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## **The Political Impact of Grants on Inter-Regional Relations: A Case Study of Grant Allocation from Bojonegoro to Lamongan, and Its Implications for Regional Cooperation**

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### ***Abstract***

*This study analyzes the political impact of the allocation of grant funds from the Bojonegoro Regency Government to the Lamongan Regency Government, as well as its implications on inter-regional relations and regional cooperation. The main focus of this study is to understand the dynamics of power, political interests, and socio-economic factors that affect the effectiveness of such cooperation. Using qualitative approaches and case study methods, data was collected through in-depth interviews with stakeholders as well as analysis of policy documents, financial statements, and media reports. The theoretical framework used is Resource Interdependence and Rational Choice Theory. The findings of the study show that the allocation of grant funds can strengthen the relationship between the regions, increase the political legitimacy of Bojonegoro, but also cause political jealousy in Lamongan, and increase the dependence of the region. Transparency and accountability in the management of grant funds are important factors in the success of the cooperation. Overall, for grants to deliver optimal benefits, transparent, accountable, and participatory mechanisms are needed, as well as a clear understanding of shared goals. The theory of resource interdependence and rational choice helps explain how political and economic interests influence cooperation decisions between regions.*

**Keywords:** Grants, Inter-Regional Relations, Regional Cooperation, Budget Politics, Resource Interdependence

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## INTRODUCTION

Fiscal decentralization in Indonesia has given local governments broader authority to manage finances independently, including setting development priorities according to regional needs. However, although this policy is designed to encourage fiscal independence, resource inequality between regions is still a fundamental problem. Many regions with limited fiscal capacity remain dependent on the transfer of funds from outside their regions. One of the significant transfer instruments is inter-regional grants, which normatively function to support development, reduce regional disparities, and encourage economic growth.

Despite having a positive purpose, the practice of allocating grant funds in the field is often inseparable from political interests. In many cases, grants are used as a means to strengthen political influence, improve the image of regional heads, or build strategic alliances with recipient regions. Recipient regions are often in a dilemmatic position, namely receiving aid with certain political consequences or looking for alternative funding sources that are more independent. This condition raises critical questions related to transparency, accountability, and the true development orientation of the inter-regional grant policy.

One of the interesting cases to study is the allocation of grant funds from the Bojonegoro Regency Government to the Lamongan Regency Government. These two regions have significant differences in terms of natural resources, economic structure, and local political dynamics. The distribution of these grants has given rise to various interpretations among the public and political elites, influenced the pattern of relations between regions, and triggered debates regarding the effectiveness of regional cooperation that is expected to be established.

Previous research has shown that there is a significant influence of political factors on grant policy. Prabowo (2016) found that the implementation of regional head elections, incumbent status, and fiscal characteristics affect the allocation of grants in city/district governments in Indonesia. Meanwhile, Susanti (2014), through Foucault's perspective, highlights the use of the power of regional heads in Lamongan to regulate the distribution of grants to community

organizations in the period 2011–2013. These findings enrich the understanding of the relationship between political power and grant management. However, studies that specifically address the political impact of inter-regional grant allocations—especially in the context of regional relations and the sustainability of regional cooperation—are still rare.

Based on the research gaps, this study aims to describe the mechanism of allocation of grant funds from the Bojonegoro Regency Government to the Lamongan Regency Government, analyze the political factors that influence the process, examine its political impact on the relationship between the two regions, and assess its implications for the effectiveness and sustainability of regional cooperation. The results of the research are expected to make a theoretical contribution to the study of local politics and regional finance, as well as provide practical recommendations for local and central governments in managing grant funds in a transparent, accountable, and sustainable development-oriented manner.

## **METHODS**

This study uses a qualitative approach with a case study method that focuses on the political dynamics of grant allocation between regions, especially between Bojonegoro Regency as a grantor and Lamongan Regency as a grantee. This approach was chosen to delve deeply into the context, interactions, and political implications of grant policies in building or potentially generating regional cooperation tensions. The type of research used is qualitative descriptive with the aim of producing systematic, factual, and accurate descriptions of interaction patterns, political strategies, and forms of post-grant cooperation, as well as identifying the factors that influence these dynamics. The determination of the location of the research was carried out purposively by considering the relevance of the phenomenon and its political significance. Primary data was obtained through in-depth interviews with local government officials, members of the DPRD, community or religious leaders, and representatives of civil society organizations involved in or affected by grant policies, while secondary data was collected from official government documents, media archives, scientific publications, and statistical data from relevant agencies. Data collection techniques include semi-structured interviews, direct observation at related activities or forums, and documentation search to strengthen field findings. Data analysis uses Miles and Huberman's interactive model which includes the process of data collection, data

reduction, data presentation, and conclusion drawn. The validity of the data is guaranteed through triangulation of sources, techniques, and researchers, accompanied by member checks to informants, and the implementation of trail audits to ensure transparency and traceability of all stages of research. With the design of this methodology, the research is expected to be able to produce valid, in-depth, and relevant findings in understanding the political impact of inter-regional grant allocation and its implications on regional cooperation relations.

## **RESULTS AND DISCUSSION**

The allocation of grants of Rp29.8 billion from the Bojonegoro Regency Government to the Lamongan Regency Government was carried out through a formal procedure involving a series of administrative and legislative stages. The process began with the submission of a grant proposal by the Bojonegoro executive, which was then discussed in the 2023 Regional Revenue and Expenditure Budget Changes (P-APBD) forum. This forum brought together the Budget Agency (Banggar) of the Bojonegoro DPRD as a legislative representative with the Regional Government Budget Team (TAPD) as an executive representative. The discussion focused on the suitability of the grant use plan with regional development priorities, efficiency principles, and transparency in public budget management. The results of the agreement are then outlined in the revision of the APBD which is the legal basis for the distribution of grants. This process had sparked debate, especially from the National Mandate Party (PAN) faction which questioned the urgency and transparency of the use of funds. After going through clarification and negotiations, the grant was approved with the aim of supporting infrastructure development cooperation, especially improving road access to the Pejok Reservoir on the Bojonegoro-Lamongan border. The Lamongan Regency Government allocated IDR 16.75 billion for the repair of the Sukorame-Slaji road section, while the rest is intended for the improvement of the Sukorame-Sembung section, all of which are integrated into the Regional Medium-Term Development Plan (RPJMD) of each district.

Political factors play a significant role in this allocation process. At the internal level in Bojonegoro, the Village Heads Association (AKD) rejected the grant policy before the local government met the demand for an increase in the Village Fund Allocation (ADD) of Rp38 billion, indicating a difference in priorities between village actors and the district government. A similar rejection came from the PAN faction of the Bojonegoro DPRD who considered development outside the region irrelevant considering that there are still many urgent local infrastructure needs,

such as repairing village roads, improving health facilities, and strengthening educational facilities. From the perspective of institutional relations, the approval of the grant occurred through an intense negotiation process between TAPD and Banggar DPRD, showing that budget decisions were not only administrative issues, but also the result of political compromises. In addition, electoral political factors also affect policy dynamics, considering that the determination of grants was carried out towards the end of the term of office of Regent Anna Muawanah, which gave rise to allegations of a strategic agenda to build a political image and strengthen inter-regional networks ahead of the elections and the change of government.

The political impact of this policy is quite complex. In Lamongan, some people consider that there are certain "sacrifices" to obtain grant benefits, although the Lamongan Regent emphasized that this cooperation is mutually beneficial. In Bojonegoro, the grant policy has sparked public dissatisfaction because it is seen as overriding more urgent local needs, such as the repair of irrigation networks and the construction of health facilities. This tension prompted the Lamongan Regency Government to make an official clarification through a letter of objection and the right to reply to news that was considered inappropriate. The two local governments then agreed on a joint commitment to ensure a proportionate distribution of grant benefits, accompanied by strengthening cross-district technical coordination as an anticipatory step against potential future conflicts.

In policy, this grant has two sides. From a strategic point of view, the Bojonegoro Regency Government views it as an instrument to strengthen connectivity between regions and encourage agricultural productivity through road infrastructure and access to the Pejok Reservoir. However, public resistance suggests that the perception of benefits has not been fully evenly distributed. The success of this cooperation will depend heavily on the transparency of fund management, the accuracy of achieving targets, and tangible evidence of economic improvement in both regions. If this project succeeds in encouraging the flow of goods, community mobility, and the growth of the productive sector, then this cooperation model has the potential to be replicated in other regions. On the other hand, failure to realize real benefits risks lowering the level of public trust in local governments and worsening political relations between regions.

## **CONCLUSION**

The allocation of grants of Rp29.8 billion from the Bojonegoro Regency Government to Lamongan Regency reflects the complex dynamics of regional cooperation. This policy faces political and social challenges, especially in terms of transparency, budget priorities, and its impact on each region. The rejection from the Bojonegoro DPRD and community groups shows dissatisfaction with policies that are considered less in favor of the urgent needs of Bojonegoro residents.

Nonetheless, the Bojonegoro government argues that the grant aims to improve infrastructure and connectivity between the two regions, which in the long run is expected to provide economic and social benefits to the community. However, the effectiveness of this policy is highly dependent on transparent and accountable management of funds.

The sustainability of the relationship between Bojonegoro and Lamongan will be determined by the tangible results of this grant allocation. If the financed infrastructure projects can have a positive impact on both regions, then this cooperation can continue to be strengthened. Conversely, if grants are not managed properly or the benefits are not felt equally, this can create greater tensions and reduce public trust in local governments. Therefore, effective monitoring, evaluation, and communication mechanisms are indispensable to ensure that grants truly provide optimal benefits to both parties.

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