

Regional Development Planning in North Sumatera: The Effect of Conflict of Interest

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Regional development in Indonesia shows slower development when compared regions in neighbouring countries. Indonesian income per capita level shows a relatively low level in comparison to the other countries in ASEAN, the country is ranked 5th on income per capita level, with gini coefficient of 0.39 as of March 2018. The poverty rate is still high with 9.82%, using \$25 per month as monthly income. The same poverty rate might score higher if the monthly income measurement is adjusted following World Bank guidelines on monthly income at \$600 per month, and would result in a higher percentage of poor people in the country. The relatively slow regional development could potentially be due to low quality of development planning. This study results found that there were several factors that led to the low quality of regional planning, including conflict of interest and low planning capacity. In addition, the study results concluded that budget reform did not affect the quality of regional planning. This could be due to the fact that implementation of a budget reform with a proxy for budget participation and a performance-based budget approach is a compliance measure to fulfil regulatory requirements. Performance-based budgeting implementation still uses the old approach, which is incremental based, as well as community participation. Regional government did conduct the development plan discussion with society (in Indonesia called “Development deliberation”), but community aspirations are yet to be accommodated in budgeting plans and development.

Key words: *Planning Capacity, Budget Reform, Conflict of Interest, Regional Development Planning Quality.* JEL Codes: G31, H72, R11, R58.

Introduction

Slow regional development in various regions has become an issue that requires immediate effort to address. One reason for the slow regional development is the low quality of regional development planning. The planning has not been well coordinated. It is also suspected that there are still many regional development plans outlined in Long-Term Regional Development Plan and Medium-Term Regional Development Plan which were prepared without accommodating the regional needs. The impact of this low quality of development planning will cause slow development in the respective region and consequently results in high population poverty rates. The poverty level and income inequality level in Indonesia can be seen in Table 1 below.

Table 1: Statistics of Poverty and Inequality in Indonesia

| Indicators | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------|------|------|------|------|------|------|------|------|-------------------|
| Relative Poverty | 13.3 | 12.5 | 11.7 | 11.5 | 11.0 | 11.2 | 10.7 | 10.1 | 9.8 ¹ |
| Absolute Poverty | 31.0 | 30.0 | 28.7 | 28.6 | 27.7 | 28.5 | 27.8 | 26.6 | 26.0 ¹ |
| Gini Coefficient | 0.38 | 0.41 | 0.41 | 0.41 | 0.41 | 0.41 | 0.40 | 0.39 | 0.39 ¹ |

Source: Central Bureau of Statistics Republic of Indonesia (2018).

Central Bureau of Statistics reports show the poverty rate in Indonesia at 9.82% as of March 2018 assuming monthly income of \$ 25 per month. Whereas the World Bank measure monthly income for the poverty line is \$ 600 per month. The poverty line using \$ 25 per month indeed represents a very low standard of living. As seen in Table 1, there is a decreasing trend in poverty percentage which is due to questionable measurement of the poverty line and the fact is that the actual poverty rate is high as is the income gap. Statistics show Indonesian's income inequality level is ranked second in ASEAN, and 62nd in the world (source: world Happiness Report 2018).

Based on the above phenomenon, it becomes imperative to expect the regional government to improve the quality of regional development planning. There are several factors that are thought to influence the quality of regional planning, including lack of coordination between offices and between one local government and the other local government, as well as high conflict of interest within the regional government.

There are several factors that are considered to be affecting the quality of regional development planning. Some studies concluded that both planning implementation and the implementation of planning theory, will affect the planning quality (Lawrence, 2000); (Richardson, 2005). However, the number of comprehensive studies on implementation of planning theories in regional development planning are still limited. In addition, research gaps, identified in previous studies, still exist related to the factors that influence the quality



of regional development planning. These gaps are demonstrated between the theory of quality planning and its implementation and the impact of potential conflicts of interest on the quality of regional development planning.

Several empirical studies have discussed the factors that influence the quality of planning, such as regional commitments (Norton, 2005), planning delegation (Philip Berke et al., 2006), community participation (Brody, 2003b), collaboration among local government offices (Burby & May, 1998), and planning implementation (Brody, Carrasco, & Highfield, 2006; Philip Berke et al., 2006 and Laurian et al., 2004). Further review of these studies shows that they have not been able to comprehensively link planning theory with the quality of regional development planning in order to provide a more systematic and comprehensive conceptual framework that identifies complete factors that affect the quality of regional development planning.

Agency problems in regional governments are thought to have arisen from the information asymmetry between the executive-legislative and legislative-constituent which opens the possibility for opportunistic behavior trends to occur in the budgeting process, which could have greater impact than in the business sector which has automatic checks in the form of competition. According to Strom (2000), agency relations in public budgeting occur between (1) constituent-legislative, (2) executive-legislative, (3) budget user-finance department, (4) bureaucrat-prime minister, and (5) officer- civil service.

According to (Abdullah, 2016) legislatives are principals for executives as well as agents for constituents. Information asymmetry between the executive and the legislative becomes less meaningful whenever the legislative uses its discretionary power in budgeting decisions. These study results show that (1) the legislative as an agent of voters behaves opportunistically in the preparation of the Local Government Budget, (2) the amount of Local Government Revenue influences the legislative opportunistic behavior, and (3) the Local Government Budget is used as a means to exercise political corruption. Agency problems at local government level, where each party tends to show their opportunistic attitude, are suspected to have impact on the quality of regional development planning. The legislative role in budgeting is relatively high and as such, whenever the legislative uses its discretionary power in budgeting, the chance of Local Government Budget use itself, as a means for political corruption, is inevitable.

Based on the above description, this research intends to investigate the quality of regional development planning by extending planning theory comprehensively through the development of conceptual models to explain the impact of conflict of interest and the factors influencing the quality of regional development planning. In this study, researchers will include Agency Theory, a theory that is most commonly used to assess company

performance. As explained earlier, the agency problems exist in local governments, wherein a conflict of interest arises between agents (executives) and principals (legislative).

Another symptom that empirically tends to influence the quality of regional development planning is the lack of consistency in urban development plans that are compiled and stipulated in the Local Government Budget according to the stages of planning and budgeting. In general, there are 3 main phases in the regional development planning, which involve (1) technocratic process, (2) participatory processes, and (3) political processes. Based on observations made on products of RKPD planning, on one hand the results indicate that is this is a product of planning at the technocratic and participatory stages, however at the same time, there is a relative inconsistency with the product of General Budget Policy - Temporary Budget Ceiling Priority and Regional Expenditure Budget - as a result of political processes in regional development planning, where the discussion and determination was carried out jointly between the executive and the legislative.

Further in-depth observation between the local Government Work Plan and budget policy, including Local Government Budget reveals this difference occurs frequently in the substance of the program and agreed activities as expenditure in local government budget. It is also a factor that the programming process cannot be overly intervened in by House of Representatives. The programming requires a lot of data and information as a basis for analysis which the House of Representatives does not have. Therefore, changes at the program level and regional activities expenditure presented in the local Government Work Plan with budget policy are suspected to have occurred due to strong pressure by the legislature as the principal towards executives in its position as agents to the people.

Theoretical Basis and Literature Review

Agency Theory

Agency theory explains agency relationships that arise from contracts between agents and principals, wherein the agents carry out tasks in the interests of the principals. Agency theory that explains principal relations and agents is based on economic theory, decision theory, sociology, and organizational theory. Agency theory analyzes contractual arrangements between two or more individuals, groups, or organizations. One of the parties (principal) makes a contract, both implicitly and explicitly, with another party (agent) with the expectation that the agent will act / do the job as desired by the principal (in this case delegation of authority exists). Lupia & McCubbins (2000) explain that delegation occurs when one person or group, a principal, select another person or group, an agent, to act on the principal's behalf.

When discussing the concept of agency relations in government in the context of the budgeting, the existing problem is not as simple as the conventional agency concept. As Moe (1984) revealed, due to several considerations, the agency relationship in the government sector cannot be fully approached with a conventional approach of agency theory. First, there are differences in organizational ideology. The basic ideology of public sector organizations (especially for government) is to maximize social welfare by prioritizing public interests and public services above other interests. At the same time, the ideology contained in agency relations in general, and which is becoming a popular paradigm in mainstream/positivist accounting research for almost two decades, is the ideology of capitalism with an individualist attitude that places self-interest as a more dominant factor.

Second, conventional agency theory as defined by Jensen and Meckling (1976) cannot be applied in the government sector budgeting, because one of the tools used by principals to control agents is the provision of incentives. These incentives, generally, are measured based on profit generated, while government organizations do not have profit as a performance measure. Another form of incentive is the ownership of company shares by agents, where the government does not have shares to be publicly traded, and are allocated to a few people. A government organization is an organization whose ownership is collective and not owned by individual. The legislative is not a stockholder and cannot provide incentives in the form of shares to the executive (agent), the people themselves do not own shares and therefore cannot trade shares.

Quality of Regional Planning

Planning is the process of setting a goal and selecting the steps needed to achieve that goal. This definition represents a simple understanding of planning without considering other determining factors or influences. Planning means setting a goal that can be achieved after paying attention to the determining factors in achieving that goal and selecting and determining the steps to achieve that goal. The planning is important since organizations are continually faced with limited production factors or economic resources to explore.

Regional planning is a process to understand and analyze the existing conditions, predicting the development of various relevant non-controllable factors, estimating limiting factors, determining the expected and achievable goals and objectives, determining the steps to achieve these objectives and determining the location of various activities that will be implemented. This process shows that planning is part of the decision-making process in terms of the choice of actions to solve problems.

The need for planning links to the limited availability of resources which can be utilized in optimum in accordance with the defined objectives. The importance of regional planning is corroborated by various factors as follows:

1. Regional potential is limited, it may not be reproduced or renewed. Therefore, in general the potential of each region is not the same.
2. Technological capabilities and rapid changes in human life, so the tendency is those considered as free goods today becomes economic goods in the future.
3. Planning errors that have been executed in the field often cannot be changed or corrected, for example: unplanned or incorrect planning for land use.
4. Land or property is needed by every human being to support their life. While, concurrently, the ability of humans to acquire land is not the same as the land use or ownership and cannot be entirely left to the market mechanism to decide.
5. Regional order or culture describes the personality of people within the community who influence each other.
6. Regional potential is an asset that must be utilized for people's welfare in a sustainable, sustainable manner.

Regional planning in Indonesia requires, at minimum, the following steps:

- a. Describe current conditions and identify problems. Data and information collection activities are needed, both for primary and secondary data.
- b. Set up vision, mission and general objectives which must be based on collective agreement from inception.
- c. Identify limitation, and current and predicted future constraints.
- d. Complete a projection of related variables, both controllable and non-controllable (beyond control of the planner).
- e. Set achievable targets within a certain period of time in the form of measurable goals.
- f. Search for and evaluate available alternatives to achieve goals taking into account the limitations and available production factors.
- g. Choose the best alternative by determining various supporting activities.
- h. Determine the location for various activities to be carried out.
- i. Develop policies and strategies so that activities in each location can be conducted as expected.

Quality of regional planning significantly determines the success or failure of the regional service program. At the planning stage, planning documents are prepared and become important documents that are critical part to generate the outcome. Planning quality is a procedure that defines quality related to tasks when new programs / activities are initiated to meet the required quality. Quality planning defines how the product will be created and shows how the appropriate quality will be developed. Quality planning requires procedures



for implementation. Specifically, planning quality procedures are standard procedure for program/activity managers to define quality related to program requirements and includes tasks, standards, responsibilities, and resource requirements for program planning. The key determinants of quality planning are quality planning standards that could be in a generic form that contains references to applicable standards, procedures, and guidelines for an organization's quality output system usage. This is then used as a framework for quality planning.

Planning Capacity

Planning capacity is based on the theory of rationalism, where the emphasis is to build idealistic models that prioritize simplicity, explicitness, adaptability, logic, consistency, and systematic planning processes (Lawrence, 2000); (Richardson, 2005). Rational planning theory supports the use of indicators (1) the number of adequate and quality planners, (2) routine renewal of plans, and technical skills improvement in order to build strong planning capacity in local community planning. In addition, pragmatism theory shows that an efficient pragmatic planning process can finally prove the effectiveness of the plan. Regional planning is a complex process including geographical, social, and economic settings, which can be influenced by the jurisdiction framework and the planners' values and experience. In this study, planning capacity is measured by the number of planners, plan updates, professional technical skills, and regional collaborative efforts.

The first indicator to be explored is the number of planners and whether planners have the level of personnel, financial resources, technical expertise, and commitment to build qualified regional planning (Brody, 2003a); (Burby & May, 1998). Planning staff function as internal consultants by developing specific skills needed by planners. The staff handle administrative tasks such as dealing with correspondence and setting up meeting times, and obtaining technical resources.

The second factor in measuring planning capacity are the latest planning updates. Making planning revisions is an effective way to improve the quality of regional planning. A regional plan must reflect changes and continuously monitor the relevance of elements of funds disbursement to ascertain consistency with developing conditions. Updates in planning can provide important concepts to strengthen the planning quality.

Third is the assessment of professional technical skills. Technical skills in this study are identified as important factors for preparing high-quality regional planning (Phillip Berke, Beatley, & Wilhite, 1989). Geographical information systems (GIS) are ideal tools to analyze environmental phenomena with partial and temporal dimensions, and to analyze any coincidences, closeness, and partial networks. GIS can help planners to understand accurately

where critical natural resources are and the extent of which natural resources require protection. This spatial technique helps planners make proactive choices in strategic management that have an impact on the existing environment.

The fourth factor is regional collaborative effort. P. R. Berke & Conroy, (2000) found that inter-organizational relations have a significant influence on the adoption of regional planning stages. Since many regional development issues are not limited to legal boundaries, regional collaboration must be made to avoid overlap in planning in the same jurisdictions. Regional cooperation with other jurisdictions or institutions is very important for local jurisdictions as well as developing high quality planning, i.e., comprehensive land usage plans due to the number of cross-border issues. Local jurisdiction collaboration with other organizations can help to achieve broader goals, solve seemingly difficult problems, and reduce potential disputes in regional planning management.

Budget Reform

Budget reform implementation that gives priority to public accountability, public participation, public transparency, and performance-based budgeting preparation is expected to improve the quality of APBD. Research by Sopanah (2003) shows that the presence of community participation and transparency of public policies enhances the supervisory function carried out by the legislative. The higher the oversight carried out by the legislative, the better quality in APBD preparation process.

Budgeting reforms result in increased planning quality. Assuming this is proven right then democratic local government, in accordance with the principles of good governance that is clean and free from corruption, is very achievable. This is only the case where each region prioritizes the principles of public accountability, public participation, and public transparency during APBD preparation. Public accountability will be achieved if the supervision carried out by the legislative and the community is effective. Participation of regional office department heads and community members is required during budget preparation and oversight of APBD to promote a sense of accountability to the public. It is understood that high public accountability will strengthen the oversight function carried out. High involvement of stakeholders will lead to improvement in APBD. A qualified APBD is a budget that is truly prepared for the interests of the people, not the authorities, and it will be achieved if the level of accountability increase.

A budget prepared by the executive, can be considered transparent if it meets the following criteria: (1) there are announcements of budget policies, (2) budget documents are available and easily accessible, (3) timely accountability reports are available, (4) proposals or recommendation of the people are accommodated, (5) a system to communicate information

to the public exists. Transparency is a prerequisite for healthier community participation because: (a) lack of adequate information about budgeting results in limited stakeholder opportunity to know, analyze and influence policy, (b) transparency provides opportunities for outside actors to influence budget policies and allocations by providing a different and creative perspective to the budget debate, (c) legislature and public can perform a monitoring role of government decisions and performance through the available information. Without freedom of information, the supervisory function will not be effective. Foster & O'Connor, (2014) state that existing theory shows that the more transparent a public policy is, the greater the increase in oversight carried out by the community. If the supervision carried out increases, the APBD that is prepared will be of higher quality.

Performance budget is a budget system that gives priority to the achievement of work results from the planned cost allocation. The performance budget connects disbursement with the desired results. The city / district governments set the output of each program through the performance budget. In general, the literature on the public budget states that a qualified APBD is a budget for which the drafting process has put forward the principles of accountability, participation, transparency, and where the drafting process itself applies a performance approach. Implications of applying these principles will result in a community interest-oriented budget rather than reflecting the interests of the executives and business community.

Regional planning must rely on the interests of the community, a quality budget is also a gender sensitive budget, which means that the budget prepared by the local government does not discriminate nor benefit certain genders. To date, women have often faced a disadvantage in budget allocations. While according to Herlambang (2004) a qualified budget is a budget that prioritizes the needs of the poor (pro poor budget) and must promote justice (pro justice budget). This research starts by expanding the key planning theory by developing a conceptual model to explain factors that can affect the quality of regional development planning. This model was developed from research conducted by Tang and Brody (2008). Tang and Brody's research focused on the quality of environmental planning, while this research will look at the factors that influence the quality of regional development planning. This study will also include agency theory which is perceived to have an effect on the quality of regional development planning. In addition, there are several indicators that are equipped to be adapted to the focus of the study. Based on the previous description, the hypotheses in this study are:

H₁: Planning capacity affects the quality of regional planning.

H₂: Budget reform affects the quality of regional planning.

H₃: Conflict of interest has a negative effect on the quality of regional planning.

Material And Methods

The research population is the executive and the legislative bodies within the Government of North Sumatra Province. Variables, definition and measurement are presented in Table 2 below.

Table 2: Variables definition and measurement

| Research Variables | Operational Definition | Variable measurement |
|-----------------------------|---|--|
| Planning Quality | Quality planning is conformity between plans and the goals or benefits | <ol style="list-style-type: none"> 1. Factual basis; 2. Goals and objectives; 3. Inter-organizational coordination; 4. Policies, tools, and strategies; and 5. Implementation and monitoring. |
| Planning Capacity | Ability level in the local government for the regional planning process | <ol style="list-style-type: none"> 1. Number of planners, 2. Update in planning elements, 3. GIS level, 4. Collaboration between working unit. |
| Budget Reform | Changes or reforms in the budgeting process | <ol style="list-style-type: none"> 1. Public accountability 2. Community Participation 3. Public transparency 4. Performance approach budget |
| Conflict of Interest | Conflicts that arise among local government's stakeholders | <ol style="list-style-type: none"> 1. Opportunistic nature of the legislature 2. Opportunistic nature of the executive 3. Opportunistic nature of the Regional Head |

Analysis on PLS is conducted in three stages and consists of; (1) Outer model analysis, (2) Inner model analysis, and (3) Hypothesis testing.

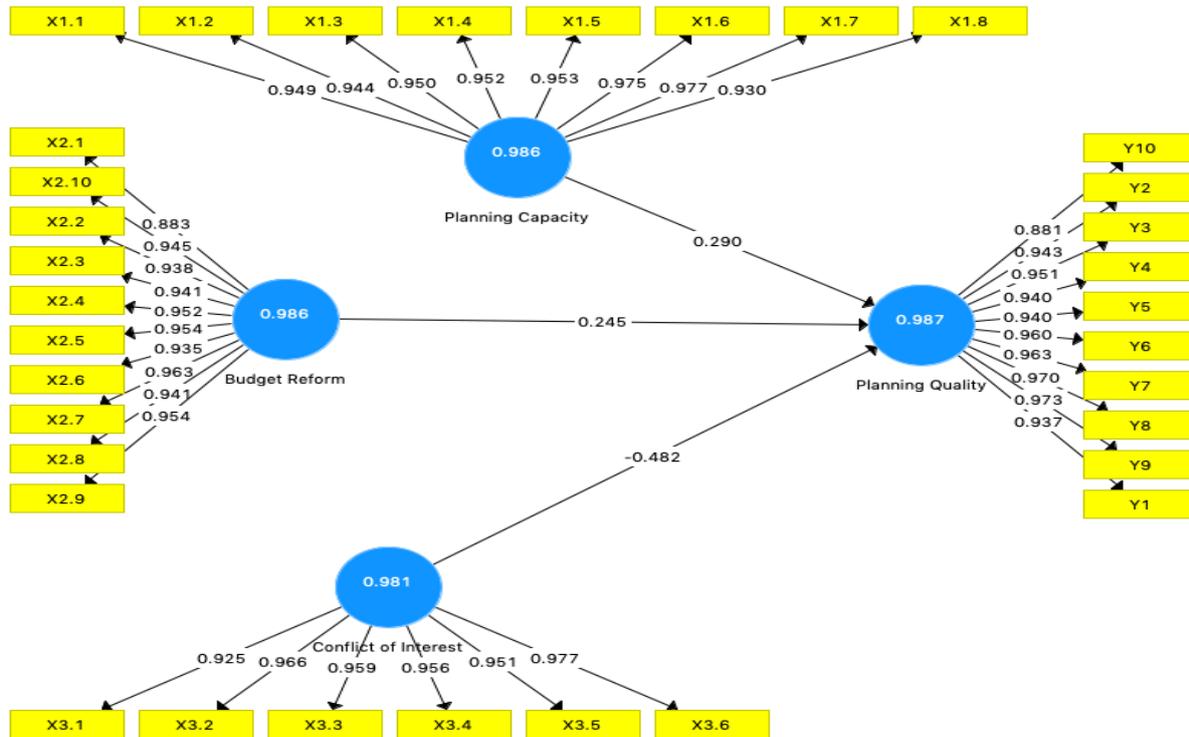
Results and Discussion

Results

Testing the outer model starts with estimating parameters. Convergent validity test is completed by looking at the value of loading factors in each construct. Loading factor value above 0.7 is an ideal measure or deemed valid as an indicator in measuring constructs; values of 0.5 to 0.6 can still be accepted, while values below 0.5 must be excluded from the model

(Ghazali, 2008). Based on data calculations using the PLS algorithm method, the value of loading factor for each variable indicator is described in Figure 1 below.

Figure 1. Loading Factor



Based on Figure 1 above, it is found that all indicator items are valid, this can be seen in the value of loading factor that is greater than 0.7, which means the indicator is valid and is feasible to be used in this study. Based on the results of processing the data using Cronbach's alpha and composite reliability, each variable is above 0.7, which indicates that all latent variables are reliable. Planning capacity variables and budget reforms have positive coefficients. This means that if planning capacity and budget reform increase, the regional planning quality will also increase. While the negative sign in coefficient of conflict of interest indicates that the higher the conflict of interest, the lower the quality of regional planning. Budget reform does not affect the regional planning quality.

Based on the results of the hypothesis test it was concluded that planning capacity has a positive and significant influence on the planning quality. This is consistent with the previous research (Tang & Brody, 2009), (Erlina, Tarigan, & Muda, 2017), (Erlina, Tarigan, Mulyani, Maksum, & Muda, 2018), (Lubis et al., 2019b), (Lubis, Erlina, Sirojuzilam, & Lubis, 2019a). In general, it is known that approaches and analysis of planning capacity are basically influenced by the theory of rationalism, which in general emphasizes how to build ideal models through a simple, explicit, adaptable, logical, consistent and systematic development

planning process (Lawrence, 2000; Richardson, 2005). Furthermore, the theory also requires that rational planning must be adequately supported by qualified planners, who always work systematically, continuously update plans, and continue to enhance technical skills to build strong and solid planning capacity in regional development planning.

In addition, pragmatism theory also emphasizes that pragmatic and efficient planning processes can ultimately improve planning effectiveness (Lawrence, 2000). On the other hand, regional development planning in general is a complex process, including attention to geographical, social, and economic aspects, which can be influenced by the framework of jurisdiction and the values and experience of planners (Forester 1984). Based on these views, researchers, in this study, measure planning capacity using the number of planners, collaboration between regions, plan update / revision and GIS levels.

The results of this study conclude that the number of planners in each Unit Organization In Local Government has a significant effect on the quality of regional planning, which is consistent with research conducted by Lubis et al., (2019a; 2019b). The number of planners in respective Unit Organization in Local Government is still relatively small. The majority of planning experts are assigned into the Regional Development Planning Agency (Bappeda). As such it is recommended that each Unit Organization in Local Government has at least 2 or 3 regional planning experts.

The availability of human resources planners is known to be relatively more sufficient both in quantity and quality because of the presence of various universities, academics and researchers who provide support as planning staff, as required, for regional development planning. In addition, planners from internal planning institutions are also easily available. The opportunity to increase capacity and competency as a planner, both in the country or abroad is broad, given the easy access to financial support from regional government and other financial institutions. Moreover, regions that have large financial capabilities can also utilize a more adequate number of planning staff.

Thus, the number of planners, especially in big cities, can be increased in various areas of regional development, both internally and externally with the support of regional government budget allocations. Through an increasingly adequate number of planning staff, various regional development plans can be initiated, formulated, designed and determined by the regions through a comprehensive feasibility assessment, so that the quality of regional development planning can be more accountable, both financially and economically. Empirically, planning institutions in the regions face challenges not only due to the shortage in the number of staff planners, but also the limited quality of planners available in various fields of regional development. This condition will also contribute to the quality of regional development planning.

This study determines the number of planners as planning capacity indicator. Based on the results of the analysis, it is found that the number of planners has a statistically positive impact on the quality of planning. This means that the high number of planners indicates the availability of skilled human resources as well as personnel to encourage an increasingly comprehensive and qualified regional development planning process. Therefore, the high number of planners can encourage more comprehensive and highly qualified regional development planning, especially related to regional development planning. This research is consistent with the results of Tang's study which found that plans are related to the number of personnel, financial resources, technical expertise and commitment to building higher quality regional environmental planning (Brody, 2003a; Brody et al, 2003; Burby and May, 1998). Further, this study found that planning staff functioned as internal consultants to develop specific skills needed by planners. Planning staff handle administrative tasks such as matters dealing with correspondence and arranging meetings, as well as providing technical resources, financial, administration, reporting and control. Thus, empirically, planning staff will influence the systematic process of regional development planning.

Based on research, it is understood that the revised plan is an effective way to improve the quality of regional planning. Regional planning, broadly, must be understood as a dynamic process based on the scope of jurisdictional values, politics, economic and environmental conditions in various regional planning. A regional plan must reflect change and continuously evaluate the relevance of regional planning to ascertain consistency of plans with developing conditions. Therefore, revisions to regional planning can actually provide important insights to strengthen the quality of regional development planning.

However, empirically the revision or amendment process in regional development plans should still be carried out carefully, thoroughly and follow the established procedures, because in reality the process is often used to subjectively make changes to the plan, for the interests of groups, so that the initial plan receives less priority, while at the same time is less likely to consider the feasibility of the formulated change plan. Therefore, even though the regional development plan must not be static and rigid, it must be flexible. However, any revisions to the regional development plan carried out must still go through the stages of the feasibility study and the discussion process with joint stakeholders, so that they continue to support initial regional development targets. More importantly, the revised plan developed must still be integrated with other district and regional development programs.

Geographic Information System (GIS) is a database system with a special ability to handle spacial data together with a set of work operations. Physical and social development in Indonesia continue to be improved in line with the increasing population and the development of an increasingly complex life. These developments encourage the need for



detailed information about natural resource data. Irrespective of the population size, a planner needs GIS.

Collaboration between regions is measured through collaboration built in accordance with administrative arrangements in regional planning. Although many theories have highlighted the need for regional collaboration to improve the quality of planning (Brody, 2003d; Brody et al, 2003), this study found there is no statistical significance in the efforts of regional cooperation or collaboration between regions to improve the quality of regional development planning (Brody, 2003a; Brody et al, 2003 and Tang; 2008). Results of previous studies shows that regional / inter-regional collaboration have a negative impact on the quality of planning. This study results indicate that the influence of collaboration between regions has a significant positive influence on the quality of regional development planning. Effective collaboration between regions is thought to require more funds and planners with more adequate quality and quantity. In addition, collaboration between regions is also suspected to cause conflict between the surrounding regions/districts. As such, conflicts between regions may often arise during collaboration between regions.

Furthermore, it can be explained that collaboration between regions is known to have a significant effect on the quality of regional development planning because each region basically has its own planning authority boundaries, so collaboration between regions can be conducted only for certain planning approaches (regional planning), and has a meaningful effect if it is associated with the quality regional development planning as a whole. Planning that requires collaboration between regions is related to environmental planning (Tang, 2008). Berke et al (1989) found that relations among organizations (Regional Device Organizations) had a significant influence on the adoption of regional planning stages. This is due to the fact that many environmental issues are not limited to jurisdictional boundaries, as such regional collaboration must continue to be developed so that paradoxical planning does not occur with jurisdiction. Regional cooperation in the form of regional planning with jurisdiction or other institutions is quite important to improve the quality of comprehensive regional development planning by developing a wide area coverage, due to the number of cross-border issues. Local governments can work with various other organizations to achieve broader goals, to help solve more complex problems while reducing potential disputes in the management of local and regional environments.

Empirically, planning challenges are faced increasingly by local governments. This arises due to the division of large and small regions as mandated by the constitution, which is then elaborated administratively in the current division of provinces and districts / cities, presumably giving less attention to the needs of more integrated and feasible regional development concepts. District/city establishment or formation pays less attention to availability and scarcity of development resources factors belongs to each region. The

formation of new districts / cities is also suspected to put more weight on political factors, pluralism sentiments and the issue of existing welfare gaps, so that the need for regional development approaches is less considered in the formation process.

However, the lack of harmony in the administrative arrangement of the region, especially between districts/ cities and provinces in terms of planning, can basically be overcome through regional cooperation, that can be developed, but sometimes also hindered by demographic and social economic interests of each district / city. For example, when an area is planned by a district to function as a catchment area but the regional government, who has administrative authority over the district, develop this area into an economic development area. This causes complex environmental problems which are not easy to resolve, resulting in limited regional cooperation (collaboration) in regional development planning.

Based on the analysis results, an important approach that needs to be continually developed in regional development planning is regional planning models. This is necessary so that differences in the territory allocation, potential and resources from each region can be integrated in order to increase the economic productivity of the region. Whereas barriers to collaboration between regions such as differences in spatial allocation can be minimized through inter-regional planning coordination, harmonization of regional spatial plans in stages starting from the national, provincial and down to city / district levels.

The first indicator of the budget reform variable is public accountability. The study results show that public accountability has a significant effect on the planning quality. The principle of accountability is the principle that determines that every activity and the end result of the state administration activities must be accountable to the people as the ultimate holder of sovereignty. Furthermore, accountability comes from the existence of external control which drives the administration to work hard. Bureaucracy is considered to be accountable if it can be assessed objectively by the wider community and as such public accountability influences the quality of regional development planning, especially the quality of the budget.

Public accountability will be achieved if the supervision carried out mainly by the legislative and the community runs effectively. This is also supported by the opinion of Rubin (1996) who states that to create public accountability, participation of leaders in government office and community is required during the preparation and supervision of regional finance and spending. In other words, high public accountability will strengthen the monitoring function carried out by the people. Additionally if supervision by the people is high, the impact tends to improve the quality of regional development planning. Furthermore, quality development planning is a development plan that is truly prepared for the interests of the people rather than the interests of the authorities and this will be achieved with higher level of accountability. However, the weaker influence of accountability on the quality of planning empirically is

understandable, since the accountability instruments being used in the planning process are also susceptible to engineering and manipulative matters. This is due to heavier priority on administrative and political ones, and limitation on the professional and ethical aspects.

Community participation in the regional development process is critical. As such the role of the community in the regional development process is essential. In this study, community participation was found to have no significant effect on the quality of regional planning. These results are not consistent with existing theories. The results of this study support the research carried out by Lubis et al., (2019a). The failure of the process to capture people's aspirations is due to several factors. According to this research, one of the factors is the relatively low quality of human resources in the area. Further, it is suspected that the determining factor on quality in capturing people's aspirations, is the information technology infrastructure of each regions. The existing facilities still cannot accommodate and rank the priority scale that must be achieved within the existing budget constraints and input process of information obtained from the public, is conducted manually.

There are many interesting phenomena in the development planning process carried out in several regions related to step 3 in the first stage of the development planning process, community participation (stakeholders) and harmonizing the development plans produced by each level of government through development planning consultations. This starts with the implementation of village development deliberation, sub-district development deliberation, district development deliberation level. Interesting factors include: the bottom-up development planning mechanism implemented from the village development deliberation to that of sub-district has not involved the community in deciding the priority of activities. To create a timely, well targeted, empowered development plan requires community participation in development planning because it is the community who know the problems faced and their needs. Their participation can help to accommodate their interests in the process of designing a development plan.

There is a tendency that the proposals submitted in the sub-district development deliberation are the formulation of the village elite group and as such real community participation is still far from expectations. This phenomenon was observed by researchers when attending village development deliberation activities in one village. The village development deliberation activities were attended by community representatives, and some other community representatives. Prior to the deliberation meeting, hamlet development deliberation was first held. Each hamlet submits a list of identified community needs to the village office before development deliberation is organized. At the development deliberation stage, village officials read out a list of each hamlet's identified needs, however priority activities which will be proposed to the next stage are not discussed, and the village formulates a list of priority activities.

Based on the phenomenon described above, the village administration still dominates the formulation of priority activities that will be proposed in the next development deliberation. Based on observation when attending the sub-district development deliberation, a list of village as well as other sub-district agency proposals were received a week before conducting the sub-district development deliberation. There is a tendency that the proposals submitted in the district development deliberation are the formulation of the sub-district elite group based on a list of proposals from their preferred village and offices. It can be seen that the sub-district development deliberation process does not have a priority setting of activity that is carried out jointly in the development deliberation forum. The list of sub-district proposed activities to be proposed to the district has been previously printed by the sub-district.

In addition, there is a tendency towards the presence of important stakeholders in development planning such as village development cadres, and traditional leaders. Participation of youth representatives is relatively low as for many other participant categories. This was substantiated by one of the village development deliberation participants who stated that participant attendance in the village development deliberation was solely to fulfill the invitation of the village head and as such, his presence was more as a listener. There is a case where invited community leaders to the village development deliberation could not attend, and were represented by others who has less understanding in development planning. As result the representative did not submit proposals, provide input or identify planning needs. It seems authority is totally awarded to the village head to formulate development planning. It is worth mention that the time to organize village development deliberation is very short, making it difficult to encourage community participation, this limited time becomes an obstacle in absorbing community aspirations.

Performance-based budgeting is a budgeting method for management to associate each funding as outlined in activities with expected outputs and outcomes including efficiency in achieving output results. The output and results are stated in the performance targets for each working unit including how the goal will be achieved in the program, followed by financing at each level of achievement of goals. The main characteristic of performance-based budgeting is the budget preparation taking into account links between funding (input), and expected results (outcomes), so that it can provide information on effectiveness and efficiency of activities. To date, the main characteristics have not been reflected in existing planning and budgeting documents due to:

1. Resource envelope has not been used as the basis in the preparation of the Medium Term National Development Plan and Ministries/institutions Strategic Plan;
2. Programs and activities cannot be used as a tool to measure the effectivity level in achieving national development targets and spending efficiency;

3. Programs and activities cannot be used as a tool to measure the performance accountability of a working unit;
4. At the operational level there are still some fundamental questions regarding the relevance of planning documents and budgets, for example, how to conduct an assessment of: the relevance of the program to the national development goals; linkage of activities with the program; linkage of output indicators to their outputs.

Performance-based budgeting (PBB) implementation was initiated by Australia and New Zealand in the late 1980s, followed by the United States, the Netherlands, Canada, Denmark, Finland, the United Kingdom, France and Sweden in the 1990s. Then between the late 1990s and the beginning of the 2000s it was implemented in Austria, Germany and Switzerland. The methods used in performance budgeting among these countries varies. The United States and several countries develop strategic planning and performance planning that contains performance targets. Other countries such as Canada and the United Kingdom use a performance contract between the minister and the government agency under his authority. To link performance to budget, Australia integrates performance data in its main budget document. France presents information on the performance mapping and linkage of outcome with output as an attachment to the main budget document. While Canada, the United Kingdom and the United States use separate performance documents with budget documents.

Although some of these countries have included non-financial information in their budget documents, in reality only a few i.e., Australia and New Zealand truly carry out performance budgets in the sense of linking expenditure with results, report performance against targets and use performance information for future budget allocation decisions. Some countries i.e., Canada, the United Kingdom, and the United States still face obstacles in integrating performance in budget documents. Changes in performance-based budgets are indeed complex processes because they are linked to fundamental changes in the system, management and human behavior. In addition, performance-based budgets require the support of performance management systems, government accounting systems, and cost calculations.

Conclusion

The results of the study concluded that planning capacity and conflict of interest significantly influence the quality of planning. High conflict of interest will decrease the quality of regional development planning. Existing conflicts of interest in the local government start from the initial process of regional financial management, namely the planning and budgeting process. This study results indicate that each working unit within the local government still has a relatively low number of planners and that there are even working units that operate without certified planners.

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