi-structured in-depth interviews are conducted with ten respondents from Kutai Kartanegara local government officials, head of villages, and an NGO member, who are involved and have experiences in the Kutai Kartanegara Musrenbang. In addition, to complement the primary data, the author also obtains and analyses the secondary data gathered from the local government agencies.

The main findings of the research show that: (1) the local government still allocates a small percentage of the local budget to accommodate projects proposed through Musrenbang; (2) the process of participatory budgeting is a model of representative participatory; (3) the process of participatory budgeting is standardized and regulated, which relates to other planning instruments; (4) the participatory budgeting has a relation with accountability and transparency in the process of development projects; (5) there is no link between participatory budgeting and development project effectiveness and efficiency because there is no distinction between bottom-up and top-down projects.

Keywords

Participatory budgeting, Musrenbang, accountability, transparency, effectiveness & efficiency

Acknowledgements

First and foremost, I would like to thank God, Jesus Christ, for His blessing and gifts that allowed me to finish this thesis writing. This thesis is especially dedicated to my beloved wife, Steffi Stefani Sianipar, my parents and brothers, and my parents-in-law. Thanks for the supports, sacrifices, patience, understanding and endless love and for making me strong during the hard and challenging days.

I would also like to address my thanks to:

- My supervisor in IHS, Dr Alexander Jachnow, who has been so patient in supervising me, guided and supported me in accomplishing my thesis and my master's course in Urban Management and Development, Institute for Housing and Development Studies (IHS), Erasmus University, Rotterdam, the Netherlands; also, to all lecturers and staffs at IHS.
- My supervisor in Gadjah Mada University (UGM), Prof. Ir. Bakti Setiawan, M.A., PhD, who encouraged and gave me fundamental knowledge, both academic and non-academic, in doing further study at IHS; also, all the lecturers and staffs in UGM.
- Bappenas Republik Indonesia (National Development Planning Board) for granting me the double degree scholarship in IHS Rotterdam and UGM Yogyakarta.
- Badan Pemeriksa Keuangan Republik Indonesia (The Audit Board of the Republic of Indonesia) for giving me this great opportunity to pursue my master's degree in IHS and UGM.
- All of the key informants in Kutai Kartanegara: Pak Sukoco, Pak Saiful Bahri, Pak Yan, Mas Oki, all the agency officials and all the heads of villages, who were very helpful and enthusiastic about my research during the fieldwork data collection.
- My colleagues in UMD 17 and LINKAGE 17 MURP UGM for making this year unforgettable, particularly in this pandemic situation where most of the academic activities were conducted online. May God bless you all.

Abbreviations

ANU	The Australian National University
APBD	Regency Local Budget
APBN	State Budget
Bappeda	Local Development Planning Agency
CSR	Corporate Social Responsibility
GRDP	Gross Regional Domestic Product
IHS	Institute for Housing and Urban Development Studies
KPI	Key Performance Indicator
Musrenbang	Musyawah Perencanaan Pembangunan
NGO	Non-Governmental Organization
PB	Participatory Budgeting
WTP	Unqualified Audit Opinion

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Chapter 1: Introduction

1.1. Background and Problem Statement

Indonesia has a long history of fiscal decentralization from Old Order (Orde Lama), New Order (Orde Baru) and Reformation. According to Christia and Ispriyarso (2019), the legislation of fiscal decentralization has started from 1975 through Law Number 5 of 1975 concerning Principles of Local Government. It will lead eventually to the adoption of participatory budgeting in Indonesia.

The participatory budgeting approach, which involves all stakeholders in the implementation of development programs and projects, is used to gather aspirations and create a sense of belonging among these stakeholders. It stems from the implementation of Law Number 5 of 1975 concerning Principles of Local Government; Law Number 22/1999 concerning Regional Governance which is now replaced by Law Number 23/2014; Law Number 25/1999 concerning Fiscal Balance between the Central and Regional; and Law Number 25/2004 concerning National Development Planning System. The latter describes the term of national planning development system as one united guidance of planning development to draft the development plans for long-term (20 years period), medium-term (5 years period), and short-term (1-year period) that being conducted by the government and community in the central government and regional government.

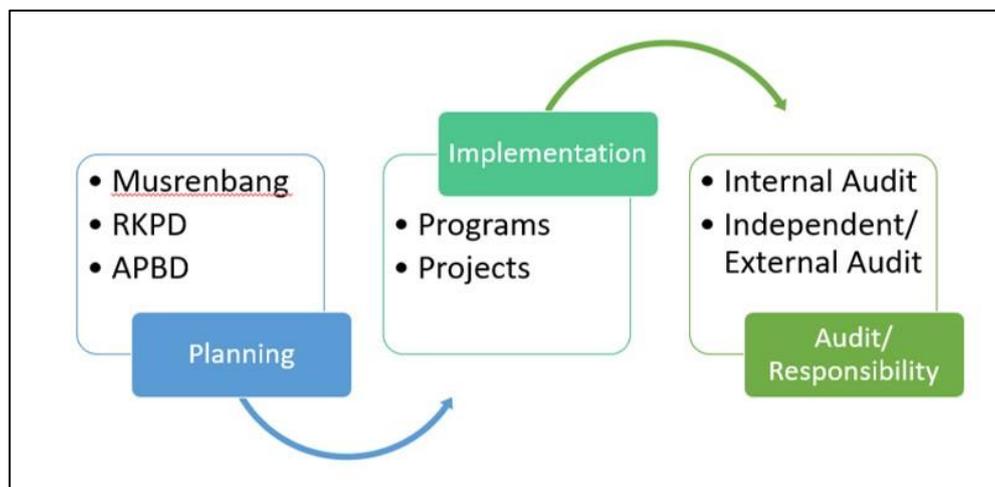
Furthermore, Explanation of Law Number 25/2004 stated that the planning system is conducted in five approaches, which are:

1. The political approach which acknowledges political election is a part of the planning because people vote based on the candidates' programs which will be accommodated in medium-term development planning;
2. The technocratic approach which is implemented using scientific methods and frameworks of thought by institutions that are functionally assigned to it;
3. The participatory approach is implemented by involving all stakeholders towards development. This approach is used to get aspirations and create a sense of belonging;
4. The top-down approach; and (5) The bottom-up approach. Both approaches in planning are implemented according to government hierarchy. The top-down and bottom-up processes are harmonized through the specified forum at the national, provincial, regency/city, district and village levels.

In general, the development planning process in Indonesia, which conducts a bottom-up approach, is applied through participatory planning with Development Planning Forum

(*Musrenbang; Musyawarah Perencanaan Pembangunan*). The budgeting cycle starts from Musrenbang at a village level, then goes up to Musrenbang at a district level and ends up in Musrenbang at a regency level. The result of Musrenbang at a regency level is the basis of formulating the documents of the regional government working plan (RKPD). RKPD is also arranged based on a medium-term development plan (RPJMD). Next, RKPD is used to determine general budget policy and the priority of the temporary budget. At this point, the local agencies are involved in formulating the local budget draft (RAPBD), which is discussed with the local government budget team (TAPD). In the next step, the document for RAPBD is compiled by TAPD and then proposed to the local legislative assembly (DPRD) in order to be discussed and then become the local budget (APBD). The budgeting cycle generally can be seen below.

Figure 1. Budgeting Cycle in Indonesia Local Government



Source: *Information Summary of Law Number 23/2014*

The crucial stages occur in the process in each local government agency, where RKPD will be converted into an agency budget working plan (RKA-OPD). Eventually, it will become budget implementation documents (DPA), which contains each agency's revenue, expenditure, and financing.

As the result of the budgeting process, the programs and projects should be implemented by agencies in 1-year implementation. The process of allocating and spending the budget will provide another perspective in participatory budgeting.

By implementing participatory budgeting, it is essential to know if participatory budgeting impacts the development projects. Therefore, research is needed to see the relationship between participatory budgeting and the process of development projects. The

study is then titled "*Assessing the Participatory Budgeting Process in Kutai Kartanegara Local Government*".

1.2. Research Objective

The main objective of the research is to explore the relationship between the participatory budgeting process and the process of development projects. To attain this objective, the characteristics of participatory budgeting are studied and analyzed to find its influence on development projects. Furthermore, the implemented project in Kutai Kartanegara, which the citizens initiate, is taken as an example.

1.3. Research Questions

What impact does participatory budgeting have on the process of development projects Kutai Kartanegara Local Government?

- What are the main elements of the PB process?
- Who are the main stakeholders involved?
- What are the advantages or obstacles in implementing the projects which are proposed through participatory budgeting process?

1.4. Relevance of the Research

Participatory budgeting can be applied in the various phase of the public expenditure cycle, such as budget formulation, budget analysis and review, budget tracking, and performance monitoring (Ilago, 2005). As the previous section mentioned, there is a need to understand the participatory budgeting process, particularly in the budget formulation phase, which relates to the project implementation. Therefore, this study would help to explain the principles of the project development process, such as accountability, transparency, efficiency, etc., as the impact of participatory budgeting.

From the societal perspective, participatory planning and budgeting promote citizen participation in the allocation of resources to prioritise social policies and allow them to monitor public spending and policy performance (Brillantes and Sonco, 2005). Furthermore, this study could be used to guide the stakeholders in performing participatory budgeting.

1.5. Overview of Kutai Kartanegara Regency

Kutai Kartanegara is a regency in East Kalimantan Province, Indonesia, with its capital in Tenggarong District. The area of Kutai Kartanegara Regency is 27,263.10 km², and the size of the waters is around 4,097 km². Kutai Kartanegara is divided into 18 districts and 225 villages/sub-districts with 626,286 people (2010 census). Most of the population comes from indigenous tribes such as Kutai and Dayak tribes. However, many people outside Kalimantan

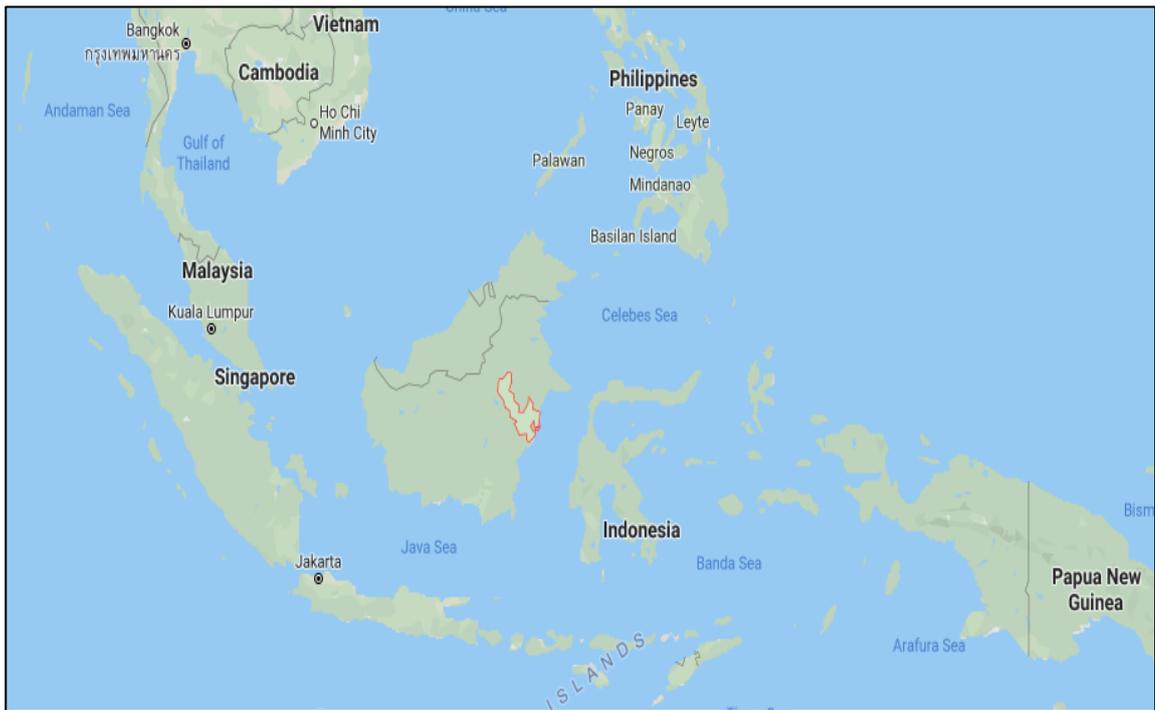
also come to this area and live there, such as Java, Sulawesi, and Banjar people. In addition, around 75% of inhabitants live in rural areas, while only 25% of inhabitants live in urban areas.

According to data from Statistics Indonesia in 2017, the calculation of Gross Regional Domestic Product (GRDP) of Indonesia Regencies and Cities in 2012-2016 showed that Kutai Kartanegara Regency was in the 13th rank of the 514 regencies/cities that were recorded throughout Indonesia. Even it has a reputation as one of the “richest” regencies, Kutai Kartanegara also has several problems regarding poverty. It has 56,560 inhabitants whose average expenses remains below the poverty line, around USD34 per capita per month (Statistics Indonesia, 2018). This number of poor people is the highest among the other regencies within East Kalimantan Province. According to World Bank in 2004, the poverty in Kutai Kartanegara was a problem related to low income, illiterate, low level of health, and lack of environmental quality.

Lack of infrastructure also can be considered as one of the causes of poverty. The Regent implies that there are three essential issues regarding infrastructure, which are road, electricity, and telecommunication infrastructure. The vast area of Kutai Kartanegara makes the infrastructure development relatively minimum. The sites located far from the city still do not have adequate infrastructure provision. There is no paved road to access their location, there are only 6 hours of electricity access per day, and there is blind spots area where people cannot get any signal there.

Furthermore, ironically the fiscal capacity of Kutai Kartanegara Regency was relatively high. As an illustration, the revenue realization of the Kutai Kartanegara Regency in 2012 was Rp6.12 trillion (about €354 million). The structure of Kutai Kartanegara Regency revenue was dominated by natural resources revenue which was Rp5.1 trillion (about €291 million). At that period, the price of coal commodities was very high, making Kutai Kartanegara get a lot of benefits from the coal mining industry in the form of natural resources revenue. In this sense, it can be seen that a decrease does not follow the increase in the economy in Kutai Kartanegara Regency in the poverty rate.

Figure 2. Map of Indonesia



Source: Google Maps

Figure 3. Location of Research Area



Source: ANU Press, 2006

1.6. Definitions

In order to give a better understanding for the readers, the author tries to explain some of Indonesia's terminologies which are used in this research:

- Alokasi Dana Desa (ADD) is a village fund allocation given to all villages by the regency local government. It can be considered as a grant from local government to villages.
- Badan Perencanaan Pembangunan Daerah (Bappeda) is a local development planning agency that helps the regent to research, plan, and coordinate regional development.
- Musyawarah Perencanaan Pembangunan (Musrenbang) is a development planning meeting held annually at the village, district, regency, and province level to gather people's aspirations and discuss the programs that will be implemented for the following year.
- Dewan Perwakilan Rakyat Daerah (DPRD) is the regional people's representative assembly whose members are elected as the local legislative body.
- Rencana Pembangunan Jangka Menengah Desa (RPJMDes) is a village medium-term development planning established every six years by each village.
- Anggaran Pendapatan dan Belanja Desa (APBDes) is village local budget which is established annually.
- Lembaga Pengadaan Secara Elektronik (LPSE) is an electronic procurement system used to carry out the project's tender.
- Sistem Informasi Pemerintah Daerah (SIPD) is a local government information system used to record each local government's planning projects and budget.
- Anggaran Pendapatan dan Belanja Daerah (APBD) is a local government budget either the province or regency local government. This research uses APBD as a term for regency local government budget.

Chapter 2: Theory Review

2.1. Good Governance

Good governance has increased corporate and government practices, mainly due to the financial crisis and corporate collapses in the past (Mardiasmo et al., 2008). Indonesia and most Asian countries started to promote good governance after the Asian financial crisis took place in 1997 (Rahman, 2011). Initially, Indonesia was pushed by World Bank and other international organizations, which related to the development and financial assistance, to adopt the excellent governance practice as a prerequisite to get aids (Kharisma, 2014). Furthermore, Indonesia adopts good governance as a tool in realizing a clean democratic process.

According to the World Bank, governance is defined as how state power is used to manage economic and social resources for social development. Thereby, governance is the way of state power used to address economic and social resources for community development. The usage of governance – as distinct from good governance – is often equated with “government” or “the act or process of governing” (Gisselquist, 2012).

Good governance implies a government that promotes a democratically organized political culture, efficient administrative organizations, and good policies, particularly in the economic realm (Smith, 2007). Rahim (2019) discusses that notable principles should explain the implementation of good governance to obtain meaningful results. He concludes that there are eight principles of good governance, which are.

1. Participation
2. Rule of law
3. Consensus oriented
4. Equity and inclusiveness
5. Effectiveness and efficiency
6. Accountability
7. Transparency
8. Responsiveness

Figure 4. Principles of Good Governance



Source: Rahim, 2019

As good governance is acknowledged as an innovative way to demonstrate democracy, it is concluded that local governments would be more open to implement good governance principles (Mishra, 2002).

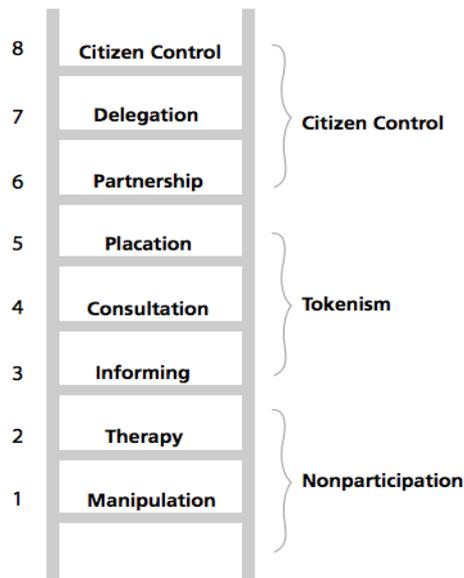
2.2. Concept of Participation

Participation is defined as a process where public or stakeholders, which can be individuals, groups, and/or organizations, are involved in decision making that affects them, whether passively via consultation or actively via two-way engagement (Reed et al., 2018). The assumption is that the participation of stakeholders will influence the decision-making process to be more inclusive, which leads to more sustainable impacts (Thomas and van de Fliert, 2014).

Arnstein (1969) discusses citizen involvement in planning processes in the United States using the “ladder of citizen participation” that shows participation ranging from high to low. She describes the level of participation as eight following main categories (Figure 5).

The bottom rungs of the ladder, which are manipulation and therapy, do not enable people to participate in planning but enable power holders to “educate” the participants. Informing and consultation stages allow the have-nots to hear and be heard. The next step, placation, allow the have-nots to advise but not to decide. The partnership enables them to negotiate with powerholders, while the two upper rungs will allow them to influence the decision making.

Figure 5. Ladder of Participation



Source: Arnstein, 1969

The element of participation that needs to be noticed is engagement between public and stakeholders. Reed et al. (2018) concludes four possible types of public and stakeholder engagement.

1. Top-down one-way communication and/or consultation: engagement is initiated and led from top-down by power holders, consulting publics and stakeholders or only communicating the decisions.
2. Top-down deliberation and/or co-production: engagement is initiated and led from top-down by power holders which engages publics and stakeholders in two-way communication.
3. Bottom-up one-way communication and/or consultation: engagement is initiated and led by publics and/or stakeholders, communicating with power holders.
4. Bottom-up deliberation and/or co-production: engagement is initiated and led by publics and/or stakeholders with two-way engagement with other relevant publics and stakeholders to make decision.

Several researches conclude that quality of participation is affected by some prerequisite, which are: (1) government commitment or political commitment; (2) access to information and public documents; (3) legal framework for promoting participation institutionalization; (4) citizen organization tradition; (5) funds resources in local level; and (6) participatory skills (Mardiyanta, 2013).

2.3. Participatory Budgeting

Budgeting is an important and complex activity because it may create functional and dysfunctional effects toward the attitudes and behaviours of organization members (Milani, 1975 in Fahrianta and Ghazali, 2002). The government uses budgeting as a process to utilize limited resources in order to provide services and goods for public needs fulfilment (Brodjonegoro, 2005). Furthermore, the main factor distinguishing between participatory and non-participatory budgeting is the lower class's level of involvement and influence on decision-making.

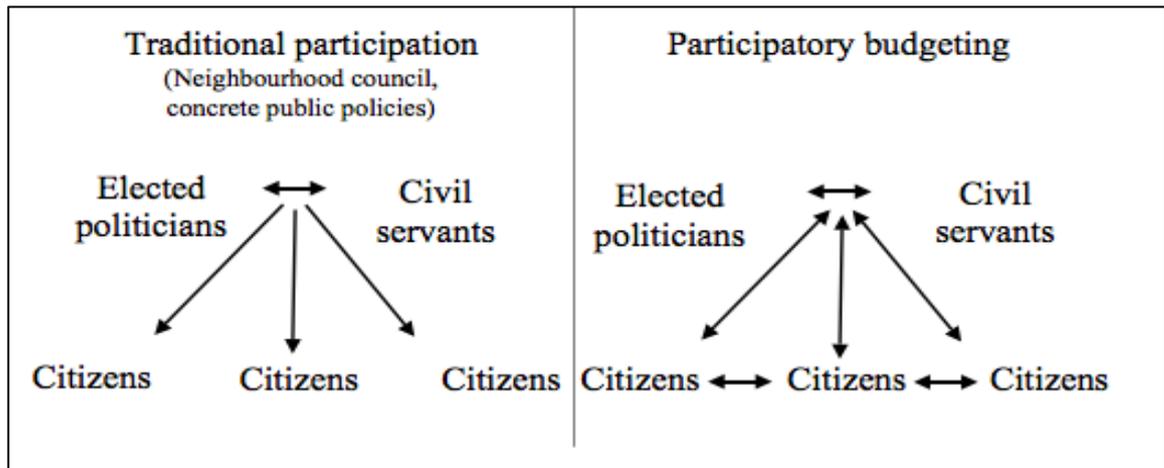
Participatory budgeting itself was initially introduced in Porto Alegre, Brazil, at the end of the 1980s. After which, it rapidly grew in Latin America in the early 1990s and eventually spread worldwide (Sintomer et al., 2012). Furthermore, the growing popularity of participatory budgeting is demonstrated by the increasing number of cities planning to experiment or pilot this participatory instrument.

Participatory budgeting does not have an exact definition due to its different implementation from one region to others. However, there are several similarities in practising such a process, which are organized by time constraint (annual cycles), by geographical limitation (cities or regencies), by several stakeholders comprises local government and civil society (Brodjonegoro, 2005).

The idea behind participatory budgeting is that the citizens have the opportunity to influence the allocation of public resources in local government, considering priority sectors (Rahman, 2005). It is believed that they have the best knowledge of their own condition and environment so that they should also know the most suitable projects and main priorities for their living situation improvement (Brodjonegoro, 2005). Therefore, participatory budgeting is a crucial instrument to demonstrate democracy and allow voices from the have-nots to be heard.

Essentially, participatory budgeting is a process that enables the non-elected citizens to participate in the formation of public finances (Sintomer et al., 2012). Participatory budgeting is distinct from other participatory procedures, which is described as follows.

Figure 6. Traditional Participation and Participatory Budgeting



Source: Herzberg/Röcke/Sintomer, 2013

From the scheme above, it can be seen that the primary mechanism involved in many forms of traditional citizen participation is communication between citizens in a certain neighbourhood and their local authority. By contrast, a participatory budgeting includes the possibility of citizens from different neighbourhoods getting together, possibly through delegates committees. Horizontal communication among them has been observed in several participatory budgeting practices. However, this explanation is not clear enough, since the other participation methods, such as community planning, also can be used in interregional communication (Herzberg et al., 2013). Therefore, according to Sintomer et al. (2008), it is needed to add five further criteria to define participatory budgeting more clearly, which are:

- 1) Discussion of financial/budgetary processes; participatory budgeting is associated with limited resources;
- 2) The city level has to be involved, or a (decentralized) district with an elected body and some power in administration and resources (the neighbourhood level is not enough);
- 3) It has to be a repeated process over the years (usually annually);
- 4) The process must include some form of public deliberation within the framework of specific meetings/forums;
- 5) Some accountability on the output of the process is required.

2.4. Dimensions of Participatory Budgeting

As mentioned in the previous section, participatory budgeting varies from one place to others depending on styles of participation, municipal resources, and population size (Cabannes, 2004).

To analyse participatory budgeting, Cabannes (2004) suggests four dimensions which discussed below.

a) Financial dimension

Financial dimension indicates the amount of resources allocated to participatory budgeting. Participatory budgeting generally reflects between 2 and 10 per cent of the implemented budget (Cabannes, 2004). He also states that in Porto Alegre, 100 per cent of the budget is considered as participatory, because the Participatory Budget Council (COP) discusses and influences the whole budget before it is sent to the city council.

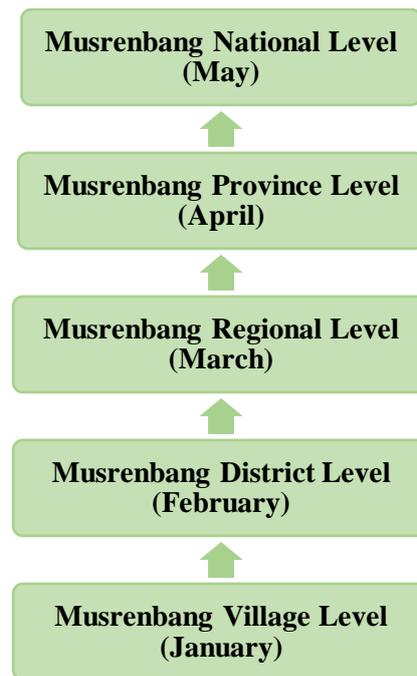
b) Participatory dimension

One of the main characteristics of participatory budgeting in Brazilian cities is the recognition of people's right to have direct and individual participation, and not through community representatives or organizations. Indonesia has adopted participatory budgeting through the implementation of Government Regulation No. 8 Year 2008 which states process of development planning should involve all stakeholders who are affected directly and indirectly by the policy (Widodo, 2016). Furthermore, the participatory is implemented through MUSRENBANG or Musyawarah Perencanaan Pembangunan (Soedjono et al., 2018). (Shown in figure 7)

c) Legal and regulatory dimension

Another discussion is about how to formalize and institutionalize participatory budgeting in order to assure its appropriate implementation. In some cases, the formalization and institutionalization are generated by constitutions, laws, decrees, or resolutions of the municipality (Kusuma, 2018). However, this dimension does not guarantee the process will be avoided from the risks of "bureaucratization", "instrumentalization" and manipulation of the participants (Cabannes, 2004).

Figure 7. Musrenbang at Each Level



Source: Drawn by the author from related laws (2021)

d) Territorial dimension

Participatory budgeting enables an “inversion of priorities” in territorial terms. It leads to a reorientation of public investments into the most disadvantaged districts, which decided through the participatory process and expected to reduce the gap between the rich and the poor areas in the city (Marquetti et al., 2008; Maroro, 2009 as cited in Sintomer et al., 2012). Regarding the issue of rural area marginalization in development process, municipality is supposed to conduct participatory budgeting in both the urban and rural area (Kusuma, 2018).

2.5. Principles of Development Projects

- Transparency

Transparency becomes an important principle for the project implementation. Grimmelikhuijsen (2012) argues that the level of institutional transparency is seen from its willingness enabling the citizens to monitor the performance and participate in the process of policy implementation. Furthermore, transparency is defined as the availability of information about an institution that enables external stakeholders monitoring its internal activities or performance (Grimmelikhuijsen & Welch, 2012). Transparency can be used as a means to improve government outcomes (Hirsch and Osborne’s, 2000, as cited in Ball, 2009). Piotrowski and Ryzin (2007) put transparency in the context of local government, where public has the ability to access information

from the government. Academia starts to define and encourage transparency explicitly as an instrument to reduce corruption, enhance public disclosure, and gain trust (Ball, 2009). Effendy (2007) indicates that transparency can be measured by assessment and monitoring, access to information, ethics and integrity, and institutional reforms. Furthermore, Crossman and Fischer (2016) state that there is a promising correlation between transparency and participatory budgeting. They also argue that the benefits and outcomes of participatory budgeting can be represented by democracy, transparency, education, efficiency and equity.

- Accountability

Heller et al. (2016) argues that accountability is the obligation of power holders, which can be individual or organizations, both national and local levels, to take responsibility and account for their activities. In this case, the government, both central and local government, have to act as the subject to provide information in order to fulfil public rights, which are the right to know, to be informed, and to be heard.

Schaeffer and Yilmaz (2008) divide accountability into public accountability and social accountability. Public accountability is used to improve downward financial accountability include great local capacity in budgeting and public financial management; and transparent local public audit systems. While social accountability points out actions and mechanisms that require the state and providers of public services remain accountable. It includes access to local government financial information and public involvement in the budgeting process through participatory budgeting practices. Mardiasmo (2002:20) states the definition of public accountability is the obligation of the holder of the mandate to take responsibility, present, report and disclose all activities which are his/her responsibility to those who has the right and authority to request that responsibility. In the relation to the participatory budgeting, Rainero and Brescia (2018) argues that characteristics and functions of participatory budgeting is one of the instruments to achieve accountability.

- Effectiveness and Efficiency

Prins et al. (2011) defines effectiveness as the capacity to achieve predetermined objectives, while efficiency as the achievement of specified objectives using the minimum resources. Efficiency improvement means attaining “the same” (predetermined goals) with “less” (time, money, effort). In the context of government, effectiveness and efficiency is used to improve service delivery and influenced by the private sector practices. This is acknowledged as a fundamental concept of New Public

Management (NPM). Khalid (2008) states the implementation of which concept can be done by using a performance measurement system, which is called Key Performance Indicators (KPIs) to improve the effectiveness and efficiency of the public agencies. Oh et al. (2019) suggest that a stronger participatory budgeting contributes to local budget effectiveness and equity for sustainable development. While Cabannes (2015) finds that participatory budgeting affects the efficiency of project implementation. He indicates that participatory budgeting causes a decrease in costs and lower maintenance costs.

2.6. Development Projects Process

Projects can be categorized into private and public sector projects. Public projects are authorized, financed, and operated by governments either central or local governments (Mubin et al., 2016). Several prominent aspects that may distinct public and private projects are the purpose, nature of benefits, method and source of funding, and measurement of efficiency (Mubin et al., 2016). In that sense, governments should intervene the projects that is not appealing for the private sectors due to lack of benefits or unmatched funding methods.

In Indonesia, development projects which are financed by the public money follow and comply to the regulations for regional financial management and procurement regulations. A combination of these two regulations organize the process of development projects from the initiation stage, up to the project handover to the local governments. These stages are shown in the table below.

Table 1. Process of Development Projects in Public Sectors

No.	Project Stages	Regulations	Top-down	Participatory Budgeting
1	Project Proposals in Village Musrenbang	Regulation for Regional Financial Management		v
2	Project Proposals in District Musrenbang			v
3	Local Agency Forums (Sync Local Agency Programs with District Priorities)			v
4	Project Proposals in Regional Musrenbang (Results from Local Agency Forums + Proposals from Local Representative Council)			v
5	Finalization		v	
6	Local Government Working Plan		v	
7	Local Budget		v	
8	Local Agency Working Plan (Details)		v	
9	General Procurement Plan		v	
10	Procurement Preparation			v

No.	Project Stages	Regulations	Top-down	Participatory Budgeting
11	Tender Preparation	Procurement Regulation	v	
12	Tendering		v	
13	Project Contract Signing		v	
14	Project Contract Execution		v	
15	Project Commissioning		v	
16	Project Handover		v	

Source: Summarized by the author from related laws (2021)

From the table above, we can see that participatory budgeting practice happens before the local government finalize the annual working plan. It gives the opportunity for the citizens to convey their aspirations and proposals to be included in the local budget through the Musrenbang forums. Unfortunately, there is no guarantee that their proposals will always be included in the government programs within local budget. At the end, the decision is made by the local government and local representative council. It then also relates to problematic things in most of the local governments which are the administrative decision making and municipal finance.

2.6.1 Administrative Decision-making

Administrative decision-making may be described as general rules applied to the individual cases in the context of carrying out public roles (de Graaf et al., 2007). Its process comprises both administrative activities and legal acts. Administrative decisions are usually made under specific legislation and pointed towards a particular individual or organization.

Administrative decision-making also should build upon administrative law which consists of a set of principles on how administrative decision makers can make decisions, and provides a way for affected people to challenge their decisions. Essentially, administrative decision makers make decisions on behalf of the governments or organizations.

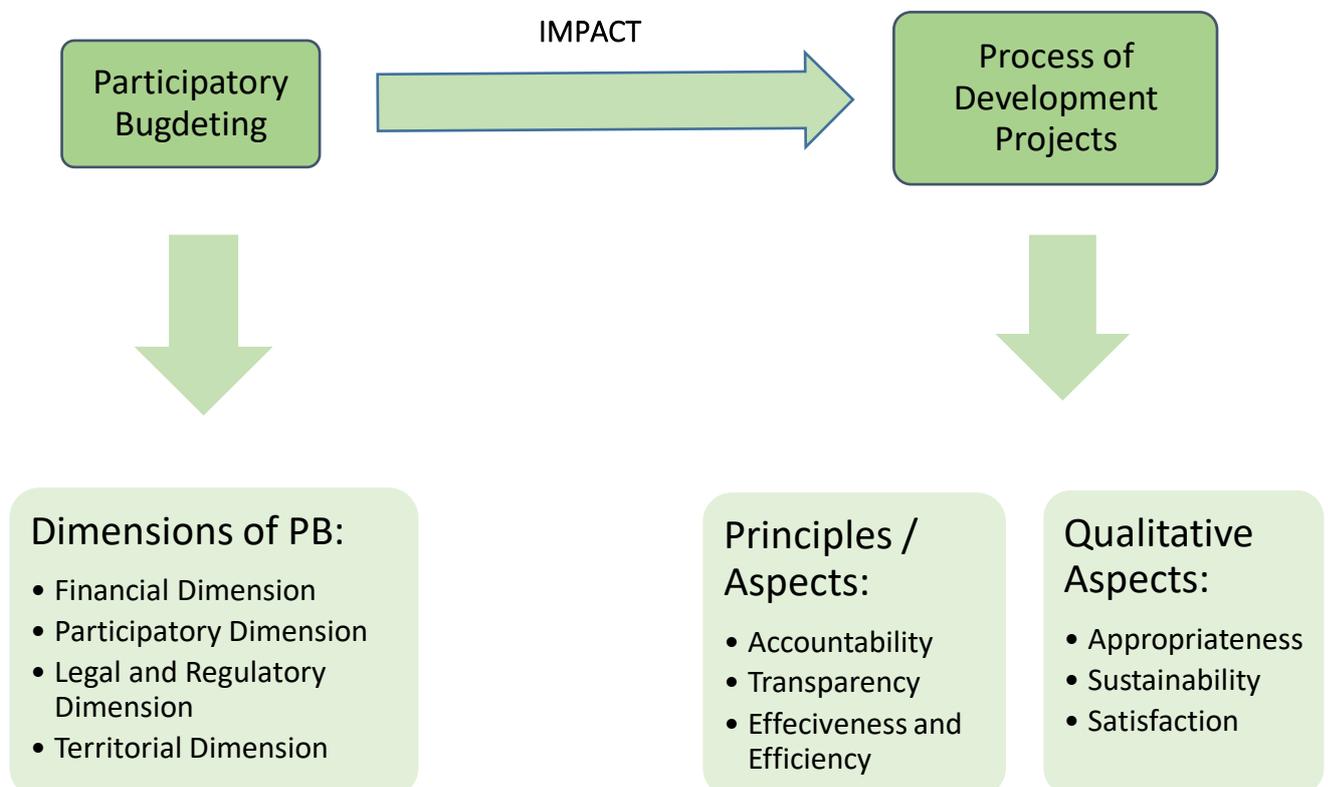
It is also an important thing related to legal and regulatory in participatory budgeting dimensions. A good legal and regulatory in participatory budgeting will reinforce the citizen involvement in decision making considerations. Political will from every stakeholder, especially local government and local representative council, is also instrumental to implement participatory budgeting. They have to recognize that the main aim of participatory budgeting is to improve transparency, accountability, and participation (Rahmawati and Supriatono, 2019).

2.6.2 Municipal Finance

Finance is one of the core problems for municipalities (Clow, 1896). Municipal finance relates to all revenue and expenditure of municipal governments (Slack, 2009). The sources of revenue for local governments are local taxes such as property tax, user fees, revenue from local government-owned enterprises, and intergovernmental transfers (central government transfers and provincial government transfers). It also covers means to finance infrastructure through their own revenues or borrowing schemes as well as collaborating with private sectors such as public-private partnership.

Expenditure issues are also addressed by municipal finance. The expenditure and revenue decisions should be performed with accountability, including the budgetary process and financial management (Slack, 2009). In this regard, participatory budgeting can be included in the budgeting process. In the context of Indonesia, one of the challenges is most of local governments spend less than 25% of local budgets to the investment or local development. Based on Ministry of Finance data, the local governments allocate on average around 75% of local budget for personnel and operational expenses. It could be one of the reasons why the aspirations in the participatory budgeting is not accommodated in the local budget.

2.7. Conceptual Framework



Chapter 3: Research Design and Methods

3.1. Research Strategy

The research strategy that is used in this research is a case study on implementation participatory budgeting process in Kutai Kartanegara Local Government. The case study is a research strategy which is used to examine the everyday and real life setting of one or several cases as the subject of study (Van Thiel, 2014, p. 86). In this research, the author prefers to use a single case study which conducted in specific area and time. The preference of single case study instead of multiple case study is based on the consideration of time limitation and pandemic situation. Furthermore, the selection of case in Kutai Kartanegara is justified by the fact that the local government has the highest amount of local budget or fiscal capacity, compared to other local governments in Indonesia. It is known as one of the richest local governments due to its natural resource abundance (coal mining, crude oil and natural gas). Another reason of having this case study is related to data collection access. In this regard, the author has a good relationship with the local government officials who help to facilitate the online data collection.

3.2. Operationalization

This section transforms the conceptual framework into variables and indicators in order to enable empirical research. The main concepts of the theoretical framework are: dimensions of participatory budgeting and principles of development projects.

These concepts are defined in the literature review, while this chapter identifies some variables. Chapter 2 explains variables regarding participatory budgeting dimensions which comprises four variables. However, the author chooses three variables to be focused on, which are financial dimensions, participatory dimensions, and legal and regulatory framework. Furthermore, the variables identified for principles of development projects are accountability, transparency, and effectiveness and efficiency.

In the development projects, there are several stages that can be identified from the initiation stage, planning stage, execution stage and up to evaluation stage. Then, it is expected that participatory budgeting can be an influential element especially in the initiation and planning stage. Participatory budgeting is “a democratic decision-making process through which citizens deliberate and negotiate over the distribution of public resources” (Wampler, 2007, as cited in Miller et al., 2019). In this study, it is observed

how the participatory budgeting is done as well as if the principles of the development projects exist in the projects coming from participatory budgeting.

In order to be able to evaluate the variables, it is also necessary to identify the indicators. The following table illustrates the variables which is broken down into several indicators.

Table 2. Summary of variables, indicators, measurements, and sources of data

Concept	Variable	Indicator	Measurement	Source of Data
Dimensions of PB	Financial	The Amount of Debated Resources/Allocation	<ul style="list-style-type: none"> • Percentage of the local budget 	<ul style="list-style-type: none"> • Government Documents
	Participatory	Participation Form in budgeting process	Which form? <ul style="list-style-type: none"> • Community-based representative democracy • Community-based representative democracy, different type of associations • Direct democracy, universal participation 	<ul style="list-style-type: none"> • Semi-structured Interview
		Legislative Role in budgeting process	Which role? <ul style="list-style-type: none"> • Opposition • Passive, nonparticipation • Active involvement 	<ul style="list-style-type: none"> • Semi-structured Interview
	Legal and Regulatory	Degree of Institutionalization	Which form? <ul style="list-style-type: none"> • Informal process • Only institutionalized or only self-regulated annually • Formalized (some parts regulated) with annual self-regulation 	<ul style="list-style-type: none"> • Semi-structured Interview
		Relationship with Planning Instruments	Which relationship? <ul style="list-style-type: none"> • Only PB (no long-term plan exists) • Coexistence of PB and City Plans, without direct relationship 	<ul style="list-style-type: none"> • Semi-structured Interview • Government Documents

Concept	Variable	Indicator	Measurement	Source of Data
			<ul style="list-style-type: none"> • Clear relationship and interaction between PB and Planning in one system 	
Principles of Development Projects	Accountability	Public Accountability in the implementation	<ul style="list-style-type: none"> • Facility for citizen complaints • Formal publication of contracts/tender, budgets • Audit opinion 	<ul style="list-style-type: none"> • Semi-structured Interview • Government Documents
	Transparency	Access to information	<ul style="list-style-type: none"> • Access to local government financial information • Cooperation/communication with mass media and NGO 	<ul style="list-style-type: none"> • Semi-structured Interview
	Effectiveness and Efficiency	Key Performance Indicators (KPIs)	<ul style="list-style-type: none"> • Money utilization • Time achievement • Project Quality (users' satisfaction) 	<ul style="list-style-type: none"> • Semi-structured Interview • Government Documents

3.3. Data Collection

This research collects information from sources that can be divided into secondary data and primary data.

3.3.1 Secondary Data

Secondary data such as document of regional planning, central regulations, regional regulations and reports which were collected through data requests from local government agencies.

3.3.2 Primary Data

The Primary data is collected through a fieldwork. The research instrument used is an in-depth interview. The choice of key respondent for interviews is based on a purposive sampling. It is based on the consideration that the data obtained from respondents needs to be confirmed to the other respondents. The population of the research is all the chiefs of agencies and stakeholders in the Kutai Kartanegara Local Government that are involved in and have responsibility for the budgeting process. A total of 10 respondents from NGO and the different staff of institution are interviewed.

Table 3. Respondents related to the Budgeting Process Stage

No.	Respondent	Agency	Level/Information
1.	Chief	The Village of Sumber Sari	<i>Musrenbang</i> Village Level
2.	Chief	The Village of Batuah	<i>Musrenbang</i> Village Level
3.	Chief	The District of Tenggaraong	<i>Musrenbang</i> District Level
4.	Chief	The District of Loa Janan	<i>Musrenbang</i> District Level
5.	Secretary of Agency	Agency of Marine Affairs and Fisheries	<i>Musrenbang</i> Regency Level/Agency Meeting Forum
6.	Chief	Plantation Office	<i>Musrenbang</i> Regency Level/Agency Meeting Forum
7.	Head of Department	Agency of Community and Village Empowerment	<i>Musrenbang</i> Regency Level/Agency Meeting Forum
8.	Head of Section	Public Works Agency	<i>Musrenbang</i> Regency Level/Agency Meeting Forum
9.	Head of Department	Local Development Planning Agency (<i>Bappeda</i>)	<i>Musrenbang</i> Regency Level/Agency Meeting Forum; Local Government Budget Team (TAPD)
10.	Member	NGO	Get involved public hearing in local assembly

3.4. Research Design and Methods

The fieldwork was conducted in June-July 2021, and started by identifying the input (population, unit analysis and sampling methods). The stages of the research are:

1. Preparation
 - a. Formulating the background, problem, research questions, and objectives of the research;
 - b. Formulating the concepts, variables, and indicators to assess the participatory budgeting process in the Kutai Kartanegara Local Government;
 - c. Formulating the research method.

2. Inventory

This stage is the preparation of guidelines for questions in interview, relating to respondents. Respondents who are interviewed are the parties involved in the budgeting process.

3. Implementation

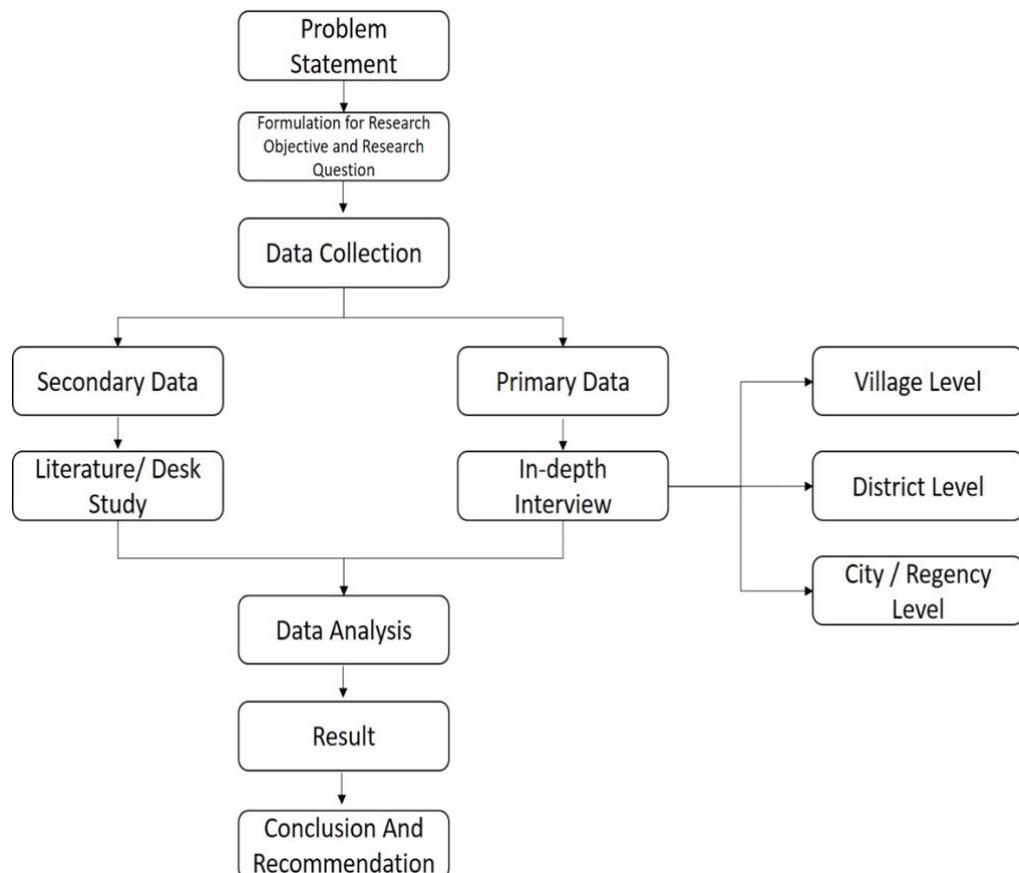
- a. Conducting a fieldwork for primary and secondary data collection;
- b. Data analysis was performed qualitative. It uses stakeholder analysis. The analysis is based on the activities conducted by the stakeholders who were involved at each stage of the budget planning process in the Kutai Kartanegara Local Government;

4. Formulation

- a. Arrangement of interpretation and adjustments to the interview results;
- b. Discussion and compilation of research reports;
- c. Conclusion and recommendation.

In order to have a clear understanding about how to do the research, it is necessary to make a research design. The research design is shown in the figure 8.

Figure 8. Research Design



3.5. Challenges and Limitations

During the fieldwork, there are some limitations and challenges on the data collection. Firstly, obviously the uncertain global condition regarding coronavirus pandemic causes disadvantages for the author to collect the data on site. Therefore, the author might have limitations to interact directly with the respondents. To deal with this situation, the author should prepare the online interview with the respondents in the flexible and suitable time due to the time difference between Indonesia and Netherlands. Regarding this respect, there is a possibility to have some connection and technical issue in the implementation.

Another potential challenge is the language. Since the data and the interview are conducted in Indonesia language, there is a risk and possibility to unintentionally modify the information and translate the results incorrectly. Therefore, the author should prepare and design the questions in advance as simple and clear as possible. Furthermore, the author conducts the interview personally to avoid any misunderstanding.

Moreover, even though the secondary data are provided by the local government, the author finds that most of the data needed is in the form of hardcopy or paper works. Therefore, it is needed more approach and communication with the local government staffs to help transforming them into softcopy files either scanned documents or photo files.

Chapter 4: Research Findings

After collecting data through interviews and gathering secondary data, the following chapter gives an overview of the main findings. It analyses and discusses the qualitative findings, which aim to answer the main research question: “*What impact does participatory budgeting have on the process of development projects Kutai Kartanegara Local Government?*”, and the three sub-questions. The chapter is divided into four sections. The first section discusses about elements of participatory budgeting in Kutai Kartanegara. The second section deals with stakeholders involved in participatory budgeting. The third one studies advantages and obstacles in participatory budgeting. The last section shows relations to the principles of the development project.

4.1. Elements of Participatory Budgeting in Kutai Kartanegara

Participatory budgeting has different forms in different locations, even within the same country, such as Indonesia. Implementation of participatory budgeting in Indonesia can be slightly different, for example, between Kutai Kartanegara and Jakarta. In this section, we focus on the form of participatory budgeting process in Kutai Kartanegara as the research case study.

As mentioned in chapter 3, the elements that can be assessed in the participatory budgeting process are financial, participatory, and legal and regulatory dimensions. According to the interviews conducted by the author, it is known some information regarding those things which is discussed below.

4.1.1 Financial Dimension

The financial dimension is assessed by obtaining information about the amount of money allocated in the local budget (APBD) for projects coming from a participatory budgeting process called Musrenbang. To get this information, some interviews were conducted with several local government agencies and villages in Kutai Kartanegara. Secondary data was also obtained to support the information.

The finding regarding the financial dimension in Kutai Kartanegara is it allocates little proportion of money to accommodate projects proposed through Musrenbang. This information is stated by one of the respondents, who is an official of the local planning agency (Bappeda), through a semi-structured interview:

As I said earlier, each agency already has a priority plan of activities to be carried out next year, including the budget allocation. So, when there is a proposal from the Musrenbang, most of these agencies cannot accommodate the proposal because there is no remaining budget allocation. However, there are also local agencies that have set aside a budget to be filled with activities proposed by the community.

This statement is also supported by other interviews of Agency of Marine Affairs and Fisheries, Plantation Office, Agency of Public Works, Loa Janan District, and Tenggara District. Furthermore, there are also secondary data that show the number of projects that are proposed through Musrenbang in each agency.

Table 4. The money amounts of projects proposed and accommodated in 2020

exchange rate: €1 = Rp17,000

No.	Agency	Projects proposed through Musrenbang (€)	Projects approved/accommodated (€)	Percentage of projects accommodated compared to agency budget	Agency budget (part of local budget) (€)
1	Agency of Marine Affairs and Fisheries	7.54 million	1.38 million	78.8%	1.75 million
2	Plantation Office	1.47 million	0.056 million	3.25%	1.74 million
3	Agency of Public Works	1.08 million	0.60 million	1.4%	43.20 million
4	Loa Janan District	8.81 million	0.166 million	12.09%	1.37 million
5	Tenggara District	33.93 million	1.18 million	25.46%	4.63 million

Source: Compiled by the author

For the record, the local budget (APBD) as a whole in Kutai Kartanegara is about Rp6 trillion (€356 million) in 2020. It describes how small it is compared to the local budget. Most of the local budget is still dominated by top-down projects and for staff expenses. Furthermore, local government realizes that this condition is not ideal and tries to increase the percentage of projects approved through Musrenbang. Bappeda then tries to solve this by ensuring and allocating some amount of money from the beginning of budgeting process to accommodate Musrenbang proposals.

Table 5. Allocation for each district in 2020

exchange rate: €1 = Rp17,000

No	District	Allocation (€)
1	Samboja	1.88 million
2	Muara Jawa	0.818 million
3	Sanga Sanga	0.508 million

No	District	Allocation (€)
4	Loa Janan	0.193 million
5	Loa Kulu	0.195 million
6	Muara Muntai	0.130 million
7	Muara Wis	0.127 million
8	Kota Bangun	0.185 million
9	Tenggarong	1.23 million
10	Sebulu	0.183 million
11	Tenggarong Seberang	0.197 million
12	Anggana	0.206 million
13	Muara Badak	0.197 million
14	Marang Kayu	0.193 million
15	Muara Kaman	0.230 million
16	Kenohan	0.137 million
17	Kembang Janggut	0.154 million
18	Tabang	0.219 million
	TOTAL	6.992 million

Source: Bappeda, 2020

By doing this, Bappeda wants to ensure aspirations coming from Musrenbang will be appropriately accommodated, even though it is impossible to cover all of the aspirations. Which budget allocation is determined based on several indicators in each district, such as calculation of the total population, area, poverty level, number of villages and GRDP. In addition, the projects from this budget allocation, worth around €6.992 million, will be executed by and in each district.

The condition shows that the participatory budgeting process still does not positively impact the decision-making of projects that will be included in the local budget. It is caused by several factors that will be explained in the next sub-chapters. One of the causes is the obscurity in the implementation of Musrenbang. There are different understandings among the government officials themselves, especially between officials at the regency and district levels.

However, the condition regarding financial dimension is in accordance with Cabannes (2004), who mentioned that:

The participatory budget generally represents between 2 and 10 percent of the overall implemented budget (9 per cent average in the present analysis).

The author assumes that the allocation of budget for Musrenbang in APBD lies between 2 and 10 percent, at least 2 percent if we calculate the €6.992 million/€356 million. Yet,

it is considered a small amount or proportion and needed to be increased in the following participatory budgeting process.

4.1.2 Participatory Dimension

This section discusses the actual and detailed process of participatory budgeting in Kutai Kartanegara. Participatory budgeting is a part of the budgeting system in Indonesia, which produces State Budget (APBN), Provincial & Regency Local Budget (ABPD), and Village Local Budget (APBDes). This research focuses on Regency Local Budget (APBD) dan Village Local Budget (APBDes).

Figure 9. Flowchart of participatory process in Kutai Kartanegara



The flowchart above can be explained as follow:

a. Local Agency Forum

The local agency forum is a meeting facilitated and hosted by the local planning agency (Bappeda) to debate the development priorities that emerged from the district Musrenbang. The forum intends to gather the agencies, or joint multi-sectoral agencies, with the goal of completing the agencies' work plans for the coming year. Here, it is also possible to invite district representatives and other related stakeholders to the meeting. The forum has to consider inputs from the districts, agency performance project implementation in the previous year, agency strategic planning, and earlier drafts of the agency work plan.

The forum's purpose is to synchronize development priority projects from different districts with agency work plans, determine project priorities that will be included in agency work plans, and align agency work plans with agency budget allocations.

The outputs of the local agency forum are:

1. Draft of the local agencies work plan which contains the regulatory and budget framework of local agencies.
2. Projects priority that has been chosen based on funding sources such as regency local budget, provincial local budget, and state budget, which is organized according to districts and villages.
3. Minutes of local agency meeting at regency level.

According to the interviews and data collection from five different local agencies, there are several findings regarding the process of participatory budgeting in local agency forum:

1. A local agency forum is held before the regency Musrenbang to sharpen the proposed projects through district Musrenbang.
 2. The latest local agency forum is more strategic because most of the discussion should be based on the results of district Musrenbang which is synchronized with top-down planning. This is based on the Head of Plantation Office statement, which stated:
Recently, the benefits of this Musrenbang have become increasingly strategic, especially in 2021. The local agency forum at regency level, it has been based on the results of the district Musrenbang that was synchronized with top-down planning based on the Plantation Office Strategic Plan (Renstra).
 3. The finalization of the proposal from district Musrenbang will be carried out at the local agency forum, where the district officers or representatives will represent the proposers.
 4. Each agency's funding allocation is tentatively confirmed on this forum.
 5. The local agency forum discusses the programs and projects to be carried out, but in a sectoral approach. For example, when they talk about education matters, there will be a forum where the Education Office will summon the respective districts and academia.
 6. Reports from the forum will be submitted to the local planning agency (Bappeda) and will be the materials for regency Musrenbang and eventually for planning at the regency level.
 7. No NGOs are involved or invited to this forum.
- b. Village Planning Meeting (Village Musrenbang)
- The participatory budgeting starts from the village level, which is named village planning meeting or village Musrenbang. In this stage, Musrenbang is held annually by village stakeholders to hear the aspirations and problems of people in that village. It is also discussed the projects that will be executed for the following year.
- Heads of villages have their own vision and mission that is showed in RPJMDes or Medium Term of Village Development Plan (6 years period). According to this

document, village Musrenbang focuses on planning the yearly projects and inputs from participants or spokesperson who convey problems within the village area. Before the event of Musrenbang, heads of villages visit as many hamlets as there are in their territory to monitor and absorb aspirations from the people. In that sense, they also try to verify the aspirations by looking at the real conditions on the ground. On the visit, they gather the community leaders to discuss their priorities related to the RPJMDes and their vision-mission.

Afterwards, the Musrenbang is held in the village meeting hall to accommodate and decide the main priorities of public needs. In this forum, they also decide and sort the projects in terms of the source of funds. They determine which projects will be covered by APBDes, and which projects will be proposed through district Musrenbang, APBD, legislative member aspiration fund or CSR (Corporate Social Responsibility).

This information is obtained from the interviews of two heads of villages: Batuah Village and Sumber Sari Village. Both of the respondents state the same things regarding what they do to hold the Musrenbang in their villages:

So, I came to absorb the aspirations of the community, then did the field verification. For example, under my village, there are 10 hamlets that I visited one by one. There I gathered community leaders, and we had discussions regarding the priority scale that was in line with the RPJMDes and my vision and mission. (Head of Batuah Village).

The participation process in my place begins with collecting data regarding potentials and problems, then we make priorities which we will carry out. In the Musrenbang itself, we also involve various elements of society, such as community of youth, women, education, health, agriculture (a combination of farmer groups), and other elements in the village. We invite them to discuss the preparation of the budget, but it must also refer to the priorities that are adjusted to the RPJMDes as an elaboration of the village head's vision and mission. (Head of Sumber Sari Village).

Figure 10. Village Musrenbang in Batuah Village



Source: Community and Village Empowerment Agency

The outputs of village Musrenbang are:

1. List of projects that become a priority and will be carried out by the village itself using APBDes;
2. List of projects that will be funded through other fund resources such as CSR;
3. List of projects that will be proposed through district Musrenbang to get fund allocation from regency local budget (APBD);
4. List of people that will represent the village and convey the aspirations in the district Musrenbang.

Furthermore, according to the interviews and data collection from two heads of villages, there are several findings regarding the process of participatory budgeting at village level:

1. There are 193 villages within Kutai Kartanegara which is a vast area. Then, there are 193 village Musrenbang as well held every year.
2. The process of participatory budgeting in the village is a model of representative participatory where only community leaders, representatives of neighbourhoods, farmers, fishermen, youth, women, and other community groups will attend the village Musrenbang.

This model makes the aspirations of each group depends on the quality and intention of each representative. When the representatives who participate in

the process have good intentions and understanding, the effectiveness of the proposed activities is also good because it is in accordance with the conditions of real community problems in the field.

3. Representatives of villages are involved in village Musrenbang and district Musrenbang, but they are not involved in the discussion in the local agency forum and regency Musrenbang. Furthermore, they think the village Musrenbang does not strongly influence the selected projects included in APBD because all the final decisions are made in the local agency forum and regency Musrenbang.
4. They cannot monitor the aspirations that they propose to the higher level. The only way to watch this is by contacting people that they know in the local agency (regency level) and asking them through phone or message (informal or unofficial procedure).
5. Projects agreed in village Musrenbang must be in line with the planning system, either regency planning system (RPJMD) or village planning system (RPJMDes).
6. Priority of projects is agreed upon in the Musrenbang forum. They usually make classification of priority which are the first priority and second priority. This list also shows which projects will be proposed to district Musrenbang.
7. People tend to reclaim the aspirations or projects that are not executed in the previous year. Afterwards, they start to act apathetically and do not want to participate anymore in the next Musrenbang.
8. The amount of APBDes in Batuah Village and Sumber Sari Village in 2020 were about Rp5.5 billion (€0.32 million) and Rp3.1 billion (€0.18 million), respectively. The APBDes is usually used to implement small projects worth below Rp200 million (about €12,000), while the big scale projects will be submitted in the district Musrenbang. It is, of course, expected to be covered in APBD.

c. District Planning Meeting (District Musrenbang)

District Musrenbang is the forum where stakeholders meet to compile the aspirations from all villages and reach an agreement with the villages under respective districts. In this stage, local agencies from the regency will attend the meeting to hear and sync the aspirations with their predefined work plan and programs. For example, the proposals related to livestock farming will be

submitted to the Agency of Livestock and Animal at the regency level, the proposals related to agriculture will be forwarded to the Agency of Agriculture at the regency level, and so on.

Furthermore, each district also has a budget allocation determined by Bappeda (as mentioned in Table 5). They can use this budget to accommodate proposals from the villages and projects initiated by the district itself. The main purpose of this planning meeting is to debate and agree on the village meeting's outputs that will become district development priorities.

The outputs of district Musrenbang are:

1. List of projects that will be included in district budget allocation;
2. List of projects that will be submitted to local agencies forum at regency level and then regency Musrenbang. At this phase, the projects are sorted and grouped into related local agencies according to the function of each agency.
3. List of projects that will be proposed for CSR (Corporate Social Responsibility) funding.
4. List of projects that will be proposed to legislative member (DPRD) aspiration fund.
5. Minutes of the district planning meeting in the form of an agreement signed by all the people and representatives attending the meeting.

Figure 11. District Musrenbang in Kenohan District



Source: Local planning agency (Bappeda)

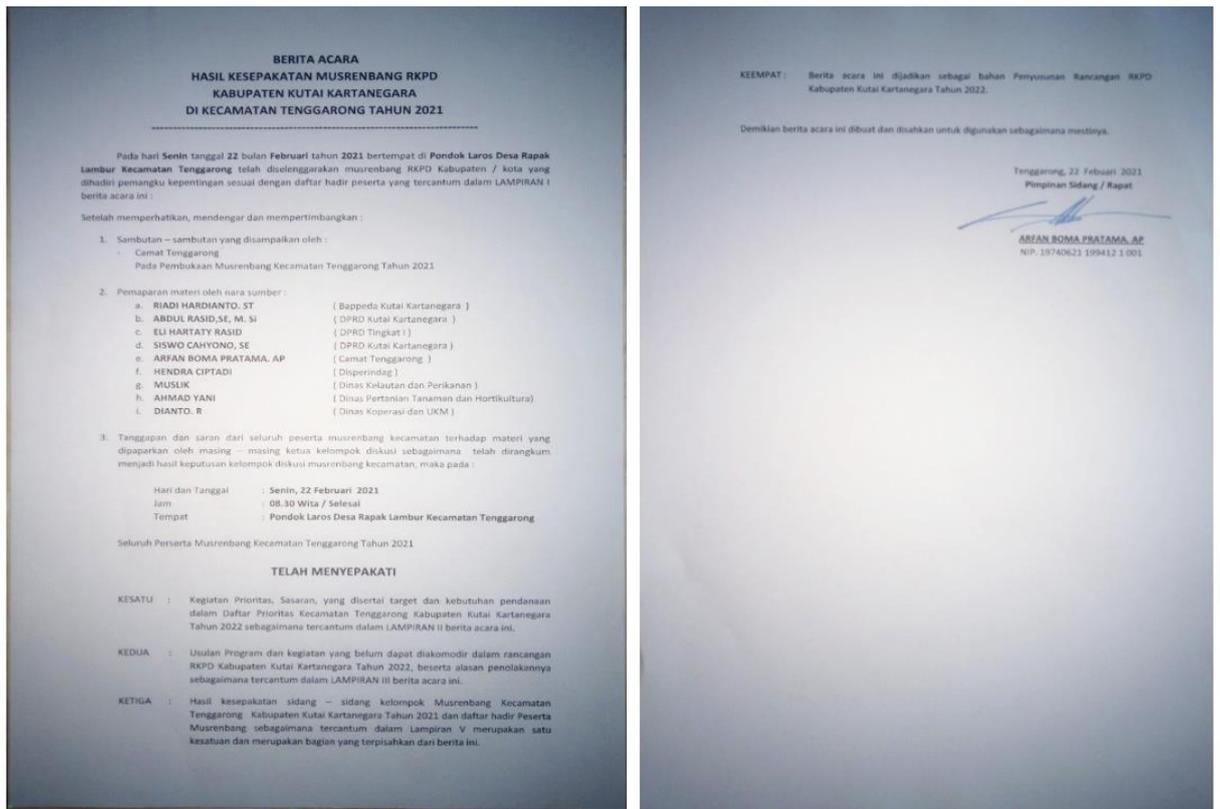
According to the interviews and data collection from two heads of districts, there are several findings regarding the process of participatory budgeting at district level:

1. District Musrenbang is an essential forum because almost all stakeholders can attend the meeting. A mediating forum where stakeholders from the upper and lower levels meet each other, such as from the local planning agency, the local agency at the regency level, head of villages, and community representatives.
2. Head of districts and district representatives are involved in district Musrenbang, and later on local agency forum and regency Musrenbang.
3. District officers can monitor their proposed projects through an online information system called SIPD (Local Government Information System). Since 2019, all of the proposals can be monitored up to the regency level through the information system because the results of the Musrenbang were inputted into SIPD.
4. The result of district Musrenbang shows priority projects and projects that cannot be accommodated along with the reasons. Regarding the priority, district Musrenbang divides it into four main classifications, shown in the following table.

Table 6. Priority projects in district Musrenbang

Classification	Explanation
P1	Priority 1 is projects that will be covered by district based on district budget allocation (as mentioned in Table 5). Projects that are listed here will be definitely carried out
P2	Priority 2 is projects that will be proposed to the higher level, in this case local agency in regency level
P3	Priority 3 is projects that will be proposed to companies or private sectors through CSR
P25	Priority 25 is projects that will be proposed to legislative member aspiration fund

Figure 12. Minutes of Meeting in District Musrenbang



Source: *Tenggarong District*

5. People from village representatives are mostly not satisfied with the district Musrenbang because their aspirations are not accommodated. Some district Musrenbang meetings end when some representatives walk out, which creates a high-stress and unpleasant situation.
 6. Local agencies come to this meeting by bringing their own work plan and programs determined before the event. Those are determined based on the vision, mission and RPJMD or local medium-term development plan. They also will reject the projects that are not aligned with local agency work plan and programs.
- d. **Regency Planning Forum (Regency Musrenbang)**
- Regency Musrenbang is a planning meeting held at the regency local government level to improve the local government work plan draft based on the agency work plan as the result of the local agency forum. This is accomplished by comparing the well-proportioned drafts of the agencies' work plans, with the results being used to revise the local government's work plan draft. As a result, the findings of the local agency forum discussion and the joint agencies forum discussion should be considered when putting up a regency planning forum.

The Regency Musrenbang's output is an agreement on the formulation, which serves as the primary input for updating the draft local government work plan and the draft local agency work plan, which includes:

1. Determination of policy directions, development priorities, and funding ceilings based on the local agency's function.
2. List of priority projects based on financing sources such as the Regency local budget, Provincial local budget, State budget, and other financial sources.
3. List of planned rules and regulations at the local, provincial, and/or national levels.
4. Funding plan for Village Fund Allocation (ADD).

Based on the research, the following findings were found:

1. NGOs are invited to the event. However, they only attend the general presentation in the opening ceremony. They are sometimes asked to give opinions, suggestions or inputs regarding specific issues.
2. The event of regency Musrenbang is carried out no later than the 4th week of March.
3. Once the participants have agreed on the results of the regency Musrenbang, the regency local government transmits the outcomes to: local legislative assembly (DPRD), local agencies at the regency level, districts, and delegates from the district Musrenbang and local agency forum.
4. The results will be discussed in the budget committee of the local legislative assembly. In fact, this is the final step where they will approve and legitimate the projects in the local budget.

4.1.3 Legal and Regulatory Dimension

One point of contention is when and how to formalize a participatory budgeting process to ensure its proper functioning. Another challenge is how much to institutionalize in order to maintain the dynamics and avoid "bureaucratization". When participatory budgeting becomes institutionalized, the chances of the process becoming "instrumentalized" and the participants being manipulated increase dramatically. The internal regulations usually define the primary rules of the game: the procedure for electing delegates, types of representation, criteria for resource allocation, responsibilities of the PB council (if any), number of plenary sessions, and thematic areas of concern (Cabannes, 2004).

This section discusses the degree of institutionalization and its relationship with other planning instruments.

In terms of the degree of institutionalization, the process of participatory budgeting in Kutai Kartanegara follows the central government's laws: law number 25/2004 of the national planning system and law No. 23/2014, which regulates local governance. Then, there is also Minister of Internal Affairs Regulation Number 86/2017 as the technical guidelines to conduct the planning process at the local government level.

The implementation of this regulation is explained in the previous section about the participatory dimension. However, there is also some confusion about the interpretation of this regulation that makes the participatory budgeting and planning process does not meet the expectation.

Another essential element that also has a strong influence in this local regulation to conduct participatory budgeting is the vision and mission of the Regent/Head of Regency. His vision and mission are contained in the programs of medium-term development planning (5 years period). All of the proposals should be in line with these programs. This is the thing that probably makes the participatory budgeting results are not pure from the participatory process. However, we can say that the participatory budgeting process in Kutai Kartanegara can be considered as a formal process that has been institutionalized because it has a regulation and legal basis. The process and results of these activities are protected and guaranteed by law.

In terms of relationship with other planning instruments, the process in the Kutai Kartanegara is attached with other planning instruments. As mentioned before, with the national laws and Regent vision-mission, the participatory budgeting should follow the development policy direction from every level start from national planning, provincial planning, local regency/city planning, and village planning. Every level also has its own short, medium, and long-term planning; therefore, it is quite complicated yet integrated planning within the country.

Head of Local Development Planning and Control Department in Bappeda said:

So, what can be our guide for this participatory planning process is Laws, all of which mandate that local governments must have or prepare long-term planning documents (20 years) and medium term (5 years) and short term for 1 year. Then, we try to implement it in a participatory approach. As we know in planning there are 5 approaches, namely: political, technocratic, participatory, top-down and bottom-up.

We try to understand this participatory approach through a development planning forum (Musrenbang) in villages, districts and regency.

4.2. Stakeholders Involved

According to the principle of public participation, active participation in the budgeting process should be encouraged. It is not possible to involve the entire society in the process. It is impossible if the general public is actively engaged in the budgeting process.

In practice, the organizers of each level of the planning meeting already have a list of people who will be invited. During the planning meeting, those individuals are referred to as public representatives. The public is acknowledged as a stakeholder who wants their aspirations sustained during the planning process, while unfortunately, the government and local legislative assembly have their aspirations fulfilled. As a result, there are representatives at each level who represent the interests of numerous people. The organizers of each level of the planning forums invite just those stakeholders they believe can speak for the public interests to achieve their goal.

To obtain pertinent data, the author questioned respondents from various levels of governance within the Kutai Kartanegara local government. The interviews provide data, and the research was conducted utilizing documents linked to the planning and budgeting process. According to that, it can be found the stakeholders involved at each level of participatory budgeting in Kutai Kartanegara:

- **Village Musrenbang:**
The public, persons or groups who exist in the village, such as the head of villages, the hamlet leaders, the community/local leaders, women groups, youth groups, community organizations, e.g., farmers, religious figures, etc., are all stakeholders in the village planning forum. In some villages, the local legislative members, officials from district offices, and local agencies, especially local agencies with a branch office in the district such as plantation office, health agency, and education agency, also attend the meetings.
- **District Musrenbang:**
Stakeholders at this level include those concern about the villages' development priorities to address problems in the district, as well as those related to and/or affected by the planning meeting's output.

The stakeholders are the heads of districts, district officials, representatives or heads of villages within the district, representatives of local planning agency and agencies at the regency level, head of local agencies whose branches in the district, local legislative members who originate from the district, private sectors/companies located in the districts, community leaders, representatives of community organizations, youth, women, children, and NGOs. From the interview with one of the NGO members, it is found that, in fact, they are rarely invited to district Musrenbang. However, if they want to attend the meeting, the district officials are also open to welcome them. Therefore, sometimes they just come and attend the district Musrenbang.

- **Local Agency Forum:**
Stakeholders of local agency forums are the local planning agency, the local agencies, or joint multi-sectoral agencies, heads of districts or district representatives, and other related stakeholders depends on the sectors discussed; for example, education sectors will involve academia, agriculture sectors will invite farmers organization or community, health sectors will invite women, doctors, and midwives as the health facility users and health workers.
- **Regency Musrenbang:**
Stakeholders of regency Musrenbang are the local planning agency, delegates of all local agencies, heads of local agencies, members of local legislative, representatives of provincial planning agency, and NGOs.

Furthermore, the author also analyzes the stakeholders' characteristics, interests, and expectations involved in each level of the budget planning process. To see the details, see Table 7 below.

Table 7. Stakeholder Analysis

Level	Stakeholder	Characteristic	Interest and Expectation
Village Musrenbang	Head of villages	They brought their vision-mission as the planning guideline	They want to achieve their goals by determining programs aligned with their vision-mission
	Community leaders	Represent the community	They propose community development projects

Level	Stakeholder	Characteristic	Interest and Expectation
	Community organizations (farmers, women, religious figures)	They brought their own agenda and goals for the organization	They hope that government initiatives will be linked to their work
	District and local agency officers	Represent their offices and agencies	<ul style="list-style-type: none"> • They hope the aspirations are in line with agency programs • They keep an eye on the procedure and make sure it follows the rules
District Musrenbang	Head of villages and village representatives	They bring the outcomes of village Musrenbang with them	<ul style="list-style-type: none"> • They attempt to put those findings into the meetings • They assist villages in submitting proposals to local agencies
	Local agency officials	They bring their programs to be explained in the meeting	They hope the aspirations are in line with agency programs
	Head of districts and district officers	Facilitators of the meeting	They establish the district's development priorities and priority scale
	Local legislative members	Fight for their constituents	They absorb her/his constituents' aspirations
Local Agency Forum	Head of agencies	They bring their own development programs to be explained in the meeting	<ul style="list-style-type: none"> • They fight for their agency's development programs • They accept the inputs from district Musrenbang which in line with their development programs
	Head of districts and district representatives	Represent the districts	They try to include the results of district Musrenbang to the local agency development programs
	Related stakeholders (academia, farmers, health worker)	Represent their community or profession	<ul style="list-style-type: none"> • They hope that government initiatives will be linked to their work and improve the quality of their sectors • They look to see if their concerns were addressed in the agencies' forum
Regency Musrenbang	Local planning agency	Facilitators of the meeting	They establish the regency's development priorities and priority scale

Level	Stakeholder	Characteristic	Interest and Expectation
	Head of districts and district representatives	Represent the districts	They fight for the outcomes of the district Musrenbang
	Delegates of local agencies	Represent the local agencies	<ul style="list-style-type: none"> • They fight for the outcomes of the district local agency forum • Based on each agency's medium-term planning, they completed the development priority • Some head of local agencies are appointed as speakers to explain the priority development programs
	Local legislative members	Fight for their constituents	They observe if their concerns were addressed in the regency Musrenbang results
	NGOs	Public oriented	They are asked to give opinion, suggestions or inputs regarding specific issues
	Representative of provincial planning agency	Represent the provincial government	<ul style="list-style-type: none"> • They observe the results of regency Musrenbang • They explain the provincial's development priorities, so that it can be in line with regency programs

Each stakeholder in each level of planning meeting has their own mission, which is listed in the column of interest and expectation on the table. As a result, what occurs in the planning meeting is a competition among the stakeholders to obtain their own needs. This is because not all of the stakeholders' interests, including development projects, could be accommodated at each level of the planning meeting.

4.3. Advantages and Obstacles in Participatory Budgeting

According to an NGO member's interview, participatory budgeting in Kutai Kartanegara has been introduced to the public since 2007. Since then, there are many positive and negative experiences happen along the process. This section discusses the advantages and obstacles, or challenges which the stakeholders face.

Participatory budgeting is designed to involve every layer of society in the planning phase and is eventually expected to impact the implementation positively. Based on the interview of 9 respondents who are asked about the advantages of participatory budgeting, we can conclude there are four main things which are:

- 4 out of 9 respondents agree that participatory budgeting helps the government obtain information about the community needs at the grassroots level. Afterward, they can synchronize them with their programs and execute the projects if they are feasible.

The benefit is that we implement programs based on the needs of the community. We really dig information from the bottom. (Head of Sumber Sari Village).

The advantage is finding what the community needs. Although, sometimes people still can't tell which one is a need and which one is a want. (NGO member).

- 1 out of 9 respondents thinks that participatory budgeting can be used to optimize community participation to oversee the village development, which is in accordance with Regent's policy direction and head of villages.

In addition, we can also optimize community participation to oversee the process of implementing village development. Because we must also involve the community, at least they must also know the process of planning and implementing development. (Official of Agency of Community and Village Empowerment).

- 2 out of 9 respondents believe that participatory budgeting can ensure the development is more evenly distributed. In that sense, everyone will feel the regional development such as the stunting rate decreases, children can enjoy green open spaces, etc. Eventually, the welfare of society will increase.

The advantage of Musrenbang when it is done ideally is that development will be more evenly distributed. Then, development is not misdirected according to the priority scale and in accordance with the needs of the community because the process is from the bottom. (Head of Loa Janan District).

- 2 out of 9 respondents agree that participatory budgeting can promote transparency and openness, which leads to high satisfaction at the lower levels. In addition, it has been witnessed by many people, so that it should be a shared responsibility between the government and the community.

The first advantage is of course more transparency, then there will be satisfaction at the lower levels that what they propose we accommodate. Furthermore, of course what they propose is what they need the most so that it becomes a priority. (Head of Batuah Village).

In addition to the advantages obtained, participatory budgeting also has challenges and obstacles in its process. Here are some findings regarding those issues in Kutai Kartanegara:

- 5 out of 10 respondents who are asked about the obstacles or challenges of participatory budgeting say that the understanding of participatory budgeting becomes the main challenge for them. There is no common understanding among the stakeholders. This happens not only to the public but also to government officials.

The public still thinks that what they are proposing is their real needs, and they hope that the government should be able to realize their proposal. They assume that the money is their money and rights, so their proposed activities must be implemented without caring about regional priorities.

On the other hand, the government officials think that their pre-determined programs are the main priority, so projects proposals from lower levels/Musrenbang should follow those programs. Therefore, Musrenbang is the place to explain and clarify their programs to the public.

In addition, there is also some argument between government officials at the regency level and district or village level. Some officials at the regency level consider some officials in the lower levels do not understand the concept of participatory budgeting. At the same time, officials from lower levels think that some officials in regency levels already have their own priorities and cannot accommodate proposals from the lower levels.

This, in my opinion, is still not clear, whether this Musrenbang is actually asking for proposals or just clarifying our priorities. (Head of Local Development Planning and Control Department in Local Planning Agency).

- 4 out of 10 respondents then answer budget constraints as the obstacle to participatory budgeting. They think that the limitation of the Kutai Kartanegara budget makes most of the proposals in Musrenbang are not accommodated.

However, it is very common that budget becomes a reason for any challenges. In this case, for example, only in 2022, the proposals from the legislative member aspiration fund amount to 8,000 projects with a value of Rp10 trillion (about €588 million). It is, of course, impossible to discuss and accommodate all of them.

- 2 out of 10 respondents suppose that participatory budgeting is only a ceremonial process, where the results of Musrenbang were not used at all. The agencies already have programs that will be implemented, so the results of Musrenbang cannot be accommodated.
- 2 out of 10 respondents say that degradation of public trust is a challenge in participatory budgeting. There is also a high suspicion from the community. It is not an easy matter to bring or gather the stakeholders in the Musrenbang. Many stakeholders are reluctant to attend with the excuse that their presence is useless because their proposals in the previous year were not realized.
- 2 out of 10 respondents say that proposals through legislative member aspiration fund are one of the obstacles in participatory budgeting. This form of participation has a strong relation to particular political interests. It causes negotiations to occur, which allows the proposed results of the Musrenbang to be defeated in the decision-making. Furthermore, the projects' implementation is just a formality because the local legislative members have already determined who will execute the projects. The problem is, not all of these executors do their jobs well or are competent, so as a result, there are some issues with law enforcement officers.

4.4. Relations to the Principles of Development Project

Based on some literature, participatory budgeting has had some impacts on development projects. This section presents some findings regarding this matter linked to three principles of development projects in Kutai Kartanegara.

4.4.1 Accountability

Accountability is often linked to the responsibility of public or government officials to give information to the public about their plans, activities, and also the use of money within their organization or institution. This research tries to measure this principle by taking one indicator, which is public accountability. Furthermore, in the process of project development, public accountability is expected to be seen in the form of the facility for citizen complaints, formal publication of contracts/tender, budgets, and audit opinion.

- Provision for citizen complaints in Kutai Kartanegara is still minimal. Therefore, if the community wants to convey their complaints regarding the projects they propose in Musrenbang, they will find some difficulties.

Most of the respondents say that there is no formal canal or established system for the public to give their protests. They consider informal ways to solve this kind of problem, such as through telephone communication (to the respective officials), social media (Facebook or Instagram), directly come to the agency or village office, or even directly submit the complaints in the next Musrenbang.

Furthermore, some agencies such as Plantation Office and Public Works Agency claim that they have such a system to receive complaints from the public. Plantation Office has an official platform or system, namely Nasi Kebuli (Plantation Information System), in the form of a website to accommodate complaints from the community. It is also preparing a system to conduct a satisfaction survey. At the same time, Public Works Agency has a website related to the road condition.

Some respondents also state that there is such a facility through the Agency of Communication and Information (Diskominfo). The public can submit complaints, which will then be forwarded to respective agencies. Then, they will provide feedback on this issue later.

Even though the existing systems (formal and informal) are still not adequate to receive complaints from the public, they can be improved to increase accountability. It makes the process of projects coming from Musrenbang can be monitored.

- Formal publication of contracts/tender is clearly done in Kutai Kartanegara. It can be divided into two categories, firstly, projects that districts or agencies will do, and secondly, projects that will be done by villages. Districts and agencies always publish the projects that will be carried out in the following year, while villages do not do tender because the projects are executed by empowering the villagers through labor-intensive programs.

Districts and agencies announce the projects that will be carried out through a system called LPSE (Electronic Procurement System). Publication in the LPSE system is done starting from the announcement of projects that will be tendered to the announcement of who wins the bidding/the contractors.

Figure 13. Publication of tender in LPSE Kutai Kartanegara

The screenshot displays the LPSE Kutai Kartanegara website interface. At the top, there is a navigation bar with options like BERANDA, CARIPAKET, REGULASI, KONTEN KHUSUS, DAFTAR HITAM, AMEL, KONTAK KAMI, PENDAFTARAN PENYEDIA, and LOGIN. The main content area features a large banner titled "TIPS SUKSES UPLOAD PENAWARAN MENGGUNAKAN APENDO (APLIKASI PENGAMAN DOKUMEN)" with 11 numbered tips. To the right, there is a promotional banner for "AYO IKUT TENDER!" with a "DAFTAR DI SINI" button and a phone number "144". Below the banner, there is a table of tenders and a section for "Pengumuman dan Berita".

No	Nama Paket	HPS	Akhir Pendaftaran
1	Belanja Modal Instalasi Air Tanah Dangkal berupa Pengadaan Prasarana dan Pendukung Fasilitas Pelayanan Kesehatan - Instalasi Prasarana Air Bersih (DAK Fiskal) Desa Perangkat Selatan Kecamatan Marangkatyau	Rp. 427.130.000,00	9 Agustus 2021 15:00
2	Belanja Modal Instalasi Air Tanah Dangkal berupa Pengadaan Prasarana dan Pendukung Fasilitas Pelayanan Kesehatan - Instalasi Prasarana Air Bersih (DAK Fiskal) Desa Kota Bangun 2 Kecamatan Kota Bangun	Rp. 427.130.000,00	5 Agustus 2021 23:59

Source: <https://lpse.kukarkab.go.id/eproc4>

Villages usually execute projects which have a small value, below Rp200 million (about €12,000). They plan and design the projects by themselves, then execute them using the villagers as the workforce. However, they also publish the projects executed in the following years through village work plan documents.

Figure 14. The example of Batuah village work plan which contains the projects

KD	BIDANG/SUB BIDANG/JENIS KEGIATAN		LOKASI (RT / RW DUSUN)	PERKIRAAN VOLUME	SASARAN / MANFAAT	WAKTU PELAKSANAAN	PRAKIRAAN BIAYA & SUMBERDAN	
	BIDANG/SUB BIDANG	JENIS KEGIATAN					JUMLAH (RUPIAH)	SUMBER
1	2	3	4	5	6	7	8	9
	Sub Bidang Kesehatan	Lain-lain Kegiatan Sub Bidang Kesehatan	DESA BATUAH	1 TA	PETUGAS KESEHATAN	12 BULAN	15.000.000,00	ADD
	Sub Bidang Pekerjaan Umum dan Penataan Ruang	Pemeliharaan Prasarana Jalan Desa (Gorong-gorong/Selokan/Parit/Drainase dll)	DESA BATUAH	1 TA	MASYARAKAT	1 BULAN	20.000.000,00	DLL
		Pembangunan/Rehabilitasi/Peningkatan/Pergerasan Jalan Lingkungan Permukiman (Dipilih)	DESA BATUAH	1 TA	MASYARAKAT	1 BULAN	7.000.000,00	DLL
		Pembangunan/Rehabilitasi/Peningkatan/Pergerasan Jembatan Milik Desa (Dipilih)	DESA BATUAH	1 TA	MASYARAKAT	1 BULAN	29.467.000,00	ADD
		Pembangunan/Rehabilitasi/Peningkatan Prasarana Jalan Desa (Gorong, selokan dll)	DESA BATUAH	1 TA	MASYARAKAT	1 BULAN	27.515.000,00	DDS
		Lain-lain Kegiatan Sub Bidang Pekerjaan Umum dan Tata Ruang	DESA BATUAH	1 TA	MASYARAKAT	1 BULAN	3.000.000,00	DLL

Source: Batuah Village

- The proper audit plays a unique role in establishing accountability and ensuring the optimal use of public funds by objectively gathering and analyzing supporting evidence to give credibility to information reported by or gained from management (Salawu and Agbeja, 2007). Therefore, audit opinion can also indicate the level of accountability in the projects done in Kutai Kartanegara. In this sense, it is seen from the audit of Kutai Kartanegara's annual financial report conducted by the State Audit Board (BPK RI). In 2020, the audit opinion of Kutai Kartanegara's financial report was an unqualified opinion (WTP), meaning that the financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles. Furthermore, the achievement of an unqualified opinion (WTP) in the examination results indicates the creation of accountable and transparent local budget management.
- To summarize this section, 7 of 10 respondents, who are asked if participatory budgeting can increase or has a relation with accountability, say that participatory budgeting has a connection with accountability. The Musrenbang process can affect accountability, although, in the process, there are still many shortcomings to be said as participatory. At least, the community knows what projects are proposed and planned, regardless of whether they will be included in the budget or not. Respondents from villages think that it makes more accountable because all parties are involved, and the results of the participatory budgeting can be known by the public, which is a form of accountability.

Yes, of course. Because the process is recorded or documented. The proposal and agreement processes are all recorded or documented so that they affect accountability. (Secretary of the Agency of Marine Affairs and Fisheries).

4.4.2 Transparency

This section describes the transparency of projects development in Kutai Kartanegara local government. It is measured by seeing the access to information which are access to local government financial information and the cooperation/communication of local government with mass media and NGO.

- Access to local government financial information can be divided into regency level and village level. As mentioned before, there are regency local budget (APBD) and village local budget (APBDes). Transparency in APBD is shown by using a website that the public can access at <https://bpkad.kukarkab.go.id/anggaran>. We can easily

find and download the APBD, which contains the revenue and expenditure of the regency, and even the breakdown of revenue and expenditure of every agency in Kutai Kartanegara (shown in figure 15).

Furthermore, Kutai Kartanegara also publishes the details of the work plan and projects that will be executed in the following year. We can find it and download the desired files through the local planning agency (Bappeda) website at <https://bappeda.kukarkab.go.id/dokumen/2/2019>. (shown in figure 16).

The local government makes all necessary information about planning and budgeting documents available to the public on its websites, freely accessible to the public. These documents must be disclosed and widely accessible to the public since greater openness in the planning and budgeting system is essential.

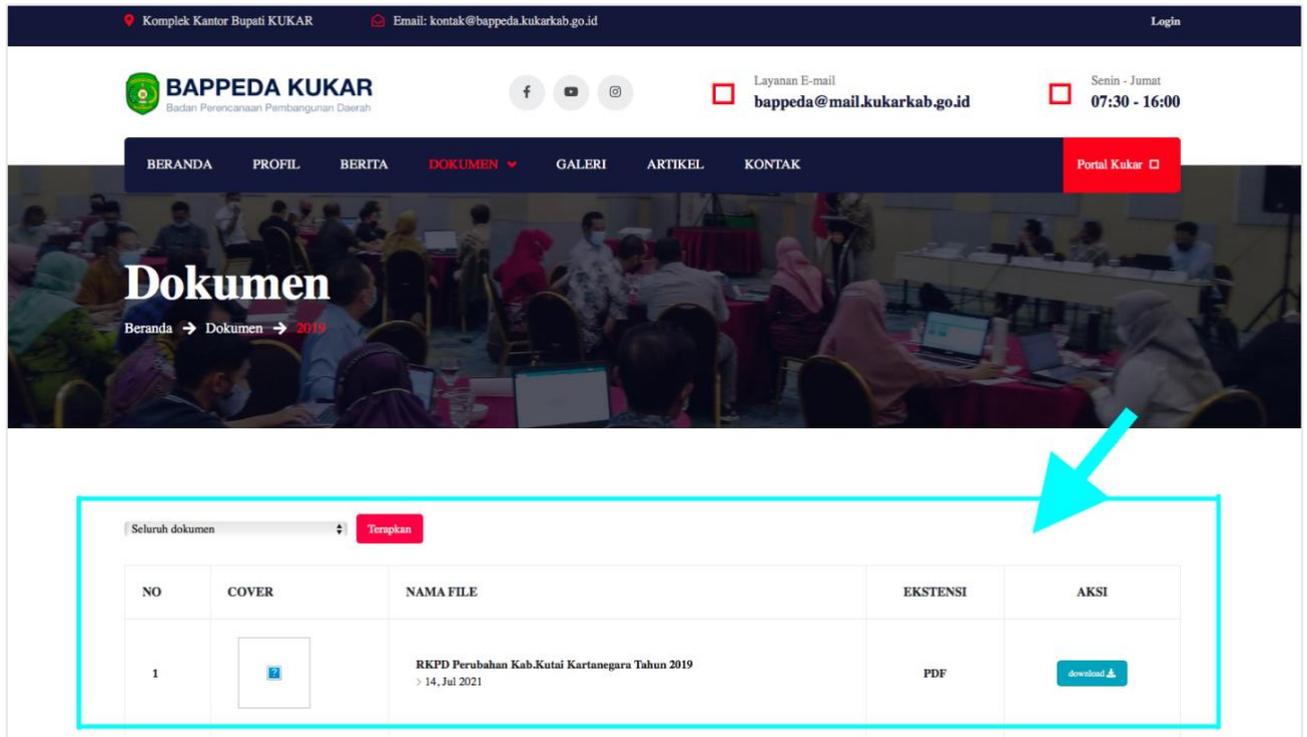
Concerning the transparency of projects proposed through Musrenbang (village and district), the local government addresses this issue by establishing a system called SIPD (local government information system) into which all proposals at every level must be entered, regardless of whether they are approved or not. However, this system can only be accessed by internal government officials who have username IDs and passwords.

Figure 15. APBD in Kutai Kartanegara website

The screenshot shows the website for BPKAD KUKAR (Badan Pengelola Keuangan dan Aset Daerah). The page title is 'INFORMASI PUBLIK BIDANG ANGGARAN BPKAD KUKAR'. Below the header, there is a table with the following data:

#	Nama File	Jenis File	Tanggal Upload	Download
3	Lampiran Perda APBD TA. 2020	RAR	2020-02-28	Download File
2	Lampiran Perbup tentang Penjabaran APBD	RAR	2020-02-28	Download File
1	APBDP 2020	RAR	2020-10-02	Download File

Figure 16. Details work plan and projects in Bappeda website



Next, access to financial information at the village level is also attractive. The village also publishes the village local budget (APBDes) through billboards so that the community can see village revenue and expenditure.

Figure 17. Billboards of APBDes in Sumber Sari Village



Source: Batuah Village

The advertisement of publication does not cover the details of the projects. Still, it only covers the programs (e.g., health programs, empowerment programs, etc.) that will be implemented along with the value. This is a form of transparency where the community knows the financial condition of the village.

- In terms of cooperation or communication with mass media or NGOs, all respondents say that there is no official communication with those parties. However, they are open to them, as long as they follow the procedure, such as sending an official letter about their necessity. In addition, for mass media or journalists, the agencies sometimes invite them to expose their activities and discuss recent issues. On the other hand, the Head of the Planning Section of the Public Works Agency says that NGOs are rarely contacted or treated well by the agency or district officials because many NGOs are not constructive. Therefore, they will also assess and sort out whether the NGO presence is beneficial or not.

Furthermore, the interview of an NGO member shows in terms of communication with the local government; he feels that the communication is quite good. However, he also realizes that not all NGOs can be invited to communicate well by local governments. It is because there are several NGOs whose members/management have personal interests/motives such as seeking personal gain, etc.

Moreover, all respondents agree that access or availability to information can ensure/improve transparency. In this case, with the implementation of participatory budgeting through Musrenbang, the society and community feel that they have a right to be involved in the process of planning and budgeting. Therefore, they become very critical and care about the process, which leads to the eagerness to keep looking for information regarding the progress of their proposals or the condition of local government. It causes the demand for access to information from the people (civil society, press, NGO, etc.). Eventually, it forces the local government to be transparent by providing as much information as possible that everyone can access easily.

To conclude this section, according to the indicators discussed above, Kutai Kartanegara, with all the shortcomings and limitations, has already implemented the transparency principle by publishing financial information, work plan, and planning documents through the local government website and billboards at village levels. Therefore, it is expected that the public can gain enough information regarding planning, budgeting, and project development.

4.4.3 Effectiveness and Efficiency

Planning is needed to ensure the development activities run effectively, efficiently, and on target. In the planning and development process, community participation must be optimized to provide the expected impacts and benefits because it meets the community's real needs.

This section studies the effectiveness and efficiency of development projects in Kutai Kartanegara local government. The author picks three indicators to measure effectiveness and efficiency: money utilization, time achievement, and project quality in terms of users' satisfaction.

- Money utilization is chosen to describe the level of efficiency of development projects in the local government. Regarding this, 8 out of 10 respondents state that there is no difference between the projects coming from Musrenbang and top-down. It is because the projects are carried out according to specific existing standards and budget plans. The difference is more about the level of support from the community. The bottom-up projects have stronger support from the community, which leads to psychological and spirit effects for the government officials. Furthermore, in small things, if a contractor does a project, the community usually provides support by providing food and drink for the workers.

However, two respondents say that the bottom-up process gives efficiency in project development planning. Interestingly, those answers come from both heads of villages, Batuah village, and Sumber Sari village. It makes sense because the people from the village itself execute the projects done in the villages through a labor-intensive program. Therefore, there is no profit-oriented as if a company or contractor executes the project through tender. Unfortunately, this kind of project is considered a small project, worth below Rp200 million (€12,000) or even below Rp100 million (€6,000), with a low level of technical complexity.

Bottom-up projects, in my opinion, is more efficient. For example, with the same value for money, top-down process can realize only 1 project, while bottom-up process can realize 2-3 projects. It is because in the village, we do not need a contractor and involve the community directly with measurable wages. (Head of Batuah Village).

- Time achievement is also chosen to measure efficiency. The interviews show all respondents think that there is no difference between the projects from bottom-up

and top-down. The process of both development projects follows the timeline or schedule planned by the local government starts from the planning, tendering (if any), executing, and commissioning.

- The last is project quality and/or users' satisfaction to measure the effectiveness of development projects. In this case, the project quality remains the same between projects from bottom-up and top-down because there are already standards and specifications that must be followed during the execution. However, four respondents from the local planning agency, community and village empowerment board, Sumber Sari village, and NGO say that bottom-up projects' quality and satisfaction level, mainly carried out at the village level, are better than top-down projects. It is because the self-management project is carried out directly by the community and makes a high sense of ownership in the project results. Again, unfortunately, those kinds of projects are usually small projects with a low level of technical complexity.

According to the discussion above, it can be concluded that there is no relationship between participatory budgeting and the effectiveness & efficiency of development projects because there is no difference between bottom-up and top-down projects. Even though some opinions state that participatory budgeting can produce efficient and effective projects, it is still limited in the village level projects, which are self-managed by the village itself. Moreover, the value of these projects is insignificant compared to other top-down projects.

4.4.4 Example of Projects Proposed through Participatory Budgeting

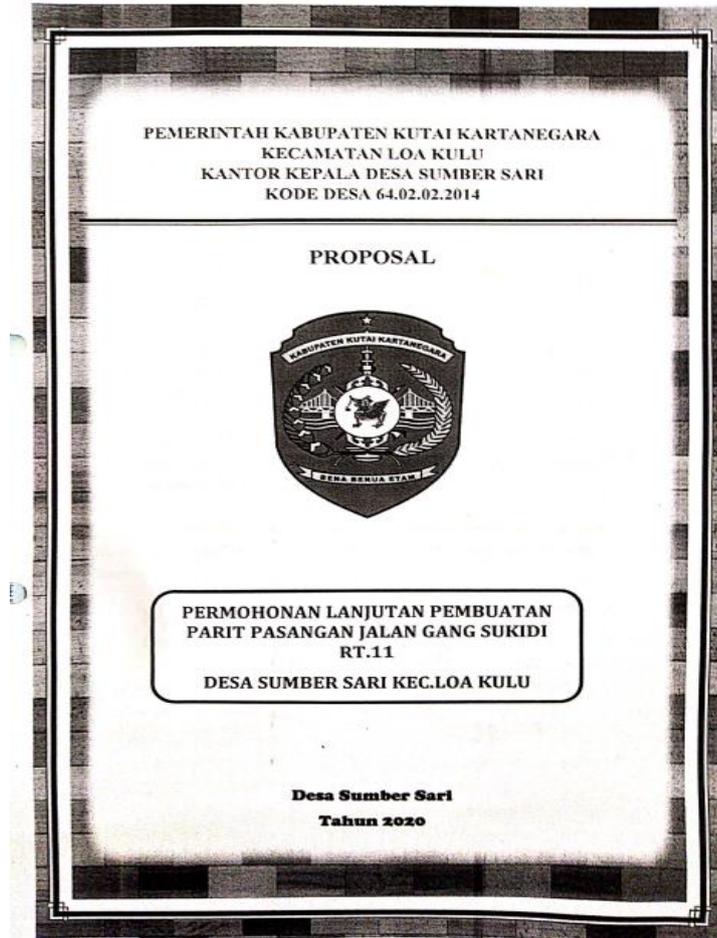
The author tries to get information regarding specific projects proposed by the village and approved by the local government. This project is a trench construction in a part of Sumber Sari village called “Pembuatan Parit di Jalan Gang H.Sukidi RT.11” or “Trench Construction on Street Gang H. Sukidi RT.11”.

This project was executed in 2020 using the local budget at the district level and by a third party or a contractor company. The Head of the village proposed the project in 2019 through a proposal to the district office. However, this project was finally included in the local legislative member aspiration fund. The exciting thing was that the project value proposed by the village was different from the approved project value.

Based on the document obtained, the proposal was worth around Rp45 million (€2,650), while the realization increased, worth Rp200 million (€12,000). This can happen because the value on the proposal was only the estimation value which is being adapted

with the village financial ability. Furthermore, in the district or regency level, the value is adjusted with a more detailed calculation and the financial capacity of the district or regency. For instance, the initial proposal only planned for 50-meter long construction, while the final decision was approved for 100-200-meter long construction.

Figure 18. Trench construction proposal in Sumber Sari Village



Source: Sumber Sari Village, Trench Construction on Street Gang H. Sukidi RT.11

Regarding the principle of accountability and transparency, this project performs all of those principles. However, most of them are done informally. During the proposal process, the village head must be active in looking for information from the district officials. He also should actively approach or lobby the legislative member to know the progress of the proposal. By doing this, according to the interview, Sumber Sari village can get around 25 projects approved out of around 50 proposals, including this trench construction.

In the execution phase, the head of the village was involved in the last inspection or commissioning part. At the end of the project, this trench construction was checked by the head of the village and some representatives. Then, they signed the final report as

approval that the construction was good and met the specifications planned. Afterward, the contractor would receive the payment from the local government.

This procedure from the beginning of the proposal until the project's finishing can be considered a form of accountability and transparency and a few parts of quality or users' satisfaction.

Figure 19. Trench construction on Street Gang H. Sukidi RT.11



Source: Sumber Sari Village

Chapter 5: Conclusions and Recommendations

5.1. Conclusions

During the implementation of regional autonomy and decentralization, the issue of public participation in decision-making has grown significantly. Participatory budgeting is one of the tools that is expected to achieve that public participation. Furthermore, the literature in chapter 2 argues that participatory budgeting has a relation or impact on the process of development projects in terms of accountability, transparency, and effectiveness and efficiency.

The author attempts to draw conclusions regarding the participatory budgeting process within the agencies and villages in the Kutai Kartanegara local government based on the explanations in the previous chapters. As a result, there are positive and negative findings which are explained as follow. The positive findings that can be considered as advantages of participatory budgeting in Kutai Kartanegara are:

1. There is another way considered as participatory budgeting to accommodate the proposals from the community. It is called the legislative member aspiration fund. This path is claimed as a more effective method by some people, especially from district, village, and NGO. In Kutai Kartanegara, there are 45 legislative members. Each legislative member is given Rp2 billion (€0.12 million) up to Rp5 billion (€0.3 million) as the aspiration fund that can be used to accommodate the proposals or aspirations from their constituents.
2. As mentioned in the previous chapter, participatory budgeting has a relation with accountability. Although there are still many flaws in the Musrenbang method to be regarded as participatory, it has the potential to impact accountability. At the very least, the community is aware of the proposed and planned initiatives, regardless of whether or not they will be included in the budget. Village respondents believe it increases responsibility since all stakeholders participate, and the outcomes of participatory budgeting can be seen by the public, which is a kind of accountability.
3. Furthermore, the access or availability of information may assure/increase transparency. The adoption of participatory budgeting through Musrenbang has given the society and community the feeling that they have a right to participate in the planning and budgeting process. As a result, people become more critical of the process and concerned about the outcome, leading to a need to learn more about the status of their ideas or the state of local government. People want access to

information due to this, and eventually, the local government is forced to be transparent.

While the negative findings or shortcomings of participatory budgeting in Kutai Kartanegara are:

1. The majority of community members participating in the Musrenbang process are chosen or close to the bureaucracy. Thus, public representation is not actually included in the process. As a result, their priorities are more aligned with the interests of an influential person or group near to them.

The composition of Musrenbang participants is actually following the qualifications and regulations. However, the results do not match the expectations. To improve, the representation system must be renewed, and public awareness must be raised. So that individuals may use the budget instrument to advocate for their needs so that it has a representative appointment that can reflect their concerns and influence budget allocation to meet their needs.

2. There is a disagreement on the purpose of Musrenbang among the government officials. They blame each other for the unsatisfying results of Musrenbang itself, mostly between officials at the regency level and district/village level. Officials at the regency level claim that the districts and villages should follow the programs they have determined in their proposals. The district and village officials claim that their proposals are the real public needs and should be accommodated by the local agencies, which they think has not happened yet in the past process.
3. The author sees that Musrenbang is not entirely a bottom-up process. According to the interview and secondary data obtained, it can be seen that Musrenbang is more like a forum for local agencies to explain and clarify their pre-determined programs to the public. Then, they will find the meeting point between their programs and the proposals from the lower level. It is necessary to highlight that the primary consideration in this phase is the local agency programs, not the proposals from the society. Therefore, many proposals are removed from the priority lists if they are not aligned with the local agency programs. That is why some people also say that Musrenbang is only a ceremonial process because, at the end of the day, the forum's outputs are mostly top-down programs or projects.
4. There is no link between participatory budgeting and development project effectiveness and efficiency because there is no distinction between bottom-up and

top-down projects. Even while some argue that participatory budgeting can result in effective and efficient projects, it is still restricted to village-level projects self-managed by the community. Furthermore, as compared to comparable top-down projects, the value of these projects is negligible.

5. The involvement of NGOs is still limited in the participatory budgeting in Kutai Kartanegara. They are only involved officially in the regency Musrenbang. It can be said that the NGO does not significantly contribute to the results since they are asked only about their opinion or suggestion regarding specific issues. At the same time, NGOs should be critical and one of the public representatives that know better the needs of the society.

5.2. Personal Reflections

Based on the assessment above, the author has some interpretations of participatory budgeting in general, which are:

- Participatory budgeting in Indonesia does not work well because, at some point, people/communities cannot influence the decision making of their proposals. Musrenbang, which is considered a forum for participatory budgeting, turns out more as a forum to clarify and convey the local government's plan to the community.
- Participatory budgeting in Indonesia is most suitable for implementation at the village level or village musrenbang because the coverage area is relatively small, making it more manageable. Besides, village people have a high sense of kinship, a sense of belonging to their place, and an innocent soul, making them propose what they need.
- The political will of all actors; all actors involved (local government, local legislative members and communities) must agree on the rules of the participatory budgeting process and procedures.
- Local government regulations, in some cases, are needed to support its implementation. For instance, there is one city government in Indonesia issues a Mayoral Regulation that requires all local agencies to involve sectoral communities (street vendors, buskers, rickshaw drivers, domestic workers, sex workers, hawkers, street artists, labourers, and scavengers) in the preparation of program priorities.

- The findings in this research might differ in other parts of Indonesia since some space of policy and creativity is available for the policymakers to be taken in each region.

5.3. Recommendations

According to several findings mentioned above, some measures can be suggested to be taken in the future:

1. The local government should assist at the village and district levels to unify the understanding regarding the participatory budgeting process.
2. The local government starts to optimize the canal to receive complaints or information from the community. As explained above, some local agencies already had this kind of system (online or offline). This can be taken as a pilot project at the regency level, which can later be applied officially and simultaneously in the local government entirely.
3. The government officials can involve NGOs more often by inviting NGOs to every level of Musrenbang. On the other hand, NGOs should criticize and give constructive inputs to the process so that there is no negative stigma within the government officials towards NGOs.
4. The local government allots some space in its budget planning from the beginning for the projects coming from Musrenbang. It is known that local planning agency already started this method for the district budget. However, it can be better if it is also applied to the local agencies at the regency level, especially for the local agencies that directly impact society, such as public works, agriculture, plantation, health, and education.
5. Further research is needed due to the limitations of data collection in this pandemic situation. It is better to conduct more research that focuses on specific projects from Musrenbang at the village level and regency level in Kutai Kartanegara.

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Annex 1: Time schedule

	7 – 14 June (Week 1)	15 – 22 June (Week 2)	23 – 30 June (Week 3)	1 – 8 July (Week 4)	9 July Onwards
Secondary Data					
Scheduling Interviews					
Prepare Research Outline					
Semi-Structured Interview					
Organizing Collected Data					
Data Analysis					
Thesis Writing					

Annex 2: Interview Guideline

No	Theme	Questions	Description	Respondents
A	Financial			
A.1		What do you know about participatory budgeting?	The question intends to know his/her engagement with PB process	Planning Board
A.2		What is the percentage of 2019 local budget that is allocated for PB?	The question intends to know about the budget allocation for projects coming from PB	Planning Board
A.3		Can you explain which projects coming from PB?	The question intends to know what are the projects coming from PB	Planning Board
B	Participatory			
B.1		How is the form of PB in Kutai Kartanegara?	The question intends to know if the PB using direct participation or representative form	Planning Board
B.2		Can you explain what are the specific results in each step of PB process?	The question intends to know the results of every step of PB process	Planning Board
B.3		How does the PB process perform the citizens participation?	The question intends to know how the citizens can participate in PB	Planning Board
B.4		Can you explain who are the stakeholders involved in PB?	The question intends to know the stakeholders involved from the beginning to the end of PB process	Planning Board
B.5		What are the roles of the stakeholders?	The question intends to know the roles of stakeholders in each stage	Planning Board
B.6		Do you think PB influences the decision-making in programs selection to be included in the local budget? Could you give me some examples?	The question intends to know if the PB can influence the decision-making in selecting the programs that will be included in local budget	Planning Board, Chief of Agencies (Public Works and Community & Village Empowerment)
B.7		What are the legislative (elected representative council) roles in PB?	The question intends to know the roles of legislative members? Are they actively involved or passive or opposition?	Planning Board and Legislative Members / Staffs
B.8		Can you explain what is your involvement in PB?	The question intends to know in more detail the involvement of each stakeholder	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
B.9		Are you involved in every stage of PB? Which stage of PB are you involved in?	The question intends to know in which stages that they are involved	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)

No	Theme	Questions	Description	Respondents
B.10		Can you monitor your aspiration in the process?	The question intends to know if the stakeholders can track and monitor their aspirations in the process up to decision-making stage	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
B.11		Are you satisfied with the PB process?	The question intends to know if the stakeholders are satisfied with the PB process in Kutai Kartanegara	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
C	Legal and Regulatory			
C.1		Can you explain the legal basis of conducting PB in Kutai Kartanegara?	The question intends to know the local legal basis to conduct PB	Planning Board
C.2		How is the relationship between PB and Planning system in Kutai Kartanegara?	The question intends to know if there is connection between PB and local planning system. It can be long-term or medium-term planning	Planning Board
C.3		In your opinion, what are the benefits of using PB?	The question intends to know the benefits of PB that are obtained from each stakeholder perspective	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
C.4		In your opinion, what are the challenges / problems of using PB?	The question intends to know the disadvantages/problems/drawbacks of PB that are identified/experienced by each stakeholder	NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D	Accountability			
D.1		Are there any provision for citizen complaints? If answer is YES – go to D.2 If answer is NO – go to D.3 and D.4	The question intends to know if there is any facility to convey the citizen complaints	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.2		If yes, can you tell me how does that work? Can you give me the example / proof?	The question intends to know how the complaints can be conveyed. What is the procedure? Asking for some examples	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.3		If no, what is the problem? Can you give me the reasons why?	The question intends to know the reason / perspective from government officials	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)

No	Theme	Questions	Description	Respondents
D.4		If no, what do you think about the absence of provision for citizen complaints?	The question intends to know the thoughts of common people regarding the fact of citizen complaints provision	NGO / Citizens
D.5		Are there any official publication of contracts/tender, budgets? If answer is YES – go to D.6 If answer is NO – go to D.7 and D.8	The question intends to know if there is formal publication about the contracts/tender/budgets from the local government	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.6		If yes, can you tell me how does that work? Can you give me the example / proof?	The question intends to know how the publications are performed. Asking for some examples	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.7		If no, what is the problem? Can you give me the reasons why?	The question intends to know the reason / perspective from government officials	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.8		If no, what do you think about the absence of official publication?	The question intends to know the thoughts of common people regarding the fact of official publication	NGO / Citizens
D.9		What is the audit opinion of Kutai Kartanegara local government?	The question intends to know the audit opinion of the local government	Planning Board
D.10		Do you think an audit can be useful for development projects?	The question intends to know how the audit can be useful for the development projects	Planning Board
D.11		Do you think that PB can improve the accountability?	The question intends to know connection between PB and accountability from the lense of each stakeholder	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
D.12		In your opinion, how to ensure accountability in the process of development projects? In which way accountability can be addressed?	The question intends to know the thoughts of each stakeholder regarding accountability in development projects	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E	Transparency / Access to Information			

No	Theme	Questions	Description	Respondents
E.1		Are there accesses to local government financial information? If answer is YES – go to E.2 If answer is NO – go to E.3 and E.4	The question intends to know if there is any access to the local government financial information	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.2		If yes, can you tell me how does that work? Can you give me the example / proof?	The question intends to know how to access the local government financial information	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.3		If no, what is the problem? Can you give me the reasons why?	The question intends to know the reason / perspective from government officials	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.4		If no, what do you think about the absence of the access?	The question intends to know the thoughts of common people regarding the fact of access to financial information	NGO / Citizens
E.5		Are there any cooperations/communications with mass media and NGO? If answer is YES – go to E.6 If answer is NO – go to E.7	The question intends to know if there is any cooperation / communication between the local government and mass media or NGO	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.6		If yes, can you tell me how does that work?	The question intends to know how the local government do cooperation / communication with the mass media or NGO	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.7		If no, what is the problem? Can you give me the reasons why?	The question intends to know the reason / perspective from government officials	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
E.8		Do you think the access or availability to information can ensure/improve the transparency?	The question intends to know connection between PB and transparency from the lense of each stakeholder	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)

No	Theme	Questions	Description	Respondents
E.9		In your opinion, how to ensure transparency in the process of development projects? In which way transparency can be addressed?	The question intends to know the thoughts of each stakeholder regarding transparency in development projects	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F	Effectiveness and Efficiency			
F.1		Is there any KPIs in your organization? If answer is YES – go to F.2 and F.3 If answer is NO – go to F.4	The question intends to know if there is any KPIs applied?	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.2		If yes, what are the KPIs?	The question intends to know what the KPIs are. Asking for examples / proofs	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.3		If yes, can you explain what is the aim of the KPIs of each agency?	The question intends to know the agency's perspective about the aim of KPIs?	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.4		If no, what are the tools to measure the performance?	The question intends to know if there is any KPIs applied?	Planning Board, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.5		Is there any differences in money utilization between top-down development projects and PB development projects? If answer is YES – go to F.6 If answer is NO – go to F.7	The question intends to know the differences between top-down projects and PB projects regarding money utilization?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.6		If yes, can you tell me how they are different to each other?	The question intends to know the differences between top-down projects and PB projects regarding money utilization?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.7		If no, why is that?	The question intends to know the differences between top-down projects and PB projects regarding money utilization?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)

No	Theme	Questions	Description	Respondents
F.8		Is there any differences regarding the time frame between top-down development projects and PB development projects? If answer is YES – go to F.9 If answer is NO – go to F.10	The question intends to know the differences between top-down projects and PB projects regarding time frame?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.9		If yes, can you tell me how they are different to each other?	The question intends to know the differences between top-down projects and PB projects regarding time frame?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.10		If no, why is that?	The question intends to know the differences between top-down projects and PB projects regarding time frame?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.11		Is there any differences regarding the Project Quality (from the prespective of user's satisfaction) between top-down development projects and PB development projects? If answer is YES – go to F.12 If answer is NO – go to F.13	The question intends to know the differences between top-down projects and PB projects regarding the quality satisfaction?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.12		If yes, can you tell me how they are different to each other?	The question intends to know the differences between top-down projects and PB projects regarding the quality satisfaction?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.13		If no, why is that?	The question intends to know the differences between top-down projects and PB projects regarding the quality satisfaction?	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)
F.14		Do you think that PB can improve / bring much effectiveness efficiency?	The question intends to know connection between PB and effectiveness & efficiency from the lense of each stakeholder	Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)

No	Theme	Questions	Description	Respondents
F.15		<p>In your opinion, how to ensure effectiveness efficiency in the process of development projects?</p> <p>In which way effectiveness efficiency can be addressed?</p>	<p>The question intends to know the thoughts of each stakeholder regarding effectiveness efficiency in development projects</p>	<p>Planning Board, NGO / Citizens, Chief of Districts, Chief of Villages and Chief of Agencies (Public Works and Community & Village Empowerment)</p>



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