



Territorial Indicative Budget Ceilings (PIK) as Instrument of Technocracy of Regional Development Planning

Sarjiyanto^{1✉}, Mulyadi²

^{1,2}Faculty of Economy and Business, Universitas Sebelas Maret Surakarta

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Abstract

This research aims at analyzing the local government policy related to the local budget posture in the each territorial. There are uncertainty methods in dividing and formulating the local budget posture in each territorial in Indonesia. It is not depend on the actual economic variables of each territorial. This study uses the literature studies to collect the data of planning and budgeting. The content analysis of this local government economic policy is based on of the planning and budgeting process itself. The detailed information is found by observations and in-depth interview with the informants about the planning and budgeting process in Rembang. The result shows the variables that can determine the fair instrument in formulating the local budget posture some of which are: the number of population, the number of drop out (DO), the illiteracy (IR), the infant mortality rate (IMR), the malnutrition data, the number of poor (HCI), the economic growth, the damaged road infrastructure, the damaged irrigation system, the damaged schools, the land building tax, and the amount of retribution.

Key words : lanning and budgeting, PIK, regional development.

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✉ Corresponding author :
Address: Jl. Ir. Sutami No. 36 A Ketingan Jebres Surakarta
57126
E-mail: masyanto@staff.uns.ac.id

INTRODUCTION

The implementation of the local planning and budgeting as stipulated in the Acts No. 17 of 2003 on Regional Finance and the Acts No. 25 of 2004 on National Development Planning System, mandates and carries two (2) main missions in it. First is the creation of implementation of development at the participatory local level. Second is the equalization of development throughout the region by optimizing the ability, initiative, creativity, initiation and participation of people, and the ability to reduce the dominance of the local government in implementing the development with the principles of good governance.

Some problems in the implementation of the local planning and budgeting have been identified by the Ministry of Internal Affairs and the World Bank, among others are: the lack of synchronization of the local development programs as outlined in the local development planning documents with the priority program or the national interest, the amount of the budget spent each year has not reflected yet the steps leading to indicators of achievement of development goals, and it still needs further attention on the application system of the local planning and budgeting that is in favor of the poor and the qualified public services.

Good development process always begins with optimal planning, whether from the aspects of mechanisms, processes, systems, and substance. In connection with the mechanism, the choice of comprehensive planning (combination of planning technocracy and democracy) is to achieve the participatory planning process in determining the people's necessity and it is substantial to the types of necessity that are really needed by the people, so that the mechanism of bottom-up and top-down planning is actually the

aggregate process of the joint decision results that must be consistently obeyed and used as the foundation in the sustainable local development process.

The principle of bottom-up and top-down planning (aggregative functions of technocracy, democracy, and politics) to be the basic principles of participatory local development planning process is at stake, whether the planning process from the village level to the level of district and to the level of regency remains consistent. Such a planning system will minimize the loss of the chain (missing link) of the planning result from the bottom to the budgeting decisions by the regency government. This is because in the planning, there are the parties that are not consistent and do not obey the agreement that has been decided. It means also that the development planning process compiled from the bottom is prone to a distortion through the political process that is not democratic.

After the reform, Indonesia has been a democratic country that is absolute; a lot of evidence supports the statement. Evidence that brought Indonesia into a democratic country is the implementation of the Presidential Election to the Regional Head directly, the election of representatives proportionally open and judged to be honest and open by many parties, the freedom of access to information and the freedom of journalism (press), the freedom of assembly and expression. In terms of local development policy, the emergence of space as a response to the government's strong encouragement to engage the citizens in public policy towards the politic configuration has been more democratic. That space is public participation, a space for people to participate actively in determining the policy of the State and local levels through participatory planning and budgeting. If the participatory budgeting planning is optimized, the hope is the creation of

a responsive planning and budgeting and the reflection of fulfillment of the demands of individuals, groups, and society in general to be a reality.

The concept of participatory development planning, if implemented in the local development, it will integrate the wishes of the local government with the work units below it as well as the local government and the society. The integration of various existing desires will create a harmony and coherence between the commitment and the perception in terms of the local development planning. By implementing the local development planning process in a participatory, transparent and accountable way, so there are four (4) main benefits to be obtained:

1. The people will play the active role in the local development process
2. There will be a creation of aggregative planning as the commitment results of technocracy, democracy, and politics in the region.
3. Encouraging the self-sufficiency in the level of village government
4. Establishing the coordination and synergy between the local government and society
5. Producing a development at the local level that becomes the will of all parties.

The increasing degree of formal participation, which is pushed in the sketches of local democratization, appears to have not been positively correlated with the degree of policy change significantly. In fact, the participation often gets stuck in formalization. Concerning the local development planning and budgeting, actually it normatively has stipulated several regulations. For example, it is associated with the development planning meetings (Musrenbang), which requires a participatory approach, as required by the Acts No. 25 of

2004 on National Development Planning System and the Acts No. 23 of 2014 on Regional Government. Participation in development planning, set out in two regulations, turns hitting the local budgeting process. The budgeting process is to follow the special regulations that govern it those are the Acts No. 17 of 2003 on State Finance and the Acts No. 33 of 2004 on the balance of central and local government funds.

The mandate of regulation tries to integrate the planning and budgeting process, but in practice, the disconnection between the results of the Musrenbang of the Regency and the allocation post of budget expenditure is commonly found in many territorials. Musrenbang result in the form of Priority Scale List (DSP) is not used as the real reference in the budget allocation post by the Local Government Budget Team (TAPD) and the Budget Agency (Banggar) of DPRD. Therefore, it can be realized that the local budgets tend to be arranged in oligarchy by the executive and the legislature, so it has not reflect the aspect of a real democracy. There is an impression that the planning process has not been touched or untouchable) by the people's participation. With the above reality, and in dealing with the local development problems that are increasingly complex, it is proper that the local planning and budgeting that are oligarchic, self-centered, sectorial, and on average have been increasingly required to review.

Without a strong will to make fundamental changes in the pattern of comprehensive local planning and budgeting, it is difficult to imagine how to meet the demands and expectations of the people towards the local development results. It is estimated that if the pattern of comprehensive development planning is not performed entirely within the next ten years, there will be a gap between the expectations and demands of the people towards

the results of the higher local development, as a result of the growing level of awareness of the people's active participation in determining the public policy in their environment, as well as the budget constraints of the local government development as the budgeted line in the local planning and budgeting. It is very important to carry out the determination of the indicative budget ceiling as the instrument of technocracy of the participatory planning process in the territorial and thus it creates a harmony between the technocracy and the democracy and the political process in the local development planning.

This is highly related to the duties and functions of the Regional Representatives Council (DPRD) in planning the local budgeting and the people's participation in the development. The role of Parliament in the budgeting and planning is quite large and dominant, which is started from the preparation of the Local Regulation on Basic Plan for Local Development. Furthermore, the annual program as stipulated in the local budget must also be approved by the Parliament. A project cannot be included in the local budget if the Parliament is objected. Before the budget-making, the Parliament usually visits the territorials in order to absorb the people's aspirations as the material in the discussion along with the executive.

The Regional Head and the Regional Representatives Council are the determinant of the regional development policies in planning the budgeting. The logical consequence of the above-mentioned power constellation is that the good cooperation between the Regional Head and the Parliament should be established. The Parliament is the working partner (counterpart) of the Regional Head, and vice versa. Although in formal juridical the

position of the Parliament is strong enough to balance the role of Regional Head (Executive), the empirical view of the people that is commonly prevailing states that the quality weights of the Parliament still needs to be improved in order to perform its duties and functions optimally. In this case, the Ministry of Internal Affairs is required to constantly strive to improve the ability of the apparatus, including the members of the Parliament.

Thus, the position and the existence of the people's representative body have significance in regard to the interests of the people formulated in a government policy. Finally, hopefully there will be the coherence between the formulated policies with the people's participation that is active, intentional, and responsible. As defined in the Acts No. 32 of 2004, in other words the Parliament is an institution that plays a role and also the agents of social change.

This study is intended to be:

1. The model designation for Territorial Indicative Budget Ceiling (PIK) and the instruments of technocracy in the local planning and budgeting that is ideal in Rembang Regency,
2. As the list for Territorial Indicative Budget Ceiling (PIK) as an instrument of technocracy in the local planning and budgeting based on the condition of the existing in Rembang Regency.
3. As the alternative of determining Territorial Indicative Budget Ceiling (PIK), which reflects the aspects of real democracy in the budget allocation and of planning the process that involve the people's participation.

After the reform in Indonesia, there is a fundamental change in the system of local governance. The juridical basis of changes in local governance is by the enactment of the Acts No. 22 of 1999 on Regional Government and the Acts No. 25 of 1999 on Financial Balance between

Central and Regional. The enactment of both regulations apparently has not answered yet the demands of the reform and the development of the strategic environment dynamics whether in the local, national, and even global environment. So that the two juridical basis for the regulation of the principle of decentralization of governance is enhanced as the Acts No. 23 of 2014 on Regional Government and the Acts No. 33 of 2004 on Financial Balance between Central and Local Government. Both regulations provide the basic framework of power-sharing arrangement between the Central Government and the Regions (power sharing) and also accompanied by a financial balance (financial sharing).

The phenomenon of the changing relationship between the central and the local governance in Indonesia cannot be separated from the development trend of the economic after the reform in various parts of the world. Mackintosh and Roy (1999) stated that in the year of 1980 to 1990 there was a tendency of the demands of economic decentralization. Economic decentralization is regarding to the decision-making in the economic field in the national government. Political decentralization and economic decentralization are related to each other, especially because the decision-making in the economic field is also a political process.

According to Mackintosh and Roy (1999) in his book entitled *Economic decentralization and public management reform*, there are six (6) types of economic decentralization undertaken by the government to reform the government management, among others:

- a. Fiscal decentralization;
- b. Decentralization of decision making of public management;

- c. Proliferation of service providers supported by a mix of private and public financing;
- d. Contracting out public services funded by the state for the non-profit organizations or the private commercial;
- e. The allocation of public funds;
- f. Privatization of public sector activities by liberalizing the sectors monopolized by the government.

Mackintosh and Roy (1999) reinforces the World Bank that the decentralization of fiscal and political decentralization (devolution) is the two things that are needed in creating or strengthening the local governance structures. Of the six existing economic decentralization, fiscal decentralization is very strategic, because it relates directly to the relationship between the receipt and disbursement functions of governance.

Process of Regional Planning and Budgeting

Since the passing of decentralization system and the local autonomy in the governance of Indonesia in 1999, the planning and budgeting becomes a strategic issue, mainly attributed to two practical demands of the principles of the local autonomy. The practical demand as the strategic issue is the implementation of decentralization of public administration and the implementation of the principles of good and authoritative governance (clean and good governance).

According to Saaty (1985), Planning is a process of thinking and social alignment process that is concluded as a result of the possibility of the situation considering the present action, the policies taken and the environmental power to achieve the desired results that require action and new policies. Regional development planning cannot be separated from the unity of the national macro planning. Thus, the regional

development planning is a part of the national development planning system, but each region has the space and opportunity to carry out the regional development planning in accordance with the potential and the environment within the framework of the implementation of the decentralization of the government.

The Acts No 25 of 2004 on the National Development Planning System (SPPN) has a very close relationship with the Acts No 17 of 2003 on the State Finance. This is a direct relationship because the local budgeting process according to the Acts No. 17 of 2003 starts with formulating the Budget Public Policy (KUA), which should be referred to the Local Government Work Plan (RKPD). Meanwhile RKPD is the final process of the planning process that is regulated in the Acts No. 25 of 2004. The two regulations, the Acts No. 25 of 2004 and the Acts No. 17 of 2003 manage the financial planning at the national level that includes the central and the regions. As for the substance of the planning and budgeting at the local level, the government issued the Acts No. 23 of 2014 concerning the Local Government. This Acts regulates the various aspects of the local government, one of which is a regulation of the substance of the planning and budgeting at the local level.

Participatory Planning and Budgeting

The contemporary planning theorists have accepted the argument that making planning decision cannot be separated from politics (Frainstein and Fainstein, 1996: 265) in Djuenedi (2000). Planning decision is defined as the determination of planning goal and method or means of achieving that goal. Frainstein and Fainstein, (1996) in Djuenedi (2000) have formulated a typology of planning approach based on the "perpetrator" of planning and goal setting to achieve them.

The typology of kinds of pattern of planning is related to the political flow or theory

The diversity of choice of the planning pattern can be used as the basis to support the regional autonomy policy. The process of planning and budgeting should combine the existing various patterns to create a comprehensive regional development policy. The process of regional planning and budgeting is based on the planning pattern, so the most suitable one is to adopt the planning pattern of technocracy and democracy.

The planning process of technocracy in the regional planning and budgeting is implemented through a planning drawn up by the technocrat institutions in the region; for example by the Regional Development Planning Agency (Bappeda) and the Team of Local Government Budget to set priorities for development, the indicative budget ceiling based on the SKPD performance, and the Territorial through the planning document of RPJMD and the strategic planning of SKPD, while the democratic process in the regional planning and budgeting is through the mechanism of involvement of public participation in the decision-making and the establishment of local development plans. All this time it has regulations and procedures for the involvement of public participation under the Development Plan Meeting (Musrenbang) from the level of village / sub-district to the level of province.

On the other hand, the political process takes place during the discussion of the Budget Public Policy until the establishment of the planning and budgeting to be APBD (Budget of Local Revenue and Expenditure) between the executive and the Regional Representative Council as a political institution.

The planning approach suitable for the decentralized system and the implementation of local autonomy is a comprehensive planning that involves the process technocracy, the process of

democratization, and the politics in determining and establishing the development policy in the regions. The Acts No. 25 of 2004 on the National Development Planning System (SPPN) and the Acts No 23 of 2014 concerning the Local Government normatively requires the active public participation in the local development planning, one of which is through the process of development planning meetings (Musrenbang).

The Acts No 25 of 2004 on the National Development Planning System (SPPN) concern that the regional development planning is carried out by three approaches: (1) Political, because the development plan is the result of a political process (public choice theory of planning) in particular the description of vision and mission of the selected Regional Head; (2) Technocratic, in which the planning activities in the Regional Government are carried out by the institution / organization units that are functionally and professionally conduct the planning (e.g Bappeda, TAPD, etc.); (3) Participatory, in which the regional development planning should involve the public participation in the democratic process of planning, through the Regional Development Planning Meeting (Musrenbang); (4) Top down and bottom up, in which the planning process flows from the top down or from the bottom up in the official hierarchy.

With all three approaches, the process of planning and budgeting in the regions is more directed to the participatory development planning. The term was first coined by John Friedman in 1973 as a reflection of the turbulence in the planning paradigm that occurred in the United States. The essence of the thought of John Friedman at that time is planning "from below" to reflect

accurately the real interests of the people involved in their social life (Friedman, 1987).

According to the legislation in Indonesia, participatory planning is the public participation in accommodating their interests in the formulation of the development planning. Communities are the individuals, groups of people, including indigenous and tribal communities or legal entities with an interest in the activities and results of development both as an insurer charges, actors, beneficiaries, and the risk insurer (explanation of Article 2, paragraph 4 of the Acts No. 25/2004)

Participation in the development planning set out in the regulation is clashed with the local budgeting process. The budgeting process is to follow the special regulations that govern it that is the Acts No. 17 of 2003 on the State Finance and the Acts No. 33 of 2004 on the Fund Balance of Central and Local Government. Although the regulation seeks to integrate the planning and budgeting process, in practice commonly in many areas there is a disconnection between the result of Musrenbang and the post of budget expenditure allocations.

Musrenbang result in the form of Priority Scale List (DSP) is not used as guidelines significantly in the post of budget allocation by the Local Government Budget Team (TAPD) and the Budget Agency (Banggar) of DPRD. Therefore, it can be realized that local budgets tend to be arranged in oligarchy by the executive and legislative powers, so it cannot be seen (untouchable) by the public participation.

Power cannot be removed from the decision making process. The definition of power sometimes cannot be removed from the decision making process. Lasswell in Dwicaksono (2003) argued that power is participation in making the important decisions. Power is something that cannot be removed from the decision making process involving a relationship between the

individuals and the groups of interest and the state. This theory is in line with the reality in the field related to the public decision making process, including planning and budgeting processes in the region.

The Regulation of Minister of Internal Affairs No. 59 of 2007 on the Amendment to the Regulation of Minister of Internal Affairs No. 13 Year 2006 on the Guidelines for Financial Management allows the public to find out the access to information as much as possible on the local finances. But empirically there are still political elite and oligarchy in the process of planning and budgeting in the regions.

Political dimension in the public decision making process is always closely related to the influence in the decision-making. According to Dafindoff in Muhklis (2011), planning is a process that emphasizes a process for choices. In the context, the planning process will be very tightly related to the process of determining which choice is a manifestation of the political process in the formulation of public policy.

The harmonization creation of the process of technocracy, democracy, and politics in the policy-making especially the regional planning and budgeting document absolutely must be done. Harmonization of the local government could be created if it satisfies several things, among others as follows:

- a. The final goal desired in the regional planning and development;
- b. The goals and priorities to make it happen (which reflects on the various alternatives);
- c. The period of time to achieve these goals; the problems faced;
- d. The capital or resources to be used and the allocation; (man, money, method, material, market)

- e. The policies adopted to implement it; People, Organizations and Executing Agency; Control and Supervision Mechanisms (watching, monitoring, and evaluating) in the implementation.

In the context of regional development planning management, without diminishing the significance of some other components as described above, one of the fundamental problems in the planning and budgeting is how much the available resource capacity is so as to support the success of development activities carried out. In this case, the regional financial capacity existing or owned and the financial resources are distributed effectively and efficiently to finance the objectives, program priorities, and activities to be implemented.

Thus, it is important for the local governments to draw up the indicative budget ceiling before the process of regional development planning, or sometimes referred to Musrenbang. It is intended also to prepare a draft of RKPD as the base / reference and guidance in the implementation process of Musrenbang.

The preparation of the indicative budget ceiling is important because it is one of the variables supporting the successful implementation of the concept of performance-based planning and budgeting. This step is meant to make the limited financial resources suitable to arrange the programs and activities that are more focused and appropriate. In the legislation, it is also mentioned that each unit of work as the budget entity (fiscal entity) can start to prepare a draft budget unit of work by setting an indicative budget ceiling for each business unit.

The budget process cannot be defined unilaterally by the Regional Government and the Parliament but also by the community. The indicative budget ceiling will ensure that any proposal of Musrenbang of Village/ District or

the Regency would be funded by the APBD if it does not exceed the determined indicative budget ceiling. Indicative Budget Ceiling also increases Musrenbang proposal to be a priority that will be accommodated by the budget. The indicative budget ceiling is also expected to educate the public to propose the most priority need and not just a wish list (long list) alone. It also educates the SKPD to develop the programs / needs based on priorities to achieve RPJMD, strategic plan of SKPD, and SPM SKPD.

Territorial Indicative Budget Ceiling (PIK) is the highest limit of the budget from APBD to be allocated for the district areas. So far, almost all the Local Government has no empirical base in determining and dividing PIK. PIK is defined and divided by subjectivity and previous year experience. In fact, the PIK is important in encouraging the democratic process in the region because the funds from APBD set aside for the PIK is accessible for the public via Musrenbang (Development Plan Meeting).

Hence, the absence of empirical reason to determine and divide PIK makes the spirit of the public participation in Musrenbang decreased. To that end, there should be an empirical study on the establishment and distribution of PIK.

Eleven indicators ideally used in determining PIK is the number of population, area, number of poor families, the number of unemployed, the percentage of acceptance of the United Nations (based on the percentage achievement of targets), the percentage of roads of the village and district roads were damaged, the percentage of dams and irrigation canals damaged/ non-permanent, the incidence of SD/ MI and SMP/ MTs damaged, vulnerability to natural disasters, the percentage increase in the number of

households with access to sanitation and clean water, and the percentage of non-governmental.

The indicator used in the weighting in PIK (Territorial Indicative Budget Ceiling) is the key to success (key performance indicator) of development in the regions. By basing the PIK calculations based on the indicators of success of development, the planning and budgeting are expected to be more consistent with the objectives of regional development those are the equitable development and the equitable development based on territorial.

RESEARCH METHODS

This study is the study of the simulation of calculation and determination for the Territorial Indicative Budget Ceiling (PIK) as an instrument of technocracy in the participatory planning of development in the region. To limit the problems, the region taken as a sample is the Local Government of Rembang in Central Java Province. The choice of the Local Government Elections Rembang as the sample is determined by several things, including Rembang having the varied territorial typology from the urban industry until the rural agriculture.

The measurement of democratization of the planning and budgeting process is assessed by the analysis of the policies issued by the region in order to support the implementation of participatory development planning program. While for determining the proportion as the embodiment of democratic budgeting is using a number of instruments for the Territorial Indicative Budget Ceiling (PIK).

The determination for Territorial Indicative Budget Ceiling (PIK) of the Local Government together with the public participation will reflect the planning and budgeting process that is transparent, accountable, and there is understanding of the

joint priorities. Territorial Indicative Budget Ceiling (PIK) can encourage a democracy in determining the development. Determination of planning and budgeting is not only more determined by oligarchy by the executive and the legislature, but is thoroughly integrated among the technocracy, democracy, and politics, involving the Local Government stakeholders.

The data used in this research is secondary data gathered from several sources of relevant data, among others:

1. The Central Bureau of Statistics of Rembang Regency,
2. The Regional Planning Agency of Rembang Regency,
3. The Secretariat of the Regional Representatives Council District of Rembang Regency,
4. The Legal Division of the Government of Rembang Regency,
5. The Department of Asset Management and Financial District of Rembang Regency,
6. other related agencies.

Data collection techniques in this research use the following methods:

1. Literature study, which is to collect the documents of planning and budgeting of Rembang Regency, and the analysis of various local regulations that form the basis of planning and budgeting process.
2. Observations and in-depth interview, which is a visit to the informants/respondents of research to dig deeper into the planning and budgeting process in Rembang.

The operational of variables in the study of determining the Territorial Indicative Budget Ceiling (PIK) as the Instrument of Technocracy of the Regional Development Planning in Rembang Regency is as follows:

1. The process of regional planning and budgeting, which normatively has been stated to some regulations. For example, through the Acts No. 25 of 2004 on National Development Planning System and the Acts No 23 of 2014 on Regional Government. The regulation is to mandate to involve the active participation of the people that leads to the regional democratic planning and budgeting.
2. The participation in development planning, which strikes the local budgeting process. The budgeting process is to follow the special regulations that govern it that is the Acts No. 17 of 2003 on the State Finance and the Acts No. 33 of 2004 on the Fund Balance of Central and Local Government.
3. The Regulation of the Minister of Internal Affairs No. 59 of 2007 on the Amendment to the Regulation of the Minister of Internal Affairs No. 13 of 2006 on the Guidelines for Regional Financial Management, which allows the public to find out the access to information as much as possible on the local finances.
4. The formalization of Musrenbang that cannot be used as a measure of planning that is participatory and transparent. The absence of a clear Indicative Budget Ceiling as a benchmark in budget allocations should be reserved for the public.
5. Territorial Indicative Budget Ceiling (PIK) of a number of benchmark of maximum limit on the budget given to districts based on the territorial determines the expenditure allocation with a participatory mechanism through Musrenbang of District.

The analysis tool used in the study for Territorial Indicative Budget Ceiling (PIK) Determination as the Technocracy of Instruments of the Regional Development Planning in Rembang is as follows:

1. The means used to answer the research questions about the existing conditions of budgeting in Rembang budgeting is to use the approach of demographic, economic, and social approach to look at the main components as the basis for determining the amount of the territorial budget ceiling.
2. The analytical tool used to answer the research questions about the regulation of regional planning and budgeting process in Rembang is by using the content analysis approach. Content analysis will be used to analyze to what extent is the role of local government in encouraging the creation of democratic of the participatory regional planning and budgeting process and following the principle of good governance. Content analysis is to see some local regulations, which are in form of the Regional Regulation and the Regent Regulation, and also other legal sources are used as a foothold in implementing the governmental planning and budgeting in Rembang.
3. Afterwards, to create a basis for planning and budgeting to be transparent and democratic, it needs to create a simulation to determine the Territorial Indicative Budget Ceiling (PIK). The models developed in the Course of Regional Finance Department of the Department of Internal Affairs to determine the amount of PIK for each region adapted to the existing condition of Rembang. The models developed to determine the amount of PIK are as follows:

- a. Calculating the Total of PIK Rembang with the following formula:

$$PIK = BLAPBD(DAK + Prop + ProgSKPD + P I SKPD + Def) \dots \dots \dots (1)$$

Explanations:

PIK	= Territorial (District) Indicative Budget Ceiling
BL APBD	= Direct Costs of the current year of APBD
DAK	= Expenditure of Special Allocation Fund
Prop	= Expenditure of Provincial grants
Prog SKPD	= Expenditure for programs on SKPD
PI SKPD	= Indicative Budget Ceiling as determined in the Work Plan of SKPD
Def	= Budget Deficit

- b. Calculating the Rural Indicative Budget Ceiling (PID) with the following formula:

$$PID = (25\% \times \Sigma PIK / D) \times JD \dots \dots \dots (2)$$

Explanations:

PID	= Rural Indicative Budget Ceiling (PID)
D	= Number of villages in Rembang Regency
JD	= Number of villages in each District

- c. Calculating the Indicative Budget Ceiling based on Variable (PIV) with the following formula:

$$PIV_i = \frac{IK_i}{\Sigma_i IK} \times 0.75 \Sigma PIK \dots \dots \dots (3)$$

IK_i = Total Index for each district
 PIV_i = Indicative Budget Ceiling based on variable for each district
 75% of total of PIK are allocated to the District based on the following variables:

1. Data of Population (POP)
2. Dropout (DO)
3. Illiterate Rate (IR)
4. Infant Mortality Rate (IMR)
5. Malnutrition Data (UC)

- 6. Population live under the poverty line (HCI)
- 7. Economic Growth Rate (EG)
- 8. Infrastructure of damaged roads (Road)
- 9. Damaged irrigation systems (IRR)
- 10. Damaged Classrooms (Class)
- 11. Revenue of the United Nations (UN)
- 12. Revenue of retribution (RET)

$$IK_i = \sum_{ij} (A_j X_j) \dots\dots\dots (4)$$

A_j = Weight of variable j

X_j = Value of variable j

- d. Calculating the Territorial Indicative Budget Ceiling (PIK) with the following formula:

$$PIK_i = PID_i + PIV_i \dots\dots\dots(5)$$

RESULTS AND DISCUSSION

Determination of Territorial Indicative Budget Ceilings as the Instrument for Regional Development Planning

To create a basis for planning and budgeting to be transparent and democratic, it needs to make a simulation of determining PIK (Territorial Indicative Budget Ceiling). The models developed to determine the amount of PIK are as follows:

- a. Calculating Total of PIK in Rembang Regency based on the formula as follows:

Table 1. Total PIK in Rembang Regency

No	Explanation	APBD 2014 (million Rp)
1	Indirect Expenditure	860,993,625,650
	Direct Expenditure	
2	Programs/Activiti	628,985,428,526
2.a	es of SKPD	473,063,111,819

Matching Funds of		
2.b	DAK	700,774,721,000
2.c	Grant of Province	52,172,513,479
2.d	Deficit	(155,922,316,707)
Indicative Budget Ceilings		
2.e	According to	
2.e.1	activities of SKPD	61,608,000,000
	Accumulation of	
2.e.2	PIK in Districts	502,710,601,065

Source: Processed Primary Data, 2014

Based on the above calculation, it results in value of PIK (Indicative Budget Ceilings of Districts) of Rp 502,710,601,065,- that are divided into districts, 294 village / sub-districts. Thus, to calculate the access to funds from the Budget of Regional Revenue and Expenditure (APBD) based on the budget ceiling, it needs to calculate the budget ceiling of each district and village / sub-district. This is meant to achieve the transparency of development budget from the estimated budget ceiling of each District and Village/Sub-district. This is very helpful for the Government of District or Village/Sub-district to prepare the development planning priority in the regions the development participatory model. The process of Musrenbagdes (Meeting of Development Planning in Village) and the budget ceiling is clear, so the development planning will be more focused and will have clear determination. Based on the scenario calculations on table 2, the magnitude of Territorial Indicative Budget Ceiling is assumed to be proportionally distributed to the entire Districts. Determination mechanism is evenly divided proportionally based on the number of villages by 25% of the Territorial Indicative Budget Ceilings, and the remaining 75% is divided proportionally by taking into account various aspects and variables in each District.

Table 2. Calculation Results of Rural Indicative Budget Ceilings (PID) for Each Village

No	Districts	Villages	Pros	PIK/Village	
				Rembang	PID
1	Rembang	34	0.25	1,709,900,004	14,534,150,031
2	Pancur	23	0.25	1,709,900,004	9,831,925,021
3	Kragan	27	0.25	1,709,900,004	11,541,825,024
4	Sluke	14	0.25	1,709,900,004	5,984,650,013
5	Lasem	20	0.25	1,709,900,004	8,549,500,018
6	Sumber	18	0.25	1,709,900,004	7,694,550,016
7	Bulu	16	0.25	1,709,900,004	6,839,600,014
8	Gunem	16	0.25	1,709,900,004	6,839,600,014
9	Sale	15	0.25	1,709,900,004	6,412,125,014
10	Sarang	23	0.25	1,709,900,004	9,831,925,021
11	Saden	21	0.25	1,709,900,004	8,976,975,019
12	Kaliori	23	0.25	1,709,900,004	9,831,925,021
13	Sulang	21	0.25	1,709,900,004	8,976,975,019
14	Pamotan	23	0.25	1,709,900,004	9,831,925,021
	Total	294			125,677,650,266

Source: Processed Primary Data, 2014

The reason of this division using the basic assumptions of basic needs for the public services in the village is 25% of the ADD budget. Thus, in the simulation it is determined that 25% of the funds are distributed evenly and 75% are distributed proportionally to the villages with priorities for the rural development and improvement.

With simulation mechanism, it is expected that there will be budget transparency and certainty about the budget magnitude that can be accessed by the District in order to carry out the territorial development planning priorities. This simulation requires that 25% of proportional amount of PID (Rural Indicative Budget Ceiling) based on the number of villages is the amount of budget that must exist in the district government as the regular operational budget of administration and development. A number of 75% of PIK (Territorial Indicative Budget Ceiling) is based on variables is a budget that should be provided to implement

the program of accelerated achievement of development in economy, infrastructure, and social inequalities in each region in proportion and in accordance with the conditions and contribution to the establishment of the budget in each region.

From the simulation scenario above, it can obtained the total value of PIK (Territorial Indicative Budget Ceiling) in Rembang amounted Rp 125,677,650, 266. If the total value of PIK (Territorial Indicative Budget Ceiling) is reduced by the amount of 25% of the total PIK as PID (Rural Indicative Budget Ceiling) for each region in proportion of Rp 1,709,900,004, the remaining of Rp 377,032,950,799 (75% of total PIK) should be distributed to regions / districts using the budget ceiling mechanism based on variables (PV).

Based on the existing data in the field, those found or suspected to affect the quality and quantity of development within each respective district in Rembang is as follows:

Table 3. Variable Data of Territorial Development in Rembang Regency

No	Districts	Population	DO	Damaged Roads	Damaged Irrigation	Broken Classroom
1	Rembang	86,327	0	4.8	991	38
2	Pancur	27,985	1.14	2.35	129	8
3	Kragan	59,778	3.05	7.5	873	28
4	Sluke	27,076	0.08	2.5	98	21
5	Lasem	47,757	1.17	9.31	55	34
6	Sumber	34,003	0.33	9	35	25
7	Bulu	25,960	0	10.07	302	34
8	Gunem	23,161	0	4.5	315	9
9	Sale	36,434	1.73	4.2	0	6
10	Sarang	61,684	1.62	12.1	530	10
11	Saden	52,205	2.22	0.6	321	51
12	Kaliori	39,387	1.62	12.6	115	16
13	Sulang	37,480	0.68	19.5	135	19
14	Pamotan	44,538	0.96	3.1	87	35

Source: Statistic of related SKPD in Rembang, 2014.

Table 4. Calculation Results of Variable Budget Ceilings (PIK) in each District in Rembang

No	Districts	Σ Index	PIK 75%	Variable PIK
1	Rembang	10.125	377,032,950,799	33,932,965,572
2	Pancur	8	377,032,950,799	26,392,306,556
3	Kragan	9.625	377,032,950,799	30,162,636,064
4	Sluke	7.125	377,032,950,799	22,621,977,048
5	Lasem	7.75	377,032,950,799	22,621,977,048
6	Sumber	8	377,032,950,799	26,392,306,556
7	Bulu	10.125	377,032,950,799	33,932,965,572
8	Gunem	8.375	377,032,950,799	26,392,306,556
9	Sale	5.125	377,032,950,799	18,851,647,540
10	Sarang	10.125	377,032,950,799	33,932,965,572
11	Saden	8	377,032,950,799	26,392,306,556
12	Kaliori	9.125	377,032,950,799	26,392,306,556
13	Sulang	9.875	377,032,950,799	30,162,636,064
14	Pamotan	5.375	377,032,950,799	18,851,647,540

Source: Processing data result, 2014

Based on calculation results, the budget ceiling value of variable is obtained in each District in Rembang and there are three districts with a high value those are Districts of Rembang, Bulu, and Sarang with the index number of 10.125 and the final result of variable budget ceiling value of 33,932,965,572. While the lowest value is Sale

District with an index number of 5.125 and the variable budget ceiling value of 18,851,647,540. The value of variable budget ceilings itself is influenced by the number of indexes and also the budget ceiling indicative value. The calculation result of Variable Budget Ceiling Value is then used to calculate the Territorial Indicative Budget Ceiling.

Table 5. Total for Regional Indicative Ceiling Per Subdistrict In Rembang

No	Districts	PID	PIV	Total Ceiling PIK
1	Rembang	14.534.150.031	33.932.965.571,89	48.467.115.602,68
2	Pancur	9.831.925.021	26.392.306.555,91	36.224.231.576,74
3	Kragan	11.541.825.024	30.162.636.063,90	41.704.461.088,35
4	Sluke	5.984.650.013	22.621.977.047,93	28.606.627.060,60
5	Lasem	8.549.500.018	22.621.977.047,93	31.171.477.066,04
6	Sumber	7.694.550.016	26.392.306.555,91	34.086.856.572,21
7	Bulu	6.839.600.014	33.932.965.571,89	40.772.565.586,38
8	Gunem	6.839.600.014	26.392.306.555,91	33.231.906.570,40
9	Sale	6.412.125.014	18.851.647.539,94	25.263.772.553,52
10	Sarang	9.831.925.021	33.932.965.571,89	43.764.890.592,72
11	Saden	8.976.975.019	26.392.306.555,91	35.369.281.574,93
12	Kaliori	9.831.925.021	26.392.306.555,91	36.224.231.576,74
13	Sulang	8.976.975.019	30.162.636.063,90	39.139.611.082,92
14	Pamotan	9.831.925.021	18.851.647.539,94	28.683.572.560,77

Source: Data processing result, 2014

The calculations show that the Rembang District has the highest value with the value of 48,467,115,602.68 while the District of Sale has low values of 25,263,772,553.52. PIK value based on each sub-district can be presented in Table 4.8, which shows the rank order of acquisition PIK in each District in Rembang.

Table 6. Rank of PIK in Rembang Regency

Rank	Districts
1	Rembang
2	Sarang
3	Kragan
4	Bulu
5	Sulang
6	Pancur
6	Kaliori
7	Saden
8	Sumber
9	Gunem
10	Lasem
11	Sluke

11	Pamotan
12	Sale

Source: Data processing result, 2014

Rembang District has the highest value and Sale District has the lowest value. Based on the research, the variables that can determine the amount of the budget cap value and create justice in the budgeting and drive the acceleration of development in the aspect of regional/ sub-districts was proportional and transparent; data on the number of population (Population), drop out of school children (DO), illiteracy (IR), the infant mortality rate (IMR), the data of malnutrition, the number of people living below the poverty line (HCI), the rate of economic growth (Economic Growth), the condition of the damaged road infrastructure, irrigation systems damaged condition, the number of damaged classrooms, PBB revenue target (earth and Building Taxes) and the amount of retribution. For each of these variables, it is considered necessary as the basic

determinant of the amount for Regional Indicative Ceiling (PIK), because the variable is an indicator of both development and physical well-being in each region/ sub-districts/ cities.

CONCLUSION

Based on the discussion of research on the study of simulation of calculation and determination for Territorial Indicative Budget Ceiling (PIK) as an instrument of technocracy in the participatory development planning in the regions, then it can be concluded as follows:

- a. Through the simulation calculation formula of calculating the Territorial Indicative Budget Ceiling (PIK) in Rembang, the total value of PIK in Rembang is Rp 502,710,601,065.
2. The of PIK is determined to be 25% for Indicative Budget Ceiling based on the proportionality of Rp 125,677,650,266, and 75% for Territorial Indicative Budget Ceiling (PIK), which is determined based on the Development Variable.
3. The proportional determination basis of 25% is by considering the minimum requirement aspect of the public services in each village amounted Rp 1,709.900.004. It is adjusted by the amount of calculation simulation of the local/village budget under the Acts No. 6 of 2014 concerning Villages
4. The proportion of Territorial Indicative Budget Ceiling (PIK) defined based on the development variable is Rp 377,032,950,799.
5. The variable data used as the basis or index of development in Rembang is selected among others: the data of Population, Roads, & Irrigation, Dropout Rates & Damaged Classrooms. This data represents

the state of economy, the infrastructure and the public welfare condition.

6. From the results of data processing, the highest rank for Territorial Indicative Budget Ceiling (PIK) is the districts of Rembang, Sarang, Kranggan, Bulu, and Sulang.

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