

**Participatory Planning and Budgeting in Decentralised  
Indonesia:  
Understanding Participation, Responsiveness and  
Accountability**

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**A thesis submitted for the degree of Doctor of Philosophy of  
The Australian National University**

**School of Politics and International Relations  
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September 2019

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# Declaration

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I declare that the research presented in this Thesis represents original work that I carried out during my candidature at the Australian National University. This thesis does not contain any material that has been accepted for any other degree or diploma at any tertiary institution. To the best of my knowledge, this thesis does not contain any material previously published or written by another person, except where due reference is made in the text of the thesis.



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Anwar Musadat  
September 15, 2019

To Lia, Moreno, Romero & My Parents

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# Acknowledgements

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This thesis could not have been finished without the support of many people. I would like to express my gratitude to my chair of panel Assoc. Prof. Katherine Daniell who provided me with continuous encouragement and constructive advice during my PhD journey. I am very fortunate to be under her supervision. I would also like to express my deepest appreciation to my PhD co-supervisors, Assoc. Prof. Blane Lewis and Assoc. Prof. Patrick Guinness, who have assisted me in developing my thesis arguments and have provided many invaluable suggestions.

During my academic life at the ANU School of Politics and International Relations (SPIR) and the ANU Centre for European Studies (ANUCES), I benefited from interacting with academics, administrators and fellow students. Among them, I would like to thank Prof. Jacqueline Lo, Dr Annmarie Elijah, as well as all the staff and colleagues at ANUCES.

My study at ANU was made possible by an Indonesian Endowment Fund for Education (LPDP) Scholarship. I would like to thank the Local Government of Enrekang District and the Ministry of Home Affairs of the Republic of Indonesia for giving me leave during my graduate study. I would also like to thank my friends in Indonesia who assisted me during my fieldwork. I also thank my interviewees who provided me with their time and knowledge.

I would like to extend my deepest gratitude to my beloved parents who have given me support during my PhD studies. Finally, I am deeply indebted to my beloved wife Auliasari (Lia), and my sons Moreno Musadat and Romero Musadat for their patience and encouragement to finish my thesis. I dedicate this thesis to them.

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# Abstract

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Decentralisation has been implemented in Indonesia for almost two decades. However, recent studies suggest that service delivery has remained stagnant and unsatisfactory. Studies on the effects of democratic decentralisation, particularly elections, on service delivery have shown mixed results. Literature suggests that elections alone often fail to improve government responsiveness and accountability. Participatory institutions are needed to channel citizens' demands to local governments and to monitor government activities in between periodic elections. Citizen participation is mandatory in setting development priorities for local government budgets in Indonesia. This participatory process is called *Musyawarah Perencanaan Pembangunan* (Musrenbang) or development planning consultation. Musrenbang is a set of participatory processes implemented from the village to the district level.

Local governments in Indonesia can decide on the institutional design of participatory planning processes based on their own contexts. In general, there are three main types of participatory planning in Indonesia. The first type only involves citizens in setting development priorities. The second type integrates participatory planning with the budgeting processes through the implementation of Subdistrict Indicative Funding Ceiling (PIK), the project allocation of which is decided through participatory mechanisms at the village and subdistrict level. The third type not only implements PIK but also establishes Musrenbang Delegates Forum (FDM) whose members are selected from ordinary citizens to be involved in formulating government work plans and budgets, as well as in monitoring budget implementations.

This thesis examines these institutional designs. It focuses on the following questions: How do different institutional designs of participatory planning and budgeting affect local government decisions on budgets? How do institutional designs affect citizen participation? How do accountability mechanisms work in each design? Does the devolution of funding to the subdistrict level through participatory budgeting improve service delivery?

This thesis employs both qualitative and quantitative methods: a comparative case study based on the fieldwork in four districts; and synthetic control methods to assess the effects of

participatory budgeting on local government's service delivery performance. This thesis argues that districts that integrate participatory planning with the budgeting processes have improved their responsiveness. In contrast, Musrenbang that were not integrated with the budgeting processes often served merely as a consultative arena. However, the characteristics of the participants in the four districts remained stagnant, and Musrenbang merely consolidated existing networks of authority and privilege.

The synthetic control methods found that there is some evidence that participatory budgeting in Sumedang—one of the districts studied—improved the net junior high school enrolment rate for the overall population. There is also some tentative evidence of improvement on household access to safe sanitation and the percentage of births assisted by skilled health staff for the third quintile of per capita expenditure; as well as on the net junior high school enrolment rate for the fifth quintile compared to the counterfactual.

This thesis, firstly, fills a gap in the study of decentralisation in Indonesia by analysing participatory institutions that have previously been overlooked. Secondly, it develops a resource distribution typology based on how the interactions between participatory, technocratic, and political processes shape resource distributions. Thirdly, it fills a gap in social accountability literature by examining long-term social accountability mechanisms under participatory planning and budgeting. Fourthly, it contributes to the few studies that investigate the effects of participatory budgeting on service delivery.

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# Glossary

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ADD	<i>Alokasi Dana Desa</i> (Village Funds Allocations)
AIPD	Australia Indonesia Partnership for Decentralisation
APBD	<i>Anggaran Pendapatan dan Belanja Daerah</i> (Local Government Budgets)
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> (National Budgets)
BANGGAR	<i>Badan Anggaran</i> DPRD (Budgeting Committee of the Legislative Branch)
BAPPEDA	<i>Badan Perencanaan Pembangunan Daerah</i> (Regional Development Planning Agency)
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BPD	<i>Badan Permusyawaratan Desa</i> (Village Consultative Council)
BPS	<i>Badan Pusat Statistik</i> (The Indonesian Central Bureau of Statistics)
CDD	Community Driven Development
CDF	Constituency Development Funds
CSOs	Civil Society Organisations
DAK	<i>Dana Alokasi Khusus</i> (Specific Allocation Grant)
<i>Dana aspirasi</i>	Aspirational funds
<i>Dana Pokir</i>	<i>Dana pokok-pokok pikiran</i> DPRD (funds for local parliament main ideas)
DAU	<i>Dana Alokasi Umum</i> (General Allocation Grant)
DD	<i>Dana Desa</i> (Village Funds)
<i>Desa</i>	Rural village
DPR	<i>Dewan Perwakilan Rakyat Republik Indonesia</i> (House of Representatives of the Republic of Indonesia)
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> (Local parliament)
<i>Dusun</i>	Hamlet (Division of a village)
<i>Faskel</i>	<i>Fasilitator Kelurahan</i> (Urban Ward Facilitator)
FDM	<i>Forum Delegasi</i> Musrenbang (Musrenbang Delegates Forum)
FGDs	Focus Group Discussions
GRDP	Gross Regional Domestic Product
HDI	Human Development Index
IDR	Indonesian Rupiah
INDO-DAPOER	Indonesian Database for Policy and Economic Research
<i>Kabupaten</i>	Regency
<i>Kecamatan</i>	Subdistrict
<i>Kelurahan</i>	Urban ward

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KK	<i>Kartu Keluarga</i> (Family Card)
<i>Kota</i>	Municipality
KOTAKU [NUSP]	<i>Kota Tanpa Kumuh</i> or National Slum Upgrading Project
KPMD	<i>Kader Pemberdayaan Masyarakat</i> (Community Empowerment Cadres)
KPU	<i>Komisi Pemilihan Umum</i> (The General Election Commission)
KTP	<i>Kartu Tanda Penduduk</i> (Resident Identity Card)
KUA-PPAS	<i>Kebijakan Umum Anggaran dan Prioritas Plafon Anggaran Sementara</i> (General Budget Policies and Provisional Priorities and Budget Ceiling)
LGSP	Local Governance Support Program
LPMK	<i>Lembaga Pemberdayaan Masyarakat Kelurahan</i> (Ward Community Empowerment Board)
MOF	The Ministry of Finance
MOHA	The Ministry of Home Affairs
MP	Member of Parliament
MSPE	Mean Square Prediction Error
Musrenbang	<i>Musyawarah Perencanaan Pembangunan</i> (Development Planning Consultation)
P2KP	<i>Proyek Penanggulangan Kemiskinan di Perkotaan</i> (Urban Poverty Project)
P5D	<i>Proses Perencanaan, Pelaksanaan dan Pengendalian Pembangunan Daerah</i> (Process of Planning, Implementing and Controlling Regional Development Programs)
PAD	<i>Pendapatan Asli Daerah</i> (Own Source Revenue)
PI-SKPD	<i>Pagu Indikatif Satuan Kerja Perangkat Daerah</i> (Local Agencies Indicative Funding Ceiling)
PIK	<i>Pagu Indikatif Kecamatan/Kewilayahan</i> (Subdistrict Indicative Funding Ceiling)
PKK	<i>Pembinaan Kesejahteraan Keluarga</i> (Family Welfare Movement)
PNPM	<i>Program Nasional Pemberdayaan Masyarakat</i> (National Program for Community Empowerment)
PPID	<i>Pejabat Pengelola Informasi dan Dokumentasi</i> (Documentation and Information Management Officers)
PPK	<i>Program Pengembangan Kecamatan</i> (Subdistrict Development Program)
RENJA SKPD	<i>Rencana Kerja SKPD</i> (Local Agency Annual Plans)
RENSTRA SKPD	<i>Rencana Strategis SKPD</i> (Local Agency Strategic Plans)
RKPD	<i>Rencana Kerja Pemerintah Daerah</i> (Local Government Annual Work Plans)
RMSPE	Root Mean Square Prediction Error
RPJMD	<i>Rencana Pembangunan Jangka Menengah Daerah</i> (Local Government Mid-term Plans)
RPJPD	<i>Rencana Pembangunan Jangka Panjang Daerah</i> (Local Government Long-term Plans)
RT	<i>Rukun Tetangga</i> (Neighbourhoods/division of RW)
RW	<i>Rukun Warga</i> (Community groups/division of <i>dusun</i> )

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Seknas FITRA	<i>Sekretariat Nasional Forum Indonesia Untuk Transparansi Anggaran</i> (Indonesian Forum for Budget Transparency)
SIKD	<i>Sistem Informasi Keuangan Daerah</i> (Regional Financial Information System)
SKPD	<i>Satuan Kerja Perangkat Daerah</i> (Local Government Agency)
SUSENAS	<i>Survei Sosial Ekonomi Nasional</i> (National Socio-Economic Survey)
TAPD	<i>Tim Anggaran Pemerintah Daerah</i> (Budgeting Committee of the Executive Branch)
TNP2K	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> (The National Team for the Acceleration of Poverty Reduction)
UN	United Nations
UNDP	United Nations Development Programme

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# Introduction

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## 1.1 Background and research problem

The experiments for citizen participation in decision-making processes have been denominated in a range of ways by different scholars, such as participatory institutions (Avritzer 2009), deliberative democracy (e.g., Dryzek 2000), mini-publics (Fung 2003; Pateman 2012), empowered participatory governance (Fung and Wright 2003), and participatory publics (Wampler and Avritzer 2004). Participatory institutions have gained popularity worldwide as they have been adopted not only in the developing countries (Wampler 2007b) but also in the developed world (see e.g., Gilman 2012; Lerner 2012; Sintomer et al. 2010; Sintomer, Traub-Merz, and Herzberg 2013).

During the 1960s and 1970s, participatory democracy arose as a response to the mainstream theory of representative democracy (Pateman 1970, 2012; Smith 2009, chap. 1). During this era, however, participation remained separated from the institutional theory (Avritzer 2009, 8). One set of participatory institutions for budgeting purposes originated in Latin America throughout the transition from authoritarian to democratic governments in the 1980s to 1990s in order to improve good governance (Wampler 2007b, 2). This introduced and fused participation into government institutions (Avritzer 2009, 8). Participatory institutions particularly gained popularity through the practice of participatory budgeting in Porto Alegre under the Workers' Party, followed by its adoption by other municipalities across Brazil (Avritzer 2009; Wampler 2007b). It has been further promoted across the globe by World Bank and United Nations Development Programme (UNDP), particularly to developing countries, as a tool to promote “democratisation”, “poverty reduction”, “empowerment” and “social justice” (Goldfrank 2012). By 2014, participatory budgeting had been implemented in approximately 1,500 cities around the globe (Baiocchi and Ganuza 2014, 30); a later study by Cabannes and Lipietz (2017, 67) suggests around 3,000 experiments.

To date, however, the literature that examines how participatory institutions affect government

responsiveness and accountability, as well as the factors leading to the success or failure of the institutions to deliver good governance, remains limited, particularly comparative studies on its designs and implementations (Wampler and McNulty 2011). Some scholars have investigated the institutional designs and conditions for successful participatory institutions such as Avritzer (2009), Baiocchi, Heller, and Silva (2011), Fung and Wright (2003), Goldfrank (2011), and Wampler (2007b). However, the result remains inconclusive, particularly on what kind of institutional designs lead to more successful institutions in delivering good governance. Studies on participatory budgeting in Brazil and Latin America suggest the degree of decision-making power transfer to citizens has significant impacts on the success of participatory budgeting (Goldfrank 2011; Wampler 2007b). A comparative study on participatory budgeting also suggests that a “binding” decision-making process is more effective in empowering the citizens and Civil Society Organisations (CSOs), as well as in reducing clientelism than a “consultative” ones (Baiocchi et al. 2006; Baiocchi, Heller, and Silva 2011).

This thesis makes a primary contribution to a greater understanding of such institutional designs by undertaking a comparative study to investigate how different institutional designs of participatory planning and budgeting affect government responsiveness, citizen participation and social accountability. Participatory planning and budgeting in decentralised Indonesia provide a unique opportunity for this. This is because it is mandatory to involve citizens in decision-making processes on planning and budgeting, but local variations of institutional designs can be differentiated from the degree of authority over decision-making power and funds delegated to citizens.

Since 2001, Indonesia has transformed from a centralised to a decentralised nation. Decentralisation in Indonesia has often been referred to as “big bang” for its scale, rapid and simultaneous transfer of political, administrative and fiscal decentralisation to local governments (provinces and districts governments) (Hofman and Kaiser 2004). It is expected that the shift to decentralisation will improve service delivery because local governments are closer to the community. Therefore, they have better understandings of the local needs, which allow them to respond better by matching their policies with citizens’ preferences and to provide better transparency and accountability.

Recent studies on service delivery in decentralised Indonesia, however, show mixed findings.

Some studies suggest that democratic decentralisation, particularly direct election of district heads, did not improve capital spending and local government responsiveness (Kis-Katos and Sjahrir 2017), and increased corruption in local governments (Valsecchi 2013). On the other hand, Skoufias et al. (2014) argue that the direct elections increased health expenditure. Furthermore, it was also found that directly elected district heads were more efficient (Lewis 2018b) and less corrupt (Lewis 2017) than those elected by local parliaments.

Nevertheless, the lack of accountability in local governments has resulted in excessive administrative expenditure that, on average, has accounted for approximately 30 per cent of the local government budgets (Sjahrir, Kis-Katos, and Schulze 2014, 170). Meanwhile, according to the World Bank's 2013 study, *Subnational Debt Policy Technical Assistance*, infrastructure development such as roads and access to clean water decreased (as cited in Lewis 2014b, 144). It is suggested that this is because of insufficient capital investment in infrastructure (Lewis and Oosterman 2011). This evidence suggests that there have been misallocations, as well as an ineffective and inefficient use of public resources in Indonesia. Hence, in order to achieve the intended outcomes of decentralisation, better resource allocation is needed (Patunru and Rahman 2014), and the local people should be encouraged to channel their preferences to the district governments (Lewis 2010).

Studies suggest that elections alone often fail to improve government accountability and responsiveness. In such a case, participatory institutions are needed to channel the demand from the citizens to local governments, and to monitor government's activities, as well as to reduce government inefficiency and corruption (Ackerman 2004; Ahmad et al. 2005; Avritzer 2009; Crook and Manor 1998; Fung 2003; Wampler 2007b). One of the participatory arenas for citizens in decision-making processes in Indonesia is *Musyawarah Perencanaan Pembangunan* (Musrenbang) or development planning consultation. Musrenbang is a set of bottom-up and participatory processes implemented from the lowest level of government to the national level. These processes allow the community to identify, prioritise and develop consensus on the development priorities based on their needs. Under decentralisation laws, district governments can decide on the institutional design of participatory planning processes based on their own contexts. In general, there are three main types of participatory planning in Indonesia. The first type only involves citizens in setting development priorities. The second type integrates participatory planning

with the budgeting processes through the devolution of funding to subdistricts through the implementation of *Pagu Indikatif Kecamatan/Kewilayahan* (PIK) or Subdistrict Indicative Funding Ceiling, which is a certain amount of funds allocated to each subdistrict. The allocation of projects funded by PIK is decided through participatory mechanisms—Musrenbang—at the village and subdistrict levels. The third type not only implements PIK but also establishes *Forum Delegasi Musrenbang* (FDM) or Musrenbang Delegates Forum, whose members are selected from ordinary citizens to be involved in formulating local government work plans and budgets, as well as in monitoring budget implementations.

However, the implementations and the effects of Musrenbang across districts have not been sufficiently investigated, particularly on how these different institutional designs and implementations affect citizen participation, as well as government responsiveness and accountability. Therefore, this study fills a gap in the study of decentralisation in Indonesia by analysing participatory planning and budgeting institutions that previous studies have overlooked, and by discussing how these institutions can improve decentralisation outcomes. Moreover, even though there has been a large amount of literature on participatory institutions, particularly participatory budgeting, there has been inadequate research that specifically addresses participatory planning and budgeting in Indonesia through the different forms of Musrenbang. Most studies on participatory institutions have been conducted in the countries originating these approaches, Brazil and other Latin American countries, although recent studies have also investigated such practices in developed countries (e.g., Gilman 2012; Lerner 2012; Sintomer et al. 2010; Sintomer, Traub-Merz, and Herzberg 2013). By examining how participatory planning and budgeting affect local budgets, this thesis contributes to the literature by developing a resource distribution typology built on its findings and on previous studies (e.g., Abers 2000; Baiocchi et al. 2006; Baiocchi, Heller, and Silva 2011; Dixit and Londregan 1996; Stokes et al. 2013). Furthermore, by evaluating the implementation of participatory planning and budgeting in Sumedang on service delivery, this thesis contributes to the few studies that investigate the effects of participatory budgeting on service delivery. This thesis also offers to fill a gap in social accountability literature by examining long-term social accountability mechanisms under the participatory institution framework, which has been relatively under-examined (cf. short-term donor driven social accountability initiatives) (Joshi and Houtzager 2012, 154).

## 1.2 Research objectives, research questions and the scope of thesis

### 1.2.1 Research objectives and research questions

Based on the background and research problems stated above, the overarching research question addressed in this thesis is as follows: *What kind of institutional designs of participatory planning and budgeting can enhance good governance, particularly government responsiveness, citizen participation, and social accountability under decentralisation?*

The objectives of this study are:

1. To investigate the effects of different institutional designs of participatory planning and budgeting on local government responsiveness and service delivery performance;
2. To investigate how institutional designs affect the characteristics and scope of citizen participation in planning and budgeting processes;
3. To investigate how accountability mechanisms work under different institutional designs.

This research is guided by the following instrumental questions:

1. How do different institutional designs of participatory planning and budgeting affect local government's decision on budgets?
2. How do institutional designs affect citizen participation?
3. How do accountability mechanisms work in each design of the participatory planning and budgeting?
4. Does the devolution of funding to the subdistrict level through participatory budgeting improve service delivery performance?

### 1.2.2 Scope of the thesis

In addition to investigating the institutional designs stated above, this study will also discuss how participatory experiments emerged. It will also investigate how the interactions between representatives—i.e., the local parliament—and participatory democracy affect the processes and outcomes of participatory planning and budgeting.

Regarding the generalisation of the study, this research relies on a comparative case study design that involves a small number of observations; hence, the cases may be too few to draw strong causal relationships from or to allow for broader generalisation (Rohlfing 2012). Nevertheless,

the findings of this research may allow some level of generalisation across the Indonesian contexts, as well as across emerging democracies that implement participatory experiments.

## **1.3 Theoretical framework**

In order to investigate how participatory planning and budgeting in Indonesia affect local government responsiveness and service delivery performance, citizens participation, and social accountability mechanisms, this study employs three interrelated theories, namely decentralisation, citizen participation and institution. These theories provide a conceptual framework to investigate the research questions.

### **1.3.1 Decentralisation**

Decentralisation has been a popular reform over the past decades, particularly in developing countries (Bardhan 2002). International institutions such as World Bank and United Nations (UN) have promoted it as a reform agenda (Miraftab, Beard, and Silver 2008, 1). Manor (1999) categorises decentralisation into three types, namely deconcentration, or administrative decentralisation, fiscal decentralisation, and devolution or democratic decentralisation. Deconcentration refers to “the dispersal of agents of higher level of government into lower arena” (5). Fiscal decentralisation refers to “downward fiscal transfer, by which higher level in a system cede influence over budget and financial decisions to the lower level” (6). Devolution or democratic decentralisation refers to “the transfer of resources and power (and often, tasks) to the lower level authorities which are largely or wholly independent of the higher level of government and which are democratic in some way and some degree” (6). These imply a varying degree of the authority transferred to the lower levels of government, in which devolution is the most extensive form of decentralisation (Rondinelli 1981, 137–38).

The main arguments for decentralisation are that it can increase government responsiveness and accountability (Bardhan and Mookherjee 2006; Blair 2000; Crook and Manor 1998; Faguet 2012, 2014; Ford 1999; Oates 1999), encourage local innovations (Ford 1999; Rondinelli 1981), increase citizen participation and lead to citizen empowerment (Fung and Wright 2003; Rondinelli 1981; UNDP 2004), as well as maintain national integrity (Rondinelli 1981).

Decentralisation brings the government closer to the people, making it easier for citizens

to communicate their preferences to the elected officials and hold them accountable for their performance. The transfer of power to the lower level means that local governments have more responsibility in providing resources and delivering public services. In an effective political competition, public officials have the incentive to base their policies on the aggregate preferences of the citizens. Otherwise, the citizens will sanction them by removing them from their offices through elections.

However, several distortions can hinder decentralisation in delivering responsiveness and accountability, such as the inability of the citizens to channel their demands and needs, the presence of powerful groups, lack of political competition, and unfair elections (Bardhan and Mookherjee 2000; Blair 2000; Faguet 2014). Prud'homme (1995, 211) also warns of the spread of corruption at the local governments under decentralisation due to collusion among public officials and ineffective accountability mechanisms. Therefore, citizen participation between the periodic elections is needed to channel citizens' preferences to the local government and to hold public officials accountable.

### **1.3.2 Institutions**

Institutions are defined as “formal or informal procedures, routines, norms, and conventions embedded in the organisational structure of the polity or the political economy” (Hall and Taylor 1996, 438). The institutional theory acknowledges the significant role of institutions in enabling and constraining behaviours (Hodgson 2006, 1; Peters 1999, 43). In the institutional theory, rules play an important role as the “prescriptions that define what actions (or outcomes) are required, prohibited, or permitted, and the sanctions authorised if the rules are not followed” (Ostrom, Gardner, and Walker 1994, 43). Therefore, in this study, it is expected that the differences in institutional designs of citizen participation will deliver different outcomes on the characteristic of participation, as well as accountability and responsiveness of government policies. This is because actors are expected to be bound with certain participatory rules and mechanisms.

Putnam (1993, 9) conceptualises institutional performance as a flow of demands from the citizens, followed by political deliberations that determine public policy decisions to be executed. This thesis follows Putnam's (1993) concept as follows: the inputs, in the form of citizens' demands, formulated through the participatory processes, are taken into account by the executive

and legislative branches in making decisions on local budgets that become the basis for policy and project implementation. These processes are undertaken through a participatory institution, which will be discussed below.

### **1.3.3 Participatory decision-making**

Citizen participation in decision-making has been debated by scholars over the past decades. The proponents of representative democracy, such as Schumpeter (1976), argue that ordinary citizens are not interested in and do not have the capacity to get involved in making public decisions. For Schumpeter, ordinary citizens simply do not possess sufficient knowledge to get involved in formulating complex decisions and further suggests “[...] the electoral mass is incapable of action other than a stampede” (283). Thus, citizens should channel their demand through their representatives or “elites” that they elect in the elections. It has also been argued that citizen participation can lead to democracy “overload”, which is excessive increases in citizen demands due to participation that the government cannot meet (Huntington 1975).

However, these views have been challenged by other scholars, such as Pateman (1970) who argues that participation provides educative and developmental effects. Since the 1980s and 1990s, as mentioned in the previous section, participatory innovations have gained popularity worldwide. Participatory institutions, such as those used for participatory budgeting, provide an opportunity for ordinary citizens and CSOs to participate in decision-making processes in order to influence government decisions that affect their lives (Fung and Wright 2003; Pateman 2012; Shah 2007b; Speer 2012). Citizens understand their own needs better than the government; hence, they should have the right to allocate public spending that is focused on these (Brodjonegoro 2005; Folscher 2007). In terms of accountability, Ackerman (2004, 451) argues that participatory institutions can improve accountability in three ways. Firstly, citizens will monitor the implementation of the projects because they have participated in the decision-making process; therefore, they have personal interests in making sure that the projects are implemented accordingly. Secondly, participatory institutions can reduce the use of public resources for clientelism and patronage purposes because they provide an alternative institution to communicate citizens’ preferences. Thirdly, the institutions can reduce elite capture by giving more voice to the community in decision-making processes.

For the purpose of this study, it is important to distinguish between participatory institutions and Community Driven Development (CDD). Although they both promote citizen participation in decision-making processes, they differ in the institutional arrangement. This study only focuses on discussing and analysing a set of participatory institutions, which is participatory planning and budgeting. Avritzer (2009, 9) defines, “[p]articipatory institutions are hybrids between participation and representation as well as civil society and state actors.” Such institutions involve bureaucrats, politicians, CSOs and ordinary citizens. Participatory institutions enable the interaction between representatives—elected officials—and citizens outside political parties and elections. Therefore, participatory institutions have been regarded to complement representative institutions in order to create meaningful relationships between citizens and the state between the periodic elections (Selee and Peruzotti 2009).

Nevertheless, the representative and participatory forms of democracy are often in tension. Firstly, since participatory institutions are embedded formally into the local government and political structure, the final decisions are made by the local governments or local councils (Avritzer 2009; Cabannes 2004; Jaramillo and Wright 2015; Melo 2009; Sheely 2015; Smoke 2008; Speer 2012). Therefore, representatives in the local parliament may hinder participatory institutions by, for instance, rejecting or simply ignoring the proposals formed through participatory budgeting. Secondly, participatory institutions have often been viewed as a threat to the representative institution. This is because local parliament members (MPs) often feel that their authority to allocate resources are minimised by participatory budgeting (Aragonès and Sánchez-Pagés 2009; Baiocchi and Ganuza 2014, 31; Melo 2009; Taylor et al. 2004, 74). Thirdly, local MPs are elected by the citizens through elections while participatory institutions are often under represented. Therefore, local MPs often argue that their representation is more legitimate than that of participatory democracy. Hence, they can make decisions on behalf of the community (see e.g., Pratikno and Lay 2011).

The CDD framework, on the other hand, often bypasses bureaucratic and political structures and gives the community members the opportunity to participate at all stages of a particular development project from planning, implementation, monitoring and evaluation, to sustainability (Dasgupta and Beard 2007; Mansuri and Rao 2013b; McCarthy et al. 2014; Sintomer et al. 2012). In other words, under the CDD framework, all decisions about the projects are decided by

the community without intervention from government agencies apart from providing technical guidance for the implementation.<sup>1</sup> Nevertheless, government audits are also used to complement the community monitoring in order to improve accountability (Fox 2015; Olken 2007). The differences between participatory institutions and CDD are apparent in the Indonesian context. In this study, participatory institutions refer to the regular annual participatory planning and budgeting processes, whereas CDD refers to the time-bound government or donor-driven programs such as *Program Pengembangan Kecamatan* (PPK) or Subdistrict Development Program and its subsequent replications—e.g., *Program Nasional Pemberdayaan Masyarakat* (PNPM) or National Program for Community Empowerment.

## 1.4 Thesis overview

This thesis consists of nine chapters. Following this introduction, Chapter 2 discusses previous studies in the literature regarding institutional designs for citizen participation in decision-making processes, enabling conditions for a successful participatory institution, and the effects of participatory institutions on government responsiveness, accountability, and citizen participation. The chapter further discusses the context of Indonesian decentralisation, the overview of participatory planning and budgeting in Indonesia, and the findings from previous studies on participatory planning and budgeting in Indonesia.

Chapter 3 discusses the research design and methodology employed to investigate the research questions. It particularly discusses the method for selecting case study locations, which is the “most similar system” design. It further discusses the methods for data collection and data analysis, particularly for the qualitative part of this thesis.

Chapter 4 discusses the empirical findings in the two districts in West Java province, namely Sumedang and Kuningan districts. It illustrates Musrenbang processes at the village and subdistrict levels. It focuses on the *desa* or village setting that has received grants from the central government. It then presents a comparative analysis on participation, deliberation, government responsiveness and transparency. It also discusses the role of PIK after the enactment of Law 6/2014 on Village that has transferred a significant amount of funds to villages since 2015.

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1. Nonetheless, Sintomer et al. (2012, 25–26) in their conceptual model of participatory budgeting includes “community development”, but they argue that in community development, the role of local parliament and local agencies is minimal.

Chapter 5 discusses the implementation of participatory planning and budgeting in two municipalities in South Sulawesi province, namely Parepare and Palopo. The chapter particularly investigates Musrenbang processes and their effects in the municipality setting, which do not have *desa* or villages; hence, they did not receive grants from the central government. Similar to Chapter 4, it describes the Musrenbang processes at the ward and subdistrict levels. It then presents a comparative analysis on participation, deliberation, government responsiveness and transparency. It further discusses the role of PIK under the current regulations about ward government in Indonesia.<sup>2</sup>

Chapter 6 presents a comparative analysis of the four cases on participation, deliberation and responsiveness of the local government. It argues that local governments that devolved budgeting and monitoring authority to the citizens—through PIK and FDM—were more likely to deliver better responsiveness to the citizens' demands and to deliver programmatic policies. They also produced more meaningful deliberation in the participatory processes. In contrast, local governments that did not tend to remain in clientelism. However, the participation in formal Musrenbang remained stagnant in the four districts.

Chapter 7 presents a comparative analysis of causal mechanisms linking participatory institutions and social accountability. It argues that districts that implement PIK and FDM are likely to deliver better social accountability mechanisms than those that do not. However, in order to be effective, social accountability should be integrated with supply side accountability mechanisms.

Chapter 8 evaluates the effects of participatory budgeting in Sumedang using synthetic control methods on five basic services, namely: household access to safe water and sanitation; the net junior and senior high school enrolment rate; and the percentage of births assisted by skilled health staff. The findings suggest that there is some evidence of improvement on the net junior high school enrolment rate for the overall population. The analysis also indicates that there is some tentative evidence of improvement on household access to safe sanitation and the percentage of births assisted by skilled health staff for the third quintile of per capita expenditure; as well as on the net junior high school enrolment rate for the fifth quintile compared to the counterfactual.

Chapter 9 summarises the findings and presents the contributions to the literature, policy implications of the findings, as well as research limitations and areas for further research.

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2. It is worth noting that the Jokowi administration planned to provide grants for *kelurahan* in 2019.

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# Institutional Designs for Citizen Participation and Their Effects

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## 2.1 The designs of participatory institutions

As mentioned in the previous chapter, scholars have labelled citizen participation in decision-making processes with a range of denominations. Equally, scholars have also offered typologies and institutional designs of participatory mechanisms; some are based on comparisons among a wide variety of participatory arenas, while others are based specifically on different types of participatory budgeting. Nevertheless, as we shall see, the literature suggests that institutional designs matter for citizen participation because they affect the processes, implementations and results of participatory institutions.

Smith (2009) offers an analytical framework to evaluate participatory innovations across different arenas. In his study, Smith compares four broad democratic innovation categories namely popular assembly, mini-publics, direct legislation and participatory innovation through the use of information and communication technology.<sup>1</sup> Rather than specific design features, Smith offers broader principles that participatory institutions should satisfy. Firstly, a participatory institution not only needs to provide an opportunity to any eligible citizen to participate but also to stimulate participation from the previously excluded groups, hence, “inclusive”. Secondly, the institution needs to provide “popular control”, which is the degree to which citizens have authority in decision-making processes. Thirdly, participants should show “considered judgement”, which is the ability to make informed discussions and decisions based the technical knowledge, as well as to consider other citizens’ perspectives. Fourthly, good participatory innovations require

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1. Some of the arenas included those that are also discussed by Fung and Wright (2003). Specifically, Smith (2009) analyses New England Town meetings, Chicago Community Policing and Porto Alegre’s participatory budgeting for the popular assembly category. The other categories are mini-publics—e.g., Citizens’ Assembly for Electoral Reform; direct legislation—e.g., referendum; and ICT—e.g., online discussions.

“transparency” on both the processes and decisions. In addition, a participatory institution needs to consider financial and participation costs, as well as replicability beyond the local level.

Fung and Wright (2003) offer both general principles and more specific design features through a comparative analysis across varieties of participatory decision-making approaches, which they call empowered participatory governance. These are Neighbourhood Governance Council in Chicago, Habitat Conservation Planning by the US Endangered Species Act, participatory budgeting in Porto Alegre, and *Panchayat* reforms in West Bengal and Kerala. The study identifies three common principles shared by empowered participatory governance, namely “practical orientation”, “bottom-up participation” and “deliberative solution generation”. The study also proposes three design features that are necessary for participatory institutions to succeed, namely “devolution” of authority to a lower level, such as a neighbourhood, “centralised supervision and coordination” by a local government agency, and embedding of the institution into the formal government structures.

In contrast to Fung and Wright (2003), Avritzer (2009) argues that a bottom-up approach might not work under certain conditions; therefore, particular settings of less participatory approaches might better suit certain political and social contexts. The conclusion was drawn from a study on three types of participatory institutions in Brazil, namely participatory budgeting, the health council, and the city master planning process in São Paulo, Porto Alegre, Belo Horizonte, and Salvador. He proposes three participatory designs: “bottom-up design”, “power-sharing design”, and “ratification design”. The bottom-up design allows any citizens to participate in the process, while the role of government is limited to facilitation—i.e., participatory budgeting. The power-sharing design—i.e., health council—incorporates CSOs in policy-making processes, but it limits the participation of ordinary citizens. The ratification design is not bottom-up, but a public participation body is necessary to approve or reject the government proposals, which is exemplified by the city master plans. Avritzer (2009) contends that the implementation of participatory institutions should be based on the local context because the context can affect the success of the institutions. He suggests that although bottom-up design can improve citizen participation and the distribution of public resources, it may not work well in a governance system in which the mayor is faced with strong opposition to the government’s preferred courses of action. In such a situation, the power-sharing or ratification designs may work better.

These studies compare varieties of participatory institutions whose purposes range from direct legislation and electoral reform (e.g., Smith 2009), to a specific sector policy such as environmental protection (e.g., Fung and Wright 2003), health sector and city master plan (e.g., Avritzer 2009). Therefore, they offer insights into a broad understanding of institutional designs for citizen participation. Participatory budgeting, on the other hand, is not limited to any particular sector of public services (Stolzenberg and Wampler 2018, 292). Although these studies include participatory budgeting in their analysis, their comparisons are too wide to draw a conclusion about design features that apply for participatory approaches that are specifically designed to influence resource distribution—e.g., participatory planning and budgeting.

Cabannes (2004) proposes four dimensions in analysing the designs of participatory budgeting specifically, namely “financial”, “participatory”, “physical or territorial”, and “regulatory and legal” dimensions. The financial dimension concerns the amount of resources subject to participatory budgeting. This consists of two main designs, namely participatory budgeting that provide certain amounts of funds to be discussed, and participatory budgeting that discuss projects rather than allocating budgets. In the participatory dimension, some local governments allow anyone to participate directly, while others limit participation through citizen representatives. The physical or territorial dimension concerns the allocation of resources to the disadvantaged areas. As a result, several participatory budgeting practices allocate resources based on the standard of living to reduce the gap between poor and rich regions. In the legal and regulatory dimension, some participatory budgeting processes are self-regulated in which the rules can change based on the participant consensus, while others have been institutionalised into laws.

In addition to these dimensions, Wampler (2012) adds an “oversight” principle, which refers to the opportunity for citizens to monitor government activities in participatory budgeting. The other principles proposed by Wampler—i.e., “voice”, “vote”, and “social justice”—are similar to Cabannes’ (2004) dimensions. Voice is the opportunity for citizens to participate and deliberate; vote refers to the authority to influence decisions; and social justice refers to the redistributive effects towards poorer regions and citizens.

These studies provide a useful framework to categorise institutional designs of participatory budgeting, specifically for this thesis. As we shall see, several institutional designs of participatory planning and budgeting in Indonesia provide actual budgets to be discussed and allocated, while

others merely discuss projects to be proposed to the local government. Similarly, in the territorial dimension, some local governments use the poverty rate, among other indicators, to distribute resources to favour disadvantaged areas, whilst others do not. In the participatory dimension, some local governments allow any eligible people to participate, while others do not. Furthermore, some districts provide an “oversight” opportunity and some do not. These will be discussed in section 2.4.

Several studies offer more focus and detailed comparisons across local governments that implement participatory budgeting. For instance, Wampler (2007b) in a study on participatory budgeting in eight municipalities in Brazil argues that the degree of authority delegated to citizens—which is manifested in the rules of participatory budgeting—determines the level of participation and the meaningfulness of the deliberation processes. The more authority transferred to the participants to make decisions, the more likely it is for a participatory institution to succeed. On the other hand, if the transfer of decision-making authority is weak, the result will only serve as a means to signal the community’s preferences to the government, and the government will be under a little pressure to implement the results. Therefore, he argues that “[t]he rules do matter, which suggest that PB [participatory budgeting] has emerged as a significant political institution capable of inducing different types of attitudes and behaviours” (39). Wampler (2007b) also argues that the centralised supervision by the mayor’s office proposed by Fung and Wright (2003) may lead to the domination of government in the participatory process and may encourage rent-seeking behaviours.

Goldfrank (2011) in a study in three municipalities in Venezuela, Brazil and Uruguay categorises institutional designs based on the degree of authority delegated to the citizens. He points out three types of institutional designs, namely “restrictive”, “regulated”, and “open” designs. In the restrictive design, the participants do not have significant power in decision-making processes. The regulated design allows the participants to play a limited role in decision-making. In the open design, the citizens engage in genuine deliberations and their decisions determine the actual allocation of public spending.

A more systematic study by Baiocchi, Heller, and Silva (2011) investigate the causal effects of participatory budgeting on citizen empowerment and on civil society at eight municipalities in Brazil using a match-paired comparison method. They selected four cities that adopted

participatory budgeting, namely Camaragibe, Gravataí, Mauá, and João Monlevade, and four cities that did not adopt participatory budgeting, namely Quixadá, Sapucaia do Sul, Diadema, and Timóteo. They found that institutional designs matter in empowering the community, particularly in improving citizen participation and development outcomes. They analyse the designs based on the mode of participation, formalisation of the process, decision-making power, and the scope of discussion. They argue that cities that adopted participatory budgeting empowered their citizens by providing the opportunity to make choices. However, they also argue that the adoption of participatory budgeting is not always effective in influencing government policies. Only municipalities that implemented “binding” decision-making power—i.e., participatory budgeting in which the participants’ decisions were taken into account by the municipalities—were successful in empowering the community. As a result, the number of participants and social expenditures increased over time. The cities in which “participatory” meant merely “consultative” were still able to extend the scope of participation and the community could express their demands, but the processes were not effective in translating the demands into budgetary decisions. They also argue that cities that implemented participatory budgeting produced stronger civil societies compared to the cities that did not adopt participatory budgeting. Furthermore, cities that did not adopt participatory budgeting tended to remain in a clientelism regime with limited changes in citizen participation.<sup>2</sup> In these cities, even if a direct participation mechanism existed, the processes were controlled by the local government and CSOs were dependent on the local government. However, they also found that even though the CSOs roles were limited, such as that in Gravataí, the “binding” decision-making process design was successful in empowering the citizens.

Beyond Latin America, based on a comparison across participatory budgeting throughout the globe, Sintomer et al. (2012) develop six types of participatory budgeting, namely “participatory democracy”, “proximity democracy”, “participatory moderni[s]ation”, “multi-stakeholder participation”, “neo-corporatism” and “community development”. These models are developed using six-criteria, namely: “[s]ocio-political context, normative orientations, participatory rules and procedures, the dynamics of collective action, the relationship between conventional politics and participatory processes, and the strengths, weaknesses and challenges of each participatory model (20).” Among the models, they suggest that the participatory democracy model is the most

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2. Baiocchi, Heller, and Silva (2011, 32) defines clientelism as a form of “favour-trading mediation” that is often used to obtain public goods in exchange for political support.

desired one because it promotes both greater citizen participation and redistributive effects.

These previous studies have provided insights into how to analyse the institutional designs for citizen participation, both for wide varieties of purposes and for participatory budgeting specifically. They generally have shown that the dimension of decision-making power has a significant influence on determining the success or failure of a participatory institution. They have also demonstrated that the experiments called participatory budgeting worldwide range from merely consultative and information sharing forums to actual decision-making forums (Pateman 2012, 14; Stolzenberg and Wampler 2018, 293). Nevertheless, for the purpose of this study, I do not label the participatory processes analysed in this thesis as “participatory budgeting”, and call them participatory planning and budgeting instead. This is because Musrenbang stands for “development planning consultation”, but Musrenbang is definitely expected to determine, or in the least inform local budget allocations.

## **2.2 Enabling conditions for successful participatory institutions**

The enabling conditions for citizen participation have usually been discussed in explaining the success or failure of a participatory institution. In general, the literature suggests that mayoral support, the institutionalisation of the opposition parties, the ability and capacity of CSOs to engage, and the dynamic relationship between the mayor, the local council and CSOs, as well as equal power relations among the participants, are necessary conditions for effective participation.

Goldfrank (2007a, 2011) points out the importance of political dimensions in explaining why some participatory institutions have succeeded, and others have failed in deepening democracy by increasing citizen participation. He suggests that factors that affect the success of participatory institutions are the degree of decentralisation and the presence of opposition political parties. He argues that implementing participatory institutions under strongly institutionalised opposition parties tends to hinder the innovations while implementing it under less institutionalised oppositions will likely produce better outcomes. The degree of decentralisation is also important because it determines the level of authority exercised by local governments and the amount of resources subject to participatory budgeting.

Wampler (2007b) contends that support from mayors, the amount of capital investment available for participatory budgeting, and the ability of citizens and CSOs to engage in participatory

budgeting determine the success of participatory institutions. The mayoral support matters because municipality governments have the final decision on which projects selected in the participatory budgeting will be implemented. The rationales for mayors to delegate their authority are to engage citizens and CSOs in decision-making processes, to maintain their electoral basis, and to maintain political ideology. The ability of CSOs and citizens to learn and to engage in participatory processes by putting pressure publicly on the local government will likely influence the government's decisions. The amount of resources is important because it defines the amount of capital investments subject to participatory budgeting. Similarly, Avritzer (2009) argues that strong CSOs and political will from the government to implement a more participatory approach is crucial to the success of participatory institutions. However, it is important to note that, as Baiocchi, Heller, and Silva (2011) suggest, participatory budgeting was successful in Gravataí even though CSOs had remained weak, while in the other cities, the introduction of participatory budgeting made civil society more robust.

Lastly, Fung and Wright (2003) argue that a relatively equal degree of power among participants is important to enable meaningful deliberations. This includes literacy levels and power relations within the community. Powerful groups or individuals can dominate the discussion and appropriate the resources for their own interests; hence, elite capture. Thus, participatory processes may need to be designed to level power across the participants, and to ensure all participants have some scope to influence the outcomes.

## **2.3 Participatory institutions, government responsiveness, accountability and citizen participation**

### **2.3.1 Participation**

One of the main purposes of participatory institutions in developing countries has been to involve previously excluded groups, such as the poor, in decision-making processes that affect their lives (Wampler 2007b, 1). In contrast to representative democracy, participatory institutions allow the community to engage directly with state actors (Folscher 2007). In other words, “citizen participation occurs when citizens or their representatives (who are not elected officials) interact with and provide feedback to government at the policy formulation or implementation

stage of governance” (Moynihan 2007, 56). Therefore, it is expected that the participation of different citizen groups, particularly the poor, will increase over time during the implementation of participatory decision-making processes.

Several studies have shown that participatory mechanisms have been able to attract marginalised groups to participate. For example, Besley, Pande, and Rao (2005, 656) found that the *Gram Sabha* meeting, a participatory institution in India, encouraged the landless and illiterate citizens to attend their meetings. Wampler (2007b, 74) also found that, generally, the participants of participatory budgeting in Brazil had lower education levels and were relatively poor. On the other hand, some studies show the opposite findings. Even in Porto Alegre—the origin of participatory budgeting and where it is considered to be the best practice—some community groups, particularly those who were extremely poor, were reluctant to participate (World Bank 2008). A similar finding is presented by Hossain et al. (2014, 41) who found that the level of participation, particularly that of the poor, remained very low in Bangladesh.

Several factors can influence the level of citizen participation. The first factor is the association with CSOs and political parties. Studies in Brazil found that the number of people participating in participatory budgeting has increased over time since the introduction of participatory budgeting (Nylen 2002; Wampler and Avritzer 2004). However, at the individual level, participatory budgeting has only succeeded in improving the participation of those who were already active in community organisations and affiliated with political parties, but it has failed to increase the participation of those who were not engaged in such organisations (Nylen 2002, 134). At the regional level, the rate of participation is higher in the regions that have a strong association with civil society and political parties than that in the regions that have weak associations (Wampler and Avritzer 2004, 304). The second factor that affects the level of participation is the efficacy of the participatory process. If the results of the participatory processes are funded and implemented by the government, the level of participation will likely increase and vice versa (Avritzer 2009; Shah 2007b). Similarly, evidence from Ghana supports this finding as the community was found to be reluctant to participate in cases where several projects had already been decided by local officials before the participatory processes began (Naku and Afrane 2013). The third factor is the lack of incentives for marginalised groups to participate. Jaramillo and Alcázar (2013) show that the high cost of participation in the water sector in Peru discouraged the poor from participating,

and this could lead to inequality. Participation cost has also been the cause of low participation rates among the poor in Brazil (World Bank 2008) and in Bangladesh (Hossain et al. 2014).

Some scholars have proposed several methods to increase participation. For instance, Abers (2000) suggests that local agencies need to encourage participation from inactive neighbourhoods. Similarly, Sheely (2015) argues that specific mobilisation programs by facilitators increased community participation in participatory planning in Kenya. Fischer (2006) suggests that participatory processes should be assisted by civil society and technocrats in order to maintain participation and make the processes meaningful. On the other hand, a study by Menzel, Buchecker, and Schulz (2013) on participatory planning in Switzerland suggests that under scarce resources, it is better to focus on improving the quality of participation rather than increasing community participation because it can have negative impacts on trust in the institution.<sup>3</sup>

### 2.3.2 Responsiveness

Institutional responsiveness is defined as the ability of the government to match their policies, activities and budgets with the popular preferences of citizens (Crook 2003; Crook and Manor 1998; Crook and Sverrisson 2001; Fried and Rabinovitz 1980). The main purpose of participatory institutions has been to produce policies that are more responsive to community needs (Ackerman 2004; AIPD 2010; Blair 2000; Shah 2007a; Speer 2012). This is because participatory institutions allow information about the community needs to flow directly from the community to the government (Faguet 2014; Gonçalves 2014). Therefore, ideally, the decisions made by the participants in the participatory processes would be accommodated in the government decisions on service provision (Brinkerhoff and Azfar 2006; Fung and Wright 2003; Sheely 2015; Speer 2012). Specifically for citizen participation in planning and budgeting, the first way to investigate the responsiveness of government is to assess whether the projects proposed by the citizens in participatory processes are indeed funded by the government (Speer 2012, 2385). Other ways to investigate the consistency of service provisions with community needs includes comparing the popular preferences with the actual local government budgets (e.g., Crook and Manor 1998; Crook and Sverrisson 2001) and to assess service delivery performance (e.g., Boulding and Wampler

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3. Menzel, Buchecker, and Schulz (2013, 305) suggest that under resource constraints, participatory processes should focus more on improving the quality of stakeholder involvement such as “fairness, appreciation of participants’ inputs, organisational dimension of participation.”

2010; Faguet 2004; Gonçalves 2014; Jaramillo and Wright 2015; Touchton and Wampler 2014).

Participatory institutions are expected to increase local government spending on the community needs, such as health, education and infrastructure that are necessary to improve development outcomes for the citizens (Boulding and Wampler 2010; Touchton and Wampler 2014). Several studies have investigated the impacts of participatory budgeting on municipalities spending allocated to health and sanitation in Brazil (e.g., Baiocchi et al. 2006; Boulding and Wampler 2010; Gonçalves 2014; Touchton and Wampler 2014). These studies found that municipalities that adopted participatory budgeting allocated a higher proportion of budgets on health and sanitation than the municipalities without participatory budgeting. This ranged from around 2 per cent (Gonçalves 2014), 5 per cent (Boulding and Wampler 2010) and 6 per cent (Baiocchi et al. 2006; Touchton and Wampler 2014). Another positive finding is presented by Besley, Pande, and Rao (2005) who found that a participatory mechanism in India, the *Gram Sabha* meeting, has been effective in allocating public resources to the vulnerable groups through social welfare programs.

Studies on the impacts of participatory budgeting on education and housing expenditure have shown mixed results. Boulding and Wampler (2010) argue that municipalities with participatory budgeting in Brazil had significantly higher spending on education. On the other hand, Gonçalves (2014) argues that the increase in health and sanitation expenditure resulted in a decrease in education expenditure, which implies a trade-off between budgetary priorities. In the housing and utilities sector, a study by Beuermann and Amelina (2014) found that the implementation of participatory budgeting has increased the revenues allocated to housing and utility expenditure in Russia. Similarly, Donaghy (2011) found that municipalities that adopted housing council in Brazil had a higher number of social housing programs than municipalities without the council. In contrast, Boulding and Wampler (2010) argue that in Brazil, there was no significant difference in the expenditure allocated to the housing sector between municipalities with participatory budgeting and those without it.

Regarding development outcomes, Boulding and Wampler (2010) argue that there is no significant evidence of positive effects of participatory budgeting in Brazil on infant mortality and social well-being. Similarly, Jaramillo and Alcázar (2013) in their study on participatory budgeting in Peru found that there was no correlation between participatory budgeting with the

coverage and quality of water and sanitation. On the other hand, Gonçalves (2014) and Touchton and Wampler (2014) argue that participatory budgeting in Brazil indeed succeeded in reducing infant mortality. In the agricultural sector, Jaramillo and Wright (2015) argue that participatory forums in Peru increased the number of agricultural services provided by the local governments.

Nevertheless, in some cases, participatory institutions failed to translate citizens' demands into government decisions, which is an expected output of participatory practices. For instance, a study by Hossain et al. (2014) in Bangladesh found that participatory budgeting has not contributed to policy-making; as a result, government activities have not reflected the needs of the community. Evidence from Kenya also suggests that mobilising the community to participate in participatory planning did not increase the number of projects proposed by citizens that were adopted in government decisions (Sheely 2015).

Baiocchi et al. (2006), Baiocchi, Heller, and Silva (2011), and Wampler (2007b) stress the importance of institutional design in achieving government responsiveness. They found that adopting participatory budgeting does not always produce government responsiveness. As mentioned in the previous section, they argue that when greater decision-making power is accorded to participatory budgeting, this increased the incentives for citizens to voice their demands and to influence government policies. Similarly, Gonçalves (2014) argues that the design of participatory budgeting is essential in investigating its success in increasing government responsiveness. Therefore, in analysing the impact of participatory institutions on government responsiveness, the degree of authority transferred to the participants has to be taken into account.

In general, the limitation of the current studies on the effect of participatory institutions on government responsiveness is that they did not distinguish the differences in institutional designs. They generalised participatory budgeting even though some variations exist from merely consultative to actually providing a certain amount of funds to be decided by the citizens (Baiocchi, Heller, and Silva 2011; Cabannes 2004; Wampler 2007b). As Pateman (2012, 14) notes, the experiments on participatory budgeting worldwide often “do not involve the municipal or local budget”. Several scholars have offered typologies of participatory budgeting and analytical frameworks to evaluate them. This thesis, particularly, investigates government responsiveness through whether the community's proposals through Musrenbang are indeed funded by the local budgets. To some extent, the priorities decided in Musrenbang are the real needs of the

community that proposed them. Those proposals may be the popular preferences of the respective community that have been narrowed down through deliberation processes. This becomes the basis of the analysis in Chapters 4, 5 and 6. To further investigate government responsiveness, this thesis also investigates the effect of participatory planning and budgeting on service delivery using the case study of Sumedang, which will be discussed in Chapter 8.

### **2.3.3 Accountability**

Schedler (1999, 26) defines the concept of accountability as follows:

Political accountability [...] represents a broad, two-dimensional concept that denotes both answerability—the obligation of public officials to inform about their activities and to justify them—and enforcement—the capacity to impose negative sanctions on the officeholders who violate certain rules of conduct.

The answerability dimension of accountability not only includes the “obligation” of the power holders to provide information and explanations but also the “rights” of other actors or institutions that hold public officials accountable to seek information and justifications for certain decisions or courses of action (15). Based on such information, public officials can be sanctioned if corrupt conduct is found. Scholars have conceptualised accountability into vertical and horizontal accountability. Vertical accountability is exercised when a “more powerful” institution oversees and holds accountable the “less powerful” one—i.e., through “bureaucratic accountability”—or when “less powerful” actors hold accountable the “more powerful” ones—e.g., through elections (23). Horizontal accountability, on the other hand, refers to the checks and balances among state institutions that have relatively equal power, such as all branches of government and other state institutions responsible for monitoring and audits (O’Donnell 1998).

Mansuri and Rao (2013b) argue that greater accountability has been one of the main objectives of decentralisation, particularly in developing countries. Decentralisation of decision-making processes provides mechanisms for citizens not only to have a voice in the allocation of resources that affect their livelihoods but also to monitor the behaviours and actions of elected officials and bureaucrats, which is expected to increase transparency and accountability. Apart from bureaucratic accountability, vertical accountability under decentralisation is often also exercised through direct local elections of the representatives and the mayor. Aragonès and Sánchez-Pagés (2009) suggest that citizens tend to re-elect politicians who implemented their demands

and not re-elect those who did not. This means, there is an incentive for political parties and politicians to take into account and implement a community's preferences. However, in some cases, elections alone have often failed to achieve democratic goals (Fung and Wright 2003), to hold local governments to account (Ackerman 2004), and have been insufficient to ensure politicians are accountable to their voters (Agrawal and Ribot 1999; Cleary 2007). One of the reasons is that vote buying, patronage, clientelism, and other types of unfair conduct are sometimes used by politicians to get elected (Aspinall et al. 2017; Aspinall and Sukmajati 2016; Blair 2000). Moreover, most local officials, particularly the bureaucrats, are not directly elected. Furthermore, since elections are held only once in a few years and the fact that only a small percentage of the population vote for the elected politicians, elections have often been ineffective in ensuring accountability (Ackerman 2004; O'Donnell 1998).

These failings can be seen in Indonesia as the current electoral system that is expected to match the community demands for better service delivery at the local level, has not been effective (Buehler 2010; MacIntyre and Ramage 2008; Mietzner 2014). Instead, "elite politics" have remained dominant in the Indonesian political arena (Buehler 2010). As a result, although direct elections for district heads have produced several reformists, several corrupt politicians have also been elected to the office (Mietzner 2014). In fact, as previously mentioned, Valsecchi (2013) suggests that direct elections increased corruption in local governments in Indonesia. Evidence also indicates that direct elections for district heads did not result in effective and efficient allocation of resources (Kis-Katos and Sjahrir 2017; Skoufias et al. 2014). Nonetheless, a study by Lewis (2018b) suggests that directly elected district heads performed better in delivering services than those elected by the local parliaments.

Furthermore, horizontal accountability may also fail due to collusion among state actors that can impede accountability (O'Donnell 1998). This often occurs at the Indonesian subnational level, where local parliaments often collude with the executive heads (Buehler 2010, 279-80). Thus, some scholars propose that low levels of accountability have been the main reason as to why service delivery performance in Indonesia has remained poor (Kristiansen and Santoso 2006, 175; Lewis 2014b, 150).

Several studies suggest that it is important to provide alternative mechanisms to improve downwards accountability, such as enhancing citizen participation in governance and increasing

access to information (e.g., Ackerman 2004; Agrawal and Ribot 1999; Fox 2015; McGee and Gaventa 2011; Moynihan 2007; Sujarwoto 2012). As a form of advanced decentralisation, participatory institutions in any form have been seen as an effective tool to improve governance, including accountability, responsiveness to community's demands, and public service delivery (Jaramillo and Wright 2015; Wampler 2007a; Zamboni 2007).

The needs for improving downwards accountability have led to social accountability initiatives (see e.g., Ackerman 2005; Grandvoinet, Aslam, and Raha 2015; Joshi 2008; Malena, Forster, and Singh 2004) and participatory institutions have been considered to be a form of social accountability arena. Conceptually, participatory institutions can shape the quality of service delivery by putting pressure on the government to match its decisions with the demand side, as the community can have greater a voice in policy-making processes. Equally, since the community are involved in setting development priorities, they are more likely to monitor the implementation of the selected projects (Folscher 2007; Jaramillo and Alcázar 2013; Mansuri and Rao 2013b). Participatory institutions such as participatory budgeting in Porto Alegre, in which the community is involved in planning and monitoring of public resources, can improve accountability because they can limit the corrupt behaviours of bureaucrats and limit the abuse of political power by opening up spaces for public participation (Ackerman 2004; Coelho 2014). Similarly, a study by Takeshi (2006, 158)—undertaken at the early stage of decentralisation and participatory planning in Bandung, Indonesia—found that participatory planning in which development priorities and budgets were openly decided and displayed to the public was able to deter bureaucrats from engaging in corruption and unfair selection of contractors. Therefore, the coexistence of participatory institutions and elections can improve government accountability because citizens can access information about the government's performance through the participatory governance processes, and then use the information to determine their votes in the elections (Jaramillo and Wright 2015). Moreover, in some instances of participatory budgeting, a forum for citizen delegates is established to monitor the budget formulations and project implementations.

However, studies have also shown that participatory planning and budgeting does not always produce greater social accountability. For instance, participatory planning in Ghana suffered from a lack of accountability and was still undermined by corruption (Naku and Afrane 2013). Sometimes, state actors who are involved in participatory processes—particularly politicians

and bureaucrats—tend to maintain their positions of power rather than seeking to support the process of participatory decision-making with citizens (Coelho 2014, 2). Therefore, the design of participatory institutions is vital to ensure that their intended outcomes can be achieved (Avritzer 2009, 11). A more in-depth conceptualisation and discussion about social accountability will be presented in Chapter 7.

## 2.4 The Indonesian context of decentralisation and participatory planning and budgeting

### 2.4.1 Decentralisation

Prior to 1999, there had been several attempts to promote decentralisation under each administration in Indonesia. As Tikson (2008) points out, during the Soekarno administration, in the early stage of Indonesia's independence, Indonesia was forced to adopt federalism as a result of the Round Table Conference in 1949. Consequently, Indonesia had become a federal nation until August 17, 1950, when Indonesia returned to a unitary government. During the New Order of the Soeharto administration (1966 to 1998), the government enacted Law 5/1974 on Regional Government. The law recognised decentralisation, deconcentration and co-administration, but it was not supported by further regulatory frameworks, such as fiscal transfer.

The fall of the New Order regime in 1998 gave rise to decentralisation. In 1999, Law 22/1999 on Local Government and Law 25/1999 on Fiscal Balance were enacted and came to effect in 2001 (these laws are often referred to as “regional autonomy” laws). Decentralisation in Indonesia has often been referred to as the “big bang” for its rapid implementation and its scale (Hofman and Kaiser 2004). One of the rationales for the Indonesian decentralisation was that the centralistic regime failed to overcome the multi-dimensional crises that struck Indonesia at the end of the New Order era (Rasyid 2004).<sup>4</sup>

In the Indonesian context, according to Law 22/1999 on Local Government, deconcentration refers to the delegation of authority from the central government to the governor as the representative and apparatus of the central government in the region.<sup>5</sup> Whereas decentralisation refers to the

4. Indonesia experienced an economic crisis in 1997 that led to social unrest and resulted in the overthrow of the Soeharto regime. Rasyid (2004, 66) argues that the crisis was caused by the lack of understanding about global economic trends and the high cost of the centralised system.

5. Article 1 point e of Law 22/1999 on Local Government.

transfer of authority from the central government to autonomous regions.<sup>6</sup> Both decentralisation and deconcentration apply to the provinces; whereas for the *kabupaten* or regency and *kota* or municipality—henceforth referred to as districts—only decentralisation applies.<sup>7</sup> However, the regional autonomy focused on the district level rather than at the provincial level. This was mainly due to the resistance of devolution to the provincial government, as it was considered federalism, which could threaten the national integrity (Rasyid 2003, 63).

The fiscal decentralisation has been manifested in Law 25/1999 and its subsequent amendments and replacements. Law 22/1999 and Law 25/1999 were amended in 2004 to become Law 32/2004 and Law 33/2004, respectively. In 2014, Law 32/2004 was then replaced by Law 23/2014 on Local Government, which has extended deconcentration to include the district government.<sup>8</sup> The term “local government” in the Indonesian laws and regulations refers to both the provincial and district governments. However, for the purpose of this present study, the term refers to the district governments—*Kabupaten* and *Kota*—as this thesis is mainly interested in investigating participatory planning and budgeting at the district governments level.

Subnational expenditure accounts for more than 50 per cent of the national budgets, excluding interest payment and subsidies (Lewis 2014b, 145). This is to accompany the level of responsibility of local governments to manage basic services such as health, education, and infrastructure upon which the central government sets the minimum service standards.<sup>9</sup> Although local governments have their own sources of revenue, central transfers remain the most dominant source of local government revenues, which account for approximately 90 per cent the total local government revenues (143).

The preamble of Law 22/1999 clearly emphasises that the objectives of decentralisation are democratisation and community participation, as it states that decentralisation is “deemed to be necessary to emphasise more the principles of democracy, community participation, equitable distribution and justice, as well as to take into account the region’s potential and diversity” (as quoted in Turner et al. 2003, 23). However, participation in the early years of decentralisation was weak and even regarded as a threat to bureaucracy (82). In addition, local officials at the

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6. Article 1 point f of Law 22/1999 on Local Government.

7. Explanation of Law 22/1999 page 7–8.

8. Article 1 point 9 of Law 23/2014 on Local Government. Since the enactment of Law 32/2004 the definition of deconcentration had been extended to include the central government’s agencies operating in the provinces and districts.

9. A further discussion about the assignments on service delivery will be presented in Chapter 8.

district level were not ready to being unexpectedly held accountable to the local community; despite the community and civil society demanding to participate more in the budget allocations (King 2004).

The annual budgets of local governments in Indonesia have still shown that the top-down approach has been more dominant than the bottom-up approach (AIPD 2010). This means that development priorities that have been discussed and prioritised by communities through public deliberations have often been overlooked in the local government budgets. Moreover, AIPD (2010) also argues that, so far, there has been little empirical evidence showing that decentralisation in Indonesia has improved service delivery. It can thus be argued that greater community participation and government responsiveness to this participation will need to be encouraged in order to improve service delivery and to enhance democratisation under the decentralisation system.

As briefly presented in Chapter 1, recent studies on the effects of decentralisation in Indonesia show mixed results. For instance, Kis-Katos and Sjahrir (2017) argue that democratic decentralisation—direct elections of district head—did not increase infrastructure coverage. Valsecchi (2013) further suggests that it increased corruption at the local level. During the direct election year, local governments tend to increase their discretionary administrative spending (Sjahrir, Kis-Katos, and Schulze 2013). However, Skoufias et al. (2014) suggests that the direct elections increased health expenditure. Furthermore, Lewis (2018b) found that directly elected district heads are more efficient than those elected by local parliaments. Concerning fiscal and administrative decentralisation, however, Kis-Katos and Sjahrir (2017) show that they improved health and physical infrastructure coverage. Regarding regional development, Hill and Vidyattama (2014, 2016) argue that decentralisation has limited effects on regional incomes and poverty for both provincial and district levels.

Local governments have allocated a high proportion of their local budgets to administrative expenditure. Sjahrir, Kis-Katos, and Schulze (2014, 166) suggest that administrative spending accounts for approximately 30 per cent of the local government budgets, which is very high compared to the international standard. Meanwhile, infrastructure development remained very poor. For instance, a World Bank (2013) study, *Subnational Debt Policy Technical Assistance*, reports that in 2013, although the length of district roads increased, about 40 per cent of these roads were classified as in poor condition, a 5 per cent increase from 2001, and access to water also

dropped 2 per cent to 48 per cent during the period (as cited in Lewis 2014b, 144). It has been suggested that this is because district governments have not sufficiently increased their capital investment in infrastructure (Lewis and Oosterman 2011). Even if the budgets are available, some district governments cannot fully realise the planned budgets, resulting in the delay of service delivery to citizens (Lewis and Oosterman 2009). In general, the local budgets have not reflected the local demands (Dixon and Hakim 2009, 120). Therefore, in order to improve service delivery, local governments have to improve their resource allocations (Patunru and Rahman 2014), and the citizens have to actively voice their demands to the local governments (Lewis 2010).

#### **2.4.2 Overview of participatory planning and budgeting in Indonesia**

During the New Order regime, there was a legal framework to involve citizens in development planning at the district government level. It was manifested in the Ministry of Home Affairs (MOHA) Decree No. 9/1982 on *Proses Perencanaan, Pelaksanaan dan Pengendalian Pembangunan Daerah* (P5D) or the Process of Planning, Implementing and Controlling Regional Development Programs. This framework, however, was merely a formality as it only involved citizens at the village level processes, but at the higher levels, P5D only involved public officials. Furthermore, in P5D, the final decisions were made by the central government because Indonesia, during that time, was still under a centralised government system (Nurcholis 2008, 95–96).

Under the decentralisation regime, regional development planning in Indonesia is now regulated by Law 25/2004 on National Development Planning System, and the MOHA Regulation No. 54/2010 on the Technical Guidance for the Formulation, Monitoring and Evaluation of Development Planning and its replacement, MOHA Regulation No. 86/2017. These regulations have shifted the planning paradigm from a centralised and top-down policy to a mix of five approaches, namely political, technocratic, participatory, top-down and bottom-up approaches. The law and regulation have provided significant opportunities for all stakeholders, particularly the communities and Civil Society Organisations (CSOs) to participate in planning and budgeting processes; shaping local budgets and public policy through Musrenbang. The new Law 23/2014 on Local Government also stipulates the same approaches.<sup>10</sup>

*Musyawarah Perencanaan Pembangunan* (Musrenbang) or development planning consultation

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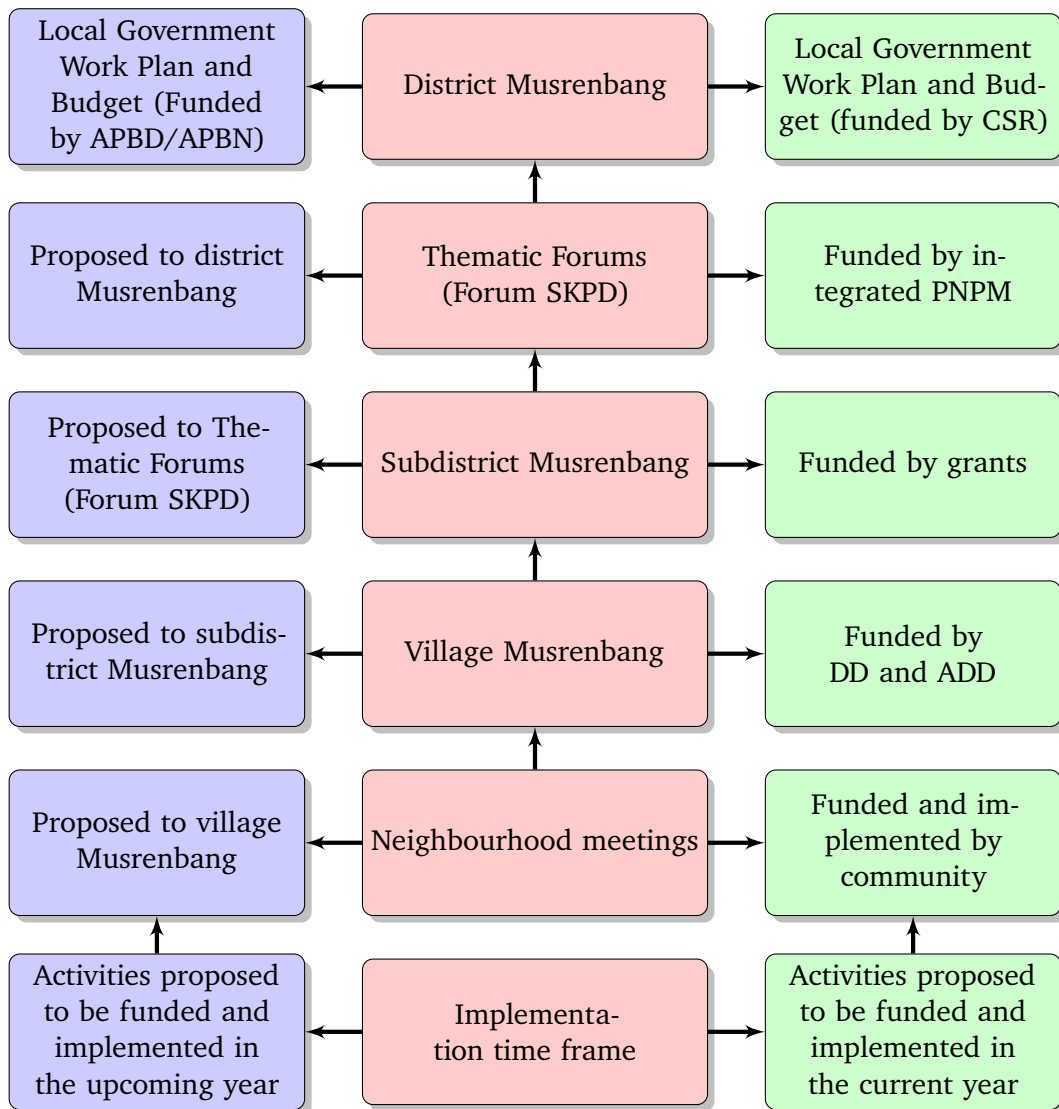
10. However, the government regulations for the implementation guidelines of the new law have not been available during the time of writing of this thesis.

is an annual deliberation forum that engages stakeholders and enables the community to set development priorities in their local areas. The aim of Musrenbang is to build consensus between the community and the district government on development priorities that will be funded by the local budgets. In other words, it is a forum in which the district government and non-state stakeholders align their preferences and synchronise the five planning approaches. According to the Joint Ministerial Decree between MOHA and *Badan Perencanaan Pembangunan Nasional* (BAPPENAS) or the National Development Planning Agency No. 050/264A/SJ and No. 0008/M.PPN/01/2007 on the Technical Guidance for the Implementation of Musrenbang in 2007, Musrenbang in district governments are held at four stages, namely village Musrenbang, subdistrict Musrenbang, Forum SKPD (specific-sector or thematic forums) and district Musrenbang.

At the village level, the purpose of Musrenbang is to reach consensus on development priorities to be funded by *Anggaran Pendapatan dan Belanja Daerah* (APBD) or Local Government Budgets, *Alokasi Dana Desa* (ADD) or Village Funds Allocations, *Dana Desa* (DD) or Village Funds and other grants, as well as to select community delegates to represent the village at the subdistrict Musrenbang. At this stage, the deliberations for projects to be funded by ADD and DD are finalised. The second stage, subdistrict Musrenbang, is held to discuss the development priorities from the village Musrenbang, to reach an agreement on the programs and activities to be discussed in the next stages, as well as to select delegates to represent the subdistrict in subsequent stages. The third stage is Forum SKPD or the thematic forums, which consist of several specific thematic or sectoral forums, such as education, health, infrastructure and agricultural forums. These forums enable local agencies working in a similar sector to align the programs and activities among the agencies and with the community's priorities. The results of the thematic forum will be discussed in the district Musrenbang. The fourth stage, which is the district Musrenbang, aims at reaching agreements and consensus on *Rencana Kerja Pemerintah Daerah* (RKPD) or Local Government Annual Work Plans.

After the district Musrenbang, the Joint Ministerial Decree between MOHA and BAPPENAS also advises the district governments to conduct a post-Musrenbang forum. The forum aims at: ensuring the consistency of the Musrenbang results and RKPD; the consistency between planning and budgeting; the continuous communication among the delegates, the community, the district government and the local parliament; and providing information and justifications for the

community as to why the proposed activities are rejected or accommodated in the local budgets. However, this forum has rarely been implemented by district governments. RKPD is the main reference for General Budget Policies and Priority and Provisional Budget Ceiling (KUA-PPAS), which will then become the reference for local agencies in formulating their work plans and budgets (RKA). The compilation of RKA from local agencies becomes the local budget drafts. The integrated Musrenbang scheme is shown in Figure 2.1, while the scheme for planning and budgeting processes is depicted in Figure 2.2.



Source: Adapted from Suryatman (2011)

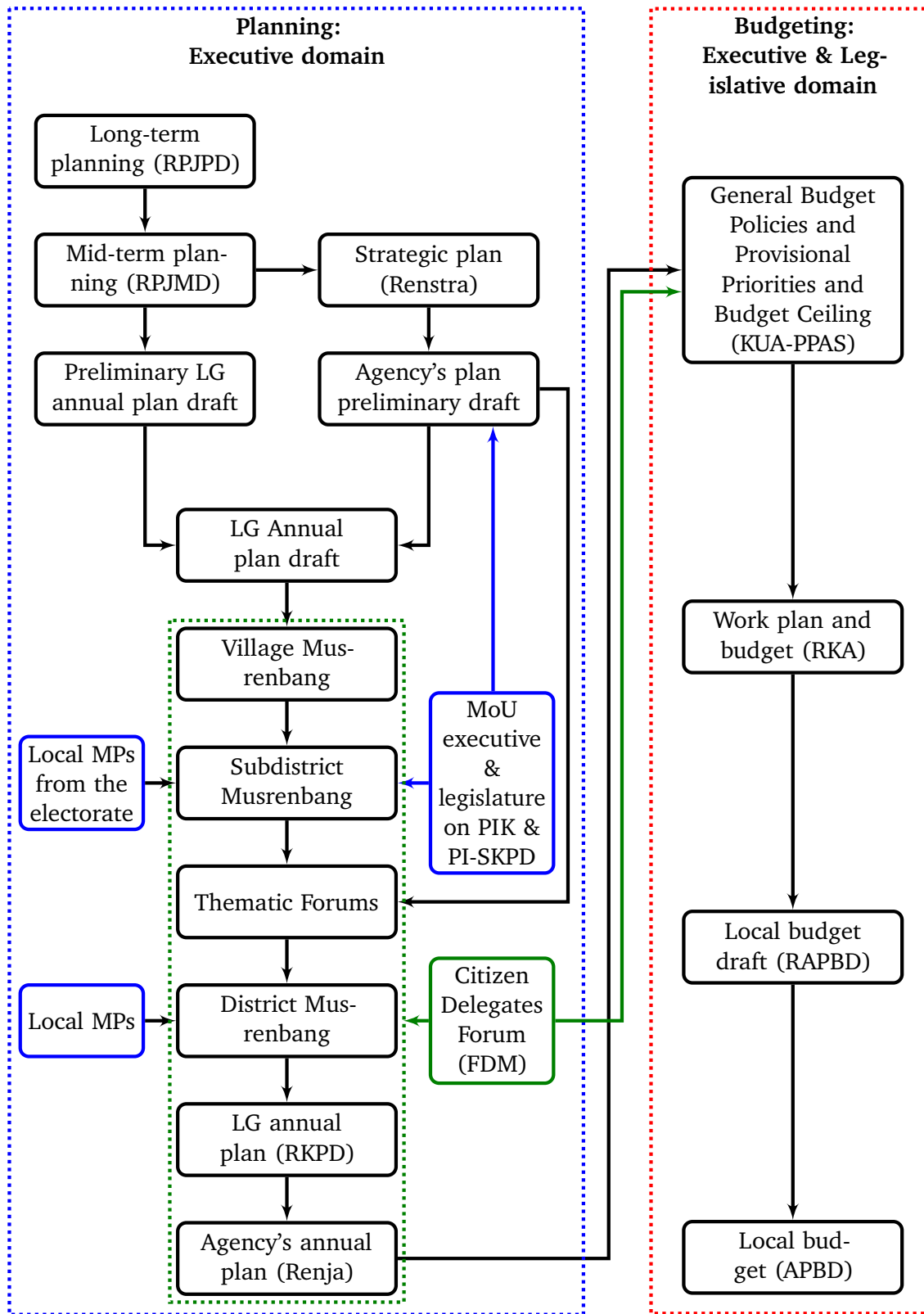
Figure 2.1: The integrated Musrenbang scheme

### 2.4.3 Institutional designs of participatory planning and budgeting in Indonesia

As briefly mentioned in Chapter 2, there are three main institutional designs of participatory planning and budgeting in Indonesia. The first design is participatory planning that does not link to budgeting, in which the role of citizens is merely to set development priorities, which often serves no more than a preference-signalling mechanism. In this design, the implementation of Musrenbang generally follows MOHA Regulation No. 54/2010 and its replacement Regulation No. 86/2017. Some districts have also provided more detailed technical guidance for the Musrenbang implementation. Under Cabannes' (2004) financial dimension, this type of Musrenbang can be categorised as participatory budgeting that only discusses projects and does not discuss the allocation of a certain amount of funds (34).

The second institutional design integrates participatory planning with the budgeting processes. In this design, before Musrenbang is conducted, the district government provides information on *Pagu Indikatif Kecamatan/Kewilayahan* (PIK) or Subdistrict Indicative Funding Ceiling. PIK is allocated to the subdistricts and/or villages based on certain indicators, such as population size, poverty rate, literacy rate, child mortality rate, and infrastructure conditions, which correspond to the “physical dimension” (Cabannes 2004) or “social justice principle” (Wampler 2012). The allocation of projects that will be funded by PIK is discussed and decided by the community in Musrenbang at the village and subdistrict level. The purpose of allocating such budgets is twofold. Firstly, it enables the local community to more meaningfully deliberate on how to spend the budgets. Secondly, it is expected to make the government more responsive to communities' demands. Based on the indicative budgets, village and subdistrict communities formulate better-informed project proposals. This can enable the participants to make proposals that are more rational and to avoid “shopping lists” that often exceed the district government's financial capacity and may not be realised (Silver and Sofhani 2008).

The third institutional design not only integrates participatory planning with the budgeting processes through PIK, but also establishes a forum for participatory planning delegates called *Forum Delegasi Musrenbang* (FDM) or Musrenbang Delegates Forum, which was pioneered by Sumedang district. According to Law 1/2007 on Planning and Budgeting Procedures in Sumedang, FDM consists of the delegates from the subdistrict Musrenbang and delegates from the thematic forums. The FDM members who represent subdistricts are selected from subdistrict Musrenbang



Source: Adapted from MOHA Regulation No. 54/2010

Figure 2.2: Planning and budgeting scheme

participants, and FDM members who represent the thematic forums are selected from the thematic forum participants. FDM tasks are to monitor the priorities set in the Musrenbang, to monitor budget formulations and discussions in the local parliament, and to monitor and review the implementation of local budgets. The FDM has the authority to require explanations from the budgeting team in the budget formulation, as well as from local government agencies in the implementation of the projects.<sup>11</sup> Hence, the establishment of FDM provides the “oversight” principle to the institutional design (Wampler 2012). It has been proposed that these two main features of participatory planning and budgeting—PIK and FDM—can revive citizen enthusiasm and participation in Musrenbang in the local government that implements them. It has been further suggested that these features can enhance district government transparency, accountability, and responsiveness towards communities’ demands.

The integration of participatory planning and budgeting through the implementation of PIK and the creation of FDM have been increasingly adopted by district governments in Indonesia. However, only a few studies that have investigated the processes and the effects of the reform, particularly PIK, such as ADB (2016), Grillos (2017), and Rifai, Asterina, and Hidayani (2016). However, the objectives of these studies differ from those of this thesis. Grillos (2017) investigates the existence of elite capture in the distribution of *Kelurahan* grants to the neighbourhoods. ADB (2016) investigates community-driven development initiatives and barely discusses PIK. Rifai, Asterina, and Hidayani (2016) examine the Musrenbang processes and enabling conditions for successful participatory budgeting. On the other hand, this thesis focuses on evaluating the effects of different institutional designs on citizen participation, government responsiveness, and social accountability. Nevertheless, these previous studies have provided insights into the implementation of PIK in several local governments in Indonesia.

#### **2.4.4 The interplay between planning approaches in the Indonesian system**

As previously mentioned, Law 25/2004 on the National Planning System and MOHA Regulation No. 54/2010 on the Technical Guidance of the Formulation, Monitoring and Evaluation of Development Planning recognise five approaches and MOHA Regulation No. 86/2017. Political,

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11. The budgeting team at the district government consists of *Tim Anggaran Pemerintah Daerah* (TAPD) or the Budgeting Committee of the Executive Branch and *Badan Anggaran DPRD* (BANGGAR) or the Budgeting Committee of the Legislative Branch.

technocratic and top-down approaches are the domain of the state, while participatory and bottom-up approaches are the domain of the citizens. However, it is the interplay between these approaches that ultimately determines the allocation of resources in the local budgets. Ideally, the political approaches, as the law and regulation prescribe, should focus on the main programs or promises offered by the head of districts during the campaign for office.<sup>12</sup> These programs are then translated into *Rencana Strategis SKPD* (RENSTRA SKPD) or Local Agency Strategic Plans—a five-year work plan—by local agencies using a technocratic approach with consultations with the community. This covers synchronisation with the national and provincial policies, as well as other technical aspects of the programs. These programs are then broken-down into RKPD, an annual plan that details the specific projects such as infrastructure and social projects to be undertaken.<sup>13</sup> These are the main reference for the local government activities to be funded by the local budgets.

It is important to note that the local parliaments also offered programs to their constituency during the campaign for office. Therefore, the local MPs also identify their constituents' demands and make an effort to realise them. The identifications of constituents' demands are undertaken during the recess in which local MPs visit their constituents to identify their demands. In some local governments, local MPs are provided with a certain amount of funds, the allocation of which are at their discretions. This is often called *dana aspirasi* (aspirational funds) or *dana pokok-pokok pikiran* DPRD (funds for local parliament's main ideas).<sup>14</sup> In the literature, such a practice is often called Constituency Development Funds (CDF). Generally, the literature is sceptical towards the effectiveness of the CDF (see Baskin 2014). It has been argued that the CDF can improve the relationship between the MPs and their constituents, as well as reducing the domination of bureaucrats in the resource allocation (1). On the other hand, the opponents believe that the CDF are susceptible to corruption, clientelism and patronage practices.

In Indonesia, *Dewan Perwakilan Rakyat* (DPR) or the House of Representatives has proposed such a policy, but it failed due to the resistance from citizens. The executive rejected the proposal because it was considered to be a form of pork barrelling and against Indonesian laws and regulations (Kemenkeu 2015). The president openly rejected the proposal, and BAPPENAS asked

12. This is stipulated in the explanation of Law 25/2004 page 2–3, and in Article 9 of MOHA Regulation 54/2010.

13. The RENSTRA SKPD is derived from *Rencana Pembangunan Jangka Menengah Daerah* (RPJMD) or Local Government Mid-term Plans, a five-year main work plan of the district government. The RKPD is a compilation of *Rencana Kerja SKPD* (RENJA SKPD) or Local Agency Annual Plans.

14. *Pokok-pokok pikiran* DPRD or the main ideas of the local parliament gathered from recesses are acknowledged in MOHA Regulation No. 54/2010. However, the term has often been connotatively associated with the so-called “aspirational funds” that are susceptible to corruption and clientelism.

DPR to focus more on their functions, which does not include executing the budgets (Armenia 2015). The proposed aspirational funds for DPR were to be allocated in the national budgets without having to specify projects or activities in advance, meaning that allocations and executions of the funds were completely at the discretion of the MPs. The practice of the aspirational funds in at the local government level differs from that proposed by DPR described above. The local MPs usually propose projects to be funded by the aspirational funds during the budget discussions in the local parliament, but the budgets are executed by the local agencies. Nevertheless, some local governments have allocated a certain amount of funds under the aspirational funds arrangement. This will be further discussed in the subsequent chapters (Chapters 4, 5, 6 and 7).

Several studies have investigated the effects of local parliaments on local budgets and service delivery in Indonesia. Lewis (2018a) found that the increase in the number of seats in local parliaments has negative impacts on local government budgets and has increased inefficiency and access to basic services. Similarly, Lewis and Hendrawan (2018) also found that although a majority coalition in local parliaments improves health expenditure and outcomes, it shifts to budget corruption towards the end of the coalition term. In explaining the collusion among politicians, bureaucrats and private businesses, Tans (2012, 11) uses the term “local political mafias”. Tan argues that these mafias collude to appropriate local budgets through manipulating the procurement processes and direct government assistance, nurturing clientelism. Corruption among district heads and local MPs are evident as MOHA suggests that from 2004 to 2013, 197 district heads, 66 deputies of the district head, and 431 district MPs were involved in corruption cases (RMOL 2013).

#### **2.4.5 Key findings on participatory planning and budgeting in Indonesia**

Although Indonesia has implemented participatory planning for more than a decade, there have been relatively few studies that focus on Musrenbang practices and its effects. Most studies have been investigating parallel participatory approaches, such as PPK, *Proyek Penanggulangan Kemiskinan di Perkotaan* (P2KP) or Urban Poverty Project—initiated by the World Bank—and their subsequent replication, which is PNPM. Nevertheless, several studies have provided insights into a number of Musrenbang dimensions. On the scope of participation, a study by Ahmad and Weiser (2006, 14) found that ordinary citizens did not make up the majority of the Musrenbang

participants, instead the processes were attended mostly by community elites. Similarly, Usui and Alisjahbana (2005, 76) suggest that many citizens were still excluded from the planning processes because even if they were invited, they saw the forum as merely a formality. Furthermore, some elected politicians contended that the participatory process was not necessary because they already represented the community in decision-making (80). Studies by Sopanah (2011, 2012) on Musrenbang in Malang and Probolinggo districts in East Java province found that Musrenbang there was not effective because the processes were not transparent, information was limited, and the results did not reflect the communities' demands. She also suggests that Musrenbang processes at all levels, from the village to the district level, were just formalities. In some cases, Musrenbang was not implemented at all, or the processes were restricted to some people. For example, in Bima, West Nusa Tenggara province, the community did not participate in the budget formulations and in Gorontalo, CSOs complained about public spending allocations (Kristiansen et al. 2009, 78). Furthermore, Usman et al. (2008) argue that, overall, the mechanisms of Musrenbang have not been effective.

On the opposite side, a positive finding was found in several districts in West Nusa Tenggara province where Musrenbang provided opportunities for women and the poor to participate in decision-making processes, unlike the previous P5D (Purba 2010). Rifai, Asterina, and Hidayani (2016) also suggest that participation in poorer neighbourhoods tends to be higher than that in the wealthier ones. It has also been proposed that a further transfer of authority to the village and subdistrict levels could increase the effectiveness of Musrenbang, such as that in Kebumen and Makassar municipalities (Ahmad and Weiser 2006). The limitation of Musrenbang in Indonesia has been its limited impact on government responsiveness. Several studies that have been undertaken on the processes suggest that this is because participatory planning has not been well integrated with the budgeting process and that there has been a lack of authority transferred to the participants. For instance, LGSP (2009b) in its final report identifies that one of the biggest challenges for Indonesia's participatory planning processes was to translate the Musrenbang results into the local government budgets. LGSP (2009b) argues that this was because of a lack of political will from local leaders and bureaucrats to share power with other stakeholders in decision-making, as well as the absence of a link between planning and budgeting. Furthermore, local MPs often have different development priorities from those that result from Musrenbang.

During the Local Governance Support Program (LGSP) implementation, among 62 participating districts, the percentage of districts that provided clear schedules for community participation in the budget formulation declined from 70 per cent in 2008 to only 33 per cent at the end of the project in 2009 (LGSP 2009b, 2-12). In addition, Widianingsih and Morrell (2007) in their study on the Musrenbang in Solo, Central Java province, argue that a limitation of participatory planning in Indonesia is that communities do not have the power to decide on the local budgets because the budgeting process has not been an integral part of the process.

Decentralisation can help to improve service delivery through “allocative efficiency”—aligning government services with the community needs—and through “productive efficiency”—by increasing transparency and accountability (Kahkonen and Lanyi 2001, 1). Specifically, the arena that shapes the “allocative efficiency” is planning and budgeting processes; as Usui and Alisjahbana (2005, 72) propose: “[a] solid link between planning and budgeting that reflects priorities is also a key prerequisite for successful decentralisation.” Similarly, Takeshi (2006, 152) argues that if the community was not provided with the authority to allocate resources, the result of participatory planning is merely “shopping lists”. In contrast, if the community are provided funds and the authority to allocate them, it is likely that the Musrenbang processes and outcomes will be effective (174). Purba (2010) also argues that the information about available budgets is essential. Without this, the Musrenbang processes and outcomes will be ineffective because the processes will only allow the community to propose projects rather than also considering the amount of budgets allocated to those proposals. In the end, it is the availability of resources that defines which projects will be implemented, so leaving this step out diminishes the power and interests of community participation. From these studies, it can be concluded that the dissatisfaction on the Musrenbang processes and results arises in cases where the institutional design does not encourage marginalised groups to participate, and insufficient authority is transferred to the community on the budget allocation. Nevertheless, devolving funds to the lower level of governments does not always lead to a pro-poor targeting as Grillos (2017) shows that the *Kelurahan* Development Grants in Solo biased towards wealthier neighbourhoods.

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# Research Design and Methodology

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## 3.1 Introduction

Having discussed the conceptual framework and having reviewed literature on participatory institutions, this chapter presents the research design and methods for data collection for this study. This research employs comparative case studies to test the hypotheses and to answer the research questions. Firstly, I employed a comparative case study method, the “most similar system design” (Przeworski and Teune 1970), to investigate how different institutional designs of participatory planning and budgeting affect local government responsiveness, the characteristics and scope of participation in the participatory planning and budgeting, and how accountability mechanisms work under the different institutional designs.

To investigate the effects of institutional designs on the access to basic services, I used a quantitative approach to comparative case studies, the synthetic control methods (Abadie, Diamond, and Hainmueller 2010, 2015; Abadie and Gardeazabal 2003). This chapter specifically discusses the research design and methodology used in the “most similar system design”. The synthetic control method will be discussed in Chapter 8. Using both qualitative and quantitative methods presents an opportunity to compare the findings from the two methods, as well as to validate and explain the results of quantitative analyses. This is often referred to as “the triangulation design” (Creswell and Clark 2007, 62).

## 3.2 Research hypotheses

Arnstein (1969) categorises citizen participation into eight levels and three types. The lowest levels are manipulation and therapy, which are considered as types of nonparticipation because no genuine participation is exercised. The next levels, informing, consultation and placation are

categorised as types of tokenism. This happens when citizens participate in decision-making processes, but they do not have significant power to influence policies. The three highest levels, partnership, delegated power and citizen control, are classified as types of citizen power. At the highest levels of this typology, citizens, particularly the “have-nots” or the poor, can exercise significant authority through participating in decision-making processes and can influence the outcomes. This study is particularly interested in the consultation and delegated power types of participation. In the consultation type of participation, citizens’ opinions are heard, but there is no assurance that the opinions will be taken into account. On the other hand, in the delegated power type of participation, citizens have significant power in decision-making processes over particular development proposals and have significant authority to hold public officials accountable.

Baiocchi et al. (2006) investigate the causal link between participatory budgeting and its effect on empowerment in ten municipalities in Brazil using a match-paired comparison method. They argue that cities with participatory budgeting have empowered their citizens in making choices. Nevertheless, participatory budgeting is not always effective in influencing policy. They point out that cities that implemented “binding” decision-making power—i.e., participatory budgeting in which the participants’ decisions were taken into account by the municipalities—were more successful in empowering the citizens. On the other hand, participatory processes that were merely “consultative” could still extend the scope of participation and enable the community to express their demands, but they were not effective in influencing public policies. A similar study—using the same methodology and case locations—is presented by Baiocchi, Heller, and Silva (2011) in investigating the impacts of participatory budgeting on civil society in eight municipalities in Brazil. They argue that cities that implemented participatory budgeting produced stronger civil societies compared to those that did not. Cities that did not adopt participatory budgeting tended to remain in a clientelism regime with limited changes in citizen participation. Wampler (2007b) and Goldfrank (2011) also argue that the institutional designs and rules on the degree of authority delegated to citizens in decision-making affect the outcomes. Following these studies, it is expected that the degree of authority delegated to citizens has a greater influence on the responsiveness and accountability of local governments. Therefore, I hypothesise that, **H1**: *where there is greater citizen delegation in Musrenbang, then budget allocation will better reflect citizen preferences.*

Furthermore, previous studies on the impacts of participatory institutions on municipal expenditure suggest that the implementation of participatory budgeting is expected to increase local government spending on citizen needs, such as health, education and housing (see e.g., Baiocchi et al. 2006; Beuermann and Amelina 2014; Boulding and Wampler 2010; Gonçalves 2014; Touchton and Wampler 2014) and to improve development outcomes (Gonçalves 2014; Touchton and Wampler 2014). Since the literature suggests that the degree of authority delegated to citizens affects the outcomes of participatory institutions, it is expected that greater citizen delegation will lead to better access to basic services.

From the document reviews on several local government laws and regulations, PIK has been allocated to the subdistricts and villages based on several indicators, such as population size, poverty rate, literacy rate, child mortality rate and infrastructure conditions. Therefore, it is expected that the implementation of PIK and FDM will lead to better service delivery performance. Consequently, I hypothesise that **H2**: *the implementation of PIK and FDM will improve local government service delivery performance.*

Furthermore, the efficacy of Musrenbang in realising community demands is expected to have a “demonstration effect” that can increase citizen participation (Abers 2000; Sintomer, Röcke, and Herzberg 2016, 13). Therefore, I hypothesise that, **H3**: *the implementation of PIK and FDM will improve citizen participation in Musrenbang.*

Moreover, Ackerman (2004, 452) points out that participatory budgeting—in which local communities are involved in planning and budgeting, and informed about the amount of funds that will be invested in their area—has an accountability function as the communities will make sure that the projects will be implemented accordingly by the local government. Therefore, it is expected that the implementation of PIK and FDM will make the citizens more actively monitor the implementation of the projects funded by the local budgets. Furthermore, FDM has extended accountability beyond bureaucratic and legislature mechanisms to involving ordinary citizens. Hence, I hypothesise that, **H4**: *the implementation of PIK and FDM will enhance social accountability mechanisms.*

The variations in district practices of participatory planning and budgeting in Indonesia enables the testing of these hypotheses and the relative strengths of institutional designs of participatory planning and budgeting on good governance. Specifically, this research seeks to answer the

following instrumental questions:

1. How do different institutional designs of participatory planning and budgeting affect local government’s decision on budgets?
2. How do different institutional designs of participatory planning and budgeting affect citizen participation?
3. How do accountability mechanisms work in different institutional designs of participatory planning and budgeting?
4. Does the devolution of funding to the subdistrict level through participatory budgeting improve service delivery performance?

### 3.3 “Most similar system design”

In order to investigate the research questions, I use the comparative case study method. The comparative case study method was chosen because it allows for hypothesis testing (Blatter and Haverland 2012; Flyvbjerg 2006; Gerring 2007; Goggin 1986; King, Keohane, and Verba 1994; Lijphart 1971, 1975), without losing the opportunity to conduct in-depth case study analyses (Gerring 2007; Yin 2003). Furthermore, a comparative case study approach enables the researchers to engage directly with the cases to produce “meaningful comparisons” of the whole cases under investigation (Ragin 1987, 16). Case study methods also provide an opportunity to experience the natural setting of the phenomenon (Flyvbjerg 2006; Yin 2002, 2003)—in this research, participatory planning and budgeting processes. Furthermore, because the number of local governments that have both implemented PIK and have established FDM in Indonesia remained very few, a large-N analysis might not be possible to test the hypothesis. In such a case, a comparative analysis is more suitable (Druckman 2005, 209).

To allow for a systematic comparison across cases, I employ the “most similar system design”. It is a research design that selects cases that share similar characteristics across other variables, but they differ in the independent variable (Collier 1993; Druckman 2005; Gerring 2007, 2008; King, Keohane, and Verba 1994; Przeworski and Teune 1970; Seawright and Gerring 2008; Tarrow 2010). This approach is also well-known as “methods of difference” (Mill 1846), “controlled comparison methods” (George and Bennet 2005, 151), or “paired comparison” (Tarrow 2010). In this study, a subnational comparative method is employed since it enables the number of

observations to be increased and to find “match cases” to test causal relationships (Snyder 2001, 95). The details of the systematic comparison will be presented in section 3.6.

### 3.4 Case selection

Since this research investigates only several cases—i.e., small-N type research—random selections might not result in the variations of the independent variables, and the control variables might vary (Blatter and Haverland 2012; King, Keohane, and Verba 1994). Therefore, the cases have been intentionally selected to satisfy the conditions for both independent and control variables. To avoid omitted variable bias, I controlled some variables or factors that the literature suggests can affect the dependent variables (King, Keohane, and Verba 1994), which is government responsiveness and accountability. Furthermore, to avoid selection bias, none of the districts was selected based on the dependent variables (Geddes 1990; King, Keohane, and Verba 1994).

Previous studies have shed light on the factors that should be considered in analysing participatory institutions. Participatory institution literature suggests that the availability of resources matters because it can affect the ability of local governments to provide public services to the citizens (Goldfrank 2007b; Wampler 2007b). It has also been suggested that the composition of the local parliament can affect the success of participatory institutions. As previously discussed, strong opposition in the local parliament tends to hinder participatory innovation (Goldfrank 2007b, 2011). Decentralisation literature suggests that factors such as population size, the amount of transfer from the central government, the size of local budgets, Gross Regional Domestic Product (GRDP) and per capita GRDP can influence the ability of local government to finance and provide public services (Schulze and Sjahrir 2014). The level of Human Development Index (HDI) can also affect the ability of local governments to collect revenues and to fund their service delivery (Rusmin, Astami, and Scully 2014). Based on these findings, therefore, those variables were held as similar as possible across the cases. Since this study is interested particularly in the designs of participatory institutions and their effects, among those similarities, the cases must differ in their institutional designs—i.e., the independent variable.

There are 34 provinces and 516 districts in Indonesia. Of these districts, 416 encompass *kabupaten* or “regencies” and 98 are *kota* “municipalities”. Several factors had to be taken into

consideration in selecting the locations for this study.<sup>1</sup> In December 9, 2015, nine provinces and 260 districts held local direct elections (KPU 2015). I did not select districts that held direct local elections in either 2015 or 2017. This is not only because in the year of direct elections, districts governments in Indonesia tend to increase their budgets (Sjahrir, Kis-Katos, and Schulze 2013; Skoufias et al. 2014) but also since it would have been difficult to collect data during the election and government changeover times.

	West Java		South Sulawesi	
	Sumedang	Kuningan	Parepare	Palopo
<b>Delegated power to citizens</b>	High	Low	High	Low
Integrated with budgeting (PIK)	Yes	No	Yes	No
Musrenbang Delegates Forum (FDM)	Yes	No	Yes	No
<b>Control variables</b>				
<b>Political dimension<sup>a</sup> :</b>				
Party opposition	Insignificant	Insignificant	Insignificant	Insignificant
Effective Number of Parties <sup>b</sup>	6.72	7.76	8.33	9.33
Major parties & their percentage in parliament	PDIP (24%) Golkar (20%) Gerindra (12%) PKS (12%)	PDIP (20%) PAN (16%) Golkar (14%) PKS, PKB, & Demokrat (10%)	Golkar (20%) Demokrat (16%) PDIP (12%) PAN (12%)	Golkar (16%) Gerindra (12%) Demokrat (12%) PDIP (12%) PKB (12%)
<b>Population<sup>c</sup> :</b>				
Population (2015)	1,137,273	1,055,417	138,699	168,894
Major religion	Islam (97.56%)	Islam (97.08%)	Islam (92.75%)	Islam (88.89%)
<b>Local budgets</b> (Million IDR) <sup>d</sup>	1,643,664	1,624,482	639,020	557,935
<b>Economic development:</b>				
GRDP 2013 (Billion IDR)	16,582.84	12,249.82	2,771.80	3,081.64
Per capita GRDP 2013 (Million IDR)	14.74	11.72	20.50	19.16
<b>Human development:</b>				
HDI	73.58	72.47	79.02	77.70
Literacy rate (%)	98.28	97.04	97.36	97.45
Average year of schooling	8.06	7.52	9.91	10.19
Poverty rate (%)	11.31	13.34	6.38	9.57

Source:

<sup>a</sup> Data for local council seats have been provided by Puskapol UI (2014) through <http://www.puskapol.ui.ac.id/legislatif-2014> and KPU (2015) through <http://www.kpu.go.id/index.php/pages/detail/2015/349/Anggota-DPRD-2014-2019/Njk5>.

<sup>b</sup> Author's calculation based on the KPU's data.

<sup>c</sup> Data on population, economic development and HDI have been made available by the National Bureau of Statistics of Indonesia (BPS) through <https://www.bps.go.id/>.

<sup>d</sup> Data on local government budgets have been made available from the Ministry of Finance or Kemenkeu (2016) through [http://www.djpk.depkeu.go.id/?page\\_id=316](http://www.djpk.depkeu.go.id/?page_id=316).

**Table 3.1:** Matched pair districts

1. There are five municipalities and one regency in the Special Capital Region (DKI) of Jakarta. However, the autonomy in DKI Jakarta is at the provincial level.

In selecting the four districts for the “most similar system design”, I applied a comparable cases strategy as follows. Firstly, I selected two districts that have integrated participatory planning and budgeting through PIK and have established Musrenbang Delegates Forum (FDM), and two districts that have not. These variations were identified through the local regulation of the districts. Secondly, the districts must have enacted the regulation on participatory planning and budgeting for at least three years. Local governments in Indonesia have started regulating participatory planning since the enactment of Law No. 25/2004 on National Development Planning System. Nevertheless, some local governments have not enacted local laws and regulations on planning and budgeting.

During the preliminary research, I collected data and information related to the independent variable and control variables as follows:

1. Data related to the design of participatory institutions were identified from local regulations on participatory planning and budgeting.
2. On control variables, data on populations, GRDP, per capita GRDP were derived from Regional Statistics Bureau of the corresponding districts.
3. Information on the composition of local parliaments was obtained from *Komisi Pemilihan Umum* (KPU) or the General Election Commission and Puskapol UI (2014).
4. The size of local budgets were found on the Ministry of Finance.

Based on the preliminary research, I found that Sumedang regency in West Java province and Parepare municipality in South Sulawesi province have regulated and implemented Musrenbang along with PIK and FDM. Sumedang has implemented the reform since 2008 after the enactment of the Local law 1/2007 on Planning and Budgeting Procedures. A survey on local government budget management performance by Seknas FITRA and The Asia Foundation (2008, 2010) placed Sumedang at the highest ranking on local government budget management performance for its transparency, accountability, citizen participation, and gender equity in the planning, budgeting, and implementation stages. It has also been reported in mass media that the Musrenbang practised in Sumedang has been considered to be one of the best practices of participatory planning and budgeting. Hence, several local governments across Indonesia have visited Sumedang to learn about Musrenbang, particularly, the implementation of the PIK and FDM (SumedangOnline 2013; Wahid 2014). The other district, Parepare, began implementing a similar reform in 2011. It

has also been considered to have an effective practice of participatory planning and budgeting (BaKTI 2014). The participatory planning and budgeting in Parepare is regulated by the Local law 1/2010 on Community Based Planning and Budgeting.

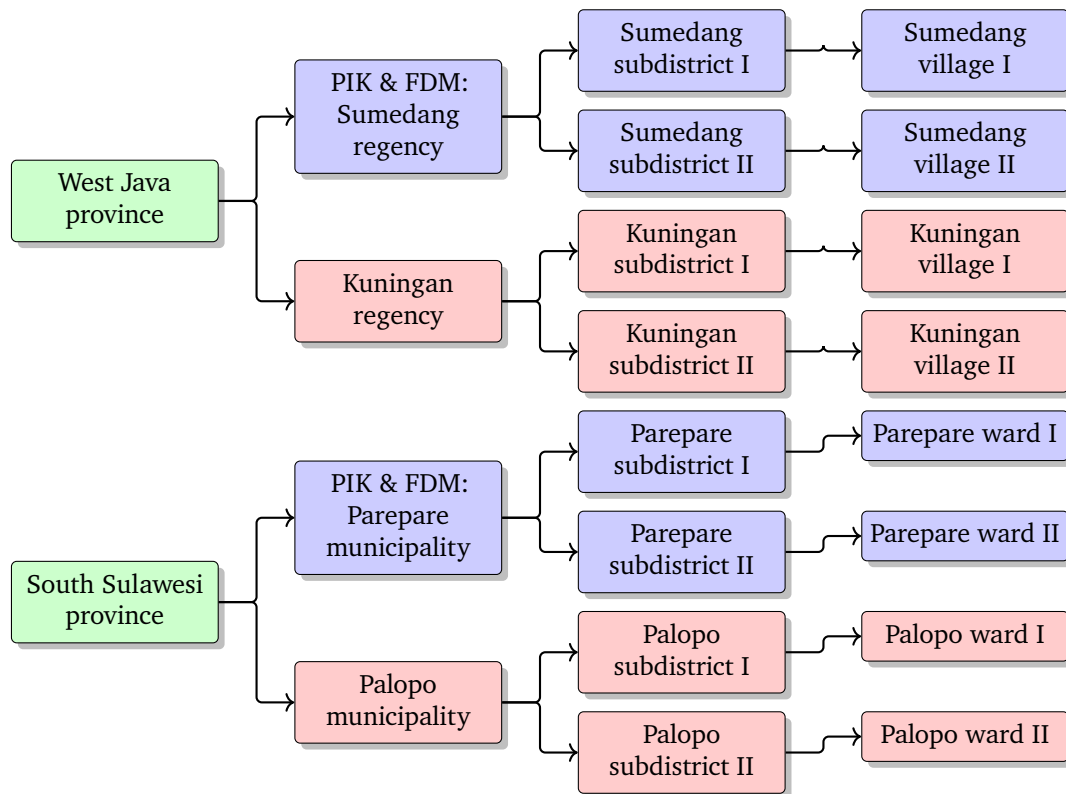


Figure 3.1: Scheme for case study locations

After selecting Sumedang and Parepare, I then selected local governments that were similar to them in relation to the control variables described above. The matched pair for Sumedang regency in West Java province is Kuningan regency, and the matched pair for Parepare municipality in the South Sulawesi province is Palopo municipality. Both Kuningan and Palopo have not integrated participatory planning with budgeting through PIK and have not established the FDM to oversee the processes and results of Musrenbang, as well as to monitor project implementations. Both Kuningan and Palopo still implement the Musrenbang as it is required by the Indonesian laws and regulations. The matched pair districts, variations in institutional designs and the similarities across control variables are presented in Table 3.1. After selecting the matched-pairs, I then selected two subdistricts within each district, and then I further selected one village/ward within each subdistrict to observe. The subdistricts and villages/wards observed are anonymised to protect the privacy of participants. The scheme for the case study locations is presented in

Figure 3.1.

## 3.5 Methods for data collection

The main data collection methods for this study are semi-structured interviews, mini-focus groups, and direct observations. It is important to emphasise here that all interviews, mini-focus groups and observations were conducted in confidentiality, as far as the law allows as per ethics protocol approval number 2015/576, and the names of the participants are withheld by mutual agreement. I also collected secondary data that will be explained below.

### 3.5.1 Semi-structured interviews

The interviewees for this study were selected based on their knowledge about participatory planning and budgeting. The interviews were conducted using semi-structured interviews to extract meanings and to seek patterns and themes of the behaviours and experience of the interviewees (Warren 2001; Yanow 2006).

The first group of respondents was local bureaucrats responsible for planning from various local government agencies in the four districts, namely: *Badan Perencanaan Pembangunan Daerah* (BAPPEDA) or the Regional Development Planning Agency, Treasury Agency, Public Works Agency, Health Agency, Education Agency, and Village/Ward Community Empowerment Agency. These agencies were chosen because they managed Musrenbang, or they tend to receive a high proportion of local budgets. These key informants were chosen because they were directly involved in the participatory planning processes, had knowledge about the formulation of RKPD, and more importantly, they often attended Musrenbang at the subdistrict level. The interviews focused on eliciting opinions from these bureaucrats about what activities they undertook in the participatory planning processes, and how those activities affected the ways in which they made decisions on budget allocations, as well as how accountability mechanisms worked under participatory processes. I also conducted interviews with *Kecamatan* or subdistrict and villages/wards officials in the four districts to find out about the preparation for Musrenbang in the neighbourhoods, villages/wards and subdistricts because these officials were responsible for conducting Musrenbang and for formulating the Musrenbang documents and results in their administrative areas. The interviews also sought what sort of activities these officials undertook to get projects in their

administrative areas.

The second group of interviewees were local MPs. The purpose of the interviews was to extract their opinion about how the result of Musrenbang and recess, as well as votes in the previous elections affected their decisions on resource allocations. The third group of interviewees were from Musrenbang participants and delegates at village and subdistrict levels. They were interviewed to elicit their opinion about how community members participated in decision-making processes; to what extent their aspirations were accommodated in the local budgets; the challenges faced in channelling their demands; how the community held public officials accountable to their decisions in Musrenbang and on local budgets; and what efforts they made to get projects in their village/wards and subdistricts.

In total, I conducted 91 interviews across the four districts. In Sumedang, I interviewed nine local officials, three local MPs, 11 village/ward officials and three FDM members.<sup>2</sup> In Kuningan, I interviewed seven local officials, three local MPs, 11 village officials and two Musrenbang participants. In Parepare, I interviewed seven local officials, three local MPs, six ward officials and five Musrenbang participants (including ward facilitators). In Palopo, I interviewed seven local officials, two local MPs and nine ward officials. I also interviewed one CSO leader or activist in Kuningan, Parepare and Palopo to extract their opinions on the planning and budgeting processes.

### **3.5.2 Mini-focus groups**

I also conducted mini-focus groups (Krueger and Casey 2015) in the four districts involving a small number of participants (three to four participants). This allowed the participants to reflect their experience in the discussions (Onwuegbuzie et al. 2009, 3). The main objectives of the mini-focus groups were similar to those of the interviews.

In Sumedang, I conducted two mini-focus groups each consisting of three participants. In Kuningan, I conducted a mini-focus group consisting of four participants. In Parepare, I conducted two mini-focus groups, each consisting of three and four participants. In Palopo, I conducted four mini-focus groups, each consisting of three participants. Of these, one was with local MPs and three with Musrenbang participants, as well as ward and subdistrict officials. In total, I conducted nine mini-focus groups in the four districts.

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2. In Sumedang FDM members are also activists. Therefore, interviewing FDM members was sufficient to elicit an activist's opinion.

Before mini-focus groups were held, the village and subdistrict offices had been notified by BAPPEDA or other local contacts that a researcher would undertake a mini-focus group in their area about participatory planning and budgeting.<sup>3</sup> The mini-focus groups with Musrenbang participants started after Musrenbang, except in Kuningan, where the focus group was held at a different time. The focus groups were conducted after Musrenbang so that the participants could directly reflect their experiences and views about the Musrenbang processes and results.

The topics and terms covered in the discussions were informed to make sure that participants understood the topic to make the discussions more focused. The information sheet and consent forms were provided to get approval from the participants, and the participants were informed that they could raise any concern before or at any time during the focus groups.

### **3.5.3 Direct observation**

I also conducted direct observation on Musrenbang at the village, subdistrict and district levels. Direct observation enabled this study to provide descriptions of existing processes and behaviours (Kawulich 2005). I attended Musrenbang at the village, subdistrict and district levels in order to develop a better understanding of the dynamics of Musrenbang such as how the participants formulate development priorities, and how local officials assist the participants or delegates in developing and discussing their proposals. Moreover, the observations enabled this study to verify whether actual implementations and the processes of Musrenbang followed certain guidelines. Thus, direct observations provide some data that might have been overlooked in the interviews and document reviews. Hence, it is a means of data verification and triangulation.

The village and subdistrict offices were informed that the Musrenbang processes would be observed by a researcher. During the Musrenbang, the local officials would explain the purpose of the observations to the participants, they could raise any concerns or issues of inconvenience about the observation, and asked permission from participants to continue the observations. I managed to attend two village Musrenbang in all districts except Kuningan because some villages had already conducted Musrenbang in December 2015, although it was supposed to be held in January 2016. Nevertheless, I managed to get an insight into the village Musrenbang processes in Kuningan through interviews and a mini-focus group with Musrenbang participants, as well as

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3. The local contacts were local bureaucrats who assisted me to approach the interviewees and FGD participants and arranged the schedules for interviews and mini-focus groups.

village and subdistrict officials.

### 3.5.4 Secondary data

Data collection used for selecting the case study locations has been explained in the preceding section. During and after the fieldwork, I reviewed documents on development priorities that were the result of Musrenbang at the village, subdistrict and district levels. These documents were obtained from the subdistrict offices and BAPPEDA. These documents contain information about the projects and activities proposed by the citizens that should reflect the general preferences of the local communities who participated.

I also collected data about who participated in Musrenbang from Musrenbang documents. These data were used to investigate the scope of participation in Musrenbang at village and subdistrict levels, to assess who participated in the processes, and how the participation changed over time. I collected data on local government work plans and budgets for the last five years (2012–2016) particularly for Sumedang in order to identify to which sectors PIK was allocated. I also reviewed local government regulations related to participation, transparency and accountability to investigate the existence of accountability mechanisms, and whether the districts governments provided accessible documents related to planning and budgeting.

Furthermore, I also collected reports from local and national media on Musrenbang practices, as well as “*dana aspirasi*” (aspirational funds), or “*dana pokok-pokok pikiran DPRD*” (main ideas of local parliament) of local MPs.

## 3.6 Data analysis

The general procedure for the data analyses in this study consists of several phases (Marshall and Rossman 2011). The first phase is organising the data by sorting them into the interview locations and dates. The research and interview questions were formulated and sorted systematically to classify data collection into certain categories so that data can be easily managed. The second phase was reading through the data to identify the general patterns. The third step was coding the data and organising the data into several clusters based on their themes, patterns, and categories. Furthermore, in order to improve validity, I used triangulation strategy (Creswell and Miller 2000) by cross-checking informants’ perceptions with the others’ and with secondary sources—e.g.,

online news and government documents—before developing general ideas.

Data analysis in this research took place in two parts. The first part was an analysis within the individual cases to examine how the independent variable affected the dependent variables in each case, hence, to investigate the causal chains. The second part was a cross-case analysis to investigate whether the variations in the independent variable led to variations in the dependent variables; in other words, to investigate whether the hypotheses were confirmed or refuted.

### 3.6.1 **Within-case analysis**

The main objectives of this study are to investigate how different designs of participatory institutions produce certain outcomes, and how accountability mechanisms work in each institutional design. In responding to these objectives, this study employs within-case analysis to investigate the causal chains on how independent and dependent variables are connected (George and Bennet 2005). In addition, within-case analysis is deployed because it is impossible to find perfectly similar cases. Hence, within-case analysis is deployed to seek supporting evidence for comparative analysis (Bennett and Checkel 2014, 29). Moreover, even though the study may find that the dependent variables do not vary given the variations in the independent variables—hence, there is no evidence causal relationships—within-case analysis, particularly process tracing, can still be deployed to investigate why this happens (Blatter and Haverland 2012, 213). This, in particular, is used extensively in this study to explain why participatory planning and budgeting produced certain results.

Each case is analysed independently based on the theoretical framework to establish the sequences of events that lead to the outcomes in the dependent variables. This is to identify the potential causal chains; that is what events occurred or did not occur that affect the outcomes. This process is similar to the pattern matching procedure suggested by Yin (2003) that compares the data with the conceptual framework to examine whether the processes under investigations can deliver the intended outcomes as suggested by the conceptual framework. The data on how actors—politicians, bureaucrats, the community and CSOs—respond to the rules, and how their responses affect the process and results of participatory planning, local budgets and the scope of participation, will illustrate the causal chains that lead to the outcomes of Musrenbang.

The within-case analysis will be conducted in sections. The first section illustrates the local

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context—including how the participatory reform emerged—and participatory planning and budgeting processes at each level in each of the districts observed. The second section describes the scope of participation. The third section examines the responsiveness of local government budgets, and the fourth section describes how accountability mechanisms work under each institutional design. The analysis will also discuss how external factors, particularly influence from the local parliament, may affect participatory processes and outcomes.

### **3.6.2 Comparative analysis**

After conducting the internal case analysis and identifying patterns in each case to establish the causal chains, the cross-case analysis will be conducted. In the comparative analysis, the data from each case will be analysed using spatial comparison, which is a method that compares the variations on the dependent variable across-cases at the same period (Blatter and Haverland 2012, 70; Gerring and McDermott 2004, 694–95). The data will be analysed in two stages of analysis as Blatter and Haverland (2012, 55) suggest. Firstly, all the data collected will be integrated into “specific score of variables”. Secondly, the data will be analysed based on “formal logic and theoretical argument”; that is whether variations in the dependent variables exist linked to the hypothesis.

The comparative analysis for this study will be categorised into five main themes, namely participation, deliberation processes, responsiveness, resource distributions, and social accountability mechanisms. The “degrees” or “scores” for these variables will have been analysed in the internal case analysis, and those degrees are then compared across all the cases. If the degree of participation, responsiveness and accountability are higher in the districts that have implemented PIK and FDM, the hypothesis is confirmed; if not, the hypothesis is refuted. The explanation as to why the hypothesis is accepted or not will be inferred from the within-case analysis.

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# Participatory Planning and Budgeting in West Java

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## 4.1 Introduction

Indonesian administration is divided into several levels and administrative responsibilities. Local governments—the districts—consist of *kabupaten* or regencies (rural districts) and *kota* or municipalities (urban districts). The village areas are also categorised into *desa* or rural villages, and *kelurahan* or urban wards. *Desa* are divided into several *dusun*, which are further divided into *Rukun Warga* (RWs) or community groups and *Rukun Tetangga* (RTs) or neighbourhood groups. On the other hand, *kelurahan* are directly divided into RWs and RTs, although some districts have *lingkungan*, which is equal to *dusun* in *desa*. It is important to note that RWs and RTs are not administrative divisions, as they are categorised as community institutions. Indonesian administrative divisions are shown in Figure 4.1. The head of *desa* is popularly elected and a *desa* has its own responsibilities and source of funds to fund its responsibility. Whereas *kelurahan* is part of local government agencies, hence, it is responsible for some of the district's responsibilities. The distinction between *desa* and *kelurahan* responsibilities is important in analysing participatory planning and budgeting Indonesia because *desa* have been provided ADD for several years. Since 2015, after the enactment of Law 6/2014 on Village, each *desa* has also received considerable support in the form of grants under the DD scheme transferred by the central government.<sup>1</sup>

Although *kelurahan* grants have also been mandated by Law 14/2014 on Local Government, some districts have allocated the grants to *kelurahan*, while others have not. Moreover, currently, the amount of funds for *kelurahan* varies across local governments. This is mainly because the central government has not provided technical guidance for its implementation. For the purpose of

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1. The amount of APBD allocated to ADD is a minimum of 10 per cent of the total APBD. The amount of DD received by each *desa* in 2016 was IDR 565,640 million.

this study, case studies in West Java represent *desa* cases to explore the relevance of *Pagu Indikatif Kecamatan/Kewilayahan* (PIK) or Subdistrict Indicative Funding Ceiling after the enactment of village law. The mechanisms and impacts of participatory planning and budgeting in *kota* and *kelurahan* will be presented in Chapter 5.

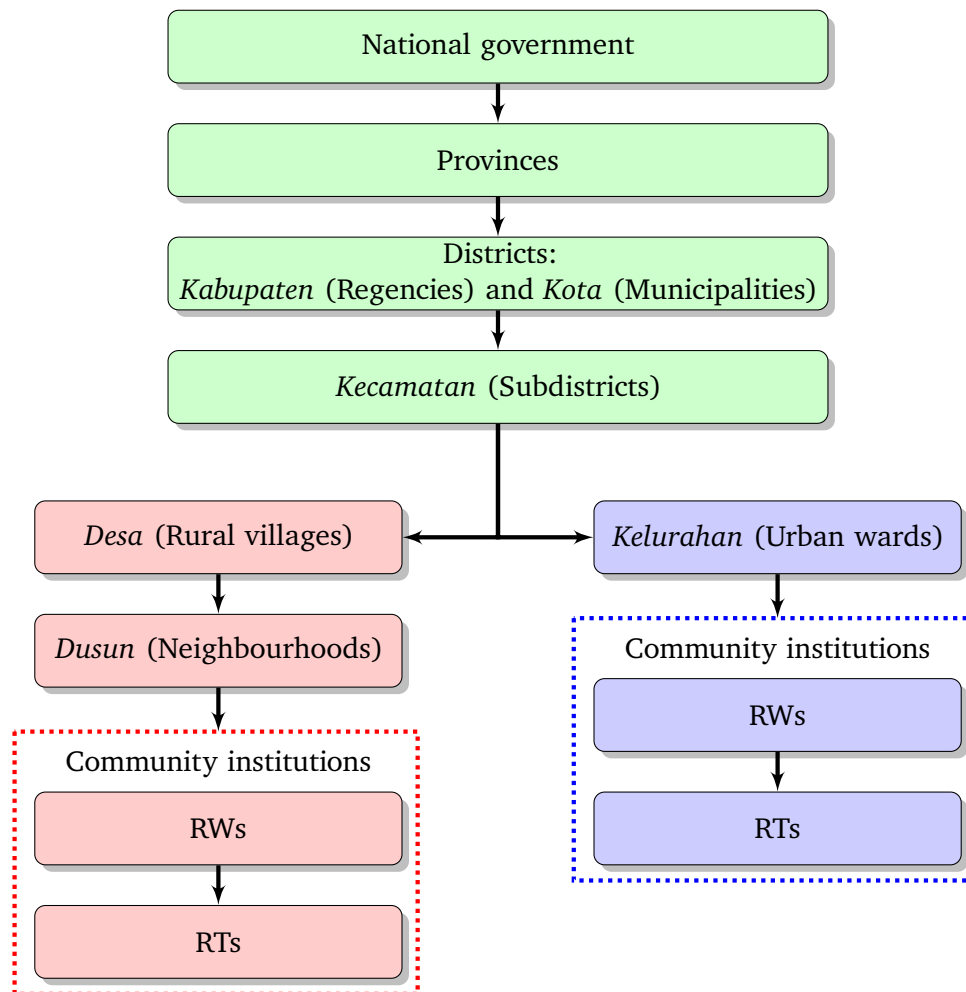
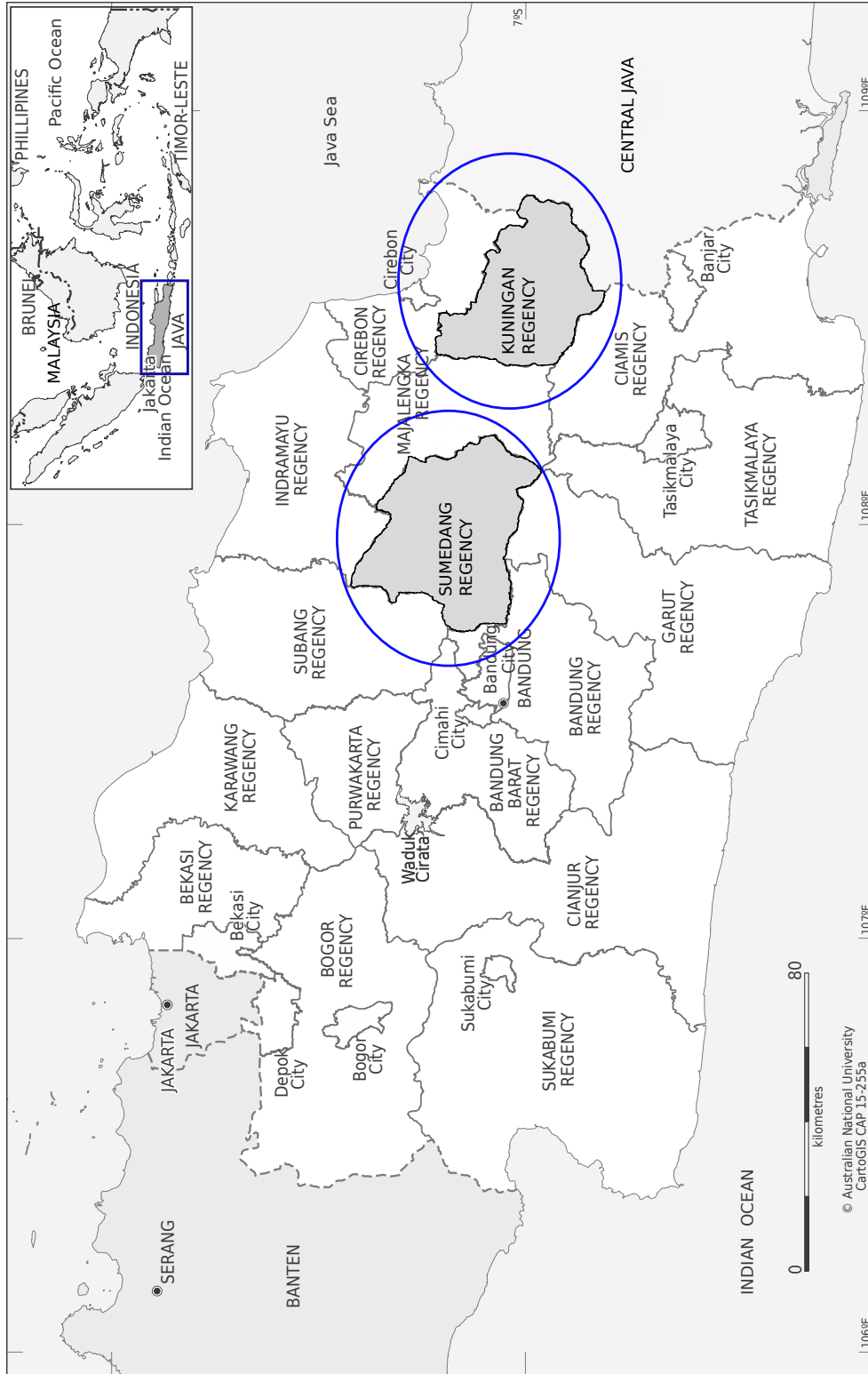


Figure 4.1: Indonesian Administrative Divisions

This chapter describes participatory planning and budgeting in two districts in West Java province, namely Sumedang and Kuningan regencies. It illustrates the characteristics and mechanisms of participatory planning and budgeting, as well as their impacts on government responsiveness and social accountability. It argues that the planning and budgeting system in Sumedang provides more decision-making power to the citizens and is more successful in implementing citizens' demands from Musrenbang than that in Kuningan. However, the characteristics of the participants are very similar in the two districts. The design of participatory planning in Sumedang that allows any citizen to register in order to participate is more open than that in



Note: Map reproduced with the permission of CartoGIS Services, ANU College of Asia and the Pacific, The Australian National University

Figure 4.2: Case study locations in West Java

Kuningan. However, this has not been sufficient to encourage those who have been historically disfranchised from decision-making processes to get involved. In relation to the implementation of village law, this chapter argues that the law has shifted the use of PIK in Sumedang from small-scale infrastructure—which is usually the target of participatory budgeting—to mid-sized infrastructure.<sup>2</sup> However, PIK can still play an essential role in planning and budgeting.

The pair of districts, Sumedang and Kuningan, are located in West Java Province (depicted in Figure 4.2), which is the most populous province in Indonesia, with the population of 46.03 million as of 2014 (BPS Jawa Barat 2015). Culturally, West Java is the home of the Sundanese people. The population of Sumedang was 1,137,273 in 2015, and it stretches over 1,522 km<sup>2</sup>. The majority of the population work in the agricultural sector, followed by trade and hospitality sectors (BPS Sumedang 2016). Sumedang hosts many universities, mostly located in the South-west of Sumedang. These universities have collaborated with the Sumedang government in several participatory innovations (Silver and Sofhani 2008). The population of Kuningan was 1,055,417 in 2015, with the total area of 1,195 km<sup>2</sup>. The main occupations of the population are in trade and hospitality industries followed by agricultural related jobs (BPS Kuningan 2016).

The allocation of spending for the 2007–2016 period in both districts is displayed in Figure 4.3.<sup>3</sup> The figure shows that both districts had relatively similar trends, except for the capital expenditure. Sumedang allocated a higher proportion of local budgets to capital expenditure during the period, except for the 2010–2013 period. The proportion of the other expenditure groups in both districts was relatively similar during the period. Both districts allocated a high proportion of their local budgets to personnel expenditure, which was mostly above 50 per cent (see Figure 4.3d).

The organisation of the chapter is as follows. Following this introduction section, section 4.2 presents the Sumedang case. Section 4.3 presents the Kuningan case. Section 4.4 compares and discusses the findings, and section 4.5 concludes this chapter.

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2. The impact of targeting mid-size infrastructure will be discussed in Chapter 8.

3. Data from INDO-DAPOER used in this chapter were last updated on June 28, 2018 and were retrieved on August 19, 2018.

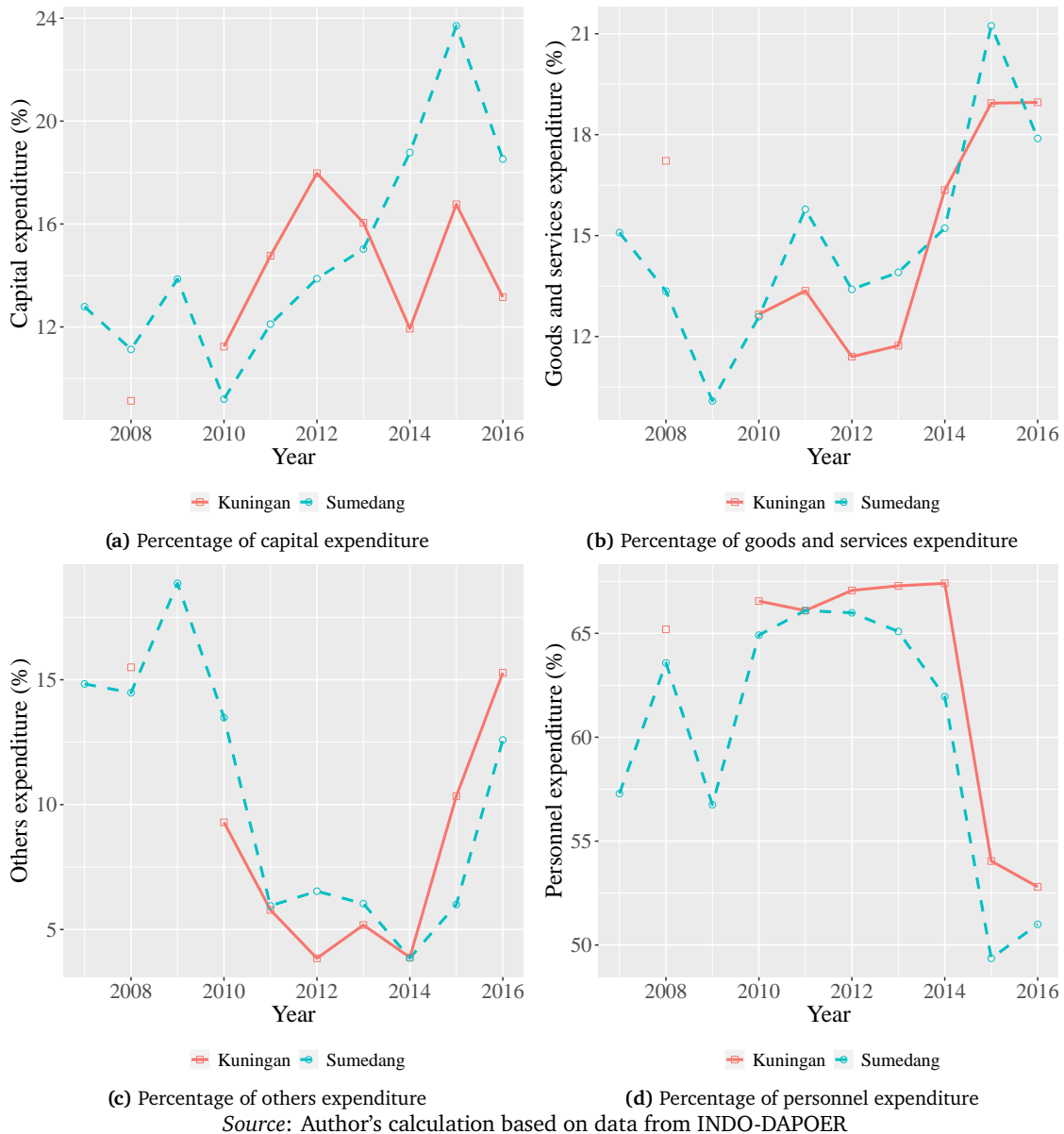


Figure 4.3: Allocation of local budgets in Sumedang and Kuningan 2007–2016

## 4.2 Sumedang: the pioneer of participatory budgeting in Indonesia

The history of participatory experiments and local innovations in Sumedang have been well documented in project reports and academic literature. Sumarto (2008) and Silver and Sofhani (2008) points out that Sumedang has been the pioneer in promoting citizen participation and devolving funds to the lower levels of government.

Silver and Sofhani (2008) note that the effort to introduce a more participatory approach began in 2000 through the formation of Forum Jatinangor, which consisted of local activists and

CSOs. This forum was initiated by Bandung Institute of Technology (ITB), sponsored by USAID, the University of Illinois and the Ford Foundation. The forum aimed at rectifying flaws in the Process of Planning, Implementing and Controlling Regional Development Programs (P5D) that was considered ineffective because it hindered citizen participation. Forum Jatinangor managed to persuade the local government to adopt a participatory approach and to provide grants to villages through a head of the district decree (Silver and Sofhani 2008; Sumarto 2008). However, the change in leadership in 2004 hindered the reform, making donors no longer interested in assisting Sumedang (Sumarto 2008).

In spite of this, CSOs continued to persuade local leaders to further institutionalise citizen participation in planning and budgeting. They realised that a decree was not sufficient to bind the legislature to comply; as a result, a lot of community proposals were overlooked by the local parliament (DPRD). As a consequence, those proposals were not funded by the local budgets. Moreover, as Muluk and Suherman (2011) note, the planning and budgeting processes were neither transparent nor inclusive. In their view, the Musrenbang processes suffered significant flaws, such as lacked information on the availability of resources, venues, and facilitation. As a result, the quality of community proposals was low and without any prioritisation, leading to numerous proposals that were impossible to fund by the local budgets due to fiscal constraints.

Facing difficulties with the district head, CSOs began persuading reform-minded local MPs to propose a reform that would provide a channel to accommodate the community's demands in the local budgets (Muluk and Suherman 2011). This is in contrast to the majority of participatory budgeting cases, in which the executive branch—usually the mayor—initiates the participatory reform (Cabannes 2004, 29). An interview with a local MP (January 13, 2016), who was involved in the discussion with CSOs during the formulation of the local law, revealed that one of the main reasons DPRD supported the bill was because development planning and budgeting have been regulated by different laws and decrees. This resulted in incongruence and disconnection between planning and budgeting processes. The member further noted that Musrenbang, as a participatory planning arena, was very weak in convincing the citizens to participate because their proposals might or might not be implemented. This is because there was no mechanism to ensure that their priorities would be funded. Similarly, an evaluation of participatory planning and budgeting by LGSP (2009b) suggests that the central government regulations on planning

and budgeting processes are complex and highly fragmented. As a result, participatory planning has remained ineffective in translating citizens' inputs into government decisions. Those who indeed participated were often disappointed because they were not involved in the budgeting process because the processes were limited to local agencies and DPRD (Silver and Sofhani 2008, 165).

In 2007, Sumedang district enacted local law 1/2007 on Planning and Budgeting Procedures, which is considered to be best practice for planning and budgeting across local governments in Indonesia. Local law 1/2007 introduced two main innovative features. Firstly, it integrated planning and budgeting through PIK. PIK in Sumedang is allocated to subdistricts based on several indicators, such as population size, poverty rate, literacy rate, child mortality rate and infrastructure conditions. DPRD cannot alter or reject the projects proposed under the PIK scheme. PIK addresses the disconnection between planning and budgeting by providing certainty that community's proposals will be funded by the local budgets. Local law 1/2007 separated subdistrict based indicative funds from *Pagu Indikatif Satuan Kerja Perangkat Daerah* (PI-SKPD) or local agency indicative funding ceiling, the allocation of which is determined through a technocratic approach, based on local agencies' strategic plans. PI-SKPD can also accommodate the community's proposals from Musrenbang that match with the local agencies' strategic plan. Projects proposed for PIK and PI-SKPD make up the local government annual work plan (RKPD), which is the main reference for General Budget Policies and Priority and Provisional Budget Ceiling (KUA-PPAS). The amount of funds allocated to PIK has increased over the years from IDR 25 billion in 2008 to 50 IDR billion in 2016.<sup>4</sup>

Secondly, local law 1/2007 also established *Forum Delegasi Musrenbang* (FDM) or Musrenbang Delegation Forum. According to the district head decree 10/2008 on the Recruitment and Implementation of FDM, the purpose of FDM is to monitor the planning processes, as well as the formulation and implementation of local budgets. Therefore, FDM is technically involved in all stages of local government planning and budgeting, as well as in monitoring project implementations. In the early implementation, the recruitment of FDM was facilitated and initiated by CSOs (Muluk and Djohani 2007). Nowadays, the recruitment is undertaken by

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4. Although the amount of PIK in 2008 was IDR 25 billion, the realised amount was only IDR 5 billion because some of the proposed projects did not follow government regulatory and technical standards (Muluk and Suherman 2011). The amount of PIK was IDR 18.75 billion in 2009, IDR 15 billion in 2010 and 2011, IDR 25 billion in 2012, IDR 35 billion in 2013, IDR 45 billion in 2015 and IDR 50 billion in 2016.

BAPPEDA after the district Musrenbang. The members of FDM are selected from subdistrict delegates and from participants of Forum SKPD or thematic meetings. Currently, there are 60 FDM members in Sumedang, which are made up of 26 subdistrict delegates and 34 sectoral delegates (interview with an FDM member, August 31, 2018). These two main features have been expected to revive the interest of the community to participate in the Musrenbang, as well as to create binding decisions that have to be implemented by the local government to produce responsive, transparent and accountable decisions.

Participatory planning and budgeting in Sumedang is considered to resemble participatory budgeting in Porto Alegre, Brazil. This is because local law 1/2007 was designed using Porto Alegre as a model (Silver and Sofhani 2008, 167). Sumedang has been a role model for improving the process of Musrenbang in Indonesia. Since the introduction of local law 1/2007, many local governments across Indonesia have visited Sumedang to learn about the implementation of PIK and FDM, allegedly to replicate the design in their own districts.

Muluk and Suherman (2011) note that during the early implementation of local law 1/2007, there was a misunderstanding about the purpose and implementation of PIK. The community thought that PIK projects were to be implemented under the CDD framework—i.e., the community is involved not only in the planning stage but also in the implementation stage of the projects. However, the role of the community was limited to planning and monitoring. The community was upset when they found out that the projects funded by PIK were to be implemented by private companies. Local law 1/2007 was replaced by the local law 18/2014 as Sumedang moved toward region-based development and was committed to using Musrenbang documents as the only reference for region-based development.<sup>5</sup> The implementation of PIK was still debated during the formulation of local law 18/2014. The community still considered that PIK projects were best implemented by the community because the quality of the projects would be better if they were implemented by the community, rather than by the private sector. This is because the community would not seek financial benefits from the projects; thus, they would seek to maximise the quantity and quality of the projects. Nevertheless, the role of the community remained limited to getting involved in planning, budgeting and monitoring.<sup>6</sup>

5. The reasons for replacing local law 1/2007 with 18/2014 are explained in the appendix of local law 18/2014.

6. This is explained in the appendix of local law 18/2014.

### 4.2.1 Planning and budgeting processes

The process of planning and budgeting in Sumedang is similar to other local governments in Indonesia as the general guidelines were provided by joint ministerial decree between MOHA and BAPPENAS in 2007, MOHA decree 54/2010 on the Stages and Guidelines for Formulating, Controlling and Evaluating the Implementation of Regional Development Planning, and the ministerial decree 13/2006 on Local Government Financial Management Guidelines and its subsequent revisions, as discussed in Chapter 2.<sup>7</sup> Nevertheless, understanding the processes and the stages specific to Sumedang is critical, as they will be used as a reference when discussing the process and the stages in the other districts. This study focuses on investigating the processes and representation of the community in the village and subdistrict Musrenbang as in the subsequent meetings—thematic forum and Subdistrict Musrenbang—they were represented by the delegates who were elected in the subdistrict Musrenbang. The purpose of these subsequent meetings is to synchronise the proposals that resulted from subdistrict Musrenbang with local agency work plans. However, the subsequent meetings in planning and budgeting are still addressed more generally in the comparative discussions.

#### Preparation stage

In Sumedang, before the village Musrenbang began, BAPPEDA provided technical guidance for village/ward and subdistrict Musrenbang. The guidelines outlined the purposes, mechanisms and the criteria for proposals for PIK. The criteria for PIK varied over the years, depending on the priority of the local government during the year, which was based on the mid-term planning (RPJMD). Meanwhile, the executive and legislature formulated the indicative funding ceiling for each local agency (PI-SKPD) and subdistrict indicative funding ceiling (PIK). The result of this was a memorandum of understanding (MoU) between the executive and the legislature on the indicative funding ceilings that would be available before subdistrict Musrenbang.

On the community side, during the preparation stage, the community at *dusun* held a meeting, which is often called *Pra Musrenbang* or a pre-meeting to discuss the projects that they would propose at the village Musrenbang. This process was facilitated by a team of facilitators, which consisted of village council (BPD), village community development cadres (KPMD) and village

7. The decree was further revised with the ministerial decree 59/2007 and 21/2011.

officials. The team also informed the community about Musrenbang schedule and compiled the community's proposals to be discussed in village Musrenbang. This meeting was usually held informally, or the head of hamlet asked the heads of RWs and RTs about the needs of the community in their areas.

### **Village Musrenbang**

Village Musrenbang began with an opening ceremony in which subdistrict officials outline Musrenbang mechanisms and the strategic priorities of local government for the upcoming year. Before the discussion began, the facilitators provided a list of proposed projects and activities from each hamlet. From the observations in two villages, as part of the fieldwork research of this study, it is clear that by knowing preliminary work plans of local agencies and that there would be funds available to fund community's preferences, the deliberation process became meaningful. Participants exchanged arguments as to why their proposal was more important to be addressed in the next financial year compared to other proposals.

The discussions in the meeting were divided into four sections. In the first section, the participants discussed the priorities that would be funded by village funds. In the second section, they discussed the proposals for PIK, and in the third section, they discussed the proposal for PI-SKPD. In the last section, they selected delegates that would represent their village in subdistrict Musrenbang. In the discussion on the village grants, there were not many arguments exchanged because the participants, the village head and the head of BPD agreed to allocate the funds to each RW. Hence, all RWs in the villages would receive projects in the upcoming financial year. Early reports suggest that the village grants tended to be allocated this way—the funds were divided equally to each RW (Muluk and Djohani 2007). Hence, the projects funded did not necessarily address the main problems faced by the community in a strategic manner, but they were rather allocated to please everybody. From the field observation, this appeared to be as all RWs were unwilling to change their position.

During the discussions on PIK, some participants were still not clear about what projects could be funded by PIK because the village law has devolved several responsibilities and budgets from the district to the village government. Since 2015, by regulation, PIK can no longer be used to fund village responsibilities, as PIK can only be used to fund district responsibilities, such as

roads that connect one village to another, and irrigation schemes that cover beneficiaries from several villages. The facilitator and subdistrict officials provided guidelines on what projects that could and could not be funded by PIK. The proposals for PIK were limited to two for each village, plus one back up proposal in case the main two proposals could not be funded under the PIK scheme. The proposals for PI-SKPD were limited to two. This differs significantly from the early implementation of local law 1/2007, as the activities were mainly formulated by the Musrenbang team—village officials and the facilitator—after the village Musrenbang was held (Muluk and Djohani 2007). This shows that there has been a significant improvement in deliberation and decision-making processes at the village level.

The meetings lasted for more than two hours. After the participants agreed on the priorities, the meeting proceeded with selecting delegates for subdistrict Musrenbang. According to the village Musrenbang guidance, the number of delegates for each village is three and at least one of them must be a woman. In the two villages observed, the discussions for PIK and PI-SKPD funds did not reach a consensus, so the priorities were decided through voting.

### **Subdistrict Musrenbang**

Subdistrict Musrenbang in Sumedang was dynamic. The participants demanded transparency and accountability from the local agencies and local MPs. For example, in one of the subdistrict Musrenbang, the meeting was interrupted for about an hour because the participants had heard that the subdistrict indicative budgets that had been set for 2016 would be reduced due to financial constraints faced by the local government. FDM and CSO members asked the head of BAPPEDA who attended the meeting about the situation. Other participants threatened to leave the meeting if there was no guarantee from the head of BAPPEDA that the PIK for 2016 would not be reduced. The head of BAPPEDA then asked the head of villages and FDM members to discuss the problem in a separate room. As a result, the BAPPEDA head guaranteed that the subdistrict indicative budgets would be implemented without reduction. As Figure 4.3 shows, the proportion of capital as well as goods and services expenditure decreased, while the proportion of personnel and others expenditure increased. Figure 4.3c suggests that the financial constraint was due to the high increase in others expenditure. Moreover, according to the local parliament budgeting team, the Sumedang government faced a budget deficit of around IDR 275 billion in the 2016 financial year

(Gunawan 2016).

The deliberation on the priorities was observed in both subdistricts under observation. In the first subdistrict, the Musrenbang team planned to provide an opportunity for each village to present their proposals and to argue for their significant. However, because the debate on the 2016 PIK took a long time, the participants agreed that the priorities were based on the previous year's priority list, meaning that the projects that had been implemented in 2016 would be deleted from the list and the next priorities that had not been accommodated in the 2016 budget would be the current priorities. The FDM and subdistrict officials were mandated to finalise the priorities. The priority lists would be sent to the BAPPEDA within two days after subdistrict Musrenbang.

In the second subdistrict, the facilitators from FDM and subdistrict officials presented the priorities from each village, and then the participants deliberated on the priorities. Some village delegates complained because their proposals were not listed in the PowerPoint presentation. The facilitators argued that they had not received the proposals from several villages. However, the villages' proposals could still be submitted, and the final priorities would be finalised by the village delegates, FDM and subdistrict officials. Consequently, there was no decision reached in the Musrenbang on subdistrict's priorities that would be funded by PIK and those to be proposed to PI-SKPD. This shows at least three problems in the participatory approach. Firstly, the time for preparations was insufficient for villages to finalise their proposals, which led the subdistrict team to proceed with incomplete information. Secondly, the subdistrict Musrenbang that was held for only a few hours had insufficient time to meaningfully deliberate the community demands. Thirdly, the decision was less transparent since the projects to be funded by PIK were not decided in the Musrenbang. Although the priority lists would still be discussed by village delegates, FDM and subdistrict officials after the Musrenbang, such a practice clearly reduced the transparency of the process. This is because some of the participants, particularly those from the community organisations, would not be involved in the second meeting. Nevertheless, the village delegates would still be involved in the priority formulation to argue for the importance of their proposals. On the other hand, an FDM member suggested that in some subdistricts, before subdistrict Musrenbang, they conducted pre-Musrenbang that lasted for one to two days. This was attended by village heads, community leaders and village delegates to discuss the priorities. This made the formal Musrenbang shorter and ceremonial because they had debated the priorities in advance

(interview August 31, 2018).

Equal division of funds among villages also happened previously at subdistrict Musrenbang, as Muluk and Djohani (2007) note. However, in both subdistricts, this pattern did not persist, as the participants wanted the funds to be used for mid-size infrastructure that could strategically affect broader community needs. The introduction of village grants (DD) has also encouraged this because the projects funded by PIK must address the district's responsibilities and small infrastructure can be funded by village grants (DD).

## 4.2.2 Participation

### In Musrenbang

Data from the fieldwork and Musrenbang documents do not clearly show a causal relationship between participatory budgeting and citizen participation in Musrenbang in Sumedang. Many reports suggest that citizen participation has increased since the introduction of PIK in 2007 (see e.g., Muluk and Suherman 2011; Silver and Sofhani 2008). Data from Musrenbang attendance lists, both at village and subdistrict levels, for the past three years (2014 to 2016) show that there was no significant change in the number of participants during the period. In the first village, the number of participants decreased from 70 in 2014 to 54 participants in 2016. Similarly, in the second village, the number of participants also decreased from 64 participants in 2014 to 42 participants in 2016. Female participants ranged from 31 to 49 per cent during the period (see Figure 4.4). On the other hand, the number of participants at subdistrict Musrenbang was relatively stable at around 70 to 100 participants, with the percentage of women ranging from 26 to 43 per cent over the years (see Figure 4.5).

Sumedang's Musrenbang guideline states that the village and subdistrict office must announce the Musrenbang schedules at least seven days before the Musrenbang is held to allow citizens who want to participate to register. An FGD with Musrenbang participants revealed that any villagers could participate in the Musrenbang because there was no restriction on the participation of those who did not register in advance. Indeed, one of the participants in a village Musrenbang confirmed that he was neither invited nor registered, but he was still allowed to participate (FGD, January 18, 2016). The village office also provided the transport costs of the participants as an incentive to attend the meeting. However, this has not seemed to have made a significant

difference in the level of citizen participation.

This evidence suggests that even though the purpose of PIK has been to address social justice to less developed subdistricts, it has not been translated into the form of representation of disadvantaged groups. When asked why other villagers—particularly the poor—were not invited, most informants argued that, overall, each village area and its community groups were represented by the heads of *dusun*, RWs and RTs, as well as community leaders (*tokoh masyarakat*)—e.g., farmer groups, women groups, religious groups and youth groups. The representation in the village Musrenbang strongly reflects the village authority and the existing power relations within the community. Similar findings are also noted by McCarthy et al. (2014, 242) in their study on the community development program, PNPM. The representation through village governance—hamlets, RWs and RTs—is still claimed to provide legitimate representation, and they can act on behalf of the people in their areas. The village elites still, thus, play a significant role in influencing village level decisions. In fact, the attendance lists and interviews with key informants showed that the participants tend to be the same over the years, which shows that village officials tended to invite the same people over the years.

Therefore, there has been no significant improvement towards a more inclusive approach as Muryaman (2009, 78) notes in the earlier implementation of Local Law 1/2007 where marginalised groups were under-represented. The possible explanation for this is that the existing type of representation—through the existing institutional and social structures—has created a barrier for the marginalised groups to participate. As identified by Cabannes (2004, 28), under this type of representation, the local network will not shift from local elites to ordinary citizens. As a result, the poor will remain alienated from decision-making arenas, which leads to them losing their chance to voice their demands.

The Musrenbang guidelines in Sumedang do not require the poor to be represented in Musrenbang. This is in contrast to PNPM that specifically required participants of the poor. As a result, Voss (2012, 20) found that the participation rate in PNPM meetings at the village level was 48 per cent for women and 60 per cent for the poor. It is interesting to note that Voss (2012) also found that participation in the PNPM meetings was not in line with participation in the meetings and activities outside PNPM. This shows that if a program mandates the local officials to involve the poor in the meeting, they will do so. Similarly, if a program is designed to encourage marginalised

groups to become involved, they are willing to participate. Therefore, a participatory institution should explicitly take the representation of the poor and other marginalised groups into its design.

Space and other resource constraints apparently limited the ability of the village officials to invite more villagers—although the meeting rooms were sufficiently large to accommodate more participants—as they had to provide lunch and transport to the participants. Nevertheless, compared to Musrenbang before the introduction of PIK, in which even the elites (RTs, RWs and community elders) were reluctant to participate (Muluk and Djohani 2007, 9), the level of participation could be seen as an improvement.

### **In budgeting**

Budgeting is the final decision-making stage that determines whether the community's proposals from Musrenbang are funded by the local budgets. Since local law 1/2007 was enacted, the community through their delegates (FDM) have been actively involved in budgeting with local agencies and the DPRD budget committee, particularly in discussions on KUA-PPAS. This was unprecedented in Indonesian decentralisation. However, during 2016 and 2017, FDM members were not invited to the budget discussions in the local parliament (interview with an FDM member August 31, 2018). This was because the local parliament considered that FDM's task was merely to oversee planning processes, while budgeting was an “absolute” responsibility of the legislature and executive (interview with a local MP, September 4, 2018).

### **4.2.3 Responsiveness and transparency**

#### **Local government responsiveness to community demands from Musrenbang**

As the literature reviewed in Chapter 2 suggests, the findings from Sumedang confirm that the more authority transferred to the citizens, the greater the responsiveness of governments. Since the implementation of local law 1/2007, the community decisions on proposals to be funded by PIK in the subdistrict Musrenbang have been accommodated in the local budgets. Nonetheless, in contrast to other well-known practices of participatory budgeting, which are characterised by the focus on small and neighbourhood scale infrastructure (Fung and Wright 2003), PIK in Sumedang has been advocated to focus more on the projects that target subdistrict level interests rather than the village level (see e.g., Muluk and Djohani 2007). PIK was also not further divided

into village-based funds, meaning that the budgets were allocated based on subdistricts, and the villages within each subdistrict had to deliberate how they would allocate the funds. Therefore, the projects funded by PIK might be relatively large, such as roads, and might also be small, such as toilets and footpaths. The location of the projects might also cover several villages or only one village, depending on the amount of PIK. An interview with an official in Sumedang (January 13, 2016) revealed that some PIK has still been used to fund small projects.<sup>8</sup> The official argued that the size of budgets was determined by the size of the projects and there was no intention to allocate the funds such that each village receives the same amount of funds from PIK. However, this was still possible if all the villages within a subdistrict decided to do so. This reflects the authority of the participants to allocate the budgets without intervention from both local agencies and DPRD. PIK has also been usually used to fund training for the community, such as training for health cadres. The training usually covers all villages and wards within a subdistrict.

The allocation of PIK varied across subdistricts over the years. Several subdistricts allocated the funds based on the urgency of the projects such as building a road until it was completed, while others preferred to distribute the funds to several villages—e.g., two to three villages—from one year to another. Even though distributing PIK in such a manner might result in incomplete projects, this decision was left to the subdistrict Musrenbang participants.

The thematic forum (Forum SKPD) allows FDM, local CSOs and interested groups to get involved in deliberation on PI-SKPD. In general, the thematic fora are mandated by the national regulations, but the Sumedang government innovated by recruiting FDM from each of the thematic fora who were selected by the thematic forum participants. FDM from subdistrict and thematic fora are responsible for monitoring the subsequent work plan and budget formulations to ensure that the decisions made in the subdistrict for PIK and in the thematic forum for PI-SKPD are funded by the local government—subject to the availability of resources. The commitment of local government in Sumedang to fund community decisions not only covered the PIK but also PI-SKPD. For instance, if the agriculture agency planned to conduct a training for farmer groups and there had been no specific groups to be trained, the agency had to recruit the groups from subdistricts that proposed the training in Musrenbang (interview with an FDM member August

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8. The official also argued that although some of the PIK projects were small, it was not intended so that the community could implement work on the projects. Under Indonesian regulations, a project up to IDR 200 million can be allocated without public tendering. Therefore, such a project can be implemented by the community or “*swakelola*” in Indonesian.

31, 2018).

### **Information and transparency**

Following Cabannes (2015), transparency and accountability during of the processes of participatory planning are assessed on the availability of information, whether local agencies provide justification as to why a proposal was rejected, and whether there is a mechanism for citizens or their representatives to monitor the implementation of the local budgets. As illustrated in the previous section, the information on the available resources and the provisional local agency work plans were informed to the community as a reference in proposing projects. This shows that the Sumedang government has provided the necessary information to the citizens. Furthermore, transparency in the planning and budgeting processes in Sumedang has been exercised by FDM. FDM in Sumedang not only is responsible for facilitating the Musrenbang and monitoring the budget formulation, but also for monitoring the implementation of the local government projects. In monitoring the projects, FDM may ask the local agencies about why a project has not been implemented or about the technical specification of the projects.

Despite being given an authority to monitor project implementation, FDM often faced difficulties in holding private contractors to account. This is because the role of FDM is limited to reporting to local agencies about their findings from the field. Sometimes, local agencies did not take significant action as a result of the FDM's findings and reports (interview with an FDM member, January 28, 2016). In order to deal with such a situation, FDM often visited the local agency with the community members. For instance, there was a road that was damaged just one month after it had been completed. FDM, together with community members, visited the local agency to discuss the problem. The agency then summoned the contractor and asked the contractor to fix the road (interview with an FDM member August 31, 2018). FDM usually tried to find a solution to problems that might still be able to be fixed.

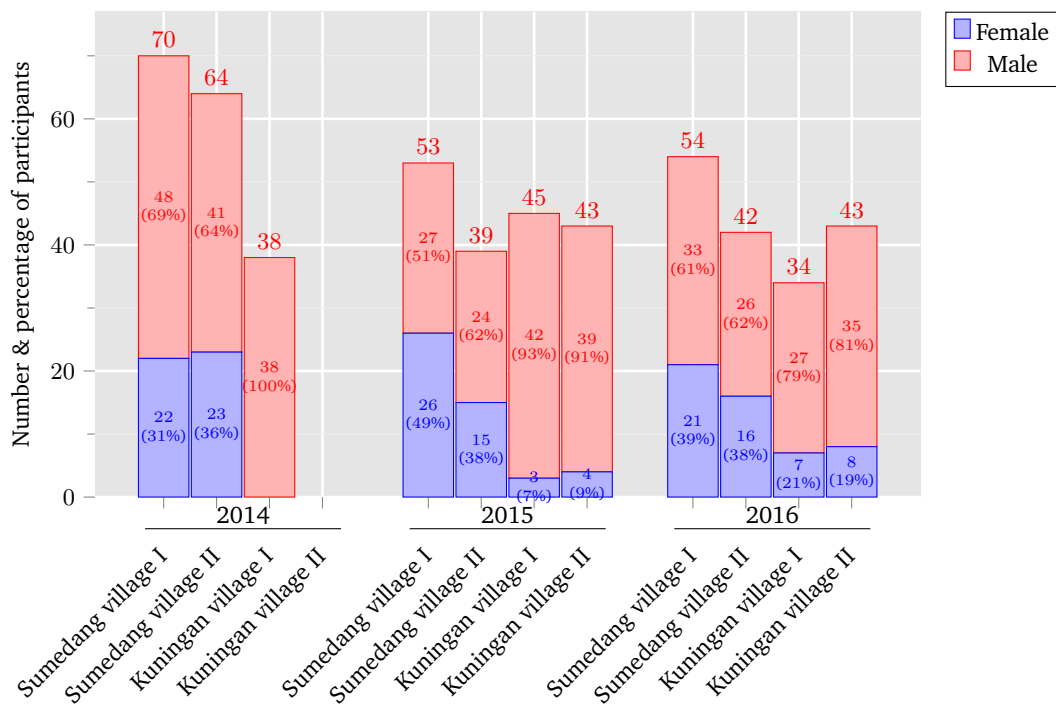
The answerability dimension of accountability was exercised in Musrenbang at all levels, at which participants could ask questions directly to both appointed officials—the bureaucrats—and elected officials—politicians and head of villages.<sup>9</sup> At village Musrenbang, the village head

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9. Heads of villages (*kepala desa*) are directly elected by the community, but by regulation they must not represent any political party. The heads of urban wards (*lurah*) are public servants appointed by the mayor or the head of a district).

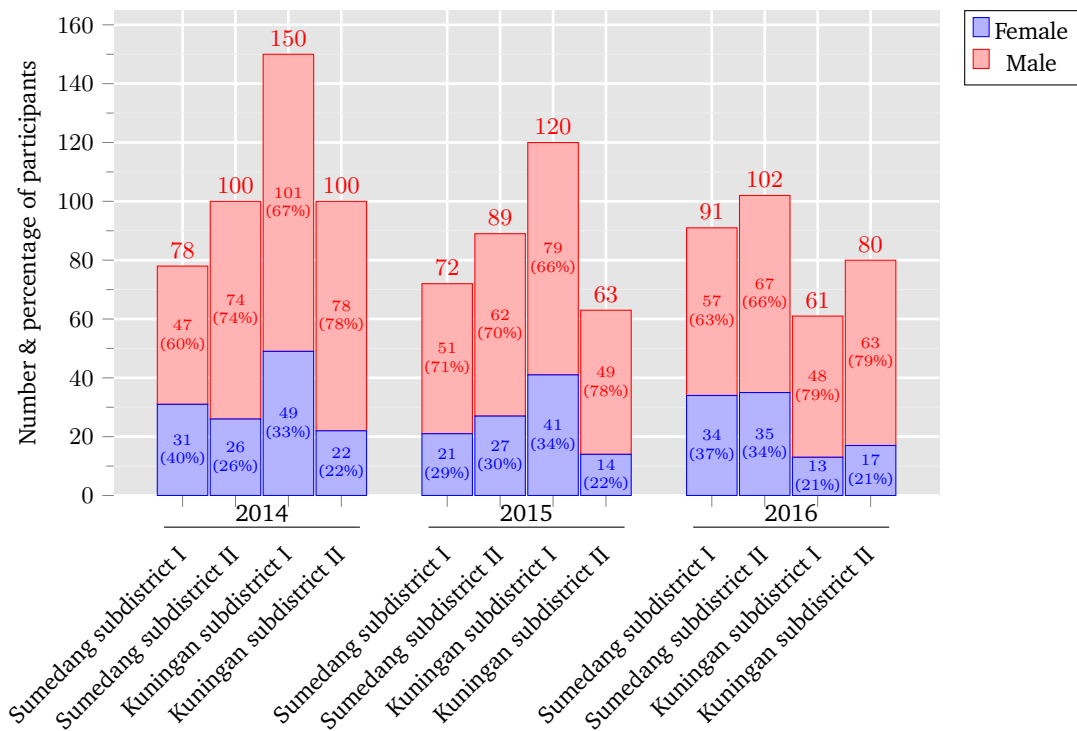
usually presented what projects and activities had been undertaken in the previous year, and the community could ask about the progress of those activities. Similarly, at the subdistrict level, the head of a subdistrict and local agencies also informed the community about projects and activities that would be implemented in the current financial year. At the question and answer session before the deliberation process, the participants usually asked local agency representatives and local MPs about certain proposals or policies. Moreover, after the district Musrenbang, the community could still seek an answer about their proposals through the FDM member from their subdistrict. In both subdistricts observed, local agencies representatives and local MPs were involved in the deliberation processes and explained their priorities for the upcoming financial year.

Nevertheless, the local government commitment to PIK has been questioned over the past years. This is because Sumedang has faced financial difficulties that have forced the government to rationalise the budgets for PIK and PI-SKPD. As a result, the amounts of PIK agreed on in the MoU have often been reduced during budget discussions in the local parliament. For example, the PIK for 2019 was reduced from IDR 15 billion to IDR 11 billion (Korsum 2018).



Source: Data from fieldwork

Figure 4.4: Participants of village Musrenbang in Sumedang and Kuningan 2014–2016 by gender



Source: Data from fieldwork

Figure 4.5: Participants of subdistrict Musrenbang in Sumedang and Kuningan 2014–2016 by gender

### 4.3 Kuningan: demand-making and increased uncertainty

In Kuningan, development planning is regulated by local law 04/2009 on the Local Development Planning System. There have been no records of donor assistance in improving citizen participation in Kuningan. In formulating the bill for development planning, Kuningan district was also not assisted by an international donor, NGOs or CSOs. Although the Musrenbang is regulated in the local law, there is no further explanation regarding an indicative funding ceiling for each local agency and subdistrict area or any the details about citizen participation. In fact, many district governments did not provide indicative budgets for local agencies even until after the district Musrenbang (LGSP 2009b). This indicates that planning processes have not been well integrated into the budgeting processes. Nevertheless, Musrenbang is an important process in formulating the local government work plan.

The planning system in Kuningan provides separate channels for district leadership—head and deputy head of district—and local MPs to input their priorities into the local government annual plan (RKPD). The district head usually gathered citizens’ immediate demands during the visit to villages, whilst local MPs gathered citizens’ demands during recess and hearings. Some of

the local MPs' proposed projects would be accommodated in the local budgets and is called *dana pokok-pokok pikiran*.<sup>10</sup> The members have to input their proposals before the RKPD is signed by the district head. The time frame for imputing proposals for DPRD is similar to the Musrenbang's. Since recess is conducted three times per year, the community aspirations through local MPs can be accommodated in RKPD twice a year. The recess conducted before the RKPD is signed—around June—and can be directly accommodated into the local government work plan. The result of recess after June can be accommodated either in the revised RKPD or in the upcoming year's RKPD.<sup>11</sup>

However, there was no indicative budget explicitly allocated to address communities' demands from Musrenbang. An interview with a local official (January 5, 2016) revealed that they had informally discussed the possibility of adopting PIK along with indicative budgets for political leaders—the head of the district and local MPs—but there was no significant effort to realise it. Local agencies were informed of the indicative budget ceiling during Forum SKPD (thematic forum). Because the information was provided in the middle of the processes, the agencies tended to include many projects in their preliminary work plans. Problems arose in the district Musrenbang when several local agencies were reluctant to change their plans, arguing that their proposed projects were important. As a result, the meeting ended without any decisions, and the Executive Budgeting Team (TAPD) decided to discuss the indicative budget in another session.

#### 4.3.1 Planning and budgeting processes

##### Preparation stage

The information about local government development themes (RPJMD) for the next financial year, and Musrenbang time schedules and mechanisms were sent to local agencies, subdistrict and village offices in October; four months before the village Musrenbang began in January. Apparently, the information was not well delivered to the village level, as one of the villages investigated ended up holding its Musrenbang in December. The village was not aware of the information provided by BAPPEDA. Moreover, there was no mechanism that specifically allowed local agencies to inform subdistrict and village offices about their preliminary work plans. Since the annual development

10. According to MOHA decree 54/2010, in the formulation of the local government work plan, DPRD provides *pokok-pokok pikiran* or main ideas that cover general development priorities, as well as proposed programs and projects.

11. Local governments can revise their budgets after the revised national budget (APBN) is enacted in order to accommodate the central government's policies and to adjust their spending.

themes in RPJMD are very broad and must be translated into programs and projects, informing only the themes to the village officials does not provide sufficient information about local agencies' main priorities in the upcoming year. To obtain the information, village officials had to visit local agencies. It may be difficult for the village community to synchronise their proposals with the local government's priorities in RPJMD without technical guidance from local agencies or FDM in the case of Sumedang. Similar to Sumedang, the community at *dusun* (hamlets) also informally discussed their needs to be proposed in the village Musrenbang.

### **Village Musrenbang**

In general, the mechanisms of village Musrenbang were similar to those in Sumedang. The main source of data for village Musrenbang in Kuningan was obtained from interviews and an FGD with village officials and community members in February 16 and 17, 2016. This is because, during the fieldwork, several villages had already held Musrenbang in December, as mentioned above. An interviewee argued that they did not know that Musrenbang should have been held in January. As a result, one of the village Musrenbang was not attended by subdistrict officials. Since there was no facilitator recruited or provided by the local government, the community held the Musrenbang without any information regarding local agencies' preliminary work plans for the upcoming financial year.

In the second village, Musrenbang was attended by subdistrict officials. The decision on the village's priorities was made through deliberation, and the proposal lists were finalised by village officials. Similar to those in Sumedang, village grants in the two villages were also allocated to each of the hamlets (FGDs February 16, 2016 and interview February 17, 2016). After deciding village priorities, the meeting proceeded with discussing proposals for the subdistrict Musrenbang, followed by selecting five delegates to attend the subdistrict Musrenbang. After the village Musrenbang, the village officials sent the list to the subdistrict office to be uploaded to the local government work plan online system (RKPD online). Although the system provided access for the village office to input their proposals, most villages' proposals were uploaded by subdistrict officials. Each village was advised to propose up to five proposals for each of three thematic sectors, namely infrastructure, social and economic sectors, as well as the area of governance.

### **Subdistrict Musrenbang**

The subdistrict Musrenbang were conducted differently in the two subdistricts observed. In the first subdistrict, after the opening ceremony, the discussions on priorities were divided into the aforementioned three thematic groups. The participants discussed and ranked the proposals from villages, and the final results would be finalised by the subdistrict office. In the second subdistrict, there was no discussion on the priorities at all. After the opening ceremony, local MPs and local agency officials left the meeting. Village delegates were upset and decided to give the mandate to the subdistrict office to formulate the priorities.<sup>12</sup> The participants asked them to stay to provide advice and to get them involved in consensus-making so that they could be held accountable if the Musrenbang priorities were not realised in the upcoming year (interview with Musrenbang participants, February 15, 2016). There was no discussion on selecting the delegates that represent subdistrict in Forum SKPD and district Musrenbang. Data from Musrenbang documents over the last three years (2014–2016) show that the delegates for district Musrenbang from both subdistricts were subdistrict officials instead of community representatives. Therefore, the representation of ordinary citizens in the subsequent meetings after the subdistrict Musrenbang (i.e., thematic meeting and district Musrenbang) was limited, rather the representation merely reflected the subdistrict authority.

### **4.3.2 Participation**

#### **In Musrenbang**

Data from village Musrenbang attendance lists in both of the observed villages show that the number of participants was relatively similar over the period of 2014 to 2016, around 38 to 45 participants. The percentage of female participants ranged from the lowest at 6 per cent in the first village in 2015 to the highest at 21 per cent in the same village in 2016.<sup>13</sup> However, the participants of the subdistrict Musrenbang tended to decrease over the years. In the first subdistrict, for example, participants decreased from 150 in 2014 to 80 in 2016 (see Figure 4.4 and Figure 4.5 for the participants of village and subdistrict Musrenbang in West Java).

12. This problem was also found in participatory budgeting in Brazil, in which high ranking local officials were absent from budget discussions and did not directly engage with the community (Goldfrank 2011, 187).

13. Although the graph shows zero per cent of women participants in the first village in 2014, interview verifications revealed that some women from the Family Welfare Movement (PKK) participated in the meeting.

Similar to Sumedang, the participants of village Musrenbang reflected the institutional and social structure of the villages. Participants were mostly *Kadus*, RWs, RTs and community leaders. Unlike in Sumedang where anyone was allowed to register in order to participate, there was no such a rule in Kuningan. Hence, all the participants were invited by the village and subdistrict officials. An interviewee stated that he participated in the subdistrict Musrenbang because he respected the invitation from the subdistrict head. He was actually reluctant to attend the meeting because Musrenbang results were rarely funded (interview, February 15, 2016). As noted above, the delegates of the thematic meetings were dominated by subdistrict officials rather than ordinary citizens. As a result, citizen participation in the subsequent meetings after subdistrict Musrenbang remained limited.

### **In budgeting**

In the budgeting stage, there was no citizen involvement. Several community representatives were invited to a ceremony on the final decision on the local budgets, in which the local budget was enacted as a local law. However, there was no space for citizens to formally engage with state actors in the budgeting processes.

### **4.3.3 Responsiveness and transparency**

#### **Local government responsiveness to community demands from Musrenbang**

The effectiveness of Musrenbang to channel citizens' preferences in Kuningan varied from one village to another. The first village that was close to the city centre received many projects over the past years, whereas another village that was far from the city centre received very few projects. The village received many projects not only because of its proximity but also because they could align their proposals with local agencies' work plans. For instance, the first village was assigned as part of the green open space program, and if the villagers proposed a project that supported the program, it would be likely that the proposal would be realised. This shows that the technocratic approach has been more dominant than the bottom-up one.

The other village had proposed the same projects—a bridge and irrigation—over the past few years without success. The village head had asked the public works agency about why their proposals had not been funded, and the response from the agencies was that was due to fiscal

constraints (FGD, February 16, 2016). A local official pointed out that community proposals were often rejected because they were not aligned with the agency's work plan (interview, January 6, 2016). The irony is that the purpose of local agencies attending Musrenbang is to get an understanding about community needs and to guide deliberation so that their proposals could align with the agency's work plans. However, since local agencies decided to leave the discussion session, this ideal mechanism has not delivered its intended purposes. From the local agency perspective, Musrenbang results were overwhelming and impossible to fund (interview with an official, January 6, 2016).

Some villages and subdistricts followed up their proposals with local agencies and local MPs in order to get them funded. A subdistrict official who managed the village and subdistrict Musrenbang said that they advised village heads—whose proposed projects become priorities in subdistrict Musrenbang—to send a letter to local agencies and DPRD regarding the importance of the projects. They also advised the village heads to informally lobby local agencies to accommodate their demands. Without doing this, he argued that the proposals would be hard to realise (FGD with the village community and officials, February 16, 2016). This claim was supported by a member of DPRD (interview, January 7, 2016) who pointed out that he frequently helped his constituents with follow up village proposals with local agencies.

### **Information and transparency**

The information regarding the local government provisional work plans and Musrenbang schedule was not disseminated properly as several villages did not receive the information. As a result, one of the villages held Musrenbang without assistance from the subdistrict office.

The participants of subdistrict Musrenbang eagerly sought transparency and accountability from bureaucracy and legislature during the meeting. However, as explained above, local MPs and local agencies tended to leave the meeting after the opening ceremony, giving no space for the community to directly engage with them. Therefore, Musrenbang in Kuningan has not extended social accountability for two reasons. First, the Musrenbang has been merely a ceremonial meeting. Both bureaucrats and local MPs were not interested in getting involved in real deliberation. Secondly, there is no formal participatory mechanism for the citizens to monitor their proposed projects after the Musrenbang stages. This has made the budgeting processes less

accessible to the citizens.

The delegates were actually interested in engaging with the local authority. However, the lack of commitment from local agencies and local MPs has made them disappointed about both the process and the result of Musrenbang. They consistently required the government to realise their demands. However, the community efforts have been undermined by the absence of a more effective participatory institution that allows them to exercise their rights to obtain information and transparency from the local government.

## 4.4 Case comparison and discussion

### 4.4.1 Participation

In both districts, the characteristics of the participants were very similar. Most of them were community leaders. There was no real effort to involve members of the broader community, particularly the poor. The only difference was that Sumedang allowed citizens to register in order to participate. However, this did not change the scope and number of participants. Since in the early implementation of local law 1/2007, the marginalised groups have not been actively involved (Muryaman 2009).

The direct effect of taking part in decision-making processes—e.g., the realisation of the proposed projects—has been expected to improve citizen participation. As Goldfrank (2011, 199) argues, there is a:

[...] link between an individual's participation and the realization of public works that he or she demands. By reinforcing this link, PB [participatory budgeting] open design avoided two common collective action problems that plagued the programs in the other cities: lack of participation because residents doubt its effectiveness and lack of participation because residents think others will participate for them.

However, the evidence shows that although community decisions on the priorities for PIK projects were realised most of the time—as it could not be altered by local agencies and DPRD—the number of participants were relatively stable in Sumedang district over the years. The failure of PIK in Sumedang to attract ordinary citizens to participate is not unique. It was also found in other countries such as Brazil, where those who participated had close links to CSOs (Nylen 2002). However, some other studies suggest that most of the participants were from poorer citizens and neighbourhoods (e.g., Abers 2000; Wampler 2007b).

The model for decision-making and the voting rules in Sumedang may not encourage participation. In some forms of participatory budgeting, such as those in Brazil, the rule is designed to attract citizens to participate without any limit on the number of participants in the first round—the neighbourhood meeting—and the number of delegates for the subsequent rounds for each region is determined by the number of participants during the neighbourhood meeting. Hence, as the number of participants from a region increases, so does the number of delegates (Wampler 2007b, 58).

Designing participatory institutions, particularly on who should be involved in the processes, has been debated. Some argue that the cost of participation—including time, knowledge needed—and personal motivation are fundamental issues in society (Callahan 2006, 154). Moreover, since those who do not participate will also gain benefits from public goods, “free rider” behaviour is inevitable (Olson 1971). Nevertheless, as Cabannes (2004, 28) points out, the practice of participatory budgeting worldwide, particularly on the participation dimension, range from “direct democracy”—in which every citizen has the right to participate and to vote in the meeting—to “community-based representative democracy”—in which citizen participation is indirect through community representatives. Local governments in Indonesia adopt the latter and utilise the existing social and institutional structures. The example from Porto Alegre suggests that the government agencies in charge of community participation, as well as the facilitators should actively encourage the participation of the poor community (Abers 2000, 224) or otherwise, the process will only replicate the village bureaucracy and village elites. Furthermore, Porto Alegre also does not allow local government officials to be elected as delegates (Navarro 2004, 188), which is in contrast to the practice in Kuningan that was dominated by public officials.

To allow broader citizen participation, some local governments in Indonesia have provided websites where citizens can input their demands, including Sumedang. Sumedang offers an online local government work plan through which the district head, DPRD, local agencies, subdistricts and villages can submit their proposed projects. Citizens who cannot participate in Musrenbang can also propose a project using the website and upload the pictures and location of the projects.<sup>14</sup> However, since PIK can only fund Musrenbang results, online proposals can only serve as an identification and signalling mechanism. BAPPEDA of Kuningan also provides an online local

14. Online local government work plan of Sumedang can be accessed at <http://rkpdonlinesumedangkab.com/media.php?module=home>, accessed on 15 October 2016.

government work plan.<sup>15</sup> However, in contrast to Sumedang, individual citizens cannot access and propose projects through the website, as it can only be assessed by village, subdistrict, and local agency officials.

As discussed previously, the Village Law has provided significant grants for villages under DD and ADD. The allocation of these grants must be decided through village Musrenbang. Therefore, it is expected that more villagers will participate because their participation can directly affect the allocation of resources towards their needs. Moreover, contrary to the observed practices in both districts, the Village Law and its subsequent implementation regulations require broader citizen participation, including that of marginalised groups, as well as allow those who want to participate in the village meetings to register seven days in advance.<sup>16</sup> However, this was not enforced in both districts. The management of the village fund is the domain of the Village Community Empowerment Agency. However, they did not play a significant role in the village Musrenbang, meaning the mechanisms mandated by the Village Law were not enforced. As a result, citizen participation in the village Musrenbang remained the same after the enactment of the Village Law. Again, commitment from local governments to enforce the rules and mechanisms is essential in increasing participation, transparency and responsiveness of the local government budgets.

#### 4.4.2 Sharing the local budgets

Both Sumedang and Kuningan have ear-marked their spending to the executive and legislative branches of government. In Sumedang, the funds for DPRD were allocated through *pagu unggulan* or indicative funds for the district's main priorities, which were allocated based on the projection of a district's revenues (interview with a local MP in Sumedang, January 13, 2016). Similarly, in Kuningan, local MPs were provided with a separate channel through local government work plans (RKPD) to propose projects from their constituents under *dana pokok-pokok pikiran*. However, the budgets allocated to the members were not decided until the discussion of KUA-PPAS in DPRD. In Sumedang, the amount of funds for each member was IDR 500 million (interview with a local MP, January 13, 2016) to IDR 1 billion depending on the fiscal capacity or the local government

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15. Online local government work plan of Kuningan can be accessed at <http://rkpd-online.kuningankab.go.id/>, accessed on 15 October 2016.

16. Village Law is further regulated by Government Regulation 43/2014 on Regulation for the Implementation of Law 6/2014 on Village, and Minister for Village, Lagged Regions and Transmigration Decree 2/2015 on Decision-Making Guidelines and Mechanism of Village Meeting.

in the upcoming years (interviews with local MPs, September 4, 2018), and in Kuningan was IDR 300 million (interview, January 7, 2016). Larger amounts of funds were allocated to DPRD leaderships. A member interviewed in Sumedang argued that since local agencies and subdistricts were provided with indicative funds, DPRD should also be provided because DPRD has a budgeting function (interview, January 13, 2016).<sup>17</sup> The funds have been used for proposed projects outside Musrenbang, mostly from local MPs recess.

Such funds have been scrutinised in Indonesia because the funds have been considered pork barrelling. In Kuningan the aspirational funds have been considered to be unjust because the funds can be easily manipulated and appropriated (Radar Cirebon 2014). In Sumedang, the funds have also been opposed by CSOs because their procedures and the allocation did not follow the Musrenbang and were not transparent (Jukardi 2016). The DPRD has been accused of having a “voucher” of IDR 500 million to 1 billion, that was broken down to below IDR 200 million so that the projects might be allocated directly without tendering processes and given to their constituencies (Pikiran Rakyat 2012).<sup>18</sup> Nevertheless, local governments that adopt participatory budgeting often allocate certain amounts of resources to be allocated by the local parliament (Melo 2009, 22–23). Such a practice has been considered a pragmatic way to resolve the conflict between representative and participatory institutions (Melo 2009).

The dominance of local agencies and DPRD in allocating public resources has made the community question the effectiveness of Musrenbang as a bottom-up approach. The community has lost its enthusiasm in Musrenbang in Kuningan because it did not deliver concrete results. The weak link between planning and budgeting and the absence of an area-based budget ceiling in Kuningan has resulted in some areas/subdistricts enjoying many projects while others do not. This meant that the distribution of public resources was not socially just because, as the finding suggests a village that was close to the city centre received many projects, whereas another village that was further away did not. Compared to the implementation of PIK in Sumedang, disadvantaged subdistricts received larger amounts of PIK than more advanced subdistricts. The implementation of PIK in Sumedang seems to have rebuilt trust in Musrenbang because it provides certainty that the community priorities will be realised.

A frequently mentioned argument—i.e., lack of resources—does not seem to be the only

17. DPRD has three functions, namely legislation, budgeting and supervision.

18. Larger funds were allocated to DPRD leadership as mentioned above.

cause for not accommodating community demands through Musrenbang in Kuningan. This is because most local governments—including those that implement PIK—faced similar problems. As depicted in Figure 4.3, both Sumedang and Kuningan had a similar level of personnel spending in 2007–2016. Therefore, it seems that the local government might have been reluctant to devolve some of its authority to the citizens and focused on their own plans and objectives instead. For instance, a village in Kuningan had proposed a bridge since 2007, but it was not built because it required a lot of resources (IDR 700 million as of 2009). Since the bridge was the top priority in the subdistrict Musrenbang for several years (FGD, February 16, 2016), it might have been built if the local government was committed to implementing community priorities such as that under the PIK framework, which funds projects that receive the highest priority in subdistrict Musrenbang.<sup>19</sup> For instance, in a subdistrict Musrenbang in Sumedang, the participants agreed to continue a road project that had been built since 2015 for the 2017 PIK, which cost around IDR 700 million.<sup>20</sup>

In both Sumedang and Kuningan, interviews with village officials suggested that most villages actually received projects every year, but those projects were mostly from the “aspirational funds” of local MPs. Some of these projects were priorities in Musrenbang, while others were not. These funds have been used to build small-scale infrastructure and to provide direct assistance to community groups such as farmer groups and street vendors. A more in-depth discussion on resource distributions based on different planning approaches will be presented in Chapter 6.

#### 4.4.3 The role of PIK after the enactment of village law

In 2015, the Village Law came to effect, and the central government has transferred significant grants for villages to fund their responsibilities.<sup>21</sup> This has changed the criteria of projects that can be funded by PIK in Sumedang. PIK, by regulation, can only be used to fund district responsibilities such as roads that connect one village to another, or irrigation systems that cover beneficiaries from several villages. Consequently, PIK has been increasingly used to fund mid-

19. The participants pointed out that according to a public works survey in 2009, the estimated cost for the bridge was around IDR 700 million (FGD, February 16, 2016).

20. The PIK for 2017 in a subdistrict in Sumedang would be used to fund a road that had been under construction since 2015. The participants decided to finish the road before funding other projects.

21. Village responsibilities are divided into four main responsibilities, namely responsibility based on the origin of the right, and village-scale local responsibilities, responsibilities assigned by central, provincial and district government, and other responsibilities assigned by central, provincial and district government.

size infrastructure, although the funds may still be used to fund small infrastructure. This is in contrast to other participatory budgeting exercises, as Wampler (2007b, 59) suggests that the majority of participatory budgeting programs focus on small projects. Nevertheless, since the early implementation, CSOs in Sumedang have advocated the PIK to fund more mid-size projects—i.e., projects that cover beneficiaries from several villages—rather than small and neighbourhood-oriented infrastructure (Muluk and Djohani 2007).

To some extent, PIK is very similar to DD and ADD because they are all allocated to a specific area, and their allocations are decided by the community through Musrenbang. The difference is that DD and ADD are decided by the community in a village, whereas PIK must be decided by all villages' delegates within a subdistrict. Compared to PIK, the total amount of DD and ADD is higher. Hence, DD and ADD have been considered to be sufficient to accommodate the village's demands. For instance, Sumenep regency in East Java province discontinued PIK after the villages received DD (Pemkab Sumenep 2015). Furthermore, it is interesting to note that several local MPs in Sumedang want to review local law 18/2014 and even want to discontinue PIK because Law 32/2014 on Local Government and Law 6/2004 on Village have divided the responsibilities between the district and village governments (interview, September 4, 2018). However, DD is not an entirely new practice because funds that are specifically transferred by central and sub-national governments to villages have increased significantly since the decentralisation era (Antlöv, Wetterberg, and Dharmawan 2016). Moreover, as mentioned in the previous section, ADD originated from a participatory innovation in Sumedang (Sumarto 2008), which was later expanded to the current subdistrict-based funds (PIK). The current practice of PIK in Sumedang exemplifies that the introduction of DD by the central government does not hinder PIK. Although some village officials suggested that PIK was better allocated to *kelurahan* or wards because they did not receive grants, most village officials argued that they still needed PIK in their villages, particularly to fund district responsibilities that were still in the poor conditions, such as roads and irrigation systems.

It is important to note that the main purpose of PIK in Sumedang has been to fund strategic projects that become priorities at the subdistrict level instead of the village ones (Muluk and Djohani 2007, 5). This means that PIK is not supposed to be distributed equally across all villages, but they are better intended to fund certain projects that are strategic for the subdistrict

population. Hence, the purpose of PIK differs from that of DD and ADD. Furthermore, not all infrastructure in villages are the villages' responsibilities, and district government can still fund village infrastructure under several mechanisms besides village grants.<sup>22</sup> Therefore, PIK is still relevant to improving the responsiveness of the local government and to improving citizen participation. However, in order to achieve this, Musrenbang as a participatory institution needs to be more inclusive, and the priority for PIK should be directed towards certain subdistrict's strategic priorities rather than being revolved around or distributed across all villages.

## 4.5 Concluding remarks

This chapter has highlighted the mechanisms of participatory planning and budgeting in two districts in West Java province. The main conclusion that can be drawn from the comparison is that the implementation of PIK and FDM in Sumedang has provided a greater decision-making power to citizens in planning and budgeting. PIK has rebuilt community trust in Musrenbang because it provides certainty that community decisions will be realised. FDM has also enhanced the accountability mechanism because citizens—through FDM—can monitor their demands from formulation to implementation and interact closely with state actors. In contrast, communities in Kuningan have lost their enthusiasm in Musrenbang because it rarely delivered concrete results. Regarding the characteristics of participants, both districts were very similar. This suggests that PIK and FDM in Sumedang have not attracted voluntary participants, particularly the marginalised groups. The implication of this finding is twofold. Firstly, in designing a participatory institution, policy-makers and CSOs alike should provide specific spaces and incentives for marginalised groups if the institution is to be inclusive. Secondly, the mechanisms should be enforced to ensure the quality of deliberation and representation. Without this, Musrenbang will be dominated by elites' interests and limit the voices of other members of the community in decision-making processes that affect their lives.

In both districts, local MPs have enjoyed discretionary funds to satisfy their constituents' demands. This has been considered unfair in both districts as the funds can easily be appropriated.

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22. Under Indonesian regulations the government may fund projects and provide grants under several mechanisms such as *Bansos* (social assistance), *Hibah* (grant), and purchasing goods that will be given to the community. The example of purchasing goods that will be given to the community will be discussed in Chapter 5, on the Parepare section.

Since the planning system in Kuningan does not provide significant citizen decision-making power, this makes them highly dependent on following up their proposals with local agencies and DPRD, hence lobbying these officials directly. Therefore, the extent to which participatory processes in Kuningan affect the decision of local government remained very limited.

The future of PIK in local governments remains promising, even after the implementation of the Village Law that provides significant grants to villages. PIK can target projects that cannot be funded by village grants. Moreover, PIK can still be used to directly target the immediate needs of the village community that are related to access to education, health, sanitation, as well as direct assistance to the poor community, which are the primary responsibility of the local government.

This chapter has discussed participatory planning and budgeting in West Java. The next chapter will discuss participatory planning and budgeting in two districts in South Sulawesi.

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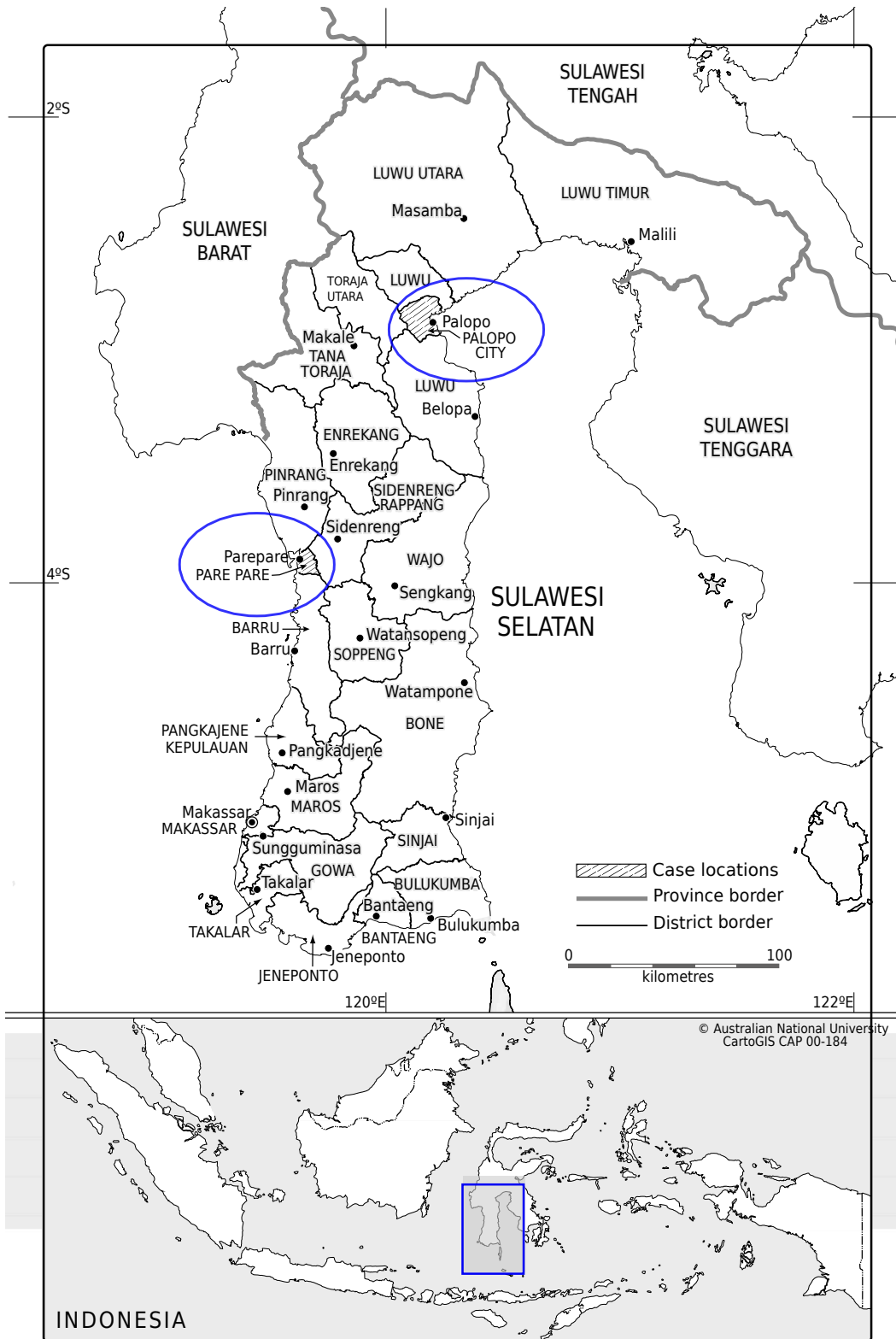
# Participatory Planning and Budgeting in South Sulawesi

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## 5.1 Introduction

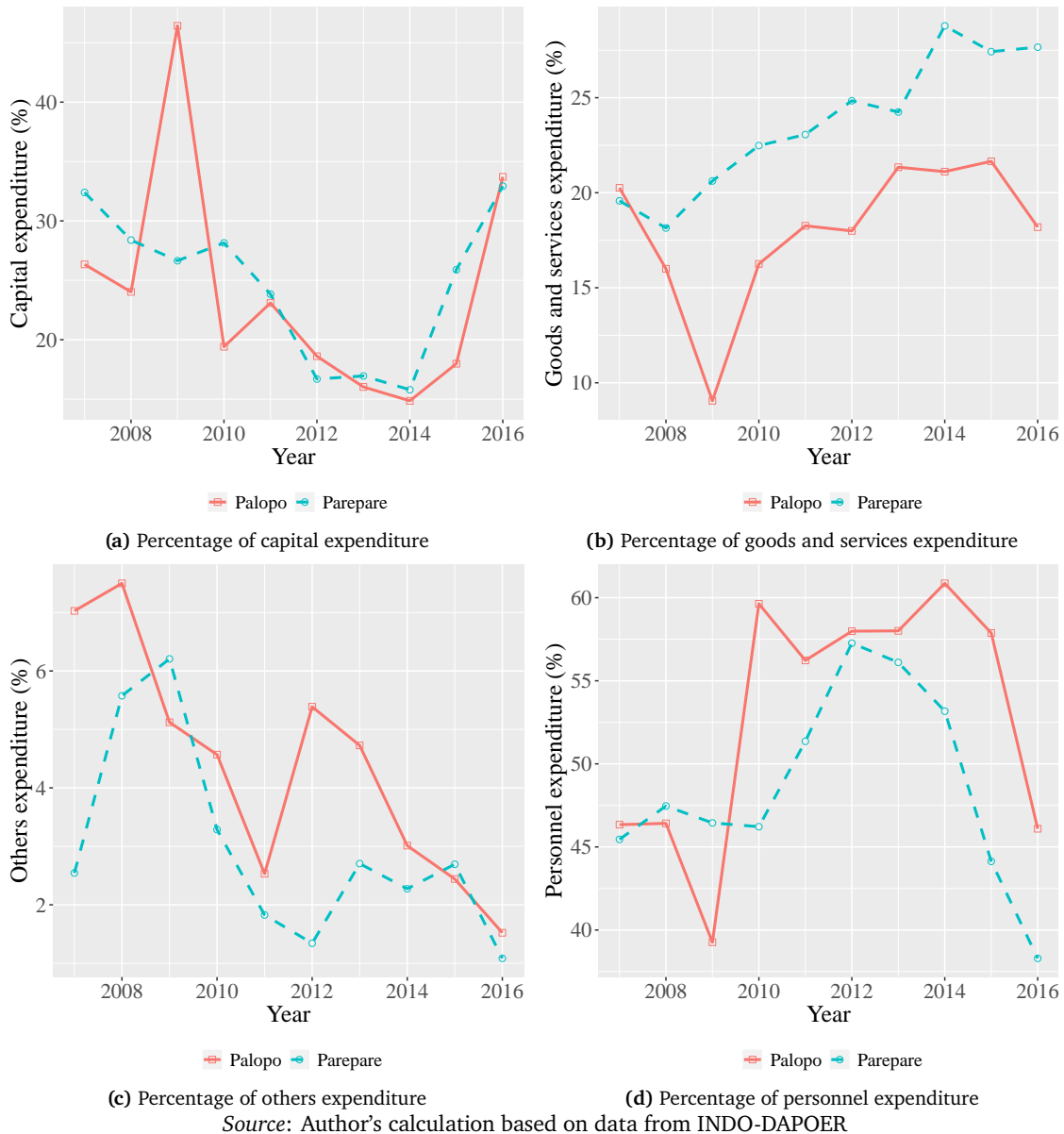
Chapter 4 has discussed participatory planning and budgeting in two districts in the West Java province, namely Sumedang and Kuningan regencies that represents *kabupaten* (regency) and *desa* (village) to assess the implementation of PIK, and their relevance after the enactment of village law. This chapter discusses participatory planning and budgeting in two municipalities in the South Sulawesi province, which represents *kota* (municipality) and *kelurahan* (ward). Although a *kabupaten* also has several *kelurahan* besides *desa*, in *kota* there is no *desa*. In contrast to *desa*, *kelurahan* has not received grants from the central government. However, Law 23/2014 on Local Government actually also mandates the local governments, particularly the *kota* or municipalities, to allocate at least five per cent of their budgets, minus specific allocation grants (DAK), for ward infrastructure and community empowerment. The *Kelurahan* grants have been recently regulated by the Decree of Minister of Home Affairs No. 130 year 2018 on the Construction of Ward's Facilities and Infrastructure and Community Empowerment, which came to effect in 2019. However, at the time of writing, the decree has not been implemented.

This chapter argues that PIK in Parepare that target the poor has made local government policies more responsive towards marginalised groups. PIK has also rebuilt enthusiasm of the community in Musrenbang. However, similar to the West Java cases, there is no difference in the characteristics of the formal Musrenbang participants in Parepare and Palopo. However, PIK in Parepare has allowed the poor to become actively involved in the preparation stage before the ward Musrenbang to voice and to secure their demands. This has provided an excellent model for a poverty targeting policy that can be replicated not only in *kelurahan* but also in *desa*.



Note: Map reproduced with the permission of CartoGIS Services, ANU College of Asia and the Pacific, The Australian National University

Figure 5.1: Case study locations in South Sulawesi



**Figure 5.2:** Allocation of local budgets in Parepare and Palopo 2007–2016

Parepare and Palopo are located in South Sulawesi Province, the most populous province in the eastern part of Indonesia. There are only three municipalities in South Sulawesi, the other one being Makassar, the capital city of the province. Both Parepare and Palopo are located in the coastal areas and cover relatively small areas as depicted in Figure 5.1. Parepare covers the area of around 99 km<sup>2</sup>, with a population of 136,903 people (BPS Kota Parepare 2015). On the other hand, the population of Palopo was 164,903 in 2015, which occupied the area of about 247 km<sup>2</sup> (BPS Kota Palopo 2015). Most residents in both municipalities work in trade and services related sectors, although agriculture remains essential for the populations' jobs.

The proportion of spending in both districts follows similar trajectories from 2007 to 2016 (Figure 5.2).<sup>1</sup> Nevertheless, Parepare consistently allocated a higher proportion of local budgets to goods and services expenditure than did Palopo during the period. Both districts allocated a considerably high proportion of their budgets to personnel expenditure, which was mostly above 40 per cent. Yet, the proportion of personnel expenditure in Palopo was also relatively higher than that in Parepare, except in 2008 and 2009 (Figure 5.2d).

The presentation of this chapter is similar to Chapter 4. Following this introduction section, section 5.2 and section 5.3 present in-depth descriptions of the innovation in Parepare and the current participatory practice in Palopo, respectively. Section 5.4 compares the cases and discusses the findings. Section 5.5 presents the conclusion of this chapter.

## 5.2 Parepare: moving from ceremonial meetings towards pro-poor policy

An attempt to create spaces for citizen participation in decision-making processes and to improve transparency in Parepare began in 2001 under donors' assistance. As noted by Sumarto (2008), local law 17/2004 on the Implementation of Community-Based Development was created with assistance from Perform-USAID. This local law established *Kelurahan* Facilitators or ward facilitators that assisted the community to formulate planning documents and to help the community liaise with local agencies. However, the local law was not effectively implemented; thus, it was not effective in influencing the local government's policies and budgets. Nevertheless, community facilitators have continued to play their roles in development planning as the new local law 1/2010 on Community-Based Planning and Budgeting was enacted in 2010.

The initiative for the formulation of local law 1/2010 that mandates PIK and FDM began in 2008 when CSOs considered that the annual Musrenbang had become a routine ceremony without having much impact on the local budgets. They persuaded the local parliament to propose a reform and to replace local law 17/2004 in order to encourage community participation in planning and budgeting processes and to accommodate more community aspirations in the local budgets (LGSP 2009a, 197–98; Thamrin 2009, 25). This initiative was also supported by USAID

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1. Data from INDO-DAPOER used in this chapter were last updated on June 28, 2018 and were retrieved on August 19, 2018.

through LGSP (LGSP 2009b, 5-14–5-15).<sup>2</sup> In the discussions, CSOs, the local parliament and local agencies considered that the participatory approach implemented in Sumedang was a good model that could be replicated in Parepare. They visited Sumedang to learn about the participatory model that was later adopted (interview with a local official, February 1, 2016). Therefore, the planning and budgeting system in Parepare is very similar to that in Sumedang as it adopts both PIK and FDM.

Local law 1/2010 came to effect in 2011 for the 2012 financial year budgets. However, during that time, the law was not implemented effectively because the local parliament, that had initiated the bill, rejected to fully implement PIK, and wanted to revise the law (interview with a local official, February 1, 2016). This shows that to some extent, elected representatives felt that their power to allocate resources was threatened and reduced by the existence of participatory budgeting that devolved some authority to citizens to allocate local budgets (Aragonès and Sánchez-Pagés 2009; Baiocchi and Ganuza 2014, 31). At that time, the municipality government and DPRD had not provided a memorandum of understanding (MoU) on an indicative funding ceiling before the subdistrict Musrenbang was held, meaning that the amount of funds available for community proposals was not agreed on in advance. As a result, most of the community's proposals were rejected. In response to this, FDM and ward facilitators protested and burned a copy of the local law during a thematic meeting (Forum SKPD) (*Tribun Timur* 2012). In its early implementation, PIK also faced several problems, such as the community wanting to directly implement the projects funded by PIK, and inaccurate procurement planning—e.g., the community did not include taxes in their proposed budgets for tools (interview with a local MP, September 18, 2018). In 2014, BAPPEDA formulated the technical guidance for the PIK and FDM implementation that came to effect in 2015. Since then, the local government and DPRD have provided an MoU for PIK. As a result, local agencies and DPRD can no longer reject or alter the community proposals decided in the subdistrict Musrenbang, unless the proposals do not meet with the local agencies' technical guidance.

PIK in Parepare has been allocated using the following formula. Firstly, the total amount of PIK was the projected total of direct expenditure minus DAK, provincial grants and funds for local agencies (PI-SKPD). Secondly, 50 per cent of the total amounts of PIK was allocated equally across all wards, and 50 per cent was allocated using six indicators, namely population

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2. The local law 1/2010 was enacted after the LGSP ended in 2009.

size, subdistrict area, the numbers of micro and small business, the number of poor households, revenue from land and building taxes, and the number of farmers and fishermen groups. The weight of these six indicators tended to vary over the years. PIK in Parepare differs from that in Sumedang in two ways. Firstly, PIK in Parepare is not intended and never advocated for mid-size infrastructure. Rather, it focuses more on micro- and small-scale infrastructure and direct government assistance, which are the immediate needs of the citizens. This often leads to more practicable solutions (Brinkerhoff and Azfar 2006). Secondly, PIK has been increasingly used to assist marginalised groups and to some extent have been used as a poverty reduction approach. In the early implementation, certain proportions of PIK were used to fund small roads and drainage channels. Nowadays, community proposals have been dominated by direct assistance to support micro businesses and house repairs. The Musrenbang results have been also more accommodating towards women's activities such as catering and tailoring businesses, which are practised mostly by women in Parepare.<sup>3</sup>

In contrast to FDM in Sumedang, FDM in Parepare is only responsible for monitoring the formulation of RKPD and local budgets, but it is not involved in the monitoring of project implementation. The role of FDM in the formulation of RKPD is to ensure that the proposals for PIK have followed the technical guidance provided by local agencies. In the budgeting stage, FDM monitors the discussions of KUA-PPAS and the subsequent budget discussions to ensure that the community's proposals and the beneficiaries are not altered or rejected by the DPRD. The local law states that the FDM consists of two delegates for each subdistrict. In practice, if the local agencies or DPRD require explanations and clarifications about the proposed projects or beneficiaries, FDM will contact the ward facilitators as well as RTs and RWs for the clarifications. In contrast to FDM in Sumedang that works for the whole year, FDM in Parepare is only responsible for monitoring planning and budgeting processes. Nevertheless, in the implementation stage, ward facilitators are involved in witnessing the distributions of direct assistance to the beneficiaries.

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3. These activities are also practised by men, but in the Parepare case, PIK specifically targets women groups that practice these activities. Catering is mostly in small scale cake making, which is commonly provided by households, not by businesses. Men tend to propose farming, fishing and mechanical tools.

### 5.2.1 Planning and budgeting processes

#### Preparation stage

Before the ward Musrenbang began, ward facilitators in cooperation with ward officials, RWs, RTs and *Lembaga Pemberdayaan Masyarakat Kelurahan* (LPMK) or the Ward Community Empowerment Board facilitated the community to identify their problems and needs to be proposed in the ward Musrenbang. This included identifying potential beneficiaries of government assistance such as provisions of latrine and house repair programs for the poor, and assistance for micro-businesses. The government assistance for micro-businesses consists of assistance for establishing new micro-businesses and for supporting the existing micro-businesses. This assistance, however, is not provided in the form of grants but in the form of goods, such as materials for toilets and houses, and tools for carpenters and fishers. RWs and RTs assisted by ward facilitators assess whether a person who proposes the assistance is eligible and has the willingness to start a new business. For instance, those who propose house repairs are indeed poor, and those who propose support for existing street vendors have already run their business. This is to ensure that government assistance will not be wasted. Potential beneficiaries of a proposed project should attach their identification cards [*Kartu Tanda Penduduk* (KTP) or Resident Identity Card, or *Kartu Keluarga* (KK) or Family Card], as proof of residence (interview with a local official, February 11, 2016).

The potential beneficiaries of the government assistance—e.g., house repair and micro-businesses—have to be listed in *Tim Nasional Percepatan Penanggulangan Kemiskinan* (TNP2K) or the National Team for the Acceleration of Poverty Reduction's data, which consists of poor families. However, as acknowledged by several officials, some of the beneficiaries were not listed in the TNP2K data. This is because sometimes the RTs and RWs also use direct observations in their neighbourhoods to determine whether the proposed beneficiaries are eligible (interview with a local official, September 18, 2018). Nevertheless, in order to minimise ineligible recipients, BAPPEDA verifies the proposed beneficiaries, and the local agencies also visit them to ensure that they meet the agencies' eligibility criteria. Among other districts in this case study research, Parepare put the most significant efforts to assist the community in formulating their demands at the neighbourhood level. It takes considerable time and resources for the ward office and facilitators to undertake the preparation stage before the ward Musrenbang is held. It is important to note that ward facilitators are recruited and trained by BAPPEDA to facilitate the Musrenbang

processes and to formulate Musrenbang documents.

Meanwhile, the executive and legislature prepare an MoU on indicative funding ceilings for local agencies (PI-SKPD) and for subdistricts (PIK). This, however, becomes available after the ward Musrenbang has been conducted, but the participants are usually advised to refer to the previous year PIK. Furthermore, the information regarding the preliminary work plan of the local agencies was not provided before the ward Musrenbang. Instead, the information on general priorities of local government in the upcoming year was outlined by BAPPEDA during the ward Musrenbang. This seemed to be less effective because the community had already formulated their proposals in the preparation stage. Nonetheless, this could still be useful as long as the local agency representatives assisted the Musrenbang participants in prioritising their proposals.

### **Ward Musrenbang**

The process of Musrenbang varied between wards. In one ward, the deliberation session began after the opening ceremony, in which the facilitator provided all participants with a document containing a list of proposals from each neighbourhood. The participants were then divided into three thematic groups: 1) infrastructure; 2) economic; and 3) social, culture and governance. Each group discussed and prioritised the list and put a new proposal on the list if it had been left out. During this process, local agency representatives assisted the community by explaining their upcoming priorities. After the deliberation session, the meeting continued with a question session with BAPPEDA and the ward facilitator regarding the previous year's problems with PIK's beneficiaries because they considered that the recipients of government assistance were not the targeted groups. In the other ward, however, there was no deliberation on the community proposals. The meeting only provided an opportunity for the participants to ask local MPs and local agencies about their proposals, in which the participants mainly complained about the proposals that were not realised in the previous year.

In contrast to that in Sumedang and Kuningan, all ward Musrenbang in Parepare were attended by local agency representatives and some ward Musrenbang were attended by local MPs. This provided an opportunity for the ward community to directly confront those officials regarding their needs and the problems in the budget implementations. Thus, ward Musrenbang not only served as a participatory planning arena but also as a place to raise the community's concerns

regarding local government management and service delivery.

### **Subdistrict Musrenbang**

The variation of the processes was also observed in the subdistrict Musrenbang. In one subdistrict, the deliberation was dynamic, and most of the local MPs from the electoral area attended the meeting. The deliberation on the priorities was also held after the question and answer session, in which the participants were divided into the three thematic groups similar to those in the ward Musrenbang. However, in the other subdistrict, there was no discussion at all. The participants were upset because BAPPEDA that was supposed to guide them was represented by a low ranking official, and there was no local MP to attend the meeting. After the opening ceremony, the participants and representatives from local agencies left the meeting. As a result, the subdistrict head decided to give the mandate to the ward facilitators and ward delegates to formulate the priorities.

After the subdistrict Musrenbang, the delegates and facilitators formulated the budgets allocated for each of the activities proposed to PIK and verified the potential beneficiaries to minimise the chance for local agencies or local parliament to reject or change the proposals (interview with a local official, February 11, 2016). An interview with a ward facilitator (February 1, 2016) revealed that in the budget formulation, they were often summoned by DPRD and local agencies to verify the proposed projects and beneficiaries.

Another important thing to note is that all priorities from the subdistrict Musrenbang were verified by the local agencies before the district Musrenbang to assess the technical feasibility of the proposed projects and to estimate the costs of the proposals (interview with a local official, February 3, 2016). Therefore, the official continued, if the community asked about why their proposals were not funded, they could explain it from the technical and financial perspective. Among the four districts, only Parepare municipality undertook such a practice. This shows that the local agencies have taken the community proposals seriously into their work plan.

## 5.2.2 Participation

### In Musrenbang

Musrenbang in the wards observed were attended by 26 to 127 participants from 2014 to 2016. Among these, the percentage of women was quite high, around 40 to 65 per cent. This is probably because many of the RWs and RTs were women and local agencies tend to send female representatives. It is interesting to note that in one of the wards observed, the main participants of the discussion session were women. This was mainly because the majority of government assistance beneficiaries in the previous year were women.<sup>4</sup> The participants of subdistrict Musrenbang numbered around 72 to 82 during the period, and female participants were around 30 to 46 per cent of these numbers; a lower percentage than in the ward Musrenbang. The participants of the ward and subdistrict Musrenbang in South Sulawesi cases are shown in Figure 5.3 and Figure 5.4.

Since the participants were by invitation, both ward and subdistrict Musrenbang were dominated by ward institutional and social structure—i.e., RWs, RTs, and community organisation representatives. There were no specific invitations to the poor to participate. However, as previously described, during the Musrenbang preparation stage, the facilitators, RWs and RTs consulted with the poor regarding the assistance to be proposed in the ward and subdistrict Musrenbang. This is because, as explained above, government assistance is only provided for the poor. Therefore, actually, during the preparation stage, the poor were actively involved in formulating their own needs. However, in the ward Musrenbang, they were not invited. A Musrenbang participant suggested that the poor—the potential beneficiaries of direct assistance—were mostly rickshaw drivers, street vendors and other labourers that could not afford to leave their activities (interview with a Musrenbang participant, February 10, 2016). This confirms other studies' findings that suggest participatory mechanisms tend to have high opportunity costs for the poor (Fung and Wright 2003). The participant further argued that even if the poor were invited they might not come as they prefer to earn a living. Moreover, it was the responsibility of the ward facilitators to identify to channel the demands of the poor to the ward, subdistrict and municipality government.

Most government assistance requires the beneficiaries to form a group, such as tailoring groups,

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4. From the observations and interviews in 2015, PIK for the ward was mainly allocated for tailor and catering groups, whose members were mainly women.

fishermen groups, and catering groups. However, government assistance may also be provided for individuals or families such as materials for house repairs, toilets, street vendors and carpenters. Before starting a new business such as tailoring, the beneficiaries are provided with training to improve their skills.

### **In budgeting**

In the budgeting stage at the local parliaments, FDM was consulted and summoned if their proposals were not consistent with the technical guidance. Moreover, CSOs actively monitor the budget discussions in the local parliament from the public gallery. The CSO roles in monitoring the budgeting processes in the local parliament will be discussed in a section below.

### **5.2.3 Responsiveness and transparency**

#### **Local government responsiveness to community demands from Musrenbang**

During the early implementation of PIK, the community still considered that the local government and DPRD commitment to fund community proposals was low, making the local budgets not responsive for two reasons. Firstly, the subdistrict indicative ceiling was not agreed on in advance because DPRD was reluctant to implement PIK. As a result, most communities' proposals were not realised. Secondly, local agencies and DPRD could still alter the beneficiaries of the government assistance and the location of infrastructure projects. As a result, the names and locations that had been decided in Musrenbang were often different from those realised in the local budgets (interview with a Musrenbang participant, February 10, 2016).

However, this has changed since the beneficiaries of PIK projects must be accompanied by the names and addresses of the beneficiaries. A local official noted that incomplete data on beneficiaries might provide opportunities for local MPs to alter the beneficiaries or to reject the proposal (interview, February 11, 2016). Nevertheless, several interviewees from ward facilitators suggested that now, most of the time, if there were incomplete data, local MPs and local agencies notified FDM and ward facilitators to rectify their proposals, or even allowed them to substitute the proposal with a new one if it was not aligned with the local agency work plan (interview with a delegate, February 10, 2016 and a local official, February 11, 2016). It seems that over the years, the implementation of PIK and FDM in Parepare have improved, as since 2015, almost all

community proposals through PIK have been realised. This shows that both the executive and legislative have committed to implementing the community preferences through Musrenbang, hence are more responsive.

The implementation of local law 1/2010 in Parepare has extended towards “built in pro-poor bias” (Ackerman 2004, 451) for two reasons. Firstly, PIK is allocated based on the number of poor households, meaning that poorer wards will get more funds than their counterparts. Secondly, in the planning and budgeting, a proportion of the funds is allocated directly to support poor families. The roles of ward facilitators, RWs and RTs are to identify the community demands and to ensure that the poor have the opportunity to voice their demands in the preparation stage. They then guard these demands in ward and subdistrict Musrenbang. Although ward facilitators and neighbourhood leaders have the potential to capture the PIK, the by name and by address system and verification by local agencies minimise ineligible beneficiaries and elite capture.

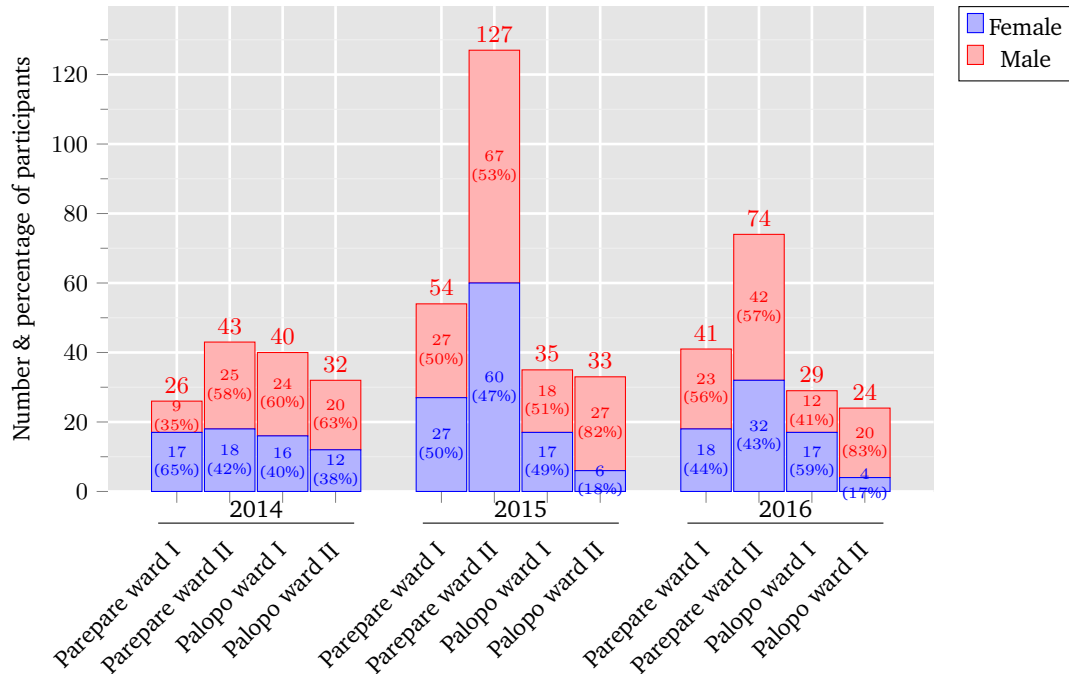
The FDM’s role is to ensure that PIK is not misappropriated by local MPs and local agencies and that the proposed projects are not altered or ignored by them. The institutional design of planning and budgeting has minimised the appropriation and manipulation of local budgets to gain political support. This is because the community is now aware that they should get government assistance, not because of certain local MPs or local officials but because the institution was designed such that the allocation of resources can improve the livelihoods of the poor.

Nevertheless, local MPs could still allocate funds to their constituents’ proposals from the recess in the local budgets. However, this does not alter or reduce the beneficiaries that have been decided in the Musrenbang (this will be discussed further in Chapter 6).

### **Information and transparency**

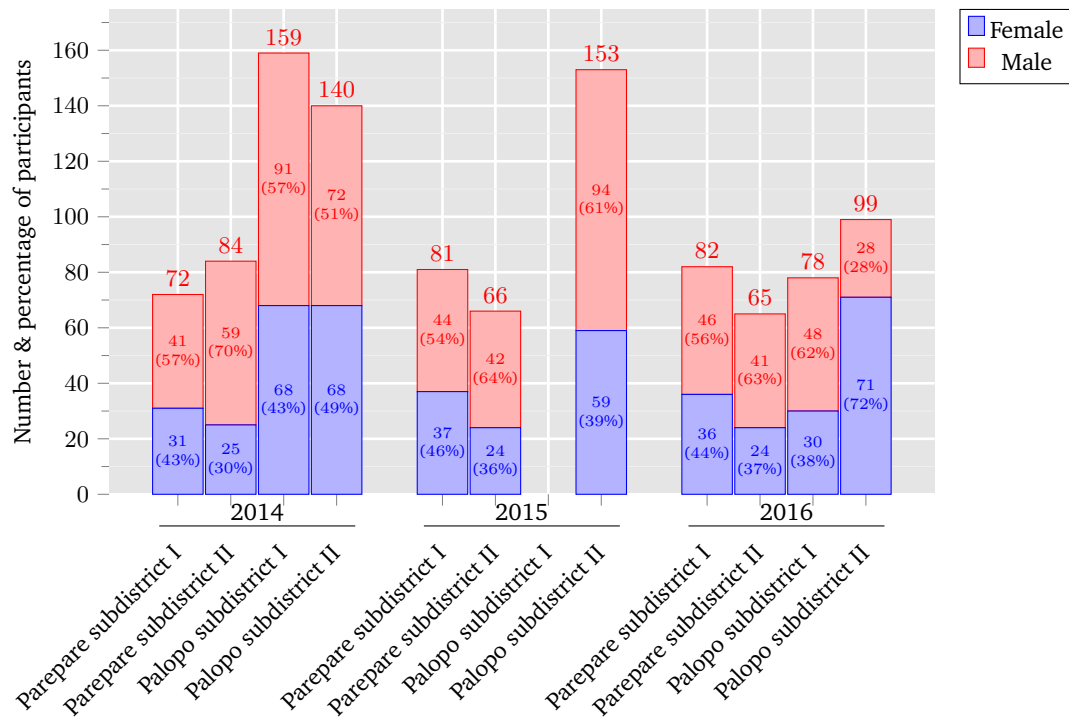
In regard to information related to planning and budgeting, Parepare municipality provided information about PIK to the subdistrict and ward community before the subdistrict Musrenbang. However, this was not accompanied by the information regarding the local agency work plan, which was presented during the ward Musrenbang. Nevertheless, the local agency representatives assisted the ward Musrenbang participants in formulating their priorities. The information regarding the PI-SKPD (indicative budgets for local agencies) was not available to the community. Thus, the allocation of PI-SKPD remained untouched by the community. It is interesting to note

that the Musrenbang participants considered PI-SKPD funds were the discretionary right of the local agencies, as the PIK was discretionary rights of citizens.



Source: Data from fieldwork

Figure 5.3: Participants of ward Musrenbang in Parepare and Palopo 2014–2016 by gender



Source: Data from fieldwork

Figure 5.4: Participants of subdistrict Musrenbang in Parepare and Palopo 2014–2016 by gender

Furthermore, in contrast to the FDM practice in Sumedang, the accountability mechanisms exercised by FDM in Parepare are not extended to monitoring project implementations. By central government regulation, all citizens have the right to report and to require information from local agencies regarding project implementations. However, without a local law that formally mandates community representatives to monitor the local budgets, such a mechanism is not likely to be exercised by many ordinary citizens. Moreover, it is still challenging to monitor private contractors due to the nature of bureaucracy (interview with a Musrenbang participant, February 10, 2016). This has made Musrenbang a frequently used arena for the ward community to complain about the problems that they found in the project implementation. For instance, as mentioned in the previous section, the participants asked the BAPPEDA and ward facilitators about the issues with beneficiaries of the government assistance in the ward Musrenbang, that they believed to be unfair because they doubted the eligibility of the recipients.

The budgeting processes in the local parliament have also been monitored by CSOs by attending the budget discussions from the public gallery, which they call “*fraksi balkon*” or balcony faction (BaKTI 2014). The term “*fraksi balkon*” came from the public gallery—an area allocated to citizens to view the proceeding in the local parliament—from which the activists sit and monitor the budget discussion (BaKTI 2014). The Parepare case shows the importance of active CSOs and citizens to demand accountability and responsiveness from their local government. In spite of strong oppositions from local parliament during the early implementation, CSOs, FDM and ward facilitators kept protesting and put pressure on the local parliament to implement the local law. As a result, the local law has been implemented accordingly, and the mechanisms have improved.

### 5.3 Palopo: CDD reform stalled

Citizen involvement in Musrenbang in Palopo is regulated by local law 5/2008 on Transparency and Community Participation in Public Policy. This was initiated by DPRD and CSOs with assistance from the Local Government Support Program (LGSP) (LGSP 2009b). The local law provides space for citizens to participate in Musrenbang, public consultations and thematic fora with local agencies. However, the local law and the Mayoral decree 11/2008 on its implementation do not provide further frameworks on how the community should participate in the planning processes. The law also called for the establishment of a Public Transparency Committee within a year after

its enactment. The roles of the committee are to receive complaints, to ask for an explanation from public officials, and to make decisions on the community complaints. However, as LGSP (2009b) notes, the local parliament did not set up the committee promptly, resulting in a delay of the committee members selection. Several CSOs had to persuade and put pressure on the local parliament to set up the committee. Nevertheless, the commission members were inaugurated in August 2009. However, The Public Transparency Committee no longer exists in Palopo (this will be further discussed in Chapter 7)

The role of Musrenbang in Palopo is important as it is formally intended as the only gateway for any proposed projects to be funded by the local budgets. Even the proposals from local MPs' constituents in a recess should be formally listed in the Musrenbang documents (interview with local bureaucrats, February 4 and 5, 2016).<sup>5</sup> However, this was not always strictly implemented as the interviews with local bureaucrats, and Musrenbang participants revealed that some projects funded in the 2015 financial year were not proposed through Musrenbang (interview a local official, February 4, 2016). This suggests that the policy was not implemented correctly. The indicative budgets for local agencies in Palopo were provided during the formulation of KUA-PPAS (the provisional budgets). Compared to the other districts in this study, this is the latest one, as the other districts had provided the indicative budgets earlier during the formulation of local government work plans at the executive branch before the budget discussions with the local parliament.

Interviews with local officials revealed that they had proposed that BAPPEDA implement PIK scheme since 2015, but BAPPEDA was reluctant to implement it (interview, February 4, 2016). BAPPEDA argued that in order to be implemented, such a mechanism must be regulated through a local law or a mayoral decree (interview with a local official, February 5, 2016).

In response to community demands through Musrenbang, in 2016, the municipality provided IDR 100 million *Kelurahan* Grants for each ward that were implemented using CDD schemes. The CDD projects were implemented as a pilot project, and the amount of grants would be increased if the projects succeeded. However, the CDD project only lasted for one year and did not continue. Some wards did not complete the project because the project was launched after the revised budget was enacted, leaving only a short time for the ward office and community to implement

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5. Although MOHA decree no. 54/2010 and its successor MOHA decree no. 86/2017 permits local MPs proposals to be submitted directly to District Musrenbang without being proposed in the village/ward Musrenbang.

the projects. The CDD project was discontinued because Palopo has received grants from the central government under *Kota Tanpa Kumuh* or National Slum Upgrading Project (NUSP), which provided more funds for neighbourhood development (interview with a local official, September 14, 2018). The official considered that NUSP is similar to the discontinued Kelurahan Grant, as they were both implemented by the community.

### 5.3.1 Planning and budgeting processes

#### Preparation stage

Before the ward Musrenbang, the ward office conducted preparation in the neighbourhoods mostly through informal discussions to identify neighbourhoods' demands and to list the demands in a form provided by the ward office. Similar to that in Parepare, the Community Empowerment Agency (CEA) was responsible for managing the ward Musrenbang schedule in cooperation with BAPPEDA. In the preparation stage, before the ward Musrenbang began, the wards office informed the neighbourhoods (RWs) to deliberate on the needs in their neighbourhoods and to propose projects to rectify them. Based on the neighbourhoods' proposals, wards officials visited the location of proposed projects and took pictures to accompany the proposal.

The indicative budgets for local agencies, however, were not provided during the Musrenbang stages. Similar to the Musrenbang in Parepare, local agencies did not inform their preliminary work plan for the upcoming year, and instead, they informed the community during the ward Musrenbang. Nevertheless, an FGD (February 4, 2016) revealed that some local agencies provided information to ward heads about their programs, which particularly applied to agricultural extensions and other agencies that had personnel in wards. Yet, the information often only reached certain groups, particularly those who had worked closely with those agencies. In order to obtain information from other agencies, ward heads had to visit the agencies. The problems caused due to the lack of information became apparent in the ward Musrenbang, as some participants did not understand the criteria for a proposal to be submitted. For instance, participants did not know that in order to propose a building, the land had to be available and provided by the community.

**Ward Musrenbang**

Ward Musrenbang in both wards observed ran for about an hour. The head of the subdistrict and the CEA representative delivered an opening speech about the main themes of the upcoming year local government plans. In the first ward, they stressed the importance of Musrenbang as the only channel for the proposals to be accepted. The head of the subdistrict recognised that Musrenbang had not been an effective arena to get the project funded. However, he also recognised that the Musrenbang documents contained many flaws, such as unclear locations and beneficiaries. For instance, the proposals usually only mentioned that a road or drainage to be built in certain RWs or RTs without mentioning the exact name of the road and its length, making the proposal unclear for the local agencies. As a result, sometimes the projects were actually funded in the neighbourhood but not in the exact locations that the community had proposed. Therefore, he urged the ward officials to clarify the locations, to provide pictures of the proposed projects and to send them to the subdistrict office within a specific time frame.

In the second ward, in a question and answer session after the opening ceremony, participants asked about the local agency work plan that they needed to align their proposals. They suggested that local agencies, particularly public works and social affairs agencies, should have attended the meeting to present their work plans. The participants argued that without knowing the provisional work plan of the local agencies, they would not know what projects could be proposed for the upcoming financial year. As a result, their proposals might not be the priority of the local agency; hence, they might not be funded.

In general, after the question and answer session, the discussion on the proposals started with the participants reviewing the previous year's proposals and then adding several other projects to the lists. The participants also deliberated on several priorities, particularly the most important projects in their wards. For example, in the second ward, the participants discussed the location of a drainage channel that was really needed to divert flooding in their neighbourhood, including how the drainage channel should be built and to which direction the water should be diverted. After a heated concussion, they decided to leave the technical design to the public works agency, which unfortunately was not there to guide them. Nevertheless, the participants considered that there was no point in prioritising because the priorities had not been taken into account by local agencies and DPRD (FGD, February 4, 2016 and interview with a local official, February 25, 2016).

### **Subdistrict Musrenbang**

Similar to the other districts, subdistrict Musrenbang in Palopo were relatively dynamic and was used as an arena to complain to the local government. It started with the opening ceremony from the BAPPEDA, by presenting the general theme of the local government plan for the upcoming year as a guidance for the participants in formulating their priorities. BAPPEDA representative stressed that all proposals would be assessed by local agencies against technical and resource considerations, and the community could check their proposals in the e-Musrenbang website. This was followed by announcing the projects to be funded in the subdistrict in the current year.

In the first subdistrict, one of the participants reminded BAPPEDA representatives that if the local budgets were not consistent with the community aspirations—i.e., the activities funded by local budgets were not from Musrenbang documents—it would be a violation of government regulations. He particularly criticised local MPs who tended to endorse activities proposed from recess rather than those from Musrenbang and threatened to report this to the ombudsman. However, the MOHA decree 54/2010 allows local MPs to propose projects from recess to district Musrenbang even though the projects are not listed in village and subdistrict Musrenbang documents. This shows that the planning mechanisms were interpreted differently across the districts because the other districts allowed the local MP's proposal to be inputted directly into the local government work plan even though it was not proposed in the village/ward Musrenbang. One of the participants sarcastically thanked BAPPEDA because some projects funded in 2016 had not been proposed in Musrenbang. Musrenbang lasted for about four hours because the participants insisted on prioritising their demands despite no guarantee that their proposals would be realised. Deliberation processes were facilitated by one of the ward delegates appointed by the subdistrict head. The participants were also determined to support their proposals with pictures to convince local agencies. The participants and the subdistrict head asked BAPPEDA officials to stay and guide them in the deliberation session, but only the computer operator stayed to input the priorities.

In the other subdistrict, there was no deliberation, and the priorities were to be formulated by the subdistrict office together with ward delegates. An interview revealed that most wards and subdistricts did not prioritise their demands (interview, February 5, 2016). In both subdistricts, the participants eagerly asked for explanations as to why the priorities from Musrenbang were not

funded. However, there was no satisfactory explanation other than there were a lot of proposals that exceeded the financial capacity of the local government, which made the local government select the most important projects. As will be discussed below, the local government has funded the proposals from local MPs that they gathered from recess, which have often differed from the community's priorities decided in Musrenbang.

### **5.3.2 Participation**

#### **In Musrenbang**

The participants of ward Musrenbang in both wards observed were similar. The meetings were attended by around 24 to 40 participants, which were mainly local officials, as well as RWs and RTs. The proportion of female participants ranged from 17 per cent to 59 per cent, and the heads of wards observed were women. Subdistrict Musrenbang were attended by around 66 to 159 participants; of these, the proportion of women was around 38 to 71 per cent. Although the local law 5/2008 enables all citizens to participate in Musrenbang, it was not strictly implemented, as all participants were invited by ward and subdistrict office.

The head of a subdistrict observed kept reminding the participants that their participation was expected in the meeting. In the second ward, several hamlets and neighbourhoods' leaders (RWs and RTs) did not come to the Musrenbang, only two out of six RW heads attended the meeting. The participants criticised those who did not come because this meant their RWs voice were not discussed in the meeting. The participants particularly stressed that they should have come because they were part of ward government structure; hence, it was their duty to represent their RWs.

#### **In budgeting**

The budgeting stage in Palopo was limited to the executive and legislature. Although there was no restriction to citizens who want to view budget discussions in DPRD, most of the time, no citizens came to see the discussions, except for the official ceremony on the enactment of local budget law (FGD with local MPs February 24, 2016). Nonetheless, mass media usually covered the budget discussion and ceremony.

### 5.3.3 Responsiveness and transparency

#### Local government responsiveness to community demands from Musrenbang

Musrenbang in Palopo has been intended as the sole gateway for projects funded by the local budgets. However, its effectiveness has been overshadowed the existence of “aspirational funds” for local MPs. The community has been actively proposing and discussing their problems in Musrenbang, but there was no mechanism to ensure that their problems would be taken into account by local agencies. Local agencies tended to stick to their plans and often overlooked the community’s proposals. In response to this, as explained above, the subdistrict head urged the ward officials to provide complete proposals, which includes the volume, exact locations and even pictures of the proposed projects, in order to minimise misplaced projects. On the other hand, local agencies tended to accommodate the community’s demands if they were proposed by local MPs. Most of these proposals were from Musrenbang, while a few of them were not. Several local agencies tended to postpone accommodating a proposal from recess if the proposals were not listed in Musrenbang (interview with local officials February 4 and 5, 2016).

Under the current practice, it seems that there was no point in prioritising proposals because sometimes the highest priorities were not funded while low priorities were. As a result, the community problems were not addressed effectively and the proposition that the community knows their needs best and how to solve them was not treated seriously. Musrenbang seemed merely a formality that must be undertaken because it is mandated by central government laws and regulations. A senior official who worked closely with the community was also upset with the current practice, as the official expressed that “I feel pity for the invitees [participants], they have wasted their time, they have jobs [that they left to participate]” (interview with a local official, February 25, 2016). Similarly, the BAPPEDA of Palopo district admitted that citizens have scrutinised the effectiveness of Musrenbang in translating the community’s proposals into local agencies work plans and budgetary decisions (interview, February 5, 2016).

There are several reasons for this ineffectiveness in Palopo. Firstly, the BAPPEDA official argued that the main reason for this was that the community proposed too many projects—mostly “wish lists”—that needed three times the available budgets to be realised (interview, February 5, 2016). A local MP noted that the problem they faced was high personnel spending that had limited the ability the municipality to fulfil the community’s demands. According to the member,

personnel spending in 2016 was about 61 per cent of the total budgets; however, data from INDO-DAPOER show that personnel expenditure in Palopo from 2014 to 2016 was 61, 58, and 46 per cent, respectively—as displayed in Figure 5.2d.<sup>6</sup> Because of the financial constraints, as a local MP further noted, the community was not only pessimistic about the implementation of proposals through Musrenbang but also with the implementation of proposals from recess (FGD with local MPs February 24, 2016).<sup>7</sup> Another local official suggested that the results of the ward and subdistrict Musrenbang often only covered neighbourhood demands, such as pathways and drainage channels that did not pay attention to the connectivity between regions. This often resulted in incomplete drainage channels and pathways—e.g., the funded project only covered half of the pathways or drainage channels (interview, February 5, 2016). The official further suggested that often the projects proposed were only needed by very few people, or that the landowners for roads did not agree that their land be used. The official also suggested that the number of projects undertaken by the agency from the bottom-up proposals was higher than the agency’s strategic plan, but projects from the agency’s master plan had higher funds because community proposals were mostly small size projects. Most projects funded using aspirational funds were also small because local MPs tended to fulfil broader constituents’ demands. Thus, they tend to use their aspirational funds to fund several small and localised infrastructure projects—e.g., drainage channels and pathways—and government assistance to groups—e.g., seeds and hand tractors—which cost below IDR 200 million instead of building mid-sized infrastructure that cost above IDR 200 million.

Musrenbang proposals were actually funded in local budgets. For instance, in one of the subdistricts observed, eight out of 20 projects funded in 2016 were from Musrenbang; notwithstanding that some of these projects were not the main priorities in Musrenbang (FGD, February 23, 2016). However, a participant did say that, “we will know whose projects they are”, referring to local MPs. In fact, in the Palopo system, since the local government required all projects funded by the local budgets to originate from ward Musrenbang, local MPs usually asked ward officials whether their preferred proposals developed in recess were listed in the ward Musrenbang document. However, the proposed projects do not necessarily match the priorities in ward Musrenbang. This

6. INDO-DAPOER can be accessed at <https://databank.worldbank.org/data/reports.aspx?source=1266>. Data from INDO-DAPOER used in this chapter were last updated on June 28, 2018 and were retrieved on August 19, 2018.

7. As will be explained below, local MPs tend to prioritise proposals from recess rather than from Musrenbang. Nonetheless, it has been suggested that this has decreased, as the projects funded since 2015 have been mostly from Musrenbang results (interview, February 4, 2016).

might have made the community consider that the funded projects were not from Musrenbang. Later interviews with wards officials in September 2018 suggest that most wards actually received projects from the local government. However, the interviewees mostly pointed out that most projects have been from the aspirational funds of the local MPs.

As previously mentioned, the municipality was determined to be more responsive to the Musrenbang proposals. In 2016, the municipality allocated *Kelurahan* Grants of IDR 100 million to each ward for the CDD program, in which the ward community could plan, implement and monitor projects to address their immediate needs. However, the *Kelurahan* Grants program was implemented only for one year because Palopo received grants from the central government under *Kota Tanpa Kumuh* or the National Slum Upgrading Program (NUSP).

### **Information and transparency**

Important information regarding the local government provisional work plan was not informed before the ward Musrenbang. Rather, the general development themes for the upcoming year were presented in the subdistrict Musrenbang. The information on indicative budgets for each local agency was also not available until the budget discussion in the local parliament (during the discussion KUA-PPAS). The absence of information for available budgets has made the community produce “wish lists” that far exceeded the local government’s financial resources. Since the introduction of e-Musrenbang, the proposals from each ward have been limited to 10 proposals, which can be uploaded into the online system and the remaining proposals are listed in the ward Musrenbang document. However, the website showed that wards still tended to propose a long list of proposed projects.<sup>8</sup>

Social accountability mechanisms to improve transparency exist with the establishment of the Public Transparency Commission. However, the commission did not function well, allegedly due to the lack of authority (LagaligoPos 2013). This commission has also been discontinued. Furthermore, Musrenbang was often used as an arena not only to propose projects but also to complain about any local government policy. As a social accountability mechanism, this Musrenbang remained ineffective. Firstly, similar to that in the other districts, during the subdistrict Musrenbang, some local MPs tended to be absent. Even if they did come, some of them were

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8. The website can be accessed at <http://eplanning.palopokota.go.id/v2/index.php>. The data were accessed in October 6, 2018.

often reluctant to get involved in deliberations. Secondly, there was no channel or arena for the citizens to monitor the formulation of local government plans (RKPD) and budget discussions in the local parliament. Therefore, the community's role was limited to merely signalling their demands without any means of holding planning and budgeting processes to account.

It remained difficult for the local community to monitor project implementation as contractors have come and left without giving information to the community—or RTs and RWs—and they often only found out about the project once the contractors had left. As a result, sometimes, a project did not meet the community's expectations such as a street that could not be fully utilised since its sides were not adequately covered and was thus dangerous (FGD, February 4, 2016). The participants contended that this was because the funding for the project did not include the costs of the roadsides.

In order to address the transparency and “answerability” dimensions of accountability, however, the municipality through the e-Musrenbang website provides an opportunity for citizens to track and check the location of their proposal and whether the proposal is accepted or rejected and the explanations for it.

## **5.4 Case comparison and discussion**

### **5.4.1 Participation**

Similar to that in Sumedang and Kuningan, the participation in the two municipalities was limited to those invited by the ward and subdistrict office. Although hypothetically, any eligible citizens can participate, none of the participants in both municipalities was voluntary participants—i.e., those who were not invited but still participated. Even though the Musrenbang schedules in Parepare were announced through radio and local TV stations, only those who were invited through letters attended the Musrenbang. In Palopo, even the village elites were reluctant to participate. While local officials in Palopo recognised mistrust in Musrenbang as the main cause for this, they could not do much until the government commitment to accommodate Musrenbang proposals is regulated. The introduction of CDD projects in Palopo, which provided an opportunity for the ward community to plan, implement and monitor small infrastructure projects in their neighbourhoods, did not attract the participation of the elites.

In Parepare, the neighbourhood leaders facilitated by ward facilitators identified and channelled the demands of their neighbourhoods, as well as the poor's, to be proposed for PIK in the ward Musrenbang. However, the poor were not invited to the ward Musrenbang because of the opportunity costs. On one hand, this indeed can be considered to be a solution to reducing the opportunity costs for the poor. On the other hand, the poor did not have the opportunity to get involved in discussing broader community demands. Nevertheless, their aspirations were safeguarded by the ward facilitators, neighbourhood leaders, and FDM, as well as the commitment from local government to specifically target them. The elite control in Parepare in both agenda setting and decision-making on the development priorities was confined by the local government commitment to using PIK as a poverty reduction strategy. A more in-depth discussion on participation across the four districts will be presented in Chapter 6.

#### **5.4.2 Sharing the local budgets**

Interviews with local MPs and a local official in Palopo revealed that local MPs received discretionary funds or “aspirational funds” that they can allocate to target their constituency, which was IDR 700 million in 2016 (interview with a local MP, February 3, 2016). This was divided into IDR 500 million in the original local budgets and IDR 200 million in the revised ones (interview with a local MP, September 13, 2018). In contrast, both the local MPs and local officials in Parepare denied the existence of such funds. Although local MPs in Parepare had proposed “aspirational funds”, this was not approved by the municipality executive (interview with a local MP, February 3, 2016). The “aspirational funds” in Palopo have been used to fund a range of activities, including infrastructure projects. Recently, the funds were also allocated to provide varieties of direct assistance to certain community groups such as training (e.g., tailoring, and making cakes), tools (e.g., sewing machines and tyre repair equipment) and seeds for farmers (interview with a local official, February 4, 2016).

Although the central government regulations allow the local parliament to propose projects from recess—even projects that were not proposed in the village and subdistrict Musrenbang—local agencies in Palopo required local MPs to use Musrenbang results as the reference for projects funded by aspirational funds. This was to ensure that the projects funded were listed in the local government work plan (RKPD) and had been assessed using the technocratic approach, which

includes the consistency with the strategic plans and technical feasibility. However, an interview with a local official revealed that a few of the projects funded by the aspirational funds were not listed in the Musrenbang documents (interview with a local official, February 4, 2016). This confirms Palopo Musrenbang participants' claims that some of the projects funded in 2016 were not proposed through Musrenbang. Nevertheless, the number of projects funded that were not listed in the Musrenbang document decreased over time. This is because the local government had become stricter in applying the rule that only proposals that were listed in the Musrenbang documents could be funded by the local budgets. Local agencies also tended to postpone local MP's proposals from recess to the upcoming financial year, so that the proposals could be inputted into the upcoming Musrenbang document. Hence, the official noted that, recently, the recess proposals tended to be similar to the Musrenbang results (interview with a local official, February 5, 2016).

Projects funded by the aspirational funds may easily be used as a mechanism to reward a constituency for their votes in the previous election or to gain votes in the upcoming election (see e.g., Aspinall 2014; Aspinall et al. 2017; Aspinall and Sukmajati 2016). Interviews with local MPs, however, revealed that allocation of funds in order to gain votes did not always work. For example, a local MP pointed out that he had helped a community group to secure a road project, but the votes from the ward were insignificant in the election (interview with local MPs, February 24, 2016). This might be true for infrastructure projects because the beneficiaries cannot be excluded or pork barrel projects. However, in the case of direct assistance (e.g., tools, training and seeds) to certain groups or club goods, it is likely that the funds would be more effective in maintaining voters' loyalty and clientelism practice. It sometimes even spread within the community that a certain project belonged to a local MP, but certain individuals tended to contain such an issue, as a focus group's participant put it "I said to them, do not say that this [the project] belongs to him [refers to a local MP]; we have to maintain their image, because local MPs do not have projects, but they can back them [the proposals] up" (FGD, Palopo, February 4, 2016).<sup>9</sup>

Local MPs in Parepare were still able to get their constituents' proposals from recess to be funded by the local budgets. Although interviewees from local MPs contended that there were no aspirational funds, they could get their constituents proposals funded by proposing them through

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9. Here, a project belonging to a local MP often means that the project was proposed and backed up by the local MP through aspirational funds.

their *Pokok-Pokok Pikiran* or the main ideas of the local parliament. These proposals must be submitted to and discussed in the city Musrenbang. This may include infrastructure projects and government's economic assistance—which were similar to those funded through PIK (interview with a local MP, September 18, 2018). Nevertheless, most local government assistance to groups and individuals has been funded through PIK.

As previously discussed in section 5.2, that under the PIK scheme, Parepare municipality has successfully allocated resources to poor families by using poverty data from the TNP2K. Although the beneficiaries might not be listed in the data, they were verified and assessed against local agencies' criteria. The existence of the ward facilitators who assisted the community in identifying their problems and solutions to improve their livelihoods has also made the government's assistance better match the community's demands. This not only has limited the potential clientelism practices but also has rebuilt the community's trust in the participatory processes. It has also, thus, made government's direct assistance more effective in identifying targeted groups and the kind of assistance to be provided, because they have been well identified in the preparation stages before ward Musrenbang is held. As aforementioned, the beneficiaries of government assistance who were proposed through recess should be from poor families. However, since there were no strict criteria about which poor families should be provided assistance, local MPs might propose their constituents as long as they were poor; even though there might be more impoverished families (interview with a local MP, September 18, 2018). A more in-depth discussion and the effect of this on resource distributions will be discussed in Chapter 6.

### 5.4.3 The role of PIK in *Kota* and *Kelurahan*

Before 2015, several CDD programs were implemented in municipalities such as the *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP) or the Urban Poverty Reduction Program. Such programs provided opportunities for urban populations to participate in a participatory mechanism to plan, implement and monitor projects to address their needs. Both Parepare and Palopo has received NUSP for several years, but NUSP did not cover all wards in the municipality, as only wards that met certain criteria could receive the program. As discussed in Chapter 4, since 2015, *desa* has received significant amounts of grant money that is managed using the CDD framework. The Law 23/2014 on Local Government actually also mandates the local governments, particularly

the *kota* or municipalities, which do not have *desa* or villages, to allocate at least five per cent of their budgets minus DAK for ward infrastructure and community empowerment. The law mandates the fund be used under community-driven development schemes, which will begin to be implemented in 2019. Nevertheless, several municipalities have also allocated grants directly to *Kelurahan* similar to that in Parepare, such as Solo, Yogyakarta and Bandung (Rifai, Asterina, and Hidayani 2016).

As shown in the Parepare case, if such a program is designed to target marginalised groups, they will likely need to get involved in order to secure their demands, at least at neighbourhood level discussions. Whereas, without such a program, citizens in the city, particularly the poor, would remain disenfranchised and separated from decision-making processes, which is exemplified by the Palopo case. Although citizens could signal their demands through Musrenbang in Palopo, they had to lobby politicians and local agencies in order to get their particular demands realised. As one of the FGD participants noted “if we only wait for the Musrenbang results to be accommodated, we would have lagged behind”, and “[...] if we do not do that [lobbying], there will be no projects that come to our ward” (FGD, February 4, 2016).

However, if the purpose PIK is to improve citizen participation, it should be designed to allow any citizens, including marginalised groups, to participate formally in ward and subdistrict Musrenbang. The Parepare case provides an example showing that without specific mechanisms, it is unlikely that the poor would participate in the formal Musrenbang. Evidence from other community development projects in Indonesia also shows similar results as the marginalised groups only participated that in CDD program that specifically required their attendance, but not in the regular Musrenbang (TNP2K 2015; Voss 2012).

Hence, the participatory design in Parepare could be an excellent model to replicate in the urban setting. However, it should encourage broader and more inclusive participation. Examples from the PNPM and P2KP programs, in which the participation of the poor and women was mandatory, needed to be explicitly required in the participatory design. Without a commitment from the local government to specifically reach the poor, the services are not likely to reach them. Similarly, without sufficient effort to get the poor involved in the participatory processes, the processes will remain dominated by local elites.

## 5.5 Concluding remarks

Through the implementation of PIK in Parepare, block grants have been provided for the ward community to address their immediate needs such as drainage channels, pathways and wells, and to provide direct assistance to improve their livelihoods. Without PIK, such activities might have been still undertaken to maintain clientelism practice. Furthermore, the implementation of PIK along with FDM—which allows community monitoring of budget formulation to ensure that the community’s proposals are funded and allocated to the targeted groups—has minimised the appropriation of such activities by local MPs to maintain their political positions.

Secondly, similar to the Sumedang cases, the adoption of PIK in Parepare did not change the characteristics of citizen participation in local planning and budgeting. The participatory institution in Parepare was not designed to allow all interested citizens to participate. Nonetheless, PIK and FDM in Parepare have provided a channel for the impoverished community to voice and mediate their needs with the municipality government. This is not only because only the poor are eligible for the government’s direct assistance but also because facilitators and neighbourhood leaders have helped them to ensure that the direct assistance provided suits their skills or their needs. Even though the poor did not attend the formal Musrenbang, in the Parepare case, at least their voice and needs have been well guarded by the Musrenbang delegates and FDM.

From the comparative perspective, the participatory institution in Parepare is more likely to produce local budgets that match with the community preference, hence more responsive. Therefore, the implementation PIK in *kelurahan*, particularly in municipalities (*kota*)—that do not have *desa*—have provided a mechanism for the urban community to better address their needs, which would have been difficult without available grants. The example from Parepare could be replicated in other municipalities with more emphasis on formal participation of the poor in the ward and subdistrict Musrenbang, as well as more open and inclusive participation, without restriction to invited participants.

This chapter has discussed the findings from the South Sulawesi cases. The next chapter will present a comparison across all four cases and its theoretical and practical implications on participation, deliberation and local government responsiveness.

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# Understanding Participation, Deliberation, Responsiveness and Resource Distribution

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## 6.1 Introduction

Chapter 4 and Chapter 5 have illustrated the practice of participatory planning and budgeting in the four districts. These chapters have also presented empirical findings on how different institutional designs affect participatory processes and outcomes and have shown how participatory innovations emerged. These chapters argue that districts that incorporate PIK and FDM into their participatory institution design: have succeeded in regaining trust from the citizens in Musrenbang; have been more responsive to the community demands; and to some extent have improved transparency of the local government budgeting processes. These findings are consistent with participatory institution theory. However, the introduction of PIK and FDM has failed to attract broader and more inclusive participation, which is the immediate intended result of the institutions.

This chapter presents a cross-case comparison and theoretical explanations for these findings. Firstly, it argues that the role of Civil Society Organisations (CSOs) in initiating and sustaining a participatory innovation is indispensable. Secondly, the introduction of PIK and FDM has made the deliberation processes become more meaningful as the decisions made after the deliberations would determine the actual allocations of the budgets and locations of the projects. Thirdly, local leadership and commitment from the bureaucracy to enforce the participatory processes and to implement the results of Musrenbang are essential in improving the quality and the efficacy of Musrenbang. Fourthly, in order to achieve greater responsiveness towards the poor, participatory institutions have to specifically target the poor and involve them in the participatory mechanisms. Furthermore, the interactions between the planning approaches under the Indonesian planning regime ultimately shape resource distributions across the districts. Hence, this chapter further

argues that the implementation of PIK and the involvement of FDM in budget formulations have shifted resource allocations towards more programmatic distributions. However, this has not been sufficient to tackle clientelism in resource distributions in the local government budgeting.

The outline of this chapter is as follows. Following this introduction section, section 6.2 presents the key drivers and the problems faced in introducing a participatory reform. Section 6.3 discusses why participation remained stagnant in the four districts. Section 6.4 discusses how institutional designs affect deliberation processes and outputs. Section 6.5 discusses the importance of a coordinating agency in enforcing participatory mechanisms. Section 6.6 discusses the strengths and weaknesses of each institutional design in improving responsiveness. Section 6.7 analyses resource distributions in the PIK and non-PIK adopters before conclusions for the chapter are drawn in section 6.8.

## **6.2 The emergence of local participatory innovation**

It is interesting to note that external drivers, particularly donors, play a significant role in initiating a participatory approach. Among the four districts, only Kuningan was not assisted by donors in developing a participatory institution. The other three districts, Sumedang, Parepare and Palopo, received assistance from donors at certain points during the initiation or formulation of the participatory reforms. However, only in Sumedang and Parepare was the reform sustainable and progressive such that the district governments managed to enact a local law that devolves funds and decision-making power to the village/ward and subdistrict communities. In Palopo, the participatory reform that was implemented to better respond to the immediate needs of the community stalled. The new CDD program was halted and implemented only for one financial year (the 2016 financial year).

Local leadership has been considered to be the key driver of reform in developing countries. The literature on participatory institutions suggests that participatory innovations in Latin America were mostly initiated by the executive—the mayor—as part of their ideological campaign with the support from CSOs (Avritzer 2009; Goldfrank 2011; Wampler 2007b). Similarly, a study on local governments in Indonesia by Von Luebke (2009) suggests that the leadership of the district heads is more important in explaining local government performance compared to the pressure from interest groups. The rationales for the district heads to improve their performance are to

gain votes in the election, support from donors, and national recognition (von Luebke 2009, 224). Likewise, another comparative study by Patunru, McCulloch, and von Luebke (2012) also shows that leadership plays a significant role in improving investments at the local level. To some extent, the Palopo case exemplifies the local leadership role in introducing a participatory mechanism, whereby the executive—in this case, reform-minded bureaucrats—managed to persuade the mayor to introduce a community-driven development to respond better to the immediate needs of the community. Another example is shown in Solo, where resistance from the local parliament towards the proposed projects and budgets made the executive branch promote citizen and CSOs participation to legitimate the proposed budgets (Pratikno and Lay 2011). Pratikno and Lay (2011) note that the Solo government often failed to gain support from local parliament for their proposed programs or projects because local MPs considered themselves as the representative of the people; hence, their proposals were more legitimate than the BAPPEDA's.

However, the findings from the previous chapters mainly suggest that the success of Sumedang and Parepare in institutionalising and advancing participatory institutions—through PIK and FDM—was mainly because of the persistent efforts of CSOs that kept pushing the reform by persuading the local parliament. As illustrated in the Sumedang case, even though the district head was resistant to change (Sumarto 2008), CSOs managed to persuade local MPs to propose a bill on the participatory reform. Similarly, the participatory reform in Parepare was also initiated by the local parliament after they had been persuaded by CSOs. A similar finding is presented by Antlöv, Brinkerhoff, and Rapp (2010, 434) who note that reform-minded local MPs and CSOs in Madiun, East Java, have worked together to increase citizen participation in budgeting and to promote transparency by disseminating budget documents to the citizens. Thus, the CSOs' role is indispensable in initiating and sustaining a participatory reform, which is consistent with the participatory institution literature (see e.g., Avritzer 2009; Baiocchi, Heller, and Silva 2011; Wampler 2007b). In pushing for a participatory reform, CSOs collaborated with the local parliament, district heads and bureaucracy, depending on the willingness of these parties to adopt the reform.

### 6.3 Participation and representation: why does participation remain low including in the PIK adopters?

One of the main goals of participatory institutions is to allow the previously excluded citizens—the poor and other marginalised groups—to engage in participatory decision-making processes that affect their lives (Wampler 2007b). However, despite the introduction of PIK and FDM in Sumedang and Parepare, the participation of ordinary citizens remained stagnant. There are several main reasons for stagnant participation across the four districts.

Firstly, Musrenbang is an “invited space” (Cornwall 2004) that is mandated by the state, or “induced” participation (Mansuri and Rao 2013a), but it was not extended to be more inclusive. Apart from Sumedang, the institutional designs for citizen participation were by an invitation that tended to be limited to the community elites. In Kuningan, Parepare and Palopo, there was no mechanism for ordinary citizens to register in order to attend the meeting. It seems that the design was intended to involve community representatives that merely reflect the village government structure and existing social structure, the representativeness of which can be debated. Specifically, it is representative because the head of RWs and RTs (the neighbourhood leaders) are elected directly or through consensus by the communities. Moreover, other community groups, such as farmers, youth organisations, and religious groups were invited. Nevertheless, marginalised groups have been mostly excluded from the formal Musrenbang. Most villages/wards undertook pre-Musrenbang in which neighbourhoods formulate their proposals. In this phase, however, it was not clear how the poor community was engaged. Only in Parepare was there clear evidence that the neighbourhood leaders and facilitators indeed consulted with the community, particularly the poor, in the preparation stage.

Secondly, in the non-PIK/FDM districts, Musrenbang often serves merely as a formality because community priorities from Musrenbang have often been overlooked in favour of proposals from recess conducted by local MPs. The inefficacy of Musrenbang in delivering community demands has reduced the enthusiasm in Musrenbang. Likewise, the realisation of the projects proposed in the Musrenbang, as shown in the PIK cases, which is expected to have a “demonstration effect” that can increase participation (Abers 2000; Sintomer, Röcke, and Herzberg 2016, 13), was not observed in both Sumedang and Parepare.

Several scholars suggest that mobilisation is effective to improve citizen participation (e.g.,

Abers 2000; Sheely 2015). Abers (2000, 78) notes that in order to encourage participation from inactive neighbourhoods, the Porto Alegre government—through their Community Relations Department—coordinated, organised, mobilised and assisted neighbourhood dwellers. In addition, some cities disseminated information through various media, such as posters, radio broadcasting, newspaper and social media in order to attract more citizens to participate (Cabannes 2015, 279). Nevertheless, even though Parepare actually announced the Musrenbang schedules through TV and radio stations, only those who are formally invited attend the meeting.

In Parepare and Palopo municipalities, the Community Empowerment Agency (CEA) was responsible for organising the ward Musrenbang. However, the CEA did not work closely with the neighbourhood leaders to identify and formulate the neighbourhoods' demands. Rather, the CEA only managed the schedules and organised the meetings. In both regencies in West Java—Sumedang and Kuningan—the CEA was not involved at all in the village Musrenbang. The CEA only assisted the village governments in formulating village grants (DD and ADD); although the CEA is also responsible for assisting the village office in developing their work plans. Since the village Musrenbang also discussed and prioritised the proposals for village grants, the CEA could have played their roles in the village Musrenbang. However, this was not observed in the West Java cases. The absence of efforts to attract and mobilise citizens, particularly in Sumedang that adopted an open registration, may be a possible explanation for the stagnant participation in spite of the high efficacy of Musrenbang. In the absence of active CSOs, a coordinating agency can act as an “external agent” to mobilise community groups to engage in the participatory experiment (Abers 2000, 138). However, there were no further actions taken by the local governments in the four districts to improve participation. When local officials contend that PIK was introduced to increase participation, this apparently merely means to support the community leaders who were previously reluctant to attend Musrenbang. There has thus been no real effort to promote more inclusive participation.

Thirdly, regarding voluntary involvement of ordinary citizens and the poor, Abers (2000, 147) suggests that targeting “the resolution of basic, immediate and localised needs” is effective in attracting the poor to get involved in a participatory forum. This may explain the stagnant participation in Sumedang where the allocation of PIK is neither biased towards the poor nor localised projects.<sup>1</sup> Olson (1971) suggests “free riding” is the most rational choice if there are

1. In this sense, localised means that the projects benefit small neighbourhoods.

no direct benefits of participating. Hence, if the projects funded by PIK mainly benefit a large population and are not localised to smaller areas—as the Sumedang case shows—ordinary citizens and the poor are not likely to participate because doing so will not give them direct benefits—e.g., projects in their neighbourhoods that they can directly utilise. This may present a dilemma for PIK in Sumedang since it is promoted to target subdistrict level priorities. However, the strategic priorities at the subdistrict level could cover poverty reduction strategies that may have been overlooked by local agencies, such as in Parepare. Another example is PNPM projects—e.g., infrastructure, microcredit, education, and health—which were mainly directed towards improving community livelihoods, particularly the poor (Voss 2012, 6). This is not a new practice because Sumedang was one of the role models for the integrated Musrenbang, which is an integration of the PNPM planning processes into the regular Musrenbang. Nevertheless, one of the main purposes of PIK has been to reduce the infrastructure gap between subdistricts and to reduce poverty.

Evidence from PNPM in Indonesia shows that the poor were likely to participate if the program specifically targeted them (20). However, even if the poor can benefit from the participatory forum, the high cost of participation can prevent them from getting involved, as shown in the Parepare case. PIK in Parepare has been mostly allocated to support the poor, but participation has not improved. Apart from the restrictive design in which participants are selected by invitation—although hypothetically anyone interested was not restricted from getting involved—the cost for the poor to participate is high as they have to earn a living; they will lose some money if they participate as they mainly work as labourers. In fact, several studies doubt that participatory budgeting could encourage those who have been previously disfranchised from civic engagement to participate as it tends to attract those who have already been involved in social organisations instead (Avritzer 2009; Nylén 2002).

However, in the case of Parepare, neighbourhood leaders assisted by wards facilitators play a pivotal role in formulating the poor's demands and bringing those demands to the ward government and the Musrenbang participants, as well as to the local agencies. This has reduced the participation cost for the poor. Furthermore, even though the poor did not participate in the formal Musrenbang, their demands were well formulated and guarded by the Musrenbang delegates, FDM and facilitators under the existing rules and mechanisms. To some extent, this

exemplifies Dryzek's (2010, 42–65) proposition on “discursive representation”, which suggests that the representatives for a particular group do not necessarily come from the group itself, as long as they represent the demands of the groups in deliberation processes. Furthermore, a similar example was also observed by Abers (2000, 151) in Porto Alegre, where local officials visited neighbourhoods rather than inviting them to meetings that could cost them time and money. On the other hand, Fung (2003) argues that participants that reflect the population matter in “mini-publics”. In order to achieve representative participants, information and incentives have to be provided to those who have been marginalised (342–43). Nevertheless, several local governments in Indonesia have taken some actions to engage poor citizens in Musrenbang, such as Musrenbang in Yogyakarta that conducts thematic meetings involving poor citizens (Rifai, Asterina, and Hidayani 2016, 27).

As aforementioned, Sumedang was one of the role models for the integrated Musrenbang. Since the representation of the poor and women was mandatory in the PNPM planning meeting, it was expected that after the integration, this would be adopted in the regular Musrenbang. Unfortunately, after the PNPM ended in 2014, the mandatory participation of women and the poor also ended. Without a mandatory requirement to involve marginalised groups, elites tend to remain dominant in the participatory decision-making processes (Mansuri and Rao 2013a).

## **6.4 How do institutional designs affect deliberation processes and outputs?**

Participatory decision-making requires participants to discuss and justify their proposals to others before making decisions on their priorities. Fung and Wright (2003, 17) put “deliberative solution generation” as one of the design principles under the empowered participatory governance framework. The deliberation does not necessarily end up with reaching consensus; hence, voting is sometimes required. Nevertheless, deliberation processes allow the participants to make informed decisions after weighing up several options. Solution generation requires an institution or even a broader political context that possesses a deliberative capacity. Dryzek (2009, 1382) defines deliberative capacity as “[...] the extent to which a political system possesses structures to host deliberation that is authentic, inclusive, and consequential.” Authentic deliberations refer to

the ability of a deliberation forum to allow free exchange of arguments; inclusive refers to the inclusion of varieties of interests; and consequential refers to the ability of a deliberative arena to affect decision-making. In order to be consequential, deliberation processes do not necessarily produce direct effects on decision-making, but at least the decisions from these deliberations have to be taken into account by decision makers (Dryzek 2009, 1382). Since the proceeding section has discussed the “inclusiveness” of Musrenbang in the four districts, this section focuses on assessing the exchange of arguments and consequentiality.

Gilman (2012), in a study on participatory budgeting in the United States, categorises deliberation into “processes-driven deliberation”—which focuses on the efficiency of the processes and improving short-term service delivery—and “result-driven deliberation”—which focuses on enhancing democratic values. The study suggests that a result-driven deliberation produces projects that are aligned with the local government technical requirements, but it is less successful in promoting discussion amongst the participants. On the other hand, process-driven deliberation is successful in improving discussions but less so in producing feasible proposals.

However, the findings from the four Indonesian cases in the previous chapters do not fit into these categories. The findings suggest that deliberations in the four districts can be classified based on their efficacy. Deliberations that not only produce viable proposals that meet the technical requirements but also can solve real problems faced by the community are categorised as *practical-oriented deliberations*. On the other hand, deliberations that were merely conducted to comply with regulation are categorised as *formality deliberations*. *Formality deliberations* can be caused by a lack of information and decision-making authority. This makes deliberations unfocused and produces irrational/inviable proposals that are ineffective in influencing the allocation of public resources.

#### **6.4.1 PIK districts: *Practical-oriented deliberations***

The Musrenbang documents produced as the result of Musrenbang processes clearly show the difference in institutional designs. In Sumedang, the number of proposals to be funded by PIK was limited to two proposals for each village plus one back-up proposal in case the main proposals could not be funded under the PIK scheme. The number of proposals for local agency indicative budgets was limited to two. In Parepare where PIK is also implemented, the community can

propose a number of proposals up to the amount of PIK allocated to their ward. For instance, if the amount of PIK for the upcoming year is IDR 500 million, the ward community may propose a number of projects as long as the total cost of the projects does not exceed IDR 500 million. Moreover, in Parepare, PIK is further divided down to the ward level, but the final decision about the proposals is decided during the subdistrict Musrenbang. The proposals for local agency indicative budgets, however, are not limited to a certain number of priorities.

In Sumedang and Parepare, since the amount of the budgets to be discussed are noted in advance, the deliberation processes become more meaningful as the participants not only have to discuss the relative merit of each proposal among themselves but also to justify the decisions on priorities to their respective communities—i.e., the community that they represent. Hence, the discussions focused more on what the community really needed rather than just producing a long “wish list” to go to the local government. Nonetheless, in one of the subdistricts in Sumedang, the participants failed to reach decisions because proposals from several villages had not been inputted. This meant that the delegates, FDM and subdistrict officials needed to hold a second meeting to finalise the priorities. It is also important to note that in Parepare, one of the villages and subdistricts did not deliberate over their priorities; instead, the Musrenbang participants mandated ward facilitators, as well as ward delegates and subdistrict officials, to finalise the priorities.

Deliberation processes in the PIK/FDM districts are not only affected by the transparency of information on available budgets but also by the consequential effects of the processes. In Sumedang, deliberation outputs for PIK have direct effects on the allocation of local budgets; whereas deliberations on local agency indicative budgets produce indirect effects. This is because even though the proposals for funds outside PIK—prioritised by participants in subdistrict Musrenbang—may not be funded, the proposals are taken into account in the subsequent meetings after subdistrict Musrenbang where local government annual plans are shaped. This is because, as previously mentioned, FDM is involved in the subsequent meetings to formulate local government work plans and budgets to ensure that community decisions are taken into consideration by local agencies. In contrast, Musrenbang participants in Parepare often did not deliberate on the merit of proposals outside PIK because local agency indicative budgets were considered to be at the discretion of the local agencies. Thus, the community proposals may serve as a signalling mechanism, and they

may not be taken into account by the local agencies. Nevertheless, institutional designs in the PIK/FDM districts are more effective in influencing local budgets compared to the non-PIK/FDM districts.

The efficacy of Musrenbang in affecting decision-making and local budgets has led the community to focus their deliberation on the proposals that affect their livelihoods and solve their problems. However, the term *practical-oriented*, as a result of solution generation through deliberation, differs in the two districts. Sumedang tends to focus on solving problems faced by a broader community, whereas Parepare tends to focus on addressing the needs of the have-nots. This is due to elite control, which will be discussed in section 6.6.

#### 6.4.2 Non-PIK districts: *Formality deliberations*

In Kuningan and Palopo, one of the villages and subdistricts did not deliberate on their priorities. In Kuningan, the number of proposals for each village was limited to five, whereas in Palopo the number of proposals was not limited.<sup>2</sup> Even though the number of proposals was limited in Kuningan, this did not encourage a more meaningful deliberation because the information of the available budgets needed to produce a well-informed deliberation was not provided. In Palopo, after the opening ceremony, the participants began by taking out of the list the projects that had been accommodated in the current budgets and put several other proposals on the lists. Deliberation processes were very limited. Most interviewees argued that there was no point in prioritising the proposal, as there was no guarantee that the priorities would be accommodated in the local budgets. Some informants also argued that as long as a proposed activity was listed in the Musrenbang documents, there was a chance that it could be accommodated in the local budget. The community often reflects their frustration about attending Musrenbang and proposing activities to the local government because their proposals have rarely been accommodated in the local budgets. For example, as previously discussed in section 4.4, participants of an FGD in Kuningan pointed out that they had proposed a bridge and roads in their village for several years, but the bridge and roads have not been budgeted for or built. The efficacy of Musrenbang is overshadowed by the technocratic approach and the aspirational funds.

Musrenbang often serves merely a formality as it must be undertaken because it is mandated

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2. Even though some informants suggested that the proposals were limited to 10 for each ward, the e-planning website shows that there is no limit the number of proposals put forwards by ward.

by laws and regulations. Thus, not conducting the Musrenbang would violate those laws and regulations, as all the activities to be funded by the local budgets have to be listed in the planning documents (RKPD)—which is a result of the Musrenbang—unless the activities are mandated by the provincial or central government. It could be argued that the regulations would encourage the community to propose a long list to catch provincial and central government projects. However, as practised in Sumedang, the main objective of prioritising the proposals was not only to identify the projects that were really needed by the community—and hence should be funded by the local budgets—but also to identify those to be funded by the village grants, as well as those to be proposed to the provincial and central governments. A long “wish list” that remains unprioritised, as in Kuningan and Palopo, does not so work effectively in identifying the most pressing needs of the community.

It is interesting to note that BAPPEDA in both Kuningan and Palopo are interested and have learnt about the subdistrict indicative funding ceiling (PIK) and have discussed adopting it. New hope emerged in Palopo as the local government introduced a CDD program in 2016. However, during the Musrenbang in the village and subdistrict levels, there was no discussion about the projects proposed to the CDD program because the regulation for the program was still being formulated. The community representatives were provided with a form to identify their needs for the CDD projects. However, as previously mentioned, the CDD project was discontinued. This shows that the local officials are actually aware of the problem that the community put forward about the inefficacy of Musrenbang.

## **6.5 The importance of coordinating agency and commitment from local leadership**

The previous chapters suggest that the Musrenbang processes varied across villages and subdistricts within the same district. Fung and Wright (2003) argue that in order to be effective, participatory processes should be coordinated by a supervising agency. In contrast, Avritzer (2009) found that the supervising agency may dominate or appropriate the participatory processes towards their interests. However, the findings suggest that a coordinating agency is still likely essential in improving the processes and the results of Musrenbang. A coordinating agency can enforce

rules and mechanisms such as the inclusion of marginalised groups, as well as the implementation of deliberative mechanisms and voting (Fung and Wright 2003). Furthermore, in a multi-level governance system, lower levels of governments—in this case, subdistricts, wards and villages—have to be supported by the higher levels of government—i.e., the district government—for the innovation to succeed. The higher level of government can create enabling conditions by providing policy framework or regulations and building cooperation with the lower levels of government to improve their capacity to implement the participatory innovation (Daniell, Coombes, and White 2014).

In the Indonesian case, all local governments have a planning agency, BAPPEDA, which, according to central government regulations, is responsible for supervising and coordinating the Musrenbang processes. The findings suggest that in all four districts, the rules were not strictly implemented. At the village Musrenbang, only in Sumedang did all villages deliberate over their priorities, assisted and facilitated by FDM. Whereas in Parepare, although ward Musrenbang was facilitated by a trained facilitator, one of the wards observed did not deliberate over their priorities. At the subdistrict Musrenbang, one of the subdistricts within each district did not deliberate over their priorities. Without a commitment from the supervising agency to reinforce the mechanisms, Musrenbang may not produce authentic and inclusive deliberations. BAPPEDA as the responsible agency seemed to be indifferent and left the processes to the subdistrict office.<sup>3</sup> Nevertheless, subdistrict Musrenbang in all districts were more dynamic than village Musrenbang. A possible explanation for this is the participants of subdistrict Musrenbang tend to include CSOs and village delegates who possess sufficient knowledge about the local government system and are experienced in expressing ideas. Moreover, since subdistrict Musrenbang are attended by various local agencies, the participants could directly confront them to ask for explanations.

Thus, the challenges facing the four case studies, including the PIK/FDM adopters, can be explained by the lack of commitment from local agencies in implementing participatory mechanisms. Wampler (2007b, 64) identifies “strong political commitment” from the mayors and weak opposition from local parliament as determining factors for successful participatory budgeting in Brazil. As discussed in the previous chapters, in Sumedang and Parepare, there has been no significant opposition over the use of PIK from both district heads and the local parliaments. This

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3. BAPPEDA is responsible for subdistrict Musrenbang, and in village Musrenbang, BAPPEDA provides the guidelines. In Parepare and Palopo, BAPPEDA attended village Musrenbang, even though village Musrenbang was supervised and managed by the Community Empowerment Agency (CEA).

could have enabled more spaces for local agencies to fully implement participatory mechanisms.<sup>4</sup> Yet, citizen participation has remained stagnant and participatory mechanisms have not always been enforced. In most cases, local agency representatives are often not interested in getting involved in deliberations or providing guidance in the subdistrict Musrenbang. In Parepare, for example, a participant protested because BAPPEDA was represented by a junior staff member who was considered to have no capacity to act on behalf of the agency, and thus lacked authority. This also shows that participatory innovations require both “legitimacy” by those involved in the processes, as well as “validation” about community needs and possible solutions from technocratic approaches and local knowledge (Landry, Banville, and Oral 1996).

The heavy involvement of bureaucrats and politicians in the participatory processes may have the drawback of raising the possibility of manipulation on both processes and results towards their interests (Avritzer 2009).<sup>5</sup> This may be true in cases where participants are active and autonomous where “organic participation” occurs (Mansuri and Rao 2013a). The findings of the previous chapters, however, suggest otherwise because the involvement of local agencies and local MPs are demanded by the community to guide the discussions and to get involved in the consensus making. Thus, a participatory institution should be tailored to suit the local context under which it operates. Furthermore, Abers (2000), Ackerman (2004), and Mansuri and Rao (2013a) suggest that participation has to be “induced” by public officials. This, however, requires reform-minded bureaucrats and politicians. The previous chapters have also shown that institutionalising a participatory reform per se could end up unimplemented if public officials—politicians and bureaucrats—resist the innovation. In fact, several local governments in Indonesia have enacted laws and regulations on PIK for the past few years, but some of them have not implemented the reform, and some districts have halted it due to the introduction of village funds.<sup>6</sup> In fact, the PSF-Local Governance Team (2011, 13) suggests that some local governments in Indonesia enacted regulations on citizen participation without the intention to implement them.

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4. Although local parliament in Parepare rejected PIK in its early implementation as illustrated in Chapter 5, and local parliament in Sumedang wants to revise the law that governs PIK and FDM as discussed in Chapter 4.

5. Navarro’s 2003 study “O ‘Orçamento Participativo’ de Porto Alegre (1989–2002): Um Conciso Comentário Crítico,” in *A Inovação Democrática no Brasil: O Orçamento Participativo*, edited by Avritzer and Navarro, also identified a similar problem (as cited in Ackerman 2004, 460).

6. For example, Bulukumba has enacted a local law similar to that in Sumedang and Parepare, but it was not implemented; Sumenep government considered that village funds could replace the PIK; hence, the PIK was halted.

## 6.6 Government responsiveness towards community proposals from Musrenbang

### 6.6.1 Technocratic elitism vs. local knowledge on immediate needs

In Sumedang and Parepare, since the introduction of PIK, the community's priorities for PIK have been accommodated in the local budgets unless they do not comply with technical requirement or the projected revenues decrease.<sup>7</sup> Since the amount of PIK is limited, the community recognised that it was difficult to get their proposals accepted every year because other villages also needed infrastructure. Therefore, sometimes, PIK in Sumedang revolved from several villages to the others from one year to another. Whereas in Parepare, the wards' priorities have always been funded because the PIK is further divided at the ward level; thus, there is no need to revolve the funds around among the wards.

In Kuningan and Palopo, the local budgets have been dominated by technocratic and political approaches. The community often needs to persuade or lobby the politicians and bureaucrats to get their proposed projects funded. Nevertheless, in all four districts, local MPs play significant roles in allocating resources (this will be discussed in the next section). Therefore, the main success of PIK is that Musrenbang, as a participatory institution, has regained trust from the citizens. It has provided ordinary citizens—through their delegates—an opportunity to influence decisions that affect their livelihoods. In Parepare, PIK has reduced misappropriation of direct government assistance by local officials and local MPs due to the strict beneficiary criteria.

As previously discussed, Musrenbang in Kuningan and Palopo have merely produced “wish lists” that exceed the financial capacity of the local governments. Moreover, the community's proposals are often not aligned with the local government strategic plans (RPJMD), which set the local agencies' goals and objectives. This presents a dilemma between implementing citizen demands and achieving the agencies' goals. Abers (2000) calls this dilemma as the “implementation problem”. Other “implementation problems” are also apparent in the non-PIK/FDM districts, including the reluctance of bureaucrats to implement participatory mechanisms, and that local MPs tend to prefer using proposals from recess to priorities from Musrenbang as a reference for their discretionary budgets—i.e., aspirational funds. This further contradicts another previously

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7. As discussed in Chapter 4, PIK has been subjected to rationalisation or reduction when real revenues were smaller than the projected.

mentioned local agencies' argument for rejecting the Musrenbang results, which is the projects proposed are mostly small and localised. This is because the aspirational funds of local MPs have also been mainly used to fund small infrastructure projects, which have usually been below IDR 200 million. Hence, they are similar to those proposed by the community through Musrenbang. Yet, without a binding decision through PIK, the community's power remains limited in influencing resource allocation.

The participatory institution literature suggests that one of the challenges in participation is the view that ordinary citizens lack technical knowledge (Fung 2004). In fact, sometimes, the community's proposals did not meet the technical requirements, particularly for public works projects. Consequently, such proposals have often been rejected. For example, a neighbourhood in Palopo had proposed a culvert to divert floods from their neighbourhoods for several years, but the culvert was not technically feasible as it might cause floods in other neighbourhoods; hence, it was not funded. As a result, the neighbourhood continued to flood in the rainy season. The heavy reliance on the technocratic approach might have met the city-wide interests—e.g., projects that benefit all the population of the municipality—but it might be less effective in addressing the immediate needs of the community. In such a case, the coordinating agency can promote “co-engineering” approaches to meet a variety of citizens' needs (Daniell 2008). Co-engineering approaches allow the community and the implementing agency to “co-design” a project such that the potential conflicts or negative impacts can be minimised. The involvement of the community in designing technical aspects of a construction project is not a new thing in participatory processes in Indonesia. PNPM projects were co-engineered by the community with facilitators and technical consultants from decision-making processes, project selection and design, to project implementation. In the absence of technical consultants, the coordinating agency can facilitate the community to co-engineer the proposals with the implementing agency—in this case, the public works agency. Unfortunately, as Voss (2012) suggests, PNPM practices did not affect the parallel planning processes outside PNPM.

In order to address both citywide and technocratic issues, “thematic councils” were introduced in Brazilian cities (Baiocchi, Heller, and Silva 2011, 88; Wampler 2007b, 60–62). In the Indonesian planning regime, the SKPD Forum works similar to a “thematic council” in which subdistricts delegates, interest groups and CSOs can discuss citywide issues and synchronise proposals that

have resulted from “bottom-up”, “technocratic” and “political” approaches. However, the forum has not been effective in addressing such issues. Only in Sumedang and Parepare did the SKPD Forum function reasonably well because of the existence of FDM that monitors the community’s proposals.

In addition, Cabannes and Lipietz (2017) argue that the technocratic approach not only means that the projects aligned with the government objectives but it also means that the financial and projects are managed and executed in an effective and efficient manner to solve the real problems faced by the community. Drawing an example from Solingen, Germany, where their budget documents are open up, and “[...] participants are invited to submit and/or comment on proposals to cut costs or improve municipal revenues” (74), the government was able to save their scarce resources. This may sound radical, but under the current local government condition that is characterised by excessive administrative spending (Sjahrir, Kis-Katos, and Schulze 2014), such a policy may be effective in reducing financial inefficiency, which in turn can save resources to better fund service delivery.

### **6.6.2 Elite capture vs. elite control**

To some extent, PIK has improved government responsiveness towards community demands. The binding decisions have created a “chain of sovereignty” (Baiocchi, Heller, and Silva 2011, 11–13) that allows a direct link between citizen participation, the Musrenbang priorities and the actual budgets, at least for the projects funded under the PIK scheme. The question remains, therefore, whose demands have been met in the participatory institutions and to what extent. One of the main goals of participatory institutions is to address the needs of the poor community (Mansuri and Rao 2013b) who otherwise cannot access public services without government assistance (Ross 2006, 807).

The Sumedang and Parepare cases show that PIK and FDM, to some extent, have succeeded in reducing elite capture, in which powerful groups or individuals directed the decisions towards their own benefits (Cooke and Kothari 2001; Dasgupta and Beard 2007). Instead, elite control, which is where the elites pursue broader community interests instead of their own (Dasgupta and Beard 2007), has become apparent. Other studies on citizen participation in CDD projects in Indonesia also found similar results as CDD programs are more likely to shift from elite capture

to elite control if the rules and accountability mechanisms are clear (Dasgupta and Beard 2007; TNP2K 2015). This is exemplified by the Sumedang case where the allocation of projects mostly targets broader community interests such as roads, bridges and drainage systems. Unfortunately, elite control typically seems to overlook the interests of marginalised groups. The absence of the poor in Musrenbang has left their demands unheard. Comparatively, in the Parepare case, however, there is no evidence of elite capture in the PIK funded projects as the potential beneficiaries of the direct government assistance are those classified as poor families based on TNP2K data, and they are verified by local agencies.

In Kuningan and Palopo, decisions on resource allocations are mainly decided by local agencies and the local parliament. Hence, the community elite had to persuade them to get their proposed projects funded. Therefore, overall, the allocation of resources in the two districts had, to some extent, limited the voice of the community, particularly that of marginalised groups.

## **6.7 Participatory institutions, local parliament and resource distribution**

Apart from the technocratic approach that has been more dominant than the bottom-up and participatory approaches; the political approach clearly plays a significant role in determining the overall resource distributions in the four districts. Planning and budgeting that determines resource allocations are highly political, as it is decided by both executive and legislature branches. In the absence of strong traditional political accountability, resource allocations may be manipulated by incumbent parliament members to gain votes in the elections. Clientelism, in the practice of vote buying and pork barrelling, may be used by politicians, which further weakens the function of elections as an accountability mechanism. Such practices can divert resources from those who need them the most to the others in exchange for votes, reducing both responsiveness and accountability of the policy. Therefore, this section examines how the interactions between participatory budgeting and political contexts have shaped the distribution of public resources in the four districts. However, it does not further analyse the practice of clientelism during the elections, which is beyond the scope of this thesis. Nevertheless, clientelism in the form of pork barrelling, club goods and vote buying were evident during the 2014 Indonesian general

elections (Aspinall and Sukmajati 2016). This, together with the participatory and other planning approaches, have shaped the allocation of public resources in local governments.

Dixit and Londregan (1996) categorise resource distributions into “grand” or “programmatic distribution” and “tactical distributions”. Programmatic distributions are ideologically driven and often implemented for a long period. On the other hand, tactical distributions are determined by electoral considerations, which is to gain votes in the elections. These modes of distribution, however, offer only a limited conceptual framework for analysing resource distribution as a result of the processes beyond elections.

Stokes et al. (2013) conceptualise resource distributions into two main modes, namely programmatic and non-programmatic politics. Programmatic distributions follow two main processes: the criteria and goals of distribution must be publicly discussed, and the discussions determine the distribution. In contrast, non-programmatic distribution violates at least one of these criteria. Both distribution strategies can be either public goods or targeted goods. Non-programmatic distributions are a form of clientelism, which is an offer for voters in exchange for political support. Thus, programmatic and non-programmatic distributions provide a more flexible redistribution typology suitable for resource distributions resulting from the interaction between planning approaches, particularly between political and participatory approaches.

Regarding the redistributive effects of participatory institutions, studies on participatory budgeting—mostly from Brazil—argue that it reduces clientelism by providing an opportunity for citizens to allocate public resources (e.g., Abers 2000; Baiocchi et al. 2006; Baiocchi, Heller, and Silva 2011). Avritzer (2009) analyses the distributive effects of participatory institutions in Brazil. The study argues that participatory budgeting redistributes public resources towards poorer regions, as most investments are allocated to those regions. Subsequent studies confirmed this finding because it was found that participatory budgeting reduced infant mortality, which is mainly prevalent in poorer parts of the population (Gonçalves 2014; Touchton and Wampler 2014). However, these studies provide limited distribution criteria as participatory budgeting, such as that in Porto Alegre, becomes the main channel for shaping the local budgets (Baiocchi and Ganuza 2014, 37–38). This chapter proposes to extend the distribution typology by taking into account the interactions among other channels for citizens to affect resource distribution, namely political and bureaucratic institutions.

In the analysis, resource distribution is classified into four criteria: (1) *Programmatic broad beneficiaries targeting* if the distribution is programmatic and targets broader beneficiaries; (2) *Programmatic pro-poor targeting* if the distribution is programmatic and targets poverty alleviation; (3) *Pork barrelling* if the distribution is non-programmatic, and the beneficiaries cannot be excluded; (4) *Non-programmatic club goods* if the distribution is non-programmatic and the beneficiaries can be excluded.

The case studies presented in the previous chapters have provided excellent cases for this chapter to examine and compare how different institutional settings affect resource distributions. Recall that the planning regime in Indonesia under law 25/2004 on National Development Planning System recognises five approaches, namely politics, technocratic, participative, top-down, and bottom-up. These approaches have shaped the distributions of resources in local governments. Most top-down policies from the central government have been programmatic, both public goods and targeted. These policies have been mainly funded under central government grants and transfers—e.g., *Dana BOS*, PKH, PNPM—and DAK—e.g., infrastructure.<sup>8</sup> The beneficiaries of the direct transfers are usually based on the TNP2K data, particularly for the programs that target the poor, such as PKH. The allocation of DAK in the local governments are based on the technical guidance of the respective ministries, and the locations are decided by local governments.

Resource allocations of local governments are mainly decided through the technocratic approach, which is decided by local agencies through their strategic planning—a five-year plan (as explained in the preceding section). The political approach also plays a significant role, particularly to deliver the promises—the programs—offered by the district head during the campaign for the office. The political approach has also been used to fund local MPs constituent’s demands under “*dana aspirasi*” or aspirational funds, which is often called Constituency Development Funds (CDF) in the literature. This section, following on from section 4.4 and section 5.4, takes a deeper look at resource allocations as a result of aspirational funds and participatory approaches. Although this inevitably affects the overall local budgets, including the funds for the local agencies’ strategic plans. It is important to note that personnel spending in the four districts has remained high, as depicted in Figure 6.1. The figure shows that personnel spending was mostly above 40 per cent

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8. *Dana BOS* stands for *Bantuan Operasional Sekolah* or School Operational Assistance Grants, which are central government grants to support school operation so that public and private schools do not need to collect tuition fees. KPH stands for *Program Keluarga Harapan*, or Family Hope Program, which is a social security program, in which the central government provides conditional cash transfers for the poorest families that meet certain criteria.

during the period of 2007 to 2016, which was higher than capital spending that was mostly below 30 per cent during the period.<sup>9</sup>

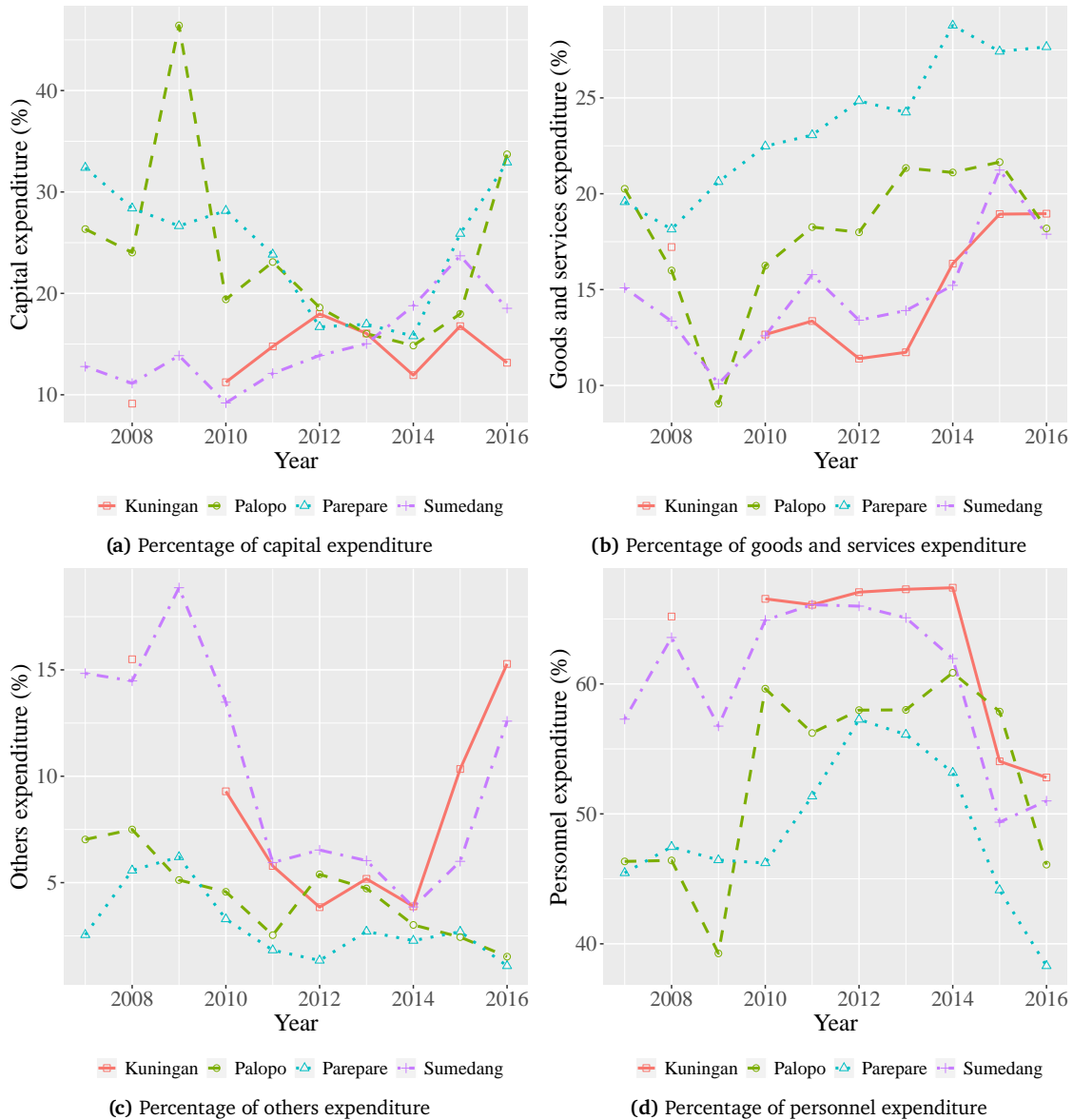


Figure 6.1: Allocation of local budgets in the four districts 2007–2016

Nevertheless, the introduction of PIK and FDM in the two districts, to some extent, has shifted the distribution of some proportion of public resources towards programmatic ones. The distribution of PIK in Sumedang can further be classified as *programmatic broad beneficiaries targeting*, while in Parepare can be classified as *programmatic pro-poor targeting*. On the other hand, aspirational funds are susceptible to clientelism practices, which can further be classified

9. Data from INDO-DAPOER used in this chapter were last updated on June 28, 2018 and were retrieved on August 19, 2018.

as *pork barrel distributions* and *club goods distributions*. However, as emphasised above, only some proportion of the local budgets in the PIK districts are allocated using the PIK scheme. Hence, there are other proportions of the local budgets that can be used as non-programmatic distributions in the PIK adopters, as will be discussed below.

### **6.7.1 Resource of distribution of PIK: programmatic distributions**

There has been insufficient evidence that PIK in Sumedang has moved toward a pro-poor allocation of resources, as will be discussed in Chapter 8. Nevertheless, to some extent, PIK has minimised clientelism practices. Based on the characteristics of its allocation, PIK in Sumedang can be classified as *programmatic broad beneficiaries targeting*, because the PIK allocation criteria are clear and accessible, and participant's deliberations in the Musrenbang shape the actual allocations and locations. As a result, Sumedang has achieved "allocative efficiency" (Osmani 2008, 4; Kahkonen and Lanyi 2001, 1) by aligning budget allocations with citizens' demands through PIK.

PIK in Sumedang targets broader beneficiaries because it has been mainly used to fund infrastructure projects, such as roads, irrigation and drainage systems in certain villages and subdistrict areas that are accessible to most of the populations, regardless of their economic and social status. Furthermore, it can be argued that PIK is relatively free from electoral considerations because no political party or individual politician can claim the PIK funded projects. The criteria of PIK allocation bias distribution towards less advantaged subdistricts, and the policy has been implemented in practice for a long time, which satisfies the characteristics of a programmatic distribution.

However, a further distributive effect towards the poor was limited. Even though during the early years of implementation the funds tended to be distributed equally among the villages, it has been advocated that the funds be used for mid-sized infrastructure that targets broader beneficiaries. Lower amounts of PIK have been explicitly allocated to target the poor through the provision of private goods—e.g., providing building materials for toilets and house repairs. As the findings in Chapter 8 will show, for instance, there has been no significant evidence of a positive effect of PIK on the access to safe sanitation for the poorest part of the community because such a project has rarely been selected under the PIK scheme. This is apparently not unique to the Sumedang case as a study by Araujo et al. (2008) in Ecuador also shows that participatory

decision-making tends to preference provision of public goods rather than providing private goods for the poor (pro-poor targeting).

In Parepare, the allocation of PIK can be classified as *programmatic pro-poor targeting* because the funds mainly target the poorest part of the community by providing them with government assistance. The government assistance, such as tools, machinery, and material for house repairs are excludable private goods that become a recipient's possessions (Osmani 2008, 21), contrary to the revolving funds that are passed on to another group or individuals over a specified time-frame. Furthermore, as discussed in Chapter 5, the allocation of PIK to the poor community has been well safeguarded by the clear beneficiaries' criteria, as well as the facilitators and delegates who mediate and monitor PIK in the planning and budgeting processes. This has made it harder for public officials to divert PIK for their own personal benefit or for clientelism practices to occur. The differences in resource distribution in Parepare and Sumedang are the result of elite control, as discussed in the preceding section.

Nevertheless, the funds allocated to PIK have been very limited in both districts. Specifically for Sumedang, the proportion of local budgets allocated for PIK has been relatively small compared to that allocated to the aspirational funds. This has made the reform less effective in improving government service delivery performance and reducing clientelism because most allocations of the local budget have not been directly influenced by the community through Musrenbang. Therefore, it may be unfair to expect a sudden improvement in public services and tackling clientelism in Sumedang.

In contrast, the bottom-up and participatory decision-making approaches in Kuningan and Palopo have not effectively affected the allocation of local budgets. The community proposals serve merely as a signalling mechanism, as Musrenbang are consultative in nature, and the decisions are not binding. Since, in both Kuningan and Palopo, the Musrenbang results are not binding, it is often difficult for the community to get their proposed projects funded without following up their proposals to local agencies or local MPs.

### 6.7.2 Resource distribution of aspirational funds: Pork barrelling and club goods distribution

In Sumedang, PIK coexists with a potential clientelism practice under the “*pagu unggulan*” scheme or indicative funds for the district’s main priorities, which are allocated by the district head and local MPs, because the funds may be easily appropriated by the politicians. In contrast to well-known participatory budgeting in Porto Alegre that has been successfully eliminated clientelism (Abers 2000), the system in Sumedang has only minimally reduced clientelism as it still recognises aspirational funds. After examining the allocation of the *pagu unggulan* in the Sumedang government work plans for 2016, the funds were mostly allocated to deliver the main programs promised by the district head. The documents do not mention any local MP’s aspirational funds. Nevertheless, interviews with local MPs verified the existence of aspirational funds, which have been allocated under local MPs’ discretion.

As discussed in Chapter 4, the aspirational funds in Sumedang have been scrutinised by local NGOs because they consider the funds to be a practice of clientelism. They argue that the projects funded were not discussed by the community in Musrenbang (Pikiran Rakyat 2012), and the contractors that implement the projects are often closely related to the local MPs (Jukardi 2016). Hence, the practice of aspirational funds can be considered to be clientelism. This is because the project funded by aspirational funds may provide employment or contracts to private entities that can be used for electoral support, which can be in the form of resources for campaigning or electoral votes. Furthermore, the local MPs have the discretion to select the sort projects to be built and their locations, which can serve as a pork barrelling mechanism that targets certain electorates. The local MPs mostly used the funds to provide *pork barrelling*, such as road and irrigation system construction, and *non-programmatic club goods* such as government assistance to farmer groups. Such funds can also encourage rent seeking, as the local MPs may use the projects funded by the aspirational funds for his private gains.<sup>10</sup>

One of the resource allocation modes in Kuningan is “*dana pokok-pokok pikiran*”, which is another name for the aspirational funds, which may be easily appropriated by the local MPs based on the political and electoral considerations. Compared to the other districts, the proposed

10. The Presidential Regulation 54/2010 in Indonesia allowed government agencies to directly appoint private contractors without open bidding for projects up to IDR 200 million; this was amended to the IDR 100 million by Presidential regulation 4/2015.

projects for aspirational funds in Kuningan are more transparent because the proposed projects for each local MP are listed in the local government work plan, which is available for the citizens by request. After examining the local government plan for 2016, most of the proposed projects can be classified as non-programmatic public goods, or *pork barrelling* and *nonprogrammatic club goods*. Similar to those in Sumedang, those proposed projects are mostly small- and mid-sized infrastructure, as well as assistance for certain community groups. Interviews with local MPs revealed that most of the projects had been allocated to their constituents (interview Kuningan, January 6, 2016, August 17 and 25, 2018). The aspirational funds have also been scrutinised in Kuningan as there was a demonstration at the local parliament to protest the funds (KuninganMass 2017).

The aspirational funds also exist in Palopo and have been used by local MPs to fund proposals from their constituents during the recess. Similar to other districts in this study, the aspirational funds in Palopo have also been used to fund small-size infrastructure and to provide club goods. Local MPs usually contacted ward officials asking whether the proposals from recess are listed in ward's Musrenbang document. This is because, as aforementioned, the municipality government requires all projects funded by the local budgets to be listed in the Musrenbang document.

As mentioned in Chapter 5, local MPs and local officials in Parepare denied the existence of the aspirational funds. Nevertheless, proposals from recess can still be funded by the local budgets by proposing them through "*pokok-pokok pikiran*", but the proposals must be submitted to district Musrenbang. However, this does not reduce the number of recipients of government assistance that will be covered by PIK because the funds for the additional beneficiaries proposed by the local MPs are taken from PI-SKPD.

As the political clientelism literature suggests, a strategy that relies on the goodwill of the voters to vote for the candidate based on pork barrelling often fails (Stokes et al. 2013). For instance, in the Indonesian elections, pork barrelling strategies often fail because the voters might vote for candidates who offer money (Aspinall et al. 2017, 14). Club goods provision has also been used by local MPs as a reward for their constituents. The club goods range from assistance for religious facilities to "economic assistance" such as farming machinery/tools and seeds to farmer groups, as well as for tools for micro-businesses, such as welding and tyre repair. Here, this practice is categorized as non-programmatic and targeted distributions or *club goods*—i.e., the

local MPs can limit the beneficiaries to their clients (those who voted for them or will vote for them) and exclude those who would vote otherwise. This practice differs from pork barrelling—i.e., all populations in an area are the beneficiaries.

Clientelism is partly caused by the current open-list proportional representation electoral system; it is difficult for a party or candidate to dominate the entire electoral area and as the candidates from the same parties compete with each other for a seat (Aspinall et al. 2017). Moreover, often the voters tend to vote based on the individuals seeking election regardless of their parties (Aspinall et al. 2017; Aspinall and Sukmajati 2016). As a result, a pork barrelling practice is less likely to strengthen the electoral base for the candidates. For instance, as discussed in Chapter 5, a local MP in Palopo pointed out that he had allocated several infrastructure projects to a village, expecting significant votes from the village; but he got very few votes from the village (interview, February 4, 2016). Therefore, a more logical way to gain votes is to offer club goods to those who are loyal to the candidates. Although “manipulation of public policy” is more likely to be exercised by the ruling party (Stokes et al. 2013), under the current electoral and administrative arrangements in Indonesia, clientelism can be exercised by any local MP as they have budgeting rights, and as no political party really dominates the local parliament. The fact that personalistic campaigns play a significant role in Indonesian electoral dynamics (Aspinall and Sukmajati 2016) means that the incumbent members can target responsive voters in the allocation of the aspirational funds (Aspinall 2014). The scheme for resource distributions across districts is depicted in Figure 6.2.



## 6.8 Concluding remarks

The role of CSOs is essential in both initiating and sustaining a participatory innovation. However, they have to seek support from reform-minded district heads, local parliament, and bureaucracies depending on the willingness of these parties to propose a regulation for the reform. CSOs also need to continue safeguarding the reform from those who want to hinder it. The findings also suggest that external donors played significant roles in introducing participatory mechanisms into local government structures, as three of the case study locations were assisted by donors to produce participatory regulations. Although those local laws and regulations produced with the donors' assistance were not effectively implemented, eventually, the three districts—Sumedang, Parepare, and Palopo—managed to produce new a local law or a mayoral decree that reintroduced a participatory approach.

Furthermore, the commitment from the local leadership and bureaucracy to enforce participatory mechanisms, as well as to implement the community demands from Musrenbang, is essential for improving the “deliberative capacity” of Musrenbang, which in turn can also improve the quality of planning for local government work plans. Unless the coordinating agency enforces the rule, some villages and subdistricts may not deliberate over their proposals, making the Musrenbang merely a ceremonial meeting.

The introduction of PIK and FDM has indeed improved the responsiveness of the local government towards the community demands that have been prioritised through Musrenbang. However, the responsiveness towards marginalised groups in the community remains questionable, unless the participatory institutions are specifically designed to target them. These institutions also need to open up broader and more inclusive participation that do not merely include community elites but explicitly require the participation of the poor and other marginalised groups, as well as open invitations to all the eligible citizens. Only then, a participatory institution will be likely to succeed to improve citizen participation, inclusiveness, the quality of deliberations, as well as their responsiveness towards marginalised groups.

In Sumedang, Kuningan and Palopo, aspirational funds have been used for several years. Sumedang has the highest amount of aspirational funds, which is around IDR 500 million to IDR 1 billion, followed by Palopo at IDR 700 million and Kuningan at IDR 300 million. The local parliamentary leadership receives higher amounts of funds. Nevertheless, the implementation

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of PIK in Sumedang and Parepare has resulted in a more programmatic distribution that, to some extent, can minimise clientelism practices. PIK in Parepare that specifically targets the poor community is an excellent example of a policy that replaces the practice of appropriating local budgets through *non-programmatic club goods* distributions with *programmatic pro-poor targeting* that have clear distribution criteria. In Sumedang, a significant amount of funding was allocated to aspirational funds. Nevertheless, PIK has provided an alternative channel for the community to influence local budgets that produce more programmatic distributions.

This chapter has presented a comparative analysis on the drivers of and actors involved in participatory innovations, how the institutional designs affect citizen participation, as well as deliberation processes and outputs, and how different institutional designs and political contexts affect government responsiveness and resource distributions. The next chapter will discuss how social accountability mechanisms work in each institutional design that has led to the outcomes described above, particularly on delivering responsiveness and resource distributions.

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# Participatory Institutions and Social Accountability Mechanisms

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## 7.1 Introduction

The previous chapter has presented a cross-case comparison on how participatory innovations emerged in four districts in Indonesia; and how institutional designs affect citizen participation, government responsiveness and resource distributions. It suggests that the PIK and FDM adopters are more likely to deliver better responsiveness than their counterparts. However, there are still some problems undermining participatory innovations in achieving their goals. This chapter examines accountability mechanisms in the four districts in Indonesia under the current participatory planning and budgeting regimes. It specifically investigates how social accountability mechanisms work under each institutional design by evaluating what works well and what does not. A controlled comparison using the four districts provides an opportunity for this as Fox (2015, 356) suggests that subnational comparative analysis can capture both the patterns and effects of institutional variations.

As presented in the preceding chapters, the local government of Sumedang provides information on the local government work plan and available resources before the planning processes begin at the subdistrict level. It also provides an opportunity for FDM to get involved in monitoring not only the work plan and budget formulations but also project implementations, including all government projects. Parepare offers similar information and monitoring opportunities, but this is limited to the formulation of PIK proposed projects, and the monitoring has not been extended to monitoring project implementation. In the other two districts, Kuningan and Palopo, the information on local government work plans is limited, and the information on available resources is not provided. Furthermore, the role of Musrenbang participants and delegates is limited to

voicing demands. Since there have been no community delegates that monitor budget formulations, community proposals have often been overlooked. These different forms of community representation have delivered different effects on how social accountability is extended and on the outcomes.

This chapter argues that the institutional designs practised in Sumedang and Parepare, which allocate PIK and involve FDM in local budget formulation and monitoring, have extended accountability beyond formal representation—i.e., legislature—and bureaucratic mechanisms to involving ordinary citizens. On the other hand, in the non-PIK/FDM districts, the ability of participatory institutions to extend social accountability has been limited because the citizens lack a formal mechanism to get involved in the monitoring processes. The scope of social accountability mechanisms evaluated in this chapter is limited to how they affect responsiveness and the resource distributions that have been discussed in Chapter 6.<sup>1</sup>

The organisation of this chapter is as follows. Section 7.2 discusses the conceptual framework linking participatory planning and budgeting with social accountability, as well as the components of social accountability analysed in this chapter. Section 7.3 discusses the findings and section 7.4 concludes this chapter.

## **7.2 Conceptual and analytical framework**

### **7.2.1 Conceptual framework: Participatory institutions and social accountability**

The general concept of accountability was introduced in Chapter 2, where the impacts of participatory institutions on extending accountability were reviewed. This section conceptualises social accountability and its relationship with other types of accountability. It shows that participatory institutions have the potential to improve public accountability by complementing other types of accountability. Studies on public accountability generally classify accountability into vertical and horizontal accountability. Vertical accountability refers to periodic elections through which citizens vote for politicians who run for office and bureaucratic accountability (Schedler 1999). On the other hand, horizontal accountability refers to checks and balances among state institutions, including all branches of government and other oversight and audit agencies (O'Donnell 1998).

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1. Other social accountability outcomes such as reducing corruption are beyond the scope of this study.

Social accountability, as a reform to improve government accountability and responsiveness to the citizens, is a relatively new concept, emerging in the early 2000s (Joshi and Houtzager 2012). It has been mainly introduced to strengthen citizen participation in governance, and to complement other accountability mechanisms—i.e., traditional vertical and horizontal accountability—which often fail in delivering accountability. For instance, as discussed in Chapter 2, periodic elections as the traditional vertical accountability mechanism often fail because they are held under certain frames. Furthermore, although citizens can communicate their demands through their representatives in the period between the elections, this is susceptible to clientelism, as discussed in Chapter 6. Thus, elections may provide a limited channel for the citizens to voice demands and seek accountability. Furthermore, for elections to deliver better accountability, political parties have to offer “programmatic” policies to the voters (148), which is often hindered by clientelism and vote buying. Horizontal accountability, as a means of checks and balances among and within the branches of government, also often fails due to “encroachment” and “corruption” (O’Donnell 1998, 121).

Scholars have offered several conceptualisations and definitions of social accountability. Malena, Forster, and Singh (2004, 3) define social accountability as “[...] an approach towards building accountability that relies on civic engagement, i.e., in which it is ordinary citizens and/or civil society organisations who participate directly or indirectly in exacting accountability.” It relies on the demand side, and it has been promoted by international agencies to improve development (Malena, Forster, and Singh 2004; O’Meally 2013). Such a definition, therefore, includes a wide array of citizen actions aimed at holding government accountable, ranging from demonstrations and legal actions to citizen participation in decision-making and monitoring. Social accountability enables citizens to reward and put pressure on the government to deliver better services, expose corrupt conduct and take a case to the administrative and legal system if necessary (Ackerman 2005; Malena, Forster, and Singh 2004).

On the other hand, Grandvoinnet, Aslam, and Raha (2015) and Joshi (2008) suggest drawing a clear distinction between citizen participation in decision-making processes and participation in monitoring policy implementation because accountability is not necessarily exercised in the former. This, partly, is due to the proposition that accountability should constitute the element of social pressure that can trigger sanctioning for wrongdoing by public officials. As the World Bank

(2003, 79) suggests, “[o]ne complication is that voice is not sufficient for accountability; it may lead to answerability, but it does not necessarily lead to enforceability.” Social accountability has been argued, therefore, to lay in the ex-post monitoring in which citizens can hold public officials to account after the decisions are made and implemented (Grandvoinnet, Aslam, and Raha 2015, 32). Under such a definition, it has been argued that some forms of participatory decision-making processes do not constitute a social accountability arena. Joshi (2008) and Joshi and Houtzager (2012) further suggest separately analysing institutions that involve citizens in decision-making and in monitoring to better understand the impact of social accountability.

Nevertheless, most studies in social accountability include participatory decision-making—e.g., participatory budgeting—under social accountability exercises (e.g., Fox 2015; Grandvoinnet, Aslam, and Raha 2015; McGee and Gaventa 2011). Furthermore, other social accountability arenas—e.g., citizen scorecards, budget tracking and social audits—also do not provide direct enforcement by the citizens because they have to be followed up by administrative and legal processes to impose “sanctions” (Joshi and Houtzager 2012, 153). Therefore, social accountability has often been considered to be a “turn on the alarm” or a triggering mechanism (Peruzzotti and Smulovitz 2006, 16) that will have effects if it is followed up by administrative or legal sanctions. Nevertheless, Grandvoinnet, Aslam, and Raha (2015, 31) put participatory budgeting, such as that in Porto Alegre, as a “strategic” form of social accountability.

Moreover, it is important to note that in some practices of participatory budgeting, both deliberation and monitoring are exercised by the participants, which can be exercised directly by individual citizens and/or indirectly through their representatives—in this case, citizen delegates. A number of studies have presented the way in which such mechanisms are exercised, particularly in the case of participatory budgeting in Brazil (e.g., Abers 2000; Avritzer 2009; Wampler 2007b). Thus, contrary to Grandvoinnet, Aslam, and Raha (2015) and Joshi’s (2008) suggestion, in such a case, it is not feasible to separately analyse citizen participation in decision-making processes and that in monitoring.

The comparative case study design employed in this thesis provides an opportunity to investigate the relative strengths of accountability mechanisms in participatory institutions that incorporate citizen monitoring to those that do not; and how these mechanisms have led to the outcomes on government responsiveness and resource distributions. Most of the studies examining

social accountability have focused on short term social accountability innovations. This mainly because those innovations were mostly initiated by external donors, which had relatively short implementation time frames (Joshi and Houtzager 2012, 154). Since the accountability mechanisms analysed in this chapter have been implemented and have evolved for more than a decade, the analysis can contribute to the social accountability literature, particularly for state-sponsored social accountability practices.<sup>2</sup>

### 7.2.2 The analytical framework: Information, voice, answerability and state response

Scholars of social accountability have put forward several components that they believe to be important to its analysis (e.g., Fox 2015; Grandvoinet, Aslam, and Raha 2015; Joshi 2014; Malena, Forster, and Singh 2004; O’Meally 2013). Firstly, *information should be accessible to the citizens*, which can be provided by the government or gathered by the citizens (Grandvoinet, Aslam, and Raha 2015, 121). Based on this information, citizens can make demands in policy-making processes and seek accountability. In order to be effective, the information should be relevant (O’Meally 2013) and “targeted” towards specific purposes so that citizens can develop action based on that information (Fox 2015; Fung, Graham, and Weil 2007). The second component is *citizen action*, which includes requiring information from the government agencies, collecting information, monitoring government activities and seeking justification for government actions (Joshi 2014, 29). Citizen action often requires CSOs that have the capacity and willingness to mobilise citizens and engage with state actors (Grandvoinet, Aslam, and Raha 2015; Malena, Forster, and Singh 2004; O’Meally 2013). The third component is the existence of *institutions* (Grandvoinet, Aslam, and Raha 2015; Malena, Forster, and Singh 2004) in which citizens can “voice” their demands for responsiveness and accountability. The World Bank (2003, 79) defines: “[v]oice is the relationship of accountability between citizens and politicians, the range of measures through which citizens express their preferences and influence politicians”. Fourthly, *state response and capacity are required*. Fox (2015, 353) uses the term “teeth” to refer to the capacity of the state not only to provide answerability and enforce sanctions but also to respond to citizens’ demands such as those from participatory processes. State capacity also includes the willingness to provide information

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2. Participatory planning and budgeting is state sponsored because it is institutionalised and managed by local government agencies, which is in contrast to, for example, demonstrations and “naming and shaming” on mass media.

and initiate reforms (Joshi 2014, 29), as well as to provide functional horizontal accountability, including checks and balances among branches of government (Malena, Forster, and Singh 2004).

Since the previous chapters have discussed the role of CSOs in initiating and sustaining reforms, as well as citizen participation, these will not be discussed in this chapter. In order to establish an empirical comparison between accountability mechanisms across the four districts, this chapter specifically analyses the accountability mechanisms based on the relevant accountability components namely, access to information, “voice” and state’s capacity to respond. It further analyses the state’s capacity to respond in explaining the lack of effects of participatory institutions in improving responsiveness and reducing clientelism in resource distributions.

Before analysing social accountability in the four districts, it is important to recognise that there have been several formal mechanisms for citizens in Indonesia to obtain information from the government. At the national level, Indonesia has enacted Law 14/2008 on Public Information Openness to ensure citizens’ rights, among others, to obtain information on the formulation of public policy, to participate in decision-making processes and to seek justifications for the government’s decisions. The law also encourages citizen participation in decision-making processes. The law mandates government agencies to establish *Pejabat Pengelola Informasi dan Dokumentasi* (PPID) or Documentation and Information Management Officers to disseminate information to citizens. An ombudsman has also been established through Law 37/2008 to oversee public services and to follow up on grievances related to public services. At the local level, several local governments have also enacted local laws to improve transparency and accountability. This chapter, however, will specifically analyse social accountability mechanisms at the local level under the current participatory planning and budgeting practices.

## 7.3 Findings and discussion

### 7.3.1 Social accountability mechanisms in the non-PIK/FDM districts: Kuningan and Palopo

Both Kuningan and Palopo have provided planning and local budgeting documents in the form of long- and mid-term plans.<sup>3</sup> However, long- and mid-term plans are not “actionable” because

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3. This can be accessed on <http://kuningankab.go.id/pemerintahan/rencana-kerja-pemerintah-daerah-kabupaten-kuningan> and <http://bappeda.palopokota.go.id/pages/data-informasi> respectively. However, Palopo’s website was not

they are too broad to be interpreted by ordinary citizens (in this case, Musrenbang delegates). Furthermore, the information about the available resources for the upcoming financial year was not provided. As a result, the community was not made aware of the detailed plans and priorities, or the available budgets of the government in the upcoming year. This has hindered the community's ability to make rational plans and to synchronise their proposals with local agencies' plans at the early stages.<sup>4</sup> Furthermore, information on the project implementation phase was also not provided to the community representatives because the role of Musrenbang participants stops after district Musrenbang. Although any citizen can obtain the information related to project implementation by visiting local agencies, it is very unlikely that such an activity would be undertaken by many citizens because of the bureaucratic nature of the information and the opportunity costs associated with the inquiry. This confirms Fox's (2015, 349) suggestion that in order to be effective, the information provided should be "actionable", as well as easily accessible.

Hence, Musrenbang in the two districts has served merely as a signalling mechanism that provides information about citizens' demands to the government. Social accountability mechanisms are further weakened by the fact that the flow of information is one way only—i.e., from citizens to the government with limited information transferred from the government to the citizens—hence, asymmetric and low transparency. Social accountability literature suggests that although information also does not always lead to accountability (Fox 2015; Lieberman, Posner, and Tsai 2014), it is a crucial element of social accountability (Camargo and Jacobs 2013; Fox 2015; Grandvoinet, Aslam, and Raha 2015; Joshi 2014). Hence, the absence of information from the government hinders the participatory processes (Paul 1992) and blocks social accountability mechanisms. This has led to citizen frustration and has further decreased citizen enthusiasm to participate. During the subdistrict Musrenbang, local agencies, particularly BAPPEDA, present general priorities of the local government in the upcoming year, projected revenues and the projects to be undertaken in the current year. The participants are informed of these latter projects so that they will not propose the projects again and focus instead on discussing other proposals.

In the answerability dimension, the most frequent argument by local agency representatives—if

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up to date when accessed on February 14, 2018.

4. In fact, MOHA regulation 54/2010 state that local government agencies should provide annual work-plan drafts as materials for Musrenbang. This is because Musrenbang is one of the stages in formulating local government work plan.

the participants ask about the justifications as to why their proposals have not been funded—has been that the local government lacks resources, so the government has allocated resources to the most urgent and strategic projects. However, some studies suggest that most local governments in Indonesia have allocated significant resources to administrative spending (Sjahrir, Kis-Katos, and Schulze 2014; Skoufias et al. 2014). This suggests that apart from the lack of funds, one of the contributing factors to the less responsive government is a misallocation of resources. In fact, the Minister for Finance suggests that 70.9 per cent of local budgets were allocated to personnel spending, and “those personnel did not necessarily serve the community” (Merdeka 2017). Another frequent justification has been that local agencies have to achieve their goals and objectives that are described in their work plans. However, this crucial information—local agencies’ work plans and availability of resources—was not disseminated to the communities before Musrenbang began.

Social accountability in Kuningan and Palopo can be classified as “voice” only—or “*tactical*” social accountability in Fox’s (2015) term. Citizens in the two districts can demand basic rights such as access to services through Musrenbang processes; hence, constitute “voice”. However, the main weakness of Musrenbang in the non-PIK/FDM districts is that the community’s demands formed through Musrenbang are not binding, typically making it ineffective in influencing policy decisions. Furthermore, they do not have a formal arena to monitor project implementation.<sup>5</sup> Thus, Musrenbang, as a state-sponsored arena, lacks the capacity to respond to community demands in policy-making and to provide an opportunity for citizens to monitor project implementation. Nevertheless, Musrenbang remains an essential social accountability mechanism. The annual Musrenbang has been the main arena—if not the only arena—for citizens in the two districts to openly require justifications for and confront local agencies about their courses of action.

In brief, social accountability mechanisms in Kuningan and Palopo consist of:

1. Information: The Kuningan and Palopo governments provided information about long- and mid-term plans. However, both districts did not provide information about available budgets for the upcoming year.
2. Voice: Musrenbang participants can voice their demands in Musrenbang, but this is merely consultative.

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5. Nevertheless, individual citizens can require information and report wrongdoing through existing mechanisms outside the Musrenbang processes.

3. Answerability/justification: Musrenbang has been used by the participants as an arena to ask local agencies and local MPs for the previous year's budgets, but this is very limited because local MPs and local agency's representatives often leave the discussion sessions.
4. Monitoring: citizens are not formally involved in overseeing local government budget formulation and implementation.

Studies suggest that social accountability initiatives require “iterative” processes and become stronger over time (Grandvoinnet, Aslam, and Raha 2015, 45–46). Therefore, it is expected that as Musrenbang is implemented annually, citizens will demand a more accountable government, particularly in justifying its selected courses of action. While there is evidence that, in Musrenbang, citizens have been critical and required justifications from the government, the government has responded slowly. The bureaucrats in the two districts have been aware of the community demands for more authority in resource allocation. Unfortunately, the lack of support from local leadership has hindered their proposed reform—with the exception of Palopo that provided grants for wards to be undertaken under a community-driven development scheme.<sup>6</sup> Nevertheless, the absence of a monitoring role for Musrenbang delegates in the two districts has undermined social accountability mechanisms. Thus, the main weakness of participatory institutions in the two districts is that citizen participation is limited to policy-making processes without a formal channel to participate in the monitoring processes. This is further weakened by the fact that their demands have often been overlooked by the local agencies in favour of technocratic planning and politically endorsed projects (*aspirational funds*).

### 7.3.2 Social accountability mechanisms in the PIK/FDM districts: Sumedang and Parepare

Among the four districts, Sumedang has the most advanced social accountability mechanisms. As discussed in Chapter 4, before the subdistrict Musrenbang begins, the district head and the local parliaments provide a memorandum of understanding on the indicative funding ceiling for PIK and local agencies. BAPPEDA then disseminates this information to subdistrict and village officials, as well as FDM members who will facilitate village Musrenbang. Based on this information, FDM members explain the main priorities of the local government in the upcoming year, as well as the

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6. The CDD program was implemented after the revised budget was enacted in October 2016, but it has been discontinued.

criteria for projects to be funded by PIK. Therefore, the information dimension of accountability in Sumedang is available for government work plans and available resources. This “actionable” information has enabled the citizens not only to align their priorities with the local agencies’ work plans but also to propose projects that they really need, rather than merely proposing a “wish list”.<sup>7</sup>

In regard to the answerability dimension, FDM members, after the subdistrict Musrenbang, informs the community they represent about the Musrenbang results and the justification for the selected priorities. They are further involved in formulating the local government work plan to ensure that the community’s proposals for PIK are included in the government work plan. FDM is also involved in the budget discussions in the local parliament to ensure that PIK proposed projects are not excluded or altered. Therefore, social accountability exercised by FDM encompasses both the bureaucratic and political spheres. As a result, the PIK proposals have always been funded unless the proposal did not comply with government regulations—e.g., changes in the local government responsibilities that restrict local government to fund village responsibilities—and the revenues are smaller than projected. The binding decisions feature in the institutional design, combined with the involvement of FDM in the work plan and budget formulation, has improved the answerability dimension of social accountability in Sumedang.

Moreover, the institutional design in Sumedang mandates FDM to be involved in monitoring the implementation of all projects funded by local budgets. This also provides answerability in the implementation stages. As illustrated in Chapter 4, FDM can require explanations from local agencies as to why certain projects have not been implemented. Furthermore, the chain of accountability works not only from the local agencies and local parliament to FDM but also from FDM members to their respective communities. This is because FDM members are held accountable by their community to explain the decision made in the subsequent meetings after the subdistrict Musrenbang, the decision on local budgets, and project implementation. This chain of accountability has made planning, budgeting and implementation stages in Sumedang work better compared to the other districts.

Similar to Sumedang, Parepare has also provided information on the available resources before the village Musrenbang is held. However, the information only covers PIK, whereas the indicative

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7. Nevertheless, as discussed in Chapter 4, several subdistricts in Sumedang have distributed or revolved around the PIK among the villages rather than targeting the subdistrict’s strategic priorities.

budget ceiling for the local agencies has not been informed to the community. As illustrated in Chapter 5, however, the Musrenbang participants did not seem to scrutinise the budgets outside PIK as they have been provided with the authority to allocate PIK.<sup>8</sup> FDM in Parepare plays a similar role to that in Sumedang. During the ward Musrenbang in one of the wards observed, the facilitators become the source of information regarding the criteria for beneficiaries of the government's direct assistance projects. FDM has also created a chain of accountability that put pressure on the local agencies to implement and not to alter the Musrenbang decisions. This is because FDM keeps following up the budgeting processes to make sure that the community decisions are honoured as the FDM members are also held accountable by the ward community. The weakness of institutional design in Parepare to extend social accountability is that the mandate for FDM monitoring is limited to the formulation of the government work plans and budgets for the projects funded under the PIK scheme and does not extend to project implementation. Nevertheless, neighbourhood leaders and wards facilitators are required to monitor the distribution of government assistance. This practice has improved the transparency of the amount of budget spent on each project and on the beneficiaries.

In summary, social accountability mechanisms in Sumedang and Parepare consist of:

1. Information: Sumedang provides information about local government priorities through FDM and village heads who then disseminate this information to their community as a reference in proposing projects in village Musrenbang. Information on PIK is provided before Musrenbang at subdistrict level. Providing such information shows that the local government is transparent in their planning and budgeting activities. Similarly, Parepare provides information on available budgets for PIK, and what can be funded under the PIK schemes. However, the information about funds and plans outside PIK is not provided.
2. Voice: the information about local government plans and budgets are used by community representatives—Musrenbang participants—to identify their needs and to propose specific projects to address their needs.
3. Answerability/justification: In Sumedang, the decisions on local government's plans and budgets are justifiable because the proposed projects for both PIK and PI-SKPD are discussed in Musrenbang and the subsequent meetings in which community representatives—FDM—are

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8. Most interviews in Parepare suggests that budget allocations for local agencies are the agencies' discretion, whilst the PIK is the citizens' discretion (as discussed in Chapter 5).

involved. Whereas in Parepare, the answerability and justifications only apply for PIK funded projects.

4. Monitoring: FDM is formally involved in overseeing and providing reports on local government budget implementation. This includes the quality of infrastructure and other services. FDM can also question local agencies, for instance, about why the projects are delayed. In Parepare community monitoring also has improved transparency over whether the recipients of government assistance meet the eligibility criteria.<sup>9</sup>

To some extent, social accountability in Sumedang and Parepare districts can be classified as a “strategic” approach (Fox 2015) or a “watchdog” (Joshi and Houtzager 2012). This is because both districts have provided not only voice but also a formal channel for citizens to monitor the budget implementation.

### 7.3.3 Social accountability and state actions

The main weakness of the participatory institutions evaluated in this chapter in enhancing social accountability is that they lack state capacity to respond to citizens’ reports, which further weaken the capacity to impose sanctions. In the non-PIK/FDM districts, a formal forum for citizens to get involved in monitoring project implementation does simply not exist. For the PIK/FDM districts, the weakness is caused by relying heavily on the demand side. Studies suggest that it is important to improve the capacity of the supply side to respond to citizen’s demands (Fox 2015; Grandvoinnet, Aslam, and Raha 2015). The problem, therefore, that can be identified from the Sumedang case is that the bottom-up monitoring reports have often been overlooked by several local agencies (interview with an FDM member, January 28, 2016). Nevertheless, some local agencies are more responsive to the reports than others. Moreover, FDM often has to visit the local agencies with community members several times to seek solutions for their reports (interview with an FDM member August 31, 2018). Peruzzotti (2011, 59) argues that for social accountability mechanisms to work, they require “a minimum of responsiveness on the part of the institutionalised system of horizontal controls.” In the case of Sumedang, the horizontal mechanisms have been weakened by the fact that local MPs also have discretionary funds (as discussed in Chapter 6). This has made social accountability less effective in tackling misallocation

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9. As explained in Chapter 5, the beneficiaries of the government assistance are those classified as poor families based on the BPS criteria and data.

of resources as the local MPs themselves have been involved in diverting the resources to their supporters.

The bottom-up approach or “voice” and the state capacity to respond or “teeth” should work together to improve government responsiveness and accountability (Fox 2015). Incentives for local agencies in the Sumedang and Parepare cases exist. For instance, local agencies can promote their programs to the community in Musrenbang to get more funds from PIK to achieve their objectives, which can improve their performance. Unfortunately, punishment mechanisms are not clearly defined because the top-down and bottom-up monitoring are not synchronised and run almost independently. This finding echoes recent studies’ propositions that recognise the importance of a more integrated social accountability approach. There is a need to move beyond “tool” (Grandvoinet, Aslam, and Raha 2015) or “widget” (Joshi and Houtzager 2012) to also strengthening the capacity of the “supply side” to respond to citizens’ demands. The dichotomy between the demand and supply sides—or citizen and state—in social accountability has been considered to be ineffective (Fox 2015; Grandvoinet, Aslam, and Raha 2015). The ineffectiveness of Sumedang participatory budgeting, which relies heavily on “demand-side” to improve accountability, has also been recognised by a previous study on KDP. A study by Olken (2007) shows that citizen participation in monitoring KDP projects was less effective than bureaucratic auditing in tackling missing expenditure. Nevertheless, the central audit was effective because it was supported by social accountability; as Fox (2015, 349) suggests, “[i]t was mainly the threat of community responses to the promised local dissemination of the findings that gave the audits the clout to reduce corruption.” The subsequent replication of KDP—PNPM—that integrated state actions was more successful than KDP (Fox 2015). However, it could be argued that PNPM gained success in promoting social accountability because all projects were planned, implemented and monitored by the community with limited interventions from the bureaucratic structures. In such a mechanism, some parts of the community—the beneficiaries of the projects—oversee and hence, hold accountable those who implement the projects—another part of the community. Although asymmetrical power relations exist within the community under CDD schemes, this is relatively balanced compared to the community holding local government agencies, politicians and private contractors accountable, as was the case of FDM in Sumedang.

Joshi and Houtzager (2012, 151–52) suggest two ideological sources of social accountability

conceptualisation. Firstly, New Public Management theory suggests that public officials tend to underperform unless they are monitored by the citizens, which has led to the creation of citizen monitoring. Secondly, the deepening democracy theory advocates for a more participatory and “collaborative” solution generation between the state and citizens. In recent work, Joshi (2017) suggests an integrated approach that combines both the roots of social accountability. In fact, the experiment in Sumedang has combined these two roots. The collaborative element is exercised during the planning and budgeting process, while constant monitoring is undertaken during the implementation stage. “Naming and shaming” and “confrontational” approaches have often been used by FDM and CSOs in Sumedang to improve accountability and responsiveness of local agencies. However, the lack of impacts in Sumedang suggests that even in a formalised community monitoring process, without a collaboration—i.e., the willingness of local agencies and leadership to take into account FDM reports—social accountability may not work effectively. This so-called “short route” accountability (World Bank 2003) only addresses the demand side without much effort to increase the bureaucracy’s capacity to respond better to citizens’ demand for accountability (Fox 2015). In order to improve social accountability mechanisms, citizens need allies within the bureaucracy and local parliament. As Fox (2015, 356) points out: “[...] reformists within the state need to have actual capacity to deliver to their societal counterparts, by providing tangible support and the political space necessary to provide some degree of protection from the likely reprisals from vested interests.” Therefore, the local government’s commitment to follow up the reports by verifying and sanctioning wrongdoing by public officials is accordingly essential to strengthening the existing social accountability mechanisms. For example, the reports from FDM may be used as preliminary data for the audit agency or legislative to trigger further administrative and legal actions to hold public officials to account if an indication of corrupt conduct was found (Grandvoininnet, Aslam, and Raha 2015).

#### **7.3.4 Social accountability and clientelism in resource distribution**

In the non-PIK/FDM districts, Musrenbang has often been merely a formality, and the results have often been overlooked by local agencies. As a result, the logical ways for the community to get public investments in their areas is to approach and lobby local agencies and local MPs directly to propose projects. Although this process is the manifestation of representative democracy, it

is vulnerable to elite capture, clientelism and rent seeking. Without fundamental reform, such practices will not disappear soon. Why has social accountability failed to eliminate clientelism in resource distributions in the PIK/FDM districts, particularly in Sumedang (as discussed in Chapter 6)? Firstly, as discussed in Chapter 4, even though FDM in Sumedang is involved in budget formulation, the final decisions on local budgets are made in agreement between the district head and the local parliament. Therefore, FDM cannot directly influence the budget allocations apart from PIK, which they can protest if the PIK allocations and projects' locations are altered. This asymmetric power is clearly insufficient to tackle clientelism. Secondly, the effectiveness of PIK and FDM in tackling clientelism in resource distributions is further weakened by the reductions (rationalisation) of PIK and the existence of aspirational funds. This limits the amount of resources to fund the Musrenbang priorities and may encourage the community to lobby local MPs in order to get their proposed projects funded.

In some forms of participatory budgeting, such as that in Porto Alegre, the only way to channel the demands is through participatory budgeting, as Baiocchi and Ganuza (2014, 37) note: “[a]ll other channels for citizen demand-making other than [p]articipatory [b]udgeting were essentially closed. Contact with the administration on the part of the population was made almost exclusively through the [p]articipatory [b]udgeting process.” Nevertheless, it is also important to note that the rights of local MPs to propose projects are recognised by Indonesian laws and regulations as the local parliament has budgeting rights. Local MPs can propose projects based on the recess; unfortunately, those projects often differ from Musrenbang results.

Aspirational funds or CDFs have been argued to improve the relationship between politicians and voters, as well as to reduce the concentration of decision-making in the executive branch, as such funds have been mainly implemented by national parliaments (Baskin 2014, 1). It has also been argued that institutionalising CDF is better than a secretive “earmark” to MPs, which is less transparent for the amount of budgets, its allocations, and locations (Blair 2014, 192).<sup>10</sup> However, Indonesia has already been highly decentralised, where central transfers make up the most of local budgets, and local MPs are already in proximity to their constituents. This fiscal and democratic decentralisation should have enabled the local MPs to identify local demands and respond accordingly to those demands. This can be done without the need to propose projects

10. Blair (2014, 192) concludes that CDF in India has been more transparent and accountable under monitoring from NGOs and mass media.

outside the existing Musrenbang results and to allocate discretionary funds, unless the projects are urgent, such as a response to an emergency or natural disaster.

The second possible explanation is that the cost for political candidates to run for office in Indonesia has been very high, and those who were elected “will seek to recover these ‘entry fees’” (Sjahrir, Kis-Katos, and Schulze 2014, 178). Open e-procurement has improved transparency in the execution of government budgets, but project tendering is often misappropriated by “local political mafias” to maintain clientelism (Tans 2012, 11). The aspirational funds are mostly used to fund projects up to IDR 200 million that allows a local agency to directly select the contractors, making the funds susceptible to corruption. As a result, local CSOs have protested the existence of aspirational funds (see e.g., Jukardi 2016; KuninganMass 2017). These factors have reinforced one another and have created a cycle of clientelism. Therefore, relying solely on participatory budgeting and community monitoring is not sufficient to tackle clientelism.

These findings confirm a proposition by Hickey and King (2016), which suggests that “political society” determines the success of social accountability initiatives. They argue that political institutions should facilitate social accountability initiatives through political commitment, the capacity to respond, and the willingness to pursue public interests. In Indonesian local government, leadership has been recognised to have an essential role in improving governance (von Luebke 2009). Therefore, commitment from local leadership—district heads, local MPs and bureaucracies—to support participatory processes, respect the community proposals by funding them, and to follow up on community reports is critical to the success of both participatory decision-making and monitoring.

## **7.4 Concluding remarks**

The case comparison from the four districts shows that access to information is essential in exercising “voice” and exacting accountability. Providing information is the first step towards building social accountability. Even though information does not always lead to accountability, the findings of this chapter suggest that more detailed and clear information is more “actionable” than opaque information (Fox 2007, 2015). Limited information could make voice ineffective in influencing government decisions. Information, particularly on more detailed local government work plans and available resources, is essential in producing a more transparent and accountable

government. This information needs to be available to the citizens before village Musrenbang begins to allow the citizens to process the information.

There is also a finding that suggests the lack of civic mobilisation in requiring information appears in the non-PIK/FDM districts. Even though the government did not provide detailed information on plans and budgets, the communities in the non-PIK/FDM districts did not form collective actions to seek this information outside the Musrenbang processes. Therefore, the cause of an accountability “bottleneck” in the non-PIK districts is twofold. Firstly, it is caused by the reluctance of government agencies to provide information. Secondly, bottom-up pressure is not sufficient to make the government respond to community demands for information.

The finding also suggests that providing a formal channel for citizen representatives to oversee the planning, budgeting and implementation stages is important in improving accountability. In the absence of a formal citizen delegate forum that conducts monitoring, citizen actions are difficult to articulate. It is important to recognise that CSOs play an essential role in demanding institutional reforms for citizen participation in planning, budgeting and transparency. As discussed in the previous chapters, the reform in Sumedang and Parepare were initiated by local CSOs. CSOs have also played a significant role in demanding that the local government implements the reform when they were reluctant to implement the reform. This is exemplified in the Parepare case in which CSOs protested and demanded implementation of PIK, and in Palopo when CSOs demanded the establishment of a Public Transparency Commission. In the annual processes, however, a formal citizen delegate forum, such as FDM, is needed to monitor local governments’ activities. Through such a forum, community aspirations and complaints are more likely to be taken into account. As the accountability literature argues, power relations between citizens and the state are unbalanced (Grandvoinnet, Aslam, and Raha 2015; McGee and Gaventa 2011). Hence, providing a formal mandate to citizen representatives can increase the leverage of citizens voice in exacting accountability. Moreover, citizens need allies from within the state. Without allies, unbalanced power may limit the leverage of citizens actions. Alliance with state actors is a continuous process and should not stop after the reform is implemented. This is because the state allies may be replaced, or the reform may face other resistance from within the bureaucracy or political institutions—as the Parepare case exemplifies.

In Sumedang and Parepare, at least the community can channel their demands, and the local

governments have been responsive towards some demands by allocating a proportion of funds, providing an opportunity for the citizens to influence decision-making. The integration of participatory decision-making and monitoring in the PIK/FDM districts—Sumedang and Parepare—has further extended social accountability. The clear beneficiary criteria for government's assistance in Parepare have provided a standard to evaluate justifications for those beneficiaries (Joshi and Houtzager 2012; Schedler 1999). This shows that the local government has the capacity to provide information upon which the citizens can easily monitor and seek answerability from the government. In Sumedang, FDM gains even more responsibility to monitor the implementation of all projects, but their findings have often not been verified and investigated by local agencies. The FDM often has to put pressure on the local agencies and contractors to exact accountability. Therefore, FDM monitoring in Sumedang still less effective in extending social accountability. This is partly because social accountability has not been well supported by the supply side and has a low commitment from local leadership.

Furthermore, the existence of the so-called aspirational funds has several consequences for accountability. As local MPs have a discretionary allocation of resources that are implemented by the executive branch, horizontal accountability may not work; particularly if the local MPs are involved in the project implementation. The legislative function of checks and balances may not work because local MPs oversee their own projects. Moreover, internal bureaucracy audits may be reluctant to give a bad report for the projects undertaken by the local MPs or their clients. In such a case, social accountability may also be ineffective because asymmetric power between citizens and the state is worsened, as the state actors may collude to hinder social accountability, which, in turn, makes it harder for the citizens to seek accountability.

Nevertheless, the problem in community monitoring in Sumedang should not be interpreted as a failure of social accountability. The findings from the fieldwork suggest that the proposals for PIK that have been decided by the participants at subdistrict Musrenbang are actually funded unless they are not counted as local government responsibilities. Furthermore, FDM has often confronted local agencies and contractors to seek explanations and answerability, putting pressure on the agencies to deliver their responsibilities. The challenges faced by participatory budgeting in Sumedang as a social accountability arena is the lack of willingness and commitment from local government to verify and investigate the FDM's initial findings. Therefore, integrating social

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accountability with other existing supply-side accountability mechanisms has the potential to improve the responsiveness and accountability of local governments. This highlights that “state actions” are needed to respond to community demands for both responsiveness and accountability. Firstly, in the non-PIK/FDM districts, the local governments need to provide detailed and actionable information, build their capacity to respond community demands in the policy/budget formulation and formally engage citizens in monitoring government activities. Secondly, districts that have already implemented PIK and FDM need to strengthen their capacity to respond to community reports as a result of monitoring project implementation.

This chapter has discussed how accountability mechanisms work in the four districts to explain the outcomes on government responsiveness and resource distribution. The next chapter will seek to answer whether the implementation of participatory planning and budgeting in Sumedang improved service delivery by evaluating five indicators, namely household access to safe water and sanitation, the net junior and senior secondary school enrolment ratio, and the percentage of births assisted by skilled health staff.

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# The Effects of Participatory Budgeting on Local Government Service Delivery: Evidence from Sumedang

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## 8.1 Introduction

This chapter investigates the effects of local law 1/2007 on Planning and Budgeting Procedures in Sumedang, West Java Province, on local government service delivery performance. In order to assess its effects, this study follows Lewis, McCulloch, and Sacks (2016) who recommend six indicators that offer good proxies for measuring local government service delivery performance in Indonesia. These are: household access to safe water and sanitation; the net junior and senior secondary school enrolment rate; the percentage of births assisted by skilled health staff; and the immunisation rate for children under five years old. Unfortunately, for the immunisation rate for children under five years old, there were several missing data during 2000–2003, leaving only five services that could be evaluated. Under Indonesian laws and regulations, improving access to these basic services is the responsibility of local governments. The implementation of local law 1/2007, which provides a channel for citizens to voice their demands and to decide on the allocation of funds to address their problems, has the potential to improve basic services.

This chapter employs synthetic control methods (Abadie, Diamond, and Hainmueller 2010, 2015; Abadie and Gardeazabal 2003) to investigate the causal effects of the innovations introduced by local law 1/2007, namely PIK and FDM. It has three main findings; firstly, there is some evidence that the implementation of local law 1/2007 improved the net junior secondary enrolment ratio for the overall population compared to the counterfactual, but it had no significant effect on the other services. Secondly, this chapter further investigates whether participatory budgeting benefits certain community groups in the district by investigating its impacts on the services for different

per capita expenditure quintiles. The findings indicate that there is also some tentative evidence of improvement on household access to safe sanitation and the percentage of births assisted by skilled health staff for the third quintile of per capita expenditure; as well as on the net junior secondary enrolment rate for the fifth quintile compared to the counterfactual. Thirdly, there is no significant evidence of positive effects of the reform on the access of the poor to the services investigated. This is consistent with the findings in Chapter 4 that suggest that the poor have been under-represented in the participatory budgeting processes.

The remainder of this chapter is structured as follows. Section 8.2 discusses the conceptual framework on how the implementation of PIK and FDM through the implementation of local law 1/2007 in Sumedang can affect basic services. Section 8.3 presents the method and data used to evaluate the causal effects of the reform on service delivery performance. Section 8.4 presents the analysis of the causal effects and evaluates the validity of the analysis. Section 8.5 discusses why the reform has not effectively improved basic services. Section 8.6 summarises the findings and their policy implications.

## **8.2 Participatory institutions and service delivery performance**

### **8.2.1 Local government responsibilities in Indonesia**

Under the law 32/2004 on Local Government or the decentralisation law, and government regulation 38/2007 on the Sharing of Responsibilities between Central, Provincial and District Governments, district governments in Indonesia are responsible for their local developments. The central government in Indonesia maintains absolute authority over foreign affairs, defence, security, the judiciary, national monetary and fiscal policy, as well as religious affairs. Local governments are responsible for mandatory and elective functions that have been devolved to them by the central government. The mandatory functions cover basic services, while the elective functions include economic related sectors.<sup>1</sup> The central government sets the minimum service

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1. According to Government Regulation 38/2007, the mandatory responsibility or assignments covers 26 services namely: education, health, environment, public works, spatial planning, development planning, housing, youth and sport, investment, cooperative and small and medium enterprises, population and civil registration, labour, food security, women empowerment and child protection, family planning, transportation, communication and information, land administration, general administration, community and village empowerment, social affairs, cultural affairs, statistics, archive, and library. The elective function includes marine and fishery affairs, agriculture, forestry, energy and mineral resources, tourism, industry, trade and transmigration.

standards for basic services accompanied by the transfer of funds to local governments. Local governments can decide on their local innovations to meet the service standards based on their local context. Law 32/2004 was amended in 2014 by Law 23/2014 on Local Government, which further emphasises the mandatory function for basic services, namely education, health, public works and spatial planning, housing, public order and community protection, as well as social affairs.<sup>2</sup>

This chapter is interested in the innovation of participatory planning and budgeting, particularly the one implemented in Sumedang because it has taken participatory planning—mandated by the national law—one step further, by devolving authority to the subdistrict community to identify and decide on their own needs that can then be funded by the local budgets.

### **8.2.2 Participatory budgeting in Sumedang and basic services**

As previously discussed in Chapter 4, in 2007, Sumedang district in West Java enacted local law 1/2007 on Planning and Budgeting Procedure. This reform introduced two main features, namely subdistrict indicative funding ceiling (PIK) and the delegate forum (FDM). The allocation of PIK is subject to deliberation in the village and subdistrict Musrenbang. This reform resembles a well-known innovation of citizen participation in Brazil, which is participatory budgeting. The pathway through which participatory budgeting can affect basic services is as follows. Firstly, the community identifies their needs and proposes projects to address their problems. Secondly, there is a proportion of budgets for which the allocation is decided by the community alone, without intervention from the local agencies or the local parliament, as long as the proposals meet the technocratic requirements and government regulations. Thirdly, citizens through their representatives—FDM—are also involved in the monitoring and evaluation of local budgets to ensure accountability.

As presented in Chapter 4, the allocation of PIK is determined by socioeconomic indicators, including the number of poor people, infrastructure condition, and economic well-being of the subdistricts. The community's proposed projects through Musrenbang become the primary reference for the local government work plan. Under the PIK scheme, particularly if the proposed activities become priorities in the village and subdistrict Musrenbang, they are highly likely to be

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2. Law 23/2014 divides government responsibilities into absolute, concurrent and general administration. Basic services are classified as a concurrent responsibility managed by local and central governments.

funded by the local budgets in the upcoming financial year. The community can also propose projects under PI-SKPD if the proposals for PIK have exceeded the quota. Moreover, as FDM is involved in the subsequent meetings after subdistrict Musrenbang, and they can monitor community proposals for PI-SKPD, it is likely that the proposed activities will be funded and implemented accordingly.

Thus, there is an existing accountability mechanism to ensure that both public officials and private contractors will execute the projects as required. Hence, the conditions under which local law 1/2007 can successfully improve basic services exist. Therefore, it is hypothesised here that the implementation of local law 1/2007 can enhance service delivery performance because, under the PIK scheme, the community can propose and actually decide on the allocation of budgets for basic services and monitor the implementation through FDM.

As presented in Chapter 2, several studies have investigated the effects of participatory budgeting on local government expenditure and service delivery outcomes. Participatory budgeting has been found to have positive effects on health and sanitation expenditure (Baiocchi et al. 2006; Boulding and Wampler 2010; Gonçalves 2014; Touchton and Wampler 2014), and agricultural services (Jaramillo and Wright 2015). However, the increase in certain groups of expenditure tends to be associated with the decrease in the other expenditure groups (Gonçalves 2014).

In regard to targeting the poor community, Boulding and Wampler (2010, 131) argue that participatory budgeting has no effect on infant mortality and suggest that participatory budgeting has failed to allocate more funds to the poorest two quintile groups. Boulding and Wampler (2010) further argue that, overall, there is insufficient evidence that participatory budgeting improves social well-being. A similar finding was presented by Grillos (2017) who investigated the effect of participatory budgeting in Solo, Central Java province, Indonesia, on the allocation of infrastructure projects. The study suggests that poor neighbourhoods received a lesser percentage of funds than their richer counterparts did. However, different results were presented by Gonçalves (2014) and Touchton and Wampler (2014) who found that the effect of participatory budgeting in Brazil on reducing infant mortality was significant. This suggests that participatory budgeting in Brazil has succeeded in targeting the poorest part of the community because infant mortality is likely to affect the poorest part of the community. On the other hand, the World Bank (2008) had used synthetic control methods to assess the effect of participatory budgeting in Porto Alegre on

living conditions and fiscal performance, and the findings suggest that the effect is inconclusive on the average wages and infant mortality.

## 8.3 Method and data

### 8.3.1 Synthetic control methods

To investigate the effects of the implementation of PIK and FDM through local law 1/2007 on access to basic services, this chapter employs synthetic control methods introduced by Abadie and Gardeazabal (2003) and Abadie, Diamond, and Hainmueller (2010, 2015). The synthetic control method estimates the causal effect of an intervention by constructing a counterfactual from a weighted average of other districts, as a comparison to the district that implements the intervention. The counterfactual constructed using the method is referred to as the “synthetic” unit (Abadie and Gardeazabal 2003, 116).

Following Abadie and Gardeazabal (2003) and Abadie, Diamond, and Hainmueller (2010, 2015), suppose we observe  $J+1$  districts, indexed by  $i = 1, \dots, J+1$  over  $T$  periods,  $t = 1, 2, \dots, T$  in the sample. Only one district (Sumedang),  $i = 1$ , implemented PIK and FDM, and the rest of the districts  $J$  are potential control districts or the “donor pool”. The districts are observed over a number of pre-intervention periods  $T_0$  and post-intervention periods  $T_1$  so that  $T_0 + T_1 = T$ .

The causal effect of the implementation of local law 1/2007 for unit  $i$  at time  $t$  is given by

$$\tau_{it} = Y_{it}^R - Y_{it}^N$$

where  $Y_{it}^R$  is access to a basic service when district  $i$  (Sumedang) implemented the reform and  $Y_{it}^N$  is the access to the service without the reform. Since  $Y_{it}^N$  is not observed after the intervention period, we need to estimate  $(\tau_{1T_0+1}, \dots, \tau_{1T})$ . The synthetic control method aims to construct the missing counterfactual outcome  $Y_{it}^N$  from a weighted average of the districts that did not implement the same reform in the donor pool. Let  $W = (w_2, \dots, w_{J+1})'$  be a  $(J \times 1)$  vector of weights such that  $0 \leq w_j$  for  $j = 2, \dots, J+1$  and  $\sum_{j=2}^{J+1} w_j = 1$ , where each value of  $W$  denotes a potential synthetic control for district  $i$  (Sumedang). Further define  $\bar{Y}_i^K = \sum_{s=1}^{T_0} k_s Y_{is}$  as a linear combination of pre-implementation of local law 1/2007 access to the basic service. Abadie, Diamond, and Hainmueller (2010) demonstrate that if one can choose  $W^*$  such that the following

conditions hold or hold approximately:

$$\sum_{j=2}^{J+1} w_j^* \bar{Y}_j^K = \bar{Y}_1^K \quad \text{and} \quad \sum_{j=2}^{J+1} w_j^* Z_j = Z_1 \quad (8.1)$$

then,

$$\hat{\tau}_{1t} = Y_{1t} - \sum_{j=2}^{J+1} w_j^* Y_{jt} \quad (8.2)$$

would provide an unbiased estimator of  $\tau_{1t}$ .

Let  $X_1$  be a vector of pre-intervention characteristics for Sumedang, and let  $X_0$  contain similar variables for the other districts in the sample. The vector  $W^*$  is chosen to minimise  $\|(X_1) - X_0 W\|_V = \sqrt{(X_1 - X_0 W)' V (X_1 - X_0 W)}$ , where  $V$  is a  $(k \times k)$  symmetric and positive semi-definite matrix.  $V$  is chosen to minimise the mean square prediction error (MSPE) of the outcome variable in the pre-intervention period.  $V$  reflects the relative predictive power of the predictor variables on the outcome. In this present study,  $V$  is chosen through a data-driven procedure.<sup>3</sup>

### 8.3.2 Data and variables of interest

This chapter is focused on estimating the effects of participatory budgeting in Sumedang on local government service delivery performance. As aforementioned in section 8.1, the indicators for the service delivery performance in this chapter are: household access to safe water and sanitation; the net junior and senior secondary school enrolment ratio; and the percentage of births assisted by skilled health staff—as suggested by Lewis, McCulloch, and Sacks (2016).

Data on the outcome variables come from the Central Bureau of Statistics (BPS) annual national socio-economic survey (SUSENAS).<sup>4</sup> The estimates of the services are the author's calculation based on the BPS's definitions, except for access to safe water in which the estimate includes refilled water and branded bottled water.<sup>5</sup> Since 2011, these indicators have been added by the BPS into the safe water definition, as long as the households have access to water for washing

3. The data-driven procedure was implemented in R version 3.6.1 using Synth package version 1.1-5 (Abadie, Diamond, and Hainmueller 2011). The routine for quadratic optimisation was specified to be *Low Rank Quadratic Programming* using LowRankQP version 1.0.3, see Ormerod and Wand (2018).

4. The SUSENAS data were mainly obtained from the Australian Data Archive.

5. The estimations were undertaken in R version 3.6.0 using Survey package version 3.36 (see Lumley 2010, 2019). BPS definitions for the services can be accessed at <https://sirusa.bps.go.id/sirusa/>.

and other purposes. The definition has also been used by Patunru (2015) in a study on water and sanitation in Indonesia. Data on the outcome variables for the district level used in this study cover the period of 1996 to 2013. This provides 12 years of pre-implementation (1996 to 2007) and six years of post-implementation (2008 to 2013) data, except for household access to safe sanitation because it was not available for 2005.

To construct synthetic Sumedang, this study uses a set of predictors that have been used by other studies to evaluate access to basic services. Similar to Jaramillo and Alcázar (2013) who investigate the effect of participatory budgeting on coverage of water and sanitation in Peru, and Patunru (2015) who analyses access to safe water and sanitation in Indonesia, this study includes a number of population characteristics, namely: total population; the percentage of urban population; the poverty rate; and per capita expenditure. The availability of resources has also been considered to be essential in the participatory institution literature, particularly in determining the success of the institutions in achieving their goals (Goldfrank 2007a, 2011; Touchton and Wampler 2014). Therefore, following Lewis (2014a) in assessing intergovernmental performance grants in the water sector in Indonesia, this study also includes the financial capacity of local governments: specifically, the general allocation grant (DAU); the specific allocation grant (DAK); and own-source revenue (PAD); as well as total GRDP, including oil and gas (constant price).

Data for the predictor variables have been made available by the World Bank (2015) through INDO-DAPOER (Indonesia Database for Policy and Economic Research), except for per capita expenditure, which was estimated from the SUSENAS data.<sup>6</sup> The sources of data compiled by INDO-DAPOER used in this research are from BPS and the Ministry of Finance's Information System for Sub-national Budget (SIKD).<sup>7</sup> The last four lagged outcome values were added to the list of predictors, as it is important to obtain a good fit of the last years before treatment occurred (Kaul et al. 2018).<sup>8</sup>

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6. INDO-DAPOER can be accessed at <http://databank.worldbank.org/data/reports.aspx?source=1266>. Data from INDO-DAPOER were last updated on May 7, 2019. Data used in this chapter were retrieved on May 14, 2019.

7. Data from BPS include total population, percentage of urban population, poverty rate, per capita expenditure, as well as total GRDP including oil and gas (constant price). Data from SIKD are general allocation grant (DAU), specific allocation grant (DAK), and own-source revenue (PAD).

8. There have been several studies that investigate the use of lagged outcomes as additional predictors although they are not conclusive. For instance, Ferman, Pinto, and Possebom (2018, 29) suggest that “[...] the specification that uses the average of the pre-treatment outcome or a limited number of pre-treatment outcomes as predictors may fail to exploit the dynamics of the time series, which is the main goal of the SC [synthetic control] method. Discarding these specifications significantly reduces the room for specification searching when the number of pre-treatment periods is large, even though it does not completely solve the problem”. In addition, Kaul et al. (2018) suggest not to use

2013 was chosen as the end year because several districts in West Java province have begun implementing PIK since 2014, such as Sukabumi regency, Bandung regency, and Ciamis regency.<sup>9</sup> 2007 is chosen as  $T_0$  because the law was enacted in January 2007 before the village Musrenbang was held, and reports suggest that it was implemented immediately (Muluk and Djohani 2007; Muluk and Suherman 2011). The results of 2007 planning were implemented in the 2008 financial year; thus, 2008 was the first year in which the effects of local law 1/2007 on service delivery can be evaluated.

In choosing the potential control districts for Sumedang, districts in the West Java province were used as the “donor pool”. This is to control potential interventions that might have been undertaken by other provincial governments, which might have affected service delivery performance. During the period under investigation, several districts were split to create new districts. This includes Bekasi municipality (split from Bekasi regency in 1996), Depok municipality (split from Bogor regency in 1999), Tasikmalaya municipality (split from Tasikmalaya regency in 2001), Cimahi municipality (split from Bandung regency in 2001), Banjar municipality (split from Ciamis regency in 2002), Bandung Barat regency (split from Bandung regency in 2007) and Pangandaran regency (split from Ciamis regency in 2012). In order to maintain the consistency of panel data, the new districts were re-amalgamated back into their original boundaries for the entire period.

This provides 19 control districts to construct synthetic Sumedang. Although some of these districts are neighbours with Sumedang, the spillover effect is not likely to have substantial effects because, under the Indonesian decentralisation system, an innovation or reform in planning and budgeting must be regulated to provide a legal framework either through a local law or a district head decree. None of these districts had a similar policy during the period under investigation.

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all pre-treatment outcome values as additional predictors, even though this can improve the pre-treatment fit. Kaul et al. (2018, 11–12) particularly recommend including the last pre-treatment outcome lag, but for the purpose of obtaining better pre-intervention fits, this chapter uses the last four outcome lags as additional predictors because the outcomes tend to fluctuate during this period.

9. In Ciamis, local law 11/2012 on the District Development Planning System came to effect in 2013 for 2014 planning. In Sukabumi, local law 20/2013 on the Participatory Development Planning and Budgeting System was enacted in 2013 and was first implemented in 2014 for the 2015 plan. Bandung regency started implementing PIK in 2015 after the enactment of local law 4/2014 on Local Development Planning System. Previously, development planning in Bandung regency was regulated by local law 5/2005 that allocated grants to villages. Therefore, this is different from local law 1/2007 in Sumedang that introduced not only PIK but also FDM. Moreover, since 2007, all districts have allocated at least 10 per cent of their revenue from central transfers for village grants allocation (ADD) that was mandated by MOHA decree 37/2007 on Village Finance Management Guidelines.

## 8.4 Results and inferences

### 8.4.1 Household access to safe sanitation

Recall that synthetic Sumedang was constructed using the weighted average of districts from the “donor pool” (see subsection 8.3.1). Table 8.1 presents the weight of each district that makes up synthetic Sumedang for the effect of local law 1/2007 on household access to safe sanitation for the whole population. Synthetic Sumedang is best produced by the combination of six districts: Indramayu regency (0.132), Subang regency (0.253), Purwakarta regency (0.369), Bekasi regency (0.027), Bogor municipality (0.163) and Cirebon municipality (0.056).

District	Weight	District	Weight
Bogor regency	0.000	Indramayu regency	0.132
Sukabumi regency	0.000	Subang regency	0.253
Cianjur regency	0.000	Purwakarta regency	0.369
Bandung regency	0.000	Karawang regency	0.000
Garut regency	0.000	Bekasi regency	0.027
Tasikmalaya regency	0.000	Bogor municipality	0.163
Ciamis regency	0.000	Sukabumi municipality	0.000
Kuningan regency	0.000	Bandung municipality	0.000
Cirebon regency	0.000	Cirebon municipality	0.056
Majalengka regency	0.000	–	–

**Table 8.1:** District weights for synthetic Sumedang access to safe sanitation (overall population)

Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,032,061	1,870,794
General allocation grant (billion IDR)	215.98	183.88	296.05
Specific allocation grant (billion IDR)	26.58	18.83	27.25
Own source revenue (billion IDR)	35.26	34.12	56.04
Household per capita expenditure (thousand IDR)	174.85	184.7	178.89
Poverty rate	13.83	13.88	13.63
GRDP (Constant, billion IDR)	4,257.88	7,211.35	11,068.12
Population in urban areas (%)	30.33	47.47	51.5
Household access to safe sanitation 2007 (%)	59.68	57.55	45.35
Household access to safe sanitation 2006 (%)	38.32	43.57	36.74
Household access to safe sanitation 2004 (%)	57.54	51.73	40.89
Household access to safe sanitation 2003 (%)	55.54	50.34	39.72
RMSPE		3.48	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

**Table 8.2:** Access to safe sanitation predictor means (overall population)

Table 8.2 reports the gaps between the four outcome lags and the other predictor means in the pre-implementation period between Sumedang and its synthetic version (see subsection 8.3.1).

The gaps between the variables of the constructed synthetic and Sumedang are quite small compared to the sample mean, particularly on the variables that have larger predictive power,  $V$ . This suggests that the synthetic control method has been able to approximate the pre-intervention characteristic of Sumedang. Thus, it provides a better approximation than simply using the sample mean.

Figure 8.1 shows the trajectories of household access to safe sanitation of Sumedang and synthetic Sumedang for the overall population, as well as those for each per capita expenditure quintile group. The figure shows that the synthetic control methods have succeeded in producing synthetic Sumedang that have similar trajectories to Sumedang's during the pre-implementation period ( $T_0$ , the year 2007, is marked by a vertical dashed line). As Figure 8.1 shows, in general, after the implementation of local law 1/2007, household access to safe sanitation for the whole population and for all expenditure quintile groups were higher than the counterfactual synthetics. The estimated treatment effect of the intervention on the whole population for the period of 2007–2013 was approximately 5.28 per cent per year. Meanwhile, the treatment effect for the first, second, third, fourth and fifth quintile group was around 7.65, 9.02, 12.42, 5.26 and 2.94 per cent per year, respectively.

To assess the significance of the results, as suggested by Abadie, Diamond, and Hainmueller (2010, 2015), I conducted placebo studies by iteratively estimating the placebo effects for each district in the “donor pool” as if the districts implemented a reform similar to local law 1/2007 during the period under investigation. If the placebo studies produce magnitudes similar to or greater than the treated district, then it is concluded that there is no significant evidence of positive effects of local law 1/2007 on household access to safe sanitation. In contrast, if the placebo tests show that the treatment effect is substantially larger than the placebo effects, then it is concluded that the treatment effect is significant.

The placebo tests in Figure 8.1 show that most of the Sumedang gap lines fall inside the distribution of the placebo gaps of the control districts. This suggests that there is no significant evidence of a positive effect of local law 1/2007 on household access to safe sanitation. In this study, placebo gaps exclude districts with pre-treatment MSPE five times larger than Sumedang's.

However, for the third quintile group, the Sumedang gap line is relatively larger than most of the placebo lines, as depicted in Figure 8.1h. As aforementioned, the analysis suggests that,

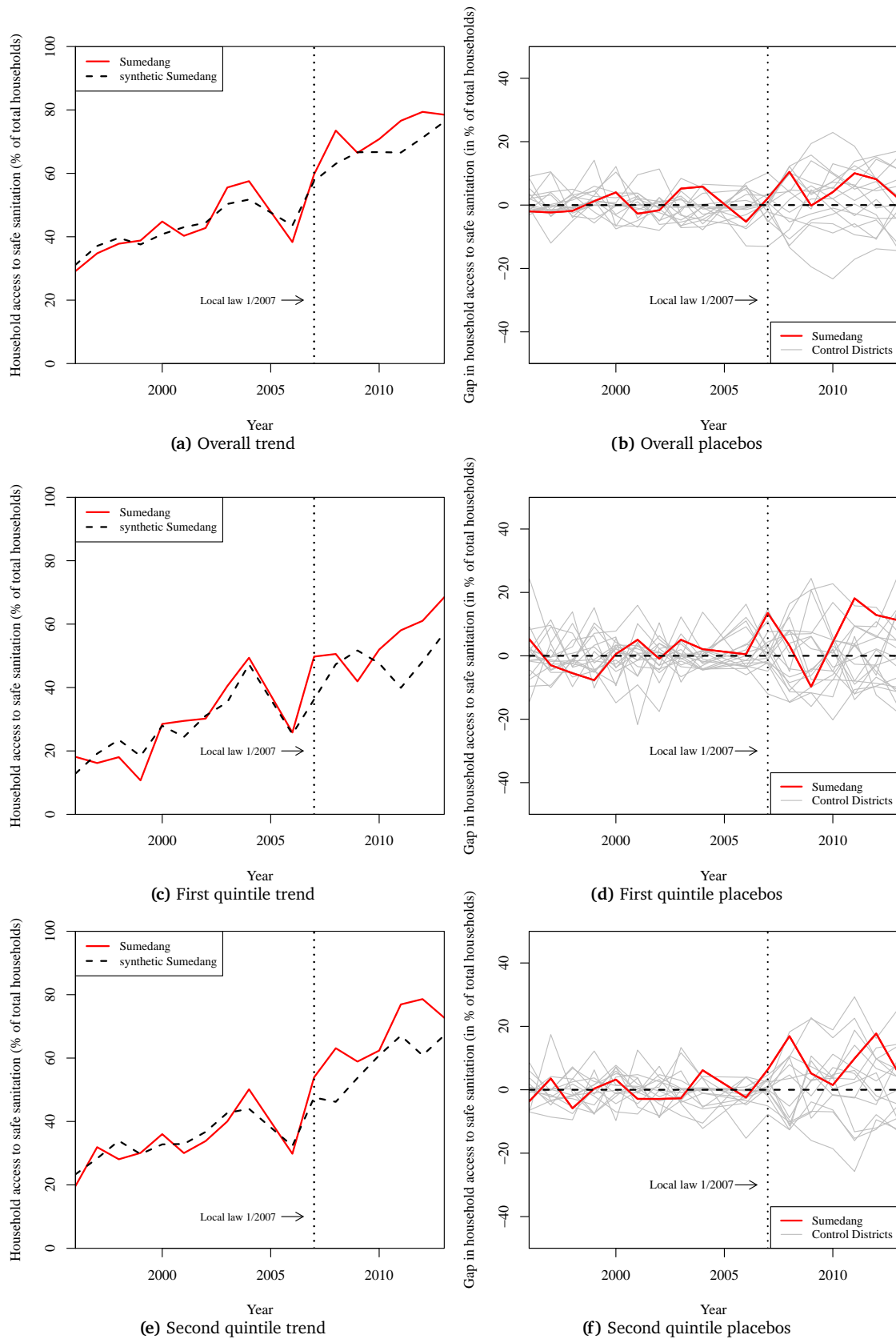
for the period of 2007–2013, access to safe sanitation for the third quintile group increased by an average of around 12.42 per cent per annum, or approximately 22.73 per cent of the 2007 baseline level. Nevertheless, the distribution of post- to pre-implementation of local law 1/2007 ratio (Figure 8.2a) shows that Sumedang has the fourth-highest ratio. The probability of randomly obtaining post- to pre-implementation ratio of local law 1/2007 from the sample is  $4/20 = 0.20$ . This suggests that the effect is somehow insignificant, as some placebo gaps are larger than the real intervention effect.<sup>10</sup>

To further investigate the effect of PIK on household access to safe sanitation for the third quintile group, I conducted a robustness test using leave-one-out to assess the sensitivity of the analysis to the changes in the district weight  $W^*$ . Figure 8.2b displays the result and shows that the trend produced for the third quintile in the previous analysis is quite robust to district exclusion. Hence, the results tentatively suggest that the third quintile group might have benefited from the reform.

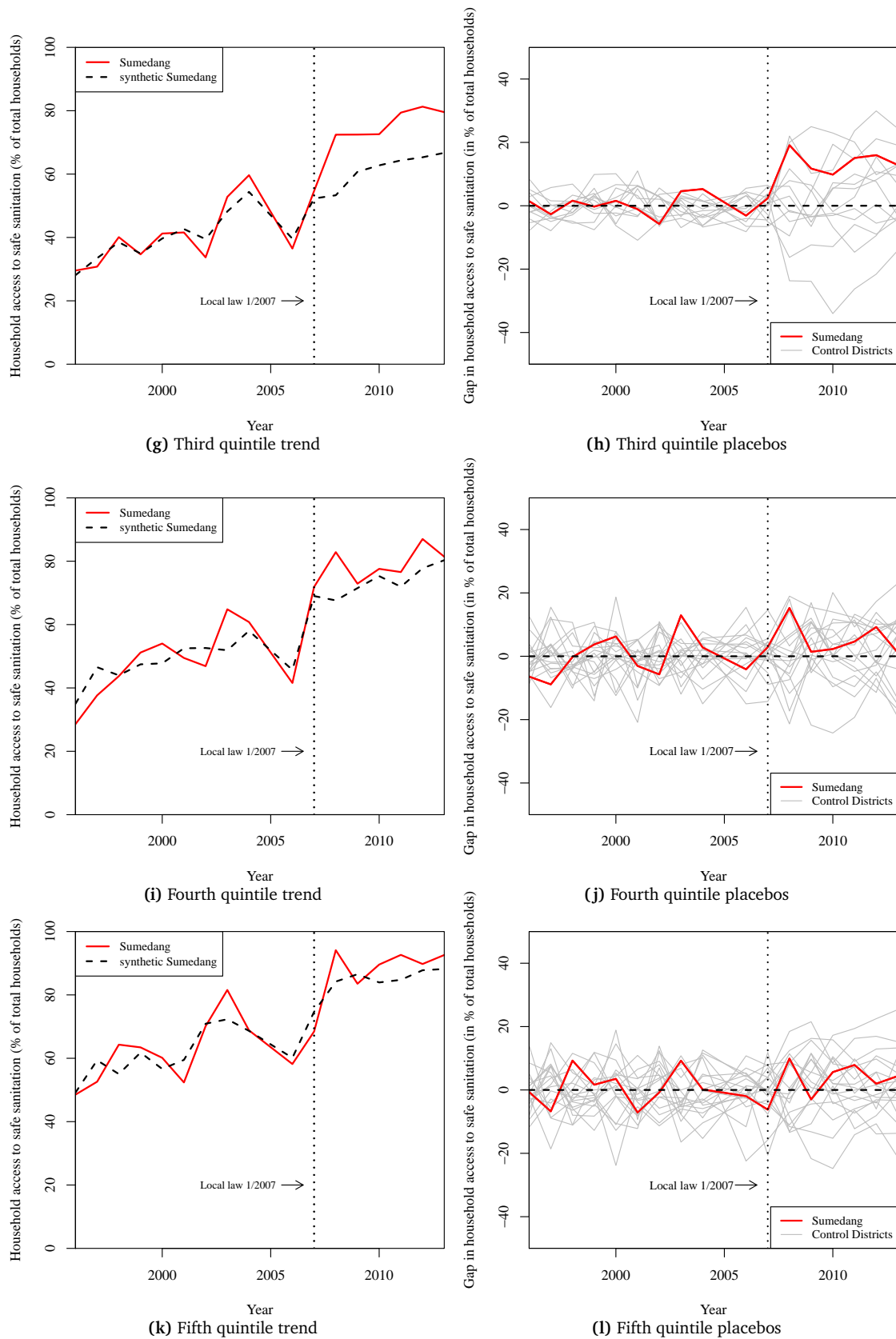
The district weights and predictor means for synthetic Sumedang, as well as the post- to pre-implementation ratios for the overall population and each quintile group, are presented in the appendices (Table A.1, Table A.2 and Figure A.1 respectively).

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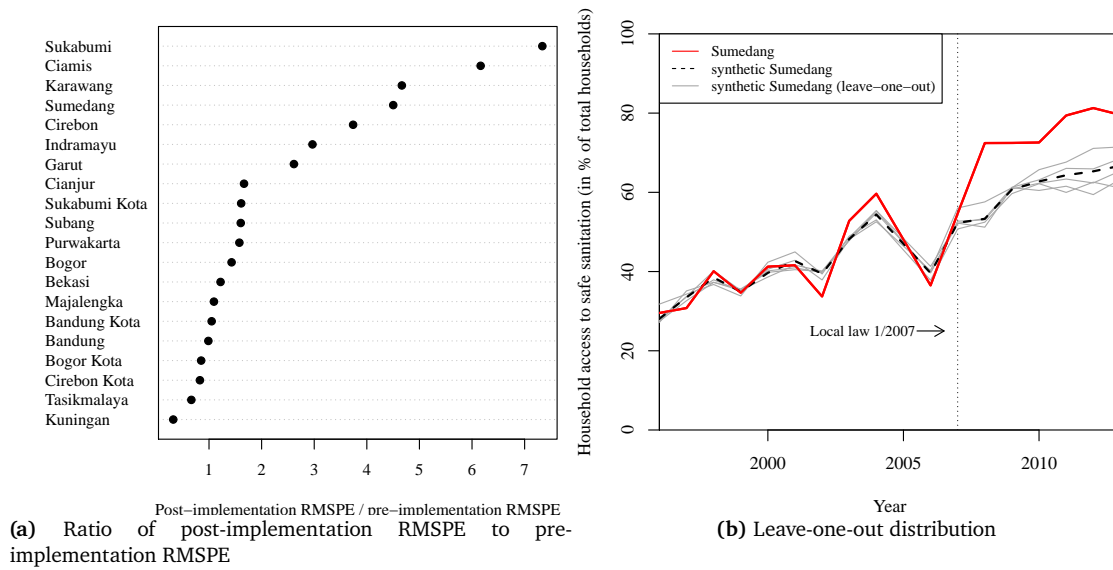
10. Abadie, Diamond, and Hainmueller (2015) suggest an alternative way to conduct placebo tests, which is to shift the intervention event to an earlier year before the real intervention. However, considering the pre-intervention period is relatively short, this is not presented in this study because synthetic control methods require a relatively large number of pre-intervention period to construct a credible counterfactual (Abadie, Diamond, and Hainmueller 2010, 2015).



**Figure 8.1:** Trends in household access to safe sanitation Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.1:** Trends in household access to safe sanitation Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's)

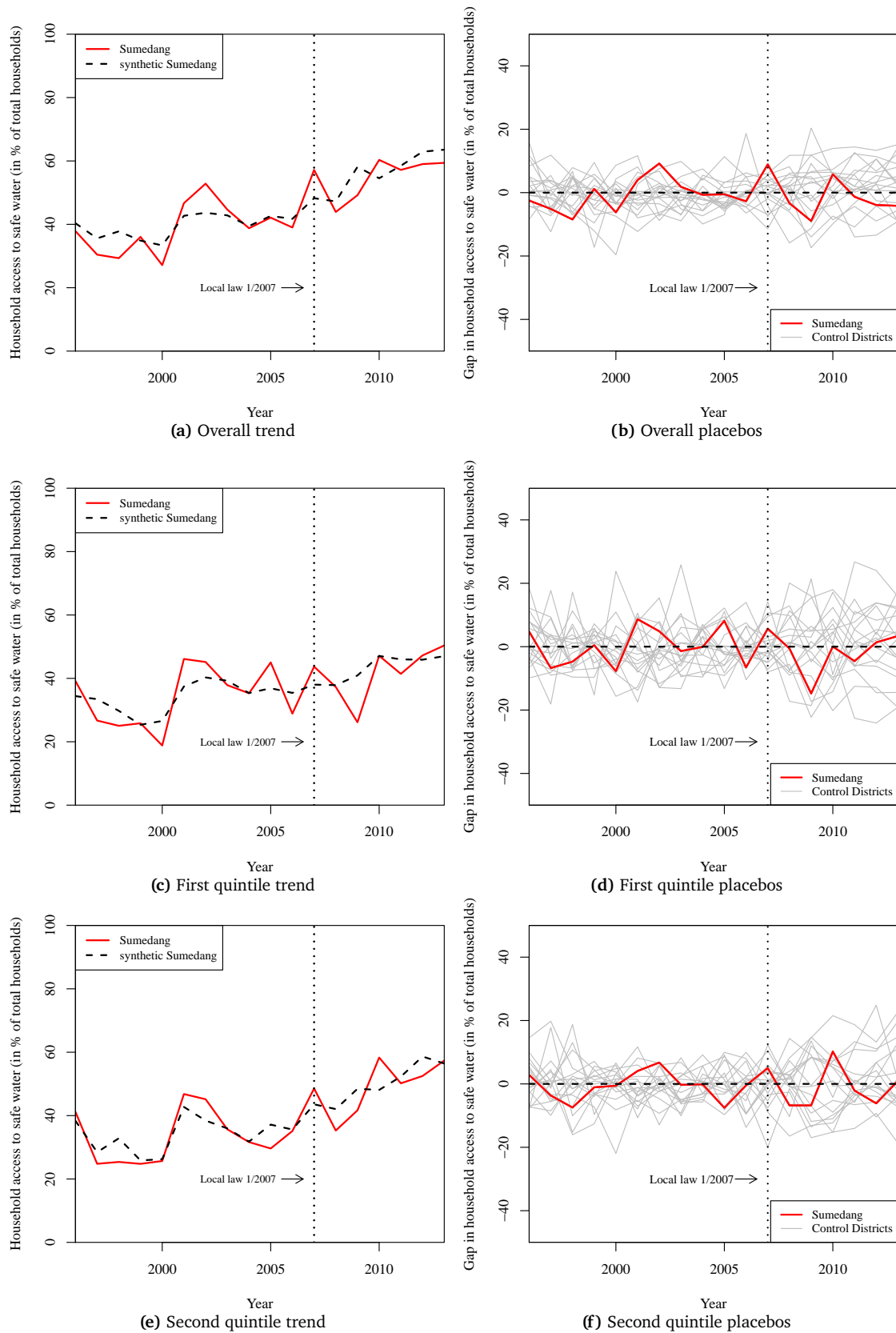


**Figure 8.2:** Ratio of post-implementation RMSPE to pre-implementation RMSPE and Leave-one-out distribution Sumedang and control districts: Household access to safe sanitation for the third quintile

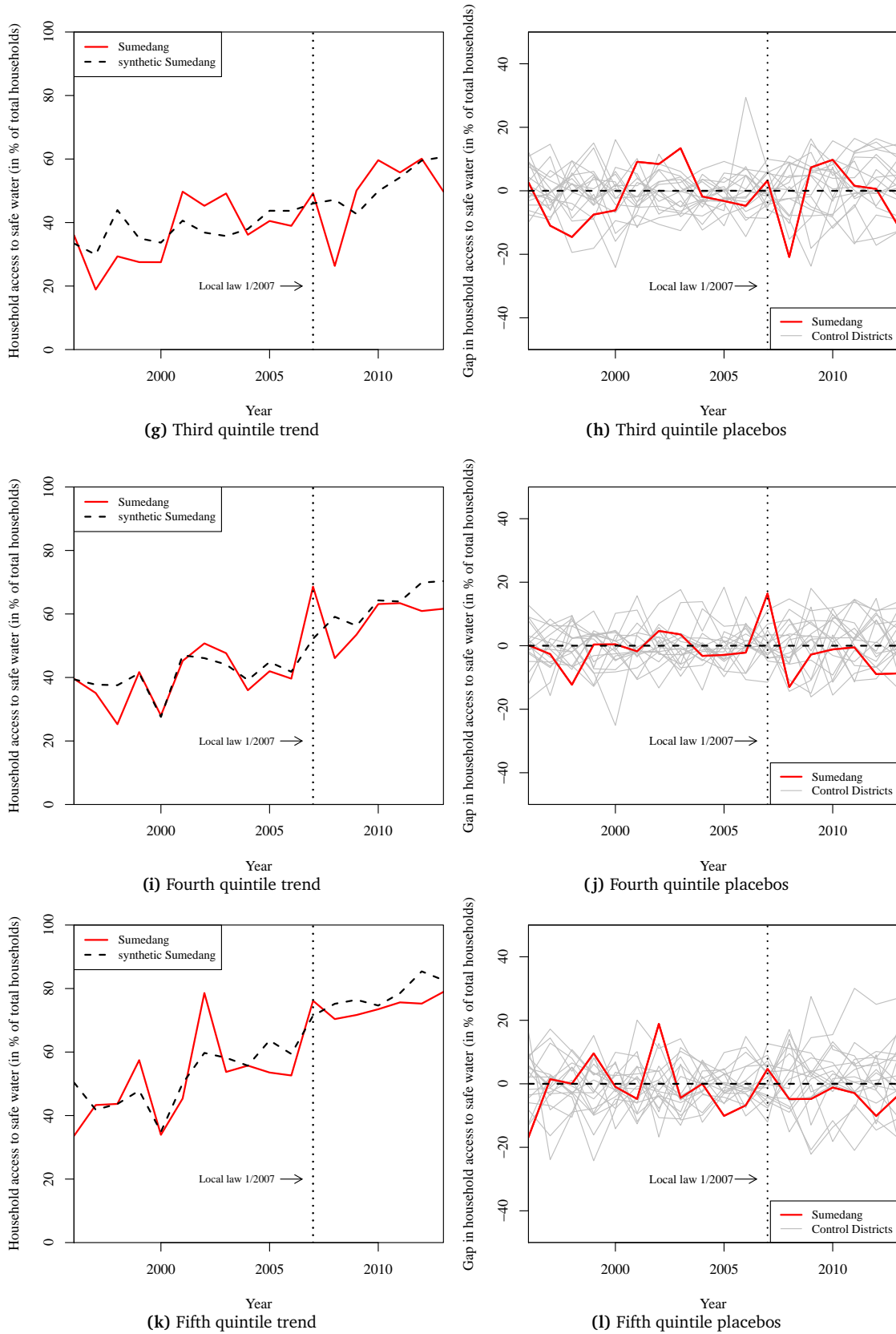
### 8.4.2 Household access to safe water

Figure 8.3 shows the trends in household access to safe water. The figure shows that, in general, household access to safe water declined after local law 1/2007 was implemented. On average, the decrease for the whole population, first, second, third, fourth and fifth quintile groups was approximately 0.99, 1.35, 0.81, 1.32, 2.68 and 3.26 per cent per year, respectively. However, the placebo tests (Figure 8.3) show that the Sumedang gap lines fall inside the permutation lines. This indicates that the effects PIK on household access to safe water for the overall population and each per capita expenditure quintile group are not significant.

The districts that make up synthetic Sumedang for the whole population and each quintile group, predictor balance and the post- to pre-implementation ratios are presented in appendices (Table A.3, Table A.4 and Figure A.2 respectively).



**Figure 8.3:** Trends in household access to safe water Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.3:** Trends in household access to safe water Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's)

### 8.4.3 Net junior high school enrolment rate

Figure 8.4 depicts the trends in the net junior secondary school enrolment rate in Sumedang and its synthetic versions. The figure suggests that local law 1/2007 improved the net junior secondary school enrolment ratio for the overall population compared to the synthetic after several years of its implementation, as shown in Figure 8.4a. The reform appears to take effect on the net enrolment rate for the overall population in 2012 and 2013. The result suggests that the net junior secondary school enrolment rate increased by an average of about 2.51 per cent per year during 2007–2013. This improvement is equivalent to around 4.03 per cent of the 2007 baseline level.

The placebo tests displayed in Figure 8.4b show that the Sumedang gap line is larger than most of the placebo lines during 2012–2013. Leave-one-out distributions depicted in Figure 8.5b that assess the sensitivity of the analysis to the changes in the district weight confirm that the result is fairly robust. The post- to pre-implementation ratio of local law 1/2007 for the net junior secondary school enrolment rate for the overall population (Figure 8.5a) shows that Sumedang has the second-largest ratio among the districts. The probability of randomly obtaining the ratio from the data is  $2/20 = 0.10$ , which indicates that the effect is significant at the 10 per cent level. Therefore, the analysis suggests that there is some evidence that the reform increased the net junior secondary school enrolment rate for the overall population.

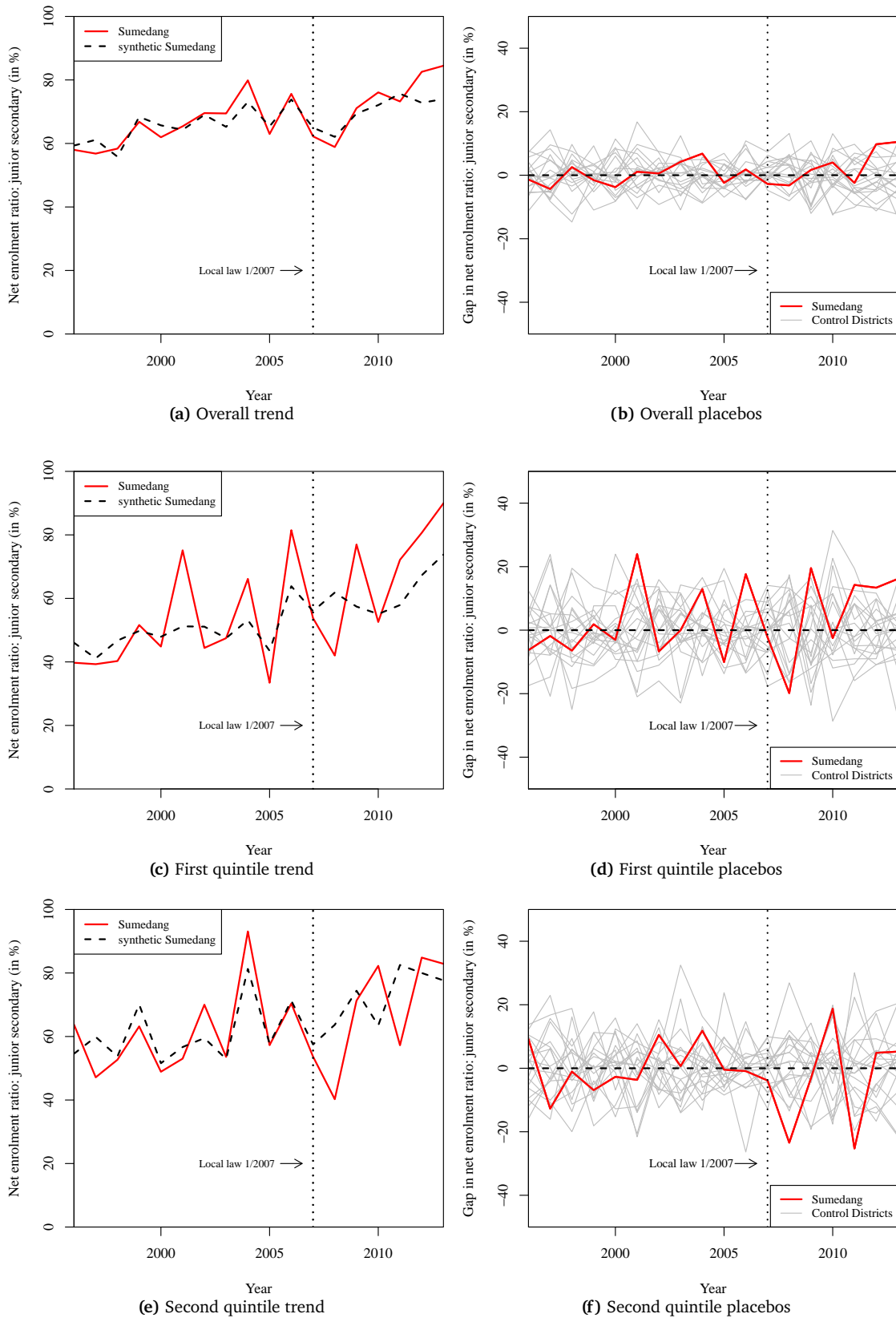
The net enrolment for the first quintile group follows a quite similar trend to the overall population, which took effect from 2010 (Figure 8.4c). The average increase in the treatment effect for the first quintile group was around 5.54 per cent per year. However, the ratio of post- to pre-implementation, displayed in Figure A.3b, suggests that the effect is not significant. This may be due to the poor pre-implementation fit, as the pre-intervention line highly fluctuated.

Figure 8.4e shows that the net enrolment ratio of junior high school of the second quintile fluctuated and generally declined during the post-intervention period. The post- to pre-implementation ratio for the second quintile (Figure A.3c) shows that Sumedang has the second-highest ratio, and the probability of randomly obtaining the Sumedang's ratio from the data is  $2/20 = 0.10$ , which is significant at the 10 per cent level. However, the placebo tests, depicted in Figure 8.4f, suggest that the gap line also highly fluctuated, making its significance unclear. Nevertheless, the result suggests that, on average, the net enrolment rate of the second quintile decreased by

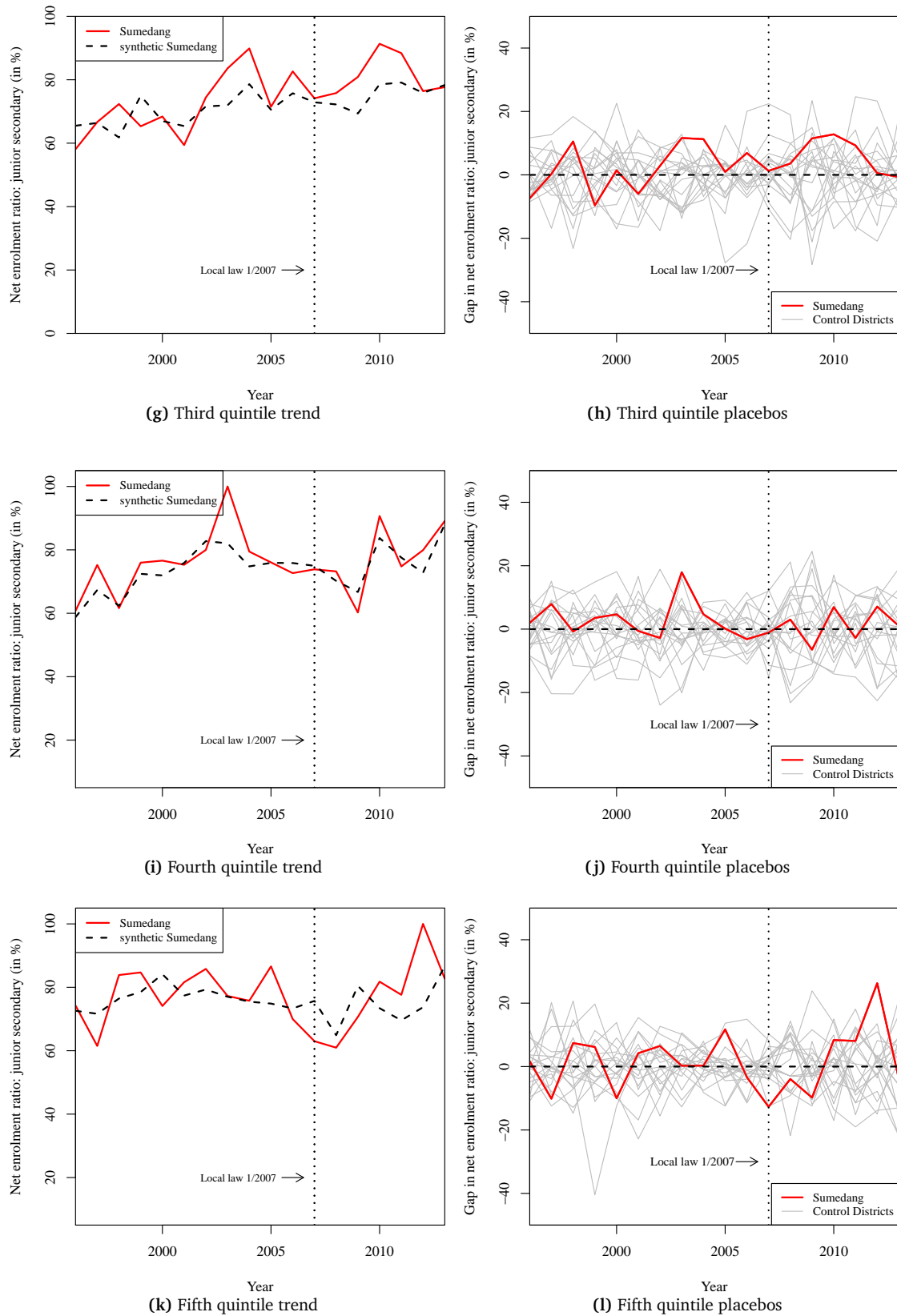
approximately 3.83 per cent per year. This decrease is equivalent to around 7.14 per cent of the 2007 baseline level. Compared to its counterfactual, the net enrolment ratio for the group declined sharply by about 23.44 per cent in 2008 before rising by around 18.78 per cent in 2010. It then dropped by approximately 25.27 per cent in 2011 before rising again by around five per cent in 2012 and 2013.

For the third and fourth quintile groups, the average increase per year in the net enrolment ratio was approximately 5.48 and 1.10 per cent, respectively; but these effects are insignificant. Meanwhile, the net enrolment rate for the fifth quintile group seemed to rise in 2010, as displayed in Figure 8.4k. Over the period after the intervention, the net enrolment rate for the group increased by an average of around 1.76 per cent per annum. The placebo studies in Figure 8.4l show that the Sumedang gap line is higher than most of the placebo lines during 2010–2012 before declining in 2013. Leave-one-out distributions depicted in Figure 8.6b suggest that the result of the analysis is fairly robust to the changes in district weights. Nevertheless, the probability of randomly obtaining the Sumedang's ratio from the data for the fifth quintile is  $5/20 = 0.25$ , as depicted in the post- to pre-implementation ratio (Figure 8.6a), which indicates that the effect is somehow insignificant.

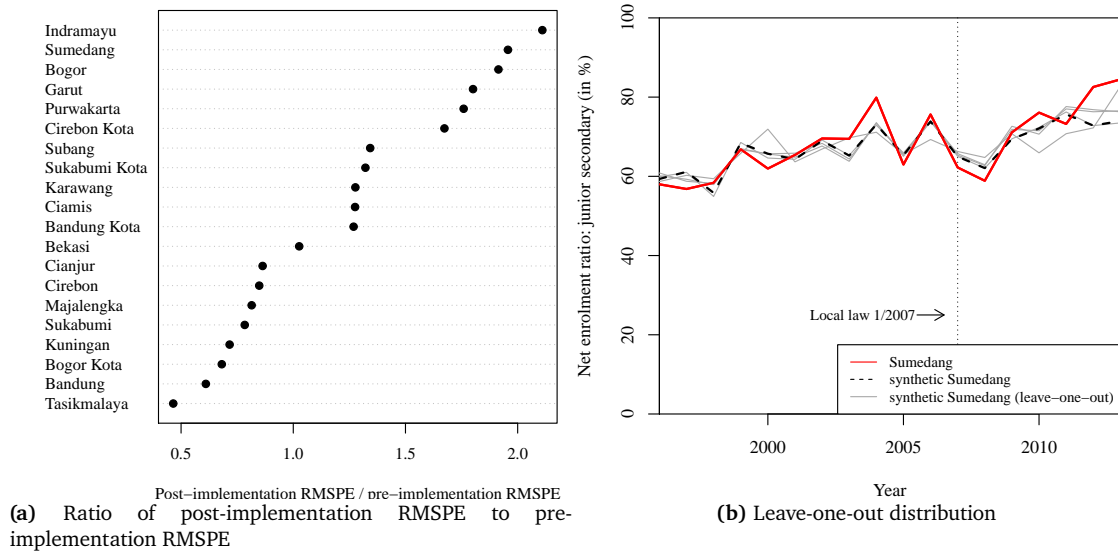
The analysis of the net enrolment rate for the overall population and the first quintile group suggests that the reform may take time to have positive effects on the net enrolment rate. District weights and predictor means for the whole population and each quintile are presented in the appendices (Table A.5 and Table A.6 respectively). The post- to pre-implementation ratios are presented in Figure A.3.



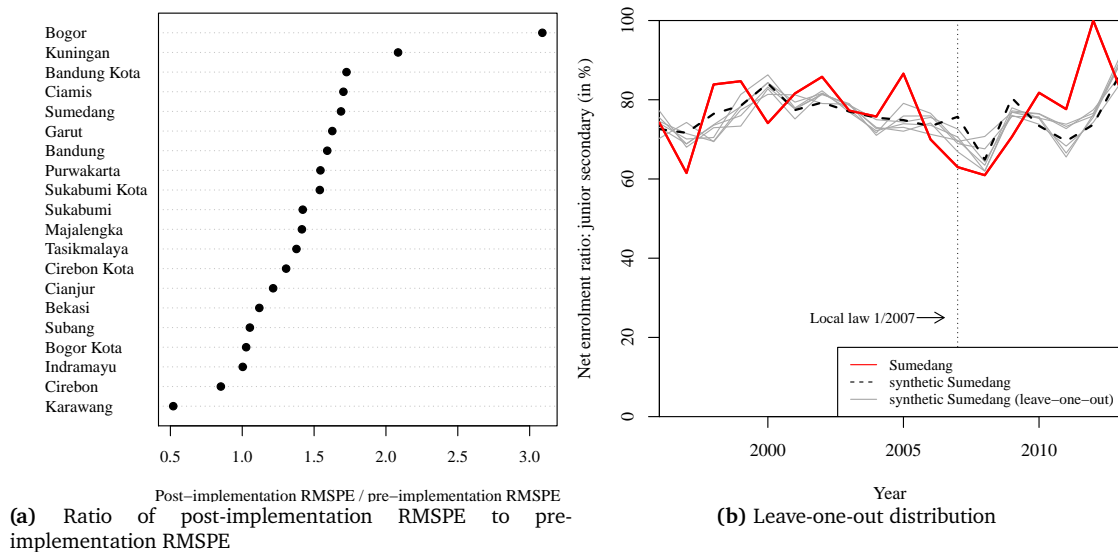
**Figure 8.4:** Trends in net junior high school enrolment rate Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.4:** Trends in net junior high school enrolment rate Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's)



**Figure 8.5:** Ratio of post-implementation RMSPE to pre-implementation RMSPE and Leave-one-out distribution Sumedang and control districts: Net junior high school enrolment rate for the whole population



**Figure 8.6:** Ratio of post-implementation RMSPE to pre-implementation RMSPE and Leave-one-out distribution Sumedang and control districts: Net junior high school enrolment rate for the fifth quintile

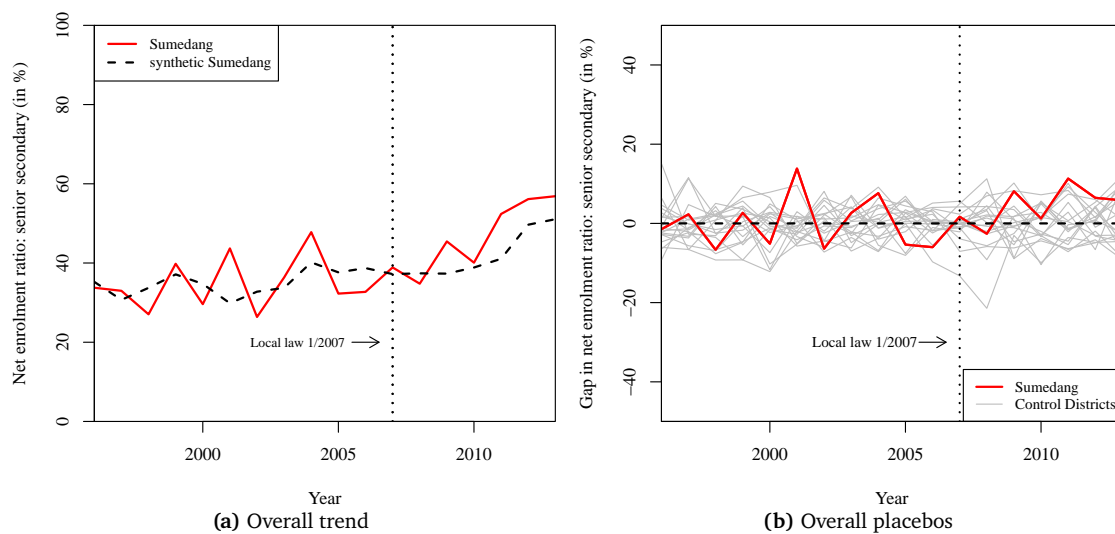
### 8.4.4 Net senior high school enrolment rate

Figure 8.7 shows that after the implementation of local law 1/2007, apart from the first quintile group, the net senior secondary school enrolment rate increased. The net enrolment rate for the whole population, second and fifth quintile groups were mostly above the synthetic line; while the third and fourth quintile groups fluctuated around the synthetic line. The average increase

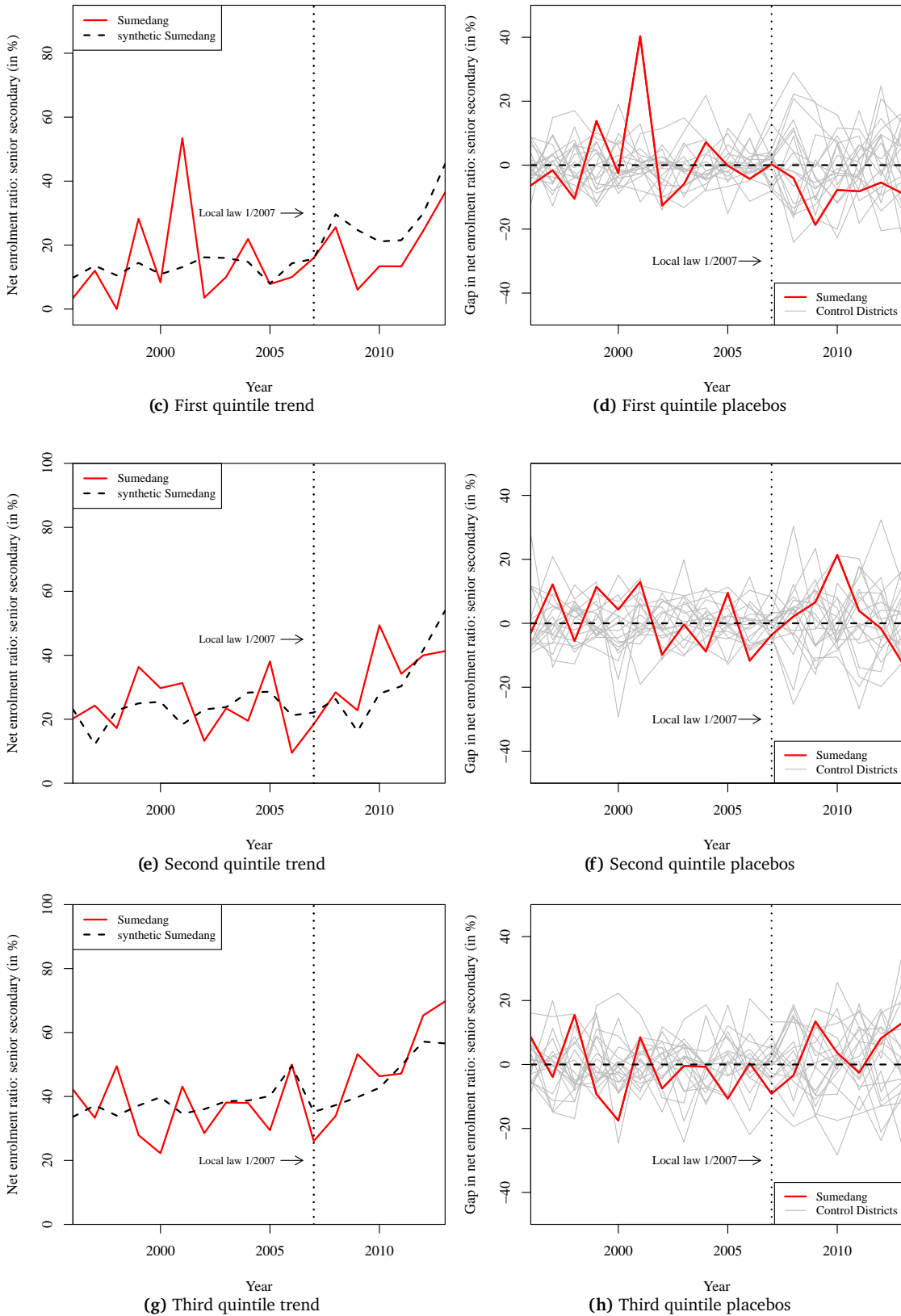
per annum of the net enrolment ratio for the whole population, second, third, fourth and fifth quintile groups was about 4.57, 2.29, 3.33, 5.09 and 9.77 per cent, respectively. On the other hand, the net enrolment ratio of the first quintile group declined by an average of around 7.53 per cent per year.

The placebo tests of the whole populations and all quintile groups (Figure 8.7), as well as the ratio of post- to pre-implementation (Figure A.4), suggest that these effects are not significant, as most of the Sumedang gap lines fall inside the permutation lines. Furthermore, the pre-treatment fits are quite poor due to the high fluctuations during the pre-treatment period. This might have affected the analysis.

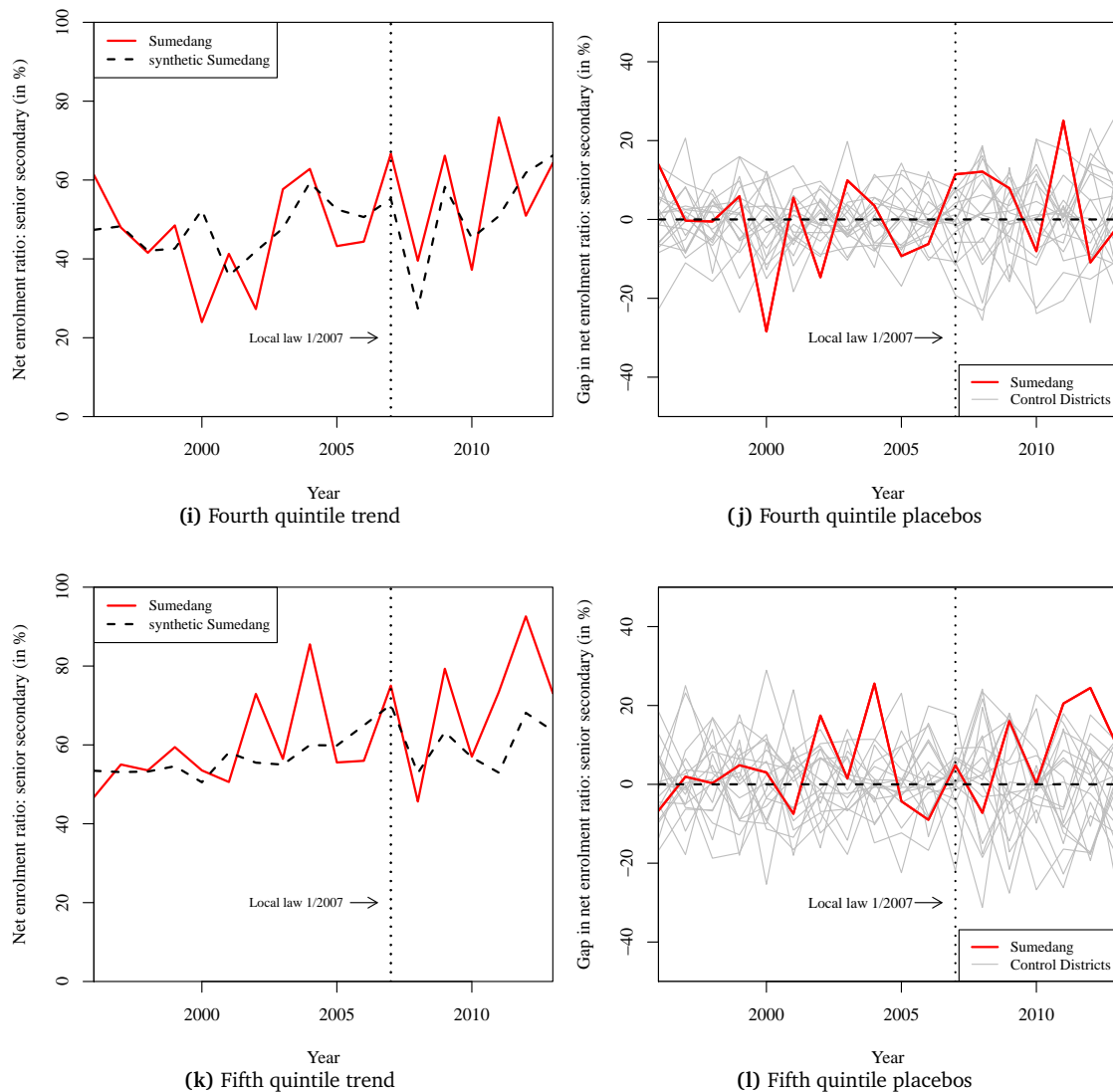
District weights and predictor means for the net senior high school enrolment rate for the overall population and each quintile are presented in the appendices (Table A.7 and Table A.8 respectively); while the post- to pre-implementation ratios are presented in Figure A.4.



**Figure 8.7:** Trends in net senior high school enrolment rate Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.7:** Trends in net senior high school enrolment rate Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang’s) *continued on next page*



**Figure 8.7:** Trends in net senior high school enrolment rate Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang’s)

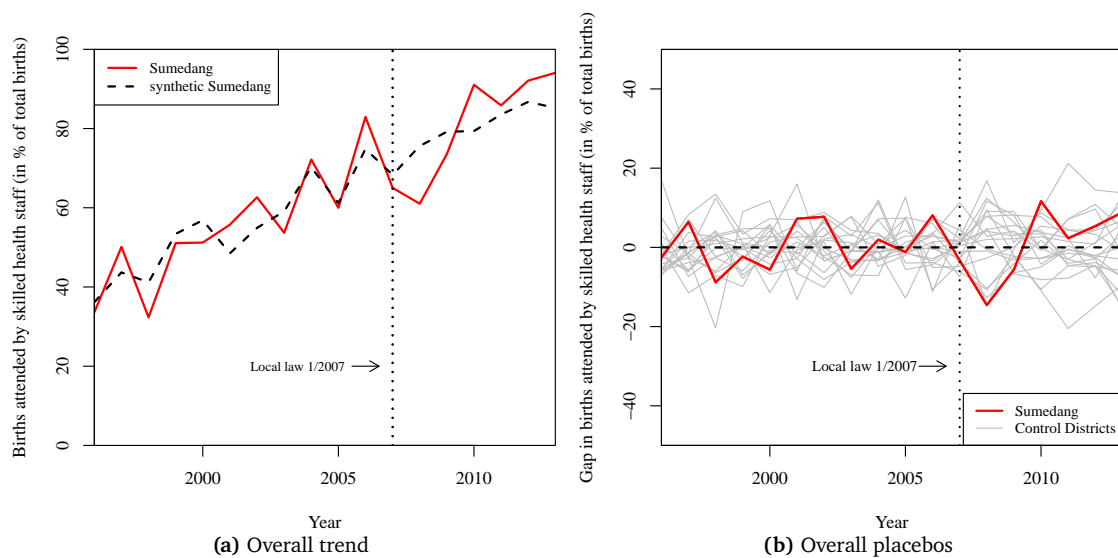
### 8.4.5 The percentage of births assisted by skilled health staff

The trajectories of Sumedang and its synthetic version, displayed in Figure 8.8, suggest that the ratio of births assisted by qualified health staff increased from 2010 onwards, except for the second quintile that falls below the counterfactual trajectory in 2013. The trajectory of the percentage of births assisted by skilled health staff for the third quintile shows a substantial improvement from 2010 onwards (Figure 8.8g). The analysis indicates that, on average, the percentage of births assisted by a skilled health worker for the third quintile group increased by approximately 6.71 per cent per year or around 8.66 per cent of the 2007 baseline level. The placebo tests, depicted

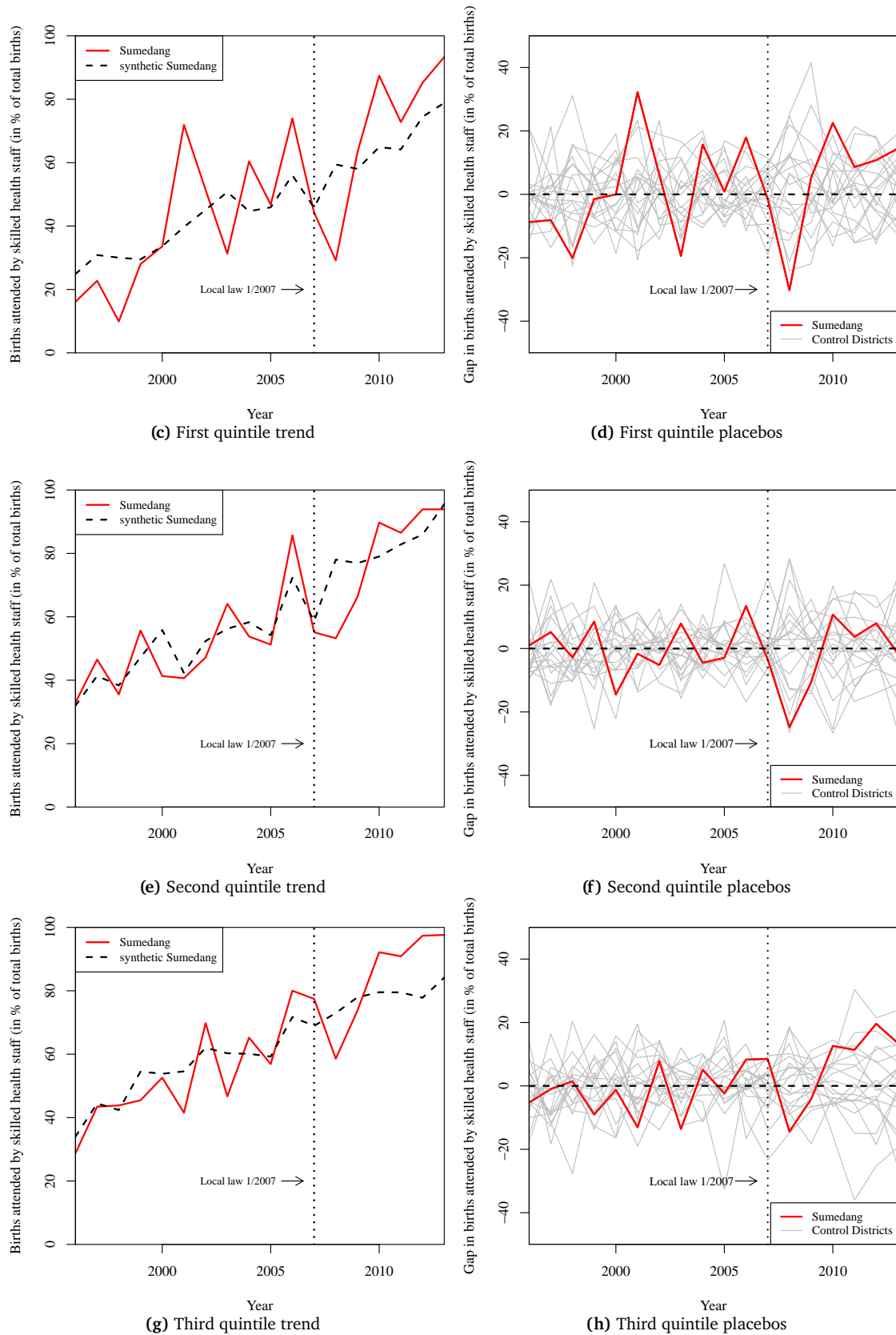
in Figure 8.8h, show that the Sumedang gap line is considerably larger than the placebo gap lines. Leave-one-out estimates, as shown in Figure 8.9b, also indicate that the estimate is quite robust to the changes in district weights. However, the post- to pre-implementation ratio for the group (Figure 8.9a) suggests that Sumedang has the fifth-largest ratio, with the probability of obtaining the ratio is 0.25—making the effect somehow insignificant. Nevertheless, this indicates that the third quintile group might have benefited from the reform.

The average increase for the whole population, first, fourth and fifth quintile groups was approximately 0.67, 4.27, 0.46, 4.06 per cent per year, respectively. Meanwhile, during the period, the rate for the second quintile group decreased by an average of about 2.61 per cent per annum, which might be due to the sharp decreased in 2008, 2009 and 2013. However, the placebo tests indicate that these effects are not significant.

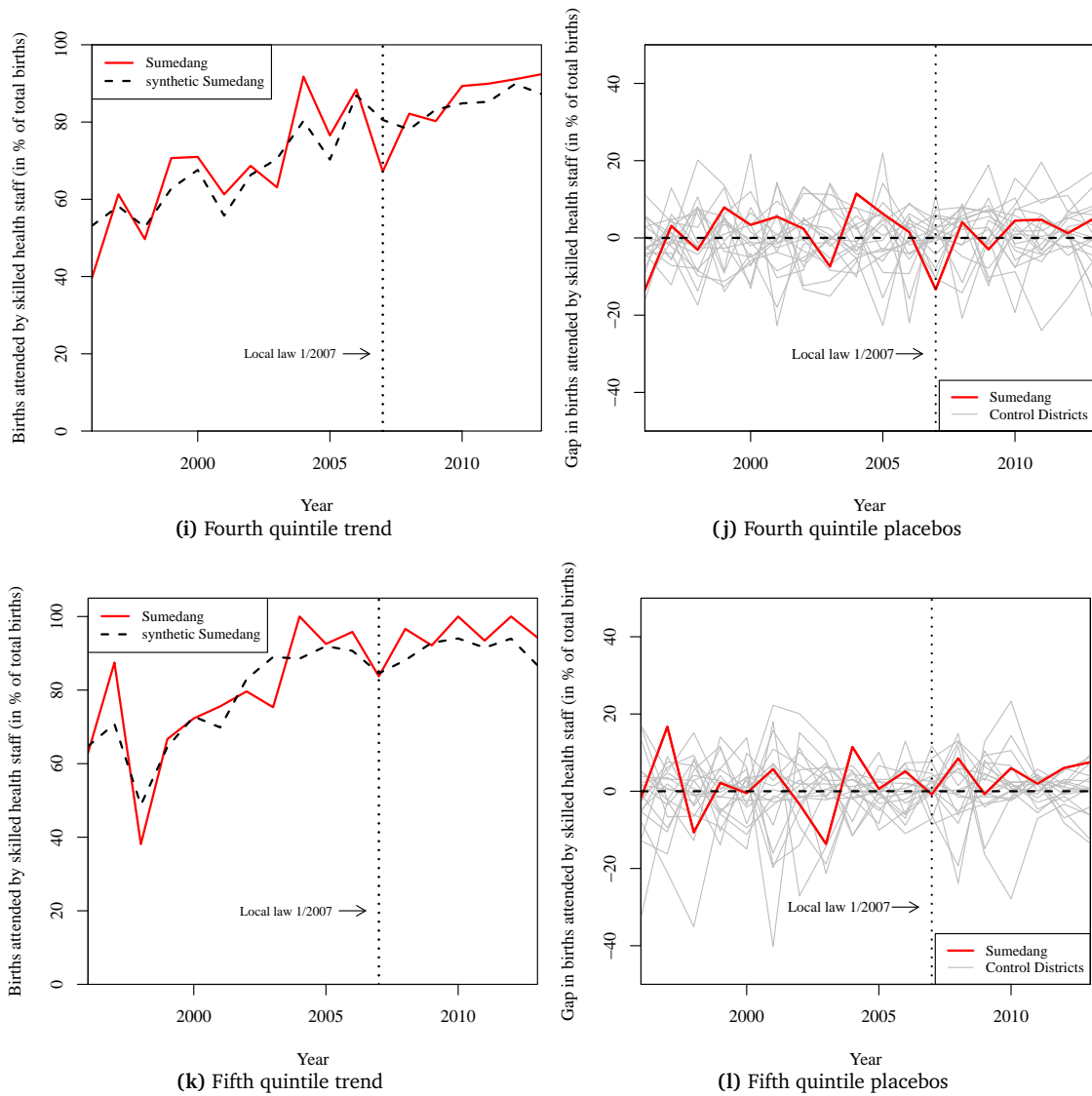
District weights, predictor means, and post- to pre-implementation ratios for the percentage of births assisted by skilled health staff for the overall population and each quintile are presented in the appendices (Table A.9, Table A.10 and Figure A.5 respectively).



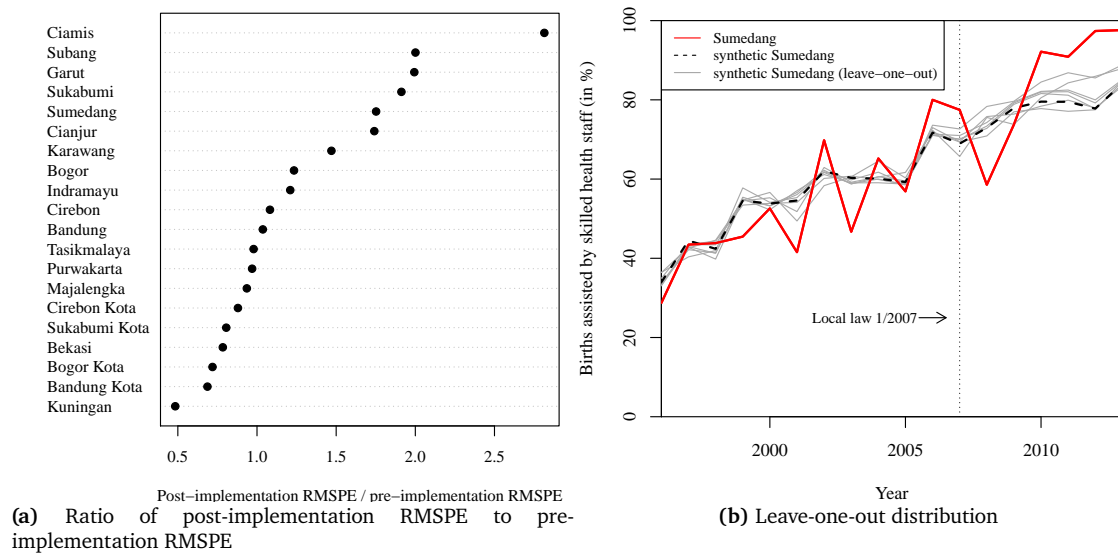
**Figure 8.8:** Trends in the percentage of births assisted by skilled health staff Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.8:** Trends in the percentage of births assisted by skilled health staff Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's) *continued on next page*



**Figure 8.8:** Trends in the percentage of births assisted by skilled health staff Sumedang vs. synthetic Sumedang and placebo gaps (excludes districts with pre-intervention MSPE five times higher than Sumedang's)



**Figure 8.9:** Ratio of post-implementation RMSPE to pre-implementation RMSPE and Leave-one-out distribution Sumedang and control districts: Percentage of births assisted by skilled health staff

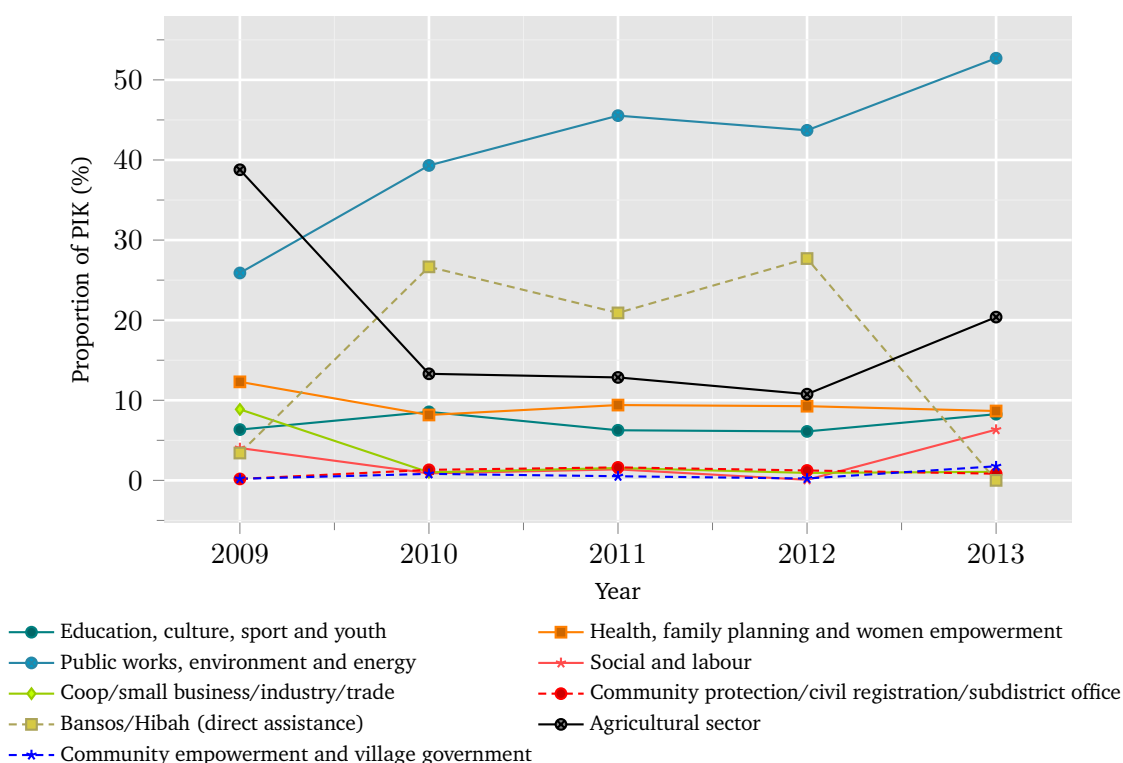
## 8.5 Discussion

### 8.5.1 Focus on road and bridge projects

Overall, the analyses found that local law 1/2007 in Sumedang improved the net junior secondary school enrolment rate for the overall population and the fifth quintile; as well as household access to safe sanitation and the rate of births assisted by a skilled health worker for the third quintile. However, it did not improve the other services evaluated here. Furthermore, it also did not appear to improve access of the poorest two quintiles of the population to the services. This suggests that participatory budgeting in Sumedang was not pro-poor. One way to investigate why the participatory budgeting produced such results is to get an insight into how PIK was allocated. To understand the allocations of PIK in Sumedang, I drew the funds' allocations from RKPD (local government work plan) of Sumedang district from 2009 to 2013. It would be better to investigate the allocations of PIK since 2007; unfortunately, the data were only available for 2009–2013, having been obtained during fieldwork.<sup>11</sup>

11. RKPD from 2009 to 2016 were obtained during the fieldwork. However, for the purpose of this chapter, only RKPD from 2009 to 2013 are presented here. It would also be better to assess the allocation of PIK based on the actual local budgets; unfortunately, the local budgets obtained only cover the 2013–2016 period (only one year of the period assessed in this chapter). The total amount of PIK in RKPD in 2009 to 2013 was IDR 25 billion, IDR 15 billion, IDR 15 billion, IDR 21.5 billion, and IDR 25 billion, respectively.

Looking at the planned allocations of the local budgets—based on RKPD—from 2009 to 2013, a large proportion of PIK was allocated to the public works and environmental sectors, which ranged around 26 to 53 per cent (see Figure 8.10).<sup>12</sup> A closer look at the PIK managed by the Public Works Agency shows that roads and bridges dominated the PIK, accounting for about 40 to 70 per cent, followed by irrigation schemes, accounting for around 17 to 20 per cent, as presented in Figure 8.11. A high proportion of PIK, approximately 20 per cent, was allocated to clean water in 2009, but this declined to around four per cent during the period.



**Figure 8.10:** PIK allocations for local agencies 2009–2013

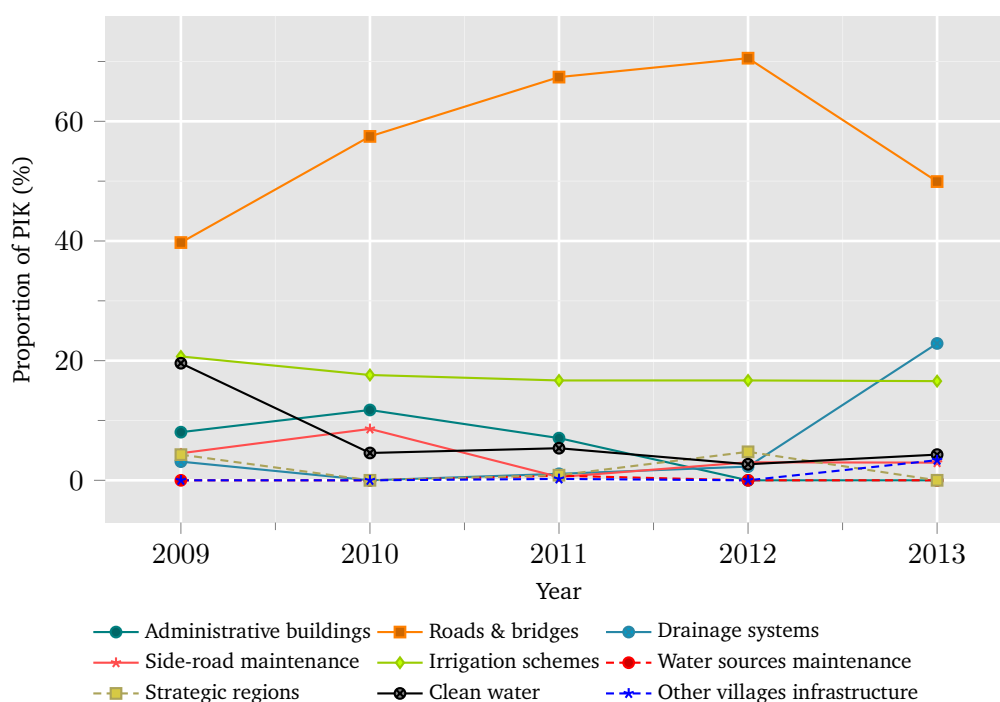
In the education sector, PIK was allocated mostly to support early childhood education during the period (Figure 8.12). Lesser amounts of PIK were allocated to support the compulsory nine-year-education program, which includes junior high school. PIK for the program included assistance to those who were likely to leave school and stationary for the poor students, but the amount was very limited. PIK for informal education was mostly targeted towards Package B—equals to junior high—and Package C—equals to senior high, but its proportion declined during the period.<sup>13</sup> However, in PI-SKPD, the compulsory nine-year education program received

12. The proportions of each sector presented in Figure 8.10 consists of similar programs managed by different local agencies.

13. These are included in the BPS indicators for the net enrolment rate.

a considerable amount of funds.

According to an analysis by Seknas FITRA (2011, 50), Sumedang was among the districts—the third lowest—that allocated only a small proportion of its local budgets to support the school participation rate for year one to nine; which is, on average, accounted for about 25 per cent of the direct expenditure of the Education Agency for the period of 2007 to 2010.<sup>14</sup> In 2013, the program received around 42 per cent of the direct expenditure of the Education Agency. This may explain why the net enrolment rate of junior high school increased during 2012–2013. On the contrary, the allocation of PI-SKPD for the public works sector was very similar to the allocation of PIK, which was dominated by roads and bridges.



**Figure 8.11:** PIK allocations for the Public Work Agency 2009–2013

PIK for the Health Agency was dominated by community health infrastructure, as well as health promotion and community empowerment spending during the years (Figure 8.13). The health promotion and community empowerment program consisted of activities such as improving community awareness of maternal health. The proportion of PIK allocated to the health promotion program was relatively high, around 6 to 65 per cent; while the proportion for the mothers' pregnancy and children's health program was minimal, around zero to five per cent during the period.

14. According to Seknas FITRA (2011, 51), 90 per cent of the funds were used for infrastructure.

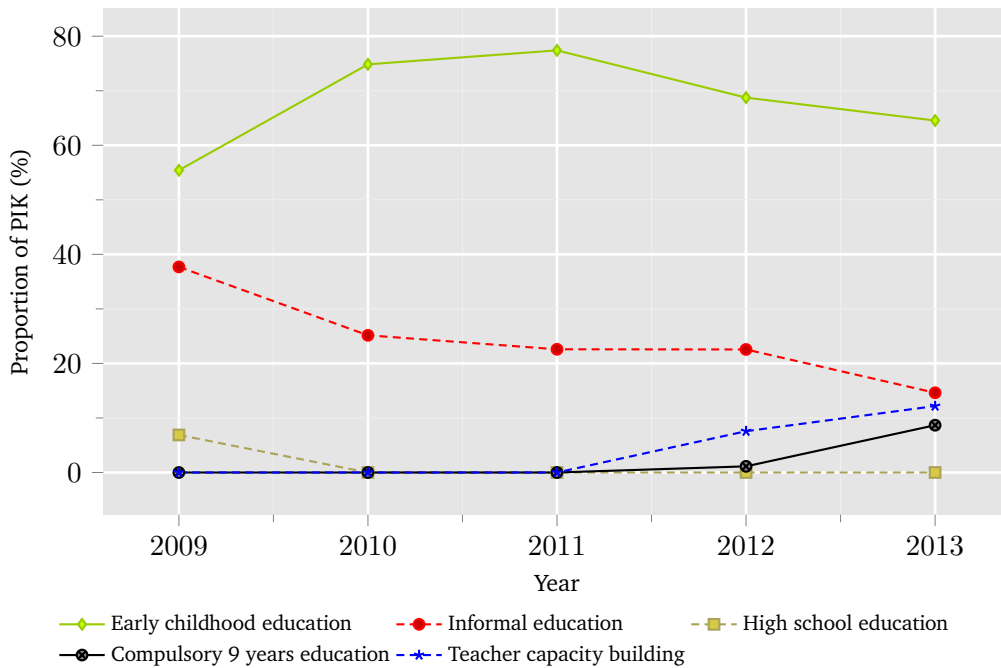


Figure 8.12: PIK allocations for the Education Agency 2009–2013

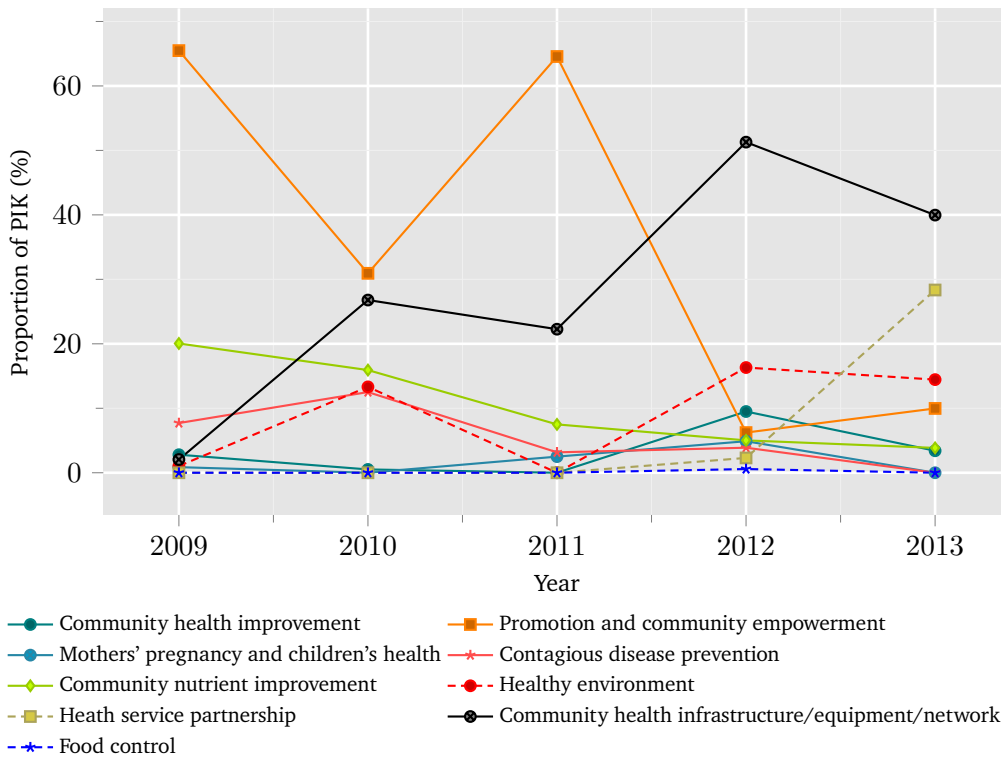


Figure 8.13: PIK allocations for the Health Agency 2009–2013

This resource allocation has provided an insight into how PIK was allocated, which may explain the insignificant effect on the services evaluated. The trade-off between services under

participatory budgeting is often found (see e.g., Gonçalves 2014), which is a consequence of limited resources. PIK might have affected other sectors such as road quality and early childhood education, but the availability of data has not permitted evaluation of these indicators.

A further examination of projects managed by the Public Works Agency revealed that the projects ranged from small to mid-size infrastructure projects. The dilemma between focusing on small-scale infrastructure—the immediate needs of the community—and strategic government goals has been a trade-off in participatory institutions. A focus on the immediate needs could deliver the needs of the community and could legitimate the participatory processes but often neglected broader government agendas (Wampler and Touchton 2017). The focus on small and localised infrastructure does not seem to be the cause of the lack of effects on the services evaluated. Instead, it is the targeting strategy that focuses on roads and irrigation schemes that use a high proportion of resources. Since the projects were proposed and decided on by the community, it may be fair to assume that they are the immediate needs of the community. However, those projects may not be the immediate needs of the poor. The level of infrastructure development in Sumedang has somewhat lagged behind compared other districts, for instance, when compared to Parepare—another district investigated in this thesis—that covers a relatively smaller area and is relatively urban. This may also explain why the use of PIK in Parepare has shifted towards economic assistance (as discussed in Chapter 5).

### 8.5.2 Elite control

One of the ultimate goals of participatory institutions is to improve the responsiveness of the government towards the poor (Mansuri and Rao 2013b). As synthetic control methods show, local law 1/2007 did not improve access to basic services for the poor in the first and second quintiles. Responsiveness towards the poor can only be achieved if they participate (Jaramillo and Alcázar 2013, 3). Therefore, a potential explanation for the lack of effects on the poor is that they were not involved in Musrenbang. As a result, they did not have a channel to voice their demands. Musrenbang in Sumedang did not require the representation of the poor, and the participants of the village Musrenbang merely reflected the village authority—village elites—as they were invited to the meeting while the marginalised groups were not. Although any eligible resident was allowed to register in order to participate, studies suggest that the opportunity cost to participate

is high for the poorest part of the community, which can prevent them from participating (World Bank 2008). Without sufficient incentives, they are not likely to participate.<sup>15</sup> As a result, they do not have sufficient voice in the process to influence the decisions towards their needs. The first step towards affecting decisions is indeed to participate in the meetings and argue for their needs. Their absence has meant that their voice was not heard, which has further led the proposal to be less pro-poor. A study by Grillos (2017) on a similar innovation in Surakarta municipality, Central Java province, Indonesia, also shows a similar finding, in which the projects funded by the *Kelurahan* Development Grant did not target the poor. Grillos (2017) argues that this is because the poor were excluded from the decision-making processes, which meant that the proposals did not reflect their needs.

As mentioned above, the allocation of PIK was dominated by road and irrigation projects. This shows that PIK was mainly used to fund projects that target broad beneficiaries. PIK allocation criteria are biased in favour of less advantaged subdistricts. Unfortunately, this has not been further translated into pro-poor policy targeting. This is not to argue that such infrastructure projects are not important to reduce poverty. However, it is better to target basic services for the poor that have often been alienated from decision-making processes. Access to services can only be improved if the policy reaches the poor who otherwise cannot afford them (Ross 2006, 870). Therefore, the lack of effects of local law 1/2007 suggests that the funds did not reach the poor.

The dominance of local elites in the participatory processes has shaped the agenda-setting (Fung and Wright 2003). As the village elites and CSOs tended to advocate broader beneficiaries of the projects funded by PIK, road and irrigation projects became dominant. It is important to note that the allocations of PIK follow the local government mid-term plans. Since roads and irrigation systems have been the priorities of the local government infrastructure and economic policy, they have received large proportions of PIK during the period (see Figure 8.11). This further exerts the existence of elite control in the allocations of PIK. Compared to Parepare, where both the bureaucrats and CSOs advocated the PIK to specifically target the poor, more public resources from PIK were allocated to the poor. Hence, it is evident that elite control in agenda setting is very influential in determining whether the resource allocation is pro-poor targeted or broader beneficiaries oriented. Nevertheless, elite capture—in the form of local bureaucrats

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15. Although the incentives to participate could be that the activities they propose become priorities and are implemented by the local government.

ignoring or altering the community decisions (Fung and Wright 2003)—was reduced in PIK allocation in Sumedang, as long as the proposals were aligned with the government priorities, which were in any case made public at the village Musrenbang.

The previous chapters have illustrated that often the decisions were made through consensus, which might have also contributed to less pro-poor outcomes. Wampler and Touchton (2017, 11) suggest that “consensus based decision-making” in participatory budgeting is susceptible to “elite capture” because local elites can dominate the process compared to voting based decisions. They further argue that, nowadays, it is less common in participatory budgeting that the representation of and targeting of the poor is mandated. Nevertheless, even if the marginalised community were involved in the deliberation, they may not possess sufficient and necessary skills to advocate for their needs (Fung and Wright 2003). This could lead the decisions to disadvantage the poor. Olken (2010, 265) suggests that even though plebiscites have little effect on the general project selection, they tend to result in women’s projects being allocated towards the poorer neighbourhoods. This finding further supports the need to explicitly target marginalised groups in the participatory processes.

However, there is also no sufficient evidence of elite capture—i.e., elites maximising their potential benefits from the participatory processes—in the Sumedang case (see Chapter 6). The analysis using synthetic control methods shows tentative evidence of improvement on household access to safe sanitation and the rate of births assisted by a qualified health worker for the third quintile, as well as on the net junior high school enrolment rate for the fifth quintile. This suggests that participatory planning and budgeting in Sumedang might have benefited these groups. However, the third and the other upper quintile groups did not dominate across the other outcomes. Nevertheless, it is clear that the implementation of PIK was not pro-poor, as the access to basic services for the first and second quintile of the population did not improve. Therefore, the dominance of local elites in the participatory processes that advocates broader beneficiaries combined with the consensus decision-making might have contributed to the lack of poverty targeting in Sumedang. As a result, the effect of participatory budgeting on service delivery remained limited.

As discussed in Chapter 4, in Sumedang, the identification of community needs in the neighbourhoods was assisted by *Kader Pemberdayaan Masyarakat* (KPMD) or community empowerment

cadres, who acted as facilitators. This, however, still seems to be less effective in mediating the needs of the poor; although, in the village Musrenbang, KPMD prepared the Musrenbang documents and the meeting, as well as was involved in formulating the results of village Musrenbang. In contrast, as discussed in Chapter 5, although the poor community in Parepare were not involved in the ward Musrenbang, their demands were still channelled by the neighbourhood leaders and facilitators and accommodated in the budgets because PIK was allocated to specifically target the poor. This shows that elite control over agenda-setting can affect the facilitation practices in the targeting of PIK for the poor. This also indicates that the poor need to be explicitly targeted in the participatory processes so that their aspirations can be channelled and accommodated in the local budgets. However, without the willingness and sufficient efforts from local leadership to specifically address the participation costs and the benefits for the poor, they are likely to remain left behind.

The Parepare case shows that poverty targeting can actually be implemented in participatory institutions. This requires cooperation between bureaucracy and CSOs, clear beneficiary criteria, as well as the willingness of the community to acknowledge the needs of marginalised groups. This also exemplifies an alternative approach to be more inclusive while reducing the costs of the poor to participate. In Parepare, the poor still needed to organise themselves into self-help groups to get assistance. However, they did not need to formally attend the Musrenbang to voice their demands, as the facilitators, neighbourhood leaders and village officials visited them to identify their needs and safeguarded their voice. Intervention from bureaucracy to improve participation is actually essential, as Abers (2000) notes that one of the contributing factors for the success of Porto Alegre participatory budgeting is that government's community organisers actively encourage neighbourhood dwellers to participate to get public works in their area.

As discussed in Chapter 6, studies on elite capture often suggest distinguishing elite capture and elite control (Dasgupta and Beard 2007; Fritzen 2007; Rao and Ibáñez 2005) arguing that elite control may lead to more pro-poor targeting or "benevolent capture" (Rao and Ibáñez 2005). However, elite control in Sumedang has not produced a pro-poor policy as the findings of the synthetic control methods show. On the other hand, studies on poverty alleviation programs in Indonesia suggest that poverty alleviation is more effective if it specifically targets the poor (Fritzen 2007, 1371), and if the beneficiaries are determined by government criteria (Alatas

et al. 2012), which seems to work on PIK in Parepare.

## 8.6 Concluding remarks

Even though local law 1/2007 integrated participatory planning with the budgeting processes, as well as with community monitoring in Sumedang, this only has limited effects on the local government service delivery performance. It is interesting to note, however, that the community's priorities proposed through PIK have always been funded unless they did not meet the technical requirements. This may reflect that the needs of those who indeed participated in the Musrenbang were actually met.

Considering that the proportion of local budgets allocated to PIK was minimal, it may not be fair to expect a sudden increase in public services. Another thing to consider is that PIK in Sumedang was allocated with a bias towards poorer subdistricts—as per the PIK distribution criteria—but the allocation of the projects funded by PIK did not clearly target the poor. Ross (2006) argues that unless the services can be effectively directed to reach the poor, it is unlikely that access to services will increase because the upper quintiles can afford basic services without assistance from the government. Since its beginning, PIK in Sumedang has been advocated by CSOs to fund mid-sized infrastructure instead of specifically targeting poverty. Over several years, PIK has also been used directly to support the poor, such as providing assistance to improve sanitation and direct assistance for the poor that may drop out of schools. However, most of the time, the funds were allocated to roads and irrigation systems.

This is not to argue that transportation infrastructure projects do not have positive effects on poverty reduction, and Sumedang residents may indeed need better transportation infrastructure. In fact, road-related projects are apparently the most frequently built in participatory budgeting around the world (Cabannes 2015). However, this study's findings suggest that PIK should focus more on targeting the poor and leaving mid and large infrastructure projects to be funded by PI-SKPD, as practised in Parepare. The absence of the pro-poor allocation in PIK in Sumedang may also be explained by the lack of incentives for them to participate, as well as the opportunity costs, which may reinforce one another. Another strategy to ensure that the voice of the poor is accommodated is to allocate a higher proportion of PIK to specifically address the poor's needs and to set eligibility criteria like those implemented in Parepare.

Furthermore, it may take a longer time for participatory institutions to affect service delivery outcomes, as Fox (2015) suggests. For example, Boulding and Wampler (2010), using a smaller number of observations and a shorter period, found that participatory budgeting did not affect infant mortality. On the other hand, Gonçalves (2014) and Touchton and Wampler (2014) indeed suggest that it did reduce infant mortality, using a larger number of observations and a more extended period.

It would be interesting to investigate the effect of PIK in Parepare on the poor's income and poverty reduction. Unfortunately, it has only been effectively implemented since 2013, providing a very short post-intervention period, which may limit the synthetic control evaluation. Therefore, future studies may investigate the effect of participatory instructions that specifically target the poor as a poverty reduction strategy.

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# Conclusions and Perspectives

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## 9.1 Introduction

Decentralisation has been promoted as a reform to promote good governance. It brings the government closer to the people, making it easier for citizens to channel their needs and to hold the government accountable. However, several factors can impede decentralisation, such as unfair elections and elite capture. In order to improve government responsiveness, service delivery and accountability, literature has suggested engaging citizens in decision-making processes through participatory institutions (Ackerman 2004; Ahmad et al. 2005; Avritzer 2009; Crook and Manor 1998; Fung 2003; Wampler 2007b). Participatory institutions allow citizens to voice their demands between the periodic elections and to monitor government activities, which can put pressure on the government to deliver better services (Ackerman 2004; Ahmad et al. 2005; Avritzer 2009; Crook and Manor 1998; Fung 2003; Wampler 2007b). The literature further suggests that institutional designs matter for participation because they affect the processes and outcomes (Avritzer 2009; Baiocchi, Heller, and Silva 2011; Fung and Wright 2003; Goldfrank 2011; Wampler 2007b). Yet, few studies have presented systematic and comparative analyses on the practices and effects of institutional designs for citizen participation. This thesis aimed at filling this gap by investigating how institutional designs of participatory decision-making processes affect local government responsiveness and service delivery; the characteristics and scope of participation in the participatory planning and budgeting processes; and how accountability mechanisms work under different institutional designs. Chapter 2 has presented the conceptual framework to achieve these research objectives.

Indonesia has simultaneously implemented political, administration and fiscal decentralisation since 2001. Although some improvements have been made, some studies suggest that service

delivery has remained stagnant and unresponsive due to the ineffectiveness of local elections and misallocation of resources (Dixon and Hakim 2009; Kis-Katos and Sjahrir 2017; Lewis 2014b). Indonesian decentralisation provides a unique opportunity to investigate the effects of participatory institutional designs because it is mandatory for local governments to involve citizens in formulating their work plans and budgets. This is undertaken through a set of participatory decision-making processes called Musrenbang. Yet, local governments can design their participatory processes based on their own context. The variations of institutional design of participatory planning and budgeting in decentralised Indonesia enabled this study to investigate the relative strengths and weaknesses of institutional designs in improving government responsiveness, service delivery, citizen participation and social accountability. In order to investigate how institutional designs affect local government responsiveness, citizen participation and accountability mechanisms, this thesis employed a comparative case study design using four districts in Indonesia, namely Sumedang, Kuningan, Parepare and Palopo. In order to evaluate the effect of participatory institutions on service delivery, this thesis employed synthetic control methods using the case of Sumedang, which is the pioneer of participatory budgeting innovation in Indonesia.

In summary, the objectives of this thesis were addressed in five chapters. Chapter 4 and Chapter 5 provided detailed illustrations on: how each institutional design emerged or did not in the four districts; how Musrenbang was conducted; and how it affected the allocation of local budgets. The findings in Chapter 4 suggest that the integration of participatory planning with the budgeting processes—through the implementation of PIK and FDM—in Sumedang has provided significant decision-making power to the citizens and is more successful in implementing citizens' demands from Musrenbang than participatory processes in Kuningan. The South Sulawesi cases in Chapter 5 show that the implementation of PIK in Parepare has made the allocation of resources more pro-poor. Nevertheless, participation in the four districts has remained dominated by local elites that often reflects the village/ward's government and social structure.

Chapter 6 presented a cross-case comparison and theoretical explanations of the findings on participation, deliberation, responsiveness and resource distributions. The chapter argues, firstly, CSOs play an essential role in initiating and sustaining a participatory reform. Secondly, the implementation of PIK and FDM enables a more meaningful deliberation because the discussion would shape budget allocations. Thirdly, the commitment from local leadership to the processes

and result of Musrenbang is essential to improve Musrenbang's efficacy. Fourthly, it is necessary to involve the poor in the participatory processes and to target them as the beneficiaries. Lastly, the interactions between planning approaches determine whether resource distribution become programmatic or not.

Chapter 7 addressed how social accountability mechanisms worked in each district that led to the outcomes. It argues that the implementation of PIK and FDM in Sumedang and Parepare have extended accountability by involving citizens in monitoring budget formulations and implementations. However, citizens' actions in exacting accountability need support from the state.

Chapter 8 investigated the effects of participatory planning and budgeting in Sumedang on service delivery. The analysis using synthetic control methods suggests that there is some evidence that the implementation of local law 1/2007 improved the net junior secondary enrolment ratio for the overall population compared to the counterfactual. There is also some tentative evidence of improvement on the percentage of births assisted by skilled health staff and household access to safe sanitation for the third quintile of per capita expenditures; as well as on the net junior secondary school enrolment ratio for the fifth quintile. However, there is no significant evidence of positive effects of the reform on the poorest two quintile groups.

## **9.2 Contributions to the literature**

### **9.2.1 Devolving authority to lower levels of government and community and government responsiveness**

This thesis has empirically examined the institutional designs of citizen participation in planning and budgeting in four local governments in Indonesia. Overall, it shows that institutional designs matter in achieving greater participation, as well as better responsiveness, service delivery and accountability. This study provides empirical evidence that districts that devolved decision-making authority and funds to the subdistrict level, through PIK, are more likely to be more responsive to the community demands than those that do not. Furthermore, in the districts that did not implement PIK, Musrenbang is often merely a formality and often serves as no more than a signalling mechanism. Consequently, its effect on resource distributions is minimal.

In spite of their achievements, several challenges remain in the PIK/FDM districts. Firstly, as presented in Chapter 6, elite control determines the distribution of PIK. Local elites dominated agenda setting, particularly in shaping what kind of projects should be funded. In Sumedang, for example, there has been a shift in PIK allocation from small and localised infrastructure projects to more “strategic” ones that target subdistrict level priorities. Local elites, particularly CSOs, consider small and localised infrastructure to be a result of low-quality deliberations, in which Musrenbang participants only consider their village’s benefits and are unwilling to consider the greater benefits of PIK for a subdistrict as a whole (Muluk and Djohani 2007, 5). As a result of the advocacy from CSOs, more PIK has been increasingly used to fund “strategic” projects, such as roads that connect several villages/wards and irrigation schemes that cover several villages. This is further supported by the implementation of the Village law that put limits on the type of projects that can be funded by the local budgets, leading PIK in Sumedang to become less pro-poor. In contrast, PIK in Parepare has been advocated by the local government and CSOs to be specifically used as a poverty reduction strategy to improve the livelihoods of low-income families. As a result, PIK has been increasingly used to provide assistance for micro businesses and house repair for the poor. These findings show that in contrast to elite capture, elite control does not always produce negative consequences on the community as a whole. These findings corroborate other evidence on elite control, as elite control in the PIK/FDM districts constitutes “benevolent capture”—i.e., local elites dominate participatory processes, but they do not appropriate the processes to gain personal benefits; instead, they direct the benefits to the community (Rao and Ibáñez 2005).

Secondly, participation remained stagnant across the districts despite the implementation of PIK/FDM in Sumedang and Parepare. This is mainly due to protocols of “participation by invitation” that have been implemented over the years. Only in Sumedang is Musrenbang open to all eligible citizens participating. Nevertheless, despite its open invitation and its high efficacy in affecting local budgets, Musrenbang in Sumedang has not effectively attracted ordinary citizens to register and participate. The characteristics of Musrenbang participants in the four districts merely reflect the existing social capital and village/ward government structure because the participant group is dominated by local elites and village officials. This finding suggests, firstly, that participatory institutions need to open up a space for broader and more inclusive participation. Secondly, participation needs to be encouraged and stimulated by local leadership.

Thirdly, the findings also confirm that the institutional designs affect deliberation processes. Providing funds to be allocated by citizens has increased “deliberative capacity” (Dryzek 2009) of Musrenbang. This leads to a *practical-oriented deliberation* that focuses on producing decisions that can solve citizens’ problems. On the other hand, without a real decision-making authority, Musrenbang serves merely as a *formality deliberation* that produces “wish lists”. This is because the participants considered that their deliberations and decisions have often been overlooked; hence, there is no point in deliberating over the proposals. It was found that in Parepare, that implemented PIK/FDM, one ward and one subdistrict did not deliberate over their proposals. This raises the importance of coordinating agencies and commitment from local leadership to the processes and their implementation, which will be discussed in section 9.3.

### 9.2.2 Developing a typology for resource distributions from the interaction between planning approaches

The second contribution of this thesis is that it develops a resource distribution typology based on how the interactions between participatory, technocratic, and political processes shape resource distributions. The typology builds on previous theories (e.g., Dixit and Londregan 1996; Stokes et al. 2013) and the findings of this thesis, as presented in Chapter 6. Most studies on resource distributions have mainly focused on how elections affect resource distributions. This thesis, on the other hand, offers a typology of resource distributions as a result of the processes beyond elections.

It is important to note that this typology is a simplification of more complex resource distributions. The majority of local government plans and budgets are the result of a political approach, which is represented by the programs offered by the district head during the campaign for election. These programs are further translated into detailed plans through technocratic approaches, which include synchronisation with central and provincial government policies, as well as other technical requirements of the programs. The results of these approaches are *Rencana Pembangunan Jangka Menengah Daerah* (RPJMD) or Local Government Mid-term Plans and *Rencana Strategis SKPD* (RENSTRA SKPD) or Local Agency Strategic Plans. Therefore, normatively, the results of these political and technocratic approaches should be programmatic in nature. Notwithstanding, political clientelism has remained evident in local elections and resource distributions in Indonesia

(see e.g., Aspinall 2014; Aspinall et al. 2017; Aspinall and Sukmajati 2016).

Resource distributions in the non-PIK/FDM districts tend to remain non-programmatic and support clientelism. Most resource distributions are determined by bureaucrats and local politicians because the citizens are not provided with the authority to allocate budgets. Resource distributions for local MPs' aspirational funds are characterised by *pork barrelling* because local MPs tend to allocate the funds towards their constituency in the form of infrastructure projects that can be accessed by broader community members, such as roads. Furthermore, aspirational funds have been increasingly used to provide *non-programmatic clubs goods* that may easily be used by local politicians to target “responsive” voters to gain votes in the local elections, such as assistance for religious and farmer groups.

On the other hand, the findings suggest that the introduction of PIK improves resource distributions and reduces clientelism practice in budget allocations. The authority transferred to the community through Musrenbang Delegate Forum (FDM) in the PIK/FDM districts has made resource distributions more programmatic. The findings further suggest that resource distributions of PIK are determined by “elite control”. If local elites advocate the PIK to fund projects that can be utilised by the broader community, resource distribution tends to favour *programmatic broad beneficiaries targeting*, as in Sumedang. If local elites and local officials advocate the PIK to target poor families, resource distribution tends to instead favour *programmatic pro-poor targeting*, as in Parepare. However, in Sumedang, PIK coexists with a potential clientelism practice, which is the distribution of aspirational funds by local MPs. Considering that the amount of budget allocated to PIK has been relatively small, it may not be sufficient to eliminate clientelism. Nevertheless, the findings suggest that PIK's potential to reduce clientelism is promising.

### 9.2.3 Investigating social accountability mechanisms

The third contribution of this thesis is that it fills a gap in the social accountability literature by examining long-term social accountability mechanisms under participatory planning and budgeting (cf. short-term donor driven social accountability initiatives). The findings presented in Chapter 7 suggest that the introduction of a formal community delegates forum, FDM, that provides a formal monitoring channel for citizens—through their delegates—has improved social accountability mechanisms. Such a forum can reduce asymmetric power between citizens and

the state. The findings echo previous studies' suggestions that the availability of "actionable" information, CSOs' capacity to engage, institutional designs, and state response, determine the success of a social accountability initiative in affecting responsiveness and resource distributions (see e.g., Fox 2015). Although providing information often insufficient in improving accountability, the willingness of the government to provide information is the first step towards engaging citizens in social accountability practices. Without sufficient information from the government, citizens' demands merely serve as a signalling mechanism with a lot of "noise".<sup>1</sup> This makes citizens' voices weakly articulated in expressing demands and exacting accountability.

Furthermore, state response is essential for social accountability both for responding to demands and for sanctioning wrongdoing by public officials. Therefore, social accountability needs to be integrated with the existing supply-side accountability mechanisms. This is exemplified by the Sumedang case in which the community monitoring through FDM has remained less effective because FDM's reports have often been overlooked by local agencies, and supply and demand sides of accountability mechanisms run almost independently. Nevertheless, FDM has improved social accountability in Sumedang through persistent efforts to monitor and report project implementation. Moreover, in Kuningan and Palopo, Musrenbang remains a pivotal, if not the only forum, in which citizens can directly voice their demands and seek justifications for selected projects—hence, local budgets—from local MPs and bureaucrats.

#### **9.2.4 Investigating the effects of participatory budgeting on service delivery**

Chapter 8 evaluates the implementation of local law 1/2007 on Planning and Budgeting Procedures in Sumedang on service delivery. It contributes to a few studies that investigate the effects of participatory budgeting on service delivery—i.e., household access to safe water and sanitation; the net junior and senior secondary school enrolment rate; and the percentage of births assisted by skilled health staff. The findings only minimally confirm the hypothesis that the implementation of local law 1/2007 can improve service delivery performance, as only the net junior secondary school enrolment rate for the overall population significantly improved after the implementation of PIK and FDM. The findings also tentatively suggest that participatory budgeting in Sumedang improved the percentage of births assisted by skilled health staff and household access to safe

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1. "Noise" here refers to unprioritised demands/proposals, which are mainly "wish lists" that exceed the financial capacity of local government.

sanitation for the third quintile of per capita expenditure; as well as the net junior secondary school enrolment rate for the fifth quintile. However, this study did not find significant evidence of positive effects of the reform on the poorest two quintiles of per capita expenditure. This is partly because elite control has directed PIK towards projects that benefit broader communities. This suggests the importance of involving the poor and other marginalised groups in agenda-setting; or providing advocacy to represent their interests in the participatory processes. Without this, their voice will remain unheard, making service delivery unresponsive to their needs.

Nevertheless, it is worth noting that PIK may have affected other services that were not evaluated in this study. PIK may also need a relatively long period to have effects on service delivery outcomes, as other studies have shown (see e.g., Gonçalves 2014; Touchton and Wampler 2014; cf. Boulding and Wampler 2010).

## 9.3 Policy implications

### 9.3.1 Devolution of funding to subdistricts and villages/wards

The findings show that the devolution of funding to the lower levels of government, such as subdistricts and villages/wards under participatory budgeting schemes can indeed improve responsiveness and resource distributions. Hence, the slow pace of decentralisation in improving responsiveness and service delivery needs to be rectified by improving citizen participation in decision-making processes in both planning and budgeting. The interconnectedness between planning and budgeting processes needs to be addressed to rebuild citizens' trust in Musrenbang by introducing subdistrict indicative funding ceiling or other similar policies that are pro-poor.

Policy-makers need to carefully design the participatory institution by requiring broader and more inclusive citizen participation. In order to improve responsiveness and service delivery, participatory institutions need to target the poor specifically, both as participants and beneficiaries. Otherwise, the overall service delivery will remain stagnant because those who benefit from the participatory processes are those who may access the services without government assistance. On the other hand, the poor may not benefit from the participatory processes, and as a result, they do not have access to the services (Ross 2006). The PIK practised in Parepare has the potential to reduce poverty because it specifically targets the poor through clear beneficiaries' criteria. This

can be replicated in other participatory institutions to improve pro-poor targeting.

### 9.3.2 Commitment from local leadership

The findings on participation, responsiveness and accountability show a similar pattern, which suggests the pivotal roles of public officials in stimulating participation, enforcing rules and mechanisms, as well as providing minimal responsiveness and supporting social accountability. In the participatory processes, local agencies can play a more active role. Firstly, a coordinating agency can encourage participation by maintaining an open invitation to eligible citizens. Inviting only local elites and government officials could impede citizen participation because this restricts ordinary citizens from participating. Since villages/wards may have different participation cultures, local agencies responsible for community empowerment need to stimulate and mobilise inactive neighbourhoods and villages/wards. Secondly, local agencies need to actively engage with citizens in the participatory process to assist the participants in developing their proposals and to provide guidance on technical aspects of the proposals that may raise problems in the implementation. The findings show that Musrenbang participants eagerly engage local officials in the meeting to ask for clarifications and to develop consensus. However, few officials stay in the meeting, as most of them leave after the opening ceremony. Thirdly, the coordinating agency needs to enforce participatory rules and mechanisms. As the findings in Chapter 4 and Chapter 5 demonstrate, some of the villages and subdistricts observed did not deliberate over their proposals in Musrenbang. Without deliberation, participants will not know which proposals receive higher priority and why the proposals receive such priorities, making the results of Musrenbang prone to elite capture. Deliberation processes depend on the willingness of local officials and facilitators to hold a discussion. Hence, in order to improve the processes and outputs of participatory decision-making, local governments need to provide capable facilitators and local officials to assist with the participatory processes.

The involvement of community delegates in monitoring project implementation is promising to improve social accountability. However, so often other accountability mechanisms—e.g., checks and balances mechanisms and internal audits—impede social accountability, creating an “accountability bottleneck”. This shows that social accountability needs support from local leadership and reformers within the government. The support may be in the form of responding

to community's reports by triggering administrative or legal sanctions, as well as by providing protection from retaliation from opposing groups (Fox 2015, 256).

## 9.4 Limitations of the research

The findings from the qualitative method and synthetic control methods show similar results that reinforced one another, creating in-depth and rigorous analyses. Nevertheless, several limitations were unavoidable. Firstly, even though this study controlled a number of factors that may affect government responsiveness of districts governments, the dynamics of local governments, decentralisation and the practice of Musrenbang inherently have the risks of omitted variable bias (King, Keohane, and Verba 1994). Furthermore, this research relies on a comparative case study design, involving a small number of observations, which may be too few to draw strong causal relationships from or to allow for broader generalisation (Rohlfing 2012).

Secondly, some of the pre-intervention fits of outcome variables assessed in the synthetic control methods were poor. This is due to high fluctuations in the outcome variables over the period under investigation. The high fluctuations are not uncommon in the BPS data, as suggested by Lewis, McCulloch, and Sacks (2016, 812). This may affect the inference about the effects of the intervention on service delivery outcomes.

Other alternatives to evaluate the effects of participatory institutions, such as using a large number of observations remains challenging. This is because local governments that implement both PIK and FDM remain very few. Another challenge was that there had been no data on the number of local governments in Indonesia that have implemented PIK without FDM, as several districts have only begun implementing PIK recently. Thus, data availability presented challenges and did not allow investigation of, for example, how and to which sectors the PIK adopters allocated their resources.

## 9.5 Key areas for future research

The findings and analyses of this thesis show the promising potential of integrating participatory planning into the budgeting processes by devolving funds to subdistrict level, as well as formally involving communities in monitoring. Several insights emerged, which lead to several questions

that merit further investigation. Firstly, the analyses of the Sumedang case suggest that PIK was mostly allocated to infrastructure, particularly road building. This leads to questions such as how and to which sectors have the districts that have implemented PIK allocated their resources? The availability of more cases and data would provide an opportunity to investigate such questions.

Secondly, the Parepare case demonstrates the promising potential of a participatory innovation in poverty reduction. Future studies may investigate the efficacy of such innovation in reducing poverty. Furthermore, in the Parepare case, the poor and marginalised groups were engaged outside the formal meeting—i.e., during the preparation stages. This raises the question about the effectiveness of such an engagement, such as does this indeed reduce participation costs for the poor? How effective is the practice compared to involving them in the formal meetings in which they can directly have a say in binding decisions?

Thirdly, this study has investigated social accountability mechanisms in the four participatory institutional designs. It would be revealing to investigate how the interaction between participatory decision making with other social accountability mechanisms—e.g., scorecards and social audits—that have been promoted by donors affect government accountability. Further studies may also investigate enabling conditions under which both supply and demand sides of accountability could be integrated.

Lastly, participatory budgeting has been increasingly implemented across the globe. This provides opportunities for future studies to conduct systematic and rigorous comparisons across cases, time and countries. One particular area that merits investigation is the effect of participatory planning and budgeting on public services and governments' accountability to their citizens because, to date, the studies on this have been mostly conducted within a single country. This could be important at a time when some countries are finding their democracies increasingly destabilised, and effectively designed participatory planning and budgeting could potentially provide some support for improving citizen-government relations. The merit of such an investigation is also highlighted by the potential of participatory planning and budgeting to complement representative democracy around the globe, which has been increasingly characterised as having “democratic deficits” (Wampler and McNulty 2011, 36).

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# Appendices

## A Chapter 8 appendices

### A.1 Household access to safe sanitation

**Table A.1:** District weights in the synthetic Sumedang for household access to safe sanitation

Overall		Q1		Q2	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.000
Bandung	0.000	Bandung	0.000	Bandung	0.309
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.000	Ciamis	0.000	Ciamis	0.000
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.000	Majalengka	0.019
Indramayu	0.132	Indramayu	0.000	Indramayu	0.000
Subang	0.253	Subang	0.556	Subang	0.000
Purwakarta	0.369	Purwakarta	0.000	Purwakarta	0.457
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.027	Bekasi	0.181	Bekasi	0.111
Kota Bogor	0.163	Kota Bogor	0.251	Kota Bogor	0.103
Kota Sukabumi	0.000	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.056	Kota Cirebon	0.012	Kota Cirebon	0.000
Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.009
Sukabumi	0.000	Sukabumi	0.086	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.000
Bandung	0.180	Bandung	0.066	Bandung	0.000
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.000	Ciamis	0.000	Ciamis	0.000
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.211	Majalengka	0.000
Indramayu	0.331	Indramayu	0.069	Indramayu	0.072
Subang	0.000	Subang	0.000	Subang	0.255
Purwakarta	0.263	Purwakarta	0.427	Purwakarta	0.371

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Table A.1 – continued from previous page

Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.000	Bekasi	0.000	Bekasi	0.005
Kota Bogor	0.000	Kota Bogor	0.000	Kota Bogor	0.287
Kota Sukabumi	0.150	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.076	Kota Cirebon	0.142	Kota Cirebon	0.000

**Table A.2:** Household access to safe sanitation predictor means

Household access to safe sanitation predictor means overall			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,032,061	1,870,794
General allocation grant (billion IDR)	215.98	183.88	296.05
Specific allocation grant (billion IDR)	26.58	18.83	27.25
Own source revenue (billion IDR)	35.26	34.12	56.04
Household per capita expenditure (thousand IDR)	174.85	184.7	178.89
Poverty rate	13.83	13.88	13.63
GRDP (Constant, billion IDR)	4,257.88	7,211.35	11,068.12
Population in urban areas (%)	30.33	47.47	51.5
Household access to safe sanitation 2007 (%)	59.68	57.55	45.35
Household access to safe sanitation 2006 (%)	38.32	43.57	36.74
Household access to safe sanitation 2004 (%)	57.54	51.73	40.89
Household access to safe sanitation 2003 (%)	55.54	50.34	39.72
RMSPE		3.48	
Household access to safe sanitation predictor means Q1			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,581,369	1,870,794
General allocation grant (billion IDR)	215.98	238.93	296.05
Specific allocation grant (billion IDR)	26.58	23.74	27.25
Own source revenue (billion IDR)	35.26	60.28	56.04
Household per capita expenditure (thousand IDR)	174.85	195.7	178.89
Poverty rate	13.83	12.42	13.63
GRDP (Constant, billion IDR)	4,257.88	12,844.42	11,068.12
Population in urban areas (%)	30.33	52.81	51.5
Household access to safe sanitation Q1 2007 (%)	49.75	36.24	27.65
Household access to safe sanitation Q1 2006 (%)	25.81	25.32	25.84
Household access to safe sanitation Q1 2004 (%)	49.39	47.3	27.85
Household access to safe sanitation Q1 2003 (%)	40.45	35.38	24.57
RMSPE		5.76	
Household access to safe sanitation predictor means Q2			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	2,038,162	1,870,794
General allocation grant (billion IDR)	215.98	342.72	296.05
Specific allocation grant (billion IDR)	26.58	24.46	27.25
Own source revenue (billion IDR)	35.26	70.22	56.04
Household per capita expenditure (thousand IDR)	174.85	190	178.89
Poverty rate	13.83	12.18	13.63
GRDP (Constant, billion IDR)	4,257.88	14,672.54	11,068.12
Population in urban areas (%)	30.33	57.82	51.5
Household access to safe sanitation Q2 2007 (%)	53.93	47.55	37.13
Household access to safe sanitation Q2 2006 (%)	29.82	32.28	30.93
Household access to safe sanitation Q2 2004 (%)	50.15	44	35.22
Household access to safe sanitation Q2 2003 (%)	40.02	42.7	34.66
RMSPE		4.04	

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Table A.2 – continued from previous page

Household access to safe sanitation predictor means Q3			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,481,471	1,870,794
General allocation grant (billion IDR)	215.98	265.78	296.05
Specific allocation grant (billion IDR)	26.58	21.85	27.25
Own source revenue (billion IDR)	35.26	39.06	56.04
Household per capita expenditure (thousand IDR)	174.85	181.41	178.89
Poverty rate	13.83	13.92	13.63
GRDP (Constant, billion IDR)	4,257.88	9,944.24	11,068.12
Population in urban areas (%)	30.33	52.59	51.5
Household access to safe sanitation Q3 2007 (%)	54.66	52.3	45.32
Household access to safe sanitation Q3 2006 (%)	36.5	39.61	35.7
Household access to safe sanitation Q3 2004 (%)	59.66	54.38	41.51
Household access to safe sanitation Q3 2003 (%)	52.81	48.21	39.79
RMSPE		3.2	
Household access to safe sanitation predictor means Q4			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,129,808	1,870,794
General allocation grant (billion IDR)	215.98	212.66	296.05
Specific allocation grant (billion IDR)	26.58	20.44	27.25
Own source revenue (billion IDR)	35.26	31.17	56.04
Household per capita expenditure (thousand IDR)	174.85	171.32	178.89
Poverty rate	13.83	14.75	13.63
GRDP (Constant, billion IDR)	4,257.88	6,503.2	11,068.12
Population in urban areas (%)	30.33	46.08	51.5
Household access to safe sanitation Q4 2007 (%)	71.89	69.01	54.24
Household access to safe sanitation Q4 2006 (%)	41.58	45.7	42.01
Household access to safe sanitation Q4 2004 (%)	60.79	58.02	46.54
Household access to safe sanitation Q4 2003 (%)	64.82	51.9	43.78
RMSPE		6.14	
Household access to safe sanitation predictor means Q5			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	973,453	1,870,794
General allocation grant (billion IDR)	215.98	178.75	296.05
Specific allocation grant (billion IDR)	26.58	17.78	27.25
Own source revenue (billion IDR)	35.26	33.66	56.04
Household per capita expenditure (thousand IDR)	174.85	190.48	178.89
Poverty rate	13.83	13.4	13.63
GRDP (Constant, billion IDR)	4,257.88	5,818.77	11,068.12
Population in urban areas (%)	30.33	51.69	51.5
Household access to safe sanitation Q5 2007 (%)	68.44	74.67	63.61
Household access to safe sanitation Q5 2006 (%)	58.19	60.14	50.7
Household access to safe sanitation Q5 2004 (%)	68.81	68.64	54.8
Household access to safe sanitation Q5 2003 (%)	81.56	72.31	56.31
RMSPE		5.45	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

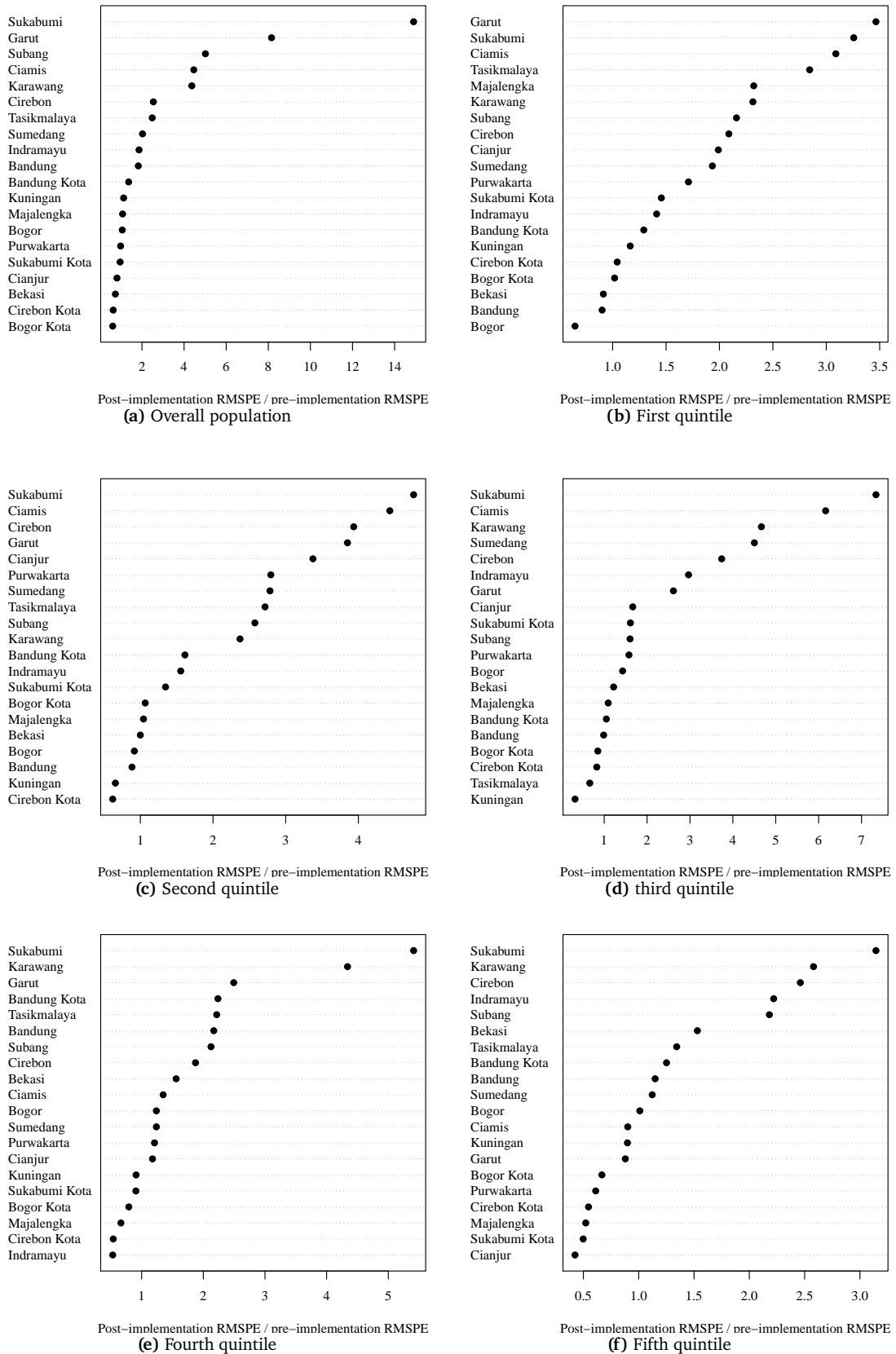


Figure A.1: Ratio of post-implementation RMSPE to pre-implementation RMSPE Sumedang and control districts: Household access to safe sanitation

## A.2 Household access to safe water

Overall		Q1		Q2	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.261	Sukabumi	0.055	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.000
Bandung	0.000	Bandung	0.000	Bandung	0.000
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.153
Ciamis	0.000	Ciamis	0.327	Ciamis	0.000
Kuningan	0.000	Kuningan	0.000	Kuningan	0.171
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.395	Majalengka	0.000	Majalengka	0.158
Indramayu	0.000	Indramayu	0.000	Indramayu	0.000
Subang	0.000	Subang	0.015	Subang	0.118
Purwakarta	0.000	Purwakarta	0.000	Purwakarta	0.000
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.329	Kota Bogor	0.230	Kota Bogor	0.285
Kota Sukabumi	0.000	Kota Sukabumi	0.325	Kota Sukabumi	0.114
Kota Bandung	0.016	Kota Bandung	0.047	Kota Bandung	0.000
Kota Cirebon	0.000	Kota Cirebon	0.000	Kota Cirebon	0.000
Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.202	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.049
Bandung	0.000	Bandung	0.000	Bandung	0.000
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.152	Tasikmalaya	0.000
Ciamis	0.096	Ciamis	0.000	Ciamis	0.000
Kuningan	0.437	Kuningan	0.035	Kuningan	0.274
Cirebon	0.000	Cirebon	0.367	Cirebon	0.000
Majalengka	0.000	Majalengka	0.000	Majalengka	0.000
Indramayu	0.000	Indramayu	0.000	Indramayu	0.332
Subang	0.000	Subang	0.000	Subang	0.000
Purwakarta	0.323	Purwakarta	0.000	Purwakarta	0.000
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.000	Bekasi	0.074	Bekasi	0.285
Kota Bogor	0.000	Kota Bogor	0.169	Kota Bogor	0.000
Kota Sukabumi	0.000	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.144	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.000	Kota Cirebon	0.000	Kota Cirebon	0.060

Table A.3: District weights in the synthetic Sumedang for access to safe water

**Table A.4:** Household access to safe water predictor means

Household access to safe water predictor means overall			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,252,463	1,870,794
General allocation grant (billion IDR)	215.98	222.07	296.05
Specific allocation grant (billion IDR)	26.58	22.74	27.25
Own source revenue (billion IDR)	35.26	30.57	56.04
Household per capita expenditure (thousand IDR)	174.85	179.21	178.89
Poverty rate	13.83	14.65	13.63
GRDP (Constant, billion IDR)	4,257.88	4,463.39	11,068.12
Population in urban areas (%)	30.33	53.87	51.5
Household access to safe water 2007 (%)	57.16	48.24	46.88
Household access to safe water 2006 (%)	39	41.73	45.81
Household access to safe water 2005 (%)	42.12	42.64	44.79
Household access to safe water 2004 (%)	38.77	39.47	43.87
RMSPE		5.29	
Household access to safe water predictor means Q1			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,007,830	1,870,794
General allocation grant (billion IDR)	215.98	217.03	296.05
Specific allocation grant (billion IDR)	26.58	23.29	27.25
Own source revenue (billion IDR)	35.26	34.04	56.04
Household per capita expenditure (thousand IDR)	174.85	200.52	178.89
Poverty rate	13.83	10.4	13.63
GRDP (Constant, billion IDR)	4,257.88	4,552.77	11,068.12
Population in urban areas (%)	30.33	67.83	51.5
Household access to safe water Q1 2007 (%)	43.71	38.02	35.16
Household access to safe water Q1 2006 (%)	28.88	35.42	35.4
Household access to safe water Q1 2005 (%)	45.04	36.88	34.71
Household access to safe water Q1 2004 (%)	35.3	35.37	35.89
RMSPE		5.72	
Household access to safe water predictor means Q2			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,038,327	1,870,794
General allocation grant (billion IDR)	215.98	216.23	296.05
Specific allocation grant (billion IDR)	26.58	20.58	27.25
Own source revenue (billion IDR)	35.26	28.77	56.04
Household per capita expenditure (thousand IDR)	174.85	183.05	178.89
Poverty rate	13.83	13.89	13.63
GRDP (Constant, billion IDR)	4,257.88	3,841.52	11,068.12
Population in urban areas (%)	30.33	56.48	51.5
Household access to safe water Q2 2007 (%)	48.55	43.56	40.2
Household access to safe water Q2 2006 (%)	35.13	35.6	39.04
Household access to safe water Q2 2005 (%)	29.63	37.16	40.86
Household access to safe water Q2 2004 (%)	31.64	31.79	38.48
RMSPE		4.31	

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Table A.4 – continued from previous page

Household access to safe water predictor means Q3			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,153,029	1,870,794
General allocation grant (billion IDR)	215.98	218.94	296.05
Specific allocation grant (billion IDR)	26.58	21.44	27.25
Own source revenue (billion IDR)	35.26	43.86	56.04
Household per capita expenditure (thousand IDR)	174.85	173.84	178.89
Poverty rate	13.83	14.77	13.63
GRDP (Constant, billion IDR)	4,257.88	6,481.49	11,068.12
Population in urban areas (%)	30.33	41.25	51.5
Household access to safe water Q3 2007 (%)	49.23	46.01	45.95
Household access to safe water Q3 2006 (%)	38.95	43.68	44.25
Household access to safe water Q3 2005 (%)	40.49	43.72	43.88
Household access to safe water Q3 2004 (%)	36.16	37.97	42.93
RMSPE		8.24	
Household access to safe water predictor means Q4			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	2,474,320	1,870,794
General allocation grant (billion IDR)	215.98	342.36	296.05
Specific allocation grant (billion IDR)	26.58	31.86	27.25
Own source revenue (billion IDR)	35.26	73.04	56.04
Household per capita expenditure (thousand IDR)	174.85	181.02	178.89
Poverty rate	13.83	13.86	13.63
GRDP (Constant, billion IDR)	4,257.88	13,206.66	11,068.12
Population in urban areas (%)	30.33	62.38	51.5
Household access to safe water Q4 2007 (%)	68.6	52.2	50.47
Household access to safe water Q4 2006 (%)	39.63	41.79	50.13
Household access to safe water Q4 2005 (%)	41.97	44.86	46.88
Household access to safe water Q4 2004 (%)	35.98	39.18	46.35
RMSPE		6.38	
Household access to safe water predictor means Q5			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,978,726	1,870,794
General allocation grant (billion IDR)	215.98	272.76	296.05
Specific allocation grant (billion IDR)	26.58	26.43	27.25
Own source revenue (billion IDR)	35.26	69.16	56.04
Household per capita expenditure (thousand IDR)	174.85	183.45	178.89
Poverty rate	13.83	14.34	13.63
GRDP (Constant, billion IDR)	4,257.88	19,798.08	11,068.12
Population in urban areas (%)	30.33	45.94	51.5
Household access to safe water Q5 2007 (%)	76.14	71.45	63.62
Household access to safe water Q5 2006 (%)	52.62	59.4	61.48
Household access to safe water Q5 2005 (%)	53.55	63.65	58.66
Household access to safe water Q5 2004 (%)	55.73	55.71	56.56
RMSPE		8.88	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

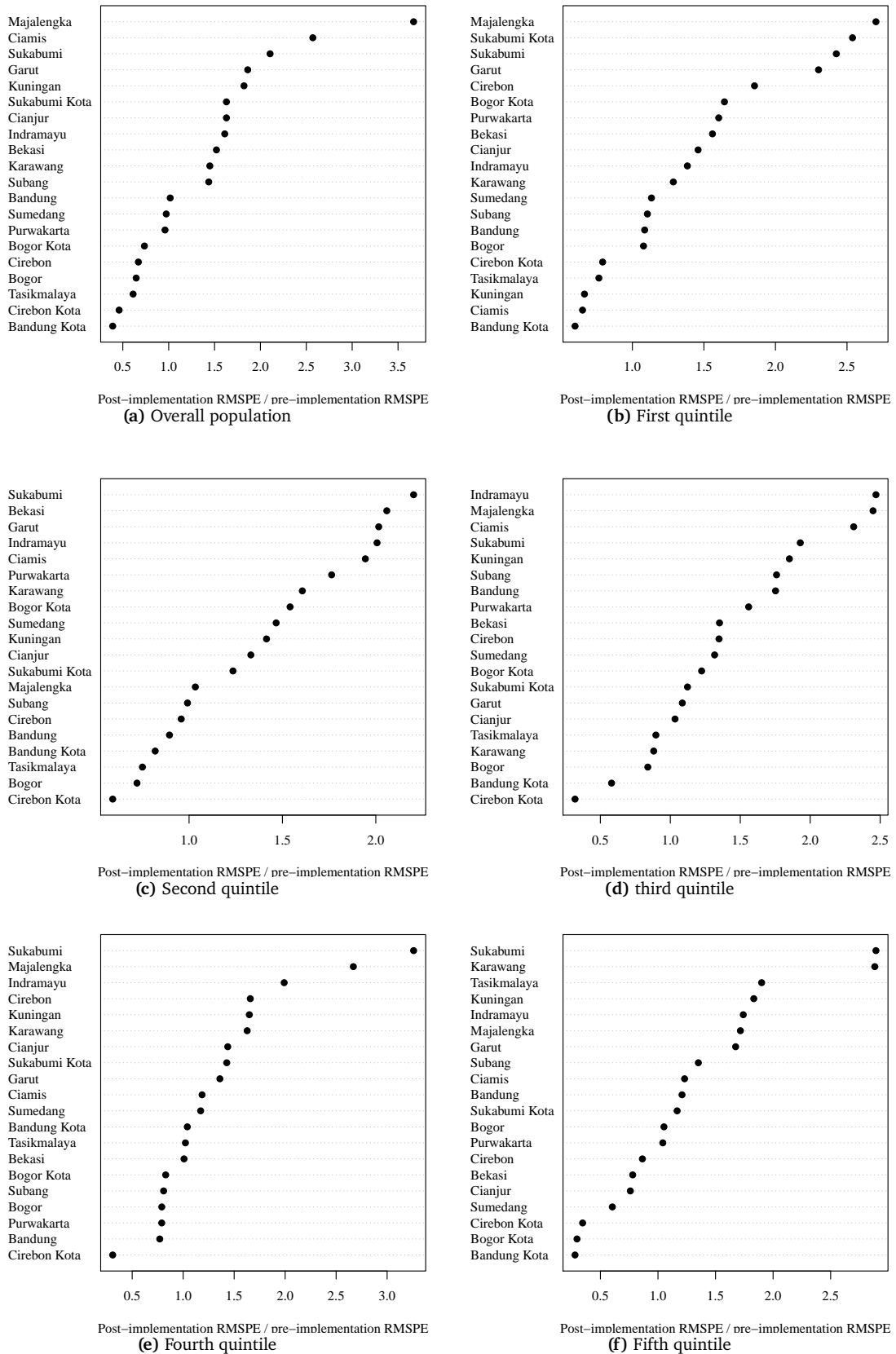


Figure A.2: Ratio of post-implementation RMSPE to pre-implementation RMSPE Sumedang and control districts: Household access to safe water

## A.3 Net junior secondary school enrolment rate

Overall		Q1		Q2	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.221
Bandung	0.113	Bandung	0.000	Bandung	0.020
Garut	0.184	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.317	Tasikmalaya	0.000
Ciamis	0.000	Ciamis	0.000	Ciamis	0.144
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.000	Majalengka	0.000
Indramayu	0.000	Indramayu	0.000	Indramayu	0.000
Subang	0.203	Subang	0.026	Subang	0.000
Purwakarta	0.000	Purwakarta	0.000	Purwakarta	0.000
Karawang	0.000	Karawang	0.260	Karawang	0.000
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.000	Kota Bogor	0.000	Kota Bogor	0.000
Kota Sukabumi	0.501	Kota Sukabumi	0.000	Kota Sukabumi	0.616
Kota Bandung	0.000	Kota Bandung	0.396	Kota Bandung	0.000
Kota Cirebon	0.000	Kota Cirebon	0.000	Kota Cirebon	0.000
Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.000
Bandung	0.207	Bandung	0.000	Bandung	0.000
Garut	0.157	Garut	0.000	Garut	0.000
Tasikmalaya	0.007	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.000	Ciamis	0.000	Ciamis	0.146
Kuningan	0.000	Kuningan	0.000	Kuningan	0.080
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.016	Majalengka	0.000
Indramayu	0.000	Indramayu	0.000	Indramayu	0.167
Subang	0.000	Subang	0.456	Subang	0.189
Purwakarta	0.000	Purwakarta	0.268	Purwakarta	0.242
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.246	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.215	Kota Bogor	0.260	Kota Bogor	0.175
Kota Sukabumi	0.098	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.070	Kota Cirebon	0.000	Kota Cirebon	0.000

Table A.5: District weights in the synthetic Sumedang for the net junior secondary school enrolment rate

**Table A.6:** Net junior secondary school enrolment rate predictor means

Net junior secondary school enrolment rate predictor means overall			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,205,668	1,870,794
General allocation grant (billion IDR)	215.98	235.73	296.05
Specific allocation grant (billion IDR)	26.58	20.89	27.25
Own source revenue (billion IDR)	35.26	32.98	56.04
Household per capita expenditure (thousand IDR)	174.85	183.76	178.89
Poverty rate	13.83	11.64	13.63
GRDP (Constant, billion IDR)	4,257.88	5,587.14	11,068.12
Population in urban areas (%)	30.33	65.24	51.5
Net enrolment: junior secondary school 2007 (%)	62.23	64.97	67.59
Net enrolment: junior secondary school 2006 (%)	75.62	73.83	64.15
Net enrolment: junior secondary school 2005 (%)	62.97	65.37	61.49
Net enrolment: junior secondary school 2004 (%)	79.88	73.08	63.33
RMSPE		3.23	
Net junior secondary school enrolment rate predictor means Q1			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	2,084,037	1,870,794
General allocation grant (billion IDR)	215.98	333.63	296.05
Specific allocation grant (billion IDR)	26.58	27.02	27.25
Own source revenue (billion IDR)	35.26	94.79	56.04
Household per capita expenditure (thousand IDR)	174.85	208.89	178.89
Poverty rate	13.83	10.69	13.63
GRDP (Constant, billion IDR)	4,257.88	13,529	11,068.12
Population in urban areas (%)	30.33	59.43	51.5
Net enrolment: junior secondary school Q1 2007 (%)	53.77	55.99	53.27
Net enrolment: junior secondary school Q1 2006 (%)	81.48	63.83	52.37
Net enrolment: junior secondary school Q1 2005 (%)	33.43	43.5	46.88
Net enrolment: junior secondary school Q1 2004 (%)	66.15	53.17	49.9
RMSPE		10.42	
Net junior secondary school enrolment rate predictor means Q2			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	885,397	1,870,794
General allocation grant (billion IDR)	215.98	190.79	296.05
Specific allocation grant (billion IDR)	26.58	20.91	27.25
Own source revenue (billion IDR)	35.26	24.89	56.04
Household per capita expenditure (thousand IDR)	174.85	189.58	178.89
Poverty rate	13.83	10.96	13.63
GRDP (Constant, billion IDR)	4,257.88	3,514.48	11,068.12
Population in urban areas (%)	30.33	69.23	51.5
Net enrolment: junior secondary school Q2 2007 (%)	53.66	57.49	65.47
Net enrolment: junior secondary school Q2 2006 (%)	70.38	71.28	60.24
Net enrolment: junior secondary school Q2 2005 (%)	57.28	57.72	59.27
Net enrolment: junior secondary school Q2 2004 (%)	93.09	81.27	60.03
RMSPE		6.97	

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Table A.6 – continued from previous page

Net junior secondary school enrolment rate predictor means Q3			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	2,249,122	1,870,794
General allocation grant (billion IDR)	215.98	344.46	296.05
Specific allocation grant (billion IDR)	26.58	25.77	27.25
Own source revenue (billion IDR)	35.26	83.99	56.04
Household per capita expenditure (thousand IDR)	174.85	207.65	178.89
Poverty rate	13.83	9.81	13.63
GRDP (Constant, billion IDR)	4,257.88	18,877.85	11,068.12
Population in urban areas (%)	30.33	75.51	51.5
Net enrolment: junior secondary school Q3 2007 (%)	74.15	72.89	72.83
Net enrolment: junior secondary school Q3 2006 (%)	82.63	75.74	66.04
Net enrolment: junior secondary school Q3 2005 (%)	71.48	70.55	64.98
Net enrolment: junior secondary school Q3 2004 (%)	89.88	78.61	66.53
RMSPE		7.17	
Net junior secondary school enrolment rate predictor means Q4			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	985,878	1,870,794
General allocation grant (billion IDR)	215.98	185.91	296.05
Specific allocation grant (billion IDR)	26.58	19.18	27.25
Own source revenue (billion IDR)	35.26	31.55	56.04
Household per capita expenditure (thousand IDR)	174.85	184.22	178.89
Poverty rate	13.83	13.87	13.63
GRDP (Constant, billion IDR)	4,257.88	4,854.13	11,068.12
Population in urban areas (%)	30.33	46.97	51.5
Net enrolment: junior secondary school Q4 2007 (%)	73.86	74.96	74.25
Net enrolment: junior secondary school Q4 2006 (%)	72.66	75.84	72.21
Net enrolment: junior secondary school Q4 2005 (%)	76.04	75.9	70.31
Net enrolment: junior secondary school Q4 2004 (%)	79.46	74.78	71.72
RMSPE		6.22	
Net junior secondary school enrolment rate predictor means Q5			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,126,110	1,870,794
General allocation grant (billion IDR)	215.98	214.17	296.05
Specific allocation grant (billion IDR)	26.58	22.49	27.25
Own source revenue (billion IDR)	35.26	28.57	56.04
Household per capita expenditure (thousand IDR)	174.85	175.75	178.89
Poverty rate	13.83	14.81	13.63
GRDP (Constant, billion IDR)	4,257.88	6,229.72	11,068.12
Population in urban areas (%)	30.33	40.85	51.5
Net enrolment: junior secondary school Q5 2007 (%)	62.99	75.7	76.34
Net enrolment: junior secondary school Q5 2006 (%)	69.98	73.34	75.62
Net enrolment: junior secondary school Q5 2005 (%)	86.6	74.86	76.86
Net enrolment: junior secondary school Q5 2004 (%)	75.76	75.47	77.69
RMSPE		7.47	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

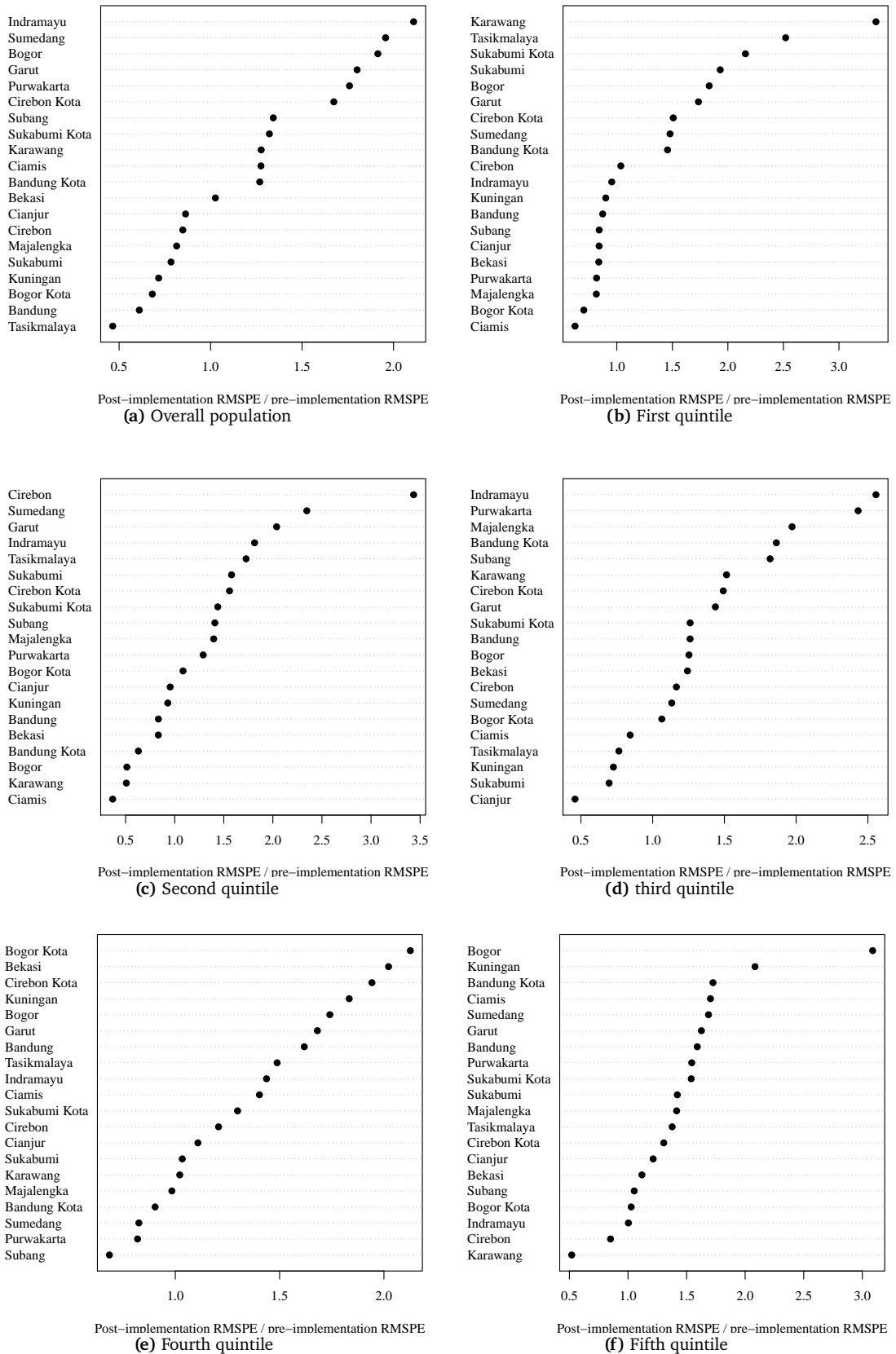


Figure A.3: Ratio of post-implementation RMSPE to pre-implementation RMSPE Sumedang and control districts: The net junior secondary school enrolment rate

## A.4 Net senior secondary school enrolment rate

Overall		Q1		Q2	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.339	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.044	Cianjur	0.406
Bandung	0.000	Bandung	0.000	Bandung	0.000
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.164	Ciamis	0.034	Ciamis	0.000
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.486	Majalengka	0.000
Indramayu	0.000	Indramayu	0.000	Indramayu	0.000
Subang	0.234	Subang	0.000	Subang	0.000
Purwakarta	0.000	Purwakarta	0.248	Purwakarta	0.000
Karawang	0.000	Karawang	0.000	Karawang	0.372
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.000	Kota Bogor	0.000	Kota Bogor	0.000
Kota Sukabumi	0.263	Kota Sukabumi	0.000	Kota Sukabumi	0.223
Kota Bandung	0.000	Kota Bandung	0.188	Kota Bandung	0.000
Kota Cirebon	0.000	Kota Cirebon	0.000	Kota Cirebon	0.000
Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Bogor	0.171	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.054	Cianjur	0.000	Cianjur	0.000
Bandung	0.000	Bandung	0.000	Bandung	0.000
Garut	0.159	Garut	0.484	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.000	Ciamis	0.000	Ciamis	0.147
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.220	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.000	Majalengka	0.000
Indramayu	0.000	Indramayu	0.131	Indramayu	0.000
Subang	0.035	Subang	0.000	Subang	0.313
Purwakarta	0.118	Purwakarta	0.000	Purwakarta	0.032
Karawang	0.000	Karawang	0.000	Karawang	0.248
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.000	Kota Bogor	0.000	Kota Bogor	0.000
Kota Sukabumi	0.000	Kota Sukabumi	0.385	Kota Sukabumi	0.261
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.243	Kota Cirebon	0.000	Kota Cirebon	0.000

Table A.7: District weights in the synthetic Sumedang for the net senior secondary school enrolment rate

**Table A.8:** Net senior secondary school enrolment rate predictor means

Net senior secondary school enrolment rate predictor means overall			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,357,479	1,870,794
General allocation grant (billion IDR)	215.98	236.86	296.05
Specific allocation grant (billion IDR)	26.58	28.78	27.25
Own source revenue (billion IDR)	35.26	25.4	56.04
Household per capita expenditure (thousand IDR)	174.85	165.3	178.89
Poverty rate	13.83	13.75	13.63
GRDP (Constant, billion IDR)	4,257.88	4,900.1	11,068.12
Population in urban areas (%)	30.33	42.42	51.5
Net enrolment: senior secondary school 2007 (%)	38.88	37.2	37.87
Net enrolment: senior secondary school 2006 (%)	32.72	38.72	39.38
Net enrolment: senior secondary school 2005 (%)	32.28	37.64	37.94
Net enrolment: senior secondary school 2004 (%)	47.79	40.16	37.99
RMSPE		6.13	
Net senior secondary school enrolment rate predictor means Q1			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,303,119	1,870,794
General allocation grant (billion IDR)	215.98	237.82	296.05
Specific allocation grant (billion IDR)	26.58	21.86	27.25
Own source revenue (billion IDR)	35.26	51.69	56.04
Household per capita expenditure (thousand IDR)	174.85	178.42	178.89
Poverty rate	13.83	14.83	13.63
GRDP (Constant, billion IDR)	4,257.88	7,118.68	11,068.12
Population in urban areas (%)	30.33	46.38	51.5
Net enrolment: senior secondary school Q1 2007 (%)	15.99	15.72	15.21
Net enrolment: senior secondary school Q1 2006 (%)	9.99	14.28	18.51
Net enrolment: senior secondary school Q1 2005 (%)	7.81	7.97	18.86
Net enrolment: senior secondary school Q1 2004 (%)	21.9	14.73	19.81
RMSPE		13.66	
Net senior secondary school enrolment rate predictor means Q2			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,515,560	1,870,794
General allocation grant (billion IDR)	215.98	239.37	296.05
Specific allocation grant (billion IDR)	26.58	23.85	27.25
Own source revenue (billion IDR)	35.26	37.39	56.04
Household per capita expenditure (thousand IDR)	174.85	170.55	178.89
Poverty rate	13.83	14.57	13.63
GRDP (Constant, billion IDR)	4,257.88	7,859.99	11,068.12
Population in urban areas (%)	30.33	45.59	51.5
Net enrolment: senior secondary school Q2 2007 (%)	18.47	22.1	25.72
Net enrolment: senior secondary school Q2 2006 (%)	9.5	21.21	29.95
Net enrolment: senior secondary school Q2 2005 (%)	38.09	28.61	29.04
Net enrolment: senior secondary school Q2 2004 (%)	19.51	28.34	28.6
RMSPE		8.75	

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Table A.8 – continued from previous page

Net senior secondary school enrolment rate predictor means Q3			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,920,578	1,870,794
General allocation grant (billion IDR)	215.98	277.8	296.05
Specific allocation grant (billion IDR)	26.58	26.54	27.25
Own source revenue (billion IDR)	35.26	51.99	56.04
Household per capita expenditure (thousand IDR)	174.85	173.94	178.89
Poverty rate	13.83	13.83	13.63
GRDP (Constant, billion IDR)	4,257.88	9,687.71	11,068.12
Population in urban areas (%)	30.33	59.39	51.5
Net enrolment: senior secondary school Q3 2007 (%)	26.06	35.19	37.41
Net enrolment: senior secondary school Q3 2006 (%)	49.98	49.57	42.06
Net enrolment: senior secondary school Q3 2005 (%)	29.44	40.16	39.52
Net enrolment: senior secondary school Q3 2004 (%)	37.98	38.71	40.2
RMSPE		9.35	
Net senior secondary school enrolment rate predictor means Q4			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,299,511	1,870,794
General allocation grant (billion IDR)	215.98	232.84	296.05
Specific allocation grant (billion IDR)	26.58	21.96	27.25
Own source revenue (billion IDR)	35.26	24.53	56.04
Household per capita expenditure (thousand IDR)	174.85	165.94	178.89
Poverty rate	13.83	13.59	13.63
GRDP (Constant, billion IDR)	4,257.88	6,243.2	11,068.12
Population in urban areas (%)	30.33	54.18	51.5
Net enrolment: senior secondary school Q4 2007 (%)	66.67	55.21	51.65
Net enrolment: senior secondary school Q4 2006 (%)	44.37	50.6	53.63
Net enrolment: senior secondary school Q4 2005 (%)	43.25	52.53	50.69
Net enrolment: senior secondary school Q4 2004 (%)	62.82	59.33	49.69
RMSPE		11.72	
Net senior secondary school enrolment rate predictor means Q5			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,182,986	1,870,794
General allocation grant (billion IDR)	215.98	219.46	296.05
Specific allocation grant (billion IDR)	26.58	23.32	27.25
Own source revenue (billion IDR)	35.26	33.59	56.04
Household per capita expenditure (thousand IDR)	174.85	178.02	178.89
Poverty rate	13.83	13.32	13.63
GRDP (Constant, billion IDR)	4,257.88	6,400.82	11,068.12
Population in urban areas (%)	30.33	45.85	51.5
Net enrolment: senior secondary school Q5 2007 (%)	75.03	70.19	64.63
Net enrolment: senior secondary school Q5 2006 (%)	55.97	64.95	60.28
Net enrolment: senior secondary school Q5 2005 (%)	55.55	59.85	59.16
Net enrolment: senior secondary school Q5 2004 (%)	85.5	59.95	57.28
RMSPE		10.08	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

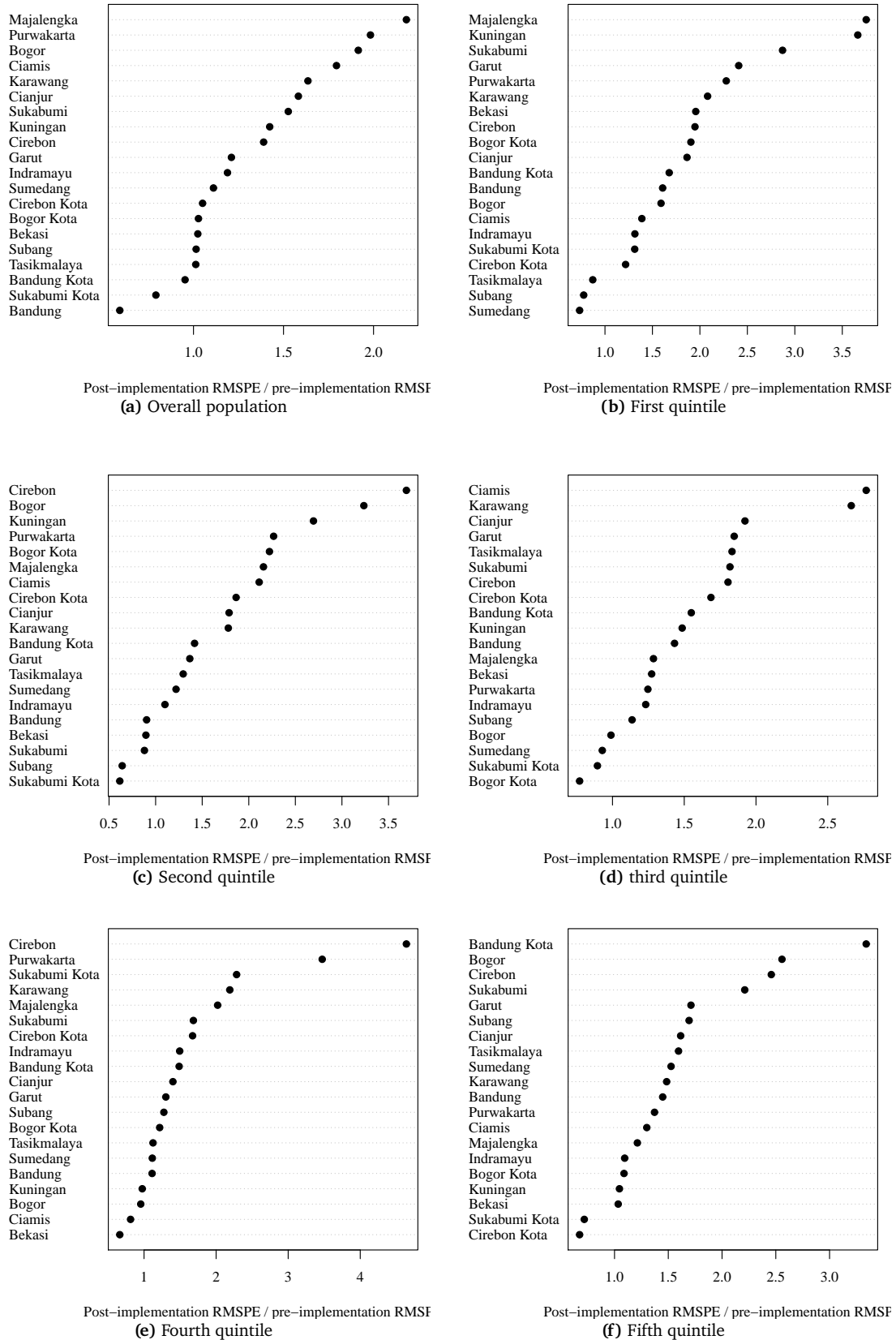


Figure A.4: Ratio of post-implementation RMSPE to pre-implementation RMSPE Sumedang and control districts: The net senior secondary school enrolment rate

## A.5 Births attended by skilled health staff

Overall		Q1		Q2	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.000	Cianjur	0.000	Cianjur	0.000
Bandung	0.000	Bandung	0.000	Bandung	0.000
Garut	0.000	Garut	0.000	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.000	Tasikmalaya	0.000
Ciamis	0.149	Ciamis	0.539	Ciamis	0.417
Kuningan	0.000	Kuningan	0.000	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.000	Majalengka	0.111	Majalengka	0.000
Indramayu	0.000	Indramayu	0.000	Indramayu	0.000
Subang	0.681	Subang	0.019	Subang	0.467
Purwakarta	0.134	Purwakarta	0.207	Purwakarta	0.000
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.037	Kota Bogor	0.000	Kota Bogor	0.000
Kota Sukabumi	0.000	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.060
Kota Cirebon	0.000	Kota Cirebon	0.124	Kota Cirebon	0.056
Q3		Q4		Q5	
District	Weight	District	Weight	District	Weight
Bogor	0.000	Bogor	0.000	Bogor	0.000
Sukabumi	0.000	Sukabumi	0.000	Sukabumi	0.000
Cianjur	0.120	Cianjur	0.000	Cianjur	0.000
Bandung	0.000	Bandung	0.540	Bandung	0.000
Garut	0.000	Garut	0.022	Garut	0.000
Tasikmalaya	0.000	Tasikmalaya	0.070	Tasikmalaya	0.086
Ciamis	0.162	Ciamis	0.000	Ciamis	0.000
Kuningan	0.087	Kuningan	0.160	Kuningan	0.000
Cirebon	0.000	Cirebon	0.000	Cirebon	0.000
Majalengka	0.356	Majalengka	0.000	Majalengka	0.471
Indramayu	0.000	Indramayu	0.000	Indramayu	0.000
Subang	0.170	Subang	0.208	Subang	0.000
Purwakarta	0.041	Purwakarta	0.000	Purwakarta	0.441
Karawang	0.000	Karawang	0.000	Karawang	0.000
Bekasi	0.000	Bekasi	0.000	Bekasi	0.000
Kota Bogor	0.064	Kota Bogor	0.000	Kota Bogor	0.000
Kota Sukabumi	0.000	Kota Sukabumi	0.000	Kota Sukabumi	0.000
Kota Bandung	0.000	Kota Bandung	0.000	Kota Bandung	0.000
Kota Cirebon	0.000	Kota Cirebon	0.000	Kota Cirebon	0.002

**Table A.9:** District weights in the synthetic Sumedang for the percentage of births attended by skilled health staff

**Table A.10:** Percentage of births attended by skilled health staff predictor means

Births attended by skilled health staff predictor means overall			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,267,161	1,870,794
General allocation grant (billion IDR)	215.98	236.45	296.05
Specific allocation grant (billion IDR)	26.58	26.52	27.25
Own source revenue (billion IDR)	35.26	28.98	56.04
Household per capita expenditure (thousand IDR)	174.85	160.52	178.89
Poverty rate	13.83	15.66	13.63
GRDP (Constant, billion IDR)	4,257.88	5,448.17	11,068.12
Population in urban areas (%)	30.33	27.05	51.5
Births attended by skilled health staff 2007 (%)	65.01	68.3	63.82
Births attended by skilled health staff 2006 (%)	82.92	74.84	64.53
Births attended by skilled health staff 2005 (%)	59.99	61.19	61.59
Births attended by skilled health staff 2004 (%)	72.17	70.21	63.74
RMSPE		5.67	
Births attended by skilled health staff predictor means Q1			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,210,654	1,870,794
General allocation grant (billion IDR)	215.98	266.01	296.05
Specific allocation grant (billion IDR)	26.58	30.01	27.25
Own source revenue (billion IDR)	35.26	25.91	56.04
Household per capita expenditure (thousand IDR)	174.85	163.72	178.89
Poverty rate	13.83	14.13	13.63
GRDP (Constant, billion IDR)	4,257.88	5,452.13	11,068.12
Population in urban areas (%)	30.33	36.35	51.5
Births attended by skilled health staff Q1 2007 (%)	44.26	45.77	45.89
Births attended by skilled health staff Q1 2006 (%)	73.92	56	49.72
Births attended by skilled health staff Q1 2005 (%)	46.76	45.9	45.78
Births attended by skilled health staff Q1 2004 (%)	60.39	44.67	51.59
RMSPE		14.65	
Births attended by skilled health staff predictor means Q2			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,456,480	1,870,794
General allocation grant (billion IDR)	215.98	283.64	296.05
Specific allocation grant (billion IDR)	26.58	31.55	27.25
Own source revenue (billion IDR)	35.26	35.78	56.04
Household per capita expenditure (thousand IDR)	174.85	164.58	178.89
Poverty rate	13.83	14.44	13.63
GRDP (Constant, billion IDR)	4,257.88	6,486.28	11,068.12
Population in urban areas (%)	30.33	30.89	51.5
Births attended by skilled health staff Q2 2007 (%)	55.14	58.57	56.52
Births attended by skilled health staff Q2 2006 (%)	85.71	72.29	58.51
Births attended by skilled health staff Q2 2005 (%)	51.24	54.18	54.51
Births attended by skilled health staff Q2 2004 (%)	53.8	58.3	58.9
RMSPE		7.25	

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Table A.10 – continued from previous page

Births attended by skilled health staff predictor means Q3			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,285,209	1,870,794
General allocation grant (billion IDR)	215.98	251.52	296.05
Specific allocation grant (billion IDR)	26.58	26.45	27.25
Own source revenue (billion IDR)	35.26	25.2	56.04
Household per capita expenditure (thousand IDR)	174.85	154.16	178.89
Poverty rate	13.83	16.95	13.63
GRDP (Constant, billion IDR)	4,257.88	4,561.17	11,068.12
Population in urban areas (%)	30.33	32.38	51.5
Births attended by skilled health staff Q3 2007 (%)	77.46	68.94	66.75
Births attended by skilled health staff Q3 2006 (%)	80.01	71.72	68.19
Births attended by skilled health staff Q3 2005 (%)	56.88	59.24	65.18
Births attended by skilled health staff Q3 2004 (%)	65.21	60.11	65.14
RMSPE		7.65	
Births attended by skilled health staff predictor means Q4			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	2,746,537	1,870,794
General allocation grant (billion IDR)	215.98	492.23	296.05
Specific allocation grant (billion IDR)	26.58	33.32	27.25
Own source revenue (billion IDR)	35.26	66.81	56.04
Household per capita expenditure (thousand IDR)	174.85	162.75	178.89
Poverty rate	13.83	14.72	13.63
GRDP (Constant, billion IDR)	4,257.88	13,278.59	11,068.12
Population in urban areas (%)	30.33	46.69	51.5
Births attended by skilled health staff Q4 2007 (%)	67.18	80.54	78.67
Births attended by skilled health staff Q4 2006 (%)	88.42	86.9	74.33
Births attended by skilled health staff Q4 2005 (%)	76.53	70.28	70.72
Births attended by skilled health staff Q4 2004 (%)	91.76	80.29	71.07
RMSPE		7.73	
Births attended by skilled health staff predictor means Q5			
Variables	Treated	Synthetic	Sample Mean
Total population	963,655	1,020,323	1,870,794
General allocation grant (billion IDR)	215.98	210	296.05
Specific allocation grant (billion IDR)	26.58	20.84	27.25
Own source revenue (billion IDR)	35.26	26.32	56.04
Household per capita expenditure (thousand IDR)	174.85	158.44	178.89
Poverty rate	13.83	16.63	13.63
GRDP (Constant, billion IDR)	4,257.88	4,581.36	11,068.12
Population in urban areas (%)	30.33	35.63	51.5
Births attended by skilled health staff Q5 2007 (%)	83.74	84.56	86.49
Births attended by skilled health staff Q5 2006 (%)	95.82	90.67	87.02
Births attended by skilled health staff Q5 2005 (%)	92.55	91.94	83.53
Births attended by skilled health staff Q5 2004 (%)	100	88.54	82.75
RMSPE		8.11	

Total population, general allocation grant, specific allocation grant, own-source revenue and per capita expenditure are averaged over the 1996–2007 period. The percentage of urban population is averaged over the 2000 and 2005 period. The poverty rate is averaged over the period of 2002–2007. Total GRDP is averaged over the 2000–2007 period.

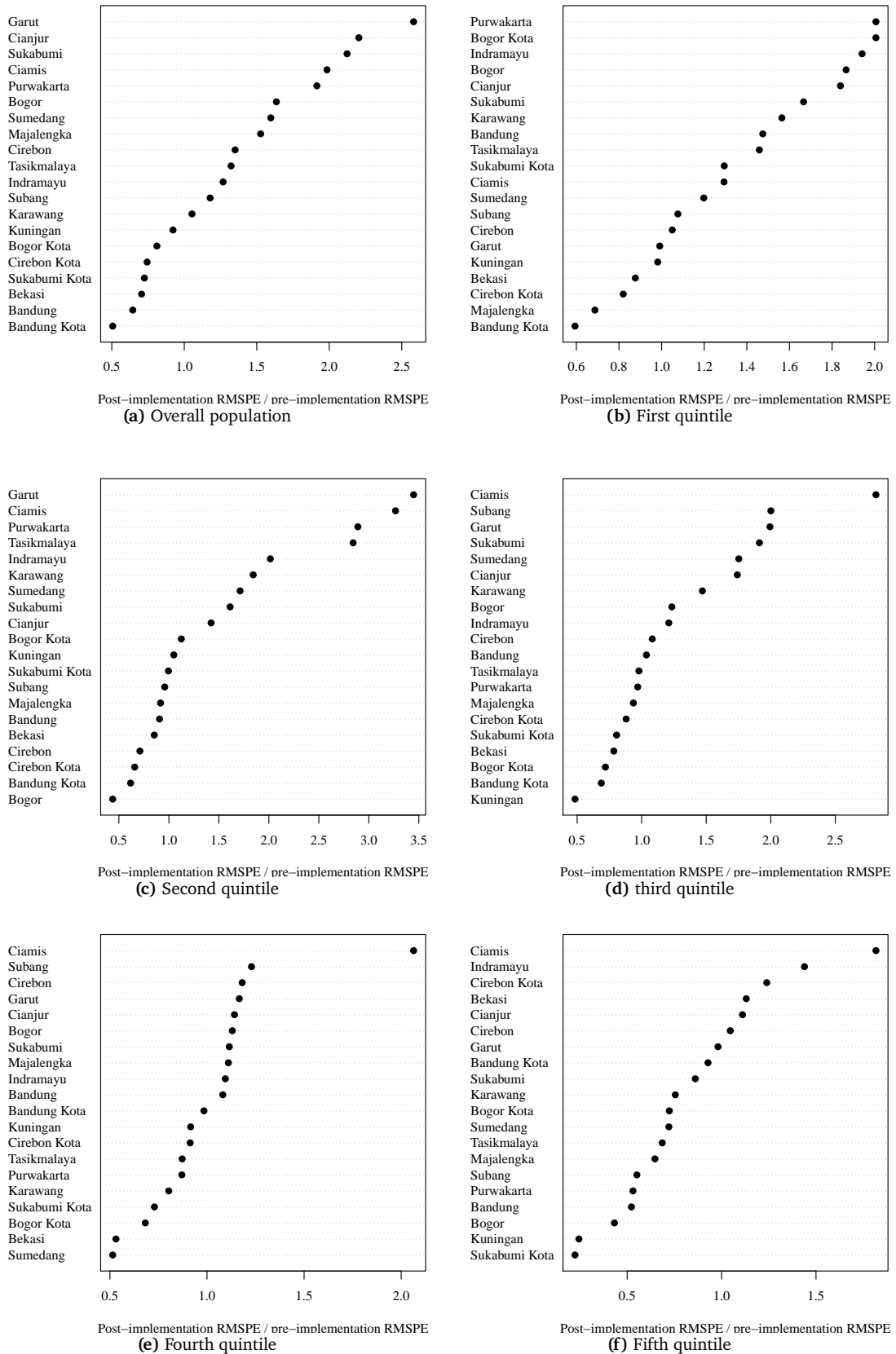


Figure A.5: Ratio of post-implementation RMSPE to pre-implementation RMSPE Sumedang and control districts: The percentage of births attended by skilled health staff