

# The Development of Decentralization in Indonesia after Political Reform

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## Abstract

Political reform in 1998 has changed the relation between central and local government that considered as the beginning of the change of centralized government system to decentralized government system. This research aims to evaluate the development of decentralization after the political reform. The type of this research is normative legal research with statute approach. In addition, by using a juridical qualitative and descriptive method the research result show some effects of political reform towards the decentralization, the design of decentralization, and efforts to strengthen decentralization. The result of research shows that the development of decentralization in Indonesia after political reform seems to be fluctuate and ended to become more centralized. Local Government Act of 1999 which gives more decentralized model and has reinforced the bargaining position of the region against the central government by having a wide decentralization. However, the Local Government Act of 2004 and 2014 has returned the decentralization system back to amore centralized system. It formulated the suggestion for the President Republic of Indonesia and the DPR to bring back the state closer to the poeple and maintain well the decentralized government system by having a great commitment to strengthen the region by providing the consistent regulatory framework to foster the spirit of decentralization and create the most proper supervision system for the central government distribute the autonomy.

**Keywords:** Decentralization, Development, Reform Era, Regional Autonomy

## 1 Introduction

One of the issue that gained serious attention after the political reform in Indonesia as the effort on improving the laws and constitutions in accordance with expectations of the public which occur in 1998 was the issue of Local Government that has been enacted after several amendments since 1998. The first Local Government Act was enacted in Law No. 22 of 1999 (hereafter Local Government Act of 1999)<sup>1</sup> as a substitute for Law No. 5 of 1974 (hereafter Local Government Act of 1974),<sup>2</sup> which then amended by Law No. 32 of 2004 (hereafter Local Government Act of 2004).<sup>3</sup> In the implementation of those Local Government Act, come into force the Law No. 23 of 2014 (hereafter Local Government Act of 2014)<sup>4</sup> which is has made changes on Local Government Act beacuse of the issuance of Government Regulation in Lieu of Law No. 2 of 2014 (*PERPPU No. 2 Tahun 2014*), which then in 2015 there was the enactment of Law No. 9 of 2015 on Local Government (hereafter Local Government Act of 2015) as the second amendment of Local Government Act of 2014.

The most crucial issues and always be debated in the developing world is about the degree of control that central governments can and should have over development planning and administration. Thus, new questions about the most appropriate forms of planning and administering development

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<sup>1</sup> Law No. 22 of 1999 on Local Government (Local Government Act of 1999) was the substitute of Law No. 5 of 1974 on Local Government, as the product of political reform and come into force on May 7<sup>th</sup>, 1999 and implemented effectively since 2001.

<sup>2</sup> Law No. 5 of 1974 on Local Government (*Pokok Pokok Pemerintahan Daerah*) was the first law which enacted to regulate about the Local Government.

<sup>3</sup> Law No. 32 of 2004 on Local Government (Local Government Act of 2004) enacted on October 15<sup>th</sup>, 2004 in which cause the abolishment of Law No. 22 of 1999.

<sup>4</sup> Law No. 23 of 2014 on Local Government (Local Government Act of 2014) as the first amendment of Local Government Act of 2004, which is enacted because of the issuance of Government Regulation in Lieu of Law No. 2 of 2014.

policies have arisen in so many developing countries.<sup>5</sup> During 1970's many governments in Asia, Latin America, and Africa began experimenting not only with new approaches to economic and social development, but also with new political and administrative arrangements for implementing development programs and projects.

A decentralized governance as a replacement to centralized government style has been widespread all over the world to be one of the main features of governance reform.<sup>6</sup> Not only in advance democracies such as US and the EU, decentralization in its various forms also has been the central focus of government reform in developing countries in Latin America, Africa, and Asia as well.

Decentralization is essentially defined as the delegation or surrender of power or authority in a particular field vertically from higher officials or institutions to the functionaries subordinates officials or institutions so that they are enforced with power and that particular authority is entitled to act on its own behalf in certain affairs.

Decentralization practice in Indonesia can be traced back before its independence day in 1945<sup>7</sup>. During the course of the time, it took various forms and motives behind it. Since the 1950's, Indonesia has been a highly centralized but multi-tier unitary state, with provinces and then local government as the tiers under the central government.<sup>8</sup> After the fall of Soeharto in May 1998,<sup>9</sup> some significant changes in the

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<sup>5</sup> G Shabbir Cheema, Dennis A. Rondinelli, 1983, *Decentralization and Development*, California, SAGE Publications Inc, p. 5.

<sup>6</sup> *Ibid.*, p. 7.

<sup>7</sup> The Proclamation of Indonesian Independence (Indonesian: Proklamasi Kemerdekaan Indonesia, or simply Proklamasi) was read at 10.00 a.m. on Friday, 17 August 1945.

<sup>8</sup> Anwar Shah and Zia Qureshi, 1994, "Intergovernmental Fiscal Relations in Indonesia, *World Bank Discussion Paper* and Rober H. Aten, 1997, "Why Increased Local Democratic Decision making Would Aid Indonesia Economic Development" *U.S.A.I.D. Working Paper*.

<sup>9</sup> Suharto General of the Army Hajji Suharto (also spelled Soeharto or Muhammad Soeharto; Javanese; 8 June 1921 – 27 January 2008) was the second

Indonesian political and administrative system have taken places. The reform that happen in 1998 has big impact towards the government structure by applying the decentralization policy which has symbolized by the enforcement of Local Government Act of 1999. The Government of Indonesia seems committed to a major program of governmental decentralization by passed these two Laws and if fully implemented, these laws promise to transform intergovernmental fiscal relation in Indonesia, and many would also see decentralization as a necessary response to the political situation.<sup>10</sup>

Decentralization policy which embodied in Local Government Act of 1999 has been implemented in the public administration system at both the Central, Provincial and Regional levels. The implementation of public policy during 2001 - 2004 has been re-evaluated and the laws was revised with the new law on regional autonomy the Local Government Act of 2004 and a decades after there the enactment of Local Governemnt act of 2014.<sup>11</sup>

By reviewing the substance of those new laws, it shows that the changes and improvisations will automatically influence the stages of implementation of public policy in the implementation of regional autonomy.<sup>12</sup> Accordingly, this research will be focused on what are the obstacle faced by the Indonesian government in implementing decentralization as implied on the Local Government Act specifically on the political responsibilities for each level of government under a

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President of Indonesia, holding the office for 31 years from the ousting of Sukarno in 1967 until his resignation in 1998. resigned as president of Indonesia in May 1998 following the collapse of support for his three-decade long presidency. The resignation followed severe economic and political crises in the previous 6 to 12 months. B.J. Habibie continued at least a year of his remaining presidential years, followed by Abdurrahman Wahid in 1999.

<sup>10</sup> James Alm and Roy Bahl, 1999, *Decentralization in Indonesia: Prospects and Problems*, US: United State Agency for International Development, p. 1.

<sup>11</sup> Ni'matul Huda, 2005, *Hukum Tata Negara Indonesia*, Jakarta, Raja Grafindo Persada, p. 23.

<sup>12</sup> Coen J.G. Holtzappel and Martin Ramstedt, 2009, *Decentralization and Regional Autonomy in Indonesia: Implementation and Challenges*, The Netherlands: Institute of Southeast Asian Studies, p. 1.

decentralized structure by reviewing the related laws and to find out how does the development of decentralization in Indonesia after political reform. Based on the background of research above, the researcher would like to discuss about how is the development of decentralization in Indonesia after political reform?

## 2 Research Method

The type of this research is normative legal research. Normative legal research is a research based on the library research, focusing on reading and analysis of the primary and secondary sources.<sup>13</sup> The researcher collect the data from library in order to find the related regulation and theory and also focus on the opinion of legal expert, through those objects the resercher can analyze the development of decentralization in Indonesia after political reform.

The methods of collecting data in this research will be done through the library research with the literature study. This method will collect the data by categorizing the data into some document such as the constitution/acts, regulations, law books, law journals and other reading materials related to the main problem as an object from this research.<sup>14</sup>

The method of data analysis is done through qualitative approach. It means, the research analyzed based on the constitution, legislations, and any other theory which is related with the issue of the development of decentralization in Indonesia after political reform.<sup>15</sup>

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<sup>13</sup> Jhonny Ibrahim, 2006, *Teori dan Metodologi Penelitian Hukum Normatif*, Second edition, Malang, Bayu Media, p. 46

<sup>14</sup> Jhonny Ibrahim, *Ibid.*, p. 71

<sup>15</sup> Mukti Fajar ND and Yulianto Achmad, 2009, *Dualisme Penelitian Hukum*, Yogyakarta: Pensil Komunikasi, p. 123

### 3 Result and Discussion

#### A. The Political Reform Effect towards the Decentralization

The reform movement in Indonesia that occurred in 1998 has brought many impacts towards the Indonesian government. Although it has happened twenty years ago, the impact still exists, both positive and negative impacts. There are various negative impacts of the 1998 reform. First, the political climate is chaotic because many misunderstand the meaning of democracy. Second, misuse of the freedom of expression in which increasingly become unethical. Third, many demonstrations that should be as a means to convey aspirations that cause so many demonstrations which disturb public security. Last, the increasing of chaos in society. That's because the post-reform government still has not been able to implement the law properly so it cannot develop the nation's life in various aspects.<sup>16</sup>

However, the reform also has a positive impact on society. First, the people who were restrained to express their aspirations, to criticize the government, after the political reform people are free to express their aspirations and criticism. Second, the degree of the Indonesian nation in the eyes of the world is increasingly elevated, as the result of the effort to escape from a less democratic government become a more democratic government. Last, Indonesia becomes more open to the international world, so that mobility towards various fields grows.<sup>17</sup>

More than three decades under the leadership of the centralized Soeharto regime, Indonesia entered into new era where central and local government were regulated by the enactment of the Local Government Act of 1999. The change in central and local government relations is radical and revolutionary because its fundamental alterations and implications for executing the central

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<sup>16</sup> Himawan Indrajat, 2015, "Dinamika Hubungan Pusat dan Daerah di Indonesia", Bandar Lampung, *Jurnal Ilmu Pemerintahan* Pascasarjana Universitas Lampung, p. 85-86.

<sup>17</sup> "Dampak Reformasi", <https://mohammadgie.wordpress.com/2011/12/30/dampak-reformasi-di-indonesia/> accessed on February ,24, 2018.

government relations which is very centralistic, heading to the extreme point at the opposite which is very decentralized.<sup>18</sup>

This is caused based on the Local Government Act of 1999 has significantly reduced central and provincial government powers. In contrast, the power of the district/local government increases significantly as almost all authorities are submitted to this level. In other words, the Local Government Act of 1999 strengthens the autonomy of district/municipality governments and eliminates the hierarchical relationship between provincial and district/local governments. The mandate of the Local Government Act of 1999 and Financial Balance Act of 1999 has strengthened the bargaining power of the districts/municipalities against the central government.

In turn, this arrangement has changed the centralistic system to be decentralized because the regions, especially districts, get broader authority and relatively becomes more autonomous to deal with the central government in managing its affairs in the region. So by strengthening the sovereignty of the people in the region along with the strengthening of the position of the regional parliament faced with the head of the region. Thus, it can be stated that the Local Government Act of 1999 is the antithesis of similar laws prevailing during the New Order regime.<sup>19</sup>

At the end of the day, the various problems related to the implementation of the Local Government Act of 1999 became an ammunition for the parties who did not like the presence of the related Act from the beginning and to urge for immediate revision. Exactly one year after the enactment of the Local Government Act of 1999, the proposal of the revisions was submitted. The proponents of the revision of this Act believed that the problems which occurred in the implementation of the Local Government Act of 1999 stem from the construction of a problematic law from the beginning.

On several occasions, President Megawati<sup>20</sup> said that the Local Government Act of 1999 has posed a threat to the national unity,

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<sup>18</sup> *Ibid*

<sup>19</sup> *Ibid*

<sup>20</sup> Megawati Soekarno putri or commonly called by "Mbak Mega" (born in Yogyakarta , January 23, 1947 , age 71) is the fifth Indonesian President who served from 23 July 2001 to 20 October 2004 . He was the first Indonesian woman president and daughter of the first Indonesian president, Soekarno , who later followed in the footsteps of his father becoming President of Indonesia . On

therefore the government at that time had a plan to immediately revise it. Although opposed by many parties, especially the district/city government, but Ministry of Internal Affairs at that time insisted to make revisions. Finally, on October 15, 2004, The DPR and President agreed to amend the law by enacting Local Government Act of 2004 and Financial Balance Act 2004.<sup>21</sup>

The spirit of the re-centralization of the enactment of the Local Government Act of 2004 is particularly concerned with the strengthening of the influence of the province as the central representative and Ministry of Internal Affairs in the implementation of various affairs in the regions. The various arrangements in the Local Government Act of 2004 have essentially weakened the bargaining power of the district government against the central and provincial governments<sup>22</sup>

The regulation of central-regional relations re-entered a new era after a decade of implementation of the Local Government Act of 2004. In 2014 a new law was adopted, Local Government Act of 2014. If its compared with the previous two laws (Local Government Act of 1999 and Local Government Act of 2004), the Local Government Act of 2014 is much more comprehensive, detailed and there is a new breakthrough in the implementation of local government.<sup>23</sup>

The development of decentralization in Indonesia after political reform continued to experience the phenomenon of recentralization, a strong regional autonomy effort with the enactment of Local Government Act of 1999 which become more decentralized and at the minimal level has tried to shift the core of centralized to the decentralized one. But with the enactment of Local Government Act

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September 20, 2004 , he lost a voice from Susilo Bambang Yudhoyono in the second presidential election in 2004 .

<sup>21</sup> Ahmad Faizin Karimi, 2010, “Desentralisasi Pasca Reformasi” <https://ahmadfk.wordpress.com/2010/12/01/desentralisasi-pasca-reformasi/> accessed on March, 02, 2018, 6.17 pm

<sup>22</sup> Mudiya Rahmatunnisa, “Jalan Terjal Kebijakan Desentralisasi di Indonesia Pada Era Reformasi”, *Padjajaran Jurnal Ilmu Hukum* Volume 2 Nomor 3 Tahun 2015 [ISSN 2460-1543] [e-ISSN 2442-9325]. pp. 37-40

<sup>23</sup> Makhya Syarif, 2015, “Penyelenggaraan Pemerintahan Daerah dalam Perspektif UU No. 23 Tahun 2014”, Lampung: *Jurnal ilmu Pemerintahan Pascasarjana Universitas Lampung*, p. 13



of 2004 actually tend to return it to its original position (centralized) and has result a weakening spirit of regional autonomy which then revised by the Local Government Act of 2014 which in its implementation create the loss of spirit of regional autonomy.

## **B. The Design of Decentralization**

Since the state of Indonesia is a unitary state, since the country was born, the sovereign and power holder is the central government. Basically, it is the central government that has the control of power. But the founders of this country have been looking forward to the country as wide, and as diverse as Indonesia cannot be controlled only from the center.<sup>24</sup> That is why in the Constitution has been mandated the existence of decentralization which run with the principle of autonomy and assistance. This concept is a manifestation of an attempt to shorten the span of central government control. In practice, decentralization and centralization are not dichotomous<sup>25</sup> but "continuum"<sup>26</sup>. This means there can be no decentralization without any centralization.

Decentralization without coupled with centralization will occur disintegration. But on the contrary, centralization also results in the length of the span of control. Thus there is no absolute matter or authority to be regional affairs, but rather "concurrent" or done jointly by the center or by the regions.<sup>27</sup> The center should continue to foster and supervise the implementation of regional autonomy and decentralization.

Centralization is the regulation of authority from the local government to the central government to take care of its own household affairs based on the initiative and aspirations of its people within the framework of the unitary state of the Republic of Indonesia. While decentralization is the delivery of government

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<sup>24</sup> R.Widodo Triputro and Supardal, 2005, *Pembaharuan Otonomi Daerah*, Yogyakarta, APMD Press, p. 26.

<sup>25</sup> Dikotomis is are two contradictory things <https://kbbi.web.id/dikotomi>

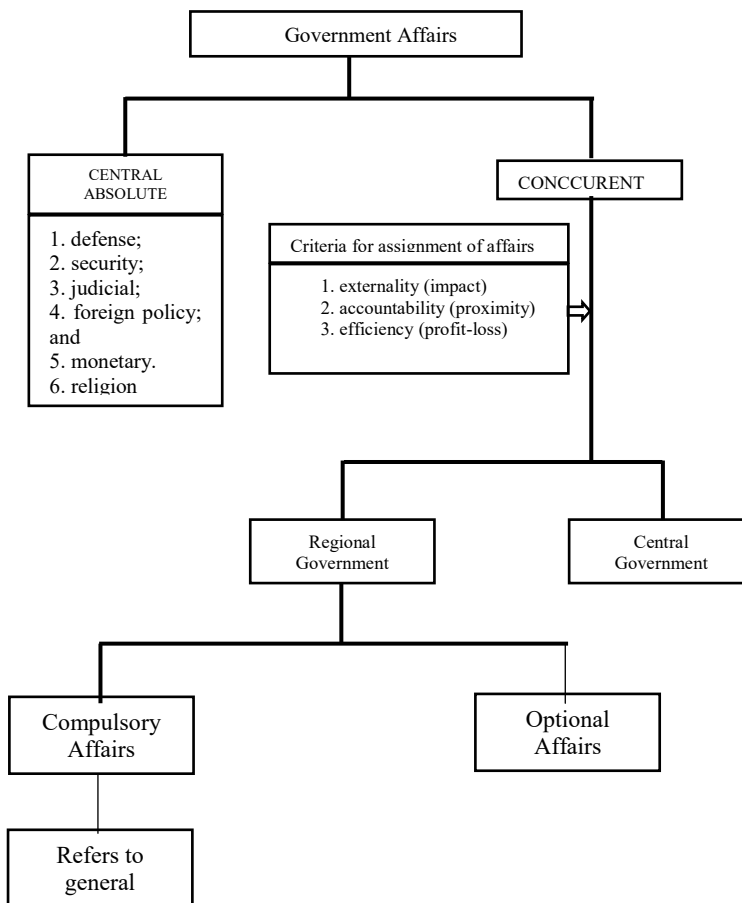
<sup>26</sup> Continuum is a continuous sequence in which adjacent elements are not perceptibly different from each other, although the extremes are quite distinct. <https://www.merriam-webster.com/dictionary/continuum>

<sup>27</sup> R.W. Triputro and Supardal, *Op. Cit*, p. 46.

affairs by the central government to an autonomous region based on the autonomy principle.<sup>28</sup>

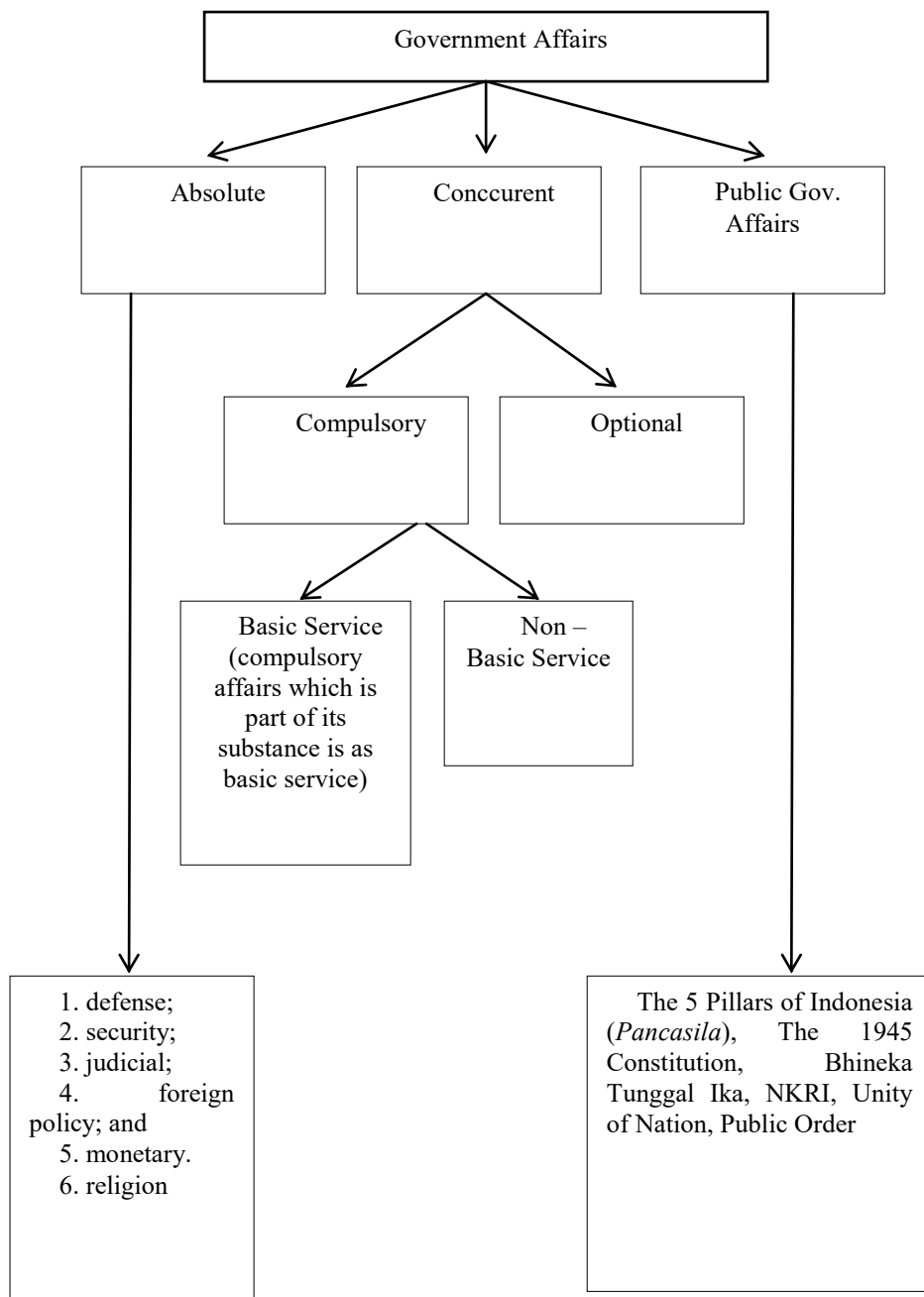
The main principle of decentralization and regional autonomy is “Bringing the State Closer to the People”, meaning that with decentralization and regional autonomy the government will be closer to the people. The essence of this principle is the improvement of service and accountability, not power. Diagrammatically this provision of the development of the set on Local Government Act of 2004 goes to Local Government Act of 2014 is shown in figure below

The Organization of Authority  
(Based on Local Government Act 2004)



<sup>28</sup> Local Government Act of 2014

The Organization of Authority  
(Based on Local Government Act of 2014)



There are no significant changes are made, as they are in accordance with the provisions set forth in Local Government Act of 2004. In more detail, the 1945 Constitution states that the unitary state of the Republic of Indonesia consists of provincial areas, and provinces consist of District and City areas. From this provision, it is clear that in Indonesia constitutionally there is a hierarchical relationship between the Regency and the City with the Province. This provision implies that the province shall be the superior of the Regency and City in the province.

What the founders of our country want to do with the regulation of the division of authority and affairs between the central and regional levels is that people's welfare, people's empowerment, and democratization can be realized quickly. This means that the will of the nation will quickly be realized with decentralization and regional autonomy, as the government becomes closer and accountability becomes more real. The people can easily convey the wishes and complaints concerning the duties and accountability of the government in serving the community.<sup>29</sup>

Through decentralization, people's welfare in the regions will be more quickly realized as local governments will be more flexible in acting in response to environmental changes and the needs of local communities. Decentralization also involves more active participation in decision-making than awaiting decisions from the central government so that democratic life is more realized, giving more space to create and innovate, and generate more work morale, commitment, and productivity.<sup>30</sup>

In addition, population preferences are more accommodated, local level accountability will be better because it is easier to account for local government performance on local parliaments, better fiscal management, and economic growth rates and better market guarantees. In short, quite a lot of literature is very optimistic that the efficiency level will be better, the level of corruption will also decrease, and there will be increased democratization and participation.

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<sup>29</sup> Soetandyo Wignjosubroto, 2005, *Pasang-surut Otonomi Daerah: Sketsa Perjalanan 100 Tahun*, Jakarta, Institute for Local Government in cooperation with Yayasan TIFA, p. 34.

<sup>30</sup> *Ibid.*, p. 42.

### C. The Effort to Strengthen Decentralization

The role of the central government in empowering local government is enormous. The narrowness or high degree of decentralization as an indicator of regional independence is also determined by the will of the central government. In other words, the central government is a dominant factor in general development management as well as local governance.<sup>31</sup>

If the policy of regional autonomy is not accompanied by the increasing of the people's initiative in the regions in accordance with the demands of democracy, then the practice of oppressive power as experienced in the old centralized system will still emerge in the relationship between the regional government and its people. It even caused concern that the autonomous system of local government can actually lead to the authoritarianism of local government throughout Indonesia. Local officials who previously had little authority in a short time suddenly gained enormous power and opportunity which in no time was not necessarily controlled properly.<sup>32</sup> Therefore, when the central government gives autonomy it need also proper supervision. The data from Indonesian Corruption Eradication Commission (KPK) indicates that after the political reform there are more than 70 Head of Region were convicted for corruption.<sup>33</sup>

In such circumstances, it is fit with the proposition in line with Lord Acton's statement that "power tends to corrupt and absolute power corrupts absolutely", there will be a growing of insecurities that the climate of oppression and practices of anti-democratic tyranny and the practice of lawlessness and the abuse of authority that has occurred at the central level have instead shifted into the practice of governance in regions throughout Indonesia. Therefore, regional autonomy must be understood as its essence also includes

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<sup>31</sup> Riant Nugroho D, 2000, *Otonomi Daerah Desentralisasi Tanpa Revolusi: Kajian dan Kritik atas Kebijakan Desentralisasi di Indonesia*. Jakarta, PT Elex Media Kompetindo, p. 24

<sup>32</sup> Antara, "Presiden: Pelaksanaan Otonomi daerah Belum Lancar", accessed on March, 08, 2018.

<sup>33</sup> See further on "Berapa Bupati/Walikota yang Tertangkap KPK?" [https://databoks.kata\\_data.co.id/datapublish/2018/02/20/berapa-bupati-walikota-yang-tertangkap-kpk/](https://databoks.kata_data.co.id/datapublish/2018/02/20/berapa-bupati-walikota-yang-tertangkap-kpk/) accessed on April, 24, 2018.

the definition of community autonomy in the regions in the face of local government. The facts in various regions show how decentralization and regional autonomy have provided space for regions to innovate in better public service delivery for the community even though regional autonomy still has various problems.<sup>34</sup>

Reorganizing Indonesia's decentralization within the framework of the Unitary Republic of Indonesia should encourage the strengthening of regional autonomy. The autonomy that has been given to the region should not be reduced, even if re-centralization happens. The problem of deviations from the implementation of autonomy is not addressed by withdrawing some decentralized authority. Within that framework, autonomy should encourage the strengthening of the degree of local democracy, without neglecting the structural efficiency within the framework of the Unitary State of the Republic of Indonesia (NKRI) system. Decentralization of authority is not merely administrative decentralization which leads to the bureaucratization of the implementation of autonomy but encourages the adoption of political decentralization.<sup>35</sup>

The essence of autonomy is the process of community autonomy. Restructuring decentralization should place as the subject of autonomy towards the autonomization of society. The nature of regional autonomy should be seen as the autonomy of society, not the autonomy of local government or the autonomy of local political elites. Local political elites in local government and DPRD institutions are only local people's mandates (through direct election and local elections) to manage local governance. An important issue in almost all of the laws on autonomy is the issue of the division of authority between levels of government. In fact, this is the essence of a law on autonomy.<sup>36</sup> The obstacle of autonomy is largely due to the

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<sup>34</sup> Caragata, W., "Autonomy's Losers", *Asiaweek Magazine*, Volume 27, Nomor 19, 2001, <http://www.asiaweek.com/asiaweek/magazine/naons>, accessed on March, 08, 2018.

<sup>35</sup> Robert Endi Jaweng, 2015, "Desentralisasi di Indonesia: Sketsa Masalah pada Sejumlah Elemen Kunci", *Analisis CSIS Kuartal Pertama* Volume 44, Nomor 1, p. 22.

<sup>36</sup> Moriwana, "UU 23/2014 Munculkan So Sentralisasi", <http://www.moriwana.com/uu232014-langkah-mundur-reformasi/>, accessed on March, 09, 2018.

overlap on the formulation on the division of authority. The indications are the overlapping authority, the inconsistency of authority rules, and conflicts of authority between levels of government. Therefore, there must be clear rules about the authority. The division of authority should pay attention to the following matters:<sup>37</sup>

1. Outlining the strengthening of the general competence distribution model, giving to regions what really the rights and competence by first verifying the rights and competence of autonomous regions.
2. Strengthening the implementation of asymmetric decentralization (different for each region).
3. Clarify authority at each level of government so as not to overlap and lead to a vacuum of responsibility in the development and public services. In such an effort it can be sorted out which is the regulatory authority (making the law / local regulations) and the authority that is taking care (implementing the policy) for each level of government.
4. Clarify interconnection between sectors and make rules of division of authority (affairs) in the Law on Regional Government as a reference. This is after the synchronization and harmonization of the Sectoral Law regulates or coincides with those regulated as the authority of the autonomous regions within the framework of decentralization. Another option, clarifying the obligatory matters of provincial and district/municipal governments is limited to the minimum service standard, while the division of its own affairs is defined in the sectoral law. These options require harmonization and synchronization with all the sectoral laws that are related. So that the Law on Regional Government is really obeyed and implemented.
5. Improve the regulation on the distribution of government affairs by taking into account the clarity of concepts, the consistency of the application of concepts, and the avoidance of confusion/contradictions in the operationalization of concepts.

Basically, the reconstruction of decentralization is directed not only at the level of regulation but more than that, besides the policy approach through regulatory reform, reconstruction of the concept of

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<sup>37</sup> *Ibid*

decentralization followed by the management of elite behavior and the increase of state capacity. Thus it will be in a system of the local government administration system and the policies that are close to the community.

Beside conducting efforts to decentralize the government by applying and revising the law on local governance, the Government also try balancing the local government and central government. The role is more given to the main areas in the field of community service to be more effective and efficient. As a result of these efforts since 2010, the Government of Indonesia has attempted to start a Provincial Governance Strengthening Program (PGSP) managed by National Development Planning Agency (BAPPENAS) and collaborate with UNDP (United Nations Development Programme).

Provincial Governance Strengthening Programme (PGSP) is a collaborative programme between the United Nations Development Programme (UNDP) and the Government of Indonesia which aims to strengthen the roles and functions of the provincial government through policy development, regional development planning, and the provision of a better public service.<sup>38</sup> This program is focused on helping the Indonesian government recognize the challenges associated with decentralization policies.

Discussion and analysis of these issues has enabled a statement to be formulated on the Intended Impact of the Project: Provincial government role and functions strengthened through effective participatory policy making, regional development planning, and public service delivery, leading to a realization of national development objectives and the improvement of the quality of life for the poorest.

In order to achieve the intended Project Impact, three sets of project outputs have been identified: (i) PGSP Output 1: Enhanced Policy and Regulatory Framework that further clarifies and strengthens role and functions of provincial government and council (DPRD); (ii) PGSP Output 2: Strategic regional economic development planning strengthened, effectively link planning and budgeting using HDI/HDR; with participatory decision-making mechanism in place; (iii) PGSP Output 3: Achievement of better

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<sup>38</sup> Provincial Governance Strengthening Programme (PGSP) [http://www.batukarinfo.com /project/pgsp-0 27 02 2018](http://www.batukarinfo.com/project/pgsp-0_27_02_2018), accessed on 27 February, 2018.



development outcomes at provincial level through governance innovations: implementation of minimum service standards, civil service reform, participatory monitoring and evaluation and sustainable cross province learning.<sup>39</sup>

The development of decentralization in Indonesia seems to be fluctuate, up and down, it depends on the political will of the central government. Started from the enactment of Local Government Act of 1974, which emphasizes more centralization, then followed by the enactment of Local Government Act of 1999 which gives more decentralized model and at the minimal level has trying to shift the core of centralized to the decentralized one. However with the enactment of Local Government Act of 2004, it seems return to strengthen re-centralization model. It also happened to Local Government Act of 2014 which also strengthen re-centralization policy. In short, the two laws after Local Government Act of 1999 has returned the regional policy from decentralized policy to centralized policy.

## **4 Conclusion and Recommendation**

### **A. Conclusion**

Based on the previous discussion it may arrived at conclusion that the development of decentralization in Indonesia after political reform seems to be fluctuate because there is inconsistency of central government policy to the regions. Local Government Act of 1999 which gives more decentralized model and has reinforced the bargaining position of the region against the central government by having a wide decentralization. Nevertheless, the course of history also shows that efforts of decentralization are returning to the point of centralization when the Local Government Act of 2004 and Local Government Act of 2014 were enacted and strengthen the re-centralization model.

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<sup>39</sup> Provincial Governance Strengthening Programme United Nations Development Programme Country: Indonesia, Project Document, 2009.

## **B. Recommendation**

Based on the problem that has been discussed, it can be proposed 2 recommendation for the President Republic of Indonesia and the House of Representative (DPR), as follows: first, there should be an effort bring back the state closer to the people by having a great commitment to strengthen the region by providing the consistent regulatory framework to foster the spirit of decentralization. Second, the most proper supervision system for the central government to distribute the autonomy is needed to bring the prosperity to the people. By granting great powers, the central government have to carry out regulatory, coordination and oversight functions and the extent of the affairs of the central authority that should be reduced along with the delivery of greater affairs to the regions. The transfer of authority along with its resources must continue until the ideal level is reached. Although, central intervention is strongly recommended to continue to be reduced, the central government retains the right to intervene local governments as a logical consequence of the unitary state.

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