

## **TOWARD AN INTEGRATED LOCAL DEVELOPMENT PLANNING MECHANISM IN INDONESIA**

**Sri Juni Woro Astuti**

Social and Political Science Faculty, Wijaya Putra University,

E-mail: srijuniworo@uwp.ac.id

**Dwi Wahyu Prasetyono**

Social and Political Science Faculty, Wijaya Putra University,

E-mail: dwiwayhu@uwp.ac.id

**Onny Pramana Yudhia**

Technical Faculty, Wijaya Putra University,

E-mail: onnypurnamayudhia@yahoo.com

### **ABSTRACT**

Local development planning is a process of decision-making on local development policies and programs, to improve the community welfare in the region. Therefore, in formulating local development plans should always be oriented to the public interests, especially to prevent the wealth gap between regions, preserving local culture, and can prevent the community dissatisfaction.

This study aimed to analyze the weakness of planning mechanisms that lead to fallaciousness in the aspiration absorption process. Secondly to analyze what factors are causing the failure in synchronizing the community aspirations whether committed by the legislative or executive. Result of this study indicates several things; firstly, that the political approach is the most dominant among other approaches within local development planning process. Secondly, there is a weakness in the local government capacity especially in conducting development planning process.

Using a qualitative framework, and a mixture data collection of interviews, observation, documentation, questionnaires and focus group discussions, this study then produce policy recommendations related to the importance of reformulation on the regional development planning mechanism to be more integrated. Regional development planning mechanism must be supported by a management information system that is more transparent, well documented, and can provide supporting data and information that is more complete and accurate.

**Keywords:** *Local Development Planning, Management Information System.*

### **1. Introduction**

Development should be construed as a multidimensional process involving major changes to both the structure of the economy, social change, reduce or eliminate poverty, reduce inequality, and unemployment in the context of economic growth ( Todaro : 2000 ). In Indonesia, however, the process of development in the era of regional autonomy deals with both internal and external challenges. Local resources were very limited, but on the other hand, the public's demands are increasingly complex. Consequently, local governments should be able to perform various revitalization strategies and develop innovations in order to provide more and more better public services.

Local governments as the spearhead of government and public services required to implement the acceleration of development in the region based on its potential . Therefore, the function of the Regional Development Planning Agency becomes increasingly strategic as well as more severe and should be able to formulate policies of local development planning in a more comprehensive, integrated, fast and precise with regard the long and medium term of national development plan and also synchronize with development planning in other surrounding regions.

But the local development planning process often encountered many obstacles in planning and budgeting. There is a phenomenon in the various regions where the number of proposals that did not pass the verification activities is increasing. This shows the lack of synchronization between the development priorities of the government with the development programs proposed by the public or community. So that still needed further review on the causes of discrepancies between the priorities set by the government with the community's proposed programs.

There are some common obstacles in the implementation of the Regional Development Plan, among others: 1) Lack of data and information to coordinate with relevant agencies, causing lack of coordination in the management of data and information; 2) the provision of legal basis in the budget ; 3) Weak linkages planning process, the budgeting process and the political process in translating the planning documents into the budget documents; 4) Lack of involvement of civil society in the development planning process; 5) Lack of systematic monitoring, evaluation and control (safeguarding); 6) Lack of coordination between central and local government and among local government agencies; and 7) lack of adequate human resources in term of development planning. As for specific problems in planning and budgeting , there are problems related to the structure of programs and activities in the local planning and budgeting , there are not synergic between central development planning, sectoral and regional planning , as well as issues associated with changes in national and international strategic environment ( Indonesian National Development Planning Agency. Bappenas.go.id , April 2013).

From various challenges or issues in the local development planning process, the important things to note is the need to conduct improvement process in term of planning system and mechanism, implementation, budgeting mechanisms, monitoring and evaluation resulting in the integration and synchronization programs . One of the stages in the process of regional development planning is development planning discussion or planning consultative forum involving all stakeholders in the local society. Planning mechanisms carried out gradually from the lowest level (urban or rural) to the city or county level, provincial level, and then to central government level. While the legislature also perform community aspiration in order to understand the needs of the community. Then the results of the community aspiration is discussed together with the executive and the bureaucracy. However, the planning and implementation of development programs is still not able to accommodate the local community wishes or needs.

Community aspiration implemented through planning consultative forum as an instrument of development planning, in practice it generated a lot of negative records from the public, especially in rural and urban level. Imagine, a lot of things proposed by residents, was not accommodated or even trimmed, because it is not well guarded and limited space available. Planning consultative forum is nothing more than a ceremonial event or an annual ritual . The results of the forum just be documentation to meet the formal procedures in all phases of the formulation process of local development planning ( Kompasiana , 2010 ) .

Based on the problems described above, this study will discuss: 1) How is the effectiveness of regional development planning mechanism ?; 2) How is the effectiveness of management

information systems within support regional development plans; 3) How policy suggestions is needed to improve the effectiveness of regional development planning?.

## **2. Theoretical Background**

### *2.1. Development Planning: Theory and Applications*

According to Cole “planning is an activity which involves decisions about ends as well as means and about conduct as well as result” (Cole 1993: 109). Whereas Conyer and Hills explaining the concept of planning by comparing it with the concept of implementation. “Planning is the process of deciding what course of action can best bring about these changes or developments and how they should be undertaken, while implementation is the actual execution of these courses of action” (Conyers and Hills, 1986:27).

Development planning is a way or technique to achieve development goals appropriately, focused, and efficient in accordance with the conditions of the country or region concerned (Sjafrizal, 2009). The development planning ought to be implementatif (workable) and applicable. Then Jhingan ML (1984) in Sjafrizal (2009) an national development planning experts provide a more concrete definition of the development planning : " Planning is basically a command and control economy deliberately by a central ruler ( government ) to achieving a certain goals and objectives within a specific time periods" . Thus, development planning, in general, can be defined as a process of formulating alternatives or decisions that are based on data and facts that will be used as material to carry out a series of activities / community activities, both physical (material) and non- physical (mental and spiritual), in order to achieve the better objectives. Good planning, combined with effective monitoring and evaluation, can play a major role in enhancing the effectiveness of development programmes and projects. Good planning helps us focus on the results that matter, while monitoring and evaluation help us learn from past successes and challenges and inform decision making so that current and future initiatives are better able to improve people's lives and expand their choices (UNDP, 2009).

Regional development planning is a planning process that is intended to make changes towards a better direction for the community, government and the environment in the specific area/ region by utilizing a variety of existing resources and should have the comprehensive orientation, but stick to the principle of priority. Regional development planning conducted by local governments with the aim of improving the welfare of the local communities in the present and future (Webster, *The Canadian Encyclopedia*).

Public development Theorists suggest several public planning process, namely: (1) technocrats planning, (2) participatory planning, (3) top-down planning, (4) bottom-up planning (Wrihatnolo and Dwidjowijoto, 1996). Technocratic approach is defined as the application of technical knowledge, expertise, and methods for solving the problem (DeSario and Langton 1987). Technocratic approach in local development planning using scientific methods and framework to achieve the goals and objectives of regional development. The method and framework of scientific thinking is the scientific process to systematically acquire knowledge related to development planning based on physical evidence, data and information that is accurate, and can be accounted for. Technocrats planning is a planning process that is designed based on the data and observations of the community needs by a professional observer, well educated group of people who do not even own experience, but armed with knowledge can infer the need for an item that can not be provided by the market, to produce academic perspective of

development. This observer can be government officials, non - government, or from college. According to the Indonesian Law Number 25 Year 2004 on National Development Planning System, "technocrats planning implemented using scientific methods and framework by the agency or unit that is functionally assigned to it" (Suzetta, 2007). The goals of Technocrats planning is to establish strategic planning and contingency planning, establishing rules, standards, procedures, guidelines and evaluation, reporting and tactical steps to shore up the organization.

Participatory planning is a planning process that is embodied in the meetings , where a draft of the plan are discussed and developed with all development actors (stakeholders). Development actors come from all the apparatus of state officials (executive, legislative and judicial), community, clergy, businesses, professional groups, and non- governmental organizations (Wrihatnolo and Dwidjowijoto (2006 ). Ray (2000) and Rietbergen (2001) explain that participatory planning occurs when the local governments have the willingness to involve the public in decision-making processes that affect their lives. Participatory planning aims to harmonize views among all of its participants as well as prevent conflict between opposing parties. In addition, marginalized groups have an opportunity to participate in the planning process. According to the Indonesian Law Number 25 Year 2004 on National Development Planning System, "conducted participatory planning involving all stakeholders in development. Their involvement is to get aspirations and create a sense of belonging " . In that law, also described "community participation" is to accommodate the interests of their participation in the development planning process. The goals of Participatory planning is that people should be able to know their own problems in their environment, assess the potential of available human and natural resources , and formulate the most beneficial solution. Effective participatory processes are characterized by the active, informed, and equitable participation of all interested stakeholders

Top-down planning is a planning process designed by the agency/ department/ area development plans in accordance with the powers and functions .The aim is to uniform "style", because the top-down planning by Djunaedi (2000) in urban and regional planning activities carried out with reference to a uniform pattern set by the Central Government and following the " operational and technical guidelines " ( with the procedures and technical instructions) .

Whereas, Bottom up planning is planning approach of choices starting at hierarchical level and working upward (planning approach that starts from the lower hierarchical levels toward the top). In addition, according to the explanation of the Act 25 of 2004, the top - down approach (top-down) and bottom - up (bottom-up) in the planning carried out by levels of government. Plans are aligned through the deliberation process results conducted at National, Provincial , District / City, District, and Village. The aim is to gather input from the " bottom " , because according to Sumarsono (2010) , if the bottom-up planning in Indonesia starting from the village level, which is usually attended by their designated legislation or other policy, for example through Village Development forum (Musbangdes) or Deliberation Rural Development Plan (Musrenbangdes). The following table is a brief overview of the mechanism of regional development planning with the four approaches.

Tabel 1. The existing mechanism of local development planning approach in Indonesia

Stages	Focus	Outputs
Technocratic Approach	Data Gathering Policy Reviews: Vertical & Horizontal	Profile & Strategic Issues, Plan Draft
Top-Down Approach	Government Priorities designed from central gov, provincial, & district gov	Synchronization of development priorities from central to local
Participatif Approach (Bottom-Up)	Community Consultative Forum Meetings	Documents of Proposed Dev. Programs
Political Approach	Submission of manuscript Development Plan draft to the local legislature; Budget & Program Consolidations	Formulation of local regulations on Development Planning

Source: researchers analysis based on Indonesian Law No. 25 year 2004.

According to the Law Number 25 Year 2004, the purposes of local development planning in Indonesia are: 1) to supports coordination among development actors; 2) Ensuring the integration, synchronization, and synergy between regions, between space, time, among the functions of government and between the central and regional levels; 3) Ensuring the relevance and consistency between planning, budgeting, implementation and monitoring; 4) Optimize community participation, and 5) Ensure proper use of local resources in an efficient, equitable, and sustainable.

However in practice, not all the mechanisms and objectives of the development plan conceived by policies implementors in the region. Stages of development planning process are run more as a formality in order to impressed accordance with the set regulations, but not substantially lead to the desired goals. The implementation mechanisms in the regional development planning clearly an act of inefficient and ineffective, thus yielding a planning document that is not qualified.

### 3.Methods

Although focus of this study is the problem of a general nature, but the study was conducted specifically in two local government, namely Tarakan city government at North Borneo Province and Lamongan Regency at East Java Province. In order to obtain in-depth understanding about the implementation of local development planning mechanism and its problems encountered, this

study used a qualitative approach. But in the collection of relevant data and information, the researchers used a mixed methods such as observation, in-depth interviews, documentation, questionnaire distribution, and focus group discussions. Informants were purposively determined based on considerations that are relevant to the focus of study that called purposive sampling. The informants in this study is the individual bureaucrats who seen in its capacity to represent local government bureaucracy, the individual members of Parliament in his capacity representing the local legislature, and community components as well as the stakeholders are taken from elements of businessmen, academics, community leaders, professionals, and relevant interest groups. In this study also uses some data analysis methods for different purposes. The first, an interactive method is used for analyzing any data and information obtained, as well as conducted data triangulation in order to obtain accurate data and information. Secondly, data analysis is also done through content analysis, to assess the synchronization policy of regional development planning, with national and province level development planning as well as development planning of surrounding areas. Thirdly, the data analysis was also performed with the soft system methodology to analyze complex problems and to redesign (reformulation) the regional development planning mechanism.

#### **4. Discussion of Results**

##### *4.1. The Effectiveness of Regional Development Planning Mechanism*

The principle of participation and synchronization in the planning process of real development can not be done well. Many factors that cause it to be, among others are : inaccuracies of time, imprecision actors involved, the limitations of the data and information, and lack understanding of the purpose and development issues. Other constraint factors are political constraints that also did not lose a big influence on the credibility and accountability of local development planning. Various political interests are often forced into a document planning without going through the planning stages of technocratic and participatory, so that the benefit obtained is limited to certain groups. For it is necessary to study the mechanism of regional development planning more effective and efficient.

The effectiveness of regional development planning process in this study assessed by several indicators, namely: timeliness; suitability to the needs, conditions and the potential problems of the region; community participation; and synchronization between the plan and the budget. When viewed from the timeliness, regional development planning phase is often not implemented on time or not in accordance as a predefined schedule. The delay is also coupled with time inaccuracy in the absorption of community aspiration performed by parliament members and the public aspiration schedules conducted by bureaucracy. This two paths of aspirations leads to discrepancies between the proposed development program resulting from the community development planning forum from the village level conducted by bureaucracy and the development programs proposed by the Parliament members.

Suitability to the needs, conditions and the potential problems of the region is also one indicator of the regional development planning effectiveness. Based on in-depth interviews with informants, it is known that the absorption of the community's aspirations have not been effective. Community's aspirations that conveyed through the lower level development planning forum (village) only a few are accommodated in the Regional Budget and Expenditure of Tarakan City and also in Lamongan Regency. It is known from the majority of respondents (64.6 %) declared that only a view of community's development proposals was accommodated in local

government plan and budget. This case shows the gap between the development priorities of the central government and district/city with development programs proposed by the community. Many priorities of the local government development programs are unsynchronized with the priority of development programs perceived by the public. The low levels of absorption over the community aspirations shows that the government has been less responsive to the problems that exist in the region.

Regional development planning should be directed to solve the problems that arise in that region. But in fact, the existing problems are often not reflected in the government's structure and budget planning. The program that is not considered as a problem that should be prioritized, but instead get a bigger budget allocation.

Community participation is another indicator for the regional development planning effectiveness. Community participation in the planning process actually relatively high. It is reflected in the many proposed development programs submitted in the planning consultative meeting started at the village level, and proceed to the district and city level.

Finally, regional development planning effectiveness viewed from the synchronization between the plan and the budget policy. There are indications that the budget allocated for specific programs as stated in the planning documents, but the realization is not always consistent in its use. There are many cases of inconsistency between the realization of local development budget with a predefined budget planning. Inconsistencies in the use of development budget, among others, due to the intervention of political interests of local parliament. Swelling of the development budget, partly due to the existence of the budget right of parliament members. This budget right interventions also often lead to Local Revenue and Expenditure Budgetary take long time for negotiation between the executive and legislative. One strategy of the executive to "tame" the member of local Parliament in using their budget right, by providing specific budget allocation to Parliament in the mass distribution of the Social Assistance or the provision of "aspiration fund" that can be used flexibly by local parliament to fulfill the public demands. The summary of the findings as described in table below:

Tabel 2. Effectiveness Indicators of Local Development Planning Mechanism

<b>Dimentions</b>	<b>Criteria</b>
Timeliness	weak
Suitability to the needs, conditions and the potential problems of the region;	Moderate
Community participation	Moderate-High
Synchronization between the plan and the budget allocations	Weak

Source: Survey by Researchers, 2015

Based on the above description, it can be concluded that the mechanism of regional development planning has not been implemented effectively, viewed from some dimensions namely: timeliness, suitability to the needs, conditions and the potential problems of the region, community participation, and synchronization between the plan and the budget

#### *4.2. Effectiveness of Information Management System in supporting the Regional Development Planning*

Management information system may be considered effective in its application if the organization that uses it then can improve performance and achieve results as expected. In the process of regional development planning, implementation of management information systems is indispensable.

The results of observation, in-depth interviews and questionnaires, it is known that the management information system implemented to support the development plans in Lamongan regency is still limited to document recapitulation, results of Deliberation development plan (*in Indonesia is called Musrenbang*) in each district. But the government has not specifically apply Management Information System (MIS) application to integrate the development plans among local government working units (LGWU), so that the process of local development planning formulation become less efficient and effective.

Meanwhile, the government of Tarakan, already implementing Management Information System in order to support the local development planning process, which called e-planning. E-Planning in Tarakan City also called as Local Development Planning Information System is an application developed to assist the process of data collection at each stage of planning and management which was originally done manually switch to a process which uses information technology to produce a better output and data collection system. In 2010, Local Development Planning Information Systems built with the main application data management of village Musrenbang, sub-district Musrenbang, and LGWU Forum Musrenbang with the end result was a LGWUs work plan draft. However, during its use, in the process of Musrenbang in early 2011, this application has detected some weaknesses, due to lack of control for input in some field forms which cause some of the data can not be sent to the database. There is also the weakness in the users side in understanding the existing planning system, consequently it is necessary to find solutions to further facilitate the use of this application system.

The following is a statement of the respondent:

"...management information systems that exist today are still limited to accommodate the musrenbang and used to verify if there is a proposal which 'wrong entry', supposed to be recommended to the agencies 'A' but mistakenly entered into agencies 'B'. ... yes it is still limited in their uses, so it yet really be used to support decision-making as has not been equipped with supporting data that should be used as a basis for planning, such as other planning documents for example RPJPD and RPJMD or baseline data definitely required by each agency..."



#### 4.3. Factors influencing the effectiveness of local development planning process

The results of this study indicate several factors that affect the ineffectiveness of regional development planning process in Tarakan city and Lamongan regency, namely: 1) lack of good coordination between local working units (LGWU), resulting in a lack of synchronization in determining the priority development programs in the regions; 2) the lack of an integrated management information system so that the decision-making process is still done in an incremental and concerned with his ego-sectors respectively; 3) Inadequacy of information resources and information processing system; 4) limited ability to combine the interests of the community with the development priorities set by the central and municipal government; 5) highly political interests of local legislators who intervenes the participatory process carried out through consultation development plan meeting. On the figure 1 can be seen that there are problems in the first stage, the formulation of initial local government agency annual framework, that are: 1) lack of sufficient data and information needed in identifying strategic issues; 2) unclear instruments used to review the strategic issues.

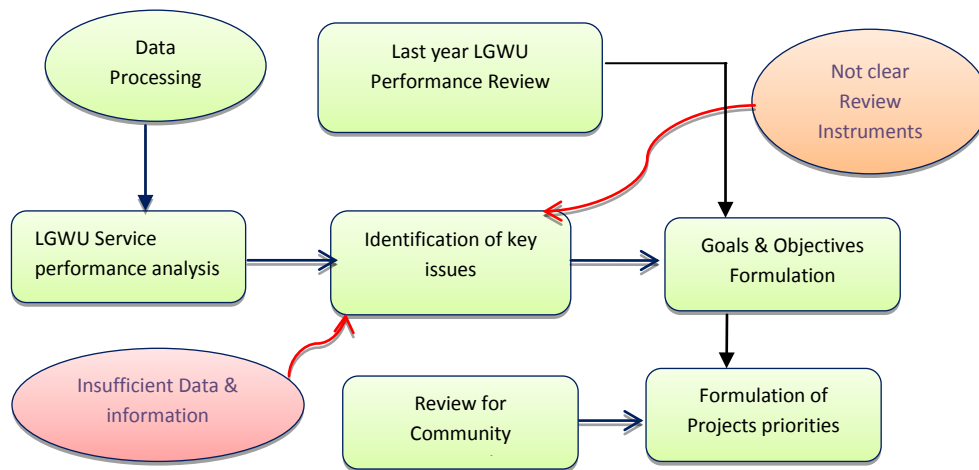


Figure 1. Problem Analysis in Formulation of Initial LGWU Annual Framework using Soft System Methodology

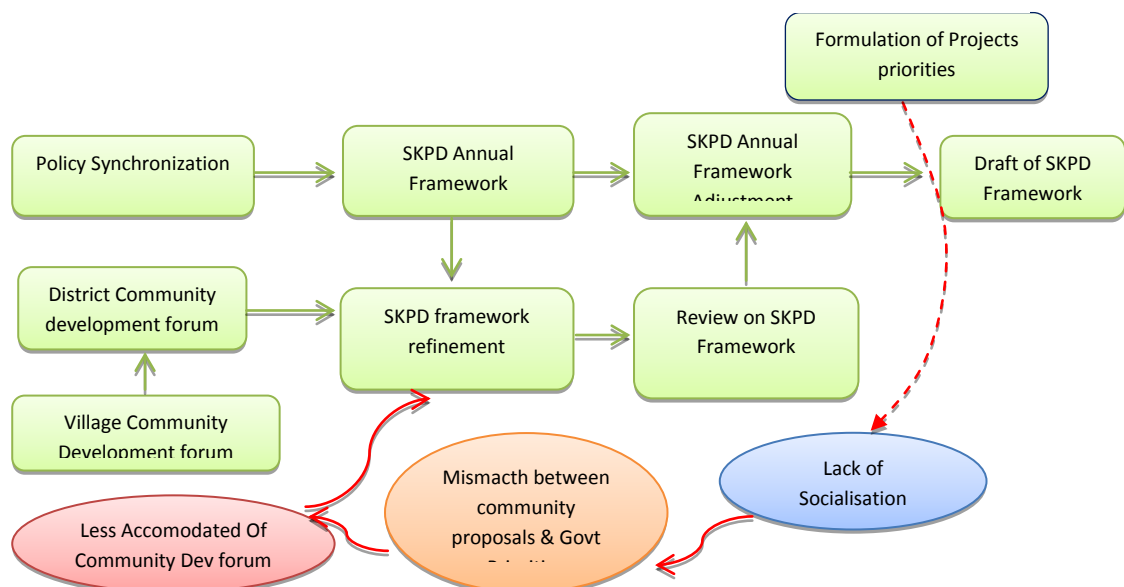


Figure 2. Problem Analysis in Formulation of RKPD framework using Soft System Methodology

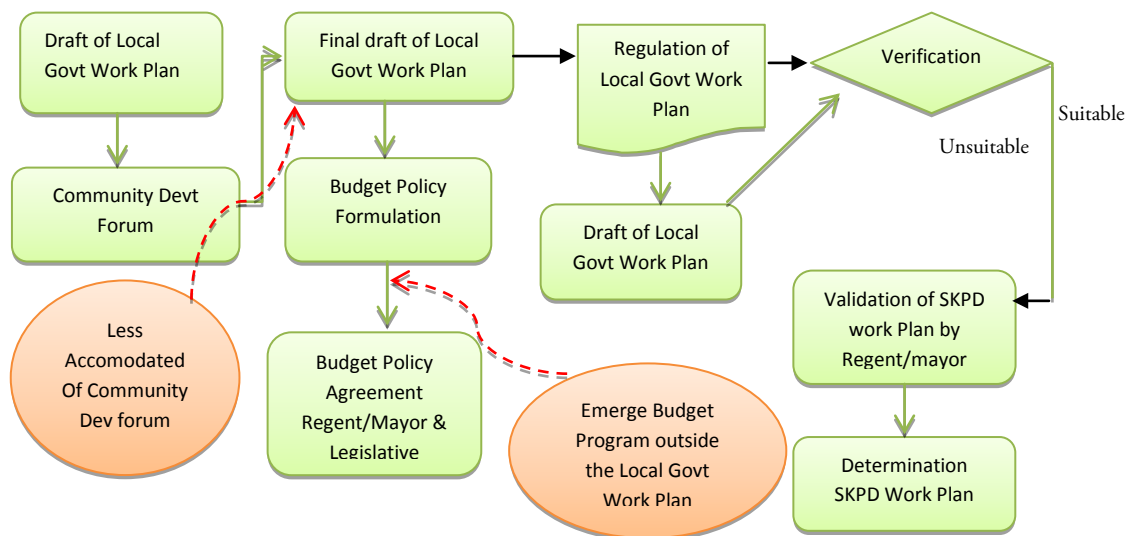


Figure 3. Problem Analysis in The Stage of Determination of Local Government Work Plan using Soft System Methodology

In the second stage (figure 2), the formulation of Local Government Framework and Development Plan, there are also problems facing this stage. Lack of community comprehension regarding the local government development priorities due to lack of socialization by the local government agency. This causes on less qualified and mismatch between community development proposals and the local government priorities in development. In the third stage, the determination of local government development plan, there are also problems regarding the formulation process of budget policy. There is seem to be less transparent in the budget policy process.

#### 4.4. The Importance Of Information Systems In Supporting The Effectiveness Of Local Development Plans

The ineffectiveness of Local development planning mechanism can be overcome with the use of integrated management information systems. The support of Information technology and management information system will encourage transparency and public accessibility, so public involvement or participation in the formulation of local development plans will be even greater, and in turn will produce a higher quality of local development planning. As Handzic (2001) pays attention on the impact of information availability on people's ability to process and use information in short and long term planning and in decision making tasks. He revealed that the better the availability of information, the better the impact on both efficiency and accuracy of decisions made.

In Indonesia, some autonomous local governments have developed and use Information Systems in the process of Development Planning, called "SIMREDA" that can be applied by all local working units. But there are also local governments that still using an unintegrated information system. So they face difficult obstacles to get a valid and accurate database. In

general it can be said that the management information system of local development planning has not been effective yet.

To address the problems in the development planning process, it is necessary to develop an integrated planning management information system. In 2010, the Regional Planning Information Systems in Tarakan city has been built with the main application of data management that obtained from development plans meeting in village level, District level, Regional Working Units Forums and at the municipal level with the end result is a work plan draft for Local working units. Application developed to assist data collection process at each stage of planning and management which was originally done manually switch to a process that uses information technology to produce a better output and data collection system. Although the application system does not produce anything new, but with the application system can be ensured that every process and the resulting output can be done easily, fast, accurate and useful in decision making and planning policy.

Although management information system has been implemented, but the nature of public participation in the planning process has not been performing well. Development plan meeting is still not considered to be effective. Many parties considered it was just a mere ceremonial activities of the government each year. Where, in fact Musrenbang activities are expected to accommodate the needs of the community at the village level is not in accordance with the public expectation. Therefore, in this study it is proposed that the management information system should also be directed to be a means of monitoring and evaluation of the degree to which the development plan has been produced to accommodate the community aspirations proposed in development plan meeting (Musrenbang) annually.

Information system means the collection, storage, processing, dissemination and use of information, this issue is not limited to software or hardware. But consider importance of human and his goal in using technology, values and criteria that used in option, also consider the final evaluation to see them means to achieve goals or not (Rezaeian, 2012). So the use of information systems is not just a shift from manual way to use a computer, but more is needed to support the achievement of the desired objectives.

In the case of Tarakan city that has implemented management information systems in the process of local development plans, we find that the system implemented is still limited to the use of computers as a replacement for manual records. But overall, development planning mechanism still has some weaknesses, so that the resulting planning not to satisfy the public.

## **5. Final Considerations**

Given in the planning process needs to uphold the principles of participatory, bottom-up, and technocratic, in addition to the political approach, the use of information systems needs to be addressed to ensure the control mechanism. On Local development planning mechanisms that exist today, yet there are control mechanism either the control exercised by each local working units, members of Parliament and by the public. With this control mechanism, all parties can assess whether their proposals have been included in the proposed regional development budget plan or not. Likewise for local working units may evaluate the degree to

which the proposals came from the public are in accordance with the development priorities set by the central and the city government. The following picture is a brief illustration of the information system workflow, which we propose in this study.

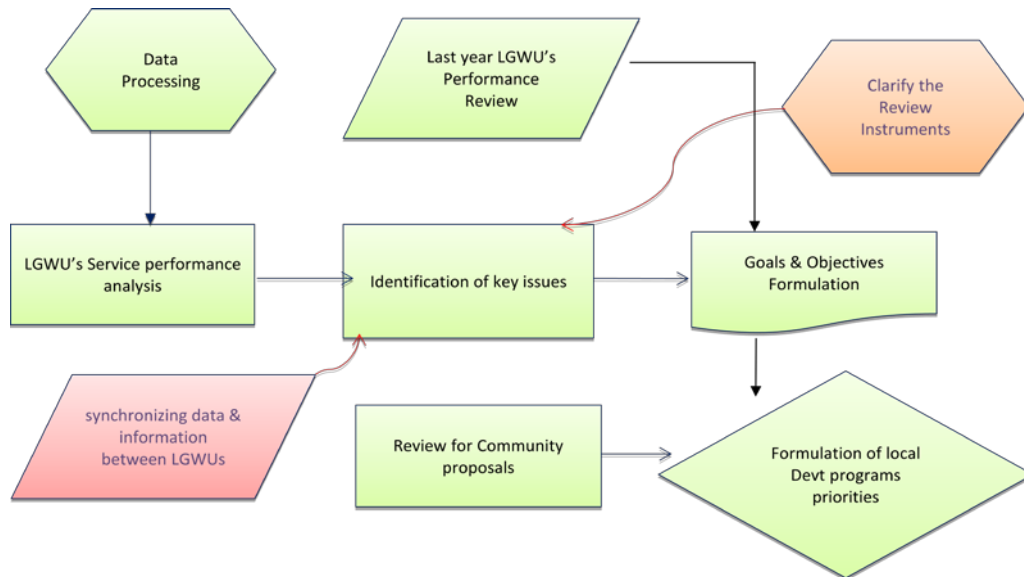


Figure 4. The proposed Information system workflow in the local denelopment planning process.

Information systems referred to in this recommendation is that the system is installed on the local government's official portal, which are updated every consultation development plan at all levels have been completed, so that all stakeholders may evaluate the suitability of proposals previously submitted. And so forth up to the stage where the city government together with the Parliament discuss and take an agreement on the proposed development program and budget ceilings. With the information systemthat allow such control mechanisms, will ensure transparency and accountability in the local development planning and implementation.

## References

- Conyers, D. and Peter Hills. 1986. *An Introduction to Development Planning in the III World* Chichester: John Wiley & Sons.
- DeSairo, Jack and Langton, Stuart (Ed). 1987. *Citizen Participation in Public Decision Making*. Greenwood Press, New York
- Djunaedi, Achmad, 1989, “*Generating Building Envelopes to Control Urban Development: A Lesson from San Antonio, Texas*,” Paper presented on Pirusa 89 Seminar, Universitas Indonesia, 5-8 Juni.
- Handzic Meliha .2001. Does More Information Lead to Better Informing, *The Bank of New South Wales*, Australia. [Online] Available:

<http://ecommerce.lebow.drexel.edu/eli/pdf/hanEBKDoesM.pdf> Accessed on 22nd February 2011.

Jhingan, ML. 2014. *The Economic of Development and Planning* (40rd Edition). Vrinda Publications P Ltd., India.

Randy R. Wrihatnolo dan Riant Nugroho, 2006, Indonesian Development Management, PT. Gramedia, Jakarta

Ray, J., 2000. Participatory Development as a New Paradigm: The Transition of Development Profession. Washington.

Rezaeian, A. 2012. Modeling , Tehran, published by Semat.

Rietbergen, J., 2001. Participatory Development Planning, World Alliance for Citizen Participation.

Sjafrizal. , 2009. Practical Techniques Regional Development Plan. Padang: Baduose media.

Sonny Sumarsono.2010 Government Financial Management. Yogyakarta : Graha Ilmu.

Suzetta, P. 2007. Indonesian Development Planning.. [www.bappenas.go.id](http://www.bappenas.go.id). (pdf), 3 November 2007.

Todaro, Michael, P. , 2000. Economic development in the Third World. Seventh edition translated by Haris Munandar. Publisher. Jakarta.

UNDP. 2009. Handbook On Planning, Monitoring And Evaluating For Development Results. New York. USA.

Act No. 25 of 2004 on the National Development Planning System