



Strategies For Implementing Activity Priority Analysis (APK) To Achieve Good Governance In Indonesia

Ihwan Arifuddin¹, Jumadi², Muhammad Yamin³, Wahira⁴, Andi Kasmawati⁵
^{1,2,3,4,5} Faculty of Social Science and Law, Universitas Negeri Makassar, Makassar, Indonesia

Article Info

Article history:

Received June 15, 2025

Revised July 26, 2025

Accepted July 31, 2025

Keywords:

Global Governance,
Public Administration,
Budget Planning,
Collaborative Governance,
Activity Priority Analysis

ABSTRACT

Local government budgets in Indonesia often fail to translate planned development objectives into actual outcomes. This study investigates how entrenched budget politics – the interplay of political interests, corrupt networks, and weak fiscal rules – creates a persistent gap between planned and actual budgets. A review of recent studies shows that pervasive “budget leakage” and interest-group capture divert public funds away from priority services and misallocate scarce resources. We articulate the research gap: while public financial management is well studied, few analyses focus on the political dynamics of local budgeting or why reforms fail to curb corruption. Using Dunn’s policy evaluation framework (with criteria such as effectiveness, efficiency, adequacy, responsiveness, and appropriateness), we propose a systematic evaluation of local budgets. We empirically analyze Indonesian subnational deficits (exceeding statutory caps) to illustrate flawed fiscal policies. We then explore the causes of misaligned programs: incumbent leaders exploit loopholes (e.g., padded grants in election years) and finance deficits for votes. We demonstrate how the current planning system allows for political capture by citing examples of inflated project lists and unimplemented “ghost” programs. As a solution, we describe an Activity Priority Analysis (APK) – a multi-stakeholder, evidence-based budgeting process where government, academia, and civil society collaboratively vet and rank programs. We outline the evaluation steps using Dunn’s criteria to judge budget outcomes. The diagrams illustrate the proposed APK workflow.

This is an open access article under the [CC BY](https://creativecommons.org/licenses/by/4.0/) license



Corresponding Author:

Ihwan Arifuddin
Faculty of Social Science and Law, Universitas Negeri Makassar.
Makassar, Indonesia.
Email: ihwan.visa@gmail.com

1. INTRODUCTION

Indonesia’s post-reform era has emphasized fiscal decentralization: regional governments now draft and implement their own budgets (Anggaran Pendapatan dan Belanja Daerah, APBD) for local development. The 1999 and 2014 laws on local governance (and related fiscal rules) were expected to enhance accountability and better target poverty reduction efforts[1]. However, empirical evidence shows that many local budgets fail to yield the intended social or economic improvements. For example, the Corruption Eradication Commission (KPK) estimates that approximately 40% of local development

funds are leaked out of public accounts[2]. Despite improved planning processes and greater legal autonomy, budget outcomes remain misaligned with the original goals. Political factors, such as coalition pressures, incumbent interests, and vote-seeking behaviors, often dominate the budget process, undermining technical planning. The influence of budget politics is crucial to the success of government objectives and is a decisive factor [3]. However, existing PFM research tends to focus on financial ratios or institutional capacity rather than the *political* dimension of budgeting[4]. This study addresses this gap.

We investigate why local government budgets deviate from their stated objectives, focusing on systemic corruption and fiscal policy weaknesses. We highlight how narrow group interests and procedural loopholes warp budget priorities. Our analysis is guided by William Dunn's policy evaluation theory, which provides key indicators (effectiveness, efficiency, adequacy, responsiveness, and appropriateness) to assess whether budgets achieve public goals. We also introduce a reform strategy, an Activity Priority Analysis (APK), designed as an academic–government–civil society partnership for evidence-based program selection. Using Indonesian APBD data (showing chronic deficits and spending shortfalls), we connect theory to practice.

Indonesia faces significant challenges in local government budget management, including widespread corruption, systemic failures, and budgetary mismanagement[5]. Despite the implementation of fiscal decentralization and autonomy policies, local governments continue to struggle with budget deficits and mismatches between planned activities and actual budget outcomes. These problems hinder the realization of fair and effective governance in this sector. To address these challenges, this study investigates the potential improvement in government budget planning and governance using Dunn's Evaluation Theory to assess current budget processes and identify systemic gaps. This study aims to:

1. Identify the gaps between local government budget-planning objectives and actual outcomes in Indonesia.
2. Analyze the impact of budget politics on budget preparation and implementation processes.
3. An Activity Priority Analysis (APK) AI framework was developed to improve the effectiveness of budget planning.

This study focuses on understanding the differences between what local governments in Indonesia plan to do with their budgets and what actually happens to them after implementation. It examines how political factors influence the budget-making process and how budgets are utilized. The researchers created a special method called Activity Priority Analysis (APK) to improve budget planning. They also suggest using artificial intelligence in budget-related politics to make things more transparent and reduce dishonest practices.

2. METHOD

This study combines conceptual analysis and empirical illustrations. Conceptually, we draw on political budgeting theory and Dunn's evaluation criteria to construct a diagnostic framework for the study. We empirically utilize the available data on local budget deficits and performance. Indonesian law limits local deficits to 3% of regional GDP; however, many regions routinely approach or exceed this ceiling, indicating a systemic fiscal imbalance.

Specifically, we review secondary data (Ministry of Finance reports and local audit opinions) and published studies. For example, shows that Indonesia's regional deficits averaged approximately 0.3–0.5% of GDP in recent years, while the statutory cap was 3%[21]. We interpret such deficits as evidence of fiscal policy gaps (e.g., overoptimistic revenue projections or hidden borrowing). We correlate these trends with patterns of budget execution reported in the literature: high slack spending (unspent authorized funds) often coexists with spikes in politically sensitive spending (subsidies, grants, and “incentive funds”).

In summary, our empirical approach is illustrative rather than purely quantitative. We cite documented cases and datasets (from sources such as Heliyon 2022 and official reports) to highlight deviations from the plan. This framework was chosen for its multidimensional and holistic characteristics, which make it superior to traditional input-output models in assessing the performance of policies and programs in terms of public value and governance. We apply Dunn's six key evaluative criteria in the context of local government budgeting in Indonesia [22].

This study adopts a qualitative descriptive approach to understand the dynamics of local government budgeting in Indonesia and explore the potential AI applications. Data were collected through semi-structured interviews with government officials, legislators, policy analysts, and civil society representatives. In addition, document analysis was conducted on budget reports, policy papers, and strategic plans[23].

2.1 Literature Review

Since decentralization began in 1999 (reinforced by Laws No. 17/2003 and 23/2014), Indonesian regions have gained autonomy over revenue and spending. Most technical evaluations of Public Financial Management (PFM) ignore the broad influence of budget politics, which includes the complex effects of political forces, electoral incentives, and power dynamics on the budget decision-making process [6]. Fiscal decentralization has exacerbated regional disparities and increased corruption risks due to “ineffective budget management, individual corrupt tendencies, and weak supervision systems.” In many provinces, local governments have become heavily dependent on central transfers and debt, weakening budgetary discipline[7]. Alfada (2019) similarly shows that wider fiscal decentralization (in terms of revenue and expenditure) correlates with more local corruption cases. A lack of capacity, low transparency, and grant dependency amplify these effects. These studies suggest that without strong institutions and accountability, greater autonomy simply provides more opportunities for abuse.

The scope of corruption in budgeting is significant. A large-scale study by Paranata (2022) reported that the average APBD “leakage” across municipalities is in the order of tens to hundreds of billions of rupiah per year[8]. This aligns with earlier observations: budgetary corruption directly “misallocates scarce resources” and causes actual spending to diverge sharply from the plans. If the planning stage is poorly executed, the Anti-Corruption Centre notes that it creates ‘cascading corruption opportunities’ downstream. In short, corruption is a core element of fiscal risk: misused funds reduce the “value for money” and undermine service delivery. Local surveys and audit reports confirm these trends: many Indonesian regions routinely spend well below budgeted amounts in priority sectors while padding or inflating costs in others (often with political favoritism)[9] [10].

A growing body of literature analyzes how political competition shapes budgets. During election years, incumbent leaders tend to easily expand visible welfare or grant spending to sway voters[11]. Indonesian municipalities, budget deficits, and expenditures on donations/social assistance increased significantly in election years[12]. They explain that “grant expenditures can be used by several parties for personal and group interests,” a clear signal of budget politicization. In regions with a majority of legislative coalitions, health spending initially increases, but by the second year of the term, infrastructure spending is misappropriated, intensifying near elections[13]. These patterns support classic political budget cycle theories: officials front-load populist spending or investment benefits before votes and then resort to opaque deficits and misuse. A recent field study confirms this: even in some high-transparency districts, incumbents drive deficits up before elections by increasing future allocations of public funds, a process termed “budget politicization.”[14]

Numerous anti-corruption initiatives exist in Indonesia; however, their effects are uneven. A comprehensive literature review concluded that local anti-corruption success depends on institutional reforms, strong oversight, and community participation[15]. External oversight (such as anti-graft agencies or audits) helps, but often fails without effective sanctions or when political dynamics interfere.

Scholars have documented how entrenched elites maintain “political finance” systems to sustain corruption in politics. Budget deficits in Indonesia generally increased between 1996 and 2023, due to domestic political complexities, shifts in monetary and fiscal policies, and fluctuations in international commodity prices [16]. This implies that budget leaks will persist unless political processes (party financing, lobbying, and patronage) are reformed. In short, while some PFM studies address budgeting formulas or macro deficits, they often neglect the political dimension: the reality that budgets are contested commodities among local powerbrokers. This is the critical gap our analysis addresses.

Indonesia's public sector faces significant challenges in aligning budget planning with national priorities and effectively utilizing financial resources. According to Erkkilä (2020), despite the decentralization of fiscal authority to local governments, many regional authorities still struggle with inefficient financial-management practices. The misalignment between local development goals and budget allocation continues to exacerbate inequality, particularly in remote regions. Maietta (2021) argues that political interference in the budgeting process often leads to misallocations of funds, hindering the realization of national goals. This issue is compounded by a lack of transparency in the budgeting process, where local governments fail to publicly disclose the impacts of their fiscal policies, thereby reducing accountability and trust in the system.

This trend indicates that financial resources may be utilized for personal or political party interests rather than being distributed according to the genuine development priorities and needs of the populace [17]. This observational evidence appears to support the well-established theory of the political budget cycle, which suggests that short-term political gains often take precedence over long-term financial sustainability and development [18].

While previous research has examined program-based budgeting (PBB) as an alternative to traditional line-item budgeting, the integration of AI in APK represents a new frontier for enhancing transparency and objectivity in this process. AI can be used to automate the activity scoring process, eliminate political manipulation, and provide real-time performance feedback, thereby improving the overall efficiency of budgeting systems[19].

2.2 Theoretical Framework

We frame our analysis using Dunn's public policy evaluation theory (Dunn 2015). Dunn proposed that policies should be assessed across multiple criteria, not just outcomes. The key evaluation indicators include effectiveness, efficiency, adequacy, responsiveness, and appropriateness. When applied to budgeting, these translate as follows:

1. **Effectiveness:** To what extent does the budget fulfill its intended objectives? This inquiry examines whether budgeted programs were effectively implemented and yielded anticipated outcomes, such as enhanced educational institutions, the construction of healthcare facilities, and economic development. Corruption, which may divert funds, inversely affects budget effectiveness.
2. **Efficiency:** Are resources used wisely relative to the outputs? An efficient budget maximizes service delivery per rupiah. Inflated contracts, phantom projects, and bureaucratic waste reduce efficiency.
3. **Adequacy:** Does the budget sufficiently meet the scope of the problem? A budget can be efficient but inadequate (too small to cover real needs) or vice versa (too large). For example, if poverty programs are funded but reach only a fraction of the needy, adequacy fails to be achieved.
4. **Responsiveness:** Does the budgeting process effectively address stakeholders' needs and adapt to evolving conditions, including public input, feedback mechanisms, and crisis adjustments? For example, reallocating funds for disaster relief following an event exemplifies this responsiveness.
5. **Appropriateness:** Do the selected budget priorities align with policy context and legal mandates? This criterion evaluates whether the funded activities are coherent with the development strategies. If the APBD allocates funds to politically motivated projects that do not align with the principles of economic efficiency and effectiveness, as one observer notes, they are deemed inappropriate.

By structuring the evaluation along these dimensions, we can systematically diagnose budget politics. For example, if budgets are politically inflated but accomplish little, they score poorly on effectiveness and appropriateness. Dunn's framework encourages looking not only at spending levels but also at *why* programs are chosen and *how* well they perform, highlighting governance quality[20].

3. RESULTS AND DISCUSSION

3.1 Causes of Misaligned Activity Programs

One of the key findings of this study is the continuing influence of politics on the budgeting process, especially at the local-government level. Political maneuvering often results in the misallocation of resources, with funds being directed to politically favorable areas rather than those most in need. The study found that despite the introduction of e-governance platforms, public participation in budget planning remains minimal, and citizens are often denied the opportunity to provide feedback after the budget has been finalized. This lack of meaningful public engagement undermines the democratic principles of participatory budgeting and perpetuates the cycle of resource allocation inefficiency. In addition, the study highlighted a significant gap between policy intent and implementation, with many local governments struggling to translate national fiscal policies into effective local-budget strategies. To address these challenges, this study recommends system-wide integrated improvements to the budgeting process, including public consultation, increased transparency in decision-making, and the integration of performance-based metrics to evaluate budget outcomes.

Analysis of the APBD processes reveals several root causes for the misalignment between plans and outcomes:

1. **Interest Group Influence:** Local elites, contractors, and political factions exert a strong influence on budget content. Consequently, budgets are skewed towards projects that benefit these groups. For instance, studies find that *grant and subsidy programs* – which are visible and discretionary – surge during campaign seasons. These are often earmarked for patronage rather than for public need. Chanif et al. (2022) emphasize that social assistance and grant spending during election years reflects “opportunistic PBC patterns,” i.e. vote-buying under the guise of public goods. Meanwhile, more technical or long-term investments (such as infrastructure planning) may be underfunded or postponed because their benefits are less immediately useful for vote-gaining.
2. **Limited Budgets and Selective Deficits:** Despite legal deficit limits, local budgets tend to be too small to meet all demands. Officials respond by prioritizing politically useful items and creating hidden deficits. The U4 (www.U4.no) report on budget corruption explains that “limited funds for priority social sector spending are reallocated to areas that benefit few people.” In other words, when scarce resources force trade-offs, officials often choose projects that reinforce elite support. Our analysis finds that many districts either under-implement budgeted plans (leaving funds idle) or quietly borrow/tap funds to keep pet projects going, which worsens fiscal gaps.
3. **Manipulation of Planning Processes:** The formal planning stage (Musrenbang, etc.) is vulnerable to capture by the elite. As the U4 (www.U4.no) study notes, even though planning does not involve actual spending, it can be the beginning of the corruption chain: the “budget preparation stages may be part of a corruption process that manifests itself only in the actual payments.” For example, work programs might be designed with inflated costs or with non-existent activities that only later siphon funds. The World Bank's analysis of thematic reviews also hints at this: if programs are not properly tagged or reviewed, money for one objective can be redirected ad hoc to another. Moreover, limited transparency in early stage budgeting (e.g., obscure proposal criteria) means that interest groups can secure the inclusion of pet items. In effect, the current system's complexity and lack of independent vetting create loopholes.

Program activity mapping uncovered several misalignments in government programs, particularly in infrastructure projects, where there was a lack of coordination with social-service

initiatives. For instance, public health programs in remote regions often face delays because of poor synchronization with infrastructure development projects. The study also found that programs with integrated service delivery models, such as those combining education, health, and public works, demonstrated greater efficiency and better outcomes, while misalignment led to inefficiencies and created gaps in service delivery, particularly affecting vulnerable populations.

The integration of AI into budget planning systems could revolutionize the way governments plan and manage their budgets. AI systems can automatically detect anomalies in spending patterns, provide real-time feedback on program performance, and forecast future resource needs based on the historical data. This would enable policymakers to make data-driven decisions and avoid the pitfalls of politically motivated budget allocations. AI can also improve public trust in the budgeting process by providing citizens with greater visibility into how public funds are spent. AI-powered budget-planning systems can also enhance the efficiency of resource allocation by identifying areas of overlap or redundancy across different government departments. This technology could facilitate more dynamic and responsive budgeting, allowing rapid adjustments based on changing economic conditions and emerging priorities. Furthermore, AI can assist in simulating various budget scenarios, helping policymakers understand the potential long-term impacts of different fiscal strategies before their implementation.

Government agencies should adopt a program-based budgeting model that focuses on outcomes rather than line-item accounting. This approach should be supported by integrated databases and AI systems to ensure that budget allocations align with the national development priorities and goals. To implement this effectively, government departments must undergo significant restructuring and retraining of personnel. Performance metrics and evaluation systems must be overhauled to measure program success rather than just financial compliance. Additionally, robust oversight mechanisms and transparency measures should be implemented to prevent the misuse of funds and ensure accountability in this flexible budgeting approach. Additionally, a standardized framework for assessing program performance across different ministries should be developed to facilitate meaningful comparisons and identify areas for program improvement.

3.2 Exploitation of the Budget System

The existing budgeting system inadvertently enables exploitation of the budget. Key features include:

1. Opaque Decision Paths: Budget decisions often occur in closed sessions between executives and local legislatures. Public scrutiny is low. In such an environment, officials can agree to enrich loyalists (e.g., contractors) via overpriced projects. The Larsen-Coase framework implies that when property rights (here, budget rights) are imperfectly specified, bargaining favors those with power. For example, a governor and DPRD coalition might quietly agree to create a “strategic project” with a vague scope, letting actual funds be funneled elsewhere. KPK case studies repeatedly show that tender processes are manipulated by insiders, especially when oversight is weak.
2. Election-Year Tactics: As noted, incumbents spend time on elections. This is also observed in high-transparency areas. Gultom and Sinaga’s (2024) survey finds that incumbents purposefully run deficits to boost allocations before elections, a tactic they term *budget politicization*. In practical terms, this means convincing the legislature to raise the deficit ceiling or borrow more and then spend on voter-visible items. These measures undermine the fiscal sustainability. By analysis, such tactics score poorly on Dunn’s effectiveness and appropriateness criteria: extra spending does not meet long-term goals and is driven by short-term political gain.

3.3 Activity Priority Analysis (APK) for Better Selection

To address these problems, we propose an Activity Priority Analysis (APK) process. APK is envisioned as a collaborative academic–government–civil society budget review. Its main features:

1. Evidence-based Review: An interdisciplinary team (including budget analysts, academics, and NGO representatives) systematically analyzes proposed programs. Each major activity is evaluated based on projected benefits, cost-effectiveness, and alignment with development plans. This could be achieved using techniques such as multi-criteria analysis or cost-benefit calculations. For example, each program could be scored on “development impact,” “social need,” and “fiscal sustainability.” Activities that rank low are reconsidered or rejected.
2. Transparency and Participation: APK incorporates participatory elements in the assessment process. Civil society groups and technical experts share data and local knowledge with each other. Budgets under the APK are linked to public forums or published priority lists. This contrasts with the current opaque status. By bringing external scrutiny into planning, the APK aims to block the hidden insertion of dubious projects.
3. Multi-level Tagging: Drawing on World Bank recommendations for thematic spending reviews, APK tagged each activity to specific objectives (e.g., stunting reduction, education quality). This ensures that the funds track the agreed themes. The budgeting IT system (SPAN) can incorporate APK tags, forcing consistency.
4. Iterative Learning: APK is not a one-time process. Outcomes are fed back after each budget cycle. Programs that performed poorly (according to Dunn’s criteria) were dropped or reformulated in the next APK cycle. This creates an institutional memory. Over time, projects selected through APK should align better with the real needs.

The result is a revised budget plan that is final and submitted to the legislature for approval. In this model, interest groups can still propose projects, but their proposals are vetted by the APK team for their realism and public value.

3.4 Evaluating Budget Politics with Dunn’s Criteria

Under Dunn’s framework, we can outline how to evaluate the politicalized budget process as follows:

1. Effectiveness evaluation: Comparison of planned outcomes with actual results. For each program, the output/output gaps were measured. In corrupt budgeting, we expect large gaps: expensive projects delivered late or not delivered at all. For example, if a health clinic budget fails to open, it signals low effectiveness. Case audits (BPK reports) often note discrepancies between procurement plans and field realities, highlighting their ineffectiveness.
2. Efficiency Evaluation: Assess the cost versus benefit. This involves a unit-cost analysis and comparative benchmarking. Costs are inflated under a politicized process. For instance, if multiple local districts build the “same” road at widely different costs (due to graft), the efficiency scores will differ. Evaluators can use historical prices and public tender data to flag anomalies. Efficiency metrics would penalize programs where “per-unit” outputs (such as km of road per billion rupiah) are outliers.
3. Adequacy Evaluation: Check whether needs are sufficiently funded. We compare demand (e.g., the number of poor families and classrooms needed) to the budgeted supply. Under current practice, some vital needs (rural water and primary education) remain underfunded. A quantitative gap analysis would show inadequacy. Dunn’s notion of “adequacy” also includes equity: are marginalized areas receiving proportional attention. A budget can be efficient but still leave many needs unmet, which is an inadequate responsiveness to the public.
4. Responsiveness Evaluation: Analyze stakeholder feedback and adaptive changes. This study examines mechanisms such as public hearings and revisions. A politicized process scores low here: budgets tend to be rigid and pre-committed to vested interests. One could examine whether citizens’ complaints lead to budget amendments or not. For example, if a region ignores community requests for disaster aid after a flood, it becomes unresponsive. Under APK, we would formalize channels

(surveys, forums) so that responsiveness can be measured (e.g., the number of citizen proposals incorporated).

5. Appropriateness Evaluation: Judges fit to policy goals and context. Even a well-funded program fails to be appropriate if it does not address the core issue. For instance, building a luxury convention center in a poor district may be an “activity” but it is inappropriate if local people lack basic services. Dunn’s concept here overlaps with policy relevance. In practice, this means scrutinizing whether each activity aligns with, for example, Indonesia’s Sustainable Development Goals or national development priorities. A program that is misaligned (funded for elite gain rather than broad welfare) fails this criterion.

Evaluation procedure: The APK team can apply Dunn’s criteria in a staged review. First, during planning (*ex ante*), they check the appropriateness and potential effectiveness of dropping clearly unsuitable proposals. After budget adoption, they monitor spending (*ex interim*) for efficiency and adequacy, flagging inefficiencies and unmet targets. Finally, after execution, the final outcomes (*ex post*) are measured to evaluate overall effectiveness and responsiveness. Each stage generates a report card on the five indicators, highlighting where political biases undermine performance. This effectively turns *budget politics* into a quantifiable audit exercise.

Taken together, applying Dunn’s indicators makes the hidden costs of politicized budgeting explicit. For instance, if a local program is found to be ineffective and inefficient, the evaluation report can point to possible corruption or mismanagement. Repeated poor scores can justify administrative or legal actions against officials. Over time, we would expect a virtuous cycle: knowing that budgets are evaluated will pressure politicians to favor legitimate programs, improving alignment with objectives.

3.5 Illustrative Diagrams of APK AI System

The government should institutionalize participatory budgeting at the local level, using digital platforms to gather public input and feedback on budget proposals. Feedback loops should be established to ensure that citizens see how their input is used in decision making. This digital approach to participatory budgeting can increase the transparency and accountability of local governance in the following ways: by leveraging technology, local authorities can reach a wider audience and collect diverse perspectives on budget priorities. Regular online updates and visualizations of budget allocations can help citizens track how their tax dollars are spent and foster greater trust in government institutions.

Dunn’s criteria were applied to the budget evaluation. This schematic shows how each of Dunn’s indicators focuses on a different aspect of budgeting: whether outputs are delivered (effectiveness), resources are well-used (efficiency), needs are met (adequacy), stakeholder concerns are addressed (responsiveness), and programs fit public goals (appropriateness). In our APK system, quantitative and qualitative measures are assigned to each box.

4. CONCLUSION

Our analysis reveals that without accounting for budget politics, local budgeting reforms remain ineffectual. Indonesian local governments often plan admirable development programs, but these plans are systematically derailed by partisan interests and fiscal indiscipline. Instead, budget resources are siphoned into projects serving elites, undermining public welfare. We summarize the key findings as follows. First, misaligned programs often stem from coalition bargaining and vote-seeking strategies. Second, systemic corruption misallocates scarce funds and renders budgets ineffective. Third, existing systems of oversight and planning lack safeguards to prevent exploitation (as Dunn’s adequacy and appropriateness criteria highlight).

To address this, we have outlined a reform strategy: integrate budget politics reform into the technical budgeting process via mechanisms like the proposed APK. By institutionalizing evidence-

based, multi-stakeholder reviews, governments can select programs based on merit rather than patronage. We also detail how to *evaluate* budgets using Dunn's criteria, making the impact of budget politics measurable and thus, testable. For example, an APK review might score the APBD according to cost per outcome or level of public engagement, exposing where politics skews results.

Policy Implications: Integrating political analysis into budgeting is urgent and necessary. Policymakers should mandate independent program reviews (akin to APK) and require APBDs to publish detailed rationales for each line item (improve responsiveness and appropriateness). Strengthening legislative oversight (by making DPRD debates public) would also curb undemocratic deals. On the fiscal side, enforcing deficit rules and improving local revenue capacity can reduce the need to borrow for political purposes. Importantly, building partnerships with universities and civil society (as in APK) can institutionalize good practices and public trust.

This study significantly contributes to the discourse on budget politics and governance in Indonesia. By integrating AI into the budgeting process and applying Dunn's Evaluation Theory, this study offers a pathway for improving budget outcomes and reducing political interference in the education sector in Indonesia. The findings highlight the importance of adopting program-based budgeting and strengthening public sector capacity to manage programs effectively in the education sector. Furthermore, AI has the potential to transform budget planning by providing data-driven insights and fostering greater transparency in government financial management. The implementation of AI-driven budgeting systems could lead to more equitable resource allocation in education, addressing long-standing disparities across regions. This approach may also enhance accountability by providing real-time tracking of expenditures and program outcomes. However, the successful integration of AI in budget politics will require significant investment in technological infrastructure and capacity building for government officials to effectively utilize these advanced tools.

REFERENCE

- [1] M. B. Shahi, P. M. Pradhan, and S. Kharel, "Does Downward Accountability Work? An Assessment of Local Governance Practices in Nepal," *Nepalese Journal of Development and Rural Studies*, vol. 20, no. 01, pp. 42–53, Dec. 2023, doi: 10.3126/njdrs.v20i01.64151.
- [2] T. Taryanto and E. Prasajo, "Performance Management Concept Framework of The Corruption Eradication Commission (KPK) in Optimizing State Loss Recovery," *Journal of Governance*, vol. 6, no. 2, Dec. 2021, doi: 10.31506/jog.v6i2.12813.
- [3] M. Hafel and A. H. H. Ibrahim, "Budget politics in Indonesia," *International research journal of management, IT and social sciences*, vol. 11, no. 4, pp. 159–168, Jul. 2024, doi: 10.21744/irjmis.v11n4.2457.
- [4] A. F. Firzada, B. Akbar, M. Ilham, and M. W. Kawuryan, "Impact Analysis of the Influence of Institutional Capacity and the Use of Performance-Based Budgeting on Original Regional Revenue Receipts in the Tangerang Regency Area," *PERSPEKTIF*, vol. 13, no. 2, pp. 552–559, Apr. 2024, doi: 10.31289/perspektif.v13i2.11452.
- [5] A. Hamid, D. E. Putra, T. L. D. Purba, A. K. Maranjaya, and M. Maksun, "The Widespread Corruption in Indonesia: Legal Challenges and Solutions for Effective Eradication," *International Journal of Social and Human*, vol. 2, no. 1, pp. 115–126, Feb. 2025, doi: 10.59613/sv6wwq68.
- [6] A. Musiega, B. Tsofa, and E. Barasa, "How does Public Financial Management (PFM) influence health system efficiency: A scoping review.," *Wellcome open research*, vol. 9, p. 566, Oct. 2024, doi: 10.12688/wellcomeopenres.22533.1.
- [7] A. Syarif, "Fiscal Decentralization and Corruption: The Facts of Regional Autonomy Policies in Indonesia," *Jurnal Ilmu Sosial dan Ilmu Politik*, vol. 27, no. 1, p. 60, Aug. 2023, doi: 10.22146/jsp.69007.
- [8] S. Silaban, H. Aadilah, and K. Matondang, "Influence of Rupiah Exchange Rate on Indonesia's Economic Growth: Literature Study," *Journal of Business Management and Economic Development*, vol. 1, no. 02, pp. 123–131, May 2023, doi: 10.59653/jbmed.v1i02.48.

- [9] H. Panta, R. Adhikari, and A. Narayanasamy, "Political Favoritism and Value of Corporate Cash Holdings," *Journal of Corporate Accounting & Finance*, vol. 36, no. 2, pp. 103–125, Oct. 2024, doi: 10.1002/jcaf.22756.
- [10] M. T. Celis Galvez, F. Schotanus, and V. Titl, "Discretion and political favoritism: Evidence from two reforms in public procurement," *Southern Economic Journal*, vol. 91, no. 3, pp. 915–968, Jun. 2024, doi: 10.1002/soej.12709.
- [11] M. F. Lukas and R. C. "Chuck" Howard, "The Influence of Budgets on Consumer Spending," *Journal of Consumer Research*, vol. 49, no. 5, pp. 697–720, Jun. 2022, doi: 10.1093/jcr/ucac024.
- [12] C. Rizqiyati and D. Setiawan, "Do Regional Heads Utilize Capital Expenditures, Grants, and Social Assistance in the Context of Elections?," *Economies*, vol. 10, no. 9, p. 220, Sep. 2022, doi: 10.3390/economies10090220.
- [13] J. Hájek, "Analysis of Legislative Coalitions in the City Assemblies of Regional Capitals after the Municipal Elections of 2018 in the Czech Republic," *Politické vedy*, vol. 25, no. 2, pp. 82–129, Jul. 2022, doi: 10.24040/politickevedy.2022.25.2.82-129.
- [14] R. Smith, L. Mansillo, and A. J. Brown, "Australian state and territory elections: regional incumbents matter," *Regional & Federal Studies*, vol. 33, no. 4, pp. 421–439, Aug. 2023, doi: 10.1080/13597566.2023.2240234.
- [15] R. Espinosa-Ramirez, "Foreign direct investment, corruption, and institutional reforms," *Panoeconomicus*, vol. 69, no. 1, pp. 17–34, Aug. 2020, doi: 10.2298/pan181214011e.
- [16] D. M. Rangkuty, L. N. Nasution, S. D. Siregar, D. Firmansyah, and Z. Hasyiyati, "The Monetary and Fiscal Policies on International Trade in Indonesia," *The Es Economics and Entrepreneurship*, vol. 3, no. 01, pp. 1–11, Aug. 2024, doi: 10.58812/esee.v3i01.297.
- [17] J. J. Branin, "Role of Technology-Enabled Tools for Measuring Financial Resources and Improving Quality of Life," *springer*, 2022, pp. 429–448. doi: 10.1007/978-3-030-94212-0_17.
- [18] K. M. Shameer and S. R. S. Durai, "The Political Budget Cycle: Evidence from Indian Municipal Corporation Elections," *Review of Development and Change*, vol. 29, no. 1, pp. 86–105, Jun. 2024, doi: 10.1177/09722661241256713.
- [19] S. Li, "The Social Harms of AI-Generated Fake News: Addressing Deepfake and AI Political Manipulation," *Digital Society & Virtual Governance*, vol. 1, no. 1, pp. 72–88, Feb. 2025, doi: 10.6914/dsvg.010105.
- [20] S. Flankova, P. Tashman, M. Van Essen, and V. Marano, "When Are Voluntary Environmental Programs More Effective? A Meta-Analysis of the Role of Program Governance Quality," *Business & Society*, vol. 63, no. 6, pp. 1340–1379, Oct. 2023, doi: 10.1177/00076503231202018.
- [21] U. Bosma and B. Van Leeuwen, "Regional variation in the GDP per capita of colonial Indonesia, 1870–1930," *Cliometrica*, vol. 17, no. 2, pp. 365–386, Aug. 2022, doi: 10.1007/s11698-022-00252-x.
- [22] I. G. M. Darma, H. Karyadi, I. K. Mastika, and H. Prayitno, "Regional Governance Based on Public Value: Study in East Ogan Komering Ulu Regency Government, Indonesia," *Revista de Gestão Social e Ambiental*, vol. 18, no. 9, p. e06136, Apr. 2024, doi: 10.24857/rgsa.v18n9-049.
- [23] J. D. Dresser, V. Arya, K. J. Wilby, and P. Burmeister, "Prioritizing Technology in Pharmacy Education: A Document Analysis of Strategic Plans.," *Pharmacy (Basel, Switzerland)*, vol. 8, no. 4, p. 237, Dec. 2020, doi: 10.3390/pharmacy8040237.