

2012 International Conference of Decentralization (ICODEC)

How Far Decentralization Goes

November 21, 2012

Graha Wyata Praja – Rectorate Building 2nd Floor
VIP Room – Rectorate Building 1st Floor
Institut Pemerintahan Dalam Negeri (IPDN) Jatinangor

Host Organization:
Institut Pemerintahan Dalam Negeri Jatinangor

The International Conference of Decentralization (ICODEC) How Far Decentralization Goes

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OPENING STATEMENT BY MINISTER OF
HOME AFFAIRS AT THE OPENING CEREMONY OF
INTERNATIONAL CONFERENCE ON DECENTRALIZATION
JATINANGOR, NOVEMBER 21st, 2012

Assalamu'alaikum Wr. Wb.
May Peace Be Upon Us All

Honorable Secretary General and all of Eselon One within the Ministry of Home Affairs;
Distinguished Rector of IPDN and civitas academica IPDN;
Distinguished Conference Speakers and participants;
Ladies and Gentlement,

Let us praise the Almighty God, Allah SWT, for blessing us so that we can meet at the opening ceremony of "*International Conference on Decentralization*".

As the Minister of Home Affairs that has main responsibility in fostering and supervising local government administration, I would like to thank to the Rector of IPDN that has initiated this outstanding conference with the theme of "How Far Decentralization Goes". I also would like to take this opportunity to convey my heartfelt thanks to all conference speakers and attendees from all countries for attending this Conference. I wish to bid you a very warm welcome to Indonesia.

Distinguished speakers, participants, ladies and gentlement;

The Founding Fathers who formulated the 1945 Constitution had agreed that Indonesia is a unitary state with a decentralized system. In the original script of the 1945 Constitution before the amendment, the averment of Indonesia as a unitary state is written in article 1 clause (1) stated that "The state of Indonesia shall be a unitary state in the form of Republic", while the emphasis of a decentralized system is set out in article 18, which stated that "The division of territory of Indonesia into large and small regions shall be prescribed by law in consideration of and with due regard to the principles of deliberation in the government system and the hereditary rights of special territories". Although the original text of Article 18 UUD 1945 was amended in 2000, yet the substance of its provision still manage the spirit of decentralization within the Indonesian government system.

The concensus among the Founding Fathers in determining Indonesia as a unitary state with decentralized system was based on three main considerations. ***First:*** Geographically, Indonesia is a vast country, that affects to government span of control that needs local government support to maintain the effectiveness of national government. ***Second:*** Socioculturaly, Indonesian society is heterogeneous, thus to govern and to manage local interests should have been done by the local government. ***Third:*** Politically, Indonesian independence is the result of the effort and sacrifice of all

nations' leader from different ethnic groups across Indonesia. Consequently, we need to accommodate the uniqueness of the local government history based on cultural values.

In order to implement a decentralized system set out in the 1945 Constitution, the central government has established Local Government Law which has been adjusted to the dynamic of Indonesian constitutional process throughout its implementation. With this regard, Indonesia has had seven laws concerning local government, namely: Law Number 1 of 1945; Law Number 2 of 1948; Law Number 1 of 1957; Law Number 18 of 1965; Law Number 5 of 1974; Law Number 22 of 1999; and currently is Law Number 32 of 2004 on Local Governance. It is clear that the policies of local government set out in these laws are always flexible, with shifts pendulum between centralization and decentralization policies.

Regarding on this matter, the policy of decentralization in Indonesia can be classified into three major phases. **Firstly**, at the beginning of the independence until 1974, Indonesia adopted a centralized system with the aim to strengthen the territorial sovereignty of the Unitary Republic of Indonesia, since it was still common in some areas of political upheaval that was about to secede from the Republic of Indonesia; **Secondly**, from 1975 to the beginning of reforms era in 1999, Indonesia set off policy options that incorporate policies of centralization and decentralization in order to accelerate the implementation of development process to improve people's welfare. In its implementation, a combination of centralization and decentralization policies are constantly continuum and are not dichotomous; **Thirdly**, since 2000 up to the date, Indonesia prefers decentralization policy, with the aim of developing local democracy and strengthen the role of local government in improving welfare of the society.

Distinguished speakers, participants, ladies and gentlemen;

Some observers have noted that Indonesia's decentralization policy which began in 2000 was a so called "big-bang decentralization", as during the New Order era centralized policies was practiced widely in whole area that leaving less space for the development of democratic process in the government as well as for the society. Therefore, decentralization policies implemented to date have two main objectives, namely democracy and welfare purposes.

Democracy is aimed to promote the establishment of a democratic government, through the implementation of Government's role as an instrument of political education at the local level, which in aggregate will contribute to the educational efforts of national politics. Meanwhile, the purpose of welfare is directed to expedite the realization of the people's welfare through the implementation of the Government's role in providing public services more effective and more efficient in accordance to the dynamics of community needs.

Through the decentralization of authority, each of the autonomous regions has the authority to govern and to manage matters concerned by the local government within its authority. The exercise of governmental function of the local government authority is a concurrent function since each government functions is carried out jointly between the Central and Local Government. This means that local government authority is a part of governmental function. Nevertheless, there are six government functions that are not decentralized to the local government, i.e. foreign affairs; defense; security; judicial;

monetary and national fiscal; and religion. The main rationale is that all of the six government functions above are at national scale, and thus distortions would occur if it handled by the local government. Therefore, only the central government has the exclusive authority to govern and to manage the six government functions.

Meanwhile, each of the autonomous regions obtains sources of revenue transferred from the Central Government through fiscal decentralization policy e.g. the General Allocation Fund (DAU), the Special Allocation Fund (DAK) and the Revenue Sharing Fund (DBH). In addition, local governments are also authorized to explore the sources of local revenue, such as local taxes, levies, wealth management area, and other legitimate source of revenue. It is intended to finance the regional administration in order to improve people's welfare.

Currently, the decentralization policy that is being implemented prioritizing governance synergies between the Central and Local Government. This relation places the Local Government as a subordinated and at the same time act as a partner to the central government. In this type of governmental relation, the central government remains to provide guidance and oversight of local government administration, so as to reduce the governance distortion nationally.

On the other hand, the democratic process in local government administration is widely practiced, particularly through the Direct Local Election (election for Governor and Mayor), as well as the implementation of public debate in the policy making process. We are all aware that in some areas still have distortions of democracy, because there is insufficient understanding of some people about the nature of democracy in the governance process. However, we have a firm belief that through the development of a political culture based on Pancasila ideology, political education efforts at various institutions of political infrastructure, and capacity building cadres of political parties in political activities, Indonesia is heading phase of democratic maturity.

In the midst of the political dynamics of democracy, Indonesia continues to implement various development programs to improve people's welfare. In managing these development programs, it is essential to constantly reinforced synergies between sectoral development that is managed by the central government and regional development which is managed by the local government. In order to improve the management of development synergies, Governor as the Central Government Representative in the region, acting as intermediary party between the Central and the Local Government. The results are quite encouraging, with the fact that Indonesia is able to significantly increase economic growth and reduce the number of poor people.

Distinguished speakers, participants, ladies and gentlemen;

The current review process of the implementation of Law Number 32 of 2004 on Local Governance convinced us the importance of a more suitable autonomy design in order to strengthen democracy and improve the peoples' welfare. Although in general, regional autonomy has proven to be able to encourage the emergence of regional innovation, but on the other hand it also generates new problems during the implementation of local autonomy.

Therefore, in order to shape up the decentralization and regional autonomy policy, we are now conducting an overall effort to review the various provisions in the Law

Number 32 of 2004 on Local Governance. In this regard, in the revision draft it has been included the main points of strategic thinking as follows:

First: Decentralization policy that was agreed upon is decentralization within the Unitary State, specifically only decentralization in the field of executive authority. It means that the President as the Head of Government has the authority to provide guidance and oversight on the local government administration. In addition, in accordance with the principles of the Unitary State, the establishment, abolition, and amalgamation of region are the Central Government authority.

Second: Decentralization is applied at all level of government, although it is more oriented to the district/city. In this case, the principle of subsidiarity becomes a major consideration in dividing government functions, although it remains to consider aspects of efficiency in the implementation of regional autonomy.

Third: Indonesia adopts both decentralized territorial and functional decentralization although territorial decentralization is more dominant than the functional decentralization. The emergence of a variety of strategic issues related to border areas, conservation, and leading economic region has become to be a basic consideration in determining the functional decentralization. For example: the establishment of territorial decentralization policy through the development of special economic zones, which forms central government institutions at region to perform certain special functions.

Fourth: Law of Local Governance should direct and guide the establishment of sectoral laws, so that it can be a reference for implementers. As a result, distortion in the Law implementation can be avoided or reduced.

Fifth: Decentralization policy shall provide greater political space for society to get involved in local political process, both in the policy making process as well as in controlling government administration.

Sixth: Regional realignment policies of the autonomous region shall be more comprehensive, which includes the establishment, abolition, and amalgamation of region. For the New Autonomous Region that has been given supervision within a certain time, however if it turns out that the evaluation results shows that the autonomous region is not able to organize regional autonomy, thus it can be abolished or be merged with its main region.

Seventh: Strengthening the Governor role as Central Government representative in the region in order to improve the synergy of national governance. In this case, the Governor beside his position as the Head of the Province which organizing autonomy duties, is also responsible for carrying out the deconcentration tasks assigned by the central government.

In accordance with the realignment of decentralization and regional autonomy policy, we are also rearranging the Local Election and the Village Governance. In this regard, the Government with Parliament is intensively discussing the Bill on Local Governance, Local Election, as well as Village Governance. The entire effort is aimed to improving democracy and local governance performance.

With that in mind, by asking the blessing of God Almighty, Allah SWT, and by saying 'bismillahirrahmanirrahim' I declare the "*International Conference on Decentralization*" is officially open.

Thank you for your attention.

Wabillahi taufiq walhidayah.
Wassalamualaikum Wr. Wb.

MINISTRY OF HOME AFFAIRS,

GAMAWAN FAUZ

PUBLIC PARTICIPATION IN LOCAL GOVERNMENT: A CASE STUDY OF SELECTED LOCAL GOVERNMENTS IN MALAYSIA

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ABSTRACT

Developing countries striving for democracy are inevitably confronted with a fundamental question: how to encourage constructive public participation in government decisions, particularly at the local level. Governments often require such information in order to ensure that resources are employed where they are most wanted and needed, services are delivered equitably, and funds collected are properly accounted for. Often with the help from developed nations, many countries including Malaysia and Indonesia have designed programs that seek active public participation. However, implementations of these programs often meet with a variety of problems including a lack of local, experienced non-governmental organizations (NGOs), poor or nonexistent systems for public participation, and resistance of local government administrators and elected officials to opening up decision-making processes to public scrutiny. Despite such problems, can developing countries learn from successful models of local public participation? For example, the experience of public participation in the U.S. and UK is complex and dynamic and, therefore cannot be easily adapted without some modifications. At the same time, the vast literature on this subject produce a smorgasbord of solutions, from which programs can be designed to suit with the local needs. However, at the local level, public participation is often affected by changes in federal and state policies and programs. As a result, this paper examines the ways in which the selected local governments in Malaysia deal with public participation. The researchers hope that the findings will shed more information on how local governments deal with increasing call for public participation particularly as the country is heading towards a highly developed nation by the year 2020.

Keywords: public participation, local government

1. Introduction

Local government in Malaysia situates at the lowest level after federal and state governments. Under the Malaysian federal constitution (paragraphs 4 and 5 of the Ninth Schedule), local government is under the jurisdiction of the states, yet the federal government also exercises considerable power and influence over local government. The history of Malaysia since independence has shown that power tends to flow from the federal government to the state governments whenever the crises appear. In recent years, however, the balance of power between the federal government and the state

governments has shifted considerably particularly as four of the states are under the control of the opposition parties. As a result, there is a constant power struggle between these two governments particularly in regards to appointments of local council presidents and federal allocation for development. In terms of financial, local government accounts for only 1% of GDP. There are 144 local authorities divided into cities (big cities), municipalities (other urban areas), and districts (rural areas). Executive powers reside with the Mayor (cities) or President, supported by a system of committees. Right after the independence, local councils in Malaysia were politically elected. However, due to several factors including political instability and cost escalation, local councilors are now appointed by the state government for 3-year terms (with the option of re-appointment). Most of the time, these councilors are appointed based on political patronage rather than on qualifications.

The Malaysian federal constitution, which came in effect in 1957, outlines the framework of the relationship between federal and state government. It was conceived to strike a balance between the need for a strong central government at the federal level, the rights and powers of the states, and the expectations of Sarawak and Sabah that have special constitutional status and exercise more independent control over local government than the peninsular states. However, the division of powers between levels of governments reveals a tendency towards the central government. While each state is recognized as an independent tier of government exercising legislative and executive powers within constitutional limits, federal laws take precedence over the states if there is a conflict or inconsistency. This is consistent with the finding by Morrison (1994) that "in practice the states have little real autonomy. Although some federal functions have been decentralized, most decision-making remains at national level."

2. Legislation of Local Governments

Local councils, which have not been elected after 1963, including the councilors and the presidents or mayors, are appointed by the state governments. This ruling falls under the jurisdiction of the Minister of Housing and Local Government, under the 1976 Local Government Act. Elections had been suspended following racial disturbances during the 1966 local elections. The abolition of elections for local councilors has resulted in Malaysians losing their right to decide on whom or which political party should represent them in the local councils (Lee, 2005). However, the Malaysian constitution also provides for each state to govern its own arrangements by ordinance (Taylor et al., 2008).

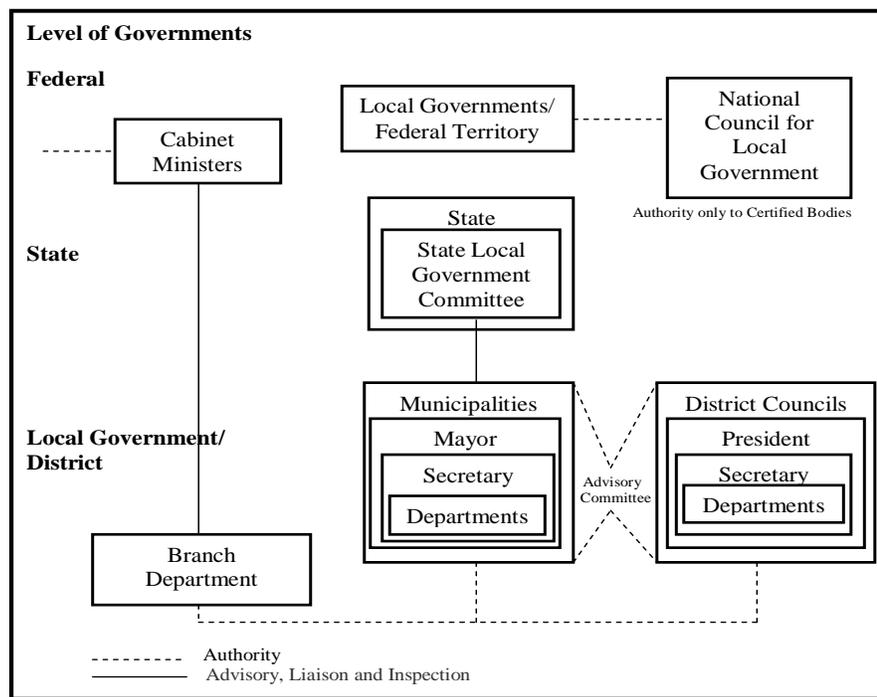
The two main divisions of local government are rural district councils and urban centers. There are two types of urban council: city councils and municipalities. All types of local government perform the same functions. Municipalities can be upgraded to cities once they satisfy the required criteria. The distinction between councils is based on the difference between more progressive and financially stronger urban areas and the weaker rural and less urbanized areas (Beaglehole, 1974). City councils are led by mayors, while municipalities and districts are led by presidents. The state governments, elected every five years, appoint mayors, presidents and all councilors. The appointments are for three-year terms, but individuals may be re-appointed. This is uniform across the country. The council decision-making process is through a committee structure determined by the local authority, including the committees provided for in legislation.

Executive powers lie with the mayor in the city councils, and presidents in the municipal and district councils. They are appointed by their state governments, either a part-time or a full-time basis. The state government also sets remuneration. The respective state governments establish executive committees, which are chaired by the mayor or president. Councils can establish other general or specific committees at their discretion.

3. Intergovernmental Relation in Malaysia

The content of power and regulation as stated in the Federal Constitution 1975 can be seen in the flow of authority between federal, states and local government as shown in Figure 1. This relationship shows that the federal government has the authority over branches of the councils. At the top, the federal government has full authority to determine policies and local government laws to avoid any conflict with central government as well as to give advise, provide technical support and maintain administrative reform. In certain cases, the federal government cooperates with the state government to produce policies or new administration for the local government (Hussain, 2002).

Figure 1: Malaysian Local Government System



(Source: Hussain, 2002)

In Malaysia, the local government is the third level of government after state and federal government, called as Pihak Berkuasa Tempatan (PBT) (Hussain, 2002; Norris, 1980; Nooi, 1997; Nooi, 2008). As stated in the Federal Constitution in 1957, the local governments are under the jurisdiction of the state government and the federal government. Under this Constitution, local government is one of the matters reserved for the state government, and Clause 76 (4) of the Constitution highlighted that the federal government has the authority to make laws to achieve equality in policy and law (Ineh,

1975). This means that any policies and aims decided by the federal government and the state should be accepted and implemented by all the local governments, except for the Federal territory subject to the minister in charge of the affairs of the Ministry of Housing and Local Government (Hussain, 2002).

In the early days after the establishment of local government, there was a problematic relationship between state and local governments and that sometimes intervention by the federal government was needed, particularly in relation to financial and political matters (Norris, 1980; Nooi, 1997). On many occasions, local governments were funded by the federal government rather than the state governments, which seldom offer assistance to their LGs, although the states have responsibilities towards LGs.

In the 1970s, extensive reforms took place when the Minister for Housing and Local Government implemented laws for LG policy in Peninsular Malaysia under the LG Act 1976. In addition, the National Council for Local Government (NCLG), established in 1960, is responsible to monitor the uniformity of LG laws and policies in Peninsular Malaysia. Under section 95 A, the NCLG has an obligation to formulate policies to promote, develop, and control LGs through federation and for the administration of any laws relating thereto (Hussain, 2002; Nooi, 2008). This means that the federal government directly monitored and controlled the development of LGs.

In fact, in operations, state and local governments work in a situation in which the federal government intervenes in politics, financial and economic matters. In this regard, the LG system leads to LGs frequently being unable to meet the challenges of change and deliver what is required. As a result, LGs cannot deliver services that fully meet the demands and needs of the communities. This situation gives the public a negative impression in their assessment of LGs' performance. However, both, LGs and community are keen to provide more effective and efficient service delivery and encourage public participation. In 1976, a Royal Commission of Enquiry to Investigate the Workings of Local Authorities in West Malaysia proposed the redistribution of responsibilities between governments and encouraged public participation, but LGs still remain controlled by the centre with limited revenues and a minor role (Nooi, 2008).

In reality, the concept of decentralization has not been put into practice in daily work and some studies suggest a new approach whereby, in order to provide better services to the public, traditional functions should be altered and privatization of LGs introduced (Nooi & See, 2006; Singaravelloo, 2001). These approaches enable the reduction of local autonomy and strengthen an apparent trend towards re-centralization in the federal-local government relationship (Nooi, 2008). Global influence and community awareness need changes in local government management, which has to reappraise its role and contribute to local affairs. Therefore, from time to time, governments have introduced different reforms to increase LGs' performance in alignment with federal government public reforms.

However, the traditional functions of LGs are mainly considered to be 'housekeeping' and to depend on their capability and ability. Specifically, the main functions are classified into five sections: Environment; Public Health and Cleansing; Enforcement and Licensing; Public Amenities; and Social Services and Development (Abdullah, 1992; Nooi, 1997; Zahari, 1991). The implementation of these functions depends on the financial capacity and man-power availability to each council; therefore,

the provision of services to the community varies between LGs. However, the current function and practice of LGs goes beyond only providing physical development; it must consider the federal government's vision to produce knowledge workers (Adam 2010; Government of Malaysia, 2008), which is likely to be achieved through knowledge-sharing practices. For example, in the SRS introduced in 2008, LGs not only obey the traditional functions that carry 50% of their evaluation, but also have 30% focused on management (refer to table 2.2), providing the link with the focus of this study which is to investigate the aspect of management in the LGs, specifically in terms of sharing managerial tacit knowledge.

Historically, the local government administration system in Malaysia has some resemblance to British local government system, as Malaysia is a former British colony (Abdullah, 1992; Hussain, 2002; Norris, 1980; Nooi, 1997; Nooi, 2008; Zahari, 1991). However, there is a slight difference in local government administration between these two countries. Malaysian local government operates within a federal system while Britain implements a unitary system (Hussain, 2002; Norris, 1980). In Malaysia, local government depends on the State government before going to the Federal government. If discussion with the state government remains unsolved, then local government can refer to the Federal government. Conversely, in Britain, local government deals directly with the National government. The British system consists of unitary states, governed by a constitutional monarch, and many sub-central governments – the Scottish Parliament, the Welsh and Northern Ireland Assemblies and several hundred local authorities are necessarily subordinate. Britain is fundamentally a federal state where associations of largely self-governing regions are united by a central or federal government (Wilson & Game, 2006).

Further, local governments in England, Wales, Scotland and Northern Ireland differ administratively from one another, but they play an important role for the local people and the nation at large. Local Councils are among the largest employers in England and Wales. Among other key areas, these local authorities offer job opportunities in education and social services. Local Government in England and Wales consists of district (County), district (Borough) and colonies (Parish). LGs in the two regions are organized in two different ways. In Wales and some parts of England, one layer of an "all purpose council" is responsible for all services and functions of local authorities, while in other places there is a system of two layers (a two-tier system) in which responsibility is divided between providing district councils and districts (counties). However, in Malaysia, councils are given a wide range of powers to make them not only service providers but also development-oriented, which exist at the discretion of the state government and can be transferred to Chief Minister of the state (Cheema & Hussein, 1978).

Thus, local communities depend on the national and state governments rather than on local governments where local communities always looked to higher level of governments for the solutions for their problems. This led to a situation in which, in a conflict between a local government and a state government, the local people are likely to support the state government. For example, in the 1960s, when election for local governments was abolished by various state governments, there was no visible discontent or protest. Another constraint on the development of local government in Malaysia is the lack of skilled man-power where the local government is unable to hire

professional people on its own initiative, but must go through the federal government (Cheema & Hussein, 1978). In summary, the power and scope of local government in Malaysia are limited by state and federal government decisions, while the local government in the UK has its own power and autonomy in terms of the wider economic, social and environment of local residents. In addition, Malaysia also practices a governance system where the mayor/president and councillors of the local government are appointed by the State government, which is different from most developed Western countries, which have a democratically-elected local government system (Tooley et al., 2010).

In the western countries such as the UK, local government members of the Council are elected by the local population every four-year. They are responsible for making decisions on behalf of local residents in connection with matters of local services such as land use, transportation, waste and recreational facilities. Council members are also involved in the approval of the local authority budget and policy. In addition, they are involved in the appointment of chiefs and officers in decision making on the constitution. Local councils are often investigated very carefully and thoroughly to ensure their effectiveness and efficiency in providing services. One way in which this is done is through the Audit Commission Comprehensive Performance Assessment (CPA) (Game, 2006).

The abolition of elections for local councilors has resulted in Malaysians losing their right to decide whom or which political party should represent them in the local councils. To people who hold dearly the concept of 'government of the people, for the people and by the people' the demise of elected local government is unacceptable. However, the gist of most complaints against appointed councilors is not the lack of democracy, but rather the lack of accountability in appointed councilors. To most of the complainants, it is this lack of accountability that is the main factor for the weak performance of local authorities. Although the state governments appoint councilors, the appointment process is largely a formality. Almost all the councilors are, in fact, appointed from candidates nominated by political parties that form the state government. The few that are not 'political appointees' are largely government officers, such as District Officers or Directors of state Departments. They are appointed based on their position and not on their personalities (Lee, 2005).

The constraints facing Malaysian LGs would probably have an effect on the development of LGs, as any programs run by LGs, including knowledge management programs, are subjected to approval by federal or state governments. At the same time, local residents do not have the option to vote for the specific leaders who represent their needs, as LGs are tied to federal and state. Therefore, as the focus of this study is on management aspects in the Malaysian LGs context, the drafted theoretical framework needs to consider any current reform undertaken by LGs. Since this study was carried out in 2008 and a new rating for LGs' performance was also introduced in 2008 by the federal government; this study has also developed the objective of examining the implementation of knowledge-sharing practices in local government with different levels of performance, in the evaluation of the star rating system.

Local government in Malaysia was established in the 1850s with the establishment of two municipalities, namely George Town and Malacca, under the Municipal Ordinance of the

Straits Settlements 133/19131874 (Norris, 1980). After 1874, local government administration was under the Municipal Ordinance of the Straits Settlements until the Election Ordinance of local government was approved. This Ordinance was established in 1950 to enable local governments to operate independently and autonomously. As a result of this ordinance, for the first time members of municipal councils were voted in through elections (Beaglehole, 1974). These elections offered the councils some measure of autonomy and enabled about changes in the members of council through voting, unlike previously, when councils depended largely on Federal government decisions.

In 1954, the Ordinance (Amendment) Town Councils approved the updating of councils' financial status to that of fully self-governing powers. In 1956, the George Town municipality was upgraded to a Municipal Council, with Mayor appointed from among council members. However, 1963 was the last election for local governments in Malaysia to date. The local government elections that were supposed to be held in 1965 and 1966 were suspended. The main reasons were that the country was undergoing the emergency of confrontation with Indonesia following the formation of Malaysia. During this period of suspension beginning in 1965, some local governments were taken over by the state government (Lee, 2005).

Issues in local government such as administrative, financial, and racial problems resulted in the establishment of the Nahappan Commission in 1965. The Commission's report suggested that the election system suspended in the mid-1960s should be brought back. In addition, the report suggested that the chief administrative and executive officers in local government must function as district secretary, while the district secretary can act as executive and chief administrative officer.

This Commission indicated that their aims were to reduce workloads and delays in making decisions, but not to create any changes (Hussain, 2002). However, the continuation of the election process in local authorities involved a great deal of expenditure, which was not affordable for a small country like Malaysia and there were not enough staff to conduct the elections. Thus, the Local Government Act 1976 was formulated giving the full authority to State Government to restructure local government into two types of local government - Municipal Councils and District Councils. The distinction between these councils was based on the differences between more progressive and financially stronger urban areas and the weaker rural and less urbanised areas (Beaglehole, 1974). Hence, the Local Government Act 1973 and the Local Government Act 1976 changed the local government system, giving it greater administrative powers, financial autonomy, and responsibility for social activities than ever before. However, all policies and laws of Municipal Councils and District Councils must be consistent with State requirements and the Ministry of Local Government acts as advisor to the State government.

4. Consequences for Public Participation

Because local government in Malaysia operates within a centralized political system, it presents a major issue to encourage public participation at the local level. While the federal government exhorts application of the principles of good governance such as transparency, accountability and participation, local government's subordinate position within the government hierarchy curtails its ability to encourage participation from the local

community. Local government faces constant criticisms over delays, poor attitude, and weak enforcement. When the Malaysian Administrative Modernization and Management Planning Unit (MAMPU) conducted a survey on public service delivery system, it received nearly 700 emails of criticisms and suggestions from the public (The Sun, 2007). In addition to that, the Complaints Bureau of the Prime Minister's Department often receives complaints regarding weaknesses in government administration including slow and ill-mannered public counter services (New Straits Times, August and September, 2000). In response to such problems, the Ninth Malaysia Plan 2006-2010 highlighted the urgency of improving the local government delivery system. The Government continuously strives to improve the quality of public services because it is a fundamental prerequisite toward achieving the Vision 2020. Towards this end, the Government will continue to engage the community particularly at the local levels (Malaysia, 2006). This is in line with the aspirations and leadership paradigms of the current premiere that seeks for citizen participation as a way to democratize all government agencies from all levels. Once this is successful, then government will be able to bridge the perception gap between the demands of the community and what local authorities are currently delivering.

5. Case Studies of Public Participation in Six Local Governments in Malaysia

Local authorities continue to push forward the agenda for public participation. This practice is in line with the Local Agenda (LA) 21 in which Malaysia is one of more than 178 countries that is a signatory to the Earth Summit Conference in Rio. The agreement calls for local authority to involve directly in the promotion of sustainable development through participation from local citizens, NGOs, and private sector. As a result, where applicable, The Five Year Malaysia Plan incorporates the LA 21 in its development programs at the federal, state, and local levels. Because of that, local authorities have taken necessary steps to ensure that a philosophy of balanced development as envisaged in Agenda 21 is not neglected. Towards this, a series of programs at the local level have been introduced to educate the public on the importance of citizen involvement in the decision making process of local governments. However, there are some concerns regarding time and resources that impede the ability of local authorities to engage citizens in their programs.

For example, it is quite revealing from the questionnaires survey distributed to six local governments in Malaysia that traditional approach to public participation is well entrenched among the surveyed local governments. In fact, complaints and suggestion schemes are almost universally in practice by the local governments. The findings also indicate that there are various initiatives undertaken by the authority to engage the public. The questionnaires provide a list of eighteen different approaches to seek citizen participation—from traditional methods such as public meetings and consultation documents to the more innovative approaches like visioning exercises and interactive websites. Survey respondents from among the community members were asked to reflect on a series of questions relating to each form of public participation.

As indicated by Table 1, among the approaches to participation, complaints/suggestion schemes, service satisfaction surveys, and community work remain the most popular ways of expressing public views towards the local government. However, there are also indications that people also utilize other methods such as interactive websites (82 responses), community plans (70 responses) and question and

answer (Q&A) session to get in touch with the local government. These findings are positive because it shows an increasing trend among the general public to get involved in local government decision-making. Table 1 also reveals that a pattern of participation tends to be influenced by the setting of local government. For example, a more urban outlook of Alor Setar City Council displays a greater tendency for its citizens to be actively involved in matters related to their interests as opposed to rural setting in which local governments such as Langkawi Municipalities and Baling District Council that indicate a lesser degree of public participation. Perhaps, it is timely that the federal government pays attention to this nuance so that more concrete actions can be stepped up to educate the public particularly in the rural areas on the importance of citizen involvement in order to realize the goal of sustainable development.

Table 1: Comparative Analysis of Public Participation

Participation Initiatives	Community View											
	Alor Setar City Council		Pendang District Council		Baling District Council		Langkawi Municipaliti		Pulau Pinang Municipaliti		Kangar Municipaliti	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Complaints/ Suggestion Schemes	40	80	39	78	10	100	5	100	10	26	12	100
Service Satisfaction Surveys	36	72	18	36	9	90	4	80	3	7.9	8	77
Other Opinion Polls	36	72	11	22	6	60	3	60	0	0	4	33
Interactive Website	38	76	23	46	9	90	5	100	1	2.6	6	50
Referendums	38	76	6	12	4	40	5	100	0	0	3	15
Community Plans/need Analysis	37	74	15	30	5	50	5	100	3	7.9	5	41
Citizens' Panels	38	76	10	20	4	40	3	70	8	21	4	33
Co-option/ Committee Work	38	76	14	28	1	10	5	100	20	52	12	100
Question and Answer Sessions	38	76	16	32	2	20	5	100	1	2.6	8	77
Consultation Documents	32	64	7	14	2	20	2	40	0	0	3	15
Public Meetings	37	74	17	34	2	20	4	80	1	2.6	7	58
Citizen's juries	37	74	7	14	0	0	0	0	0	0	3	15
Focus Groups	37	74	3	6	0	0	1	20	0	0	3	15
Visioning Exercises	37	74	0	0	0	0	0	0	1	2.6	3	15
Service User Forums	37	74	7	14	1	10	0	0	0	0	4	33
Issue Forums	38	76	6	12	0	0	0	0	0	0	4	33
Shared Interest Forums	37	74	10	20	0	0	2	40	0	0	4	33
Area/Neighbourhood Forums	39	78	12	24	0	0	2	40	1	2.6	7	58
Total Respondents	50		50		10		5		38		12	

Conclusion

While much depends upon local government, it is undeniable that central agencies too are responsible for supplementing and complementing programs to improve public participation at the local governments. In particular, the public service has to re-examine its work procedures and try to reduce burdensome paper works. "Public organizations are identified as rigid bureaucratic cultures which are shaped by their own internal interests, and are therefore not responsive to the needs or preferences of those who receive public services: ordinary citizens." (Minogue, 1998) Clearly, reducing complex bureaucratic procedures is one of the main objectives of the New Public Management philosophy to which Malaysia is committed. Fortunately, various government reports have exhibited an improved performance of many government agencies (see unpublished reports of Ministry of Finance, 2006; Ministry of Housing and Local Government and Economic Planning Unit, 2006; Ninth Malaysia Plan, 2006). Similarly, there was also a report on how local authorities can improve their functions and services by following a prescribed international standard (National Institute of Public Administration, 2004). This was followed closely by a report of the Ministry of Housing and Local Government and the Economic Planning Unit on necessary local government reforms (Ministry of Housing and Local Government, 2006). Previous empirical studies have revealed that current lack of public participation is not solely the result of a weak administrative system, but is also attributed to the absence of a transparent method for public participation and consultation. With the support by the Ministry of Housing and Local Government on a national program for implementation of Local Agenda 21 (LA 21), the need to expand community participation and involvement in the work of local government seems pressing. However, the initial enthusiasm for this program was not sustained and not all local authorities embraced LA21 promoting public participation (Ministry of Housing and Local Government, 2002). Nevertheless, LA 21 did generate a number of promising initiatives (Kaur, 2005; Noor Hazilah, 2003), whilst various non-governmental organizations and voluntary groups have renewed calls for better community participation and transparency.

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**The Beauty and The Ugly of Decentralization:
Indonesia Experience**

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A. Introduction

Decentralization is a term that so familiar in global government process. Generally this term is understood as a condition that is similar with democracy as well as efficiency in managing local affairs. Even, decentralization has raised so many expectations for its proponent that its application can result in prosperity and equity among the people. Yet, decentralization is not everything. It could drive the emergence of the difficulty or hazards in locality.

B. Theoretical Perspectives

Theoretically, decentralization means the transfer of power from national government to the sub-national governments. Such transfer has two purposes, namely increasing efficiency of national administration and actualizing the local representation as well. Smith (1985, 9) calls the first purpose as deconcentration and devolution for the second one. The base line of decentralization is bringing government closer to the people. Having been closer to the people, government is expected to be more accountable and more responsive in coping with the locality. Besides, it is also expected that government can provide public services that is efficient in its process and is suitable in its substances. Briefly, decentralization will ensure the development of democratic and participative government. Subsequently, decentralization will be focused on the capacity and opportunity of locality in fulfilling its aspiration regarding its own initiatives and actions.

In daily life, the term of decentralization generally means the appropriate way to better the goal attainment. Decentralization to some degree reflects the process of work division and specialization. With this nature, decentralization is expected to enhance and enrich the national government capacity to provide, among other things, better public service to the people.

Maina & Kibua (2005, 2) quoting Cheema, Rondinelli and Mills et al. generally argue that a decentralized system can lead to improve:

- Allocative efficiency, by allowing the mix of services and expenditures to be decided and shaped by the local users choices. Allocative efficiency is therefore achieved when health resources are devoted to the most needed services;
- Quality, accountability and transparency, due to community participation in the oversight and decision-making processes;
- Technical efficiency, through cost-consciousness at the periphery levels; and
- Equity, through distribution of resources targeting the marginalized and neglected regions.

Just like a coin, decentralization both has a beautiful side and an ugly side as well. At the beautiful side, decentralization means everything that is benefited for the people. At the other side, decentralization could mean the sources of many social conflict and inefficient government. Some article titling like “the danger of decentralization,” “the paradox of decentralization,” and “The Rise and Fall of Decentralization” are the illustration of the gloomy side of decentralization.¹

¹ Prud’homme R. 1995. “The Dangers of Decentralization.” *World Bank Research Observer*, 10(2): 201–220. Wilder, Margaret & Patricia Romero Lankao. 2006. “Paradoxes of Decentralization: Water Reform and Social Implications in Mexico.” *World Development* Vol. 34, No. 11, pp. 1977–1995, 2006. De Vries, Michel S. 2000. “The rise and fall

Indonesia Experience

Geographically, Indonesia is the largest archipelago in the world. Covering a land area of almost two millions square kilometers, Indonesia is also the largest country in Southeast Asia. Moreover, with their sea area that is three times their land area, Indonesians, according to Dalton (1991, 1) are "one of the few peoples in the world who include water within the boundaries of their territory, calling their country 'our land and water'." Demographically, Indonesia is also one of the countries having the largest population in the world. Along with their various ethnic, beliefs, and local languages, such population makes Indonesia as the one of most pluralistic countries as well. In short, just like Hill (1996, 214) says: "No country arguably is as diverse as Indonesia in its ecology, demography, economy and culture. Certainly no other country resembles Indonesia in its unique geography as the world's largest archipelagic state."

The awareness of such ecology and background leads the founding fathers of this country to decide two basic values, among others, in Indonesia's constitution. First, Indonesia is a unitary state. It implies that this country only have one constitution, that is national constitution. This also means that the power of policy making lies in central government. Second, Indonesia applies decentralization in managing government process for attaining the national purposes. This constitutional mandate creates sub-national governments, that in turn, results in the dynamic relations between central and local governments.

At least there are four interesting issues in the implementation of decentralization in Indonesia so far dealing with functional assignment, local finance, new local government, and the election of local leaders respectively.

1. Finding the method of functional assignment

Since its independence day, Indonesia has tried several ways in assigning functions to local government along with the change in its law on local government. During the law No. 1 of 1945 Indonesia applied the measure of general competence, while during the law No. 22 of 1948, it applied the measure of *ultra vires*. The rest of the laws tend to apply the measure of real competence. Such changes is not only indicated the method of functional assignment, but also the policy on the levels of sub-national government and their position as well. In term of levels of sub-national government, Indonesia has experienced three patterns, namely, one level, two levels, and three levels. Yet, since the amendment of constitution in 1999, Indonesia has two sub-national governments, namely province and regency/municipality. In term of position, Indonesia has also experienced the changes in relation between province and regency/municipality. At the most part of its regulation on local government, Indonesia had determined the hierarchical relation between province and regency/municipality. However, since the law No. 22 of 1999, such a relation disappeared. There is horizontal relation between the two, and in this case, province plays a role of wider local government. With that change, Indonesia has still experienced many problems

of decentralization: A comparative analysis of arguments and practices in European countries." *European Journal of Political Research* 38: 193–224, 2000.

with functional assignment. For example, Ferrazi (2008) has identified 15 issues dealing with functional assignment as follows:

- a. Overall architecture: modes, roles, and structure
- b. Legal framework/mechanisms for ongoing adjustments
- c. Role of the governor and province
- d. Finance's fit with functions
- e. Criteria used in functional assignment
- f. Concurrent functions
- g. Formulation of functions
- h. Obligatory functions/minimum service standards
- i. Discretionary functions/right of initiative
- j. Kecamatan level functions
- k. Village level functions
- l. Organizational expression of functional assignment
- m. Functional assignment in special regions
- n. Territorial divisions' impact on functional assignment
- o. Process of functional assignment.

The illustration of such problems clearly mentions the challenges of decentralization in Indonesia.

2. Problem in financing local government

Until present day, the fiscal capacity of average local governments is low. They have only a little amount of local-own-revenues. Most of the local expenditures are financed from the central government transfer. Legally, along with the functional assignment, there is a norm of "money follows function." Yet, such kind of fiscal decentralization is not applied consistently. Although almost of government functions have been shared with local governments, there is about 70% of state revenue is still hold in central level. This results in the inadequate provision of local public services. Decentralization has given local government with broader authority but with limited financial sources.

3. The establishment of new local government

Another big issue in decentralization in Indonesia is dealing with the establishment of new local government. For the most part of Indonesian local government history, the amount of local government relatively changed slightly. For about 60 years since its independence, Indonesia has consisted of 33 provinces, 398 regencies, and 99 cities. That amount has increased quickly since 2005 along with the enactment of the law No. 32 of 2004. For only 5 years after that law enactment, there are 205 new local governments. In 2010 Indonesian government decided to apply moratorium policy with the reason to redesign the method and requirement of establishment of new local government. Yet, without the statement of abandoning such policy, Indonesia has also approved the establishment of five new local governments at the end of 2012 consisting of one province and four regencies. This situation at least has shown the "silent fight" between the proponent and opponent of moratorium policy.

For the proponent of establishing of new local government, the beauty of such establishment is the opportunity of locality to participate in managing their own affairs.

But for its opponent, such establishment tends, among other things, to strengthen primordialism and to result in inefficient government management as well.

4. The direct election of Kepala Daerah

Since experiencing the reformation order in 1999, Indonesia tends to enhance democracy at the local level in a more serious way. Among other things, Indonesia has decided to change the rule on the recruitment of Kepala Daerah (mayor or regent). From its independence in 1945 up to 1999, Kepala daerah is appointed by central government. From 1999 up to 2004, Kepala Daerah was selected by the DPRD (local council) and since 2005 Kepala Daerah is elected directly by the people. The beauty of this direct election is people can choose the candidate they want. Yet, the ugly side of that election is the fact of the practice of money politics and social conflict, among others. This drives the government to reconsider the implementation of direct election.

As a big picture of Indonesia experience in implementing decentralization so far I will quote the comment written down in Kompas, one of a famous newspapers in Indonesia in edition of 20 November 2012. At its corner comment, Kompas said that “pemekaran daerah tak berkorelasi dengan kesejahteraan rakyat. Yang langsung, muncul “raja-raja kecil” di daerah!” (the establishment of new local governments does not correlate with the people welfare. What directly happen is the emergence of “little kings” at the localities).

C. Lesson drawing

Decentralization consists of various values and meaning; from instrumental extends to the philosophical one. As an instrument, decentralization serves as a method in doing governance based on the principle of subsidiarity. In this case, people choose decentralization because it is suitable to their needs. For this reason, decentralization is treated as an ideal type in governance having two concerns, namely: decentralization plays role-model of participation, and decentralization develops condition for bettering people life. The basic need for such concerns is to what extent that the democratic system and institution is really inculcated and implemented in all levels of governance.

On the other side, decentralization is human value and civilization. Decentralization requires sharing, trust, and respect. Among other thing, sharing is to embed in the decentralization with two objectives namely to endorse the pairing of individual and social values and to encourage the willingness to consent. Along with sharing is trust that can be understood as expressing the conclusion of the nature of appropriate social interaction as well as designating the need for recognizing the presence of others in individual matter. More over, respect deals with accepting the existence of various different frames and functioning as the appropriate answer for coping with pluralism. Another lesson drawn from the Indonesia experience is the fact that decentralization is a part of human understanding toward togetherness and system of mankind individually and socially. Consequently, decentralization is expected to be adaptive in terms of coping with various values and environments and encouraging awareness for consolidation. Fulfilling such values is the beauty of decentralization. If the contrary exists, decentralization will emerge in the form of ugly appearance.

D. Epilog

Theoretically decentralization encourages people to dream about bettering life in a more participative and adaptive way. In fact, decentralization could only fulfill that dream

as long as it progresses in appropriate ground. Hence, the main issue of decentralization is how to provide such a ground. One of the answers to this question is dealing with the capacity and willingness to fulfill constitutional mandate of providing people with the feasible job. In so doing, decentralization for the most part is designed to support poverty eradication by reducing unemployment. In a nutshell, the successful implementation of decentralization requires the effective development of local economy. In so doing, decentralization should be understood as human value and civilization, a part of human understanding toward togetherness and system, as well as an ideal type of governance that is adaptive in nature.

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GOOD GOVERNANCE : THE "STORYBOOK CHILDREN"

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"The true bureaucrat is a man of really remarkable talents. He writes a kind of English that is unknown elsewhere in the world, and he has an almost infinite capacity for forming complicated and unworkable rules". Henry Mencken; 1930

Introduction

Good governance is an important issue over the last two decades. Good governance has become the new paradigm replacing the old one in public administration developed by Max Weber. Such conventional model of public administration of “all about government “ had been left and replaced by the new one that involves the cooperation of three elements, that is : government, civil society and business sector.

What is “good governance”?

Good governance, according to World Bank’s definition, entails sound public sector management (e.g. efficiency, effectiveness and economization), accountability, exchange and free flow of information (e.g. transparency), and a legal framework for development (e.g. justice, respect for human rights and liberty), (World Bank, 1993). A more succinct definition of good governance is offered by Hirst (2000) who propounds that it “means creating an effective political framework conducive to private economic action : stable regimes, the rule of law and efficient state administration adapted to the roles that government can actually perform and a strong civil society independent of the state”.

In this regards good governance agenda places special emphasis on anti-corruption measures. In Malaysia, for example, some of the corruption practices involved the civil servants. In 1998 for example, among 300 cases reported by the Anti-Corruption Agency (ACA) 186 cases, or 64 percent, involved civil servants ²⁾. However, Malaysia is considered “ better of “ than other Asian countries if bribing is the indicator of the corrupt practices among bureaucrat personnel. Table 1 below summarized the situation in the Asia-Pacific Countries. The exclusive focus on corruption in public offices and institutions might fails to chronicle the large scale corruption practices carried out by private individuals and corporations. The involvement of western banks and transnational corporations in many corrupt deals in the poor and developing world is well documented. The extent of corrupt practice involving transnational corporation is so huge that during period of 1994-2001, the US government received reports of 400 International contracts worth US.\$200 billion that involved bribery (Kavaljit Singh, 2005).

At the different side, it seems that transnational corporations have take over the roles of government in allocating and distributing primary goods and services. In collaboration with state officials , the 1998 Southeast Asian crisis witnessed the roles of entrepreneurs who look advantage of the currency depreciation and state subsidy for local currency stabilization by exchanging government funded monetary adjustment loans into foreign currencies and whisking them abroad for private gains.

Decentralization and local self-government constitute another important component of current governance agenda where reforms have been introduced in order to reduce poverty and achieve higher economic growth. Another dimension of good governance pertains to fostering popular participation. Hence, many goals are sets to make government close to public. In other popular words it is called “ public-private partnership “. However the society as well as the international donor agencies also has

²⁾).**New Strait Times**, 4 June 1999; daily newspaper in Malaysia

*) This paper based on a secondary data analysis research project funded by API – The Nippon Foundation (TNF) which is mainly depend on published materials and deep interviewed with key persons, mostly from the government, in the respected countries studied.

different views on good governance. The summary of different perceptions on the good governance's target is summarized in Table 2.

Table 1. Respondent who paid a bribe to obtain services in Selected Asia Pacific Countries, 2007

Ranking	Country/Territory	Percentage of respondents who paid a bribe
7	Japan	1%
8	Korea South	1%
18	Hong Kong	3%
23	Malaysia	6%
33	India	25%
40	Indonesia	31%
41	Philippines	32%
46	Pakistan	44%
49	Cambodia	72%
57	Singapore	*
58	Thailand	*

Note : *). Due to problems with data, result for Singapore and Thailand could not be used.

Source : Transparency International Global Corruption Barometer 2007. Percentage are weighted and calculated for respondents who came in contact with services.

The explanation within the Table 2 does not suggest differences among three actors in the implementation of the “ good governance “ agenda. It shows in the degree of importance of the so many goals and objectives underlying the practice of good governance, which is sometimes considered as the “ second generation reforms “ to facilitate the development of market economy ³). The reform can facilitate or hinder the creation of new space for government, civil society and donor agencies in implementing the good governance agenda.

Table 2. The importance of “ good governance “ practices as seen from different views.

Government/Formal Institution Perceptions	Community/Civil Society Hopes	International Organization/Financial Institution Demands
1. Combating Corruption	1. Better quality of life	1. Downsizing bureaucracy
2. Transparency	2. Equitable distribution of wealth, income and natural resources	2. Privatization of the state-owned companies (SOE)
3. Accountability	3. Full employment	3. Deregulations

³).The “ Second Generation Reforms “ refers to re-designing the state and institutions, while the “ First Generation Reforms “ mostly concerns with economic reforms to cope with globalization process. All of these reforms are in accordance with the “ Washington Consensus “. The term “Washington Consensus” was first coined by the US economist, John Williamson to refer to policy package pushed by the powerful Washington-based institution, namely, the World Bank, the US Treasury and neoliberal think-tanks. Initially aimed at Latin American countries in the 1980's, “Washington Consensus” was subsequently extended to the rest of the developing world. The important components of the Washington Consensus were fiscal discipline, trade liberalization, tax reforms, liberalization of foreign investment regime, privatization, deregulation, financial liberalization, and capital account liberalization, market based exchange rates, labor reform and protection of property rights.

4. Participation in decision making process	4. Better access to housing, health and education	4. Decentralization and encouraging local self-governance
5. Rule of Law	5. Restraining privileges of elite in politics as well as in wealth	5. Respecting human and property rights

Source : Author's own perception based on the research's findings from selected ASEAN's Countries in the period of 2007 – 2008.

Examples of a “good governance”

As for the administrative reform or “governance reform” previously noted, administrative reform was directed towards the “trust deficit”. The “trust deficit” can be reduced only by creating a government that is efficient and also just. In the United States, this paradigm has stimulated rethinking about what government is and how it should function. Among the products were two theories of government administration which surfaced under two great presidents. One is the “minimal state” role, a form administrative strategy used by the Reagan Administration, whereas the other involved “reinventing government” during the Clinton Administration.

The minimal state theory is similar to school of thought that have roots in the work of Frederick A. Hayek and Milton Friedman and draw intellectual sustenance from the work of William A. Niskanen, Gordon Tullock, Nobel Laureate James M. Buchanan, and other members from the school of public choice⁴). During the Reagan's Administration, minimalism was implemented through various means that sought diminished expectations of government; budgetary restraints and centralized decision making; a leaner and more responsive political establishment; and a focus on a few objectives of overriding natural importance (Carrol. et.al 1985, p.807).

Reinventing government, on the other hand, takes the inspiration from the experience of practitioners such as David Osborne, a journalist, and a former city manager⁵), Ted Gaebler (1992). Ideas posted by Osborne and Gaebler had the enthusiastic endorsement of President Clinton when in 1993 has requested Vice President Al Gore Jr to review the performance of the federal government of the United States of America. The purpose of the review, as the title of the report that was submitted in the same year indicates, was to create a government that is result oriented, works better and cost less (Gore, 1993). The report notes that only 20 percent of the American people trust the federal government to act rightly most of the time. To reduce this “trust deficit” then becomes an important objective of the administration at that time.

In spite of the strategic differences among the two reform movements, there is a common theme : the urge to de-bureaucratize government administration. Several innovative public programs that have broken free of the constraint of bureaucratic procedures were introduced. In order to understand the de-bureaucratizing agenda in

⁴) William A. Niskanen, “Bureaucracy and Representative Government”, Chicago: Aldine Atherton, 1971; Gordon Tullock, “The Politics of Bureaucracy” Washington: Public Affairs Press, 1965; and James M. Buchanan and Gordon Tullock, “The Calculus of Consent : Logical Foundation of Constitutional Democracy” The University of Michigan Press, 1962.

⁵) David Osborner and Ted Gaebler, “Reinventing Government : How the Entrepreneurial Spirit is Transforming the Public Sector” Addison-Wesley, 1992.

these two reform movements, comparison of them with regards to four dimensions of public administration namely : purpose; personnel, organization, and management procedures, is summarized in Table 3 below. These dimensions address the question of why, who, what, and how public administration ought to be conducted⁶⁾

Table 3. Characteristic of the Bureaucratic Paradigm in Two Reform Approaches

No	Characteristic	Bureaucratic Paradigm	Minimal State (Reagan Administration)	Reinventing Government (Clinton Administration)
1.	Purpose of Government	Execution of the will of the state	Provision of public goods and services	Meet citizen expectations
2.	Nature of public servants	Neutrally competent	Rational, self-interested, budget maximizes setting	Entrepreneurs
3.	Management approach	Close supervision; Standard Operating Procedures (SOP)	Cost-minimizing; Consumer-oriented management	Facilitative management; total quality management (TQM)

Source : Compiled and modified from many resources by the author.

This summary is accomplished, of course, at the risk of over simplifications. Nevertheless, it provides a sense of the potential for and content of debureaucratization agenda. The debureaucratization movement as an administrative reform is more than political act. It is an act of cultural change, reflecting and challenging basic social values. As James Q. Wilson (1989), has commented. "The way in which a bureaucracy operates cannot be explained simple by knowing its tasks and the economic and political incentives that it confronts. Culture makes a difference"⁷⁾

Cultural Influences

Culture is the reflection of the economy and politics. The dominant and newly emerging forces in the economy and politics also embedded in culture. However, culture is neither simply the ideological reflection of current forces nor the contradistinctions in the economy and politics. It is also the accumulation of notions, customs, habits in current circumstances as long as there are transmitters and they are part of the social and psychological make up of people within local sites.

The bureaucracy has a structure that breeds its own administrative culture. Incoming political leadership often reacts to the bureaucracy. Its inherits by instituting personnel purges or reorganizing or both, either to cleanse the old system and reorient it to the needs of the new dispensation, or to reshape the administrative culture and values in facilitating targeted policy and program objectives. Consequently, a new political order carries its own political culture to the regime-bureaucracy relation. As the bureaucracy accommodates and eventually trusts the new regime, an administrative culture supportive of the political leadership ensues.

The biggest hurdle to administrative reforms, however, appears to be the role of politicians in controlling the bureaucracy. Political leaders in a party-run polity are unlikely

⁶⁾ This a modification of the approach used by Hood and Jackson in their study of administrative doctrines. See: Christopher Hood and Michael Jackson, "Administrative Argument" Brookfield, vi :Dartmouth, 1991, p.17 & 179.

⁷⁾ James Q. Wilson, "Bureaucracy : What Government Agencies Do and Why They Do" Basic Book, 1989, pp.203.

to appreciate the importance of political neutral civil service. They also may not be adequately restrained from pursuing extraneous goals in and through the bureaucracy. Indulgence by dominant-party politicians has also resulted in wide spread political interference in administrative decision and the politicization of bureaucracy decision making.⁸⁾

Another factor which contributed to the success of the administrative reform is the role of leaders. The implementation of change in public services require highly persistent and visionary leaders. Therefore, there has to be quality leadership that will provide guidance and inspiration for the whole community, especially in the bureaucracy as the government's machine. Leadership is thus a necessary but insufficient condition for institutionalizing public sector reforms. Leadership is the key element in reforming the office and, in a larger sense, in achieving and engaging and performance driven civil service within a challenging and globalizing world.⁹⁾

Good governance occurs not only when politicians are honest and accountable, but also when civil servants are efficient and productive. The quality of governance is largely dependent on the quality of people who run it. A government maintained by responsible and highly competent individuals who are motivated by a strong desire and improve the lives of others, can assure a government that truly works for the people. Most illness in government are said to be substantiated by the lack of this basic quality in service. Sadly, the reputation of public officials speaks for itself in almost all of the developing countries.

Final Remarks

Corruption and other bureaucratic practices lead to the conclusion that the problem lies in the weakness in building government mechanisms and institutions. This notion is promoted by the World Bank, which in 1989 explicitly identified as "a crisis of governance" behind the "litany of Africa's development problem¹⁰⁾". Since then, the policies and interventions to promote "good governance" have become a central preoccupation in the international donor community. The concept of "good governance", therefore, has some if not all the following effective dimensions, namely: public accountability and transparency, the rule of law, anti-corruption measures, decentralization and local government reform, democratic performance, judicial reform, social safety nets, a regulatory but lean state apparatus for efficient private markets, civil society participation in development, and overall respect for human rights.

In practice, however, international donors have focused on governance largely through a much more restricted lens of "good governance". This restricted lens is the

⁸⁾ This kind of politicization in bureaucracy was branded as "bureaucracy polity" in Thailand (**See:** Fred Riggs, "Thailand : The Modernization of a bureaucracy polity", Honolulu, East West Press, 1996). And "Dominated Bureaucracy" in the Philippines (**See:** Ledivina V. Carino, "A Dominated Bureaucracy": An Analysis of the Formulation of and Reaction to State Policies in the Philippine Civil Services" Occasional Paper No. 89-4, National College of Public Administration, University of Philippines, 1989),

⁹⁾ The Malaysian Prime Minister's Dr. Mahathir Mohammad had a vision 2020 and establishing a "Malaysian Incorporated", while Prime Minister Thaksin Shinawatra of Thailand introduced the "CEO Manager" style for Thai Civil Service. Since the birth of the Philippine Republic in 1946, civil service reform has been undertaken during the administration of President Roxas, President Quirino, President Magsaysay, President Marcos and President Aquino. In Indonesia the late President Soeharto had reformed the civil service system in 1974. Since then no major changes in public service system occurred in Indonesia.

¹⁰⁾ **See:** World Bank (1989), "Sub-Sahara Africa From Crisis to Sustainable Growth", Oxford: Oxford University Press, U-K, 1989, p.60.

technical and non-corrupt management of government resources through effective implementation of macroeconomic and anti-poverty sector policies sought by the donors¹¹). This nature of “good governance” often undermines local traditions and blind to contradictory interests of the elites and donors. Donors mostly take an “Alice in Wonderland” approach to governance, therefore the term means whatever a donor wants it to mean¹²).

In the final analysis, therefore, the heart of the “good governance” debate lies in the issue of responsibility and leadership. The responsibility for creating the problems, the responsibility for solving them and the capacity and willingness of the leaders to fix the problems. Looking back in 1997 at the record of post-independence Africa, the Uganda political scientist Yash Tandon (1996, p.28) asked: “Who has made such mess of Africa?” The people said ; “Leaders who are self serving and power hungry”. “Lazy people, ”say the leaders,” People who just wait for the government to give them jobs and to feed them.” “Bad governments,” say the World Bank (WB) and transnational (TNCs), “Government that have not followed correct fiscal, monetary, pricing and trade policies, and government that are not accountable to their population”.

“The markets,” says the left intellectuals (African and non-African), “The invisible forces of which work in favor of those who own capital and who exercise state power”. “Out of these four possible explanations, “Tandon continues, “In the battlefield of competing ideas, the playing fields are not in the same level”¹³).

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¹¹) Paper prepared for the Realign of Aid International Advisor Council by Kavaljit Singh (2003) from Republic Interest Research Group (India) : “Aid and Good Governance : Discussion Paper for Reality of Aid”, January 2003, access available at : \\www.realityoraid.org

¹²) Lewis Carroll’s children novel : “Alice in the Wonderful” has the following exchange : “When I use a world” Humpty Dumpty said in rather a scornful tone : It means just what I choose it to mean. Neither more or less,” The question is ,”said Alice,” Whether you can make words mean different thing”. “The questions. ”said Humpty Dumpty. “which is to be master...That’s all”.

¹³) **See:** Yash Tandon (1996) “Reclaiming Africa’s Agenda” in Yash Tandon (ed), “African Conception of Democracy and Good Governance. International South Group Network: Harare, Uganda. 1996.p.28.

HARMONIOUSLY PERVERSE INCENTIVES OF INDONESIA'S DECENTRALIZATION

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ABSTRACT

More than a decade has passed since Indonesia started implementing its decentralization policy. Despite praises from the international community for the comprehensive scope of Indonesia's decentralization, tangible outcomes remain elusive. This paper presents an approach to explain this puzzle by drawing on Weingast's notion of "market-preserving federalism". I argue that Indonesia falls short of attaining a market-preserving feature in its decentralization process by consciously choosing *not* to adopt a principle of hard budget constraint. Given this incentive structure, the use of game theory explains why regional governments tend to shirk from their responsibilities and why the central government tends to be lenient on this behavior.

A review of how China implemented the principles of market-preserving federalism presents possible lessons for Indonesia.

Keywords: Indonesia, decentralization, fiscal federalism, game theory

I. INTRODUCTION

More than a decade has passed since Indonesia embarked on a large-scale attempt to distribute political power and fiscal resources to its sub-national entities. Laws have been passed and revised, and various configurations of possibly ideal forms of “local autonomy” have been tried. Sub-national governments, which consist of the province government at the first-tier and local governments (rural regencies and urban municipalities) at the second-tier, now have a substantial amount of fiscal resources for use at their discretion. Despite this attempt, tangible outcomes remain elusive. Quality of public services remains low (Lewis, Indonesian Decentralization: Accountability Deferred 2010), decision-making is captured by local elites (Hadiz 2004, Azis 2011), and the local economic growth is disputable (McCulloch and Malesky 2011). Considering the praises that Indonesia has received for its seemingly bold effort to decentralize (World Bank 2005), this creates a puzzling situation.

In this paper, I try to explain this puzzle by using the second generation theory of fiscal federalism, especially the notion of “market-preserving federalism” (Weingast 1995, Qian and Weingast 1997). The second generation theory argues that government agencies and officials - be they from the central or local level – adhere to principles of rational choice. That is, just like any other economic actors, they respond to incentives and aim to maximize their utility. Indonesia’s decentralization does not fit the criteria of a market-preserving federalism (MPF) since it lacks the principle of hard budget constraint. Without this principle, I argue that both the central and local governments are not disciplined by incentives that force them to achieve local economic development and deliver quality public goods and services. Instead, using a game theoretic model, I found that perverse incentives are aligned harmoniously for the central and local governments, leading them to shirk on their public responsibilities. My conclusion is that without a concerted approach to change the incentive structure facing central and local governments alike, decentralization in Indonesia will not likely bring positive, tangible outcomes in a speedy way.

To explain my arguments as presented above, this paper is structured as follow. The first section reviews briefly ten years of decentralization in Indonesia, highlights the key laws and regulations, as well as problems that have been raised by concerned parties regarding the elusive outcomes of decentralization. The second section reviews the principles of the second generation theory of fiscal federalism, focusing on the notion of MPF. It also compares the principles of MPF with principles adopted in Indonesia’s decentralization. The third section uses game theory to explore the strategic interactions between central and local governments in conducting decentralization in Indonesia, including an analysis of their incentive structures, as well as the possible outcomes of said interactions given their respective incentives. The fourth section reviews the application of Market-Preserving Federalism in China with some notes on what Indonesia

could possibly learn from China's experience. The fifth section is the last part of this paper; it sums up the arguments raised herein and presents some policy implications.

II. DISCUSSION

II.1. Decentralization in Indonesia

Indonesia's "big bang" decentralization started with the passing of Law 22/1999 on Regional Government and Law 25/1999 on Fiscal Balance between Central and Regional Governments. The two laws go hand-in-hand: the former distributes responsibility, and the latter distributes monetary resources. The extent of responsibility being distributed is large, covering everything except for foreign affairs, defense, justice, finance, religion, natural resources, and state administration, which remain in the hands of central government. The distribution of significant fiscal resources to carry out the relevant responsibilities reflects a "money follows function" principle (Wasistiono 2010).

Under the 1999 "decentralization laws", which began to be implemented in 2001, the secondary level governments (regencies and municipalities) are at the forefront of regional autonomy. Provinces, which were once superior to the local governments in hierarchy, now played a coordinating role. Regional governments at both levels were also guaranteed fiscal resources with little conditionality on how to spend them, and no link between such entitlements and performance (Ahmad and Mansoor 2002, Lewis, Indonesian Decentralization: Accountability Deferred 2010).

Upon embarking on decentralization, the central government doubled the amount of money transferred to regions. The bulk (92.6%) of regional government revenues came from central government transfers (World Bank 2003). Such transfers largely consist of general-purpose grant (DAU, *Dana Alokasi Umum*), special-purpose grant (DAK, *Dana Alokasi Khusus*), and shared revenues (DBH, *Dana Bagi Hasil*). There are also "special autonomy funds" which are allocated to resource-rich but politically-problematic provinces, such as Papua and Aceh. The general-purpose grant is especially noteworthy because it is large (it makes up 64% of total regional government revenue) and unconditional (regional governments can use it as they see fit). Revenues internally raised by the regional governments make up a meagre 7.4% of regional revenues in 2003 (World Bank 2003).

After three years of implementation, it was clear that the decentralization laws had demanded change in substantial speed and scale. This became a cause of concern. In 2004, Law 22/1999 was revised with Law 32/2004 and Law 25/1999 with Law 33/2004. The 2004 laws still reflect the spirit of decentralization as conceived in 1999, but with more measures to keep local governments in check. For example, an "eclectic model" of structural efficiency and local democracy is used, where the head of the regional government is responsible to both the people (as they are directly elected) as well as to the central government (as this is where most of the money comes from), with a stronger role for the provinces to monitor and coordinate (Wasistiono 2010).

A review of fiscal decentralization in Indonesia by the World Bank, 10 years after the "big bang", found that fiscal decentralization has successfully counterbalanced the country's economic concentration in Java (World Bank 2009). They identified that the poorest provinces have been the main beneficiary of central government transfers, thus

creating a more equitable distribution of economic resources. However, questions still remain in terms of how regional governments spent that money. Now that the money has been distributed, the main challenge was how to spend it well.

Despite the availability of fiscal resources and the autonomy to use them almost at will, decentralization has been slow to show tangible results. Lewis (2010) argues that “sufficiently good quality local public services” is yet to be achieved.

Concerns about usage of regional finances have been raised. The large and growing proportion of local budget used for staff salaries is particularly alarming. On average, staff salaries make up 58% of local government budget in 2011, while it was 41% in 2009 and 45% in 2010 (Jaweng 2011b). Sixteen regencies and municipalities have staff allocation in the local budget that exceeds 70%. Of the money that was actually spent on development, a large proportion (38%) is used by regencies and municipalities for relatively non-productive assets such as government offices (Lewis and Oosterman 2011). This condition has raised concerns that local governments are using fiscal resources from decentralization for their own self-interest.

Lewis and Oosterman (2009) also pointed to a growing amount of “fiscal slack” among regional governments. These are money not spent and parked as reserves on instruments such as central government bonds and provincial development banks. The cumulative amount has grown from about Rp 7 trillion in 2001 to almost Rp 70 trillion in 2007 (Lewis and Oosterman 2009). Although it is not uncommon for local government worldwide to keep some reserves to offset possible volatility in receipts (US states typically keep a reserve at 5% of current expenditures), the proportion of such reserves in Indonesia is extremely high: in 2007, 21 provinces has reserves of over 20% its current expenditure, while three provinces has over 50% (Lewis and Oosterman 2009). To deal with this problem, the central government has put a target for regional governments to spend 95% of their annual budget. The result for 2011 was far from the target, where spending of goods and services only amounted to 59%, and capital expenditures amounted to 46%, of the budget (Jaweng 2012).

Proliferation of new regional entities is another by-product of fiscal decentralization. Ratnawati (2010) pointed to the establishment of 7 new provinces, 164 new regencies, and 34 new municipalities between 1999 and 2009 – all by way of secession – as a sign of “the failure of regional autonomy”. She cited evaluations by the Ministry of Home Affairs in 2005, the National Planning Agency in 2007, Kompas in 2008, and Lemhanas in 2009 which pointed to the same conclusion: “new regional entities create more problems than improvement” (Ratnawati 2010). Such problems were manifest in violent conflicts between parent and offshoot regions during the secession process, competition for territory and other assets, and loss of population and own-source revenue in the parent region. As of 2011, the total count of regional governments in Indonesia includes 33 provinces, 399 regencies, and 98 municipalities. The central government has activated a moratorium on the establishment of new regions since 2009. This moratorium, however, has seemed to stop taking effect in light of the October 2012 parliament approval in for a new North Kalimantan province as well as four new districts in West Java, Lampung, and West Papua (Jakarta Globe 2012).

Mismanagement of fiscal resources is a problem in some regions. Jaweng (2011a) highlighted the default of a number of regencies and municipalities in Aceh province, such

that they were unable to pay the salaries of local government personnel, despite the fact that funds should have been allocated in the DAU. A number of other problems, such as Rp 23 billion insolvency in the regency of Timor Tengah Utara in NTT province, Rp 100 billion fiscal deficit in Bangka Belitung province, and Rp 777 billion mismanagement in 13 regencies and municipalities in Southeast Sulawesi province highlights the dire condition of fiscal management in the regions (Jaweng 2011a).

Various anecdotal accounts as presented above conclude that decentralization in Indonesia has not delivered on its promise, despite the numerous of praises that it has received internationally. In an attempt to better understand why decentralization in Indonesia has not resulted in better public services and economic situation for the people, or at least at the level that is expected, I now turn to theories that explain how and when decentralization may or may not work.

II.2. Market-Preserving Federalism

In order to understand decentralization, one needs to review the literature on inter-government relations, most notably federalism. The first generation theory of fiscal federalism largely sees the government – be they central or local – as benevolent entities which purpose are to correct market failures and act as “custodians of the public interest”(Oates 2005). Drawing from the classic works regarding public economics in the 1950’s and 1960’s (i.e. Kenneth Arrow, Paul Samuelson, Richard Musgrave), the government’s role was understood as to ensure stable macroeconomic condition as well as distribution of wealth in an equitable manner. These ideas, combined with the notion that local governments have better information of local needs (Hayek 1948) and thus should be encouraged to offer what they see as the most desirable public goods and services for their citizens (Tiebout 1956), reflect the main points of First Generation Fiscal Federalism.

The second generation theory of fiscal federalism supports the arguments of the first generation theory, and extends them further by opening the “black box” of the government. It draws on the theory of public choice (Buchanan and Tullock 1962) which argues that public officials, just like private actors, respond to incentives and act to maximize their utility. The second generation theory also identifies some parallels with the new theory of the firm (Williamson 1996) that highlights how managers in a firm (“agents”) may not always have interests that are perfectly aligned with those of the shareholders (“principals”), especially due to the fact that they often have information which is not readily available to the shareholders on a day-to-day basis. Therefore the shareholders must spend some resources to monitor the work of the managers. This thinking runs counter to the earlier notion of the government as benevolent entities. The second generation theory asserts that the government is neither benevolent nor malevolent, but responds to incentives and must be disciplined in their activities, just like everybody else.

Weingast(1995) argues that in order for the economy to thrive, a strong enough government is needed to ensure contracts are enforced and property rights are protected. However, the government must be disciplined such that it does not trespass the rights of the citizens. A specific type of federalism called “market-preserving federalism” is

proposed as a system that can discipline the government from disrupting the natural functioning of the market for their own private gains (Weingast 1995).

In discussing federalism, one should not limit himself to the formal structure of a country, but should look at it more from a practical perspective. Formally (*de jure*), a country may be a unitary state, but in practice (*de facto*) it may be a federal state. Three parameters were presented by Riker (1964) to decide whether or not a country is federal. First is the presence of multi-level government in a particular jurisdiction. This means that in a certain place, a person is subject to the sovereignty of more than one level of governments. For example, someone who lives in Jatinangor, West Java, is subject to the rules and regulations of three levels of government: the Regency of Sumedang, the Province of West Java, and the Country of Indonesia. Second is clear delineation of authorities between the different levels of government. This means that there are no overlapping sovereignty issues that may create confusion or conflict between the levels of government. In the case of Indonesia, it was clear that most issues are within the domain of local governments, except those that are reserved for the national government (i.e., foreign affairs, defense. See above). Third is the presence of institutions that guarantee each level of government the right to exercise their respective autonomies. For Indonesia, the institutional set-up that forms the legal basis of regional autonomy is the decentralization law. Using these three parameters as proposed by Riker (1964), Indonesia is using a *de facto* federal system.

Weingast(1995) added three more parameters to determine whether the federalism implemented by a country is a “market-preserving” one, meaning that it prevents the government from abusing its power and/or distorting market incentives at the expense of citizens’ economic rights. The first parameter of market-preserving federalism is that issues related to the local economy must be within the primary control of sub-national governments. In the case of Indonesia, since the local economy is not included within the areas of central government responsibility, it formally lies within the jurisdiction of sub-national governments. The second parameter is the presence of a common market, in the sense that sub-national governments are prevented from erecting barriers that restrict the free movement of goods and services between different regions. This is where the role of central government is needed to ensure such common market is in place. In Indonesia, Law 33/2004 prevents sub-national governments from erecting barriers to mobility of people, goods and services (article 7). The third parameter is that sub-national governments are subject to “hard budget constraint”. This means they do not have access to “easy money”: they cannot print money; they will not be bailed out if they default; and – to a relative but substantial extent – they have to *earn* their revenues by not relying too much on central government transfers. Indonesia does not fulfill this last parameter. As discussed above, almost all (92.6%) of sub-national government revenues in 2003 came from central government transfer. And Law 32/2004 supports this practice. Although the law does not stipulate the required or desirable proportion of local revenue sources, it identifies the general purpose grant (DAU) as mechanism to ensure principles of distribution and justice (article 161).

Indonesia goes beyond *not* implementing a hard budget constraint. The country actually makes a conscious effort to *reject* this third parameter of market-preserving federalism. The name of the law that governs fiscal relations (Law 33/2004), even since

its inception in 1999, and consistently re-used in the 2004 revision, is “Law on *Fiscal Balance* between Central and Regional Governments” (my emphasis). The first principle of this law is that that fiscal balance is a consequence of division of tasks between central and regional governments (article 2). This means that regional governments are entitled to receive money from the central government for doing their tasks. Thus, for Indonesia, the goal of fiscal decentralization is not primarily to improve efficiency in the delivery of public goods and services, or to smoothen the functioning of market principles, but to ensure equitable redistribution of fiscal resources among regions.

To conclude this section, we can say that according to Riker (1964) Indonesia is using a *de facto* federal system, but according to Weingast (1995) the federal system being used does not work to preserve markets. Why does Indonesia choose this position, and what are its outcomes? The following section will start by analyzing the situation and structure that led Indonesia to come to this preference, and then continues with modeling the outcomes of such situation and structure.

II.3. A Game Theoretical Exploration of Decentralization in Indonesia

The good at the center of discussion regarding fiscal decentralization is public money. To understand the “nature of the good,” we need to analyze the rivalry and excludability attributes of such good (Schmid 2004, Ostrom 2011). If the central government did not exist, and rules governing the distribution of money to regional governments were not present, the following is how we could see the good.

First, public money is non-excludable to regional governments. This is because norms and expectations push it to be distributed to the regional governments, and no existing regional government can be denied of their right/entitlement to the money. Second, the money is rivalrous, in the sense that one regional government’s use of the money would directly reduce the amount of money left available for other regional governments. This way, public money can be regarded as a *common pool good*.

Alternatively, public money could also be considered non-rivalrous, in the in the sense that one regional government’s consumption would not immediately reduce the amount left available for other regional governments. This is because of the sense that there is a continuous supply of “easy money” generated from natural resources. This way, public money can also be considered – arguably – as a *public good*. This nature of public money in Indonesia, as something that lies somewhere between a public good and a common pool good, creates a widespread norm that money is no object. The source of the money may not be limitless, but the perception is that there is enough of it for everyone.

The law that stipulates regional governments’ entitlement to the public purse is also driven by a deep trauma with movements for independence in a number of regions in Indonesia, one of which resulted in secession of Timor Leste in 1999. Around the end of the Soeharto rule, a number of Indonesian regions, such as Aceh and Papua, were also in conflict with national interests and were at the peak of their demands for independence. It is no coincidence that these regions are highly endowed with natural resources (oil, gas, and mining). The response to these demands has been to give these regions a “special autonomy” status, which is a compromise between national and regional governments. Special autonomy allows these regions to keep a substantial part

of their natural resource earnings in return for pledge of allegiance. This compromise reflects public pressure for the central government to distribute fiscal resources and ensure there is no grudge among the regional governments that could lead to separatist tendencies. The incentive structure as presented above makes pushes the central government to apply a “soft budget constraint” on regional governments. Rather than face threats of secession, or face public accusation that the central government is not redistributing wealth, the central government would rather distribute money loosely, even if it means that regional governments under-perform in their public responsibilities.

Now that regional governments have substantial amount of fiscal resources with very few strings attached, would they actually use the resources to improve public goods and services, and invest in things that will generate the local economy? The question remains difficult to answer since the incentive structure at the local level still does not provide enough pressure for regional governments to perform their duties well. Based on a survey of citizen satisfaction with public services in 2007, Lewis (2010) highlighted a curious case of high citizen satisfaction despite having to cope with sub-standard services. This runs counter to Tiebout’s (1956) theory that given enough resources and autonomy, the local government would deliver better and more relevant public goods and services since they are under closer scrutiny of the local citizens. Why is the public not demanding more from their local governments?

A possible explanation is that there is “very low expectation about service delivery” (Lewis 2010). The public may not be aware of the vast amount of resources available at their local government’s disposal, and has no benchmark on what a good public service should be like. Given this condition at the local level, the incentive structure encourages regional governments to shirk, instead of work, on their responsibility. Indeed, shirking is easier than working, but if political pressure is present, local officials may choose to work because shirking may cause them to lose the election the next time around. With no citizen pressure, regional governments have incentives to shirk.

Given the above structure, how would the central government and regional governments interact with each other? Would the central government pressure the local governments using a hard budget constraint, or would they apply a loose, soft budget constraint in the name of redistribution? Would regional governments work to achieve quality public service and encourage local investments, or would they shirk from these responsibilities? What would the central government do if they knew the incentive structure facing regional governments, and vice versa?

To answer these questions, I use Game Theory to model the strategic interdependence between central and regional governments, and predict the outcome of interaction between these two “players”. Game Theory models the rational interests of the players involved, determined by weighing the costs and benefits for each possible “move” that apply to the player, and making decisions based on such deliberation. The basis for conducting Game Theoretical analysis is a 2x2 matrix that cross-tabulates the possible actions/moves of each player, and analyzes four possible combinations of net benefits to either player. Game Theory simplifies many things, arguably down to a questionably simplistic model. However, it has the ability to de-clutter various aspects that demand attention though they may be in fact inessential. Game Theory is also transparent and accountable, in the sense that whoever proposes it has to present all the assumptions

used in the model, and leave the reader to decide whether the assumptions make sense and whether the conclusions are consistent with the assumptions.

I present a game theoretic model with two “players”: the central government and regional governments. The two “moves” available to the central government are either to act hard or to act soft. The two moves available to the regional governments are either to work or shirk. My assumptions for the incentive structure facing central and regional governments are presented above and open for readers’ inspection.

		Regional Governments	
		Work	Shirk
Central Government	Act Hard	3 , 1	1 , <u>2</u>
	Act Soft	<u>4</u> , 3	<u>2</u> , <u>4</u>

Figure 1.

Game Theoretical model of the interaction between central and regional governments

The central government prefers that regional governments work, rather than shirk. But, whatever move the regional governments make (work or shirk), the central government prefers to act soft rather than hard.

- A. If acting hard results in regional governments shirking, then the central government gets 1 point (upper right cell). However, even if regional governments still shirk, the central government would have collected 2 points if it had acted soft (lower right cell). Thus for the same possible outcome (the risk that regional governments might shirk), the central government would be better off acting soft.
- B. If acting hard results in the regional governments working, the central government gets 3 points (upper left cell). But if they could achieve the same results - regional governments working - by acting soft, the central government gets 4 points (lower left cell). So, given the hope that regional governments would work, the central government still has a dominant strategy to act soft.

The regional governments prefer that the central government act soft, rather than hard. But, whatever move the central government makes (act soft or act hard), the regional governments still have more incentives to shirk, rather than work.

- A. If regional governments respond to central government’s hard pressure by working, then the regional governments get 1 point (upper left cell). However, if under the same pressure regional governments respond by shirking, they collect 2 points (upper right cell). This shows that if the central government acts hard, the regional governments’ dominant strategy is to shirk.
- B. If the central government releases the pressure by acting soft, regional governments gets 3 points for working (lower left cell). This move gives more net benefits than if the regional governments had shirked under hard pressure. However, given the same soft attitude of the central government, regional governments is better off by shirking as it will get them 4 points (lower right cell).

So, given the hope that the central government would act soft, the regional governments still have a dominant strategy to shirk.

Both dominant strategies find each other in the lower right cell, resulting in the Nash Equilibrium where regional governments shirk from their responsibilities, and the central government has a soft attitude towards the situation. This game is commonly labeled as a “harmony game”, albeit an unbalanced one (i.e., the scores are not even). It is so-called because both players have harmoniously-aligned incentive structures which lead them to an equilibrium situation. However, in this case, the equilibrium is detrimental to the people.

Is this the fate of Indonesia under decentralization? What policy measures could be taken to improve the situation? To answer this question, it is beneficial to review how China - another large, developing, and unitary state – has implemented MPF.

II.4. Learning from Market-Preserving Federalism in China

Weingast(1995) argues that in practice, federalism can be applied by countries which are formally federal or unitary. The USA is a federal country formally and in practice. But India, he argues, is a formally federal country which in practice does not apply the principles of MPF. The UK is a formally unitary country which in practice has been applying MPF since the 17th century. China since the 1980's is similar to the UK. It has a strong central state which is disciplined by federalism and conducts a largely hands-off approach to the affairs of regional governments. How was MPF implemented in China?

Considering the strong image of China's central state, not many people realized that China today is arguably among the most decentralized countries in the world. The World Bank (2005) in their stocktaking of decentralization in East Asian countries characterized China's approach as “incrementalist” and “peacemeal”, in contrast to Indonesia and the Philippines which it considered as “fast starters” with a “big bang” approach. Although China's decentralization may have happened gradually, and focused primarily on economic, rather than political aspects, the reforms were substantial. In China, local governments are not big recipients of central government transfers. On the contrary, they have to generate a large portion of their own revenues, which they get to keep as incentive, by developing the local economy (Weingast 1995). The fate of local government revenues, therefore, came to depend on their own performance. This created a situation where local governments are ‘competing’ with each other to offer the best location for investment, business and living. These, in turn, kick-started the economic engines of the regions which facilitated the transition to a modern, urban sector that bring higher prosperity for the people.

There are at least two lessons which Indonesia could learn from the Chinese model. First, the transition from strong centralized state to MPF requires the central government to give up some of its authorities over the local government (Weingast 1995). This was not an easy decision on the part of the central government, and it originally started as an “experiment” in four locations which it designated as Special Economic Zones in 1980. Initially the durability of this MPF was questionable. What would keep the central government from taking back the control which they have given to the local governments? However, as local economies grew, MPF became more and more justified. An attempt to reverse MPF back to centralism after the Tiananmen Square incident in

1989 resulted in trends of economic decline and resistance by governors of the fastest growing provinces (Weingast 1995).

Second, both countries are characterized by uneven development. In China, the most developed parts of the country are the coastal areas. Upon embarking on fiscal federalism, China did not apply the rule uniformly to all provinces or cities, but initially only to four coastal areas which it designated as special economic zones in 1980. Similarly, Indonesia's most developed parts are found in Java, Bali and Sumatera. Attempts to introduce regulations that enable local governments to be accountable for its own economic performance could start from cities in these islands, and then expand from there. Of course, giving up assurance of central government transfers need to be offset by the possibility of retaining a significant amount of income and property taxes by the local governments, as incentive. The point is that a balanced decentralization does not necessarily have to be symmetrical. An asymmetrical approach may work just as well to achieve a balanced process which caters to different starting points of local governments.

III. CONCLUSION AND POLICY IMPLICATIONS

In contrast to those who consider Indonesia's decentralization as a bold and over-reaching effort, I argue that the country has not decentralized enough. Indonesia's decentralization is driven more by political goals to ensure equitable distribution of resources, rather than by economic goals which aim to efficiently serve the needs of local residents, workers and firms. This has led to a largely one-sided process of fiscal decentralization which focuses on decentralization of expenditure and ignores decentralization of revenue. The assurance of unconditional transfers from the central government compounded by lack of pressure from local citizens has, arguably, reduced much incentive for regional governments to enhance their own economic competitiveness.

To reverse the perverse outcomes of the game theoretical model as presented above, there are two incentive structures that need to be changed. The first is lack of demand/pressure/control from local citizens on the performance of regional governments. As long as citizen's awareness remains low, tangible benefits of decentralization will remain elusive. Lewis (2010) offers the "civil society solution", which is basically to raise public awareness on what they should expect from their regional governments, and to develop further mechanisms to improve public accountability at the local level.

The second incentive structure that needs to be revised is the general public's preference to redistribute resources to the regions without instilling a hard budget constraint. This creates a perverse incentive on the part of central government to be lenient on regional governments. As long as there are no hard performance-based rewards and punishments that apply to regional governments, the use of resources at the local level is likely to be unchecked. A restructuring of this incentive requires the building of an alternative "social consensus" that does not see natural resources as an automatic entitlement, but as a loan from the future generation. Without the proper institutions to manage it, natural resource can turn into a curse. Fear of secession and independence movements must also be managed well. Applying a lenient attitude toward regional governments due to

fear of secessionist tendencies will ultimately prevent the natural development of regional competitiveness.

Indonesia is a unique case where for the most part, politics does not have to be disciplined by the economy. Leniency and shirking is made possible by both easy money and easy attitude, resulting in the public's loss. But as the citizens become more educated and exposed to information and benchmarks from other places, things are starting to change. Citizen pressure is rising, and starting to manifest in the growing popularity of public figures that has clean track record and promises a more serious attitude to deliver quality public goods and services. These are the factors that can ultimately overturn the harmoniously perverse incentives that currently plague Indonesia's decentralization.

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ANALYSING E-ADMINISTRATION IN DEVELOPING COUNTRIES : CHALLENGES & BEST PRACTICES

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ABSTRACT

The new concept of Digital Era Governance has enhanced government reform. E-administration as a G2G application is a key point to success back-office within agencies. Many electronic public administrations have been deployed, due to forcing from political, economic, organisational and technological factors. These three drivers enable development of government performances on doing cheaper, more, quicker, better and new capabilities. However, implementing e-Administration is not as simple as it designed. There are three main challenges as barriers in most of developing countries: *policy and political will; the lack of resources; sourcing and internal collaboration*. These challenges might be solved by the best practices that also occurred in developing countries, i.e.: *e-leadership; resource management; outsourcing and effective collaboration*. But the most importantly, a successful e-administration project needs strong commitment from all stakeholders.

Keywords: *e-administration, e-government, G2G*

I. INTRODUCTION

It is a widely held belief that e-government has an important role to reform a better public service, both in state and local government. In Western countries, e-government has already been started in the mid-1990s, nonetheless developing countries have just begun implementing this system. E-government drives the New Public Management (NPM) (Bellamy & Taylor 1998) which adopts private sector techniques (Heeks 2001). Indeed, there are some typical issues in public sector that could not be found in private sector.

Introduced in twentieth century, NPM offers new approach of way in which the public sector is to be governed without replacing the older frameworks (Lane 2000). Nevertheless, as a refinement of NPM, Digital Era Governance (DEG) now offers future public management which involves flexible principles, i.e. reintegration, holism and digitalization (Dunleavy et al 2006).

Regarding the development of e-government, as described above, the main aim of each theory is to enhance better public management (Lane 2000). One of successful key in delivering this aim is the improvement of public administration. The well-organised internal administration within the bureaucrat is prior to public service enhancement, both for citizens and businesses (Government of Romania 2001). This paper discusses e-government application which has role on improving internal administration processes as known as **e-administration**. Furthermore, the objective of this essay is to analyse the challenges and good practices of the changes from manual administrative jobs to electronic application.

To that end, the following part describes e-administration and what aspects are driving the change. Subsequently, the next part analyses some key challenges that may be occurred during the implementation of the application, particularly in developing countries. Several good practices in implementing this system will be elaborated in the penultimate section. Finally, the last part concludes this paper.

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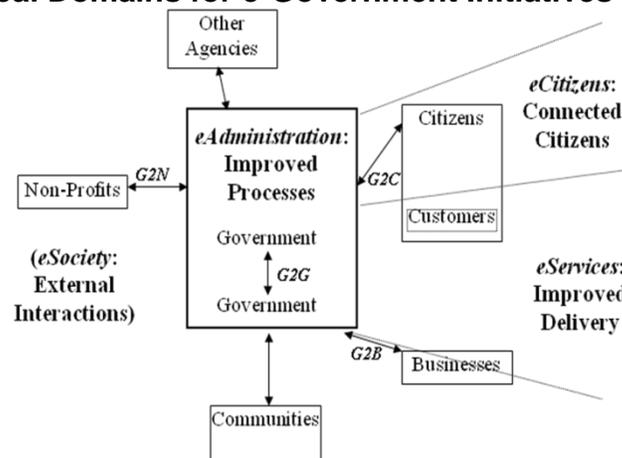
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II. DISCUSSION

II.1 e-ADMINISTRATION

As already noted, e-administration is a part of e-Government which handles internal administration within government instead of external users such as citizens and businesses. European Commission (2007b) defines e-administration as an application using Information and Communication Technology (ICT) to support back-office administrative tasks. On the other hand, Sánchez (2006) point out that e-administration is the use of communication technology to support information flow either in or outside the public authority. In Focal Domains for e-Government Initiatives framework, e-Administration covers G2G relation to improve administrative processes in hierarchical organisation (shown in figure 1).

Figure 1. Focal Domains for e-Government Initiatives (Heeks 2010a)



In autonomy era, decentralisation divides government into two level organisations, i.e. central and local government (Bache and Flinders, 2005). Each level has different authorities. Nevertheless, they are interconnected (House of Commons 2009). They have strong coordination to deliver national development goals. However, both levels consist of many departments those are divided into minor jobs in certain areas. These hierarchical structures typically lead to complexity of administration and specific duties

within the organization (Niskanen 2007). In order to improve internal workings in public sector, e-administration provides integrated communication and administration processing within government, both local and central government. Moreover, it covers all departments and agencies. Figure 2 illustrates internal communication within government.

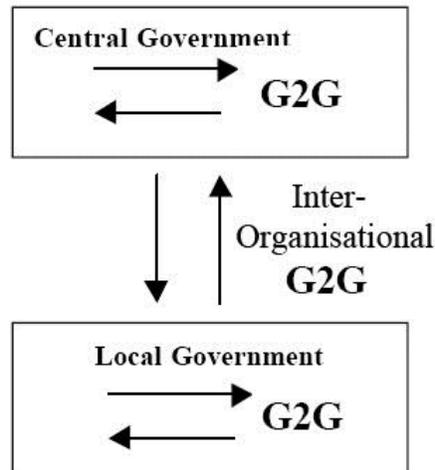


Figure 2. Internal e-Government Partnership System (adapted from Fang 2002)

The relationship within government, both between levels and across agencies (Fang 2002), is about processing communication and information (Frissen 1997). In manual administrative processes, this comprehensive collaboration takes much time and huge costs. For example, it needs much money for sending reports from local authorities to central government by post or fax. It also needs higher costs to travel from provincial region to capital city. These problems can be addressed by the use of ICT in public administration (Zouridis and Thaens 2003). Official documents can be delivered fast and easy by email or other electronic form. Politicians do not need to go further instead of teleconferencing through VSAT. Therefore, ICT enables 'informatisation' (Bellamy & Taylor 1998) and administrative changes (Frissen 1997).

Brown (2001) points out, in his research of information systems in US public agencies, that citizen enforcement of reducing federal spending led US government to implement management information systems. Its major purpose is to increase efficiency of work processes (Heeks 2001). Nevertheless, the overall benefit and cost impact can be measured not only from government side, but also by user side, such as better service quality and savings of user time (Foley and Ghani 2007). Therefore, these cost savings lead e-administration driven by **economic** factors.

Besides financial cost, there is an abstract cost that has impact on organisational cost reduction (Heeks 2010b). For example, it cuts bureaucratic within government by breaking down organisational boundaries (Fang 2002). Dunleavy et al (2006) notice this change as modern bureaucracy. In citizen-centric governance model, public services are based on citizens' life events. To provide these services, governments have to eliminate their vertical organisational hierarchies and change the structures horizontally (Holmes 2001). The efforts to streamline processes and reduce duplication and inconsistencies

may push governments to enhance their internal capacities. This **organisational** issue lead governments to activate e-administration.

The US example also indicates that the government reforms are applied to all departments and agencies with encouragement from politicians (Brown, 2001). The same **political** driver also stimulates implementation of health management in Ecuador (Salazar, 2001). Despite focus on central operation, the Ministry of Public Health of Ecuador also enforced local level by central diktat. When central government enacts information system for collecting reports, local government will inevitably use the same system. It can be argued that ICT regulation forces all official elements to use IT in their daily working. However, the reforms of policy changes now focus in time and scope on shift in current technology and information value (Dunleavy et al. 2006).

The development of technology also has role on driving government changes. **Technological** convergence, caused by the rapid development of computing and communications, drives government to be a part of the changes (Bellamy & Taylor 1998). Electronic networks allow cross-matching and integration of data in different places and different departments. They also enable flexibility and connectivity to acquire much more autonomy which can be break down as e-Organisations or e-Agencies (Fang 2002). All these drivers (i.e. economic, organisational, political and technological factors) enable better internal performances. Its aim is to improve public sector capabilities (i.e. *Cheaper, More, Quicker, Better* and *New*) in three basic modes (i.e. Replace, Support and Innovate) (Heeks, 2010b). These capabilities can be seen from the recent impacts. For example, there was the e-Fez implementation in Morocco, which supports back-office government jobs to provide citizen certificates (Kettani and Mahidi 2009).

Firstly, in **replace** mode, this program has been successfully improved government performance. The e-Fez allowed *more* production on delivering public certificates. It increased from minimum 80 – maximum 1500 per day to minimum 100 – maximum 2000 certificates each day. This application also reduced citizen waiting time from an average 48 hours to 6 hours, which was *quicker* than before. The *cheaper* benefit was coming from citizen side when the e-Fez may save their money for transportation cost. Moreover, they do not have to pay tips for the officials.

Secondly, the **support** mode enables ICT for optimising government which indicated by *better* capability (Heeks 2010b). From the example above, the quality improvement of certificate delivery has been identified as *better* process. It is increase from poor (58%) to excellent (83%) (Kettani and Mahidi 2009).

Lastly, its capability to predict the service delivery was identified as the *new* process produced by the system. This **innovate** mode allows e-administration to reengineer government in supporting new human processes (Heeks 2010b).

II.2 Key Challenges

Implementing e-Administration is not as simple as it designed. This is regarding the fact that most e-government projects are failure (Heeks 2006), especially in developing countries. There are three main challenges as barriers in most of developing countries those implementing e-Administration.

The *first* constraint is the **policy and political will**. According to Birkland (2011), public policy is defined as a statement made by the executives to handle societal problem. A

regulation may become an impediment when it failed to support the goals of e-government (Greenhill 2010a), including e-administration projects. Administrative law, copyright law, and liability law are some examples of legal areas that underpin e-administration barriers (EC 2007a). A weak policy may also be caused by political leadership failures. It involves the failures in favouring e-government initiatives, minor prioritisation of resource allocation, poor senior management understanding of e-government and the lack of political will (EC 2007a).

A number of examples from developing countries are provided as evidence of the existence of this problem. A Participatory Information System (PIS) has been implemented in Balochistan Province in Pakistan. It was a part of The Balochistan District Management Project funded by United Nations Development Programme (UNDP) to support decentralisation. The main aim of the PIS is “to address the acute lack of basic up-to-date data” that is used by district government to plan, manage and monitor public development activities (Qazi 2008). This e-administration system has been evaluated as a successful IS, although the sustainability of the system has not been evaluated yet. However, there are some challenges when implementing the PIS. In making decisions, senior officials did not use the formal and rational information generated by the system. Their decisions have been based on informal and political information (Qazi 2008).

The other case is from Mozambique when applying a land licensing and planning system for Beira City. This GIS system provided land information, both database report and spatial map, to support decision making of structure plan of the city. During the installation, political leadership felt unsatisfied with the database results, and decided to abandon the application (Jackson 2002).

Political instability also constrains implementation of Pakistan’s National Database and Registration Authority (NADRA). Changes of governments often follow by changes in regulations. The new government stops the project because of political issues rather than cost/benefit reasons (Ahmed 2002).

Beside political constraint, **the lack of resources** can also be a barrier to e-administration. The resources encompass infrastructures and human skills. To take benefits of the new information and communication technologies, the development of basic infrastructure is crucial for implementing e-government (InfoDev 2002; Greenhill 2010b), especially in small local authorities (Sánchez et al. 2006). Even though the infrastructures are available, uneducated workers cannot access the application because they lack ICT skills (Dada 2006).

Taking an example from the first case study in Balochistan before, the absence of ICT infrastructure and human skills became a challenge to implement PIS system (Qazi 2008). The lack of IT access has constrained the project, particularly in rural areas. Meanwhile, although trainings have been provided for government staffs to institutionalise the system, the lack of IT skills still exist.

Human resource issues have also been a challenge when applying NADRA project in Pakistan. A lack of staff skills and the problems of hiring short-term staff caused delays in producing outputs (Ahmed 2002). Besides that, the shortage of computer equipment was also a barrier to gain maximum benefit from the system.

The similar obstacle also occurred in Bangladesh. A National Data Bank (NDB) project has been deployed as an integrated database to provide a huge range of data

and information for many levels of stakeholders. The NDB linked twelve ministries and divisions based on fibre optic and VSAT connections. This e-administration application purposes to help the Statistics Division of the Planning Commission on addressing problems of inconsistency, redundancy, inadequacy, inaccurate and less timely data (Anonymous 2002). Unfortunately, this project was not running well. One of the reasons of this totally failure was because of inadequate human resource practices. Inappropriate technical, strategic and project capabilities within government had become a barrier for its implementation.

The last key challenge is problem in **sourcing and internal collaboration**. Governments have to maintain partnerships with other organisations, either private sectors or non-profit organisations, as well as relationships within departments (infoDev 2002). On the one hand, a poor coordination between central, regional and local agencies may leads to ineffectiveness of e-government (EC 2007a), especially for implementing e-administration. On the other hand, the large demand of e-administration systems requires external vendors to provide high quality products and services (Greenhill 2010c).

The NDB's failure in Bangladesh again can be an example of IS sourcing constraint. It was reported that the \$440,000 project fell to the one of main local IT provider. The vendor changed technological and price specification several times during proposal process which was indicated as government interferences. This poor coordination between government and suppliers then caused the withdrawal of the agent from the process. It undermined the project entirely (Anonymous 2002).

Politicisation and personalisation tendering was also an obstacle when applying computerise programme in the Ministry of Foreign Affairs (MoFA) in a West African state (Olivier 2002). This new system was designed to connect the Ministry and its diplomatic missions abroad through intranet and external Website as well. However, this e-administration project was notified as an unsuccessful system while none of its main objectives were achieved.

On the other side, a problem of internal government collaboration caused failures in most e-government projects in Abu Dhabi (Ng 2009). Qirim, a professor in UAE University, said that the main obstacles of this unsuccessfulness due to the lack of cooperation within government.

The three key challenges that have been described above can be mapped into e-Government-Specific Management Issues (Heeks and Greenhill 2010). Firstly, the *Lack of Infrastructure and Skill Resources* is a key challenge as dimensions of Digital Divide (Greenhill 2010b). Secondly, *Regulation and Political Will* is a key challenge in term of Legislation. Greenhill (2010a) points out that public policy affecting the implementation of legislation. Legislation itself can be defined as law that has been issued by the government, both by executives and legislative. Lastly, a barrier from *sourcing and collaboration* can be fixed with Outsourcing and Partnership issue (Greenhill 2010c). Nevertheless, because e-administration only cope internal organisation, it has limited interaction with other *agencies outside the government*. Figure 4 illustrates eGovernment-Specific Management Issues that deal with eGovernment-Specific Applications, including eAdministration as G2G application.

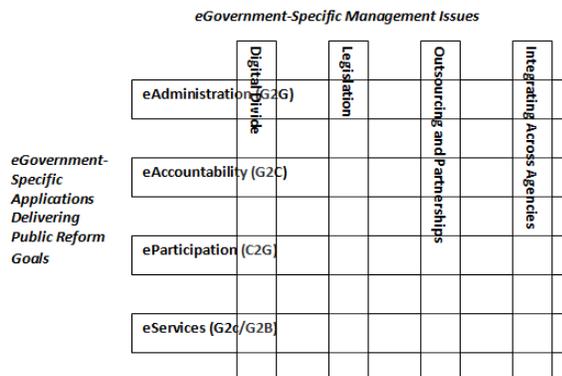


Figure 3. e-Government Overall Framework (Heeks and Greenhill 2010)

II.3 Best Practices

The key challenges those mentioned in the previous section can be eliminated with some strategies. The following categories are some samples of best practices which has been implemented in particular developing economic countries.

First, **e-leadership** can be a best practice to solve legislation problem. Avolio et al. (2001), who have researched in an area of the way in which advanced information technology affects organisation structure including leadership, point out that e-leadership means the changes of attitude, behaviour, thoughts, performance of people in organisations as an impact of the use of information technology. Regarding the e-government transformation, every level of officials and administrators should have enough understanding of the technology to push the administrative reform (infoDev 2002). Strong leadership, both from executives and legislatives, can enhance confidence of a program. Chief Information Systems (CIO) need to be established in all government bodies to support IT initiatives (EC 2007a).

For instance, a successful electronic Birth Registration Information System (BRIS) in Rajshahi, Bangladesh, was supported by its leader commitment (Ahmed 2002). The Mayor of local government speech at a Special UN Session on Child Rights in New York, influenced the BRIS sustainability. It has made a contribution on motivating senior commissioners to support this application for accepting their advantages of being re-elected.

The Colombia's Government Portal (PEC) illustrates a different approach of the leadership factor. This project was a government initiative to achieve the goal of the President mandate that all agencies have to develop an Internet access and create a unit to provide real-time information of its progression. The PEC was extremely success because of high supports from the President directly. He launched the project with the presidential decree, namely Directiva 02. He also received the reports routinely from the Head of the Connectivity Agenda who responsible for the government online implementation (Porrúa et al. 2001).

The second best practice is **resource management** in order to addressing *the lack of resources* problem. A good resource management is prioritising the most important elements, for example basic hardware and software, and employee training. Government

may implement open source application in order to reduce the high cost of buying licence software (Sánchez 2006). Mobile phones (EC 2007b) can also be used for communication among staffs, considering cell phones have become a general trend for most employees. A constant and intensive employee training should be provided (Holmes 2001), both direct and distance learning, to make sure the sustainability of the system.

A success story of implementing Open Source Software (OSS) has been practiced by Malaysian government. Malaysia has been identified as 90% success rate for adopting OSS in government (Tiemann 2010). During the 2010 MyGOSSCON, a Malaysian Government OSS Conference, the Public Sector OSS Case Study Awards were given to 92 submissions from Public Sectors and Public Institutes of Higher Learning (IPTA). Malaysian government has found that OSS not only helps government to improve its job, but also enhances national economic development.

In hardware initiatives, Rwanda Government has used mobile phone to connect health workers to the ministry. A monthly report about expectant mother and infants has been delivering directly by the employees, thus the central government could monitor and administering medicine availability to the people. The use of mobile phones allowed long distance communication between the ministry and health workers in rural areas. Over 2,500 mobile phones has been disseminates to the workers as information flow improved to the authorities (Ndabananiye 2010).

On the other hand, to provide CIO skills, the Government of Moldova held an education project for the public servants. This pilot project, that was collaboration between the Ministry of Public Administration and Technical University of Moldova, was success in teaching the government employees to know how to operate computers, the Internet and office applications. These officials were then implementing and promoting their knowledge of the new technology in public administration (UNDP 2010).

The last good practice is applying **outsourcing and effective collaboration** either within e-government or with other stakeholders. A strong partnership has to be managed efficiently. Communication is a key point to build an effective collaboration with other third parties, such as academics and private sectors (2010). It is almost impossible for government to develop an integrated system without providing a larger market (Greenhill 2010c), considering the huge responsibility that the government has to deal with. Cooperation and integration within government also have to be strengthened with encouraging agencies and departments (infoDev 2002).

This best practice has been implemented by Morocco's government when applying eFez application (Kettani and Mahidi 2009). Bureau d'Etat Civil (BEC), local government offices in Morocco, records every citizen lives' event to provide personal and formal certificates for citizen purposes. Together with researchers from Al Akhawayn University in Ifrane, the government has built a pilot project to delivery this service. An electronic Fundamental Etat-civil System (eFez) was deployed in the local administration. Besides serving the front-office electronically, this project also automated the BEC back-office which provides internal operations for employees' work. This collaboration between research and practice has produced a good result. The eFez gains 75% efficiency for quality and high speed delivery services. It has been recognized that delivery elapsed time reduced from 48 hours to 6 hours waiting time. The error rate also dropped from many errors to few errors. Its productivity improved from 689.09 daily

certificate deliveries to 828.18 per day. In back-office performance, the eFez project also has significant impact on reducing stress level of employees. The labour also dropped from an average of 10.09 employees to 2.27 workers per BEC.

The partnership between public and private sector has also been built in Rwanda e-Health case. The government together with its technology partners, i.e. MTN and Voxiva, provided 2,500 mobile phones to the health workers in villages. It allowed the workers to communicate with the expert or call ambulances with no cost (Ndababaniye 2010).

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To sum up, the three obstacles which happened in most developing countries may be solved by the three best practices that also occurred in other developing countries. The most important lesson is that a successful e-administration project needs strong commitment from all stakeholders.

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A REVIEW ON THE IMPLEMENTATION OF REGIONAL AUTONOMY IN INDONESIA BASED ON ADMINISTRATIVE DECENTRALISATION PERSPECTIVE

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II. INTRODUCTION

The concept of decentralisation has affected many developing countries in the past three decades as a global movement for the development of the nation (World Bank 2000 cited in Larson & Ribot 2004, p. 1). However, this expectation is still hard to achieve in the actual performance namely decentralisation process often contradict with political and institutional realities within individual countries (Smoke, Gomez & Peterson 2006, p. 3). This is because, the process of decentralisation is often not supported by strong committed political leadership at either the national and the local level. Often both levels of government are unwilling to share power or authority, with neither readily accepting its redistribution from top level to lower levels (Cheema & Rondinelli 2007, p. 9).

Generally, it is accepted that decentralisation concerns the transfer of power and authority from the top level to the lower level, but the use of a single term leads to different interpretations as often the real situation in countries is more complicated (Turner et al. 2003, p. 3). As a result, the development of the term of decentralisation is different between countries since any programs under the concept of decentralisation are designed based on the government interest where the emphasis is on national development in each individual country (Conyers 1984, p. 188). On this point, Conyers argues that the different perspective on the conceptual of decentralisation "...reflects on the one hand a variety of disciplinary interests and on the other hand, the interests of international agencies, academic from 'developed' world and those involved in decentralisation in the countries concerned" (1984, p. 189).

In Indonesia, the notion of decentralisation was initiated in the early 1970s where it was most influenced by the international donor community (Smoke & Lewis 1996, p. 1283). The massive increase in the attention on decentralisation took place after the fall of the Soeharto regime in 1998. At this point there occurred a clear shift of policy from a highly centralised system to decentralised one (Rasyid 2002, p. 1). However, the concept

of decentralisation in Indonesia after Soeharto era is still questioned by many scholars. As Turner et al (2003, p. 2) argue the interpretation of decentralisation's framework in Indonesia focused primarily on the transfer of delegation of responsibility rather than the transfer of power and authority. This focus was a consequence of the governments' reliance on the transfer of functionality rather genuine attempts to transfer actual authority to the local level. On this point, the paper examines the conceptual framework of decentralisation above from theoretical perspective on decentralisation and its challenge in the implementation.

The following analyses are divided into several sections. The first section introduces the concept of decentralisation then it is followed by a presentation of a selection decentralisation' theories from both political and administrative perspectives. The third section analyses the conceptual framework of decentralisation as it has applied to Indonesia with specific concentration on the transfer of delegation rather than the transfer of authority.

II.DISCUSSION

II.1 Theoretical framework of decentralisation from political and administrative perspective

In discussing decentralisation, it is important to understand the literature that considers decentralisation broadly, as there is no single framework that concerns only decentralisation. As Turner and Hulme (1997, p. 152) identify the term of decentralisation is defined differently between writers and there is also vagueness surrounds the concept of decentralisation. This is because the term decentralisation can be used in many different ways and also in many different contexts (Conyer 1984, p. 187). Therefore, it becomes necessary only that literature that focuses on only political and administrative decentralisation perspectives, as these two perspective underpin the present study on the implementation of regional autonomy in Indonesia.

From the political perspective, Smith (1985, p. 1) points out that decentralisation refers to the distribution or transfer of power from the higher level to the lower level in a territorial hierarchy, either within a state or offices within a large organisation. Moreover, Parson (1961 cited in Mawhood 1987, p 4) defines decentralisation as the sharing of governmental power by a central ruling group with other groups, each having authority within a specific area of the state. In line with Parson's argument, Mawhood (1987, p. 9) outlines that in order to prevent the central government gaining an unacceptable level of influence over local governments the process of decentralisation gives more power to the local government. Further, he explains that in practice there is a difference between decentralisation and deconcentration; deconcentration refers to the delegation of power while decentralisation refers to the devolution of power (1987, p. 4).

From an administrative perspective, Rondinelli (1981, p. 137) defines decentralisation as "...the transfer or delegation of legal and political authority to plan, make decisions and manage public functions from the central government and its agencies to field organisations of those agencies, subordinate units of government, semiautonomous public corporation, area wide or regional

development authorities; functional authorities, autonomous local government, or nongovernmental organisations.

On this notion, Rondinelli and Cheema (1983 pp. 18) highlight that there are four major forms of decentralisation: deconcentration, delegation to semiautonomous or parastatal agencies, devolution to local government, and transfer of functions from public to nongovernmental institutions. Further, they explain that *deconcentration* is the shifting of workload from central agencies to their own field staff without transferring the authority in making decision or discretion, namely the head of local administration is appointed and is responsible to central government agency to run some functions under supervision and control of central ministries (1983, p. 19). *Delegation to semi autonomous or parastatal organisation* means that there is a transfer of specific function due to decision making and management authority to organisations that are not under central agencies' control like the transfer of authority to public corporation to run public good services namely railroads (1983, p. 21). *Devolution* refers to the independent of local government after receiving certain function from the central government and cannot be controlled by central agencies. Under this definition, it includes some characteristics, which are clearly perceived as separate level of the government with little or no direct control from central government, have clear and legally recognised geographical boundaries to exercise authority and run public function, have power to secure resources in local area, as an organisation providing services to local people based on their needs, and local government could interact reciprocally with other unit in the system of government (1983, p. 22). Finally, *transfer of functions from Government to Nongovernment Institutions* is the transfer of responsibility in terms of planning or administrative particularly in delivering public goods from government to private sector, voluntary, or nongovernment institutions, namely transfer responsibility to private sector in producing public goods or services. (1983, pp. 18-24)

From the above description, it could be argued that the term decentralisation from the political perspective refers to the transfer of power or authority while from an administrative view the focus is on deconcentration, devolution and delegation. On this point, it seems that the administrative perspective is more comprehensive than the political perspective. This is because, Rondinelli and Cheema define decentralisation in terms of both delegated transfer within government and also the transfer of responsibility to non government organisation or the private sector.

In order to explore this theoretical framework in practice, the next section examines case study on Indonesia's framework on decentralisation. Within this case study there is an emphasis the adoption of administrative decentralisation perspective but in practice, there is a concentration both on the deconcentration and devolution concepts.

II.2 A review on the implementation of regional autonomy in Indonesia based on administrative decentralisation perspective.

Legislation that arranges local government in Indonesia after Soeharto's regime is marked by Law no. 22 of 1999 and then it is revised to Law no. 32 of 2004. The definition of decentralisation under Law no. 32 fo 2004 state that decentralisation is the transfer of delegation from central government to regional autonomy within unitary state. Beyond this, the legislation also defines the term of deconcentration which is the transfer of

delegation from central government to governor as the representative of central government. In addition, the term of devolution under this legislation refers to the definition of regional autonomy where it defines that regional autonomy is the authority of regional autonomy to arrange its own administration and service to local people. It could be argued that the definitions entrenched in the legislation of Indonesia concerned with regional autonomy are based on the general meaning of decentralisation which is the transfer of authority or delegation. However, in the implementation of decentralisation in practice, there exists a combination of actions definable as deconcentration and devolution. On the one hand central government provides authority to local government to arrange their own region through the regional autonomy framework, yet on the other hand, the central government also maintains representatives in these regional levels through deconcentration framework.

Since the massive implementation of regional autonomy in Indonesia in 2001, there are clear challenges evident. One of the challenges itself is from the legislation where there remains unclear functionality between central government and local government (Hidayat 2004 cited in Hidayat, p. 44). Law no. 32 of 2004 provides the authority of the region (province, city and district) to arrange some functions such as public works, health, education, industry and trade, capital investment, environment, land, cooperatives, and other services for public interest (Article 13 and 14). While the central government is intended to focus on international policies, defence and security, judicature, monetary and fiscal policy, religion and authorities in other field (Article 7, para 1). However, in the implementation, local government faces ambiguity in its ability and authority to implement those designated functions because the central government or central agencies often undertake the same functions (Seymour & Turner 2002, p. 38). For example, in the field of land authority, there are two institutions do the same function which are local government through their lands department and The National Land Board through its representative in the local level (Karim 2003 cited in Ratnawati, p. 83). As a result, the service in the field of land faces ambiguity since there are two agencies that run this function (Karim 2003 cited in Ratnawati, p. 83). It could be contended that the devolution concept under regional autonomy cannot be run well by local government since deconcentration concept under the delegation of power from central agencies to its branch office in the local government undermine the authority of local government. On this notion, there is combination concept based on administrative framework on decentralisation which are devolution and deconcentration where it is implemented in the land administration. Based on the case above, there should be separated authority or clear jurisdiction between central and local government in managing land administration. Therefore, Utomo (2009, p. 17) points out that the concept of devolution and deconcentration should be defined well particularly in the area of transfer authority in order that deconcentration policy design, for sure, will not affect the implementation of decentralisation packages.

In addition, the implementation of regional autonomy at the local level or in district areas (*kabupaten* or *kota*) also faces challenge. Based on the law, it appears that the local level has been provided with the authority to undertake activities necessary for delivering services to their local communities. However, the such absolute authority is unlikely to run effectively or efficiently at the local level due to variety of factors. First,

there is a concentration public service in the head of district that undermine the existence of sub districts (*kecamatan*) and villages (*kelurahan*) (Sobandi et al 2006 cited in Utomo, p. 9). As a result, there is an overload work in the head of district while in sub district and villages only run minimal function in service delivery (Soebandi et al cited in Utomo, p. 9). This phenomenon seems to bring back centralisation concept in the local level since there is central authority in the head of district. On this point, there is misunderstanding perception on regional autonomy under decentralisation concept in undertaking any function that is run in regions. The concept of administrative decentralisation should be seen as a strategy to address a number of critical government needs such as strengthened governance, increased transparency and accountability and more effective and efficient production and delivery of public goods and services (Cohen & Peterson 1999, p.4). Moreover, it is intended that decentralisation brings government closer to the people and also for those local people to be accountable more directly to their citizen (Bardhan & Mookherjee 2006, p. 4). The understanding of the concept of devolution by most local governments in Indonesia is currently limited to the ability to arrange its regional territory; welfare of citizens is often only a secondary consideration, if at all (Hidayat 2004 cited in Hidayat, p. 351). Therefore, Sobandi et al (cited in Utomo 2006, p. 85) argue that the transfer of power in the local government should also be transferred to sub districts or villages in order that service delivery will be more closely to citizen.

Secondly, the concept of devolution from administrative perspective could be undermined by the lack of finance in the local government. According to Holtzappel and Ramstedt (cited in Suharyo 2009, p. 79), since new authorities and functions have been devolved to the regions difficulties have arisen in the area of finance. Since 2001, during the implementation of greater regional autonomy, local governments have become more reliant on intergovernmental transfer particularly from General Allocation Fund (DAU) (Brodjonegoro n.d., p. 3). In spite of DAU, central government also allocate grant through Special Allocation Fund (DAK) whereby the fund is to finance certain activities in the sector like health, education and etc in Province or District. Moreover, central line ministries again allocate fund through their branch office in Province or District as is known as deconcentration fund. The deconcentration fund consist of 'DK fund' or deconcentration fund, 'TB fund or *Tugas Pembantuan* fund and 'UB fund' or *Urusan Bersama* fund. On this fact, it could be argued that DAU is in line with devolution concept since the use of DAU give the authority to local government to spend it. While DAK and deconcentration fund rely on deconcentration framework under administrative decentralisation concept since it is still controlled by central government and central line ministries in using the fund in the region (Province, City and District). However, in practice, it seems that the existence of DAK and deconcentration fund could undermine the implementation of regional autonomy since it will arise double activities in running the same function in the region. On this point, the regions could lose their authority in running the same sector activities like health since central government also take place in providing the same activities in the regions (Venning 2009, p. 17).

Based on these challenges it becomes clear that to achieve true autonomy it is important for the government to review the implementation of regional autonomy based on theoretical framework of decentralisation. The government should redefine clearly the

concept of devolution in terms of regional autonomy and also to review any programs under deconcentration concept that may hinder any program in the local government.

III. CONCLUSION

The notion of decentralisation in developing countries has been a tool of development in last three decades. However, the implementation of decentralisation in those countries are often very different from each other as there is no single framework for decentralisation generally. Moreover, the actualisation of decentralisation sometimes contradicts with its genuine concept. In Indonesia, the implementation of regional autonomy refers to devolution as a concept where there is no control from central government, but in fact, central government still has power to control local government. Even when considered in terms of deconcentration, there remain many functions which still contain conflicts between central government and local government. Often there remains an unclear division between the functions that are under the authority of local government and those that belong solely to central government. Therefore, the need to review the implementation of regional autonomy based theoretical framework on decentralisation could give more clear direction on the way of the government implement decentralisation process.

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PUBLIC BUDGETING IN THE FISCAL DECENTRALIZATION POLICY IN INDONESIA

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ABSTRACT

Public budgeting in the context of fiscal decentralization has many problems in Indonesia. The problems can be traced from its contributions to the development such as budget effectiveness, budget impact, budget efficiency, facing big corruption, and also on poverty reduction becomes a serious problem that must be resolved by the Government of Indonesia.

In the area of implementation, public hope that the National and Local budget can improve the welfare of society as a whole. In terms of spending, national spending quality has declined. The budget itself absorbs big portions budget for the personnel expenditure, while capital expenditure is very much limited. Personnel expenditure, capital expenditure, and Social expenditure reflect the Government understanding on the needs of the public at large.

From the perspective of budget policy, public expenditure in Indonesia has still weak in reflected the public needs. There are many interests to intervene budget process and configuration both politically and bureaucratically. Budget policy was not in line with democratic principles that public policy must be based on public consent. When it comes to public consent then should the public budget to accommodate the public interest-oriented public service for the welfare of the public.

Key words: Budgeting, Decentralization, Poverty, Democratic

I. Background

Among the success stories of public budgets that have been achieved such as economic growth, improving public services, on the other hand it turns out that there are also many problems in public budget. Both the State Budget (APBN) at the Central Government and Local Budget (APBD) at the local level are both experiencing a lot of problems. The low budget effectiveness and corruption, becomes a serious problem that

must be resolved by the Government.

Public hope that the budget is implemented to improve the welfare of society as a whole. In terms of spending, state spending quality has declined. The portion for personnel expenditure is bigger rather than capital expenditure. Personnel expenditures, capital expenditures, and subsidies reflect the Government's understanding on the public needs. Data from proposed APBN 2013 has shown that personnel expenditure absorbed 21.2 percent of the total Central Government Expenditure amounted 1139.0 trillion, and ranks second only to the subsidy amounted to 316,097.5 trillion rupiah.

Other data are budget allocations for functions of education, health, social services and economic services is only 3.9% of GDP for 2010. This value is below the survey results UNPAN to other developing countries that allocate 14.5% and in developed countries is equal to 25.1%.

The role of the state budget in effort to improve the prosperity of the people has also declined lately. This is shown from the economic growth of 6.5% in the 2011 budget and 2012 it was followed by the Gini index rising to 0.41. Ministry of Finance recorded that the Gini index in 2010 was 0.38 and in March 2011 rose to 0.41, this was the highest in the history of the independence of Indonesia. In the past eight years, the lowest index reached in 2004, namely 0.33 (<http://www.analisadaily.com>). Amartya Sen (1997) states that the Gini index is a tool to measure the distribution of wealth in a country using the numbers from 0 to 1. Number 1 refers to the extreme inequality while 0 indicates otherwise. In terms of welfare, quality assessed economic growth if followed by a decrease Gini index for gross domestic product.

Although the current budgeting system relatively open and the government since 2002 has promoted the development of performance-based budgeting, the substance of the budget actually has not touched the most basic development needs of the people, namely education, health, social services and increased prosperity evenly. Budget still not able to solve the classic problem of poverty, which is still going on in Indonesia.

Indonesia's RPJMN 2010-2014 noted that poverty and improving the welfare of the people is one among the priorities of the Government. The government seeks to reduce poverty by support job creation for the poor. This policy is strongly linked to macroeconomic policies and has goals that address the principal challenges faced such as promoting economic growth, economic stability and accelerate the reduction of unemployment and poverty. But in March 2010 the poverty rate was recorded at 13.33% and 12.49% in March 2011. The number of poor people decreased 1 million people a year, ie from 31.02 million in March 2010 to 30.02 million in March 2011. The poverty rate in Maluku and Papua are amounting to 25.95% of the total population of the two islands. Most poor people are in Java (16.73 million), while the smallest number of poor people in Kalimantan (0.97 million) (Source: Tinjauan Ekonomi Keuangan, July 2011 edition).

Other data from the ICW report revealed that there are three major sectors that detrimental to the country from corruption. First, government investment sector, with the potential state losses of Rp 439 billion. Second, the local financial sector with potential state losses of Rp 417.4 billion. Third, the social sector, the corruption case related to the funds are intended for the community, which is estimated to reach Rp 299 billion. Looking through existing problems of the public budget, it is necessary to understand the public budget policy within the implementation of fiscal decentralization.

II. Theoretical Framework

2.1. Public Budget

The budget is the financial core of the State or public finance. Public Finance defined by Aronson (1985) as: " the Financial activities of government and public authorities, and it describes and analyzes the expenditures of government and the techniques used by Governments to finance this expenditures ". In general, the common goal of public finance is to provide information about the financial plan to be achieved through the budget.

Mardiasmo (2005:62-63) mention the reasons for the importance of public sector budgets are:

- a. A budget is a tool for the government to generate the socio-economic development, ensure continuity, and improve the quality of life.
- b. The budget required for the needs and desires of the infinite and growing, while resources are limited. The budget is needed because the problem of limited resources (scarcity of resources), choice (choice), and trade offs.
- c. The budget is required to ensure that the government accountable to the people. In this case the implementation of the public budget is an instrument of public accountability by public institutions that exist.

Budgeting is the process of planning, adopting, executing, monitoring, and auditing the fiscal program for the government for one or more future years. The local budget process is the core of the system of fiscal administration, because that is where the broad financial policies and programs of the government are developed and the size of government is established, with the other functions contributory to its operation (Mikesell in Shah, 2007).

There are certain fundamental principles for the design of a modern local budget system:

- a. The budget process is comprehensive, including all fiscal entities associated with or connected to the government, and there are no extra-budgetary funds to interfere with fiscal discipline, transparency, accountability, and the struggle against corruption.
- b. The budget minimizes the use of earmarked funds that reduce the capacity to allocate resources to areas of highest priority.
- c. The budget is intended to be an operations guide and to be executed as it was enacted.
- d. The budget process is an annual one, to maintain control, but is adopted in a multi-year financial framework to facilitate planning.
- e. The budget is based on a realistic forecast of revenues and of the operating environment.
- f. The budget serves as a statement of local policy.
- g. Expenditures in the budget are classified according to the administrative unit that is legally responsible for the funds and according to the basic purpose (or program) of the spending.
- h. The budget is provided in an intelligible format as a communication device with the public, both while it is considered and after it has been adopted.
- i. The budget process is focused on performance results, not only on inputs purchased by the government.
- j. The budget process incorporates incentives for lawmakers to respond to citizen demands for services and for agencies to economize on use of resources (Mikesell in Shah, 2007).

The adopted budget is expected to provide hard constraints on agency resources while giving them flexibility in exactly how they use the resources for service delivery. It is particularly critical that planning efforts be linked to the budget to keep both efforts realistically on track, sometimes working through a formal medium-term budget framework to put everything together. The link makes planning more meaningful and the budget better informed (Mikesell in Shah, 2007). The budget process itself is a recurring cycle in which (a) the chief executive of the government, with the operating agencies, develops a service plan to respond to the conditions anticipated in the upcoming year; (b) the appropriate legislative body reviews that plan and adopts a program response based on that plan; (c) the administration puts the adopted program into effect; and (d) an external review body audits and evaluates the executed program and reports its findings to the legislative body and the citizenry (Mikesell in Shah, 2007).

Thus, the budget can be used as an instrument for understanding the dynamics of public policy. Budgeting system and development funding priorities contained in the public budget reflects how committed the government to the people. In theory, Jones (1984) explains that budgeting is one of the strategic points in the process of policy formulation. Rubin (2000) said that the budget reflects policy choices and priorities as well as public organizations, "budgets reflect choices and priorities". In the contemporary literature on public policy, many also described that the allocation of public funds in the budget is an important way to look at the substance of policy formulation in the country (Sabatier, 2007).

2.2. Fiscal Decentralization

Normatively, the configuration is largely determined by the design budget fiscal policy adopted by the government. Musgrave and Musgrave (1989:6) says there are three basic fiscal functions as follows:

- a. Allocation functions; include the provision of public goods, a process to split the use of all its resources into private goods and social goods. Policy settings are not included here because such policies are not included in the budgetary policy.
- b. Distribution function; adjusting income distribution and wealth to ensure that the community's desire for justice or equality can be fulfilled.
- c. Stabilization function, namely the use of budgetary policy as a means to ensure exertion-work optimally, adequate price stability and good economic growth, which will take effect.

Decentralization may be defined in many ways, but typically involves increased autonomy and responsibilities for lower-level entities in one dimension or another. For a country, as for a firm or any other organization, autonomy for a member entity raises the potential for opportunistic behavior, possibly with undesirable as well as desirable effects. (Rodden, Eskeland, and Litvack, 2003:5). The classic theory of fiscal decentralization holds that public goods and services can be provided with a greater efficiency and accountability under decentralized environment, because:

- a. local governments can be better tailored to the geographical benefit areas of the public goods,
- b. local governments are better positioned to recognize local preferences and needs, and

- c. pressure from interjurisdictional competition may motivate local governments to be innovative and accountable to their residents (Oates, 1972). While these arguments may remain valid and applicable for developed countries, the facts in developing countries showed that there are mixed results.

The spirit of decentralising financial responsibility was accommodated in Law No.25/1999 by the elimination of the subsidy system under *Subsidi Daerah Otonom* (SDO) for paying salaries of sub-national government employees. Rather than the system of centrally-mandated staffing structures with salaries paid with SDO, sub-national governments could make their own staffing decisions to achieve administrative efficiency. The law introduced general allocation funds (*Dana Alokasi Umum, DAU*), based on transparent transfer formulas, to be used with full local discretion. At the same time, special allocation funds (*Dana Alokasi Khusus, DAK*) could be made from the central budget to selected regions, based on their special developmental needs. The DAU should amount to at least 25% of central government domestic revenues as stated in the annual budget (APBN). The provinces should retain 10% of this allocation and the remaining 90% should go to the districts or cities. Law No.25/1999 was revised with the enactment of Law 33/2004 with limited changes in terms of subsidy formulas (Kumorotomo, 2011).

Fiscal decentralization is the delegation of fiscal authority from the national/ central government to the sub-national/local governments. Fiscal decentralization is seen as part of a reform package to improve efficiency in the public sector, to increase competition among sub-national governments in delivering public services and to stimulate economic growth (Nugrahanto and Muhyiddin, 2008).

Oates (1993) proposed that fiscal decentralization will increase economic efficiency because local governments have better position than the central government in providing public services. They will be much closer to local people and will be more responsive to the local needs and preferences as a result of information advantage and better knowledge about local preferences and local cost. This efficiency would be enhanced by mobility of residents who could move to live in the region and community that satisfy their preferences for a particular menu of local public goods, as first discussed by Tiebout (1956). Regions would also have incentives to compete among themselves for providing public services by attracting new residents, making more efficient use of their resources and increasing economic welfare (Nugrahanto and Muhyiddin, 2008).

As fiscal decentralization policies give greater fiscal authority and responsibility to local governments in developing countries, the need for improved budgeting and financial planning will increase. The forecasting techniques discussed in the chapter should, therefore, become increasingly relevant (Schroeder in Shah, 2007). Local governments in developing countries are facing increasing fiscal strain as cities and their infrastructure requirements expand and revenue growth lags behind. The avenues of response open to local governments are a function of the national environment within which they operate and of their local capacity and institutional arrangements (Fölscher in Shah, 2007). Fiscal decentralization—the transfer of expenditure responsibilities, together with some revenue-raising capability to lower levels of government—poses new challenges to the institutions through which governments manage macroeconomic stability and growth. The destabilization potential of local government fiscal operations is much higher when local governments have access to credit. When no borrowing is possible, local

governments are forced to take difficult decisions sooner rather than later. However, options for financing their crucial development needs are fewer (Fölscher in Shah, 2007).

Many institutional tools are available to facilitate and enforce general government fiscal discipline in fiscally decentralized contexts. The design of any grant system is important. Intergovernmental fiscal relations should be based on stable, transparent, nonarbitrary, universal, and nonnegotiable rules, and the level of resources assigned to local governments should be sufficient to match expenditure responsibilities. When continuing expenditure responsibilities are assigned to local government, they should be matched by stable revenue sources. At the same time, local government budgets should have flexibility to meet local circumstances and needs (Fölscher in Shah, 2007).

The fiscal transfer arrangements are composed of three key elements (Blöndal, Hawkesworth and Hyun, 2009):

- a. Revenue Sharing;
 - b. General Allocation Grants;
 - c. Specific Allocation Grants.
1. Revenue sharing involves the national government sharing property tax, personal income tax and natural resources revenue (oil, gas, forestry and mining) with the regions. The rates of revenue sharing for natural resources vary, with the producing regions receiving a disproportionately higher rate of revenue sharing. Revenue sharing accounts for over one-fourth of all transfers from the national government (Blöndal, Hawkesworth and Hyun, 2009).
 2. The general allocation grants require the transfer of 26% of all central government revenue (after revenue sharing). There are two components (Blöndal, Hawkesworth and Hyun, 2009).
 - a. First, grants are distributed on a derivative basis to cover the wages of officials previously employed in deconcentrated units and now transferred to the regions. This distribution guarantees their salaries and greatly facilitates decentralisation.
 - b. Second, the grant includes an amount based on a formula that takes into account the difference between a region's fiscal needs (which depends on indicators such as population, human development index, and land area) and its fiscal capacity (defined as the sum of own revenues and shared revenues). In practice, the grant is overwhelmingly focused on covering salary costs, with only a minor component dedicated to equalisation. General allocation grants amount to two-thirds of all transfers from the national government (Blöndal, Hawkesworth and Hyun, 2009).
 3. Specific allocation grants are used for special needs of individual regions – including funding for natural disasters and other emergencies – and for financing central priorities at the regional level. Regions apply to the central government for the grant and must provide 10% matching funds from their own resources. Such grants account for less than one-tenth of all transfers from the national government. (Blöndal, Hawkesworth and Hyun, 2009).

There are three key dimensions of relations between governments in the fiscal decentralization.

- a. First, it categorizes the central government as fiscally strong or weak.
- b. Second, it asks whether the central government can credibly lock up its discretionary power to provide bailouts.
- c. Third, it examines the strength of the central government to regulate the activities of lower-tier government (Rodden and Eskelland, 2003).

Figure 1. Dimensions of intergovernmental relations

		Has the center credibly locked away its discretion?	The central government's ability to regulate subnational government is:	
			Weak	Strong
Central government is fiscally :	Strong	No	Bailouts and soft budget constraints	Hierarchical mechanisms
		Yes	Unconstrained decentralization	
	Weak	Not relevant	Sovereignty	

Source : Dimensions of intergovernmental relations, Rodden and Eskelland, 2003

Decentralization in practice often means that a country moves toward the left in the table as the freedoms and powers of subnational entities increase. Under such increased freedoms, the center's fiscal strength, combined with a variety of other factors described above, makes it vulnerable to manipulation by subnational governments. A danger is that central governments will lose hierarchical instruments without giving up or credibly locking away their fiscal powers (Rodden and Eskelland, 2003).

III. Discussion

3.1. National Budget

In line with the theme of national development specified in the Government Work Plan (GWP) 2011, namely "The Accelerated Equitable Economic Growth Shall Be Supported by Consolidating The Central - Regional Governance and Synergy", the policy of budgetary allocation within 2011 is aimed at being able to support the national economic activities in order to push economic growth, to stabilize the national financial management, as well to support regional autonomy. In addition, the said policy is also aimed at giving a boost to the Indonesian economy by keeping on maintaining both fiscal sustainability and economic stability, and enhancing the effectiveness and efficiency of budget enforcement and fiscal decentralization.

Indonesia has historically maintained a responsible and conservative fiscal policy, focused on sustaining aggregate fiscal discipline. In the years prior to the Asian financial crisis, the budget had a moderate surplus (1-3% of GDP) and public debt was relatively low (25% of GDP). The country enjoyed a high rate of economic growth – and thus expanding public resources – and development policies were at the forefront (Blöndal, Hawkesworth and Hyun, 2009).

A series of successive laws were adopted in the early 2000s following extensive consultations involving a multitude of stakeholders. The major laws are:

- a. The State Finances Law 17/2003.
- b. The State Treasury Law 1/2004.

- c. The State Planning Law 25/2004.
- d. The Regional Governance Law 32/2004 (which replaced an earlier law from 1999).
- e. The Fiscal Balance Law 33/2004 (which replaced an earlier law from 1999).
- f. The State Audit Law 15/2004.

In this section, the researcher will focus on APBN 2011. From the description of Financial Note 2011, the budgetary allocation in 2011 shall be focused on giving supports to :

1. the achievement of a qualified economic growth by constructing infrastructures,
2. social protection by expanding accesses to educational services (school's operational aids / BOS) and health services (Social Medical Insurance / Jamkesmas),
3. people empowerment, including through the Autonomous National Program For People Empowerment (ANPFPE) and Hopeful Family Program, (4) consolidation to implement bureaucratic reformation,
4. improvement of warfare for state apparatus and retirees,
5. the better-targeted subsidized budget allocation, and
6. the fulfillment of obligation in paying debt interest promptly .

Under the direction and strategy of fiscal policy mentioned above, the posture of the National Budget 2011 shall comprise the following principles of amount :

- a. State revenues and grants amount to IDR. 1.104, 9 trillion (15.7 percent of PDB), or have a surplus/increase of IDR.112, 5 trillion (11.2 percent) of the target of APBN-P 2010. The said increase in state revenues was supported by the increase in tax revenue target.
- b. Total state expenditure amounts to IDR.1.229, 6 trillion (17.5 percent of PDB). This amount means indicating an increase of IDR.103, 4 trillion or 9.2 percent of the state expenditure ceiling in the APBN-P (Central Government Budget) 2010. The Central Government Expenditure in 2011 amounts to IDR.836, 6 trillion, it means indicating an increase of IDR.55, 0 trillion or 7.0 percent of the ceiling of APBN-P 2010. Meanwhile, the budget of transfers to regions in 2011 amounts to IDR.393, 0 trillion, it means an increase of IDR.48, 4 trillion or 14.0 percent of the ceiling of APBN-P 2010.
- c. Budget deficit amounts to IDR.124, 7 trillion (1.8 percent of PDB).
- d. Financing deficit of APBN (National Budget) 2011 comes from domestic financing sources amounting to 125, 3 trillion, and foreign financing (net) in a negative amount of IDR.0, 6 trillion.

Table 3.1.
Summary of National Budget and Revise National Budget 2011
(trillion rupiah)

Description		APBN	APBN-P	Difference to APBN
A.	State Revenues and Grant Revenue	1.104,9	1.169,9	65,0
I.	Domestic Revenues	1.101,2	1.165,3	64,1
1.	Tax Revenues	850,3	878,7	28,4
2.	Non-Taxable State Revenues	250,9	286,6	35,7
II.	Grant Revenue	3,7	4,7	0,9
B.	State expenditures	1.229,6	1.320,8	91,2
I.	Central Government Expenditures	836,6	908,2	71,7
A.	M / A Expenditure	403,8	446,7	42,9
B.	Non M / A Expenditure	393,0	412,5	19,5
II.	Transfers to Regions	(9,4)	(44,3)	(34,8)
C.	Primary Balance	(124,7)	(150,8)	(26,2)
D.	Budgetary Surplus / Deficit (A-B)	(1,8)	(2,1)	(0,3)
	% t Deficit of PDB			
E.	Financing (I + II)	124,7	150,8	26,2
I.	Domestic Financing	125,3	153,6	28,3
II.	Foreign Financing (Net)	(0,6)	(2,8)	(2,2)

Source: Ministry of Finance

In the APBN-P 2011, state revenues and grants revenues are expected to be changed from IDR.1.104, 9 trillion in the National Budget of 2011 to IDR.1.169, 9 trillion, or having an increase of IDR.65, 0 billion (5.9 percent). The said increase in the estimated revenues and grants in the National Budget of 2011 was sourced either from tax revenues or from non-taxable state revenue (NTSR). The planned tax revenues have an increase of IDR.28, 4 trillion (3.3 percent) from the original target of IDR.850, 3 trillion in the National Budget of 2011 to IDR.878, 7 trillion. Meanwhile, the non-taxable state revenues are expected to have an increase of IDR.35, 7 trillion (14.2 percent) from the original target of IDR.250, 9 trillion in the National Budget of 2011 to IDR.286, 6 trillion. Similarly, the revenue of grants was also changed, from IDR.3, 7 trillion in the National Budget of 2011 to IDR. 4, 7trillion, or having an increase of IDR.922, 6 billion (24.7 percent).

Fiscal policy developments in Indonesia can be learned from the Financial Note of RAPBN 2011. It described the fiscal policy has three main functions, namely the function

of the budget allocation for development purposes, the distribution function of income and subsidies in an effort to improve the welfare of the people, as well as macroeconomic stabilization function in the efforts to increase economic growth. The role of central government expenditure related with allocations for various programs and productive investment activities, such for the provision of infrastructure, as well as to finance spending or expenditure on goods and services (consumption) of government in stimulating aggregate demand.

The figure of state expenditure 2011 are:

1. In the National Budget 2011, the budgetary allocation for personnel expenditure is provided in amount of IDR.180, 8 trillion or 2.6 percent of PDB.
2. Budgetary allocation for goods in the APBN (National Budget) 2011 is provided in amount of IDR.137, 8 trillion or 2.0 percent of PDB.
3. budgetary allocation for capital in the National Budget 2011 is provided in amount of IDR.135, 9 trillion or 1.9 percent of PDB.
4. Debt interest payments in the National Budget 2011 is provided in amount of IDR.115, 2 trillion, or 1.6 percent of PDB.
5. The budgetary allocation for subsidies in the APBN (National Budget) of 2011 is provided in amount of IDR.187, 6 trillion (2.7 percent of PDB).
6. the budgetary allocation for grants is provided in amount of IDR.771, 3 billion, which means there is an increase amounting to IDR.528, 1 billion if it is compared with the grant budget ceiling specified in the APBN-P of 2010 amounting to IDR.243, 2 billion.
7. The budgetary allocation for social aids in the APBN (National Budget) 2011 is provided in amount of IDR. 63, 2 trillion or 0.9 percent of PDB.
8. The budgetary allocations for other purposes in the National Budget 2011 is provided in amount of IDR.15, 3 trillion or 0.2 percent of PDB. (The Indonesian Budget In Brief 2011.

Table 3.2.
STATE EXPENDITURE, 2011
(trillion rupiah)

Description	APBN		APBN-P	
	Total	% of PDB	Total	% of PDB
Central Government Expenditures	836,6	11,9	908,2	12,6
Employee Expenditures	180,8	2,6	182,9	2,5
Goods Expenditures	137,8	2,0	142,8	2,0
Capital Expenditures	135,9	1,9	141,0	2,0
Debt Interest Payments	115,2	1,6	106,6	1,5
Subsidies	187,6	2,7	237,2	3,3
Grant Expenditures	0,8	0,0	0,4	0,0
Social Aids	63,2	0,9	81,8	1,1
Other Expenditure	15,3	0,2	15,6	0,2
Transfers to Regions	393,0	5,6	412,5	5,7
Balancing Funds	334,3	4,8	347,5	0,0
Special Autonomy and Adjustment Funds	58,7	0,8	65,0	0,0
TOTAL	1.229,6	17,5	1.320,8	18,3

Source: Ministry of Finance

Under various developments as mentioned above, the central government expenditures in APBN-P 2011 has been provided amounting to IDR.908,2 trillion or 12,6 percent of the PDB. It means IDR.71,7 trillion or 8,6 percent higher than the ceiling of central government's budgetary allocation as specified in the APBN 2011 amounting to IDR.836,6 trillion (The Indonesian Budget Overview 2011). Furthermore, the role of

distribution is done through the related functions to support the empowerment of the various communities of low-income, economically disadvantaged or limited capability. Support is given in various forms of transfer payments in the form of direct assistance such as Family Hope Program (PKH), the budget allocation for programs and activities that support the fight against poverty, equal opportunity employment, and business opportunities, such as the national program of community empowerment (PNPM), as well as a variety of program expansion opportunities to obtain basic services such as health education and school operational assistance (BOS) and health insurance (Assurance).

Table 3.3.
TRANSFER TO REGIONS, 2010-2011
(trillion rupiah)

Description	2010		2011	
	APBN-P	% of PDB	APBN	% of PDB
BALANCING FUND	314,4	5,0	334,3	4,8
REVENUE SHARING FUND	89,6	0,0	83,6	0,0
GENERAL ALLOCATION FUND	203,6	3,3	225,5	3,2
SPECIAL ALLOCATION FUND	21,1	0,3	25,2	0,4
SPECIAL AUTONOMY AND ADJUSTMENT FUNDS	30,2	0,5	58,7	0,8
SPECIAL AUTONOMY FUND	9,1	0,1	10,4	0,1
Special Autonomy Fund	7,7	0,1	9,0	0,1
Additional Special Autonomy fund for	1,4	0,0	1,4	0,0
Infrastructures in Papua Province	21,2	0,3	48,2	0,7
ADJUSTMENT FUND				
TOTAL	344,6	5,5	393,0	5,6

Source: Ministry of Finance

The budgetary policy of transfer to regions in 2011 will be aimed at (1) increasing the local fiscal capacity and reducing the fiscal gap between the Central Government and the Regional Government (vertical fiscal imbalance) and among regions (horizontal fiscal imbalance), (2) synchronizing the funding needs in the regions in line with the division of government affairs among central, provincial, and district / municipal governments , (3) enhancing the quality of local public services and reducing imbalances of inter-regions' public services, (4) supporting the national fiscal sustainability in framework of macroeconomic policy, (5) enhancing the competitive ability of the regions, (6) improving the regional capability in discovering the regional economic potencies, (7) improving the efficiency of utilization of national resources, and (8) enhancing synchronization between national development plans and regional development plans (The Indonesian Budget Overview 2011).

In order to support the policy direction of the Transfers to Regions in the APBN-P 2011, the budgetary allocation for Transfers to Regions is provided in amount of IDR.412,5 trillion or 5,7 percent of the PDB. Nominally, this amount means an increase amounting to IDR.19,5 trillion or 5,0 percent of the budget ceiling of the Transfers to Regions in the APBN 2011 amounting to IDR.393,0 trillion. Similarly, if it is compared with

its realization in 2010 amounting to IDR.344,7 trillion, the budgetary allocation for Transfer to Regions in the APBN-P2011 has an increase of IDR.67,8 trillion or 19,7 percent. The needs of budget financing in the APBN-P 2011 is predicted to reach IDR.150,8 trillion. Such amount means an increase of IDR.26,2 trillion (21,0 percent) if compared to the budget financing specified in the APBN amounting to IDR.124,7 trillion (The Indonesian Budget Overview 2011).

3.2. Regional Budget

Local budget (regional budget) in Indonesia is part of national budget. In compliance with the mandate of the constitution, local budget have been drawn up as a manifestation of the management of state finances which has been carried out with transparency and accountability for the greatest possible benefit of the people's prosperity. As mandated also by Law Number 17 of 2003 on State Finances, local budget is drafted on the basis of the Regional Macro Economic Framework, Regional Basic Fiscal Policies and regional Government Working Plan (*RKPD*) of its fiscal year.

Instead of funded by its Regional Own Revenue (PAD), the local budget also funded by the national budget. The national budget carried out through transfer to the region. The funding through transfer to the region is intended to sustain the consistency and continuity of the implementation of fiscal decentralization, in the support of the operation of extensive, concrete and accountable regional autonomy. Therefore, local budget implemented in the framework for regional autonomy and fiscal decentralization is formulated to provide a clearer guidance to the area within the administration and services, and financial management based on the principles of transparency, participation and accountability. The government apparatus, particularly at the regions, need to manage the Regional State Budget (*APBD*) through transparent and accountable manner. As far as revenues are concerned, it should has the ability to increase, discover and develop the source of state and genuine regional revenue resources, with a view to bolstering fiscal capacity. In terms of expenditures, the need to improve expenditure quality and productivity of the Regional Budget (*APBD*) expenditures. The local government should be able to use the expenditure in a more qualified, effective, and efficient fashion, not being trapped in budgetary leakages. The budget should only used for truly productive activities and programs and capable of generating the highest possible value-added for the people's welfare.

The implementation of regional autonomy has changed the pattern of administration and fiscal management in Indonesia, which was originally to be centralized to decentralized. Direct implication of this policy is the regional government given power to manage their spending needs and priorities of each area. Source of funds in the budget to be allocated to perform all programs and activities related to the improvement of public services, job creation, poverty alleviation, improved environmental quality, and regional economic growth. As a consequence of the policy, the need for funds to finance the implementation of functions which have a regional authority, also increased. For that, the central government implement fiscal decentralization policy through the financial balance between the center and regions in accordance with the principles of money follows function. In an effort to support a variety of business and finance authority has been

delegated to the regions. The main purpose of these financial balance is to reduce the fiscal imbalance between central and local governments, as well as reduce fiscal disparities among regions. In addition, funding policies to the regions in order to run the affairs of the authority that has been delegated and is followed by the granting authority in the area of taxation.

Table 3.4. Actual Receipt Of Provincial Government Throughout Indonesia By Receipt Items 2005-2011 (Thousand Rupiahs)

Receipt Items		2006	2007	2008	2009	2010	2011*)
A.	LOCAL GOVERNMENT REVENUE	69,376,713,186	77,935,427,880	96,698,251,715	98,900,034,461	116,802,488,665	119,036,826,118
1	Original Local Government Revenue	30,556,135,053	35,107,948,811	44,486,733,562	45,406,418,865	56,726,589,730	59,547,376,401
1.1.	Local Taxes	25,719,347,146	29,464,063,064	38,042,637,125	37,668,301,884	47,300,841,241	50,201,809,287
1.2.	Rebutions	1,601,546,853	1,852,446,348	1,894,314,643	1,571,581,697	1,454,694,720	1,235,989,077
1.3.	Income of Regional Gov. Corporate and Management of Separated Reg. Gov. Wealth	852,500,283	1,101,338,485	1,300,646,754	1,608,096,150	1,933,195,176	2,244,162,453
1.4.	Other Original Local Gov. Revenue	2,382,740,771	2,690,100,914	3,249,135,040	4,558,439,134	6,037,858,593	5,865,415,584
2	Balanced Budget	33,654,398,517	36,513,742,961	42,992,798,385	42,598,264,441	47,519,927,639	46,774,214,602
2.1.	Tax Share	10,280,860,925	12,721,504,646	14,824,628,954	15,410,020,005	17,556,536,325	15,355,654,258
2.2.	Non Tax Share/Natural Resources	8,782,163,818	6,538,440,791	9,510,681,776	7,177,595,470	9,896,470,197	8,329,362,038
2.3.	General Allocation Funds	14,571,373,774	16,478,797,524	17,951,467,919	18,650,182,966	19,247,315,618	21,894,897,913
2.4.	Special Allocation Funds	20,000,000	775,000,000	706,019,736	1,360,466,000	819,605,499	1,194,300,393
3	Other Legal Revenue	5,166,179,616	6,313,736,108	9,218,719,768	10,895,351,155	12,555,971,296	12,715,235,115
B.	LOCAL GOVERNMENT FINANCING	14,680,277,690	17,287,901,278	16,638,848,508	22,992,773,028	16,670,537,821	11,602,428,906
	TOTAL	84,056,990,876	95,223,329,158	113,337,100,223	121,892,807,489	133,473,026,486	130,639,255,024

*APBD Data (source BPS, 2011)

Data from Indonesian Forum for Budget Transparency (FITRA) estimates that 124 regions in Indonesia have employees spending greater than the capital expenditure. The 124 regions in Indonesia remark their personnel expenditures by more than 60 percent of its budget. This personnel expenditures put the regional autonomy difficult to achieve public services. If this financial condition will allowed to drag on, bankruptcies expected to immediately threaten the region in the next 2-3 years. This condition occurs because the budget is used to finance employee or personnel expenditures only. In FITRA records, as many as 124 local governments have the budget of over 60 per cent for the personnel expenditures, while the capital expenditure is only 1-15 percent from their budget. Of these, a total of 16 regions even have a budget expenditure above 70 percent (FITRA,

<http://www.budget-info.com>).

The case of Lumajang government annual budget, for example, shown how the budget is mostly absorbed for personnel expenditure. Lumajang government's budget of 2011 allocated to 83 percent for personnel expenditure and only 1 percent of capital expenditure. The cause of the budget expenditure is also from regular salary increases from 2007 to 2011 in the range of 5-10 percent. The government should also increase the expenditure budget for the 13th salary. Other factor is the recruitment of civil servants (PNS) were performed not on budget constraints (FITRA, <http://www.budget-info.com>).

The problem in local budgeting shown from the quality of regional expenditure in the management of Regional Budget in various regions, which has not been effective yet. This is demonstrated by, among others, the continuing allocation increases of personnel expenditure, while, on the contrary, the portion of capital expenditure has declined. The increase of personnel expenditure in the Regional Budget is closely linked to the addition and appointment of new regional civil servants every year who, in most cases, are not up to their competence. What is most alarming, however, some of the capital expenditure is also used for the construction of official houses, the procurement of office cars, and so on. In fact, the capital expenditure used to build infrastructures, such as roads and bridges, should have actually been intensified.

Table 3.5. Actual Expenditure Of Regency/Municipality Government Throughout Indonesia 2006-2011

(Thousand Rupiahs)

Kind of Expenditure			2006	2007	2008	2009	2010	2011 ¹⁾
A	INDIRECT EXPENDITURE		87,405,357,099	108,548,513,241	134,527,570,742	156,617,007,328	188,322,077,646	210,075,528,828
1	Personnel Expenditure		71,843,768,814	86,901,788,463	109,212,737,156	127,058,590,735	156,352,821,239	178,257,112,625
2	Interest Expenditure		121,338,185	208,030,295	169,580,736	215,743,045	164,197,047	164,307,698
3	Subsidies Expenditure		0	410,602,127	627,320,014	634,487,470	587,280,314	601,534,603
4	Grand Expenditure		1,700,669,389	3,102,522,701	5,474,101,710	8,830,464,762	10,541,163,749	10,064,053,310
5	Social Aids Expenditure		7,312,926,617	9,925,219,001	10,065,140,261	9,186,451,104	9,143,264,394	8,479,318,375
6	Sharing fund Expenditure		1,783,306,568	932,224,462	1,062,806,336	1,002,275,469	1,200,547,934	1,139,249,526
7	Financial Aids Expenditure		3,498,991,881	6,125,023,524	7,245,003,738	8,937,831,068	9,445,917,745	10,220,520,409
8	Unpredicted Expenditure		1,144,355,645	943,102,668	670,880,791	751,163,675	886,885,224	1,149,432,282
B	DIRECT EXPENDITURE		99,652,408,963	133,045,900,061	143,692,431,250	146,926,567,973	142,008,916,727	179,743,658,963
1	Personnel Expenditure		7,941,074,175	15,994,675,112	16,999,368,067	16,896,159,077	17,304,075,959	20,670,188,617

	2	Goods and Services Expenditure	31,301,980,428	42,551,876,837	47,719,856,868	51,588,671,928	54,541,514,385	70,639,414,475
	3	Capital Expenditure	60,409,354,360	74,499,348,112	78,973,206,315	78,441,736,968	70,163,326,383	88,434,055,871
	C	LOCAL GOVERNMENT FINANCING	46,440,025,449	48,713,395,030	50,858,936,220	41,564,239,682	42,184,283,533	7,217,568,337
		TOTAL	233,497,791,511	290,307,808,332	329,078,938,212	345,107,814,983	372,515,277,906	397,036,756,128

*APBD Data (source BPS, 2011)

The budget profile is closely related with its process in budget decision making process. From the budget process, as quoted from study on Report Local Budget Index (LBS-INDEKS KIPAD) that budgets (both the State Budget (APBN) and local government budgets (APBD)) are an important instrument for governments to carry out their programs, which are to some extent influenced by how the budget is managed. The government budget is a reflection of political decisions between the executive and the legislature, which reflect what the government does each year. These political decisions have a broad impact on the public's standard of living, particularly in the effort to provide better basic services to residents, specifically women and the poor. It is assumed that how the budget is managed – from planning through accountability - will influence how effectively the budget can stimulate economic growth and provide better basic services (<http://www.budget-info.com>).

IV. Conclusion

1. Regarding the allocation of expenditure within the existing budget, it can be seen that the budget allocation for capital expenditure and social assistance is still minimal. Central Government Expenditure in the period 2011, was dominated by the Personnel Expenditures and Subsidies. Large allocation of funds is not addressed on Capital Expenditures and Social Assistance, which actually should be the priority of the government. From this, the budget showed that the priorities to the public interest is still weak.
2. In the public budget, budget policy configuration can be seen from three important aspects of the budget, those are State Revenue, Expenditure and Financing Budget. The linkage between the State Revenue, Expenditure and Financing Budget with fiscal function has a strong correlation with the increase in welfare. Quality of budget policy and budget allocation of the Central Government, occupies a very strategic position to support the achievement of national goals. Therefore, in fiscal policy, the political process of budget planning, need to adopt and implemented through a transparent process and should include all parties. The key to success lies in the fiscal policy budget planning, effective implementation, and accountability of fiscal policy.
3. The complexity of the budget problems mentioned above, shown that the public budget has a high complexity problem. The budget has a systemic problem in the proportion of public budget allocation, it influences the social welfare. Furthermore, the proportion of expenditure of government bureaucracy absorb almost 70 percent, while for capital expenditures is still in a small portion. The low capital expenditure shows that the public budget still oriented towards the interests of the bureaucracy, not the public service. On the other hand, state budget corruption is still rampant.
4. From the policy of public budgeting, public expenditure in Indonesia still can not reflect the public interest. There are many interests to intervene budget process and configuration

both politically and bureaucratically. Public budget policy was still opposed with democratic principles that "public policy must be based on public consent". When speaking public consent then should the public budget to accommodate the public interest-oriented public service for the welfare of the public. In fact, public expenditure policy in Indonesia did not reflect "budgets reflect choices and priorities". Namely, that the budget should indicate policy options and priorities as well as the government. For that controls the aspirations of the people in the budget, tapping the potential of corruption since the budget planning, and integrity of both planners, implementers and other stakeholders are absolutely necessary.

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DECENTRALIZATION AND GLOBALIZATION IN THE GLOCALIZATION ERA FINDINGS AND LESSONS FROM KARO REGENCY, NORTH SUMATERA PROVINCE, INDONESIA

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ABSTRACT

The “global governance” and “local governance” concepts color recent debates on public administration, government science and international relations. The main characteristics of both concepts are minimizing the role of the government and enlarge the role of non-state actors in decision making process, both on national level and on local level. Hence, global governance can be defined as globalization of local governance and local governance can be defined as localizing global problems. In this context, the notion of decentralization is in the “glocalization era”. Findings and lessons from Karo Regency, North Sumatera Province, Indonesia, can be placed as representation of “glocalization era” in the shifting of local governance practices, especially on three dimensions, they are : political, administrative and fiscal balance. To elaborate those shifting of local governance practices, this paper is organized as follow; firstly, starts with the explanation of the meaning of “global governance” and “local governance” as the main idea to make decentralization run world-wide; secondly, this paper explains literature review on dynamic definition of decentralization within glocalization era; thirdly, this paper elaborates findings and lessons from local governance practices in Karo Regency, North Sumatera Province; at last, this paper concludes some recommendations that could be taken into account by IPDN as a centre for excellent deals with “governance issues”.

Key word : decentralization, global governance, governance, local governance, IPDN.

I. INTRODUCTION

Decentralization has been adopted as the main theme of government methods both globally and locally. Globally, decentralization is understood as the way of central government to decentralize their fiscal, political and administrative responsibilities to lower level government and to the private sector (Smith, 1985; Litvack, Ahmad, and Bird, 1998; Schneider, 2003). On the other hand, locally, decentralization is perceived as a process of promoting local democratic governance and improving the quality of public service delivery (Law 32/2004 on Regional Government; Hidayat, 2008). Then, decentralization can be defined as a tool to promote local interest whilst preserve national interest.

Historically, decentralization notion based on *subsidiarity principle*, which means “one should not withdraw those decisions or choices that rightly belong to individuals or smaller groups and assign them to a higher authority”. However, a higher authority properly intervenes in decisions making when necessary to secure or protect the needs and rights of those are poor and weak. Thus, decentralization is not merely as intra-state relation between central and local government but it spread toward global constellation as inter-state relation.

This paper will elaborate the shifting of decentralization concept from local to global. Decentralization as one of the basic principles regarding inter-governmental relation is analyzed on three dimensions, namely : political, administrative, and financial

or fiscal. To elaborate those matters, this paper is organized as follow; firstly, starts with explanation of the meaning of “global governance” and “local governance” as the main idea to make decentralization run world-wide; secondly, this paper explains literature review on dynamic definition of decentralization within glocalization era; thirdly, this paper elaborates findings and lessons from local governance practices in Karo Regency, North Sumatera Province; at last, in this paper, the writer conclude some recommendations that could be taken into account by IPDN as a centre for excellent deals with “governance issues”.

II. DISCUSSION

II.1 Global Governance vs Local Governance

Decentralization can be defined as an argument about governance eventhough the relationship between decentralization and governance in practice is still rising much of debate. In many cases, the decision to decentralize is sparked by strong reactions toward prolonged period of highly centralized and authoritarian regimes. As Campos and Hellman (2004) said Indonesia and the Philippines are such the cases of decentralization as reaction to highly centralized regimes. Hence, decentralization is the issue strongly related with the shifting of the role of government both in global and local contexts from the monolithic toward more democratic.

In line with this framework, global governance and local governance are the type of governing mechanism to make the decentralization possible. Decentralization as transferring of authority and responsibility only run smoothly in palatable governance circumstances. Palatable circumstances is rised from the equilibrium of role and opportunity among the actors in the global level as well as local level. Based on this argument, discussion about global governance and local governance become relevant to evaluate the role and opportunity among actors.

According to *“The Commission on Global Governance”*, global governance is :... *the sum of the many ways individuals and institutions, public and private, manage their common affairs. (.....) At the global level, governance has been viewed primarily as intergovernmental relationships, but it must now be understood as also involving nongovernmental organizations (NGOs), citizens’ movements, multinational corporations, and the global capital market (Commission on Global Governance, 1995:2-3).* Within these definition, it could be understood that in *“global governance”* the role of the state or government is not monopoly but it is included to the roles of non-state actors (civil society community, private sectors, international organization or personal whose has global influency). Then, on the same time within this concept, governing process and decision making mechanism are intertwined both from above represent by state or central government and from below represent by community or local government.

In this contexts, there are two main arguments why *global governance*, basically meaning is *globalization of local governance*. *First*, the notion of *global governance* is weak in *accountability*. Generally, as *hyper-globalist* promoter within international relation sciences said that territorial border has loss its significance. They also said as such local events become global and vice versa global events impacted toward local level. Political turbulence in Papuas, if it doesnot manageable become global issue and discuss as

serious point in UN meetings. This situation have been faced by Indonesia in the case of Timor Timur (now become Timor Leste). On the other hand, financial crisis in Europe as indicated by the decline of Euro brings the negative impact toward palm oil peasant in North Sumatera because of the declining import demand from Europe region. There is nothing wrong with this argument. But, it must be understood that in the last resort, who is care and responsible to overcome this problems?

In this context, it is needed a cooperation amongst all actors on international level, government, private sectors and *civil society*. They must hand in hand to mitigate those problems. Cooperation amongst actors should be held in high level of key actors, such as *Summit Meeting*. However, at last everything results document, recommendations and others form of resolution that was designed from this meeting responsibility rest upon the government. NGO (Non Government Organizations) is not the subject to take a responsibility. All of NGO's actors are not the member of parliament which appointed through democratic mechanism. The same things are happened to private sectors, board of member as well as board of director in the private sectors that do not appoint through democratic models. Only government could be claimed for responsibility.

Second, if we agree with this point of view, the notion of *global governance* basically rest on what we call *globalization of local governance*. Pascal Lamy (2012), director-general of WTO, said that *global governance* has a *legitimacy deficit*. Legitimacy deficit within all of international institutions is emerged from its failure to create a *sense of togetherness* as *shared feeling of belonging to a community*. Reversely, according to Lamy (2012), *sense of togetherness* is strongly bounded at local level and become less and less follow the distance of power.

Based on this conceptual framework, the more palatable respons toward *legitimacy deficit* are not *globalizing local problems*, but they are more reasonably to *localizing global problems*. They need radical shifting of paradigm. Paradigm shifting which need to do is to promote the notion that local level has adequate capacity to overcome their problems. The tacid knowledge behind this notion is local governance that has a robust common feeling as *shared identity* that is built and grew from the long traditions in a long time ago. *Local wisdom* may be the best key word to represent this common feeling.

Within this context it must be recognized that shared identity is the basic element to make *trust*. Any policy that could be made without *trust* is not effective and bring to legitimacy deficit. Hence, *local governance* become the most important thing. Local election through democratic mechanism become prerequisite to make elegant *local governance*.

Another implication from *globalization of local governance* is rejection toward the mainstream school of thought : *one-size-fit all solution*. This implication means there is no one policy to overcome all problems. Such policy that succesfull in one region or many region is not guarantee success in other regions. The notion *globalization of local governance* require eloquent tactics such as *think globally and act locally*.

Last but not least, to make local governance strong, we need *strong leadership*. *Globalization of local governance* is impossible to be realized without capacity of local leader. Regent, city mayor and all of civil servant must be closed to the people

(local community). Strong local identity as *shared identity* could not be strong if the local leaders do not have leadership capacity.

II.2 The Dynamics Definition of Decentralization and Glocalization Era

One of the most critical prerequisites to translate decentralization from concept to practice is clear understanding of the concept. To be able to better understanding what decentralization means basically we must discuss what decentralization is and what decentralization is not. The most comprehensive definition about decentralization is UNDP Monograph on Decentralization (Nharinet Team, 2005). According to UNDP monograph (2005), decentralization is :

- **a counterpoint to globalization**

Decentralization is a counterpoint to globalization means that has two concepts as the opposite one to another. On the one hand, globalization often to remove decision making process from local and national levels toward global level of multi-national or non-national interests. On the other hand, decentralization brings decision making process back to sub-national or local levels.

- **a phenomenon involving multiple dimensions, actors, and sectors**

Decentralization is a complex phenomenon involving many geographic entities, societal actors and social sectors. The geographic entities include the international, national, sub-national and local levels. The social actors consist of government, the private sector, and civil society. The social sector includes several development issues, they are : political, legal, social, cultural and environmental.

- **a mix type functions and relationships**

Decentralization is a mixture of administrative, fiscal and political functions and relationships.

On the other hand, decentralization is not :

- **an alternative to centralization**

Decentralization is not an alternative of centralization, both decentralization and centralization are needed (Prasojo, 2009 ; Cheema and Rondinelli, 1983).

- **Exclusive public sector reform**

Decentralization is much more than merely public sector reform, it involves the role and relationship amongst all societal actors, whether governmental, private sector or civil society.

After we have discussed what decentralization is and what decentralization is not as well as global governance and local governance phenomenon, there is an impression that global and local are simultaneously interplay. This phenomenon academically called “glocalization”. The term “glocalization” that captures the essence of the emerging worldwide phenomenon where globalization and localization are simultaneously transforming the development landscape (Sharma, 2008). Still according to Sharma (2008), the term has its roots in the Japanese term *dochakuka* which first appeared in the late 1980s in articles by Japanese economists in the Harvard Business Review. The term originally meant adapting farming technique to one’s own local condition. The idea was later adopted to refer to global-localization.

According to the dictionary, the term of 'glocal' and the process noun of 'glocalization' are formed by telescoping global and local to make a blend" (The Oxford Dictionary of New Words, 1991:134). Roland Robertson, conceptualized glocalization as "the universalization of particularization and the particularization of universalism" (Robertson, 1992:100). Khondker (1994) expressed it as a process combining the twin processes of macro-localization and micro-globalization.

However, the term "glocalization" is relevant to make the atmosphere of decentralization discussion become warmer. Nowadays discussion on decentralization has increased and it could be said as the impact of glocalization era. Decentralization was designed because of two forces combined to push for decentralization : first, external pressure by international development agencies and experts; and second, internal political expediency in national contexts where the public authorities are unable to organize basic public services (De Grauwe, et.al, 2005; see also Suwandi, 2003). International development agencies which promotes the idea of decentralization, consist of World Bank, Asian Development Bank, USAID, and UNDP. Worl Bank promotes and disseminates the idea of decentralization through some projects, covers baseline survey on preparation for decentralization or regional autonomy implementation, in-cooperation with prominent university in respective country (in Indonesia with University of Indonesia; Gadjahmada University) and evaluation of decentralization practices to give input for revision of Law on Regional Government. Meanwhile, ADB, USAID and UNDP run the donor-driven project related with local government capacity to implement decentralization. In this contexts, such projects as Sustainable Capacity Building for Decentralization Projects (SCBD-P) funded by ADB; Local Governance Support Programme (LGSP) funded by USAID; Governance and Decentralization Survey (GDS) funded by World Bank and UNDP.

Internal political expediency in national contexts represents by push both of association of city regency government and association of provincial government (in Indonesia also called – APKASI and APEKSI for local level and APPSI for provincial level) to revise the Law on Regional Government which give more power and discretion for local government. According to regional point of view, decentralization should be bringing the state or government closer and more accountable for local people. This notion based on argument that "local government best known the local needs".

Without ignoring the debate on decentralization, one principle must be in mind : decentralization does not imply abandoning the state, but rather a change of its role. This principle could be well-understood by tracing the dynamic of definition of decentralization, especially 'why' and 'how' of decentralization.

The 'why' government should decentralize, generally answered by two constrasting perspectives: (a) to bring the government closer to the people or (b) to split sovereignty between various levels of the government (Sharma, 2008; see also : Hidayat, 2008). Roots of these two decentralization perspectives can be traced in political thought of "social contract" by Rousseau and Montesquieu respectively. It means, Rousseau emphasized on virtues of bringing the government closer to the people, meanwhile Montesquieu emphasized on virtues of limiting huge central government.

The 'how' to decentralize is a mixture of administrative, fiscal and political functions and relationships. In the design of decentralization, many countries use all three

dimensions. Administrative decentralization occurs when agents in higher level of government move to lower levels (in Indonesia- called as “deconsentration”). Fiscal decentralization occurs when higher level of government delegate influence over budgets and financial decisions to lower level. Political decentralization occurs when higher level of government shifts power and task to lower-level authorities who are autonomous.

Based on those elaborations regarding on the rationale or ‘why’ and ‘how’ to decentralize government, it is clear and easy to understand the definition of decentralization as follow :

Mawhood (1987: 9) said that decentralization is “... *devolution of power from central to local governments*”. This definition is not different with Smith (1985) which define the decentralization as “... *the transfer of power, from top level to lower level, in a territorial hierarchy, which could be one of government within a state, or offices within a large organisation.*”

The spectrums of those definitions mentioned above more clearly elaborate that dynamic definition of decentralization depends on means and goals of decentralization. On the one hand, the means of decentralization bring the political and administrative perspectives into debate on decentralization. On the other hand, the goals of decentralization uncover the local versus national interest to be promoted. Hence, decentralization can be placed as a result of dialectical discourse in the age of glocalization. So what is the empirical evidence for those phenomenon will be elaborate more on the rest of this paper, especially with reference to Karo Regency, North Sumatera Province, Indonesia.

II.3 Decentralization in Practices: Findings and Lessons From Karo Regency

How far decentralization goes as the theme of this conference, could be answered by using lesson learned from Karo Regency, North Sumatera Province. Decentralization in political, administrative and fiscal dimensions is elaborated through conceptual framework which more emphasis on the three dimensions. To be able to better understanding findings and lessons from Karo Regency, this paper conceptualizes decentralization in practice by using Schneider’s dimension and indicator of decentralization (2003) as well as Law No.32/2004 on Regional Government.

According to Schneider (2003) and/or Law No.32/2004 on Regional Government, dimension and indicator of decentralization can be summarized as follow (Table 1).

Table 1. Decentralization Dimensions and Indicators

Dimension	Indicator	Source of Data
Political	Local election	Local Government of Karo Regency
Administrative	Local authority and capacity of bureaucracy	Local Government of Karo Regency

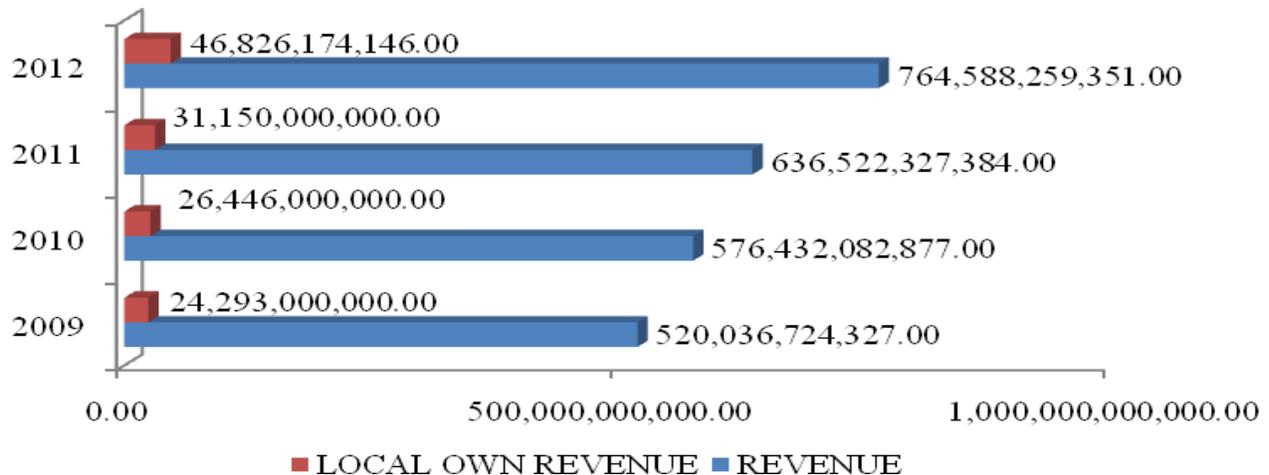
Fiscal	Local revenue and expenditures as percentage of total annual budget	Local Government of Karo Regency
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As shown on Table 1, lesson learned from Karo Regency depicts through political, administrative and fiscal dimensions of decentralization could be described as follow. First, political decentralization which is measured by quality of local election. Local election on the first instance was designed to vote for local elite that acceptable for local people and have an adequate capability to overcome local problems. In accordance with this philosophy, local election was created by using direct election both by political parties as well as independent path (see Law No.12/2008 on Second Revision toward Law No.32/2004 on Regional Government; see also Government Regulation No.6/2005). What is the empirical evidence from this concept? In local government of Karo Regency, the fact that elected regent was came from marginal political parties. As the result of marginal legislative supporting toward elected regent, the local government is weak and vulnerable from legislative interventions. Divided government is the result of local election.

Secondly, from the administrative perspective both local authority and capacity of bureaucracy were poor in performance. Local authority according to Government Regulation No.38/2007 is not optimally implemented. Several problems deal with local authority was happened on the practice of governance. Minimum service standard (MSS) as a basic measurement for obligatory function implementation was far from expected achievement. Basic services became worse and underfinanced. On the other hand, the capacity of bureaucracy was not optimally improved. Local bureaucracy become highly politicized and victimized by local elite. Civil servant management become unpredictable because of the absence local leadership and competency standard. Parsonian bureaucracy and bureaupathology are pervasive as the result of hyper-politicized local government.

Third, financial perspective as local revenue and expenditures as percentage of total annual budget is still marginal for recent 4 years (2009-2012). Local own revenue (also called PAD : Pendapatan Asli Daerah in Law No.32/2004) still less than 5% from total revenue since 2009 up to 2012 (see Chart 2).

Chart 2.
Local Revenue and Local Own Revenue (IDR) 2009-2012



Still deal with financial dimension, expenditure on local government is dominated by indirect expenditure which used to finance for local apparatus salary (more than 60% annually) rather than to pay for public services. Local financial discretion is not adequate for improving the basic infrastructure, pay for minimum service standards especially for three basic sectors : health, education and social affairs. Local financial is restricted by local budget policy which guide by rule-driven budgeting which emphasized on earmark, obligatory funded and co-financing as support and priority toward national programmes. Shortly, how far decentralization goes, it could be answered that decentralization is going well-localized politically but administratively and financially is still centralized. We need to consider changing relationships and mental model to make decentralization goes beyond.

III. CONCLUSION

Measurement of how far decentralization goes is not “one-size fit for all” but one principle must be in mind : decentralization does not imply abandoning the state, but rather a change of its role. This principle could be well-understood by tracing the dynamic of definition of decentralization, especially ‘why’ and ‘how’ of decentralization.

Furthermore, IPDN is one of high education institution under The Ministry of Home Affairs (MoHA) that concern with governance issues requiring new insight. *Local governance* as the main issue which critically studied by this institution need to enlarge by including global issues like *global governance*, relation amongst strategic actors in each level playing field, local, national and global.

Declining border between “local”and “global”as elaborated in this paper need respons from IPDN to include in curricula. IPDN should give more contributions through collaborative partnership amongst key stakeholders, consist of civitas academica, local government, MoHA. IPDN should promote local wisdom as tandem for global problems. Hence, *globalization of local governance* could be realized in practice of governance.

In short time, practical recommendatios address to IPDN are as follow :

- To publicate and disseminate critical review and research findings regarding on governance issues as a media to construct and reconstruct the body of knowledge of government science regularly.

- To give reward and appreciation to civil servant or to those who use the government science as expertise as well as professionalism. We need the *role model* to make the government as public service become legitimized vis-à-vis our community.

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**EVALUATION OF DECENTRALIZATION IMPLEMENTATION AND REGIONAL
AUTONOMY IN NEW AUTONOMOUS REGION (DOB)**
(Case Study in the District (Kabupaten) of Peswaran of Lampung Province

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ABSTRACT

The purpose of this study is determining how the implementation of decentralization and regional autonomy in DOB particularly in Pesawaran district with focus on the four functions of local government, namely: public service, policy-making, conflict management, and community empowerment. Data collection methods are using observation, in-depth interviews and documentary study. Research results indicate that (1) the implementation of the public service as an important aspect in the implementation of regional autonomy has not met properly, (2) In the process of policy-making, technical prose of making developmental program is already running, but Musrenbang is only used as a tool of legitimacy that the process reputed as has involved the community. The next stage of public policy-making is the process of legislation and politics between the Local Government and Parliament. In this section unproductive political process frequently happened (3) In general, the conflict that led to horizontal violence in the community does not tend to appear in public, although there are some cases that are just casuistry and temporary. Conflict would occur among the regional administration in the form of political conflict between the regents with the legislature, as well as between the community and the local government (4) Society empowerment in Pesawaran districtis not maximumly achieve yet. One of society empowerment activity is increasing public participation in mangrove conservation using both physical and non-physical programs.

Keywords: Decentralization, regional autonomy, policy evaluation

Background

Regional autonomy is a governance mechanism which involves the relationship between the national government and local government. Through this mechanism, the national government delegates an authority to the government and local communities to be held in order to increase benefit to them. The implementation of this policy has given rise to the spirit of local government in developing the capacity to establish the new authority given. In some cases, this implies a strengthening of the institutional capacity of local government so that they can provide good service for the community. But in other cases, it has created disorientation among local governments because of the large powers, obligations, and opportunities owned.

The implementation of regional autonomy is marked by the number of new areas. In 1999 there were 26 provinces, 234 districts and 59 cities. The number increased at the end of 2008 into 33 provinces, 387 districts and 90 cities, and by this year of 2012, Commission II of DPR RI (House of Representative) and Ministry of Internal affairs (Kemendagri) approved five New Autonomous Region (DOB). So the total number of Autonomous Region in Indonesia right now has reached 535 regions which consists of 34 provinces, 502 districts, 93 cities, 5 towns administrative, and 1 administrative district.

Budget was swollen due to increase transfer of the General Allocation Fund (DAU) for all autonomous regions which expanded to the number of trillions of rupiah. In the last two years, in 2010, the government issued a DAU of 203.60 trillion, and in 2011 re-poured into 225.53 trillion.

The problem is that most of the expansion area apparently has less performance in public service. Economic indicators also show that the condition is getting worse into more than 80% under the national average. Many people is still untouched by development program as what they desire (Simanjuntak, 2008). Practice of DAU and DAK for each area expansion also doesn't make the area become self-reliant but even more dependent on the central government. This is contradicting to the principle of regional autonomy that requires independence.

From the point of deepening democracy and the creation of an effective government, regional autonomy is an instrument which can be positive or negative depending on who and how to implement it. Evaluation and monitoring should be done thoroughly, directed by parameters measured on the level of successes and failures but up to now have not adequately available. For the new autonomous region, there should be a parameter to measure the overall implementation of regional autonomy and decentralization of the authority to run its base functions that public service policy, conflict management and self-empowerment in the local context can be implemented as well as possible. Based on the description above above, the research on the evaluation of the implementation of regional autonomy in the district Pesawaran Lampung province which is one of the new and expanded autonomous region in 2009 was carried out.

Research Methods

The research was conducted using a qualitative approach with descriptive research type. According to Bogdan and Taylor (in Moleong, 2002:3), qualitative research methods is a research procedure that produces descriptive data, i.e words written or spoken of the people and the observed behavior. Qualitative research looked at the object studied holistically. While descriptive research, according to Nawawi (2001:44) can be defined as research that seeks to tell the existing solutions based on existing data. The research was conducted in the district of Pesawaran . Determining the location of the research is purposively by considering that the district is a DOB. In term of the implementation of increasing local government capacity, problems arise at the individual, institutional and systemic level. The focus of this study is on the four basic functions of government, namely: 1) public service. 2) policy making 3) Conflict management 4) Empowering communities. Data and information collected includes secondary data taken from the center of the district of Pesawaran government. In addition, the data collected also includes primary data obtained through: (a) structured interviews and in depth interview; (b) Observation (direct observation), (c) Documentation. Furthermore, to check the validity of the data was using triangulation data. Data analysis was conducted using qualitative data analysis methods were performed through the steps of data reduction, data presentation, which ended with the verification and conclusion.

DISCUSSION

1. Public Service

The policy of regional autonomy is a political decision of the central government to give authority to local governments. This often tends to be interpreted as a "transfer of sovereignty" to do anything. Meaning is what actually detracts from the essence of regional autonomy. Actually the policy is aimed for the improvement of public services. Thus, the government has a responsibility in addition to improving the welfare of the community, as well as promoting sustainable performance of community service. In the development of the meaning of public service was not just a basic service, but also the service that widely shared concerns and interests of users of the service recipients, so it is widely known as "Public Service".

The implementation of regional autonomy is greatly affecting the performance of the public service received by society. One policy area that is very noticeable is the arrangement of Organizational Structure and Work (SOTK), along with the central policy of echelon officials in the local level. It has brought the consequences of changing positions and increased allowance of bureaucrats in the local government. So 99.99% of General Allocation Fund (DAU) is used to cover payroll and benefits personnel in the local level due to this policy. In such conditions the allocation for public service programs are often marginalized.

The same condition occurs also in the district of Pesawaran where the local finances greatly depends on the majority of the DAU and DAK allocation for expenditure from salaries, benefits, facilities and so forth. Then the weak point is that limited capacity of local government in exploring local sources of income (PAD).

Generally, the problem faced by the Government of Pesawaran district is low of PAD as a consequence of can not achieve the target of revenue. The next issue to be noted is inefficiency of local government which makes development as a manifestation of better public services and the quality is not prioritize.

Furthermore, the application of the concept of public service in the autonomy era required minimum service standards (SPM). In the preparation of SPM ideally posed to the public in order to obtain information, correction and evaluation. Society should be more informative in presenting their correction and evaluation as a feedback to local governments. But what happens is a complaint or satisfaction that still appears individually, means that if the problem does not in contact with their individual space, they would be apathetic and do not want to know. Until now, public service refer to SPM has not been implemented in the Kabupaten Pesawaran. Based on interviews with community members who are taking care of business licenses, is gathered information that there is a fuzziness when a business license and other permit letters will be issued, even though in the announcement board written about the duration of making the letters, but it seems that it has not been properly complied and implemented in accordance with the SOP. (Interview, July 2012)

Normative rules concerning the application of public services in areas does not explicitly contain sanctions for violation of local government services to the public. In connection with the violation of the public service guidelines, the discourse had appeared in that central government will "delay" liquefaction general allocation fund (DAU). If this is the

case then it would even add new problems, as DAU is used to pay salaries and allowances of local government official. It is therefore necessary to have strong commitment from decision makers in the field of government to review SOTK and echelon policy in the local level. Concretely, SOTK policy which has been packed on behalf of the needs of the area proved to be a financial burden in their region.

In the context of the district administration, Pesawaran district is still far in the term of quality and quantity of public services provided to the citizens. It shows the general perform of local governments in Indonesia that still low and especially in Pesawaran district is low and far from the expectations and the essence of regional autonomy.

In addition to the issue of community involvement in the public service, the basic thing that can be a good example of public service is balancing the allocation of funding in budgeting. In regional budget year 2010, the total budget is seted into Rp. 470 474 829 460, which is used for indirect expenditures or personnel expenditures for about Rp 335,438,793,660 or 71%, while direct expenditure or public expenditure only Rp. 135 036 035 800 or 29%. Thus it can be said that the commitment of government in prioritizing public services is not optimal.

Limitations and commitment that is not optimal absolutely it will hinder the accelerated development which appropriate to the spirit of reform and regional autonomy. So that needs to give attention that community is an informant, proofreader and evaluator of the application of public services from local government. Therefore we need local regulations (PERDA) concerning public services which more aspiration on drafting process, accommodating and transparent.

Communities should not only give complaint, but also they could deliver satisfaction. Both can be delivered in a normative, polite and democratic mechanism so it can be variable for the repairment and improvement of public services of the future.

Therefore the implementation of the strategic concept of public service to be the concern of Pesawaran district and all elements of society in Pesawaran District to improve the quality of public services as proposed by Agus Dwiyanto (2002) namely: (1) Perception and sincerity in improving regional government welfare, (2) aspirational, accommodating and transparent of minimum service standards (SPM) (3) feedback (feedback) to improve services in the future from a normative control mechanisms on the performance of the services provided, (4) leadership ability in any institution of local public services. (5) Administrative reform or reform birocracy behaviour. Others that need to aware is as described by Linden, 1994, that policy-making and implementation of public service interactions should : (1) apply the concept of concise government (the compact structure) and strategic human resources management. (2) community involvement in providing information, correcting and evaluating the implementation of the public service.

Benchmark achievement is very important to include, for each unit of the authority of the implementing organization/function in a particular field can measure themselves whether or not successfully carry out their duties. On the other hand, with clear performance measures, public or community can also monitor the performance of the organizational unit. Due to the transparency of measures also describe the accountability of organizational unit to public. Forms of accountability aspects should includes:

1. The existence of a clear definition of quality standards and disseminate it to public
2. The existence of responsive complaint handling system
3. The existence of compensation will be given to the client or service user if they are not satisfied with the services provided by local governments

2. Policy-Making

Policy-making process is divided into two major parts, namely (1) the policy-making at the level of society, that is how public involve in the policy-making process, and (2) policy-making at the level of legislation or political, policy-making at this level take into account as something complicated because the influence of the political elite, political interests, conflict and political legitimacy.

Formally, the compiling of Pesawaran district developmental program is as same as other district, known as Jaring Asmara or Community Aspirations Network. The tages of the policy making starts from the village meetings, then subdistrict meeting, at last in district meeting held by Development Planning Meeting (Musrenbang) which should attend by all representatives of SKPD (regional work units) in the regional government of Pesawaran.

Based Musrenbang conducted in 2011 by the regional government of Pesawaran district emphasises on the accelerate development of the region by improving the quality and equity of education service, health care, infrastructure improvement and citizen empowerment to be more prosperous.

In addition to that, the priorities of development in 2012 focused on:

1. Improving the quality of education, health care , community development and realization of a harmonious society;
2. Improving basic and rural infrastructure.
3. Increasing citizen development in economy based on agriculture, fishery, industry, commerce, cooperatives, employment and tourism.
4. Optimizing the management of natural resources, preservation of the environment and spatial planning.
5. Improving the implementation of Good Governance responsibility

In general, the stages of preparing the development program is actually already running, but it has so much problem in composing the program. It is because Musrenbang only be used as a tool of legitimacy policy, as a formality which regarded that the process of composing had involved the society so the development program has been drawn up in accordance with the aspirations of the people.

Under these conditions, the process of formulating development programs is merely a formality and participation of people was not too strong. Communities were represented by public figures only. In addition, the proposal from the community is only about physical programs and rarely for long-term development program. The most important the number of proposals into later development programs has limited budget. It is because there is more SKPD budget which fills the post. Another aspect which led to unfulfilled proposal because regional budget is spent more on regular budget of government which reach 65% of total budgeting each year.

The next important step in public policy making is the process of legislation and politics between the Regional Government and the Parliament. In this section, unproductive political process is frequently happened. Generally it occurs in divided government. This condition really disturbs the process of decision making in the public policy process. Since 2 years ago, this condition has been occurred in Pesawaran district in which the relationship between the regent and regional Parliament is not harmonious. In year 2011/2012, regional parliament was stalling budgeting discussion in which made regional budgeting run based on Regent Instruction only. This is due to the unfamiliarity of the functions and roles of each institution, where the Regent and Council should be a partner in the frame of regional government where there is check and balance. It disturbs the budgeting process and in the consequent society development is hampered.

3 Conflict Management

Since regional autonomy, one of the problems come up is strengthening the symptoms of conflict, both horizontal and vertical conflicts. There is a lot of abuse in using equipment, and facilities. It also creates injury and even death in community. There's a lot of verbal abuse and lead into violence/riot acts.

Kleden (in CSIS 2, 2002) stated that Indonesian's political and social condition since reformation process had characterized by two very prominent in the political behavior: that is freedom and violence. The violence shows in many different expressions, but basically has the same structure.

Related to conflict management as part of the local government indicators, at least there are 3 patterns of conflict in the government, namely: (1) vertical conflict with the provincial government, (2) Horizontal conflict between the Regents with the legislature; and (3) conflict with the local Chief Deputy Head.

Associated with the pattern of management conflict and also as the effect of decentralization, the regent has unharmonious relation with the Governor of Lampung Province for at least 1 year. This phenomenon does not only occur in Pesawaran district, but also occurs in almost all districts/cities. Some of the factors that influence it are: (1) an understanding of the structure of government, where many regional heads that the governor's position is an arm of the central government that does not have a hierarchical relationship, (2) understanding of each regional head of the concept of economic and regional development put the integration aspects of development are part of the organizational structure of government formation, and (3) the existence of political competition in areas that are not healthy, ranging from parties, groups and family interest. Some descriptions above are part of the factors that influence the relationship of each level of the organization in the community.

Second, the conflict happened between regional heads parliament. The pattern of this conflict occurred after the first election in the District Pesawaran, elected Regent promoted and supported by Democrats, PKB, PKPB, PPP, and PBB won the election as much as 30.50% of the vote. Although constitutionally he had won the election, but the number of vote was the minimum number, in the minimum threshold of 30% from total vote. The result of the political aspect is certainly less profitable, because of the results are less than the maximum political legitimacy.

The lack of political support that owned the Regent, causing the head area will be difficult in the discussion of the development program, particularly in relation to the current

budgeting process. The implications of this condition, the head of the region will always do political transactions in order to get full support from the Parliament.

In 2012 Padang Cerrmin sector police station was burned by citizen. It occurred because society wanted one of prisoner was released by police. Society argued that he is one of the provocator in riots among youth in the village, meanwhile police argued that he was someone who often engage in theft and extortion. Issues which emerged in the community was that the police abused the prisoner. People was angry and burned the sector police station. According to the results of interviews with community leaders and legislators, the conflict solution was using customary law repretning by the heads of custom and lead by the police. It felt better ensure justice and it had more power than the value of national law which tend to be less favor. It's because customary law is the agreement of the local community who have been considering the interests of society, individual, as well as the parties. (Interview August 2012)

According Camarar, 2000, Whatever the case, violence is "multidimensional reality" that can not be separated between the violence of the act of violence with more violence arise due to conflicts in society. Conflict is a situation where there is disharmony in the relationship between multiple people in an organization or society. Besides the conflict can also be defined by the disagreement between people, groups, or organizations.

Factors causing conflict among others are: (1) there is a difference opinion between two or more persons, (2) each person maintains their ego so there is no agreement, (3) the existence of distrust of each parties against the others, (4) there is misunderstanding between the parties, (5) the resolution are not based on consensus agreement.

In general, the conflict that led to violence in the community horizontally tends not to appear in public, although there are some cases which is only casuistic and temporal cases, not a latent violence. Some demonstration action claims to be mainly due to the quality of governance, adequate public services and improvement of infrastructure such as roads, bridges, schools, health facilities and others.

4. Community Empowerment

Empowerment is a term that appears along with an awareness of the need for community participation in development. In the relation to regional autonomy and decentralization, the empowerment of government is very important and urgent to do. Self Empowerment stated by Mukhtar Sarman (1996) means an effort that always encourages and stimulates the process of community self-reliance process. It caused in the absence of some form of autonomy that public participation would be impossible and mobilization exist. Self empowerment can be attributed to the transformation of social, economic and even political (power), later on it means the process of growing empowerment of power or ability.

Community empowerment san be effective when the infrastructure of democracy runs independently. As argued by Tamrin Amal Tomagola (2005), infrastructure includes local political parties, local NGOs, local journalists, local universities and local polices. Not all areas have the five elements, but at least the local political parties capable to run functionally. In addition, the independent non-governmental organizations (NGOs) such as CBOs, NGOs and voluntary groups could strengthen the community and do control to the government. Besides that, the journalist is very strategic in successfully achieving community empowerment.

In the era of regional autonomy of local government closest to the people, is the village government. Therefore the government's attempt to bamboozle the village is to be done before, empower communities. Those need to be constituted by the government to empower people on how to create an environment of government bureaucracy that is easily accessible or accessible by the public, especially those living in conditions of poor round. Those who are poor are not people who do not have anything, but it was the all-limitations, both economic (capital), knowledge (access) to capital, markets and so on, making it difficult to develop them.

Thus, if empowerment successfully executed, it will strengthen local independence politically, economically, and culturally to counteract and compete globalization of the world economy which is driven by the spirit of liberal capitalism. Regional sustainability also will strengthen the area in state life.

Community empowerment in Pesawaran district is still very limited both in quantity and quality. What has been done so far is doing Musrebang in district. Empowerment is a form of giving an opportunity to the public to actively participate in development process by following the activity of Musrenbang in the area of village, the sub-district and district. In this program, society is given the discretion to propose community programs in general and expand the development society self trusted.

Pesawaran district have mangrove forest areas, especially in sub area of Punduh Pidada and Padang Cermin. One of the community empowerment is increasing public participation in mangrove conservation, either by the physical program or the non-physical program. The program need to be done based on the character of the people who always want to direct benefit as quickly as possible. The purpose is to increase the income of the people in building their village, through increasing physical program (duck poultry, aquaculture ponds of Paluh nature, fish processing, manufacture of sugar palm, cat fish farming, and shrimp farming), increasing public participation in mangrove conservation, increasing the productivity of mangrove areas, maintaining the shoreline and preventing coastal erosion, improving skills and community skills in fish processing techniques, making palm sugar, and promoting the role of institutions (LKMD, and Youth Organization) in mobilizing people to taking care on forest preservation. Septriana, (2012) stated that people in the region have been involved in mangrove forest conservation activities and community empowerment programs includes increasing family income through the creation of household based industry mangrove trees. Only it turns out the involvement of local government as a stakeholder in the program does not turn out to be optimal. This is unfortunate things since one of the programs by the government stated as Pesawaran ditrict is to strengthen the coastal areas by involving all coastal communities through programs of economic empowerment.

The efforts to empower these people should open an access to the strategic resources area owned in the form of natural resources, revenue (PAD), budget and so on. Open access is an attempt to have each other as well as varying benefits in a planning work programs. Thus, there is participation of people against a number of existing strategic resources in planning, implementation, evaluation, and control.

It needs to note that the effectiveness of the activities can work well if it well targeted in the sense on the bottom layer (grassroots) and the scope is at the local level. Therefore, it would need to look back at the existing local potential related to natural

resources, human resources, infrastructure, and institutions in a network system. Synergized network system need to reinforce each other both vertically (in the production flow and institutional hierarchy) and horizontally (in the mobility of human resources of goods and services that are integrated in maximum impact chain).

With empowerment, the one who was in the bottom layer will be elevated in rank so that it can rise to a new middle class society. However, as a state before because of the poor who live in the multifariousness lack both economy and political, as well as knowledge, the efforts to devine needs are not fully able to be captured intact and systematically. We could say that the poor need the help of people/parties to formulate and define the purposes and needs as enablers function progress. (Sarman Mukhtar, 1996).

Community empowerment will be effective when carried out jointly between the community and police in a transparent and accountable way. Local governments with their resources required to carry out its mission of empowerment. This is need to be done so that people are able to prepare themselves to become more empowered in the sense able to compete independently and professionally in local competition, regional and internationally
globalization.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. Implementation of public service as an important aspect in the implementation of regional autonomy has not properly fulfill in the District of Pesawaran
2. In the process of policy-making, technical development programming process is already running, but it only used as a tool of legitimacy in Musrenbang policy so formally the process has involved the community. The next stage of public policy-making is the process of legislation and politics between the Regional Government and Parliament. In this section frequent political process results unproductive. These conditions interfere with the decision making process in the public policy process.
3. In general, the conflict that led to violence in the community horizontally does not tend to appear in public, although some case are casuistry and temporal. Conflict would occur among the regional administration in the form of conflict between the Regent Horizontal parliaments.
4. Empowering communities in the District of Pesawaran is still very limited both in quantity and quality. What has been done so far is Musrenbang in district. Community empowerment is in the form of activities to increase public participation in mangrove conservation, both in physical and non-physical program.

Recommendation

1. Pesawaran regional government as a new autonomous regions need to do through mapping aspects of people's needs, then do the bureaucratic arrangement in accordance with the field of expertise to fit the needs of the service; accelerating

- infrastructure development and public service advice, and monitoring the performance of the public servant bureaucrats is not professional.
2. In the future policy-making involving the community is not only as a tool of policy legitimacy only, further community involvement in policy-making aimed its effective and efficiency development. In the process of legislation and politics among regional Government and Parliament should prioritize public interest over the interests of political parties or group interest.
 3. To overcome the conflict both horizontal and vertical to occur, it needs to build effective pattern of political communication. Meanwhile, to organize political conflict between government agencies, it needs for the central government to set firmly and give sanction of abuse done by the authority.
 4. Community development should be expanded in the means of empowerment. In the future, empowerment directed towards the development of innovative capacity of society, so it can adapt to changes in social and economic development.

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DEMOCRATIC ASSESSMENT OF PARTICIPATORY GOVERNANCE IN URBAN DEVELOPMENT: LESSON LEARNED FROM PERCEPATAN PEMBANGUNAN KELURAHAN BERMARTABAT (P2KB) KOTA BANDUNG 2011

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ABSTRACT

Recently Bandung government attempt to introduce innovative ways to the process of development and citizen empowerment through a new development approach, namely Percepatan Pembangunan Kelurahan

Bermartabat (P2KB). Partly decentralizing the local government budget to every kelurahan and allowing community leaders to become the planners and decision makers in development programs were deemed to be able to lever the quality of participation and development in the grass roots level of the city. However, the introduction of a participatory development scheme was responded differently by communities as the citizen's capacity for planning and deliberating also vary. Using Agger and Lofgren's (2008) framework of democratic assessment, this paper elaborates a multiple-case studies upon the planning and deliberation process inside communities of three kelurahan in Bandung City, namely Cipamokolan, Jamika, and Lebak Siliwangi. The study found that there were disparities between the vision and the practice of P2KB, mostly due to the incapability of the community to practice democracy. This paper also elaborates the unique forms of community's networks and style for democracy that should be counted for the improvement of future democracy practices.

Keywords : Assesment, Community, Democratic, Participatory

I. INTRODUCTION

II.1 Need to Assess Democratic in Collaborative Planning

The development approach in Bandung City changed from top-down to bottom-up approach. The existence of a reform in the development approach is implementing community-oriented development to create a more effective development process. Before entering the reform era in 1998, Indonesia conducted a top-down planning practice with the norms and standards, so many policies aren't able to answer the problem of local interest context. This situation changed dramatically after the start of the reform era when democratization and decentralization occurred in urban policy and governance processes. The planning ideas become more pluralistic, dynamic and discursive.

From a rational choice perspective, an individual constantly searches for more efficient means to achieve her or his ends. Where cooperation can lead to more efficient means, cooperation becomes the more rational strategy. But this requires some degree of certainty in the cooperation. Each agent must have a sense that the other agents' self-interest also requires their continued cooperation. Ostrom (1998) has shown empirically that building conditions of reciprocity, reputation, and trust can help to overcome strong temptations for individuals to work only toward their short-term self-interest. The results of working collaboratively on problems are more beneficial to participants than action based on non collaborative choice methods (Ostrom, 1998).

There was an effort to involve the community in the development process done by assigning a major role to the community not only as objects but as subjects in development. This is in accordance with the principles of participatory development that confirms that the people should be the main actors in development. The role of local organizations, social organizations, NGOs and other community groups more encouraged as an implementing agent of change and implementing social services to vulnerable groups and the general public. In such a position, then the social issues addressed by the community for the facilitation of the government. Its implementation was made in City Legislature number 6 of 2005 that concerning the establishment of LPM (Lembaga Pemberdayaan Masyarakat) that serves to contain and channel the aspirations of the people, so that they can participate in all aspects of planning, coordination and monitoring of community-based development as well as a medium of

communication and information between governments at the local people with the community and among fellow community.

Regulation on the establishment of a community development was formed in an effort to accommodate and channel the aspirations of the people in the development process at the local level. In the process of implementation is expected the process of increasing the capacity of communities so that communities can actively engage in it. In addition, community participation is certainly expected to be a solution or development plans produced to answer the issues raised in the local environment. The main target in the establishment of institutional LPM is seeking active participation in the implementation of the development process at the local level. Development is also an effort to generate ideas of progress, connotes forward or a higher level. From the characteristic of governance model in LPM policy is called corporatist style.

Collaborative planning style is that occurs primarily in the distributive sectors of local governance. Although the emphasis is on safe guarding and promoting the interest of the institution's members, there is also a strong commitment to participatory democracy in a broader sense. Institution tends to propel counterorganization (Cosser, 1956), which need high levels of collective participation.

Collaborative planning portrays local government as a political and democratic system for the inclusion of social groups and organized interests in the urban political process. Policy deliberation is seen as bargaining processes between these interests (Hernes and Selvik 1983; Villadsen 1986), and local government is seen as an instrument to create consensus. The key criterion of assessment this model is participatory local democracy. The main objective of collaborative planning is distributive, ensuring that the interests of the organization's membership. Collaborative planning serves to coordinate the programs and actions by the local government and organized interest because both types of actors are involved in urban politics and public service delivery.

Generally the instrument for participatory and community-driven development programs in Bandung consists of the program scheme and the institutions in charge of the program. institutions, which is the city government itself and the community institution called Lembaga Pemberdayaan Masyarakat (Community Empowerment Institution or LPM) in the sub-district (kelurahan) level. District (kecamatan) and sub-district (kelurahan) government plays the major role to administer community-level developments. They mainly serve to provide data and development proposals from citizens for the city government so that the city government may have a broader consideration when planning for development. Musyawarah Perencanaan Pembangunan (Development Planning Deliberation Forum or Musrenbang) is the instrument in which the kecamatan and kelurahan government may administer community-level developments.

LPM in the other hand, is a community-based independent organization although its standards for the organization design is regulated by the city legislature (peraturan daerah) number 6 of year 2005. Based on the legislature, LPM is based on every kelurahan and its main role is to facilitate the participation of citizens in the development process. In the overview, the legal rights to fund and execute programs remain in the hands of the city government, but citizens have the opportunity to adjust how the

programs will be done by participating in LPM. In the context of Bandung, LPM plays a significant role in the P2KB program that would be explained later in this article.

There are two main development programs which reflect the provision of citizen participation in determining the city development. The first program is a national standard scheme that obliges local government to hold *Musyawarah Perencanaan Pembangunan* (Development Planning Deliberation Forum or *Musrenbang*) until the *kelurahan* level. The second program is the city' innovative scheme namely *Percepatan Pembangunan Kelurahan Bermartabat* (Kelurahan Development Acceleration Program or P2KB) which decentralizes some of the city budget (APBD Kota) to the communities in every *kelurahan*. Both programs have different mechanism and degree on citizen participation. *Musrenbang* facilitates the voices of citizens (in form of development proposals) to be considered by the city government resulting on the government's allowance to carry out the elected proposals within the year. P2KB have a different kind of approach since its basic idea is to allocate a fixed amount of the local government's funds to every *kelurahan* in the city resulting in the execution of programs desired by the community.

According to Undang-undang (State Legislature) number 25 of year 2004, *Musrenbang* is a forum meant to facilitate actors to design the national and local development plans, and the obligation to hold these forums are assigned to the national, province, and city government. However, in the Government's Regulation (*Peraturan Pemerintah*) number 8 of year 2008 and the Ministry of Internal Affairs' Regulation (*Peraturan Menteri Dalam Negeri*) number 20 of year 2010, *Musrenbang* should be held in *kecamatan* and *kelurahan* level to focalize, synergize, clarify, and legitimize the community level development which is integrated with the local government's development priorities. *Musrenbang* is held every year respective to the annual local government planning and budgeting process.

The planning process under the *Musrenbang* scheme starts with the planning and deliberation forum of citizens on each *kelurahan*. Assisted by LPM, the *kelurahan* officials hold the forum and legalize the result of the discussion as the formal development proposal of the *kelurahan*. *Kecamatan* officials would hold another forum to collect and discuss the proposals from every *kelurahan* under the corresponding *kecamatan*. At this point, the substances of the proposals are reduced due to the priority setting by the *kecamatan* government. Prioritized proposals would then get legalized by the *kecamatan* government and it soon would serve as the formal development proposal of the *kecamatan*. Finally, the city government would collect all the proposals from all *kecamatan* and hold the final forum to determine which proposal or program should be prioritized and be executed. The budget constrain implies in the limited amount of programs to be funded and executed by the government. The execution itself is assigned to the government, in other terms, citizens only need to watch and see the development program being carried out by the government.

Different than *Musrenbang*, the development process under the P2KB scheme puts the community in each *kelurahan* as the key decision makers. In the P2KB scheme, both *kelurahan* government and LPM work together. *Lurah* (*kelurahan* chief) acts as the supervisor while LPM acts as the coordinator of P2KB effectuation team (TPK-P2KB) which consist of various elements of the community (PKK, RT/RW, Karang Taruna, etc). The result of TPK-P2KB forum is the creation of 7 Working Groups (*Pokja*) which

constitutes citizens who are ready to engage in P2KB to facilitate the development inside the community. Basically these Pokja will be the instrument of citizen participation, where ordinary citizens may take part in the processes ranging from the process of planning, implementation, and evaluation.

Under the supervision of kecamatan-level facilitator (officials selected by the city government to assist and supervise Pokja in every kelurahan of one kecamatan), Pokja creates the development program proposals. LPM will then facilitate a deliberation forum between Pokja, the kelurahan government, and citizens to finalize and legitimize the development proposal. The proposal would be examined and revised by the kecamatan facilitator. After the approval of the facilitator, LPM may forward the proposals to the city government and ask for the approval for funding. In 2011, the funding for every kelurahan reaches the amount of Rp.200.000.000,00 while in 2012 the amount has doubled. However, LPM and Pokjas may only access the funds after they have finished working on their development programs, so basically the city government doesn't give a grant based on proposals but based on bills.

However, not only programs carried by the local city government, the communities of Bandung City also experience the indulgence of the provincial government and national government participatory development programs. Some of these programs actually precede the local programs like P2KB. Community institutions such as Badan Keswadayaan Masyarakat (Community's Organ for Self-Sustaining or BKM) have been popular in some districts in Bandung due to the community development program its assigned to namely Program Nasional Pemberdayaan Masyarakat Mandiri (National Program on Community Empowerment. Though such programs are not under the jurisprudence of the city government, the existence of community level development and institutions also influence the performance and assessment of the local community-level developments.

The initial thoughts on collaborative planning considered the implication of these processes for democratic governance in wider context only to a limited extent. Collaborative planning is mediating process between conflicting social interest and creating common visions of the future of a particular geographical area (Healey, 2003). Collaborative planning is put in the same category of new democratic instruments as, for example, 'deliberative polls', where the planning processes, as well as possessing value in mediating between social actors, serve as vehicles for establishing new avenues of more deliberative and participatory modes of democratic governance in addition to liberal representative institutions (Collaborative Democracy Network, 2005).

There is an overlap concept between theoretical planning approaches and political science frameworks for new modes of democracy, where ideas on 'collaborative policymaking' (Innes and Booher, 2003) and 'collaborative public management' (Blomgren Bingham and O'Leary, 2006), for examples, are shared across various disciplinary boundaries. Consequently, it can be said that the collaborative planning tradition is forced to reflect on the procedural outcomes of the processes in a wider democratic perspective.

Second, collaborative planning is a public policy-making process by default, and as such, part of the democratic governance of a certain territory (albeit on a micro-level). Even though collaborative planning processes are normally based on delegated actors

from traditional representative democratic institutions within a limited geographical area, and usually include only those 'stakeholders' who are directly involved in a planning decision, they do not take place outside the framework of a political system. Since collaborative planning activities have become institutionalized policy-making processes across many democratic systems, they should also be subject to democratic scrutiny in line with other political institutions and processes in society.

Third, while evaluation per se is a well-established aspect of planning practice in general, the focus within planning research has been mainly on technical and physical achievements (Khakee, 1998), rather than on the normative democratic foundations. Both among scholars and in the community of planning practitioners, there seems to be substantial uncertainty about how to assess the democratic effects of collaborative planning processes (Abelson and Gauvin, 2006), while at the same time, there is a demand for methods on how to appraise the democratic performance in collaborative planning projects.

I.2 Democratic Assessment

Democracy inevitably implies a normative point of reference. There are five criterias for evaluating democratic processes have been widely accepted, at least among students of democracy (Dahl, 1979, 1998; see Habermas, 1996b; Saward, 2001). The five criteria to assess democratic are 1) effective participation, 2) voting equality, 3) enlightened understanding, 4) control of the agenda and 5) inclusion of all adults (Dahl, 1998). These unify traditional democratic norms supplemented from the rich literature on communicative and collaborative planning especially where it relates to criteria for collaborative processes and potential outcomes. There are following norms as a point of departure for developing evaluation criteria which used in this paper they are 1) access, inclusion and participation, 2) public deliberation, 3) democratic adaptiveness, 4) accountability and 5) the development of democratic identities (Agger, 2008).

The method used for the selection of research studies in the entire region is a case study. Case study research is used to answer the types of research questions how or why, when the researcher has little possibility or power to control the events that will be examined, and the events that will be examined is a contemporary phenomenon within a real life context (Yin, 1994). Criteria for case study according to Yin was fulfilled by this evaluation study because the study aims to answer how the program's effectiveness in achieving the berswadaya P2KB Bandung. Researchers also did not have the control to affect P2KB program impact, and community empowerment programs with the participation of the approach is still a contemporary phenomenon.

The scope of the research study is the Bandung with a unit of analysis at the kelurahan level, they are Kelurahan Cipamokolan, Kelurahan Jamika and Kelurahan Lebak Siliwangi. This research uses multiple case study method. According to Yin (1994), multiple case study conducted in an expected would happen logic replication (replication logic) to support the truth of a theory. Logic replication can occur in the presence of the same or identical or contrasting results for predictable reasons. Theoretical framework should clearly identify the conditions that existed when certain phenomena are easily found, and when it was not easy to find (Yin, 1994). Yin explained

that the number of cases replication depends on certainty to be achieved and the richness of the underlying theoretical propositions.

I.3 Percepatan Pembangunan Kelurahan Bermartabat (P2KB)

The institutional design of city-level development in Bandung is reflected on two institutions, which is the city government itself and the community institution called Lembaga Pemberdayaan Masyarakat (Community Empowerment Institution or LPM) in the sub-district (kelurahan) level. District (kecamatan) and sub-district (kelurahan) government plays the major role to administer community-level developments. They mainly serve to provide data and development proposals from citizens for the city government so that the city government may have a broader consideration when planning for development. LPM in the other hand, is a community-based independent organization although its standards for the organization design is regulated by the city legislature (peraturan daerah) number 6 of year 2005. Based on the legislature, LPM is based on every kelurahan and its main role is to facilitate the participation of citizens in the development process. In the context of Bandung, LPM plays a significant role in the P2KB.

P2KB have a different kind of approach since its basic idea is to allocate a fixed amount of the local government's funds to every kelurahan in the city resulting in the execution of programs desired by the community. The regulation and arrangements for P2KB 2011 itself is based in the Mayor Regulation number 380 of year 2011. The development process under the P2KB scheme puts the community in each kelurahan as the key decision makers. In the P2KB scheme, both kelurahan government and LPM work together. Lurah (kelurahan chief) acts as the supervisor while LPM acts as the coordinator of P2KB effectuation team (TPK-P2KB) which consist of various elements of the community (PKK, RT/RW, Karang Taruna, etc). The result of TPK-P2KB forum is the creation of 7 Working Groups (Pokja) which constitutes citizens who are ready to engage in P2KB to facilitate the development inside the community.

The establishment of Pokja is the core of the P2KB implementation at the kelurahan level. Under the scheme of P2KB, Pokja is considered as the smallest citizen unit, therefore the optimum participation is assumed to be achieved when every Pokja in all kelurahan performed effectively. This perspective ignored the participation degree or access to participation of an ordinary citizen inside a community. This perspective does not imply that the government is not willing to empower the whole society by setting Pokja as the representatives of citizen's participation, but enabling the participation of every single citizen in the city is something unrealistic. Therefore, basically these Pokja will be the instrument of citizen participation, where ordinary citizens may take part in the processes ranging from the process of planning, implementation, and evaluation. This implies that to measure a deeper comprehension on the participation process to a broader range of citizens inside a community, the assessment should take place in the democratic processes inside Pokjas.

There are several actors involved in the P2KB process. The government, the community, and the third-party - the consultants and facilitators - play different roles in P2KB in order to accomplish a synergized program. The roles and instruments of each actor in P2KB is described in the following table.

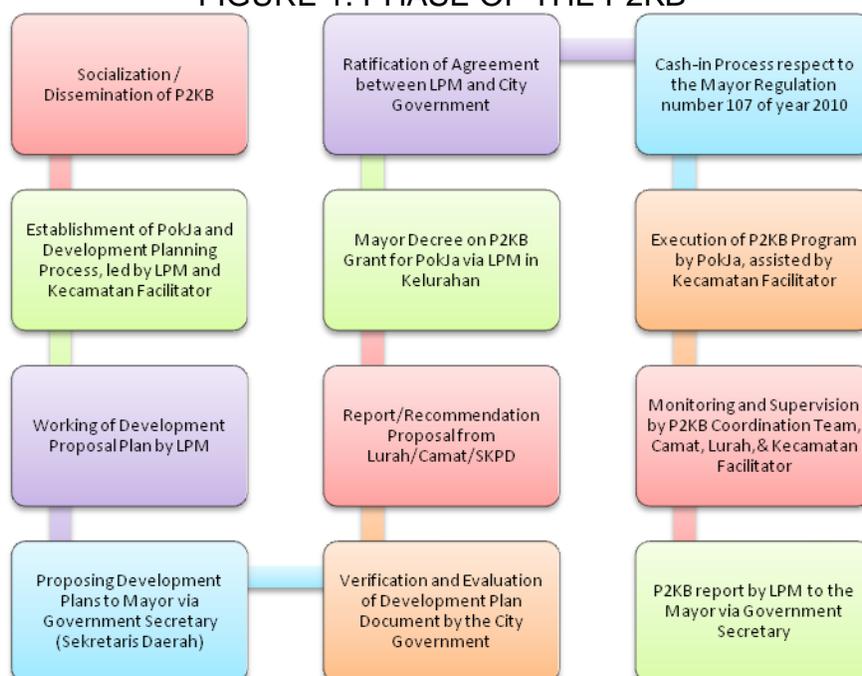
Table 1. Instrument of the program and their role in the program

	Instrument	Role
City Government	City level P2KB Coordination Team (TK-P2KB), Kecamatan and Kelurahan Government.	Establishing the climate for citizen participation and empowerment, Encouraging the improvement of institutional capacity between the government and citizens, Auditing actors of P2KB shifting the role of government from executor to enabler and from bureaucracy to facilitation, Regulating the process of P2KB.
Community	LPM, Working Groups (Kelompok Kerja/Pokja)	Establishment of Pokja, Identification of community issues and problems, Preparing the development plan proposal, Executing P2KB development programs, Reporting the execution of P2KB in community
Third-Party	Consultants on Management, Kecamatan Facilitator	Establish and Supervise the institutional and managerial arrangements to bridge the gap between citizens and government an to support the implementation of P2KB, Assisting the communities to develop P2KB plans respect to the instructions and regulations enacted by the City Government

SOURCE: PERATURAN WALIKOTA BANDUNG NOMOR 380 TAHUN 2011

Under the supervision of kecamatan-level facilitator (officials selected by the city government to assist and supervise Pokja in every kelurahan of one kecamatan), Pokja creates the development program proposals. LPM will then facilitate a deliberation forum between Pokja, the kelurahan government, and citizens to finalize and legitimize the development proposal. The proposal would be examined and revised by the kecamatan facilitator. After the approval of the facilitator, LPM may forward the proposals to the city government and ask for the approval for funding. In 2011, the funding for every kelurahan reaches the amount of Rp.200.000.000,00 while in 2012 the amount has doubled. However, LPM and Pokjas may only access the funds after they have finished working on their development programs, so basically the city government doesn't give a grant based on proposals but based on bills.

FIGURE 1. PHASE OF THE P2KB



SOURCE: PERATURAN WALIKOTA BANDUNG NOMOR 380 TAHUN 2011

The creation of working groups (Pokja) are respect to the seven priority agendas for development established by the city government for the current period of administration. The seven agendas are education, health, prosperity, environment, arts & culture, sports, and religion. The focus of development in these agendas are as mentioned in table 2.

Table 2. Seven agenda of P2KB

Development Agenda	Focus of development
Education	Center of Community Learning (<i>Pusat Kegiatan Belajar Masyarakat</i>), Community Children Playgroup (PAUD), Community Reading Centers, Assistance for children with lack access to formal education.
Health	Maintenance and Facilities for Posyandu and Clean Water, Training for Posyandu/PKK cadres, Free Medication for the poor, Campaign on Health, AIDS, and Narcotics.
Prosperity	Entrepreneurship development, Establishment of Community Micro-Finance Institution, Assistance for Community SMEs
Environment	Provision of Community Green Spaces, Vegetation plantings, Provision of water catchment facilities, waste management facilities, and public sanitary facilities
Arts & Culture	Provision of Arts Equipment, Conservation of Arts & Culture, Arts & Culture activities and training.
Sports	Community Sports Events, Provision of Sports Equipment
Religion	Religious Education, Improvement of Religious Tolerance, Development of Islamic Centers

SOURCE: PERATURAN WALIKOTA BANDUNG NOMOR 380 TAHUN 2011

II. DISCUSSION

II.1 The Democratic Assessment Kelurahan Profile

The three kelurahan we studied reflected different demographic and geographic characteristics. Cipamokolan is one of the kelurahans in Bandung City with the lowest population density, while Jamika is one of the most densely populated kelurahans in Bandung City (Nurhayati, 2012) and Lebak Siliwangi is one of kelurahans with the smallest residential area and residential population in Bandung City (Bijaksana, 2012). The financial aid in terms of the amount of aid given to each kelurahan in Bandung City are more less the same. Each P2KB sector will receive a different amount of aid regard to the development plan proposed by each kelurahan. Judging by the concept of P2KB and the characteristics of kelurahans in Bandung, P2KB is quite far from the category of aids or grants for the poor, instead it reflects an orientation to improve the livelihood of citizens regardless the economic condition of the citizens. Table #.X describes the condition and social characteristic of the kelurahans we studied, while Table #.Y describes the budget distribution and allocation for each P2KB sector in each kelurahans we studied.

Table 3. Characteristics of Kelurahan Cipamokolan, Jamika, and Lebak Siliwangi

Query	Cipamokolan	Jamika	Lebak Siliwangi
Rukun Warga	9	11	6
Population	16.922	25.875	4.415
Demographic Properties	Most residents are young since 69.5% of population is still in school-age population	Most residents are young since 40% of population is still in school-age population.	Most residents are in productive age (50% of population).
Economic Properties	The poverty level is low, only 275 of 4650 households are categorized as poor family.	The poverty level is high, with 1890 of 6770 households are categorized as poor families. 1119 of 25875 residents are unemployed.	The poverty level is low, the average of houses for <i>perbaikan rumah tidak layak huni</i> is only around 22 of total 718 house building.

SOURCE: BIJAKSANA (2012) AND NURHAYATI (2012)

Table 4. Program Budgeting in Kelurahan Cipamokolan, Jamika, and Lebak Siliwangi

P2KB Sector	Cipamokolan	Jamika	Lebak Siliwangi
Environment			
Budget	Rp. 14.450.000,00	Rp. 64.000.000,00	Rp. 25.625.000,00
Education			
Budget	Rp. 33.300.000,00	Rp. 30.000.000,00	Rp. 25.350.000,00
Religion			
Budget	Rp. 19.600.000,00	Rp. 44.300.000,00	Rp. 20.950.000,00
Prosperity			

Budget	Rp. 25.800.000,00	Rp. 30.000.000,00	Rp. 28.500.000,00
Sports			
Budget	Rp. 34.950.000,00	Rp. 22.300.000,00	Rp. 22.450.000,00
Health			
Budget	Rp. 20.000.000,00	Rp. 20.400.000,00	Rp. 38.825.000,00
Arts & Culture			
Budget	Rp. 38.300.000,00	Rp. 24.000.000,00	Rp. 24.700.000,00

SOURCE: BIJAKSANA (2012) AND NURHAYATI (2012)

II.2 The Democratic Assessment of P2KB

Using Agger and Lofgren's framework of democratic assessment, we managed to explore the realities within the practice of democracy in the three kelurahans. As mentioned in the previous section, the smallest unit of community assumed by the government in the P2KB scheme is the workgroups or Pokja, so that participation is considered to be fulfilled as long as Pokja has managed to fulfill its duty. Pokja is also the core of participation since it is the only channel of participation for ordinary citizens inside a kelurahan. Therefore we assessed the democratic process relevant to the performance and work of Pokja to determine and explore the extent of participation held by Pokja. Agger and Lofgren's framework consists of questions concerning few criterias for democracy in 3 phase of planning, which are input, process, and outcomes. We used these questions and our study on the three kelurahan provided the answers. How democratic the planning process in P2KB had been going is potrayed by the answers of every question. The explanation of how the democratic process occurred is explained in Table below.

Table 5. Indicator of democratic assessment : access

ACCESS	Who Are Invited to Participate? Which Channels for Participation Exist?	Do the institutional settings for the processes favour some types of participants? Are the processes transparent?	Are the Outcomes biased in terms of fulfilling the wishes of only certain groups of participants?
Cipamokolan	According to the rules of P2KB, all of the public are invited to participate, but in fact those who have the channel to participate are just a group of people who are members of Working Group and those who have direct connection with the program, such as LPM and RW leader	Istitutional settings of P2KB allows various groups of people to get involved because it consists of seven different fields. Beside, decision making process conducted through deliberation starting from the grassroots level, RT and RW level. However, this process at the RW level or lower does not work properly. In addition, the lack of transparency in the deliberation process at the kelurahan level inhibits wider public participation.	Program outcomes are driven by the interests of the Pokja member and board of LPM because they play an important role in the decision making process.

Jamika	According to the rules of P2KB, all of the public are invited to participate, but in fact those who have the channel to participate are just a group of people who are members of Pokja and those who have direct connection with the program, such as LPM officials and representatives RW.	Istitutional settings of P2KB allows various groups of people to get involved because it consists of seven different fields. Beside, decision making process conducted through deliberation starting from the grassroots level, RT and RW level. However, in practice, decision-making process only involves Working Group, LPM officials, and representatives RW. This process is coordinated with the RW forums. In addition, the lack of transparency of the decision-making process has resulted suspicion of various groups whose interests are not accommodated in the process.	Program outcomes are driven by the interests of the Pokja member and board of LPM because they play an important role in the decision making process.
ACCESS	Who Are Invited to Participate? Which Channels for Participation Exist?	Do the institutional settings for the processes favour some types of participants? Are the processes transparent?	Are the Outcomes biased in terms of fulfilling the wishes of only certain groups of participants?
Lebak Siliwangi	Pokja P2KB members consists of the chiefs of RT & RW, and members of PKK & Karang Taruna.	The institutional settings tends to invite participation from people who are active in RT, RW, and PKK organization.	The original development plan was to provide aid to a specific scope of citizens (the poor), but some citizens demand the aid to be given to everyone regardless the economic condition

Table 6. Indicator of democratic assessment : Public Deliberation

PUBLIC DELIBERATION	Are different types of knowledge included in the deliberations?	Are the deliberation processes characterized by reciprocity and tolerance?	To what extent do the debates produce something which is perceived, by the participants, as essential for the decision-making process?
Cipamokolan	Deliberation process involves only certain groups that are directly related to the program. The discussion in the process is technical issues so knowledge sharing process does not seem to be occurred optimally.	The principle of reciprocity and tolerance prevail among groups involved in the process of deliberation, the Working Group and LPM officials.	The process of deliberation does not generate a lot of debate that led to the creation of knowledge or learning process. Technical and administrative matters dominate this process.

Jamika	Learning process occurs only between Working Group and LPM officials. Other than that, matters that are discussed largely in the form of administrative and technical matters so the process of knowledge sharing is not optimal.	There is no deliberation process in decision-making process because it conducted through a closed meeting by the LPM officials and the Working Group. This process is based on data collected from community leaders.	Since there is no deliberation process, there was no debate in the forum which able to produce an essential learning for the participants.
Lebak Siliwangi	Pokja members rarely include non-members in discussion forums, while the kelurahan level deliberation mostly discuss the matters considered important by RW leaders.	Representatives of every RT and RW already have mutual respect and trust so that the deliberation at the kelurahan level (LPM with RW leaders) is considered satisfying by the participants	The debates at kelurahan level provided a mutual understanding between RW leaders so that they can agree on the priorities for development

Table 7. Indicator of democratic assessment : Adaptiveness

ADAPTIVENESS	Are there clear rules for the network process prior to the deliberative process?	Is the network capable of handling conflicts?	Is the network's work secured sustainability and continuity in terms of e.g competencies?
Cipamokolan	There are no clear rules in deliberative process. Network formed because of access to resources.	Conflicts remain latent, the interests of the marginal people can't be accommodated. There is no attempt to resolve this conflict, because the conflict has not manifested yet.	Network formed to possess direct competence of actor's program, especially for working group and LPM officials.
Jamika	Network occur in groups of people who have a channel to the program.	Exclusive network can be latent conflict. Such as suspicion and apathy of the parties who were not involved in the network.	Network formed to possess direct competence of actor's program, especially for working group and board LPM. This network involving institutions at the kelurahan level that has the capacity in seven program areas. In addition, this network also invite competent

			individuals who are not involved in the institution to take into it
Lebak Siliwangi	The network process prior to the deliberative process are mainly focused on the arguments of RT & RW leaders only, still cannot reach citizens outside the RT & RW leader's circle.	The deliberation of RW leaders had successfully managed conflicts among RW, but most RW leaders still cannot handle the conflicts with their subordinate RT leaders.	P2KB indirectly provides incentive for the citizens to create the long-term kelurahan development plan document. Through this plan, the sustainability & continuity can be achieved.

II.3 Critical Issues of Democracy Practice Access

Program P2KB approach based community empowerment and active community participation in development at the local area. Parsons, et.al. (1994) under Suharto, (2005) stated that empowerment is a process by which people become strong enough to participate in, sharing control of the country, and the influence of events and institutions that affect their lives. Thus, participation is a strategy, process, and purpose of a community empowerment in various forms, such as programs P2KB. Therefore, the access to be able to participate in planning process is the main purpose of empowerment program.

Based on studies in the three villages, the new public participation at the level of the organization at kelurahan officially mandated to three actor, they are (LPM), member of the working group, and chairman of RW. Diana Conyers (in Nurdin, 2000: 16) see that there are two factors that determine a person's wish to participate, that the results obtained from their participation and any special interests or benefits that may be obtained in accordance with their needs. These common interests will arise if people know clearly the benefits of the program so they could put themselves in a part of the program. Referring to Hikmat (2006), genuine participation in Kelurahan Jamika, Cipamokolan, and Lebak Siliwangi are actually hard to realized due to low ability and willingness of the community in the socio-political processes that occur in the environment. In general, people in both kelurahan are relatively low educated. They lack of understanding of the problems they face which in turn have an impact to the low of willingness and ability to solve those problems. That kind of community, according to Hikmat (2006), are less familiar with democracy procedures or processes in solving the problem. Referring to Arnstein (1969), resistance of powerholders to redistribute the power can become an obstacle to community participation. This is what happen in both areas of study that has led to the phenomena of elite captured where power only distributed in some circles: LPM, Pokja, and local leaders. These situation—low ability of communities in the sociopolitical process and the resistance of powerholders to share the power—inhibit the community participation in all stage of the program.

Hikmat (2006) noted that thing to remember is the tendency of government's role that is too dominant at all levels of the organizational structure to the local level, which in turn will have an impact of mismatch between development programs and community needs. This occurs in both kelurahan, where government organization's role at the

kelurahan-level named LPM, dominate the overall interests of the community. In the end, benefits of the program in both kelurahan have not reached the community at the bottom level and do not meet the actual needs of the community itself. It caused by two factors. First, the closure of access to information by a group of people who intend to prevent the distribution of power and benefits of the program to the public which called elite captured phenomena. Second, the lack of knowledge and understanding of community empowerment or community driven development at the level of the Pokja and LPM. The lack of knowledge at the level of LPM and Pokja caused their inability to function as a community organization to encourage community participation in the program. Program P2KB ini sudah berhasil mengakumulasi partisipasi dalam tahap perencanaan program dan pengambilan keputusan pada level kelompok dan pengurus kelurahan, namun belum berhasil mendorong partisipasi masyarakat pada level komunitas di bawahnya. Arnstein (1969) states the strategies to encourage public participation in the collaborative processes are equity, mutual goal setting, resource allocation, program operation, and the delivery of benefits to society. Thus, access to information is an important aspect to encourage public participation.

Public Deliberation

Fundamental phase of participation in this program are made through discussions at the level of RT, RW up to the city level. Deliberation process in this program is used to accommodate the aspirations, determine priority needs and to decide which program will be proposed to the municipal level. Participation in the process of deliberation in the three kelurahan are indirect participation, which occurs when actors have participation rights to legitimate their position (Dusseldrop in Prawesti, 2006). Working groups in three kelurahan are not elected by the people but by the LPM, RW and community leaders.

LPM is an institution which encourage working group of actors involved in the planning and decision making. The decisions supposed to represent the community's decision. But the fact is the decision was made by only several actors. It caused suspicion and apathy of the parties who were not involved in the network. Therefore, the awareness to participate in program becomes low because people do not have access to the program.

Interests of society can not be represented in the working group. Furthermore, the selection mechanism of working group is not derived from the people's aspirations P2KB still dominated by interests of some groups. Kelurahan Jamika selection process is determined by the board working group LPM, particularly chairman LPM, Kelurahan Cipamokolan already involve RW and several community leaders, but the process is not going well because of the role of the LPM still relatively dominate by several actors (Nurhayati, 2012). Meanwhile, studies of Bijaksana (2012) suggests that the Kelurahan Lebaksiliwangi is more democratic in involving the heads of RW. LPM no longer dominate this process but done in consultation with the chairman of RW. So even in the process of decision making and priority setting requirements always involves RW, RW is through forums. The process of deliberation is a process in which the parties are conducting transactions and compromises the interests to result in a good decision for all parties. Compromise the interests in the Kelurahan Jamika occurred between LPM and working group, in the Kelurahan Cipamokolan occurred between pengurus LPM, working group,

and some community leaders, while in the Kelurahan Lebaksiliwangi occurred between RW by RW forums. However, the three style democracy produces something similar, which is a compromise decision yet fully accepted by society. There are many people who feel their interests have not been accommodated in the compromise.

The process of compromise in generating debate and deliberation bargaining among actors. The process is capable of producing knowledge through learning between actors. However, the limitations of the actors in the absence of knowledge and experience as well as a facilitator in the district is not able to lead the process of generating knowledge or learning the optimal. Improved knowledge of construction management at the local level can be seen at the level of government organizations at the village, but it is not significant. This increase was still at the level of willingness to participate has not been on stage with the ability to participate in knowledge-base and understanding of the socio-political system is good. Because of this deliberation is a process of compromise between the actors involved, the characteristics of reciprocity and tolerance prevail among them.

Adaptiveness

In the context of planning in the public domain there are many actors involved. Actors are differentiated based on level of power. Therefore, in the planning process, including community empowerment programs such as P2KB, network process becomes very important. As explained earlier, decision-making through deliberation is essentially a compromise between actors in it. Network will determine from who actors involved and how they role the program.

There are no clear rules regarding network processes in the deliberative process. Network formed by itself because of the access to resources in the program. In Kelurahan Jamika where LPM have built a network through an election working group called Pokja and selected other actors involved, LPM play dominant role in the overall process of program. Meanwhile, Kelurahan Cipamokolan have a good network among institutions at the kelurahan level such as LPM, PKK, and the local government so that the member of these institutions take on the role. As in Kelurahan Jamika through forum RW where RW and RT leaders also already have a good network, they became main actors in the program. This is as what Stoker (1994) noted in his theory of the urban regyme that characteristics of the plural in the public planning that caused political power plays a major role in the decision-making process.

The community capacity to manage the programs is not merely reflected in the community institution such as LPM, but also the interaction between LPM, other institution at the kelurahan level, and the people. Hague (2000) argues that planning does not belong to planners only but also collectively belong to the stakeholders involved and affected by planning. The study by Nurhayati (2012) in Jamika and Cipamokolan reveals distrust from citizens to LPM and Pokja on account of the lack of transparency shown by LPM. The process to gain consensus becomes a lot more difficult and it might possibly generate a new problem within the society. On the other hand, Bijaksana (2012) found that a strong network between RW leaders leads to public rejection to the decision that been taken because it does not meet the needs of the community. Thus, the consensus that must be achieved is not only between actors that have legitimacy to represent the public aspirations, but also the community itself.

Conflicts that arise from the different styles of democracy in these three kelurahan can not be handled by existing network. Conflicts relating to the public atgrassroot levels still latent conflict that threatens the success of the program objectives. In some cases, formed network also ignores the competencies required, but emphasizes competence in the actors that exist in these network. this happened in the Kelurahan Cipamokolan where most of the activities following the competence of the LPM officials, Pokja, and actors who directly involved in the deliberation process. Study by Nurhayati (2012) showed that benefit of these activities enjoyed only by those actors, not answered the need of society at large.

III. CONCLUSIONS

P2KB is an community empowerment program which uses participatory approach as its objectives and strategies. Participation occurs in a democratic atmosphere in which people have the freedom to make choices that can affect themselves and their lives. Thus, the atmosphere of democracy becomes an important component that determines the achievement of program objectives. Based on five indicators of the democratic assessment promoted by Agger and Löfgren (2008), we emphasize only three indicators, namely access, public deliberation, and adaptiveness. The three indicators are considered as the main indicator that determines the success of the program because they in line with program objectives as noted in Peraturan Walikota Bandung No. 380 Tahun 2011. Program objectives at its core is to encourage active participation of the community to plan, implement, and control the development at the local level through deliberation process facilitated by existing institutions. Achievement of this goal requires extensive access for the public to participate in all stages of decision making, the public deliberation which capable to enrich knowledge and experience of the community, as well as a system which able to adapt the conditions and needs of the community.

In fact, the high disparity persists between those goals and practice in three kelurahan. Lack of transparency in the decision-making process resulted in unequal access for all citizens to participate in the process. Deliberation process which become the main channel of community participation is dominated by certain groups that have a strong network with one another. In the end, the existing style democracy have not been able adaptive to the objectives and needs of the program. As mentioned earlier, this paper does not aim to assess the achievement of the objectives of the program but rather to see how the democratic process is going on in managing the program. Thus, we can conclude that democratic values have not been sufficiently enhanced and manifested by local institutions in the context P2KB. We found a some lessons from studies in Kelurahan Jamika, Cipamokolan, and Lebaksiliwangi, especially for future democratic practices.

- a. Mechanism of delegation of tasks must be clear and information must transparent to the public related to the process, benefits and activities / programs P2KB and accountability because it determines the degree of community participation.
- b. Decission making mechanism in the deliberation process which strengthen community participation from the grassroots level is important to enhance the public acceptability of the decision.
- c. Institutional design and capacity become an urgent matter as it will determine the quality of the participatory programs. Different communities given the same

amount of cash would not yield similar programs and yield similar results as the capacity to manage resources would determine the outcome. The competence of the community leaders and the process of deliberation inside the community would influence the features of the development programs.

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EDUCATIONAL POLICY POST DECENTRALIZATION RELATED ON TEACHER PROFESSIONAL DEVELOPEMT

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ABSTRACT

The Study of Educational Policy post decentralization related on Professional Development was conducted in three years research. There are two problems posed in the study, they are: what kind of policy that should be provided by the local government to support the improvement of teacher professional development in teaching science of elementary school teachers and what type of teacher training model that should be developed to enhance teacher professional development in teaching science in elementary school. The subject of the study involved 30 elementary school teachers from West Bandung and Cimahi District as well as district Educational government as a policy maker. Research and Development method was apply in the study. The first year study started from elementary school teachers' needs analysis in teaching science as basic information which was used to develop a framework of teacher training model. In the second year, the model of teacher training was developed and tested in small scale trial involving 3 schools and large scale trial involving 15 schools. The policies that should be provided by the local government to support the continuity of the program were also identified in a second year of research. In the third year of the study, the model was disseminated involving elementary schools located in West Bandung and Cimahi. From the study it was reveal that the involvement of local government policy post decentralization can support effectiveness of teacher training program as more schools were get involved in the training program as well as it maintain the continuity of the program. The teacher training model that mixed between traditional model and lesson study model was proved as an effective model to enhance elementary school teachers' professional development in teaching science which was supported by the local government policy.

Keyword: Educational Policy, Teacher Professional Development

A. INTRODUCTION

The tendency of many countries move from centralization to decentralization is increasing from year to year. Many people believe that decentralization is a better solution in overcoming problems related to national and regional governmental system, including in educational system (Syah, 2001). It has been more than ten years Indonesia has changed the educational system from centralization to decentralization. Not only by changing the curriculum from centralized curriculum to decentralized curriculum, the educational management system is also changed. Province and district play more important role in improving the quality of education in post decentralization comparing with in centralization period.

One aspect that closely related to the quality of education is teacher. The quality of teacher determines the quality of education. The changing of educational management from centralization to decentralization gave consequences that province and district has to give more attention to improve teachers' quality or known as teachers professional development. The system of teachers' professional development that usually run by national should be also becomes a consideration of local government as now teacher has to educate society based on their local needs in their teaching learning process.

Science is a subject learnt in formal education started from elementary education. In general, science teaching has three goals, they are: provide student knowledge to continue his further study, provide student skills for his social future living, and develop

student personality and his principle as well as value to be able to live in society who respect environment and surroundings. Brown (2002) argues that they are four nature of science: 1) Science as scientific process (attitude) that invest belief, values, ideas, objectivity, honesty and respect to others idea, 2) Science as a process or scientific inquiry which used as a method of problem solving and investigation such as: hipotezing, plan and conduct experiment, collect and organize data, evaluate data, conclude the data and make a theory as well as communicate the finding, 3) Science as a product is a fact, concept, theory and law of nature phenomena, 4) Science as technology which is aplicated to human well being. These four nature of science have to be reflected in science teaching.

Based on the nature nature of science, it can be said that science education has to provide understanding that science is not something which is learn separated from human living but it something that relates to everyday living in our environment. As a consequence, the vision of science education is preparing student for scientific literacy and technology literacy in order to understand himself and his environment which is based on inquiry activity (Rustaman, 2002). With this argument it can be concluded that teaching science is not only teaching of science but also improving students awareness of their nearest environement. On contrary, the real science teaching is far from these practice. Most of teacher conduct teaching in a conventional way. Therefore the vision of science education is far from the vision (Sato, 2006). Most science teaching in Indonesia characterized by *textbook oriented* and teacher centeredness. Sato (2006) calims that although the teaching is occuring, only small number student who learn science as it aimed by the nature of science. Teachers rarely put attetion to the importance of teaching science which considered to students' environment and local needs.

Many acitivietis to improve teachers proffesional development has been carried out by in a form of seminar, workshop and training, however there was no good result from this activities. One that may contribute to this issue is the training given to teacher is not based on their need. In centralization period, the training given by the government (national Ministry of Education) without involving policy from local government may be accpeteble, but for post decentralization such kind of training is not any longer appropriate as the local government should knows better what is the need of their teacher. Therefore the policy from local government plays an important role in improving teachers proffesional development. This researchs aiming to find out what kind of policy that should be provided by the local government to support the improvement of teacher professional development in teaching science of elementary school teachers and what type of teacher training model that should be developed to enhance teacher professional development in teaching science in elementary school.

B. RESEARCH METHOD

The study is developed in two districts, West Bandung and Cimahi. Research and Development method from Borg and Gall (1996) model is employ in the study which was taken in three year reserach. First year was the initial step of the study, the needs of teachers in Cimahi and West Bandung district was assessed and the blue print of teacher

training model was developed based on teachers' needs. In the first year the government involvement to the program was set up, to make the program as a continuity program for the next two years. Following stage or second year of the study was developing the model by limited scale trial and larger scale trial in the second year. Finally in the third year, the model was validated and disseminated.

RESULT & DISCUSSION

The study that has been carried out in three years produced model of teacher training which is effectively improve teachers' competence in teaching science. The *Blue print* model produced in the first year of study was constructed based on identification to the teachers' need to improve their competency in teaching science. Ie: content of science, pedagogy and pedagogical content knowledge (PCK). Model developed in this study, is a mixture model of Lesson Study and conventional model. The government involment to the program of teacher training was also set up. There were two regulation introduced in the this teacher training model. The sceduling of the program and school regulation the financial support for the program. The model can be seen in diagram 1.

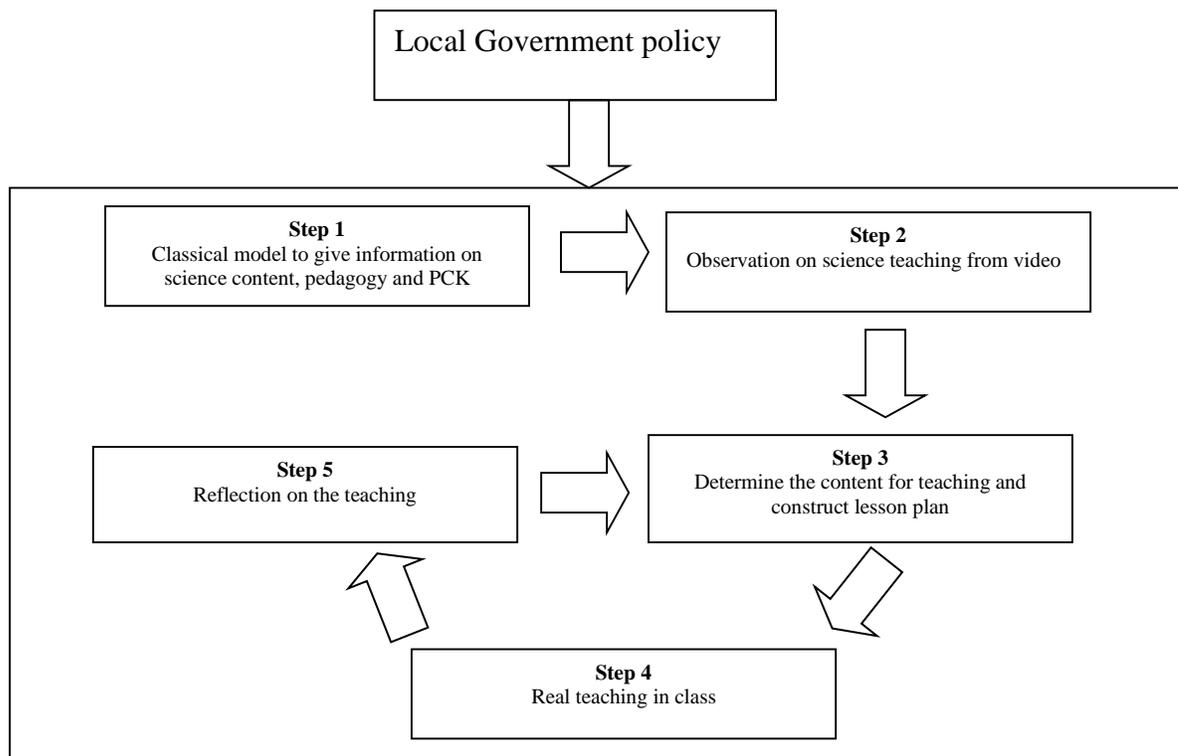


Diagram 1. Teachers' Professional Model

The result of limited scale and larger scale trial resulted in improvement of teachers' competency in teaching science by using science process skill. Validation of the model is carried out in the third year of the study showed that teacher who was trained with the developed model has more competency compare with teacher who was trained

by conventional model. This imply that the model developed is effectively increase teachers' competence in teaching science.

Teacher training is an important activity aiming at improving teacher professionalism, mostly for elementary school teachers (Schibeci & Hickey, 2004). In USA, teacher professional development through teacher training is used to improve student result and it is become an agenda of Education National Department (Bybee *et al.*, 1997). The teacher training conducted is supported by manuals (Schibechi, 2004). Schibechi & Hickey (2004) argue that professional development is closely related with teachers activities as: curriculum developer, curriculum implementer, administrator and assessor as well as teacher role as a bridge between school and society.

Kyriakides *et al.* (2008) stated that professional development is an important mechanism where teacher are given chance to get involved deeper with content and pedagogy aiming at reaching high education standard. Commonwealth Australia (1980) identifies there are three categories of teacher development, they are: formal education such as undergraduates and post graduates; teacher training in a form of seminar, conference, workshop/training; and informal education such as leaning community, professional community and teaching experience. From the three categories above, teacher training is most significant activity which could improve teacher competency in running class. Australian Labour Department (Schibechi & Hickey, 2004) identifies that class is an essential component of teacher professional development.

Based on the report from National Australian Labour Department, it is known that professional development involving as follows factors: informal factor and effective in plan the lesson, contribution to others such as consultant or people from university, intensity to improve the quality of teaching as well as involving transformation, value and belief into teaching practices (Schibechi & Hickey, 2004). The above argument is supported by Annetta & Shymansky (2005) who stated that professional development which is integrated with teaching practice in teachers' daily job environment will improve teachers' knowledge and skill as well as improve student result. This method is also used in Lesson Study.

Model developed in this study, is a mixture model of Lesson Study and conventional model. Lesson study has been a program of Math and Science Program for many years. In Japan Lesson Study is a part of important activity of the teachers (Wei, Andre, Hammond, 2009). In West Java Lesson study apply in many district could improve teachers' professionalism in teaching science base don the evaluation of Mathematics and Science Faculty MONEV Team. In China Lesson Study is also play an important role in improving teachers competency in science teaching (Wei, Andre, Hammond, 2009). In lesson study model, the involvement of local government is needed to support the continuity of the program. Rules and regulation made by local government contribute has made the program runs effectively (Team Monev FPMIPA, 2009). Sceduling and financial support from local government has made the program run well in Sumedang where lesson study has been carried out for almost 6 years. Local government make sceduling for teachers' MGMP agenda on Saturday teacher do not have agenda for teaching in class but they have to come to the program of lesson study.

The model of the local government involvement in this study was taken from a model of lesson study. The local government involved in financial and sceduling by

making policy for school in Cimahi and West Bandung District to send their teachers in the program and give transport to teacher who get involve in the program. This model of local government involvement make the program run as a continue and more efficient program. Kyriadikes (2009) argue that goverenment regulation give contribution to the effective teachers profesional development program.

The model that developed in the study is the improvement of lesson study model. In lesson study model, teacher were directly asked to make lesson plan collaborately with supervisor from university (a lecturer), but in this model a mixture between traditional model and lesson study model is applied. The first step of the training is giving important information based on teachers' need that has been identified in the firt yeas of study before teacher do the plan and do the open lesson. This stage is important as teachers in the two distircts who get involved in the research has low initiative to explore theory related to the science teaching strategy.

One that may become a constraits for the model is the changing of government regulation that may contribute to the sustainability of teacher training program. As it is known that regulation in govermental system in any part of Indonesia changing frequently. Therefore the most important aspect is giving awareness to the teacher that professional development is not only the task of government or institutions bu also it is a needs of teachers to improve him/herselves in order to give better servis to their student in teaching learning process.

CONCLUSION

Local government involvement in the teacher training has made program becoming a sustainable agenda for teachers proffesional development. The model developed in the study produced teacher that can run better teaching in science, as it can seen from the improvement of competency in designing lesson plan and teach science which means improving their quality related to content, pedagogy and pedagogycal content knowledge.

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BUREAUCRATIC RESTRUCTURING AND THE DEVELOPMENT OF GOOD GOVERNANCE

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ABSTRACT

The consequences of the Regional Autonomy implementation based on the Acts No. 32 of 2004 about Local Government and its derivative regulation required the Local Government to carry out bureaucratic restructuring. In consistent with the new paradigm of governmental administration, then the Bureaucratic Restructuring have to be able to create local Good Governance development. The research aims to know and to evaluate the bureaucratic restructuring process carried out by the Government of Mandailing Natal Regency in relation to the development of Good Governance in local level. It is concluded that the bureaucratic restructuringg does not manage to the good governance development,

either is viewed from the process or from the restructuring result. it has not forming the transparency improvement or efficiency.

In other to develop the Good Governance in local level, then it is recommended for the Government of Mandailing Natal Regency to comprehensively and objectively review the bureaucracy. In reviewing the bureaucracy, it is needed to take a note on several aspects: finishing the processes, making extensive the actors and keeping the formulation objectivity and its implementation. In this context, decentralization is essential for the creation of flexible bureaucracy. With given great authority and resources, the provincial bureaucracy and particularly the city-the most frequently deal with the public-employment can design patterns according to the demand of "consumer" serves.

Key words: Restructuring, regional autonomy, good governance, administration

I. INTRODUCTION

Development of a large bureaucratic organization resulted in the implementation of overlap between the duties and functions of existing organizations. A large diversity of bureaucratic organization established by the Local Government creates the potential for duplication of duties. This condition creates difficulties in addition to coordination at the level of implementation of public policy may also result in wasteful use of resources. A large diversity of organizations that built it also creates the possibility of creating more and more lines of conflict between bureaucratic organization itself. The conflict between bureaucratic organizations caused by the seizure of the task (project), signaled this addition will lead to inefficiencies also result in the abandonment of public service. Based on the argument that the bureaucracy should the restructuring undertaken by the local government then it should receive a proportionate consideration, so that bureaucratic organizations are built by the local government is a bureaucratic organization that really liking era. More broadly with the restructuring of local government bureaucracy actually is within the framework of the development of good governance (good governance). Restructuring of Local Government Bureaucracy in the framework of good governance is expected to create an organization of Local Government more accountable, transparent, responsive, transparent, effective and efficient, due to the implementation of good governance enabling all the elements are there that the state, the private sector and the community to be involved in proportion in determining public policy is made and will be implemented.

I.1 Limitation and Problem Formulation

Research questions raised in peeling and analyze the bureaucratic restructuring undertaken by the Government in relation to the development of good governance is as follows, namely:

- a) How is the process of restructuring the Regional Government Bureaucracy?
- b) Is Bureaucracy restructuring undertaken by the Government led to the development of good governance?

I.2. Research Objectives and Benefits

The purpose of this study was to identify and examine in greater depth on Bureaucratic restructuring undertaken by the local government at the local level.

I.3 Type of Research

Type of research that will be used in this research is descriptive, that problem-solving procedures are investigated to describe or depict the state of the subject or object of research at the present time based on the facts that appear or as they are.

I.4 Unit of Analysis

Under these conditions, the unit of analysis in this study is particularly local government organizations that exist under the regional Regent Mandailing Natal.

I.5 Sources and Data Collection Techniques

Given this research focused on the restructuring of the Government bureaucracy Mandailing Natal district, then the data is obtained from many sources Regional Secretariat. Data regarding the restructuring of the bureaucracy in particular in relation to the arrangement of local government organizations obtained from Section Organization.

Description of the modern conception of bureaucracy will at least be grouped into three categories, namely First ..., Bureaucracy in the good sense or rational (Bureau-Rationality) as contained in the Hegelian and Weberian Bureaucracy Bureaucracy, both in terms of bureaucracy as a disease (Bureau-Pathology) as expressed by Karl Marx, Laski and so on, and the third bureaucracy in a neutral sense (Value-Free) (Santoso, 1993).

In this study, bureaucracy is bureaucracy meant that in the third perspective (Value-Free), the Organization of Government Bureaucracy is a set of tasks and positions that are formally organized, where the system implementation adhered to his position that contains the hierarchy and authority and responsibility and each unit / work units mutually influential and decisive in the execution of the work to achieve organizational goals. One of the concepts of a comprehensive organizational restructuring and actual instance of the view Gouillart & Kelly (1995) with the name: Model 4 R. The details are as follows: reframing corporate direction, restructuring the company, revitalizing the enterprise, renewing people

Of the opinion Gouillart & Kelly above it can be seen that the rearrangement is not just enough to rearranging organization, but also to the stage of updating the people who are in the organization. These include developing a new organizational culture fit with the new vision. Without a thorough and comprehensive changes, changes in organizational structure will not provide a significant positive impact for achieving the goals. Institutional Arrangement greatly influenced by the style of a leader in managing an effective and efficient administration

II. DISCUSSION

Restructuring Process Mandailing Natal District Government Bureaucracy Based on the observation and analysis of the author Mandailing Natal regency government bureaucracy that was built from the restructuring process has yet to show a desirable bureaucracy, a bureaucracy that slender but rich functionality. Mandailing Natal

regency government bureaucracy still built with old-style paradigm, which is still developing a lot of structure both vertically and horizontally.

According to the analysis the authors concluded that it is because: First, the existence of the limited number of personnel who have specific skills that are required as a result of new employee recruitment patterns that are not tailored to the needs of local contextual; Second, the presence of narrow interests (economic and political) of the elite as a user and determining the placement of one officer to sit in a certain position; Third, the existence of ignorance / incompetence of the officials responsible for the management of personnel to interpret the spirit of the new civil service rules and regulations different from the spirit of past employment (New Order). The data the authors as follows:

Table 1
The state of the Organization and Function Before and After Restructuring

The State of the Echelon RATE	II		III		IV		V		Number of positions	Number of people
	A	B	A	B	A	B	A	B	Position	People
Before restructuring	-	1	6	18	27	88	110	214	464	46
After restructuring	1	26	124	11	521	54	-	-	737	50

Sources: The Organization of the District Secretariat Mandailing Natal (processed)

Based on the data from the table above, that turns Restructuring of the Government Bureaucracy Mandailing Natal district in order to accommodate the dynamics do not show the efficiency of the organization. The efficiency of the organization's views of the formation process of restructuring the Board of County Government Bureaucracy Mandailing Natal should result in a bureaucratic organization is more slender than the condition of local government bureaucracy before the restructuring.

Based on the reality on the restructuring undertaken by the Government bureaucracy Mandailing Natal district can not be said in terms of realizing the creation of efficiency of governance. Do not create efficiency is especially seen from the large number of organizational and structural positions developed by the District Government Mandailing before Christmas compared with the process of restructuring the bureaucracy. As a result, the efficiency of the allocation of the budget for shopping aparaturpun also did not materialize because the cost of governance has increased.

Thus it can be concluded that the overall restructuring of the Government bureaucracy Mandailing Natal district can be said not lead to the development of good governance, because:

First; seen from the implementation of the restructuring of the bureaucracy then what happens are:

1. Restructuring is only based on the rules made by the Central Government.
2. Discussion is only limited by formal structures (bureaucracy especially Tim and Parliament) and was impressed closed.
3. Restructuring only accommodate the interests of bureaucrats.
4. The behavior of some officials who malakukan approach to the parliament.

5. The notion that a growing number of organizations are set up so the more funds will be obtained from the Central Government.
6. Lack of understanding and knowledge of most members of parliament regarding regional autonomy.

Second, seen from the results of bureaucratic restructuring undertaken by the Government Mandailing Natal, especially seen from the performance of the existing bureaucratic structure, nor does it lead to the development of good governance at the local level. Not the development of good governance at the local level, especially in Mandailing Natal regency, as a result of the restructuring of the bureaucracy was not carried out to improve the competence of institutions and personnel competence. Not the creation of institutions and personnel competence competence is evidenced by the discovery of reality is duplication among agencies in the bureaucracy in carrying out their duties and obligations, the reality of the distribution and personnel promisi prinsif also not based on "The Right Man on The Right Place".

With exposure as presented above, it becomes clear that the restructuring undertaken by the government bureaucracy Mandailing Natal district in order to accommodate changes in the paradigm of governance as a consequence of implementation of Law No. 32 Year 2004 on Regional Government along with its derivatives regulation did not lead to the development of good governance in particularly at the local level Mandailing Natal District. No creation of development Good Governance in the District of Mandailing Natal in relation to the implementation of the restructuring of the bureaucracy because almost all aspects of Good Governance (as to which aspects of the set) was not accommodated both process and outcome none.

III. CONCLUSION

Based on the above it can be concluded that the restructuring undertaken by the Government Bureaucracy Mandailing Natal district does not lead to the development of good governance, because: First, that the views of the process of restructuring the bureaucracy is done by a closed or in other words the process of restructuring the bureaucracy that held limited discussions performed only by formal structures, namely the Local Government Bureaucracy and Representative Council without involving other elements of the community in particular as one of the underpinning elements of good governance, in addition to the restructuring of the bureaucracy is also dominant formulation is based on the consideration of the interests of bureaucrats opinion on objective considerations; Second , that judging from the results, bureaucratic restructuring undertaken by the Government within the framework of Mandailing Natal not accommodate the increased administrative competence, increasing transparency and improving the efficiency of local government bureaucracy in governance.

The restructuring of the bureaucracy has not / can not be instrumental in improving administrative competence, namely that increased competence can not be realized because the agency still meets reality overlap / duplication of duties and functions between institutions on the Board of Local Government Bureaucracy in carrying out their duties and responsibilities. Increased competence of personnel also can not be realized due to the distribution and promotion of personnel can not be referring to the principle of The Right Man on The Right Place / Job, promotion of personnel for positions not based

on competence aspects, but still based on seniority aspect. The restructuring of the bureaucracy has not / is not able to realize increased efficiency of governance, not the realization of efficiency gains as a result of the restructuring of governance apparently efficient use of public funds (budget) for a more efficient bureaucracy, but this is precisely the quantity and percentage tends to increase. The efficiency of the public service has not / did not have increased / improved since the waitress provided to the public by local government bureaucracy is still the same as the pre-restructuring.

IV. SUGGESTIONS

Inspired by the reality of the above and in order to realize the development of good governance at the local level, it is hereby recommended to the Government District Mandailing Natal to take some action in order to respond to and accommodate these realities, namely:

First, it should be done the review / evaluation of bureaucratic restructuring policies that have been implemented so far. In a review to evaluate the policies that have been taken, should be in the process of formulation of the next phase of restructuring of the bureaucracy, it is necessary to expand the involvement of elements outside the formal structure (bureaucratic and legislative). In the process of restructuring the bureaucracy is also necessary to study more in-depth than any aspect of a more comprehensive and objective.

Second, the establishment of Local Government Bureaucracy in line to be avoided duplication among agencies in carrying out their duties and responsibilities with the assertion duties and functions of each institution formed. In addition it is also the need for unification of the organization (regrouping), which is considered to have similar Auth cognate or so kinds and types of existing institutions dijabaran Government Bureaucracy will be simpler. In the distribution and promotion of personnel necessary to observe the principles of The Right Man on The Right Job / Place. Campaign personnel need to consider the competency / skills knowledge and skills specifically tailored to the position / job that will be held, and not based solely on seniority aspect.

Third, for the creation of the transparency in governance, any institution established by the Government in the Main Tasks and Functions of the organization need to be accommodated / imprinted transparent obligation for any organization in carrying out its duties and responsibilities, and followed with the consequences if violated. In addition to the local government also needs to make efforts to change the culture of bureaucracy can be a closed model towards more open.

Fourth, in order to create efficient delivery of government, the establishment of Local Government Bureaucracy in the lineup needs to pay attention to the principle of Poor Rich Structure Functions that need to be regrouping / unification or elimination of institutions that have been there and thought to lead to inefficiency in the use of budget funds for the purposes of bureaucracy . Meanwhile, in order to realize the efficiency of the public service bureaucracy within the organization then all that is necessary to make improvements and some reorientation. Improvements to be made include the need for simplification of the existing procedures, to guarantee the timeliness of the services and assurance service charge. Guarantee timeliness can be done by way of compensation to the affected communities.

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THE IGNORANCE OF GENDER PERSPECTIVE ON INDONESIAN DECENTRALIZATION POLICY

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ABSTRACT

In 1999 Indonesia adopted the Law 22/1999 on regional autonomy which renewed by the Law 32/2004 on Local Government. This policy moved Indonesia “from being one of the most centralized countries in the world to one of the most decentralized”. If planned well, decentralization can move decision making closer to people and improve governance, including efficient service delivery. Local authorities will be able to respond quicker to local needs if they do not have to await approval from central governments. Yet, not all is well. However this policy ignore gender perspective.

This paper want to investigate some impacts of decentralization on gender politics, propose a gender quota system as an alternative although it has some complicated problems.

This paper argues that the decentralization tends to ignore gender perspective. The decentralization can reinforce local elite power which limiting the women's access to decision making process, reinforce local traditional practices, produce many local law which discriminate againts women. Decentralization may enhance the role of traditional authorities that can be deeply patriarchal, illustrated for example by some cases in Aceh Some of these laws and regulations do not conform to international law and standards, nor do they respect provisions in Indonesia's Constitution and Human Rights Act (No. 39/1999). A 2009 study published by the National Commission on Violence against Women (Komnas Perempuan) recorded over 60 local regulations which discriminate against women. Hence, from a gender perspective there is an argument that local government is relatively impervious to social change, particularly in contexts where women have made gains within the formal institutions of the state.

Keywords : Decentralization, Gender, Good Governance

I. INTRODUCTION

I.1 Decentralization as a Global Phenomenon.

In the last 20 years decentralization has established itself as a political and institutional phenomenon in most countries around the world. There is a world wide trend toward increasing transfer of power, resource and responsibilities to the sub national levels of government. Both industrialized and developing are moving toward more decentralization.

Decentralization is led by concerns of central governments to disperse power and responsibilities, and is spurred by policies of international financial institutions, such as the World Bank. The World Bank is actively supporting governments' efforts to decentralize by conducting research, developing mechanisms for exchanging knowledge and experiences, and by offering policy advice and operational support, and coordinating with donors.

Since its creation at the end of the Second World War, the World Bank has dealt primarily with central governments. Central control of power and resources had enabled governments to pull their economies out of the Great Depression. The application of Keynesian principles, which give a large role to central government in managing the economy, resulted in spectacular economic gains in the 1950s and 1960s. Centralization also led to rapid economic growth.

Important elements of centralization were the creation and operation of social welfare systems and the expansion of public services, which proved extremely popular among citizens. The centralized strategies that had proven successful for rich industrial countries naturally became the model for development of the emerging nations in Africa, Latin America and Asia. Donor agencies, including the World Bank, reinforced the centralizing tendency by preferring to work with central governments because they could execute the big projects (dams, roads, ports) felt to be essential for development.

However, the top-down approach has often failed to promote development and reduce poverty. Disappointment has been particularly high with rural development programs, many of which were initiated, designed and executed by central government representatives with little or no input from communities.

There are a number of reasons why the centralized approach has not worked well. First, Central government representatives are too far removed from communities to know what local preferences and priorities truly are. Second, local people feel little sense of ownership of projects, and therefore do not sustain them.

Starting in the mid-1980s governments world-wide began decentralizing some responsibilities, decision-making authority and resources to intermediate and local governments and often to communities and the private sector.

According Bird and Vaillancourt, the historic “third wave of democracy that began in the mid- 1970s triggered a subsequent and equally profound wave of decentralization in the 1980s and 1990s. In broad terms it can be suggested that decentralization is an outcome of the declining credibility of the centralized state. Groups that have historically been denied power now demand it and the central governments are increasingly reluctant to combat this demand with force.

Many specialists point to the success of decentralization in Latin American states as a model of how to bring government closer to the people in a newly democratic setting. “The notions of ‘decentralization’ and ‘local government’ have gradually become the norm in international sphere. Some regional organizations such as The Council of Europe and the Organization of American States (OAS) have been particularly progressive in establishing this new norms. Today more than 70 countries in various parts of the world are in the process of implementing political and administrative reforms aimed at decentralizing and strengthening local governance. However, decentralization has not been without difficulties

I.2 Decentralization : Advocates and Opponents

In an administrative sense decentralization refers to the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to subordinate units or levels of government, semi-autonomous public authorities or corporations, regional functional authorities, or non-governmental private or voluntary organizations.

Decentralization refers to the principle that public decisions should be made, when possible, at the level of authority closest to the people. Decentralization may offer tangible benefits to civil society, by fostering greater government *accountability and transparency*, improved *problem-solving*, opportunities for *sharing technical and social expertise* in policy-making, *influence* over policy decisions and *control* over the development of those policy programmes that NGOs may be expected to implement.

But in practice, there is no guarantee that decentralization and regional autonomy policy able to create more room for democracy but possible to produce discriminative regional policies that distract the state from its responsibilities to fulfil its citizens’ constitutional rights, especially women.

Advocates argue that decentralization processes can make government more responsive and citizens more engaged. Opponents are more sceptical, pointing to the tendency of local government to pork-barrel politics and highlighting its potential for elite capture. Some also point to the lack of adequate tax bases at the local level and the limited human and financial resources available, given the increasing demands being made on lower tiers of government. According Faquet and Manor, it has been pointed out

that there is little empirical evidence to support or refute the efficacy of decentralization, while Heller has argued that “there are no a priori reasons why more localized forms of governance are more democratic”.

II. DISCUSSION

II.1 Decentralization and It's impact on Gender Equality in Indonesia

In 1999 Indonesia adopted the Law 22/1999 on regional autonomy which renewed by the Law 32/2004 on Local Government. This policy moved Indonesia “from being one of the most centralized countries in the world to one of the most decentralized” There has been an increase in locally enacted by laws and regulations on a number of issues, such as health, education, and family affairs.

If planned well, decentralization can move decision making closer to people and improve governance, including efficient service delivery. Local authorities will be able to respond quicker to local needs if they do not have to await approval from central governments. Yet, not all is well. However this policy ignore gender perspective.

The Law 22/1999 on Regional Autonomy which renewed by the Law 32/2004 on Local Government grant a greater autonomy in deciding and conducting the development process to local governments in Indonesia. Whilst focusing heavily on devolving power to local authorities and representatives, this law tends give an opportunity to the revival of local patriarchal values, intituted by many local law which discriminative againts women. The implementation of the Law 22/1999 on regional autonomy also contributes to exacerbated gender politics in Indonesia.

The local communities are not always democratic in which they frequently resist changes. Local structures are less amenable to change than are higher levels of political organizations.. Local communities frequently resist or subvert changes brought about by national governments and international especially when they consider the changes as threatening to the traditional norms and structures that have served their interest. At this point, the locality of Local Government may obstruct the attempt in reversing pattern of women subordination at the local level. Along with the increasing competition over power and resources, the devolution of power to local authorities may marginalize women through the domination of the stronger groups over local power and resources.

Indonesian Women's National Commission said that there are at least 154 local laws which tends to discriminate againts women which can be listed in this table.

Table.1 Discriminative Local Law

No	Category	Total
1	Women Criminalization	38
2	Control to Women's Body	21
3	Pembatasan kebebasan beragama bagi komunitas Ahmadiyah	9
4	Religion Community Order	82
5	Migrant Worker Order	4
	Total	154

According to Budianta (2006: 920), At regional or district level, indigenous local governance systems attempt to strengthen local traditions and regional identities. The difficulty for women is this phenomenon often means a return of patriarchy which threatens individual rights of women. The return to Nagari local council system in West Sumatera province, for example, has limited women participation since women traditionally do not participate in this local political entity. In Tasikmalaya municipality, Islamic vision was chosen as the city's cultural identity. To strengthen the identity, regulations are made to oblige all female students and civil servants to wear veil. Regional parliament in Banda Aceh municipality, proposed regulations to elect village leaders based on selected religious teachings which close opportunity to women to become leaders. One item in the regulation mentions that leaders should be able to lead Islamic prayers, which in Islamic teaching means only adult man can do it.

The decentralization policy and transition to regional autonomy can become one of the threats to gender mainstreaming in Indonesia, along with interpretation to religion and cultural values that are still gender bias. The existence of many of local laws (Perda) which are gender bias, show us that there are unawareness among government officials and weak mechanisms in controlling and monitoring the implementation of gender mainstreaming. The above interpretations of return to culture show that local patriarchal values have been strengthened and a public space for women is closed (WRI 2007). The patriarchal structure in society, therefore, has been strengthened on the cost of women rights and freedom. Given the above facts, although in formal political structure there have been democratic processes such as free general election and opportunity to participate in monitoring governance processes, women position is disadvantaged.

The gendered dynamics of Local Government structures and cultures contributed to the difficulties in implementing positive changes for women. In his study, Little (1994) finds local government's ignorance towards women's needs and also the existence of hostility towards women's initiatives. Gender imbalance in the decision-making positions in local government was one of the reasons that the gender issues were not given priority in local governance.

According Molyneaux, there are many variability of women's need, but it can be classified into practical gender needs and strategic gender needs.

Practical gender needs. These relate to women's traditional gender roles and responsibilities and are derived from their concrete life experiences. For example, when asked what they need, women usually focus on immediate practical needs for food, water, shelter, health, and so on.

Strategic gender needs. These generally address issues of equity and empowerment of women. The focus is on systemic factors that discriminate against women. This includes measuring the access of women, as a group compared with men, to resources and benefits, including laws and policies (such as owning property), such as women's political participation, women's representation, the elimination of polygami etc.. Strategic gender needs are less easily identified than practical gender needs, but addressing these needs can be instrumental in moving toward equity and empowerment

It needs to be kept in mind that women can have the same difficulties in gaining access and voice in local NGOs and civil society groups as they do in local government bodies. Even if women become members of local groups they may be excluded from

leadership positions. The special needs and priorities of women may also be neglected on the agendas of these local-level organizations.

II.2 Decentralization and Women Political Representation

A major concern in decentralization processes in many countries is the continued exclusion, of women in political decision-making. It is important to note, however, that the local context in which political decentralization occurs is not necessarily democratic or open to women's involvement. Experience illustrates that, while decentralization has allowed for increased participation of women in the local governments structures in some countries, women's inclusion is often hard-won and achieved in the face of significant resistance.

The rights of women in Indonesia have been expressively stipulated in the 1945 constitution (article 27) which states that 'all citizens have equal status before the law'. Indonesia has also ratified some international documents on women such as the ILO Renumeration Convention No. 100 (1951/Law No.80/57) pledging equal pay for equal work, UN Convention on Political Rights of Women (Law No.68/1968), CEDAW (Law No.7/1984), UN Convention to Eliminate Discrimination Against Women (in 1990).

Participation of the poor in the decentralized management of service delivery has been a major plank of governance efforts on the assumption that this will make service provision more accountable and response to the interests of the poor. Unlike central government, local authorities and agencies are perceived to be closer to the people and more directly accountable. But this assumption overlooks the possibility that at the local level, power elites may be more entrenched than at the national and more hostile to demands from marginalized groups, included women's groups.

Implicit in some of the governance literature is the idea that decentralization is inherently favourable to women because it reduces logistical and other barriers to their participation and will lead to greater responsiveness of locally provided services to the needs of women as major users of these services. There are an assumption that decentralization will increase women political participation in local planning processes. However, women do not necessarily achieve greater representation at the local level as compared to national.

In the last 2009 Indonesian election, women hold 18 per cent of the national parliamentary seats (Dewan Perwakilan Rakyat) , but they attained only 16 per cent in provincial parliamentary seats (Dewan Perwakilan Rakyat Provinsi) and 12 per cent in regency/town parliamentary seats (Dewan Perwakilan Rakyat Daerah Kabupaten/Kota). There are 27 regency/town parliamentary seats which have no women, such as some regency/towns in Nusa Tenggara Timur, Nusa Tenggara Barat, Maluku, Maluku Utara, Papua and Aceh. And what is more that there are 64 regency/towns parliamentary seat which only have one women seats. However, this achievement is better than it is in 2004 election, since women only got 11 per cent in national parliamentary seats, 8 per cent in provincial parliamentary seats and around 5 per cent in regency/towns parliamentary seats.

It show us that women are not well represented in local governments. They face a number of barriers that range from cultural exclusion to the resistance of key political institutions and machineries to creating gender balanced local administrations. For

instance, in communities where women's roles as politicians and decision-makers are not well accepted, women face strong cultural barriers entering local governments. Furthermore, women in local governments may have to overcome institutional barriers. In many cases, male-dominated political parties are not willing to involve women in their local branches and, subsequently, in local politics. Most local governments are inherently patriarchal institutions. Their structures and procedures are designed for and by men and they do not take into account women's multiple responsibilities in their homes and communities, or differences of communications and decision-making styles existing between men and women.

Decentralization processes, as part of strategies for effective governance, should aim to ensure greater transparency, accountability, consultation and participation in decision making at local levels. But, a major challenge in decentralization processes - whether driven from the top or from the bottom - is the management of competing needs and demands of different groups in society.

Local law making process is not occur in a vacuum; men's interest and women's interest must be also brought along in the process. Resistance from men can be strong when women compete for power in the public sphere, or when the rights, and privileges of men within the family are questioned.

Gender equality should, however, not be seen simply as a zero-sum game where gains by women automatically imply losses for men. There are gains from gender equality, for men, as well as for families, households and communities and society at large, which need to be better understood.

II.3 Quota System as an Alternative to Increase Women's Representation

Take a lessons learned from another countries Indonesia try to adopt and implement women's quota as a 'fast track' strategy to increase women's representation.

Quotas for women entail that women must constitute a certain number or percentage of the members of a body, whether it is a candidate list, a parliamentary assembly, a committee or a government. Quotas aim at increasing women's representation in publicly elected or appointed institutions such as governments, parliaments and local councils. Gender quotas draw legitimacy from the discourse of exclusion, according to which the main reasons for women's under-representation are the exclusionary practices of the political parties and the political institutions at large. Quotas place the burden of candidate recruitment not on the individual woman, but on those who control the recruitment process, first and foremost the political parties.¹ Quotas force those who nominate and select to start recruiting women and give women a chance which they do not have today in most parts of the world.

In general, quotas for women represent a shift from one concept of equality to another. The classic liberal notion of equality was a notion of 'equal opportunity' or 'competitive equality'. Removing the formal barriers, for example, giving women voting rights, was considered sufficient. The rest was up to the individual women. Following strong feminist pressure in the last few decades, a second concept of equality is gaining increasing relevance and support—the notion of 'equality of result'. The argument is that just removing formal barriers does not produce real equal opportunity. Direct discrimination, as well as a complex pattern of hidden barriers, prevents women from

getting their share of political influence. Quotas and other forms of active equality measures are thus a means towards equality of result. The argument is based on the experience that equality as a goal cannot be reached by formal equal treatment as a means. If barriers exist, it is argued, compensatory measures must be introduced as a means to reach equality of result.

Introducing women's quota system in Indonesia is a very exhausted effort. Women activist have been advocating this policy since 2000's. However, it is not easy since it provoke opposition from many groups, particularly male key decision-makers and some women's group also.

During 2001-2003, several Indonesian women's organizations called for the introduction of a quota system for the 2004 election (a minimum quota of 30 percent). This culminated in the passage of legislation in February 2003 requiring political parties to consider selecting 30% women candidates in each electoral district. Article 65 of the election law stated : "Each participating political party may nominate candidates for the DPR, Provincial DPRD, and Regency/City DPRD, for each electoral district, giving consideration to representation of women of at least 30%."

In 2008, the new Election Law stressed again the important of women's quota. The candidacy list proposed by political parties minimally accommodate 30% women's candidate. There are at least one women's candidate in every three candidate (semi zipper system) in the candidacy list proposed by political parties. It is also supported by the new Political Party Law which stated that the new political parties must accommodate 30% women's representative. There are at least 30 % women's representation in political parties central board.

Unfortunately, at the last December 2008 the Indonesian Constitution Judiciary decided that all of Indonesian member's of parliament will be elected by the majoritarian system. It's mean that the candidate who get the highest vote will take the seat. By the new system, women had to ready for free fight competition, without affirmative action. It's a more liberal democracy practices in Indonesia.

What is Indonesia public opinion for that decision ? Most of Indonesian elite, included some women but except women activists, support that decision. Apparently, most Indonesian elite think that women quota or affirmative action for women are like a priority and it be in opposition to "equal opportunity" principles , so it is 'undemocratic' practice. It also reveals that the oppositions to the Indonesian women's quota are very high, the implementation of Indonesian women's quota are very problematic. It is clear that many politicians have a poor understanding of the importance of the representation of women and the importance of affirmative action.

According Newman, affirmative action is "... any race- or sex-conscious employment practices devised with the intention of redressing past racial or gender imbalances and injustices". The underlying assumption here is that societal injustice can only be corrected by societal compensation. These definitions capture the most common concepts of affirmative action. They share important attributes, namely: (1) society has committed discrimination in the past against a particular group of population; (2) government has adopted an objective of eradicating discrimination; and (3) society needs to take appropriate steps to end discriminatory practices and correct the imbalances that resulted from past discrimination. It is clear that we need to acknowledge that gender

discrimination already happened. Unlucky, most of Southeast Asian society, included politician, have no gender consciousness and think that there are no gender problems.

However, women got 18 percent House of Representative seats in 2009 Indonesian election. The table below illustrates that the highest contributor come from Demokrat (24%), the president's party. As Demokrat is a new party, women get more acces. The presiden popularity is very significant so the presiden party (Demokrat) got plentiful seat. On reverse side, women who ride other political parties, face more difficulties.

Most of elected candidate are popular public figures, such as actress, politician daughter or official's wife. This competition spends much money, so most of elected candidate are wealthiest women. By the highest vote system (Majoritarian), most of women's activist candidates fail. They don't have enough money and popularity. Nevertheless the 2009 Indonesian election result reveals the tough struggle of women. Though the quota system are not compulsory but it inspiring women to fight in politics.

Table. 2 Women in 2009-2014 Indonesian House of Representative

N O	PARTIE S	PARTY 'S SEAT	WOMEN'S SEAT	% WOMEN'S SEAT IN EACH POLITICAL PARTIY	% WOMEN IN HOUSE OF REPRESENTATIVE
1	PKB	27	7	25,93 %	6,93 %
2	Demokra t	150	37	24,67 %	36,63 %
3	PDIP	95	19	20 %	18,81 %
4	Hanura	18	3	16,67 %	2,97 %
5	Golkar	107	17	15,89 %	16,83 %
6	Gerindra	26	4	15,38 %	3,96 %
7	PAN	43	6	13,95 %	5,94 %
8	PPP	37	5	13,51 %	4,95 %
9	PKS	57	3	5,26 %	2,97 %
		560	101	18,04 %	100 %

Sourcer : CETRO

III. CONCLUSION

The decentralization tends to ignore gender perspective. The decentralization can reinforce local elite power which limiting the women's access to decision making process, reinforce local traditional practices, produce many local law which discriminate againts women. Decentralization may enhance the role of traditional authorities that can be deeply patriarchal, illustrated for example by some cases in Aceh Some of these laws and regulations do not conform to international law and standards, nor do they respect provisions in Indonesia's Constitution and Human Rights Act (No. 39/1999). A 2009 study published by the National Commission on Violence against Women (Komnas Perempuan) recorded over 60 local regulations which discriminate against women. Hence, from a gender perspective local government is relatively impervious to social change, particularly in contexts where women have made gains within the formal institutions of the state.

Since decentralization can reinforce local elite power which limiting women's access to decision making process, reinforce local traditional practices, produce many

local law which discriminate against women, frequently fail to address gender discrimination and frequently fail to recognize the priority of women's right.

Decentralization processes, as part of strategies for effective governance, should aim to ensure greater transparency, accountability, consultation and participation in decision making at local levels. In order for decentralization to contribute gender equality and equity, government must promote and protect women's access to local governance through gender quota in village representative (Indonesia : Badan Perwakilan Desa), ensure the availability of financial to meet women's need. Political parties must promote gender equality and equity through recruit more women as a new member of political parties, to adopt gender quota in every political parties board and political parties candidacy selector.

Gender equality should, however, not be seen simply as a zero-sum game where gains by women automatically imply losses for men. There are gains from gender equality, for men, as well as for families, households and communities and society at large, which need to be better understood. As long as gender perspectives are neglected, decentralization policies and processes risk being both discriminatory and ineffective.

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THE MEANING OF LOCAL AUTONOMY FOR THE EMPOWERMENT OF LOCAL COMMUNITY

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ABSTRACT

Local autonomy is much related to the community empowerment. One of motivation and reason which form the background of decentralization and the local autonomy gift is in order to community empowerment.. After 13 years of implementation of local autonomy, the principles of local autonomy in the form of improved services, participation, initiative, and community empowerment, whether it has to meet expectations. Government which is one of its function and duty as agent of empowerment claimed to seriously realize the effort of community empowerment.. Community empowerment can be achieved with a variety of community capacity building efforts. The real fact there are many organizations in the community who had walked to contribute to community capacity building in the form of commitment, resources and skills possessed. Therefore, in the context of decentralization and local autonomy, the government especially in this case the local government has a great responsibility to provide support for both policy-and or to create conditions that allow for the ongoing process of community capacity building in the area. So really local autonomy can give 'meaning' which means the empowerment of local communities.

Introduction

Development is a process of change towards greater stage of life towards a better or more desirable. Development in the context of Indonesian nationhood and statehood is an effort to improve the quality of human and people of Indonesia towards the aspired by the spirit of the 1945 Constitution, which was implemented on an ongoing basis based on the ability and the resources owned by considering global challenges.

The success of national development is always measured by how much has been able to produce the changes that have an impact on improving the standard of living and welfare. National development that aims to form a whole Indonesian people and a fair and prosperous society is very demanding role of mainstream society. In other words, the concept and implementation of development should be oriented to humanize the people as Allah (God) glory to human.

State policy and management patterns of the dominant centralized central government in the past has been felt by all elements of the nation turned out to provide a significant opportunity for the center to intervene in almost all dimensions of life without exception. Furthermore, the system has created the dominance of the central government over local government and domination of government over society. Almost all of the dimensions of the nation, state and society can not escape from government intervention. Impact of prolonged acute that has grown and developed in local government and in the society is created, formed and strongly rooted dependency of local governments to the central government and the people against the government.

Policy of the central government and centralized patterns have hampered the process of learning, independence, participation as well as blunting the power of initiative and creativity in the community to participate in decision-making, implementation, mobilization and monitoring in governance and development in the region. Local government and local community is conditioned to "*learn helplessness*" because of the very high dependency on the central government. In a climate of dependency that governments and local communities is often '*used*' to serve the '*interests*' of the central government. Weak capacity of local governments and local communities due to the dependence on the central government are very high can be seen in various areas and strategic sectors.

National development can not be separated from the role and involvement of local government and local communities, thereby to restore the role of empowerment efforts should be made to empowering the local government and local communities through capacity building for both local government and the local community.

The importance of the involvement of local communities in order to empower the area intended to prevent a presumption that the issue of local autonomy is purely a matter of local governance and just proportional placing of local autonomy is indeed to encourage community empowerment, foster initiative and creativity, and to increase community participation. In other words, it is an assumption and a very wrong when autonomy is precisely as such for the sake of '*local governance*' instead not only to the community itself.

Based on this phenomenon that has been noted above, the author would look at from the perspective of (science) public administration related to community development (*community empowerment*), how the meaning of local autonomy has been formally proclaimed its implementation since January 1st 2001 giving spirit for local communities

to develop their ability and how the actual potencies that has been owned by the community can be harnessed in such a way as capital for empowerment of local communities. This should be a reflection of 13 years of policy and management of decentralization and local autonomy in governance.

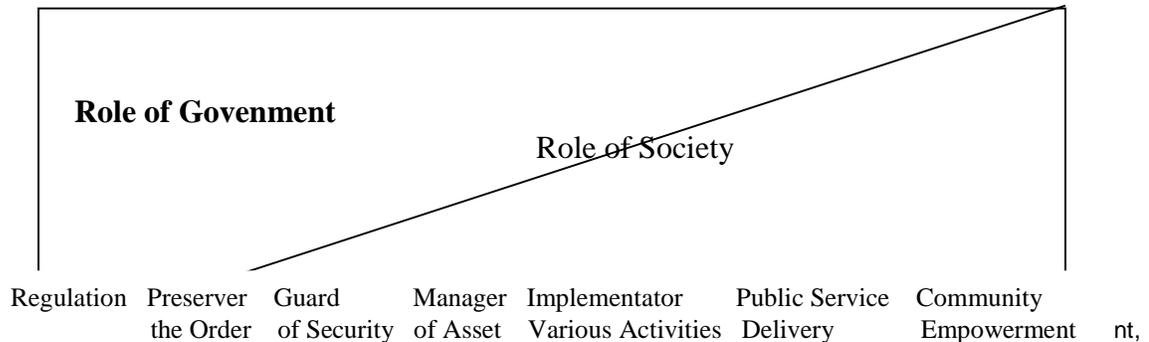
Concept and Meaning of Local Autonomy

In the spirit of local autonomy as ever initiated by Law No. 22 of 1999 adheres to the principles of democracy, community participation, equity and justice, and considering the potential and diversity of the region. From this understanding, it seems a desire to develop a government that better accommodate the dynamics of the area and potential areas including aspiration, initiative and potencies and the ability of local communities. In the version of Law No. 32 Year 2004 on Local Government explained that the principle of local autonomy is to use the principle of autonomy in terms of area is given the authority to manage and organize all administrative matters outside the affairs of government set out in this Act. The local government has the authority to make policy of local government to provide services, increased participation, initiative and community development aimed at improving the welfare of the people. Along with the principle of local autonomy should always be oriented to the improvement of social welfare to always pay attention to the interests and aspirations are growing in society (Point 1b Explanation of Law No. 32 of 2004).

Firm and clear from the above explanation that the core of local autonomy is closely related to the question of empowerment, in the sense of the central government to provide more flexibility and authority to local governments for the initiation and make decisions in governance and public affairs. Similarly, the local government is mandated to realize the philosophical values of local autonomy in the form of community empowerment. Through empowerment, local government and communities can participate in decision-making at the national level relating to the interests of regional area and local communities.

This principle is certainly in line with the role of 'essential' government of the earliest times to the present, the author can simplify the chart below:

**Chart 1. Role of Government
From 'Conventional' Governments to 'Modern' Government**



Which is the most important and strategic role of the current administration of government, is accentuation on the delivery of public service and community development as well as the lead role as regulators, security guards, custodians of peace and order.

In essence, it is the purpose of local autonomy for community empowerment through the growth and development of public participation, increased efficiency and effectiveness, service delivery, increased aspiration and inspiration of the people, as well as independence.

Theory and Concepts of Community Empowerment

The concept of empowerment emerged as a result of the reaction and the reaction to the nature of mind, good people, and good previous culture that developed in the country. The concept of empowerment can be said in response to the realities of powerlessness (*disempowerment*). Those who are helpless is clearly a party that has no power or loss of power (strength). In essence, the process of empowerment can be seen as depowerment of the power system of the 'absolute power'. In the context of the relationship of state and society, or helplessness society (*citizens*) can not be seen merely as a 'natural', but must be seen as the result of power relations, where there is inequality of power relations that refers to the asymmetry situation and condition. Thing that matters is whether the power relations that developed it allows a process that makes those who do not have (the power) to have the power, or the fact that there is not likely to eliminate something already in the communities. Thus, the process of empowerment about to be interpreted as an attempt to recast the asymmetry relationship.

Also the concept of sustainable economic development models dominate the world, especially in developed and developing countries, which only promote economic growth has created a structural necessity that tend to centralist-authoritarian. Where efforts to strengthen the country in all sectors in the context of the relationship with the community has been to marginalize the role of the participation and spay the independence of the society.

The concept of community empowerment as part of the paradigm of social development is a concept that refers to the development and strategy efforts undertaken by the framework of thinking and action that 'humanize' the people or commonly known in the academic world with *people-centered development*. So, empowerment aims to find new alternatives in community development. The concept of community empowerment in community development discourse is inseparable conceptual relationship with the concept of independence, participation, cooperation and justice.

Precisely define the concept of community empowerment is not easy as it also defines other concepts in the social sciences. The term empowerment has different notions in the social and political context is different, and not easily translated into various languages. Exploration local term for empowerment that transcends the world always lead to a lively discussion. Local terms associated with empowerment including : self-strength, control, self-power, self-reliance, own choice, life of dignity in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability (World Bank, 2002). This description clearly enables a lot of sense for empowerment. Empowerment is a concept relevant to the individual and collective level. In the broadest sense, empowerment is the expansion of

freedom of choice and action. This means improving its sole discretion and control over resources and decisions that affect their lives. World Bank in the context of empowerment and poverty reduction, defines empowerment as the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.

According to Rappaport (1987), empowerment is defined as the understanding of the psychological influence of individual controls on the social, political power, and their rights under the law. Meanwhile, Mc Ardle (1989) defines empowerment as a process of decision-making by people who are consistently implementing the decision. People who have achieved collectively empowered through self-reliance, even a 'must' for more empowered through their own efforts and the accumulation of knowledge, skills and other resources in order to achieve their goals without relying on the help of external relations. However, Mc Ardle implies it is not for the purpose, but their importance in the decision-making process.

More fully an empowerment had the intent to :

First, in-ward meaningful empowerment, the community means an attempt to transform public awareness and at the same time bring them with access to repair their lives. A significant transformation of public awareness action in the form of developing a political education, in order to develop an alternative discourse, develop community learning spaces. Further efforts to close the public with access to an improved life, it means the pressure to get a chance and opportunity as well as a process of redistribution of economic resources for the community.

Second, out-ward meaningful empowerment as an effort to drive change policies that have real harm society. Empowerment is meaningful in terms of the policy reform based on efforts to broaden public participation space. (Lapera, 2001; 55-56).

As a concept, the core of empowerment significantly improve or build capacity and the independence of the public.

In the context of decentralization, centralization of power in the past which have created dependency to local government and central government to local authorities, local communities demanding a complete renovation. A total reform of both the policy and management of the new government that it should lead to the empowerment of local governments as well as the empowerment of local communities.

Since the beginning of the birth and the enactment of Law No. 22 Year 1999 on Local Government -it's been replaced by Act No. 32 of 2004- hopefully in addition to spur empowerment of local government, more specifically can also empower local communities. It is necessary, given the realization of the mandate of local autonomy at the same situation and condition of the nation and the state of the 'critical' as now, is impossible to achieve the objectives of local autonomy at the expense of local community participation.

Meanwhile, on the other hand, demands on local governments to implement the principles of good governance continues to strengthen so that local governments are not likely to walk alone without the support of local communities. Therefore, we can not just look at the potential role of local government alone but should also look at the potential role played by the local community with a variety of institutions. The role of communities

in the region to improve the success potential will strongly support efforts to achieving local autonomy which is driven by the local government and local community involvement.

Community Development in the Perspective Paradigm of Public Administration

If it is be traced the development of paradigm that plays mainstream in public administration from 3 (three) concept and the dominant model - that is five model of public administration and New Public Administration (NPA) by Frederickson- then classified as *Old Public Administration* (OPA), *New Public Management* (NPM), and *New Public Service* (NPS), the Three substantially pertaining to something related to community empowerment.

The first model, the 5 (Five) models of public administration, better known as the *Classic Public Administration* -though departing from the scope of the organization- from model of Classical Bureaucracy to Public Choice model has had a tendency of centralization to decentralization of decision-making and participation in decision-making, from in-ward looking solely self-organization towards out-ward looking for a variety of dynamics and demands of the environment and society, and from the oriented individuals and a collection of individuals who are in the organization toward the fulfillment of what the will or the citizen or the public option. Model of Frederickson New Public Administration (NPA) shifts dominant focus of Five (5) previous models that promote efficiency, effectiveness and economical to add the importance of considering the values of social justice and equality for citizens to obtain public service and engagement in decision-making and opportunities to access social, political and economics that affect their lives.

The second model, the concept and principles of New Public Management (NPM) are well known from the jargon that was brought by Osborne and Gabler, one of which is that the catalyst government should focus on directing than doing (*Steering Rather Than Rowing*) public service activities. This view when seen from the perspective of community empowerment has relevance, in which the people as a public service recipients are expected to not always depend entirely on the role carried out by the government. However, this should still be interpreted that the government still fulfilling what should be their role of 'essence' and not necessarily just release altogether responsibilities in preparing the public service since people are often still require facilitation and assistance too. Positive spirit contained in the adage "*steering rather than rowing*" is to provide an opportunity for people to develop their self-capacities in various activities of life and fulfillment of their needs for public services.

The third model, the New Public Service (NPS) present to correct principally NPM model related to the role of government still has an obligation to continue to provide services to the community. According to the NPS, public administrators should focus on their responsibility to serve and empower citizens as they manage public organizations and implement public policy. In other words, the citizens on the front lines, the emphasis should not be placed on driving or paddling boats of government but rather on building public institutions characterized by integrity and responsibility (Denhart and Denhart, 2007; 23). The basic idea of the model of New Public Service (NPS) which is grounded in theory and the concept of *democratic citizenship*, as well as models of community and civil society.

Intended to theories and concepts of democratic citizenship is, taught the resurrection of a more active and engaged. Related rights and obligations as citizens, democratic citizenship is a tangible concern with the capacity (*ability*) of individuals to influence the political system, it means active involvement in political life. As a form of the importance of '*public spirit*' in the process of governance, Sandel (1996) offers an alternative view of democratic citizenship in which individuals are more highly active as citizens involved in governance.

The emergence of models of community and civil society in the context of western society which is culturally dominant individualism is an interesting phenomenon. For the people of the East who already have cultural roots in the form of community values is probably not something new. However, in the era of globalization in different areas of public life has been busy for the activities that tend to be very individualistic, mechanical and even asocial. NPS is a model that offers return values the common good as a foothold in the community. Community is based on caring, trust and teamwork, bound together by a strong and effective system for communication and conflict resolution. Interactive nature of the community is the bridge between the individual and the collectivity. The core concept is how to build a 'media' that connects continuously to meet the desires and interests of citizens and prepare a better experience for them to move in the broader political system.

In the concept of civil society, how citizens engage in society, where they are active in all kinds of groups, associations, and governmental units. The existence of families, work groups, religious organizations, civic associations, neighborhoods, voluntary organizations and social groups is to help develop the relationship between individuals and society more broadly. Collectively, small groups that are "*civil society*" in which people need to work out their personal interests solely in the context of public concern. Civil society is a place where citizens can engage with each other in a variety of personal dialogue and deliberation are not only the core of building a community but to build democracy itself.

Principally, the ideas of the 3 (Three) mainstream paradigms as above generally gives an overview of the concept of empowerment is important positions in public administration review.

Community Capacity Development

Basically to establish and build a society that is empowered with independence as well as the power to determine policies that affect their lives needed the treatment. This treatment is known as *capacity building* or *capacity development*.

In developing the capacity of communities, there are 3 (three) dimensions and focus on capacity-building initiatives that can be identified as below :

**Chart .2 Dimension and focus on
Initiatives of community capacity-building**

No.	Dimension	Focus	Type of activities
1.	Human Resources Development	- knowledge - discourse - awareness	- teaching - education - illumination

		<ul style="list-style-type: none"> - autonomy - participation - solidarity - talent and skills - appreciation - creativity - innovation - aspiration 	<ul style="list-style-type: none"> - training - facilitation - <i>learning by doing</i> - internalization - socialization
2.	Development of Community Organization	<ul style="list-style-type: none"> - organizing - designing programme - making decision - struktur dan prosedur - departemenization - communication - leadership - coordination 	<ul style="list-style-type: none"> - illumination - training - facilitation - <i>learning by doing</i> - internalization - socialization - mobilization
3.	Institutional Reform	<ul style="list-style-type: none"> - change and renovation of system <ul style="list-style-type: none"> - public policy reform - change and renovation of institution - change and renovation of management pattern of government 	<ul style="list-style-type: none"> - public participation - policy controlling - public advocacy - regulation

Source : Modified by author from Merilee S. Grindle, 1999, " *Getting Good Government : Capacity Building in The Public Sectors of Developing Countries* " pag.

The ability of communities (*community capacity*) is defined by Mayer as the combined influence of a community's commitment, resources, and skills that can be deployed to build on community strengths and address community problem (Mayer, 1995).

In order to build capacity of the community, the community itself can not walk alone without the contribution, support and cooperation of others. Other parties here is meant as the social institutions, civil society organizations, professional organizations, social and religious organizations and the private sector and government. Each of these can potentially and able as a partner for community to develop and build community capacity. Viewed from the side of government, the government at the central, provincial and district and city have a responsibility to play a role in building community capacity. Building community capacity is the result of systematic planning -from above- and represent the aspirations of the people who put the themselves as subject (*the main actor*). But in the end, the public involvement in the planning process from the bottom is not easy and is often difficult to implement because it requires the role of leading, directing and facilitating the local government. Another reason, however, the government as an agent of empowerment and community service was held responsible for pioneering efforts of development and community capacity building. Although it can not be denied also that the government has a lot of limitations of resources available to be able to reach all levels

of society, as well as formal legal bureaucratic government are often structurally will be hurdles and obstacles to the realization of a moral commitment to facilitate and accommodate the government's efforts to increase the capacity of the community. This situation would indeed be different from community capacity building efforts undertaken by organizations or community organizations (Civil Society Organizations / CSO). In general, this occurs because the CSO can escape from being tied to the structure of government organizations, both vertically and horizontally so that people can come to develop skills in a more flexible and better tailored to the actual needs and demands of the people concerned. But in the end, in order to develop the capacity of society, can not without involvement of the active participation of government and SCO (civil society organizations) are complementary.

Remembering the limited resources and funds owned by governments in order to facilitate the effort development of community capacity, the donations and support from the private sector is also required. Commercial or private sector can also help provide a contribution to the development of community capacity as their form of social responsibility (*corporate social responsibility/CSR*) to the society.

The partnership between government, private sector, and social groups positively with the community will be very significant in achieving the goals and objectives or the development of community capacity building. A group of people or institutions, whether families, groups who are in the immediate neighborhood, including a collection of neighbors, charitable groups, schools and foundations to get capacity from the acquisition of commitment, resources and skills from inside and outside of the area. Variations of social institutions in the community that this potential is real and rarely has recognized the contributions and give 'their influence' for building the capacity of local communities.

It should be understood that a group or an institution should first develop the capacity within themselves and for themselves before they help to develop and build the capacity of the others. Task of acquiring the capacity is one result of commitment, resources and skills are extended by the other and each group is also building its own capacity to become stronger and healthier. It is clear that some public institutions to adapt and adjust better in creating their capacity it more than others. Some institutions conduct capacity more seriously than they help create capacity in others, considering the others may be very efficient, creating more capacity in the other as in themselves.

Potency that is being had and played by various social institutions in this society should be taken seriously by the government in an effort to empower local communities as the meaning of local autonomy. So the government will actually get to play the facilitator than as perpetrators. Within the community, each diverse group has potencies for the development of community capacity. Broadly speaking, the role and contribution of each group to the development of community capacity as follows (Mayer, 1995) :

1. Family

Families in the informal roles, they have become the first community capacity building since the beginning of history. The role of the family can be seen from :

Commitment : Family helps build and maintain a system of values (Gardner, 1991). The nature of the family who looks set to ease the task of the individual into the wider community and bring the rules and norms of behavior. Family is designed to

nurture, raise and support their members as a form of their participation in the wider community improvement.

Resources: Family consume goods and services as well as producing it. They spend money and save it. Families gather resource material and in practice, to demonstrate to their children the values and skills needed.

Skills : In both subtle and overt ways, families learn, encourage learning, and in essence, teach the principles of capacity building. They show their members the uses of information, material resources, and the values that underlie their acquisition and deployment. Families teach – in varying degrees – problem solving, planning, organizational development, and management.

2. Neighborhood and Community Development Groups

The people who inhabit the places that are close together to show and describe the person who occupied it in there. People residing in a certain place or epitomize safety hazard. Local people providing a friendly gathering place for alienation or isolation. Community groups that occupy these environments to move or not to move to maintain a better quality of life for the residents. Local people and groups that are in place include the countless multitudes running regardless staffing and institutional structure (Kretzman and McKnigh, 1993). Some of them are a club or an association of people who come together for a common cause. They meet periodically and help themselves. Associations that include service clubs, book clubs, club ties clan, and others. In the context of our local communities in Indonesia, there are gathering groups, associations of death, *dasawisma* groups, Program Kesejahteraan Keluarga/PKK (Program of Welfare Family), Pos Pelayanan Terpadu/Posyandu (Post of Integrated Services), PKB, Program PAUD (Early Childhood Education Program), and more variety in the tribes, and local communities, each of which plays a role in the development of their community capacity . The other is an association which is a structured relationship between neighbors, a group of people who identify with the reasons and issues related to local residents.

Commitment : Neighborhood and community development groups create support for change, as well as for stability. They support political movements behind better housing, schools, recreation, health, safety, and other issues. In addition, neighborhoods or clusters of neighborhoods create processes for facilitating governance and justice, such as elections, juries, political parties, police, and advocacy groups.

Resources : Neighborhoods are host to retail and service areas, to formal institutions for spending, saving, and investing. Considerable money changes hands in neighborhoods. Most of the formal institutions that exist in neighborhoods, like schools, parks, houses of worship and other religious institutions derive their support from a wider territory.

Skills : Though largely informal, skills provide an important fabric to community life and allow individuals to *“live in community.”* They provide capacity for the larger community because, by definition, they are organized around common issues, themes or interests. Individuals educate each other and the larger community, raise money in support of projects they want to promote, and develop the political and organizational skills to accomplish their goals.

3. Associations and coalitions

In unity there is strength and, recognizing this, voluntary groups and non-profit organizations have joined together at various levels to gain greater voice and influence in decision-making arenas that affect them.

Commitment : Associations and coalitions by definition represent the mutual commitment of their members to their common purpose. People organize geographically as well as by issue area or interests.

Resources : Membership organizations usually measure their assets in membership, not money. Larger organizations have more clout with those they're trying to influence – typically legislative or regulatory bodies, groups that affect the rules and regulations affecting their particular arena and occupation.

Skills : A common purpose of associations and coalitions is to enhance their members' skills. They do this through a variety of "*member services*" such as specialized publications, training programs, and annual conferences. The more sophisticated also have programs of "mentoring" or "technical assistance" to help member individuals or organizations develop their administrative, programming, or leadership skills.

4. Charities

Charities provide relief to individuals suffering from economic disaster (unemployment or dislocation), natural disaster (floods, illness, cultural deprivation), or family disaster (abuse or neglect).

Commitment : Charitable organizations reflect society's commitment to help those who are suffering. They create a culture of concern and caring. Charitable organizations appeal to individuals who share that concern, recruiting them to help.

Resources : Charities raise money from the general public, seeking donations from individuals, from businesses and corporations, from organized philanthropies, and religious institutions. Almost all public charities have developed fairly sophisticated administrative structures and funding mechanisms.

Skills : In recent decades, at the insistence of supporters, charities became more efficient with using of knowledge and management skills. Attention and care charities are now institutionalized in form of non-profit organizations, in the form of 'service delivery programs' tax-free to require competent managers.

5. Schools

In today's society, schools are major agents of skills and values learning by children and youth. Education is largely a public function supported by local government.

Commitment : Schools reflect the commitment of society to educate the young, and to prepare young people for adult life. What "adult life" means, and what preparation for it is valid, has been the subject of interesting debates in the past two decades. Different parties to these debates wish to commit schools to training our young people for vocational, family, organizational, or community life. Different school systems and curricula reflect these differences in priorities.

Resources : The commitment to public education is substantial; its line in public budgets, especially at the local levels, is typically among the largest of all public expenditures.

Skills : Public schools are charged with teaching their students the skills required to play a constructive role in society. How successful they are varies, of course, from

school district to school district, depending considerably on the commitment and resources deployed to further this goal.

6. Religious Institutions

Religious institutions, particularly places of worship, grew out of the natural wish of persons for a place for spiritual communion with a higher power and with each other.

Commitment : Most religious institutions exist for the spiritual and moral development of their congregation, a number of charitable activities, such as used clothing collection and distribution, compensation, slaughtering animals for distribution to the poor, alms food or property to be distributed to those who qualify and so forth. An increase in religious institutions run or participate as a partner or companion in activities such as community environmental organizations, economic empowerment activities, and others.

Resources : Religious congregations have people power like neighborhoods, they have the capacity to mobilize and involve people in issues. They also collect “offerings” or charge dues, a portion of which can be used for charitable or development projects. There are even efforts to increase financial resources in the form of donations (alms), pension funds, insurance, to home-based businesses, and so on.

Skills : The skills of religious congregations are largely the skills of their individual members, plus the leadership. When members of religious institutions decide to do something – and this can be said of most community groups as well – the skills and resources are typically found, often from within.

7. Foundation

Most communities have at least one foundation with the commitment and financial resources dedicated to serving some aspect of community life. The purposes of foundations vary widely related to the scope of their work on the field or in providing services the needs of society.

Commitment : The extent to which foundations are committed to building community capacity varies widely. Some act from the charitable model in which the foundation’s resources are directed to the relief of suffering in one or more of its various forms. Others are committed to the development model in which the foundation’s resources are directed to the development of some aspect of community capacity.

Resources : The Foundation has assets and is adequate enough to be used for community capacity building. The capital generally derives from a single source, such as an individual, a family, or group of individuals, and decisions are made by the donor’s family, its representatives, or an independent board of directors. While the financial resources of foundations are substantial, they are small in comparison to public budgets that exist in the same regions. Even the poorest counties in the country have budgets that address human issues (through both the charitable and development modes) far in excess of the monies available from institutional philanthropy.

In Indonesia, there are a variety of foundation that engage in various activities in accordance with the founding of the background, objectives and target groups. According to the scope of activities includes the environment, urban issues, the development of public institutions, public advocacy, legal aid, health issues (HIV/AIDS), etc.

Skills : Some foundations, however, want to operate in a style that is more inclusive of community input and more directed to enhancing community capacity. How much they

do this depends on a number of factors, including their type. Community foundations, for example, increasingly have “*advisory committees*” made up of individuals connected to community groups who are knowledgeable about community issues. Operating foundations do not give grants, but operate programs themselves – typically research, public education, social service, and community development – and vary as to how much they contribute to gains in community commitment, resources, and skills. Independent foundations, the largest in number, probably vary the most in how they operate. A small but growing number seek community involvement in the design of programs. Another group, also small but growing, is striving to embrace the development model and keep it distinct from the charity model, intending to expand the capacity of community groups and community building mechanisms to become increasingly productive.

8. Government

Government at all levels – center, province, and regency/municipality – plays a role in the development of community capacity.

Commitment : Government reflects the will of the people through a representational process in which all citizens can participate. “Will” gets reinterpreted as it proceeds up the legislative and policy making ladders and then down through the bureaucratic and regulatory ladders, through the process we call “politics.” It includes ongoing debate about the limits of public responsibility. For example, is it government’s responsibility to provide mental health services or is it the individual’s or family’s concern? If the government is responsible, what level is appropriate – center, province, and regency/municipality? If it’s not the government’s responsibility, is it the private sector’s or the independent sector’s responsibility? As we know that government’s role as agent of public services, so the government has a public responsibility to provide services that people need. However, if people have the ability to handle and carry out some form of a particular services, then it can be left to the public. In this context, the government can play as a facilitator for the public through the traffic of regulations coordinate relations among communities.

Skills : The process of politics encourages public education and issue awareness efforts, meetings that seek consensus on priorities, and coalition building – all key ingredients of community capacity building.

From the details of the role and contribution of what is given by each group in society in terms of development and capacity building, of course, not possible alone but requires the integration and synergy. Simple illustration, how could an individual or group of people can develop their skills and resources in the community while at the other macro structures (*systems*) or the policy of the government does not provide such opportunities.

In the context of governance in Indonesia, that the policy and the implementation of local autonomy is certainly expected to develop the capacity of communities as part of the process of empowering the local community to be one of commitment to the importance of decentralization and local autonomy.

Local Community Participation

Efforts to develop the capacity of local communities will not be achieved without the involvement (*participation*) of the local community itself. The birth of participatory development thinking had ‘*declared*’ the New Order government more motivated by the

programs, projects, and community development activities that come from above or from outside the community. In fact, the concept of development has often failed and inconsistent with the needs of local communities. Development practitioners often experience frustration at the failure of the program. Therefore reorientation towards community development strategies is a necessity, its appearance emphasizes community participation and empowerment as a strategy within community development (Hikmat, 2001; 231).

Actually, society have a lot of potential, in terms of resources as well as natural sources of social culture. People have the "power" which, when explored and distributed will turn into energy to overcome the problems they are experiencing. How to explore and utilize the resources available in the community is at the core of the community, including at the level of empowerment of local communities.

In the empowerment of local communities, the most important factor is how the local community sit on the position as players (*subjects*) of active development, not just the receiver (*object*) is passive. The concept of community empowerment movement in prioritizing development initiatives and the creation of communities with basic strategy is to give strength (*power*) to the community. Meaning of important community participation including :

First, that participation will enable the community independently (*autonomously*) to organize themselves, and thus will facilitate communities face difficult situations, and able to resist the adverse trends;

Second, the participation is not only a mirror of concrete expression of the aspirations and the opportunity to fight for, but more importantly, participation becomes a kind of guarantee for not ignoring the public interest.

Third, the dynamics of the development problems will be solved with the participation of the community. This principle is a starting point of a community belief that the public does not need to be marked as a source of ignorance, but rather the subject of a development that has the ability and capacity.

In the context of decentralization and local autonomy, local communities better understand the needs and problems faced should be empowered or increased capacity so that they are better able to recognize their needs. Participation of local resident should be encouraged and cultivated gradually and continuously. The soul of the spirit of community participation is the social solidarity, social relations i.e. social relations are always based on moral feelings, beliefs and ideals together.

Therefore, all citizens must always work together, work together, help each other and are committed to high moral and social development in building and developing capacity in all aspects and levels.

Closing

In keeping with the spirit of which is contained in Law No. 32 of 2004 which encourages community empowerment, growth and development of initiative and creativity as well as the role of the local community, it is a huge and fatal mistake when then actual granting of local autonomy don't give the meaning at all towards the empowerment of local communities. Similarly, when was portrayed before us in such a way as real potencies that exist in local communities to play a role in increasing the

capacity of local communities, but on the other hand there is no reasonable possibility of empowering the local community due to lack of budget financing is very naive indeed. Empowering local communities is one of the tasks and functions performed and run by the government, both at central and local levels, have really come in the midst of society as a deepest meaning of decentralization and local autonomy.

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THE PRIVATISATION OF PUBLIC SECTOR: LESSONS FROM JAKARTA WATER

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ABSTRACT

This paper discusses the privatisation policy of Jakarta Water which has been underway since 1998. Privatisation has been the form of economic decentralisation since there is a shift in responsibility from the government to business entity. Due to decentralisation laws in 2001, water supply and sanitation in Indonesia were delegated to cities and districts while the provincial government acted as a coordinator. The capital city of Jakarta, has been the pioneer in adopting the policy of water privatisation in Indonesia. The parameters from pre-privatisation and post-privatisation including performance of the concessionaires, connection expansion, the water prices that relate to affordability for the poor, the quality of the water as well as the quality of service delivery will be examined. The information was gathered through a review of academic and public documents. The findings suggest that the Jakarta Water Supply Regulatory Body (JWSRB) has not been effective in relation to protecting the interests of the poor. The private concessionaires do not rely on their own funds and it is through foreign aid that efforts for expansion to the poor are initiated. The private concessionaires failed to address the problems of governance and these governance problems also explain the previous public company failure to address the water needs of the urban poor.

Keywords: affordability, decentralisation, connection expansion, governance, privatisation, quality of service delivery, quality of water

I. INTRODUCTION

Utility reform has proven to be politically and socially controversial, because the early reforms since 1990 failed to take the full social impacts into account (Foster *et al.*, 2005). In neo-liberal ideology, public utility services are viewed as commodities that are supposed to be traded like any other products in the market (Ernst, 1994). However, it is highly contested whether water, which is also a basic need, could be reasonably regarded as an ordinary commodity.

Many countries which decide to privatise seem to hold more than one of the rationales (Haque, 2000; Parker, 2003; Ramirez, 2003). The privatisation idea got its momentum as Indonesia was hit by severe financial crisis in 1997. Some insolvent State Owned Enterprises (SOEs) needed to be liquidated, and some of the competitive sectors

needed to be privatised by selling most or all government shares (OECD, 2000). State enterprises are managed by the Ministry of Investment and State-Owned Enterprises. It was clearly stated that its main aims were to divest public companies and to yield receipts for the government's budget through forthright and well-planned privatisation processes (OECD, 2000). Bortolotti *et al.* (2003), who examined the reasons for privatisation in 34 countries (including Indonesia) over the 1977-1999 period, concluded that privatisation appeared to be levered by huge debts and the proceeds could be used to reduce the budget deficit.

However, McLeod (2002) argued that addressing the debt problem was not the true rationale for privatisation in Indonesia, rather it was to achieve greater efficiency. McLeod (2002) noted that incentives for good management of the SOEs largely did not exist, the rule of law was debilitated, and the government was also lacking accountability. The efficiency and ownership issues were also clearly mentioned in the SOEs law No.19/2003: "Privatisation is selling company shares partly or wholly, to other parties in order to improve company's values and performances, to give large advantages to the state and its citizens, and to spread widely the ownerships to the people" (ESDM, 2011). Indonesia is also unavoidably exposed to globalisation forces to liberalise the market through ASEAN's free trade area which was set up in January 1992. It aimed at reducing tariff and non-tariff barriers to integrate its member economies (ASEAN, 2002). Furthermore, ASEAN also has free trade agreements with other countries outside Southeast Asia such as People Republic China, Republic Of Korea, Japan, India, as well as Australia and New Zealand (Kawai & Wignaraja, 2010). Privatisation is more likely a way to minimise the risks of liberalisation.

In the 1990s, there has been a major transition from centralized to decentralised public utilities outweighing a shift from public to private (Ginneken & Kingdom, 2008). Asian countries including Indonesia commenced decentralisation programmes. Two decentralisation laws in 2001 were adopted by Indonesia, following the financial crisis in 1997 and the resignation of President Soeharto (Ma & Hofman, 2000 *cited in* Ginneken & Kingdom, 2008, p.5). Water Supply and Sanitation (WSS) were delegated to cities and districts, while the provincial government acted as a coordinator.

This paper will try to figure out the privatisation process in Jakarta, the impacts, especially to the urban poor which constitutes the majority of the population. The efforts related to the governance will also be examined. The approach taken is through the analysis of relevant literature review and secondary quantitative and qualitative data. The secondary quantitative data, which are presented in figures and tables, will be interpreted descriptively. The secondary qualitative data will be gathered not only through journal articles but also from newspapers and information on websites including reports by government, international agencies and water providers. These data will be critically examined.

II. DISCUSSION

II.1 Organisational Structure And Privatisation Process Of Jakarta Water

Besides under-investment (Ehrhardt *et al.*, 2010), the inability of PDAM in Jakarta, which is called PAM Jaya, as a public company running the water utility in Jakarta until

1997, to attain targets could be due to many problems associated with principal-agent dilemmas. WB (2006) has noted the common problems related to public water companies throughout cities in Indonesia as follows: the municipality chose the employees to work at the PDAM; it also made day-to-day management decisions; the government made off-budget withdrawal; the government took an annual arbitrary contribution as a kind of dividend.

At the very beginning, there were two existing laws on foreign investment, Law No. 1/1967 and Law No. 11/1970, stated that Private Sector Participation (PSP) in the provision of drinking water to the people was not allowed (Kruha, 2010). In 1994, the government issued regulation No. 20 that permitted companies to supply water and operate the system through 95% of foreign ownership (Kruha, 2010; Argo & Laquian, 2004). In 1995, Under President's Soeharto instruction, the government signed MoU with two private consortia allowing them to conduct feasibility studies about the possibility of their participation in Jakarta's water sector (Santono, 2010). These consortia were PT Kekar Thames Airindo (KTA) that would operate on the west side area of the Ciliwung River and PT Garuda Dipta Semesta (GDS) that would operate on the east side. KTA and GDS were partnerships between Thames Water (UK) and Lyonnaise des Eaux, respectively with two local companies. These two local companies were linked directly to Soeharto's cronies permitting them to own the concessions without tendering processes (Bakker, 2007). In June 1997, 25-year concession contracts which were called Cooperation Agreements (CAs) were signed (Bakker, 2007). PAM Jaya was then the first party, while PT KTA and GDS were the second parties. But, it was on February 1st, 1998 that the contract became effective (Santono, 2010).

According to Lanti *et al.* (2010), the form of PSP in Jakarta is a special kind of concession which is called ODT (Operate-Develop-Transfer). The "operate" and "develop" meant that the two concessionaires would then take responsibility for the raw water supply, the Water Treatment Plants (WTPs), the piped networks and the metering and billing systems (Argo & Laquian, 2004). The "transfer" meant that the whole of the assets would be transferred back to PAM Jaya at the end of the contract (Iwanami & Nickson, 2008). The distinct feature making it not a full concession type but a special one was that there were take-or-pay agreements (Bakker, 2007). These take-or-pay agreements were not supposed to be a feature of the concession but BOOT (Build-Own-Operate-Transfer) and similar arrangements (ADB, 2008; Kessides, 2004). Apart from the difference between water charges and water tariffs and the rupiah devaluation, these take-or-pay agreements would be an explanation of the PAM Jaya's debt which amounted to Rp.800 billion in 2001 (Lanti *et al.*, 2010). At the first time of PSP involvement, it seemed that privatisation's main objective was to reduce the fiscal burden and thus increased investment for social policy (Cook & Kirkpatrick, 2003) would be attained since the two concessionaires agreed to pay PAM Jaya's foreign debts amounting to \$231 million (Argo & Laquian, 2004). But later, the PAM Jaya made huge debts to the private concessionaires making this objective unsuccessful.

The CAs set up ambitious targets such as universal service coverage by 2022, non-revenue water of 26% by 2022, and supplying water that is potable at the tap to Jakarta citizens by 2007 (Bakker, 2007). It is argued that these ambitious targets were set up merely in order to smooth the signing of the CAs *per se*.

On 21st October 2001, Both parties signed Restated Cooperation Agreements (RCAs) (Bakker, 2007; Lanti *et al.*, 2010). PT KTA then became PT Thames Pam Jaya (TPJ), in which Thames Water (UK) and Meta Phora owned 95% and 5% shares, respectively, whereas PT GDS became PT Pam Lyonnaise Jaya (Palyja), which was 100% owned by Suez (Kruha, 2010; Iwanami & Nickson, 2008). The technical targets were scaled back (Bakker, 2007). The standard of supplying potable water was to be achieved by 20th year of the contracts, not by year 2007 as stated previously in the CAs. In RCAs, there were five new technical targets and five new service standards.

Table 1. The technical and service standards of the Jakarta's concession contract

Technical Targets	Service Standards
Volume of Water billed sold	Water Quality ^a
Water Production from WTPs	Water pressure at the consumer's tap
NRW (non-revenue water)	Customer care ^b
Number of Connections	Routine interruption in distribution network ^c
Service Coverage Ratio	Time for Installing new connection

Source: adopted from Iwanami & Nickson (2008)

^aNeeds to be compliant with clean and potable water standards at a specified time

^bFor example, response time to routine telephone calls

^cThe response time when there is an interruption to primary, secondary, and tertiary pipelines.

There was also transformation to management contracts in which an Internal Rate of Return (IRR) of 22% was clearly specified (Bakker, 2007; Lanti, 2006). Rate-of-return regulation is a product of monopolistic behaviour which is widely criticised by economists since it would prohibit the variation of profitability (Newberry, 1997). In the UK, the Office of Water (OFWAT) sets up price cap systems for the public utility which are argued to be more responsive to changes in profitability (Iwanami & Nickson, 2008; Newberry, 1997). Following the RCAs, the Jakarta Water Supply Regulatory Body (JWSRB) was established by the endorsement of Jakarta's governor decree No.95/2001 (Lanti *et al.*, 2010).

It was not until 2004 that the private sector participations through water resources reform were corroborated (Kruha, 2010). The willingness of the government to introduce PSP in the water sector throughout other local governments was affirmed with the issuing of government regulation No.16/2005 and presidential decree no.67/2005 (Lanti, 2006).

In 2006, Suez sold its shares in PT Palyja, while Thames Water completely withdrew from PT TPJ (Ardhianie, 2011; Kruha, 2010). The reason for Thames Water's withdrawal was due to its inability to expand the connections to poor localities (Bakker, 2008). Then, Suez held only 49% of PT Palyja's shares, the other 30% and 19% were owned by PT Astratel Nusantara and Citigroup Financial Products inc, respectively. The latter two companies had not previously engaged in the water sector. Of the total amount of Rp.650 billion obtained by Palyja, Rp.341.8 billion was used to settle a debt to Caylont Merchant Bank Asia, Rp.178 billion was used to pay a debt to the European Investment Bank, while the remaining of Rp.107.2 billion was for capital investment. The owners of PT TPJ were now Acuatico 95% and Alberta Utilities 5%. Acuatico Pte Ltd was a water infrastructure

asset company based in Singapore, while PT Alberta was active in business services, etc. PT Acuatico was committed to invest \$15 million for capital expenditure.

According to Robbins (2003), the private water companies in Jakarta were not efficient because their only motive was to ameliorate the bill collection system and to close down illegal private wells. In RCAs, it was stated that revenue losses due to deep private wells would not be compensated, and the private concessionaires have the right to receive groundwater charges (Lanti *et al.*, 2010). It was not only in Indonesia that the case of private company's withdrawals occurred but also in other developing countries since water investment in the third world did not provide short term returns (Robbins, 2003).

II.2 Issues Surrounding Water Prices

The social tariff imposed by most public water enterprises in Indonesia (i.e. PDAMs) was too low to be recovered by cross subsidies (WB, 2006). The social tariff that was supposed to be for the poor has been enjoyed by non-deserving illegal customers and the commercial customers rejected the cross-subsidising tariff rises. WB (2006) argued that there was higher willingness to pay for the tariff and high willingness to pay the connection fees in installments rather than in a one-time fee throughout cities in Indonesia. Several newspapers and researchers have shown that being connected to the network was more beneficial than buying from a water vendor (WB, 2006). In Jakarta, the prices of vended water were many times that of piped water; ranging from as low as sixfold in Kali Anyar (Western Jakarta) to as high as twentyone fold in Marunda (Northern Jakarta).

After the PSP in the water sector in Jakarta, the concept of water prices could be divided into two parts. The water tariff is the price that is directly paid by the consumers, while the water charge is the price that is paid by PAM Jaya to private concessionaires on the basis of the volume of water supplied and billed (Bakker, 2007).

Increasing block tariffs (IBTs) are applied to the city of Jakarta (Anonymous, 2009; see Table 2). The households are classified into four groups which are based on the size of the house. Each group will also be classified into three bands which determine the price per meter cubic they should pay. The IBTs are forms of cross-subsidisation such that the richer and the users that consume more water will subsidise the poor and the users that consume less water, respectively.

Table 2. Different customer group for IBTs

Customer Group	Examples:	Size of the house in square meter
I	Social House, religious place, hydrant and public tap, etc	
II	Very poor household, etc	≤ 28.8
III A	Poor household, etc	> 28.8 and ≤ 70
III B	Middle income household, etc	> 70 and ≤ 120
IV A	Upper middle-income household, non-star hotel, etc	> 120
IV B	Hotel (1-5 star), Bank, Factory, Warehouse, high-rise building, ancol harbour, etc	
V	Tanjung priok harbour, etc	

Source: Adopted from Jakarta Governor Decree No. 11/2007

Table 3. The average tariff of capital cities in the Southeast Asia

No	City	Average tariff US\$ per m ³
1	Singapore	0.55 [#]
2	Manila	0.35
3	Kuala Lumpur	0.22
4	Bangkok	0.29
5	Jakarta	0.70

Source: Adopted from Lanti *et al.*, 2010

[#]Potable water

It can be seen from table 3 that the Jakarta's water seem to be overpriced and it was widely criticised (Lanti *et al.*, 2010). Compared to the city of Singapore which has more affluent citizens and with the ability to supply potabel water, Jakarta's average tariff is supposed to be lower to benefit its poor citizens.

In 2009, both PT Palyja and PT Aetra demanded a rise in the water charge for the working plan of 2008-2012 (Kompas.com, 2008). This proposal was delayed by JWSRB because it would lead to an increase in the water tariff. The correction would be focused on the people's affordability and BPKP's audit (Kompas.com, 2008). Indah (2008) *cited in* Kompas.com (2008) noted that complaints about the water service in Jakarta had been in the top five of all cases reported to the Indonesian Consumer Protection Body (see also Anonymous, 2009). Mostly, complaints were about the frequency of water flow, which was erratic; the water was not flowing from the tap but still got billed; the water had unpleasant odour and colour; the meter-readings were incorrect. Nugroho (2008) *cited in* (Kompas.com, 2008), who was a member of JWSRB, noted that the erratic flows of water had caused households in some areas to still buy the expensive vended water, while the people in elite areas (e.g. Pondok Indah) which were in a higher tariff group, did not need to spend extra money because their water flows were not intermittent.

II.3. Performance Regarding Technical Targets

a) Number of Connections

During the period of 1993-1997, the public sector performances were far from satisfactory. The private sector had then been able to meet the number of connection targets in the period of 1998-2003. But, in the subsequent years up to 2008, the achievements were slightly below the targets. According to Bakker (2007), during 1998-2004, new connections had been disproportionate because of the higher share of middle and upper-income households than of poor households.

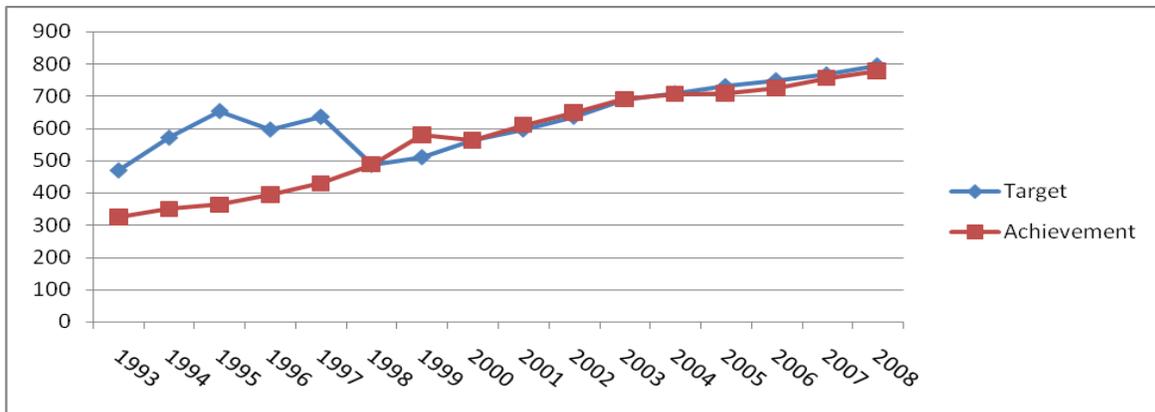


Figure 1. Total Number of Connections in Thousands, Source: Developed from Lanti *et al.* (2010) and JWSRB (2011)

The IBTs had become direct disincentives for the government to connect the poor, and became indirect disincentives for private concessionaires (Bakker, 2007). If private firms connect more to the poor, it would undermine PAM Jaya's ability to pay the water charges. A direct disincentive for the poor was that it is expensive if they decide to connect to the network. Even though, the volumetric price for piped water was lower than vended water, taking into account connection fees and transaction costs, they would make the piped water more expensive (Bakker, 2007). The other disincentive for the poor was the land tenure problem in which the landlord was unwilling to connect to the network, and the poor also did not want to connect because it meant that they upgraded the landlord's property (Bakker, 2008). Most of the poor were also living in informal settlements implying that they are unservicable or having no rights for connection (Bakker, 2007; Bakker, 2008).

b) The Water Production

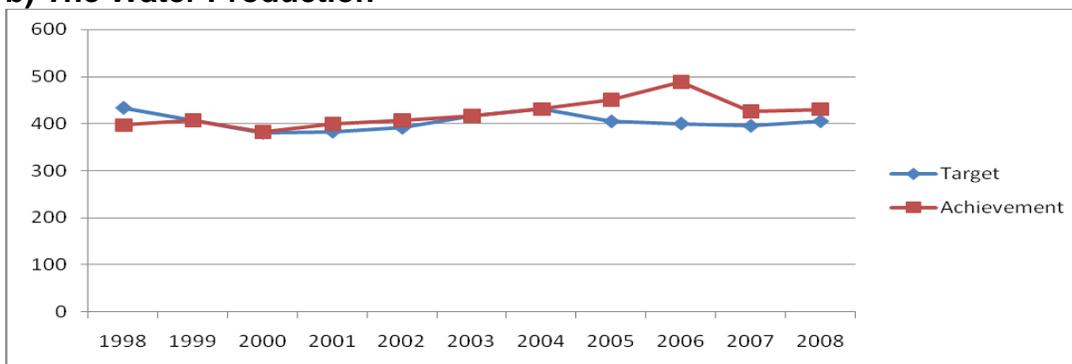


Fig. 2. The Amount of Water Produced by WTPs in Millions of m³, Source: Adopted from Lanti *et al.* (2010)

Generally, the private sector had met the targets of the amount of water should be produced during 1998-2008, except for the years of 1998 and 2003.

c) The Service Coverage

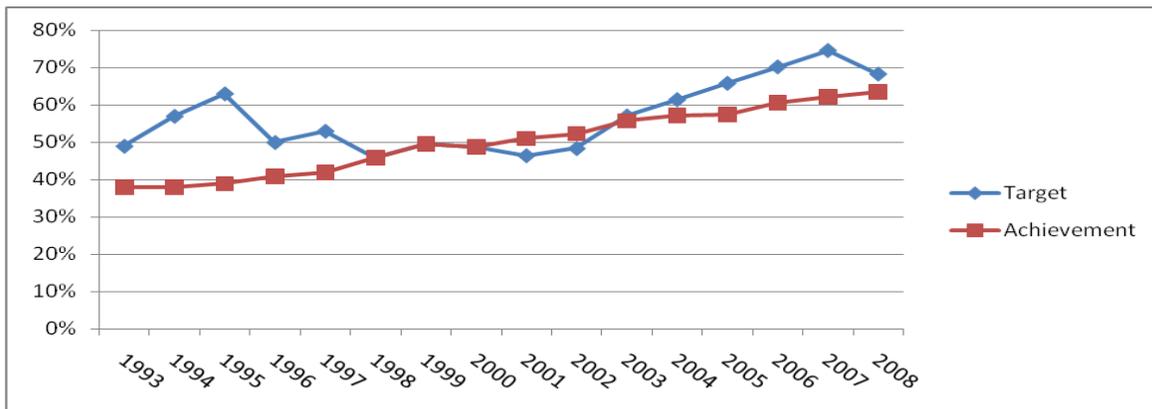


Fig. 3. The Proportion of Households Connected to the Network Source: Developed from Lanti *et al.* (2010) and JWSRB (2011)

During 1993-1997, the public sector's coverage was around 40%, which was far below the set targets. On aggregate, the two private firms were only able to meet their targets during the period of 1998-2002. In the next six years, they never achieved the set targets.

d) The Volume of Water Sold

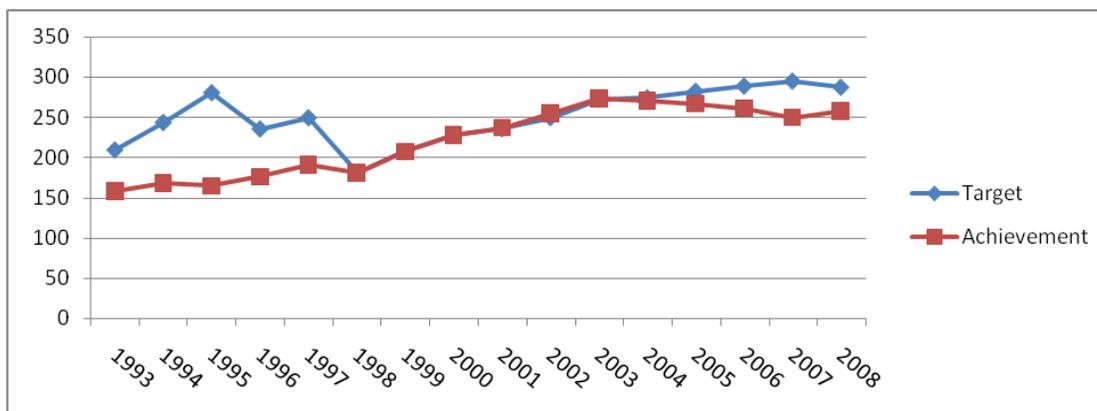


Fig. 4. The Volume of Water Sold Source: Developed from Lanti *et al.* (2010) and JWSRB (2011)

During 1993-1997, the public sector sold far below the amount of water than it should have. On the other hand, the private sector reached the targets in 1999, 2000, 2002 and 2003. But, in year 1998 and 2001, the realisations were slightly under the planned targets. Moreover, during 2005-2008, the private sector's attainments was significantly below the set targets.

e) Non Revenue Water

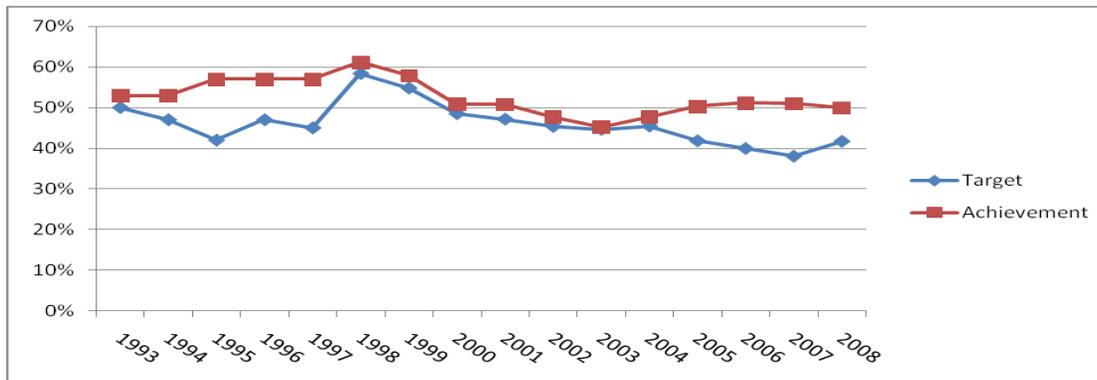


Fig. 5. The Target of NRW Reduction, Source: Developed from Lanti *et al.* (2010) and JWSRB (2011)

The NRW has been the most disappointing feature of water utilities since the NRW has always been higher than the targets. It could be said that the private sector was only able to minimise the gap between the achievements and the targets in the period of 1998-2004. In the subsequent years up to 2008, the gap became wider. The high non-revenue water meant that the water utilities should have the capacity to connect more people if the NRW is reduced.

II.4. The Regulatory Framework

The evaluation of privatisation impact has to entail the evaluation of the established regulatory framework following the privatisation, because its success will rely on the implementation of proper policy and regulatory framework (Kikeri & Nellis, 2004). The main problem of the potential monopoly abuses is supposed to be tackled by economic regulation (Groom *et al.*, 2006). In other words, the economic regulation main aim is to ensure that private operators offer good service at reasonable prices (Groom *et al.*, 2006). Other regulations to overcome non-monopolistic matters are the regulations in the area of consumer protection, safety, social objectives and the environment. These will be overlapping to some extent with the economic regulation.

Table 4. The Jakarta, the English, and the French Regulatory Models

	English Model	French Model	Jakarta Model
Economic Regulator	Independent National Agency (OFWAT)	Municipality	Independent regulatory body (JWSRB)
Set Tariff	Regulator	Municipality	Governor of Jakarta
Change Tariff	Regulator	Municipality	Governor of Jakarta
Set service and technical standards	Regulator	Embedded in the contract/Agreement between the municipality and the operator	Embedded in the contract/Negotiation between PAM Jaya and the operator

Monitor Service and technical standards	Regulator	Municipality	JWSRB
Change service and technical standards	Regulator	Agreement between the municipality and the operator	Negotiation between the PAM Jaya and operator
Dispute resolution	Government established regulatory body	Court, arbitration	Embedded in the contract/JWSRB
Water Quality	Drinking water inspectorate	Ministry of environment	Ministry of Health and JWSRB
Environmental Regulation	Environment agency	Ministry of environment	Unknown
System for channelling customer voice	Customer service committee	Water parliament	FKPM and KPAM

Source: Adapted from Iwanami & Nickson (2008)

As can be seen in the table 4, compared to OFWAT, JWSRB does not have the power to set and change the tariff since it requires the approval of the governor. OFWAT also has full authority to even set the service and technical standards, while JWSRB has no legal authority at all. Unlike the French model which has an obvious dispute resolution procedure, the Jakarta model does not have a clear cut way since it involves both the contract and JWSRB. Even though it is clearly specified which government agency should be responsible for water quality, it is not the case for the body which is in charge of environmental regulation. Customer complaints are supposed to be accommodated by FKPM which is a consumer communication forum at the provincial level, and by KPAMs which are water consumer committees that exist in five municipalities. However, the hybrid model of Jakarta which involves more stakeholders is not effective and the FKPM and KPAMs have not been influential in that model (Iwanami & Nickson, 2008). In conclusion, Iwanami & Nickson (2008) argued that JWSRB was not successful in protecting the urban poor of Jakarta because of three things. Firstly, JWSRB did not play a role of regulating alternative providers (e.g. water vendors). Secondly, respondents from six focus group discussions stated that they were not satisfied with piped water due to the intermittent nature of the supply and the low quality of water with regard to the smell (chlorine), the colour (yellowish) and the taste (salty). Thirdly, the water continuity had not been included as a contractually monitored indicator.

II.5 Other Issues

The discussion about aid could not be separated from the discourse of privatisation as the private operators admit that it is essential in achieving the demand for connections (Robbins, 2003). In 2007, under the GPOBA (Global Partnership on Output-Based Aid) scheme, the World Bank granted PT Palyja funds amounting to \$2.57 million for making connections to poor households (Menzies & Setiono, 2010). The GPOBA would be conducted in two phases with initial targets of 9,930 connections for phase I and 1,700 connections for phase II (GPOBA.com, 2011). Phase I has been completed and connected only 5,042 households, while Phase II has yet to be undergone (Menzies & Setiono, 2010). The new connections made were almost 50% below the target because

most of the poor did not have legal land tenure (see also Bakker, 2008). Neither private sector management nor GPOBA is able to solve this problem.

To deal with the insecure and irregular incomes of the poor, it is argued that the pre-paid meter (PPM) is the breakthrough (Jacobs & Franceys, 2008). It is hoped that the private sector will bring in not only the capital investment but also the technology innovation (Weitz & Franceys, 2002), particularly if it involves Transnational Corporations (Robbins, 2003). However, the private water utilities in Jakarta have yet to implement the PPM as it is regarded as less conducive and requires plenty of investment (Anonymous, 2009).

In the first three years of PSP, there was an employment increase. The number of employees per 1000 connections rose from 4.8 in 1997 to 5.5 in 2000 (WB, 2001). Almost 50% of PAM Jaya employees were seconded to private concessionaires, but it resulted in street protests because of their unclear status (Lanti *et al.*, 2010). Kruha (2010) noted that there are three labour issues. They are the lower salary issue, static meal and transportation allowances, and the failure to remit retirement allowances.

The Jakarta's sanitation sector is not included in the privatisation contract (Bakker, 2007), and it meant that whole improvement in water sector would not be made. Furthermore, WB (2001) noted the share of households connected to sewerage had remained unchanged during the period of 1990-2000. Only 2% of households had been connected to sewerage networks (WB, 2001).

III. CONCLUSION

There are various reasons to privatise public sectors. PSP in Jakarta's water sector indeed yielded proceeds for government budget, but then because of factors such as take-or-pay agreements, currency devaluation, and the difference between water charge and tariffs, the PAM Jaya as the first party which bought directly water from private concessionaires became heavily indebted making the achievement of the main privatisation aim of releasing the fiscal burden unsuccessful. To some extent, the private sector has indeed been more efficient. However, there is still a lot of work to be done. The private sector could be more focused on dealing with the unsatisfactory target in terms of reducing NRW.

The IBTs applied were not effective in terms of subsidising the poor. This became a direct disincentive for PAM Jaya and an indirect disincentive for private utilities to connect the poor. Connection expansion seems to benefit the middle and upper-class households. A profit motive has driven the water sector such that the private firms are concerned with price increases. In contradiction, the customers still perceive low water quality and intermittent supply especially in the poorer areas resulting in the poor still having to spend more to buy vended-water even if they are connected. Meanwhile, some unconnected poor have faced the problem of land tenure such as: the pipe networks could not legally be expanded to their areas; the landlords were unwilling to connect and the poor themselves would not want to connect since it meant upgrading the property which did not belong to them. The private firms could also be more innovative in offering alternative payment methods which are needed to tackle the problem of irregular and

insecure income of poor households. The private sector has a cherry-picking nature such that foreign aid is inevitably needed for connection expansion to the poor.

In terms of protecting the interests of the poor, JWSRB has been not functional: it is unable to regulate water vendors; it has weak authority; it is also unable to incorporate the quality of service delivery as a monitoring indicator; and it is not effective in accommodating the voices of the poor. Regarding employment, evidence showed that there was an increase but there were problems related to the workers' rights.

It is argued that the inability of both public or private sector to solve the problems is due to governance failure, rather than the state or market failure (Bakker, 2008). In other words, neither public nor private sectors have substantially ameliorated the water conditions for the interests of Jakarta's urban poor, in terms of the access, water quality, and the quality of service delivery.

Policy Implications

The poor performance of the privatised companies suggests that remaining public water companies in Indonesia do not need to be privatised. To achieve greater efficiency the public water sector could alternatively be reformed under the umbrella of New Public Management in which the good corporate governance practices are incorporated (Babel *et al.*, 2010). The poor could also be defined in terms of the average income of the households rather than the size of the house. It will make the subsidy for the poor be more effective.

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CAPACITY BUILDING IN IMPLEMENTING ONE STOP SERVICE (PTSP) ON CAPITAL INVESTMENT AS AN EFFORT TO ENHANCE THE DECENTRALIZATION POLICY IN INDONESIA

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ABSTRACT

One Stop Service (PTSP) on Capital Investment is, hereinafter shorted to PTSP, a government policy that is intended to aid in the convenience of getting service, fiscal facilities and information about capital investment in Indonesia. Governments have an obligation to co-ordinate capital investment policy in Indonesia. In central level this authority is given to The Investment Coordinating Board (BKPM), with a must to directly involve representatives who have the competence and authority from each sector and related areas (in accordance with Law No. 25 of 2007 and BKPM Regulation No. 11 of 2009). PTSP became one of the policies that are relevant in the era of reform and decentralization in Indonesia today. The decentralization policy resulted in an increasing number of provincial administrative regions in Indonesia, from 8 provinces in 1945 to 33 provinces in 2011. This was also followed by a growing number of district level autonomous regions and municipalities. This was also followed by a growing number of autonomous regions and municipalities. The more autonomous regions, the more potential investments in Indonesia will be. Therefore, this service needs to be coordinated by the government in its implementation, especially in relation to the licensing stage from the application to the issuance of the documents where these stages should be done in one door. In its implementation, the role of supporting human resources (HR) is crucial because it is the cutting edge and the image of the services. Therefore, the HR of PTSP must have adequate capacity to carry out its duties. One that is required in the development of human resource is capacity building. This paper will discuss the capacity building of PTSP implementation in order to increase the success of the decentralization policy in Indonesia.

Keywords: Decentralization, Autonomy, Investment, BKPM, One Stop Service

BACKGROUND

One Stop Service, hereinafter abbreviated as PTSP, is a government policy on investment in Indonesia as outlined in Act No. 25 of 2007 on Capital Investment. The legal and policy guide lines of PTSP is the regulation of BKPM No. 11 of 2009 on the procedures for the implementation, development, and reporting in the PTSP areas of Investment, so it could be said that this policy was only a toddler (under five years). As the toddlers should have to grow and continue to learn, then the PTSP policy should do the same. To grow, it is necessary for this institution to socialize, make legal implementation and design a work plan to achieve the goals of PTSP.

Implementation of PTSP policy is done at the central, provincial and district/city governments. At the central government level, the authority is entrusted to BKPM, whereas at the provincial level this policy is implemented by PDPPM (The Provincial Investment field), while at the district/city governments it is implemented by PDKPM (The Province District Investment field). This policy is a requirement of the implementation of bureaucratic reform in Indonesia as well as well as the demands of decentralization policies in Indonesia which is first rolled in 1999.

It is said to meet the demands of bureaucratic reform since PTSP has a goal to simplify the bureaucracy. A complete PTSP capital investment objective is to assist investors in obtaining ease of service, fiscal facilities and information about capital

investment by accelerating, simplifying service and alleviating or eliminating the cost of licensing and non-licensing. This goal is align with the goals of reform launched by the government, so that the implementation of PTSP has become very important. PTSP is also a requirement under decentralization, because the decentralization policies bring impact on the development map of Indonesia. The data compiled from the Ministry of Home Affairs (Kemendagri) showed that there is a significant increasing number of autonomous regions, from 319 in 1999 to 524 in 2010. In detail, the growth in the number of autonomous regions can be seen from the table processed by Kemendagri in 2010 as follows:

Table 1. The Growth of the Autonomous Region in Indonesia Year 1999-2010

Number of Autonomous Region	1999	Change	2010
Province	26	7	33
District	26	164	398
City	59	34	93
Total (*)	319	205	524

(*) This excludes the province of DKI Jakarta and its 6 administrative regions

The autonomous regions compete to each others to maximize the potential of their natural resources, for example, by developing the investment activities for the local investors. It is important for each region to organize the PTSP. If PTSP is performing well, we can hope that the incoming investor is also increasing, so the local revenue and state revenue will also increase. Difficulties and challenges in the implementation of PTSP in each area will be different, so the approaches to improve the investment climate in each region will also be linked differently. Therefore, it needs human resources who have capacity to execute the PTSP policy. The problem is then, how to build the human resource capacity of the PTSP executors with a variety of circumstances in various regions in Indonesia. Therefore this paper will discuss the capacity building in implementing PTSP as an effort to improve Indonesia's decentralization policy.

DISCUSSION

PTSP for Improving Success of Decentralization Policy in Indonesia

The decentralization policy is basically meant to improve the welfare of the people of Indonesia according to the potential of each region, through the establishment of an autonomous region. With the autonomous regions, the effective and efficient public services, and the accelerated growth and development of the region can be achieved in accordance with the potential of each region. Each region can be encouraged to grow and develop independently and given maximum discretion to manage their potentials respectively.

On decentralization policies appear the trust of the central government to local governments. If it is understood as a trust, then the logical consequence is the appearance of performance improvement efforts on various forms of public service and bureaucratic organizations done by local (autonomous) governments, so the central government can facilitate various forms of budget allocated in the form of the State Budget

(APBN) and its distribution based on the needs of each autonomous region. Thus, in this case local governments have taken the initiative and given the freedom to be creative in carrying out development in the region, and the central government only acts as a supervisor on duty to monitor, supervise and evaluate the performance of the autonomous region.

Decentralization in Indonesia in 1999 was marked by the growing number of autonomous regions at the provincial, district or city. Policy related to the establishment of autonomous region is contained in Law No. 2 of 1999 on Local Government which was then replaced by Law No. 32 of 2004. In order to implement the policy, it is issued the Government Regulation (GR) No. 129 of 2000 on the requirements and procedures for the establishment, merge, and deletion of autonomous regions. This Regulation is then replaced by the GR No. 78 of 2007.

Decentralization led to the change of the development map of Indonesia. The number of autonomous regions which account for about 64% during the last 10 years, has a portrait of the impact of changing regional development in Indonesia. Therefore the progress of each autonomous region varies according to the potential of each region. The authority of the head region (governors, regents and mayors) in developing regions is reflected in the various policies set out in local legislation (regulations) in accordance with the Law on Regional Autonomy. Each region competes to maximize the potential of natural resources, for example by developing investment activities from local investors.

This investment is vital for the growth and acceleration of economic development in each of the autonomous region. Capital investment can be used as a tool to restore the economy, create jobs, and reduce poverty. The greater the investment, the more rapid increase in the progress of the autonomous region will be. So the government has to be able to innovate in developing various patterns of licensing services and interesting investment for the investors. However, there are many obstacles to be able to dig up capital investment from investors including the bureaucracy associated with licensing service that can not be predicted, slow and unaccountable at both the local and central levels.

Constraint related to the licensing service is a constraint of the most dominant and visible. A study undertaken by the World Bank showed that Indonesia has very complicated bureaucracy, ranging from procedures to start a new investment, licensing arrangements, land, import-export, to tax payment arrangements. As the comparison, it can be compared between the bureaucracy of the stock investment in Indonesia and neighboring countries. In Indonesia it takes 12 procedures that takes 97 days and costs 86.7% of income per capita of Indonesia populations. As in Thailand only takes 8 procedure that takes only 33 days and the cost is only 5.8% of income per capita. In Malaysia, it only takes 9 procedures, 30 days and 19.7% of income per capita to start a business. Bureaucratic procedures and complex documents are ultimately result in wasted time and great expense, so it is not effective and efficient for potential investors. To overcome these problems the government has made a policy of One Stop Service or PTSP.

PTSP is a field of investment policy ordered by Act No. 25 of 2007 on Investment. Under the Act, PTSP is intended to assist investors in obtaining ease of service, fiscal facilities, and information regarding investments. It is expected that this PTSP policies can attract

investors to invest in Indonesia. More and more investors are coming and scattered in different autonomous regions of Indonesia, also increased development in the area. Ultimately Homeland prosperity will also increase. Therefore the implementation of PTSP requires excellent coordination of the government and all of the autonomous regions, given the growing amount of local autonomy at the provincial, district and city in Indonesia is increasingly rapidly. Each autonomous region performs the same basic tasks and functions of PTSP. PTSP at the central level is done by the competent authorities in the field of investment that gets delegated authority of the institutions that have licensing and non-licensing at the central, provincial and district/ city. The institution in question here is the Investment Coordinating Board (BKPM) or Regional Investment Coordinating Board (BKPMR).

In the implementation of the service function of the PTSP policy there are many factors that influence the success of the policy. One of them is a factor of Human Resources (HR). HR as an actor / subject in the public service is to spearhead the successful implementation of the PTSP. Even HR is able to determine the image of the PTSP organization itself. Therefore HR in this institution must have sufficient capacity to perform its tasks so they can compete in today's global era. For that we need capacity building effort to support the implementation of PTSP. PTSP success both local and central level, will have an impact on the growing number of investors coming into autonomous regions, which in turn will greatly contribute in improving the achievements of Indonesia's decentralization policy.

Institutional PTSP Human Resources having the capacity as a demand

Inspired by the story of a piece of history which occurred in Japan, when the Japanese were completely destroyed in Hiroshima on 6 August 1945 and Nagasaki on 9 August 1945 after was bombed by the allies, Japanese leaders (at the time was Emperor Hirohito) immediately submitted a question: what is the number of teachers who were still alive today? That question gives philosophy on all of us that there is something more important than others in building Japan, that is education to build human resource capacity (human capital) of Japan. At that time, education became a very important and strategic role in rebuilding Japan. And the results proved that the Japanese could get out of the slump and now has become one of the world's advanced countries, especially in terms of technology.

The story should be used as a mirror for Indonesia in the achievement of objectives through the implementation of the decentralization policy of PTSP that puts human resources as an asset or capital (human capital) in the achievement of these goals is the main thing. The better the quality of human resources of PTSP, the more increasing productivity and service quality of the implementation of PTSP will be, so that we can compete globally. In this case, the quality of human resources is determined by the implementing PTSP capacity owned by each individual in the organization. The problem is that there are often individuals within the organization to be a burden, not a group of people to be capital. One was due to lack of sufficient capacity of the individual as the executor of PTSP, especially those in the area. What must be sought to resolve the issue? The answer is to build the capacity of human resources in implementing PTSP throughout Indonesia.

Capacity building efforts must be done so that people who are a burden can be "out of the box", so as to be able to have the capacity to realize the improvement of quality, productivity, service quality and competitiveness in the field of PTSP. The higher and equitable human resource capacity in implementing agencies PTSP autonomous regions and the center, then the investor can be drawn to Indonesia will be more numerous. Then the greater investment in Indonesia will be. The more investment in local government areas will result in more and more increasing level of welfare of the people which is one of the objectives of the decentralization policy in Indonesia. Thus automatically achieving successful decentralization will increase. In such a case, the capacity of PTSP institutional human resource is becoming a demand.

Capacity Building in Implementing PTSP

Capacity building is closely related to human resources as human capital as an important asset in an organization. Building capacity is defined as the effort to build a skill or ability, to be reliable. Therefore, capacity building in the implementation of PTSP, in this case, is to build the capacity of the human resources of implementation of PTSP. Basically, to build capacity in the implementation of PTSP can be realized in two ways, namely: building individual capacity and organizational capacity / institutional PTSP throughout Indonesia.

1. Building the Individuals Capacity

Build the capacity of individuals can be implemented by every employee in the ranks of the PTSP. Each individual employee must have the capacity to carry out duties and functions. There is a flurry of things can be done to build the capacity of individual PTSP, as follows:

a. Striving each individual becomes an agent of change

Every employee in the PTSP institutions throughout Indonesia can serve as a transformative leader for the development of the organization, so that each individual is required to have the professionalism and independence in carrying out its work. Especially if supported by the system of recruitment, placement, management and development of human resources in the PTSP environment that emphasizes the principle of "the right man in the right place". In principle, each individual executing PTSP both at central and local levels can be optimized to work and act as a change agent PTSP towards a better direction.

b. Developing exemplary attitude (model) on every individual

Modeling should be an individual's capacity as part of the organization mainly in order to improve the quality of care that emphasizes the principles of continuous quality improvement). Modeling is not the rights, duties, and monopolistic of the leaders. Modeling must come from every employee in the ranks of the PTSP. All employees in the organization must be a model and can be modeled (inter-modeling). This model/example will encourage each employee to be more open and

be careful, be more motivated to express self excellence (in terms of jobs and good morals) in order to be a role model to others. These efforts would be maximized if it is supported with good leadership and conducted organizational climate.

c. Cultivate a work ethic in performing daily tasks

The work ethic is a value system held by an organization. Every profession has its own work ethic in accordance with the demands of his profession substance. Work ethic will be the spirit / soul in the work. If every employee develops a work ethic in everyday tasks, the success of the performance will be improved. All work in the PTSP program could be implemented and managed properly. To promote a culture of work ethic in the PTSP is, it takes honesty and awareness of each employee on how much has been applied ethics profession / work and awareness to always fix the attitude and spirit of the work.

2. Building Institutional Capacity

Building the capacity of organizations can be understood by considering PTSP how institutions manage human resources in the organization as a whole. In this case, there are some things that can be done by the PTSP, as follows:

a. Put each individual in the organization as a partner in the formulation and development strategy determination of PTSP.

Positioned as indispensable partners is so much needed to develop a shared vision and perception of future investment in Indonesia, so the strategy of development does not stop at the head of the organization but involves other members of the organization. By placing the individual as a partner, then the involvement of individuals in the organization will be more intense so hopefully everyone will be able to better understand the position and the importance, to understand what the duties and obligations, and not easily interfered by others (more independent). As it is often the case, due to ignorance of the individual organization's strategy will be carried out by an organization, making these individuals be apathetic and naive so it will be a major obstacle for the organization in achieving its goals.

b. Developing institutional knowledge management in PTSP

Knowledge Management or often abbreviated KM is defined as a systematic action to identify, document, and distribute all traces of the knowledge that is relevant to every member of the organization, with the aim of increasing the competitiveness of the organization. It is no wonder that the current KM became a requirement for all organizations in the era of globalization. In this case there are two steps that can be implemented by PTSP institutional in developing effective KM, as follows:

- **Build a knowledge portal**

Portal knowledge is a knowledge container that can be accessed by any individual executive PTSP both at the central and regional levels. This portal contains various folders and menus of relevant knowledge. Its content can be related to the articles about the practical management; experiences in implementing activities / projects, internal training materials, etc. related to the implementation of PTSP throughout Indonesia. This step must be supported by the availability of adequate information technology infrastructure and the ability of employees to operate the computer and the internet. The application of information technology in all areas has become a demand that is not negotiable in today's information era. To implement these measures, institutional PTSP both at central and regional governments, should facilitate.

- **Cultivating knowledge sharing**

The basic principle in the sharing of knowledge is an attempt of every employee to participate and be able to contribute, so the improvement of knowledge takes place dynamically. Knowledge sharing can be done in various ways. It can be done by inviting speakers from outside or internal. The simple way to share knowledge can be done through the short meetings or small seminars, or form a good forum through a web application forum or forums discussion. Knowledge sharing does not have to rely on someone who is considered to be "smart" but can be extracted from simple things. Most important is the motivation and consistency of its employees to share and documentation for the knowledge that has been obtained. The result then share this knowledge can also be uploaded to the Knowledge Portal, so that every employee can access the material. Knowledge sharing will be very useful in exploring and distributing knowledge potential that exists within every employee in the institutional PTSP.

c. Implement the human resource capability improvement effectively

Development of human resources of PTSP implementation can be cultivated by each institutional PTSP in the area (BKPM) or the center (BKPM) level as part of the coaching duties to the local governments in the area of investment facilitation through various training programs for improving the competence of service personnel in the local area. In terms of human resource capacity building, the first step that must be done is to map the organization's employees based on the level of capacity and further analyze the determination of the solutions of human resource development. Often organizations are faced with employment conditions varied in terms of its capacity. Similarly is happening in the current PTSP organization both at central and local levels of autonomous, not all individuals have the same capacity, higher versus lower. Therefore, before determining the form of

development, it is needed to analyze the characteristics of human resources. For example, in the following, authors tried to map into 4 groups according to the level characteristic of the capacity and motivation to work:

Capacity	High	C1	C2
	Low	C3	C4
		Low	High
		Motivation	

C1: a group of employees who have high capacity, but low motivation

The group consists of senior officials who have long worked. They have high ability and skill (capacity) but the experienced disappointment which led to low motivation. Disappointment that they get often acted with their negative attitudes, so that these negative attitudes become more dominant compared to the positive attitude that they do. Employee groups (C1) is usually characterized by lazy to work, are less willing to get involved and often do not really care (apathy). To manage and build the capacity of these employee groups, be quite a dilemma for the organization. On one hand if we released them, we will be unfortunate for they have good capacity which even may not be mastered by other people because of their experiences. On the other hand, if they are to be promoted because of their seniority, it will not be appropriate because their morale is low. The solutions that can be done is to develop a refreshing course through counseling and guidance, encourage and foster the return to work for the group's motivation, and imposed rewards and punishments explicitly.

C2: a group of employees who have high capacity and high motivation

This group is the most ideal and desired in every institution. C2 group is usually characterized by attitudes eager, industrious, loyal, accomplished, professional and independent. They can be described as mature people in the organization, working to cultivate the spirit of the organization. For those working in the PTSP became part of their lives, campaign for them is not the purpose of a feasibility work. To address this group, the organization should provide opportunities, chances, burdens and responsibilities that are relevant and sufficient for them.

C3: a group of employees who have low capacity and low motivation

The group is usually the expense of the organization and often categorized as a major source of disease in an organization. So to build the necessary capacity for the group's commitment and seriousness of the organization is high. It may be that these groups exist, as a result of the error in the recruitment process or the

dominant characteristic of inferiority (mentally lost) on the employee or the employee can not grow because it was less suited to the work environment. The simplest solution is to get them out, but if it can not be done then in building the capacity for this group, the institution must provide guidance and mental attitude as well as education and training (training) intensive for them. Training can be form of technical training, workshops, courses, etc or formal education related to the field of work of each employee in the organization PTSP.

C4: a group of employees with a low capacity but highly motivated

Usually they are employees of the new work. They have high morale but do not yet have sufficient experience and high knowledge in the field of work they face. They can be described as horse racing with very strong but does not find adequate field grandstand. To build capacity for the group, it is very necessary to make the organization relevant and effective training for them as well as implementing the placement and management of employees who put forward the principle of the right man in the right place. This is so that these employees can be placed in accordance with the competence they have, then capacity could be enhanced through participation in education and training that are relevant, so that with the support of high motivation in their work, the employee can be more capable and perform the work.

In building the capacity of the organization, the most important need is the willingness of everyone in the institution for the PTSP to begin to clean up and look at their own strengths and weaknesses and the institutions. All should promote honest and objective attitude about the condition of PTSP institutions, so they can more easily map their self, self-determining positions, and then preparing to enter the real competition after repairing itself in a planned, orderly and consistent against any weaknesses they have.

CONCLUSION

PTSP policy is a national policy in the field of investment held in throughout Indonesia. This policy becomes a demand following the issuance of bureaucratic reform and decentralization policy in Indonesia. The more number of the autonomous regions, the more numerous and diverse potential for investment in Indonesia will be. PTSP policy is expected to attract the interest of investors to invest in Indonesia. The more and more investors are coming to Indonesia, which are spread in different autonomous regions of Indonesia, the more increasing of development in the local area, and finally, the national prosperity will also be increased.

The success of PTSP as a public service relies heavily on the human factor (human resources). It is because the actors / subjects in the public service, human resources always spearhead could even determine the image of the organization

PTSP itself. In this case the capacity of human resources be a demand. For that we need capacity building effort to support the achievement of successful PTSP and to be more competitive in today's global era. Building capacity in the implementation of PTSP means to build the capacity of each individual human resources and the capacity of PTSP organizations/institutions throughout Indonesia.

Several measures can be recommended to build the capacity of PTSP human resources as follows:

- a. Striving each individual to become an agent of change
- b. Developing mutual model to each individual
- c. Cultivate a work ethic in daily duties
- d. Put each individual in the organization as a partner in the formulation and development strategy determination of PTSP
- e. Cultivating knowledge sharing in institutional of PTSP
- f. Implement capacity human resources effectively in accordance with the demands of the mapping of available various human resources capacity either through education and training, rewards and punishment or counseling / refreshing course, etc.

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DEMOCRACY AND INCUMBENT POLITICAL POWER :TAKALAR ELECTION 2007

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ABSTRACT

This article reviews incumbent political power on local democracy arena in the reform era. This research is important to be discussed scientifically because the big amount of expectation by society for politic improvement (specific for local) especially after the application of post reformation local autonomy. Unfortunately, hope for democracy becomes no more than rhetoric. Democracy in local level fails to turn things as it is expected. The advantage of incumbent position to use citizenship resources on the frame of bureaucracy and public service camouflage covered in "APBD" pose negative impact on democracy. The thickness of incumbent power interventions on village's committee of election, special services granted to civilian organizations rendering incumbent's opposition helpless. Overall, this paper aims to construct an understanding of local level of political practices that generate unflourishing democracy.

Key words: election, incumbent, local democracy

I. INTRODUCTION

Democracy through direct election (Pilkada) marked the transition era of the New Order from centralized to decentralize through local political level. Erb & Priyambudi (2009:17) states that in 2004 Indonesia has the experience for the first time to directly elect their national leaders and this is the initial momentum of democratization in Indonesia. The local Chief Election (Election) is a new aspect of democracy that is subsequently a transition to democracy. Democratization is the power of local communities to make decisions for the benefit of local and regional leaders through direct election. However, the domain of democracy in the local level has generated democracy decay everywhere. The first direct election in Indonesia began in June 2005. Up to the present, problems always arise every time election is held in Indonesia. Crouch (2010: 220), a researcher, has revealed some cases of election. In one year of enactment of the elections, there have been investigation of cases on 7 governors, 45 regents / mayors and their representatives and some of them have been sentenced in early 2006. The results of the study of elections by Mietzner (2007) in Erb and Priyambudi (2009: 3-4) mentions that decentralization generates thugs (gangster), money politics, and corruption (corruption) at local level. Accordingly, through a workshop on elections in May 2006 in Singapore which includes undergraduate Singapore, Australia, the UK and Indonesia concluded that many pessimistic views through the direct election.

Political power through the practice of local democracy generates problems. So this paper will explain the position of the incumbent in the context of case studies of regional head elections (Pilkada). Before further discussing this matter, we look at the practice of incumbent powers that have been studied by many scholars previously. The study of democracy and political power by the Gordon and Landa (2009: 1481) found that the incumbent wants to fight back due to availability of resources, such as holding or so called *discount campaign* finance campaign which are not available for the opponents. The support of the incumbent is useful to build the relationships in order to influence the interest groups or elites within a district / county. Besides La Venia (2011:9) states that as holders of political power, the incumbent has a lot of advantages to advance to the next general election. This reduced impact of democratic values in the electoral process is considered unfair to the challenger. Furthermore, the political parties were supposed to be able to win the power through elections.

After reviewing the various studies, the position of the incumbent to the local level such as district / city state constitutional guarantees are given to officials who have the power to fight in the second period. The "room" to move forward in the next period is literally called the incumbent. Why would this be important to study? This question is important to look at local level democratic arena that has been contaminated by various political practices that are used to achieve goals, particularly involving the incumbent. The intervention of political power debilitates the general election supervisory committee. Power control, played by civil society seemed unstoppable with the swift sway incumbent power forward. This paper will discuss the incumbent political power through case studies of the 2007 election Takalar which is considered not to foster democracy. The interventions of the regime's political power of incumbent election will be revealed.

II. DISCUSSION

II.1 The concept of democracy and the power of the incumbent

Schumpeter minimalist conceptualization of democracy can we understand such a statement as follows:

"Is arguing for a minimalist conceptualization of democracy and that of civil rights or 'abiding by the will of the people directly' is not necessary for a government to be a democracy and function accordingly. Democracy is merely a method of, and the institutions used in, choosing a government through competitive elections. Through these elections, representatives are chosen, and the common good is derived from the tally of votes. It is the competition for representation that drives democracy, and through this competition that the benefits that citizens acquire from democracy over other forms of government manifest themselves. (Schumpeter, 2003 [1976])".

In line with this view, voters choose their representatives through democratic methods of direct elections so as to create the government that will serve the people. However, before the creation of this government there should be terms and conditions apply. This is called by Schumpeter in terms of democracy as a method of selection based on voter rights to produce a choice, manifested into a form of government. Democracy rests researchers thought that Schumpeter dissected by Bunce (2000) produces about pre conditions to consolidate democracy as mentioned: *"... how governance infrastructure and democracy interact with one another, while jointly affecting states, has to do with the possibility that governance infrastructure is a pre-condition for a consolidated democracy"*.

Based on a range of views on the application of the concept of degree of democracy as a political system, Baird (2012:272) invented the concept of Governance Infra structure that consists of four elements; namely: (i) government effectiveness, (ii) regulatory quality, (iii) the rule of law, (iv) control of corruption. Baird's view is a foothold that reveals how local democracy through the electoral arena Takalar 2007 by the incumbent powers through the use of sound electoral commissions, electoral supervisory postponement so that they can return to power.

Another argument about the concept of democracy as a political system according to Larry Diamond, Juan Linz and SM Lipset (1990) cited in Vanhanen (1997: 28-29) defines democracy to refer to a system of government: *"That meets three essential conditions: meaningful and extensive competition among individuals and organized groups (especially political parties) for all effective positions of government power, at regular intervals and excluding the use of force; a highly inclusive level of political participation in the selection of the leaders and policies, at least through regular and fair elections, such that no major (adult) social group is excluded; and a level of civil and political liberties-freedom expressions, the press freedom, freedom to form and join Organizations - sufficient to Ensure the integrity of political competition and participation."*

The development of the concept and theory of democracy bear some views ahead by Dahl (1989:233), namely the role of democratic institutions to lean normative democratic process called polyarchy with the following characteristics: (i) control over government decisions are hidden through the constitutionally elected officials, (ii) elected officials through periodical free and fair elections, (iii) the practice of all adults to have the right to vote in the election, (iv) the practice of all adults to have the right to run in the election of officers, (v) citizens have the right to express freely in political issues, (vi)

alternative sources of legal information can freely be found, (vii) any person has the right to form parties, pressure groups, and independent state.

To criticize the lean concept of democratic institutions, Dahl (1989) views that one function of the political parties is to promote democracy. For this subject we need to look back at the results of the role of political parties that fought to get the number of voters which is often stuck with the political practices carried out in various ways. Studies by Yadav (2012:1032) on the 64 democratic countries in 1984-2004 found that the policy influence of political parties and the political elite corruption is a chronic problem faced in collecting enough money to pay for high-cost politics in a democracy. In addition, the study of political parties often use political tactics that are illegal to keep compete and prosper in politics seen in Bangladesh and Kenya. In addition, another scholar Bryan & Baer, (2005:33) explain through their studies in 22 states that political parties use illegal election tactics include buying votes, hiring thugs to intimidate opponents, and filling the ballot boxes.

Discussion of the concepts of democracy and political power mentioned by Haugaard (2010:1049) explains that democracy is a fragile flower that requires a special form of power and perception of authority. He explained that political power is the power that is conquered by the authority, based on the action taken. The authority requires a democracy that it contained about equality norm, the norm of balance, orderly, responsible. For the term of political power here will discuss specific incumbent by some research scholars. As performed by Gordon and Landa (2009) examined the incumbent taking into useful resources for him or better known as the "*discount campaign*." This has an impact for a smaller fee for the return fight. Compared with the challenger over increasing costs for the campaign, and the support of incumbent raises unique advantage with the ability to engage with interest groups or elites within a district. Discussion regarding advantages of the incumbent is similar to other reviewer, such as Weisberg (2002:339) in the United States. Competition is the American president of the Democratic Party and the Republican challenger. There are advantages: (i) political sluggishness: voters tend to vote for the incumbent that are relevant to the adage "*If isn't a broke, do not fix it*", (ii) can learn from the experiences of the previous election campaigns cost success, political work anything during his tenure, and repair mistakes to compete again, (iii) the incumbent was able to unite the parties, so that the challenger difficulty repairing cracks at election time, and (iv) able to control every event, stimulate the economy, and be able to control the agenda, (v) must be able to campaign without campaigning – "The Rose Garden Strategy ", (vi) claims that it is the candidate that is able to pass the changes.

Another study is concerned with the quality of the incumbent achievements in building democracy in the Philippines that locus 48 cities and counties during the period June 2004-June 2008. Research looks at competence of the incumbent (age, educational background), to re-fight status, and tenure. His finding concerns about existence of local innovation through the growth of local financial resources. As for other factors that affect the performance of the incumbent prior work by considering the level of poverty and the achievement of performance of public administration services (Capuno, 2011:49). In contrast, research on the difficulty of incumbent to be in power again by Lazarus (2008: 109) in all U.S. states for the gubernatorial elections starting in 1976 -1998. He got

pervasive criticism during his tenure. It was the impact on the challenger to enter the competition.

This paper uses a qualitative approach through case studies of the 2007 local elections in Takalar South Sulawesi, Indonesia. The samples were selected using purposive sampling method. The research was conducted from February, June, July and August 2012. The data were collected by means of observation and in-depth interviews. Further discussion of this article combines the concepts of democracy and the concept of the power of the incumbent to explain the findings of research through this article.

By revealing the findings of this study is through the intervention by utilizing the power of the incumbent as well as positions and roles performed by the winning team. Overall, this article has elaborated the practices of democracy which does not flourish the democracy itself.

II.2 Instruments Incumbent Power: Experience The Golkar Party and The Civil Service.

Takalar elections held on 5 November 2007, followed by four pairs of candidates. They are (sorted according to the serial number of elections) Hasanuddin pair Nashar Baso-Hasanudin Tisi and promoted by the joint parties like PPP, PBSB, PPD, PBR, PPNU, PKPB, PKB and PDIP; pair Ibrahim Rewa and A. Makmur Satta carried Golkar party; pair Burhanuddin Baharuddin and Syamsari Kitta carried by PNBK, PAN, Merdeka Party, PKS, Pelopor Party, PSI and PKPI, and partner Said Pammusu- Ikrar Kamaruddin and Pledge promoted by PDK Party Sponsorship does not guarantee the crowded party voting that much anyway. This is because couples Ibrahim Rewa and A. Satta were only carried by one party (Golkar Party) has triumphed with the most votes in the election of 2007 as many as 60,353 votes. While other couples are carried by some parties it lags far; Burhanuddin Baharuddin and Syamsari Kitta only obtained 34,829 votes, a couple and Nashar Baso and Hasanuddin Tisi obtained 29,618 votes and even couples Said Pammusu – Ikrar Kamaruddin and Pledge only get 16,844 votes.

How did it happen? The assumption was the more party result in more votes. The reality was not. One undeniable fact was Ibrahim Rewa di Takalar had a charisma, so big that one individual was able to bring down the domination of the party. Ibrahim's charisma could be tracked a long way back. For instant it could be traced from his organizational history. This experience was also his prime asset for Ibrahim developing his charisma and image in Takalar, thus explained why Ibrahim Rewa was bold enough to compete in the previous Takalar's election (2002 – 2007).

In addition, his close relationship in provincial level (the governor of South Sulawesi, H.M. Amin Syam) who was also the head of DPD Golkar of South Sulawesi rendered Ibrahim Rewa next to invincible. How so? One thing for sure Ibrahim was a head of district who was both directly and indirectly had a base of mass spread all over sub districts area. Aside than that, close observation on the competitor in 2007 Pilkada (Hasanuddin Tisi, Said Pammusu and Burhanuddin Baharuddin) they only have power in sub district level where they lived.

Take Hasanuddin for example, despite the fact that he was indeed the son of Takalar but he spent most of his career in Jakarta as a businessman. Beside, Hasanuddin was viewed as a hitchhiker of his father's name, a retiree colonel of the army and a figure

in the community of Takalar. Other weakness of Hasanuddin as a candidate could be assessed from financial angle. His stepping forward for the election was due to financial support of Head of DPP Partai Persatuan Daerah, Oemar Sapta (well-known businessman who resides in Jakarta). Similar to Hasanuddin, Said Pammussu was tweedledum and tweedledee. Despite his former position as a District Assistant (Sekda) of Takalar, vice head of district, former member of DPRD of Takalar and the chief of Partai Demokrasi Kebangsaan (also a best friend of the founder of PDK, Prof. Dr. Ryaas Rasyid), Said's hands didn't reach further than Mangarabombang Sub district. This groundless electability was also presence in Burhanuddin (biggest mass were in North Galesong and South Galesong). Therefore, the advantage of Ibrahim compared to other candidates was his well known image by the voters in many sub districts of Takalar District.

The same result came up when the question was directed to the candidates of vice sub district of each competitor-why would Ibrahim Rewa so unmatched? Nashar Baso paired with Hasanuddin Tisi, was known well but only as far as Galesong sub district. It was because he was from the area. More than less the same thing with Syamsari Kitta (paired with Burhanuddin) and Ikrar (paired with Said); their bases went no further than sub district of Pattallassang and sub district of Mangarabombang, sub district of Mappakasunggu and sub district of Galesong. In fact Ikrar was found out to be originally from Buginese ethnic (sub district of Bone) hence for the calculation of Pilkada District of Takalar didn't represent the sense of "locals"-which was required implicitly in the 2007 Pilkada of Takalar District.

Referring to the above configuration, the problem now is, how was Ibrahim Rewa can keep his position in 2007 Pilkada? And, what power and instrument he used to prevent the dominion? To answer the first question, a few previous paragraphs had provide the answer that as a Head of District, Ibrahim Rewa was directly or indirectly had mass base that spread in several sub districts. The second reason, as the chief of Golkar Takalar for 2004-2009 period, he had full and strong support from caretakers of DPD II Golkar of Takalar District

This showed that through Golkar convention on March 26 2007 that declared him paired with act Vice Head of District 2002-2007, Makmur Andi Sadda who was also the head of Kosgoro of Takalar to came forward for Pilkada 2007 of Takalar. This couple was then known better a Irama during the campaign. Irama stood for **Ibrahim Rewa** dan **MAkmur Sadda**. Another indication of Ibrahim power to maintain the position in Takalar District was the participation from sub district level of Golkar caretaker in seven sub districts that declared their support for Ibrahim and ready to assist him in the succession as the Head of District of Takalar for the period of 2007-2012.

The instrument used by Ibrahim to maintain his dominion in Pilkada 2007 were: first took advantage from central role and position of bureaucrats. As head of district, Ibrahim Rewa could easily utilized bureaucrats as his core team for the succession in Pilkada. His leader of succession team was Drs. Syarifuddin Hamzah, Chief of Public Relation Department (Kabag Humas Kabupaten Takalar), his background employees of the Ministry of Information. Under Chairman Winning Team Winning Team Management are played in multiple layers starting from the core team, Team Family and Local Government Unit Team (SKPD). All teams move in order to win the 'rhythm' absolutely. If the study

refers Gordon and Landa (2009) incumbent uses a variety of resources, one of which is government officials to maintain its power, either for a position, or other positions.

Second, intervene the appointment of members of PPK, PPS, KPPS and Panwaslu prior to Pilkada. This was due to the system that candidate members of PPK, PPS, KPPS can only be proposed through head of sub district and head of village. The result was PPK, PPS and KPPS tended to lean on the incumbent. In this case the competition became not health and the principles of democracy as suggested by Dahl (1992:19) such as the presence of democratic institution in performing the election and the free and just election were failed to comply. Moreover, incumbent innocently often utilizes infrastructure of village government such as making it the secretariat (the whole secretariat of PPK used a room of sub district main office and PPS secretariat used the village's office). The downside was, neutrality of Pilkada committee was then questionable.

Similar to PPK, PPS and KPPS, Panwaslu's independency also called into doubt. How so? This was several cases were let unpunished by the Panwaslu such as: (i) the ballot that was hidden by Paramangta head of village (North Galesong Sub District) over 120 ballots; (ii) three days to the Pilkada, Ibrahim Rewa was allowed to distribute Raskin for the people despite of the calm period and such things. However, Irama did indeed work hard for it. For example, Irama did the best to provide the free medical facilitation, distributed accommodation to all mosques in the Friday safari tour through Bantuan Sosial mesjid (Social Welfare Department of Setda Kabupaten Takalar), conducted sport events such as volley competition (Ibrahim Rewa Cup which was held by Vespa Takalar SOG 777) and others. They paid off and Irama was re elected to be the Head and Vice District of Takalar 2007-2012. This fact is in line thought Vanhanen (1997: 28-29) that the idea of democracy as a system of government requires a fair election.

Having being re elected as the Head of District of Takalar, Ibrahim Rewa the perform a massive reformation in his cabinet. Those who shared the same goal during Pilkada got promoted and those who opposed were demoted. This was a common thing for a government post Pilkada. Those in service during the succession will be awarded strategic positions, while those who oppose will be 'grounded'. It was a shame that the placement of the supporter was full with nepotism and not based on competence.

Referring to the various realities Takalar Election 2007 if brought near through the concept of democracy by some scholars that found between aberrant practice with the concept. Democracy is only used as a mount for legitimizing power of incumbent officials in maintaining power. Incumbent utilize the position and role of the central bureaucracy. Civil servants involved in several of the winning team. Furthermore, the independence of the election and the weakness of civil society oversight resulted in the decline of democracy in Takalar.

III. CONCLUSION

The paper has underlined that incumbent always advantaged by their current position. Case in Takalar shows the reality. Local political parties merely are a vehicle to deliver ruling political elite. Especially after entering the second period. Authority to setting Panwaslu district officials resulted in a general election violations. Similarly, members of the Commission determining intervention Organizers Voting adding these offenses. Of

course, to return to power utilization position and role of the central bureaucrats to engage in a variety of winning team as adding weak social control function played by civil society organizations in Takalar.

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**LOCAL DEMOCRACY IN AFTERMATH OF INDONESIA’S “BIG BANG”
DECENTRALIZATION: A MIRAGE?
(Case Studies from Bandung District and City of Cirebon)**

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Introduction

A new era of decentralization practice in Indonesia was begun in the aftermath of the demise of Suharto’s New Order regime. A number of crucial political determinants helped establish fertile ground for the adoption of so-called “Big Bang” approach to decentralization to refer to the extensive fiscal, political and administrative decentralization Indonesia has ever had (Hofman & Kaiser 2004: 17). Among others were forestalling national disintegration amidst the emergence of separatist movements in East Timor, Aceh, Papua, and Maluku as well as vocal demands for more autonomy that came from some resource-rich regions—Riau, East Kalimantan, and West Papua; for national elites, pursuing extensive decentralization was seen as the opportunity to restore legitimacy of the state as well as themselves. Furthermore, the unprecedented decentralization was also seen as a strategic means for national government to reduce its overall expenditure amidst dramatic decline of its financial capacity following severe economic crisis of 1997-1999 (Hidayat & Antlov 2004: 271). No less important political motive was electoral calculus of Habibie who wanted to run for presidential election had led him to adopt such radical decentralization policy in order to gather the support of the regions (Hofman & Kaiser 2004: 17). Succinctly decentralization was embraced by central

government as an unavoidable and strategic political choice to address a series of political objectives which by all means not always democratic.

To a great extent, the policy is aimed at promoting democratization in the regions. Indeed, democratization and community participation have been among the fundamental considerations in adopting decentralization policies as evident in the preamble of Law No. 22 of 1999 which states the law was “deemed to be necessary to emphasize more the principles of democracy, community participation, equitable distribution and justice, as well as to take into account the region’s potential and diversity.” (Aspinall & Fealy 2003: 4; Turner et al. 2003: 23). Nevertheless, it is argued here that in terms of promoting local democratization, Indonesia’s “Big Bang” decentralization has not been effective yet. In fact, based on two case studies in two cognate yet distinctive district levels of government in West Java Province, i.e., Bandung District and City of Cirebon, popular participation in local politics has always been the weakest aspect. How can this argument be explained? What factors have contributed to such an achievement? This paper will try to answer these questions by specifically discussing a number of strategic local political events in Bandung District and City of Cirebon.

The rest of the paper is organized as follows. The next section provides an overview of Indonesia’s decentralization since the full enforcement of the 1999 decentralization laws which later were substituted by the 2004 laws. The subsequent section will outline the extent of decentralization and democratization from Bandung District’s experience by discussing the nature of three essential mechanisms in local governance, namely, the election of district heads (*Bupati*) and *Vice-Bupati*, the Accountability Report of the *Bupati* (*LPJ Bupati*), and the policy-making process. The experience of City of Cirebon also will be discussed in this section. In particular, Cirebon’s experience will highlight about whether or not administrative and political reforms have been directed toward a more democratic and inclusive local governance. The last section provides a discussion on some existing problems that have hindered the effectiveness of the decentralization program in promoting democratization in these two regions.

An overview of Indonesia’s decentralization program since the Post-Suharto era

The promulgation of Law No. 22 of 1999 on Regional Autonomy and Law No. 25 of 1999 on Fiscal Balance between Central and Regional Governments which granted the second tier of regional government with a wide range of decision-making functions along with its financial resources constituted as a milestone that not only changed the nature of the relationship between Jakarta and the regions, but also the political constellation between key stakeholders within the regional governments.

Law No. 22 of 1999 significantly weakened the central government’s legal authority to intervene in regional affairs (Malley 2003: 107). The said law devolved most functions of government to the district/municipality governments, except for five functions that remained with the national government—national security and defence, foreign affairs, the judicial system, fiscal and monetary policy, and religious affairs (Hofman & Kaiser 2004: 21; Rasyid 2003: 69). One pivotal rationale for putting the focus of decentralization on the district/municipality level was to promote democratization by bringing the decision-making process closer to the local communities. Hence, it was hoped that they would be more inclined to participate (Aspinall & Fealy 2003: 4; Shinji & Brodjonegoro 2003: 4-5).

Meanwhile, the role of the provincial government was significantly reduced to “mediating disputes between districts, facilitating cross-district development and representing the central government within the region.” (Aspinall & Fealy 2003).

Another fundamental stipulation was in terms of the empowerment of the DPRD (local parliament)¹⁴ vis-à-vis the *kepala daerah* (the region head).¹⁵ Based on a previous law under Suharto’ regime, the position of the DPRD was weak and subordinated. Under the new Law No. 22, the DPRD was granted the authority to elect the heads and deputy heads of *kabupaten/kota*, or governors and deputy governors for *provinsi* level. Therefore, the *kepala daerah* was accountable to the DPRD and the latter held the authority to dismiss the former if he/she was found to be abusing his/her position based on the existing laws. Besides that, the DPRD also held the authority to supervise the implementation of various *Perda* (regional laws) by the *kepala daerah*. So, in a nutshell, the DPRD became much more powerful than before. This new provision was believed to be the manifestation of the local communities’ sovereignty over local political affairs (Rasyid 2003: 65).

The significant increase in the regions’ authority was also accompanied by a significant increase in local revenues. Law No. 25 granted the local governments a greater share of government resources and replaced earmarked grants through SDO (Subsidies for Autonomous Regions) and *Inpres* (Presidential Instruction) with DAU (General Allocation Grants) and shared taxes. In addition, in order to help poorer regions to maintain and improve public services and hence, to reduce the horizontal imbalance between regions, they were also granted a DAK (Special Allocation Fund) (Colongon Jr 2003; Hofman & Kaiser 2004b). Thus, these new fiscal arrangements greatly expanded the local governments’ revenues. What is more, they were also meant to give more freedom to the regions in financing their public service programs.

Succinctly, as far as the 1999 decentralization laws are concerned, the pendulum radically moved toward a decentralized system where the regions (primarily the second level of government) had very wide authority and a relatively independent position vis-à-vis the central government. It must be admitted that they potentially opened the way for the regions to manage their affairs based on their wishes and priorities and allowed local communities to be actively involved in local politics.

In 2004, the 1999 decentralization laws were replaced by the 2004 decentralization laws. Soon after the enactment, the new laws attracted a wave of criticism from many parties. These criticisms can be categorized into two aspects: the law-making process and the content of the laws. Within the former, many perceived that the law-making process was secretive, elitist and exclusive (Piliang 2004; Eko 2005: 27; *Sinar Harapan*, 6 November 2004; *The Jakarta Post*, 5 November 2004). There was a lack of public consultation during the speedy deliberation process in the DPR (National Parliament). While within the latter, many sharply criticized Law No. 32 in particular, as a backward step, because many of the jurisdictions of *kabupaten/kota* were taken back from them

¹⁴ DPRD stands for *Dewan Perwakilan Rakyat Daerah*. Each *provinsi* and *kabupaten/kota* has its own DPRD.

¹⁵ *Kepala daerah* for province (*provinsi*) level is called governor (*gubernur*); for district (*kabupaten*) or municipality (*kota*) level is called regent (*bupati*) or mayor (*walikota*).

either by the provinces or by the central government (Rasyid in *Suara Karya Online*, 21 November 2006).

Another backward step pertains to the position of the DPRD. An empowered DPRD vis-à-vis *kepala daerah* was one of the strongest points of Law No. 22, as it was particularly aimed at promoting democratization in the regions. Under the new Law no. 32, however, this powerful position is virtually eliminated. Many argue that the DPRD has resumed its weak and subordinate position vis-à-vis *kepala daerah* as stipulated in the New Order's centralist Law No. 5 of 1974 (Eko 2005: xii; Marbun 2005: 365; Wasistiono 2005: 190).

The power of the DPRD vis-à-vis the *kepala daerah* is also curtailed by the stipulation that the *kepala daerah* is no longer accountable to DPRD chiefly because the *kepala daerah* is now elected directly by local community members. Similarly, the DPRD's powerful role in the local budgeting process no longer exists. It is now limited to discussing and giving approval to the budget bill as proposed by the *kepala daerah*.

The only provision within new Law No. 32 which is embraced by many as a step forward in decentralization and local democratization efforts is the direct election of the *kepala daerah*. On the one hand, this step is pivotal in enhancing the quality of local democracy and is in line with the argument that such a mechanism will strengthen local government accountability and its responsiveness to its local constituents which, in turn, will encourage local communities to participation in local politics (Blair 2000). On the other, however, such an advanced provision and its potential benefits have been curtailed by the fact that the *kepala daerahs* are neither accountable directly to the public nor to the DPRD as they were in the previous Law No. 22. Instead, the *kepala daerah* are now hierarchically accountable to their superiors with the President at the apex of the structure.

There were not any significant changes contained in new Law No. 33 of 2004, except for a significant increase in the revenue of the provinces as a consequence of additional jurisdictions being granted by Law No. 32 (Simanjuntak 2005).

In sum, it is hard to refute that the features of the new 2004 decentralization laws mentioned above, have caused the pendulum to swing back towards a centralistic arrangement in central-local relations. In addition, notwithstanding the potential of having the direct election of the *kepala daerahs*, to a certain extent, the weakened position of the DPRD as a local legislative body vis-à-vis the *kepala daerah*, not only reduces the extent and pace of the decentralization program itself, but more importantly, its potential in promoting local democracy as well.

The Dynamic of Decentralization and Democratization: Bandung District and City of Cirebon Experiences

Bandung District

Undeniably, a new era of Indonesia's decentralization which came into full effect on January 2001 brought significant changes in many regions throughout Indonesia including Bandung District. For sure, regional autonomy significantly expanded the authority of both *Pemerintah Daerah (Pemda, the Executive)* and the DPRD *Kabupaten Bandung*. Nevertheless, empirical evidence shows that regional autonomy did not produce a pattern of broad popular participation as local elites dominated local governance within the region. The following discussion of three key mechanisms of local

governance – Bupati and Vice Bupati election; The Bupati’s Accountability Report (LPJ *Bupati*) and Policymaking process - support my argument.

Among various cases, the election of the *Bupati* and *Vice-Bupati* of Bandung in 2000 constitutes the most striking example of local people’s marginalization. As argued earlier, in an effort to restore local communities’ sovereignty over regional political affairs, Law No. 22 of 1999 nearly eliminated central government intervention and granted DPRD full authority to elect their regional heads. Nevertheless, such a positive sign is less significant for democratization purposes since the process was monopolized by regional political elites. The whole process was virtually isolated from the local constituents, starting with the candidates’ registration, through to the candidates’ verification, and the election. Instead of having intensive linkage with local constituents, during the process members of DPRD were more occupied with their respective political parties and their personal interests.

The promulgation of Law No. 32 of 2004 brought significant changes in region head elections. Regional heads were to be directly elected by local communities rather than by DPRD. It seems that this is a significant leap in the local democratization effort. However, empirical evidence shows the process is not free from weaknesses. First of all, the democratic nature of the election is reduced by the fact that the nomination process is completely out of the control of the local communities political. The new law stipulates that candidates should be proposed by a political party or a coalition of political parties in the DPRD. Secondly, the strong intervention of party boards in the selection of candidates constitutes another absurdity since it is against the democratic logic of the election itself in which local communities are supposed to be sovereign (Isra 2005; Silitonga 2005). In the end, local communities have become the last component in the whole series of the election process which are mainly dominated by maneuvers by elites. In other words, local constituents are still marginalized.

The Accountability Report of *Bupati* session (LPJ *Bupati*) constitutes another interesting case to examine the dynamics of decentralization and democratization. The LPJ *Bupati*, which was originally meant to be a means of public control over the performance of their local government’s deeds. Nevertheless, empirical evidence shows that LPJ sessions in many regions did not proceed the way they were originally meant to. In Bandung District, such a strategic event was alienated from local communities since it was dominated by local political elites. In addition, the event became no more than a ceremonial event of local political elites since there was a firm assurance that the LPJ *Bupati* would always be approved. This is because of the fact that the *Bupati* and the *Vice-Bupati* were from two dominant political parties in the DPRD—Golkar and PDI-P—which together occupied 25 seats. Their positions were further secured by support from the TNI/Polri faction with 5 seats. Thus together, they occupied 30 out of 45 seats, a definite assurance that the LPJ *Bupati* would always be approved by the DPRD. These kinds of deeds were indeed effective in securing the position of a *Bupati* as can be seen from the fact that LPJ *Bupati* Bandung sessions from 2000 until 2004 were virtually without turbulence. Rejection from small political parties became insignificant because their bargaining positions were weak vis-à-vis the three dominant forces within DPRD—Golkar, PDI-P and TNI/Polri. Nevertheless, their criticisms proved to be

empirically well founded, especially regarding increased poverty, a decreased Human Development Index score, unattained revenue raising targets, poor education infrastructures, high infant mortality rate and so forth (*Republika*, 22 March 2003; *Republika*, 10 April 2003; *Republika*, 16 March 2004; *Pikiran Rakyat*, 17 March 2004; *Republika*, 24 August 2006). Every year, the LPJ *Bupati* was approved by the DPRD.

The promulgation of Law No. 32 of 2004 has brought significant changes in the accountability of *kepala daerah*. The DPRD no longer has the authority to hold accountable and to dismiss heads of regions due to the direct election of region heads by local people. Nevertheless, the implementation of Law No. 32 of 2004 has not really made local people more involved in the reporting process, despite the fact they directly elect their *Bupati* and the said law stipulates that the head of region is accountable to the public. There is still no clear mechanism for local communities to voice their views about their *Bupati*'s performance either during LKPJ *Bupati* sessions or on a day-to-day basis. *De facto*, the process of the LKPJ is still elitist since it is carried out exclusively between the *Bupati* and the Ad Hoc and Budget Committees in the DPRD. In other words, local communities are still marginalized.

Policy-making at the local level is another interesting process by which to examine the dynamics of decentralization and democratization. In the pre-decentralization era, almost all decisions involving regions were made centrally by the national government, but with the devolution of unprecedented authority to local governments, they gained the power to make decisions on issues affecting their respective regions. Decentralization promotes democratization when it instills a participatory decision-making paradigm at the local level (Satriyo 2003: 219).

Although Bandung District has specific regulation on Transparency and Participation in Local Government Implementation (Perda No 6 of 2004), which firmly stipulates the importance of transparency and people's participation "in formulating public policy, its implementation and evaluation, in order to employ trustworthy, clean and respected local governance" (Preamble point a), empirical evidence shows that it has not been effective in reducing oligarchic practices in the policy-making process. Local political elites have been the main actors in the local policymaking processes. The involvement of other actors, such as local NGOs activists, informal leaders (*tokoh masyarakat*), have not been meaningful because most of them have a close relationship with the *Bupati*, which means that they are constrained in conveying their opinions, but more importantly, they are only involved at the very end of the deliberation process at a stage when the *Perda* draft has almost been finalized by the executive.

City of Cirebon

In this section, I will limit my focus to discussing reforms that have been conducted by and within three important elements of local governance. These are the local bureaucracy, the DPRD, and civil society organizations. I will then argue that the implementation of decentralization in *Kota Cirebon* has not effectively promoted democratization as the meaningful institutionalization of inclusive local governance has not been well founded. Nevertheless, to a certain extent, decentralization does increase the activities of civil society organizations.

Radical transformation in terms of the legal framework through the enforcement of two 1999 decentralization laws in early January 2001 does not necessarily mean that it

was directly followed by radical transformation in terms of the structure and the working procedures of the bureaucracy in many regions. In fact, Rohdewohld (2003: 259) argues that reform in this pivotal element has been “one of the forgotten elements” of the profound reforms processes that have taken place since the late 1990s. He particularly highlights the few changes in the ways in which civil servants conduct their activities and the way that public institutions deliver their services. Potentially, as Rohdewohld further argues, this can contribute to difficulties in enhancing democratization in the regions. A similar condition happened in City of Cirebon. Little seems to have changed in the way that decision-making processes are undertaken within various bureaucracies in this region. In other words, local stakeholders have no involvement in the democratic process despite the fact that the outcomes are local regulations that will eventually affect local communities directly or indirectly. Unsurprisingly, these exclusionary processes often result in cases where the public reject *Walikota* decisions because they are against the public’s wishes (*Republika*, 21 December 2004; *Republika*, 6 February 2004; *Republika*, 14 January 2005).

Similar phenomenon also happened in the way DPRD of City of Cirebon conducted decision making processes. Based on existing regulation (PP No. 25/2004 and on Guidance for formulation Code of Conduct of DPRD and Code of Conduct of DPRD of City of Cirebon), the decision-making mechanism only involves the executive and the legislative. There is no stage which explicitly and firmly indicates that other stakeholders should be accommodated. It is admitted that up until now, City of Cirebon has no legal stipulation in the form of a *Perda* that ensures that local constituents, individually or as groups, are substantively involved in the decision-making process either within bureaucracies or in the DPRD

Unsurprisingly, such a lack of public involvement in decision-making processes has resulted in many local regulations in the form of *Perda* or DPRD Decisions that do not represent the communities’ interests. Most of decisions are related to tax and retribution, governance administration or internal DPRD regulations (*Kota Cirebon Website*). In fact, some of them are pointedly against public wishes, such as those of *Perda* No. 9 of 2003 on Public Order (*Ketertiban Umum*) which invited a wave of protest from street vendors and tricycle drivers, or entrepreneurs who refused to pay tax and retribution because they has not been involved in the regulation making process (Fahmina Institute & Partnership for Governance Reform, 2003/2004b; *Blakasuta*, 02 Edition/14 January 2004; *Radar Cirebon*, 21 December 2004).

Active movements of some civil society organizations constitute another interesting phenomenon in City of Cirebon. More than one hundred NGOs have been established in this region since early 2000 as a consequence of the opening up of political spaces following the fall of the authoritarian-New Order regime and the launching of the decentralization policy.¹⁶ Needless to say, these grassroots organizations have used different ways build their links with local politics.

Among the more active and influential grassroots civil society organizations is Fahmina Institute, founded in November 2000 by a group of young intellectual Islamic school

¹⁶ Interview with LSM activist, 18 May 2006 and with a staff member at *Kantor Kesatuan Bangsa dan Politik* (National Unity and Politics Office), 26 May 2006.

students (*Pesantren*) in Cirebon. According to Ottaway's classification, the Fahmina Institute falls into the category of an advocate organization without a mass base, which focuses its activities on religion and social studies, and most importantly, on community empowerment (Ottaway 2000: 83-85; see also, Blair 2004: 6).¹⁷ I believe, within this last activity that the Fahmina Institute has played a significant role in spreading democratic values among local communities.

Among its voluminous works, the Fahmina Institute has successfully facilitated the establishment of various grassroots community groups such as pedicab and local transport drivers groups, street musicians groups, a street vendors forum and a fishermen community. By and large, these activities are aimed at making each of these groups more able to organize themselves and, therefore to be able to strive, defend and protect their own interests, particularly when they have to face arbitrary actions from the local government through its various regulations. In other words, through its activities, the Fahmina Institute tries to improve the bargaining position of these groups vis-à-vis the local government so that they are not treated as the object of various arrangements and regulations made by the local government, but more able to exert influence over the policy-making processes that will affect their lives.

Succinctly, in Cirebon decentralization has brought active movements at the grassroots level. More than one hundred NGOs have been established in Cirebon since early 2000. Needless to say, their existence provides opportunities for local communities to participate in local affairs, and a conducive environment for promoting democratization in the region.

Factors account for the Outcomes of Decentralization

Recapping the above discussion on the dynamic of decentralization and democratization in Bandung and Cirebon, it shows that Indonesia's decentralization policies failed to provide a strong basis in fostering democratization at the local polity. Thus, it is argued that it is reflective of the argument that decentralization does not automatically produce local democracy (Hidayat & Antlov 2004; Nordholt 2004a; Pratchett 2004). Needless to say, the sources of the problem are manifold.

One decisive cause for the ongoing exclusive nature of local governance is decentralization has been merely perceived only as a business between central and local government, not between both levels of governments and the people (Burki, Perry & Dillinger 1999: 41). Accordingly, redistribution of power has mostly only occurred between the central and local governments, and not between local governments and the local citizenry.

In addition, the ongoing exclusive nature of local governance is the natural consequence of adopting a form of decentralization that emphasizes a pragmatic rather than a political approach. Within the former, decentralization is often associated with the promotion of increasing government efficiency in delivering public services. A pragmatic

¹⁷ Advocate organization is divided into two sub-categories: mass-based groups with clear membership- and constituency-based, and trustee groups which is without mass bases. See for further explanation in Ottaway, M. 2000, 'Social movements, professionalism of reform, and democracy in Africa', in *Funding virtue: civil society aid and democracy promotion*, eds M. Ottaway & T. Carothers, Carnegie Endowment for International Peace, Washington, D.C, pp. 77-104, Blair, H. 2004, 'Assessing civil society impact for democracy programmes: using an advocacy scale in Indonesia and the Philippines', *Democratization*, vol. 11, no. 1, February, pp. 77-103.

approach, which underpins most international donor assistance, emphasizes the importance of improving local governments' technical as well as administrative capacity in designing and implementing a decentralization program (See for example, Nzouankeu 1994). Thus, it situates decentralization within a technocratic realm of promoting administrative efficiency. Within the latter, decentralization is considered to be an indispensable strategy to broaden opportunities for public participation. It is argued that emphasizing more on a pragmatic rather than a political approach has tended to leave out the importance of popular participation.

Another source of local elite domination is weak civil society. I argue that their insignificance is derived from at least two factors, external and internal. By external, I refer to the fact that there is no legal provision for NGOs/CSOs to have a role in the decision-making process. Accordingly, neither the executive nor the DPRD feel obligated to incorporate them into the decision-making process except to give them the opportunity to comment on already-formulated drafts with no clear assurance that their input will be considered or materialized. The internal factor refers to the problems in the internal organization of NGOs/CSOs themselves. Most of them neither have a clear basis representation nor clear mission and objective. Instead, many of them have only pursued their narrowed interests.

Concluding Remarks

In brief, based on the experiences of Bandung District and City of Cirebon, the point to emphasize is that there is no linear and straightforward relationship between decentralization policy and democratization process. Both case studies are reflective the argument that decentralization does not necessarily result in local democratization in which local populace increasingly included in local politics so that they are able to exert significant influence in local decision-making processes beyond electoral participation. Instead, the two case studies share similar theme namely that powers continues to concentrate in the hands of local elites and hence, local populace is constantly marginalized. Undeniably, there have been considerable institutional and political challenges in making democratic decentralization a reality. Having argued that, this does not mean that there will be no change at all. The praxis of decentralization so far such as relative autonomous local government vis-à-vis central government, the direct election of heads of regions, and the emergence of grassroots civil society organizations undeniably provide conducive foundation for materializing more inclusive and democratic local governance in the future.

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Yogyakarta Collective Movements and Identity in Post-Suharto Indonesia: A Case Study in Javanese Ethnic Nationalism

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ABSTRACT

When the New Order regime was in power in Indonesia from 1965 to 1998, the Javanese ethnic group held a dominant and hegemonic position of power. This position changed dramatically when Suharto's regime fell in 1998. Non-Javanese ethnicities have demanded, and often gained, their own opportunities and voices in politics nationwide. At the same time, protest movements and violence tragically became a widespread means for expressing grievances. Most riots occurred outside of Java.

This article analyzes existing literature and provides supplementary data from fieldwork interviews of participants in protest movements in Yogyakarta, Indonesia. This case shows that: (1) Javanese ethnic superiority are changing during and after Suharto; (2) local-ethnic identity and cultural resources have become effective and legitimate means for mobilizing people to participate in protest movements supporting the privileged status of Yogyakarta Special Region; and (3) cultural resources are themselves constructed, invented, contested, and politicized by certain communities to defend the "public interest" as defined by those communities.

A. INTRODUCTION

Political reforms in 1998 opened Indonesia up to a number of changes. The media, for instance, gained the freedom to disseminate news to the public without overt state censorship. This freedom has enabled many Indonesians to understand what is happening in their country, but there are still too few media channels to enlighten the

society and to facilitate peaceful conflict resolution. Most news stories only stop at the fact that violent uprisings occur nationwide. These incomplete stories actually tend to make people unsettled by the current conditions. Thus, Indonesia's current political landscape not only involves problems of political sovereignty and economic development, but also cultural sovereignty, local identity and national unity.

When the New Order of Suharto was in power in Indonesia from 1996 to 1998, the Javanese ethnicity held both direct and indirect power. Since the collapse of Suharto's government in 1998, non-Javanese ethnicities have demanded their own opportunities and voices through reforms that focus on self-governance and greater involvement in politics nationwide. At the same time, protests and violence have become widespread phenomena for expressing grievances, with riots occurring generally outside Java during this period. Social scientists both from Indonesia and overseas have concluded that Indonesia is an unfinished nation state (Lane 2008; see also Hadiz 2010), with fragile nationalism that is Javanese-centric (Aspinal; Tsing; Geertz 1964). During the New Order regime, the Javanese were the dominant ethnic group socially and politically, though there are hundreds of ethnic groups nationwide. Both in the Old Order and New Order regimes, Javanese tradition and culture held hegemonic sway over the everyday politics of the state in an uncontested position. Moreover, during the 32 years of the Suharto era, there was a mutually reinforcing relationship of power relation between the State and the cultural practice of Javanese tradition, as can be seen in Suharto's choice of the Sultan of Yogyakarta as vice president of Indonesia. Such Javanese domination can likewise be seen in the offices of the president, ministers, state bureaucrats, governors, and regional heads during the same period. Governors, mayors, and regional heads were Javanese and appointed by the president, even in areas outside Java. This project of Javanization worked hand-in-hand with modernization, nationalism, and the state ideology of Pancasila to consolidate the influence of the outer island of Java as a center of power. However, this policy also led to serious problems once the Javanese became a "common enemy" of marginalized ethnic groups during the reform era.

In response to dramatic political changes after the fall of Suharto, the Yogyanese have smartly used their collective and historical superiority to demand and maintain their special status of Yogyakarta by mobilizing people and cultural resources in opposition to the democratization project led by the Central government. Moreover, the fact of Javanese superiority during the course of Indonesia's history has been constructed and invented as a new tool for negotiations with the national government. I argue that regime change, whether to or from an authoritarian or democratic status quo, will involve social and political change, and traditional and indigenous groups are among those that are most strongly impacted. Some groups accept such changes, and others refuse them. Yogyakarta has experienced this kind of problem concerning the contestable meanings of democracy and identity.

The situation in Yogyakarta is similar to that of the Hawaiians, Maori, Sinegal, and the Mayans in Mexico, each of which is trying to maintain their local identity and traditional beliefs despite state domination and institutionalized policies of assimilation. Marginalized

groups in Indonesia, such as those of the outer islands, called *suku terasing* (“alien tribes” including the Tengger, Naga, Samin, and Bawean), as well as traditional spiritual groups, are often victimized by projects of state nationalism that attempt to integrate such communities into the state administration. In the case of the Outer Java islands, to mention a few, Mauritius has been convincingly described by the ethnographer Anna Lowenhaupt Tsing in her book *In the Realm of the Diamond Queen* (1993), and Dayak has been described under the title *Friction: An Ethnography of Global Connection* (2004). These case studies are examples of how state authority caused communities to lose their sovereignty and cultural dignity. Yogyakarta was the only exception, as it had never been marginalized by such state projects until after Suharto’s regime ended.

To sum up, this paper aims to examine Javanese ethnic nationalism in Yogyakarta Special Region in the Post-Suharto era. Some issues that are addressed in this connection include (1) how the Javanese keep and negotiate their superiority and domination after the collapse of Suharto, who used a Javanese concept of power in maintaining his power for 32 years; (2) how the Javanese ethnicity has created collective identity and collective action based upon traditions, myths, rituals, and ancestral legacies in opposition to the central government; and (3) how people transform collective identity into collective movements. In so doing, we will employ theories of ethnicity, nationalism, and ethnic nationalism, as well as theories of social movements.

B. METHODOLOGY

For this study, I use data I had gathered during my field-work interviews. Moreover, I have collected data related to this issue from local and national newspaper report since 1998 to 2011. Following Brubaker, I argue that the process and perception of framing should be considered so as to gain a multifaceted understanding of different kinds of meaning. In so doing, this paper will use a critical discourse analysis theory and interpretation. The collected data will be understood as a set of constable meanings and constructed modes of framing. Moreover, ethnicity, identity, and nationalism will be defined as fluid and changeable concepts.

C. THEORETICAL FRAMEWORKS

Here I would like to provide working definitions of the key terms used in this paper, as follows:

1. Ethnicity may be defined in terms of a bloodline, shared history and so forth (Ericksen 2002), or as a constructed meaning (Gladney 2004). Definitions of nationalism can likewise vary. Modernist approaches like those of Anderson (1983) and Gladney (2004) say that nationalism is a new and modern phenomena, in contrast to theorists like Smith (2003) who argue that cultural resources are fundamental for creating nationalism and the nation. Others talk of ethnic

nationalism (Brubaker 1999), national identity (Smith 2003), and local identity and belonging (Tsing 1993), each of which is relevant to understand the recent resurgence of protests in Yogyakarta.

2. Identity, collective identity, collective action and their relationships to one another (Uehara 2009; Melucci 1999) can be viewed as related to the processes of framing and image building through the invention of tradition (Hobsbawm 1992; Uehara 2009) and the use of deep cultural resources (Smith 1991) to mobilize collective opposition to other groups. This situation can lead to contestation among actors in the modern state. We may understand this complexity as a negotiation of boundaries in a process that may or may not be cooperative, and which involves official nationalism, popular nationalism, and everyday nationalism (Chatterjee 1993 on post-colonialism; Kedourie; Smith 2003). Additionally, the definition of nationalism here mostly refers to the Smith's definition of nationalism.
3. Collective identity is form of collective representation (Durkheim) that can be traced to classical theorists in Europe and the United States. Another definition borrowed from the literature on social movements describes collective identity as "an interactive and shared definition produced by several interacting individuals who are concerned with the orientations of their action as well as the field of opportunities and constraints in which their action take place. The process of constructing, maintaining, and altering a collective identity provides the basic for actors to shape their expectation and calculate the costs and benefit of the action. ... collective identity is thus a process in which actors produce the common cognitive frameworks that enable them to assess their environment and to calculate the cost and benefit of their action." (Melucci 1989: 34-5)

As can be seen, there is a wide range of literature concerning ethnicity, nationality, nationalism and identity. Some of these can be applied to broader cases, while others cannot. Some adopt a modernist approach and others take a more cultural or mixed approach. There are no fixed definitions, and it is an open question as to whether such theories can apply in this particular, local case of Yogyakarta. Nevertheless, these theoretical notions partly contribute to my analysis. The definitions of ethnicity and identity as either a constructed meaning or as modern phenomena that is culturally rooted in a certain historical legacy can help to elucidate the situation in Yogyakarta, where such concepts have different definitions with their own supporters and followers.

Examining Yogyanese Nationalism in Collective Action

Yogyakarta is in the center of the island of Java and enjoys privileged status as a designated special district, where the king retains traditional and formal legitimacy. This has caused the area to have unique forms of expression and maintenance of ethnic identity and a collective sense of superiority through cultural movements. However, the struggle to preserve such privileged status and local culture faces barriers both political and psychological that are imposed by the central government. The central government has not appreciated the critical role of Yogyakarta in the post-1945 revolution period and the reform movement of 1998. In fact, resistance and rebellion have often come from areas outside Java, such as Aceh, West Sumatra, South Sulawesi, and deadly conflict

has arisen repeatedly in various regions following reform movements and proclamations of independence after the collapse of the Suharto regime, including ethnic-based conflicts in Palangkaraya (Dayak vs. Madura), Dayak vs. Malays, and others.¹ Conflict, in these cases, is an expression of grievances relating to ethnic sentiments, religion, and certain provocations (as in the case of the SARA)² in Ambon and Poso. On the other hand, the case of Yogyakarta involves a desire to maintain the postreform local cultural identity, in an instances of I refer to as "Resistance from Within," that is, resistance from the center of Javanese culture that has so far dominated the policies and style of governance. Indeed, Suharto himself came from Yogyakarta, and he understood well the role of Javanese culture in giving legitimacy and maintaining his power for more than 32 years (Tsing 1992; Anderson 1983; Hadiz 2010 and Robison 2004). However, the protest movement does pose a real challenge. One of the challenges in this case is the fact of non- Javanese ethnic sympathy as a reaction to memories of occupation under the New Order regime and also suffering during the post-1998 reforms.

Yogyakarta Special Region, one of the provinces of central Java, is inhabited mainly by ethnic Javanese, and the indigenous nationalism movement there offers a new sense of nationalism and a lesson for other communities that nationalism can be expressed in a peaceful way. Official nationalism is often opposed by local-ethnic nationalism in Indonesia through bloody and deadly conflict, but Yogyakarta is different case in which activists deconstruct a new understanding of nationalism, meaning that nationalism is a discourse made by the local community as a demand of the central authorities, requiring them to appreciate local culture and tradition under the banner of "Unity in Diversity." This Movement is known as *Gerakan Rakyat Untuk Keistimewaan Yogyakarta* (Popular Movement for the Special Privilege of Yogyakarta), which has mobilized the common (Javanese) ethnic identity, traditions, culture, myths, and religion, while going beyond existing identities.

¹As is often mentioned by political scientists, the central government is weak and unstable, and a fragile economy results in serious problems of regional insurrection and communal violence (Legge 1961; Mackie 1980). Indeed, conflicts based on ethnicity and religion can threaten the existence of the nation-state. From 1997 to 2010, 'wars' between ethnic and religious groups occurred as many as a dozen times, with casualties of more than 10,000 people (Klinken, 2007:4-5). This can be roughly broken down as including (among others) the conflicts in East Timor, Aceh, as well as the conflict between Islam vs. Christianity. Such conflicts have caused thousands of people to suffer. From 2008 to 2010, more than 400 cases of religion violence occurred (Tempo, 2009), and hundreds of people died because of ethnic and religious conflict in Indonesia. Gerry Van Klinken (2007) has written that the main causes of these conflicts are distribution of income, political gaps between central and local entities, and economic inequality.

² SARA means social and political conflict based on religions, races, and tribes.

Protestors in Yogyakarta often adopt ideas from Sukarno's nationalist movement of the mid-20th century by mobilizing people through festivals, rituals, artistic traditions, and by raising the flag of the kingdoms of Yogyakarta and Pakualaman, which together represent the historical Kingdom of Mataram, in order to show peacefully that they are actually nationalist, respectful of differences and culture, and not anti-Pancasila as a symbol of unitary state. They claimed that they were the real nationalists, because they are inclusive to accept thousands of students nationwide, representing many ethnicities,

to study in this region. Moreover, the Indonesian language is widely spoken in Yogyakarta, and activists have nothing to do with separatist movements or demands for independence like that raised by East Timor. Basically, they wish for their king to remain as an important symbol and local authority as a form of historical tradition and local pride for the people of Yogyakarta. Nevertheless, the central government is unhappy with such an arrangement, because it diverges from the system of democratic government that requires elections for regional heads at regular intervals in other areas.

The terms “nation” and “state” are part of a broader discourse in contemporary nationalism studies and development state theories. To maintain order, states need to build their power and sovereignty. Fukuyama (2004) introduces several concepts in this regard: the strong and weak state, failed and successful state, and the scope and the capacity of the state. Of course, the notion of Indonesia as a “nation” is itself debatable. Benedict Anderson (1983) contributes a perspective on this question by defining the nation as “an imagined political community,” imagined as both inherently limited and sovereign. Below, I discuss how the Javanese political community is imagined, limited, and sovereign.

a. JAVANESE, YOGYANESE, AND INDONESIAN NATIONALITY

The nation is an imagined entity, because the members of the community never know or meet most of their fellow citizens, yet in the mind of each individual lives the image of their community. Java itself can be seen as a nation during certain periods, due to the existence of kingdoms and groups of people with their own power and authority, for example as recognized by the Dutch during the colonial period. Today, the Yogyanese return to this imaginary past when they argue for maintaining their culture and identity. The nation is, moreover, limited territorially by other nations we call sovereign. This explanation is helpful to understand a contemporary nation like Indonesia. Max Weber defines a nation as, “a community of sentiment which would adequately manifest itself in a state of its own; hence a nation is a community which normally tends to produce a state of its own” (Roeder 2007:3).

In recent years there has been an ongoing discussion about the power dynamics, discourse and practice of “nationalism” in Indonesia. In general, there have been two waves of nationalism in Indonesia. The first wave occurred during the colonial era (1908-1945), when nationalism was defined as an instrument of political struggle as the most effective way to defeat the occupying Dutch. The colonial authorities used a policy of “divide and conquer” that weakened the power of the Indonesian “nation” due to the focus on localization and regionalism. In addition, areas that had existing cultural authorities or that were organized as kingdoms were granted autonomous status, so that they would not foment opposition to the colonialists. During this period, nationalist movements were a political antidote to this policy of “divide and conquer” imposed by the colonizer.

The second wave of nationalism came after Indonesia gained independence, through a process of building a shared imagination, identity, nationality, and common understanding as the major project of the Old Order government (1945-1965), followed by the dictatorship of Suharto in which the "depoliticization of nationalism" was intended to reduce the influence of anti-government forces. In almost all aspects of life, this nationalism could be seen, as for example in many monuments, in education, and in the multicultural ideology of "Pancasila." Together such elements of nationalism worked over 32 years to suppress local social, economic, and political rights.

As a result, after the collapse of the New Order regime in May 1998, there was a reaction against the Old Order's version of nationalism and the emergence of ethnic nationalism, regionalism, and tribalism, with many groups fighting for their specific regions. This situation has continued to the present day. Such anti-central government sentiments have bordered on 'civil war,' as examined in Klinken's *Small Towns War* (2007), and in Nordolt (2007), including movements such as the Organization for Papuan Freedom (OPM) in Papua, and the Freedom Aceh Movement (GAM) in Aceh, as well as the very unique form of resistance that has emerged in the area formerly known as *Swapraja*, namely, the independent state of Yogyakarta special region, where people have demanded a special constitution that would maintain the region's special privileged political status. In response to this strong ethnic nationalism and the resulting threat of disintegration, the central government has provided for regional autonomy, so that local governments might manage their own natural resources (Constitution 22.1999) and cross subsidies to ensure local-central budget balances (Constitution 25, 1999).

Even though the government under Susilo Bambang Yudhoyono has granted better economic and political access through local autonomy, distrust toward the government is still apparent. The Indonesian government has made mistakes in the past, which has added fuel to distrust among certain groups in Indonesia. The Papuans, for example, feel that the central government has been unfair, and that funds allocated to the local governments have failed to fulfill the needs of Papuans. Having tremendous natural resources and one of the biggest mining companies in the world has not granted real prosperity to Papuan, since the company is controlled by Freeport, a multinational corporation. Therefore, Papua continues to struggle for local rights by promoting the idea of an independent state beyond its current special status. At the same time, Yogyakarta as a special province has fought back against the national government because the state wants to erase the special status of Yogyakarta. In short, in the current era of decentralization, local governments tend to be stronger and to play more important roles in society. This has caused the national state to lose power and authority. The definition of sovereignty is no longer that of an undivided power (Hobbes 1651).

In this sense, nationalism is somewhat threatened by the existence of local identity and ethnic diversity across Indonesia. As nationalism emerged as a political movement led by Sukarno in the late twentieth century, he was wary that too much ethnic segregation would weaken national unity against colonization. Thus, on August 7, 1963, he stated that Indonesia was not merely a geographical archipelago, an ethnic dominion, or a geographic area, but rather a national entity and a territorially united nation-state.

Whoever and whatever opposed this idea, Sukarno announced, would be seen as an enemy of the state. In his propaganda speeches, he invited people to support a system of guided democracy and to reject a multiparty government. To Sukarno, nationalism was the highest priority, and to die for the nation was dignified. Such ideas were strongly opposed by his vice president M. Hatta, because it required the sacrificed of many for nothing but political ambition. The origins of this debate can be traced to the pluralist ideas of Indonesia's founding fathers. The first group, like Sukarno, believed that nationalism is the only guarantee for national unity, while a separate group wanted national unity through a natural and peaceful process without resorting to any kind of "false consciousness." The central government has designated four provinces as having 'special' status, including Nangroe Aceh Darussalam, because its people want to implement Islamic law; Papua province, because its people want to separate from Indonesia; DKI Jakarta, because it is the capital of Indonesia; and Yogyakarta, due to its role in supporting Indonesia as a free state. Yogyakarta province was also the historical capital of Indonesia. Of these four specialty designated areas, only three are supported on a statutory basis by means of Law No. 44/1999 Concerning Privileges of the Special Province of Aceh, Law No. 21/2001 on Special Autonomy for Papua Province (which designates special members of parliament for Papua), and Law No. 29/2007 on the Capital Region of Jakarta as the Capital of the Republic of Indonesia.

While the Special Province of Yogyakarta has not received legal legitimacy in the post-reform era, it does have legitimacy under the declaration of two kingdoms of Yogyakarta on 5 September 1945. Traditionally, the Sultan as regional ruler holds all power in Yogyakarta province, including both traditional and legal authority (Weber, 1947). The special province of Yogyakarta is also mentioned in Article 18 UUD 1945 of Indonesia's Constitution, which requires the national government to respect the special status of certain areas. In addition, before Indonesia gained its independence, the Dutch had recognized the Yogyakarta Sultanate as a kingdom with the power to govern its own households. Politically, Yogyakarta received its special status due to the importance of the Sultanate in supporting Indonesia to become an independent state. Officially, in 1950, Yogyakarta became part of the unitary state of the Republic of Indonesia, subject to such special rights, with the sultan automatically recognized as the ex officio governor. Once the central government proposed to replace this traditional power relationship, popular opposition to such proposal emerged.

On one hand, the special status of Yogyakarta has implications for the narrowing of central authority in certain aspects of politics, economics and culture, causing tensions between the central government and local interests. In fact, the national government continues a strict form of government by exercising military power both directly and indirectly. On the other hand, the special status is a way to empower diverse communities within modern state in order to build a strong nationalism under the policy of "unity in diversity" (*Bhineka Tunggal Ika*). The case of movements in Yogyakarta is noteworthy since violence is absent, and activism is based on culture, though in other ways it has much in common with other social movements in terms of the forms of protest and its strategy.

b. RENEGOTIATING IDENTITY VIA BOUNDARIES, CONSCIOUSNESS, AND NEGOTIATION

Taylor and Whittier's work is relevant to the case of the protest movements supporting the privileged political status of Yogyakarta. Local and collective Javanese identity, as well as cultural resources, are obvious as forms of social capital and social mobilization. Collective identity is constructed through embedded elements of culture and via contestable identities. For example, Yogyakartaans are the center of Javanese culture, and they identify themselves as *kawula mataram* with superior ancestry. Before integrating into modern Indonesia, they claimed they were internationally recognized as independent. This fits with the view of social movement theorists and nationalism theorists concerning the construction of collective identity or, as Durkheim terms the same process, collective representation.

Identity itself plays a significant role in shaping and reshaping the movement. In this connection, Della Porta and Diani (1999:109) conclude that, "the construction of identity is an essential component in collective actions." Unlike Pizzarno (1978) and Melucci (1989), they argue in terms of "identity" rather than of a "process of identity construction" this stems purely from a desire to enhance readability. Such a view does not, however, necessarily entail that identity is an objective property (Della Porta and Diani 1999:263). Following Durkheim, identity is widely understood as collective representation, and thus it is easily used for mobilizing and organizing people to act collectively. At the beginning of the nationalism movement, collective identity also meant cultural nationalism, that is, the regeneration of a national community by creating, preserving or strengthening a people's cultural identity when it is felt to be lacking, inadequate or threatened (Yoshino 1999:1). But identity here is always constructed and negotiated for political and cultural goals. Stoeker (1995) builds this argument further by introducing different levels of identity, such as the individual, community, movement and organizational levels.

Moreover, Klendersman (1992) explains how a common identity is built through three key stages, namely: public discourse, persuasive communication and public consciousness. In this case, I have given stronger weight to consideration of the role of discourse in the social movements that are happening in Yogyakarta. There are at least two major discourses undergoing a contestation of meanings related to identity, democracy, and the special rights of the palace and temple Pakualaman, as reflected in the Bill of Privileges for Yogyakarta.

Movement activists and those who are pro-establishment for the privileged office of governor for Yogyakarta, in fact, do not necessarily accept the assumption of their critics that they are stuck in nostalgia. There is, of course, a certain element of their belief system that cannot be separated from the shadows of the past and the charismatic leadership of the king of Java, as authority figures like Sultan HB IX are believed to have

an influence on the popular views of the people of Yogyakarta. Acceptance of western tradition is tolerated to the extent that it does not threaten the dignity of ancestral culture and traditions. Most Yogyakartaans still consider the words of Sultan HB IX to be sacred, which is a different point of view than that adopted in other cultures. Evidence for such views can be seen in the use of phrases such Delem Ngarso, "ik ben een in de allereerste plaats blijf javaav" ("as much as I learn western science, somehow I was nevertheless still Javanese"). Such sentiments, to borrow a phrase from Whittier and Taylor (1992), serve as delimiters (boundaries) of "Weness" and "Otherness" in order to build a collective identity in the patron-client culture.

Melucci (1995), Klendersmens (1992), and Taylor and Whitter (1992) each emphasize the point that the construction of a social movement involves the building of a common identity, which can be divided into three aspects. First, public discourse includes debates about democracy and democratization, the meaning of the privilege, and RUUKY. Second, a sense of political and cultural history is constructed and reconstructed for the benefit of certain movements. This awareness requires a variety of historical consciousnesses, political consciousnesses, identity consciousnesses and future consciousnesses (see pp.15-6). Third, the open expression of resistance occurs against the backdrop of increasing public consciousness of rights, capabilities, and values that are accepted as truth after dialogue and understanding in a discursive process. That is why individuals and communities are willing to participate in social movements and protest events organized by a certain community or by SMOs at large.

c. BOUNDARIES

In nationalism theory, the "limits" of collective identity are important markers and marks (Bertend 2001: 180) for individuals and specific parts of their groups (We-ness) or for those outside them (otherness). The existence of the concept of "limit," then, can give rise to many theories, whether the mark is inherent from birth (given) for physical, heredity, and certain regions (Smith 1994) or whether it is culturally, socially, and politically created for specific interests, as Anderson (1983) argues for the case of nationalism as a creature of the political imagination. To borrow the view of Eric Hobsbawm and Terence Ranger (1992) in *The Invention of Tradition*, markers of ethnicity and collective identity are created and engineered intentionally. The politicization of identity is an increasingly widespread political strategy in recent years, and within certain limits to the struggle for economic resources and powers, as often happens in Malaysia. There, the dispute over identity manipulated for political purposes involves how one sees their ancestors as respectively (or as mixed) Malay, Chinese, or Indian. Racial politics are a way of life, then, not just for the government but also for groups that oppose the government. In certain cases in Indonesia, for example, when a candidate, president or deputy cabinet minister employed identity to reflect the policies of the regime, being "Javanese" or "Non-Javanese" could be equally advantageous in certain circumstances.

Woodward (1989) delineates the limits of identity for the Javanese, involving not only physical aspects such as territory, population, and government but also imaginary boundaries, which are likewise powerful in building a common identity in Javanese tradition. This can be seen in fairy tales, stories, and people's beliefs that the palace is the center of the cosmos, a link between divine power and the people, and symbolizing the heritage and the revelation of strengths inherent to the person of the Sultan. This territory of the earth is traditionally believed to be centered in Indonesia. The power of this mystical belief system is linked to the future of the archipelago. Loyalty to the community and the palace is obligatory, and rituals are conducted in order to ask for divine blessings to maintain territorial integrity.

Related to such mysticism are new phenomena in recent political practice. For example, the need to build a network of ancestral patronage has been vital to elections from 1999 to 2009. A politician might claim himself as a descendant of the King of Majapahit, claiming a divine revelation, or may simply claim to have a bloodline of a national hero (Dwipayana 2004). As another example, *National Geographic* magazine once reported how politicians and political candidates perform rituals in the mountains to ask the ancestors to bless their struggle for political office (National Geographic 2008). This is an effort to build relationships with the power of the spiritual world, where such power may be harnessed for use in the “real world.”

Nevertheless, Yogyakartaans attempt to be inclusive while at the same time inclusive. They want to maintain their traditional power holder (the Sultan) instead of shifting to a “democratic” system, but at the same time, they are inclusive in arguing for a multicultural meaning of nationalism. They claim their region as multicultural and multiethnic due to the peaceful coexistence of many immigrant and student communities, and the anti-China movement that has plagued other areas in Indonesia has not been active in Yogyakarta. In field interviews, when asked about the meaning of nationalism, Yogyakarta was seen as less nationalistic by the central government after the protest movement emerged. Responses to this situation included the following:

“...we are nationalist because we do a good thing for our nation—Indonesia in at the very beginning before Indonesia gained its independence. We did fight against the Dutch and we were willing to die to do so...” (Sukiman, the Head of Godean Hamlet)
“Those who see us as having weaker nationalism are totally wrong. We, Yogyakarta people in everyday life, learn about Indonesian history, which is part of this region’s legacy. We speak Indonesian at school, at meetings, when we are talking with non-Javanese people, and so on and so forth. Nothing is wrong with us...” (Hasto, the leader of a protest movement organization called Sekber Gamawan)

“...nationalism should be defined in a broader sense. It cannot be dominated by politicians. In Yogyakarta we are discussing nationalism and Pancasila (state ideology) in our everyday lives, and we celebrate independence day by waving the Indonesian flag beside the flag of Yogyakarta. This must be nationalist behavior....” (Harsadiningrat, Retired officer)

Such framing and beliefs concerning the meaning of nationalism may vary among individuals, but still we can understand that today the state cannot dominate a single meaning of nationalism and national identity. Frankly speaking, the meaning of nationalism, today, at least in the case of Yogyakarta, is reconstructed and renegotiated in order to maintain local traditions and ancestral relationships. In contrast, National government needs to create a unitary nationalism so-called state nationalism. Both type of nationalisms often conflict one another. Therefore, after the collapsed of Suharto, nationalism is not centralized, but rather it is embedded in the everyday lives of people nationwide, as new meaning is forged after the long journey of contestation that progressed through the revolutionary era, the New Order and the post-reform era.

d. CONSCIOUSNESS

Consciousness has a very broad sense, and includes the notion of how history provides justification and legitimacy through cultural, political, and legal aspects. For certain people, history has a deep meaning, while for others there may be less attention to history. The activists of social protest movements in Yogyakarta are conservative in making meaning of history, even they surely believe in a historical consciousness that has been internalized and institutionalized. To Bambang Purwanto, for example, the special status of Yogyakarta is problematic due to the use of its history for political legitimization for a select group of people to perpetuate their power (in the introduction of 'Debunking Myths', p.xvi), and it could not be denied that such privilege only benefits the elites. He argues that the privilege of Yogyakarta was merely a personal achievement of Sultan HB IX, and it has nothing to do with the role of Palace as a traditional institutions nor with his successor Sultan HB X. This discourse is of course contested, and scholars have argued for the opposite perspective (Read scholars'opinion in "Speciality vs. democratization, pp.190-195).

In social movement theory, collective identity is not only acceptable but is indeed naturally possessed via community consciousness. Like nationalism movements, collective identity can be systematically disseminated through institutions, because the self determination or awareness of cultural identity is instilled in every individual since childhood. This awareness can grow naturally or can alternatively be constructed in such a way that even the young can be politicized in the interests of the elite. For example, in direct elections at both the local and national levels, identity politics often plays an important role in mobilizing voters. In general, people agree about the special status and the central role of King HB IX and of Yogyakarta people during and after the revolutionary period. HB IX has displayed meritorious achievements and service befitting his privileges as the King of Yogyakarta, and such a system of governance is feasible for Yogyakarta (Purwanto 2004). Nevertheless, people in general have received the special regional

identity as a historical legacy for all Yogyaneses, and they are honored to defend it, even being willing to give their lives to maintain this achievement.

In this case there are three forms of consciousness which will help to understand further dynamics of Yogyakarta people in maintaining their cultural identity and traditions after the collapse of the New Order in 1998. I believe that it is a fundamental of local nationalism. Thus, three of consciousness that simultaneously and effectively empowered the identity movements include: (1) historical consciousness, (2) Political consciousness; (3) cultural consciousness; and finally (4) consciousness of the future.

First, historical consciousness is very obvious to the people of Yogyakarta. Based on my interviews, people tend to value their history and it suggests that Yogyakartaans are cannot be separated from their history either as Javanese or *Kawulo Mataram* or Yogyakartaans. ³They believe that today has strongly relationship with the past. Indonesia will not got its independent without the role of previous charismatic leaders during the revolution against the Dutch. In fact, the national hero pretty much came from Java and they are still in local

³ In the periode of Mataram Kingdom (Old Yogyakarta) the territory were include Java (except Banten and Batavia), Madura, and Sukadana—Kalimantan (see Rakyat Yogyakarta Menggugat 2010)

authority areas in Yogyakarta. Of the 78 national hero recognized by the state, 64 are from the land of Java (From various sources; Social Department 2010). Many leading thinkers are also derived from the land of Java, especially Yogyakarta, to name a few, Prince Diponegoro, Sultan HB IX, Ahmad Dahlan, Ki Hajar Dewantoro, General Sudirman, and the like. The names of heroes who dominate the national stage and in the school textbook makes the superiority of Java is still preserved and become a powerful weapon to negotiate with the government because its historical role.

Second, the political consciousness is understood simply as awareness of current problems related to the change of political system after New Order ended which is Javanese regime. The number of social and political issues at the local and national levels since the adoption of liberal democracy would make people aware of the importance of maintaining local identity in Yogyakarta. Nationalism and democracy then clearly become contestable meaning. This has triggered people to resist a political change in local area. On the one hand, this issue can also be read as a political opportunity for a specific community to continue the position of the privilege of Yogyakarta (Sultan automatically occupy political positions as governor without election process as 32 other provinces). On the other hand, National government has its agenda to democratize all of the regions nationwide.

Historical consciousness can be used as a political tool for both side of people or the favor of the ruler and it has ambivalence between the heroic folk tale and for people in power to perpetuate their power. Many theories suggest that this is indeed the history

for the authorities, rights of the elites and the people become the object of the history of the less benefit. But many events worth studying, in Yogyakarta people feel 'at peace' with the life of a sub-standard and there is fear will lead to a change to the worse because of the nature of mind changes for the better yet unimaginable because the past is considered the most perfect. Traditional beliefs like this can easily we encounter in everyday conversation. Naturally, there is the phenomenon of longing for the past ruler of the kingdom of good character or firmness of Suharto's New Order-style ruler (Heryanto 2011; Indo Barometer Survey, May 2011). Actually, this sociological phenomenon is common when people are in trouble they expect the figure "Satriyo Piningit" (Strong and charismatic leaders)⁴ that will end all forms of human suffering. Interestingly, this belief significantly influenced people of Yogyakarta in 1998 (the ends of New Order) those who believed that Sri Sultan HB X is a reflection of it (Selo Soemardjan, in the introduction to "affirm Throne For the People", 1999, pp. Xvii).

The third is cultural consciousness. This type is rooted to the awareness of the importance of culture inherited by the ancestors as the old values are worth hanging on to maintain life harmony. This awareness can include activities that maintain the form of "cultural resources" such as symbols, rituals, cult of personality, the conscious choice of the importance of the traditional figure of the charismatic leader who became the central liaison between the people and the enormous power. However, people of Yogyakarta is not typically group of the people those extremely anti-modernity and progress even some aspects of modernity have been received like the acceptance of foreign ethnic culture like Dragon Dance of Chinese, Hip Hop, and modern market system that is in conjunction with the traditional (Beringharjo and super market in Malioboro). But somehow people generally feel disturbed when the model of King harassed by a secular democratic system. There are still many groups of fanatics who secretly or openly declare to live and die faithful to the King (Interview with Jono in Umbulharjo, June 17, 2011). It is part of the "religious" consciousness in the tradition of Javanese people widely practiced to date

Last but not least is the consciousness of the future. Although the future is something remote and obscure, but the public has the imagination of the future based on the past. The distance between the present and future equal to the distance between the past with what is happening now (Geertz in *Local Knowledge* in 1985: 72). Javanese usually uses a variety of ritual practices approach to link up the past, present and future (Woodward 1989) where their ancestors are still very concerned with people's lives for the community while maintaining the existing cultural order. 'Traditional' Behavior which is always kept by people reluctantly changed the current system. This situation is seen as "critical-transformative"— an attitude of fear to face the future (Purwanto 2004). For example, people who fanatically to the Javanese tradition balk at the mechanisms of liberal democracy. In general, democracy is promoted with an emphasis on the improvement of welfare, human rights, participation, and agrarian reform. But these are not easily accepted by Yogyanese because the promises of democracy are often not achievable even just as utopian like a gap between theory and practice.

⁴ It referred to as a person who received the revelations all the more after being appointed as governor after 10 years of DIY enthroned as king Ngayogyakarta Sultanate who still holds the same as the charismatic figure of his father by title: "Sampeyan Dalem ingkang Sinuhun Kanjeng Sultan Hamengku Buwana Senapatiing- Ngalaga Abdurrahman Sayidin Panatagama Khalifatullah ingkang Jumeneng Kaping Sadasa. "

e. NEGOTIATION

Collective identity is seen as something that is constructed and not as something taken for granted. When dealing with a more dominant force (super ordinate) they should be able to construct the public mind to this sense of belonging in a more militant, or what is called Aspinall (2009), as the process institutionalized or internalization (Koenjoroningrat 1964). After that, they often must be contestable identity with the larger culture ("national culture") or by pressure of the global society in which new ideas are promoted like the idea of democratization and secularization of political system. Negotiation of culture and identity has become very complex when each actor has a certain political interests and in the community also contains diverse community groups of interest.

In the era of the old order, political and economic development was concentrated in Java and it led to a lot of groups are not satisfied with the central government. In terms of ideology appears resistance-resistance anti-communism and anti-Javanese domination in various places, especially outside Java. Negotiations then appear in the construction of the Jakarta Charter debate, privilege or status of special autonomy for certain regions. Yogyakarta itself, through the intelligence of the king Sultan HB IX negotiate with the social and political change at the beginning of independence by providing full support to the founding of the Republic of Indonesia. Yogyakarta is claimed as the Dutch autonomous regions, independent and sovereign then 'ask' Sukarno to give special status / special to Yogyakarta. It is then often justified by the proponents of the privilege through the Charter of Sukarno's Determination dated October 16, 1945.

In the New Order era, the superiority of Java, which is represented by Yogyakarta still had been maintaining due to HB IX strategic role in national political level. Suharto as president was Javanese. HB IX served as vice president in 1976 and previously had occupied ministerial posts in the Sukarno era. In addition Yogyakarta also as a base culture that provides many cultural justifications and legitimacy to the type of Suharto's authoritarian leadership style is loaded with militarism, anti-democratic, and "depolitisazation."⁵ Over the past 32 years a lot of missing activists, political prisoners increased, and also small rebellion

in the area responded with military operations. As a result, the images of the Javanese communities were getting worse in the eyes of non-Javanese. Suharto's leadership style, as is the tradition of Java, very thick with the mystical tradition in order to perpetuate his power and finds a symbiotic culture of the Yogyakarta palace filled with syncretism practices –

"Javanese" in which the teaching of Java, Hinduism and Islam are mixed (Geertz 1976; Anderson 1984 ; Woodward 1989:199-201). Negotiation between the Javanese cultures with state institutions becomes problematic when HB IX resigned from his position as vice president. Central government's efforts to abolish the status of privilege

began to appear by changing the Law No. 3 of 1950 into Law No. 1976 which resulted in starting the opening of a long discourse about the agrarian reform that is where this would threaten the Sultan of land ownership and Pakualam the amount to 36 thousand hectares (Lutfi 2010: 57). Land itself is a royal power base is very important because the lands it occupied the majority of the people for the "fringe area" also for "appanage" the head of the village, hamlet, and poor families. If this land is taken over by the government or simply shared to individuals and the royal power is threatened. Political negotiations are still possible for the Kingdom is to join the ruling party (Golkar), followed by the society at large. After the King HB IX died in 1989, his son named Mangkubumi (HB X), who later became active in Golkar. Thus the palace and state relations can still be maintained.

Depolitization means that the regime limited its citizens from political action or political movement by imposing a punishment policy direct and indirect way.

The dynamics of power relation becomes very interesting when the new Order fell on May 21, 1998 by the power of the masses of the people and students. Yogyakarta as a center of cultural legitimacy of rulers also took a role in supporting reform. Sultan took the part of the process of 'democratization' and reform in this way, ultimately the support of the various elements of the community flowed to the people of Yogyakarta sultan to become governor of Yogyakarta. This could be a blessing from the reform. Negotiations are politically and traditions can be justified. The success of mass pressure to maintain this tradition is often interpreted differently. One the one hand, it is as a tribute to the historical role well past the time of revolution and reformation. On the other hand, the placement of the governor from Kraton's family are considered a counter-reformation. Throughout history, both political negotiations and cultural changes in society have its own dynamics.

The new era of democracy in Indonesia was marked by the implementation of regional autonomy, decentralization of government, and direct elections as the most real form of democracy and responsible in the eyes of western democracy. This was responded by the Yogyakarta to maintain the tradition, culture, and models of leadership at the local level. Democracy, nationalism, and diversity are areas that became the discourse space as well as areas for negotiation. Democracy is widely understood as the Western ideology which partly was rejected by the people of Yogyakarta and they are selecting more priority to the essential values of democracy. Democracy can be applied for not leaving the local cultures, traditions and wisdom that have long practiced and believed the community. (Interview with the Secretary General Gentaraja Aji August 16, 2011; Chairman of the Hamlet Association July 7, 2011; Hasto, Chairman Gamawan Joint Secretariat, June 2011). Even in some of the drafts and papers arising from pro-establishment counter-offers a different concept of democracy with the central government's version.

In addition, when a lot of discourse states that Yogyakarta is not nationalist, movement activists this community gives a lot of counter arguments like the people of Yogyakarta, Indonesia is very fluent, very in love with the solemnization Homeland flags, supporting the independence of Indonesia, a better understanding of history than the history of Indonesia, Yogyakarta and of course, citizens of Yogyakarta

have never formed a separatist movement. All moves are done by peaceful means and always uphold the national culture. Because it's true nationalism, according to them, should give an appreciation of cultural diversity, including Yogyakarta, which has a king and the king wished for a local government leader (Interview with Hasto 6/9; Sulis, Secretary of Ismoyo 7/8). This makes the central government ran out of ways to delegitimize the traditional authority of the Sultan.

One reason is because the Palace today, to borrow Weber, has almost any type of legitimacy as traditional legitimacy, charismatic, and legal-formal.

f. IMAGINING YOGYAKARTA (PAST AND FUTURE)

In understanding these challenges, the existence of Yogyakarta court was able to invite sympathy from academicians, NGOs, and cultural groups within / outside of Java such as Papua, Sunda, Banten and Aceh, and many former royal or imperial families in Indonesia continue to support the existence of the Javanese tradition in Yogyakarta (Kompas-Tribune Dec 28, 2011). There are many reasons why cultural or political support also flows from the Aceh, Papua and even from Chinese minority (not intended to represent all ethnic groups), among others (1) They are supposed to support because of the status of their region (Papua and Aceh) is also guaranteed by special legislation so there is such a sense of solidarity, (2) If the Yogyakarta managed to retain the privilege to RUUKY into law meaning that they have special status will also be guaranteed. It is kind of ethnic solidarity; (3) They have a belief that the existence of distinctive regional cultures must be maintained as a counter hegemony over political liberalization and the free market system that threaten indigenous cultures, (4) politically, support is also a form of expression of anti-central government, and other reason is the closeness of personal relationships with specific groups such as family Sultanate of Yogyakarta. The strong community support beyond Java to Yogyakarta special status is evident from the many statements of support in the media either print or electronic, they are happy to see "royal wedding" daughter of the sultan of Yogyakarta on 18 October 2011 with great enthusiasm as well as the people of Yogyakarta (Media Indonesia 10 / 19; Kompas 10/19; Kedaulatan Rakyat 10/19).

g. JAVANESE, POST-REFORM, AND TRANS-NATIONALISM BORDERLESS

Hunt and Benford (2004) have defined collective identity as conception in which individuals identify their self of/with, attached to some collectivity in cognitive, emotional, and moral terms. Rooted in and shaped by particular socio-cultural context, collective identities are produced and reproduced in ongoing interaction between allies, oppositional forces, and audience who can be real or imagined. While providing a sense of "We-ness" and collective agency, collective identity is also create a sense other via boundary identification, construction and maintenance. Collective identity are shared meaning, provide cultural context for planning, enabling, carrying out, and evaluating individual

participation and collective actions. In addition, collective identity is the main characteristic of new social movement worldwide instead of collective action led by class consciousness or economy distribution.

Deliberating identity theorists and social movement, Gladney, Taylor and Whittier (1992) argue about the process how collective identity are constructed and contested in order to win the discourse and to reach the protest movement goals (see also Brubaker; Hobsbawm's *Invented tradition*). They often broadening and tighten their identity and unavoidable they by design or not invented the new tradition i.e. Hip hop with Java language, ritual ceremony before starting protest events. The construction of collective or shared identity itself can be done by using multilevel and divers activities such as public discourse throughout talk, framing process, narrative, interaction among others (Hunt and Benford 2004: 445), media, storytelling and legitimate cultural activities. Additionally, collective identity itself is a required component in collective action. By no mean collective identity may growth from collective action and vice versa (Hunt and Benford 2004: 450-1). It is due to the importance of solidarity, commitment and emotional tied among protest participants. In line with that, nationalism theorist Ben Anderson (1983) has emphasize on the meaning of share imagination and identity which makes people willing to die under the banner of nationalism or simply in Yogyakarta case, privilege of the regions. Javanese imagine their future strongly influenced by the past time and the past is considered as ideal type of society. This believes often goes beyond Javanese tradition but a universal idea of human being worldwide.

In sum, based on the construction of collective identity, Movement group in Yogyakarta created, at least, three things. First is Yogyakarta as a multiethnic society. Second, Yogyakarta as multi religion identity—goes beyond Islamic Kingdom, and lastly is what we may term *Invented "hybrid" tradition* in which kind of new identity installed in Yogyakarta. For instance, people are mixing local with foreign culture such as hip hop music with Javanese language, or Dragon dance of Chinese culture in the protest events in Yogyakarta. It then led to a new identity recognized by people nationwide and for some extent theirs Yogyanese movement demanding special status of Yogyakarta are supported by other ethnic groups (Acehnese, Papuan, Sundanese, Balinese, etc). This kind of idea can be traced from Hobsbawm what he had termed as *"invented tradition"* in which people are using that to gain or to protect their interest.

D. CONCLUSION

Protest movement in Yogyakarta in the beginning of the Reform era (and ongoing to date) seem like a cultural based collective action to maintain their local identity in the era of liberal democracy. They are privileging their tradition and deep cultural resources instead of merely supporting the central government to install democracy as a new way of life in Javanese. Their "superiority" are expressing by opposing democratization project led by the central government to choose a governor democratically. Yogyanese are demanding to post their King become governor automatically without any elections procedure.

In sum, some findings help to clarify this case (1) it is about recent new social movement in Indonesia base on identity and cultural privilege; (2) the Javanese ethnic superiority is changing during and after Suharto but relatively remains intact; (3) local-ethnic identity or "deep cultural resources" become an effective and legitimate resources for mobilizing people to participate in protest movement under the banner "Yogyakarta Special Region"; and lastly (4) culture resources itself are basically constructed, invented, contested, and politicized by a certain communities to maintain their public interest or their elites. Multi ethnic society is a new collective identity used by people to win the political and cultural discourse. Other cultural belief like democracy is identified as foreign power and it has been opposed and negotiated by the people in the context of Yogyakarta's protest movement whether it will be accepted, refused or converted.

This preliminary report, of course, leaves open several questions due to the limitations of its analysis. An overwhelming amount of data was gathered in the interviews and newspaper reports, which have not been fully analyzed and interpreted. Therefore, it is too early to come to any definitive conclusions or generalizations. One issues that calls for clarification is the relationship between collective identity and collective action, and how they intertwine and overlap with one another. For future analysis in this study, further discussion is needed.

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THE ROLE OF BUREAUCRACY IN INCREASING COMPETITIVENESS AND LOCAL INVESTMENT

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ABSTRACT

This paper aims to analyze the role of bureaucracy in increasing competitiveness and local investment. Research method is library research. Conclusion, that bureaucracy has a central influence in increasing

competitiveness and local investment. But in local autonomy era now, serviced culture in bureaucracy has not shown optimal result yet. Even if in some local government were increased and growth in competitiveness and investment

Key Words : Bureaucracy, Local Investment, Increasing Competitiveness

I. INTRODUCTION

In the new order government, public bureaucracy was often called *red tape* or tangled thread bureaucracy indicated by phenomenon such as slowness, unprofessionalism, uncompetitive, inefficiency, unmeasured and corruption. The birth of reformation era in 1998 was intended to change the negative image or positioning which was called bureaucracy pathology.

In accordance with the intended scenario of reformation in 1998, some public policies were decided, one of them was delegating a higher authority to the local government in ruling and managing its natural resources as in the decree of The Rule number 22 in 1999 about Local Government, which was later replaced by The Rule number 32 in 2004 with an authority to the autonomous regions, especially regency and city. Besides hoping that this autonomy could accelerate the participation and service for society – as the essence of democracy – it was also aimed to lower the State's centralization. In the theory of democratic country, authority should not be centralized, to avoid the rise of the excessive power hegemony.

In Lord Acton's view, *power tends to corrupt. Absolutely power tends to corrupt absolutely.* Based on the phenomenon, the autonomous region has greater and greater authority, so it will guarantee the increase of service to the society, the increase of local competitiveness, including implement good corporate governance – a term introduced by International Monetary Fund in relation to post-crisis economy recovery which means company management system that reflects synergic relation between management and stakeholder, creditor, government, supplier and another stakeholders. (Nindyo in Ridwan, 2007). The concept of good corporate governance is the development of good governance in which contains element, participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency.

With the principle, in local autonomy era, public bureaucracy is demanded to apply it as the implementation of reformation and differ from the previous order. The implication gives positive impact in increasing local investment, which will influences the local source empowerment to increase people's income and wealth.

However, since reformation era occurred in 1998, public bureaucracy has not been showing better performance, at least when we look the report of Political and Economy Risk Consultancy (PERC) based in Hongkong. In the report, PERC accumulates the foreign businessmen judgment that categorizes Indonesian bureaucracy is the worst in the world. A country with the higher rate of corruption (Makmur, editor, 2006). In other data, the result of survey from Indeks Prestasi Korupsi by Transparency International, indicates that Indonesia is not one of the most corrupted country anymore. Nowadays, Indonesia is in the 126th rank among 180 countries. Corruption Perception Index goes up from 0,3 in 2007 to 2,6 in 2008. Indonesia is in the same group with Eriteranian, Guyana,

Honduras, Libya, Ozambik, and Uganda. For Public Service Index, the difference is not too significant from Corruption Perception Index.

Local autonomy implementation which is hoped to be able to increase the acceleration of public service in some cases just performs the contradictory condition. The superior authority is taken by each region as an authority to make policy which intended to increase local income. Thus public policy is issued which is contra productive to investment, even it raises high cost for investor, which is known as a thousand in trouble local rule (Murtir Jeddawi, 2004). The high cost economy causes imbalance between stakeholders in a corporation. Thus the implementation of good corporate governance in a local government can be utopian indicated by low investment realization in the proper region. Politic condition before local election also influences investment. Indonesian Bank's data in Makasar has recorded that the economy of South Sulawesi grows 8,45 percent. In the same period last year, the province economy grew 8,6 percent (Koran Tempo, 18 Oktober 2012).

Based on the thought, then the author can make problem statement of the analysis, namely, How should bureaucracy play role in increasing competitiveness of local investment?

II. LITERATURE REVIEW

a. Urgency of Bureaucracy

In the literature, Bureaucracy is generally seen as an actor who merely implements policy that has been decided elsewhere. But from experience, particularly in developing countries, the bureaucracy does not only dominate the administration of the government, but also the political life of society as whole. In many developing countries, the state apparatus (bureaucracy) are the initiator and planners.

In a history of bureaucracy, especially Western Europe, Weber describes the development of bureaucratic modernization along with the development of the people. The increase of economy monetization, the emergence of capitalist economy, rationality and demystifying progress in society, democratization and socio-economic modernization in general pose administrative problems which are increasingly numerous and complex. As a result, there was necessity to implement clear division of labor in society. In this context then bureaucracy appears in response to the needs of the times. Thus the bureaucracy appears as a response to the expansion and complexity of government administrative tasks. Needs are considered more urgent due to the decline in the role of the king's patrimonial management of public affairs. While the corporate bureaucracy or industrial management arises because the rapid advances in the techniques of industry (Mochtar Mas' oed, 1994).

In another dimension there is an idea that the emergence of bureaucracy does not only coordinate the various elements function in the governance process or production process. The phenomenon is much more important to note, that the bureaucracy was actually created for the functioning of discipline and control. The need for discipline and control functions, associated with the development of capitalism. Therefore, the talk about the bureaucracy will always be associated with the discussion of capitalism. If according to Weber progress with the development of modernization,

other opinions give more emphasis that the bureaucracy was due to the need of capitalism to produce himself.

So is management industry not only serves as a coordinator, but more importantly as controlling production activities for capital accumulation and control of labor relations that occur insubordination. (Beetham, 1987)

The position is supported by the bureaucratic elements that are the sources of power, namely: privacy, monopoly of information, technical expertise and a high social status (Mochtar, 1985). According to Weber, the elements are necessary for the effective functioning of such coordination. According to another view, the elements of the underlying function are precisely the control of society.

History of bureaucracy in many countries suggests that the bureaucracy was created to respond to the need for control. Bureaucracy does not arise solely as a result of the complexity of modern society functional.

In Indonesia we often hear complaints about the attitude of the bureaucrats are just asking to be served, not to serve the public.

Why is that? What framework could explain this issue? One way of understanding these phenomena is to pay attention to the characteristics of the typical bureaucracy in these "post-colonial" countries and identifying domestic and international environment faced by bureaucrats in third world countries (Mas'oeed Mochtar, 2008)

b. The concept of global competitiveness

The term of competitiveness is defined variously. Michael Porter stated, "There is no accepted definition of competitiveness. Whichever, definition of competitiveness is adopted, an even more serious problem has been there is no generally accepted theory to explain it." (Kuncoro, 2005). Regional Autonomy Implementation Monitoring Committee defines competitiveness of the region with an emphasis on the attractiveness of investment in the region. According to Tatang Taufik (2005), the competitiveness of the region is the region's ability to create, develop, offer, climate / most productive environment for business and innovation, investment attraction, easily moving factors, as well as the potential for sustained superior performance in areas. The concept of competitiveness that can be applied is the "productivity" which he defines as the value of output produced by a workforce. The World Bank states that are relatively similar in terms of where the "competitiveness refers to the magnitude and rate of change of value added per unit of input which is achieved by the company". However, both the World Bank, Porter, as well as current literature on national competitiveness, the view that competitiveness is not narrowly limited to cover only the efficiency of a company. The competitiveness of the broader aspects, not dwell only on the micro level of the company, but also reach beyond the corporate aspects such as climate (business environment) that are clearly beyond the control of the company. These aspects can be firm-specific, region-specific, and even country-specific (Pieter et al, 2002).

World Economic Forum (WEF), an organization that regularly publishes "Global Competitiveness Report", defines national competitiveness more broadly, but in short, simple sentences. WEF defines national competitiveness as "the ability of the national economy to achieve high economic growth and sustainable". The focus then is on the

right policies, appropriate institutions, as well as other economic characteristics that support the realization of high and sustained economic growth.

Another institution that is widely known in the literature of national competitiveness is the Institute of Management Development (IMD) with the publication of "competitiveness World Yearbook". Full and relatively normal IMD defines national competitiveness as "the ability of a country in creating added value in order to increase national wealth by managing assets and processes, attractiveness and aggressiveness, globalism and proximity, and by integrating these relationships into a model of economic and social development. "In simpler words, national competitiveness is a concept to measure and compare how well a country in providing a particular climate that is conducive to maintain the competitiveness of the domestic and global to the companies in its territory.

Referring to the various definitions above, it seems impossible to find the perfect uniformity of definition. However, variations of the definition of competitiveness are not denying the possibility of consensus among the experts. At least, even with such a uniform definition, almost all experts have the same opinion about what needs to be done in order to improve competitiveness (Sachs et al, 2000). Thus, the definition of a definite and agreed by all parties is no longer an absolute requirement in order to determine the factors that can determine the competitiveness of a region (Piter, et al, 2002)

c. Local Competitiveness

Local competitiveness is the skill of the Local in producing the income and high opportunity of job and keep opening -ended to the domestic or international competition. Local competitiveness as the bussiness sector skill or company in a local in producing the high income as well as the wealth level which is spreader to the society.

In Generally, when comparing the competitiveness of the local above with the national competitiveness definition that was discussed before, contain the essential similarity. Could be stated that the competitiveness concept difference just centralized in the large area, where the first is the local (a part of a country), and the second is the country. Even in all discussion about the local competitiveness, explicit or implicit, summarise the adaptation relevance of national competitiveness into the local competitiveness. For example the International bank, explicitly mentions how the determine aspect of competitiveness is able to compete *region-specific*.

Despite of seeing from the substance the adopt of national competitiveness concept into the local competitiveness concept is relevan, but in the practice some of the adaptation needs to be done. The economic competition of the power country is not absolut similar to the local competition in a country. Some of the principles should be matched. For the example is how we define the opn -ended economic, or how to treat the aspects which variations only exist if been compared among countries.

According to the discussin of some concepts and definitions about a country competitiveness, or local competitiveness as explained above, the conclusion could be taken that in defining the competitiveness needs some ways as follow:

- The competitiveness covers the larger aspect than the productivity or efficiency in the micro level. This things enable us to prefer define the competitiveness as "skill and economic" than "compani privat skill sector".

- Economic actor (Economic agent) not only the company, but also home, government, and others. All of them are managed in the synergic economic system. Without disown the big role of the private company sector in the economic, the focus attention not only to that. This thing is strived for keeping the competitiveness large area.
- The aim and the last result of competitiveness development of the economic is also the improvement of society wealth in that economic. Wealth (*level of living*) is the large concept that not only describe in the variable mulberry as the economic growing. The economic growing is only an aspect of the economic developing in the living society standar improvement.
- The key word of the competitiveness concept is “competition”, Here the role of the open -ended in the competition to the competitors become relevan. The word “competitiveness” losing its meaning in the closes -ended economic (Piter, 2002). Thereby, in the local otonomy era, the acces of the local competitiveness is more open--ended.
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D. Investment theory

Economic specialist and professional academician in investment have debated about the investment theories, the strength and the weakness. One of the theories is about “the theory of efficient market”. Those who apply this theory said that a professional investor can offer this share paper and choose a winner to achieve success as an experienced financial analyst and spend the time to learn the economic practices.

In investing, an investor looks up himself or herself as a business analyst, who observes it holistically, beast out all the quantitative and qualitative from management, financial position and the market price. The success of an investor depends on how far he/she understands about his or her investment. This understanding is the characteristic which differs the business oriented investor and the speculating investor.

If we observe and learn the share purchasing process in investment, and also search for the similarity of business, we can analyze some fundamental principles and doctrines of making decision in developing the investment. Thus, at least there are some categories of doctrines to increase the investment (Sjahrani , 2004) namely:

1. Business doctrine. In this doctrine, share is named as an abstraction. An investor doesn't consider about the market theory, macro-economic concept or other sectors. This doctrine tends to emphasize how a business can operate. An investor concerns on attempting to learn all he or she executes what relates to the business and there aspects, such as :
 - o A simple and understandable business.
 - o A business must have a consistent operation
 - o A business has profitable long term business
2. Management doctrine. An investor will really give credit for a manager who always behaves and thinks like the owner of one company. A manager who acts like the owner tends to not lose his or her awareness for the company main target. Increasing the value of shareholders and tending to make a rational decision

towards that target. A manager has a responsibility seriously to report completely and honestly to the shareholders. In considering business, an investor will really focus on a management quality. The bought companies must be executed by an honest and competent manager. Specifically, investor must consider some main aspects, for instance : a rational management, a free mind and a strict manager.

3. Financial doctrine. The doctrine or financial principle used by investor to value up both the managerial strength and the economic performance is based on a good principle. There are some important principles which must be guided by an investor, in particular: centralizing of profit or equity, calculating the profit of owner to get the real value estimation, looking for other companies which have the high margins and for retained currency. Ensure that the company achieves the high market value.
4. Market doctrine. All the principles of doctrines above lead to one point of decision: purchasing or not in one company.

In autonomy regions, these investment theories can be applied in development process. However, the existence potency in these regions must be attempted to attract more and more investors. Moreover, the security of the regions must guarantee the dynamic investment. In this case, there is a relationship between a big authority in regions, in increasing the competitiveness in increasing the regional investment.

C. Research methodology

This research is quantitatively descriptive

III. DISCUSSION

III.1. Bureaucracy culture

The politic condition in Indonesia, basically cannot be separated from the history of bureaucracy itself. Before Independence Day, our young bureaucracy has never been released from primordial practice. Since the liberal democracy system had begun, some authorized parties appeared to perform bureaucracy politic. If a minister comes from a certain party of a department, a majority of officials in the ministry will be recruited from the party department in which the minister leads the department. If a minister is from ethnic who leads the department, it will be consisted of some staffs whose ethnic is similar to the minister. It is not secret anymore, that forming a patronage, involves the use of position to give privilege to specific clients. It can be called as privacy meddled with public affair.

In new era, the bureaucracy still remains. It is from primordial into bureaucracy politic. It is even becoming more and more terrifying, when authority has dominated the bureaucracy. Its role is getting exaggerated and a proliferation happens. As the previous regime, the position in bureaucracy has been full of "political appointment" which ignores meritocracy. Nepotism and collusion, has found its huge form (Makmur, 2004).

In reformation era, bureaucracy has changed itself. Politicians suddenly get another place. Most of them are chosen to be ministers, governors, and Head of regency in some regions. As a leader in the party, they infect a bad habit called "conflict of interest". They feel reluctant to decide which are the public interest and the real constituent that becomes party interest. With legislative, the executives create oligarchy and latent

interest cooperation by ignoring ideology and society affair. The pragmatism is set up as either a group affair or privacy.

Tragically some of them not only care about the supported party interest, but also sometimes involves their passion as businessmen who also work in the party. They become an authorized businessman in the bureaucracy. In different way in the region, they are afraid of the existence of “Shadow state”, the private mass who handle bureaucracy from outside. They suddenly appear to demand after succeeding in general election.

Be sides actually without the worrying “Shadow state”, since then bureaucracy had been “bureaucracy business”. If we go to public service in each region from central to the village, bribing is considered as a common thing.

Therefore, it appears to be the authority abuse. The weaker observation cause imperishable interest. They are called as “interest bureaucratic” and “kleptomania”, the bureaucracy who robs nation’s and society’s wealth. This kind of bureaucracy makes it more blur and the losing of functions as public service without any discrimination and efficiency.

The improvement of public service should be there in region autonomy. The wide authority of the region is faster to absorb and apply the community need and interest. Consequently, the authority given is to enhance the public service including service in the labor sector. In addition, the regions become more competitive. At least, it eases the community’s effort to work, so that the investment will be bigger and bigger into the region.

III.2. Competitiveness in Local Investment

There are some indicators which determine the degree of local competitiveness known in literature (Piter, et all, 2002), for example, local economy, openness, financial system, infrastructure and natural resources, science and technology, human recourses, institute, government policy and management and macro economy.

If we analyze the principals in each indicator, it appears that such principal actualization is very dominant set by bureaucracy policy according to the authority. We can see from the local government policy for example, the principle which supposed to be local government focus on actualizing a predictable social condition, including the role in minimizing the business risk from the investments and also local government administration effectiveness for providing infrastructures and influential regulations for the economy competitiveness in a region.

From institutional aspect, local bureaucracy is expected to create policy corresponding with the availability of human recourses and support the competitiveness for local economy. The results of the research factors and the competitiveness improvement are in competitiveness ranking form in Indonesia’s provinces. Comprehensively, the competitiveness ranking shows a relative position in a region towards another region by concerning all factors which each region has and how far the region can actualize all potencies which a region has.

Furthermore, each region’s competitiveness can be decomposed in to ranking based on each main indicator (nine indicators), they are; local economy, openness, financial system, infrastructures and natural resources, science and technology, human

resources, institute, governance and government policy, and also management and micro economy.

Calculation and competitiveness ranking conducted in 26 provinces in Indonesia reflects ranking image comprehensively. research result (Piter and friends, 2004) shows that DKI Jakarta province is in the first rank of national competitiveness with its six exceeding main indicators. The main indicator of DKI Jakarta is in the first rank in national scale. It generally describes economics performance in macro and the best micro level company throughout Indonesia. Although DKI Jakarta is in the first rank in national competitiveness but the decomposition according to the main indicator shows the weakness of this area in institutional, governance, government policy and local government policy aspects. DKI Jakarta is in the 21st rank in governance and government policy indicators, and it is in the 18th rank in institutional indicator.

The similar competitiveness portrait can be seen in conflict areas such as Maluku and Irian Jaya. None of the areas which ever had a great conflict is in the above average of national scale. As an example in this case includes west Kalimantan province which is in the 22nd rank and Central Sulawesi is the 19th. Although Peter's research does not show any casualty between potency and conflicts in a area with local competitiveness but it can be seen from competitiveness rank from the conflict areas.

Another portrait that can be inferred from area ranking is the domination of the big ten provinces in Java and Bali. Based on the province ranking result in Java, except DKI Jakarta, shows the factors that form the local competitiveness strength particularly in Java and Bali. For example, the decomposition result concludes that main strength of East Java Province is in aspect of: openness, physical or non physical infrastructure, science and technology application, the quantity and quality of human resources and micro economy management in the level of industry and enterprise. However, the same case as DKI Jakarta, East Java province is weak at institutional (the 14th rank) and governance and government policy (the 16th rank) aspect.

West Java province is categorized in the lowest rank, the 17th rank, left behind among DKI Jakarta, Central Java, East Java and Jogjakarta. The main weakness of West Java is in financial management (the 15th rank), infrastructure and human resources (the 13th rank), institutional, (the 16th rank), governance and government policy (the 19th rank).

Two provinces excluded from Java which are in the big five national scale are East Kalimantan (the 2nd rank) and Bali province (the 5th rank). The competitiveness strength of east Kalimantan is not merely in infrastructure ownership and human resources (the 2nd rank) but also in local economy, openness, institutional, governance and government policy micro aspects in enterprise level aspects. The factors considered as weaknesses are the limit and high capital cost, the lack of financial institution in overall, and a backward in science and technology application. It shows that this province has a great potency in improving competitiveness in the future, especially in local autonomy era comprehensively.

East Nusa Tenggara is strong in openness and financial system but bad at science and technology and human resources. On the contrary, West Nusa Tenggara province is fairly even in the main indicators except in governance and government policies are in the 13th rank (Piter, et all, 2004).

III.3. Local Competitiveness and Investment

Generally Economists are interested in discussion with the competitiveness Country. The competitiveness of Indonesian nation get lower from year to year and it is under level. That is informed by word competitiveness report in reporting approximate year of age for 5 years lately. It is caused of bureaucracy service under quality, business is not efficient, the cost worker is higher, infrastructure quality is low, and fee investment is high in Indonesia. It is not astonishing, country risk of Indonesia is high, of course, it is not balance. This is one of the problem the odd investor is reluctant to come Indonesia.

To see from competitiveness of product "considered superior" Indonesia than other country, it looks low competitiveness. Survey proves that accommodation price the superior of Indonesia is higher around 22% than world price. It shows that production fee (fortune margin) producer produce the product can not compete the same product in world market. So domestic price from such as flour, sugar, cement, plastic, car is the highest than International price.

Uninterested Indonesia can see with own investment since 1998. BKPM data showed that value of PMDN (Investment in country) in 1997 was Rp. 119 billion with the amount of project 717 unit. 1998 slip off Rp. 58 billion with 320 projects. Data in 2002 proved Rp. 25 billion with 81 project. How is the strange investment that came through PMA (Penanaman modal asing) in 1997 the value is \$ 33.8 trillion with 783 projects slip off 13.6 trillion, and in last year \$ 9.7 trillion even though to see from project is higher 1.135 units (Mudrajat kuncoro, 2009). In territory level, the increasing of investment is influenced by condition and realisation of investment which is influenced by condition and realisation of investment in national level and the ability of territory competitiveness influenced of bureaucracy facility in that area itself.

III.4 Investment Policy Unconsistency

If it is seen by investment such as strange people that came into Indonesia it followed out investment directly is negative in 1998, from year to year is getting big. Leaving two shoes industry Rebook and Nike, and also Indonesian sony electronic move to Vietnam and close their factory in Indonesia strengthen the fact : Indonesia is not good location for investments.

But, it is necessary to know that crisis monetary for Indonesian wasn't balance all of the areas are there in Indonesia. At the time national economic got higher income 3.5 %, it is clear that country risk isn't identical with regional risk, risk to make business in area, nevertheless, although it is not the same but regional investment very influenced by regional investment.

Scientist of region autonomy investment lately advertises that region competitiveness also need to increase. KPPOD (Region Autonomy Carry out Monitoring Committee) recently publish competitiveness level is 134 regency / city to look from dimension of investment. The interesting of investment from indicator intuitional, safety condition of social, politic nature, area economic worker and physic infrastructure, ironic, some areas are included "high" by amount of indicator proved that a few investments are

interested. This is admired by some head of region that got reward from KKPOD. Nevertheless, by factual, the competitiveness are better, give more chance investment than area is low competitiveness.

Nevertheless, concept and implementation of competitiveness, is not the same between public organization and private organization. According to Paul Krugman (1994), Jargon increasing of competitiveness of country are different with company competitiveness. Why?

There are two reasons. First in reality, the competition isn't country, but company and industry. Most of people analogy the country competitiveness. Impossible all of companies and Indonesian industry have competitiveness both domestic market and international.

Secondly, to give definition of country competitiveness more complicated than company competitiveness. If one company cannot pay the salary workers, to pay material from producer are divided, so company will be bankrupt and stop. Company can be bankrupt, but country doesn't have bottom line or always get competition (Mudrajat Kuncoro, 2009).

Government of region, especially in one year, consistent of doing rule and policy region, so give assurance to afford world from consistent rule aspect, some of the region such as south Sulawesi, middle Kalimantan, east Kalimantan, DKI Jakarta, Jambi, middle Sulawesi, southern Sulawesi, central java, south Sumatra and Bali have more competitiveness. From aspect of time which is needed about bureaucracy, more competitiveness, namely middle Kalimantan, east Kalimantan, Maluku, southern Sulawesi, central java, riau and bali.

By phenomena of region autonomy, after reformation 1998, where of region autonomy are successes to interest many investors in its region, so region bureaucracy get demanded to change paradigm from local orientation to global orientation, from pragmatism orientation to global orientation, from pragmatism orientation to be continued orientation. Therefore region government can improve his area become a good place for growing of investment and industry, by stressing on policies based on special and local potential, as well as make relationship with around of region. Region bureaucracy policy give easiness for company. And it is not dominant of region income orientation.

IV. CONCLUSION AND IMPLICATION OF POLICY

- Based on the fact shown above it can be conclude that region bureaucracy/region government has a great opportunity to improve the competitiveness of their own region, which will be influence positively for the investment of their own region.
- Some regions which do de bureaucratization and paradigm alternation that appropriate with the requirement of competitiveness investment, would bring his region being a main object of investment, such like some of the region government above. The region government should optimize his region as a place for the growth and improvement industry. Not using his greater authority to run the region bureaucracy as his own powerful which cause any rules matter that only related to the minded region, business opportunity and investment in his region become high cost economy.

- Region competitiveness must be specific based on its potential through showing up and increase the core competence, in order to show up the centers of economy improvement.
- Government goals are improvement and acceleration service that is win-win solution between state, private and non-governmental organization. The rise and fall of a region in autonomy era nowadays, performance and bureaucracy culture have a great role. Therefore, the recruitment system must be corrected, the consistence of bureaucracy, development based on the “merit system”, paradigm, and bureaucracy should adopt the external environment.
- In running the regulation system, in order to create a conducive atmosphere for the instatement in region, the regulation should characterize facilitative, accommodative, sustainable, and consistence.

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**DECENTRALIZATION AND NATURAL RESOURCE MANAGEMENT
(CASE SANDALWOOD MANAGEMENT POLICY IMPLEMENTATION IN SOUTH
CENTRAL TIMOR EAST NUSA TENGGARA PROVINCE)**

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ABSTRACT

Although the implementation of the decentralization policy in Indonesia has lasted more than 10 years but the results have not been encouraging, especially relating to the management of natural resources. Natural resources in the region are increasingly experiencing decline in both quality and quantity. One of the natural resources to be the pride and became an icon in South Central Timor regency of East Nusa Tenggara province is sandalwood (*Santalum album* L), population decline, even in fear extinction. The local government fails to implement conservation sandalwood. This paper aims to give an overview of how the implementation of management policies sandalwood.

The result of investigation shows that the implementation has significantly proven to have influences on the effectiveness of the conservation, and may scientifically be accepted. In the implementation; organisation, interpretation, and application dimensions has significantly positive influence on this plant conservation,

however, the interpretation of the three has the highest influence on the effectiveness of conservation, while the application dimension has the lowest influence on this effectiveness. It is stated that the application dimension shows one condition that has not been optimal in implementation; therefore, it is to be a challenge in improving the effectiveness of this plant in the future.

The result also shows that there are other findings contributing to policy implementation theory that is society participation and values both of apparatus and society as the key to successful conservation of sandalwood in Timor Tengah Selatan district of Nusa Tenggara Timur province.

Keyword: decentralization, Implementation, conservation

I. INTRODUCTION

Sandalwood (*Santalum album L*) is an important crop in East Nusa Tenggara Province (ENT), especially in South Central Timor regency (SCT), plants are given priority in forestry development because the economic value of biodiversity and discretion. Sandalwood is the category of natural resources, given that the is part of the forest resources. Sandalwood plants had also been a contributor to revenue (PAD) to PAD South Central Timor regency reaches 9.48% of the total revenue (Revenue Service SCT, 2006). Utilization continue to cause population sandalwood shrinking quickly, because there is no balance between the speed reduction sandalwood forest area by the number of trees planted back plus natural reproduction rate of the stand.

To local communities in the province of East Nusa Tenggara, Sandalwood can not be separated from historical factors because their fathers treat these plants as part of everyday life. Local wisdom has Sustainment this plant in the long run. However, since coming into contact with the outside world, it has also been a social change in the community so that sandalwood eroded resulting in destruction (deforestation sandalwood). Chronologically damage begins era of colonial rule in collaboration with the government of kings, and were connected by a national government Indonesia since the time of independence until a new order of government.

Along with decentralization by Law No.22/2001 which is then updated by Law No.32/2004, has implications for the delivery of various authorities of the District to conduct the affairs of governance and development, the management activities of sandalwood then submitted to the government districts of each region producing sandalwood. Government of South Central Timor issued a policy to regulate all matters relating to the management of sandalwood in South Central Timor regency, the regulation of South Central Timor District No. 25 of 2001 on sandalwood.

Actually, with the imposition of regulations expected to experience population recovery sandalwood, but in fact even the population decreases as shown in table 1.

Table 1. Populasi sandalwood tree at the South Central Timor

Year	old tree	sapling	Total
2004	71.652	260.550	332.202
2005	41.427	209.513	250.940
2006	21.052	91.658	112.710
2007	15.745	60.975	76.720
2008	14.253	56.367	70.620

Source: Forest Service SCT, 2008

Based on Table 1 shows that the implementation of conservation policies Sandalwood failure. The areas in South Central Timor district that was once a base of sandalwood plants is difficult today sandalwood tree found, also in the region arising pockets of poverty. Poverty then placed increased pressure on deforestation sandalwood. Poverty cause degradation of sandalwood, it is because of the failure of government institutions to manage sandalwood.

Research Objectives

The study aims to determine the amount of influence the implementation of policies on the effectiveness of conservation sandalwood sandalwood tree at the South Central Timor regency

Theoretical Framework

Implementation of a policy is one important step in the process of policy analysis, because at this stage will determine whether the policy has made it capable of solving the problem the issue public. Stages of policy implementation is located between the formulation and evaluation of policies. Public policy set by the government and gain political legitimacy of the executive allows bureaucrats to act. This implies that a public policy is only a political document if it is not followed by concrete action. Public policy can only be effective if the policy has been implemented. To analyze how the effect of implementation of the policy on the effectiveness of conservation sandalwood sandalwood in South Central Timor of the province of East Nusa Tenggara, there are some models that can be used, namely (1) George C. Edwards III model (1980); (2) Charles O. Jones model (1984); (3) Merilee S. Grindle model (1980); (4) Mazmanian and Paul A. Sabatier model (1983)

Based on the research paper on some models, further to analyze the effect of policy implementation on the effectiveness of conservation sandalwood tree at the South Central Timor of the province of East Nusa Tenggara, Jones model (1984) was used, given that the dimensions of the theory implementation Jones (1984) more relevant to the phenomena encountered in the field, which is a lot about the problems the organization, interpretation, and application. According to Jones (1984), to operate the programs, there are 3 activities that need to be done, namely "The organization, interpretation, and application". While the effectiveness of sandalwood pelestarian includes three dimensions, namely: (1) law enforcement, (2) Preservation Campaign, and (3) Prosperity Approach (Gunawan: 2002)

Research hypothesis

Implementation of policies affect the effectiveness of conservation sandalwood sandalwood in South Central Timor regency

Methodology

a. Research design

This study uses explanatory survey, according to the research objectives that will explain the relationship between variables, the effect of the implementation of the policy

on the effectiveness of the sandalwood tree conservation. Research referring to the explanatory design, using two approaches, namely a quantitative approach and qualitative approach (Creswell, 1994 : 173).

b. Classification of Variables

The variables in this study were classified to a single independent variable and the dependent variable.

1. The independent variable in this study is the implementation of policy on sandalwood (X), which consists of dimensions, namely: (1) organization, (2) Interpretation, (3) application.
2. The dependent variable in this study is the effectiveness of the sandalwood tree conservation (Y), which consists of dimensions, namely: (1) Law Enforcement, (2) Conservation Campaign, (3) Prosperity approach.

c. Population Research

Based on the unit of analysis of this research that organizers sandalwood tree conservation, so that the population is all those involved in organizing conservation of sandalwood tree that includes: SCT Forest Service officials, officials throughout SCT District Office, Office of the Chief of the village officials throughout the district SCT, the forest stakeholder institutions. In SCT there are 21 sub-district of the sub-district there are 5 which is the location of the sub-district conservation sandalwood, namely: sub-district Amanuban Barat, Amanuban Tengah, Batu Putih, Mollo Selatan, and Mollo Utara, a population of as many as 794.

d. Sample Research

Determination of the sample is based on the following stages: sampling technique based on stratified sampling this technique is used because the population has members / elements not homogeneous and stratified. Samples were drawn based on stratified sampling within the study population. To get the minimum sample size (n) in the population, use the formula Slovin (Bungin, 2005:105), namely:

$$n = \frac{N}{1 + Ne^2}$$

n = minimum sample size to be taken

N = Size of Population

e = Percentage precision clearances are used as sampling error can be tolerated Error rate used was 7.5 %

The formula of the sample size can be determined as follows:

$$n = \frac{794}{1 + 794(7,5\%)^2} = 145, \text{ So the sample number is 145}$$

e. Data analysis

Quantitative data analysis was done in two ways: (1) descriptive analysis using frequency tables to describe the characteristics of the research variables, (2) analysis using inferential statistics were performed to determine the relationship of influence, in order to test hypotheses to answer the research problem. To detect the influence of the variables used path analysis.

II. RESULTS AND DISCUSSION

II.1. Sandalwood Management Policy in the Decentralization

Through the Law No. 22 of 1999 on Regional Government, the regulation of forestry affairs handed over to the district. Furthermore, the province of East Nusa Tenggara hand over the management of the affairs of sandalwood to the district of South Central East Regional Regulation of East Nusa Tenggara Province No. 2 of 1999 on decentralized management of sandalwood. Referring to this rule, then the district of South Central Timor regency responds with Regulation number 25 South Central Timor in 2001. This period represents a new chapter for the district of South Central Timor because they were given the authority to manage their own resources of sandalwood.

Following up regulation No.25/2001, then issued two more regulation are: (1) East South Central District Decree No. 8 of 2002 on the basis of pricing sandalwood sale in South Central Timor regency; (2) South Central decree number 12 of 2005 on the mechanisms and systems sandalwood harvesting on private land. Judging from the aspect of actually publishing the preservation of the above two rules are counter-productive to conservation efforts sandalwood because both rules were legalized again sandalwood exploitation, when it should be maintained at the present level of population sandalwood from becoming extinct, especially when referring to the instructions Governor East Nusa Tenggara Province No. 12 of 1997 on the prohibition of felling sandalwood trees.

II.2. Conditions Sandalwood Management

South Central Timor is an area at least have the prospect of sandalwood plants because this area is a habitat sandalwood tree, which is different from the other counties in the province of East Nusa Tenggara (ENT). To determine the condition of conservation of the sandalwood tree at the South Central Timor regency, the author outlines a number of issues related to conservation, namely work group organizational structure; sandalwood population distribution; number of seedlings alive; conservation budget, and contribution of sandalwood to the revenue at South Central Timor regency, following description:

a. Conservation Working Group Organizational Structure

The organizational structure of sandalwood tree conservation working group consisting of: (1) steering Team is chaired by Regent South Central Timor regency, vice chairman of the steering committee, and three members; (2) chairman of the working group chaired by the head of the forestry department of South Central Timor regency; assisted by vice chairman, secretary, treasurer, and two members; (3) chairman of the planting and maintenance section is chaired by the head of the forestry department of community forestry section of South Central Timor regency assisted by six members; (4) chairman of the general section and fixtures, chaired by the head of the administration department of forestry of South Central Timor regency assisted by 4 members.

b. Population distribution sandalwood

Of the 21 districts in South Central Timor regency there are 5 districts that have a sandalwood tree is the most populated; district of Mollo Utara, Mollo Selatan, Amanuban Timur, Batu Putih, and the Amanuban Tengah. Learn more about spreading can be seen in Table 2

Table 2 Sandalwood tree population distribution in the district East South Central

No	Sub Districts	Population		amount
		old tree	sapling	
1	Mollo Utara	1670	6537	8207
2	Fatumnasi	438	1174	1612
3	Mollo Selatan	1776	6860	8636
4	Pollen	477	1250	1727
5	Kota SoE	123	1350	1473
6	Amanuban Barat	1863	5862	7725
7	Batu Putih	1520	5825	7345
8	Amanuban Selatan	499	1225	1724
9	Kuanfatu	302	1703	2005
10	Kualin	331	1231	1562
11	Amanuban Tengah	1737	6425	8162
12	Oenino	298	1350	1648
13	Kolbano	169	1421	1590
14	Amanuban Timur	279	1362	1641
15	KiE	850	4730	5580
16	Kot'olin	252	1205	1457
17	Amanuban Selatan	274	1705	1979
18	Nunkolo	274	1250	1524
19	Boking	574	1150	1720
20	Amanuban Utara	272	1642	1914
21	Toinas	279	1110	1389
	Total	14.252	56.367	70.620

Source: Forest Service district SCT, 2008

Based on the table above, the rate of population sandalwood tree in South Central Timor regency, the population is low and uneven spreading again in each district, only a few districts that potential still survive.

c. Number of saplings (seedlings) living

The location of planting in five districts, during the years 2001 to 2005, the number of seedlings / saplings was 52,875 while that survive to age 2 years and above only 5850 trees or about 11.06%. For more detailed planting success rate in five districts can be seen in table 3

Table 3 The success rate of growing sandalwood saplings

Item	Location	seedlings

		be planted	a living	percentage life
1	Mollo Utara	9750	1272	13,05
2	Mollo Selatan	11270	1383	12,27
3	Batu Putih	10580	925	8,74
4	Amanuban Barat	10045	1150	11,45
5	Amanuban Tengah	11250	1120	9,96
	Total	52.875	5.850	11,06

Source: Forest Service SCT, 2008

Based on the table 3 above shows the success of the sandalwood tree saplings grow into very tiny stand. When compared with other crops, the crop is much smaller sandalwood growing success.

d. Budget Allocation For Conservation

In 2007 the allocation of funds budgeted for achieving conservation Rp.223.846.000 sourced from South Central Timor district budget and the budget of East Nusa Tenggara province. Distribution of conservation funding allocation based on location can be seen in table 4

Table 4. Conservations Budget Allocation in 2007

Item	Location	sources of financing		Amount
		District	Province	
1	Mollo Utara	Rp.10.500.000,-	Rp.29.882.000,-	Rp.40.382.000,-
2	Mollo Selatan	Rp.10.500.000,-	Rp.17.231.000,-	Rp.27.731.000,-
3	Batu Putih	Rp.10.500.000,-	Rp.38.302.000,-	Rp.48.802.000,-
4	Amanuban Barat	Rp.10.500.000,-	Rp.35.000.000,-	Rp.45.500.000,-
5	Amanuban Tengah	Rp.10.500.000,-	Rp.50.431.000,-	Rp.60.931.000,-
	Total	Rp.52.500.000,-	Rp.171.346.000,-	Rp.223.846.000,-

Source: Forest Service SCT, 2008

Based on the table above shows that the budget provided in order to attempt pelestrian sandalwood tree at the South Central Timor regency relatively small. This condition can certainly hinder the success of conservation activities.

e. Contribution to regional revenue

Sandalwood ever make a significant contribution to revenue (PAD) South Central Timor regency, which reached 15.44% or Rp.797.000.000, - that in the year 1997/1998. But at this time there is no contribution given that the current level of sandalwood smaller population and the efforts to maintain the stand until they are over 30 years old.

II.3 Hypothesis testing

• In Simultaneous Testing Path coefficient.

To answer the research problem is the implementation of policy on sandalwood organization consisting of Dimensions, Dimensions interpretation and application dimensions jointly affect the effectiveness of the conservation of sandalwood trees in

South Central Timor regency. Testing statistical hypothesis test is carried out through test F. Determination of test results (acceptance or rejection of H0) can be done by comparing F arithmetic with F table or can also be seen from the value of its significance to the provisions reject Ho if F arithmetic greater than F table or if the value of significance (p-value) is less than α research (0, 05). From the calculations, the following results:

$$F = \frac{(n-k-1) \times R^2_{Y(X_1, X_2, X_3)}}{k \times (1 - R^2_{Y(X_1, X_2, X_3)})} = \frac{(145-3-1) \times 0,7946}{3 \times (1-0,7946)} = 181,770$$

From table F for a significance level of 0.05 and degrees of freedom = db₁ = 3 and db₂ = 145-3-1 = 141, obtained $F_{0,05(3;141)} = 2.669$

Because F Arithmetic greater than F table (181.770 > 2.669) or when seen significant value obtained from the calculation using SPSS of 0.000 (see appendix in the ANOVA table in the column sig) smaller than the error rate of 5% ($\alpha = 0.05$), it can be a decision to reject H0. So based on the test results can be concluded that there is significant (real) jointly influence the implementation of policy on conservation effectiveness of sandalwood trees in South Central Timor regency of East Nusa Tenggara province.

- Partial Coefficient Testing

After simultaneous testing procedures H0 is rejected, and concluded that there are influences together, then individually tested to see meaningfulness (significance) the effect of independent variables (X1, X2 and X3) partially on the dependent variable (Y), then do the test with test t, the result is.

Table 5. Effect of the Partial Test of Hypothesis

Item	hypothesis	Path coefficient	t arithmetic	p-value	t table	conclusion statistical
1	Organizational dimensions have an influence on the effectiveness of sandalwood tree conservation	0,319	5,478	0,000	1,977	H0 is rejected, there is a dimension of organizational influence on the effectiveness of sandalwood tree conservation
2	Dimensional interpretation of exerting influence on the effectiveness of sandalwood tree conservation	0,488	9,251	0,000	1,977	H0 is rejected, there is a dimension influence the interpretation of the effectiveness of sandalwood tree conservation

3	Dimensional applications have an influence on the effectiveness of sandalwood tree conservation	0,199	3,182	0,000	1,977	H0 is rejected, there is an influence on the effectiveness of the application Dimension sandalwood tree conservation
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Source: Primary Data Research 2008 (processed)

II.4 Magnitude Effect of Implementation Effectiveness Against policy on sandalwood tree conservation in South Central Timor

Total effects can be seen from the value of the coefficient of determination is equal to 0.7946. So it was found in this study 79.46% effectiveness sandalwood tree conservation in South Central Timor regency of East Nusa Tenggara province affected by the implementation of the policy on sandalwood comprising organizational dimensions, dimensions of interpretation and application dimensions. Amounted to 20.54% influenced by other factors not included in this study.

II.5 Other factors that influence the effectiveness of the conservation of sandalwood trees in South Central Timor regency

In addition to the dimensions of the organization, interpretation, and applications that significantly affect the effectiveness of the conservation of sandalwood trees in South Central Timor regency there are several other factors (20.54%), namely participation, and values. Values both owned by executive officers sandalwood tree conservation and the values prevailing in society.

III. CONCLUSIONS AND RECOMMENDATIONS

III.1. Conclusion

Based on the results of research and discussion, it can be concluded that: Implementation of policy on sandalwood significantly influences the effectiveness of conservation sandalwood tree in South Central Timor regency of East Nusa Tenggara province. This suggests that the role of the organization, interpretation, and application of an approach to improving the effectiveness of sandalwood tree conservation in South Central Timor regency of East Nusa Tenggara province.

Dimensions of public policy implementation which consists of the organization, interpretation, and application of considerable influence on the effectiveness of conservation of sandalwood trees in South Central Timor regency of East Nusa Tenggara province. Of the three dimensions, the dimension of interpretation that has the greatest influence, while the dimensions of the application has the smallest influence. Thus the dimensions of the application in policy implementation needs to be improved further, so that the effectiveness of conservation sandalwood tree is reached.

The results also show that there are other factors that need attention if the effectiveness of the conservation of sandalwood trees in South Central Timor (TTS) of the province of East Nusa Tenggara (NTT) to be improved. Another factor is the

participation factor and factor values were applied to both the implementers and the public authorities of the target of conservation.

b. Recommendations

The recommendations are the development of the scientific aspects to the writer suggested the following:

1. Research findings indicate support for the theory of policy implementation from Jones (1994:164) the dimension organization, interpretation, and application of the conservation effectiveness of sandalwood trees. Because of the limitations of this study, it is necessary to follow through subsequent research, that the theory of Jones (1994:164) supported by the results of this study to be more tested again. Urgency of further research is due to the fact the study only focused on the significance of testing and measuring the effectiveness of conservation of sandalwood trees in the district of South Central Timor (SCT) of the province of East Nusa Tenggara (ENT).
2. This study used survey methods in the design of quantitative explanatory. To gain a deep understanding of the process of policy implementation sandalwood conservation, it is necessary to model more comprehensive and standard so that it can explain all the dimensions of the research as a whole.
3. In the present study found other factors that influence the implementation of public policy. Therefore, it is expected to do further research in order to enrich the science disciplines of public administration, particularly on the implementation of the policy.

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POLICY TO PROMOTE HUMAN DEVELOPMENT INDEX (HDI) WITH CASE STUDIES OF STATE OF KERALA-INDIA, SRI LANKA AND SINGAPORE

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ABSTRACT

The conception of human development is primary to benefit people, especially to improve the quality of life (Haq, 1995). There are many indicators of human development, this paper focus on the Human Development Index which is proposed by UNDP. The index is a composite index to measure a country's achievements in three basic aspects of human development, they are: health, education and income. Since then, many government uses HDI to promote their development policy based on HDI indicators, especially in the condition of a dominant population have not access to the basic needs and social services by the government.

This paper particularly explores how a policy by the government affects on the progress of human development index, especially in three countries. They are State of Kerala-India, Sri Lanka and Singapore. The finding from literature review indicates that the government which has policy based on HDI indicator

as high priorities will give direct correlation with human development progresses in their area. In this way, policy by the government is the key factor to promote and maintain human development index.

I. INTRODUCTION

United Nations Development Program (UNDP) announced the rank of wealth countries around the world based on Human Development Index's achievement. Human Development Index (HDI) is a tool to measure a country's achievements in three indicators of human development. They are health, education, and income. HDI could be used by governments to ensure the effectiveness of human development policy in their countries. For example Indonesia which has steady progress of human development index. Based on UNDP report, the rank of Indonesia decreased drastically, from 108 in 2010 to 124 in 2011 although the index itself has increased from 0.613 to 0.617.

The achievement shows that the improvement of HDI's indicator in Indonesia is left behind than other countries, especially in South East Asia Region. The reality is worrying human stakeholders in Indonesia, for example *Koalisi Perempuan Indonesia* (Indonesian Woman Coalition) asked Government and Parliament to give explanation about HDI's achievement (Pikiran Rakyat, 5/11). Furthermore, the achievement becomes headline national newspaper Kompas (8/11) which mentioned that the development grows was not qualified; strategy economy in Indonesia did not give welfare for the community.

This paper will discuss policy to promote human development index. The paper empirically links the theory found during the literature review with the empirical data (Coffey and Atkinson, 1996). A detailed outline of each part can be found in the following sentences. The following part will define HDI as indicator to ensure the level of welfare. Subsequently, the next part will examine the key determinants of human development policy to increase HDI by providing case studies on the state of Kerala-India, as well as the countries of Sri Lanka and Singapore. The reason the countries were chosen is also mentioned in this part. Finally, the last part concludes this paper.

II. DISCUSSION

II.1 HDI as Indicator to Ensure the Level of Welfare

The most important reasons why governments exist are to coordinate actions for providing public goods and security while also bringing development or improving welfare for the community. To fulfil these purposes, governments need real indicators to measure human development. Based on these indicators, an impartial or unbiased government can apply several policies to achieve good progress in human development.

The United Nations Development Program (UNDP) maintains that human development is formulated to provide the people with greater choice (UNDP, 2010). To measure human development, in 1990 UNDP promoted a Human Development Index. HDI was developed by Mahbub Ul Haq with Amartya Sen and other human development experts for the first Human Development Report in 1990 (UNDP, 2011). HDI is a

composite index to measure a country's achievements in three basic aspects of human development. They are health, education, and income. Since that time, many policymakers at the national and local level use HDI as a guideline to construct human development strategies.

In the beginning, the objective of improving the quality of life was measured by economists with the growth in gross national product (GNP). This is based on the assumption that with higher GNP per capita of a country, the more likely it is to have a higher average of life expectancy, lower infant and child mortality rates, higher literacy rates, and greater emphasis on human development (Anand & Sen, 1996). However, several recent studies have confirmed that the correlation between income per capita and human development is not relevant. Many countries have reached a high level of human development with less gross domestic product (GDP) per capita. Additionally, many countries maintain a low level of human development with a higher GDP. For example, Sen (1999) observes that the citizens of Gabon, South Africa, Namibia, and Brazil may be much higher in terms of GNP per capita but have a lower life expectancy than people living in Sri Lanka, China, and the state of Kerala-India.

To refine the previous theory, beginning in 1954, a group of experts made specific recommendations against the use of per capita income as a measure of the quality of life (Noorbakhsh, 1996). In addition, since 1990, UNDP states that the main purpose of human development is to widen the range of human choices and also to enlarge human capabilities. Capabilities itself cannot be measured by looking solely at people's achievements, except in the case of basic capabilities, such as being able to elude mortality, morbidity, and hunger. People in general will tend to give priority to such elementary indicators of capabilities in a similar way (Anand & Ravallion, 1993). In this way, basic capabilities have an important role to promote human development in general.

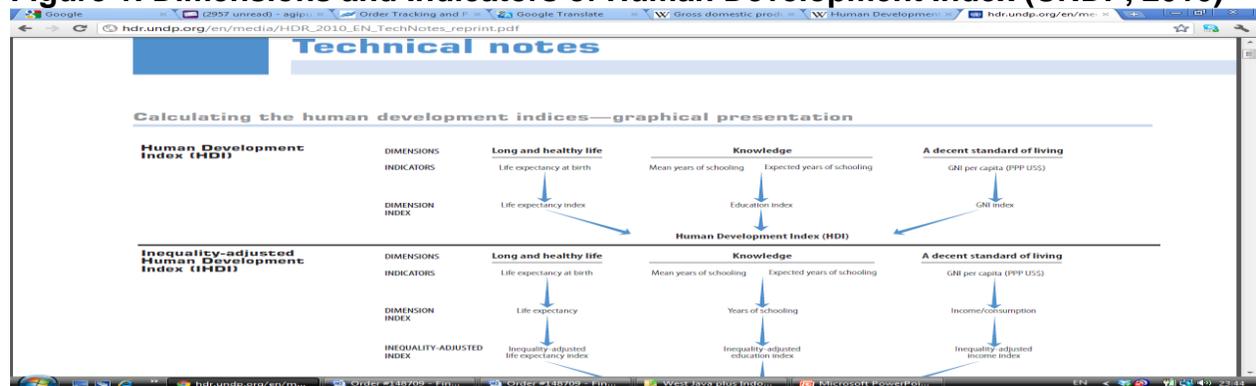
However, some critics have been addressed to HDI. Murray (1993) and Srinivasan (1994) state that HDI has limited scope in measuring human development (Noorbakhsh, 1996). McGillivray (1991) found that HDI is redundant. In other side, many researchers believe that HDI is better than the GNP approach to measure the level of development. Streeten (1994 & 1995) states that HDI shows the insufficiency of other indicators, such as GNP. Desai as cited in Noorbakhsh (1996) argues that HDI "captures many aspects of human condition". To address these concerns, the Human Development Report considers additional indicators beside HDI. For example, in 1992, the Human Development Report proposed a Political Freedom Index (PFI), which has five components. They are personal security, rule of law, freedom of expression, political participation, and equality of opportunity.

In 1995, the Human Development Report included the Gender Development Index (GDI) and Gender Empowerment Measure (GEM). GDI measures the same dimensions as HDI but includes inequality in achievement between women and men (Anand & Sen, 1995). Indicators of GEM have four components. They are seats held by women in parliament, female administration and managers, female professional and technical workers, and women's real GDP per capita (Hancock 2000). In 1997, the Human Poverty Index (HPI) was introduced. This composite is divided in terms of regions, states, provinces, gender, races, ethnic groups, and the rural-urban divide. The HPI is meant to

elaborate human development from the perspective of deprivation and to assess whether the benefits of human development are equally distributed (Jahan, 2003).

For the composite of HDI alone, UNDP made some improvements in 2010. Health is still measured by life expectancy at birth. Education is measured by combining the expected years of schooling for a school-age child in a country today with the mean years of prior schooling for adults aged 25 and older. It will capture the level of education and recent changes more clearly than the previous one. The measurement of income has changed from purchasing-power-adjusted per capita Gross Domestic Product (GDP) to purchasing-power-adjusted per capita Gross National Income (GNI). GNI provides a real economic picture of the country in general because it includes remittances and foreign assistance income.

Figure 1. Dimensions and Indicators of Human Development Index (UNDP, 2010)



However, those improvements do not make HDI as a comprehensive tool to ensure human development in all aspects. The conception of human development has wider dimension and it will not represent in limitative indicator as HDI. HDI is a valid approach to measure three basic indicators of human development. The author called these basic indicators because the concept of human development itself is wider than can be measured in the HDI, which can only propose a general proxy on three basic indicators of human development. They are long and healthy life, knowledge, and a decent standard of living. This argument agrees with Mark McGillivray and Noorbakhsh (2007). They mentioned that HDI is successful to guide policymakers particularly in developing countries to achieve higher levels of education, health, and incomes. It is in line with Jahan’s (2003) argument which mentioned HDI as a meaningful measure of development.

Table 1. Additional Indicators beside HDI to Promote Human Development by UNDP

No.	Name of Index	Indicators	Released
1	Political Freedom Index (PFI)	Personal security, rule of law, freedom of expression, political participation and equality of opportunity.	1992

2.	Gender Development Index (GDI)	Same as HDI but includes inequality in achievement between women and men.	1995
3.	Gender Empowerment Measure (GEM)	Seats held by women in parliament, female administration and managers, female professional and technical workers and women's real GDP per capita.	1995
4.	Human Poverty Index (HPI)	Regions, state, provinces, gender, races, ethnic groups and the rural-urban divide.	1997

II.2. Policy to Promote HDI on Three Case Studies of Kerala-India, Sri Lanka and Singapore

Governments need to choose the right priority for their development process. Governments must consider basic needs as indicators to improve the condition of human development in the context where a significant population does not have access to the basic needs and social services provided by the government. The process becomes a crucial part of government policy because having the wrong priorities will give little positive impact on the progress of human development. Griffin and Terry (1994) found that “a large public sector with the wrong priorities will do little to promote human development, whereas a smaller public sector with better priorities can have a large impact on human development”.

This paper evaluated the state of Kerala-India, and the countries of Sri Lanka and Singapore. The main reason the author analyses them is that they are widely known as models of human development progress in their areas. The state of Kerala-India has achieved high levels of human development among other states in India, especially in terms of literacy, education, health, status of women, and demographic factors. Sri Lanka has high achievements in HDI, especially in health and education; otherwise, this country has low levels of income. Singapore is one of the world's leaders in human development progress, especially in the education and health sectors. Singapore's HDI is above the Southeast Asian regional average and also for the world. The study empirically examines these countries by linking the theory of human development policy and its implication in these three areas, which have high achievement in human development.

Policy to promote HDI by the government is reflected by budget allocation to support the improvement of HDI's indicators. For example, many scholars mentioned about high achievement on HDI in the state of Kerala-India. Chakraborty et al. (2010) found that the achievements of Kerala are mainly based on government action on human development policies. They said that public policy and public action are the basic factors allowing Kerala to achieve remarkable progress in human development issues. The government of Kerala has focused on creating opportunities for their community based on social justice, economic equity, and people-centred public policy (UNDP, 2005). The state also makes several breakthrough policies to improve the quality of human development, such as providing holistic healthcare, employment-oriented higher education, high-quality social security, pro-poor food and nutrition security and gender justice (Ramanathaiyer & Machperson, 2000).

In addition, in the case of Sri Lanka many researchers believed that the high achievement of human development in the country has a direct correlation with government intervention in several basic needs, especially health, education food

subsidies, and other social welfare. The low level of income in the country would not improve the condition of human development progressively (Anand & Kanbur, 1991). Therefore, the role of policy by the government to promote human development is significant. This conclusion agrees with Caldwell's (1984) argument as cited in Anand and Kanbur (1991). Caldwell (1984) found that the provision of health services, including the establishment of a nutrition floor and family planning programme, can reduce mortality. In addition, Griffin and McKinley (1994) found that Sri Lanka is known for giving high priority to human development expenditures; therefore, the country has a large impact on human development.

Furthermore, Singapore has good performance on social spending and public expenditure strategies, education financing, health financing, and social health insurance. The country has reputation as one of the most efficient healthcare systems in the world (Tucci, 2010). On the other argument, Mundle (1998) states that good policies for financing human development combined with several circumstances, such as resources, hard work, and enterprise are the key to Singapore's success in achieving a high condition of human development. In this way, we can conclude that policy or intervention by the government to focus expenditure on social welfare has a positive impact on improving the quality of human development, especially in three countries above.

To gain optimum result government should ensure that the program is running effective and it is based community's need. The level of effectiveness can be measured by the level of corruption. The World Bank (2010) defined that the low level of corruption will increase access and the quality of public services. This is also found from Transparency International Survey which found the correlation between corruption and welfare, the lowest level of corruption in the country tend to have the high level of welfare. In the case state of Kerala-India, the state has effective expenditure targeting and delivery, as suggested by Ranis et al. (2000). It is shown by the Transparency International survey in 2005, which found that Kerala has the lowest rate of corruption in India. Singapore has excellent reputation in this matter as well. The data from the Transparency International survey in 2010 shows that Singapore is one of the highest ranking countries on the Corruption Perception Index (9.3), together with Denmark and New Zealand. In the contrary, Sri Lanka still has acute problems with corruption and bribery. The Sri Lanka Anti-Corruption Program (2007) acknowledges that corruption and bribery is huge in the society. The Parliamentary Committee on Public Account (2006) estimated that corruption in public sectors costs the country Rs. 100 billion every year.

The indicator to ensure that the program by government is based on community's need is public participation. Government's policy will not have a good impact without the participation of their people. This argument is based on UNDP's (2005) report, which found that participation is the central objective of human development policy, especially to formulate and implement a development programme in line with community interests. In this way, government policies to promote human development and participation from all stakeholders have a strong correlation with the condition of human development. In the case of Kerala-India, it is found that the high achievement on human development index is supported by real participation from the community to contribute to and support the policy actively. The state simply plays a leading role in addressing some critical concerns; however, active participation and deliberation from various stakeholders of

Kerala's civil society creates the real impact for the improvement of HDI in Kerala (UNDP, 2005). In addition, Sri Lanka also has excellent reputation on public participation. The people of Sri Lanka have a long tradition of participation (Huizer, 1997). However, in the case of Singapore Leong (2000) notes that, even though Singapore's political elite realises that greater citizen participation can contribute to enhancing public confidence in policy decisions, Singapore has a low rate of participation by their community in contributing to making policy.

From the three cases of the state of Kerala-India, Sri Lanka, and Singapore, it is clear that policy by the government to promote human development has a correlation with the achievement of Human Development Index. Other indicators, such as the level of corruption and people's participation can also influence the progress of human development. Based on the analysis, Kerala has a good combination of policy, low level of corruption, and a high level of public participation. Sri Lanka has two positive indicators. They are the policy to promote human development and people participation. The main barrier in human development progress in the country is the high level of corruption. Singapore has human development policies, especially in the health and education sectors, but the country has a low level of participation. However, Singapore has delivers high quality basic services to the community, as shown by having one of the cleanest governments by the Transparency International survey.

According to the three cases above, it is found that continuity to promote human development program is crucial to the human development level, because the progress of human development itself is not an instant process but needs many years to obtain results. For example, the indicator of life expectancy is a reflection of the good condition of the health sector in the area, which depends on complex indicators, such as sanitation, clean water, diseases, and basic health services. In addition, the education level is measured by combining the expected years of schooling for a school-age child in a country today with the mean years of prior schooling for adults aged 25 and older.

Based on these indicators, it is almost impossible to gain the optimum result in the short-term government period, when the area already has historical factors in education and health policy from previous eras, which will support the achievement of human development. For example the state of Kerala-India has impact from the role of Christian missionaries in literacy since the 15th century (Venkatraman, 2008). It is also found in the Sri Lanka. Anand and Ravallion (1993) describe that intervention by the government predates the Independence Day in 1948, and in some areas, it has occurred even longer than that. The first Health Unit was established in 1926. This unit provides primary healthcare and control for infectious diseases. Many other developing countries did not create this sort of unit until almost 50 years later. Sri Lanka showed success in campaigning against several diseases, especially malaria and tuberculosis. In addition, government intervention in education began with Education Ordinance No.1 in 1920. This country has promoted free education since 1946. Meanwhile, Sri Lanka has applied food subsidies schemes since 1942. With this approach, the government guarantees the community a supply of basic food items at low prices.

For income, recently HDI's indicator is using Gross National Income (GNI) rather than Gross Domestic Product (GDP). GNI provides a real economic picture of the country in general because it includes remittances and foreign assistance income. This approach

is relevant to the case of state of Kerala-India, which already has many labourers who work in the Middle East and the Gulf countries (Venkatraman, 2008). Their remittances gave an advantage to local economic development, which then enabled the human development approach to be sustained. This situation is also found in Sri Lanka, which received many foreign assistance incomes to support the development programme in the area (Government of Sri Lanka, 2011). However, those factors are not dominant in Singapore.

III. CONCLUSION

HDI provides guidelines for governments to promote their development policies based on HDI indicators, especially in the condition of a dominant population that does not have access to the basic needs and social services provided by the government. Therefore, government policy based on HDI indicators as high priorities will provide a direct correlation with human development progress in their area. In this way, a country or area that has policies to promote human development is higher on the progress of HDI than a country or area that does not have such policies.

In the case of country which has low level of human development index progress. The government needs to evaluate four main elements. First is the policy to promote human development index itself, especially in the term of specific budget from the government to finance human development program. Second is the effectiveness of the program to promote human development index, especially strategy to eradicate corruption in all level of government institutions, from central, provincial and local level. Third is the level of participation by community to get involved in human development index program. Fourth is program sustainability, every period of government must give high priority for human development program.

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INDONESIA DECENTRALIZATION: DIRECT LOCAL ELECTION VS PUBLIC SERVICES DELIVERY

*Nurliah Nurdin*¹⁸

ABSTRACT

It is the function of government to provide public utilities and services. Citizen could argue whether their government really work or not strictly by having the basic need of society provided, such as health care, cheap or even free education, easily to find a job, safety and confort pedestarian, clean and healthy environment, and reliable public transportation. Two bills of Indonesia decentralization have been implemented as decentralization becomes the most important global trends of the new century, yet there is still no consensus on how to design political institutions to realize its benefits. In other side, centralization has been blamed to prolong the nation services during Soeharto Era. However, in remote regions and specific sectors, decentralization has meant aweaker state, more clientelism, and continued environmental destruction. Aconceptual puzzle by academics by question how to have Indonesia decentralization benefit both nation sovereignty and people need fulfilled. To have a strong decentralization on public need, is a institutional work among executive,legislative and judicative at the national level. Further, surveillance on how local election has a strong impact on the public services delivery. Three focuses of this paper are : institutionalism of decentralization, the influences of local election to the decentralization, and Local election's perfomance on Public Services. Data and respondents are gathered since 2011-2012 as the writer become a research expert on Grand Design of Regional Autonomy cooperated between Minister of Home Affairs and the World Bank and The Advisory Board of President on Reformation of Government and Bureaucracy.

Key words: Decentralization, direct local election, public services.

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Introduction

Decentralization in Indonesia has been written in the beginning of independence. Article 18 of the 1945 Constitution provided for the creation, maintenance and development of local governments in Indonesia and for the enactment of a local government act. Then, law concerning local government in Indonesia was Act Number 5 of 1974, which was entitled Governance at Regional Level (hereinafter referred to as the Local Government Act of 1974). This title is intended to indicate that the territorial division and sub divisions of Indonesia were not only administered locally, but also nationally as well as jointly. The entire territory of the Republic of Indonesia was divided and sub divided with regards to the principle of deliberation and consensus in administration and the traditional rights of the regions that have a special character according to the Constitution. This last provision is concerned with the great diversity of people constituting the Indonesian nation. The different ethnic cultural groups not only have their own customs and dresses, but even languages, cultures and attitudes that vary from one part of the country to another. This diversity enriches Indonesia's unity.¹⁹

Following the reformation momentum, the regional autonomy law No 22 Year 1999 and law of Finance No. 25 in 1999, Indonesia has seriously implementing the regional autonomy law and the Finances Policy. However, some problems have occurred that make the goals of regional autonomy to increase public interest fulfilled and public services were not provided as a expectation of decentralization. Then the revision of regional autonomy law has born Law No 32 year of 2004 which is implemented as a better version of the previous law. Nonetheless, the decentralization still emerge some problems especially on the public services delivery. Further, direct local election that enacted in 2005 as expected to be local participation to increase the democracy values as well to provide a better public services seems to ruin the goals of decentralization. Beside consumpt local and national budget to conduct election, direct local election has openly risen new problems such as local conflict that tend to be a massive demonstration, riots and violences among candidates's supportes, cultural and social unrest, politization of bureucracy, the use of public budget for supporting the election, the attention of elected head of region for public concerns were left out and the concern of reelected and secure the position is mostly the elites focuses instead of guaranttee the public services. This paper is written to explore on decentralization and local election, how they are interrelated to increase public services and how local election has partly ruined the decentralization. How is the decentralization and local election has a negative impact on public services delivery. To answer the question, some studies present on decentralization concept, local election concept, the fact of Indonesia decentralization and the relation of decentralization and local election in providing public services institutionalism of decentralization, the influences of local election to the decentralization, and Local election's performace on Public Services.

A. Institutionalism of Decentralization

Generally, decentralization has been perceived as a transfer of authority from central government to local government with the aims to implement closer the public

¹⁹ Local Government in Asia and the Pacific: A Comparative Study
<http://www.unescap.org/huset/lgstudy/country/indonesia/indonesia.html>

services delivery. Decentralization basically is a reduce of authority of central government to the provincial and local government. Expecting to be closer to their constituent then local election was also held in Indonesia since 2005. The Regional Autonomy Laws No 25 year of 1999 and the extended revision Laws No 32 Year of 2004 were intended to have a better local government performance in building their own regions. In other words, these laws were meant to solve regional and local problems which will free central government from spending much time and energy dealing with local problems; such as number of schools needed, hospital, road, and any public utilities. It is expected that the central government will focus thinking on strategy and supervisory, to deal with globalization issues and to provide and promote the best need of the country. to maintain the national integration and most important is to guide, to supervise, to guard and to control the implementation of decentralization.

Related to this authority transfer, a working paper of UNDP and Germany also proposed a definition of decentralization as stated below:

“...decentralization or decentralization governance , refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of subnational levels..... Decentralization could also be expected to contribute to key elements of good governance, such as increasing people’s opportunities for participation in economic, social and political decisions, assisting in developing peoples capacities; and enhancing government responsiveness, transparency and accountability²⁰

Indonesia actually has law of decentralization year of 1974, somehow under President of Soeharto rule, the strong centralization of any lives of government was applied. Then, riot and demand for reformation happened in 1998, the heaviest strikes ever occurred in Indonesia that parliament stood to step down President Soeharto. The flows of reformation then insist in four areas of changes, namely : law enforcement, civil-military relation; regional autonomy and a support for economic development. When Presiden Habibie replaced President Soeharto, there have been tremendous changes have been made to answer people demand. One of the system changed is the regulation of regional autonomy. Somehow, due to the lack of supervisory from the central government, the decentralization has been applied in different perspectives, not only among local governments, power relation between local government and provincial level but also central government and local government. For example, the head of Kabupaten/Kota make government organizations more than the actual need.

There is proposition that electoral incentives can play a central role in the success of decentralized delivery of local public goods. The presence of formal local institutions, particularly electoral rules that enable voters to reward and punish locally-elected officials, is key for reaping the benefits that decentralization can provide. When constitutional rules

²⁰ Decentralization: A Sampling of Definition, Working paper in connection with the joint UNDP-Government of Germany Evaluation of the UNDP role in decentralization and local governance. October 1999 page 5

do not support electoral accountability, introducing other mechanisms of political rewards and citizen control becomes all the more important.

However, making local government organizations without a necessity assessment only consume local revenue and budget including to pay all the officials expenses. As the impacts, so many program for public services were abandoned due to the insufficient budget, for example training for physician and nurses, training for teachers, local economic empowerment, and other program for public benefits.²¹ Therefore, the law of regional autonomy in 1999 was revised and the law of decentralization 2004 become more details in what are that the local government response for and what is the central government obligation. As stated in UNDP-Germany research recommendation below, decentralization essentially for the much benefit for the local public services.

“... while decentralization or decentralization governance should not be seen as an end in itself, it can be a means for creating more open, responsive and effective local government and for enhancing representational system of community—level decision making. By allowing local communities and regional entities to manage their own affairs and though facilitating closer contact between central and local authorities, effective system of local governance enable responses to people’s needs and priorities to be heard, thereby ensuring that government interventions to meet variety of social needs. The implementation of strategies is therefore increasing to require decentralized, local participatory processes to identify and address priority objectives for poverty reduction, employment creation, gender equity and environmental regeneration²²

This statement clarifies that decentralization is not enough by only transferring authorities to the local government. It needs further participation of local society to make decision. The system should assure that the effective local government is to enable responses of people need. Therefore as one package of decentralization is to count local society participation in the decision making process. It is no longer applicable for any public decision inclusively only determined by elites without people’s concern.

Role of Central Government vs Local Government

Eventhough the practice of local governance in Indonesia has made progress since the reform period, as a enactment of Law No. 22 of 1999 on Regional Government. The relationship between central and local governments become more decentralized, except six powers that remain in the central government, most of the authority delegated to the regions in the field of governance. In general, the law No. 22 Year 1999 on Regional Government has a lot to bring progress to the region and also for the improvement of people's welfare.

²¹ As a consultant of Grand Design of Regional Automony, funded by the World Bank cooperate with ministry of Home Affairs, I have interviewed local bureucracy in three provinces, NTT, West Java and Central Kalimantan that were concern on Public services support such as health practitioners, teachers and businessmen, most of them argued that decentralization has been implemented without sufficient supervision.

²² *ibid*,

The balance of power between central and local government is matter to improve the lives of local society and communities. If there is balance of power between central and local government lies, then there lies the responsibilities and accountabilities for the delivery of improvement. A need for central government to set and monitor national strategic goals, while local government must have its own autonomy to shape the development of their communities. However, as it is also stated in the research done by the World Bank, that the actual balance between central and regional authority is not just about a conscious division of labour but also about concrete struggles over political and economic resources as illustrated in Indonesia, where decentralization has resulted in confusion about the distribution of power and authority between different levels of government. Rather than a technical governance issue, the confusion stems from a tug of war between competing interests which has a concrete, material basis.

In the Central government, powerful coalitions retain a vested interest in maintaining some control over local resources and authority over taxes, royalties and investment policy, while attempting to balance this against aspirations for greater local autonomy. On the other hand, local elites (especially at the subprovincial level) are intent on taking direct economic control, typically citing the injustice of past practices that allowed Jakarta to exploit Indonesia's vast riches. In the meantime, provincial authorities are stuck in the middle, struggling to retain some power and not to fall into the oblivion of political and administrative redundancy. The result: rather than breaking up centralized state intervention and promoting investment, decentralization has so far opened the door to a host of uncertainties which frighten investors.²³

Further, the research also stated for cautions that decentralization '*may not always be efficient, especially for standardized, routine, network-based services*'. It can also 'result in the loss of economies of scale and control over scarce financial resources by the central government'. In fact a central theme has been a wariness that 'weak administrative or technical capacity at local levels may result in services being delivered less efficiently and effectively in some areas of the country'.²⁴

As seen in the Chart 1, central government only has six powers over the local government, they are Foreign Relations; Defense; Security; Judicial; Monetary and Fiscal; Religion. On the other hand, local government has been transferred 31 decentralization authorities in addition to 8 optional authorities. Having that lots of authorities supposedly make the local governments worked more with establishing downward accountability to citizen levels.

Further the authorities make the local government perform the public goods levels maximized under decentralization. Centralization, on the other hand, produces the surplus maximizing public goods levels only if the districts are identical. Thus, with identical districts, decentralization dominates when spillovers are small and decentralization

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²⁴Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives Vedi R. Hadiz the Centre of Southeast Asian Studies, University of Hong Kong and the Faculty of Arts and Social Sciences, National University of Singapore.

dominates when spillovers are large. With non-identical districts, decentralization is still better when spillovers are small.²⁵

One of the most important matters in decentralization is the accountability from local elected governments to the central government level. Transfer of expenditures and political responsibility to the local authorities may be supported to alleviate the burdens on the central government. It may also be a means of more revenue generation by mobilising more local resources. This means that decentralisation can be a “win-win situation” for both central and local governments. Decentralisation processes may simply provide positive development and democratisation options which a centralised governmental system does not offer.

Chart 1. Indonesia Central and Local Government Authorities

Central Government 6 Authorities	Provincial Government, Local Government/Municipality: 31 Decentralization Authorities + 8 Optional Authorities
<p>6 powers in the Central Government: Foreign Relations; Defense; Security; Judicial; Monetary and Fiscal; Religion</p>	<p>31 Compulsory Action: Social environment; Trade; Marine and Fisheries; Forestry; Education; Health; SMEs; Workers & Transmigration; Farms and Estates Mining; Transportation; Investment; Culture and Tourism; Population; Empowerment of Women; Family Planning and Family Welfare; Industry; PU; Management of space; Youth and Sports; Information and Communication; Housing; Archives; Defense; The Unity of Nation and Politics; Statistics; PUM; PMD; Personnel; Library</p> <p>Proposed Action: Marine and Fisheries; Agriculture; Forestry Energy and Mineral Resources; Tourism; Industry; Trade, and Transmigration</p>

Source: compiled of law No 32 2004 on Local Government²⁶

B. The Influence of Local Election to Decentralization

Local direct election in Indonesia has been implemented as extension of local government laws (No 32 Year of 2004) to make the public services and local interest closely implemented. It was firstly applied in regency of Kutai Kartanegara in June 2005. One year after the first direct election for president and the house of representative member. As written in dictionary of babylon, election is one way to make the public services closer to the need of people. Having local executives and legislatives are elected directly supposedly make the relation of member of representatives and their constituents

²⁵T. Besley, S. Coate / Journal of Public Economics 87 (2003) 2611–2637 Centralized versus decentralized provision of local public goods: a political economy approach Timothy Besley,*, Stephen Coate a Department of Economics London School of Economics London WC2A 2AE, UK Department of Economics Cornell University, Ithaca, NY 14853, USA Received 13 June 2001; received in revised form 29 April 2002; accepted 10 June 2002

²⁶ Nurliah Nurdin, Comparative of Presidential System Indonesia and the United States; Rivarly Relation between Executive and Legislative 2004-2009, MIPI 2012, page 107

of no boundaries. In other words, people's need and interest can be easily heard by the representative and as outputs to increase people's prosperity.

Election is the process of voting in order to select one person from a specific group to perform certain duties in a government, society or corporation. Local elections are the elections held for the purpose of choosing representatives for local government or for a county council, town or city. Elections can also be held for the purpose of deciding a state public question.²⁷

Somehow, as mentioned before, local election and decentralization have made the bureaucracy in pathology which is only serve for elites in power. There is a swift corruption from central government to the local government to the broad power wealth management and financial areas as well as "money politics" that occur in local elections.

The World Bank lists that at least five criteria are necessary for successful decentralization. These requirements are ensuring that local financial resources match the ability to provide local public services, the local community should be aware of the cost of services, the community should be able to express their desires in a meaningful way, there should be transparency and accountability of local government activities and the legal and institutional system should match the political objectives.²⁸ All these criteria have not been implemented as a result of direct local election to decentralization.

The evidence shows that public services are still minimum rate due to the high corruption as actually increased after local election. It seems the corruption only sphered out from central government to local government. Some research and publication showed Indonesia was in a chronic corruption state. Corruption ranked by Transparency International Indonesia in 2009 on Corruption Rating Index (CPI) placed Indonesia at 111 of 180 countries in the world. While for the ASEAN, Indonesia is ranked 5 of 10 ASEAN countries, namely Singapore, Brunei Darussalam, Malaysia and Thailand are at 1-4, while Vietnam, the Philippines, Cambodia, Laos and Myanmar who finished 6-10.²⁹

Corruption in local election has a nightmare impact on decentralization. Guidance and guard to track the decentralization and transferred power as well as authority must be redesigned. Direct local election has made political transaction between the head of regions with investors, businessman, bureaucracy and any level of government to be involved in corruption by bribing, pre-emptive trading and monopoly and using bureaucracy as campaign supporters.

By looking at a variety of data, a major challenge to the results of recruitment political leadership through Direct Election is to minimize the impact money politics that cause negative political reciprocation before election immediate progress. Another challenge is the increasing professionalism of the head areas. Formulation of good policy

²⁷ http://dictionary.babylon.com/local_elections/

²⁸ Green Keith, Decentralization and Good Governance The Case of Indonesia, Munic Personae RePec Archive, Online at <http://mpr.ub.uni-muenchen.de/18097/>, MPRA Paper No. 18097, posted 23. October 2009 / 13:

²⁹ Dr. Dyah Mutiarin, SIP, Nur Hayati, SIP, Delina Asriyani, Analisis Dampak Positif dan Negatif Dalam Pemilukada Langsung Bagi Kualitas Pelayanan Publik di Daerah Universitas Muhammadiyah Yogyakarta dalam Forum Ilmiah Nasional Program Pascasarjana, UMY, 24 Desember 2011

is largely determined by the understanding of the regional head of the policy formulation process that puts community as a major public policy benefit designed. System of direct election still contains the possibility of the election of regional heads less capacity

A recent USAID document on decentralization in Indonesia replicate that local governments have little experience with participatory self-rule and will need assistance to create adequate mechanisms for participation, transparency and accountability. They also have limited technical capacities, particularly to perform functions that have been provided by central agencies, and they will need assistance to demonstrate to citizens that autonomy does lead to improvements in services and the environment. Particular attention will be paid to ensure women's participation and concerns are included at all levels.¹⁰³⁰

Then what can be done to force elected local head of government only concern to the local public interests as so many political transaction occurred during the campaign time. How to make any policies are responded to the public' need and avoid the accumulation need of the campaign team and the business cooperation behind the screen? The results thus far correspond to a simple model of political agency. It requires that voters are informed of and care about the program's impact, and mayors with re-election incentives exert effort on program delivery in order to increase their chances of re-election. A prediction of this model is that first-term mayors are more likely to get re-elected in municipalities where the program performed better. Clearly, re-election responds to the quality of performance in a broader set of public functions which are presumably correlated with effective management.

C. Local Elections Performance on Public Services

Direct elections for executive electing president and parliament members have been implemented in general election of 2004 for the first time. The euphoria of democratization demand for public participation in electing their own leaders. President along with Vice President were elected directly as a result of Constitution Amendment 2002. Following national election for national level elites, then in June 2005 was the first time to have a direct election for local government office both for executive. Candidate who run election have to be known by local public. Without a clear framework and tighten condition, everybody has a right to promote him/her self to be elected. In 1999, it was DPRD member (local representatives) who elect the head of region or to impeach if their accountability report was questionable.

Therefore, it was common cases that to be elected, the candidate of Head of Region (Bupati or Walikota) then bribe the DPRD member to take their political party seats. The more the support votes the more money will be given to the DPRD member. It was the same way at the time of speech of accountability; it happened that DPRD would reject or accept the speech depend on the amount of money have been located for designated members. Having those practices in all over the regions³¹, made the law of

³⁰ Vedi.R.Hadiz, op.cit

³¹ As the Ministry of Regional Autonomy, Prof Ryaas Rasyid had received many files and document for such this bribery to elect or to impeach local head of government.

local government was revised by conducting direct local election. Yet, more problems raises especially for the public services fulfillment.

According to international dictionary, public services are:³² employment within a government system, especially within the civil services; a service performed for the benefit of the public, especially by a non profit organization; the business of supplying an essential commodity such as water or electricity, or services such as communication or transportation to the public. Public sector performance defined as achievement of the objective formulated by the elected politicians is essential in a modern democracy and the ultimate purpose of this research unit is to find a new ways to improve this performance.³³ While public service motivation can be defined as general altruistic motivation to serve the interests of a community of people, a state, a nation or humankind³⁴

The World Bank classifies decentralization by its three main forms of political, administrative and fiscal decentralization. Political decentralization incorporates local democratic elections for officeholders and a representative local legislature. Administrative decentralization grants the authority of local governments to hire staff and conduct local government affairs with a minimum of direct central government approval. Fiscal decentralization enables local governments to raise and receive revenue, make expenditures and issue debt for local purposes.

Central governments are increasingly delegating to local governments the implementation of social programs in hopes of improving their performance. Yet, for decentralized program implementation to be effective, locally elected officials must have an incentive to achieve high levels of performance. Electoral incentives affect the performance of a major decentralized conditional cash transfer program, countries have decentralized the implementation of public programs to locally-elected governments in seeking efficiency gains in performance.

The expectation is that local governments have unique advantages in allocating public resources, such as access to information not available to central authorities and local social capital to enforce rules. Moreover, local elections can be used to reward elected officials based on good program performance. In practice, however, decentralized program implementation may not meet this expectation. Although the informational advantages associated with decentralization have been shown to exist, the accountability of local governments to program stakeholders can be curtailed by the power of opportunistic elites or by political institutions that do not give citizens the ability to discipline elected officials. For instance, term limits may curtail incentives for politicians to make efforts in providing high quality local public goods when they can no longer seek re-election. Local politicians' performance in program implementation would thus depend

³² <http://www.thefreedictionary.com/public+service>

1. ³³ Jane Holm Pederson < Public services Motivation: Concepts, Causes and Consequences >, Auh 2008.

lh@akf.dk www.akf.dk/psm/.../projektbeskrivelse.pdf

³⁴ *ibid*

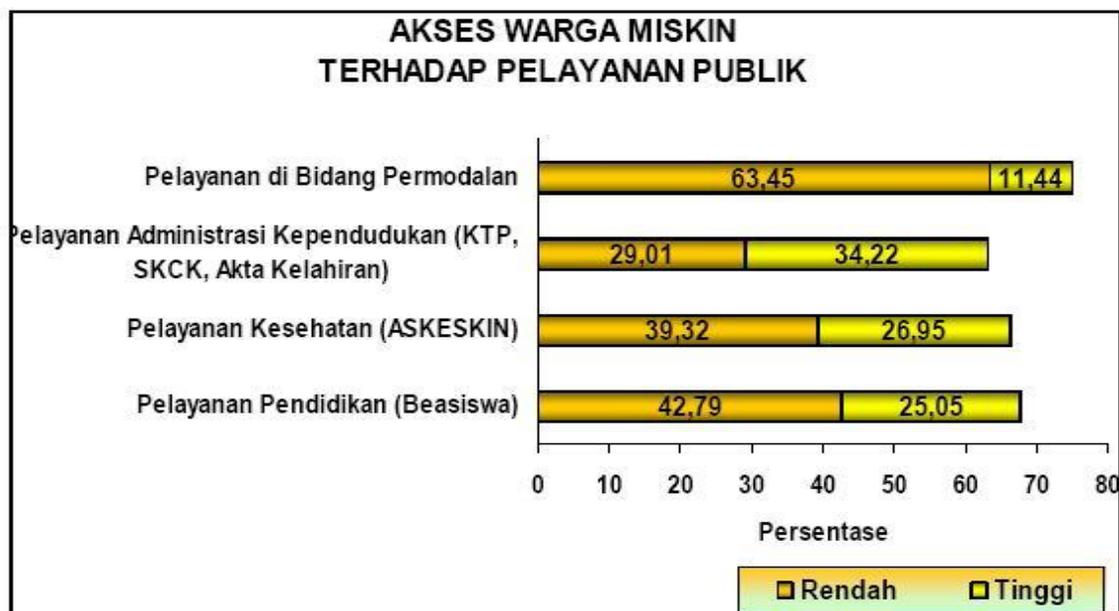
onexistence of electoral incentives for them to make good use of the informational advantages they possess.³⁵

The findings of Governance Assessment Survey in 2006 in ten provinces in Indonesia shows that public perception of the public service is still very low. Even more surprising is that most cause of the failure of businesses in the area are corrupt bureaucracy (41.7% legal certainty over land (33.1%), and regulatory uncertainty (25.2%). This clearly shows that local public services have not managed to drive investment.

As shown in Chart 2, the Poor Accessibility to Public Services in the Region that has been done by Gajah Mada University 2006 shows four public services, on public finance access only 63,45 percents not been serviced; on public identification card, police resume, birth certificate only 29,01 percent afforded; health care services only 39.32 percents available for poor society; and scholarship only covered 42,79 percent of the need. These numbers considered low and not be progress.

Citizens have not yet fully feel the benefit of decentralization policies. This indicates that decentralization has not reached the expected goals of strong public autonomy that must influence on public support system of regional autonomy. When the implementation of regional autonomy is worse, then the public will questioned the government system of regional autonomy. When the public questioned the system of regional autonomy including the recruitment of head and local elections to be a significant variable.

Chart 2. The Poor Accessibility to Public Services in the Region
Sources: Governance Assessment Survey, the Center-UGM 2006



³⁵Local Electoral Incentives and Decentralized Program Performance Alain de Janvry, Frederico Finan, and Elisabeth Sadoulet University of California at Berkeley September 2009 research project, and to The World Bank, UNESCO, and DIFID for financial assistance in covering the cost of the survey.

Source *Governance Assessment Survey*, PSKK-UGM, 2006.

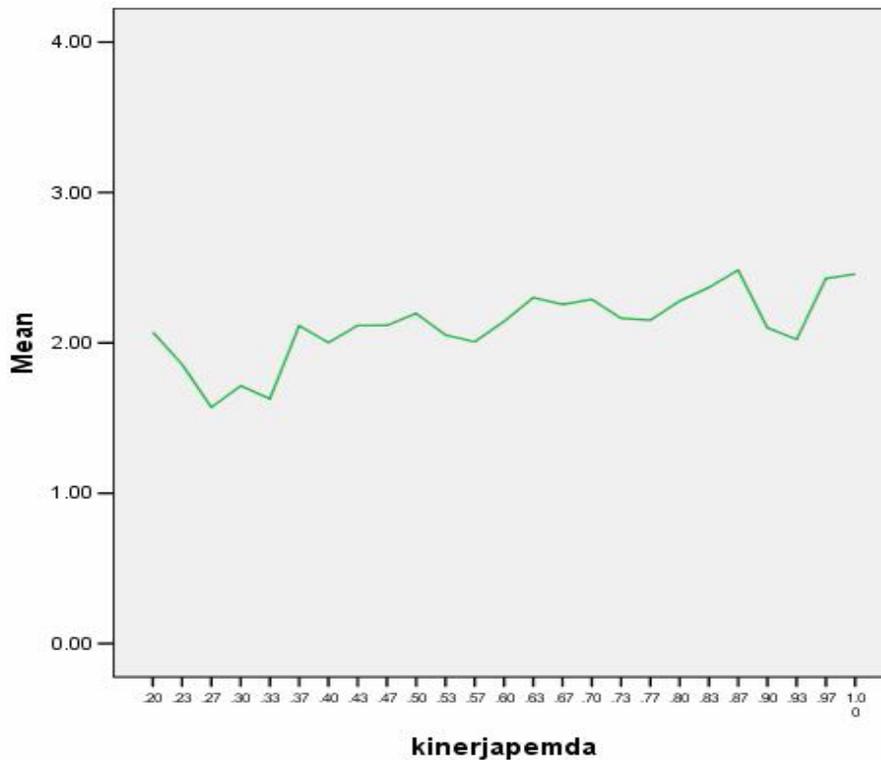
The theories and arguments for the decentralization or devolution of powers to elected local politicians are, for instance:

- a) That the planning and implementation of services are *best performed* by those concerned with the delivery of the services;
- b) That a *better quality* will be achieved if the producers and consumers of the services are close to each other;
- c) That decision-making will be *more participatory or democratic* if elected officials and their electors are in close contact;
- d) That *more efficient and cheaper* service delivery will be the result of a mix of local demand and supply, since the local authorities know better the actual needs and the costs of production.
- e) Finally, the process of decentralisation can provide an opportunity for the institutionalisation of *gender concerns* at the local level and create spaces at the local level for women as political actors.³⁶

However those arguments were not implemented yet. There is no sufficient smart regulation to force local government to do the best of their local citizens need. On Chart 3 can be seen is a study conducted by the Institute for Survey Indonesia in 2007 on local government performance and performance correlation autonomy found that the roots of not performing well related to regional autonomy public evaluation on the performance of local government. Positive evaluation of the performance of public autonomy depends on whether the government will get better performance, or otherwise. In general, people do not feel much difference in the impact of autonomy and local government system prior to their lives.

Chart 3. Correlation of performance and the performance of local government autonomy

³⁶Eidgenössisches Departement für auswärtige Angelegenheiten EDA, Direktion für Entwicklung und Zusammenarbeit DEZA, Themen und Fachwissen, Sektion Gouvernanz



Source: Lembaga Survey Indonesia tahun 2007

Indonesia Condition on Decentralization

It is expected that the human development index (HDI) is getting better by implementing decentralization. Since applied in 1999, the regional autonomy has not been able to fulfilled the expectation. Indonesia is still lagging. HDI is still lack behind on public services. United Nations Development Program (UNDP) stated that Indonesia only 0.617 of HDI. This figure dropped to position 124 of 187 countries, from last year ranks 108 of 169 countries.³⁷ IPM is a measure of the success of development of a nation by looking at three key indicators, namely economic development, health, and education.

For the level for Human Development Index, Indonesia ranks in the sixth level in ASEAN with index 0.617. This position is under the Singapore ranked 26th (0.866); Brunei, sequence-33 (0.838), followed by Malaysia, ranked 61st (0.761), Thailand, the order of 103 (0.682), and the Philippines, ranking -112 (0.644). The position of Indonesia is only better than Vietnam, which was in the order of 128 (0.583); Laos, position-138 (0.524); Cambodia, order-139 (0.523), and Myanmar, the rank-149 (0.483). One indicator of decline in the index is the average length of schooling of Indonesia is only 5.8 years.³⁸

³⁷ Data was copied from Tempo Magazine, Monday November 7th, 2012

³⁸ ibid

Analysing the decreasing of HDI after Indonesia applied regional autonomy, then, some questions rised, what is decentralization for if the index of human development even lower and the public services are not achieved by local society. Decentralization has its advantages and disadvantages. The overall impact of decentralization on service delivery depends critically on its design and prevailing institutional arrangements. Some literatures determine on factors that are likely to influence whether decentralization improves the efficiency of resource allocation, promotes cost recovery and accountability, and reduces corruption in public services.

The literature suggests that decentralization may work best, indeed may only be meaningful, if there is a local democracy; local democracy may work best in socially and economically homogeneous communities; and the devolution of the power to tax can create vertical externalities in terms of tax rates that are too high. The most sensible form of decentralization may therefore be to create local democratic governments, match jurisdictional design to communal lines, and to primarily devolve expenditures rather than taxes (using transparent and formula-driven fiscal transfers).³⁹

As seen in Chart 4, there are 15 local government expenditures on public it is only around 20 percents of the total local budget. Another 80 percents of budgets were primarily used for offices, local employment, and other bureaucracies expenses. This imbalance expenditures for public versus local government were the pictures of most local government budgetary. The expectation to have a prosperity by decentralization and direct local election will not be achieved any soon if the figure of local government expenditure ration 80:20 percent which are 80 percent for bureaucracy and 20 percent only for public need including to build road, provide health services and education.

Chart 4. Local Government Expenditure on Public vs Office

NO	LOCAL GOVERNMENT	% TOTAL LOCAL BUDGET for OFFICE
1	Kabupaten Tulang Bawang Barat	76,08%
2	Kabupaten Klaten	75,13
3	Kabupaten Lampung Tengah	74,57%
4	Kabupaten Pringsemu	73,35%
5	Kabupaten Boyolali	71,66%
6	Kabupaten Purworedjo	71,56%
7	Kabupaten Mojokerto	71,24%
8	Kabupaten Karanganyar	71,17%
9	Kabupaten Tanah Karo	71,04%
10	Kabupaten Kulon Progo	70,93%
11	Kabupaten Pidie	70,85%
12	Kabupaten Magetan	70,83%
13	Kabupaten Bireun	70,62%
14	Kabupaten Banyumas	70,62%
15	Kabupaten Kuningan	70,27%

Source: Ministry of Finance, copy from Media Indonesia, Friday Oct 8, 2010

Summary

³⁹ *ibid*, omar hal 28

Some research have been done to evaluate the decentralization impact on the fulfilment of local public needs. There is a finding in the research of Grand Design of Regional Autonomy⁴⁰ that bureaucracy has been damaged as an implication of local direct election. Each employees is expected not to be neutral but to take side on one to another candidates. If, for example, the major and the vice were both running for the next election, then most of bureucrats were forced to support one to another candidate. If then, the candidate supported won, all good position in the office will be easily transferred to the “man of elected government. On the other hand, if PNS has supported a lose candidate, then all the position that they have being involved would be directly take from them. No carrier path for PNS .

Direct election raises many problems. Instead of producing a regional head of qualify and effective work for the people, some elected leaders actually involved in corruption. This condition can not be allowed because it will continue to cause harm (adverse effects) for the community. There are six major performance to measure a program success or failure. they are: 1) local governments should increase their own-source revenues. Dependence on central transfers should decrease and the local proportion of budget financing should increase after dcentralization for sufficiency of local government. 2) government actions are transparent and civil society is permitted to operate freely—devolution should increase the accountability of government officials and discourage most forms of corruption. 3) The advocates of decentralization, moreover, argue that decentralizing the delivery and in some cases the financing of *local public goods* (i.e., public goods that do not have substantial inter-jurisdictional spillovers) improves the allocation of resources, cost recovery, and accountability, and reduces corruption in service delivery.⁴¹

Decentralization is thought to bring government closer to the people by way of introducing or strengthening the electoral process at subnational levels, the formation of councils and citizens committees, and direct participation of the users of services and beneficiaries of public goods delivery. Even where not locally elected, subnational government is thought to have greater knowledge of local preferences, so decentralization may encourage allocative efficiency. An efficient division of responsibilities among different levels of government requires, however, that the role of each level of government must match its capability, and a set of rules defining who has authority and who will be held accountable. These rules should be explicit and transparent. Fundamental rules are most often spelled out in the constitution, leading to laws and regulations covering specific implementation of the fiscal system and public goods delivery.

As has been written by one of Indonesian Regioal Autonomy promotor, Ryaas Rasyid that dealing with issue of provincial and local regulations that are considered in violation to the law, it should have been avoided if the central government consistently

⁴⁰ Nurliah Nurdin as one of the consultan in Grand Design of Regional Autonomy which the research periode from November 2010- April 2011.

⁴¹ Omar Azfar, Satu Kähkönen, Anthony Lanyi, Patrick Meagher, and Diana Rutherford, Decentralization, Governance and Public Services The Impact of Institutional Arrangements A Review of The Literature IRIS Center, University of Maryland, College Park September 1999

fulfilled its obligation to provide guidelines, to supervise and control the implementation. Even after the enactment of all those thousand provincial and local regulations, the central government still as an authority to invalidate them. If the central government dose the job excellently, then the implementation of local election and decentralization policy could be succesful in reaching its destination to maximaze public serivices at the provincial and local level.⁴²It needs a lot of political will to implement the decentralization and local direct election proportionally .

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⁴² Ryaas Rasyid, paper presented for the GSU Conference: Can Decentralization Help Rebuild Indonesia? Atlanta, Georgia, May 1 2002

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DECENTRALIZATION TO CREATE GOOD GOVERNANCE

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ABSTRACT

Globalization has become more competition, the level of public demand for adequate public services. various problems faced by the current are always related with regional autonomy.

A very fundamental problem is the implementation of an irregular. This irregularity is one of them due to lack of The leadership. To deal with these changes was required Local Government Apparatus Resources has a new orientation in accordance with the global demands, provide exemplary leadership, capacity building of local government bureaucracy to improve public welfare, especially in creating jobs and providing cheap and quality education.

Decentralization is the handover of authority from central to local government to take care their own household affairs based on initiatives and aspirations of its people within the framework of Republic of Indonesia then comes decentralized autonomy for the local government. Decentralization in the context of organizational simply defined as a delivery authority. In relation to the Indonesian system, the recent of decentralization is often related with the government system due to the decentralization led to change a government paradigm in Indonesia. Decentralization related to regional autonomy. Decentralization will have positive impact on the development of lagging regions within a country. The area can be independently and automatically advance to the national development.

Keywords: Decentralization, Development, Globalization, Leadership

I. INTRODUCTION

Decentralization policy is expected to maintain national integration and national unity of Indonesia. With the decentralization of power relations can realize a more just, democratic processes in the region is going well and an increase in prosperity in the region. The area has faith in the central government that could eventually facilitate the development of the nation through national unity. The implementation of the regional autonomy policy implications for regional development. Regional development is expected to "the realization of the region's autonomy in the management of the construction of a harmonious, professional, and sustainable". In the context of regional development at the local government in order to reposition the new paradigm of territorial-based regional development, partnership development, environment, good governance and the implementation of the following strategies:

- a. Encourage and facilitate the coordination of regional development planning.
- b. Develop institutional capacity of regional development.
- c. Encourage the creation of harmony and harmony regional development.
- d. Encourage and facilitate the development / utilization of the potential of the area.
- e. Developing facilitation of the administration and management of the environment.
- f. Develop a conducive environment for investment and business penembangan area.
- g. Developing human resources management personnel of regional development professionals in the service of development in the area.

Regional development is one of the objectives in enhancing regional economic growth based on regional and environmental impacts and sustainability. Tjahya Supriatna (2002) that regional economic development is based on the development potential of the region (human, natural, and environmental) in the corridor with the principles of democratic economy (productivity, efficiency, income redistribution, reallocate economic, environmental and sustainable economic advantage). Regional economic development policy to promote regional economic growth through:

1. Regional policies to foster economic actors (government, private and community), regional trade and investment flows.
2. Creating and expanding cooperation between regions, with the central areas, and areas with LN in the economy, which is supported by the law.

3. Exploring and utilizing the potential and advantages of local economy.
4. Increasing economic activity and industrialization rural areas with agrarian and maritime-based agribusiness.
5. The development of economic zones and border areas based pengelolaan potential economic resources and the environment.

With globalization, technological, and social changes resulted in a major impact on local governance. Because of these changes in the policy of the local government should have a standard of accountability (Accountability) is high and reliable. The implication is clear, local government should provide more effective and cost efficient in the existing budget constraints. All of this is dependent upon the ability of local government officials in thinking, behaving, acting creative and innovative in utilizing the opportunities and overcome the challenges of rapid change. In the face of these challenges that required the proper understanding and management of government management. However, it should be realized that the effort to make improvements in the administration of government management is not as easy as expected, it will face many challenges and resistance to various parties, both from within and from outside who will feel aggrieved over the changes. For the actors in both the public and private sectors such change essentially covers the following aspects: strategy, system, ability, personnel (staff leadership style), adhesiveness cultural values (Shared Value).

Changes in the delivery of local government bureaucracy should refer to:

1. Government bureaucracy must be able to direct the efforts to realize the potential and initiative in addressing the issue needs or demands.
2. Government bureaucracy must be able to compete in providing services (Delivery of Services) to foster efficiency, innovation and achievement motivation.
3. Government bureaucracy must seek how to explain the will or desire of government to the people rather than to set people not to do things that are not desired by the government.
4. Oriented governance impact the results (outcomes) rather than on inputs (input) required.
5. Administrators are oriented towards the community needed not to the interests of bureaucratic procedures and data governance.
6. Executive government should have the insight and entrepreneurial outlook.
7. Executive Government more oriented to exploit and market strength in an effort to steer (facilitative) initiative and movement change society.

The implementation of regional autonomy positive and negative impact in governance and development in the region. The positive effect that stands out is the growth and development of regional initiatives towards self-reliance in developing regions. Negative impacts of the most prominent emergence friction between the central and regional areas, particularly in natural resource management, local authorities and institutions. One reason comes from the wisdom policy harmonization of regional autonomy, such as land tenure, zoning, investment, trade, fisheries and marine, road, UMKMK, the counter-productive regulation, etc.. As a result, regional dependence on the central government is very high resulting in the creativity of local communities along the whole of the regions and cities be not useful while repressive policies have killed the early aspirations of the region to demand justice that own natural wealth. The Central Government has to experience financial difficulties apparently also very overwhelmed by the problems and turmoil in the local level. Means for our independence, Indonesia has failed to consolidate and regional unity fair and equitable. Perhaps, as a regime to retain power even tend to take precedence over regional affairs so not for independence but rather the format to retain power.

The essence and spirit of regional autonomy in accordance with UU 22 of 1999 and 25 of 1999 is a distribution and development based on the principle of decentralization of authority, deconcentration, and aid for strata of government in order to encourage local initiative to build local self-reliance in the container Homeland. Regulations 22 and 25 of the Act of 1999 is a manifestation of the spirit of regional autonomy actualization charged political sharing, financial sharing, and empowerment in developing local capacity (capacity building), human resource development and public participation. Implementation of policy autonomy is effectively implemented in Indonesia since January 1, 2001, provide valuable learning process, especially in the life essence to build democracy, solidarity, justice, equity, and diversity in unity through the local government's drive for growth and development of the early initiatives (regions and communities) towards the welfare of society. The basic principle of regional autonomy within the framework of local governance is conceptually: the delegation of authority, the income sharing, dicreation, uniformity in untry, local autonomy, capacity building.

Indonesia is a nation state to choose the form of a unitary state. Thus it can be said that a nation state and choose the form of the State is not a destiny, but a choice. That choice is a political decision of the founding fathers of this nation. The founding fathers and mothers of this country have decided in the deliberation and consensus shape our country is the Republic of Indonesia.

Form of the state as well as all the wishes and ideals embodied in the constitution of the nation state, while the constitution of the Republic of Indonesia at the moment is the amendment 1945 has been done four times at the beginning of the reform period. In the opening of the constitution (preamble) is contained what is known as Vision or Goals and Objectives states that "... the State of Indonesia an independent, united, sovereign, just and prosperous". Furthermore, the vision outlined in the mission of the government of the Republic of Indonesia, which reads: ".. Protecting the entire Indonesian nation and the entire country of Indonesia, and to (1) Promote the General Welfare, (2) Life Feeding the Nation, and (3) Implement Participatory Order world based Independence Eternal Peace and Social Justice. "When viewed from the framework of strategic management thinking, the opening of the amendment UUD 1945 Constitution has applied the principles of strategic management. Therefore shaped unitary state of Indonesia since the country was born the sovereign and is the central government authority.

Basically, the central government was the one who had the reins of power. But the founders of this country had been looking forward to that area of the country, and various kinds of Indonesian could not have been controlled only from the center. That is why the constitution has mandated decentralization will run with the principle of autonomy and assistance. This thinking is a manifestation of an effort to shorten the span of control of the central government

II. DISCUSSION

II.1 *Understanding of Regional Autonomy*

Regional autonomy can be interpreted as a right, authority, and liability given to autonomous regions to organize and manage their own affairs and interests of the aspirations of the local people to improve the effectiveness and efficiency of governance in the context of service to the community and implementation in accordance with the legislation and regulations. Autonomy is authority to control and manage the household area, attached to the State and the unity of the state federation. In a country of unity more limited autonomy of the State in the form

of federation. Authority, and usher in the household area in the State unitary authority covering all of government except for some matters that are held by the central government such as:

1. Foreign relations
2. Court
3. Monetary and financial
4. Defense and security

The implementation of regional autonomy based on a reference in addition to the law, as well as the implementation of the demands of globalization to be empowered by giving local authorities a wider, more realistic and responsible, especially in organizing, using and exploring sources potential in their respective regions . In the implementation of regional autonomy had main problems are:

1. Understanding the concept of decentralization and regional autonomy has not been steady.
2. Provision of regional autonomy rules inadequate regulation and adjustment of existing legislation with UU 22/1999 is still very limited.
3. Socialization of UU 22/1999 and the guidelines are available yet profound and widespread.
4. Management of decentralized governance is still very weak influence political dynamics of development and aspirations as well as the impact of globalization is not easy to society and the influence of globalization that is not easy to manage.
5. HR condition of government officers who have not fully support the implementation of regional autonomy.
6. Unclear in policy implementation concept of autonomy proportional embodiment into setting concept of autonomy in setting proportional to the distribution and utilization of national resources, and financial balance between central and local government according to the principles of democracy, community participation, equity and justice, as well as the potential and diversity of the region within the framework NKRI

Autonomy is directed to increase the level of citizen participation in the decision-making of the country. In nature modernization, people's participation is often cause or increase the intensity level of communal conflicts. Thus, social change, more a reincarnation of communal solidarity rather than the integration of groups different from each other. Primordial feelings on local directions in an era of regional autonomy will also get stronger, let alone the majority of people do not appreciate modern socialization patterns and the changes that followed. Autonomy is often understood as central to the political control of the area. So it is not surprising that most of the other areas that actually translate regional autonomy with independence. Autonomy theoretically seen as an attempt to integrate economic and political interests between central and local government, to integrate values in society that is growing, both through strategies that emphasize the importance of consensus and focus on trying to create uniformity as possible and emphasize the interaction between group interests with the interests of the region. Regional Autonomy than optimists must be addressed with caution due to various constraints at both state officials and grassroots level still needs to be a means to enhance information flow and dialogue so as to create a pattern of political communication that is able to build a partnership that encourages regions to be independent.

There are two basic values that were developed in the 1945 Constitution relating to the implementation of decentralization and regional autonomy in Indonesia, namely:

1. **Unitarian values**, embodied in the notion that Indonesia does not have any other governmental entity in which that is the state ("Eenheidstaat"), which means that the

inherent sovereignty of the people, the nation and the state of the Republic of Indonesia will not be shared between government entities, and

2. **Territorial Decentralization basic values**, of the letter and spirit of Article 18 of Act of 1945 and an explanation as mentioned above it is clear that the Government is obliged to carry out political decentralization and deconcentration in the state administration.

Attributed to two basic values mentioned above, the implementation of decentralization in Indonesia based on the formation of autonomous regions and surrender / transfer some of the power and authority of the central government to local governments to regulate and manage the most part of power and authority. The emphasis is on the implementation of regional autonomy regional Level II (municipal) with some basic considerations:

1. Political Dimension, Dati II regarded regional fanaticism that have less risk and opportunities of growing separatist movement federalist aspirations relatively minimal;
2. Administrative dimension, governance and service to the community relative to more effectively;
3. Dati II is an area of "cutting edge" of development implementation so that Dati II who better know the needs and potential of the people in the region.

For this reason, the principle of autonomy is adopted:

1. Real, real autonomy required by the situation and objective conditions in the area;
2. Responsibility, autonomy aligned / effort to expedite development in the entire country, and
3. Dynamic, autonomy has always been the means and encouragement to do better and advanced.

II.2 The Understanding of Decentralization

In UU no. 22, 1999 stated that decentralization means the transfer of authority of the government by the Government of the Autonomous Region in the framework of the State. (Alexander Abe, PARTICIPATORY PLANNING AREA, 2002: 2).

In the implementation of decentralization and centralization is not a thing but the dichotomous nature "continuum". This means that there can be no decentralization without centralization. Decentralization without centralization coupled with disintegration will occur. But instead of centralization may also result in long-range control. Thus there is no business or authority that is absolutely a regional affairs, but rather are "concurrent" or treated with either the center or by region. Centre should keep doing guidance and supervision of the implementation of regional autonomy and decentralization. The main principle of decentralization and regional autonomy is "Bringing the State Closer to the People", meaning to decentralization and regional autonomy, the government will move closer to the people. The essence of this principle is service improvement and accountability, not power.

II.3 Main purpose of the Regional Autonomy

Regional autonomy according to UU no. 22/1999 from the standpoint of fiscal decentralization. The main objective is to promote regional autonomy implementation of public services according to the demands of local communities, encourage efficient allocation of utilization government funds through decentralization and empowerment of local authorities. (Kamal Alamsyah, Decentralization, Autonomy in Perspective, 2002: 8)

The Inception of regional autonomy under the Act number 22 of 1999 which was later revised and became UU No. 32 of 2004 on Regional Government is the answer to demands for political reform and democratization and the empowerment of local communities. After nearly a quarter-century policy of regional autonomy in Indonesia refers to UU No. 5 of 1974 on Regional Governance Principles are shackled by a centralized system, the implementation of a centralized system carries some impact on local governance. Among the most prominent has been the dominance of the center to the regions that cause heavy reliance on central areas. The local government has no discretion in determining the development programs in the region. Likewise, the financial resources of governance set by the Centre. These conditions gave rise to the demand that authority be devolved from central government to the regions.

Decentralization is the distribution of power to the regions. Decentralized system in Indonesia is almost the same as the federal system even though in some cases there is no distinction, for example, in the federal system is more autonomous provinces, while more autonomous decentralized system is the district or city. Regional autonomy under UU No. 32 of 2004 is defined as an autonomous regional authority to regulate and manage the interests of the public at its own initiative based on the aspirations of the people in accordance with the legislation. Thus, the autonomous region has broad authority to regulate and manage the interests of the people own initiative based on the aspirations of the people, but remain within the framework of the Unitary Republic of Indonesia. Regional autonomy does not mean autonomous regions can freely escape from the Unitary State of the Republic of Indonesia.

UU No. 32 of 2004 it then began a new round of decentralization in Indonesia. Policy of regional autonomy for regional autonomy authorizes counties and municipalities based on decentralization in the form of autonomy, real and responsible. Regional authority covers all areas of government authority, except for authority in the field of foreign policy, defense and security, justice, monetary and fiscal, religion, and other areas of authority to be set by government regulation.

Autonomy theoretically seen as an attempt to integrate economic and political interests between central and local government, to integrate values in society that is growing, both through strategies that emphasize the importance of consensus and focus on trying to create uniformity as possible and emphasize the interaction between group interests with regional interests.

II.4 Implementation of Regional Autonomy in the New Order

Since 1966, the New Order government managed to establish a strong national government with putting political stability as the foundation to accelerate the economic development of Indonesia. Politics during the reign of the Old Order made commander, was replaced with the economy as a commander, and a mass mobilization on the basis of the party is slowly displaced by bureaucratic and technocratic politics. Many accomplishments and results achieved by the New Order government, especially in the economic success which is fully supported by the control and initiative development programs of the center. Within the framework of the centralized structure of political power and authority of this administration, formed the UU. 5 of 1974 on the Principles of Local Government. Referring to this Act, the Regional Autonomy is the right, authority, and duty to manage and organize their own household care of in accordance with applicable legislation. Furthermore, the meaning of the Autonomous Region, hereinafter referred to as Region, is the legal entity that has the right to limit certain areas, authorized and obliged to manage and organize their own affairs within the Unitary State of the Republic of Indonesia, according to the legislation

that applicable of UU no. 5 of 1974 also laid the foundation system of center-periphery relations are summarized in three principles:

1. *Decentralization*, delivery of government affairs of the Government or Local level to a region above the affairs of her household;
2. *Deconcentration*, delegation of authority from the Government or the Head Region or Agency Head Vertical upper level officials in the region, and
3. *Tasks (medebewind)*, the duty to take part in carrying out the assigned government affairs to the Government by the Government by the Local Government or Local Government level with the obligation to account to him who appointed him.

II.5 The Implementation of Regional Autonomy After The New Order

Serious efforts to decentralize in Indonesia during the reform started in the midst of the crisis that hit Asia and coinciding with the change of regime (from authoritarian regime to a more democratic regime). The Habibie government that ruled after the fall of the Suharto regime had to face the challenge of maintaining national integrity and faced with several options:

1. to perform power-sharing with local governments, which means reducing the role of central government and regional autonomy;
2. to establishment of a federal state, or
3. to make the provincial government as a pure agent of the central government.

The relationship between decentralization and democracy is that in a democracy power comes from the people and for the people and the people who vote. In a centralized system, the relationship between citizens and central government adopted a policy of public policy are too far away. With the decentralization of the distance to be close. With such aspirations can be expected to be accommodated in the public decision-making process so it will be more efficient, effective and decisions made by the government closer to the people's aspirations. Regional autonomy or decentralization makes local management can develop better public participation will be higher because it is close to the power and the control and supervision could limit the movement of the so-called corruption and his minions. For the record, an area said to be wealthy or prosperous not only because it has abundant natural resources but how human resources in which well-organized and willing to work hard for the betterment of the region. Therefore the availability of education, facilities and technology is critical for the advancement of the region.

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**THE PERFORMANCE OF SUB DISTRICT CIVIL SERVANTS IN PROVIDING
SERVICES TO PUBLIC
IN TOROH SUB DISTRICT OF GROBOGAN REGENCY,
CENTRAL JAVA PROVINCE**

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I. INTRODUCTION

In order to achieve national goals as stated in the Preamble of Constitution of 1945 which are to promote the general welfare, protect all the people, improve the intellectual life of the nation and participate in the establishment of world order, must be supported by enforcement of governance, development, and an effective and efficient society. To achieve those goals, the government has tried to improve the enforcement of governance, and development and society around the corners of the country, especially in the field of governmental administration.

Enactment of Law No. 32 of 2004 on Local Government is the replacement of Act No. 22 of 1999. Law Number 32 of 2004 concerning to Local Government is expected to provide a real and widespread impact on increasing service to public. Delegation of authority from the central government to local government allows more compact service delivery with honest bureaucracy and open up the opportunities for local government to do an innovation in achieving service excellence.

Basically, government has functions which are in accordance with the opinions expressed by Rasyid (1997) on the three essential functions of government, namely: "Development". Services will bring about justice, empowerment will encourage public self-reliance and development and service (service) to public, empowerment and development (creating prosperity in public"). This is now the mission of government in society.

Philosophically, the existance of government bureaucracy is because of the people. The people have provided political legitimacy to their representatives in the legislative branches through elections to take care of the interests and needs. Certainly, it is a logical consequence if then they sue to get the attention in fulfilling their needs.

One of the government organizations which are the closest to the public service is a sub district where the government claimed to be more prepared in line with the enactment of Law No. 32 of 2004, and therefore the sub district authorities are obliged to fulfill the needs and rights of every citizen in the form of civil service which can be obtained from the government. Therefore it is necessary to have mental changes that reflect the character and nature of government which were modified from David Osborn and Ted Gabler in *Reinventing Government* (1998), namely as:

1. Officers who have been impressed by "asking to be served" than to "serve".
2. Orriented officers with "empowering officers" to be oriented officers with "empowering people".
3. Officers with the principle of openness in carrying responsibilities (public accountability).

In the era of globalization and free trade, the implementation mechanisms required to be more efficient, effective and innovative, especially in providing services to the public, because the public needs are more extensive and complex. In order to create an effective and efficient governance of a sub district, the sub district authorities can utilize science and technology such as facsimile, video, computer, internet and other electronic medias that are able to present a variety of information to the public as well as to provide the service easier to the public. Basically the government belongs to the people and it has functions and tasks to provide services to people who become the partners who receive such services.

Service is a key task for government officers as civil servants and public servant. Therefore, to improve the quality of public services, the improvement of the performance of the officer is

essential. In this regard, the government policy to improve the quality of public services should be planned in a transparent and make the functions and duties of oversight agencies become more effective. In this way, service quality is expected to be better.

Public demands for service quality of government officers will be high considering to the public awareness of their rights and obligations as citizens is growing. Public demands a fast, fair, accurate, transparent, efficient and effective service. Quality is a subjective assessment of the customer. This assessment is determined by the customer's perception of your product or service. This perception can be changed due to the influence of such an effective advertisement, the reputation of a product or service, experience, friends and so on.

The first important thing is instilling the notion that officers are servants of the people and not vice versa, the serving officers. This means that the management improvement of public services is an urgent thing to do by the government authorities.

So far the government officers are more impressed as the party which is served by the people and not the party that must serve the people. These conditions make the authorities provide mediocre services to the public and people have to accept these conditions. They provide services to the public are simply to run their duties and regardless of whether they provide satisfactory service to the public or not. It makes a bad impression on the performance of government agencies.

There are some benefit implications of the existing services but there are also some disadvantages. Therefore, as a consideration material to improve the quality of service that can be seen from the quality of service (service quality); the service quality emphasizes the relationship of the level of consumer perceptions to the former services. A good quality according to the perfect attitude or behavior of all the parts or functions involved in the process of customer service or the public. Good services can be measured by several indicators.

Indicator is an operational concept of service quality according to international standards where quality of service is defined as overall characteristics of its ability to satisfy the needs of customers or consumers.

The more critical thinking of public and the increasing of public demands due to their rights are challenges for government officers in general and for sub district officers in particular, to be able to provide the best service to the public. The levels of customer satisfaction and disappointment over the quality of services provided by government officers are important, because they will awaken the public trust and loyalty to the government, especially for the sub district authorities. Thus, a good or bad image of the government is very much determined by the quality of the services provided by the officer itself. On the basis of these considerations, the authors are keen to examine how the implementation of duty committed by the sub district authorities in providing services to the public, with the title: "**The Performance of Civil Servants In Providing Services to Public In Toroh Sub district Of Grobogan Regency, Central Java Province**".

Problem Indicators

1. How is the performance of Toroh sub district officers in Grobogan regency in providing services to the public?
2. What were the inhibiting factors to the provision of services of Toroh sub district officers in Grobogan Regency?
3. What efforts are made by Toroh sub district officers of Grobogan Regency in improving their performance to provide services to the public?

Research Objectives

1. To determine the performance of Toroh sub district officers in providing services to the public.
2. Knowing what are the factors that hold up the performance of officers in providing services.
3. Knowing what efforts will be conducted by Toroh sub district officers of Grobogan Regency in providing services to the public.

The Use Of Research

Theoretically, the results of this study are expected to contribute ideas for the development of knowledge, especially in relating to the performance of the officers in the sub district in providing services to the public in the face of regional autonomy.

In practical terms, the results of this study are expected to provide an overview and thoughtful contributions to the parties concerned, especially for Toroh sub district of Grobogan Regency in providing services to the public and how to improve the performance of the officers in providing services.

Research Design

The research method used in this research is descriptive research that aims to make a systematic description, factual and accurate statement of the facts relating to the government, in particular the performance of sub district government officers in providing services to the public in Toroh sub district of Grobogan regency.

The research on the performance of sub district government officers in providing services to the public in Toroh sub district of Grobogan regency is using a qualitative research design with descriptive methods of analysis.

Operational Scopes of the Research

Operational scopes of the research in this study are as follows:

1. Performance of sub district officers.
 - a. Responsiveness (the awareness of the officers in providing services; Mastery of education and skills).
 - b. Responsibility (responsiveness to the needs of the public).
 - c. Accountability (achieving service targets; compliance service with the norm).
 - d. Productivity (efficiency; effectiveness).
 - e. The affecting Factors (the sub district officers' education and training level; tenure).
2. Services with quality (service procedures; terms of service; clarity of service officers; disciplinary of service officer; responsibility of service officers; abilities of service officers; speed of services; fairness in getting services; courtesy and hospitality of officers; fairness of service charges; certainty of service charges; certainty of service schedule; convenience services and security of services).

Sources of Research Data

Primary Data

The respondents in this study are Toroh Sub district Government Officers of Grobogan regency, public leaders and the people of six villages where the students of IPDN (Wasana Praja) gave their services to the public. The six villages are: Bandungharjo, Kenteng, Genengsari, Tambirejo, Boloh, and Plosoharjo village. The description of parties that requested services in the Toroh Sub district Office are as follows:

1. Toroh's sub district chief and sub district officers : 11 people
2. The chiefs of a village : 6 people
3. The secretaries of a Village : 6 people
4. Public leaders : 12 people
5. Public : 18 people

Total : 53 people

The Secondary Data

The secondary data are taken from documents and existing monographs data in Toroh sub district of Grobogan regency.

The Techniques of Collecting Data and Research Instrument

The techniques used in collecting data and the analysis materials in this study are as follows:

1. Questionnaire
That is a technique of collecting data by deploying a questionnaire to the respondents who had been prepared in advance (Arikunto, 1996:139).
2. Interview.
In addition to observation, data collection can also be obtained by conducting interviews. In this case I will conduct interviews with the respondents.
3. Observation
Observations were made regarding the activities:
 - Performance of sub district authorities in providing services to the public in Toroh sub district of Grobogan regency
 - The inhibiting factors to the provision of services to public in Toroh Sub district of Grobogan regency.

Research Instrument

The research instruments in this study are presented in Table 1 below.

Table 1

Variables and Indicators

NO	VARIABLE	SUB VARIABLE	INDICATOR
1	Performance	a. Responsivity b. Responsibility c. Accountability d. Productivity f. Affecting Factors	<ul style="list-style-type: none"> • The awareness of officer in giving services. • Control education and training. • Officer responsiveness on the public's needs. • The achievement of service targets. • Conformity with the norms of service. • Efficiency. • Effectivity. • The level of officers' education and training.

			<ul style="list-style-type: none"> • The tenure.
2	Services	Qualified services	<ul style="list-style-type: none"> • Services procedures. • Terms of services. • Clarity of service officers. • The disciplinary of service officers. • Service officers' responsibilities. • The abilities of service officers. • The speed of services. • Fairness in getting services. • Courtesy and Hospitality of Officers. • Fairness of service charges. • Certainty of service charges. • Certainty of service schedule. • Services comfort. • Environmental security.

Data Measurement Techniques

To determine the percentage of the criteria, it is used the following formula:

$$\frac{\text{Observation score}}{\text{Criteria score}} \times 100 \%$$

Description:

Observation Score: $\sum R \cdot S$ (R = respondent S = score)

Score Criteria: R. maximum score

While to know the classification of criteria, it should be sought the interval value first by using a formula: $I = R \cdot K$

Where : I = the amount of the class interval
R = Range / span
K = number of interval classes / number of scales

The percentage of Score Criteria

No	Percentage	Assessment Criteria
1.	81,25 - 100,00 %	Very good
2.	62,50 - 81,24 %	Good
3.	43,75 - 62,49 %	Bad
4.	25,00 - 43,74 %	Very Bad

Data Analysis Techniques

For the calculation of the questionnaire, it is used Likert Scale (Sugiyono, 1997:74) as follows:

- The answer is interpreted as strongly agree, very good, very able, very fit, very often, very capable, very adequate and scored 4.
- The B answer is interpreted as disagree, well, you can, accordingly, often, capable, sufficient, and given a score of 3.
- The C answer is interpreted as not agree, no good, no, not appropriate, sometimes, inadequate, insufficient and given a score of 2.

- d. The D answer is interpreted as strongly disagree, is not very good, so it can not, so unable, was insufficient and given a score of 1.

The Location of the Research

This research was conducted at Toroh Sub district Office of Grobogan regency of Central Java Province.

Research Schedule

This study was conducted on 11 June to 10 July 2012.

II. DISCUSSION

II.1 The Performance of Toroh Sub district officers in Providing Services to Public

An assessment to the performance of governmental organizations is essential because it can be used as an indicator of an organization success in achieving goals as well as an input for the improvement of organizational performance, it is also one of the driving elements in order to pay more attention to the needs of people who demand an improvement.

Service is the embodiment of the state officer that has a function of civil servants and public servant. To carry out the functions of service, the civil servants and public servant should have to be able to fulfill the ever-changing demands of public. The form of service implementation of the professional government officers are by giving an optimal service to the public which eventually will grow and enhance the trust of the people to the government.

There are 2 (two) criterias used in assessing the performance of public service organizations, which are the performance of sub district officers and the service itself. To determine the performance of Toroh sub district officers in providing services to the public from the 2 (two) criterias above, it can be drawn 23 (twenty three) instruments.

a. Responsiveness

Responsiveness by Lenville in Yousa (2002:7) is an organization's ability to recognize the needs of the public, sets the agenda and priorities of the public service in accordance with the aspirations of the people. To simplify the government services, the government made a policy to implement the service on each section or sub-section in question in accordance with the job description.

In Toroh sub district, the job description is clear, but in practice they are still overlapping so there are some officers who understand their duties and functions, but there are also many officers who are less or even not understand. The awareness in providing service to the public is good, but it still needs an improvement so that the sensitivity of the officer to recognize the needs of the public is getting better. One proof of the attempts to raise the awareness of Toroh sub district officers in providing services to the public is by sending most of the officers to get education and training in service excellent.

It is necessary to recognize the needs of the public. By knowing them, it will be easier to facilitate the service to the public.

b. Responsibility

The responsibility level of Toroh sub district officers assessed from sub district officers' work in identifying public needs is good. Most of the officers have already understood to what the public

needs, such as the need for administrative services. The response of officer which should be supported by good service has been in line with the guiding principles of public service so that the people's needs can be met.

c. Accountability

The Minister of Administrative Decision No. 25 of 2004 on Guidelines for Public Satisfaction Index on Government Organization Services Unit intended to make the entire officer of service units use this guidelines in delivering services to public.

In reality of practice in the field, the principles of these services have not been fully mastered and internalized because the socialization has not been implemented optimally by the government, especially in Toroh sub district to the authorities who are in charge in services. In carrying out his duty as a public servant, officer using the rules in force, and obliged to run it. Implementation should be supported by the level of mastery of the rules. Mastery and application of the guidelines and the absolute standard in giving services to the public will get a guarantee of legal certainty.

d. Productivity

Dwiyanto (2001: 60) suggests that the productivity is a concept which measures not only the efficiency but also the effectiveness of public services. The instrument used to measure the level of productivity is efficiency and effectiveness.

Efficiency meant in the sense of public service is only limited to matters directly related to the achievement of service while maintaining the openness between product requirements and public services provided to prevent any repetition of giving completeness requirements. Efficiency level in Toroh sub district is still lacking. People still have to come to the sub district office for several times because there are deficiencies in the requirements of the proposed application for the service, so that the service process is delayed. This happens because most people are not informed about service procedures in getting application paperwork or permit. People come directly to the sub district office without any introduction letter from the government underneath, causing the people have to go back to resolve the issue until the requirements are met.

The effectiveness level of services in Toroh Sub district based on the questionnaire is quite good. This means that the achievement of the goal to get the public satisfaction has been fulfilled. However, based on the author's observations, the effectiveness level of services in Toroh Sub district is still relatively lacking which means that the performance of government officers has not reached the desired destination in providing services to the public.

e. Affecting Factors

1. The Ability of Authorities (Human Resources)

The ability of government officers is crucial in determining the quality of services provided. The knowledge aspect consists of the knowledge and skills which are important in supporting the organization in achieving its objectives.

The ability of a human resource can be seen from the embodiment of the work and attitudes of behavior in organizational and social life, so that the level of the officers' capability greatly affect the performance of the organization. The level of Toroh sub district officers ability can be said quite good but needs to be improved, so some of the inhibiting factors in implementing their performance to provide services to the public can be minimized.

2. Work Experience

The officer working experience is strongly influenced by the tenure because an officer whose tenure is more than 10 years will be more experienced than the new officer. It can be seen that the experience comes from the field when an employee facing the work directly in the field.

According to Table 11, it can be seen that almost 99% of Toroh sub district officers' tenure are more than 10 years, so it is expected that the experience will be able to support the implementation of the tasks.

f. Qualified Services

The Decision of Minister of Administrative No. 25 of 2004 on the public satisfaction indexing guidelines of Government Services Unit, there are 14 elements that are "relevant, valid and reliable" as an element that must be present as the basic measurement of citizen satisfaction index as follows:

1. Services Procedures

From the results of respondents either from Toroh sub district officers or public, it can be concluded that the services procedures are still lacking. It is caused by a lack of socialization and implementation of KEPMENPAN (The decision of Minister of Administrative) No. 25 of 2004.

2. Terms of Services

Terms of services are related to the level of public knowledge and the role of officers in the public in socializing through village officers, as it is impossible for a limited number of sub district officers to socialize terms of services directly to the public. This thing has a purpose to give a clear information to the public in getting terms of services so that they can get the services easily.

3. Clarity of Service Officers

In Regulation No. 19 of 2000 on Organizational Structure and job descriptions of Sub district Office, there is clarity about the tasks of providing services, so there is no reason for the lacking of service officers. Similarly, the percentage of criteria derived from respondents' answers both from sub district officers and Toroh public, the criterion scores obtained 75.83% and can be categorized good.

4. Disciplinary of Service Officers.

The level of Toroh sub district officers' discipline based on the interviews with respondents, whether from sub district officers or Toroh public, it is known that the discipline of Toroh Sub district officers are still lacking. Similarly, the results from the observations made during the research process showed that there was lack of discipline for Toroh officers. If we observed from the number of assembly participants, there were less than 50% participants who attended the assembly, then it can be said that the discipline was still lacking.

5. Service Officers' Responsibilities

Regional Regulation No. 53 of 2008 on the organizational structure and job descriptions of sub district office becomes the reference in implementing duties in Toroh sub district, there is a clear classification of tasks so that each division must carry out their duties with responsibility, especially the responsibility for the implementation and the settlement of services.

6. The Abilities of Service Officers.

The less education and training level of Toroh sub district officers has an influence in providing services to the public.

7. The Speed of Services

From the questionnaire results on the speed of services in Toroh sub district, it can be said good. The speed of services is strongly influenced by the presence or absence of the officers' response and approval.

8. Fairness in getting services

Service delivery based on queue, who arrived early will get first-served basis, regardless of status or group requesting the service.

9. Courtesy and hospitality of Officers

The government officers should have politeness and hospitality in providing services to the public because the public as service users can be likened to the buyer, so that the officer should be able to serve them well.

10. Fairness of Service Charges

Services in Toroh Sub district relatively affordable by the public. Based on the observation and questionnaire, the service can be categorized good. For example, in the service of legalization, Toroh sub district does not specify the cost.

11. Certainty of Service Charges

There are already similarities in fees paid by public and the law, so that people are not exposed to brokers who charge fees greater.

12. Certainty of Service Schedule

Service schedules are adjusted with Civil weekdays. Weekdays in Grobogan Regency are Monday to Saturday, so the schedules of service are on Monday to Saturday.

13. Environmental Comfort

The environmental comfort in Toroh sub district is still relatively lacking. Less beautiful office setting and lack of comfort in the waiting room of service is one proof that the environmental comfort in Toroh sub district is still lacking.

14. Security of Services

Toroh Sub district office location which is close to a police station and military command and also to the parking lot which can be monitored at any time is a contributing factor in the implementation of the service.

II.2 Inhibiting Factors of Toroh Subdistrict Officers Performance in Providing Services to Public

The less optimal performances of Toroh sub district authorities in providing services to the public are caused by some affecting obstacles or barriers, which are:

1. Officer capabilities (human resources)

Human resources is a major factor in the organization, especially in the implementation of public service which requires a certain knowledge and skills. The capability aspects consists of the knowledge and skills that are important in supporting the success of an organization in achieving its goals.

Human resources can be seen factually from the realization of the work and behavior in an organization and social life, so that the level of officers capability greatly affect the performance of an organization. With capital skill and prowess gained from education, training and experience, the officers can certainly complete their duties in accordance with the intended purpose.

The level of education and training in Toroh Sub district can be categorized adequate and earned a score of 78.26% which categorized as good. From these percentages, it is known that the ability of the officer is quite good and accelerate the achievement of the intended purpose. The intended purpose associated with the service is the satisfaction of the public as users of the service. The ability of the officer greatly affect responsiveness, responsibility, productivity and quality of service which is an index measure of performance.

2. Facilities and Infrastructure

The implementation of public services needs facilities and infrastructure to support the fulfillment of the services required by the public. The lounge area was less than adequate in the absence of television and magazines. It cannot provide a comfortness to people who are waiting for the results of the service.

Besides a conducive work environment in order to improve the quality of service and to provide good response from the public, it is necessary to have adequate supporting facilities. Because the most important thing for people is to get quality service from the government in order to create satisfaction for the public as users of the service.

The implementation service which is done at Toroh sub district office also requires adequate facilities and infrastructure in order to support the implementation of an optimal service to the public. Facilities and infrastructure at Toroh sub district office are less support in the implementation of the service. The lounge located at the service counters is inadequate which makes public's reluctance to enjoy services at Toroh Sub district Office.

Services provided by the government in order to meet the desired quality, the government had to set up some devices, such as public policy regarding to the services, personnel, proper equipment and a variety of other devices that are integral in creating a delivery system which are capable to generate service quality.

3. Communication

The role of communication is very important in providing services to the public. The communication here stands not only communication to the public, but also communication among officers so that they are able to give good input.

There are two factors that affect the communication; they are communicator and communicant. Attitude skills, knowledge and media channels used greatly affect those both factors. Communication among officers as perpetrators of service to the public as consumers of services can be done directly, for example by providing an understanding or instructions of services procedure. It can also be done by placing a bulletin board or wall data that contains the procedures and requirements of each service rendered in Toroh Sub district Office. The wall of data will be

mounted / placed in a waiting room of services or in a strategic place which can be seen by the people who come to Toroh Sub district Office to request the desired service.

4. Officers Work Discipline

Good discipline reflect the person's sense of responsibility for the task given to him and discipline will make someone to be able to distinguish the things that must and should be done or what should not be done.

Discipline level of Toroh sub district officers is quite good, as shown by the percentage of 76.09% criteria. This can be confirmed by field data which officer disciplinary is seen from the discipline of time. On weekdays, there are some small part of employees who came late, but they completed the job with full responsibility.

Based on the facts above, it can be concluded that the authorities disciplinary of Toroh Sub district is quite good and it should be maintained and enhanced so that the performance of sub district authorities in providing services to the public can be much better.

II.3 Officers' Efforts in Improving Their Performance in Providing Services

a. Improving Knowledge and Skills of the officers

To improve the knowledge and skills of Toroh sub district officers are by involving them in education and training that organized by the sub district government and the provincial government. Education and training is expected to improve the skills of personnel in performing their duties. Additionally, the Head of Toroh subdistrict facilitates those who want to continue their education to a higher level on the condition does not interfere with the main task in the job.

b. Guidance Disciplinary Officer

Frequent violations of discipline done by the government due to lack of oversight superiors to subordinates. Discipline fostering which is implemented in Toroh Sub district by applying officers' presence in daily attendance to be filled by the concerned authorities in every morning assembly under the attached supervision of the Head of Toroh sub district. The effort is an attempt to familiarize the officers in appreciating the work time, in order to stimulate the employees' discipline and morale. For those officers who violate the discipline will be given a reprimand by the sub district Head both orally and in writing. For those who remain committed violations may be sanctioned of punishment objectively in accordance with existing regulations.

Besides of attendance enforcement, the coaching officers discipline is also done by holding a supervision on the course of performance of duties by the head of sub district and holistic attached to all officers in Toroh Sub district. The implementation of monitoring and sanctions activity are sought to be able to be implemented in Toroh sub district consistently and get the support from the entire sub district officers though eventually it depends on each individual of officer.

c. Improvement Of Facilities and Infrastructure

To provide good services which is expected by the public, it is needed adequate facilities and infrastructure to support the services provided to the public. Inadequate facilities and infrastructure in Toroh sub district office may affect the officers. In dealing with complex workload and public's demand on qualified and fast services, it is needed more adequate facilities.

In anticipating it, Toroh Sub district government has filed a petition of facilities and infrastructure to support the smooth implementation of services to the public. The support from the Grobogan regency government to meet various facilities and infrastructure in Toroh sub district is well expected.

d. Fostering Communication with the Public

The steps to be taken in the communication relationship with the public is to socialize the types of services that can be obtained by public, including the procedures or the way to obtain the services, the details of the cost and the conditions necessary to obtain such services. Communication among officers as perpetrators of service to the public as consumers of services can be done directly, for example by providing a better understanding instructions or requirement from the public for services.

III. CONCLUSION

1. Toroh sub district officers' performance is good.
2. The obstacles of the officers' performance in delivering services to the public are:
 - a. The lack of officers' knowledge and skills.
 - b. The lack of authorities' disciplinary.
 - c. The lack of available infrastructure and facilities in the sub district office.
 - d. The lack of communication among sub district officers with people who need services.
3. The efforts made by the Toroh sub district authorities to improve their performance in providing services to the public are:
 - a. The improvement of Toroh sub district officers' knowledge and skills by providing opportunities and support for the officers to continue their education to a higher level through learning tasks as well as permission to study and participate in specific training that can help the implementation of the task.
 - b. Discipline fostering of Toroh Sub district officers through the presence of inherent oversight procurement in the process of service delivery as well as the imposition of sanctions by the head of sub district to his subordinates.
 - c. The improvement of facilities and infrastructure by proposing additional facilities and infrastructure to the Grobogan Regency authorities.
 - d. Fostering good communication links with the public through socialization of types of services and procedures which is provided by Toroh sub district authorities.

IV. SUGGESTION

1. In order to make the head of sub district able to carry out the attached supervision to the officer, apply tough sanctions and adhere to the constitution and procedure in order to realize the identity of clean and respectable.
2. The head of sub district should provide opportunities and strong support to the officers to attend trainings or non-formal courses, such as computer courses and archives, which should be supported by good infrastructure and facilities and also service standards in order to satisfy the public.
3. It is expected that the head of sub district will be able to increase officers' motivation, either to improve their skills and motivate personnel in order to enhance education through formal education.

4. In the process of moving staff and planning, there should be a consideration of educational background factors, so that the staffing will be realized in accordance with basic education (the right man in the right place).

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THE PROBLEMS OF REGIONAL DECENTRALIZATION IN INDONESIA IN A PUBLIC POLICY ANALYST PERSPECTIVE

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ABSTRACT

Growth of the area is one of intense effort for equitable development and improves the economy of the public in every region of both provincial and district levels. This is in line with the Indonesian government system that adopts a

regional autonomy through decentralization Law No. 32 of 2004. With the law gives an active role to each region to be able to take care of each region in accordance with the principle of decentralization over centralization in the correction of Old Order and New Order. The purpose of regional expansion that has an autonomous regional government is to improve the welfare of local public and creating an independent and democratic. One attempt to do to realize such systems is to conduct regional expansion in order to create equitable development. This study aimed at describing the problems of regional expansion by using the approach of public policy analysis. This study used a qualitative approach to the study of literature through descriptive. With the method of this study seeks to provide a description of regional expansion problems in Indonesia. A result to be achieved is to provide problem-solving formulation of the regional expansion.

Keywords: Public Policy, Regional Decentralization.

I. INTRODUCTION

Expansion of the area is one of the efforts in achieving equitable development, improving welfare of the society, and the economy in every region in Indonesia. This is in line with the Indonesian government system decentralized through the mandate of the Act 1945, which gives an active role for each region to take care of each area in accordance with the principles of decentralization and deconcentration.

Regional autonomy has actually been born since 1974 through Law No. 5 of 1974, later been revised by Act No. 22 in 1999. Since then Indonesia changed from centralized systems to decentralized region with the goal of increasing independence and justice for all regions also followed changes through Act No. 32 of 2004. This will be achieved through the distribution of powers between the center and provinces and autonomous districts. One attempt to realize such systems is to conduct regional expansion in order to create equitable development.

Departing from the period before 1998 are often called the Old Order and the New Order, the power of the central government of the Republic of Indonesia was highly centralized and all areas to be an extension of the power of the central government. The period that really stands out is the regime that embodies the power of impartiality is not central regions (Malley, 2001, pp. 122-181). The area is rich in natural resources, production and profits withdrawn divided among the Jakarta elite, rather than invested for regional development. Consequently, the development of the central area with no balanced.

B.J. Habibie, who replaced Suharto as president of the post-New Order, made a new policy that changed the power relations and local laws by issuing Regional Autonomy or so-called decentralization. With the publication of the autonomy law, the area is no longer totally depended on central and is no longer dictated by the center. In fact, some areas, such as Aceh, Riau and Papua demanding independence want to part of the Republic of Indonesia (Agustono, 2005, p. 163). Therefore, to achieve equitable distribution of national development and therefore held that any regional division can arrange local government areas.

The purpose of regional expansion that has an autonomous regional government is to improve the welfare of the community, improve the welfare of the community and creating more local democratic self (Mustofa, 2010). The purpose of this ideal can be realized through increased professionalism of local bureaucracy in order to conduct an efficient government, can create opportunities for the wider community, as well as direct access to the public service units are scattered and easily accessible to rural and urban communities.

Expansion of region since 1999 did not get special attention by the government. To achieve the goals of national development that encapsulates the areas not reached end well. Each discourse and the process cannot be separated from the regional division problems both political and regulatory. It is an attraction for the author to examine how regional division problem from the point of view of public policy. With the perspective that author used to form a formulation in problems solving of regional expansion in Indonesia.

This paper prepared by the method of literature review, namely the writing of collecting source materials library. The data used in this study is secondary data. With a library of data, the writer tried to give the problematic formulation of regional expansion through public policy analysis perspective approach William N. Dunn.

I.1 Theoretical Framework

Regional Expansion

a. Understanding Regional Separation

The term is actually a euphemism region expansion is an attempt to express the process of separation or division of the territories for formatting a new local administrative unit (Makagansa, 2008, p. 17). Seen from the perspective of the philosophy of harmony, the terms separation or division has a negative meaning that the term regional expansion describe deemed more suitable for the occurrence of new autonomous regions in the post-reform Indonesia. Expansion of the area is a matter of science form a who study the symptoms of central and local government, because of an attempt to split away from central government and government holding in an area.

b. Expansion of Regional Areas in Indonesia

Birth of the law on regional autonomy triggered regional expansion in various regions of Indonesia. This corresponds well with the decentralization in the government system. With the decentralization of authority is the authority of the central government in some capacity given to the area. One of the real forms of decentralization in the form of regional expansion aimed at the welfare of society.

1945 Basic Constitution did not set about the establishment of regional or division of a region in particular, but is mentioned in Article 18B Paragraph (1) that, "The State recognizes and respects the local government units that are special or extraordinary regulated by law." Further, in paragraph (2) of the same article contained the following sentences, "The State recognizes and respects units of indigenous people and their traditional rights all still alive and in accordance with the development of society and the principles of the Unitary State of the Republic of Indonesia, which is regulated by law.

More specifically, the Act No. 32 of 2004 concerning the establishment of regional arranges provisions in Chapter II on Establishment of Regional and Special Areas. Analogous to, issues of regional expansion also included in the scope of the formation region Act No.32 of 2004 determines that the establishment of an area should be set with its own laws. This provision is contained in Article 4 paragraph (1). Then, subsection (2) of the same article mentions the following:

“The legislation forming regions referred to in paragraph (1) include the name, region coverage, limits, capital, authorities held government affairs, the appointment of the acting

head of the region, charging membership of Parliament, the transfer of personnel, funding, equipment, documents, and tools the area."

Legalization expansion area included in the same chapter in the next paragraph (paragraph (3)) which states that, "The establishment of the area maybe emerging some regions or areas part or division of a region into two or more regions." And subsection (4) said, "Expansion of the region into 2 (two) or more areas referred to in paragraph (3) maybe done after reaching the minimum age of governance."

However, the formation can only be done if the area has qualified administrative, technical, and physical territorial. For the province, administrative requirements that must be met include the approval of regency/city and regent/mayor who will be coverage of the province concerned, the approval of Parliament and holding provincial governors, as well as the recommendation of the Minister of the Interior. As for the district/city, the administrative requirements must also be met include the approval of regency/city and district heads/mayors concerned, the approval of Parliament and the provincial governors, as well as the recommendation of the Minister of the Interior.

Furthermore, the technical condition of the formation of new regions should include the factors on which the formation of regions including the factors below.

- a. Economic capacity.
- b. Potential areas.
- c. Social culture.
- d. Social politics.
- e. Population.
- f. The total area.
- g. Defense.
- h. Security.
- i. Another factor that enables the implementation of regional autonomy.

Finally, the physical condition in question must include at least five districts, provinces, and cities for the establishment of at least five districts for the formation of the district, and four districts for the establishment of the city, the capital of candidate sites, facilities, and infrastructure.

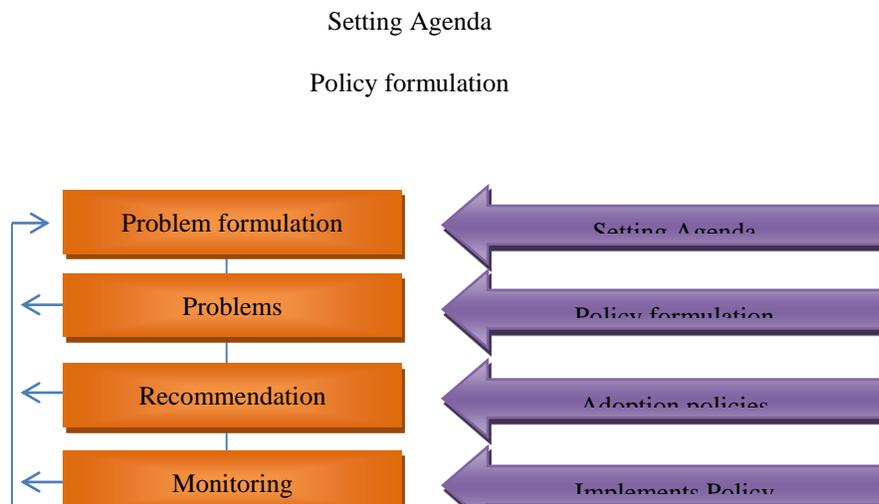


Figure 1

The concept of public policy approach to the analysis procedure (Dunn, 2000, p. 25)

Policy analysis is an activity to assist clients in dealing with a particular problem, in this case needs to know the problem, the development of alternative policy is, assessing and predicting the policy and provide recommendations (Indiahono, 2009, p. 4).

II. DISCUSSION

II.1 Issues in Regional Expansion

In the literature of the 1945 Act did not set about the establishment of regional or division of a particular region, but only mentioned in Article 18B Paragraph(1) that, "The State recognizes and respects the local government units that are special or extraordinary regulated by law."

Furthermore, in paragraph (2) of the same article contained the following sentences:

"The State recognizes and respects units of indigenous people and their traditional rights all still alive and in accordance with the development of society and the principles of the Unitary State of the Republic of Indonesia, which is regulated by law."

Many of the arguments put forward to support the expansion, among others, the need to overcome the distance between the span of control of the government and citizens, and provide opportunities for regions to equitable development. Another reason is the development of local democracy begun all over the division of power in a smaller degree. Regardless of the pros and cons of the problem, the existing laws and regulations, the Regulations and Criteria Requirements Proliferation Formation, Removal and Merger area, is still considered to have many shortcomings. This has resulted in a proposal easily passed the regional growth of government. In such circumstances, the question arises whether the public welfare and the quality of public services in the end actually increased after the area was expanded (Bappenas, 2005, p. 2).

Several studies have tried to partially examine what is happening in some new autonomous region. Bappenas (2005) have done a study to Accelerate Development of New Autonomous Region (DOB). This study specifically study issues relating to the development of new autonomous regions and sectors are the mainstay of economic development in some districts. In Serdang Bedagai (North Sumatra), Sekadai District (West Kalimantan), Tomohon (North Sulawesi), West Sumbawa Regency (NTB) and the Tasikmalaya City (West Java). The study results show that revenue (PAD) increases, but the dependence on the General Allocation Fund

(DAU) is still high. There is also an increase in development spending, although the proportion of young regular shopping. It is not surprising that the respondents said the quality of public services has not increased. This is apparently due to government DOB in the early years of prioritizing institutional reform, institutional infrastructure, personnel and financial areas (Bappenas, 2005, p. 2).

a. Expansion Areas in Indonesia

In the early days of reform, in addition to the desire to separate the province of the republic, as well as emerging aspirations of the various regions who want the division of the province or district does. In efforts to establish new provinces and districts, attraction between groups who agree and do not agree to the division of the area as a result of the increasing autonomy of local political climate. Indications of this are reflected in the emergence of the threat of each group are pros and cons to the formation of a new area, mass mobilization with tribal sentiments, and even death threats.

The idea of splitting the area is included in the life of the new nation and state in Indonesia. For the first time in half a century old history of this country, the 2000 birth of a new province called Banten. Previously, Banten region is part of West Java Province. Through Law No. 23 of 2000 on the establishment of Banten Province (Act No. 23 of 2000), the government passed a new provincial on October 17 of 2000. Furthermore, the emergence followed Pacific Islands Province of South Sumatra province as its parent, the province of Gorontalo (North Sulawesi), and Riau Islands (from Riau) through legislation that established the same year. Then, in subsequent years, the expansion occurred in the province of Maluku and Papua. Most recently, as is known, a number of figures from the 11 districts in Aceh province of Aceh Leuser declared the formation of AP and the South West Aceh Province December 4, 2005 in Jakarta. Aceh Leuser between five districts, namely Central Aceh, East Aceh, Aceh Singkil, Gayo Lues and highlands. While covering the South West Aceh district, South Aceh, West Aceh, Aceh Jaya, Semeulue, and Nagan Raya.

The growth of the autonomous region in Indonesia in 1999-2010 according to Harmantyo (n.d.) in his article *Desentralisasi, Otonomi, Pemekaran Daerah Dan Pola Perkembangan Wilayah Di Indonesia* can be presented in the following table:

Table 1
The Growth of the Autonomous Region in Indonesia in 1999-2010

Number Autonomous Region	1999	Change	2010
Number of Provinces	26	7	33
Number of Districts	234	164	398
The number of City	59	34	93
Total autonomous regions	319	205	524

In the financial aspects of regional expansion comes as a result of changes in the system of financial allocation for regional countries imposed along with the implementation of regional autonomy. In this case each local government, including the newly created areas eligible for allocation balanced fund, either in the form of Revenue Sharing Fund (RSF/DBH), the General Allocation Fund (GAF/DAU) and Special Allocation Fund (SAF/DAK). While the political aspects that often appear in the form of the desire of some political figures to get a new position, both as Head and Deputy Head and Members of Parliament in the expansion area.

Numerous Act (the Act) on local government the terms of reference for the implementation of the decentralization policy since Indonesia's independence has been introduced and amended

several times. However, decentralization policies introduced since 1999, by Law was passed 22/1999 and revised by Act no. 32/2004, is an interesting policy issues. First, the decentralization policy was adopted in the midst of political change and democratization pressures. Second, the implementation of the decentralization policy in the last decade has brought a broad impact for the political dynamics in the region (local politics) (Ismanto, 2011, p. 2).

Identify the purpose of decentralization as (i) political equality is an opportunity for citizens to participate in political activities in the area and encourage them to participate in local decision-making processes, (ii) local accountability of improving local governments' ability to achieve their socioeconomic welfare and (iii) the increased sensitivity responsiveness local governments in identifying the demands of local society (Ismanto, 2011: 2). With the decentralization of the system, any measures taken by the government relating to the expansion area should always get the consent of the central government; it will slow down the expansion of existing area each. Besides the issue of regional expansion will also face the problem of how to define the boundary line between the two systems of the region (Harmantyo, n.d., p. 2).

Seeing the development of regional expansion in Indonesia, which was considered less successful, suggesting that the rules are running less effectively, this can be due to the dominance of the legislature in the formation of new autonomous regions so that the requirements of the establishment of new autonomous regions corresponding to the physical condition, regional, and administration are less satisfied, this makes the basis of the need to evaluate how the feasibility of the establishment of new autonomous regions in accordance with the law so as to indicate the area is feasible or not to split.

The number of relatively successful autonomous regions do not correspond to around 80% of the area expansion is problematic because of the alleged corruption cases DAU, recruitment autonomous regions that are not fair (smell cronyism, kinship and tribalism (nepotism), as well as the politics of money), the emergence of business-impromptu business county officials/local politician sort their families, the conflict zone boundaries (which often overlap with the interests of a particular party), asset conflict area, the location of the new capital conflicts, conflicts between local elites, conflict, and others. Expansion area is not a new phenomenon in Indonesia.

From the above issues by outlining the existing problems in the process of regional expansion, it will be found a point solution. Before the expansion of the area was conducted, issues and opinions expansion area should be thoroughly cooked and articulate. After that opinion further neatly then step policy is formulated, with steps providing alternatives in the preparation of the solution-bill by giving some options that are considered to provide an answer to the problem. The next step is to adopt accompanied by recommendations. Then the last step is to implement a policy of expansion according to the instructions laid down by law, such as the actual implementation must be accompanied by an evaluation and assessment so there is no failure in the division.

III. CONCLUSION

The problem is caused by the expansion areas law requirements instruments formation of new autonomous regions. In addition to the existing policy is law instruments subject matter that hinder the expansion area, including: the 1945 Constitution does not specifically regulate regional expansion, decentralized system of regional expansions low process because each policy area should be in accordance with the laws set by the center. Later in the regional expansion requires substantial funds in the budget and budget while still notable to meet the local demands. The most

vulnerable place in the process of regional expansion is a game by political elites who want to be in their own little king.

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STIMULATING SCHOOL PERFORMANCE WITH RESPECT TO LOCAL DEVELOPMENT: WHAT ASPECTS OF EDUCATIONAL LEADERSHIP QUALITIES NEED TO BE IMPROVED

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ABSTRACT

The low quality of national education in Indonesia is caused by ineffective leadership performance at school levels and less support of other stakeholders such as parents and local government. As their roles are vitally important to reform organisations, school leaders need to find better ways to improve the current learning organisations and improve their attributes of leadership. This paper attempts to discover a number of barriers to implementing good leadership cultures in Indonesian school contexts as well as to identify the challenges and opportunities with regard to practices at school and offer possible approaches to more effective learning organisations. Based on this study, school leaders need to upgrade their leadership traits and attributes by internalising both the spiritual and practice of religious teachings. Therefore, there are at least two broad dimensions school leaders and local governments need to pay great attention to. First, the dimension of human resources is done through purification of bad behaviours to

create 'new' versions of leaders in the future. Secondly, the reconstruction of organisation is made through awards and recognitions.

Key words: school leadership, transformation, school cultures, leadership qualities

I. INTRODUCTION

In Indonesian culture, education is considered to be very important. Having a high level of education suggests that someone possesses a high social status. It is no wonder that the use of educational titles such as bachelors (e.g. B.A), masters (e.g. M.A) or doctorate (e.g. Dr or Ph.D) following someone's name is very common. In Indonesian society, they think that using these titles will appeal to more people and attract more business. It is also considered that education increases a person's job prospects. The higher someone's degree the more opportunity he or she will have access to competitive jobs.

Consequently, there is always a chance to do malpractice in education sectors as the stake holders are likely to mismanage institutions which could result in collusion and corruption. For example, some educational institutions offer higher degrees for busy executives without having to attend classes as long as they can pay a large amount of money. The situations get worse when there is no criticism from media and communities. Another issue pertaining to the education sector is the low quality of learning outcomes as a result of unqualified teachers in schools. For example, compared to other Asian countries, Indonesian students performed badly on science and maths tests based on a survey conducted in 2002 by the Political and Economic Risk Consultant (Pidarta, 2004).

One factor that influences the low quality of education, one of them, is the school leadership performance and the support of other stakeholders such as parents, teachers and local governments. Therefore, this essay argues that the roles of leaders in transforming schools into effective learning organisations are vitally important particularly in 'paternalistic society' (Moeljono, 2005). So, it is suggested that a persuasive approach is applied to improve both learning organisations and personal attributes of leadership.

This essay will first explore current issues regarding barriers to good leadership in Indonesian school culture. The roles of leadership, its challenges and opportunities will be discussed afterwards. Finally, the possible approaches to transform the schools into more effective learning organisations will be outlined.

II. DISCUSSION

II.1. Indonesian School Cultures: Leadership Barriers to Good School Cultures

There are at least three main issues Indonesian schools are facing concerning the cultures of school organisations. First of all, the school principal seems to be powerful and the school policies are centralistic. In Spillane's (2005) words, school leadership is mainly associated with the school principal. These are clearly indicated by his strong interventions in the responsibilities of deputy principals. For example, in most occasions, deputy principals must seek agreement from the principal and all directions and other policies should be signed off by the principal. This situation is contrary to what Trice and Beyer (2005) suggested that leaders should provide 'role models' if they are to produce cultural continuity.

Another issue pertaining to the current school cultures is the spirit of fair play and transparency with regard to important decision making. Sometimes, decisions are made before consulting other staff and teachers. For example, teachers are gathered in a formal meeting and an announcement is made. Consequently, some teachers feel unsatisfied with this approach. Contrary to this fact, Trice and Beyer (2005) argued that one of the characteristics of innovative leaders is to be able to convince members without coercion. There is no prior involvement of teachers when most decision makings are being formalised. Leithwood, Mascall, and Strauss (2009) suggested that participative decision-making is among the positive things which improves great school environment.

Last but not least, the structure of power is still bureaucratic. Besides having to consult or seek assistance from his superior (government office) about difficult matters or important decisions, the school principal also has to negotiate with the school council board. These practices often result in collusion or corruption. This is especially common for funding allocations (RAPBS-short for the Indonesian term *Rancangan Anggaran Pendapatan Belanja Sekolah* or the school budget, yearly incomes and spent) in which the school board has the authority to interfere. Hatcher (2005) suggested that when distributed leadership is not executed properly or when exclusively implemented in a “top-down” approach, it can be interpreted as misguided delegation or even coercion.

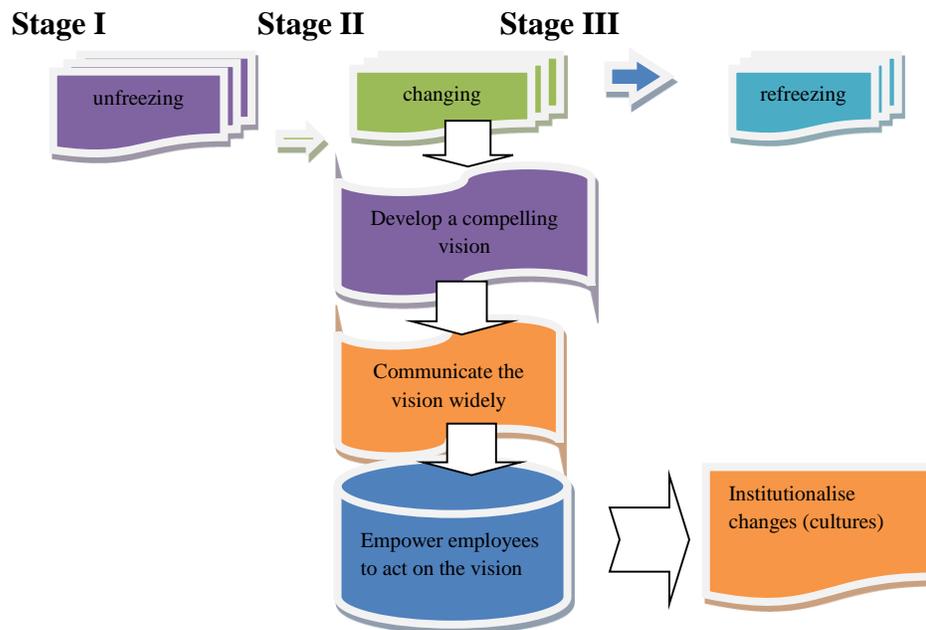
In the meantime, teachers and other staff find it very difficult to openly criticise the school principals as subordinates are always expected to be ‘a good boy’. Open conflicts between subordinates and the superior are uncommon as the leaders are considered mostly ‘correct’ (Semma, 2008). So, it is impolite that subordinates show a direct disagreement with their superiors unless the school leaders ask them to criticize.

II.2 Leadership Roles, Challenges and Opportunities in the Change of School Cultures

Some people think that changing school culture is almost impossible as it is too elusive and abstract. However, others think that culture can be manipulated as long as leaders have the vision to direct organisations into a new environment (Trice & Beyer, 2005). In Indonesian school culture contexts, regardless of the pros and cons, changing cultures can be managed in some aspects as long as the leaders are trusted and reliable and have good communication skills. School principals have to show that they can manage change and do it first rather than ask others to change as people learn new cultures through the socialisation process they experience (Trice & Beyer, 2005). Staff will quickly understand and follow the new process. As Senge (2005) suggested, a leaders serve as a ‘model’ and their work habit will set the norm.

The success of change is significantly determined by effective leaders who articulate compelling reasons, have open and regular communications, form a coalition of supporters and experts in early change, recognise and reward contribution of others and have a plan for dealing with resistance (Lussier & Achua, 2010). The changes that the school leaders are going to deal with will undergo at least three phases as outlined by Vecchio (1991) as unfreezing, changing and refreezing. In these three processes, leaders are expected to play significant roles in the development and communication of their visions to staff. Once the staff are convinced, the leaders need to empower them and finally get the new norm internalised in the organisation. The figure below summarises the roles of leaders in the process of changing cultures

Figure one: Stages in change process and roles of leadership



Source: adapted from Lussier&Achua, 2010, p. 436)

With regard to challenges, Trice and Beyer (2005) outlined a number of resistances that leaders will likely to be faced with and are classified into two main categories; individual level and organisation or group level. For schools in Indonesia, one possible challenge at the individual level would be changing 'habits' as this is associated with changing ways of life and traditions which have been embodied in social life (Trompenaar&Homme, 2004). Therefore, change is often threatening and daunting to people. While at organisation level, lacks of trust and resource limitation are two big things that need to be considered. As stated in the early section of this essay, leaders tend to become corrupt when the followers threaten to criticise. Consequently, internal find it very difficult to trust others until they can show positive attitudes. This situation leads to leaders feeling unconfident when needing to make any change (Lussier&Achua, 2010). As an analogy of this difficult situation, Senge (2005) put forward that 'adjusting shower temperature' is far more difficult when changes show uncertainty and reveal no quick result.

Having realised the roles and challenges of leaders in the transformation of an organisation, there are always opportunities and advantages for them. For example, Vecchio (1991, p. 586) proposed that a simple but appropriate structure of an organisation that employs an adequate number of staff may 'avoid empire building and padding with surplus staff. Another thing is that changes are made based on new goals of providing excellent services. In relation to this, focussing on students needs will increase the organisation's competitive advantages (Lussier&Achua, 2010). Therefore, there should be a constant hope from the leaders that changes, regardless of their drawbacks, have positive impacts.

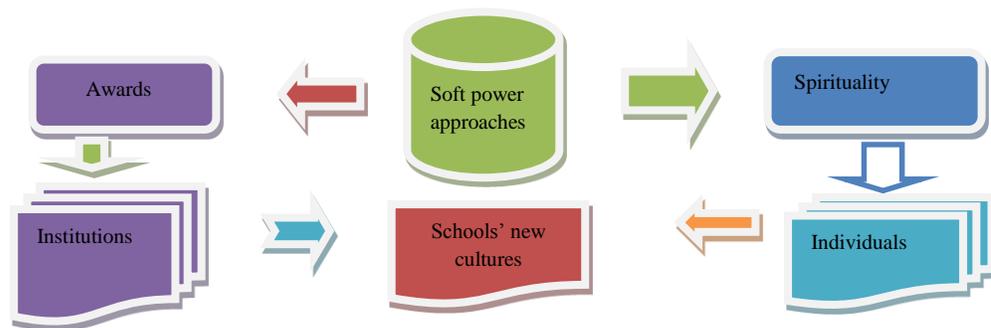
II.3 Transforming School Cultures: How would these possibly be achieved?

Having understood the importance of leaders to transform schools to create positive changes, this section will discuss two approaches which could be used to transform learning organisations which are called ‘soft power’ approaches (Nye Jr, 2004). There are a number of reasons supporting the use of these approaches. First, strict rules and coercive power do not work effectively. In Indonesian culture, very often rules may be strict but in reality these rules are not applied effectively as always people may break them and lose control. Secondly, it is more effective for people to internally realise the importance of their work, rather than feel worried about punishment or the threat of being fired. Finally, soft power approaches is more appropriate to convince people within high-context culture. This means that people in these cultures emphasize interpersonal relationships. Developing trust is an important first step to any business transaction (Hall, 1976).

The two approaches are discussed briefly as follows. The first thing to do is nomination and celebration. In relation to this, the local government can nominate regular awards to schools making progressive changes. For example, the award such as ‘school of the year award’ or ‘leaders of the schools’ which nominates and awards a schools performance based on a number of criteria, could be done by a local government (i.g. Department of National Education). The criteria of the nomination can be the quality of the changes that have been made and how the changes have been beneficial for the school community and the local people. Another criterion, for example, is to what extent the schools effectively employ their staff and empower their capacity and enhance their skills. Lussier and Achua (2010) argue that ‘celebrating achievements’ can reinforce specific values and create emotional bonds by allowing employees to share in important moments. This may also create a ‘snowball effect’ (Senge, 2005, p. 445) where other people are likely to follow what their colleagues have achieved.

Secondly, another model which is relevant to this matter is the spiritual approach. The best leader is the one who can internalise the spiritual values in his or her own life. To build a personal integrity that is trusted and reliable, it is important that leaders value, trust and empower others (Daft, 2008 as cited in Abdusshomad, 2012), avoid collusion and corruption and uphold these as the main purposes of the organisation’s personal brand. In paternalistic society, in which leaders are the core figures where people tend to follow and refer to them, trusted leaders are very important. Therefore, spirituality is a good model to be developed by both school principals and teachers and has the potential to be followed by other people outside the school community. The two approaches discussed above can be summarised in the following figure.

Figure two: Approaches to changing cultures in Indonesian School contexts



In summary, good and successful leaders as Neal (cited in Lussier&Achua, 2007; Abdusshomad, 2012) suggested are characterised by self-awareness, the attribution of meaning to experience, acting with authenticity, being as trusting as possible, honesty, respect, valuing a non-material dimension to life and intimation of an enduring reality.

III. RECOMMENDATION

The fact that Indonesia is a country where Muslim people are in the majority cannot be neglected. However, people's behaviour can sometimes be inconsistent with the spirit of Islamic teaching. The values of Islamic teachings implemented in the daily life of the people, particularly leaders, should be reflected in 'Pancasila' (the five basic principles of the nation) in which God's values are extracted in the first principle of the decree. So, there are two dimensions this paper has attempted to explore. Firstly, the dimension of human resources to create acceptable leadership by enhancing positive and spiritual based personal attribution. Secondly, the reconstruction of an organisation is made through awards and recognitions.

Therefore, there are at least two recommendations made to follow up the discussion based on the problems outlined earlier. The first recommendation deals with the need for purifying human resources of school organisations to be better as they are the main 'drivers' of the organisations. The local government (i.e. Department of national education) also need to formulate criteria of personal attribution as a reference to select new leaders. This idea is based on the following facts.

Firstly, the fact that there are a wide number of Islamic institutions which are led by Islamic leaders or *kyais* (Islamic clerics) can positively influence the public school leaders regardless of their weaknesses as their spiritual values have been developed. Secondly, there is an inclination that urban society show soft people power by doing what it is called 'Indonesia berzikir' (Indonesian zikr movement) and the ESQ or the Emotional Spiritual Quotient community chaired by Agustian Ginanjar (Fanani, 2012) have captured the nation's interest. This group, in which many national leaders belong to, has spread over the country and is popular among spiritual group as well as leaders. This movement promotes the ideas of trusted leaders, reliable and honest public figures. Recently, some corruption scandals committed by some national leaders (politicians, executives) have undermined the values of Islamic teachings and this has led to distrust of people in position of leadership.

The second recommendation concerning the need to simplify the structures of power in which the school principals do not need to consult their superiors at all times unless urgent. The new rules need to be re-written clearly that school principals carry out their jobs in simpler and more practical ways.

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RECONSTRUCTING PUBLIC SERVICE PARADIGM IN LOCAL GOVERNMENT WITH NEW PUBLIC SERVICE CONCEPT

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ABSTRACT

Good Governance is a lofty goal of a government in this country, where there is a governance do excellent and optimal. One of the actions in the framework towards good governance is to provide excellent service to the public. The question is why should the public service that must be repaired in order towards good governance, it is because, first, the public service has been a relational between the government and the public, second, and the various aspects of good governance can be articulated easier. Due to the involvement of the public in the government will be able to more easily reach the values of good governance such as, efficient, responsibility, accountability, and non-partisan.

Governance of the Republic of Indonesia after the issuance of Law No.32 of 2004 about Regional Governance is actually a way to improve relations between government and public, where the law expect that the concept of decentralization which is government done, expected the service to the public in the region would be more excellent and optimal. Because of local governments can directly contact with the public both in terms of development, empowerment and service. This review aims to create a conception of public service to local government. With using literature review, the review will look at how the concept of New Public Service if used in the mechanism of local government public service. This review will produce a paradigm in the public bureaucracy in running public services in the region.

Keywords: Local Government, New Public Service, Public Service

I. INTRODUCTION

Good Governance is a fresh wind that always blows in every country, but the concept is still the only discourse and dream for a country in governance. Realized in field is still very far from expectations as this concept set. Indeed, the definitions of *good governance* are controversial and yet there is an agreement, in what aspects of *good governance* can be assessed perfectly organized. However, this does not mean that the concept cannot be held in a system of governance. There have been many political scientists, government and public administration are always talking and trying to define *good governance*. Probably from some theories that triggered the scientists could take a reference, so that a government can be held in appropriate governance to *good governance* perspective.

According Dwiyanto (2008), said that “one strategy to develop *good governance* in a system of governance is carry out a public service which is characterized by the values that have been attached to *good governance*”. The question is why is the public service into a strategic one to develop *good governance* in a system of governance? There are two things that Dwiyanto (2008) to answer this question.

First, the public service is a means of connection between the government and the public. The implementation of a good public service, it will increase the confidence and support of the public to the government in order to create a government that is in accordance with *good governance* perspective.

Secondly, with good public services, it will be easier to measure passes the values of *good governance*. Responsively, responsibilities, accountability, it will be measured if the public be a subject of the public service and the public were given space to provide an assessment of the quality of public services provided.

Besides Dwiyanto earlier opinion, the World Bank (Setyadiharja: 2012) says that “if the public service is well organized, it not only provides benefits to its citizens, but also to the state government itself, it is because *first*, the government has been able to provide public services according to the preferences and needs of the public, and *secondly*, the government has been able to perform the function of the service with excellent quality”.

With the issuance of Law No. 32 of 2004 about Regional Governance, the government actually wanted to create a structure closer relationship with the public. According Dwiyanto (2008), there are several reasons for the government to decentralize authority to the provincial and district/city among which are:

1. In terms of politics, decentralization is intended to engage the public in the policy process, both for local self-interest and political support and policy nationally through the development of the democratic process in the bottom layer,
2. In terms of the management of government, decentralization can improve the effectiveness, efficiency and accountability, particularly in the organization of public services,
3. In terms of cultural, decentralization meant to notice peculiarities, privileges, or contextually a region,
4. In terms of development, decentralization can ease the process of formulation and implementation of development programs to improve the welfare of society,
5. In terms of the interests of the central government itself, decentralization can overcome the weakness of the central government in monitoring programs and
6. Decentralization may increase competition among regions to provide services to the public so as to encourage local governments to innovate in order to improve the quality of services to the public.

From the above explanation about why the central government should decentralize, one point stressed is how the public service in the region becomes more excellent and better, with decentralization, public service excellent and optimal can improve the effectiveness, efficiency and accountability in local governance, In addition with decentralization to encourage local governments to compete with other regions to create the best innovations in the public service.

The law 32 of 2004 mandates, that there are some authorities given to the local governments in terms of public service. Law No. 32 of 2004 explains that the affairs services should be done by the local government at the provincial level are as follows;

1. The service sector employment across districts/city,
2. Land services across districts/city,
3. Population and the civil service,
4. The general administration of government,
5. Investment administration services including inter-district and city and,
6. Organization of other basic services that cannot be done by the district or city.

The authorities of the services which are provided to local government at district/city level are as follows;

1. The service areas of employment,
2. Land services,
3. Population and civil service,
4. The general administration of government,
5. Investment and administrative services,
6. Organization of other basic services.

The aims of handed some authorities of the serviced to local government is to improving public welfare, public services and regional competitiveness.

But conditions at the level of *das sollen* not as expected by theoretical *das sein*, public services at the provincial and district/city does not go reach the optimum point. Various views were poor often become the talk of the public with the services provided by the official bureaucracy. Several studies have been conducted in order to see the performance of public bureaucracy organizes public service. As research conducted by PSKK UGM to public service that occurred in one of the region became the locus of research, namely the Special Region of

Yogyakarta, the table below will be seen that 70% of people felt disappointed towards public service.

Disappointment Services	Location					
	West Sumatra		D. I Yogyakarta		South Sulawesi	
	N	%	N	%	N	%
Disappointed	136	27,5	363	69,1	127	25,4
Not Disappointed	358	72,5	162	30,9	373	74,6
Quantity	494	100,0	525	100,0	500	100,0

Sources: Dwiyanto, 2008:156

In addition, other evidence more general view that the bureaucracy in Indonesia is very slow in providing licensing services of the investor we can see in the table below.

State	Total Procedures	Time (days)	Cost (U.S. Dollars)
Indonesia	12	151	1.163,31
Malaysia	9	30	965,76
Thailand	8	33	159,63
Vietnam	11	56	136,07
China	12	41	158,14
Filipina	11	50	201,50
India	11	89	264,59

Sources: Dwiyanto, 2008:158

The table above illustrates that how the slow process of public services in Indonesia when compared to six other countries. The table also explains that most procedures in public service are in Indonesia, Therefore the public service to be very slow and time consuming. Of the two data mentioned in the above table, it becomes a proof that Indonesia's bureaucracy does not go achieve optimality in the public service, while decentralization has been implemented in Indonesia.

The problem of the public service was due to a few things. First, according to Mulder (1985) "public bureaucracy still has a paternalistic culture that is still very firmly embedded in the bureaucratic paradigm". The hierarchical structures of bureaucracy tend to make the public bureaucracy be highly dependent on the superior. Its tendency encourages the public bureaucracy treat superior excessively by showing loyalty and devotion to the leadership. It thus caused all work to the satisfaction of superior is not oriented public satisfaction. "As a result of public bureaucracy to be less responsive in understanding the reality of the problems faced by the public" (Harmon: 1995). It can also be proved by a study conducted by PSKK UGM to reference or bureaucratic orientation public in carrying out their duties as the superior who illustrated instructions in the following table.

Services Reference	Location					
	West Sumatra		D. I Yogyakarta		South Sulawesi	
	N	%	N	%	N	%
Guidelines and Instructions Tops	245	85,4	258	79,4	230	76,7
Own initiative	4	1,4	16	4,9	14	4,6
Public satisfaction	38	13,2	51	15,7	56	18,7

Quantity	287	100,0	325	100,0	100,0	100,0
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Sources: Dwiyanto, 2002:59

From the above data shows that the public bureaucracy officials still hold the principle that the public service is dependent on the guidance supervisor. While the satisfaction of the public is still very far to be a reference or orientation of service delivery that.

The second cause which resulted in the public service is not running optimally due to excessive procedures. The procedure created by the public bureaucracy, according Dwiyanto (2011), "not only rigid, but also redundant. The procedure is no longer a facility in the public service, but a goal of bureaucracy and override the public service goals is to give providing excellent and optimal service to the public. Public is not a goal in public service, but standard rules and procedures are the main objectives of public bureaucracy".

From some of the causes described above, then Denhardt and Denhardt (2007), considers that "the paradigm of public bureaucracy is still survive and hold fast to the *Old Public Administration* paradigm". In *Old Public Administration* views that a bureaucracy public is an *Administration Man*, who only adhere to the rules and procedures that have been established. Public is a client who only considered *Dependent* or *Followers*. Denhardt and Denhardt (2007) consider "that if the public wants to be able to run the bureaucracy of public service with optimal, then that needs to be repaired is a public organization management paradigm". Therefore, Denhardt and Denhardt (2007) sparked a new paradigm in which the paradigm is more emphasis on public service, rather than just running a public service based on instructions or procedures rigid superior. *New Public Service* paradigm further elucidate the function of government is to serve (*Serving*) than just *Rowing* or just *Steering*.

This review will try to elaborate on this new concept of public servants with public service in local government, Where will be born a new conception of the paradigm in the public bureaucracy. The hope is that the reconstruction paradigm of bureaucratic officials in the public service in the region.

II. DISCUSSION

II.1. The Concept of Public Service

Decree of the Minister of State Apparatus Empowerment No. 63 of 2003 states that public service is "any service conducted by government agencies at the Centre, in the Region, and in the State Owned or Regional Owned Agency in the form of goods and services, both in order to addressing the needs of society as well as in the implementation of the provisions of the legislation".

Public service or public service are also defined by Ratminto and Winarsih (2012), that the public service is "any form of services, in the form of public goods and public services are in principle the responsibility and implemented by Government at the Centre, in region, and in the State Owned or Regional Owned Enterprises, in an effort to meet the needs of society as well as in the implementation of the provisions of the legislation."

There is some basic understanding of the public service, which is contained in the basic understanding of what a public service, how public services are run, who runs a public service. A basic understanding is contained in the Decree of the Minister of State Apparatus Empowerment No. 63 of 2003 which states some of the following;

1. Public service is all service activities undertaken by public service providers as addressing the needs of service recipients and implementing the provisions of laws and regulations,
2. Organizers of public service is a government agency,
3. The government agency is a collective term covering unit/organizational unit Ministries, Departments, Non-Government Institutions Department, High Institutions Secretariat and the High State, and other Government agencies, both central and local levels including State Owned Enterprises and Regional Owned Enterprises
4. Public service providers unit is a unit on the government that directly provide services to recipients of public services,
5. Public service giver is the official government who perform public service duties and functions in accordance with the legislation,
6. Public service recipients are people, public, government agencies and legal entities.

In the implementation of the public service, there are some principles that, as mentioned in the Decree of the Minister of State Apparatus Empowerment No. 63 of 2003, namely transparency, accountability, Conditional, Participatory, Equal Rights, Balance Rights and Responsibilities.

In the concept of public service, according to Lenvine (1990), the product of public services must meet three indicators: "Responsiveness, Responsibility, and Accountability". Dwiyanto (2008) defines three indicators are as follows;

1. Responsiveness is the responsiveness of service providers to the hopes, desires, aspirations and demands of service users,
2. Responsibility is a measure that indicates how far the process of providing public services was conducted in accordance with the principles or administrative provisions and the right organization and have been established,
3. Accountability is a measure that shows how much the provision of services in accordance with the interests of stakeholders and developing norms in society.

II.2 The Concept of Local Government

Based on Law No. 32 of 2004 Local Government is the "administration of government affairs by the regional government and parliament according to the principles of autonomy and the duty of assistance to the principle of autonomy in the system and the principle of the Republic of Indonesia as defined in the Constitution of the Republic of Indonesia of 1945 ". Furthermore, Law No. 32 of 2004 on Clause 2 Subsection 3 explains that the local government runs autonomy, except in matters which fall under the government with the aim of improving public welfare, public services and regional competitiveness.

There are some authorities given to local government. In the case of public service affairs, The Law No. 32 of 2004 mentioned in Clause 13 which describes the service items that should be done by the local government at the provincial level, namely;

1. The service sector employment across districts/city,
2. Land services across districts/city,
3. Population and the civil service,
4. The general administration of government,
5. Investment administration services including inter-district and city and,
6. Organization of other basic services that cannot be done by the district or city.

The authorities of the services provided to local government at district/city, as described in Clause 14 of Law 32 of 2004, namely;

1. The service areas of employment,
2. Land services,
3. Population and civil service,
4. The general administration of government,
5. Investment and administrative services,
6. Organization of other basic services.

II.3. The Concept of New Public Service

The concept of *New Public Service* was created by Janet V. Denhardt and Robert B. Denhardt. The concept was created as a new form of management of public services and as a result of criticism of the concept of *New Public Management* created by Osborne and Gaebler and also the paradigm of public service older the *Old Public Administration*.

In this concept, Denhardt and Denhardt compare the *New Public Service* in various aspects of the concept of *Old Public Administration* and also with the concept of *New Public Management*. In this review, we just saw three aspects related to public services. Three aspects of it are as described in the table below;

ASPECT	<i>Old Publik Administration</i>	<i>New Public Administration</i>	<i>New Public Service</i>
Role of Government	<i>Rowing</i>	<i>Steering</i>	<i>Serving</i>
To whom public bureaucracy responds	<i>Clients</i>	<i>Customers</i>	<i>Citizens</i>
Accountability	Hierarchy	The will of the market is the result of customer desires (Market-Driven)	Multi aspect, law, values, community, political norms, professional standards, <i>interests of the citizens</i>

Sources: Denhardt and Denhardt, 2007, 28-29

In this review just compare and try to elaborate on the concept of *Old Public Administration* and the *New Public Service*, without including the concept of *New Public Management*. The table above explains that there is a paradigm shift in the management of public services. Where is the government's role not only as *Rowing* and *Steering*, but rather to *Serving*, According to Denhardt and Denhardt (2007) that the concept of *Serving*, "the government must open a new avenue for more direct public involvement in the process of governance", including the public service. Denhardt and Denhardt (2007) refer to it as *Democratic Governance*, which the public according to Bellah et.al (Denhardt and Denhardt: 2007) "must listen carefully and clearly, administrator joins self and society in a reflexive relationship". Rewansyah (2009) describes the concept of serving is "necessary to apply the pattern of *citizen-centered collaborative public management*".

In the concept of *New Public Service* is required to engage public, especially in matters of public services, public should be the orientation of the public service. Because according Denhardt

and Denhardt (2007), people have become *citizens* of the country where they are "bearers of rights and obligations in the context of the wider society".

Paradigm accountability of public services must also change. Public bureaucracy no longer just refers to the hierarchical structure or just on the market. But the stressed point, accountability of public services suggested by Denhardt and Denhardt (2007) do a "reconceptualization of the role of public bureaucracy as a leader, to be a messenger of the public interest, not as entrepreneurs". Kumorotomo (2008) mentions "that the public service is accountable when their sizes indicate whether public bureaucracy or service activities carried out by the government are in accordance with the norms and values held by the people and if the public services are able to accommodate the needs of real people". Zadek and Radovich (2006) stated that "the accountability should, occur, three things such as *obedience, and transparency, responsiveness*".

II.4. The Conception of the New Public Service on Public Service Paradigm in Local Government

After the issuance of Law No. 32 of 2004, the government affairs actually are closer to public. Because local government is formed in order to create development, empowerment and better services to the public. Law No. 32 of 2004 was also very clear in explaining what services are to be done by the local government, either at the provincial or district/city.

However, of the various problems that we have described in the Introduction to this review seems to be a problem in creating an excellence and quality public services. This is a matter that must be changed paradigm in the context of public service. The paradigm that has been there in the public bureaucracy is the paradigm of *Old Public Administration*, where the public bureaucracy just as the *Administration Man* (Denhardt and Denhardt: 2007). Public bureaucracy only works at the level of rules and procedures that are hierarchical. In the minds of the public bureaucracy over the interests of the supervisor rather than the interests of public who should be served first. While public was just limited as a *Clients* that if they want to deal with the public bureaucracy, they are serving the public bureaucracy if their affairs quickly resolved. This paradigm should be changed, if not then how any regulation of public services are created, but the paradigm of public bureaucracy still holding on the old paradigm it will be a big problem for creating an excellent service to public. Denhardt and Denhardt create a concept of public service management with the concept of New Public Service. This concept will be a new paradigm for public bureaucracy in running public services.

II.4.1 From Rowing to Serving

First let's look at aspects of the role of government. The role of government has only as "*rower*", where a rule, procedure, and also including the public interest are all implemented and managed by the government. So people do not have a role. This will create a public bureaucracy that just oriented to rules and procedures that have been created by his superiors. It's also a hierarchy. Then the public bureaucracy does not understand what people want, So that the public bureaucracy becomes unresponsive. In the implementation of services in the region where local government relations are an extension of the central government should be able to get closer to public, especially in the public service, in which the public service has become one of the authority given to the local government, it means that the government's role is no longer only a "*rower*" with all the rules and procedures are very strict. With the paradigm of *New Public Service* the government's role to "*serve*", where the government must open the way for people to get involved,

in accordance said by Denhardt and Denhardt (2007) that “the government must open a new avenue for more direct public involvement in the process of governance”.

In the implementation of local public services means that public services should be more accessible and satisfaction felt by the public. In this aspect, if the paradigm of “*service*” is used in the public bureaucracy, public bureaucracy to be a more responsive because of the responsiveness of the public bureaucracy to the hopes and aspirations and demands of public will be improved. Public was given space to provide an assessment of the services provided, so that the public bureaucracy can determine the extent of quality of service that has been given and must be able to accept criticism and improve the quality of service perceived lack. So that public bureaucracy would dare to innovate in order to create the best public services and are able to compete with other regions in the public service. In addition, responsibility of public bureaucracy will improve. With the paradigm of “*servicing*”, the public service in the region will be in line with expectations and values that develop in society in the region. Public bureaucracy will not just obey the procedures and rules that were created, but the procedures and rules had to be a way of how willing people can be accommodated so that the public service oriented public satisfaction.

II.4.2 From Client to Citizens

The second aspect that we see in this review is the aspect of “*to whom the public bureaucracy to respond*”. With the concept of *New Public Service*, public bureaucracy running public service functions will respond to public as a “*Citizen*” and their rights in the governance process, if the public bureaucracy implements this paradigm in the public service. So public who became the primary goal in running the service, various problems in the field showed that the first orientation of the public bureaucracy is the technical and operational orders. That's because the public bureaucracy responds to the public as “*Client*”. So the public is not the purpose of the service. Public as a subject in the service, services object is the satisfaction of leaders and not the public satisfaction.

This paradigm can we change with the conception of the *New Public Service*, where people are “*Citizens*” who all aspects of services should be *public-oriented*. Rewansyah (2009), adding that if the government wants to change the paradigm of the “*Client*” to “*Citizens*”, the government “necessary to apply the pattern of *citizen-centered collaborative public management*”. The intention is, the collaboration between the government and the public in the formulation of the service, both procedures, the cost of the service, and the public should be given the space to provide input to the services provided. Instructions supervisor is not a major thing, but public satisfaction is an indicator of the success of public service was held.

Furthermore services authority has been given to local government, the local government should be closer to the public in terms of public service, the right public with the local government to be more open, so that all orientations in the public service is how satisfaction of public. With the satisfaction of public, then it implies the development and empowerment in the region would be easier to do, because people feel full rights as “*Citizens*” and are involved in local government so that it will have more confidence to the local governments as the executor of government to build the region.

II.4.3 From Hierarchy to Multi-faceted (Interest of Citizens)

The third aspect is the accountability of public services. In the old paradigm of public bureaucracy, “accountability of public services is hierarchical” (Denhardt and Denhardt: 2007), so

all the affairs of public administration must be in accordance with the interests of supervisor. It is not in the public interest. Pinchot (Pribadi: 2008) calls it "a hierarchical chain of command" subordinates and superiors can govern by means dominating". This led to a public bureaucracy were oriented to the interests of supervisor and do not dare to innovate in public service.

The *New Public Service* paradigm change accountability of public services to be multi-faceted. One is the *interest of citizens*, if the paradigm is used in the public service in the region. The size of the service is run in accordance with the interests and norms that develop in society. Zadek and Radovich (2006) stated that "the accountability should, occur, three things such as *obedience, and transparency, responsiveness*". *Obedience* is not just obedience to their superiors, but obedience with the norms and values that have developed in the society, norms and values that developed it, into rules and an agreement in the public service, guidelines and instructions superiors only as a means of bridging the norms and values developed with the state's law. That is why local autonomy needs to be done because the norms and values that develop in society from one region to another are different. With regional autonomy, local governments can organize local governance in accordance with the norms and values that develop in public in the region, included in the affairs of public service.

Transparency where service policies, procedures, costs and service time should be clearly known by the public, all of the public service must be known and accounted for its implementation to the public, and the last is *responsiveness* where the responsiveness of public bureaucracy to the expectations, desires, aspirations and demands of the service user. So that the orientation of the public service is really focused on the public in line with expectations, desires, aspirations and demands of the public, so that local government will be more responsive to run public services in accordance with the wishes of the people, so that the public service will run easily accountable to the public.

If these three aspects such as *role of government, to whom the public bureaucracy to respond, and accountability* according to the *New Public Service* concept are used as a paradigm of public bureaucracy especially in local government, will be easier to empowerment and development and improve local public services. Because at its core, the society that should be the main focus in the regional government. Law No. 32 of 2004 has mandated that governance in the region is to improve the welfare of the society, improving the quality of public services and competitiveness in the region. Then it is appropriate that the old paradigm that persists in the public bureaucracy changed after the conception of the *New Public Service* that is more democratic and put the public interest above those of the group or personal interests.

III. CONCLUSION

Issues of public service during this happened because the public bureaucracy that still holds strong that the old paradigm is not at all oriented to the public interest. The implementation of Law No. 32 of 2004 is actually a way to improve the quality of local public services. Some authority services been handed over to the local government. That means the government's relationship with the society in the region should be closer and all public service orientation should be based on public interest.

With the concept of *New Public Service* that will change the paradigm of public bureaucracy, especially in the public service in the region. Public bureaucracy should no longer be a "rower" in the public service in the region. Public bureaucracy should "serve" the public, which

public became an orientation in public service. Governments in the region are no longer as strict government with all the procedures and rules that are created strictly. But rather to put forward the interests of the people in the region in implementing services that been handed over to the local government.

District government should respond to the public as "*Citizens*" with rights in the wider in public service, society satisfaction should be an indicator of the public service. Accountability of public services to the conception of *New Public Service* is focused on the *interests of "citizens"*, in which all public service oriented public interests and values that developed in society. So that public services more easily accountable to the public.

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IMPLEMENTATION GOOD GOVERNANCE AT LOCAL AUTHORITIES

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ABSTRACT

Concept development and implementation of policy decisions of the government can no longer be implemented when the layers of society that there is involved either directly or indirectly. Because, people are implementers and doers of the policies issued by the government. Therefore, public participation and implementation of the principles of good governance will be more synergy and well received. Since there is no longer a need to be covered or hidden. Besides the efficiency and effectiveness of local governance needs to be improved with more attention to aspects of the relationship between the composition of the government and local governments, and the potential for regional differences, opportunities and challenges of global competition by providing the broadest possible powers to the regions, along with entitlement and liabilities held unitary system of local autonomy in governing the State. With a clear division of tasks between central and local government, the more it is also clear who is responsible for the failure of a policy. The paradigm of good governance, good governance attention to three domains that synergy between the public sector, private, and public. In accordance with the paradigm of good governance, the government's labor relations at sector no longer be "hierarchical" (coordinate system from the bottom up or vice versa), but to "heterarkhis", meaning that the implementation of the activities of government with respect to the relationship of the three domains of good governance. By implementing the concept of good governance, the government sector can no longer be a major player to make a monopoly in determining public policy. The relationship between the government, private sector, and society must be developed if the paradigm of good governance will actually be implemented.

Keywords: Good Governance, hierarchies, local governments

I. INTRODUCTION

Republic of Indonesia as a unitary state adheres to the principle of decentralization in holding the government to provide opportunities and chance to regions for organizing regional autonomy. Provisions of the republic of Indonesia's constitution, 1945, article 18, paragraph 1 states that the republic of Indonesia is divided into provinces and regions, of the province is divided into districts and municipalities, which each province, district and city has its local government, which is set by law. The era of regional autonomy for the parameters for region prepared to take care the household whether it alone. The existence and wisdom is directed to the local government was able to try his development in order to improve the welfare of society. In connecting with, autonomy can be understood as giving confidence to the organization's strategic region. So the government, the concept of autonomy should be able to defeat the initiative, innovation reorganization in moving spirit of its people to develop their regions.

Republic of Indonesia's constitution in 1945 article 18 (before the change) does not regulate in detail all aspects of the local government concerned, but only arrange the basics only. Therefore, the founding father has formulated the division of the nation into the organization of Indonesia. It has a range of diversity that cannot be managed by implementing the necessary wisdom centralistic. But to understand the local action that has the respective local governments and communities are adapted to ethics and local culture, without deviating from the national goals and principles of the unity from state homeland.

In the context of regional autonomy changes are very necessary in the organization more responsive and have a accountability. In doing with it, it is necessary for servicing the bureaucracy to respond the challenges in a fair and wise. Because of political participation appear on policy-making bureaucracy is an unavoidable consequence. In that case, it takes a pretty fundamental change in the government's program to develop programs without leaving the existing organizational regulations. Seeing this situation, we need to make government region bureaucrats. So we can open reorganization to form an organization, flexible, lean, efficient, rational, and strongly decentralized. This means that should the government bureaucracy created a new vehicle with emphasis on the empowerment of socially, economically and politically in the district and the city. Due to their eagerness to manage their own local administration and implementation of the resources are them.

There are some rational reasons why leadership is important and interesting area to study. Throughout history, from the reign of the dutch east indies, the japanese occupation period proclamation of independence, during the old order, the order of today's reforms, the position and role of the head area with a variety of mention as governors, regents, mayors have shown their existential well as leaders of government organizations that protect , protect and serve the community, as well as in leading organizational administration.

Therefore, the act no. 32 of 2004 on regional government article 1 paragraph 2, which consists of the heads of regional and local representatives (parliament). The existence of local government is a form of government that smaller organizations or at the local level are said to be localized government, the transfer of power from the people in the democratic country split in two.

1. The government (executive) entrusted with the power to carry out the various needs of the community setting.
2. Legislative branches, the competent authorities in formulating and making rules to be implemented by the government as well as to supervise the actions of the government.

The functions performed by the executive (head of district) consist of three functions: the function of the executive, legislative functions and judicial functions. Therefore, the executive in implementing democratic system one of the most prominent functions is a function of government. So that, in line with the above seriously encourage regional heads (governors, regents and mayors) to implement and run the government in order to realize a prosperous and sustainable development.

Various settings in all legislation on local government to make strategic role of regional head, because the head area is very important in showing the successful development of local and national development in general, because local government is a subsystem of the national government or the state, the state government effectiveness depends on the effectiveness of governance in the region. The success of leadership in the area of leadership determines the success of the regional heads in the success of national. So does the failure performance and effectiveness of the implementation national development. Development and government interference in the implementation of regional autonomy has not become a guarantee it will generate and the implementation of the principles of good governance (good governance). Section also highly determines the conduct of the practice of good governance is reasonable legal functions of government. Because, regional head (governors / regents and mayors) along with the deputy head of the region is often incompatible in government management that ultimately impact the program to be blocked. Then, there is often a change of officials leading the bureau, office, agency, and the agency at any time without notice for some time the acting is served. In addition, the placement of officials that is inconsistent with his educational background.

II. DISCUSSION

II.1 General Regional Autonomy

The implementation of regional autonomy is seen as a blessing for the container regions. With authority as stipulated in Law No. 32 of 2004 on Regional Government, the regions become have more authority and have the freedom to organize and manage themselves. Autonomy means starting from the right and authority to have taken the initiative and make decisions in managing the household and taking care of the interests of local communities by holding the local regulations that do not conflict with the 1945 Constitution and other legislation are higher (E.Koswara 2001: 77).

In this context the government needs to implement a power-sharing government as known as decentralization, the shape and structure visible from the provisions in the laws that govern them. Such as Law No. 32 of 2004 on Regional Government which includes understanding of local autonomy in Article 1 point 5 of "regional autonomy is the right, authority, and duties of the autonomous regions to organize and manage their own affairs and interests of the local government in accordance with the laws and regulations ". Because the practice of the State administration changed the formerly held executive power is not centralized and mechanisms of central and local relations also holds the principle of decentralization in governance by providing power to the area to conduct regional autonomy through legislation on the governance area.

The very foundation of the legislation is to provide the opportunity and the power to establish local area and further empower the community, foster initiative and creativity as well as increase the role and functions of the executive, (governors, regents and mayors), and legislative (Parliament). Law Number 32 of 2004 on Regional Government, in Chapter 1 the general provisions of Article 1, paragraph (5) wrote, regional autonomy is the right, authority and responsibilities of the autonomous regions to organize and manage their own affairs and interests of local communities in accordance with the regulatory legislation. That, in the framework of local governance in accordance with the mandate of the Constitution of the Republic of Indonesia in 1945, the local government set up and manage their own affairs in accordance with the principles of autonomy and assistance, directed to accelerate the realization of public welfare through the improvement, service, empowerment, and the role and communities, as well as increased competitiveness of the region with the principles of democracy, equality, justice, privilege and specificity of a region within the system of the Republic of Indonesia.

Thus, the core of the concept of decentralization is to maximize the results to be achieved while avoiding the hassle and the things that hinder the implementation of regional autonomy. Thus, people's demands can be realized in a real and broad implementation of regional autonomy and continuity of public services for no ignorance. Besides that, the More autonomy of the authority is actually used for the benefit and welfare of people, more useful implementation that area.

Then Van Decree defines the autonomous areas, among others:

- a. That autonomy has a meaning other than an attribute of sovereignty of the State, but is never an attribute of its parts as gemeente, province, etc., which only has the rights that come from the State, as part of which can stand alone but not be considered independent, freelance or parallel to the State. That therefore the central State or Government who has the last word on the terms of the boundaries of autonomous, both positive and negative ways.
- b. Such that it is also in line with the intent of the completely decentralized, which is nothing more than a suggestion to achieve the implementation of local interests in the proper way or should, that decentralization was done not only because of the desire to make decentralization. Understanding regional autonomy above reflects the decentralized, as the contents of the Act No. 32 of 2004 on Regional Government Article 1 paragraph 7 "decentralization means the transfer of government authority by the government to the autonomous regions to organize and manage the affairs of government in the system of the Republic of Indonesia". There are several reasons why the government needs to make the decentralization of power to local governments. According to Josep Riwu Kaho include:
- c. Seen from the point of politics as a power game (game theory), decentralization is intended to prevent the buildup of authority on one side that can ultimately lead to tyranny.
- d. In politics, the implementation of decentralization is considered as an act of democratization, in order to attract people to participate in government and train themselves in the use of rights democracy.
- e. From the technical point of organizational governance, the reason the government held areas (decentralization) is solely to achieve something efficient government. What is considered more important to be managed by the local government, the management is delegated to the regions

- f. From the point of cultural, decentralization should be held so that attention can be fully focus on the specifics of an area, such as geography, the state of the population, economic activity, the nature of cultural and historical background.
- g. From the point of economic development, decentralization is necessary because local governments can be more widely and directly assist the development.

Real autonomy principle is a principle that in order to handle the affairs of government implemented by the task, authority and obligations existing actual and potential to grow, live and develop in accordance with the potential and uniqueness of the region. The responsible autonomy is autonomy in the organization should completely in line with the purpose and intent of autonomy, which is basically to empower the region include improving the welfare of the people is a major part of the national goal. Supporting autonomy than the performance of duties to the best of other clearly between: the human factor, financial factors, supra infrastructure factors and, the organization and management factors.

II.2 Purpose Regional Autonomy

The paradigm of regional autonomy is contrary to the assumption that the ideal goal of democracy, justice and welfare for the people is not solely determined by the State. In regional autonomy is necessary to guarantee the distribution of power in a healthy and equitable, accountable governance, upholding the principle of supremacy of law and human rights (Human Rights) and equitable economic structure and people based welfare. Autonomy start with, and the rights and authority for initiative and take decisions in managing the household and taking care of the interests of local communities by holding the local regulations that do not conflict with the 1945 Constitution and other laws higher.

Besides the efficiency and effectiveness of local governance needs to be improved with more attention to aspects of the relationship between the composition of the government and local governments, and the potential for regional differences, opportunities and challenges of global competition by providing the widest authority to: First, Indonesia is not constitutional system adopts centralism, but divides Indonesia on the basis of the small area that is set by law. Secondly, the setting in the legislation should be looked at and remember from the deliberation in the country.

Third, governance systems, large and small areas is not a state but a state which is inseparable from the form within the framework of the Unitary State (endheidstaat). Fourth, the pattern of large and small areas exist which are autonomous (streak en locale rechtsgemeenschappen) or there is a mere administrative regions. Fifth, while the extent of autonomy will be given to the area, it's pretty obvious wisdom that is essentially the explanation contained in the first paragraph of Article 18 UUD 1945 (before the change) is implicit also provides direction that autonomy is the proportion of a reasonable and justifiable, given real conditions in the region.

In this context the government needs the power-sharing government area known as the term of decentralization, shape and structure visible from inside related laws that govern them. As the Law Number 32 of 2004 on Regional Government which includes understanding of local autonomy in Article 1 point 5 "autonomous area is right, authority, and duties of the autonomous regions to organize and manage their own affairs and interests of local communities in accordance with the laws and regulations". In line with the principle of autonomy was implemented anyway As for the principle of autonomy is responsible autonomy in the organization must be perfectly aligned with the purpose and intent of autonomy, which was essentially to empower the region include improving the welfare of the people is a major part of national emergency purposes.

II.3 Principles Of Good Governance

The problems faced in the era of regional autonomy, which is the demand of the people can be achieved if the creation of a system of good governance (good governance). Therefore, the bureaucratic behavior change is needed in the implementation of regional autonomy in accordance with Law No. 32 of 2004 on Regional Government in line with the concept of good governance as domain of good governance includes:

- 1) Emphasizing governance based on the rule of law.
- 2) The transparent public policy.
- 3) The existence of public participation and public accountability.

In order to achieve good governance by Hardijanto (2002: 2), some basic principles that must be considered among other things:

- 1) The principle of legal certainty
 - a. Legal systems are true and fair, include the national law, customary law and social ethics.
 - b. Empowerment legal institutions, including the police, prosecutors, courts and institutions society.
 - c. Decentralization in the preparation of regulatory legislation, decision-making public and others related to the public interest.
 - d. Oversight Council made public, the press, and the public in a transparent, fair, and can be responsible.
- 2) The principle of openness
 - a. Fostering an enabling environment for the implementation of the principle of decentralization and transparency.
 - b. Uphold human rights, like the right to a decent life, the right to feel safe and comfortable, equality before the law and others.
 - c. Provide true, fair and non-discriminatory.
- 3) The principle of accountability
 - a. Procedure and mechanism of action is clear, precise, and right, which is regulated in the law of regulation, with focus on servicing to the community.
 - b. Able to account for the work, particularly with regard to the public interest.
 - c. Giving tough sanctions for officials who violate the law.
- 4) The principle of professional
 - a. Human resources and professional capabilities have a good service, neutral and supported by ethical and moral according to the culture of Indonesia.
 - b. Having the ability to appropriate competence and ethics laws and regulations.
 - c. Modernize the administration of the State to apply the technology of telecommunications and informatics appropriate.

Organizations everywhere are certainly the largest public organization that embodies all levels of society to the scope of the State. Therefore, public organizations have a legitimate authority in the political, administrative, government, and law are institutionalized so as to have an obligation to protect its citizens, and serve their needs, otherwise entitled to also collect taxes for funding, as well as sanctions enforcement sentencing rules. To implement good governance, fostering partnerships and mutual trust is the key. Based on the above framework, the principles

of governance that meets the principles of good governance set out by the team work lapera as follows:

1. Accountability, that is able to read people and be accountable to the public through indicators or measures made by the people themselves.
2. Transparency, that all activities and measures taken by the government is open, can know or accessed by the public. The decision was taken to involve the community, allowing that appears ideas and aspirations of the community
3. Honesty that is honesty of government in the administration or conduct.
4. Equality, non-discrimination in service or not make different in the ministry. Involvement, the community in all stages from planning to process the result of distribution building.

Constitutional, walking on the rules and always uphold the law. Decision-making, prioritizing discuss so decision taken not harm society. In the era of regional autonomy, each local government organizations face challenges that are complex and demand the growing needs of the community. Therefore, the model takes a lean organization and supported by personnel who have the skills, expertise in accordance with the duties and functions of such organizations is necessary for career promotion measures that can be used as a reference standard to be used as an objective measure promotion. Good governance there are some principles that can appoint exercise of good governance, namely:

1. The recognition of political plurality
2. The Existence principles of justice
3. Accountability of governance
4. The principle of openness

One of very interesting part of the principles of good governance, that is accountability. In principle there are three dimensions of regional planning initiatives that strengthen the community to participate in the implementation of regional autonomy:

1. Financial dimension, Any use of funds by the government (executive), must be strictly in accordance with the approval of the legislative (parliament), parliamentary control is not intended for political bargaining (negotiation) parliamentary party, but rather to ensure that all funds are used by the government is proper allocation, low (efficient) and avoid from manipulation that could eventually harm the community.
2. Political dimension, this dimension applies to the government, meaning that every action of each party is clear legitimacy and accountability of public officials should not be the result of political negotiations, but must be completely through the democratic political process. In the general election, the people must clearly choose who, and who also have the clarity elected party chosen by whom.
3. Dimension legal (formal) dimension is a real translation of the principles of rule of law, public officials must have the free legal validity (formal), by law or regulations. This is necessary in order to avoid late and when it appeared a question of the public can also clearly have a reference for a claim. The three principle dimensions, is the foundation of the principles of good governance. If we seen from these dimensions, it is clear that the government should build the joints democracy. so good governance can only be achieved if the following conditions can be met, such as government accountability, and participation . The implementation of regional autonomy by

giving credence to the basic character of the area and the desire to increase people participation, a scheme indicate that autonomy could be a momentum to foster good governance.

II.4 Government By Law Number 32 Year 2004 On Local Government

1. Understanding government and local government

Government is all-agency activities, company or public bodies in carrying out its functions are to reach the goal state (government views of the aspect of dynamics). Then the government can be distinguished in terms of broad and understand narrow. Understanding governance in the broadest sense are all the activities of public bodies including the executive, legislative, judiciary in an effort to achieve the goal state, whereas in tight definition are all activities of public bodies which only covers executive power alone.

The governance is the implementation of government affairs by the regional government and parliament according to the principles of autonomy and the duty of assistance to the principle of autonomy in the state system and the principle of the unity of the republic of Indonesia as defined in the State's constitution republic of Indonesia in 1945. Thus, workers can be coordinated by the superiors to subordinates, reaching from the top to the bottom of the entire enterprise. According to Inu Kencana Syafie (1999: 53) the organization is:

- a. Containers or where the implementation of administrative
- b. The occurrence of the relationships between individuals and groups, both within the organization itself and the family
- c. The occurrence of cooperation and division of labor
- d. Ongoing process based upon the performance of their respective activities.

Government services at the level provinces are the duty and function of the main heads provinces and territories as chief representative of the central government in the region. The regional head of accepting delegation of the authority of the central government which has the task of implementation of activities province local government, community development, community service, organizing and obligation public tranquility and maintenance of infrastructure and public service facilities dominated and accountability to the local legislative provinces (parliament) as an institution legislative area. This relates to the main functions and tasks of the government in general, are to give service to the community. With the provision of a good service to the community, the government will be able to realize the goal of the State is to create prosperity to the society. Service to the community is integrated in organizing government and development. Therefore, the government in carrying out the functions of his ministry has three main functions, among others:

- a) Serve both individual services and public services,
- b) Undertake construction of recycle economy to increase economic growth and
- c) Provide protection to society. Then, too, the government is required to provide personal service at reasonable cost, cepta, qualified, professional and good and fair.

2. Understanding the regional head

The regional head under the provisions of Act No. 34 of 2004 on Regional Government Article 24 paragraph (1) and (2) are: Verse 1 each region led by the head of government area called the head of region. Paragraph 2 of the head region as represented means in paragraph 1 for province

called the governor, to the district and to the city regent called the mayor. That is, the provisions of Article 24 has been made clear that called with regional heads are governors, regents and mayors as implementers of government administration autonomous region respectively. Because, in its function as an instrument of government, heads of local executive power to lead the implementation of local government in both local and household assistance field.

Therefore, as the party leading the implementation of the regional executives, he said as a regional executive department. As regional executive, the head of the region gives its responsibility to DPRD. Beside that also, J. Kaloh (2003:4) regional head in all legislation concerning the role of the local government to make very strategic area, as head of strategic region, as head of the region is a significant component of the success of national development, because local government is a subsystem of the national government or state. Effectiveness of the State depends on the effectiveness of governance in the region. Thus, the function of the head of local government areas only cover three things:

1. Service to the public (services),
2. Preparation of guidelines / directions or provisions to society (regulation), and,
3. Empowerment.

The regional head by Hanif Nurcholis (December 2007:212) is the lead agency implementing legislation regulation. In the concrete form of regional policy implementing institutions are government organizations. The regional head held rule its region, such as:

a. To the region of provincial implementing agencies of regional policy is led by the provincial government as head of the provincial governor and assisted by the provincial government.

b. Later, the head of the district is implementing agencies from the district policy by the regents. So, regents and devices are the implementing rules and regulations within the district (local rules and regulations of regional heads) and the executors of the policy / regulatory regions created in conjunction with the local parliament and carry out all the good laws made by the Parliament and the president, ministers, and governors.

c. The city government, led by the mayor and not subordinate to the provincial government. The city is an autonomous region under the coordination of the provincial government. Mayor and devices are the implementers of the city area is made with the city parliament.

Therefore, SH. Sarundajang (2000:75-76), states that the head of the region as well as the head of government as well as local organizers government with policies established by Parliament, as well as regional leaders and the guidance is that the regional heads should think, act and behave with more priority to the interests of the nation , State and society.

Thus, in performing their duties and obligations of the local government, where the head of the governor is irresponsible of the Council, in his capacity as a representative of the provincial government, the Governor is responsible to the president. Regents and mayors accountable to the regency / municipality and shall provide reports to the president through the minister of home affair, with a copy to the governor. Then, Syaokani HR (2000:43) is the regional head of state officials who perform tasks in the field of regional deconcentration. While the government is responsible to the parliament, the head of the only areas to provide information in the government's job responsibilities. As for his duties as an officer of the State in the field of deconcentration include:

- a. Cultivate peace and public order
- b. Implement efforts in coaching country's ideology and domestic politics and national

unity coaching

- c. Coordinate among agencies and departments vertical- region department
- d. Coaching and supervise local government
- e. Supervise and organize implemented legislation and local government
- f. Carry out the tasks given by the central government
- g. Carry out tasks that have not been regulated by the central government.

Understanding others is also presented by Andi Mustari Pide (1999:50-52) is the regional head of officials who exercise the rights, powers and obligations of local government leaders or officials who led the organization of the course and fully accountable governance. The task of head region is the regional head of power specified in rightly according to the legislation in force that must be done or carried out by the head of region. Include rights chief regional areas such as power head with the approval of Parliament to establish local regulations (regulations) or issue a decision and regulations to carry out the regulation of regional heads. Therefore, the position of the head of the region, there are two functions (see also Bagir Manan, 2001: 129-130), namely:

(1) Function as the head of the lead organizing autonomous and fully responsible about the way local government

(2) Function as the head region government leads the public government affairs is the duty of the central government area. It is also in view Marbun BN (1983: 87) says that it is so important and the extent of the duty of a good local chief as head of the region must have proficiency in the field of governance and fully trusted by the government as well as the head of an autonomous region, then he needs the support of the people to get lead. Another opinion also expressed by, Sayuti Unan (2004: 100) that in its function as a tool of government, heads of local executive power led in the field of local government, both in the domestic affairs of regional and field assistance. Then, according to district chief Abdul Latief (2006:7) as the regional head of the regional administration to be acting on behalf of the local government in all legal relationships whether they are public or private, has the authority to act in the conduct of local government.

3. Position of regional head.

The Position of governor as the representative of the Government under the Law Number 34 of 2004 on Regional Government in particular in Article 37 (1) governor because of his position as well as the resident representative of the territory of the province concerned. (2) in his capacity as referred to in paragraph (1), the governor responsible to the president. In context of regional autonomy, a regional leader in the implementation of the pattern of leadership should not just oriented to demand to receive authority as much as possible, regardless of the meaning of autonomy itself is born out of a need for the efficiency and effectiveness of the management to run the administration, which aims to provide services, the better the community.

The new paradigm of regional autonomy must be translated by the head of the region as an attempt to regulate the authority of government to match and focus on the demands of the people, because autonomy is not an end, but an instrument to achieve goals. Instrument must be used wisely by the head of the region without causing conflicts and center regions, or between provinces and districts because then the meaning of autonomy becomes blurred.

4. Duties and responsibilities of regional heads, with the enactment of Law No. 34 of 2004 on Regional Government in particular in Article 25 concerning the duties and authority as well as regional head obligation are:

- 1) Leading regional administration based on policy established with the legislature;

- 2) Asking regulations frame;
- 3) Establish regulations that were approved with the legislature;
- 4) Prepare and submit a draft regulation on budget to Parliament separately discussed and determined;

II.5 Head In The System Of Government

One of the most important fundamental duty of government is to provide public service to the society. Therefore, government organizations are often referred to as "community service" (public service). In reality, not all government officials is aware of the importance of service. The expression "if it can be complicated, why easy?", Which circulated among government officials indicated that they are generally not aware of the position as a community service and service philosophy. Tjosvold, said that serving the community both as a duty and an honor, is the basis for the formation of human society.

In addition, the organization serves consumers are "a defining moment for the organization the opportunity to demonstrate credibility and capability". Connection with the service there are two terms that need to be known by the minister and the ministry. Definition of serving is to help prepare (take care) what needed someone. A service is a business of serving needs of others. Service is basically the activities offered by organizations or individuals to consumers (who served) that are intangible and cannot be owned. According to Normann (1991: 14) the service characteristic of which is as follows:

- a. Services are intangible, the very opposite of its services with the finished goods.
- b. The service was in fact made up of real actions and its influence is a social act
- c. Production and consumption of services are inseparable in reality, because in general it happened and occurred simultaneously in the same place. Meaning of public service in the provision of services by the government, the private sector on behalf of the government or the private sector to the public, with or without payment or to meet the needs and interests of the community, so that can provide public services to the general public not only government agencies but also private parties. Public services are run by government agencies motivated social and political, as well as the principal duty looking sound support. While public services by the private sector economically motivated, that is for profit. Holding governments, local governments are using the principles and tasks of assistance, as stated in local government law Article 1 (7), (8) and (9), as follows: Paragraph (7) is a decentralized delivery of government authority by the government head of the autonomous region to control and manage the affairs of the unity government in the State system. Paragraph (8) Deconcentration is the delegation of authority to the government by the government as a deputy governor of the central government and / or to specific local vertical. Verses region (9) assistance tasks are assigned to the local government and / or the village government province to districts / cities or village as well as from the district / city to the village to carry out the task. According to Darma Kusuma (2002:6-7), the general pattern of relationships that exist in any organization can be seen in two patterns of relations, ie relations that are internal and external. The pattern of relations in the government bureaucracy, internal relationships are identifiable patterns of interaction that occurs between superiors, peers and subordinates. The pattern of internal relations in the organization of government is characterized bureaucracy though the direction and pattern of relationships is top down from above, which means patterns of relationships and interactions are more determined than the top, meaning bahwahan

wait and carry out in accordance with the direction of the leadership. According to HAW Widjaja (2002:81), in this case requiring attention in anticipation bureaucracy will need these services:

- 1) The nature of approach to the task, it leads to the guardianship and public service, not the approach of power and authority.
- 2) the perfection of organization, efficient, effective and professional
- 3) Systems and procedures quickly, precisely and accurately

Modern bureaucracy no longer think as represented spend the available funds in the budget, but how to spend a limited budget as efficiently as possible, and take advantage of what the results obtained. Based on the functions of government in the public service ministry, there are 3 functions: (1) environmental service, (2) development service, (3) protective service. The services provided by the government can also be differentiated based on who can enjoy or have an impact of a service, whether a person is an individual or a group or collective. One thing new in the administration of government affairs are divided based on three principles, among others:

1. Externality, namely the implementation of a broad based government affairs is determined, the magnitude and range of impacts arising from the government affairs.
2. Accountability, responsible for organizing the affairs of government is determined by its proximity to the vast, scale and scope effects caused by the administration of government affairs.
3. Efficiency, the implementation of government affairs is determined by comparing the power level to the highest that can be obtained.

Thus, to support the implementation of the system of government and the region as stipulated in Law Number 32 of 2004 on Regional Governance of the principle of autonomy, that the principle of autonomy, using the principle of autonomy, real and responsible.

1. The principle of autonomy is given regions
Authority to manage and organize all of the government beyond the affairs of government set forth in the local government laws.
2. Real autonomy principle, is the principle that government affairs
For handling implemented based tasks, authorities and obligations existing actual and potential to grow and thrive in accordance with the potential and uniqueness of the area.
3. The principle of autonomy is responsible autonomy in the solution must be perfectly aligned with the line with the purpose and intent of autonomy that is essentially to empower the region include improving the welfare of the people is a major part of the national goal.

Diversity terms of regional autonomy system is required to the same purpose, it can be noted for reference purposes understanding of the local system, which is the benchmark on how to determination the boundaries of the household area (Krishna D. Darumurti and Umbu Rauta, 2000:14), among others:

1. System autonomy in formal formal definition of autonomy, there is no difference between the affairs held by the central government and the autonomous regions. This means that what can be done by the State (the center's authority) in principle can also be

done by autonomous regions when there is division of labor (authority and responsibility), this is solely due to the rational considerations and practical, task efficiency of public services.

2. System autonomy real in this system, the delivery business or duties and authority to the regions based on the factors that real / real, according to the real needs or capabilities of local and national governments as well as community development happened. It is a consequence that the task / matter that has been the authority of the central government can be handed over to local authorities, taking into account the ability of local communities to manage and take care of yourself.

III. CONCLUSION

Concept development and implementation of policy decisions of the government can no longer be implemented when the layers of society that there is involved either directly or indirectly. Because, people as the implementers and does of the policies issued by the government. Therefore, public participation and implementation of the principles of good governance will be more synergy and well received. Since, there is no longer a need to be covered or hidden. Besides the efficiency and effectiveness of local governance needs to be improved with more attention to aspects of the relationship between the composition of the government and local governments, and the potential for regional differences, opportunities and challenges of global competition by providing the broadest possible powers to the regions, along with entitlement and liabilities held unitary system of local autonomy in governing the State. With a clear division of tasks between central and local government, the more it is also clear who is responsible for the failure of a policy.

The paradigm of good governance attention to three domains that is synergetic between the public sector, private, and public. In accordance with the paradigm of good governance, the government's labor relations at sector no longer be "hierarchical" (coordinate system from the bottom up or vice versa), but to "heterarkhis", meaning that the implementation of the activities of government with respect to the relationship of the three domains of good governance. By implementing the concept of good governance, the government sector can no longer be a major player to make a monopoly in determining public policy. The relationship between the government, private sector, and society must be developed if the paradigm of good governance will actually be implemented.

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SMALL NOTE OF DELEGATING PBB AND BPHTB

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Introduction

The enactment of Law No. 28 of 2009, the expected ability of the regions to finance its expenditures grew stronger, because the area can easily customize and manage their income in line with the increase in the local tax base and discretion in setting tax rates. On the other hand, by not giving authority to the regions to establish new types of taxes and levies are expected to provide certainty for communities and businesses, and to increase public awareness in fulfilling tax obligations.

1. Matrix of difference the delegated tax to regency

UU NO.12/57	UU NO.11/57	UU NO.18/97	UU NO.34/00	UU NO.28/09
<p>1. The division of tax court held between the State and Local restrictions or regional level between superiors and subordinates regional level</p> <p>2. State and Local adjoining collect fees for services of each of the one object.</p>	<p>1. Ratification of all local tax regulations by the Central Government,</p> <p>2. State can not be justified in granting discretion on this matter to the district.</p> <p>3. Necessary preventive control local tax regulations do not conflict with the central government tax policy, public interest, and so on.</p>	<p>1. This law sets the types of taxes and levies that may be collected Region.</p> <p>2. National taxes and local taxes are the Indonesian tax system</p> <p>3. In line with the national taxation, the development of local taxes should be integrated with the national tax</p>	<p>1. Withholding Taxes and Levies In keeping with the spirit of the Law No. 22 Year 1999 on Regional Government and Law No. 25 of 1999 on Financial Balance between Central and Regional Government</p> <p>2. Revenue and Expenditure sourced from PAD and Balance Funds sourced from the state budget.</p> <p>3. Able to carry out autonomous regions, that is able to manage and administer their own affairs.</p>	<p>1. The area can easily adjust its earnings in line with an increase in the local tax base and discretion in setting rates.</p> <p>2. The area is only given authority to set tax rates within the maximum limits set out in this Act.</p> <p>3. To enhance the effectiveness of monitoring regional levies, monitoring mechanisms changed from repressive to preventive.</p> <p>4. Each Regulation on Taxes and Levies before being implemented prior to approval of the Government.</p> <p>5. The area was very large dependence on the fund balance of the center in many ways reflects the lack of accountability Region</p>

Source: Insukindro, 2010

3. Reason for Delegating PBB and BPHTB

Delegating PBB and BPHTB policy is based on several reasons: theoretical reasons related to the nature of the PBB tax objects that are not moving or immobile, Reason practical aspects associated with lower revenue (PAD), the political reason to give the political relationship between the Head of Region (Regents / Mayor) with a wealth of local revenue sources.

4. The ability of local and regional fiscal capacity

When viewed from the practical aspect, given the low revenues held by the district / city. From the data in the finance ministry, at the provincial level, the cumulative area of central transfers to reach over 51 percent of all admissions. Revenue (PAD) cumulative throughout the province by 46.1 percent, the county government received a transfer hub for 87.1 percent of total revenues, while the City received a total of 71.8 percent. So naturally, if the central government seeks to share with the region as an effort to increase local revenue while providing a bit of bargaining position.

If seen from the structure of the state budget, says the percentage of data in 2010 property taxes were submitted to this area is at 4.1 percent of total national tax revenue and national income compared with only 2.9 percent of national income. As for the percentage BPHTB only 1.1 percent of the total national tax revenue amounted to only 0.7 percent of total national income. Small percentage is not expected to significantly affect revenue center after delivery to the area carried out the expected starting in 2014.

Local fiscal capacity

Resource-rich areas (eg Riau, East Kalimantan, South Kalimantan, Riau, West Papua) to get funding for a relatively greater results than the natural resource-poor areas. Meanwhile, Jakarta and other major cities to raise funds for the tax (PBB, BPHTB and Income Tax) is quite large due to the concentration of the commercial business center.

These fiscal capacity province in 2011.

VERY HIGH	HIGH	MODERATE	LOW
KEPRI (2,1995)	RIAU (1,2226)	SUMBAR (0,5562)	NAD (0,4592)
DKI JAKARTA (7,3106)	BABEL (1,4498)	JAMBI (0,9493)	SUMUT (0,4091)
KALTIM (4,3379)	KALTENG (1,3811)	BANTEN (0,7440)	SUMSEL (0,4179)
	KALSEL (1,6699)	KALBAR (0,6476)	BENGKULU (0,4040)
	BALI (1,608)	SULUT (0,6334)	LAMPUNG (0,2268)
	PAPUA BARAT (1,2978)	MALUT (0,9279)	JABAR (0,3488)
			JATENG (0,2074)
			DI YOGYAKARTA (0,3531)
			JATIM (0,2827)
			GORONTALO (0,4432)
			SULTENG (0,3556)
			SULSEL(0,4264)
			SULBAR (0,4722)
			SULTRA (0,3672)

			NTB (0,1719)
			NTT (0,1303)
			MALUKU (0,2798)
			PAPUA (0,2742)

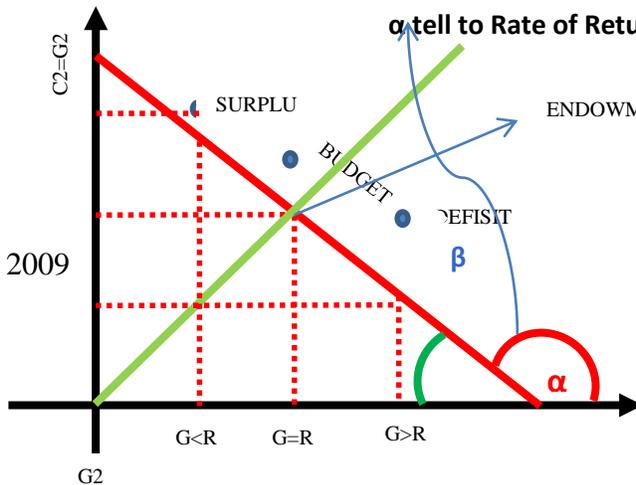
Source: dirjen keuangan daerah depdagri <http://www.djkd.depdagri.go.id>

5. The basic concept

SURPLUS		DEFICIT	
1.	$GD < PAD$	1.	$GD > PAD$
2.	$GD < PAD + DP$	2.	$GD > PAD + DP$
3.	$GD < PAD + DP + BPL$	3.	$GD > PAD + DP + BPL$
4.	$GD < PAD + DP + BPL + UD$	4.	$GD > PAD + DP + BPL + UD$

GD = Total Local Expenditure
 PAD = Revenue
 DP = Fund Balance
 BPL = The + Other Revenue Grant
 UD = Local Government (DN vs. LN)

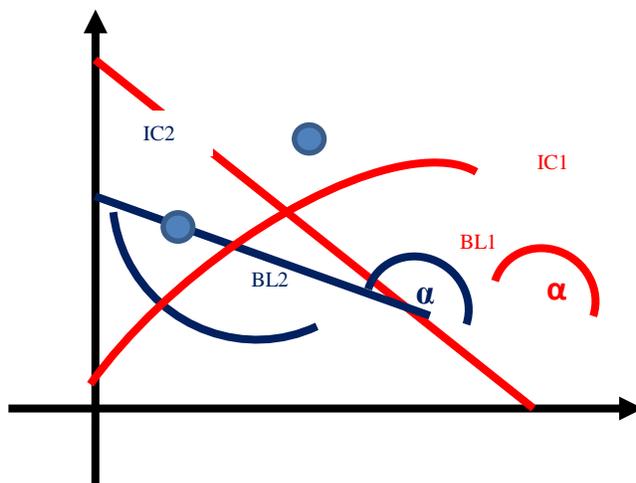
6. Budget Line analysis and IC Curve Analysis



α tell to Rate of Return (RoR) an investment in the area

some of the surplus will be above and conversely, areas deemed surplus will be more capable and enjoy building and delegating PBB tax and BPHTB. while the area would worsen deficit. So the area would worsen deficit. G_1 =Government Expenditure year 1, G_2 =Government Expenditure year 2.

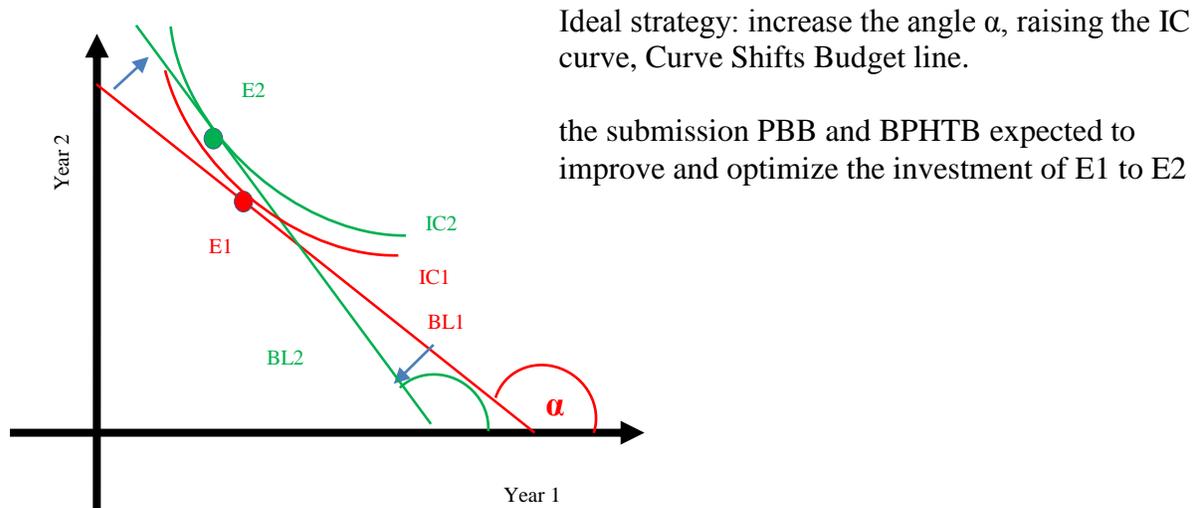
The smaller α , then the area they will have the "competitiveness" of getting better, and the good exchange rate



Areas that have better resources (BL1) will have a greater probability than the probability of surplus deficit, while the areas with weak resource (BL2) will have a greater probability of a deficit than the probability of its surplus.

Source: Insukindro, 2010

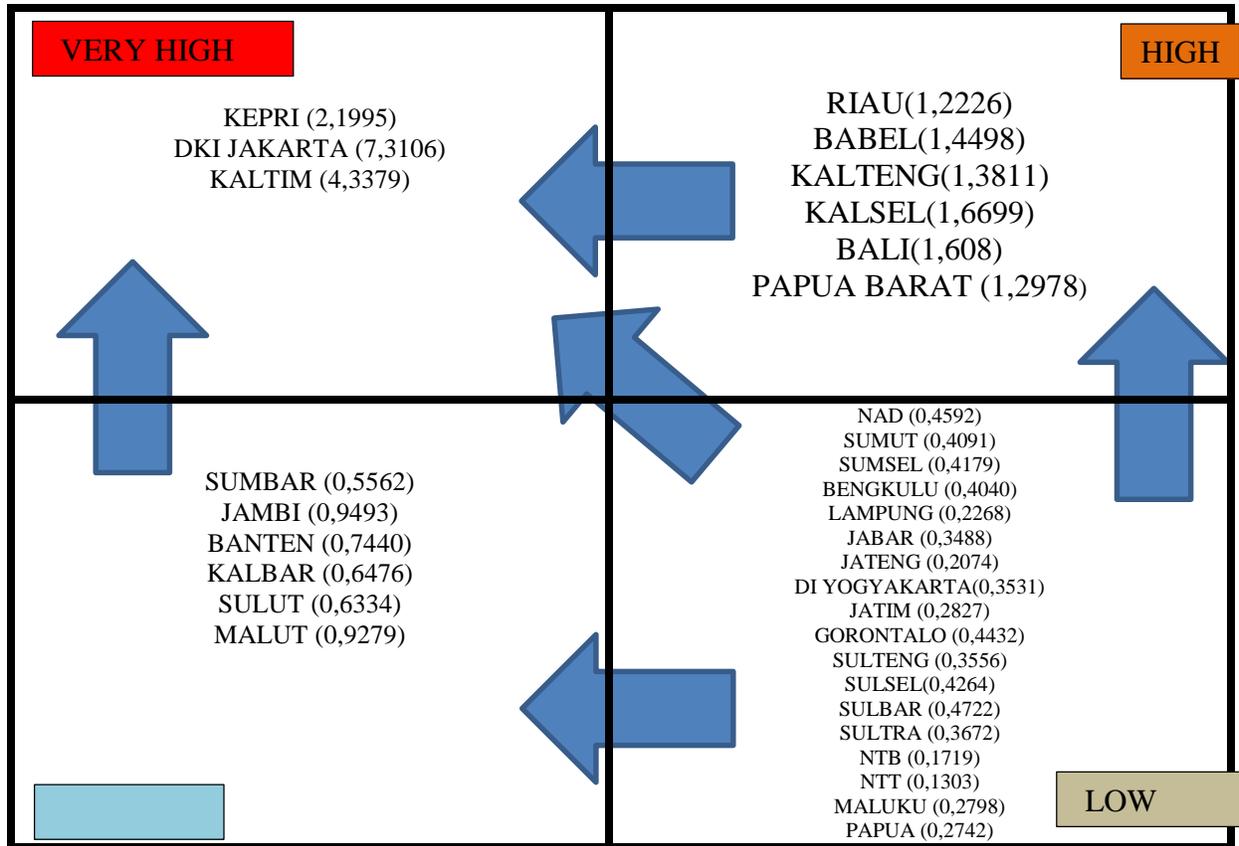
Optimal Investment strategy



For areas that have adequate resources (eg DKI Jakarta, Riau, East Kalimantan, Central Kalimantan, South Kalimantan, Babel, Riau, West Papua) Delegating PBB and BPHTB will increase its own revenues, to increase transparency in tax administration and ultimately improve the welfare local communities. The resources in question include human resources, availability of capital, the availability of hardware and software, and the readiness of the region, supported by adequate regulation. Human resources are needed such as an employee with adequate competence in the fields of accounting, finance and appraisal. Especially for competency assessment is still a lot not owned by the local government.

Unfortunately for resource-poor areas, at worst risk areas will lose a bit of funding sources even regions will experience a drastic reduction in funding so that more poor. This happens because the area will be a lot to pay for procurement of hardware and software, increased costs for recruitment, human resource finance (accounting, finance and appraisal), the financing of the stage (survey, assessment, determination of tax object), and organizational costs Other technical charges. This means that the implementation of this tax collection costs are high while the management of its tax revenue is relatively small. The impact is worse is, for resource-poor regions will tend to blindly funding sources in an effort to replenish (eg by increasing the tax rate). If the tax rate is increased then the logical consequence of this policy led to a decline in the investment in almost all sectors. Investment in the area declined due to the cost of the tax to be paid by the investor is too high when compared with areas that PBB rates low. Automatically search for investors will be more competitive tax rate areas to build their business, which is to meet the classic reasons reducing operational costs. For that to be considered for areas that do not have the capacity to make exceptions in the implementation of the delegating PBB and BPHTB.

The Klassen typology for delegating PBB and BPHTB



7. Conclusion

1. For areas with substantial resources, delegating PBB will provide a positive impact (to optimize the full potential of the region).
2. For areas with small resources, delegating PBB will not make the region richer, but it will increase the probability of falling revenues poorer areas. This is because:
 - a) lack of preparation in the area of optimizing the PBB & BPHTB,
 - b) increase in operational costs delegating PBB & BPHTB,
 - c) decline in investment areas are getting smaller due to RoR (tax rates more expensive)
3. Potential revenue widening gap between resource-rich areas versus resource-poor areas

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FUNCTIONAL ASSIGNMENT: INCONSISTENT REGULATIONS, IMPLEMENTATION DISTORTION AND IMPLICATION FOR REGIONAL AUTONOMY

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I. INTRODUCTION

The implementation of decentralization in Indonesia is still becoming an interesting study until now, irrespective of controversies in the initial stage of decentralization law enacted but GOI is successful in making an important step to give wider authority to local government in the beginning of year 2000. However, There are still various weaknesses concerning the aspect on management of the local governance and the impact to society.. Functional assignment among levels of government is one urgent and strategic problem to which policymakers pay little attention. This problem involves a complex relationship between the Ministry of Home Affairs, sectoral ministries, non-ministerial agencies and regional governments.

To address this problem, the Government is conducting a series of research efforts and public consultations to seek inputs into the achievement of two strategic goals, i.e.: (1) in the short term, to seek an input into the revision of national policies on decentralization and regional autonomy under Law 32/2004; and (2) in the long term, to formulate a Grand Design for Regional Autonomy (*Desain Besar Otonomi Daerah - DBOD*). These short-term and long-term approaches must be integrated in order that they may work harmoniously and provide clear directions for stakeholders concerning the implementation of decentralization and regional autonomy in Indonesia.

In the DBOD, the government will formulate regional autonomy directions for the next 20-25 years and programs that should be implemented to build a decentralistic Unitary State of the Republic of Indonesia and to improve regional government capacity to achieve people's welfare. A roadmap describing the process of reform in various aspects of regional autonomy implementation will be formulated. It will provide guidelines for all levels of government and steps to be taken to strengthen regional autonomy. The roadmap is expected to promote efficient,

effective and accountable regional government to contribute to the achievement of the people's welfare.

This study focuses on functional assignment because this issue has profound implications for various aspects of regional governance. As widely documented, the regional autonomy implementation in Indonesia has given rise to many problems related to functional assignment between central government and provincial and district governments (Ferrazzi, 2008; Ministry of Home Affairs, 2009). Functional assignment remains opaque, biased and, in many cases, overlapping. This often results in conflicts among levels of government. The DBOD is designed to clarify functional assignment among such levels of government and formulate a roadmap for its revision.

This paper describes various findings from the study conducted in the three provinces. The purpose of this paper is to identify problems and obstacles to functional assignment, actions taken by provincial and district governments in response to various issues of their function management and recommendations for actions to be taken to reform functional assignment between government levels. This paper is expected to provide input for the government to formulate the DBOD and to revise Law No. 32/2004.

II. DISCUSSION

II.1 Distortion in implementation of regional governance principles

Clashing regulations; sectoral versus “regional government” streams
Law No. 32/2004 stipulates three regional governance principles: deconcentration, decentralization and co-administration. In implementing the decentralization principle, the law assigns governmental functions to regions, except for functions relating to foreign affairs, security and defense, monetary management, justice and religion. Government Regulation No. 38/2007 has distributed specific governmental functions among national, provincial and regency/city governments.

The above architecture however is challenged by the persistence of sectoral laws and regulations that continue to be used by Ministries in particular. Stakeholders complain about the inconsistent implementation of regional autonomy, in land and forest functions for instance. In the matter of land, some resource persons complain about difficulty in consolidating land for regional development because land function is still held by the national government although Government Regulation No. 38/2007 has decentralized the function. Regions often encounter difficulty in enforcing regional regulations on regional spatial planning because land and spatial functions are taken care of and regulated by different levels of government. In the matter of forest, inconsistency occurs due to disharmony between Law No. 41 Year 1999 on Forestry and Law No. 32/2004 and Government Regulation No. 38/2007. The forestry law stipulates that a forest area use license for mining shall be issued by the Ministry of Forestry while Government Regulation No. 38/2007 assigns the function to regional heads. This case indicates inconsistency between the sectoral law and the regional governance law and regulation.

Vague assignment between regional levels

One of the obstacles to the effective use of this regulation is that some functions are assigned to two or all three governmental levels with the similar language, with only a vague differentiation. This is particularly felt at regional level, where a function is asid to be carried out

by the district if it is of the “scale” of the district, and by the province if of the “scale” of the province. In many cases where this is done, there is not a standardized understanding of the link between the function and the respective scale (related to size or technology for instance). This formulation can lead to levels of government not taking the needed action, or tensions between the levels as the boundaries and linkages are not delineated.

In some cases, the poorly defined functions between provinces and districts also can lead to the opposite result, where the provincial government foregoes activity in the field, vacating it in favour of the districts, but at the cost of playing a needed role suited to its capacity and interests. The difficulty in defining the provincial “scale” (in contrast to the district scale) in the surveillance and control of communicable diseases is one such example. The role of the provincial government has been left undeveloped, and ineffective. Although in implementing these functions the province’s role is limited to coordination, supervision and/or takeover when districts are no longer capable, the province’s role should be formulated clearly, as it can still be a critical role in certain circumstances.

II.2 Use of deconcentration to override weak functional construction at regional level

To possibly counter (or take advantage) of the vague regional level formulation of functions, some Ministries are tasking vertical agencies with the responsibility to act in the field in question. One example of this approach is in the function to prevent narcotic abuse. Key informants stated that the government had initially encouraged provincial and district governments to set up a Local Narcotics Agency, but had later decided to set up its own deconcentrated units to lead the effort, under the cover of Law No. 35 Year 2009.

Some provinces and districts such as Provinces of NTT, West Kalimantan and West Java and some districts in these provinces that have already established local narcotics agencies are now unsure of the fate of their anti-narcotics agencies. They had hoped that the provision in Government Regulation No. 38/2007, though weak, would suffice to justify their initiatives. Their roles are listed (vaguely; with unclear roles between the regional levels) in the sub-sector of adolescent reproductive health, the establishment of policies, objectives; support and prevention of drugs abuse at the scale of the district is the function of districts; on the provincial scale, it is the function of provincial governments. But this construction appear to not have protected the regions from central government incursion.

The unclear assignment between the district and provincial levels in the prevention of drug abuse seemingly invites the State (National Government and Legislature) to give the function greater clarity by recasting it a central level functions. There are too many such vague constructions in Government Regulation 38 Year 2007, where the functional assignment between district and provincial level is only differentiated by the vague reference to “scale,” increasing the likelihood that sectoral Ministries will push for laws or other legal instruments that will give more certainty; by giving the function to the central level. It is difficult for the regions to protest, when they are not sure in the first place what their role is truly meant to be. The recentralization punishes those regions that have taken the initiative to prevent drug abuse in their jurisdictions, by establishing units with tasks related to that general aim. Creating uncertainty in the legality of these units undermines the regional efforts. These units may ultimately dissolve, yielding the field to the central government. Such examples will make regions reluctant to use their discretion to respond to problems occurring in their jurisdictions if their functions are poorly spelled out in Government Regulation 38/2007.

II.3 Central government overriding existing and clear assignment

In some cases, the sectoral Ministries promote laws or regulations even when it is already clear that the functions are adequately assigned to the provincial or district levels; this assignment is simply ignored. Ministerial regulations are in this case issued to deconcentrate functions to governors as national government representatives, even if there is no evidence of murkiness in the original assignment. An example is the issuance of Regulation of the Minister of National Education No. 72 Year 2009 on Deconcentration of Educational Function. Many tasks deconcentrated to governors as the government's representatives are already clearly decentralized functions, such as management of early childhood education, primary education and secondary education.

Another example in the education sector is teacher training provided by LPMP (*Lembaga Peningkatan Mutu Pendidikan*), a technical unit (UPT) of the Ministry of National Education. All teachers who pursue a certain certificate, including potential school principals, must receive training from LPMP. This stands in contrast to the provision in Government Regulation No. 38/2007, where “the supervision and development of educators and educational personnel for early childhood, primary, secondary and non-formal education” are the functions of district governments. This infringement on decentralized functions set out in Law No. 32/2004 and more specifically in Government Regulation No. 38/2007, by means of a Regulation of the Minister of National Education No. 72 Year 2009 is legally questionable. The MONE Regulation, a lower legal instrument than Government Regulation No. 38/2007, certainly cannot cancel the provisions Government Regulation No. 38/2007 and Law No. 32/2004. It violates the higher legal products governing both functional assignment and the hierarchy of laws and regulations of the state's legal system.

Central and provincial government incursions through programming

An additional way the central government uses to infringe on decentralized functions is to develop programs and activities that relate to these functions. In this case there are no obvious regulations issued to override existing the existing decentralization framework. Rather, the Government, and increasingly also the provinces, develop programs and activities overlapping with district programs and activities in decentralized functions. At the national level this is seen in the development of parallel national programs that ignore the decentralization framework; the PNPM for instance, that funds local groups directly, bypassing provincial and district treasury/budgeting systems (though efforts are now underway to integrate it within these systems).

This can be seen also in the actions of some provinces. The NTT provincial government, for example, has developed a KIA (Mother and Child Health) program implemented by the provincial government that clearly infringes on (ignores) the districts' basic health delivery functions, including the responsibility of the district to operate health facilities such as Puskesmas and District Hospitals (type C).

In this same province, similar infringement occurs in the implementation of a provincial program called an independent village program “*Anggur Merah*” (literally translated as Red Wine). This program provides a grant to Villages worth Rp 250 million to implement an empowerment program for the poor. The provincial government interprets the empowerment of the poor as a “joint function” and it therefore has the right to develop empowerment programs for the poor in villages and kelurahan within NTT. As in the earlier case, the interpretation of provincial role in empowering the poor in villages/kelurahans comes from the interpretation of

Government Regulation 38/2007 on roles of provinces and districts, formulated in the same wording and only differentiating between provincial and district “scales.” The arrangement allows each level of government to interpret the empowerment of the poor in different ways, as they wish. Because the NTT provincial government defines poverty as a provincial-scale issue it develops its own independent village program called *Anggur Merah* to empower the poor in its jurisdiction. The grant of Rp 250 million provided for villages is a form of co-administration (*tugas pembantuan*) to villages.

The provincial incursions in district level function is described by a former regent in NTT as if “the provincial government has sown fish in our ponds”. Others liken it (and central government actions of this kind) to giving freedom to a creature by “letting go of its head but catching its tail,” ultimately inhibiting the ability of districts to develop programs that really meet their aspirations and needs. The overlap problem also leads to difficulties in claiming political ownership of program benefits. Both levels can claim the benefits of the above mentioned health programs, making it unclear which level made the key contributions. Consequently, some resource persons in NTT complain about difficulty of making a performance contract between the provincial government and its officials. The overlapping activities make them difficult to measure the performance of NTT Provincial office (*dinas*) heads because the benchmark of their performance overlaps with that of district office heads.

Improper construction and use of deconcentration and coadministration mechanisms

The legitimate, or unwarranted, dominance of central government spending is further complicated by the inappropriate regulation and use of the deconcentration/co-administration financing channels under Government Regulation 8/2008 on Deconcentration and Co-administration. These are merely differentiated on the basis of their physical outputs, with non-physical being the focus of deconcentration, and physical those of co-administration. This differentiation is arbitrary and does not deal with the conceptual and legal (constitutional) provisions relating to the types of functions these mechanisms should be supporting and the different forms of implementation and accountability they require.

Ministries find it difficult to assign deconcentration to governors as national representatives or vertical agencies in regions in the case of physical activities although they think that the functions will be implemented more efficiently and effectively if they are implemented in this way by the Governor (through the provincial units). Moreover, the deconcentration mechanism cannot legally reach down to the district level as the regional head at this level does not have a dual role (s/he is only linked to the region as an autonomous region). The use of co-administration is highly variable and poorly understood. It is not much used at provincial level, and in some cases it is not used by some ministries at all (for instance Forestry simply uses its own units in the field or the Governor, through deconcentration). This denies the district level of a possible role in physical project implementation. This level also cannot take a leading implementation role in “non-physical” activities as they must follow the deconcentration channel that stops at the Governor/province level. For either the provincial or district level, when co-administration is used, the accountability that is called for in the constitution (where the regional councils are also involved in the accountability process) is bypassed in view of the provisions of the regulation 8/2008 that treats the co-administration mechanisms in much the same way as that for deconcentration. The differentiation of regional governance principles by activity nature conflicts with international practices.

II.4 Understanding the current problems in functional assignment

Key informants point to the government's inconsistency in implementing regional autonomy. Although Law No. 32/2004 and Government Regulation No. 38/2007 have regulated functional assignment between the government and regions, in practice many laws initiated by sectoral ministries do not refer to the Law 32/2004. Policy actors in sectoral ministries still have a centralistic mindset in relation to regional governments. Unsurprisingly, the Minister of National Education then issued a regulation apparently to withdraw some decentralized functions and reassign them to governors as the government's representatives. The MONE's policy has hurt the implementation of regional autonomy.

One explanation of why such various forms of inconsistency continuously occur is the desire of decision makers and actors in ministries to retain, grow and control their budgets. The desire to continue to work with large budgets, in the face of supposedly deep decentralization, encourages central government decision makers in sectoral ministries to find ways of justifying direct or deconcentrated expenditures over which they can yield control. They are reluctant to allocate sectoral budgets to regions through a special allocation fund (DAK) mechanism because their access to control the use of the budgets is restricted, compared to direct or deconcentrated expenditures. Ultimately, there are not many justifications for these mechanisms (to justify the large budgets) and the expenditures are justified by parallel laws/regulations or simply by ignoring existing regulations and plunging ahead with centrally crafted programming.

Facilitating the above tendencies of the central government is a political economy of national actors that encourages collusion and diminishes checks and balances. Deals are struck between the ministries and the national legislature (DPR) that are not transparent, and this is aided by a budget nomenclature that does not reveal the infringements on lower level functions. The resulting national budgets thus allow, or favour, the continuation or growth of deconcentrated structures and financing mechanisms, that prompt regional key informants to refer to the phenomenon of "*dekon-dekonan*". This phenomenon reminds stakeholders of the pre-decentralization regional offices (*Kanwil*). Provincial governments also complain about the existence of sectoral ministries' centers (implementing units) in regions. Both provincial and district stakeholders feel that central functions in regions, where legitimate, should be as much as possible co-administered to provinces or districts.

The improper design and use of deconcentration and co-administration is more difficult to explain. The poor construction may be due to a lack of a shared understanding of what the constitution calls for, and regional autonomy/decentralization principles. The inappropriate reliance on these mechanisms, particularly deconcentration, suggests also that the mechanisms is used to retain control of funds that are in fact spent on activities that should be undertaken by the regional governments. In moving forward, the government will need to rectify the framing and use of the two mechanisms, with reference to international practices. If this can be done, ministries have a greater opportunity to use deconcentration and co-administration principles in ways that complement the regional autonomy framework, resulting in consistent, efficient, effective and accountable regional government. Sectoral ministries will be able to assign a greater amount of de-concentration to governors as central representatives, not only for coordination and synchronization but also for other central government functions they think to be more efficient and effective if the functions are delegated to governors. In terms of co-administration, ministries may apply this mechanism to provincial and/or district governments to perform certain functions they think to be more efficient and effective if the functions are delegated to regions. The same can also

be done by provincial governments in managing their functions. They may appropriately apply the co-administration mechanism to districts and villages to perform certain provincial functions.

II.5 Change in Distribution of Governmental Functions and Criteria for Functional Assignment

Provincial and district government stakeholders generally agree that the current functional assignment as referred to in Government Regulation 38/2007 is not adequate and should be reviewed to reflect the latest conditions in provinces or districts. By withdrawing the case of communicable disease control, it appears that Government Regulation 38/2007 is no longer able to respond to the existing problem. For example, in the Ciamis Regency when the extraordinary incidence of Chikungunya (KLB) occurred in a village, neither the district government nor the provincial government was able to address it. To vaccinate the population in the village, the district government did not have a sufficient budget and sought aid from the provincial government. The Province of West Java could only pay the cost of vaccine procurement and asked the regency government to finance the vaccination costs. Because the Ciamis Regency did not have a sufficient budget, the vaccination could not immediately be provided. For this reason, key informants in the region proposed that the regional capacity be one of the criteria for functional assignment.

Unfortunately, Law No. 32/2004 and Government Regulation 38/2007 only stipulate three criteria for functional assignment, i.e. efficiency, externality and accountability. Based on many cases in regions, it is important to include regional government capacity as one of the eligibility criteria for receiving governmental functions. In terms of communicable disease control, different levels of capacity are needed because there are many types of communicable diseases and each type has a different level of complexity. District governments are able to control most communicable diseases such as dengue fever, diarrhea, and malaria. But, they are not able to control polio, measles, and HIV-AIDS because their technical and financial capacities are not sufficient to manage such diseases. Key informants and stakeholders in districts propose that certain communicable/infectious diseases be assigned to provinces and the central government in accordance with their capacities.

In the field of education, some stakeholders and key informants of West Java Provincial Government propose that the provincial government should be authorized to co-manage higher education. They want to push the gross enrollment rate (APK) in higher education up and feel that the province has the capacity to manage higher education. At present, the government provides grants to universities in West Java for research and development, scholarships for the public to pursue higher education in various fields and other support for many universities in its jurisdiction. However, because higher education is not the function of a provincial government, they encounter problems to arrange and manage higher education in their jurisdiction. They want to make optimum contributions to increase higher education gross enrollment rate in their jurisdiction.

The provincial government of West Java also wants to take over the management of secondary schools categorized as pre-international standard schools/international standard schools (RSBI/SBI) now under the auspices of districts. Under Government Regulation 38/2007, national standard secondary schools are a provincial function but so far international standard schools (SBI) have been managed by district governments. SBI for district governments are a district's icon and pride, with students generally coming from government officials' families and from those of high socioeconomic status in the region. The competition for SBI management between the province

and districts in West Java has created a tense relationship between the provincial Education Office and the district Education Office.

The complexity in SBI management arises from changed policies of the Ministry of National Education to limit the number of international standard schools (SBI). Some resource persons from the West Kalimantan Provincial Office explain that the MONE will evaluate the existing SBI and will change the SBI status considered ineligible to ordinary schools. The change of SBI status to non-SBI status will create new complexity when the ex-SBI schools previously managed by provincial government are changed to non-SBI schools to be managed by district government. A problem arises when the district government feels burdened with the transfer of school management. If the district government is willing to accept the transfer, then the question is how to transfer assets, personnel and equipment as a consequence of the functional change. If the district is not willing then the ex-SBI schools will remain the provincial function. Consequently, this will lead to dualism in the management of junior and senior high schools in regions where some are managed by provincial government and others by district government. This may lead to inconsistent policies and application of standards across these schools.

Another case of a possible change in the distribution of functions between levels of government is the proposal of NTT stakeholders that some education management activities be returned to the central government. For example, regarding recruitment and capacity building of teachers, they propose that this function be taken over by the central government. Regions in NTT have very low ability to recruit and build the capacity of teachers to meet the qualifications required by the central government. Therefore, key informants connected to the NTT Provincial Education Office (Dinas) propose that the management of teachers be returned to the government. Some of them even propose that education be returned to the central government because the limited resources of NTT makes education in NTT difficult to manage at a level that is expected across Indonesia.

A similar opinion has also been proposed in a discussion on health workers with resource persons from the NTT Health Office. They are of the opinion that the recruitment and placement of health workers should be done by the central government. One reason is that the ability of the NTT government to recruit teachers and health workers with certain qualifications is very low (such as mathematics and physics teachers and medical specialists). Some districts in the NTT Province do not have any medical specialist at all.

In the field of public works, some are instead eager to see the district/city level take over some functions, in irrigation management for instance. Under Government Regulation 38/2007, irrigation channels of less than 1000 Ha will be the authority of districts and those between 1000 - 3000 Ha the authority of provincial governments; the rest being the authority of the central government. In a city in West Java Province, there is an irrigation channel measuring above 1000 Ha, but it is completely within the city. The city government wants to take over the irrigation function to enable them to rehabilitate the irrigation channel because the channel is very important to citizens in the city. They believe that the city government has the capacity to manage the irrigation channel very well. Being the closest to the irrigation channel, the city government is best aware of when and how to rehabilitate and maintain the irrigation channel. The city government wants to take over the management of the irrigation channel but it does not know how to go about this proposal.

From these cases, it appears that functional assignment should be seen as dynamic in the three sectors. All three levels of government have made efforts to take over functions from others

or transfer their current functions to others. The changed distribution of functions between levels of government also occurs as a result of a change of government policies, such as change from SBI status to non-SBI. By taking this reality into account, there is an urgent need for a formal mechanism for changing the distribution of governmental functions. Adjustment to the dynamics in relationships between levels of government is necessary not only for transferring functions between levels of government but also for implementing the government's functions in regions.

Unfortunately, Law 32/2004 and Government Regulation 38/2007 do not specify any mechanism for changing functional assignment, aside from a vague reference to adjudicating left over functions (not listed in Government Regulation 38/2007) by using the stated assignment criteria). Functional assignment between levels of government is done "all at once and for all times". Once a function has been assigned, this is to last forever and for all regions regardless of variability. This method of functional assignment is certainly not advantageous because the existing arrangements cannot respond to the dynamics of relationships between levels of government. Adjustment to the distribution of functions between levels of government may be required to respond to the local and central dynamics. The absence of a mechanism for responding to proposals from various levels of government to achieve this adjustment gives rise to a tense relationship between levels of government and uncertainty on how emerging problems ought to be managed. With a very high level of regional variability and social, economic and geographic dynamics, the future dynamics of functional assignment will be more intense and complex. Addressing this issue will not be possible through amendment to laws, as this requires much time, effort and political and financial cost. Therefore, the government or the state should find an intelligent, efficient and effective way of managing the dynamics of functional assignment.

Law 5/1974, valid prior to the decentralization reforms, included a mechanism for transferring governmental functions. Under this law, the government was able to add or withdraw functions of autonomous regions through a government regulation. In giving and withdrawing functions to and from regions, the president was to seek input from the Regional Autonomy Advisory Council (DPOD). A similar mechanism is required today, with clarity on the procedures and the institution to manage the changes. The amendment to Law 32/2004 should take this into account because this has not been included in either the Law 32/2004 or its draft amendment.

II.6 Distortion in DAK (Special Allocation Fund) implementation

Diminishing regional discretion

DAK allocations to regions often cause regions to face an unpalatable choice. On the one hand they often complain because the use of DAK is strictly governed by technical guidelines that do not meet their conditions, but on the other hand they are in dire need of DAK to allow for OPD to undertake significant activities. The large proportion of overhead governance costs has caused regions to be short of programmatic funds. Their ability to allocate their budgets for improvements in basic services in strategic sectors such as education, health and public works is limited. Some District Education Office heads interviewed generally explained that the amount they received from DAU was about 4-5 percent of the total they managed. This means that the district offices managed about 95% of the funds from provincial budget and central government. The limited budget received by OPDs from DAU and PAD makes them heavily dependent on funds from the central government, including funds from DAK.

The regions' great dependence on central transfers has many negative implications for regional autonomy implementation. First, OPDs implement more programs and activities (related

to regional functions) that are shaped by the central government rather than being shaped by policies developed through the local political process, and operationally by the OPDs. This finding is worrisome because the essence of regional autonomy is the ability of regions to manage their own functions driven by the regional communities' needs and aspirations in order that regional development may appropriately meet the regional needs. In reality, however, regions still play a greater role in implementing central government programs in the regions or implementing provincial government programs in the districts than implementing their own programs.

A direct negative impact can be seen in the DAK requirement that regions match these funds with a 10-20% contribution. Similar matching funds are required for the PNPM and other APBN funds. In some districts, the contributions might exceed 50-100 billion. This design further erodes local discretion, as local funds become attached to approaches and requirements set in centrally designed funding schemes. Secondly, these funds are also unpredictable, although they have some allocation criteria; these are not always very clear. This limits the sustainability of service expansion and improvement efforts. The regions' ability to attract APBN-generated funds depends in part on the regional heads' ability to lobby legislators and ministry officials and their ability to pay brokers with ties to decision makers. NTT province officials complain that we lack the ability to lobby decision makers within ministries and APBN brokers because we just have 4-5 legislators so that their capacity to reach sectoral ministries is limited. We also lack the ability to make payments because we have a very small budget of about Rp 1.3 trillion. Meanwhile, provinces and districts in Java have a large number of legislators and have the great capacity to make payments.

Mismatch of central and regional priorities

Another complaint about DAK allocations is the reality that DAK guidelines often do not meet local conditions. An example drawing frequent complaints from education office heads and officials is the DAK allocations to primary education for the purposes of libraries and books. Regions are generally in need of more classrooms and rehabilitation of classrooms. A district in NTT even has 200 nonpermanent school buildings. But, the region must use DAK to build library rooms because the DAK is allocated to that effect. The same was also heard in this study in West Kalimantan. This situation led key informants to say that "although students have to study under the shelter of trees or in emergency rooms, we have good libraries". Such contradictions require solutions to attain a truly efficient and effective DAK implementation.

DAK conceptually is "APBN-generated fund allocated to certain regions to finance special activities that constitute regional functions and are consistent with the national priorities". As a result, it is reasonable if the allocation does not meet regional priorities as expected by regional stakeholders because the DAK is allocated to achieve national priorities. What is not reasonable is if the Ministry of National Education fails to set national education development priorities and clearly map regions with problems that meet the national priorities so that they may be given priority to receive DAK allocations. The inappropriate formulation of national priorities and the absence of a regional map based on the national priorities in the field of education makes it difficult for the Ministry of National Education to allocate DAK efficiently and effectively. Consequently, the large amount of budget disbursed by the Ministry of National Education through DAK tends to be poorly targeted.

Inefficient and vulnerable allocation process

On the other hand, the absence of clear and transparent indicators of national priorities and regional targets for such national priorities makes the DAK in some ministries an arena for rent-seeking behavior of actors within ministries, legislators and budget brokers and actors in regions. An OPD head in the Province of West Kalimantan told us how unclear the criteria for DAK allocation are in the region by saying that “the echelon-I officials within ministries have the great authority to allocate DAK to regions without clear standards but depending on lobbies. I was invited by 10 ministries all in one day to Jakarta to discuss DAK allocations. If I did not go there, we would not receive the DAK”. Even, the resource person added that echelon-II and echelon-III officials within the MONE were authorized to decide which regions would receive DAK. Stakeholders from NTT and West Kalimantan also said the same thing. DAK allocations are therefore more determined by the power of lobby than by the agreement between regional problems and national priorities. Consequently, the DAK implementation tends to be ineffective and do not produce optimum benefits.

Concluding observations

To prevent rent-seeking behavior in DAK and other APBN-generated funds, and to make these more relevant and effective, the government should revitalize the fund’s rules and procedures. First, the government should switch other APBN funds currently without clear nomenclature and purposes to DAK. Second, the government should formulate clear and transparent national priorities so that stakeholders in regions may well understand government programs to be financed by DAK. Third, the government should map out regions’ conditions according to national priorities and allocate DAK to regions according to the agreement between the regions’ conditions and the national priorities. Fourth, the government may empower governors as its representatives to harmonize national priorities with regions’ conditions. Fifth, the government should assign governors to provide guidance and supervision over DAK implementation in regions.

II.7 Regional Organization and Functional Assignment

Functional assignment to regions should be followed by authorization of regions to develop a regional institution to meet the regions’ needs. This thesis is often expressed in the principle “structure follows function”. When the government issued Government Regulation No. 38/2007, the government should have authorized regions to set up a Regional Apparatus Organization (OPD) as they require. The government should thereafter have limited itself to setting norms, standards, procedures and criteria (NSPK) in establishing a regional organization so that regions are able to create an efficient and effective regional organizational structure. Unfortunately, many central government interventions have been made in regions, collectively contributing to current regional organizational structures that tend to be “fat”, inefficient and ineffective.

Restrictive and poorly applied guidelines for regional organizational structures

Government Regulation 41/2007 specified the maximum number of organizations to be set up by regions in given sizes. Regions have responded by using the maximum pattern allowed in establishing regional organizations. Some regional heads complain because local legislatures’ political considerations tend to choose the maximum size. A Mayor in West Kalimantan illustrated this situation by saying that “upon issuance of Government Regulation 41/2007 our city has increased the number of structural officials from 370 to 900 positions. Therefore, the regional organizational structure should be returned to that under Government Regulation No. 8 Year 2003”. Further, he said that upon establishment of a regional regulation on regional organization, upon examination by the inspectorate, they were always warned for failing to fill the structural

positions. Consequently, regional bureaucratic spending tends to increase and put a greater financial burden on regions.

Another problem with Government Regulation 41/2007 is its tendency to be too detailed about organizations and clusters (internal divisions). The government NSPK have been overdone, and are considered an intrusion in regional autonomy. The clusters set out in the government regulation often disagree with regions' conditions and needs. A head of education, youth and sport (PPO) office said that the PPO Office was overwhelmed with 1100 schools and many administrative activities related to APBN funds, provincial APBD (provincial grants) and APBD for education. Burdened with other activities such as youth and sports, the PPO Office has to do heavy work, disproportionate to the workload of other OPDs. The PPO Office may manage a budget of above Rp 100-150 billion while other OPDs only manage a budget of up to Rp 3 billion. A key informant also complained that his region has set up a Licensing Office as needed by the region. It was functioning well but it was subject to change because its cluster did not meet those of Government Regulation 41/2007. Although the clusters set out in Government Regulation 41/2007 disagree with regions' needs, regions do not dare to do different clusters because when the Inspectorate-General's officials are inspecting them, they will be found to be noncompliant.

Central level imposition on regional structures

Interventions in regional organization development also come from the biased process of legislation. Many laws initiated by ministries and non-ministerial agencies mandate that regional OPDs be set up with the same nomenclature as the ministry's nomenclature, e.g. sport law, population and family planning law, and disaster response law. Ministries, and sometimes regions, are concerned that different nomenclature between the center and regions will cause difficulties in coordination between levels of government. Standardizing nomenclature in this way conflicts with Law 32/2004 and Government Regulation 41/2007 thus creating difficulties for regions. In addition to pressure from the presence of these new laws, in organizational development regions also come under pressure from other sectoral ministerial regulations. A respondent from the Health Dinas complains that the organizational (OPD) structure of the Health Dinas in his province is different from one described in the Minister of Health's regulation. Differences are caused by different clustering in the Minister of Health's Regulation - not based on functional assignment under Government Regulation No. 38/2007. Consequently, the provincial Health Office (Dinas) often has difficulty in its relationship with the Ministry of Health.

Government interventions in regions are predicated on the incentives attached to them; allocations from DAK, TP, and grants. These incentive serve to convince regions to establish units with the nomenclature/clusters desired by sectoral ministries. Key informants said that "sectoral ministries tell us that they cannot allocate APBN funds under their ministries if regions do not have OPDs with the same nomenclature". Such a statement strikes fear into the hearts of provincial and district officials who are aware that their fiscal capacity is very limited and they can organize services and development activities only if they receive additional funds from APBN sources. Therefore, they tend to follow the direction from the sectoral ministries to develop OPDs as what the sectoral ministries desire. Giving in to these inducements means that regional bureaucratic structures are more oriented to ministerial preferences and to carry out APBN designed tasks.

Such a trend is certainly burdensome for regions because their "fattened" bureaucratic structure will increase the DAU proportion to pay indirect spending. Personnel and operational spending of OPDs is very large and represents 70-80% of regional budgets (APBD). And, the rest must be used to provide counterpart funds (cost sharing) to accompany APBN funds going into

regions. What often makes regional stakeholders disappointed is unclear follow-up to the financial incentive promised to establish certain OPDs. Regional resource persons said that “DAK and grant will be given only in the first year of OPD establishment. We will not receive money from APBN anymore in the second year”. If DAK and other APBN-generated fund allocations are discontinued, regions must bear not only salaries and operational expenses but also program expenses for such OPDs. This will certainly exacerbate the precarious financial situation of some regions.

Staffing of regional organizations

On the part of regional apparatus, problems come from government policies to appoint part-time workers as civil servants (PNS). The recruitment of part-time workers is not based on competition but on subjective relationships, mercy and other factors unrelated to the workers’ competitiveness. OPDs often accommodate low-paid part-time workers who make unclear and minimum contributions. A resource person from the NTT Provincial Government illustrated the province’s situation by saying that

“here we have many employees but we are short of the workers we need. It means that the provincial government has a surplus in employees but they are short of competent workers to develop the NTT Province. There are a very small number of skilled and professional workers but there are an excessive number of incompetent workers in important fields. The government policy to appoint part-time workers has exacerbated the profile of regional apparatus and given incentive to the region to appoint more part-time workers.

Concluding observations

From the above analysis it appears that regional problems in developing organizational capacity that is in line with the functional burden have been much influenced by central government policies. The policies are on the one hand too restrictive, in terms of the NSPK produced, but also do not contain effective incentives to guide good choices of the organizational choices offered. Working at cross-purposes to the intent of organizational NSPK that comes from the decentralization framework are NSPK and financial inducements that encourage the copying of central government structures rather than responsiveness to specific regional functions and work load faced. This distortion reflects sectoral ministries’ desire to prompt regions to develop OPDs with the same nomenclature as theirs also reflects their “nostalgia” to go back to the former centralization era where each ministry has branches in provinces and districts. The policies have led to inefficient and ineffective regional organizations. Such conditions have been worsened by government policy to appoint part-time workers in various OPDs thus exacerbating the regional civil service profile. This clearly exacerbates the problematic regional organizational capacity.

To create efficient and effective regional governments accountable to their citizens the government should review Government Regulation No. 41 Year 2007 and replace it with one to promote rightsizing of regional organizational structures. The new regulation must give regions an incentive/disincentive not only to reduce the number of OPDs but also streamline structural positions now tending to be excessive and inefficient. It should not cover the details of uniform institutional clusters because this will conflict with the spirit of autonomy and varied regional realities. Regions must be given discretion to develop an efficient organizational structure to meet their needs and challenges. In addition to these, it is necessary to find a more intelligent way of integrating and coordinating government activities with regional activities without the need to

match the cabinet structure or more specific ministerial nomenclature with the regional organization.

II.8 Regional diversity and functional assignment

An important issue of functional assignment arising during discussions and interviews with regional stakeholders is the uniform treatment of regions regardless of their age, characteristics and capacity in functional assignment. New autonomous regions resulting from regional splitting have the same mandatory functions as long-established ones with sufficient organizational and fiscal capacity. Archipelagic provinces like NTT have the same functions as mainland provinces like West Java. The Rote Ndao Regency (Kabupaten) as an archipelagic regency located in a border area and resulting from the splitting of the Kupang Regency is treated in the same way as its mother region. Likewise, the Kubu Raya Regency resulting from the regional splitting with an archipelagic area has the same functions as the long-established Pontianak City with an urban area and larger fiscal capacity.

The same treatment of all regions in functional assignment, regardless of regional features and characteristics, is often complained about by regional stakeholders. Key informants in NTT question the same treatment between an archipelagic region and a mainland region in functional assignment. The NTT Provincial Government and other 6 provinces of Kepulauan Riau, Maluku, North Maluku, NTB, North Sulawesi, and Bangka Belitung have proposed their status as archipelagic provinces. As archipelagic provinces, they prefer to have functions different from mainland provinces, particularly in managing maritime functions. They seek the authority to manage a sea area up to 12 miles away from the outermost point as set out in UNCLOS. Key informants are of the opinion that archipelagic provinces should be given authority different from mainland provinces because the needs and challenges they have to face are different.

Another aspect worthy of note in functional assignment is the regions' age. In the current practice of establishing a new autonomous region, all regions have been treated similarly in functional assignment. The concept of basic functions (*urusan pangkal*) under Law No. 5/1974 is no longer recognized in Law 32/2004 and Government Regulation 38/2007. All new autonomous regions have the same number of mandatory functions as long-established regions with high organizational maturity and sufficient capacity. The newly established Rote Ndao Regency with limited fiscal and organizational capacity is required to perform the same mandatory functions as others with high fiscal and organizational capacity. Therefore, it is difficult to expect the Rote Ndao Regency to perform all mandatory functions as well as other long-established regions with high fiscal capacity.

The importance of regional characteristics is also shown by disaster responses. Government Regulation 38/2007 and Law 24/2007 make disaster responses a mandatory function. Some stakeholders have the pros and cons of establishing disaster responses as mandatory functions for regions. A key informant in the Ciamis Regency, West Java, said that disaster-prone areas are categorized as A because responses to disaster should be a mandatory function. However, some resource persons from another region happening to have a low level of disaster risks criticize the mandate of Law 27/2007 on responses to disaster stipulating that responses to disaster are mandatory function, especially when the law requires the establishment of a local disaster response agency (BPBD) in their region. These resource persons think that the obligation to establish BPBD in regions with a low level of disaster risks tends to be inefficient and burdensome for those regions.

The pros and cons of responses to disaster as regional government function should be subject to careful study. Protection of citizens from disaster risks is a constitutional mandate and therefore the obligation of the state, including regions, to protect citizens and their sources of living from disaster risks. As a result, responses to disaster should become a mandatory function for all regions. The question is, can regions at different levels of disaster risks have different discretion to fulfill their obligations? Regions with a high level of risks reasonably have a response different from ones with a low level of risks in developing programs and activities to manage and reduce disaster risks. Regions with a low level of risks should use their discretion not to establish BPBD, unlike ones with a high level of risks, without fear of being considered noncompliant by supervisors. Regions with a low level of risks may integrate disaster response and risk reduction activities with other activities so that it is not necessary to establish an individual agency to manage disasters.

Likewise, regions with different characteristics should be treated differently in functional assignment. Regions at young age and with islands and other unique characteristics should be given different discretion to manage their functions according to their capacity, needs and challenges. With an extremely high level of regional variability, Government Regulation No. 38/2007 tending to adopt an *ultra vires* principle will be effective and useful only if regions are given discretion to respond according to their conditions, capacity and aspirations. Diverse regional characteristics, levels of socioeconomic development and different capacities are inevitable realities and should be treated as national resources that should be maintained in the decentralistic Unitary State of the Republic of Indonesia. Government Regulation 38/2007 should be treated as an open menu. Except for mandatory functions determined in the Minimum Service Standards (MSS), regions may respond differently according to their needs and aspirations. In this way asymmetrical decentralization will be a certainty. Asymmetrical decentralization will make regional autonomy a beautiful mosaic where regions may develop their capacity and performance according to their needs and capacity.

Asymmetric decentralization is not a new thing in the history of regional autonomy in Indonesia. When Law No. 5 Year 1974 was in force, some regions had different basic functions (*urusan pangkal*). The regional establishment law assigned different basic functions to regions according to their needs, conditions and capacities. With different considerations, the law also gave special autonomy to several regions such as Provinces of NAD, Papua, West Papua, DKI Jakarta, and DIY. This special autonomy is actually a form of asymmetric decentralization. Asymmetric decentralization is also an international common practice to deal with regional diversity. By giving discretion to regions to respond to functions listed in Government Regulation 38/2007, asymmetric decentralization will grow evolutionarily, gradually, according to the dynamics and needs of regions. Thus, the implementation of regional autonomy can really motivate regions to develop themselves, programs and activities to meet their needs and give welfare to their citizens.

II.9 Functional Assignment and Minimum Service Standards (MSS)

Law 32/2004 stipulates that mandatory functions shall be implemented gradually on the basis of the minimum service standards (MSS). So far, the government has issued over MSS in over ten sectors that should provide guidelines for regions in managing their obligatory functions. The government intends governmental functions related to citizens' basic needs to be managed in

accordance with the MSS. In practice, however, many stakeholders in regions complain about difficulty in achieving the MSS.

There are at least three problems in the current implementation of the MSS: (1) too many standards from ministries, overwhelming the regions capacity to meet them; (2) frequent bias in input and output standards making regions confused, and (3) standards are difficult to reach and costly. Estimates of costs reveal that significant additional resources will need to be found or redirected to services defined by MSS if these standards are to be met, as argued by Lewis in the educational sector. This concern is shared by regional stakeholders, and noted in this study in West Java, NTT and West Kalimantan in the education and health services. A key informant from the NTT Provincial Education Office (Dinas) said that “we once conducted a cost analysis to achieve the targeted health MSS and it shows that the whole budget (ABPD) would be used up to achieve the targeted MSS”. A health officer in a city in West Kalimantan said that “to achieve an annual target of food supplement for under-5 children in the city we would spend 6 billion rupiah, and we have so many targets of health MSS to meet”. For this reason, the stakeholder said that “if this MSS formulation continues, it is not possible for the city government to provide services in compliance with the MSS.”

The accuracy of estimated costs to achieve the targeted MSS as presented by regional stakeholders in MSS implementation requires further study. The costs may not be that much to implement the MSS as feared by regional stakeholders. A study conducted by Lewis indicates that to achieve the targeted MSS in primary education, in fact, regions do not need very high investments. According to Lewis, with 5 percent added to the current budget, regions will be able to meet the standards for student enrollment and for level of students going to school especially if regions can improve efficiency in primary education, given that the current optimum level of efficiency in primary education is just 65 percent. Regions still have enormous opportunities to improve efficiency in public services and therefore they can achieve the targeted MSS without a very large budget.

However, various statements related to regional problems in achieving MSS as regulated by sectoral ministries must be interpreted as an indication that what has been formulated all this time in MSS is not feasible at regional level. The excessive number of MSS and too many standards and targets in each MSS, in some cases too high to achieve, should be reviewed if the government really wants the MSS to be the basis for managing the basic needs of citizens in regions. Particularly when the MSS are intended to serve as a benchmark for ensuring the rights of each citizen wherever they live to access certain quality of basic services, the government should set priorities within the MSS. The Ministry of Home Affairs should take the initiative to hold discussions with sectoral ministries on the strengthening of their MSS priorities in order that regions may focus on the given standards that should be considered priorities by the government. In the strengthening of MSS priorities, the government should focus more on output standards than on input standards. As reported by Lewis, the achievement of input standards cannot often guarantee the achievement of output expected. Therefore, in achieving the MSS, regions should be driven to achieve outputs rather than inputs. Let regions according to their conditions and capacity determine input needed to achieve the output minimum standard set by the government.

By setting priorities to achieve MSS targets and emphasizing the achievement of outputs, the government may give regions clear guidelines to deliver mandatory basic services. If regions' success in achieving MSS targets becomes the basis for evaluating their performance and giving them reward for achieving the MSS targets, the regions will be motivated to work harder to achieve

the MSS targets. MSS will not be seen as a burden but as a realistic target to be achieved by each region. If regions are sure that the achievement of MSS targets is possible with their emerging capacity, they will be motivated to actualize the targets.

In addition to setting priorities in achieving MSS targets and making MSS targets more realistic, sectoral ministries should also integrate MSS targets with policies in allocating DAKs. If DAK allocated to regions is linked with the achievement of MSS targets by regions, regional capacity to achieve the MSS will be higher. In order that DAK allocations may improve efficiency in implementing mandatory functions and or meeting citizens' basic needs, DAK can be used as an instrument to encourage regions to improve efficiency in MSS implementation. Therefore, sectoral ministries should develop an instrument to measure efficiency in a simple way in order that regions may also measure efficiency in public services and improve efficiency when necessary. The MSS achievement should be integrated with and constitute the main part of regional performance appraisal. Government Regulation 6/2008 on guidelines for regional governance evaluation should be reviewed to make the MSS targets the focus of the regional performance appraisal.

II.10 Functional assignment and Integrated Development Planning

It is difficult to create synergy in development activities in the era of regional autonomy, partly because of unclear and overlapping functional assignment among central, provincial and district governments. This overlap can lead to duplication in activities and government waste. Such a situation will not only inhibit synergy between central and local development planning but also inhibit government and regional performance. Planners in the NTT Province Health Office said that "we should scrutinize government and try to find out what the government will do to prevent activity duplication." An education office head in the West Java Province explained his method to prevent duplication by shifting the project site to another school if it appears that the government's activity and provincial activity similar to his district's activity.

It is also difficult to create synergy between levels of government if the political elite has a poor understanding of functional assignment. For example, many candidates for provincial regional heads during campaigns promised to provide free education and health services, although basic education and health services are district functions. A Bappeda planner in the West Java Province explained their difficulty in encouraging districts in the province to cooperate in actualizing provincial government vision and missions. To encourage districts in West Java to actualize the provincial vision and mission as formulated in the West Java Regional Medium Term Development Plan, the province provides a grant to districts to deliver free education and health services to citizens to fulfill the governor's promise during general elections.

It is also difficult to create synergy between provincial and district activities as a result of province's difficulty in fulfilling the constitutional mandate of allocating 20 percent of the budget to education. Some local legislators and officials of education offices at provincial level find it difficult to allocate 20 percent of the budget to education because most of the education function exists at district level. This pressure to nonetheless spend 20% of the budget on this sector encourages the province to infringe on the district education services with its own programming. This situation makes it difficult to coordinate and synergize provincial and district planning.

Synchronizing and harmonizing national and local development planning requires a mechanism to achieve this aim. Staggered presidential, governor and regent/mayor elections and different political backgrounds and vision of the president and regional heads often make it

difficult to synchronize and harmonize national and local development planning. Overlap and inconsistency in activities of national, provincial and district governments are unavoidable in light of these institutional arrangements.

Problems also arise from different arrangements for regional planning between Law No. 25/2004 and Law No. 32/2004 in relation to the legal basis of planning documents and the annual plan concept. Regional stakeholders are often confused because the Ministry of National Development Planning influences BAPPEDA to encourage regions to follow Law 25/2004 while the Directorate General for Regional Development of the Ministry of Home Affairs via its Provincial and District Development Bureaus and Departments encourages regions to follow Law No. 32/2004. Regional heads who want to fulfill their election campaigns promises and prepare the five-year plan for their term according to their vision and missions often encounter difficulties because they have to largely compromise with regional legislators when RPJMD documents are to be validated with a regional regulation. Consequently, RPJMD presenting the regional head's vision and missions is often not used for reference by regions in their development planning. As a result, it is extremely difficult to achieve consistency between RPJMD and work plans in regional development.

Maintaining consistency between medium term plans, annual plans, and budgets is also made challenging by the need to incorporate the bottom-up project proposal process (Musrenbang), where the constituents' aspirations are collected from village to district level. Regional legislators believe they are also in touch with their constituents, and wish to influence planning directly, whereas the executive side seeks to limit the annual project proposal to the annual plan process and the Musrenbang process. This different preference on processes leads the executive side to "buy off" the regional legislators with a portion of the budget to be allocated to the legislator's selected projects. This splitting of resources means that there is a reduced success rate for Musrenbang proposals, disappointing proposal proponents who have invested much in the long public dialog that generated the proposals.

To facilitate synergy between national and regional development planning, the division of labor between the government, provinces and districts must be clarified. The use of unclearly measurable national, provincial and district scales in functional assignment should be avoided. Regulations on national development planning documents and implications for regional planning should be formulated clearly. Regional development planning should refer to and be synergic with national development planning. Regional planning by the executive branch through Musrenbang and DPRD through recess should be integrated well and set out in regional regulations to make it binding on all regional stakeholders. Thus, it is expected that the synergy between national and local planning and between executive and DPRD planning may be achieved well.

II.11 Position of Governor as Government's Representative

The double roles of governor as regional head and government's representative are designed to be an instrument for the government to perform a coordination function between activities of provinces, districts and sectoral agencies in regions and provide guidance and supervision over district government activities. The government has issued Government Regulation No. 19/2010 setting out the role of a governor as the government's representative. The Government Regulation is still controversial among different regional stakeholders. For district stakeholders, the regulation is considered to potentially inhibit their autonomy. A former regent in NTT said that "the government regulation may result from a lobby of the Ministry of Home

Affairs by APPSI (the Association of Provincial Governments across Indonesia) and regents were not involved in the discussion about the government regulation. In fact, the government regulation conflicts with Law No. 32/2004 and thus the regents can seek a judicial review from the Supreme Court". The lack of socialization about the government regulation may be a recognition of the negative predisposition of district stakeholders towards the government's intention to strengthen the role of governors as the government's representatives.

Some stakeholders think that governors as the government's representatives have not played their role effectively because governors do not have legal, organizational and budgetary instruments used to implement the role. The government regulation is considered insufficient because it only governs the role of governors to coordinate national and regional activities and provide guidance and supervision for districts in implementing their functions. Governors as government's representatives according to provincial stakeholders require a larger role in regional empowerment and synergy with sectoral ministries' activities in regions. In practice, it is difficult to integrate and synergize the government's activities in regions. Provincial OPD heads, Bappeda and provincial secretariats complain about their difficulty in finding out sectoral ministries' activities in their provinces. In the meantime, governors do their best, for instance, by setting up working groups involving them in assisting the governors as the government's representatives in coordinating governmental functions and sectoral activities with regions.

The difficulty in empowering governors as governments' representatives lies in part on the unclear relationship between governors as the government's representatives and sectoral ministries. Government Regulation 19/2010 does not explicitly set out relationships between sectoral ministries and governors as the government's representatives. Relationships between sectoral ministries and regions are not necessarily built through governors; mechanisms such as the DAK allocations and other National Budget (APBN) funds work largely outside of the Governor's direct involvement in the allocation. The Government Regulation failed to rectify this situation. As noted earlier, DAK allocations and other APBN funds are more determined by national and local actors' lobbies. Rent-seeking behavior remains dominant in APBN-generated allocations to regions.

The roots of the weak aforementioned government regulation is found in Law No. 32/2004 which does not govern the relationships between sectoral ministries and governors as the government's representatives and/or the regions because this matter is outside the domain of regional government; there is a legal vacuum in this respect. Consequently, the involvement of governors as the government's representatives in sectoral ministries' activities heavily depends on the discretion of each of the ministries. Some ministries require districts to seek approval from governors in proposing DAK funds and other APBN-generated funds but most districts propose them directly to the ministries based on lobbies by Regents/Mayors.

The complexity of relationship between the governors as central government representatives and as regional head becomes greater when the implementation of central government activities in regions often involves provincial apparatus without the knowledge of governors as regional heads. Key informants in Public Works Offices in West Java, NTT and West Kalimantan explain that in repairing national roads and national irrigation channels in regions, UPTs/Public Works Ministry Bureaus (Balai) often involve provincial public works office (Dinas PU) apparatus in the activities without informing the governors as the government's representatives. The involvement of workers encourages such bureaus (balai) to recruit workers from provincial public works offices to implement Public Works Ministry's projects in regions.

The resource persons say that in this case the provincial governments have provided an indirect subsidy for the government because the apparatus is paid by the provincial government DAU. A governor once wrote the Ministry of Public Works to lodge a protest and an objection to this practice. The strong historical and psychological feeling of some personnel of the provincial public works office as ex-employees of the Public Works Ministry prior to Law No. 22 Year 2009 has made them retain strong ties with the Public Ministry. Confusion in carrying out activities of sectoral ministries in regions should be addressed and sectoral ministries' activities in regions must be regulated.

The regulations must deal with activities of sectoral ministries and non-ministerial agencies and their relationship with the role of governors as the government's representatives. The position of governors as the government's representatives should not be restricted so as to be misperceived as the representative of the Minister of Home Affairs in the regions. Sectoral ministries and non-ministerial agencies often feel unrepresented by governors. Consequently, they tend to maintain their leverage in districts. Unsurprisingly, DAK and grants from sectoral ministries in districts are not much known to governors as the government's representatives. It is consequently difficult to coordinate and synergize national and regional activities.

In addition to the absence of regulations on relationships between governors and sectoral ministries, it is also difficult to coordinate in national and regional development planning. One cause is inconsistent mechanism for planning and budget allocations. ABPN-generated funds with an annual highly variable nomenclature and unclear criteria for allocation to regions have put governors in a difficult position as government representatives. Moreover, the APBN-generated funds often come at the end of each fiscal year and are not always released for the following fiscal year. The funds are obtained by regions which have lobbied and have networks with sectoral ministries, Ministry of Finance and DPR. As long as the funds exist, it is difficult to make governors serve as budget optimizers in ABPN-generated fund allocations to regions.

Several measures are needed to strengthen governors as the government's representatives. First, the regulation on the position of governors as government representatives should be broadened; governors should also represent sectoral ministries and non-ministerial agencies in regions. Second, the regulation on the role of governors as government representatives should put them as intermediaries between the interests of sectoral ministries and the interests of provincial and district governments, including interests in optimizing DAK and other APBN-generated fund allocations to support regional governance and harmonize government and regional planning. Third, all activities of sectoral ministries should be coordinated with governors as the government's representatives. As a consequence, the budget allocation in support of deconcentration for governors as the government's representatives should be sourced not only from deconcentration funds in the Ministry of Home Affairs but also from other sectoral ministries. Fourth, coordination and guidance and supervision by governors as national representatives should be supported by full-time functional personnel appointed to that effect. These functional personnel may come from regional governments or sectoral ministries with competency in providing guidance and supervision. Fifth, the budget to carry out the function of governors as the government's representatives and their functional personnel should be generated from APBN.

III. CONCLUSION

This study shows that much work remains to be done in functional assignment among levels of government if the government is to create efficient, effective and accountable regional

governance. Failure to reform functional assignment carries significant negative implications for the implementation of decentralization and regional autonomy in Indonesia. Deviations and inconsistency in functional assignment give rise to severe problems in regional autonomy implementation, such as distortion of the use of regional governance principles, overlap and conflict of activities between levels of government, distortion of DAK and other APBN-generated fund allocations to regions, inefficient regional organizational structures and ineffective role of governors as the government's representatives.

The research began with two main goals, to contribute to the ongoing revision of Law 32/2004, and to give inputs to the formulation of the longer term reform effort – the Grand Design for Regional Autonomy (*DBOD*). The study provides analysis, insights, and conclusions that can serve both reform efforts, with the following categorization:

Reform directions suggested for immediate inclusion in the Law 32/2004 revision:

- Insertion of a mechanism to allow for the addition and retraction of functions
- Upgrading of DPOD to be headed nominally by the President, and operationally by the Vice-President
- Clarification and sectoral broadening of the role of the Governor as the representative of the central government
- Refocusing of the DAK to avoid rent-seeking and adequately reflect MSS and the regions' needs with respect to MSS fulfillment/ Enhancement of the role of the Governor in the DAK allocation process

Reform directions proposed for inclusion in the DBOD:

- Improvement in the formulation of functions in the regulations on functional assignment, to make clear the specific responsibilities of each level.
- Development of more appropriate guidelines for regional organizational structures, including addressing the tendency of central government agencies to dictate the structure of regional government to reflect their own nomenclature/sub-units.
- Development of incentives (and removal of disincentives) that encourage inefficient organizational/staffing choices by regions
- Reduction of the MSS to those basic service functions, and prioritization of MSS within these to allow for a more focused and feasible implementation.

This study shows that bias in functional assignment is widespread in health, education, public works and other governmental functions. The bias is caused by the use of unclearly measurable indicators of functional assignment, distortion of the use of regional governance principles and inconsistency in regulations on regional governance. Disharmony between Law No. 32/2004 and Laws governing sectoral activities in regions and laws governing functional activities such as Law No. 25/2004 on national development planning is one key cause of the bias in functional assignment among levels of government.

In addition to inconsistency in national policy framework related to regional governance, the challenge to efficient, effective and accountable regional governance also comes from the inconsistency between regulations and implementation. Short-term and short-range interests of sectoral ministries often encourage sectoral ministries to produce regulations inconsistent with Law No. 32/2004 and Government Regulation No. 38/2007. Many sectoral ministries put pressure on regions to develop OPDs with the same nomenclature as the ministries to spearhead sectoral activities in regions. The pressure is given by a law or a ministerial regulation that requires regions

to establish OPDs as intended by sectoral ministries. DAK and other APBN-generated fund allocations are often related to the existence of the same OPDs as sectoral ministries'. This situation is worsened by Government Regulation No. 41/2007 as it regulates in too much detail organizational structures, and yet leaves in place incentives for regions to choose the maximum size allowed. Consequently, there is a significant increase in structural positions in regional organizational structures causing the proportion of indirect spending to increase prominently and causing problems for regions to meet the needs for public service delivery.

Distortion also occurs in DAK allocations and implementation. Unclear national priorities of ministries and absence of map of problems encountered by regions make criteria for DAK distribution unclear. The same thing also happens to other APBN-generated allocations to regions. This creates room for rent-seeking behavior of central and local actors in DAK distribution. DAK allocations and other APBN-generated allocations are more affected by subjective considerations and opportunities for rent-seeking rather than achieving national goals and priorities. Consequently, inefficient and ineffective DAK implementation is unavoidable.

In implementing MSS, defining how basic service functions must be delivered, regions generally have difficulty due to a large number of standards governed in the MSS and the high level of targets to be achieved by regions whose fiscal and technical capacities are generally limited. The difficulty in implementing MSS also arises from the tendency of MSS to mix input standards with output standards. Regions also complain about the formulation of MSS that do not adequately take into account financing sources. The absence of linkage between MSS implementation and DAK and other APBN-generated allocations makes MSS implementation less feasible. Consequently, the government's goal to ensure that basic services are provided for all people anywhere according to the minimum standards specified cannot be actualized as desired.

In strengthening the role of governors as the government's representatives, this study finds that the governors' role has not been implemented effectively because the existing regulations do not address the relationship between governors and sectoral ministries. Many activities of sectoral ministries in regions have not fully been integrated into provincial and district activities. Governors have not played a role as intermediaries between national goals and priorities and regional problems. Government Regulation 19/2010 is not sufficient because it only governs the role in coordinating national government activities and programs with regional activities and it does not govern the relationship between ministries and governors and regional heads. The government regulation is also considered to have placed governors as representatives of the Ministry of Home Affairs so that sectoral ministries are not fully available to utilize the role of governors to deal with sectoral ministries' interest in regions.

To respond the above problems, the government should undertake several measures. The government should make the Regional Autonomy Advisory Council (DPOD) an effective governance body to harmonize regulations related to regional governance. The DPOD should be developed into an institution that represents stakeholders to oversee the implementation of regional autonomy. As a governance body, DPOD is expected to put effective pressure on all ministries to reform laws and regulation related to regional governance. The law on regional governance is found to have not fully been used for reference in carrying out regional governance activities. Sectoral government activities managed by ministries and non-ministerial agencies have not been based on the regional governance law.

To serve as an effective governance body, DPOD should be restructured. The position of DPOD under the Ministry of Home Affairs all this time has proved less effective. Because regional

governance will not only involve the Ministry of Home Affairs but also sectoral ministries and other functional ministries such as Ministry of National Development Planning and Bappenas and Ministry of Finance, the DPOD should be placed as part of the President's Office. In implementation, the DPOD may be led by the vice president. As a governance body, the DPOD should function as a forum of policymakers in relation to decentralization and regional autonomy issues. Therefore, the DPOD should be supported by a capable think-tank.

The government should immediately find solutions to legal vacuum to govern sectoral activities in regions. Law No. 32/2004 and its revision only addresses regional governance and does not govern activities of sectoral ministries and non-ministerial agencies in regions. Various issues related to activities of sectoral ministries in regions, relationships between ministries and governors and regents/mayors, and relationships between sectoral and functional ministries and regional communities are not governed by the regional governance law. Such issues may currently be regulated in individual laws or in a sectoral law. Regardless of the form of regulation, it should refer to the regional governance law.

The revision to Law 32/2004 should attach importance to regulations on regional dynamics related to functional assignment. Regional variability is very high and the dynamics of change require an institution and a mechanism for changing regional governmental functions in certain regions. With the model of detailed functional assignment as regulated in Government Regulation 38/2007, other than functions set out in the MSS, regions should be given discretion to respond to functional assignment according to their own needs and aspirations. Regional ability or capacity should be considered to be one of the criteria for functional assignment. The mechanism for changing governmental functions was set out in Law No. 5/1974 and should be re-considered under the revision/amendment to Law 32/2004. There should be a mechanism that enables regions to manage their functions evolutionarily and dynamically according to their capacity and needs so that the existence of regional governments is really relevant and beneficial to improve the people's welfare in regions. In that way, regional autonomy will produce a mosaic of efficient and effective regional governments able to provide a strong foundation for the Unitary State of the Republic of Indonesia.

The amendment to Law 32/2004 and Government Regulation 38/2007 should clarify functional assignment among levels of government. The amendment to Law 32/2004 should provide clear directions to improve Government Regulation No. 38/2007 so that regulations on functional assignment can avoid unclearly measurable criteria, too detailed description of activities among levels of government and neglecting substantial characteristics and object of regulation. For example, regulation on communicable disease control tends to be uniform regardless of types of disease while the capacity of regions heavily depends on the types of disease. The regulation stating that "control over communicable diseases on a district scale is the district government's function" is not sufficient. In the field of education, for example, functional assignment based on school status (SBI or non-SBI) rather than types of school (elementary, junior high and senior high school) is also confusing because the change of school status from non-SBI to SBI or the contrary may take place easily while the change of status has implications for management authority and relationships among levels of government. The amendment to Government Regulation 38/2004 should prevent such issues.

The government should prevent laws and regulations that intervene too far in the executive domain, including regional governments, particularly in developing OPDs. The emerging laws mandating the establishment of OPDs in regions should be avoided because this will not only

inhibit regional autonomy but also increase the financial burden of regions. Regions should have discretion to determine the form and number of OPDs, including their structural positions according to their own needs and challenges. The government may establish norms, standards, procedures and criteria for establishing OPDs but should not make them too detailed, including clusters as set out in Government Regulation 41/2007. The government should restructure its civil service management by avoiding tendency towards centralizing civil service management. Formation establishment, employee appointment and payroll system that have been organized by the central government to date will not only produce the number and composition of civil servants inappropriate to regions' needs but also give incentive to central and local actors to recruit new employees without taking into account regions' capacity and needs. Such an approach will make employee recruitment a commodity for the political elite and national and local bureaucracy and therefore should be avoided. The regional civil service management should give regions an incentive to develop efficient, professional and non-partisan bureaucracy. The government should establish norms, standards, procedures and criteria and regions should be given discretion, not only to determine the OPD organizational structure but also to determine the composition and qualifications of personnel as they need.

Reconstruction of the role of governors as the government's representatives is necessary by placing them not only as the government representatives in general administration function but also in sectoral and functional fields. Governors should be positioned as intermediaries not only for the Ministry of Home Affairs but also for other ministries' activities in regions. Government Regulation 19/2010 should position governors as a de-concentration apparatus for all ministries and non-ministerial agencies to perform the government's functions in regions. Governors should play a role as budget optimizers in DAK and other APBN-generated fund allocations in order that these budget allocations may synergize national priorities with regional problems. To play their role as the government's representatives, governors should be supported by a dedicated functional staff assigned to the governor. The activities of governors acting as the government's representatives will be financed by APBN.

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FISCAL DECENTRALISATION IN INDONESIA: LOCAL GOVERNMENTS PARTICIPATION IN ITS POLICY MAKING PROCESS

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ABSTRACT

Decentralisation is a big bang thing occurred after the collapse of Soeharto's regime. This essay will analyse the participation level of local governments in fiscal decentralisation in Indonesia. For more than its 10 year implementation, fiscal decentralisation in Indonesia is more likely still centralised.

Before the fiscal decentralisation is implemented fiscal resources is 100 per cent controlled and enjoyed by the central government. This condition made several problems in Indonesia such as imbalance development and separatism. In order to overcome those problems the Government of Indonesia passed Law 25 on intergovernmental fiscal relations in 1999 which then replaced by Law 33 in 2004.

Basically, fiscal decentralisation in Indonesia has successfully increase fiscal transfer from the central government to local governments. Fiscal decentralisation also gives greater fiscal autonomy to the local governments. This program has make Indonesia become the 6th decentralized country in the world measured on “Local Government Share of Total Government Expenditures”.

However, the policy making process of the cornerstones policies, implementing regulations and the implementation of fiscal decentralisation are still dominated by the central government. There is lack of local governments’ participation in those processes. This practice is contradictory with the spirit of decentralisation and the best practice of intergovernmental relationship.

Key Words : decentralisastion, participation, policy making

I. INTRODUCTION

Fiscal decentralisation is one of the programs in the public sector reform performed by the government of Indonesia (GOI) after the collapse of Soeharto’s regime. It is quite controversial because some of policy makers and scholars argue that decentralisation is only suitable for a federal state while Indonesia is a unitary state. Anyhow, the GOI still decentralised the power to the local governments include the fiscal power which particularly regulated in the Law 25 in 1999 which then amended in 2004 by the Law 33 (Haryanto&Astuti 2009, p. 52).

This case study is going to analysethe participation of local governments in policy making process of fiscal decentralisation. This essay will describe the policy making of the cornerstones policies, implementing regulationsand those implementationsin fiscal decentralisation process in Indonesia. It is true that those policies make the fiscal resources in Indonesia is distributed to all local governments and no longer only enjoyed by the central government. However, this policy still tends to give a great authority to the central government and overlook the role and the participation of local governments in the fiscal decentralisation process.

II. DISCUSSION

II.1 Fiscal Decentralisation in Indonesia

In the Soeharto’s regime, fiscal resources were almost 100% managed and enjoyed by the central government. The local governments only enjoyed the fiscal resources through subsidies and grants given by the central government (Hofman& Kaiser 2004, p. 27). The subsidies and grants were for financing expenses or projects decided and directed by the central governments instead of from local governments’ initiatives.

This condition created several problems for both central and local governments. Kumorotomo (2007, p. 24) states that this condition made the local government could not develop their areas and provide public services based on the locals’ needs. While for the central government it made an imbalance development because the development was concentrated in Jakarta or Java.

He explains that this situation had escalated some threads of disintegration or separatism in some regions such as Aceh and Papua.

Actually, the idea of fiscal decentralisation had been implemented when Indonesia was a federal state under Soekarno's presidency. In that time the GOI implemented fiscal decentralisation policy in 1957 by the enactment of Act no. 1 but this policy was failed and getting more ineffective after in 1959 Soekarno issued a decree stating that Indonesia is returned back into a unitary state (Hofman & Kaiser 2004, p. 17). This condition was then compounded with the Soeharto's policies which were very centralistic.

Furthermore, to deal with the problems caused by those centralistic regimes the GOI passed a new fiscal decentralisation act in 1999. The decentralisation of fiscal resources is intended to finance the assignment of expenditures as the impact of the assignment of functions in decentralisation program (The World Bank 2006, p. 8). The other purpose is for mitigating the fiscal disparities between central and local government and also among the local governments (Fadzil & Nyoto, p. 55).

The fiscal decentralisation policy is then implemented every year through the annual national budget. In 2012 for example, central government allocated IDR 408,352,055,705,000 for this program (Law on National Budget 2011). That amount is an improvement compared to the 2011 allocation which was only IDR 334,324,012,145,000 and central government usually improves the allocation in line with the improvement of national budget (Law on National Budget 2010).

Fiscal decentralisation from central to local government consists of three programs; they are revenue sharing, general allocation grant and special allocation grant (Law on Intergovernmental Fiscal Relations 2004). Revenue sharing is a policy which regulates how the revenues from taxes and natural resources are shared between central and local government. General allocation grant is a fiscal transfer which the main purpose is to fill the gap between local fiscal needs (salary + basic public needs) and local fiscal ability (local revenues + revenues sharing). While special allocation grant is purposed to finance special projects done by the local governments but the projects should be in line with the national priorities.

Furthermore, this fiscal decentralisation is claimed could give some positive effects to the development of local governments. The fiscal transfers from central government give a greater autonomy to the sub-national governments to manage their own budget especially for the general allocation grant (Brodjonegoro, p. 6). This kind of fiscal transfer also successfully supports the assignment of expenditures and makes Indonesia become the 6th decentralized country in the world measured on the "Local Government Share of Total Government Expenditures" (The World Bank 2012, p. 3).

II.2 Decentralisation and Participation

It is widely known that fiscal decentralisation process is an unseparated part of decentralisation itself. The main focus of decentralisation is to shift the policy making process and the responsibilities to as close to the citizens as possible (German Development Institute 2006, p.22). That is why the high level of local participation in the policy process is one outcome that is supposed to be achieved in a decentralisation process. Many people said that decentralisation and participation is two things which are expected could reinforce to each other (German Development Institute 2006, p.32).

By implementing decentralisation program it is expected that the local participation from both local government and local citizens could be more engaged in a policy process. Participation is important because it could improve the quality of the policy and the policy-making process. Considine (2005, p. 188) states that “participation by members of the public in decision making over policies and programs is a central aspect of public life. What is more, from the standpoint of democratic theory, the more participation we can engender, the better. If all other costs were held constant, the ideal decision would be one in which every citizen had their say.”

Furthermore, talking about participation is closely related with the transfer of power in decision making. Arnstein (1969, p. 217) illustrates the level of participation into a ladder which have eight levels of participation ranging from the maximum participation to minimum participation. Those levels are full control, delegated power, partnership, placation, consultation, informing, therapy and manipulation. The first three levels are categorized as “degrees of full power while the second three levels are on “degrees of tokenism” and the last two levels are on level “non-participation”.

II.3 The Practice in Indonesia

In the Indonesia’s fiscal decentralisation the GOI seems only emphasis the fiscal distribution rather than to encourage local participation in fiscal management process. It could be seen in the policy-making and the amendment mechanism of the cornerstone of fiscal decentralisation (Padjadjaran University 2005, p. 22-25). It also could be seen in the policy making process of implementing regulations, annual policy and the allocation process of fiscal transfers (The President of Indonesia, 2005). We can easily identify the domination of central government in Government Regulation (PP) and Presidential Regulation (Keppres) on fiscal decentralisation and in the annual budget. The central government has the most authority in deciding the percentage of revenues sharing and in allocating the grants. Therefore, it could be assumed that in those processes the GOI more likely to play the dominant role and disregard the local participation.

Centralistic and top down process in the policy making in fiscal decentralisation in Indonesia is could be reflected from the composition and the role of the Decentralisation Advisory Council (DPOD). This council comprises of 6 ministers from central government and only 1 governor, 1 regent and 1 mayor from local governments (The President of Indonesia, 2005). This composition is very disproportional compared with the number of local governments in Indonesia which are 33 provinces, 399 regencies and 98 municipal governments (Ministry of Home Affair 2009).

Moreover, the council’s authority in fiscal decentralisation process reflects the lack of local participation as well. This council only produces a consideration to be given to the finance minister who has powerful authority in making the formula for general allocation grants (The Government of Indonesia 2005). This condition is getting worse because during this time the finance minister implements a “one size fits all” approach in making the formula (The World Bank 2012, p. 7).

In the revenue sharing and specific allocation grant this council does not even have the slightest authority. The percentages of revenues sharing are fixedly decided by central government in the fiscal decentralisation Act and central government is still raising 91% of total revenues (The World Bank 2012, p. 7). In the specific allocation grants the amount of grants and to which local governments the grants will be transferred are only decided by the finance minister by coordinating with the technical ministers (The Government of Indonesia 2005).

It could be seen from above description that local participation and transfer of power in fiscal decentralisation policy in Indonesia is merely pseudo participation. The local participation in this policy making process is limitedly on consultation level or even worse on informing level. Arnstein (1969, p. 217) categorizes those kinds of levels are only on “degrees of tokenism”.

In the case of Indonesia’s fiscal decentralisation, it also could be assumed that the GoI more emphasizes the vertical policy dimension of the coordination in policy making rather than the horizontal dimension. Colebatch (2002, p. 23) explains that in vertical policy dimensions a policy is perceived as a rule, so that the policy is only formulated by the superior and the subordinates are not involved in the policy making process. He adds that the subordinates is only has a role to implement the policy instead of to make the policy.

This condition is very contradictory with the spirit of decentralisation and also the good governance theory for a country which has multilevel governments like in Indonesia. Althaus et al (2007, p. 128) states that the coordination in that kind of country should be transversely among the governments because it could support the coherency and it could treat all governments equally. He explains that this system could be successfully applied by more utilizes loosely linked institution in the policy-making process. For example, in Australia, the most dominant institutions in policy-making in fiscal decentralisation are the Council of Australian Government (COAG) and an independent institution called the Commonwealth Grants Commissions (CGC) instead of dominated by the central government.

III. CONCLUSION

All in all, based on that condition it could be said that in fiscal decentralisation in Indonesia the local governments participation has not been significantly involved in its policy making process. It also could be said that fiscal decentralisation in Indonesia so far is merely a distribution of fiscal resources from central to local government. While the policies and the allocation process is almost totally controlled and decided by central government. This condition could makes a hindrance for the decentralisation program in Indonesia which the purpose is to make the local governments are able to provide services that better satisfy the public needs.

To deal with this problem the GOI is better to adopt a negotiation system in the fiscal decentralisation policy instead of decided and formulated by the central government. It could be done by improving the role and the authority of DAC to become the most dominant institution in fiscal decentralisation process. After that, the central government should reduce their representations in DAC and increase the number of local governments’ representations to at least 1 representation for each province. By doing this it is expected that the level of local participation in fiscal decentralisation policy could be on “partnership level” or even the better on the level of “delegated power”. The other important thing to be done is involving independent parties such as scholars and NGOs in the policy process. Eventually, the GOI should be fully aware that local participation is very important in fiscal matter because, in fact, almost all national revenues are collected in local territories and almost all citizens are live in local areas.

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HOW TO IMPROVE LOCAL DEVELOPMENT PERFORMANCE?

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ABSTRACT

Many ways can be used to measure local development performance. It can use economic, social, or environmental indicators implemented in each area. This paper analyzes the using of human development indicators to measure local development performance. The result of the measurement is used to improve local development performance through the achievement of Millennium Development Goals and human development indicators. Based on some provinces experience, there are some stages that can be done to improve local development performance, that are (1) indicators choice, (2) data arrangement and analysis, (3) planning and budgeting, (4) implementing, (5) monitoring and evaluating, and (6) improvement. But, in fact, there are some requirements in implementing the stages said above, they are: (1) the availability of uptodate, relevant, and qualified data, (2) strong political goodwill and commitment, (3) local capacity to

handle data collecting and analysis, planning and budgeting, and also monitoring and respons, (4) social empowerment and local participation.

Keywords: human development indicators, improvement, local development, performance

1. INTRODUCTION

One the aim of local autonomy policy is to increase the community welfare through local development implementation that is spread evenly. The essence of local development as implemented of the Law No. 32/2004 is to create autonomous local government. Related to this concept, the execution of local autonomy has been oriented to the increasing of the community welfare focused to absorb local people needs that rise in the community. Hence, local governments are responsible to implement better local development performance. It means local development should have a good performance based on some indicators that take sides to community welfare.

In the beginning, economic indicators were used to measure local development performance, like GNP (Gross National Product) or GNP/capita. Based on empirical data from many countries, it showed that GNP cannot reflect the real people's quality of life. Though many countries might have high GNP/capita unfortunately it doesn't mean that their community has good quality of life. Those data proved that quality of life is unequal with GNP/capita (Arief, 2000).

Recently, social and environment indicators are more used to measure local development performance than economic indicators. But, the problem is, it is not easy to create compatible, valid and reliable indicators to measure local development performance comprehensively. This paper will try to analyze some indicators that used to measure local development performance especially social indicators.

2. DEVELOPMENT DEFINITION

The essence of development is change the existing state to better condition (Tjokroamidjojo and Mustofadidjaja, 1992). So that development activity should be done directed and planned. It means the step and goal to be attained, must be defined and cleared.

Black (1991) said that "Development is such term. It has no precise meaning, no generally accepted definition". Moreover, it is appropriate with the essence of development above; Bryant & White (1987) gave the meaning of development as "people capability improvement to influence their future". It means development activity done not only give the possibility to group of people to plan and to do change, but also should able to give opportunity or chance to an individual to do something or to do changes for their future.

The implication of the meaning above is: first, pay attention to "capacity" that is what should be done to develop community and an individual capability to make changes. Second, arrest "justice" that is to eliminate unfair attention to certain group because it will destroy and reduce their capacity. Third, arising of power and authority, in meaning if only community has certain power and authority, so they will take development benefit (Bryan & White, 1987).

The essence of development definition above is the necessity of community involvement and participation, individually or together in every development activity. Actually, development is an effort series done continually to reach the level of community life that is prosperous extrinsic and intrinsic. The effort is done through the exploitation of potent that is had qualified human, capability, and the progress of knowledge and technology, and also pay attention to global

developing threat. Sustainable development is done continually in all aspects of life, so people feel safe, comfort, secure, and they can work well and love their country.

3. LOCAL DEVELOPMENT

Local development can be defined as the development that implemented by local government and its community as consequence of the execution of governance affairs that become local authority. Besides the definition above, if it is related to development definition (a growth effort and planned changes that done aware by a nation and a country that implemented aware by government and community toward national building), so local development are:

- a) Changes processes that implemented in local scale or local autonomy
- b) The local development orientation is the increasing of social service quality and providing medium of satisfied infrastructure.
- c) Local development has be able to support community participation

Local development is basically integral part of national development system that is implemented by all component of community and government according to local initiative. In this context, local development planning can not be drifted from the system of national development planning. The needs of local development planning is related to local autonomy paradigm that give local right, authority, and responsibility to arrange and to manage its household due to its needs.

At national level, Indonesia government has commitment to human development approach through the publication of Human Development Report at national level regularly, Millennium Development Goals report annually, and the integration of human development indicators into long and medium term national development planning. Besides, since 2006, central government has been allocating part of general allocation fund (*dana alokasi umum/DAU*) to the expenses for human development index improvement.

At local level, Millennium Development Goals (MDGs) and Human Development Index are using as flexible and innovative tools to place community in the center of development effort in order to determine a better human resources target and to trace a adequate development performance. Development target that will be reached is different in all provinces in Indonesia to describe specific needs and each area condition, and also helping to reduce local gap.

Based on above description, it is not astonishing when human development become reference to see how far local development realized. Aceh, Gorontalo, West Java, and DKI Jakarta are the examples of local government implemented human development as a basic of their local development.

4. HUMAN DEVELOPMENT

Human development combine ability and basic needs approaches which stressing greater to human ability to lead a life that their want and the enhancement of substantial choices that their have. Human development framework is based on the idea that while economic welfare can help people to lead a life better and freer, but another factors like education and health influence people freedom quality. Human development helps people to go through healthier, long and educated life (UNDP, 2007).

The human development concept is introduced firstly at 1990 as an effort to exceed the limitation of development approach, without ignoring income as welfare measurement. The basic

difference between previously approach that is income oriented and human development approach lies on the last focus on community placing in development center. The concepts covered by human development approach are productivity, equity, sustainability, and empowerment that are interesting to describe in an index number. The four important component of human development paradigm can be described as follows:

- (1) Productivity; Community should enable to improve their productivity and fully participate in improvement process of income and work that is profitable.
- (2) Equity; Community should have access to the same chances. All barriers to economic and politic chances should be eliminated, so people can participate in, get benefit from the chances.
- (3) Sustainable; Access to the chances should be make sure not only to present generation, but also to next generation. All forms of capital – phisical, human, environment – should be improved.
- (4) Empowerment; Development should be executed by community, not only for them. Community should participate fully in deciding and processing their determined life.

Millennium Development favored MDGs or Millennium Development Goals are a human project committed by UN members include Indonesia in September 2000 at global high level conference that emerged Millennium Declaration. It is a global iniciative to reduce the number of poverty people become half in 2015.

The eight MDGs listed below guide the efforts of virtually all organizations working in development and have been commonly accepted as a framework for measuring development progress:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a Global Partnership for Development

At the meanwhile, Human Development Index uses life expectation, education achievement, and income to measure human development progress in the difference country. This concept tries to rank the whole countries in 0 scale (as the lowest level of human development) until 1 (the highest level of human development) based on three of the aims or products of development, that are: (1) life level expectation, (2) knowledge that is measured by weighted mean of adult people that can read (weighted 2/3) and the average of school year (weighted 1/3), and (3) income that is measured by real income per capita that has been appropriate, that is fitted according to each country purchase power and the assumption of income marginal utility decreasing rapidly.

The further explanation will be focused on the indicators of Millennium Development Goals (MDGs) and Human Development Index as local development performance measurement. Based on the indicators above, local government can create some strategies to improve local development performance.

5. HUMAN DEVELOPMENT INDICATORS

Before describing human development indicators, it is necessary to explain the requirement of indicators. In some literatures, we can see that performance indicators should be specific. It means that the indicators should be clear, no possibility to be miss understood. Another requirement is measurable. The indicators have a unique term so they can be measured accurately. The next requirement is attributable. The performance indicators that have been determined should have benefit for decision making. Then, performance indicators should be relevant. It means that they should be appropriate with program scope and they can describe causality relationship among them. The last requirement is timely. The performance indicators that have been determined should be supported by data and reported on periodical time as a decision making material.

In this part, there is no in-depth explanation about the requirement of indicators human development. It is assumed that the human development indicators have fulfill the requirement of good indicators.

The Eight Millennium Development Goals consist of 21 quantitative target and they can be measured by 60 indicators (see Appendix 1). While, Human Development Index consists of three dimensios and four indicators as described below (Figure 1).

The use of human development index help local government to identify the areas that have low progress of their development. It also can help local government to allocate its budget in order to accelerate human development implementation.

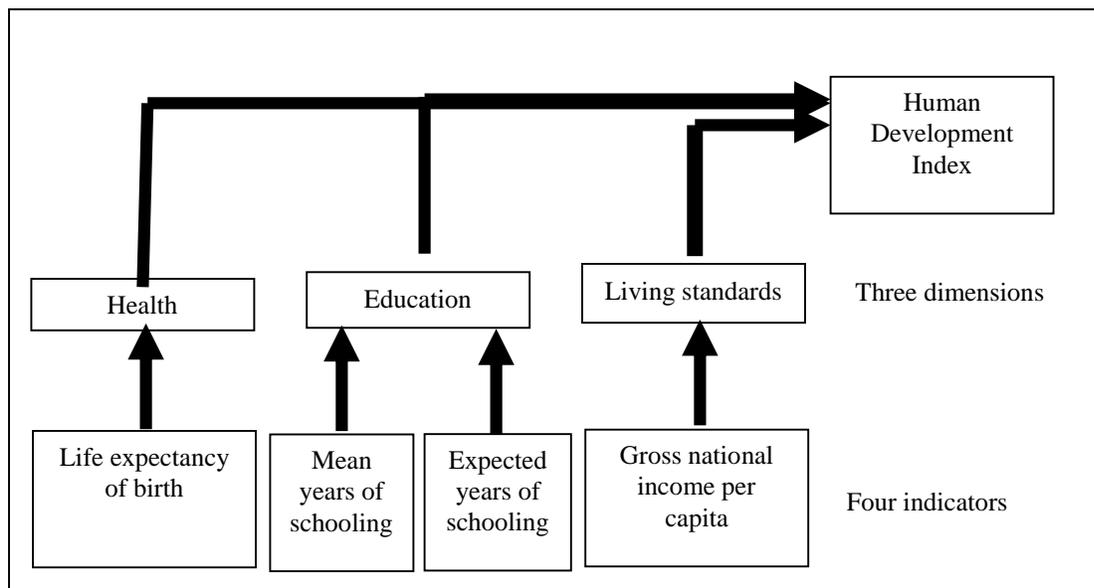


Figure 1 The Human Development Index Dimensions and Indicators (UNDP, 2010)

Figure 1 The Human Development Index Dimensions and Indicators (UNDP, 2010)

In the further explanation, it can be seen some strategies that are used by local government to improve local development pervormance. Some provinces have been succeeding to implement human development approach. Although the using of the approach is still in the initial stage, but

there are some successful stories and lesson learned that give knowledge about goal toward. For example in West Java, government strategy is to reach province human development index about 80 in 2015. This strategy – West Java 80 – priorities the program that promote human development index improvement. The regencies are supported to propose proposal to Regional Development Planning Board (*Badan Perencanaan Pembangunan Daerah*). Program or project will be approved competitively if it contributes to regency human development index improvement. In Aceh, government lies on the beginning step of human development index using to inform budget allocation in order to determine the target of underdevelopment areas and to fix sector priority.

Gorontalo Province uses human development index to identify area that have poor development performance. It means Gorontalo focuses on human development index as basic indicator to trace development progress. The indicators that are fixed in this index are life expectancy at birth; adult literacy rate; ratio of primer, secondary, and tertiary rough participation, and gross national income per capita.

Gorontalo is an example of great political goodwill implementing to place human development indicators on center of policy making. This matter comes from Governor's push to make sure regent, mayor, and local legislative to adopt human development index as prime reference point for development planning and budgeting. A Memorandum of Understanding was signed on April 2008 and it was committed by governor, regent, and mayor. They committed to reduce the number of poor people in regency, with budget allocation for districts that have human development index lower than province human development index as target.

The focus on human development index become a local issue after there is specific job about the creating of Human Development Report in Gorontalo and the arrangement of human development index that are taking place since 2007. The human development index is clearly discussed in province and regency as prime measure tool for development in Gorontalo and finally it was adopted as official development indicator on 2008.

Gorontalo focuses on 15 districts that have human development index lower than province human development index. And then province government has allocated 30 percent of province budget to the districts, while in the same time shouted to regency government to do the same matter. Basically, this allocation not only was intended to handle poverty problem, but also to cover all human development index indicators.

The same with some provinces above, South East Celebes Province also implement MDG's achievement to evaluate its local development performance. Table 1 shows MDG's achievement in Wakatobi Regency, one of regency in South East Celebes Province. From Table 1, we can see that some indicators like under-five mortality rate and infant mortality rate have good performance. It means the indicators achievement in Wakatobi Regency better than South East Celebes and national target in 2006. While the remaining indicators still determine low performance. Based on this condition, Wakatobi Regency Government can create some strategies to improve the achievement of indicators. For example, the government can create scale of priority based on the indicators that have low performance. The scale of priority can be used as a basic to allocate budget to improve local development performance.

Tabel 1 MDG's Achievement in Wakatobi Regency, 2006

Goal	Target	MDG's Indicator	MDG's Target 2015	National 2006	South East Celebes 2006	Wakatobi 2006
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Goal 1	Target 1.1	Proportion of population below \$1 per day	7.50	17.75	23.37	22.94
Goal 1	Target 1.8	Prevalence of children underweight	18.00	28.70	29.38	30.00
Goal 2	Target 2.1	Ratio of pure participation (primary school)	100.00	94.70	96.87	92.04
Goal 2	Target 2.1a	Ratio of pure participation (secondary school)	100.00	66.50	86.52	59.75
Goal 3	Target 3.1a	Ratio of girls to boy in primary school	100.00	100.00		
Goal 3	Target 3.1b	Ratio of girls to boy in secondary school	100.00	99.40		
Goal 3	Target 3.3	Women in legislative	30.00	11.00	6.66	6.66
Goal 4	Target 4.1	Under-five mortality rate	32.00	40.00	41.00	6.18
Goal 4	Target 4.2	Infant mortality rate	19.00	32.00	38.00	5.00
Goal 5	Target 5.1	Maternal mortality rate (per 100.000)	110.00	228.00	312.00	177.00
Goal 5	Target 5.2	Proportion of births attended by skilled personnel	90.00	70.89	71.63	65.42
Goal 6	Target 6.1	HIV/AIDS prevalence (per 100.000)		0.10	0.35	0.00
Goal 6	Target 6.6	Malaria prevalence (per 1.000)		13.40	14.95	7.30
Goal 6	Target 6.9	TB prevalence (per 100.000)		136.98	224.54	174.14
Goal 7	Target 7.1	Proportion of land area covered by forest	30.00	49.50	66.03	13.33
Goal 7	Target 7.8	Proportion of population using an improved drinking water source	67.00	52.10	54.00	62.21
Goal 7	Target 7.9	Proportion of population using an improved sanitation facility	65.00	68.00	64.20	47.40

Source: BAPPENAS and UNDP, 2010

6. HOW TO IMPROVE LOCAL DEVELOPMENT PERFORMANCE?

Based on the above description about local government experiences, through the achievement of human development indicators, local government can create some strategies to improve local development performance. There are six urgently stages that have to be done by local government related to the using of human development indicators.

The first stage is indicators choice. This stage is very crucial. It means small mistake in this stage can lead to the disorganized of the next stages. As we know, UNDP has declared some Millennium Development Goals indicators that can be measured in every country. But, in fact, the indicators should be appropriated with the local condition. So, local government should be wise to determine the appropriate indicators that will be measured. It is more difficult when we talk about

human development index. UNDP just mentioned four indicators, that are life expectancy at birth; mean years of schooling; expected years of schooling, and gross national income per capita. The using of the indicators needs elaboration in detail in order to be effective as local development performance.

Another problem will be appeared on stage 2 that is data finding, arrangement and analysis. It is not easy to collect data to measure human development indicators. It needs much time and many resources in its implementing, considering Indonesia's geographic is spread in thousands of islands. Data analysis is also a difficult step. It needs well trained personnel to process and to analysis raw data in order the data describe the real condition. So, the result can be used as reference to improve local development performance through planning and budgeting accurately.

The methodological approach is also be considered, since the quantitative one used at macro level can be biased easily. So, the quantitative approach must be supported by qualitative one at lower level. The lower the level of approach, the better the result.

The next stage is planning and budgeting. Planning and budgeting are based on data analysis got from the previous stage. The lower poverty ratio the greater budget allocation. The change of budget allocation is used to improve sector that have low performance, while sector that have good performance get lower budget allocation.

The fourth stage is implementing. One way that can be done in implementing stage is to support people participation in area that has low value of human development indicators. Through this way, it is expected that the acceleration of development can run faster and finally it can improve people prosperity.

Then, monitoring and evaluating is the next stage. At the beginning this function is government task, local or center. But, recently, this function can be given to community. Direct realization on the implementation of human development approach can be seen from data transparancy improvement, planning and budgeting process, and development performance. Access to development's documents is also opened, although in the past the access is limited to government officials.

The final stage is improvement based on monitoring and evaluating result. Considering the necessity to improve data collecting mechanism, to avoid data duplicated, and to get good qualified data, so it is necessary data coordination between Regional Development Planning Board (*Badan Perencanaan Pembangunan Daerah*) and Work Unit for Local Apparatus (*Satuan Kerja Perangkat Daerah*). It is also necessary to form data coordination forum that is consisted of all data makers to update human development data and indicators. Regional Development Planning Board (*Badan Perencanaan Pembangunan Daerah*) coordinate this forum and regent allocate operational budget to support all activities. The budget is also allocated to create training for all data makers, to improve their capability on data arrangement and analysis.

In this stage, the community participation is also needed. Local government should pay attention to community capacity, arrest justice, and arise community power and authority in local development implementation.

7. CONCLUSION

In spite of the stages mentioned above are easy theoretically, in fact there are some requirements in implementing the stages above:

- (1) The human development indicators will be effective as measurement of local development performance if the availability of up-to-date, relevant, and qualified data is guaranteed.
- (2) To implement human development approach to be one way to improve local development performance needs strong political goodwill and commitment, especially from local government decision makers.
- (3) To get good result of the measurement of human development indicators needs local capacity improvement to handle data collecting and analysis, planning and budgeting, and also monitoring and responses.
- (4) The success of human development implementing as one way to improve local development performance is really depends on community empowerment and local participative.

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POLITICAL MANAGEMENT OF THE NATURAL RESOURCES IN REGIONAL AUTONOMY ERA

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ABSTRACT

Now days, pollution of the environment in Indonesia has increased. Destruction of the forest , illegal logging and agricultural clearing which unplanned are make lower sustainable environment in Indonesia. In fact, regional autonomy since more than 10th years ago never give the significant impact for management and sustainable natural resources. The leader of region like “the small kings” who has the responsibility of the license the natural resources management practiced politicization of the license for investors. The license without the maturity planned is describe the arrogance of power and the negative effect of that situation are the destruction environment and the poverty systemic of the society. For example: the clearing of the forest for build the iron ore mining industry in Solok Region, West Sumatra. In the negotiation, the investor promised the grand benefits for the Solok Government and society too. And it made that government forgot the impact negative which very dangerous. One of the real fact of that company, most of the rivers around that location of the industry are contaminated. Before, the people can satisfied that river for life but now is impossible. The others effect the agriculture areas are damaged because of the operated that iron ore mining industry. Therefore, it is very important the best management of the natural resources and involve all of elements of the society and then the preservation environment maintained.

Key word: Political, management of the natural resources, regional autonomy

I. INTRODUCTION

Regional autonomy is initiated by the central government in accordance with Law No. 32 Year 2004 on Regional Government normatively expected to improve policies imposed in areas in Indonesia. Decentralization becomes important in various management especially in the area of

public life. One of the local government authority since regional autonomy are natural resource management (SDA). SDA is an essential asset for the region, especially with abundant natural resources because not all regions in Indonesia has natural resources that can be worked out so that in the end can increase revenue (PAD) and the standard of life of its people.

Management of natural resources in the area governed by the regulations that have been set. Permissions granted to companies or investors in order to clear land for the production of various forms of natural resources such as gold, iron ore, mineral, oil and others. As mentioned earlier, the initial assumption was given permission to entrepreneurs or investors to manage natural resources (NR) is to improve the welfare of the community through increased revenue and can further advance this area is gradually and continuously.

However, the realization of natural resource management is not entirely a positive impact on the region. For example, environmental pollution issues arise, the problems of poverty and social inequality in society and the negative impact of other forms of natural resource management is a result of environmental pollution. Exploitation of natural resources without a clear direction and regulation will lead to deterioration of the quality of the environment around it so it can also affect people's lives, such as water quality and sanitation standards, and agricultural land is polluted while the manager of the SDA did not think the public complaints but instead they enjoy the processing of natural resources without any sense of responsibility due to the production process are the They did.

Actually the problem arises due to the control that is not run as it should to the company by the government is one example of a mining company located in Solok, West Sumatra. There are several companies mining iron ore in the various districts of which later cause negative effects to the surrounding community. The agricultural land is being polluted by hundreds of acres of streams used later utilized by the community is also relatively not be used for daily needs.

Political factors also play an important role in the management of natural resources and the impact felt by the community. Permission granted to the company in the beginning maybe it according to the procedures and rules that apply, but in the implementation and monitoring procedures already clear there will be "other" that could pave the control affairs. Weak supervision of the production of iron ore mining company would not have happened if the government and other relevant authorities have consistently run the existing regulations without being influenced by other political factors and also involve the community as part of the birth of a policy on the management of natural resources proportionally.

II. DISCUSSION

II.1 Political Management of Natural Resources Management

Political management of natural resources is expected to be done in the policy process undertaken by the Government, including local government from planning, budgeting, implementation and monitoring, including the participation of society, ensuring the achievement of the use of natural resources in an effective, efficient, equitable, sustainable. Synergy relationships in local government is expected to create public participation in local development and public services for the welfare of the people.

Political management of SDA in theoretical studies should be governed by the regulations set by the government both from the central to the regional (ranging from Law to Local Rule / Regulation). In accordance with Act 32 of 2004 on Regional Government and Law no. 38 Year

2007 on the Government Affairs Division, in the field of environment giving political recognition by transfer of authority from the central government to the regions, namely:

- Putting in an important position in the area of environmental management.

The area is an important aspect in the management of the environment, because natural resources will be utilized by the government, employers and the community was in the area so that future policy must be in accordance with the wisdom born of local communities.

- Requires local initiative in designing policy.

In the formulation of policies related to the management of natural resources in the area, should involve all elements of society, not just government, legislative and NGOs, but people should also be involved in create policies related to the management of natural resources, because the people who will feel the direct impact of a policy born by Local Governments

- Build a relationship of interdependence between regions.

Despite the existence of natural resources are managed within the jurisdiction of a particular area, but in feeling the impact and influence surrounding suburbs also feel and experience the impact of the management of natural resources, so there must be a relationship of dependence between regions with one another in order to use SDA the maximum for the welfare of the community.

- Establish a regional approach

Regional approach needs to be done in order to smooth the utilization of natural resources, but no doubt other approaches like approach to politics, administration and law are also important in the management of natural resources.

It could be argued that the consequences of Law. 32 of 2004, the management of natural resources in the area compressive point, the national policy on environment RPJPN explicitly formulate a program called the development of natural resources and the environment. The program includes:

1. Development and Access Improvement Program Information Natural Resources and Environment.

The program aims to acquire and disseminate complete information about the potential and productivity of natural resources and the environment through an inventory and evaluation, and strengthening information systems. Targets to be achieved through this program are available and access of information of natural resources and the environment, both in the form of spatial data infrastructure, and the balance sheet value of natural resources and environment by the public in each region.

2. Management Effectiveness Improvement Program, Conservation and Rehabilitation of Natural Resources.

The purpose of this program is to maintain the balance of utilization and conservation of natural resources and environment of forest, sea, air and mineral water. Targets to be achieved in this program is Guarantee that, natural resources to support the needs of industrial raw materials in an efficient and sustainable. Other targets in the program is the protection of conservation areas from damage caused by the use of natural resources and uncontrolled exploitation.

3. Damage Prevention and Control Program and the Environmental Pollution.

The purpose of this program is to improve the quality of the environment in order to prevent damage and / or restoration of environmental pollution and the quality of the environment damaged by excessive use of natural resources, as well as industrial activities and transport. Objectives of this program is to achieve quality living environment clean and healthy is the achievement of the quality of the environment is clean and healthy environment in accordance with established quality standards.

4. Institutional Setup Program and Law Enforcement, Natural Resources Management and Environmental Protection.

The program aims to develop the institutional setting legal system, the law and policy, and enforce the law to achieve natural resource management and environmental protection are effective and fair. Objectives of this program is the availability of institutional natural resources and the environment are strongly supported by the law and regulations as well as law enforcement to be fairly and consistently.

5. Role of Community Improvement Program in Natural Resources Management and Environment Preservation functions.

The purpose of this program is to increase awareness of the role and the parties interested in natural resource management and environment conservation. Objectives of this program is available means for communities in natural resource management and environment conservation since the process of policy formulation and decision-making, planning, implementation to monitoring.

Based on the details of national programs on natural resource management (SDA) above, then take a few steps in order to exercise control over the management of natural resources in the area:

1. Creating a clear and detailed guidelines (PP, decree, regulation) on the rights, roles and responsibilities of governments, employers and the public primarily for those who are at the location of natural resources exploited.
2. Creating guidelines are one in the national and global frameworks to ensure the conservation and sustainable use of actively involving the private sector and local communities.
3. Setting up guidelines with reference to the utilization of natural resources to ensure the preservation standard methods.

II.2 Case: The Impact of Natural Resource Management in Solok resident West Sumatra

Under Law No. 32 Year 2004 on Regional Government, one of the authority granted by the central government to local governments in order to decentralize authority is the management of natural resources (NR). SDA is an important aspect of community life, the SDA can be utilized by the community (already guaranteed in 1945 Constitution Article 33) as well as possible for the wealth, natural resources can also increase revenue (PAD) if managed and utilized economically. In the implementation, management and utilization of natural resources is the responsibility of local government. Through the authority is, local government employers eligible members permission and investors in the production or processing of natural resources in its territory in accordance with the Act and regulations. Permissions granted by the local government should be earmarked for the benefit of the community include:

a. Increased welfare

Welfare of the community will be met by the assumption by the management of natural resources, increasing revenue and community were delighted with the excellent service provided by local governments such as the construction of public facilities such as roads, school health, and other public facilities

b. Increasing the community's economy

With natural resource management, are expected to appear livelihoods that support community life. The establishment of factories or manufacturing sites SDA will create new job opportunities for the community such as trading activities are more diverse and so forth.

One of the areas in West Sumatra is Solok in 2012 was granted permission to several companies engaged in natural resource management, namely iron ore mine, in the company are:

No	Name of Companies	Are	Natural Resource
1	PT. Denichi Amina Selaras	127.6 ha	Bijih Besi
2	PT. Feral Anugrah Alam	7116 ha	Bijih Besi
3	PT. Karya Mandiri Makmur	94 ha	Bijih Besi
4	PT. Karya Usaha Aneka Tambang	31 ha	Bijih Besi
5	PT. Multi Mineral Magnetic	4438 ha	Bijih Besi
6	PT. Multi Mineral Magnetic	43.26 ha	Bijih Besi
7	PT. Pancasona Jaya Pratama	180 ha	Bijih Besi
8	PT. Suri Harsya Sejahtera	60 ha	Bijih Besi

Of the above companies operate not only on a particular sub-region, but spread over several districts along with several other companies who had previously engaged in the production of iron ore mines. Although the establishment of the company is authorized to carry out production plans in the district Solok said to have been in accordance with the applicable procedures (including referring to Law No. 4 of 2009 on Mineral and Coal as a form of managing mining business in Indonesia), was the implementation on the ground was forgotten by the government and other stakeholders. Various negative effects arising from the iron ore mining.

The first effect is felt by the environmental pollution around mining sites including the watershed. Before the iron ore miner stands, neighborhood communities are well preserved, such as farmland and lush plantations then the flow of river water is clean and can be utilized by the community for their daily needs. However, conditions that occur today are inversely proportional, agricultural and plantation acreage is contaminated by waste iron ore elaborate including streams and relatively dirty couldnot be used again by the surrounding community. One case in kanagarian Simpang Tanjung Nan Ampek, there are CF Minerals Success Mangan, since the establishment of the company is up to now about 222 acres of productive farmland and plantations damaged, resulting in the production of agricultural products such as vegetables and plantation crops such as coffee, tea and Clove has declined significantly. Furthermore the other effect is soaring poverty rate. Furthermore, the effects are felt by society's economic life is becoming increasingly difficult due to increasing poverty. This happens due to the declining economy. People who largely rely on agriculture for livelihood, suffered lethargy and decreased production because the land is contaminated by waste iron ore production. Decline in the quality of life of the local economy is also accompanied by a decrease in the quality of public health from air and water pollution.

Government increasingly has hegemony in the control of licensing through elements rulers who "play" with entrepreneurs and investors "naughty" that gave birth to policies that do not favor the public. Estuary is a conflict will arise between communities and local government, business and the conduct of business of production of iron ore mines around their homes. Hegemony owned by the government then it will lead to the right of the public to receive public services to be not optimal for social welfare one obtained through optimal public servants by the government in all areas including to enjoy a better life like the economy, health care and so forth. Gains derived by unscrupulous rulers and businessmen are obviously not beneficial to society therefore needs to be born natural resource management policies professionally and proportionately without being affected by the elements of adverse political and capitalist society.

In terms of natural resource management in the area, there are several things that must be considered by the local government to be a result of poor resource management does not happen again, that is:

- a. Formulation of Regulation actively involving communities in development. In natural resource management should be formulated local regulations, which could accommodate the interests of the common people so that imbalances in the economy and well-being is not the case. Additionally born regulation must consider the benefits and usefulness for the management of natural resources including protecting the environment.
- b. In the natural resource management of local government must have a memorandum of understanding (MoU) with the employer or clear the investors in the business of production of natural resources in areas under its responsibility so if there is the case in the future the government and employers can refer to the MoU that has been agreed
- c. Natural resource management is not only aimed at the economy, which is not less important is the preservation of the environment. Among developing countries in Indonesia, including Indonesia, are generally relatively well preserved wealth that natural resource of pollution and extinction, while weakness was held on the field of technology and capital to the management of natural resources. The trend in the era of globalization, developed countries that have access to technology and abundant funds seek to profit natural resource management without sacrificing the environment where they are of environmental pollution by investing in developing countries-Indonesia (industrial relocation), known in terms of Not In My Back Yard (NIMBY)
- d. Resource management should ensure an increase in revenue that is proportional to the amount of land used in the region. This is confirmed by the phenomena that occur during the time in other areas, investors reap far greater benefits and are not proportional to the increase in revenue from the natural resources sector is so much loss felt by the community.
- e. Ensure no conflicts will arise in the management of natural resources due to conflicts both vertical and horizontal conflicts. All this is happening inequality resource management and economic inequalities due to land acquisition and environmental contamination often lead to conflict in society, but the nature of resource management is to improve the welfare of the community.

III. CONCLUSIONS

Regional autonomy has yet to fully provide a positive influence for the welfare of the people especially those related to the management of natural resources (NR). Various issues surfaced due to regulation and service to people who are not professional and proportionate. Natural resource management, in some cases in parts of Indonesia a negative impact on the survival of society, starting from environmental pollution, economic inequality leads to capitalism, globalization, poverty which ultimately fuel conflict in society. Therefore it is necessary controls and basic principles in the management of natural resources in the era of regional autonomy, among others:

1. The principle of responsibility and across borders. I am not SDA components that are important to the area but he was influential to other areas in the vicinity, so that the management of natural resources in the area should uphold the principle of shared responsibility of governments, employers and community
2. Rationalization and utilization of shared natural resources. Government regulation engendered by both national and regional (local) must guarantee the use or the rational utilization of natural

resources in order to awake the environment and natural resources inventory for the foreseeable future remains adequate. The possibility of any regulations formulated as determine alternative solutions for better management of natural resources.

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DEVELOPMENT AND UNEVEN DEVELOPMENT (Does Democratization Work?)

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ABSTRACT

Development and uneven development, two things that compete each other. But today, even those can not get closer enough. The problems surround on how a region with its local diversity no longer support each other. How could this be happened? And how regionality is positioned in the context of autonomy, decentralization and democratization? This essay focus on the appearance of those social condition. A condition which is assumed to be center on local necessity completeness and the solution of local problems through a direction of sustainable development with the involvement of Civil Society as a development direction controller. Researcher placed Jember as a study center where democratization problem becomes complicated and complex. Meanwhile, the Civil Society position do not emerge its significant ability yet and local elites are having a problem in the diversity of social spaces. A concept of democracy that give priority to civil political consciousness ends to how political concept is reduced to direct vote celebration. In another side, this reduction leads the civil to lack of self knowledge as civilian and how they vis a vis the state. Another problem is how market rises as political economic force. In focusing to democracy and daily political practices of the civil, researcher conclude the consequence of how a condition of development and uneven development are constructed.

Keywords: *daily political practices, democracy, development, uneven development*

Introduction

Discourse of development appear in the range of discursive between a knowledge and an idea system that support. Through the assumption of unseparate between both, various cutting off of theory and practice always emerge and interesting to think. With that spirit, this essay is arranged and meant to introduce idea about practices of democracy and development.

Democracy is positioned as practical model to the politics which appear as discursive space for subject of the state. In this favor, democracy exists and always change to extend a form and that form which is faced to democracy are local and particular entity. It means that democracy is not only reduced become practices of democracy problems when vis a vis non democracy political system, but by questioning the existance of democracy itself. Problems of democracy will emerge historical ranges about Modernity Project in placing Universal Human and Their Existent⁴³ so that democracy existance always meant particularistic-local against universalistic-global. The question later is how are relations which built from that opposition today?

⁴³ In this context, the writer refers to how the idea of modern human existance that brave to lead his knowledge or ratio for the forming of universal space. in Kant's understanding, condition of modern human is embeded with the concept of Enlightenment and his Universal Space is embeded with Cosmopolitant concept. For further reading, compared with text from Kant, Immanuel. *On History*. Indianapolis, New York. The Bobbs-Merrill, co inc, 1963.

To discuss and arrange a narration for the question above, researcher placed Jember as analysis base. This essay did not mean present Jember as a single form but to appear it as a discursive space for development and democracy. Whereas the method used is discourse⁴⁴. With discourse the researcher want to present Jember as a space and reality which are formed through opposition between Power/Knowledge that emerge as daily practices that means as a condition for the appearance of Jember with its historicity and place subject at Local-Global complex relation.

This article meant to introduce a democracy discursive and The Politics in unseparate Local-Global. The important point from this article is Jember appeared in a colonial condition. This refers to daily activities which exist range, construct subject consciousness and spirit of Jember as a postcolonial consciousness.

Jember and Space of Discursiveness

Researcher had chosen Jember as a discursive space because for example, Jember distance from the center of East Java Province government that moreless than 200 kilometers. It means Jember geopolitically exist outside scope of Province government surveillance, furthermore from Central Government. With the conditon, Jember become discourse space among subjects for their will presenting. It can be seen from various cases inside, from the corruption cases of the local elit until gaps that happen: poverty, agrarian reform, education, health, etc.

Do the problems which exist and happen in Jember have a cosequency to geopolitical problem? Of course those have a consequence between geopolitical space and socio-cultural economic. In another word, the condition which had happened is society Base-Suprastructure. By introducing Base-Suprastructure problems, Jember can be placed on its existent historical range. In this context, researcher started on colonial practices in Jember.

Historically, Jember regionality had been noted by Mpu Prapanca in Negara Kartagama. Mpu Prapanca told the story of King Hayam Wuruk in 1359 in Sadeng region and Kota Bacok where today those two places are called Puger dan Watu Ulo, which lies on south of Jember⁴⁵. Meanwhile in 1679, noted in Demung region –today known as Besuki- there was an escaped from Gowa which landed and stayed until he collected power to co-operate with Trunajaya to attack and conquer Java's ports.⁴⁶

Besuki, in Jember historical context was point on how coloniality constructed condition of Basis-Suprastructure. The Dutch despite of expanded area through conquered and co-operated with local government, also started commodity trades. In 1677, the Dutch entered the opium as comodity competed with China's opium traders. Until 1889, the Dutch which had support, one of from China traders, resulted document of opium hunters formation. These hunters co-operate with local government against opium smugglers, this order reached until Besuki Region. Ten years after this order formed and executed, exactly in 1896 opium trading which belonged to Chinesse were bankrupt⁴⁷.

Jember not only seen as a region which became market for comodity that brought by foreigners. Jember regionality as a prosperous area, emerged a chance for Dutch to keep exploring

⁴⁴ Discourse which meant by the writer, refers to Foucault's work where epistemologically, he placed Poststructuralism. This means that Foucault's reading on historicity and texts based on how a history present in the fighting/competition/contestation of Power/Knowledge which continous place human in his subjectivity, in the completion of his will to power. In the context of this research, it means that democracy always in the subjectivity of existance space and without subject singularity.

⁴⁵ Dewan Perwakilan Rakyat Daerah (DPRD). *Dalam Perkembangan Kabupaten Jember, Buku I, Dokumen Sampai Dengan 1971*. Hal 14-18.

⁴⁶ Ricklefs, M, C. *Sejarah Indonesia Modern 1200-2008*. Jakarta, PT Serambi Ilmu Semesta, 2009. Hal 162.

⁴⁷ Problems of opium trading and its nextwork in Java can be read further in James, R. *Opium to Java: Jawa dalam Cengkraman Bandar-Bandar Opium Cina, Indonesia Kolonial 1860-1910*. Yogyakarta, MataBangsa, 2000.

and developing Jember as producer for high price valued commodity. From the condition, at least rised migration to Jember. Data which noted in 1870, the amount of Jember residents increased rapidly, from beginning which is only 10.000 persons in 1820 became 100.000⁴⁸.

The increasing of resident amount in Jember region due to emerge of land partekelir or land which being used by private sector for plantation. It had been noted in 1859 George Birnie established first tobacco plantation⁴⁹. With the opening of plantation, it pushed the needed of laborer and speed of production and distribution means. To accelarate distribution process, the Dutch built railroad track in the end of nineteenth century, from Surabaya- Probolinggo-Lumajang-Klakah-Jember-Bondowoso-Panarukan-Situbondo until Banyuwangi⁵⁰.

Waves of coming laborer to Jember was dominated by Java Mataraman ethnic which in the beginning work as railroad track worker that later they inhabitant in field rice areas. While the coming of Madura ethnic in Jember as worker who worked or being worked for plantation areas and tobacco warehouses. Beside those two ethnics that were came and brought about, there was another like Osing which have bloodlines with Blambangan Kingdom. Many of Osing ethnic inhabited Puger area⁵¹. In the range of Jember historical regionality, ethnics which came to Jember were not only Java and Madura but also Osing and Bugis that entered through Besuki region. Whereas in materialistic development, Jember turned into an area which came by because of the opening chances to accumulate capital as the European, Far East and China.

The Poltics: Region Space and Myth of Identity

Jember in the context of growth and region development is an area which originated from a production space. Maximization of space production which held by the Dutch ended to the development of Jember region. Space production in this context presents existance of production means that the form is worker/laborer which were brought about, making of transportation means, both railroad track and Anyer-Panarukan land track⁵².

It is important to note that Jember development as a Region did not happened by itself. There were administrative stages that accompanied and formed Jember as a space production. For example that can be traced in 1819, in that year A Region Chief of Besuki, which the area covers Bondowoso and Jember, increased Bondowoso status from Kademangan to Karanggan. And later in 1850 Bondowoso was raised to be a region and Jember became one of Bondowoso's district. Jember status was raised became Afdeeling in 1883. And then turn into Region in 1928⁵³.

Historical root which presented Jember as a Region created a theoretical concept of identity. Concept which is embeded is "*Pendhalungan*"⁵⁴ which meant as a huge place for metaphor of

⁴⁸ Dewan Perwakilan Rakyat Daerah (DPRD). *Ibid.*

⁴⁹ Dewan Perwakilan Rakyat Daerah (DPRD). *Ibid. Compared to* Yuswadi, Hary. *Melawan Demi Kesejahteraan: Perlawanan Petani Jeruk Terhadap Kebijakan Pembangunan Pertanian*. Jember, Kompyasida, 2005. Khususnya pada Bab II "*Jember dan Perkebunan Belanda*".

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

⁵² Particularly on the discussion of political consequences from streets, in this writing context is the Post Street which was built by Deandles can be read at Prasetyo, Hery. *The Power of Streets: A Discourse of Power Formation in The Spatial Consruction of Urban Streets*. (Working Paper in Graduate Student International Conference III, Gadjah Mada University, Yogyakarta, 2011).

⁵³ *Op.cit.*

⁵⁴ Concept of Pendhalungan, at least can be refered from the works of Yusyadi, Hary. *Budaya Pendhalungan" Bentuk Multikulturalitas dan Budaya Antar Etnik*. In Sutarto, Ayu, and Yuwana, Sudikan, Setya, (Ed). *Pemetaan Kebudayaan Di Propinsi Jawa Timur" Sebuah Upaya Pencarian Nilai-nilai Positif*. Jember, Biro Mental Spiritual Pemerintahan Provinsi Jawa Timur dan Kompyawisda. 2008. Hal 53-70. And Wiyata, A, Latief. *Mencermati Kondisi Sosial Budaya Pengungsi Sampit di Kabupaten Jember*. Seminar working paper "*Seminar Kajian Konflik di Kalimantan*". Held by LASEMA-CNRS, France, Social Sciences For The Study of Conflict In Indonesia, Proyek Kerjasama CNRS-LIPI, Jakarta 19 Maret 2002. Also, Raharjo, Christanto P. *Pendhalungan: Sebuah 'Periuk Besar' Masyarakat Multikultural*. <http://www.bpsnt-jogja.info/bpsnt/download/PENDHALUNGAN.pdf> Downloaded at 1st October 2012, time 10.00 WIB.

geographic condition. Inside of this huge place there are various ethnics meet, interact, and having multicultural relations. Pendhalungan concept refers to the unity of Horseshoe area which can be referred from Probolinggo-Lumajang-Bondowoso-Situbondo. Jember became specific because geographical condition that can be attached to *Pendhalungan*. The problem next is how the discourse of this *Pendhalungan* being formed? How is the theoretical consequence and reality that is represented inside?

First, it is needed to find theoretical root from Pendhalungan concept, in this context “Dhalung” means and refers to “Huge Place” Metaphorically, Huge Place refers to geographical position and condition. At this point, the concept of “Melting Pot” is assumed as “*Dhalung*”. Through those both concepts, theoretical position and consequence from it need to be concerned and put in Jember spacialty.

In this context, geographical position can not be placed separately from historicity and Base-Suprastructure relation. “*Dhalung*” not only a place which is inhabited multi-ethnically. Which meant that the coming of ethnic which imagined always and will continually to process and create cultural hybridation need to be postpone and reflect. Historical range presents discursive space for the politics in daily, it means that the coming subject in his ethnicity is presented in work space or in material space. Spacialty with its materiality forms how subject recognize himself and his world, place himself and put the range of his ability.

Through discourse form which presents, subject with his ethnicity is in material space. And ethnics plurality edges to the form of worker presentation. A consequence from the worker presentation in Jember appear on how subjects that embeded with their “*Pendhalungan*” are represented as subjects without morality. Morality without moral, how can this able to operate?

“*Kardhiman – karepa dhibhik man-menyaman – kardhi – karepa dhibhik*” are concepts that refer to the operation of morality without moral, concepts which means the will to the self, the will for fulfilling subjects. Jember geopolitic was formed by materiality where subject presented inside of it. This subject presented in his cutting off from origins of his political space, presented without certainty on himself. In this condition, subject was put on how he faced himself and material condition to the work and nature. When material condition that reposed was sublimated in a “*Dhalung*”, how is the relation which formed inside?

Hybridation concept is put to represent how materiality which exist is sublimated in a *Dhalung*. Hybridation supposes a new culture which is formed from various culture aculturation and presents a new mix culture. This means that every ethnicity which exist in Dhalung relates each other and its ethnicity is embeded with *Pendhalungan*⁵⁵. Problem emerges then, how the subject which his will of self fulfillment can be end on hybridity creation?

Concept of hybridation⁵⁶ means as a form of colonial subjectivity. Subject is positioned to has conscioueness of himself and his past with who had control over him and all of knowledge system which positionned him in a social space. From the existing consciousness, subject created practices that differentiated himself with all the systems controled him by appearing a crack in a single knowlededge system of Ruler. This was done by presenting multiplicity in the text ambivalency that as if always appear as a single, certain and without a crack for placing subject with his Ruler.

⁵⁵ *Ibid.*

⁵⁶ For discussion of Hybridation concept can be refered at the work of Bhabha, Homi, K. *The Location of Culture*. London and New York, Roudledge. 1994. Compared to Young, Robert, J, C. *Colonial Desire: Hybridity in Theory, Culture and Race*. London and New York, Roudledge. 1994.

Hibridation as though run with Diaspora concept⁵⁷. This concept means to know how a gap entity was gaped from his origins by differentiated himself with his origins, cracked dan blurred the certainty and singularity his origins. From practical form of Diaspora, ethnicity practice that emerge and exist will vis a vis cult of origins.

From The Politics discourse, question that appear is whether Pendhalungan is a Melting Pot for a relation of hybridation? Before answering such question, the melting pot concept is needed to discuss first. Melting Pot supposes a fuse from particular toward universal which represent a process of inclusivity from the marginalized by presenting an emancipatory spirit for all subjects which origins from various ethnics and present them as a total entity in front of the power⁵⁸. The formation of melting pot requisite sameness of morality that able to lead every contradiction towards a single form. With this theoretical assumption, it is for sure that Pendhalungan is impossible to be sided and referred to the concept of melting pot because of any different scientific range. It also can not be referred to the reality of Jember that content of contradictory relation which appear in the plurality and ethnics gap.

Jember as an entity moves in the political space based on material condition that formed by colonialism, consequently to laborer consciousness formation with closed moral condition completeness of the self towards an unformed condition. This unformed condition because of there was no idea that being able to unite every ethnic contradictions. This means a contradiction which vis a vis and wait to be raised for self completeness, that is Postcolonial subjectivity completeness.

Postcolonial subject faced to the blurring of origins and is collided to mystification forms of universal signs so that forms which appear and were appeared move in the local form with the global will. This global in its means is to have scope with its locality in which postcolonial subject always take distance from the Global and present it in its locality. Postcolonial subject forms daily practices by surrounding himself and his routines by taking every scope, meanwhile self completeness meant to get himself into range of globals in materialistic local.

Jember appears as political space for contradiction amongs ethnics. A contradiction that lead to how Jember became an empty space of signs relation and was embeded with the globals which absurd and ritualistic with spectacles and carnivals without refer to its origins. This could be happened because of the signs overflowing that can not be touched by self completeness. And the most seen of form is the whole celebration in *Bulan Berkunjung Jember*.

Global-Local: Contradiction, Development and Democracy

Jember condition which is formed by colonialism, creates its special typical of materiality that is a changing form of Basis-Suprastructure. In this context, the present of Jember Basis-Suprastructure can not be detached from Globalization. How does Jember appear as a discursivity with Globalization?

Globalization is positioned as a form on how a world is constructed from capital circulation complexity where spacially theoretically is no more boundaries. Globalization specifically of course can not be released from how western culture or European culture started to dominate the whole part of world. This means: *Globalization is fundamentally a spatial phenomenon; it lies on a*

⁵⁷ For discussion of Diaspora concept can be referred at the work of Hall, Stuart. *New Ethnicities*. In Morley, David, and, Chen, Kuan-Hsing (ed). *Stuart Hall: Critical Dialogis in Cultural Studies*. London and New York, Roudledge. 1994. Hal 442-451. For comparison read Young, Robert, J, C. *Colonial Desire: Hybridity in Theory, Culture and Race*. London and New York, Roudledge. 1994.

⁵⁸ Compare with “‘melting’ of the particular into the universal, a process represented both as a movement from marginality to inclusion and as an emancipatory individualising of the members of racial and ethnic groups in the ‘difference-blind’ eyes of the state” in Bennet, David (ed). *Multicultural States: Rethinking Difference and Identity*. London and New York, Roudledge. 1998. Hal 16.

*spectrum with the local and national at one end, and the (supranational) regional and global at the other*⁵⁹. With that theoretical positioned, Globalization signs integration of the whole part of world in an economic system called global market economic, in a political system called cosmopolitan democracy politic system, in a cultural system called mass/market cultural system⁶⁰.

The Indonesian connectivity in Global order is showed by the dependency of foreigners capital. The capital which then used massively to act politic-economic conception named “Development”⁶¹. Through and with development, the government applied an integrated system in placing and grouping subject into social categories which meant that development changed social order from private and sectoral into centralistic and controlled. This condition that put development in *Mode of Orality* where state appearance presents in language order and knowledge system⁶² so that placement of category from material and social always and exist in the state categories.

It is never enough to put state in the connectivity to The Global as form of Autocracy State because of democracy form. Although strategic and form of the state to practice democracy must be concerned⁶³, particularly on every leadership era of Indonesia Republic President. Then, is the practice of democracy which can not be detached from its relation with The Global able to present and give space for The Local?

The event of Soeharto retreated as Indonesia President with his integrated-centralistic government and the rise of Reformation Era become important point in seeing Democracy and Pluralistic Practices. From both events, contradictions between the National and The Localistic, between ethnicity, religion and contradictive entities appear and emerge not only in a contestation but often in form which vis a vis and the will to put themselves as truth. With this condition of Indonesia-ness, is it probably that Democracy which is practiced have taken and practiced the Cosmopolitanism?

Cosmopolitanism Democracy imagined the exist of subject which consciences to the form of his universality. Form of universality as a human with humanity morality which did not attract and exacerbate differences to accidental forms but referred to integration of diversity. This meant that Cosmopolitanism is a politic project which priority to culturalistic approach for seeking simultaneity heterogen flows in the present of subject.

A problem arise when Base-Suprastructure settings is negated. A negation which put the State, Market and Civil Society in functionalistic connectivity. It imagined the State as a space which tied institutionally government that flow administratively of a geographical population, Ruler that is acknowledged by other states through international law. Civil society is one of the concepts that more specifically compares to ‘society’. All of the civil society institution have political aspect that related to voluntary civil which associated to business, media organization, religion organization, political organization, power group and labor association, etc. These

⁵⁹ Held, David. *Globalization, Cosmopolitanism and Democracy: an Interview*. <http://www.polity.co.uk/global/pdf/HELD.pdf>. Downloaded at August, 22nd 2012, time 22.00 WIB.

⁶⁰ Theoretical conception that is used by the writer referred to Daniel Sparringa in lecture subject matter of Political Sociology, Department of Sociology Airlangga University.

⁶¹ Further detail reading about how capital becomes the major force that formed political economic system in Indonesia, read Robinson, Ricard. *Indonesia The Rise Of Capital*. Jakarta-Kuala Lumpur, Equinox Publishing, 2009. And compared to Ransom, David. *The Berkeley Mafia and the Indonesian massacre*. *Ramparts* 9 (4): 27–29, 40–49. 1970.

⁶² The discussion of *Mode of Orality* concept read Prasetyo, Hery. *Sketsa Mode of Orality: Sebuah Upaya Pembentukan Praktek Etika*. In Falk, Ian, Eko Handoyo, dkk (ed). *Proceeding of Internasional Seminar; Moralitas Dalam Pembangunan, Kontribusi Etika Dalam Pembangunan*. Semarang: Widyakarya dan Fakultas Ilmu Sosial Universitas Semarang. Page 53-60.

⁶³ Democracy practices can be read further in Herbert. *The Decline of Constitutional Democracy in Indonesia*. Jakarta-Kuala Lumpur, Equinox Publishing, 2007.

associations benefit from every level degree of relative autonomy status. The most important thing, civil society institution can act as vote gather which can be used by political actors to get their position.

Relation between State and Civil Society is that civil society formed the state by inspiring ideas through legal trajectory of the state. Whereas state lead civil society through constitutions. Relation between state and market is that state facilitate market through constitutions and policies whereas market frame facilities that are given by state as its necessities. Relation between market and civil society is that market absorbs civil society for the interest of capital flow. The capital will keep on flowing if civil society inform their necessities whereas civil society's necessities are constructed by the market⁶⁴.

As an example with what had happened in Jember when the present of itself appear as a natural and unavoids as a consequence of a democracy changing form pasca Soeharto shattered rezim and present the spirit back to the local with its decentrality⁶⁵. Mass which is constructed becomes docile to central power and are represented with local elite, no longer find certain form of their obediences. Heterogeneity which is exist and continue to be silent no longer appear as a closed to its silent. In another side, the will explosion faced to the mass against local elit. Meanwhile, the legal authority no longer able to range the whole heterogeneity.

Locality problems which is naturalized by ethnicity and religion appear to the mass by referring subjects that are prominent figures. Meanwhile, for the elite which is not rooted from the local is pushed to play with material form so that democracy which present and being practiced emerges as reification emphasis. So, does democracy present as heterogeneity space yet?

Consciousness and Heterogeneity: A Summary

Consciousness and heterogeneity, both are concepts which refer to subject himself and outside. Consciousness meant a form of recognition and self positioning when himself faced to the outside. Meanwhile what are outside himself positioned as objects, the problems is when the objects which outside his range is ranged by others subject outside him, and subject faced with others. When the subjects are faced each other and objectify each other, how consciousness are formed?

Consciousness are formed through knowledge system which positions and makes relation between subject and object, and between the world and its materiality. When consciousness is formed from knowledge system, how is Jember positioned? Jember as been positioned before, appear as colonial space with its connectivity to The Global, to the globals and the local. The local as subjectivity centered upn self completeness.

When the center is in the self of subject, the world outside subject is built from subjectivity which takes and distance with subjectivity. Meanwhile, objects relation is taken and translated as the private. The taken objects as the private distance present object as subject's belonging appear in incompleteness of object privatization. Jember appear in it, appear to how elite as a leader or chief of region always faced with the corruption cases. While the mass which should be present as a led to welfare faced with mass politicization.

⁶⁴ Sparingga, Daniel. Ibid.

⁶⁵ About problems that present in democratic practices in Indonesia can be read at Hadiz, Vedi R. *Localising Power in Post-Authoritarian Indonesia: A Southeast Asia Perspective*. Stanford-California, Stanford University Press. 2001. Compared with Collins, Fuller, Elizabeth. *Indonesia Betrayed How Development Fails*. Honolulu, University of Hawai'i Press. 2007. Especially in chapter 7.

When elites play on how they have been accepted, chosen, followed by its whole elitism, the mass changed become the mass with its order on a democracy orde. But democracy on what have been practiced in Jember appear as democracy without priority to consciousness as subject that realize can promote himself as citizen with whole consciousness embedes to the whole daily activities. In this point, daily activities rootless from politics to the mass politicization. And formlessness of the mass politicization has will of representation over representation. The mass representation which is represented and controlled by an elite which able to mediate the mass and elite or chief of region, is often tradisional elite which based on ehnicity and leadership religious.

With the consciousness which formed to self completeness and objects placing that are formed from object's incompleteness, placed the mass on dependency with who can control them. The problem is on how then, control and consciousness flowing no longer in the self subjects but in how subjects are moved, mobilized into a ceremonial. If this ceremonial is related with democracy, therefore will creates elite as though controls the whole subjects space. With the rise of elite, as though then democracy and the mass which is controlled is controlably. But control never able to work totally, bureaucracy will never able to order the whole objects heterogeneity which meant that bureaucracy and control will always leave behind residue for discourses to operate.

With the residue from discourses precisely, space of power moves and becomes uncertain on metadiscourses which flow the discourses. This can be seen when an elite has a will to change the mass basis without rest upon material condition. A will of industriality form which is imagined will take the mass on stabil condition and attempts to place the mass as labors. Whereas the will which is taken and faced to metadiscourses appear in the cutting of and rotate to self elite and the mass that is positioned represented by it. This means consciousness and heterogeneity are always exist in the fighting/contestation/competition of power/knowledge which flow and bineristically placed subject as the mass selves.

INTEGRITY ESTABLISHMENT IN PUBLIC ADMINISTRATION INSTITUTIONS AND PUBLIC SERVICES: REFLECTION ON POST REFORMATION ERA IN INDONESIA

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ABSTRACT

The implementation of good governance principles as the descendant of decentralization process and the consequences of reformation agenda in Indonesia still meet some challenges and dilemmas in the run. Reports from some resources indicate the implementation of integrity as the precondition of good governance implementation still up and down. This condition still needs highly commitment and political will from all parts of public institutions as the key player. Integrity in public sphere itself still has different interpretation in the context of the key player, based on this picturesque, this paper try to describe the dynamic of the implementation of integrity in public administration institutions and public services post reformation era in Indonesia.

INTRODUCTION

Integrity establishment (focusing on anti corruption issues) in Indonesia public institutions have started over two decades through the formation of dozens special task and agencies to investigate not just for economies scale, but also often a last resort in an environment of the widespread corruption. In the reality the integrity establishment effort need some supporting condition such: specialization at the level of existing public agencies and regular law enforcement bodies. Meanwhile in the transition, emerging and developing countries often establish separate specialized anti- corruption bodies due to high level of corruption in existing agencies. In addition, in these countries, creation of separate specialized bodies is often in response to pressure by donor and international organizations. (Klemencic, et. all., 2007: 6)

Countries with endemic corruption and their foreign advisor sare faced with a dilemma: In one hand, it is difficult to fight corruption if the existing law enforcement agencies are part of the problem -“a clean broomis needed to clean a dirty floor” . In the other hand, if they pay attention to World Bank Group studies, they learn that specialized agencies are likely to meet with limited success in environments where corruption is rampant and the governance environment deeply flawed. In fact, in environments where governance is weak, anti-corruption agencies are prone to being misused as tools of political victimization (ShahandSchacter, 2004:42).

Some finding of dis-integrity action by the Indonesia Government Units at the reformation era which the local autonomy clout issues become more powerful, indicate that almost all Local Government Units on the provincial, regency/city do the same thing, meanwhile the resistance to the establishment of a powerful anti-corruption agency in the midstof wide spread corruption, the Corruption Eradication Commission (KPK) also take a risk of it sustainability, since the conflict of interest among the judiciary institutions make the KPK function become sluggish and lack of power support.

PROBLEMATICS

Based on the illustration above, the problematic that may be further discussion in this paper is:

1. How is the Initiation and the Implementation of the Integrity Issues imply in the Public Administration Institution and Public Service?
2. What are the factors influences?

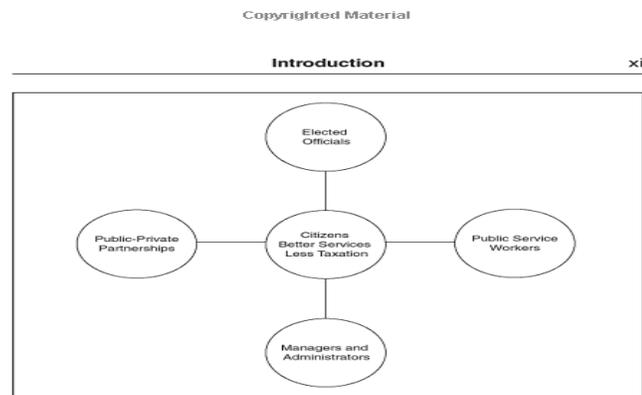
REVIEW OF RELATED LITERATURE

Public Administration and Public Service:

Public Administration has closed relationship with the initiation and the implementation of integrity, since it has the wide spectrum of discretion and impact and respond of the task of the public official. In the process, Public Administration study has an extremely shift of its concept, started from the *Old Public Administration* which emphasize the citizen obedience to the public and civil, highly acceptance of all public administration and public services results, and the formation of *New Public Service* which more emphasize the meaning of public and public-ness. In this concept, citizen is located not only as an object of the public policy implementation that will receive all its impact in powerless and voiceless condition, but more empower and actively participate, and has right to express the dissatisfaction over the policy implementation impact and result.

Most recent study of Public Administration, describe the relation and connectedness of the multi sectors of public services as the reflection of the integrity among sectors in al political and managerial activities. All political and managerial activities should be more respond to the all citizen demand and need. Politicians and Public Managers should allocate they time, together with the citizen/local people to formulate all the goals clearly, together with it specific strategy of goals attainment, as describe on Figure: 1.

Figure: 1
Cooperative and Multi Sectors Connectedness in Performing Good Public Services



incorporate both of these aspects so that there can be an integrated political/managerial response to the needs of the citizen. Politicians and managers need to take the time and effort to involve local citizens in setting goals and clearly set out the strategies that will be followed to achieve those goals.

Addressing the concerns of public service workers and related groups in the context of a citizen-focused approach to providing public services is one of the biggest challenges facing public service leaders. In Canada, where most public service systems are regarded as working fairly well, it has been my experience that some systems staff, accustomed to the strong influence of trade unions, have resisted the transition to a more citizen-centric approach. And in South Africa the public sector is struggling with

The willingness to perform service excellent has become the obligation and priority for public official, which focused approach and issues on excellent services, equity and care to the whole citizen in general. In the operational, public services are performed through government itself, partnership with private sector, or cooperation between public and private institutions.

Role Public Service Institution:

Public service institutions in their operation should follow to Act No. 25 of 2009 on Public Service. Public service is an activity or series of activities in order to meet the needs of the service in accordance with the laws for every citizen and resident of the goods, services, and/or administrative services provided by public service providers.

Furthermore, the organizer of the public service is any institution of state, corporations, independent agency established by law for public service activities and other legal entity formed solely for public service activities. Implementing public service is an officer, employee, and every person who works in the organization in charge of organizing or carrying out acts of public service a series of actions.

Recipients of public services are the entire party, either citizens or residents as well as personal, group, or cooperation is entitled to receive benefits either directly or indirectly. In the implementation of public service has a service standard benchmarks used to guide the provision of services and as a reference for the assessment of quality of service, as well as the obligations and promises to the recipient service providers in order to realize a quality service fast, easy, affordable and scalable.

Integrity Establishment:

An understanding of integrity is often equated with anti-corruption, so when discussing the study of integrity the main topic of discussion anti-corruption itself. The true meaning of integrity is much poorer than the broader anti-corruption, as anti corruption/corruption itself is only one part of the study integrity.

Integrity as the definition of the word integrity has a very diverse, such as:

1. Integrity is a personal choice, an uncompromising and predictably consistent commitment to honour moral, ethical, spiritual, and artistic values and principles. (Barbara Killinger, 12).
2. The quality or state of being of sound moral principle; uprightness, honesty, and sincerity. (www.yourdictionary.com)
3. The firm adherence to a code of especially moral or artistic values. (Webster)
4. The consistency of actions, value, methods, measure, principles, expectation and outcome. (www.wikipedia.org)
5. The act of being accordance with the moral values and norms, valid within the context in which one operates. Integrity is a quality of characteristic of personal and organization's behavior; it may even be considered an individual or an organization virtue.(OECD)
6. Integrity definition from Fredrik Galtung:

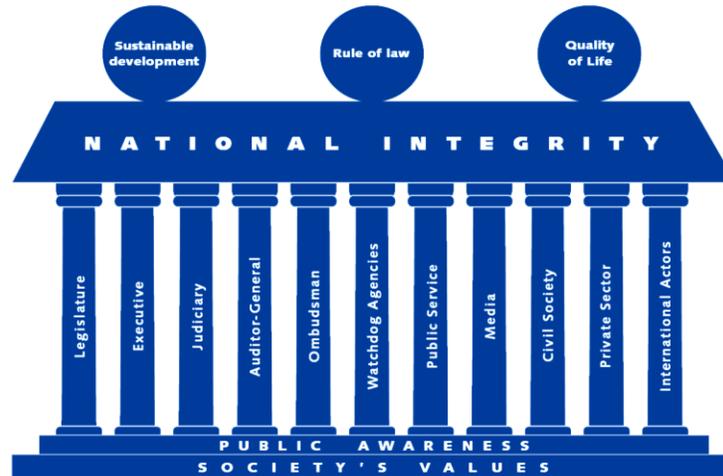
Integrity = a (A_y, C_e, C_n, C_v)

aligning accountability, competence, corruption control and core values.

Integrity = a (AC E) - C

aligning accountability, competence, ethics minus corruption.

The establishment of integrity is really needed the robust foundation namely National Integrity System. This concept can be described as below:



Sumber: TI Source Book, 2000:35.

In practice the pillars are built must be functioning optimally, including how to fill the existing pillars in order to function properly, because if development pillars can not run correctly, then the integrity of the desired enforcement system instead turned into the deterioration of the function of each pillar due to contamination of each pillar by the corrupt behavior and actions of the filler dis-integrity pillars.

The importance of these pillars enforcement is one of the greatest challenges in the enforcement system of democracy. Pillars of the national integrity system are the requirements for the democracy system and mechanism. Some studies indicate, there is a tendency countries declare themselves democratic, in fact the result of a national integrity system worked well. When the country turned into a state of autocracy as the result of lack of democratic experience, it is certain that in the next, the rise of corruption or corruption act will increasingly in the name of democracy itself. In particular, the interaction between the pillars and the role to be carried out looked as follow:

<i>Institutional pillar</i>	<i>Corresponding core rules/practices</i>
Executive	Conflict of interest rules
Legislature/Parliament	Fair elections
Public Accounts Committee (of legislature)	Power to question senior officials
Auditor General	Public reporting
Public service	Public service ethics
Judiciary	Independence
Media	Access to information
Civil society	Freedom of speech
Ombudsman	Records management
Anti-corruption ⁴ /watchdog agencies	Enforceable and enforced laws
Private sector	Competition policy, including public procurement rules
International community	Effective mutual legal/judicial assistance

Ideally, the establishment of national integrity system should be based on the society values and public awareness. Furthermore, the establishment will be eased the accomplishment of rule of law, sustainability development and quality of life.

DISCUSSION

Results of the Implementation:

Since the KPK has taken up operations in 2004, Indonesia's corruption perception score has slowly climbed from 2.0 to 2.8 in 2009 (out of a scale from 0 to 10; Transparency International, 2010). The World Bank Institute's "corruption control" indicator has improved from -0.91 to -0.71 (out of a scale from -2.5 to +2.5 with 0 being the world wide average) over the same period (World Bank Institute, 2011). Thus, there has been steady improvement in the reduction of corruption, although corruption is still a bigger problem than in most of the other countries surveyed.

Remarkable is the Indonesian response to the Transparency International's question about the government's effectiveness in the fight against corruption in the 2009 Global Corruption Barometer: 74% of the respondents found the government's actions to be effective (Transparency International, 2009: 33). Considering local opinion polls that compare the performance of the Indonesian law enforcement agencies, there are grounds to believe that this satisfaction is to be ascribed largely to the KPK's performance, although it is not part of the government in a legal sense. A poll conducted by the national daily Kompas in November 2009 found that 57% of the respondents were satisfied with KPK's performance, as compared with only 19% with the Attorney General's Office and 22% with the National Police.

Results of Integrity Enforcement:

Result of the Development Audit Board (BPK) on the second half of the year 2011. There are 9703 cases of the use of budgets in 33 provinces. BPK findings showed financial management of the provincial government tends to corrupt. Referring to the BPK report, the following list of 15 provinces with the greatest potential loss (BPK, 2012):

1. Jakarta the potential loss of value of Rp 721,5 billion (715 cases)
2. Aceh the potential loss of value of Rp 669,8 billion (629 cases)
3. North Sumatra Rp 515,5 billion (334 cases)
4. Papua Rp 476,9 billion (281 cases)
5. West Kalimantan Rp 289,8 billion (334 cases)
6. West Papua Rp 169 billion (514 cases)
7. South Sulawesi Rp 157,7 billion (589 cases)
8. Southeast Sulawesi Rp 139,9 billion (513 cases)
9. Riau Rp 125,2 billion (348 cases)
10. Bengkulu Rp 123,9 billion (257 cases)
11. North Maluku Rp 114,2 billion (732 pieces)
12. East Kalimantan Rp 80.1 billion (244 cases)
13. South Sumatra Rp 56.4 billion (239 cases)
14. West Nusa Tenggara Rp 52, 825 billion (307 cases)
15. Central Sulawesi Rp 52, 823 billion (294 cases)

Source of Problematic:

The weakness of the financial management is come from the Weakness of Internal Control System, and the Ignorance to the regulation/act in operationalize, as indicate on Table 1 and 2 below:

Table 1:
Weakness of Internal Audit System

No	Group of Case/Finding	Number of Case	%
1	Weakness of Accounting and Reporting Control System	805	44,82
2	Weakness of Budget Implementation Control System	683	38,03
3	Weakness of Internal Control Structure	308	17,15
Total		1.796	100

Source: BPK, March 2012.

Table 2:
Financial Loss Because of the Ignorance to the regulation in operationalization

No	Group of Case/Finding	No of Case	%	Million Rupiah	%
1	Local Government Loss	763	29,52	555.557,81	32,18
2	Local Government Potential Loss	125	4,84	406.962,85	23,58
3	Revenue Shortfall	481	18,61	260.767,42	15,11
4	Administrative	971	37,56	-	-
5	Inefficiency	104	4,02	174.166,26	10,09
6	Ineffectiveness	141	5,45	328.738,74	19,04
Total		2.585	100	1.726.193,10	100

Source: BPK, March 2012

CONCLUSION

The establishment of integrity framework in public administration/public services institution is still needed strong commitment and support from multi skates which described in the National Integrity System structure. Each of pillars which representing distinguishes potential power should be worked in accordance since the results really depend on the synergy and cooperative among them.

In the long run, the establishment of integrity framework at post reformation era indicates the bobbing results, and among agencies/institutions that have the same discretion and authority in some cases still not enact the synergetic performance and seem rivalry in action. Based on this depiction it is very important to reshape the discretion and authority of the implementer body, together with the settlement of conflict of interest among the parties.

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DECENTRALIZATION THE RISE OF ETHNIC IDENTITY IN INDONESIA

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ABSTRACT

*This paper is aimed to evaluate the development of decentralization in Indonesia. It is particularly focused on the Sulawesi region. Among the decentralization's impact is the re-actualizing of ethnic ties with consequence of decentralized power. The rise of ethnic, particularly, in the name of "pemekaran" that local actors, play significant roles in shaping the region. This trend features, though it is not exclusively and only, Sulawesi. In this paper, it highlights three regions which zealously proposing new provinces. **Gorontalo** became a new province based on the 1999 law. The main reason to splitting from its 'mother' province (North Sulawesi) is cultural identity. Vast majority of North Sulawesi population is Christians (Manadonese and Minahasanese ethnics) and only minority of Muslims whom inhabited in the western part North Sulawesi. It was not surprising then the access to resources and power was dominated by Manadonese in the region. Identity contention also apparently took place in the **West Sulawesi**. Local figures frequently claim representing the cultural heritage, the vast majority of 'indigenous' population. This phenomenon points out the sense of "Putra Daerah" whom claim to have a privilege rights to access the resources and the power in the local arena. **Luwu** in South Sulawesi also feature this trend. Luwu is characterized by a complex mix of socio-cultural influences and ethnic identifications. Administratively it belongs to the Bugis-Makassarese world of South Sulawesi and is widely as a Bugis area. However, historical ties with the highlands of current Tana Toraja have also formed Luwu culture, language and identity.*

Keywords: *decentralization, ethnic, Indonesia, Sulawesi*

INTRODUCTION

The domestic, bottom-up precisely, demand has brought Indonesia central government and national representatives passed the constitution (law: no. 22 and 25 in 1999⁶⁶ and revised into law no. 32 and 33 in 2004 in the same matters respectively) regarding decentralisation policy. Under these laws, it is intended to decentralise all sectors except religion affairs, foreign affairs, the state defense, and monetary. The constitution then became a beginning of dramatic change of Indonesian contemporary development⁶⁷.

⁶⁶ Law no. 22 was the arrangement of governmental issues, i.e. the relation between the Home Ministry and regional/provincial and district levels. Law no. 25 is for fiscal, between the Ministry of Finance and Regional/Provincial and Districts Treasury.

⁶⁷ Among the significant development is the increase number of provinces from 27 (exclude the East Timor) to 33 currently; while the number of new districts increased sharply by 50% to 440. For more discussion of the dynamic of the so-called "pemekaran", literally: 'flowering' or 'blossoming', see Henk S. Nordholt & Gerry van Klinken (eds.), *Renegotiating Boundaries, Local Politics in post-Soeharto Indonesia*, KITLV Press, Leiden, 2007, especially on the Introduction chapter, pp.1-35. See also Fitri Fitriani *et al*, 'Unity in Diversity? The Creation of New Local Governments in a Decentralizing Indonesia', *Bulletin of Indonesian Economic Studies*, vol. 41, no. 1, 2005, p. 69. And for up-to-date number of districts and municipalities see official of the Ministry of Home Affairs website at: <http://www.depdagri.go.id>.

Indonesia, home of more than two hundred million populations; sprawling archipelago of more than thirteen thousand islands; is a big country. It is characterised by regional, ethnic, religious, and linguistic diversity.⁶⁸ It is perceived “big bang” decentralisation because Indonesia’s dramatic steps in changing decentralised into decentralized authority. In fact, it eliminated the hierarchical management between the central, provincial and local governments. Politically, the governor, major/district heads are elected directly by people. Second, as a result of political transfer of power, the branches of sectoral ministries are also transferred under the responsibility of local governments.⁶⁹

As many ones argue that decentralisation, both designed and natural, believed to bring positive impact. Economically, it is intended to create efficiency and improve service delivery. Politically, it is said to improve accountability, political matters and national integration.⁷⁰ Arguably, these reasons might be true that there is now more balanced between the central and regional government share economic development. Too local governments and local people recently become more powerful before the state compared with the previous regimes. Even to some extent, many believe that thanks to the implementation of decentralisation, democracy remains deepening in the nation.

Having said that; however, Indonesia’s experience point out a new phenomenon, the emerging local (particularly ethnic) identity. Unfortunately, but understandably in a growing democracy, euphoria of post-authoritarian regimes, with the so-called *reformasi*, has also engendered re-actualising local identity. In this paper I use Victor King and William W Wider’s work who define ethnic identity as “people of the same ethnic category claim that they share the same roots, and that their identity is a basic given”.⁷¹

Since it was implemented extensively in 1999, in looking at Indonesia’s decentralisation journey, we might curiously want to know what does the country has achieved within one decade. In other words, does decentralisation bring about what it’s prominent and advocates yearn for? How do decentralisers⁷² play role in re-actualising or reinventing their local identities? Or simply how local identity emerges within the state territory? These basic questions are fundamentally urgent in assessing ‘the third world biggest’ democracy. In this paper, I attempt to reflect ten years of Indonesia’s experience on decentralisation. Firstly, I look at briefly the discourse of decentralisation. Secondly, a number case presented to study how local identity re-actualised in the name of local autonomy.

DECENTRALISATION

In a broad term, decentralisation is defined as “the transfer of authority and responsibility from higher to lower levels of government”.⁷³ According to BC Smith, decentralisation is “the delegation of power to lower levels in a territorial hierarch”.⁷⁴ Furthermore, Smith emphasizes that

⁶⁸ Bert Hofman and Kai Kaiser, ‘Decentralization, Democratic Transition, and Local Governance in Indonesia’, in Pranab Bardhan and Dilip Mookherjee (eds.) *Decentralization and Local Governance in Developing Countries: A Comparative Perspective*, The MIT Press, Massachusetts, 2006, p. 82.

⁶⁹ Sebastian Eckardt, ‘Political Accountability, Fiscal Conditions and Local Government Performance-Cross-Sectoral Evidence from Indonesia’, *Public Administration and Development*, December, 28, 2008, p. 5.

⁷⁰ Smith, B.C., *Decentralization: the Territorial Dimension of the State*, George Allen & Unwin, London, 1985, p. 4.

⁷¹ King and Wider, *The Modern Anthropology of Southeast Asia*, Routledge Curzon, London, 2003, p. 197.

⁷² I borrow and thank to R.C. Crook and J. Manor’s for this term. See Crook and Manor, *Democracy and Decentralisation in South Asia and West Africa: Participation, Accountability and Performance*, Cambridge University Press, Cambridge and New York, 1998, p.2.

⁷³ Stein Kristiansen and Pratikno, ‘Decentralizing Education in Indonesia’, *International Journal of Educational Development*, 26, 2006, p. 519.

⁷⁴ Smith, B.C., *Decentralization: the Territorial Dimension of the State*, George Allen & Unwin, London, 1985, p.1.

from political perspective the extent to which power and authority are detached within the geographical of the state are the concern of decentralisation that is the so-called 'territorial distribution of power'. A similar opinion by Mark Turner and David Hulme who define decentralisation as "a transfer of authority to perform some service to the public some service to the public from an individual or an agency in central government to some other individual or agency which is closer to the public to be served".⁷⁵

As commonly known in the literature of decentralisation, scholars categorize it into four main forms. First, *deconcentration*- "the transfer of administrative authority and responsibility to lower units within the central government". Second, *delegation*, "the transfer of decision-making and management authority for specific defined functions to organisations to outside or non-regular bureaucratic structure". Third, *devolution*, "the transfer of power from the central government to units of local government that stay outside the formal command of the central government". Finally, *privatisation or deregulation*, "the transfer of responsibility for public services and utilities from state or parasastal organisations to a variety of private, non-profit community and non-governmental organisations"⁷⁶.

In line with the major forms of decentralisation mentioned above, Freire and Maurer (2002), as quoted by Nordholt and van Klinken illustrates Indonesia's decentralization into three ways: 1. as the delegation of specific tasks while the center retains its overall responsibility; 2. deconcentration, which refers to a relocation of decision-making within a centralised state; 3. devolution, which concerns the actual transfer of power to lower levels of government.⁷⁷

According to Pierre and Peters, there are several reasons why many countries have implemented decentralisation extensively. First, fiscal pressures on the state triggered by a combination of an emerging public sector and public services, on the one hand; and economic structural problems on the other. Second, the central government tries to addressing to support human resources of local government. Third, decentralisation becomes a response to stagnation of public frustration to public bureaucratic services. Fourth, support the objective of domestic institutional reform by looking at other states to solve similar problems by applying similar solutions within their own jurisdiction⁷⁸.

In Indonesia, most of what Pierre and Peters mentioned above also faced by the national government. In fact, there had been a missing in term of fiscal balance between national and regional budgetary due to centralized economic development. That might be happened because centralised departmental agencies were monopolised by Jakarta. As a consequence, top-down approach featured in the service delivering. The top-down model, hence, ignored the development of human local resources that were in the front-line services. And in the reason of doing something similar with neighboring countries, Indonesia also looked the Philippines' older decentralisation.

Furthermore, decentralisation believed to overcome the overloaded responsibility of central government in many developing countries. Roland White and Paul Smoke stated that two factors have become driving forces of decentralisation in East Asian nations: structural and political⁷⁹.

⁷⁵ Turner and Hulme, "Decentralization within the State: Good Theory but Poor Practice?" in Turner and Hulme (eds.), *Governance, Administration and Development: Making the State Work*, McMillan, 1997, p. 152.

⁷⁶ N.A. Siddiquee, POAD 9116 Regionalism, Decentralisation and Governance, 2009, adapted from Rondinelli and Cheema (1983), Smith (1985) and Turner and Hulme (1997).

⁷⁷ Nordholt and van Klinken, *Renegotiating boundaries...* 2007, p. 12.

⁷⁸ Pirre and Pters, *Governance, Politics and the State*, Palgrave MacMillan, London, 2000, p. 122-3.

⁷⁹ Roland White and Paul Smoke, "East Asia Decentralizes", in *East Asia Decentralizes: Making Local Government Work*, The World Bank, Washington DC, 2005, p. 4.

Structurally, remarkable and continuous economic growth and urbanisation has preceded this trend. Due to a growing pressure for national government to provide services for overwhelming and larger population is unavoidable. To empower sub-national government to meet people needs remains critical. Politically, the dynamics of political development also influences the nature of decentralisation. For example, Indonesia's central government pushed authority to down to municipality and district levels to minimize conflicts with provincial level. The step is important reduce the potential of regional separatism in the fragile of post- authoritarian regime.

As the case of Indonesia, additionally, decentralisation (particularly devolution) mainly intended to support the development of democracy. A former minister of Regional Autonomy states that the implementation of the policy is intended to, first, give the regional (provincial and district) legislatures (DPRD I and II) the power to initiate and formulate statutes and regulations; to approve budgets; and to create new institutions. Second and more importantly, by giving more powers to regional units-particularly in the fields of mining, forestry, industry, investment, land administration, public works, education and culture, public health, transportation, environment, cooperatives and labour affairs, local people will have more access to participate in decision-making and service-delivery.⁸⁰

It is not coincidentally, thanks to the *Reformasi* (reform) in many areas of the nation particularly during the end of 1990s and the beginning of 2000s; decentralisation also went hand in hand with the process of democratisation. Domestically, as Hans Antlov has noted that two driving forces which attributable to re-politicisation of Indonesian society. First, the influence of democratization process, that is the freedom of expression and association and the influence of civil society movement at the grassroots level. Secondly, the policy of decentralisation that brought the importance of local politics. Decentralisation believed to encourage citizens to exercise their democratic authority over public discourse by giving local governments and people broader democratic powers.⁸¹ Thus, it is safe to say that decentralisation policy is not a single entity in the changing of Indonesia's landscape.

Furthermore, the discourse of Indonesia's decentralisation and the growing of local democracy vary from optimistic through cautious to pessimistic. Those in the optimist camp believe that decentralization and democratisation will emerge together, and have been part of the reform agendas. They are represented by international and national organisations such as UNDP, World Bank⁸², Asia Foundation⁸³, IMF⁸⁴, and the Smeru Institute⁸⁵. By allowing the regions (especially the district level) to have more authority in running their own affairs, it was expected that local people would benefit from local government policies. Accordingly, decentralisation became a key and essential step towards promotion a prosperous local democracy because it opens

⁸⁰ M.R. Rasyid, "Regional Autonomy and Local Politics in Indonesia", in Edward Aspinall and Greg Fealy (eds), *Local Power Politics in Indonesia: Decentralisation and Democratisation*, ISEAS, Singapore, 2003, p. 64.

⁸¹ Antlov, "Not Enough Politics! Power, Participation and the Democratic Polity", in Edward Aspinall and Greg Fealy (eds), *Local Power Politics in Indonesia: Decentralisation and Democratisation*, ISEAS, Singapore, 2003, p. 77.

⁸² Bert Hofman and Kai Kaiser, "The Making of the Big Bang and Its Aftermath A Political Economy Perspective", Paper Presented at the Conference: Can Decentralization Help Rebuild Indonesia?", Georgia State University, Atlanta, 2003.

⁸³ In 2001 Asia Foundation developed a monitoring program called the Indonesia Rapid Decentralisation Appraisal (IRDA) to provide systematic and objective feedback to government and other key actors on the progress of decentralisation. See A. Colongon, Jr. "What is Happening on the Ground? The Progress of Decentralisation", in Edward Aspinall and Greg Fealy (eds), *Local Power Politics in Indonesia: Decentralisation and Democratisation*, ISEAS, Singapore, 2003, p. 87.

⁸⁴ Ehtisham Ahmad and Ali Mansoor, "Indonesia: Managing Decentralization", IMF Working Paper, WP/02/136, Washington DC, 2002.

⁸⁵ For example, the report of Ilyas Saad of the SMERU Research Institute, "Indonesia's Decentralization Policy: the Budget Allocation and Its Implications for the Business Environment", SMERU Working Paper, 2001, available at <http://www.smeru.or.id/report/workingpaper/.../euroseasbudgetalloc.pdf>

up spaces for local political participation. However, those in the pessimist group argues that decentralisation have been come with the widening of money politics and corruption into the region. Rivalry and struggle to control these decentralized power and resources have occurred, leading sometimes to a compromise where local elites share a “piece of the pie” together. On the other hand, others see that decentralisation is intended to encourage the participation of local civil society and the (re)emerging of local elites such as ethnic leaders in the regions. Decentralisation then expected to open up the possibility for grass-roots participation in the local political context and direct political participation.⁸⁶

Since the independence proclamation, decentralisation-through the so-called *otonomi daerah* (regional autonomy), there have been six times of regulation changed. First, the Act no. 1/1945 about the Indonesian National Committee for Regional Affairs (*Komite Nasional Indonesia Daerah*). Then ratified to be the Act no. 22/1948 about the Principles Regulation about Regional Self-Government (*Penetapan Aturan Pokok Mengenai Pemerintahan Sendiri*). Second, the Act no. 1/1957 about Regional Government. Third, the Act no. 5/1974 Regional Government which was almost no change with the previous act. Fourth, the Act no. 22/1999 about the Arrangement of Regional Government (*Pengaturan Pemerintah Daerah*). Fifth, the Act no. 25/1999 about Financial Balance and Regional Government. And the last is the no. 32/2004 about Regional Autonomy, and until very recently, the decentralisation in Indonesia still under this constitution.⁸⁷

Nonetheless, as Syarif Hidayat points out that both constitutionally and scholarly literature on the subjects suggest that Indonesia’s experience to decentralisation is far more complex. It is because decentralisation involves more “bargaining and coalition building among both state and society actors at the local level”⁸⁸. The next part of this paper will show a number of cases how the phenomenon of local identity re-emerged during the decentralisation policy.

‘RE-DRAWING’ MAP OF SULAWESI’S⁸⁹

If someone visited Sulawesi Island ten years ago, he/she noticed that the island comprised with four provinces. Then, ten years later, he might be surprised that the border of provincial and regional has shifted significantly. Significantly is not in terms of the shape of the island but the number of districts and provinces having increased remarkably. Sulawesi Island from 1980s to the end of 1990s emerged from four to six provinces: North Sulawesi, South Sulawesi, South East Sulawesi, Central Sulawesi, Gorontalo, and West Sulawesi. The last two are the new establishing provinces.

Gorontalo

Gorontalo became a new province in 16th January 2001, a split from North Sulawesi. Initially, it consisted of only two districts and one municipality, i.e. Gorontalo district; Boalemo district; and Gorontalo municipality. Then less than three years, this region underwent remarkable ‘blossoming’ (*pemekaran*) into six districts and municipality. The new regions are North

⁸⁶ Sulistiyanto and Erb, “Indonesia and the Quest for “Democracy””, in P. Sulistiyanto and M. Erb (eds), *Deepening Democracy in Indonesia? Direct Elections for Local Leaders (Pilkada)*, Institute of Southeast Asian Studies, Singapore, 2009, p. 3-4.

⁸⁷ Kompas Daily, 18 January 2006. See also Syamsuddin Haris, “*Pilkada Lansung dan Masa Depan Otonomi Daerah*” (Direct Election and the Future of Regional Autonomy), *Journal Politika*, vol. 1, no. 1 May 2005.

⁸⁸ Hidayat, “Hidden Autonomy”: Understanding the Nature of Indonesia Decentralization on Day-to-day Basis”, in M. Erb, P. Sulistiyanto and C. Faucher (eds) *Regionalism in Post-Suharto Indonesia*, Routledge Curzon, London & New York, 2005, p.71.

⁸⁹ I indebted this term from Elizabeth Morrell’s “Re-drawing Sulawesi’s Map”, *Inside Indonesia*, 82: Apr-Jun 2005.

Gorontalo, Pohuwatu, and Bonebolanga.⁹⁰ The local autonomy requires minimum five districts or municipalities to establish a new province, and then people around the region initiated the province of Gorontalo.

It is not coincidentally, Gorontalo born as a new province based on the 1999 law, the underlying reason to splitting from its ‘mother’ province (North Sulawesi) is cultural identity. In fact, the vast majority of North Sulawesi population is Christians (Manadonese and Minhasanese ethnics) and only minority of Muslims who inhabited in the western part North Sulawesi (now Gorontalo). It was not surprising then the access to resources and power was dominated by Manadonese in the region. While the decentralization issue released, the people of Gorontalo were firstly and enthusiastically initiated it.

Led by Governor Fadel Muhammad, Gorontalo, as many ones argue, is the example of success story of decentralisation in Indonesia. According to Asep Sabar, the new province has implemented “the real” form of decentralization because the paradigm of local government has changed from “development of development” to “region develops”. In this case, people are not the object but the subject of development. Besides that the focus of this new decentralised region is to empower human resources development, to improve fishery industry, and mainly multiply and the farming sector particularly corn. Then most Sulawesians call this new region as ‘the corn province’ with their massive industry in the corn farm.⁹¹

West Sulawesi

West Sulawesi is one of the first direct governor election for the Indonesia’s new province (the latest new one after Gorontalo and Kepulauan Riau in Indonesia), Sulawesi Barat. Before separated from South Sulawesi, the region consisted of five regencies, namely Polewali Mandar; Mamasa; Majene; Mamuju; and North Mamuju. Mandarese people mostly inhabited this region, especially in the first four regencies. As for Mamuju Utara initially is transmigration area since 1980s. Therefore, North Mamuju became multi-cultural of its population. They are representing several ethnics around Indonesia, such as Buginese; Javanese; Balinese; Sumatrans; Madurese; etc. And the province is bordered with North Sulawesi at the north, South Sulawesi at the south and the east, and Makassar straits. It officially became new province in 2004 and Mamuju was pointed as the capital province.

The governor election was conducted on 20 July 2006. Its system was just like the other previous Pilkada in Indonesia, one man/woman one vote. On the day of election, the *Quick Count* of Lembaga Survey Indonesia (LSI) pointed out that governor-vice governor candidate, Anwar Adnan Shaleh-Amri Sanusi got the highest vote, namely 43.8p percent.⁹² The two other candidates Salim Mengga-Muhammad Atta and Hasyim Manggabarani-Arifuddin Katta, each got 37 percent and 19.2 percent. Then, based on the final calculation of *Komisi Pemilihan Umum Daerah-KPUD* (General Election Commission Province of West Sulawesi) stated that couple Anwar Adnan Shaleh-Amri Sanusi won the governor election.⁹³ The votes of each governor-vice governor candidates showed in the table below:

GOVERNOR ELECTION RESULT IN WEST SULAWESI

⁹⁰ F. Muhammad, *Reinventing Local Government*, Kompas Gramedia, Jakarta, 2007, p.65-70.

⁹¹ A. Sabar, *Fadel: Solusi Jitu Membangun Daerah* (The Right Solution to build the Region), Public Opinion Institute, Jakarta, 2006, p. x11.

⁹² Regional Election Commission of West Sulawesi, 2006.

⁹³ M. Amin, “Informal Politics in South Sulawesi and Beyond”, Research Report for the Strategic Investment and Business Strategies Commission (SIBIC), Amsterdam, 2006.

NO.	CANDIDATE	VOTES	%	PARTY PROPOSED
1	Anwar Adnan Sanusi & Amri Sanusi	215.290	45.52	Golkar Party
2	Salim Mengga & Muhammad Atta	161.639	34.58	PDIP
3	Hasyim Manggabarani & Arifuddin Katta	90.020	20.30	PPP, PAN
	TOTAL	472.949		

Source: *Komisi Pemilihan Umum Daerah* (Regional Election Commission) of West Sulawesi.

Indeed, the total number of voters is 655.596 but not all of them joined the election. According to the general election commission that most of the rest voters whom do not attend the election because of horizontal conflict in Mamasa. Actually, since separation of this new regency with Polewali Mandar in 2000, conflict among whom agreed and disagreed with the separation particularly at Aralle, Tambilahan, and Mambi area. Instead of calms down for awhile, this conflict tends to continue than stops except there is a comprehensive solution from both provincial and national government.

Apart from the provincial election (*Pilkada*) itself, identity contention also apparently took place in the West Sulawesi. Figures like Anwar Shaleh and Salim Mengga both claim representing the cultural heritage of Mandarese, the vast majority of 'indigenous' population. Mr Shaleh is from Mamuju (the capital province) and Mr Mengga's base is Polewali Mandar, a district that initiated the establishment of West Sulawesi. This phenomenon points out the sense of *Putra Daerah* ('son of the soil'-or 'indigenous' people in Australian term) claim to have a privilege rights to access the resources and the power in the local arena.⁹⁴

Luwu

The strong Luwu of northern South Sulawesi cultural identity⁹⁵ and economy has become the major reason of founding new districts and eventually these districts are expected to create a new province, Luwu Raya (the Greater Luwu). Historically, until 1959 Luwu was a kingdom governed by a *datu* (king) and is widely regarded as the cradle of Bugis culture.⁹⁶ Although associated through myth and history with the Bugis world, Luwu is not an exclusive Bugis area. Court culture and language in Luwu was Bugis, but the majority of the population of Luwu speak Tae', the Toraja language.⁹⁷ Around 1605 the Luwu nobility converted to Islam and from the seventeenth century onwards the power of the kingdom declined.⁹⁸ Additionally, In 1950s under

⁹⁴ The issue of *Putra Daerah* also emerges along with the implementation of decentralisation. Many cases across the country come up since 2000. See for example, Edward Aspinall and Greg Fealy's work on *Local Power and Politics in Indonesia*, 2003; Maribeth Erb et al *Regionalism in Post-Suharto Indonesia*, 2005; Henk Schulte Nordholt and Gerry van Klinken (eds) *Renegotiating Boundaries: Local Politics in Post-Suharto Indonesia*, 2007; and the very recent works of Maribeth Erb and Priyambudi Sulistiyanto (eds) *Deepening Democracy in Indonesia?*, 2009.

⁹⁵ For the discussion of current cultural identity and decentralisation in Indonesia, see Jamie Davidson and David Henley (eds) *The Revival of Tradition in Indonesian Politics*, Routledge, London & New York, 2007.

⁹⁶ This can be traced from the history of Lagaligo which is believed the source of the kingdom.

⁹⁷ My experience to the Luwunese-Luwu People, that rather than addressed as Buginese they would acknowledge themselves as the Luwunese. The sense of identity seems to protect their own identity although the outside world frequently describe the Luwu people as similar those Buginese.

⁹⁸ D. Roth, "Many governors, no province: the Struggle for a province in the Luwu-Tana Toraja area in South Sulawesi", in H.S. Nordholt and G. van Klinken (eds.) *Renegotiating Boundaries: Local Politics in post-Suharto Indonesia*, KITLV Press, Leiden, 2007, p. 121.

the leadership of Kahar Muzakkar, Darul Islam committed rebellion against the national government until the killing of Muzakkar 1965. Recent development in South and Central Sulawesi like the spread of *sharia* movement, has pointed out how local identity emerges along with decentralisation.

The position of Luwu in the province of South Sulawesi remains special. According to Dick Roth, the region is characterized by a complex mix of socio-cultural influences and ethnic identifications. Administratively it belongs to the Bugis-Makassarese world of South Sulawesi and is widely as a Bugis area. However, historical ties with the highlands of current Tana Toraja have also formed Luwu culture, language and identity. Economically, Luwu is the key source for South Sulawesi. A major cash earner is PT International Nickel Indonesia (INCO). The regional income generated by INCO is a major trophy in connection with the politics of decentralization. Currently the proceeds flow to South Sulawesi is. Over ten years INCO changed hands several times.

In 1999 North Luwu split off North Luwu, gaining control over INCO. In 2003, East Luwu split off from North Luwu, taking over the mines. In contrast, Tana Toraja is economically not as important as Luwu, but it is the main symbol of South Sulawesi culture to the outside world, and the main reason for tourists to visit South Sulawesi.⁹⁹ However, local conflict among the Luwunese elites has taken place in the region. Elizabeth Morrell noted that the conflict occurred mainly about the composition of the proposed province that is whether or not Tana Toraja district should be included within the new one. The disagreement arises over the concern of fear of domination. Although Tana Toraja district is smaller any districts of Luwu, it is better known from outside world and better educational level.¹⁰⁰

CLOSING REMARK

Finally, the writer stands for skeptical view of decentralization in Indonesian context. If we understand decentralization as devolution-ideally to bring government closer to people; then, it seems that decentralization is understood as localization of government. Although public participation is relatively high, for example, people participation in frequent local elections (*Pilkada*); the participation apparently happens in the structural mechanism.

The main argument of this paper is that over one decade Indonesia's experience to decentralization, particularly regional autonomy, it seems that decentralization has strengthened chauvinism. The three cases in Sulawesi highlight that 'only' local people can claim the rights to access the power and resources within the defined boundaries. As a result horizontal conflict, between the national and provincial level, and vertical dispute over the governmental management has taken place.

Future concern is how local elites play role in their respective regions. How they mobilize people to create a new province or district? How they use local jargons to encourage sense of local identity? These questions remain crucial in Indonesian context because almost all the prominent of decentralization in the local level have gained 'lucrative' position, such as being governor or head of district or municipality. The case of West Sulawesi and Gorontalo point out that figures

⁹⁹ D. Roth, "Many governors, no province: the Struggle for a province in the Luwu-Tana Toraja area in South Sulawesi", in H.S. Nordholt and G. van Klinken (eds.) *Renegotiating Boundaries: Local Politics in post-Suharto Indonesia*, KITLV Press, Leiden, 2007, p.125-6.

¹⁰⁰ Morrell, E. "Re-drawing Sulawesi's Map", *Inside Indonesia*, 82: Apr-Jun 2005.

whom enthusiastically advocated and supported decentralisation like Anwar A. Saleh and Fadel Muhammad are now *de facto* are the governor of their advocated new provinces.

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[Consulted 12 September 2012].

**THE FORMULATION OF LAMPUNG PROVINCIAL
BUDGET POLICY OF 2011**

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ABSTRACT

The problem of this research is that the formulation process of Lampung Province's Budget which is not based on participatory governance and participatory budgeting. Data were collected using qualitative method through observation, in-depth interviews, and documentation. Research result shows that there are three important actors in the formulation process of the budget; they were Governor, regional government's working units (SKPD), and the People's Representative Council at the Provincial (DPRD). The three dominant actors in the policy making process of Provincial Budget (APBD) which were dominant in selecting policy issue are: agenda setting, selection of policy alternatives, and policy decision. In the formulation process of Lampung Provincial Budget (APBD) policy, formulation issues were decided by marginalizing community public participation; agenda setting was characterized by competition among Governor, SKPD and DPRD. The development of policy alternatives was more inclined towards incremental alternatives, whilst the policy decision has not yet considered efforts to overcome public problems and issues; it was laden more by elite than public interests. Competition and rivalry among the Governor, SKPD and DPRD in the development of budget allocation and program was characterized more by the reality of bargaining power, especially between the Governor and the DPRD to make their interests be accommodated in the APBD. The dominant influence of the Governor, the SKPD and the DPRD in the formulation of the APBD show that there isn't participatory governance and participatory budgeting.

Key Word : Public policy formulation, participatory governance, participatory budgeting

Introduction

In the New Order era, the space for civil society force is very limited and meaningless role in the process of public policy making. The role of civil society is directed in an effort to support government policy, while the power of the community to influence public policy-making process tends to be weakened.

However, in the era of post-New Order with the "change of power or resources from central to local government and communities potentially promoting democratization could be involved in public policy making" (Zuhro: 2004:38). Democratization potential of new public policy making has meaning if the power of the civil society has a strong political accessibility in the process of policy making.

In such perspective, public policy is a product of political interaction between the strength of the civil society, private and government forces. From the point of view of the theory of governance "effective public policy is the product of interactional synergy of diverse actors and institutions" (Rhodes, 1996; Stoker, 1998-Kazaneigil, 1998; Dowbor, 1998, Wahab, 2000). One of the phenomena that can be observed in the area of public policy is budget-making process. According to Darise (2006:141) budget is "an instrument that will ensure the creation of disciplines in the decision making process related to the income and expenditure policy area" Based on the preparation process, budget is a product of power relations between the executive, the legislature and the people themselves or the budget is the interaction between the various interested parties ranging from the executive, the legislature and the public. Community involvement in governance is one of the conditions that need to be built to the practice of governance as the process of establishing local regulations, preparation of regional planning, budgeting, and public service, which is able to represent the interests of the wider community and participates oversee the regional administration. In such perspective, the concept of people's participation in governance related to the nature of democracy that places people as sovereign. Particularly, according to Rubin (1997) the reason for public involvement in the budget process is

because the determination of the amount and allocation of public funds is always political interests which were accommodated by the officials. Budget allocation also reflects the interests of policy-related constituents.

The involvement of public power in the policy-making process is determined by how the realization of the distribution of real power (the real distribution of power) in the administration of local government (Wahab, 1994:19). In this sense, the **inclusion** of policy issues on the agenda of public policy is a political process that very high doses.

Dynamic phenomena in the budget-making process will be conflicts of interest and interplay among the actors involved to be interesting study to describe and explain the relationship between the civil society and the local government in the policy making process Lampung Provincial budget.

The arguments of this study are supported by the fact that the phenomenon of the role of local governments in accommodating public participation and involvement of civil society's role in public policy-making process and the realization of the real distribution of power in governance in each area which display the same symptoms, because the political characteristics of each area tend to show a different pattern or, in other words, it is a local political phenomenon symmetrical. An interest to discuss the issue was also based on the theme of the study which is interesting study in the development of recent years that emerge new concept in the context of the democratization of the budget, such as participatory budgeting, gender budgeting, people and pro-poor budgeting (B. Santos, , 1998; R. Abers, 2000; A. Schneider, 2002; D. Brautigam, 2004; A. Novy and B. Leubolt, 2005; M. Robinson, 2006; Y. Sintomer et. al., 2008).

Several relevant studies to the issue of budgetary policy formulation have been done by previous researchers that can be categorized into three research themes. First, participatory governance in budgeting. Theme of this research is done by Sukardi (2009), The Asia Foundation (2006), and Sopanah (2004). The focus of research conducted by the researchers put more emphasis on the study of participatory governance in budgeting. However, this study did not elaborate in detail how the behavior of actors in the budgeting policy.

Second, the behavior of officials in Budgeting. Theme of this research is done by Setiadi (2011), Rohman (2012) and Khairi (2009). The three researchers, focused on the behavior of actors in the budget process. Budgeting tends to corrupt government elite interests. Corruption by government officials in the area of financial management (budget) is done from the planning till the monitoring time. However, this study did not develop the concept of budget policy formulation, but more emphasis on the normative aspects of budgeting.

The third theme is Formal Actor Role in Making Policy. The study, by Abadi (2009) and Hidayat (2003). Research done by Abdi (2009) is not directly related to the budget process, but it has some relevance to this study because it correlates the concept of public participation and policy formulation.

Meanwhile, research by Hidayat (2003) which concluded that "in this situation, the implementation of Decentralisation, then, has been, much characterized by bargaining and coalition-building among local state Elites, and it is undeniable that the decision making process also tends to be concentrated on the hand of few people, especially those who assume the power in the local government and the parliament ".

This study focuses on some ways similar to the study of research on first category, namely a review of the study of public policy formulation in the case of budget policy with an emphasis on power relations between the actors involved in the policy-making process. What distinguishes

this study with the above studies is that the research uses the concept of public policy formulation which is examined from the aspect of budget stages from issue identification, agenda setting process, the selection of policy alternatives to the policy decision.

Thus, this research will ultimately complement and strengthen the research that has been done before so it will be a process of accumulation of knowledge and contribute to the development of social science, especially the science of government

This research focused on the study of policy issues, agenda setting, the selection of policy alternatives and policy decision. To learn how the actors involved in the policy formulation process of the budget, the principal research questions are formulated on how are the existence of orientation and interests among the actors in the process of defining problems, agenda setting, policy formulation and decision alternatives in the process of policy formulation Lampung provincial budget for Fiscal Year in 2011?

Formulation of public policy according to Lindblom (1970), namely: "an extremely complex, analytical, and political process to roomates that has no beginning or end, and boundaries of roomates are most uncertain, somehow a complex set of forces that we call policy making all taken together, produces effects called policies".

The concept of public policy formulation describing the formulation of public policy is a complex process that are both analytical and political. So, the point of attention of policy formulation will relate to the dynamics of social and political interaction, involving various stakeholders and elements influenced by the complexity of the policy environment.

In the category of Parson's classification (2005:250) the policy formulation is part of approach to power (power approach to policy making). In this approach would be explained the attractive power of interests among the actors involved in the policy-making process which will be influenced by the reality of the prevailing political system. Power approach in the formulation of public policy in the Parson category (2005:250) includes approaches elitism, pluralism, marxism, corporatism, professionalism and technocratic approach.

From the various approaches or models of public policy formulation, the power factor is the decisive factor in the process of public policy making, so that it can be understood that the process of public policy making is a political process.

In the operational stage of policy formulation includes four stages (Winarno ,2002:81-84) namely: problem formulation, agenda setting, alternative selection policies and policy decision. In the four stages of the policy formulation process, the process is determined by the actors involved in the policy-making process. According to Anderson (1979:34-45) actors of policy makers are decision makers (official policy-makers) and non-governmental participants (nongovernmental Participants).

The focus of this study is about the formulation of public policy budget (APBD). In governance, budget is one important factor to fund the implementation of government functions. Budget constraints can result performance of government functions unoptimally. Therefore, the budget is an important instrument in the management of government. According Rubbin: (1997:1) budget should be seen as: "public budgets are not merely technical managerial documents; they are also intrinsically and irreducibly political." In the context of budget as a political process, the budget process from planning to budgeting budget discussions into the public arena of competition over resources between the various interests, both actors in the circle of the political system and other interest groups have an influence on the budget politics decision.

Making public budget should reflect the public interest because it comes from the people's money and is intended to improve the welfare of the community. To organize public public interest oriented-budget, then the public should be involved in making budget. The concept is called participatory budgeting. Participatory budgeting is a breakthrough in order to establish a deliberative democracy at the local level because the governance process also determined the extent to which citizens are involved in the management of local government such as determining the direction and policy priorities (Kauzya, 2004, in Sukardi, 2009:72). The key features of the model of participatory democracy, namely: (1) the allocation of the budget system, (2) re-orientation of public priorities by the community, (3) integration of environmental management, and (4) regeneration of public spaces (Carbenas, 2003).

The core of the budgeting concept participatory in the budgeting process and the role of the public are given the space to engage in the manufacturing process. However, in Indonesia, which is responsible for the implementation of the budget remains in the hands of local government. The phenomenon of participatory budgeting in the context of policy-making is an attempt to accommodate the public interest. Therefore, according to Putra (2001:22), public policy is a political process-oriented public interest accommodation must intersect with the concept of democracy.

In a later development, the concept of democracy no longer relies on formal political mechanisms that have authority in the policy-making process. One of the emerging democratic development now that the involvement of public participation in the public policy making process, known as participatory democracy. Its meaning is "people of the space available for the *voice, access and public control on government* (Sukardi: 2009: vii)

Method

This type of research is qualitative. The reasons to use qualitative research as this study emphasizes the process of how the process of policy formulation Lampung provincial budget for Fiscal Year 2011 are made rather than the result. Therefore, in-depth study is needed to understand the dynamics of the process of policy-making budget in Lampung province.

This research will seek a deep understanding on how to define policy issues, agenda setting, policy alternatives and policy setting budgets. Based on these research issues, the appropriate research approach is a case study.

Research budget policy-making process, using the case study method is not only a portrait of a descriptive, but also the explanation of the dynamics that occurs between the local government and parliament in the budget-making process with the power of civil society. Sources of data in this qualitative research is all parties directly related to the decision-making process Lampung provincial budget, the provincial government and the Provincial Parliament Lampung.

Criteria for determining informants institutional determined based on approach that the budget policy authoritatively is formulated by the formal institutions of government, namely the local government and parliament.

In addition, the informant is also the civil powers (unofficial policy makers) who are got involved in the budget-making process, they are mass media, NGO activists, academists, and critical groups. Data collection is done by observation, interview and documentary study.

Results and Discussion

Policy-making process Lampung provincial budget for Fiscal Year 2011 can be mapped by the involvement of actors in the policy formulation process. The most influential and dominant actors in the policy process explains the budget model of policy making. Actors here are policy actors as "a person or institution that has a certain policy. In every policy, there are actors who either become makers, implementers, benefit pickers or victims of public policy itself" (Putra, 2005: 57)

From the results discussion, there are several actors involved in the policy-making process of Lampung budget, they are formal government consisting Local Government and Local Parliament while non-formal actors namely the strength of civil society who have no formal authority in making budget policy but this group is given access to influence the policy-making process of the budget. The access is given through official media, it is *musrenbang*.

The effect of each actor in the policy process Lampung provincial budget can be mapped as follows: First, the Governor in the administration of this reform era has its own political interests, as governor at campaign has campaigned several political programs to the public and after selected should document the result in RPJMD. RPJMD is formulation of development agendas at the regional head for the medium-term development plan. Therefore, in any discussion of R-APBD (Local Budget Design) governor through his subordinates (The Provincial and Local Planning Agencies and related Working Unit) always allocate funds in the budget for the realization of political programs.

This process can be categorized as a political process in planning. According Adiyoso (2009:65) political process planning is a process that is generated through development plans derived from the translation of the vision, mission and programs offered by regional heads elected in direct elections.

In the results of the FY 2011 budget draft discussion some programs allotted for the construction of the New City Project, agribusiness terminal development in South Lampung district, construction of qualified school at Sulusuban in Central Lampung, Raden Intan Airport expansion development. The development program is always prioritized and estimated in the local budget planning and local budget under discussion there is no objection from the Council, even in some general view Faction provide support for the governor's programs.

In addition, the political program for imaging in the Governor's political interests through subordinates (SKPD/Regional Government Working Unit) do the distribution and mobilization programs with multiple objectives is not just for the sake of the realization of the program but also for the interests Regional Government Working Unit mobilize community support.

These phenomenon indicate that the Governor has a dominant role in allocating and distributing the program in the budget process and can not be controlled either by the legislature or by the strength of civil society.

Second, SKPD or regional work units are elements of local government officials in Lampung Regional Government Working Unit numbering 50, which consists of regional secretariat, agencies, technical agencies, and other institutions with a total budget in FY 2011 budget amounted to 1,090,584,311,120 IDR.

This SKPD role in the budget process can be categorized in two roles, namely: (1) SKPD in his capacity as officers of government bureaucracy has a plan in a budget year based *tupoksi* and vision, the mission SKPD. At this level, the role of the budget SKPD in creating programs that work in accordance with the vision, mission and main functions to be allocated in the budget program Lampung province.

SKPD role is "likely to make the program more sporadic and incremental and create a program that routinely conducted every year." In addition, there is a conflict of interest between SKPD in formulating the program, therefore the policy was taken, due to budget constraints allocation SKPD funding for all so that all programs in the budget SKPD accommodated within the minimum limit, except for priority programs.

In the process of preparing a work plan SKPD also has no public consultation process to solicit the people's aspirations, such as dialogue with NGOs, academists, and so on. except through musrenbang at provincial level. Therefore, the work plan fully represents the interests of SKPD itself. (2) SKPD role in his capacity as Governor of the policy implementer in the preparation of budgets, SKPD directly related to the flagship program must plan programs and account the FY 2011 budget.

If the views of the two roles, the first role SKPD in his capacity as officers of the state bureaucracy in the fight for their interests and the program budget for the 2011 budget fight through discussion meetings with the committees in Parliament. In the process of discussion of the role of Parliament is quite effective in controlling the program and the budget allocated in Budget 2011. The role of Parliament is related to the efficiency of the budget, policy alternatives, determination of program priorities and budget allocations determination.

Third, Parliament, the Commission, faction, personal interest of legislators. Parliament has an important role in the budget-making process. The role of Parliament is carried right through budgeting. Budgeting Rights Council at the start of the planning and budget management oversight. The planning function began with the aspirations and needs of the community by setting the direction and general policy. Whereas Council conducted surveillance at all stages of the budget.

Council through the Commission, Faction, the Budget or through personal interest as a member of parliament can play a political influence role not only in the context of conduct oversight and budgeting functions in the budget process, but also can perform the role for the distribution of the budget allocated in the budget.

Based on the analysis of the parliament role in the budgeting process of Lampung Province, the parliament is very dominant, even in the fiscal year 2011 budget Parliament is getting stronger political role. The strong role of the parliament is demonstrated as follow:

First, in their electoral area (Daerah Pemilihan) to all members of Parliament could be accommodated in the Lampung provincial budget FY 2011. Aspirations of people in their DP concerned the development of infrastructure (roads), the livelihoods of the people (People`s Welfare), and basic services (education and health). In the FY 2011 budget, aspirations in the constituency is a top priority championed by members of parliament per each electoral district.

Aspirations to fight for the interests of the district electoral Board members for the following reasons: (a) the results of the visit to the electoral district, the reality in each electoral district is very poor condition of infrastructure, especially roads, (b) if the legislators are afraid of failing in the fight of budget for electoral district, so that the aspirations of entering the electoral district to the local budget becomes the parameter of the success Board, (c) there are worries if the aspirations in each electoral district are not accommodated, members of the Board are afraid of losing political support in each constituency; (d) fighting aspirations in each electoral district position is a bargaining tool of the government parties (the Governor) to equally maintain interest in the budget; (e) by championing the aspirations of electoral district, it means containing political

interest to Board members to mobilize political support elections and establish communication with constituents.

Secondly, Parliament can impose distribution of development programs in the district, but not the authority of the Province. It happened at the Department of Education. Provincial Authority should provide education budget allocation for district / city in the form of grants, but due to pressure from the parliament they gave it not in the form of grants which is administered directly by the Department of Education Lampung Province.

Third, Parliament could organize and allocate the budget in the FY 2011 budget Lampung Province. Parliament in the session of the commission to determine the technical program, change the program, change the activity as a bargaining for the sake of electoral district. The authority of Parliament is the view of the executive (Bappeda Lampung province) was considered too far away to intervene against local authorities in planning development. In this context, local government (executive) are in a politically weak position when dealing with the legislature. As a result, a variety of all demands and recommendations proposed by Council, can be accommodated in the FY 2011 budget.

Fourth, some of the views in the discussion of local budget Faction Lampung Province FY 2011, responded positively and the implications for changes or improvements of Local Budget Plan 2011. Involvement and the role of parliament in the budget process are begun by creating an agreement between the executive and legislative direction and general (ME) and budget priorities, which will serve as guidelines for the preparation of budget revenues and expenditures. Executive in accordance with the draft budget and budget priorities ME, which is then submitted to the legislature to be studied and discussed together before designated as local regulations (Regulation). In the agency perspective, this is a form of contract (incomplete contract), which became a tool for the legislature to oversee the implementation of the budget by the executive (Halim and Abdullah, 2009: 8).

The involvement of Parliament in the budget process Lampung Province FY 2011 is quite influential and powerful in conducting oversight of the executive oportunistik behavior. Fourth, the strength of civil society. Actors are included in this group is a group that included in the *agenda setters*, they are active NGOs critisizing the budget, campus activists (students), the press, the organization period, representatives of interest organizations, traditional leaders, influential figures, etc.

Civil society groups, although each year are invited to attend provinces deliberation (musrenbang), but most are only present at the opening musrenbang and not involved in the discussion process. Activities outside musrenbang in order to influence policy-making budget was also not done. This condition is very different from the previous budgeting period (at the beginning of the reform era), the strength of civil society actively influenced the budget process through discussion and activities to scrutinize the budget, aspiration through the activity of the hearing until the hearing participation and transparency draft.

In Lampung, the reasons why public participation in the Lampung budget process decreases or tends to lower due to four factors: "there are 4 (four) factors causing the decline in the power of the role of civil society in the budget process: (1) Since local governments only formally interpret public participation in the budget process, that is by inviting civil society in a more similar local deliberation (musrenbang) socialization rather than open space for input and criticism related to the misallocation of budgetary priorities or, (2) Many NGOs in Lampung is no longer sustainable in funding program, because fewer external funding agency that would be

involved in budget advocacy program in Lampung. NGO advocacy on the other hand is not trained enough to fund rising, (3) many NGOs engaged in public advocacy in Lampung failed in regeneration to continue the struggle in Budget realizing a participatory, transparent and accountable, and that (4) there is a conflict of interest because most of the NGOs and civil society groups that were once much criticized budget now turned into political activists, into the election campaign team, a contractor and an expert staff of politicians (Erwin: 2011) "

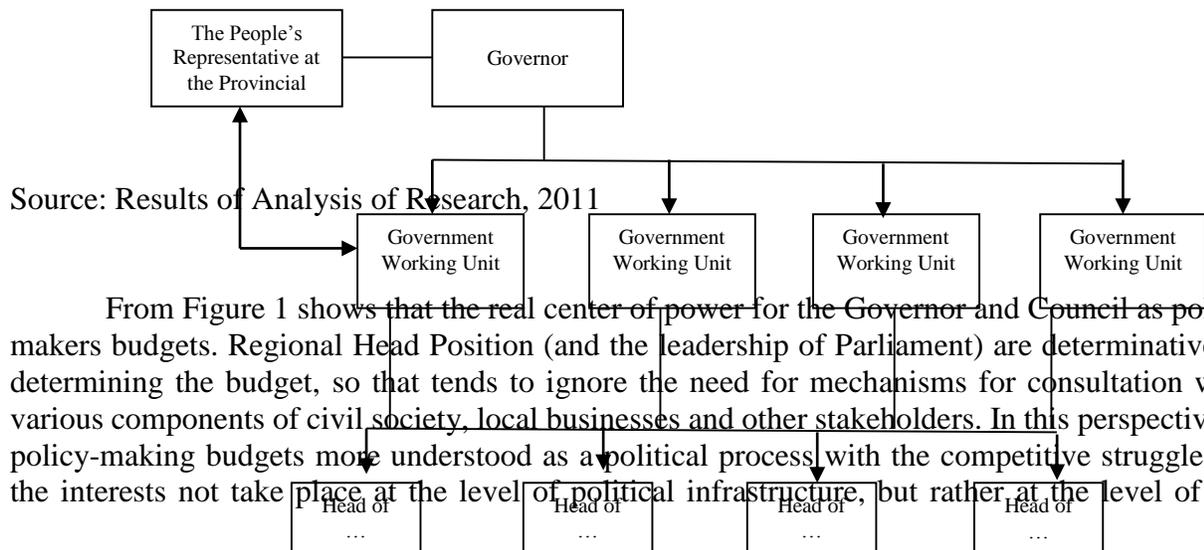
In addition, another reason one of the factors that drive the low requirement for participation is low public confidence that the information and proposals that they say will be used in decision making. In local development planning, for example, many people are apathetic to the process that occurs in the environment local deliberation because they were not sure what was decided in local deliberation be accommodated in decisions about budget allocations. The lack of association between local deliberation and the decision made by the budget committee make people reluctant to engage in the process local deliberation. Policy processes were not accommodating the aspirations of the public as this is one factor that drives why public participation in the policy process in the area relatively low.

The only civil society groups that are active in every budget process is the role of the mass media, such as Lampung Post, Radar Lampung, Lampung Express, The People's Lampung, and other print media. However, the influence of the mass media is not sufficiently effective in influencing budget policy substance.

The influence of civil society groups in the making Lampung provincial budget FY 2011 did not have a strong influence on the input or the substance of the proposed changes in society, and even the role of this force tends to marginalize for being so strong influencing actors in the formal budget process.

Therefore, the weak influence of civil society in the budget process, the Lampung budget-making context did not accommodate the need to build participatory budgeting and participatory governance. Consequently, the local budget preparation process is fully controlled by formal authority possessed Parliament through its budgeting functions and role of local government. Preview policymakers Lampung provincial budget FY 2011, is depicted in Figure 1.

Figure 1 Determinants of Lampung provincial budget policy



From Figure 1 shows that the real center of power for the Governor and Council as policy makers budgets. Regional Head Position (and the leadership of Parliament) are determinative in determining the budget, so that tends to ignore the need for mechanisms for consultation with various components of civil society, local businesses and other stakeholders. In this perspective, a policy-making budgets more understood as a political process with the competitive struggle for the interests not take place at the level of political infrastructure, but rather at the level of the

political

superstructure.

Consequently the Lampung Province budget process at the end there is absolutely no resistance or criticism, condemnation or demonstration of the power of civil society. With the exclusion of civil society groups Lampung provincial budget better reflect the interests of elites rather than accommodating the public interest.

Creation model of Lampung provincial budget FY 2011, can be categorized in limited pluralist model. However, this study did not fully confirm the pluralist model of Truman, Lindblom, Dahl (in Parsons, 2005:255) that "determination of policy or function is the result of a process of competition among various groups. The assumption of the pluralist model is the power of the group to influence policy not concentrated in one hand, but scattered " Limited pluralist model characterized by the competition among the three actors that strongly influences the budget planning, they are Governor, SKPD and Parliament. The three actors in influencing the Lampung budget policy-making process is not centralized in one hand but the spread between the interest of the Governor, and SKPD Lampung Provincial Parliament interests.

The model is limited plurality because there is no formal institutional actors beyond the power of civil society and other stakeholders who have access to and be able to influence policy-making budget. Therefore, although a normative policy making budgets using the absorption mechanism of the aspirations is done through the musrenbang local deliberation (musrembung) mechanism but it is more appropriately categorized as Local Budget Planning socialization for bureaucratic apparatus in the government and civil servants of Lampung regency / city in the province of Lampung.

The limited plurality model does not support the building participatory governance and participatory budgeting. In the process of making public policy based on participatory governance, the role of civil society forces must be capable of penetrating power access door with power and a considerable impact. Therefore, the limited pluralism model in policy does not encourage the polarization of political power, but just rolling in the elite circles of government. In the limited pluralist model is for three actors Governor and Council SKPD interact in two categories as listed in Table 1

Table 1 Categories Relationships Governor, SKPD and Parliament in the Making Budget 2011

No	The Interest of People in Budgeting	Categories
1	Governor and Local Representative's interest	Dominative
2	Representative and Government Bureaucracy	Dominative
3	Regional Government Working Unit and Local Representative	Comprimising

Source: Results of Analysis of Research, 2011

Dominative relationship continued when the interests of the Governor should be accommodated in the budget with no rejection or resistance from parliament. Interest is related to the governor's political program which is categorized as priority programs in the era of its leadership and the Governor of the political interests of Governors in mobilizing support for the sake of political competition in elections.

Parliament interest is also in the dominative relationship the aspirations of his electoral area and the determines the finance should be accommodated in the budget. Parliament can also change the program, change the locus of activity, allocate budgets and impose its interests. The process of inclusion of the interests of the Council was held smoothly without any resistance from the local government. While compromising relationship occurs it is discussion between SKPD programs discussed by parliament.

From the overall results of this dissertation research findings, this study concludes that the same result by Abadi (2009), Sukardi (2009), Setiadi (2011), Khairi (2009), Sopanah (2004) and Hidayat (2003) is that in public policy-making, role of the government is still apparently strong influence. However, this study explains that the concept of participatory governance and participatory budgeting already practiced, but the level of implementation was not successfully implemented.

Thus, the concept of participatory budgeting has not been able to be used as a concept to redistribution and re-allocation of public resources to the poor, including building new relationships in the socio-political (Sukardi 2009:32). Failure is more sourced less strong commitment of local government to provide greater access and open to the power of civil society in the process of budget-making. In this context, the political structure in Lampung Provincial Government determines and causes the low of condition of civil power society in the formulation process of the participatory budget policy. So, Lampung provincial budget policy FY is a product decisions are determined by the local government and parliament. How can a political system in Lampung make budget policy is not determined by competition between the formal actors and actors of formal public power, but just rolling in elite circles of power.

Conclusion

Policy Lampung provincial budget formulation for Fiscal Year 2011 is sensed as a political process so that the decision-making process of public budgets (budget) is a product of the interests of the actors involved.

In the process of budget policy formulation, there are three important actors are categorized as formal governmental actors, namely dominant Governor, Council and Regional Government Working Unit in determining policy issues, preparation of agenda setting, policy determination and the establishment of an alternative budget policies.

Dominant actors in the formal budget process has resulted in the neglect of Lampung Province aspirations, criticism and priority issues raised by the power of communities and marginalized people access to power in the policy-making process. Thus, the phenomenon of power in the context of the budget process is still centered on the formal authority of government and not spread on the strength of civil society.

As the consequence, Lampung provincial budget policy model described above, the concept of participatory governance and participatory budgeting which is seen as a reaction to an attempt to shift the dominance of the role of government in policy making and achieve public policy deliberation in the Region could not be implemented, because the public budget-making process is still in the realm of the State.

Based on the conclusions, a concept can be formulated as follows:

(A) "If during the process of policy formulation budgets ranging from the determination of issue identification, agenda setting, formulation of policy alternatives to the policy making process; appears an interaction between formal actors and civil society forces to discuss about public interest, it will affect the public policy generated "

(B) "the policy formulation process of the participatory budget is not only determined by the political will of its own policy-making authority, but also set by a accessible public space to strengthen civil society in the policy-making process of public budgets"

Suggestions

1. Budget policy model defined by formal actors should be left with the realization of participatory governance and participatory budgeting in the policymaking process. Given the findings of this research, the study of interaction with the government as an object of study of the science of government forms need to be further investigated to develop the governance process based on public participation.

2. This study can be used as an information to understand the political reality in the budget process is loaded with those policy makers who are not in favor of the wider community, so that it can be used as an evaluation to formulate a adhering budget to the principles of partisanship against the public interest, carried out in simple, fair and transparent and involves public participation.

To realize the budget-making process, it is necessary to: (a) the power of civil society organizations must be strengthened in the budget-making process. (B) Strengthening civil society should also be carried out not only at the level of the provision of access to development planning through musrenbang/ local policy deliberation mechanism, but also be given access to the program distribution process and budget allocation on the budget through the process of determining the level of policy alternatives. (C) There should be a strengthening of the supervision process by both formal oversight institutions such as Parliament and of the power of community. (D) It is necessary to evaluate the policies or programs budgets to determine the success or failure of the program in the budget so as feed back to the future policy-making process.

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**ROLE OF TAX OBJECT OF TAX SALES VALUE (NJOP)
TO INCREASE REVENUES OF LAND AND BUILDING TAX, TAX OWNERSHIP OF
PROPERTY RIGHT (BPHTB) AND INCOME TAX
AS A SOURCE OF REVENUE TAX IN PROVINCE DKI JAKARTA**

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ABSTRACT

Tax revenue, Regional Tax and Revenue Retribution have not been adequately reasonable and has a relatively small role of the Regional Budget. The condition of high land prices and growing as well as the construction of tall buildings (high rise building) in Jakarta that continues to grow every year push increased revenue of Land and Building tax, Tax ownership of property right, including Article 21 of the Income Tax Personal Home Affairs. Tax ownership of property right since January 1, 2011 has become a regional tax and Land and Building tax from January 1, 2013 should be a regional tax in Jakarta. In order to increase article 21 of the income Tax Personal home affair, the role of the Provincial Government of DKI Jakarta through the village, Neighborhood of association administrative unit district, even to the mayor and provincial levels contribute heavily in an attempt to catch tax payers. Tax Object Sales Value has strategic value because many of the relevant authorities need are: Land and Building Tax, Tax ownership of property right, final income tax on sale and purchase transactions, compensation, ruislag, the extension of rights to land and property and asset valuation government. Increasing acceptance of Land and Building Tax, Tax ownership of property right and the final income tax on sale and purchase transactions starting in 2003 to 2012 showed an increasing trend. One of the efforts made by the tax office pratama common with the city government (mayor district, village head) is to make adjustments Tax Object Sales Value selectively to the area or location of the selling price is still very low.

Keywords: Tax Revenue, Regional Tax and Revenue Retribution, Tax Object Sales Value, Land and Building Tax, Tax ownership of property right and Tax Income for Property transaction.

INTRODUCTION

Taxation can be seen as something that could reduce the ability of the economy and people's purchasing power, can not be done recklessly and carelessly. Philosophy taxes in Indonesia apply article 23, 2A of the 1945 Constitution amandemen states that: "Taxes and other fees that are forcing for the purposes of the State shall be regulated by law". Withholding taxes must be based on the law given that tax is a wealth transfer from the people to the government that there is no compensation that can be assigned directly. Based on the above philosophy of tax, the tax collection is based on the legal provisions established unilaterally by the government, such as government regulation, Decree of the President, the Minister of Finance, and so can not be justified unless it is stipulated in the existing law.

Results from regional tax and revenue distribution recognized not adequate and had a relatively small role of the Revenue and Expenditure (Budget) both provincial and district / city. General Allocation Fund (DAU) and Special Allocation Fund (DAK) from the central government is not expected to fully cover all the needs of regional spending.

Setting local taxation and revenue distribution authority currently, lacking to support the implementation of regional autonomy. Granting greater authority to local government administration and service to the public should be followed by the provision of greater authority over local tax field. City and district is tax base are very limited and the lack of authority of the province in the determination of tariff taxes resulting difficult to meet their expenditure.

To increase the accountability of local government autonomy should be given greater authority in the area of taxation and levies. Under Law No. 32 of 2004 on regional government and Law no. 33 of 2004 on fiscal balance between central and local

government, the expansion of the powers of taxation and levies is done by expanding the local tax base and give authority to the regions in the determination of tarif.

Land and Building Tax Object is comprised of sector Rural, Urban, Agriculture, Forestry and Mines. Land and Building Tax objects are land and / or buildings, including the waters spread across the Republic of Indonesia. Jakarta as the capital city of the Republic of Indonesia, is the central Office, Commerce, Shopping, Services, Entertainment became heavily loaded with construction of high-rise buildings (skyscrapers) such as office building, apartments, shopping malls, hotels Starred, Outdoor Recreation, and other Housing Elite. It is also due to the growth of the population of Jakarta is very fast, now reaches approximately 10 million by the breadth: 656 km².

The existence of high-rise buildings as well as land use and the need for a high enough land was limited (scarety), raises the price of land per m² in Jakarta from year to year continues to increase very spectacular. Hight price conditions. Of land and growing steadily increased every year and building a growing downtown area and circumference in the middle and outer ring Jakarta, bringing increased revenue land and building tax (PBB) and BPHTB from year to year increasing the number are fantastic.

Increased Revenue PBB and BPHTB can be seen the acceptance of development plans PBB and BPHTB in Jakarta since 2000 to 2011 within a period of 11 years increased by 525% from 421 billion in 2000 to Rp. 2,400 billion in 2011. BPHTB being increased by 900%, in the period of 13 years since the Act came into effect BPHTB No. 21 of 1997, which in 1998 amounted to Rp. 250 billion, and in 2011 was estimated at Rp. 2,250 billion (in 2010, the realization of above Rp. 2 Trillion).

When we saw year growth plan at PBB Acceptance of DKI since 2000 to 2011 are as follows:

1. Year 2000: Rp. 421 billion
2. Year 2001: Rp. 661 billion
3. Year 2002: Rp. 895 billion
4. Year 2003: Rp. 908 billion
5. Year 2004: Rp. 957 billion
6. Year 2005: Rp. 1025 billion
7. Year 2006: Rp. 1315 billion
8. Year 2007: Rp. 1700 billion
9. Year 2008: Rp. 1950 billion
10. Year 2009: Rp. 2100 billion
11. Year 2010: Rp. 2250 billion (Realization Rp. 2,464 Trillion)
12. Year 2011: Rp. 2400 billion (Realization. 2,704 Trillion)

Similarly BPHTB since 2011 has been a local government tax, which until 2010 to obtain the distribution of 80% of the budget outcome for the region, while 20% of the central government is distributed equally to all districts / cities in Indonesia. The realization BPHTB on the transfer of land and / or building part of Jakarta since 2000 to 2010 a very large and growing number of fantastic as follows: Year 2000 revenue of Rp. 348 billion, and in 2010 amounted to Rp. 2,1 trillion, which means that there is a growth of 600% for 2000. While regional budget outcome in 2010 approximately Rp. 2,4 Trillion.

Please note that this BPHTB, since January 1, 2011, has turned to regional taxes, so that the local government of DKI Jakarta become 100% of the realization BPHTB fiscal year, according to PERDA No. 18 of 2010. In addition PBB and that is for the yield BPHTB Tax,

Jakarta DKI Provincial Government also receives tax sharing revenue from Income Tax (Article 21 of the income tax the Personal Home Affairs (OPDN), which has been mandated by the Act. Section 23C of Income Tax and Fiscal Balance Center and the Regions Law.

The realization of Tax sharing derived from PPh Psl 21 OPDN in DKI Jakarta, since the year 2002 to in 2009, were: in 2002 amounted to Rp. 750 billion, and in 2009 of approximately Rp. 5,000 Milliar (Rp 5 trillion). In 2010, estimated at Rp. 5,4 Trillion.

That the increase PPh Psl 21 OPDN in DKI Jakarta, Jakarta Regional Government's role, through out the Village, District and RT / RW, even to the Mayor and Provincial level (ex. Dipenda), contributed heavily in an attempt to capture Compulsory Income taxes and tax returns to the public dissemination tax payer.

TAX SHARING FOR LOCAL GOVERNMENT

1. PBB touches all levels of society

When we look at the amount subject to the tax as well as a PBB taxpayers are in Jakarta with a population of approximately 10 million, there are number of taxpayers as much as 1,7 million taxpayers, which means the ratio of the number of taxpayers to population is 1:6 , meaning every 6 people carrying one taxpayer. (In 2005, with a registered population; 7,375,572 inhabitants), (the Jakarta Government website 2010).

Jakarta population growth, rising each year, whether because of new job / assignment, or other business, the board needs a place to stay, so the need for land to be indispensable. Utilization of land on the outskirts of the city to be developed and relatively expensive. And these conditions have an impact on the price of land close to the city be higher This is why land prices are increasing every month, quarter, semester and year.

Relative to the large number of taxpayers who are scattered throughout the city / county, requiring monitoring and supervision in the field, due to the rapid growth of new buildings, remodeling and turnover tax payers due to transactions, etc. For the purposes of PBB so that it is stable and accurate, it would require monitoring task, which in this case enabled the RT / RW, Staff Village are scattered throughout the region. The accuracy of taxpayer data, land area, the condition of the building will determine the amount of tax that would be paid by the tax payer that have, enjoy or utilize the PBB objects.

2. Taxation Conditions

(1). Central Tax

As we know that the Tax Sharing consisting of the PBB, BPHTB, and PPh OPDN / Article 21 is a central tax each tax type is: The PBB at 81% of actual revenues plus the cost of collecting 7,2% and 2,7% of urban oil plus the average of the 10 parts of the Central Government, BPHTB 80% of actual revenues plus the average of 20% of the central government for a fiscal year running.

Special revenue is sourced from the PBB, the regency / municipality / city to achieve the target given the incentive of 35% and 20% of the central government. This is done

to create a central government financial balance between central government and local government.

(2). The Central Government Funding

That from the above explanation even though the PBB and BPHTB proceeds almost entirely been left to the local government in order to create financial sustainability between the Central and Local Government in the implementation of decentralization, but the technical and operational activities ranging tax collection, billing, valuation, establishment and administration, staffing to the Law Enforcement everything is still handled by the Directorate General of Taxation Ministry of Finance, including the Income Tax OPDN and Article 21. Similarly, operational costs related to all the activities, funding / budget still provided the Central Government Ministry of Finance.

(3). The Role of Local Government

DKI Jakarta Provincial Government received tax sharing spectacular total tax revenue as Regional Revenue, has expectasi tremendous growth in tax revenue annually as a source of development funding which will be enjoyed by the public, as well as to stimulate regional economic growth will make people more aware of their tax obligations.

To stimulate growth and increase tax revenue to the Centre. DKI Jakarta Provincial Government has embarked on many activities together or separately in a variety of activities, namely:

- a. Provide funding source activity funds are not available or are insufficient by the Central Government
- b. Conduct coordination meetings with the Directorate General of Taxation in activities, extension taxpayers, etc.
- c. Socializing taxation to the head of village, district, RW, RT as an extension of tax information to the public.
- d. Request head of village, district, RW, RT and other local government officials to help maximize revenue of PBB and BPHTB authority and duties in accordance with the principal.
- e. Maintaining close relationships with public officials such as PPAT, Notary, Office of Class II Auction, private institutions, REI, Developer, etc..
- f. Printing brochures, liflet, and installation of banners and extension through the mass print media (newspapers), electronic (television) and radio in the form of interviews and dialogue.
- g. Build Online Payment System (POS) PBB and BHTB PBB in order to improve the service and ease of paying taxes by the public.
- h. Doing last model tax payment by the taxpayer. Starting rate tax district, municipality, province annually.
- i. Provide funding through certification over project land adjudication, while enhancing the PBB and BPHTB datas and revenue.

3. PBB in Jakarta could be enhanced further more

Seeing an increase in land prices in Jakarta growing high enough, while on the other hand the application of PBB imposition NJOP as tax base is not fully in accordance

with the tax object sale value of land to the value of the transaction is still around 60-80%. When the value of NJOP as bases equated with purchase transaction prices (market prices), the PBB tax increases will be very high and continues to grow. Similarly, the determination of the value of the building is based on the sale price of the building components used for the construction, it is still using the old standard price, about 50-60% of the current market price. If both objects are applied value of land and buildings according to current market price is "you will get a fairly significant provisions of the PBB number". On the other hand the data still needs to reform land and buildings through individual assessment, where one by one, building high value, high rise building, a special object data is reorganized according to the condition and whereabouts of the building. Further objects collection of land and buildings that are still not enrolled in a master file tax office. All of the PBB will be able to increase revenue, therefore the role of the Village, RW, RT is expected to assist the extensification and intensification within the limits of authority that allowed laws and regulations.

4. Upcoming PBB to be Mainstay

Based on observations and data historical in developed countries in Asia such as Singapore, Malaysia, Taiwan, Korea, Japan, was revenue derived from the Property Tax (PBB identical), very large amount. Let's say at the Seoul-South Korea, in 2005 Property Tax revenue amount of approximately Rp. 12 trillion (approximately 12 times greater than Indonesia), which is identical to the population of Jakarta, Kuala Lumpur was around Rp. 4 trillion. Land and Building Tax will continue to increase in step with the growth in property development in urban areas, and will not stop all the time. Others with a motor vehicle, which at any given time will be saturated because of the traffic and the pollution generated, so the revenue type PKB Tax and BBN-KB would hardly be expected to increase due to flat growth trend.

A. TAX OBJECT SALES VALUE PROSPECT

1. Tax Object Sales Value Increase Tax Revenue Sharing (Tax Sharing)

Tax Object Sales Value (NJOP) is the average price obtained from the sale and purchase transactions that occur naturally and where there is no buying or selling price NJOP determined through comparison with similar objects or tax acquisition value of new or replacement NJOP.

Speaking of the Tax Object Sales Value (NJOP) on Land and Building can not be separated from the building sale and purchase price of the land / land and construction cost of making new building that becomes the price of a property (land and buildings). Price on earth / land development observed every month, quarter, semester and year the value of the land at the end of the year when analyzed, are priced on a building is obtained by summing the building components used prices coupled with wage another support to make the building until it is declared ready to be used.

Assessing the Land is a little bit more difficult than determining the value of a building. Sometimes we think that assessing the land easier than assessing buildings that have a building that in fact the components are diverse, there are key components such as cement, iron, sand etc. and supporting components such as elevators, escalators, eksaus fan, electricity, telephone, air-condition and so on.

In assessing the land reality is more difficult than assessing the building, because it only complains factors that affect the value of the land such as: the distance to the city, road facilities, land forms (shave), konstur ground, close to amenities and educational facilities or market trading as well as other means , and still many factors into consideration for determining the land. To determine the value of the building is relatively easy because just by entering the price of building components to the computer and processed by a computer system (Computer Assited Valuation) = CAV), then the value of the building immediately known.

During these to assessing land in DKI Jakarta, we are done with collecting sales price near the end of the month JULY in stages starting from the village (RT / RW), and then discussed at the district level, so at the level of municipalities and last together agencies / Department level municipality. After each area of the city / county is complete, together with other agencies / provinces covered in the provincial office which is a combination of large Tax Regional Office of the Directorate General of Taxation, Pratama Tax Office, BPN, City Planning, Tata Praja Urban Area. NJOP (for land) obtained an agreement by the governor to give consideration to the Minister of Finance before it is set to be a decision letter "Tax Object Sales Value" is used as the basis for the imposition of tax on land and building by the Pratama Tax Office.

2. USE NJOP

At first it was just a particularly NJOP consumption bases "Land and Building Tax (PBB) in accordance with Law 12 of 1985 (chapter 6), but with reform of Tax System in Indonesia, where in 1997 with the enactment of Act 21 Years 1997 on "Tax ownership of proverty rights" (BPHTB) effective from July 1, 1998, NJOP becomes increasingly important role, because the Selling Price / Value Tax Object Acquisition to determine the basis of calculating BPHTB NJOP taken as lowest, if the transaction price Sale Buy lower than NJOP, being the rate of 5%. PBB and BPHTB are Tax Sharing taxes between central and regional government, which according to Act 28 of 2009, on Regional Tax and Revenue retribution will be handed over to regional government as Local Tax.

Then "Tax Object Sales Value" which is the result of analysis of land prices set by Pratama Tax Office along with local governments, it becomes very important in terms of land acquisition for the implementation of development for public interest as determined by Presidential Decree No. 55 year 1993, which, in order to carry out development in the public interest, it has issued a Presidential Regulation 36 of 2005 dated May 3, 2005 on Land Procurement for Development Implementation public interest. In chapter 15 Presidential Decree, in paragraph 1 stated that the basis for calculating the amount of compensation is based on:

- a. Tax Object Sales Value or Real Value / Sales Value by taking into account the actual taxable income of the current year based on the determination of the Institution / value team of Land Price Appraisal appointed by the committee.
- b. Building Sales Value estimated by the regional responsibility in the housing sector.
- c. Plant Sale Value estimated by the regional official responsible for agriculture.
- d. Article 2 calls "the framework sets the basis for calculating compensation, agency / Land Price Assessment Team established by the Regent / Mayor or Governor of the Province of DKI Jakarta.

3. NJOP ARE STILL BELOW MARKET PRICE

Speaking of the Tax Object Sale Value (NJOP) is used as the basis for the imposition of PBB in accordance with Article 6 of Law No. 12 of 1985, then we will ask whether the tax object sale value is appropriate or close to the market price in the community that can be monitored over purchase or rental value.

Determination NJOP in DKI Jakarta which we do is by consensus every year after the collection of the sale price of each region in every way, the complex, although in Article 6 paragraph (2) is called the magnitude NJOP determined every three years by the Minister of finance except for certain financial district is determined annually with the development of the region. In general, the adjustment NJOP done 3 years in rural / agricultural, urban areas whose development was very rapid. such as Jakarta, Surabaya, Medan, Makassar, Bandung and other large cities are generally conducted every year.

DKI Jakarta which is the center of government, economy, trade, office and service has developed very rapidly due to the need for land and shelter / housing increased sharply and spectacular, while the other side is the limited availability of land would make it searchable and necessary, so demand for land has increased sharply finally land prices increased dramatically exceeds the interest rate and the deposit or deposits money in the bank.

Based on observations in several areas of the city that NJOP values used as a basis for the imposition of the PBB is still relatively below the average market price. The lower-level government officials to write or report the sale price or the buying or selling property correctly for fear of increasing the PBB setting territory as selling points higher than NJOP another case with a specific location to be released / compensation by the government, are likely to be land prices are high enough, the dilemma is what makes the inconsistencies we provide true value to an object location land that could harm state revenues from tax resources, namely the PBB, BPHTB and the Final Income for transactions and purchase of property.

Directorate General of Taxation since 2003 and has launched a program of strategic actions increase tax revenues through NJOP inclusion of at least 80% of the market price. The policy has been six years and the results are quite satisfactory where the principal provisions of the PBB in 2009 reached Rp2, 5 trillion and BPHTB of Rp1, 9 trillion (budget) that the average annual increase of 15%.

4. NJOP HAVE STRATEGIC VALUE (MULTI PURPOSES)

Tax Object Sales Value in terms of a single value that can be used for various purposes in this context is that the property tax object sale value is expected

to be used to facilitate the interests of object property valuation. In its prospect a lot of government's institutions and private agencies that perform activities of land and building valuation (property) but is still a sectoral because it is done with a purpose and a different result vary according to his interests.

Tax Object Sales Value (NJOP) in the future would be to have strategic value, as a lot of agencies who would use it for the following activities:

1. Land and Building Tax (PBB)
2. Tax ownership of proverty right (BPHTB)
3. Final Income Tax on the sale and purchase of land (PPh final atas transaksi)
4. Compensation
5. Ruislag
6. The extension of rights to land and buildings
7. Government asset valuation

It is desirable that NJOP will have strategic value may be equal or equivalent to the price / value of the prevailing market / happening in the market, as important means for the development of the operational activities of the institution.

1. Seller : need a price estimate
2. Broker : estimation requires the commission
3. Buyer : need estimate price reasonableness
4. Bank : require estimates of the value of collateral
5. Government : require values to determine the amount of tax
6. Investors : need for adequate investment
7. Auction : an auction to set prices accordingly.

5. QUALITY IMPROVEMENT THROUGH PARTICIPATORY NJOP VALUATION

For improving the quality of the implementation of the value NJOP suitable location and condition of the object as well as the determination of the value based on the suitability of the sale and purchase price actually happened in the field will help the realization of quality NJOP.

The source of information is the value of the participation of the private sector as well as government agencies and the public (participatory valuation) is sourced from:

1. people (sellers, buyers, and community leaders)
2. Head of District
3. Head of Village
4. Pratama Tax Office (Information of NJOP)
5. National Land Agency
6. PPAT
7. Corporate business asset (BPPN)
8. Property Agent / Broker
9. Appraisal Company

It is desirable to produce a higher quality NJOP of it. From the results of this experience so that the value of the relevant sources of information are always different though for an interest in the same property valuation. In the future, it is expected to become more participatory valuation crystallized so hope the PBB and BPHTB improvement through data NJOP the market price can become a reality

because it is in line with the development in the field of activity *segaia* require increased funds from the PBB and BPHTB revenue.

B. TAX REVENUE

For increasing acceptance of the PBB and BPHTB since last six years starting in 2003 until now show a growing trend, one of the efforts made by Pratama Tax Office common with the local government (Mayor, Head of District, Head of Village) is to make the adjustments NJOP selectively to areas or locations selling price that higher than NJOP applied to taxation. Location of the object which has been a priority adjustment is in the area of trade, shops, offices, market and housing elite.

From the results of the development assesment of the PBB obtained after adjustment NJOP then in 2008 obtained the principal provisions Rp.2, 1 trillion and in 2009 it amounted to Rp2, 5 trillion, an increase of approximately 15%. Meanwhile BPHTB 2007 realization by Rp.1,350 billion and in 2008 it increased to Rp.1,564 billion or about 14%, and in 2009 of Rp. 1,504 billion, slightly decreased.

Please note that by Act 28 of 2009, on Regional Taxes and Distribution Revenue (PDRD), that BPHTB and Rural and Urban sectors PBB (PBB P2) will be a regional tax. Thus all the tax revenues (100%) will be part of the regional revenue.

At this first stage, since January 1, 2011, would have been transferred to BPHTB become local taxes, while the PBBs is expected to be transferred to the new January 1, 2013, or no later than January 1, 2014 become local taxes.

With become PBB. and BPHTB as a local taxes, then BPHTB by 20% which has been part of the central government before, it automatically becomes part of the local government revenue, an estimated Rp 350 billion each year, is being sourced from the PBB estimated the amount of Rp. 250 - billion (10% part of the central government).

C. CLOSING

Thus our description of the prospect of tax increase (PBB, BPHTB, PPh final) as a source of local government revenue DKI Jakarta in the future is very important to be known by the stake holders of taxation including the Head of District and the Head of village assigned to the collection of the PBB Tax Object Sale Price Province DKI Jakarta. Hopefully NJOP understanding could be developed by the district, village and other stake holders so as to realize NJOP quality in the future that will ultimately increase tax revenues and the PBB and BPHTB, PPh OPDN as one the largest source of local government revenue in province DKI Jakarta.

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