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The Alignment Challenges of Development Planning and Budgeting: Insights from Indonesia

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Abstract. This article examines the alignment challenges between the development planning (DP) and public budgeting (PB), drawing on the Indonesian experience. DP is a policy tool to cover substantive policy, but its alignment with PB has received less attention in recent studies of public administration. We investigate the context of institutional choices and their implications for dynamic inside governance using qualitative methods and data analysis from in-depth interviews and data observation with those involved in law-making and institutional building of DP and PB. The findings conclude that the difference in reform reference and institutional rivalry has resulted in the separation governance between DP and PB. This choice of governance raises issues of policy goals and budget alignment. Furthermore, this article discusses broader lessons on institutionalization, influential factors, and differentiation functions.

Keywords. planning, budgeting, fragmentation, coordination and governance

Introduction

In the past decade, Indonesia has adopted public financial management (PFM) and planning system reforms which have had a significant impact on the planning and budgeting decision-making alignment process and intergovernmental interactions. The reforms governed two processes and two systems, which were governed by the laws 25/2004 on the National Development Planning System (NDPS) and 17/2003 on the State Finances System (SFS). Both laws have caused a fragmented process of planning and budgeting at national agencies (Booth, 2005, p.212–213), a fragmented process in economic and development decision-making (Blondal, Hawkesworth, & Choi, 2009; Tim Pusat Kajian Sistem dan Hukum Administrasi Negara, 2014; Ginting, 2014), as well as a lack of outcomes in the case of infrastructure spending (The World Bank, 2018). Previous research has found that fragmented systems above are a major impediment to aligning development needs at regional community and national levels (Crane, 1995; Zen, 2013). Pandemic Covid19 had influenced the social economic condition, including the capacity to finance the development of micro, small and medium enterprises (Abdullah, Fasiha, & Arno, 2020)

The alignment between development planning (DP) and public budgeting (PB) has been considered as a major dimension of public budgeting regarding how an individual country seeks to finance its development plan (Chimhowu, Hulme, & Munro, 2019; Nwagwu, 1992;

Thimmaiah, 1984). From the 1960s to the 1980s, the integration of both processes that involved technocratic or scientific approaches produced general directions for planning and budgeting that were adopted by the majority of developing and newly independent countries (Waterston, 1965; Gable & Laporte, 1983; Handa, 1984; Omolehinwa, 1989; Premchand, 2001). Recent studies have paid less attention to the alignment matters between DP and PB, along with the decreasing role and legitimation of the state at national level to manage the economy through DP. There are facts in many countries to leave the planning process and ban it. However, the reemergence or resurgence of development plans in many countries (134 of the 195 countries) (Brinkerhoff, 2008)(Chimhowu et al., 2019) along with a need to align with the Sustainable Development Goals (SDGs) has raised questions on implementation due to its alignment with budgeting. Therefore, this paper paid more attention to the relationship dealing with how both processes and institutionalization of both have been carried out within the democratic transition and developing country context.

The development administration (DA) and development management (DM) are the paradigm shift on the role of the state, the citizen, and development management to overcome institutional barriers in development problems (Brinkerhoff, 2008). Historically, most developing countries experienced the evolution from the colonial legacies and the influence of the DA to adopt or practice strong bureaucracy, state planning to steer the national economy, state-owned enterprises, and large public service agencies to plan, implement, control, and evaluate development plans. In DM influence, most developing countries have transformed to engage with the market and enlarge the market's role in public service and goods, as well as leave and ban planning institutions or integrate them under Ministry of Finance (MoF). These transformations caused institutional problems in some countries, such as the alignment matters between the DP and the PB, the role shift of the planning agency, and the MoF. Consequently, democratic transition followed by institutional changes has brought developing countries into a contrary reform between maintaining a state role to intervene and manage the economy through planning and considering the market to maintain state finance credibility. This condition has divided some countries, with some following DM legacies and others defending DA legacies, while others have adopted a hybrid system and face tension and conflict in the mode of intergovernmental relations. Certainly, this paper focused on the reasons why each country uses a hybrid system to govern the DP and PB processes. How does this country build intergovernmental relationships to align its budget and development plan? And how does this mode of governance influence the capacity of countries to manage development plans and finance them in the budgeting process?

To answer the above questions, this research used the case of Indonesia as part of the Southeast Asian countries. It is an especially interesting case to get deep analysis and expand knowledge regarding its relation with the foundations of governance debates and on the contextual value of governance (Peters, 2015; Esmark, 2009; Drechsler, 2013). This paper examines the intergovernmental relationship and decision-making governance of DP and PB in one of the democratic transition countries—Indonesia. It contributes to fill the gap on how the dynamic change of planning and budgetary governance reform occurred through an overview and analysis of the Indonesia case study from 1998 to 2020.

The data for this study was collected from December 2019 until February 2021 through in-depth interviews with the open questions to guide the interviews. A total of 20 interviewees, some of whom are politicians, members of parliament, bureaucrats from three departments, businessmen, and non-government activists who are knowledgeable about the issue being discussed through the snowball method. In addition to this primary data, this study also uses

primary and secondary data that appears in or is written in various forms, namely legal acts, archival materials, verbatim records of parliamentary sessions and committee meetings, and media articles. The data analysis method uses a qualitative method that used NVIVO to assist data management and analysis.

This paper is organized as follows: The second section outlines the theoretical approach by focusing on different modes of planning and budgeting governance and influencing factors. In the third section, we present reasons for choosing Indonesia as a case. The fourth section provides an overview of the historical development of planning and budgeting from independence until the beginning of the democratic transition period. The fifth section presents findings on the initial mode of planning and budgeting governance. The sixth section discusses findings on the mode of planning and budgeting governance and the efforts to overcome the fragmentation questions, manage proliferation institutions and actors outside government, and the use of information and communication technology. In the last section, we will end the article with a discussion of this particular model of planning and budgeting phenomena in the case of Indonesia, as the mode of governance choice for emerging countries.

Institutionalization of Planning and Budgeting Reform

The majority of prior debates in governance research have interpreted functional differentiation as a process of accelerated change, increased diversity, fragmentation, and complexity, which is assumed to drive the proliferation of network-based governance in public policy processes (Esmark, 2009; Rhodes, 1997). Therefore, the term governance outlined a critical role in the relationship between the state, market, and society; actors' and institutions' interaction as a system provides depth tool of conception on diversity, fragmentation, and complexity as part of functional differentiation. This article uses the argument of functional differentiation to explore the historical function of budgeting and planning governance in a polity based on institutional rules making and the experience of the actors involved.

Functional differentiation difficulties, as well as planning and budgeting, have received far more attention in DA investigations than in DM studies. The former is framed as public administration, whereas the latter is framed as new public management (NPM) (Wescott, 2009b; Khodachek, Timoshenko, & Way, 2018; Martí & Kasperskaya, 2015). Many research on DA in developed and developing nations from the 1960s to the 1980s focused on planning as a logical technique of organizing and controlling the economy as well as dealing with uncertainty (Haddad, 1990; Waterstone, 1965; Chimhowu et al., 2019). Budgeting was part of the DA's comprehensive economic planning methods within the framework of Programming, Planning, and Budgeting (PPB), a prominent idea and practice in the 1990s.

Furthermore, there are two competing paradigms of understanding and practice of DP. First, the classical understanding that DP is "an organized, conscious, and continual effort to select the best available alternatives to achieve specific goals" (Waterston, 1965, p.62) or a comprehensive model which is based on the scientific and neutral process of the product development plan. Second, the paradigm derives from communication and negotiation theories that have viewed planning as a collaborative activity and an instrument of rationality (Innes & Booher, 2010). Both provided different ways to include and exclude the relevant actors and institutions, depending on the basic assumption. The first only involves technocracy and scientists to collect and predict future conditions, and elite politicians use it as a legitimization of national collective goals. Meanwhile, the second involves different actors or citizens representing different interests before achieving the collective goal through a participation channel. In the implementation stage, the first provided a central role for the state to conversely

plan into the budget, deliver programs, activities, and services, and return as feedback for evaluation and planning again. In this pattern, the market has only a limited role. Second, after the converse plan is in the budget, the state implements the programs and activities of public institutions and bureaucracy, and some of these involve the market through contracting out or competitive procurement.

The government concerned about how to address the budget's lack of financial resources to carry out the plans. The issue of integration between planning and budgeting has been discussed to put the budget as the means of the planning's implementation to achieve national development goals (Handa, 1984; Johnson, 1973; Johnson, 1954; Gable & Laporte, 1983; Omolehinwa, 1989). However, in developing countries, traditional budgeting practices such as repetitive budgeting, padding projections, earmarking revenues, and establishing special accounts that have been adopted to maintain fiscal sustainability and anticipate unpredictable conditions, have distorted the goals selection process in budgeting. In contrast with the framework of the goal selection that considered planning, economic planning, and programs based on rational choice, budget allocation follows a program that has been planned to achieve the target priority. The last pattern provided an opportunity to remove or cutting budget policy as a response based on performance and lack of revenue (Wescott, 2008).

In the discussion on goal selection, PB used the terms planning and budgeting in the same concept because both are forecasting or goal selection processes (Peters & Pierre, 2016). Otherwise, another scholar argued that both are different and sequential stage processes according to the reform stage process and that budgetary practices were earlier than the establishment of a comprehensive or sectoral development plan (Waterston Albert, 2006). At the individual organization level, both have been viewed as different stages and functions, while the budget is the outcome of the planning process (Valerian, 2016).

Furthermore, PB and DP relationships can be discussed in terms of the role of the state in the economy. The role of the state in developing countries has a limited capacity and a lack of control to manage the economic and political dynamics that influence tax revenue collection capacity, predict commodity prices as revenue, or decide program and service costs in expenditure forecasting. This unsupportive condition was contradictive with the requirements for rational or knowledge-based decision-making practice as a basic layer of DP itself (Caiden, 1980; Caiden, 1988; Haddad, 1990; Boettke, 1994; Premchand, 2001). Consequently, the development plan had laid an inadequate foundation to achieve the right collective goal. In contrast with the market mechanism that claims the market offers an efficient process in resource allocation based on rationality and individual choice to allocate resources, produce, and exchange goods and services. Most developing countries have adopted eclectic concepts and practices to manage their economies, alternating between defending the central role of the government (planning, controlling, and delivering services) and allowing their economies to be integrated into market and trade liberalization. The mixture of economies has impacted the ability of the government to formulate public policies within the DP and PB process. The government cannot solely formulate programs and activities to serve and produce public goods without considering the capacity of public finance, market response, public demand, and participation. In considering finance, the government should look at the market and investors because market perception and dynamics have influenced the capacity of state finance through tax revenue and investment inflow. Therefore, the relationship between DP and BP is emerging as a matter following many developing countries that have integrated into market liberalization and have to some extent tried to defend their government's role in economic development. In a market society, the market mechanism and the limited role of the state have been implemented

by the most developed countries due to the market's capacity to allocate scarce resources effectively and efficiently. This market foundation served as the foundation for the dynamic or tension of the inter-government relationship PB between the finance ministry and the spending ministries in the executive, as well as the deliberative decision-making process in parliament's plenary and chambers. Those issues become topics in the bulk of governance literature, which focuses on budgeting governance and has close meaning to fiscal governance or budgeting policy (Hallerberg et al., 2009; James M. Poterba & Hagen, 1999; Hagen, 2007).

Furthermore, fiscal governance literature discusses the power and authority relations among actors and institutions to reach collective decisions in delegation and contract modes (Hallerberg et al., 2009; Hagen, 2007; James M. Poterba & Hagen, 1999; Raudla, 2010; Allen, Hurcan, & Queyranne, 2016). In the political system that is occupied by a majority of single parties, parliament has implemented the delegation mode, meanwhile the contract mode is implemented by a plurality of political parties in parliament. By a large majority, the MoF was granted delegation purse authority as the central institution to decide revenue levels and allocate scarce resources to higher priority policies, activities, and services. Meanwhile, spending ministries have played a role as defenders of their goal to get allocation priority, among others. In the plurality, the allocation was based on a contract that stipulated the aggregate spending to be agreed by coalition parties in government and subject to being enacted by the MoF. In this context, the MoF is under full scrutiny by all parties in parliament. Even though there are rules in both to limit spending balance with revenue as a means to maintain fiscal discipline, excessive spending and deficits still often occur as a result of a fragmented process due to the plural political forces of the political system (Halleberg, Strauch, & Hagen, 2009; Hagen, 2007; Hallerberg et al. 2007).

Public administration studies have paid attention to the relationship between planning and budgeting processes because both have attributes as decision-making processes in different levels of context (Johnson, 1973; Johnson, 1954). This relationship has occurred at the municipal, departmental, and national or federal levels (Schick Allen, 1966; R. T. Meyers, 2009; Meyers, 2017; Jones & Mccaffery, 2005). Both functions have been studied as separate and integrated processes, with budgeting defined as a planning process (Rubin, 2000; Sych, 2011) or discussed as a component of budgetary governance (Raudla, 2010). The framework of budgetary governance has often ignored the differences between the two functions. Consequently, institutionally, the role of the finance ministry tends to get more attention regarding its relationship with spending ministries and the decision-making process in parliament. When planning and budgeting are viewed as separate functions, most developing countries that have adopted a mixed economy have encountered fragmentation realities and coordination issues, overlapping authority, and a lack of estimation accuracy between both processes and institutions. The root cause and its implications for fragmentation still get less attention.

While the concepts and practices of DP in developing countries have been implemented as development economic or comprehensive planning, the PB was a means to achieve the goals of planning. In this framework, both are often discussed as distinct processes, and there is a difference between functions between planning and budgeting (Gable & Laporte, 1983; Thimmaiah, 1984; Nwagwu, 1992), or two functions as a single system or integrated process, such as planning and programming budgetary system (PPBS) (Omolehinwa, 1989). Many other works used the term budgeting in various contexts relating to different levels of stakeholder, actor, and institution involvement, such as public participation budgeting (He, 2011; Sintomer, Herzberg, & Röcke, 2008; He, 2019), budgetary institutions (Joharji & Willoughby, 2014) and

performance budgeting (Lorsuwannarat, 2016; Dean, 1986). It seems that broader interaction beyond budget has occurred when planning has been part of budgetary governance along with widespread phenomena that planning has been discredited as a failure to steer budgeting and to achieve public goals. In this condition, debate on planning is not relevant for resource allocation due to planning being limited to achieving a narrow collective goal. Otherwise, budgeting is a center of power struggles to get resources among institutions and actors that aim to finance their goals.

The preceding discussion on fiscal governance identified the power nexus and institutional relationships between the MoF and other institutions. The role of the state in the economy and political system has influenced the degree to which planning and budgeting processes are fragmented or coordinated, as well as approach differences in actor and institution relationships. Furthermore, whether planning is part of the budget process or separates the process from the budget has been a topic of debate in public administration (Johnson, 1954; Caiden, 1980). Both arguments put the standing position of planning diametrically; one side put it as a separate activity from budgeting, and the other side put it as part of the budgeting process (Wildavsky, 1973; Johnson, 1954). From the 1970s to the 1980s, the opponent of planning argued that planning as a process and institutionalization in the developing countries should be integrated within the budgeting process and within single-institution due to the lack capacity of for qualified human resources, data collection, and forecasting (Caiden, 1988; Caiden, 1980b). In contrast, due to the differences in orientation and method, both have been separated institutionally and process because the integration would limit the visionary and creative character of planners, instead of finance officials' hold on rigidity and detail in financial planning due to overseeing and evaluation (Premchand, 1983). Power relations and different attributes of orientation that have been discussed have provided a broader perspective on the depth of planning and budgeting into governance issues such as process and institutional relations and how to build coordination to align between the substantive targets of planning and maintain fiscal discipline measurement.

In the broader context, economic and political system factors have shaped different positions and functions of planning in fiscal or budgetary governance due to the different roles of the state in the political economy. Countries that adopted liberal economic and democratic systems, such as Thatcherism and Reaganomics, tend to reduce the role of the state in intervening in the economy and shift away from centralized and large government agencies in providing public service and toward devolution and privatization, which reflected NPM practices ((Bastida & Benito, 2007; Jena, 2016; Lee & Haque, 2006; Barzelay, 2001; Tewdwr-Jones, 2008). Meanwhile, the central role of the state in development planning had been a popular pattern for the newly independent countries and developing countries in the 1970s, along with DP as a tool to manage the economy to follow the development success of the Marshall Plan or Soviet Economic Plan (Haddad, 1990). However, in many developing countries, national development planning is widely regarded as a failure to produce results, and it tends to increase the size and number of public institutions in the face of complexity and environmental change (particularly the dynamic politics of decision-making) (Wangchuk & Turner, 2019). Some developing countries are in uncertainty between fully embracing and integrating market mechanisms and defending, to some extent, the role of the government in development policy formulation ((Samaratunge, Alam, & Teicher, 2008). Meanwhile, aid development and international organizations stand to promote good governance that has brought a universal concept and practices as an instrument and tool in transforming social, economic, and political infrastructure; increasing government capability in transparency,

accountability, control of corruption, efficient public expenditure, and effective revenue management; including removing central planning with public financial management that stresses on fiscal discipline and sustainability rather than meeting ambitious plans ((Vasconcellos, Lyrio, Lunkes, & Teresa, 2018; Pan Suk Kim, 2009; P. S. Kim, 2008; Wescott, 2009b)). Those transformations brought developing countries into ambivalence between the strengthening role of the state and the well-functioning market because some believed that a well-functioning market still needs the quality of government or governability to carry out coordination, estimation, planning, and resource allocation efficiently and effectively. Fukuyama (2013) argued that governability is a result of the interaction between autonomy and capacity and as a result of governing needs and governing capacity that reflected governance (Kooiman, 1993). For developing countries, the governability of governance is a problematic and complex issue because there are wide gaps in requirements for good governance that are sourced from the culture and social infrastructure of developed countries, such as market structure and culture that support effective and efficient values in government and society.

In terms of governance, the transformation of planning and budgeting will face challenges as a result of interactions between local and context-specific circumstances and factors that hollow out the state structure (Chhotray & Stoker, 2010). These challenges will bring some countries to structure transformation totally and comprehensively, whereas some others have been more resisted and have run out of limited reforms that efforts to tune with the limitations of their legacies, historical traditions, political-administrative systems, and economic situations ((Christensen & Laegreid, 2007; Christensen & Læg Reid, 2012). Each reform, whether radical or just to compensate for individual limitations, can be classified as a collective model, a pluralist model, or an individual-economic model (Self, 1997); Aberbach & Christensen, 2003). The last model that generates an anti-state and pro-market as a way to achieve an increased capacity for governability is contrasted with two other traditional public sector models (Olsen, 2015; Olsen, 2006; Kelly, 2005). The collectivist model tends to promote a centralized state model as a way to achieve collective goals, give centralized control to political and administrative leaders, and use the rule of law as a tool for state integration of elected representatives, civil servants, and its citizens into a set of shared obligations, rights, and platform. This model meets and mixes structural and cultural factors as a tool of analysis to understand the development of government organizations and government reforms adopted and implemented (Tom Christensen, Per Læg Reid, 2007). The pluralist model sees the state, the civil service, and citizens in a mode of more heterogeneous characteristics, which is reflected in the heterogeneity of the public apparatus and public institutions (Christensen et al., 2007; Aberbach & Christensen, 2003). The pluralist political system, government, and civil service did not reflect a single power center dynamic, but rather a plurality of centers negotiating and building on their respective interests. Public policy under heterogeneity of power centers is often more confusing and less consolidated than policy under a collectivist model. However, pluralism creates policies that have democratic advantages in encompassing more actors and interests in a participatory mode and based on greater legitimacy than might result from a more centralized and controlled process (Olsen, 2006; Olsen, 2015).

The Case For Indonesia

Scholars have identified a lack of qualitative studies in public administration (Ospina, Esteve, & Lee, 2018), a lack of research focused on the contextual value of governance (Drechsler, 2013), a general lack of attention to the DP and PB relationship (Chimhowu et al., 2019), and a knowledge gap between scholars and practitioners (Oliveira, Jing, & Collins, 2015;

(Page, Stone, Bryson, & Crosby, 2015). Because of this knowledge gap and a lack of qualitative studies, there is an opportunity to examine the practice of DP and PB in one developing country in the context of democratic transition based on the experience and views of decision-makers. This study focuses on Indonesia, taking into account both general features of the nation and those unique due to the nexus of DP and PB, as well as institutional governance transformation following political system transformation.

Indonesia is the world's fourth-largest country, with the largest archipelago of land, and experienced rapid economic growth in the 1980s and 1990s, establishing it as one of the newly industrialized countries. Currently, Indonesia has joined as a member of the G-20 countries due to its aggregate growth in GDP. At the end of the 90s, this country experienced a democratic transition from authoritarian and the lowest growth in its economy as impact of a monetary crisis and political turmoil. Since the transition, Indonesia has been transforming its public institutions and relations, including planning and budget institutions and their processes, to be in line with the democratic direction. Indonesia was one of the countries that provided the historical context (patrimonialism and authoritarianism) vis-à-vis the secular western colonial context (rationalism and achievement orientation) to look at bureaucracy and institutional reform from a different context (Gaus et al., 2016).

Evolution Practice of DP and BP in Indonesia

From independence in 1945 until 1998 (democratic transition), Indonesia had adopted a centralized planning system to achieve high economic performance and overcome underdeveloped welfare matters as a newly independent country, which refers to the development strategy in socialist countries. In the early independent countries, institutionalization began with the establishment of ad hoc planning committees. This institution had prepared two development plan documents-the 1951 Economic Urgency and the 1956 First Five Year Plan. Both documents had been unsuccessful in being effective development guidance due to the instability of domestic political and international situations that were still shadowed by the impact of international war and conflict. Even though both plans were well-drafted, neither plan was able to be a legitimate policy and produce satisfying economic conditions due to the absence of political and economic stability (Economist, 1969), and the low capacity of local bureaucracy to capture colonial financial system legacies for development plans (Mustopadijaja, 2012).

In 1969, Soeharto's government transformed the ad hoc planning committee into a permanent and powerful institution, namely the Development Planning Agency (Bappenas), that consisted of highly qualified economic experts or technocrats, and gave them the authority to carry out planning and budgeting functions, especially for development budgeting. In this centralized planning system, Bappenas had been successful in managing planning and controlling budget plans to be in alignment with each other. The effective relationship between planning and budgeting resulted in high economic growth for two decades in the 1980s and 1990s, allowing Indonesia to become one of Asia's new industrialized countries after South Korea, China, and Taiwan, as well as one of the Asian Tigers alongside Malaysia and Thailand. The DP and PB had an effective relationship because this relationship was compatible with an authoritarian political system that provided the president with the effective power to control all public institutions, political parties, bureaucracy, and military, including the parliament. As a result, the executive had a higher degree of governability to support the government's decision-making process and policies, including the development plan and its budget. Under this pattern of governance, the government had an effective capacity to create long-term plans for twenty

years and also for six five-year development plans to be strategic national guidance (GBHN) through parliament decisions or laws. In this period, the development plan gets an agreement from parliament and is implemented into law on a budget. The effectiveness of the political process is a result of the absolute power of the president to control political parties and appoint more than half members of parliament.

The effective governance described above to manage public institution relationships within the executive and with parliament has provided a special authority for the government from planning until the budgeting process regarding coordinating foreign aid and loans into the PB process and supervising its implementation across ministries (Datta et al., 2011). In this period, budgeting adopted dual budgeting, development budgeting, and recurrent budgeting, and Bappenas had authority and responsibility for development budgeting and recurrent under the authority of the MoF.

External shocks such as falling oil prices and fluctuating commodity prices decreased the government's capacity to collect taxes and revenue, which influence shrinking government expenditure to GDP, and have sparked governance transformation around the financing of development plans. This circumstance has triggered institutional rivalry to get priority and control in the budgeting process due to shrinking expenditure. The rivalry reflected differences in assumptions and development priorities between Bappenas, which focused on macroeconomic goals to achieve economic growth, and spending ministries, such as the ministry of technology development, which tend to use a microeconomic approach and technology selection for development performance (Shiraishi, 2018). Another institutional transformation came from the impact of authority devolution. The president created three senior coordinating ministries: security, law, and politics; people's welfare; and the economy, finance, and development. Because of the creation of senior ministry, planning agency or ministries must firstly coordinate or communicate with the senior coordinating ministry before proposing directly a program agenda to the president. This authority devolution and senior ministry creation added a level of hierarchy relationship between Bappenas and the president. When the central role of Bappenas' authority had dwindled, the role of Ministry of Finance (MoF) had grown in importance (A. Booth, 2005). The evolution and dynamic institutional role and authority surrounding the DP and PB processes in Indonesia is a distinctive characteristic that makes it a rich environment for research and examination of how it shapes public administration processes in the country.

Currently, in Indonesia, the alignment between DP and PB frequently occurs for several periods, from multi-year development plans with medium expenditure plans to yearly working plans and yearly budgets. This alignment involved the actions of multiple actors from the central level to the local level, in a geographically vast, regionally diverse, and fiscally and politically decentralized context. The President of Indonesia is the leader of the National Planning System and the National Budgeting System. By law, every twenty years, the President is obligated to submit a long-term development plan to Parliament for approval to be a law on the long-term development plan. This law becomes the foundation to direct and bind the five-year medium-term plan for the elected president in each term into a President's decree. Each year, the president decides on a working or program plan as guidance for budgeting. The document of yearly work that is prepared by Bappenas is incorporated into a series of objectives, outputs, outcomes, and budget allocation projections.

In the preparation of the draft working plan, Bappenas held discussions among actors from the public sector (ministries, secretariats, administrative departments), private sector (corporate leaders), and civil society (domestic and international NGOs as well as less formal

groups) from village level to national level. The result of the discussion has been input for Bappenas to draft a long-term, medium-term, and yearly plan that is advanced to be decided as a president's decree or as a bill that is submitted to parliament. Bappenas and MoF are responsible for aligning the yearly development plan with resource availability and preparing the bill on revenue and spending plan or budget each year to implement the yearly working plan. President will submit the bill on the budget to Parliament in the middle of the year before the next budget year. This process flow occurs in parallel at the regional or district level.

In parallel systems at the subnational level, Indonesia's ministries (34), provinces (34), and municipalities (514) are supposed to repeat the above process, so that the government program of each governor and mayor is transformed into its development plan. Ministries, provinces, and municipal development plans are required by law to take into account the provisions of the long-term, medium, and yearly national plans, as well as the provisions of the sectoral policies of the central ministries and administrative departments. This is intended to ensure alignment and consistency across levels of government as well as among horizontal public institutions.

Method

We used a multi-method study based on in-depth interviews, primary, and secondary data. In-depth interviews allowed researchers to pose questions to twenty respondents that were involved in law-making, either from members of parliament, former members of parliament, member of the national supreme audit, bureaucrats, businessmen, and NGO activists. The interviews were conducted from November 2018 to January 2020. The researcher gets respondents from the list of participants in law-making and snowballing. The goal of in-depth interviews is to learn from participants about their experiences with the subject of study, allowing for a variety of perspectives to be shared. To validate data from in-depth interviews, this research used respondent triangulation among respondents and used primary data from legal acts, archival materials, verbatim records of parliamentary sessions and committee meetings, and secondary data from media articles. This study also used observation by attending meetings in the community, government, and parliament to better understand dynamic forums and dialog, as well as to triangulate primary data from depth interviews and verbatim records.

Using these two methodologically complementary tools, we were able to know the background of institutional design of DP and PB governance as well as the validity of an idea. Surveys have been widely used to observe several public meetings, parliament sessions, inter-ministerial meetings, and village meetings. Attendance as a passive participant means getting a description and knowing the behavior of the actors involved. The result of the observation has been used to describe what happened in planning and budgeting meetings and triangulate with the result of the depth interview views of the members of parliament and bureaucrats that were interviewed. Using these two methodologically complementary tools, we were able to evaluate how the planning and budgeting process work in practice relative to the formal model.

Two Systems And Democratization Separation, Overlapping and Coordination

In this first analysis, this paper sheds light on the content analysis of Law on SFS and NDPS and their implementation. Both laws that have ruled the relationship foundation between MoF and central planning agency (Bappenas) are the result of the legislation process between government and parliament following the constitutional amendment that abolished the position and function of state general plan (GBHN) as government guidance to select development

priority. In planning, this document reflected the collective goals of the state that were prepared by the government and discussed and decided by parliament. By the older constitution, GBHN was the general direction for the president, and at the same time, the president had been elected by parliament. The political reform in 1998 proposed reforms that led to constitution reform and revealed impetus to reform the planning and budgeting processes. One of the reform aims is to accommodate public demands, and international best practices and reflect a new balanced relationship among public institutions.

This research discovered differences and overlaps in planning and budgeting based on contained analysis from Laws on SFS and NDPS in Table1.

Table.1. Planning and Budgeting Differences and Nexus in SFS and NDPS

	Law on SFS	Law on NDPS
Aim	The authority of state finance management serves the national goals through national and state budgets.	To fill the void left by the constitution amendment and the impact of direct presidential elections in terms of general national development direction. To create a planning system that ensures good coordination between the government and parliament, vertical and horizontal coordination, and budgeting guidance. To maintain national unity within decentralization and state autonomy.
Constitution	The state finance regulation revealed from the constitution leads to rules on state finance in principle and process.	There is no delegation to regulate the planning system from the constitution due to the absence of national general strategic direction.
Budgeting and Planning nexus	The state finance system ruled the budgeting process as a substitution of the former development planning system.	To maintain the existence of the planning process and its agency, which is in fact separate from MoF. To maintain the existence of a planning document as a tool to evaluate the result of the budgeting process and development plan implementation.

Target	To maintain economic stabilization, monitoring, evaluation, and accountability of budget implementation	To maintain the continuity of development agenda from one period of the presidency to another period.
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Source: Laws and Verbatim record of law making

Why do individual countries adopt a mixture system in their governance of DP and PB processes? To address this question, began with the economic and political transformation to be a democratic country, which was followed by public sector reform through laws that created budgetary governance in a separate system between planning and budgeting. This paper discovered the reasons and factors underlying DP and PB governance through interview analysis and triangulation with transcript discussion on Law 25/2004 on National Development Planning System (NDPS) and Law 17/2003 on State Finances System (SFS). Several issues were identified amongst interviewees (30 January and 1 March 2020) and transcript document review related to reasons and background surrounding the legislation process. First, the bill that was submitted by the government to parliament referred to PFM reform that was in line with international financial institutions' recommendations. This bill envisioned planning and budgeting as integrated processes, similar to PFM reform principles. In the bill on SFS, the planning institution had been put into the budgetary process and consisted of representing popular actors and technocrats, as well as only producing planning documents. Meanwhile, the budget proposal's resource allocation referred to public finance management reform in developed countries, such as regulations on deficit limitation and fiscal discipline. Those limitations aim to maintain budget credibility and sustainability for development. As a result, to establish budgetary governance, the government proposed three bills on the national finance system that reflect budgeting stages such as preparation, adoption, execution, monitoring and evaluation, and responsibility and accountability, all of which align with the NPM state finance paradigm. Bills tended to strengthen the authority of the MoF to plan, and manage fiscal capacity, budget oversight, and accountancy procedure implementation.

Second, the bill on the preparation stage aimed to rule the budgeting and planning cycle in the budget planning process because it has convergence in planning activities and documents. However, parliament is against this proposal because the governance design inside the bill tends to form the superiority of MoF that occurred during the authoritarian period with the planning agency as superior. Parliament would create a framework that would form a check and balance relationship between the MoF and the planning agency. For this reason, parliament asked to exclude the planning process and its agents from the budgeting process as ruled in the bill on SFS that was submitted by the government. Furthermore, the parliament asked to establish a check and balance nexus between the planning agency and the MoF and separation of both to establish the capacity of the planning agency to create a development plan that could guide the budget allocation process. Therefore, the parliament's proposed bill on the planning system, or NDPS, Despite reservations about the SFS governance design, according to interviewees, the NDPS bill began with the removal of GBHN from the constitution. It has stimulated parliament to search for alternative means that substitute GBHN as national development collective goals. In practice, prior to the constitutional amendment, GBHN was prepared by the government, submitted to the national parliament, and decided by parliament as the general direction for the president, who is also elected by parliament. Practice in an authoritarian political system had given the president the power to control parliament through a majoritarian electoral that represents the political ruling party. GBHN was successful in being a long-term plan and

guiding development plan every five years of presidency, as well as bringing the president to parliament for six elections. The effective governance based on national planning and the authoritarian system insisted on politicians producing the same document, even with different processes, which was in line with democratization.

One of the reasons for proposing the NDPS, political reform, and amendment, has brought challenges to the disconnection and discontinuity of development goals between presidential terms. There were possibilities for different directions due to the different campaign promises and priorities of each elected president. The limited term of the presidency for two periods has also provided an opportunity to discontinue development targets due to different priorities between presidencies. The possibility of discontinuity warned the parliament to establish a development system that could maintain development sustainability throughout the term of the presidency.

From the transcript discussion of law drafting (DPR RI, 2001), it was found that members of parliament considered that both laws would lead to different documents between the NDPS and SFS. To establish a link between both, the law on SFS has ruled that the budgeting process has to refer not only to fiscal discipline and performance principles in resource allocation but also should consider budget support for the continuity and priority of national collective goals and the public interest. This rule in reference to budgeting has stimulated the proposal of a process design to arrive at national collective goals, one of the reasons for NDPS. The processes of long-term development planning (20 years), medium-term (5 years), and a yearly working plan for budgeting are linked in the nexus of planning and budgeting. The authority and obligation to align between national goals and yearly government work plans within the national budget allocation process. In line with finance management reform, the role of the MoF as treasury has been strengthened by Law 1/2004 on the State Treasury. This additional authority has increased the capability of MoF to monitor or oversee budget implementation to be in line with the accountancy standard and procedure. Through this authority, MoF has a more effective capability than a planning agency due to data collection on output and its cost of production for each program or activity that are material to determining the baseline for forecasting activities in the planning. At this stage of the process, either planning or budgeting, there is overlap in data collection because both processes depend on the data availability of plan and budget implementation at spending ministries and agencies. Both the monitoring and control systems need feedback data from accounting and reporting systems that converge on output to measure the cost of the program as a basis for baseline projections. The planning agency has the lack of capacity to collect data to support the planning cycle due to the absence of punishment tools like MoF that could delay funding transfer if the spending ministry had not filled in the required data in the digital platform.

Third, the convergence of processes in the different orientations between development goals and fiscal discipline has revealed an incentive to create a parallel reference with the same time span for the development plan and budget plan. By both laws, the parallel plans are for the medium term and yearly, but not for the long term. The Law 17/2003 established the obligation of the MoF to formulate a medium-term expenditure framework (MTEF) that is based on revenue and expenditure projections as guidance for the annual budget. Meanwhile, by Law 25/2004, medium-term development planning (MTDP) is an expenditure projection to support the achievement of development goals for each term of the presidency. Therefore, the expenditure projections of MTDP and MTEF have been a rational incentive for Bappenas and MoF to create coordination mechanisms that bridge the different expenditure projections, macroeconomic assumptions, and revenue capacity to support development plans. In practice,

coordination has not yet produced a congruent projection between the development plan and the budget plan. Because not all development and activity plans align with resource availability, these differences frequently affect deviation in program priority selection in spending ministries. According to Bappenas's evaluation of the fiscal year 2012, there were deviations of around thirty (30) percent, or a mismatch between the development plan and the program and activities planned in the budget (Bappenas, 2013). The lack of capacity of both laws to anticipate the coordination loophole to reach the consolidated planning and budgeting process has figured in the coordination or capacity for the alignment process. These matters have been an incentive to rule implementation of both laws that solve the integration of the process and increase the effectiveness of coordination capacity. It is interesting to note that these issues are of concern for each term presidency, as evidenced by the government and president's regulations in Table 2. There are government regulations that are created by each president's period to overcome coordination and alignment processes.

Table 2. Implementation Rule of Law 17/2003 (SFS) and Law 25/2004 (NDPS)

Government Regulations	Substance	President Period
20/2004	Government Work Plan Making Process	Megawati Soekarnoputri
21/2004	The Drafting Process of the Ministry/Institution Work Plan and Budget	Megawati Soekarnoputri
39/2006	The Operating Procedure on Monitoring and Evaluation of Development Plan Implementation	Susilo Bambang Yudhoyono
40/2006	The Operating Procedure for Drafting National Development Plan	Susilo Bambang Yudhoyono
90/2010	Ministry/ Institution Work Plan and Budget (RKA-KL)	Susilo Bambang Yudhoyono
17 /2017	The Synchronization Process between Planning and Budgeting	Joko Widodo

Fourth, the separation of planning and budgeting has influenced the planning capacity of the spending ministry to manage programs, activities, and its budget. By law, the strategic plans of spending ministries should refer to the national long-term and medium-term plans. Each year, spending ministries prepare their yearly work plans to serve as input for Bappenas' draft government work plan. After getting approval from the president, the spending ministry aligns with the government's working plan. The alignment of the yearly plan advanced to the budgeting process refers to the budget ceiling projection that was decided by the MoF with parliament. Based on the ceiling budget projection and working plan, the spending ministry integrates plan and budget plan into a document that is subject to discussion in a trilateral meeting with the planning agency and MoF to evaluate the alignment and discipline with the government's working plan and budget ceiling. The spending ministry will make a final decision on its budget after the parliament has approved the government budget proposal before entering the fiscal year.

The interviewee from the spending ministry figured out that two systems have affected the capacity of the spending ministry in decision making and in selecting program priority.

Spending ministries face challenges in preserving their programs and priorities on one hand, but on the other hand, they should be aligned with MTDP and also aligned with the fiscal availabilities and budget ceiling. Consequently, in the preparation and implementation stage for every fiscal year, there are several amendments to the annual program and activities and budget plan to be aligned with the expenditure ceiling due to the fluctuations in the deficit ceiling and deviation of macroeconomics and revenue assumptions. In this process, the revision was not only based on the alignment process but also on the quality of their draft budget plan, which was not good due to limited time allocation for data preparation and collection at the preparation stage. Beyond the alignment process, the planning and finance unit in the spending ministry also has additional obligations to collect and report plan and budget implementation as a result of expanded monitoring and evaluation requirements and different guidelines from the MoF, Bappenas, and Supreme Finance Audit Institution.

This research discovered that the separation process between DP and BP was the result of a power struggle between the planning agency and MoF to defend and expand their authority in the development and budget cycle, based on a contained analysis of verbatim records of legislation SFS and NDPS and in-depth interviews. Both agencies offered different references and aim for development administration for planning and public management reform for public finance management. Different bills resulted from two different references: SFS or PFM from the government and NDPS or planning from parliament. Both laws include convergence to rule budget planning with varying degrees of emphasis. In development planning, the planner does also make expenditure projections to achieve the target planned and budgeted. The budgeting planner in MoF make expenditure projections to be in line with the deficit ceiling and financial sustainability. The Both laws rule on medium-term planning with the same duration to bridge development planning into the budgeting process.

The government bill on SFS prefers to establish institutional building to management finance cycle reference, including planning agency as part of the cycle, and the pattern of institution not to be an agency but to be a committee and consist of people and expert representation rather than a bureaucratic agency. This design got a negative reaction from the planning agency that tried to influence politicians in parliament. This effort succeeded in getting the support of parliament and using parliament's initiative to propose a planning system that is separate from the finance system. Politicians reacted and viewed this governance design of SFS as going back to the governance of authoritarians that provided superior authority to planning agencies. Politicians demanded the relationship between the planning agency and the MoF in a check and balance relationship. Financing reform needs guidance that is drafted by different institutions to avoid superiority institutions in the planning and budgeting process. This political expectation among politicians was in line with the political institutional efforts of Bappenas and MoF to maintain and enlarge the institution of role, function, and authority as well as to avoid the pattern of intergovernmental governance being a hierarchal pattern.

The reasons for the struggle for power between Bappenas and MoF were that MoF tried to strengthen its budgeting role as a means to create and maintain budget credibility and state finance due to the lack of government capability during the monetary crisis. Meanwhile, the planning agency emphasized the continuity of development programs in response to political changes resulting from the direct presidential election's dynamic results. Meanwhile, the MoF's reform proposal was consistent with the idea of financial management reform promoted by financial international organizations. The planning agency's proposal is in line with nationalistic economic policies supported by politicians in parliament who conceive of the PFM as a pattern of international intervention for market expansion aims. Politicians also paid attention to

discontinuity challenges after the absence of strategic national development direction (GBHN) in the constitution as a tool to bind the elected president. Other differences stemmed from different perspectives on development management, such as the distinction between budget credibility and sustainability, which were adopted by developed countries and aligned with international organization campaigns, and nationalistic economies, which prioritize national goals by mobilizing all resources, including the budget.

Furthermore, the monetary crisis cast a shadow over legislation, both laws and international demands to establish budget credibility within the framework of good finance management, and pressed parliament and government to consider and be open to international organizations to promote public finance management reform. However, the international influence was not enough to successfully integrate the planning function into the cycle finance management system and change the institutional function of the planning agency to be in line with MoF. Otherwise, each law has ruled distinctive orientation and incentives for Bappenas and MoF to be superior authoritative agencies in development management through ruled budget planning processes, NDPS and SFS.

The pattern of the agency and the agency's representative within the agency had sparked a political rivalry between the planning agency and the MoF. In the earlier draft of SFS that was submitted by the government, Bappenas had been designed to be a committee and consisted of civil society, technocrats, and politicians rather than as a pure bureaucratic or technocratic agency. The governance ruled by SFS Law, the planning agency, and MoF has been part of public finance management reform that is oriented to follow best practices in OECD countries. One of SFS's goals is to frame the budget process in line with fiscal discipline, a deficit ceiling that is based on the availability of resources and capacity to sustain funding for development. In other words, the development goal or target should consider the availability of resources that had been neglected by the former government as best practice in public finance management reform. This institutional design influenced the continuity of central planning and the elite bureaucrats that enjoyed former governance in former periods. The legacies of qualified human resources and their network were successful in persuading politicians to keep development planning systems as a tool for directing development in various political systems, including those of other countries such as India.

The separation of governance between DP and PB had influenced the flow cycle of the planning and budgeting process and the division of authority in spending ministries. In each spending ministry, the function of planning and finance is under an administrative function that is carried out by the secretary-general. To be in line with the separation process, many spending ministries separate units of planning and finance management even still part of the secretary-general. At the preparation stage, the cycle started from the unit of planning and prepared a strategic plan for the medium term as a reference for a yearly plan. The strategic and yearly plan is submitted to get approval from the planning agency as part to align national plan goals. After the MoF release on budget ceiling projection, this unit entered target and detail activities with cost projection. This unit discussed the budget planning proposal with the planning agency and MoF before submitting it to parliament. After getting parliament approval, this unit discussed with MoF and the Planning Agency to align the result of parliament approval with the earlier budget plan.

This unit also has the role of reporting the budget implementation to Bappenas and MoF through different report formats and channels. This report becomes a material input for the planning and budgeting processes that converge in budget planning. Even though both reports contain cross-cutting data in result and cost, the separation had added reporting activities and

potent to different results. In this case, reporting to MoF has been more successful than reporting to Bappenas due to the authority of MoF to punish the spending ministry with budget transfer cancelation. Otherwise, Bappenas lacks an effective rule for delivering spending ministry reports on time as the MoF information system. The differences in capacity in data or report collection have influenced the projection capacity of institutions in planning.

Public Consultation, Openness and Political Influence

Governance takes into account institutional relationships not only within the government or intergovernmental but also with actors and institutions outside of the government. This consideration was adopted by a country to end the authoritarian rule and propounded new governance for public institutional relationships. The democratic transition brought about the proliferation of institutions and actors in the decision-making process. This transition has transformed the decision-making model from a collective model to a pluralist model, which has influenced design relations among public institutions from a single legitimate center to a plurality.

Based on verbatim document analysis and in-depth interviews with official planning agency and MoF, it was discovered that democratic transition has opened pathway to bring relationships into plurality center mode, and has influenced basic principles of the planning process from elite and technocratic relationships to open political, participatory, and bottom-up approach that was adopted in the NDPS Law to rule decision making process. The adoption of participatory and bottom-up approaches responds to flourishing interactions within government, as well as between government and civil society and the private sector. By NDPS law, the government delegated to the planning agency the authority to hold the "Musrenbang" (Public Consultation Forum for Development Planning) process. In this forum, the government dialogues with stakeholders on development goals for the long-term (20 years), medium-term (5 years), and yearly terms, and absorbs people's demands on government proposals or adds new proposals. Those public consultations start from the village level, sub-district, district, and provincial levels to the national level. Therefore, the Musrenbang process has reflected the aim to enhance participative development planning activities that are different from the former government, which only involved a limited elite and technocrats (Widianingsih & Morrell, 2007). Another empirical studies affirmed facts in verbatim and result of interview that at the local district, transformation had brought the role transformation of planner from serving limited only to elite bureaucracy and politicians to being one of interests' articulator and channel for civil society networks to influence the government planning process (Hardiansyah, 2005; Hudalah & Woltjer, 2010; Purba, 2011; Widianingsih & Morrell, 2007). One the official of planning agency confirmed that this transformation has brought planners and bureaucracy of planning agencies at national have to meet and discuss development plans directly with civil society for first time since democratization. NDPS provided an opportunity for planning agencies to invite large stakeholders and different interests into one forum to consult and discuss the development agenda. Another official of planning agency said that since 2017, for current big and strategic infrastructure projects, Bappenas has enlarged participation through special meetings with private corporations and state owned companies to investigate and invite alternative financing resources and private investment for national development program.

Despite the enlargement of stakeholders in the planning process, the deliberative and consultative processes in planning systems have resulted in different degrees of participant satisfaction due to the discrepancy in capacity to influence the result of the planning process. According to a non-governmental organization activist, differences in focus interests, limited

knowledge on development issues, and level of expertise among activists have influenced each civil society's advanced involvement degree in advocating and criticizing some strategic development issues such as education access, health care, and the environment (15 July 2020). Further, public demands that were discussed at Musrenbang are not fully accommodated in the result of public consultancy either in formal planning documents or public budgeting documents. Direct observation of public consultation at the community level described that communities' concern on DP is only limited to small public utility development that has a direct impact on their public activities and needs, such as village roads, residence water drains, and daily community activities. Those concerns are in line with local government planning processes but are far distraction from national priority issues such as education, health, and national infrastructure (participant observation February 2020). The public consultation at this level only absorbed limited public demands in line with the stakeholders involved. The higher levels provided different opportunities for the public to get involved. The facts on public consultation at community level have been in line with another researches on upper-level public consultation from district to a national level was not in line and represented public demands, but it was more of a formality or ceremonial process than a deliberative process ((Widianingsih & Morrell, 2007; Sopanah, 2012).

The degree of public satisfaction on the result of public consultation influenced the public eagerness to participate in budget planning. The result of public aspiration through the development planning forum process is not equal between public demands in planning and in budgeting. After public consultation in development planning, there is limited opportunity for public to know in budget planning directly neither in executive preparation stage and parliamentary session. The Law on SFS does not rule how the public gets access to knowing and giving ideas for budget planning. Budget planning is a legally mandated process that only involves public institutions under the MoF's executive authority before deliberation with parliament. By law, according to politicians, elected politicians in parliament are people's representatives to decide whether to accept or refuse budget proposals and agree to increase or decrease allocations due to the function of parliament to represent public demands. Furthermore, politicians in parliament are public representatives for budget decision making and also as channel for public to demand or check their interest or proposal through hearing and public consultation between constituent and their representative.

The rule of SFS and representativeness has limited the public participation in budgeting, so that public can not directly compare budget with their aspiration. The Law on SFS does not rule how the public gets access to knowing and giving ideas for budget planning. By law, budget planning is an authoritative process that only involves public institutions under the MoF's authority at the executive before deliberation with parliament. By law, according to politicians, elected politicians in parliament are the people's representatives to discuss and decide whether to accept or refuse budget proposals and agree to increase or decrease allocations due to the function of parliament to represent public demands. Therefore, the public has limited room to participate directly in budget planning due to the exclusive authority of the MoF and the representative function of politicians. Because of the exclusive mandate and political system, this governance structure has influenced the openness and closeness degree of the budgeting process.

The governance design of public engagement in the budget planning process that is ruled by SFS and NDPS has resulted in the ranking and degree of budgeting openness in OBI and PEFA surveys. Both surveys in Table 3 describes the degree of budgeting openness from OBI survey based on civil society review and PEFA survey based on government self-assessment.

The OBI survey showed that legislative and audit oversight has contributed to a higher level of budgeting openness rather than transparency and public participation. The PEFA showed that budget information is better to form budget openness than legislative scrutiny. Both perspectives demonstrated a different acceptance of the legislative function in budgeting, with civil society preferring legislative and audit functions and the government preferring comprehensive information as the most important contributor to the openness.

Table 3. OBI and PEFA Survey on Indonesia

Year	OBI				PEFA					
	Transp agency	Public Participation	Legislative and Audit Oversight	Total	Ranking	PI- 6	PI- 10	PI- 26	PI- 27	PI- 28
2006	42	NA	NA	42		A	B	C	B	C
2008	54	NA	NA	54	27					
2010	51	moderate	moderate	51	40					
2012	62	weak	strong	62	20	A	B	B+	B+	C+
2015	59	35	82	59	26					
2017	64	22	85	64	23	A	A	C+		D+
2019	70	20	82	70	18					

Sources: International Budget Partnership and World Bank, 2019

PI-6: Comprehensiveness of information included in budget documentation; PI-10: Public access to key fiscal information; PI-26: Scope, nature and follow-up of external audit; PI-27: Legislative scrutiny of the annual budget law; PI-28: Legislative scrutiny of external audit reports

The following DP stage, the next stage or the translation process from the result of public consultation to public budget planning, figured out the different degrees of openness and participation assessments between civil society and the government (Table 3). According to an open budget Index (OBI) survey, Indonesia's budgeting process is scored from 42 to 70 for transparency budget, public participation is scored from 35 to 20, budget oversight is scored from 82 to 85, and ranking position from 40 to 18 out of 100 countries (International Budget Partnership, 2019). From OBI survey, the highest score in budget oversight and the lowest in public participation. The public expenditure and financial accountability (PEFA) survey, conducted by the joint work self-assessment between the government and the World Bank, assessed the level of budget transparency dimension at "B", or the average level (The World Bank, 2017). According to OBI, the degree of openness demonstrated an increasing trend of rank from 40 in 2010 to 18 in 2017. However, the score of participation degree decreased and tends to be lower than the transparency and oversight score. Those different results suggest that there is a gap in public demand recorded from public consultation of the planning process with budgeting documents decision making. PEFA described that the degree of comprehensiveness of the budget document was higher than other indicators. Meanwhile, the legislative scrutiny of external audit reports got the lowest score. According to two surveys, the weaknesses of the degree of openness and accountability are participation and the oversight function of the legislative based on an external audit report. They also explains why the governance created a

gap for participation and a lack of legislative function for budget oversight based on the external audit. This condition, according to civil society activists, explains why they used external audits as material for public participation in the form of public statements or demands to parliament and government.

From the data above, the design of governance that ruled public participation in budget planning has resulted in better acceptance of the degree of transparency and accountability of budget planning openness. However, public participation has not enlarged room for participation in the governance of public budget planning due to regulation and bureaucratic behavior. There are several constraints on public participation in the budget planning process. First, transparency in the process is determined by regulation rather than internal incentives in public institutions. Material and documents relating to public budgeting can only be made available to the public if they are required to be published by law. To obtain data and information related to the budget, civil society should follow the procedure outlined in the Freedom of Information Act. Civil society activist called on the government and public institutions to classify the budget information as a secret matter. The interviewee of spending ministry affirmed that data and information on budget planning are secured before it is approved by the government and parliament because there are dynamic or change possibilities before getting approval. Therefore, this limitation decreased the interest of civil society and general people in getting budget information as a subject to be discussed and criticized.

Second, other constraints come from complex items and sectors of the budget plan at the national level. The complexity issue at this level has distracted civil societies into limited interests that have been the basis for the interest platform of each interest group. Furthermore, there is a limited think tank group dedicated to overseeing and paying research on sectoral and general budget plans from epistemic communities. Civil societies have challenges for further engagement in the budget planning process due to a lack of linkage with think tank groups. In this case, civil societies have a role as policy advocates and think tanks as knowledge resources for society in budget planning.

Third, the limitations above have drawn attention to the accountability issue that can be found in the public audit release. This report assisted civil societies to criticize the process and raise public awareness of budget accountability, even they have limited access during preparation and parliament session. This audit document has also increased the capacity of non-governmental organizations to pressure politicians to be in line with good governance principles that bind behavior in conducting as public decision-makers. The public audit report from the supreme audit agency provided a better foundation for oversight activities by civil society and increased the opportunity to influence budget planning based on budget performance that was informed by the public audit report.

Even the degree and ranking of openness tend to increase from earlier surveys, but is not equal to the null of corrupt behavior due to the informal relationship that influenced the budget planning process. This condition was affirmed by interviewee from businessman who said that conflict of interest flourished around budget planning due to the dual role of politicians with business backgrounds. They have access to budget planning and cost information for programs and projects, and still have control over their information and budget decisions. The pattern of participation of business groups is different from that of civil society groups due to differences in access and capacity to get information and intervene bureaucratically in budget planning. There is an imbalance of power relationships that influence the degree of participation, even the degree of transparency and accountability better access to document available for public, but it does not reflect equal participation.

The governance design of planning and budgeting has influenced the degree of transparency, participation, and accountability. In Indonesia's case, not only the laws on NDPS and SFS that govern the formal process of budget planning but also other laws that govern freedom of information and state finance accountability, which ask the government to regulate the availability of information to the public and to serve budget information for audit purposes. Furthermore, the accountability process of planning and budgeting does not depend on regulation but depend on clean behavior that ruled by a code of conduct. Without a code of conduct, there is limited regulations to direct and oversee informal practice and the dual functions of politicians and businesses that distort conflict of interest and rent-seeking behavior in the budget planning process. The deterioration due to improper behavior has added distance between the public and the process due to the long process of public consultation from the planning stage at the bottom level to the budget decision as a result of the design representativeness of public budgeting and the separation process between DP and PB. Furthermore, the government does not provide an opportunity for civil society to be involved in the process or oversee all decision-making processes. Therefore, public participation has constraints from the design of governance, either formal or informal, that do not guarantee public equality in the budget planning process.

Discussion

What can we learn and discuss from the case of governance development in the planning and budgeting process due to the public sector reform and democratization process? In this case, first planning and budgeting have different attributes but also the same aim for the planning function. The differences provided an opportunity to separate both function and process, but the same process attributes offer integration. Public finance management advocates both functions as a single or integrated process to create budget credibility and accountability as a public management platform. Meanwhile, the planning system aims to establish the continuity of development due to the vulnerability of political changes, the price violability of minerals, oil, and prime commodities, and to overcome underdeveloped social welfare matters. The contradiction in orientation revealed different regulations to rule the governance of institutional and process relationships.

The second is that the different reform platforms also give rise to lead or give way for power struggles between the planning agency and the MoF during the law-making process. Both institutions tried to maintain and enlarge the role and authority of each institution to avoid the pattern of hierarchy relationship that was the former relationship pattern in the authoritarian period. MoF used the state failure experience of monetary crisis management as a basic argument to implement public finance management reform or budgetary governance that brought MoF as a powerful institution to carry out fiscal discipline priorities above national development goals, to maintain monetary and fiscal stability and sustainability. Based on those principles, the law on SFS rules the authority of the MoF to limit the expenditure of spending ministries and select programs' priority due to alignment with the fiscal ceiling rather than the goals of the national development plan. However, the resistance of some bureaucrats from the planning agency and politicians to exclude planning agency from finance management system and to defend the planning system's legacies has revealed a complicated and complex relationship between the state's finance system and the planning system. Advocates of the planning system argue that democratization needs governance that reserves continuity of development goals among the different terms of the presidency and different development priorities from elected presidents. Based on this aim, a planning agency is a strategic agency to

carries out and manages the development planning process from community, village, district, and province to the national level. Consequently, the struggle for power between both institutions has driven the pattern of governance that is not hierarchy but tend to adopt function differentiation and divided institutions as equally ruled by different laws on NDPS and SFS. This pattern of governance has impacts in deviations between what had been planned and what had been budgeted. This facts triggered demands for coordination, synchronization, and cross-cutting oversight, which increased the flow of the process to achieve a common goal and action. In each presidency since reform, has regulated coordination and synchronization mechanism to bridge between planning and budgeting and to overcome deviation matters.

Third, the political and economic systems have an important influence on the governance of PB and DP. In this case, a developing country that is in political transition and integration into the global economy cannot isolate itself from international influences that tend to transform an individual country toward global governance. Global governance has brought value on good governance into the legislative process to determine the pattern of the institution and mode relationship as best practice that refers to developed countries' success. The financial system reform refers to budget discipline and performance budgeting principles that are in line with NPM reform, and the planning system tends to be in line with development administration legacies based on PA attributes that are more close to the collectivist model and centralized state of economic planning. NPM and PA contributed to the pathway choice of institutional reform in developing countries. Even so, experiences in other parts of the world suggest that all aspects of macroeconomic policymaking, including medium-term forecasts, are preferable under one departmental roof or integration pattern rather than separated (A. Booth, 2005; Van Assche, Beunen, & Duineveld, 2012; Khodachek, Timoshenko, & Way, 2018; P. Booth, 2009; Punjabi, Sengupta, Bird, & Reddy, 2015). However, the choice depends on political decisions that refer to defending planning legacies as a way to bind and maintain development continuity within a democratic system that was vulnerable from possibility of dramatic orientation changes. Otherwise, the lack of state capacity to manage public finances due to monetary fluctuation has pushed politicians to receive an international recommendation for budget authority as part of MoF and receive fiscal deficit measurement to bind Parliament in reviewing and deciding the government budget proposal.

Planning and budgeting as two systems adopted in Indonesia reflected a way of developing countries to be in line with suggestions from international funding institutions as part of global governance and trying to maintain institutional legacies and their governance from earlier periods. In the design of governance proposal that include the planning agency within part of SFS and the budget cycle got resistance from the planning agency and politicians that were concerned about development continuity in the democratic context. Compared to other countries' processes, idea integration planning within the finance system to leave and ban planning agencies needs leadership commitment and occurs in authoritarian periods, such as experience in South Korea and Brazil ((J. Kim, 2014). Both countries have succeeded in integrating planning and budgeting into one institution that followed changes and adapted to the political-economic environment. The central planning agency had a strategic role to direct and manage development goals while those countries at the early development stage and the underdeveloped market, but while the economy started to enter a period of increasing market share to GDP, they started to emphasize public finance management, including fiscal discipline as a tool to maintain financial support for economic development. This transformation and support from political leadership have influenced the budget and planning processes to integrate into the single institution and integrated process.

Fourth, from approach differences to developing design governance between planning and budgeting, uncovered the differences between DA and DM as a shifting paradigm in public administration studies. Each paradigm produced distinct governance, which influenced institutional decision-making and divided planning and budgeting into distinct processes. The influence of DA and DM, in this case, meant that institutional choice depended on their basic assumption of the administrative approach used. Each paradigm has relevance to the environment and the local dynamic context of a country. However, the governance transformation has not been equal to the shift from the old paradigm to the new paradigm due to the novelty of the new paradigm or the capacity to overcome problems in the institutional relationship context. The shifting pattern of governance from hierarchy to equal position or plurality among institutions provided another pattern such as the term of collaboration, partnership, or network to overcome silo matters in public institution relationships, while coordination close to hierarchy was carried out effectively. In this case, DP and PB have mutual and overlapped functions as well as different functions that influence their governance relationship. Despite their overlap and differentiation, historical legacies frequently stymie a radical transformation. The mixture pattern, in fact, is an alternative choice to achieve a new equilibrium between forward orientation and defending legacies. Even, this pattern lead to fragmented system of budgeting process, but provide chance to develop or use other approaches to reach coordination and synchronization.

Fifth, the discussion on DP and PB governance went beyond intergovernmental relationships because governance in public administration paid attention on the environment of public institutions as one of the determining factors in a democratic system. Collective goals and action are essential parts of DP and PB. Factors of culture, conflict of interest, and institutional relationships represent unique challenges to good governance value in local context of developing or democratic transition countries. Alternative governance based on the pattern of networks has bias due to the influence of clientelism relationships among actors in a public institution, especially within a politician as also a businessman or network relationship with businessmen. This network has blurred the relationship between political or economic interests and the public interest surrounding the planning and budgeting process. The absence of public ethics as code of conduct as the foundation of the decision-making process in public institutions has distorted the decision to serve business networks due to interests on behalf of citizens.

From the discussion, we can reflect that governance has enlarged the object and subject of interaction in planning and budgeting. Planning and budgeting have be examined by the governance perspective not only as function and technical approach but have offered a depth lens to know institutional and actor relationships. This case added facts that political and economic system transformation, institutional rivalry, the basic assumption of the administrative system, and global governance have influenced the choice of governance on planning and budgeting. Transformation, in this case, is not identically with change from worse design to better design, but more considers tension on maintaining legacies and pressure to change as part to be in line with global governance. The resultant tension revealed loopholes on how the same attribute of the process to be integrated through coordination and decrease deviation between what is in plan and what is in budget. The digital platform offers an alternative to solve silo matters, however, it has limitations due to institution rivalry based on the authority of data related to the power position with other institutions and actors. The political representativeness in budget decision making process has also limited the use of digital platform for public participation in budgeting, but improve budgeting implementation for procurement process.

Conclusion

In the heyday of the DP and PB relationship, public administration and policy scholars studied and wrote about it. The less attention to DP and PB relationships in advanced studies and their impact on intergovernmental relationships in mainstream public administration and policy journals might be seen as an indicator that DP is no longer a relevant area of study. However, the continued widespread practice of DP due to the SDG's agenda and its relationship with PB, particularly in developing countries, suggests otherwise. All countries can agree with the SDG's agenda or the aim of world sustainable development, but governance inside an individual country would give challenge the success of implementation if separation, coordination and synchronization matters surrounding planning and budgeting were unsolved or varied ways to achieve effective SDG implementation.

The case study on Indonesia indicates that the governance typology of planning and budgeting modes put forth by the existing literature provides a useful framework for capturing the evolution of planning and public budgeting institutions. The initial choice of separation between planning and highly centralized budgetary institutions in Indonesia confirms the prediction made by the existing literature that those countries which have experienced financial and political crises are more likely to delegate centralized budget procedures and authority to the MoF. Moreover, the case study demonstrates that the central argument made by the existing fiscal governance literature—stating that there is a link between the political system of a country and the mode of planning and budgeting governance chosen by political actors—can help to understand at least some of the dynamics between advocate legacies based on PA and reform based on NPM. The initial choice of the delegation mode deviates from the propositions made by the literature (which would have predicted the choice of the collective mode rather than the pluralist mode) as a result of the two systems' adoption. In addition to the mixed type of fiscal governance and pluralist mode of state between planning and budgeting, the choice of governance has affected the complexity of implementation processes, and best practices are urged to put both processes under one roof.

Through governance lenses, DP and PB are not solely economic development and budget relationships but are phenomena of relationships among institutions that create the model of transparency, participation, and accountability. The DP and PB described how separation has shifted relationships from hierarchy to rivalry; democratization has pluralized decision-making centers between planning and budgeting, and improper behavior within the process has distorted public demands to align with political interests. More transparency does not equal more participation, because more information available has not been followed by public engagement in the decision-making process. More informal and closed-door meetings in budgeting provide an opportunity for politicians to serve their interests or business interests rather than the public interest. Unequal access and distortion from public consultation in planning until the budget document are impediments to further public participation in budgeting.

Further studies should certainly explore these developments in a comparative perspective and analyze whether fragmentation, complexity, and deviation actor behavior in planning and budgeting is a more general phenomenon in democratic transition countries and whether curtailing the role of planning agencies and the new legislature's budgeting power has implications for budget and development performance. Among other factors, one should examine whether varying levels of compliance by spending ministries to planning and budgeting rules can explain these developments. The governance of digital platforms provides

a gap in the knowledge of their impact on silo solutions to address conflicts of responsibilities, integrate and share data between institutions, and address issues of accountability and participation.

A policy or practice impact statement

The paper will assist reformers and practitioners in the planning and public budgetary institutions of developing countries and emerging markets:

To understand the historical, legal, and cultural context that underpins the organization of planning and budgeting functions, as well as the constraints and limitations to reorganizing these functions in democratic transition using the Indonesian case studies. The paper should also encourage further research on the use of governance approach to examine planning and budgeting process.

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