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**CRITERIA FOR TRANSFERRING FUNCTIONS TO SUB-NATIONAL GOVERNMENTS:
SELECTION AND APPLICATION IN INDONESIAN DECENTRALIZATION INITIATIVES**

A Thesis

Presented to

The Faculty of Graduate Studies

of

The University of Guelph

by

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ABSTRACT

CRITERIA FOR TRANSFERRING FUNCTIONS TO SUB-NATIONAL GOVERNMENTS: SELECTION AND APPLICATION IN INDONESIAN DECENTRALIZATION INITIATIVES

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The assignment of functions to sub-national governments has been an important issue in both federal and unitary states. Indonesia, a unitary state, has recently addressed this issue in the context of its district autonomy pilot program, providing an opportune window to empirical research. The findings of this research indicate that the dominant criteria model does not guide actual decentralization practice, but rather tends to be used to maintain political and bureaucratic power.

The closed pattern of communication surrounding the design of decentralization initiatives, the actual pattern of transferred functions, and the undermining of decentralization implementation efforts reveals a dynamic arena where prominent central agencies, and to a lesser degree the provinces, struggle to maintain their share of power and the resource flows that power commands, leaving little scope for genuine second tier region (district and cities) autonomy.

Seen in social and historical context, decentralization in Indonesia is heavily circumscribed by a state that continues to exhibit patrimonial characteristics, where a self-serving and “*ad hoc*” bureaucracy’s material interests works against decentralist sentiments and initiatives. The findings call into question whether functions transferred to the regions can be said to be “devolved”.

Central and provincial interests are likely to continue to dictate district development, with potentially adverse impacts on the sustainability of rural communities. The task of adjusting roles and responsibilities among Indonesia’s levels of government requires that stakeholders engage in

a more fundamental dialogue than has been the case, explicitly addressing neglected power and income related criteria, and addressing issues of political accountability to local constituents that also undermines the district's case for playing a larger role. Among other elements, this calls for a design and decision model that recognizes the different type of criteria that are brought to bear on decentralization decisions, and for a participatory communication style oriented toward reconciling diverse interests.

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comparative analysis in the Indonesian context and Ken's overview of international trends in local government autonomy.

I owe a particular debt to Harry Cummings for his attention to my academic and professional development over the last fifteen years. He was instrumental in spurring my interest in Indonesian development through the University of Guelph supported Sulawesi Regional Development Project (SRDP) in 1991-1993. The current research draws from both the successes and limitations of the SRDP: the project revealed that substantial institutional change (including decentralization) would be needed before the district could plan in any meaningful sense. In exploring some dimensions of this institutional challenge I always felt I had an interested and committed companion to lean on.

Mentioned last but uppermost in my mind are my wife Barbara and children Anna, Michael, and Paola, who have stoically borne the dislocations and hardships of my studies. Your generous and forgiving spirit is part of any success I could ever claim. Thank you for your understanding and love. A special thanks is due to Barbara for her assistance with statistical analysis.

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CHAPTER 1

INTRODUCTION

1.1 Impetus for the Research

One of the voiced needs in the Indonesian decentralization discussion relates to the guidance to be used in transferring the correct set of responsibilities to the district. In its broader context, the issue becomes one of determining the set of functions to be assigned at various levels of Indonesia's unitary multi-level government. According to many Indonesian officials, despite the existence of at least one official decentralization model, there is little guidance on how to assign functions to sub-national levels of government, especially to the second tier regions (districts and cities). This research responds to this policy level need, while placing empirical findings and relevant theory of decentralization within the broader political context of Indonesia, utilizing theoretical insights drawn from various disciplines.

1.2 Broader Context of Research

Over the last two decades many developing countries have experimented with decentralization. The interest shown can be attributed to many factors, among them concerns for improving service delivery, mobilizing local resources, reducing inefficiencies associated with centralized bureaucracies, achieving greater participation and increasing political stability (see for example Conyers; 1984, 1983; Cheema and Rondinelli, 1983; Rondinelli, 1981, 1978).

Decentralization in developing nations has yielded mixed results at best (see for example Rondinelli and Cheema, 1984; Rondinelli, 1983). Despite this general consensus, the donor and development community continues to encourage good governance through enhanced local and regional government roles. It is safe to assume that many of the currently highly centralized nations will continue to implement decentralization measures in an attempt to 'get it right' and

obtain the benefits that have been suggested, or those that remain implicit. Conceptual models guiding these efforts are of critical importance to governments and a promising focus of scholarly investigation that could yield insights into the political-administrative workings and likely development impact on the ground.

1.3 Research Problem and Question

Indonesian officials in key sectoral, coordinating and reform agencies are working without a clear or widely accepted conceptual framework for designing decentralization initiatives, particularly with respect to criteria for assigning functions to sub-national levels of government. An official model exists, championed within *Litbang*, the research unit of the Ministry of Home Affairs, but its application in practice has not been sufficiently examined, and its tenets are criticized by certain stakeholders. Yet decisions on the assignment of functions have been made within the scope of the district autonomy pilot program (DAPP), initiated in 1995. Technical and political considerations appear to be both at play, but the consistency of these considerations and their connection to extant conceptual frameworks/experience is unknown, and thus ways of improving the process remain virtually unexplored, by either Indonesian officials or international agencies concerned with Indonesian decentralization issues. As well, the uniqueness of the Indonesian concepts have yet to be examined, whether there is a “home grown” model, and how this might be linked to the international body of literature. The prospects for the application of the current or dominant model(s) and likely impact on communities are issues deserving of attention.

In light of the above, an initial research question was formulated, composed of two related parts:

- A) what are the criteria used by relevant stakeholders in assigning functions to sub-national levels of government in Indonesia, and what is the process by which these criteria are applied?

- B) how do the criteria used in the Indonesian context relate to international literature and experience, and can the more general development literature provide more direction and coherence in the selection and application of functions to be assigned to sub-national governments in Indonesia?

In the course of the research, the linkage of the concepts regarding the criteria for decentralization to the Indonesian political-administrative system became a more pressing issue than understanding the international linkages. Additionally, the meaning of "transfer" became problematic and evidently central to discerning the conceptual basis for regional autonomy and its relations to the material interests and communication strategies of key actors.

1.4 Importance of the Problem

Decentralization is generally viewed as a tool for achieving certain goals. The Indonesian government has many goals in mind regarding decentralization, among them the improvement of service provision, increased resource mobilization and its more efficient use, and greater participation. Designers of Indonesia's decentralization efforts face the challenge of locating the many goals within a coherent framework that facilitates setting priorities and making trade-offs, and translating this framework into operational guidelines for assigning specific functions and roles to sub-national levels/actors. Various agencies have publicly stated the need to grapple with the issue of a clearer and effective distribution of functions, among them the Ministry of Home Affairs (Sachroni, 1997) and *LAN*, the Agency for State Administration (Kristiadi, 1997). Several sectoral departments also claim to be developing more detailed and relevant criteria to guide their decentralization efforts.

Sub-national officials, non-government actors, and other stakeholders in civil society in Indonesia and elsewhere face the challenge of trying to understand how the dominant policy making actors (almost exclusively at the central level) operate, and to what extent it may be possible to influence the policy making process. Taking a place at the decentralization design table is a

desired achievement of stakeholders currently on the periphery of the discourse. This research touches on the possibility of dialogue and the content of the dialogue that might ensue.

The task of developing a long term vision and conceptual clarity to decentralization lies with the *DPOD* (*Dewan Pertimbangan Otonomi Daerah*), an inter-ministerial body. Recently, the Ministry of Home Affairs (through *PUOD*, the Directorate General for Public Administration and Regional Autonomy), and the Ministry of State for Administrative Reform (*MenPAN*, now subsumed under a larger ministry) have taken leading roles in bringing about a concrete initiative (DAPP; District Autonomy Pilot Program, or in the Indonesian title *Proyek Percontohan Otonomi Daerah, PPOD*) and have pledged themselves to forging a longer term vision, based in part on the experiences with the pilot program. These agencies have been criticised in the past for not having the skill set needed to address their mandate, and for not sufficiently utilizing external expertise. Providing findings centred on the present research question may provide these government agencies and relevant stakeholders with a deeper and “demystified” assessment of the decentralization process that can become a basis for a more genuine central level and broader dialogue.

In public administration logic, decentralization decisions begin with assigning functions between levels of government (Shah, 1994), which then leads to the assignment of tax base, shared revenues and regulatory powers. The reality in Indonesia is much more complex, and this complexity resists any straightforward determination of a clear and unified conceptual framework for guiding the assignment of functions. Elucidating the technical and political process, in terms of actors, interests and communication patterns, is a difficult but necessary step toward imagining alternative structures and relations, and fashioning more effective interventions. Placing the findings in the social and historical context of Indonesian society, and international practice, is also challenging, but the attempt may yield theoretical insights and a research agenda related to decentralization and governance in general.

1.5 Delimitation

The focus of the empirical part of the research is on the transfer of functions to the district level; the criteria employed, and how the criteria are employed. In doing so it is necessary to deal to some extent with the criteria and process for transfers to the provinces as well, but this is pursued in very limited fashion.

The study does not examine in equal detail all mechanisms in Indonesian decentralization. Deconcentration, arguably the dominant mechanism, is barely examined per se, although it is used as a reference point of sorts. Co-administration is given some attention, but mainly to discern the decision rules that lead officials to ignore this form in favour of deconcentration, or to choose this form over the stronger form of "devolution".

The possibility of transfers to the village level is not given much attention. The ambiguous "autonomous" position of the village in the national system of government makes this level a fascinating locus for decentralization studies, but to do justice to it in addition to the current focus would require time and resources beyond the scope of one doctoral level research project.

The thesis was written in draft form by April 1998, prior to the unseating of Soeharto. The political instability that ensued made it difficult to update the thesis in detail. The changes set in motion by the May demonstrations however are likely to be significant, and warrant some comment with respect to the main thrusts and conclusions of this thesis. Hence a short postscript was added to explain the relevance of the changes to the main points of the thesis.

1.6 Research Objectives

The research was guided by the following initial objectives (paraphrased from initial formulation):

1. Gather information regarding the Indonesian approach to decentralization, emphasizing past, current and anticipated criteria for assigning functions.

2. Review theoretical frameworks relevant to decentralization derived from various disciplines, especially in relation to criteria issue.
3. Compare the assignment criteria used in Indonesia with the international literature on criteria, as well as with the broader development paradigms/principles, noting convergence and divergence.
4. From the above analysis, suggest criteria and the process for their application in furthering decentralization in Indonesia.

Although the research began with a technical orientation, the apparent problematic application of the dominant model and other complicating aspects supported a shift in emphasis toward the political and social contexts in which the development and use of decentralization models are embedded.

1.7 Tentative Hypotheses

Although much has been written on decentralization, theory building is still in early stages. Regarding the generation, selection and application of criteria for function assignment, there is no little theory at present, largely general principles and "rules of thumb". In any case, this research does not rigorously test the suitability of criteria, but rather seeks to understand why particular criteria are selected and how they are used. Nonetheless, some understanding of the relevance or appropriateness of criteria does emerge. The comparison with the international body of knowledge also shed light as to how assignment criteria could be responsive to broader development issues.

Because the research cannot simply rest on existing theory it must perforce be exploratory. Departing from broad and tentative hypotheses, the research ultimately sheds light on potential theory development. The tentative hypotheses outlined below were used as an initial point of departure for the empirical work. These were not meant to state statistically testable independent and dependent variable relationships via the standard null hypothesis. Rather they are initial substantive assertions that were given attention in the early stages of the research.

- H1.** Increasing interaction of officials with foreign/donor projects indicates greater familiarity and use of internationally accepted criteria.
- H2.** The orientation toward using a set of clear and comprehensive set of criteria for assignment of functions will vary, with the strongest being at the centre and the weakest being in the district. As a corollary to this hypothesis, stakeholders at different levels of government will hold different criteria, emphasize different criteria, or perceive criteria differently.
- H3.** Outcomes from the application of criteria in the Indonesian context yield more centralist solutions than in many other countries, reflecting the conditioning effect of power asymmetries among stakeholders in the application of "technical" criteria.
- H4.** Explicit political criteria are brought to bear on decisions and play a major role in certain design/decision outcomes.
- H5.** The design/decision process used in Indonesia's New Order decentralization has worked against the systematic application of criteria, with unwanted consequences for all parties.

It is important to note that the empirical work will focus on the time period 1995-1997, the first stage of the district autonomy pilot program. However, these initial assertions are phrased in broader terms to encompass other periods for which some information is available and conjecture is made possible.

If the first hypothesis (H1) is given support, then criteria used in Indonesia are those suggested or used by outsiders, and the criteria are likely imported into the Indonesian context. The hypothesis cannot be proven, but plausible links and dissemination pathways are sought. If no links to foreign/donor projects can be ascertained, the implication is that home-grown concepts may be at play. These may in fact still be quite similar to international literature, but may have developed independently. Understanding the criteria in their social and historical context may be necessary to draw any conclusions on derivation.

The second hypothesis (H2) is explored by a straightforward comparison of the responses from various levels of government. The noteworthy aspect of the findings are the patterns of

criteria or perceptions held at the various levels, since these influence the process and outcomes of design/decision making.

The third hypothesis (H3) deals directly with the design/decision making process. Despite any commonalities in criteria, it posits that there are wide differences in outcomes from their application. If the Indonesian criteria are indeed different, this outcome is readily understandable. If the criteria are much the same, then the most likely explanation for more centralist outcomes relates to the conditioning factors that affect how the criteria are applied; the most likely factor being power asymmetries between levels of government. The historical and contemporary nature of centre-local relationships in Indonesia is invoked to understand this possible effect.

In much the same vein as the second hypothesis, the research seeks also to determine whether the Indonesian government avoids or overrides technical considerations in assigning functions, based on very explicit political considerations (hypothesis H4).

Finally, the research can lend support or refute the suggestion, that the design/decision process makes insufficient use of extant technical criteria (H5). If this is indeed the case, then it is suggested that there are losses felt by all parties involved, though the less powerful stakeholders are likely to feel these more keenly.

1.8 Organization of the Thesis

Following an introduction to the research issue and its formulation for investigation (Chapter 1), extant theory and actual practice of decentralization, and in particular the assignment of functions, is reviewed (Chapter 2) to set the stage for the research. A contextual sketch of decentralization in Indonesia, and the framework of analysis employed is provided in Chapter 3. The methodology of the research is then presented (Chapter 4) followed by findings on the mechanisms of decentralization in Indonesia (Chapter 5), and findings from the district autonomy

pilot program in the selected regions, regarding both functions transferred and the criteria employed (Chapter 6).

A broader discussion of the Indonesian model, designed to guide decentralization to the second tier regions (districts and cities), is started in Chapter 7, focusing on the "capability model" favoured by the Ministry of Home Affairs. In Chapter 8, the decentralization concepts relating to the nature of the functions themselves are explored. These discussions lead to a general appraisal of what is understood by the terms decentralization and autonomy in Indonesian official policy (Chapter 9), contrasted with the international body of literature, to determine convergence, and possible linkages, as well as divergence. The indigenous characteristics of Indonesian concepts and practice are then analyzed from a discourse perspective, placing this discourse in social and historical context (Chapter 10).

In Chapter 11, the findings are applied against the initial hypotheses, and a modest degree of theoretical model adaptation and development is attempted for the Indonesian polity in relation to decentralization. Policy implications are drawn in Chapter 12, along with final conclusions.

CHAPTER 2

DECENTRALIZATION AND THE ASSIGNMENT OF FUNCTIONS

2.1 A Brief Description of Decentralization

The form of decentralization of most interest for this research is devolution. However, the more neutral term “transfer” is generally employed in this writing to leave it open to the analysis and reader to determine whether the transfer of functions constitutes “devolution” as it is perceived in international literature. As well, other forms of decentralization employed in Indonesia need to be understood to properly assess and locate devolution. Additionally, some broad stroke explanation for why decentralization has much appeal in principle in Indonesia and elsewhere is worth conveying, along with some balancing comments on available evidence regarding the actual success of decentralization practice.

2.1.1 Definitions

Devolution is but one form of decentralization, but it does tend to be the form of decentralization intended when writers loosely use the term “decentralization”. Definitions for decentralization abound, and vary considerably. Some examples will illustrate the point. “Successful Decentralization” is defined by Fuhr et al. as

...an iterative process which leads to new, self-sustaining sub-national institutional arrangements at the local and intermediary levels which provide new incentive structures for public and private actors to engage in long-term goals of economic and social development. (1994: 5)

This general, and process oriented, definition only implicitly indicates that additional responsibilities, power and resources are located at lower levels. Crook & Manor’s definition is clearer in that respect

We take decentralization of government to mean a transfer of power away from a central authority to lower levels in a territorial hierarchy. (Crook and Manor, 1994: 3)

However, Crook and Manor's definition seems to underplay the possibility of transfers from a sub-national level to an even lower sub-national level. Siedentopf allows for various sources (levels) of decentralization, and also inserts a normative qualification of rationality regarding the process

Decentralization is the rational distribution of competencies and resources within a political and administrative system to lower regional or local levels." (Siedentopf, 1987:1)

Other writers acknowledge explicitly that there may be different varieties of decentralization, and seek to distinguish different types. According to Tanzi, a useful typology differentiates between fiscal and administrative decentralization

Fiscal decentralization exists when subnational governments have the power, given to them by the constitution or by particular laws, to raise (some) taxes and to carry out spending activities within clearly established legal criteria. Administrative decentralization exists when much of the money is raised centrally but part of it is allocated to decentralized entities that carry out their spending activities under close guidelines or controls imposed by the government. These decentralized entities act as agents of the central government. (Tanzi, 1995: 297)

The above differentiation may address important distinctions, but the terminology used has not attained the standardization desired by Tanzi. Rondinelli (1981) outlines four forms of decentralization: deconcentration, delegation to semi-autonomous or parastatal agencies, devolution to local governments, and transfer of functions from public to non-government institutions (encompassing privatization). Rondinelli and Cheema separate devolution from mere dispersion of central offices by noting that

Through devolution the central government relinquishes certain functions or creates new units of government that are outside its direct control (Rondinelli and Cheema, 1983: 22)

For the purpose of this research, Rondinelli and Cheema's definition of devolution can be used as a general benchmark for viewing the transfer of functions from the Indonesian central government, though it needs to be expanded to take into consideration subsequent transfers from the provincial government to the second tier regions. However, the Rondinelli typology, one quite widely quoted, needs to be enriched with what has more recently been recognized as the "top-down

principal agency” model of decentralization (Silverman, 1992). This form is long been given expression in Indonesia in the principle of governance labelled “co-administration” (*tugas pembantuan*), a legacy of the Dutch “*medebewind*”. Although the focus of the research is on devolution, co-administration will be given attention as well to determine the criteria that would favour one form over the other.

Other typologies exist, overlapping or contrasting in part with the above typologies. The area of study is broad, and particular writers tend to come to it from various perspectives and with the baggage and terminology of their own disciplines and background, cutting the field according to their narrower interests.

It is important to note that decentralization, of whatever form, can take place in both unitary and federal states. However, in the latter situation, the “formative” sub-national governments have constitutionally assigned functions that are not “decentralized”. Rather, the distribution of functions springs from an initial formative covenant between the basic units of the federation. Nonetheless, aside from this initial assignment, unitary and federal states do not differ greatly on the potential and modalities of decentralization.

2.1.2 Rationale for Decentralization

Dillinger (1994: 5) notes that “out of 75 developing and transitional countries with populations greater than 5 million, all but 12 claim to be embarked on some form of transfer of political power to local units of government.” Decentralization is being adopted, or at the very least talked about and debated, in unitary or federal nations and developed or developing nations. If official policy statements are relied upon, decentralization appears to be pursued in support of improved public service delivery and increased private sector development. More specific goals or objectives are also offered in support of decentralization, among them the mobilization of local resources, reduction of inefficiencies associated with centralized bureaucracies, and achievement of

greater participation and increasing political stability (see for example Conyers: 1984, 1983; Cheema and Rondinelli, 1983; Rondinelli, 1981, 1978).

Decentralization has gained momentum from the more general rethinking of development away from the centre-down paradigm toward the bottom-up approach, with the planning process being at the core of this reformulation (Stohr, 1981). The benefits of the former model have not been seen to trickle down in sufficient amounts or quickly enough, if they indeed even exist. The development from below approach is seen as maximizing local potential for development.

Increased interest in decentralization, particularly in the World Bank, comes on the heels of the generally acknowledged failure, or at least limitations, of the top-down/centre-periphery model and Integrated Rural Development schemes. IRD schemes, while purportedly more bottom-up than centre-periphery models, have also tended to be planned from above. The centralized blueprint approach to multi-sectoral programs/projects and service delivery at the local level were simply overwhelmed by the complexity of the effort. According to the World Bank, "Greater decentralization of power and authority to lower-level governments and communities may provide one mechanism through which the complexity issue may be addressed." (Parker, 1995: 12). The assumption is that coordination is easier at the local level due to advantages in information, incentives and abilities.

Urbanization has also spurred the decentralist camp. As urbanization increases, the population calls for more public services. These can be in part, or wholly, supported by user fees. If the intent is to accommodate local variation in prices of the services, then discretionary decision-making is required on the part of local policy makers (Schroeder, 1989), i.e. decentralization of user fees setting to better determine and meet needed service characteristics.

Not all of the goals and objectives of decentralization are made explicit by the governments in power. Decentralization is used to gain greater control at the local level in some cases, or as a substitute for more fundamental reform in other situations. Crook and Manor note

In Ghana and Bangladesh, governments that had seized power by force reckoned that aid donors on whom they depended would applaud the creation of elected councils as a move toward more open, democratic politics—a correct assumption. But they also appeared to see decentralized democratization as a substitute for an opening up of politics at the national level. Elected bodies near the local level would give people the sense that they were participating and exercising a little influence over government without threatening the regime's grip on the higher reaches of the state. (Crook and Manor, 1994: 220)

For many developing countries, the constitutional formulation process following colonialism presented an initial opportunity to engage in decentralization. While decentralizing clauses may have been inserted in the constitution (Indonesia's commitment to the division of the country into "big and small regions" for examples) in practice the centralized arrangements inherited from colonial masters endured, or were even strengthened in cases. With the apparent failure of centralized planning systems, by the sixties and seventies modest initiatives were taken to decentralize in some countries.

In Latin America, in the late eighties and early nineties, a second wave of decentralization occurred in the context of increased democratization. These initiatives are taking place in local governments having elected versus appointed regional and local officials. The initiatives are being undertaken with greater awareness of the need to direct resources along with increased functions, a stumbling point of earlier efforts. More actors (private, NGO) are now involved, removing some of the constraints of capacity (van Zyl et al., 1995).

2.1.3 Outcomes of Decentralization

The outcomes of decentralization have been poorly analyzed. Evidence is largely anecdotal (van Zyl et al., 1995). Nevertheless, some tentative and sobering findings can be compiled from the literature (Table 2.1). The summary of these findings must be treated with caution since the link to empirical data is variable and drawn from rural and urban entities of various scale in industrial and developing countries.

Table 2.1: Assessments of Decentralization's Outcomes Found in Literature

SUCCESS INDICATOR	Positive Impact	Little or no impact/Unclear	Negative Impact
Sustainability of development projects	Manor/WB 1996 Ostrom et al. 1993 van Zyl et al. 1995 Parker 1995	Wiens & Guadagni 1996	
Government responsiveness/ Improved services	Manor/WB 1996 Sanwal 1987 van Zyl et al. 1995	RuffingMangelsdorf 1988 Crook 1994 Ingham & Kalam 1992	
Integrating socio-cultural factors	Manor/WB 1996		
Peoples' participation	Manor/WB 1996 Parker 1995 Dilla & Gonzales 1995 Mutizwa-Mangiza 1990 Sanwal 1987	Manor/WB 1996 Wiens & Guadagni 1996 Cohen & Hook '87 Crook 1994 Aye 1996 Vengroff & Salem 1992 Ingham & Kalam 1992	Veltmeyer 1997 Asibuo 1992
Transparency in government	Manor/WB 1996		
Accountability	Manor/WB 1996 Dilla & Gonzales 1995	Crook 1994 Aye 1996	
Government corruption	Manor/WB 1996		Prud'homme 1995
Public Sector efficiency	Manor/WB 1996 Sanwal 1987 van Zyl et al. 1995	Prud'homme 1995 Wiens & Guadagni 1996	
Allocative efficiency/tailoring dev. to local conditions	Manor/WB 1996	Prud'homme 1995 Gilson et. al. 1994 Crook 1994	
NGO-govt. relations	Manor/WB 1996	Gilson et al. 1994	
Regional disparities	Manor/WB 1996	Gilson et al. 1994	Prud'homme 1995
Poverty alleviation	Mutizwa-Mangiza 1990 Sanwal 1987	Manor/WB 1996 Watson 1992 Wiens & Guadagni 1996	
Economic growth		Manor/WB 1996 Davoodi & Zou 1996	Davoodi et. al. 1996
Spending reduction		Manor/WB 1996	
Mobilizing local resources	Parker 1995 Mutizwa-Mangiza 1990	Manor/WB 1996 Crook 1994	Mutizwa-Mangiza 1990
Planning from below		Manor/WB 1996 Cohen & Hook '87 Gilson et al. 1994 Bienen et al. 1989	
Political/fiscal stability			Prud'homme 1995 Tanzi, 1995
Democracy/Sharing of power	Souza 1996 Dilla & Gonzales 1995	Souza 1996 Slater 1977: 1989 De Montricher 1995	Slater 1977: 1989 Asibuo 1992

As others have noted, decentralization may be more promising in theory (or ideology) than in practice. The mixed findings indicate in part misplaced expectations due to vague or disparate definitions (Conyers, 1983). As well, assessments are stymied by methodological challenges in what is a very complex area of study.

Contradictory or inconsistent findings are also a function of how the questions are framed and what is deemed to be important. Decentralization design has been criticized as devoid of any “logic” (Wunsch, 1991). If this is so, then outcomes will be correspondingly unintelligible.

Clarity will not be forthcoming unless decentralization is seen from the perspective of specific stakeholders in specific settings, linked to relevant political and social contexts. Furthermore, decentralization investigations and interpretations must employ more explicit frameworks of analysis, however challenging this may be in this broad and complex field. Adhering to these conditions will not remove methodological hurdles, but it may yield more coherent and comparable findings.

2.2 Theoretical Frameworks Relevant to Decentralization

There is no one accepted theoretical framework guiding investigations in the decentralization field. The literature has a decidedly technical or “pragmatic” orientation. The public/development administration literature has been chiefly concerned with practical problems of intergovernmental relations (Rhodes, 1992). It is largely descriptive and tends to champion decentralization to a fault. The current state of the art, theory wise, leaves many theorists and practitioners unsatisfied. Parker, for instance notes

In most literature to date...political scientists have stressed the political components of decentralization and underplayed the other dimensions; the public choice literature has focused on fiscal issues; and the institutional dimensions of decentralization have often been given insufficient attention...The result is that no framework has been identified that assesses all the dimensions of decentralization and their inter-linkages. (Parker, 1995: 23)

Perhaps Parker's expectations of theory are unrealistic, but there is little doubt that the field is in dire need of better theory. While much has been written on the theme, largely anecdotal, descriptive or prescriptive, a dearth of empirical studies in decentralization is impeding theoretical development. Conyer's flagging of this gap, and her encouragement for rigorous studies (Conyers, 1986) is still valid today.

Some theory does exist however, even if it is patchy. The two main contending frameworks most relevant to decentralization, with all of their weaknesses in being partial and loose as applied to decentralization, are public choice (neo-classical) and political economy (neo-Marxist and to a lesser extent neo-Weberian), with the former probably being the dominant framework, at least within government circles.

2.2.1 Public Choice Theory

Although there is widely shared concern about the lack of practical or integrative theoretical frameworks for decentralization, a principle of sorts has been put forward by Oates (1972) in his "decentralization theorem":

For a public good-the consumption of which is defined over geographical subsets of the total population, and for which the cost of providing each level of output of the good in each jurisdiction are the same for the central and the respective local governments-it will always be efficient (or at least as efficient) for local government to provide the Pareto-efficient level of output for their respective jurisdictions than for the central government to provide specified and uniform level of output across the jurisdictions. (Oates, 1972: 35)

Departing from the Oates' theorem, public choice theorists posit that the public will vote for their officials, and also "vote with their feet", in selecting that package of taxes and services that matches their preferences (Cullis and Jones, 1992). In this framework, the challenge for government is to facilitate mobility and allow local governments to tailor services, i.e. public goods, to populations with different preferences. Local government is seen as the best agent to identify local preferences, to provide goods reflecting these preferences, and to link local taxes to the price of the benefits entailed in the provided goods. A recent approach, described as

institutional rational choice, has roots in public choice theory, but is more comprehensive in its analysis, seeking to integrate actors, nature of the public goods and institutional incentives (Ostrom et al., 1993).

In general, the public choice approach is aligned with the neo-conservative view of government: along with the potential for pushing responsibility down to lower levels comes the stress on reducing the role and size of government.

Empirical research seems to indicate that "voting with feet" alone does not ensure optimal provision of public services, and that rational voting by ballot, voluntary association involvement and jurisdictional redesign are other means needed to achieve this goal (Shah, 1994). A major weakness in the public choice approach is that it does not easily come to terms with the historical and broader social forces that affect domination, and resistance as the flip side of domination.

2.2.2 Neo-Marxist Versions of Political Economy

Several analysts of decentralization policy place themselves in the Marxist, neo-Marxist or simply in the "political economy" camp. But there is considerable disagreement over the definition and self-designation. What political economy analysts have in common is the emphasis placed on bringing politics into the decentralization discussion. However, Samoff (1990) contends that some analysis in fact differs little from the neo-classical view of the state, with its commitment to a reduced role for the state: hence he deems this weak form of political economy unable to truly integrate the economy, polity and society. The more recent writings of Rondinelli (see Rondinelli et al. 1989, Rondinelli, 1990) are viewed by Slater (1989) as residing in this weak form of political economy analysis. The political-economy espoused by Slater (1990) is self described as more traditional, rooted in neo-Marxist methods which place the political context at the center of the analysis.

Given the above appropriation attempts, it is easy to accept Smith's (1985) caution that there is no single Marxist theory of the localized state or of central-local relations. In fact, the

“local” has been a relatively ignored feature of the state; the tendency had been to see the state as one monolithic entity. This neglect is being remedied over the last two decades. Writers find that allowing some autonomy to the local state, while viewing it within the logic of the production, consumption and reproduction relations that have been the entry point of Marxist analysis, yields an understanding that differs significantly from that provided by other frameworks.

Centralism in this framework is understood to be the trend of the future and this form of state power best serves the interests of monopoly capital (Dunleavy, 1980). Nonetheless, the local state plays a useful role in reproducing labour, primarily through social expenses (O'Connor, 1973), thus aiding accumulation. In providing consumption through local services the state gains legitimacy as well. Smith (1985) argues that “the relationships between the territorial levels of the state will be determined by the priority given by the state to accumulation or legitimation.” Local government is thus part of a larger structure that works to protect the interests of capital and the elite. Its autonomy, though variable and contested, is severely circumscribed by the imperatives of capital and the political elite. As capital seeks locations of high returns, local government is made vulnerable, and often must rely on central government for financial assistance or it must accommodate the needs/demands of finance capital in an attempt to woo capital to its location.

Neo-Marxist insights on decentralization must be gleaned from a variety of writings on the nature and role of the differentiated state. Decentralization is sometimes seen as divisive, inequalitarian, and counter to good administration due to low local capacities (Smith, 1985). At times it can be seen as a victory of popular movements or alternatively of dispersed elite groups; as pre-emptive or forced concession to spatially manifested interest groups. More often however, decentralization is viewed as the cloak for asserting central control, dismantling the welfare state, and forcing de-regulation (Slater, 1989). Decentralization in the neo-Marxist framework is paradoxically a means of shifting the fiscal crisis of the state to lower levels while at the same time allowing the state to insert itself deeper into the society it seeks to control.

2.2.3 Weber's Ideal Type: Neo-Patrimonialism

It has been common practice to draw from Weberian analysis of bureaucracy to understand modern or modernizing administrative states. This kind of analysis has seen much use in the last half century, and has helped to explain tendencies toward large scale and rational organizations, private or public. However, a previously neglected ideal type that can be said to fall in the political economy camp, "patrimonialism", has seen some resurgence in the literature since Weber's work on *Economy and Society* has seen translation and broad dissemination in the 1960's. This ideal type is more useful than the bureaucracy ideal type in understanding political centre-local relationships in certain countries, in certain time periods. Specifically for Asian countries that have a tradition of strong authoritarian rule, vested with traditional religious-mystical legitimacy, the patrimonial prebendalism ideal type (see Chapter 3 for features) in particular may be an appropriate heuristic tool.

Neo-patrimonial models have much in common with neo-Marxist models, but they are not as strictly tied to class analysis and modes of production, with the implied determinacy this has for the superstructure. Rather, historical antecedents are given emphasis, and cultural politics are front and centre in the analysis. Decentralization is seen as a natural tendency in the degeneration of patrimonial polities, a tendency that traditionally has been resisted by the ruler through a variety of means; from administrative ploys (frequently replacing far flung functionaries), reinforcing religious symbolism that glorifies the role of the ruler in holding together the known universe, general benevolence and strategic patronage, and finally the threat and exercise of force.

The added value of applying neo-patrimonial models is not yet clear, but renewed attempts have been made since Bendix' English translation of Weber, though no unanimity has arisen on what the "neo" might constitute (see for example Roth, 1968; Lemarchad and Legg, 1972; Eisenstadt, 1973; Rudolph and Rudolph, 1979). The large question to be asked is whether the "neo" in neo-patrimonial is appropriate in today's polities given the time and space boundedness of

Weber's original ideal types. The question goes to the heart of what constitutes an ideal type and what degree of flexibility is inherent in any one ideal type while still safeguarding its heuristic value.

2.3 State of the Art Regarding the Assignment of Functions

2.3.1 Approaches to Division of Functions

The division of governmental activities or roles according to three basic functions has often been cast according to public administration/public choice formulations, principally as:

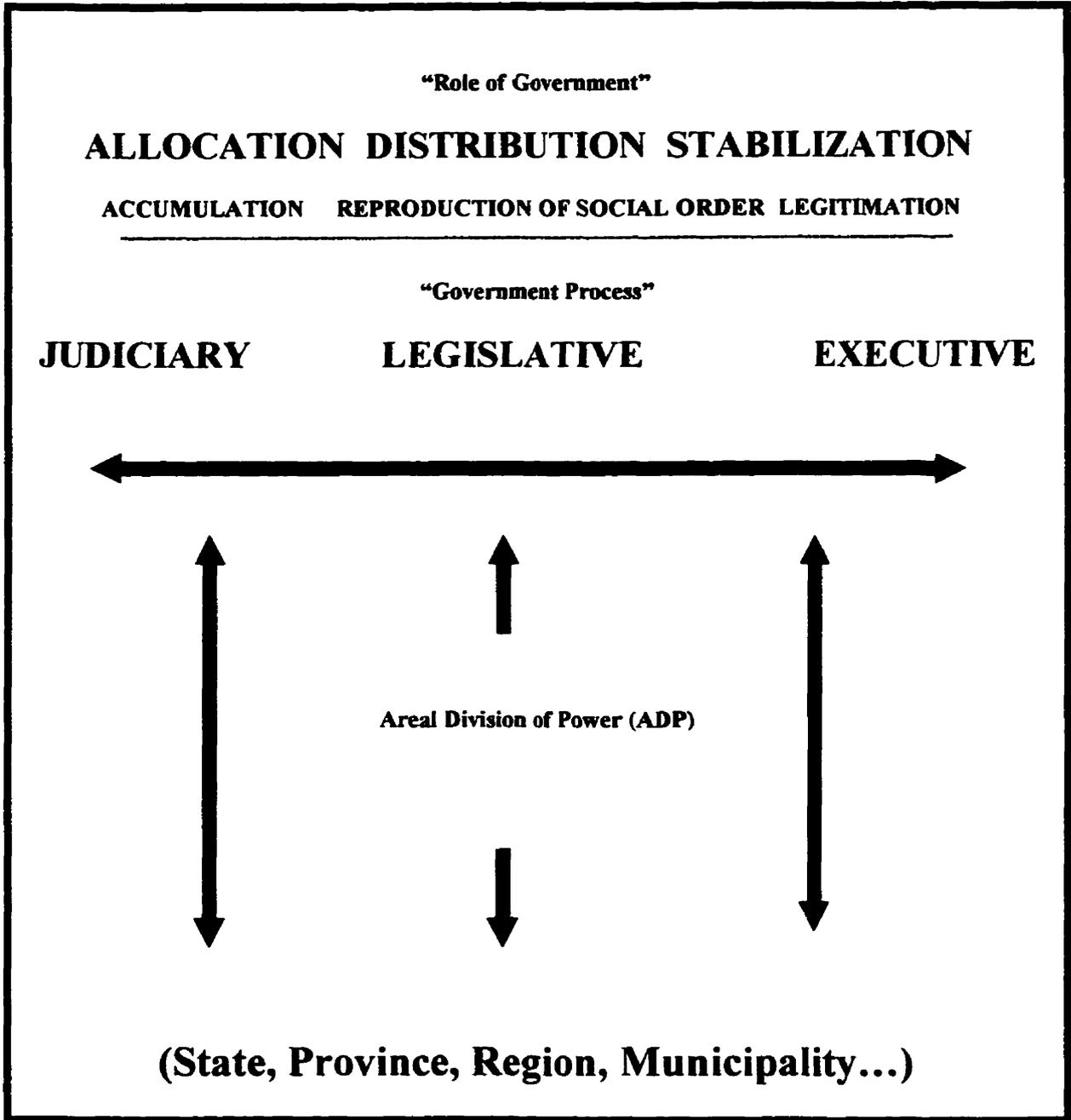
- #1) Allocation
- #2) Distribution
- #3) Stabilization

This long standing division (see Musgrave, 1964) is only one way to slice the pie. Equally important is the division of functions along what is termed "government process" (Maass, 1959; Thompson, 1961) or "horizontal" dimension (Murphy and Tanenhaus, 1977), with the formulation first delineated by de Montesquieu being most prominent:

- #1) Judiciary
- #2) Legislative
- #3) Executive

Neither of the above divisions speak to the spatial expression of government. A more complete picture of the basic functions of government is shown in Figure 2.1. The areal division of power, as will be seen in the case of Indonesia, is inextricably tied to the division of power along the various non-spatial dimensions.

Figure 2.1: Basic Divisions of Governmental Functions/Power



In the case of federal nations, the general division of powers is given greater horizontal and vertical elaboration in constitutional covenants. This is also the case to some extent for unitary states, where the government process division makes an appearance in some fashion. However, federal constitutions delve deeper into the detailed division of functions, creating detailed categories of functions that are then allocated to the formative units of government and the supra-level formed from them.

The possible rules for the areal division of power (ADP) are many, as indicated in the sample of nations exhibited in Figure 2.2.

Figure 2.2: Constitutional ADP in Several Federal Nations

	United States, Australia	Pakistan	Canada, India, Nigeria, Spain	Malaysia	Germany, Austria
FEDERAL LIST (federal level has a specific list of functions assigned to it)					
FEDERAL RESIDUAL (federal level is responsible for functions not explicitly specified)					
FORMATIVE UNIT LIST (state/province has a specific list of functions assigned to it)					
FORMATIVE UNIT RESIDUAL (state/province is responsible for functions not explicitly specified)					
JOINTLY ASSIGNED (federal and state/province must cooperate in discharging the joint function)					

In unitary states, the ADP is generally only vaguely specified, if at all, in the constitution, and any ensuing ADP must then flow from subsidiary legislation. It is important to note that there is thus little or no guarantee that any particular form of ADP will endure. An interesting research topic might be to determine whether unitary ADP's are indeed characterized by greater change than those of federal states.

It would be wrong to presuppose from the foregoing explanation that federations' ADP are more rigid than those of unitary states. A number of mechanisms have evolved over time to make the former more accommodating to developments, including administrative delegation, opting in/out clauses, bilateral agreements and court adjudicated disputes over jurisdictional grey areas (Meekison, 1991). Unitary states generally do not employ such mechanisms as they are in theory able to arrange the ADP to suit the demands of the moment. The downside of this flexibility may well be the lack of protection afforded to sub-national units in maintaining or enhancing their degree of autonomy.

2.3.2 Categories and Specificity of Functions

At a general level, functions can be categorized according to budgetary requirements of government, namely:

1. Revenue functions
2. Expenditure functions

The expenditure category can be further enlarged and elaborated. Further elaboration of these expenditure functions is heavily contingent on the specific institutional arrangement chosen by governments, and this tends to change as new cabinets are formed. The specification of functions then stems from the specific mandates of the Ministries created. Functions do not disappear as such when Ministries are dropped or merged, they are usually shifted and/or reformulated.

There is no accepted standardized terminology internationally for the range or hierarchy of government functions, and this is true also among Indonesian agencies. A generic list is given in Table 2.2, but the list does not speak to other alternative structures and the various institutionally influenced elaboration that can emerge.

Table 2.2: Areas of Government Action

- | | |
|----|--|
| A. | <i>Getting Money</i> |
| 1. | By current financing, e.g. tax collection, sale of public property, etc. |
| 2. | By deferred financing, e.g. borrowing |
| B. | <i>Spending Money</i> |
| 1. | On external affairs, e.g. military and diplomatic affairs |
| 2. | On activities related to internal order |
| a. | Maintenance of public safety, e.g., enforcement of criminal law |
| b. | Supervision of property rights, e.g., defining and protecting ownership of realty and personalty |
| c. | Supervision of civic rights and liberty, e.g. defining and protecting the right to vote |
| d. | Supervision of public and private morality, e.g. censorship, supervision of marriage |
| e. | Inculcation of patriotism, e.g. provision of national holidays |
| 3. | On activities related to trade |
| a. | Provision and supervision of money and credit, e.g. central banking |
| b. | Provision and supervision of facilities for transportation and communication, e.g. management of the post office |
| c. | Provision and supervision of utilities, e.g. management of wells and atomic energy plants |
| d. | Provision and regulation of production and distribution of goods and services, e.g. supervision of labour-management relations |
| e. | Encouragement of economic development, e.g. granting subsidies |
| f. | Supervision of irreplaceable resources, e.g. conservation and management of forests |
| 4. | On activities related to citizens' welfare |
| a. | Provision and supervision of education |
| b. | Provision of aid to the indigent or handicapped |
| c. | Provision for recreation and culture, e.g. maintenance of parks, musical societies, etc. |
| d. | Provision of public health services, e.g. supervision of drug manufacturing |
| e. | Encouragement of the acquisition of new knowledge, e.g. granting patents and copyrights, supporting exploration, encouraging scientific societies. |

Source: William H. Riker, *Federalism - Origin, Operation, Significance*, Little, Brown and Company, Boston and Toronto, 1964 (pg. 53).

In newer federal states there appears to be a trend toward increasing the specificity of functions over time, at least as evidenced in constitutions¹. There is no similar observation on unitary states, but the growing state intervention and complexity of life would argue for increased differentiation of the tasks of government over time in any state. As will be noted in detail later, this has been the case for Indonesia.

The categories shown in Table 2.2 must be accompanied with an appreciation for the elements of any one broad function. These elements can themselves be considered "functions" and be transferred separately or in variously configured bundles. Mills (1990), with reference to the health sector, provides a list (Table 2.3) of these cross-cutting functions that can be found within any one broadly defined substantive function.

Table 2.3: Cross-Cutting Elements of a Substantive Function

- | |
|---|
| <ul style="list-style-type: none"> • legislating • revenue raising • policy-making • regulation • planning and resource allocation • management • inter-sectoral collaboration • interagency coordination • training |
|---|

Source: Mills (1990: 25).

Some elements of a function are more determining than others in fostering local autonomy. Transferring sectoral functions like primary health care for instance, while retaining regulatory, planning and financial control, may be justifiable on some grounds or in a phased decentralization strategy, but it does little to advance local autonomy if maintained in this fragmented state.

¹Compare for example Germany (1949), with 39 powers and India (1949) with 144 powers, with United States (1787) with 18 powers listed (see Herperger, 1991, and Wolf-Phillips, 1968).

2.3.3 Existing Theory and Criteria for the Assignment of Functions

The absence of clear allocation of government functions has been noted in several countries (see for example Mutizwa-Mangiza, 1990; Bienen et al., 1989, Cheema and Rondinelli, 1983). However, some general principles can be gleaned from various strands of literature.

If early federations are any indication, it appears that what was being sought in forging an ADP were "separate spheres of influence". This drive to retain clear responsibility fields is understandable in a federation, where the component parts come together and yield a measure of sovereignty. As a corollary to this principle, it might be surmized that forming separate spheres of influence was not uppermost in the mind of the founders of a unitary state. Indeed, the notion that all power initially is vested with the national government is a more likely assumption. The subsequent transfer of functions to sub-national units of government might be more characterized by the parcelling out of bits and pieces of larger functions. The drive toward separate spheres is generally subsumed under the "layer cake" model of ADP, whereas the more joint responsibility or imprecise form of ADP is labelled as "marble cake" ADP.

Beyond this general "layered/marbled cake" principle, only some rather general or practical rules of thumb can be found in the public administration literature. For, example, Ayee draws a firm conclusion from the Ghanaian experience

...the assignment of functions to subnational governments must match their financial and manpower capacities. In other words, one must cope with the complex non-uniformity that characterizes subnational governments. For instance, Accra Metropolitan Assembly with a population of over one million is not the same as the Keta Da with a population of 250,000; and there is no point pretending to treat them in the same way. (Ayee, 1996: 49)

Stronger theoretical principles are scarce. Olson opines that economic theory may be useful in separating private from public action, but he goes on to state that "it does not tell us whether a function should be performed by a local state, or central government, by an *ad hoc* authority or organization, by an international organization, or by some other type of institution.

Neither does any other discipline have a theory which can be of general use here."[researcher's emphasis] (Olson, 1969: 479). Olson puts forward a "pre-model" where fiscal equivalence (congruence between the tax payers and beneficiaries of a service) and economies of scale are joined to give support for a variety of levels and number of governments to fit with function, preferences and cost in public good delivery.

From the public choice approach, theory development is still in early stages regarding the optimal assignment of functions. The observation has been made that economies of scale do exist for some services, and that technology is changing. This leads analysts to conclude that, ideally, jurisdictions should be tailored to specific functions, and should change in size over time to reflect the changing technology and efficiencies. This argument resonates with that of the "optimal city size", one that found favour in the 1960s and 1970s. Efficiencies in service provision were an important consideration in the attempt to determine optimal city size. However, the complexity of the measurement has made researchers pessimistic about the ability to determine a city size that is appropriate to a broad range of services and economic activities (Richardson, 1973, 1978; Button, 1976). Optimal regional size has been given even less attention. The adequacy of a region in terms of size, population and economic base in relation to regional service delivery is an important issue but one which has not received sufficient attention.

The city/regional size and functions correspondence has been addressed in part by writers in planning and administration fields dealing with the tension between "area" and "function" (see for example Fesler, 1949, 1973; Friedmann and Weaver, 1980). Political-administrative policies have shown a remarkable variety of arrangements and attempts to reconcile these two dimensions, and in the last few decades the notion of region or territoriality has gained momentum; the integrative jurisdiction is on the rise and functionalism seems to be on the decline. The radical reshuffling of jurisdictions to better fit with functional imperatives, though constitutionally possible in many countries, is no longer the most feasible or first choice option to local government reform.

Few nations have embarked on radical jurisdictional restructuring. Tanzi (1995) cites Denmark as having followed the latter course and political platforms do exist in certain countries for establishing regions with different boundaries, with the Labour proposal for establishing 10 new large regions in England being a case in point (Coulson, 1990). In Ontario (Canada), some measure of jurisdictional restructuring has occurred in waves, with second tier regional councils and amalgamations in the 60-70's (Sancton, 1993) and further amalgamation, in both urban and rural municipalities in the late 90's under a Conservative government. As outlined in the Ontario "Design for Development", the criteria used to reshape local government in the 1960's centered on maintaining community identity, adequate financial base and regional scale that would allow for service efficiencies (Robarts, 1968). The relation of scale to functions was not well explored in this effort. Certain functions, like economic planning, were seemed to fit better at the regional versus local level for example. The most recent wave of amalgamations is also driven by cost saving considerations, though the evidence for cost savings has been hotly disputed (Schachter, 1998).

The practical and political difficulties in adjusting jurisdictional boundaries have made even public choice analysts wary of such prescriptions. However appealing a functional assignment may be in theory, political obstacles alone point to a general acceptance of existing boundaries, and thus to an adjustment of functions (and to a lesser degree area) to take into account issues of efficiency and popular preference and control. Even so, this is a process fraught with its own difficulties, not least which is the selection and use of operational criteria for this kind of adjustment.

Returning to Musgrave's general formulation, public finance aims to stabilize growth, redistribute income and allocate fiscal resources. According to Musgrave, the first two are more suited to central jurisdiction given the mobility of capital and labour across regions, while decisions regarding how much to spend for each service is best made at the local level. Even accepting these

aims for public finance at face value (something neo-Marxists would be loath to do), the guidance that flows from this understanding can be but a crude indicator at best since more specific government functions tend to obscure this general division, and the make up of allocation function can be quite complex (as seen in Table 2.2 and 2.3).

There are those who believe it is probably foolhardy to search for rationality in the distribution of functions. Chandler (1991) posits that the British model of local government is one of stewardship, where the primacy of the centre is strongly held and local government is seen but as an implementer of central policies and a “dumping ground for tasks that the centre does not wish to undertake.” He goes as far as likening the search for meaning in such arrangements to trying to make sense of what the various items in a rubbish heap have in common. The fact that no formal, public, and large-scale effort has been made in the UK to assess relevant criteria may well account for some of the questioning or cynical conclusions of observers. In contrast to the UK, a detailed analysis of functions, using explicit criteria, has been undertaken in the United States, Australia and Canada.

In the US, in the context of the work of the Advisory Commission on Inter-governmental Relations (ACIR, 1963), seven criteria were proposed in aid to the allocation of fifteen urban services to local versus “area-wide” jurisdictions. These criteria are listed in Table 2.4:

Table 2.4: Criteria Reviewed by ACIR (USA)

- | |
|---|
| <ol style="list-style-type: none"> 1. Spillover minimization 2. Scale economy maximization 3. Geographical area sufficiency 4. Legal and Administrative ability 5. Functional sufficiency 6. Controllability and accessibility of constituents 7. Maximization of citizen participation consistent with adequate performance |
|---|

Source: Advisory Commission on Intergovernmental Relations, Performance of Urban Functions: Local and Areawide, September 1963.

The above work stimulated others to attempt similar efforts. For example, Hirsch (1964) slightly reformulates the above criteria to indicate which services tend toward the “local” and which tend toward “area-wide”, and how the local should be financed.

In Australia, criteria have been put forward as *general principles* (see Table 2.5), to emphasize flexibility and a general guidance role. In a similar vein, the Advisory Committee to the Minister of Municipal Affairs in Ontario proffered several principles to be used in making “rational and effective decisions on the division of responsibilities” between the province and its municipalities (Table 2.6).

Although the literature does not reveal similar initiatives in Europe, those nations encompassed in the European Union have, via the Maastricht Treaty, adopted as a guideline the “principle of subsidiarity”. Essentially, functions and taxation should be exercised by the lowest level of government (and civil society) unless good arguments can be made to hold these at a higher level.

Table 2.5: Criteria Suggested by ACIR (Australia)

General Criteria:	1.	National unity
	2.	Co-ordination
	3.	Overriding importance
	4.	Multi-functionality
Responsiveness:	5.	Responsiveness
	6.	Community
	7.	Accessibility
Equity and Equality:	8.	Social justice
	9.	Redistribution
	10.	Equalization
	11.	Uniformity
	12.	Portability
Efficiency:	13.	Mobility
	14.	Stabilization
	15.	Internalization
	16.	Economies of scale
	17.	Regional unity

Source: Advisory Council for Inter-government Relations, Towards Adaptive Federalism - A Search for Criteria for Responsibility Sharing in a Federal System, Australian Government Publishing Service, Canberra, 1981.

Table 2.6: Criteria Proposed by Advisory Committee in Ontario

- | | |
|----|--|
| 1. | To the extent that income redistribution is a program or service objective, policy/service management and program financing should be provincial responsibilities. |
| 2. | The degree of involvement in policy/service management for each level of government should be determined by the type and level of spillovers. |
| 3. | Services should be produced at the level of government that can do so most economically. |
| 4. | Services should be delivered by the level that can do so most effectively. |
| 5. | The degree of involvement in service management for each level of government should be dictated by the level of interest or the need for standards. |

Source: Government of Ontario. Report of the Advisory Committee to the Minister of Municipal Affairs on the Provincial-Municipal Financial Relationship, 1991.

Multilateral organizations such as the IMF and World Bank have also taken a keen interest in the decentralization criteria discussion (see Silverman, 1992 and Shah, 1994). Shah advocates the criteria listed in Table 2.7:

Table 2.7: Criteria Formulated Under Auspices of World Bank

- | | |
|----|---|
| 1. | Economies of scale |
| 2. | Economies of scope (bundling of public services that brings other consequences) |
| 3. | Benefit/cost spillovers |
| 4. | Proximity to beneficiaries |
| 5. | Consumer preferences |
| 6. | Economic evaluation of sectoral choices |

Source: Shah, A. (1994). The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies, Policy and Research Series # 23. The World Bank, Washington D. C.

Shah does not clarify the criteria, and he qualifies their use by stating that they are arbitrary, adding that “practical and institutional considerations should be brought to bear on this analysis, and the reader may well reach different conclusions using the same criteria.” (Shah, 1994: 13).

Literature from developing nations is scarce. The criteria/models used in decision making in Indonesia is the focus of this thesis and will be treated in subsequent chapters.

2.3.4 Linking Decentralization Criteria to Sustainable Development

Succinctly captured in the Bruntland Commission's call for development that "meets the needs of the present generation without compromising the needs of future generations" (World Commission on Environment and Development, 1987), the sustainable development (SD) framework has shaped a vital dialogue that has spawned a vast and diverse literature. Equally important, the dialogue has been seeping into policy formulation, as hoped by the Commission (De La Court, 1990). A decade after the concept's major boost through the Bruntland Commission, SD continues to draw to its cause disparate parties seeking to associate themselves with the term or to appropriate it entirely. While this can serve to bring together parties and to generate cross-interest dialogue, it does make it harder to find consensus on specific principles and programs. Roseland (1991) notes the existence of at least 80 different definitions of SD, with different interpretations having "very different implications, not only for the environment, but for society and the economy as well".

Concrete progress toward SD hinges on identifying "appropriate" changes and preservations. Operational indicators of sustainability must be developed (Bruntland, 1991). The literature on the former is less than helpful, if consensus is sought, and work on indicators is proceeding slowly, perhaps due to the difficulty in pinning down the concept of sustainability (Canada, 1995). While there are some acknowledged "basic imperatives" in sustainability, relating to biophysical needs, what is deemed worthy of being sustained will vary among societies and be very much related to the individual or groups' position within that society.

If consensus is not attainable, there are at least some guideposts or general tenets that find considerable support among diverse stakeholders:

1. Sectoral integration in design and implementation (Env.-Ec.-Soc.)
2. Equity; between generations and among current groups
3. Widespread participation
4. Biodiversity maintenance/resilience/adaptation
5. Renewable resource use and maintenance

6. Conservatism in decision making in the face of uncertainty
7. Rapid learning from experience
8. Cross-jurisdictional cooperation

Admittedly, agreement on these tenets tends to evaporate when any one of these principles are elaborated or made operational.

Making a link between the SD and decentralization literature and practice is no easy task as the writers engaged in either pursuit rarely cross over in these fields. For example, there are many SD driven suggestions for local/regional government initiatives: public and bicycle transportation, energy conservation and efficiency, waste reduction and recycling are only some (Rees and Roseland, 1991). There is little discussion however of the powers of local and regional governments to undertake these “pragmatic” initiatives, nor of the additional powers needed to have a greater impact on sustainability. Some calls for greater participation and more powers at lower levels are heard. Bryden (1994) specifically endorses the principle of subsidiarity in promoting sustainable rural communities, but he gives this topic short shrift.

More conceptual investigation is required to determine the value of the evolving SD framework or paradigm to the many thorny issues of decentralization, particularly the decision criteria and general policy dialogue underpinning decentralization. The most direct linkage can be seen in relation to three SD principles, namely integration (of economic, social and environmental aspects), regional equity, and participation. Although SD and decentralization proponents can find common ground on these issues, the strict application of these criteria also reveals a centralizing logic, particularly in the internalization of environmental costs and the pursuit of regional equity.

SD principles then can be seen to reinforce or highlight some key criteria at play in the decentralization discussion. It may be useful as well to view decentralization and other themes in the evolving “good governance” discussion as the institutional dimension of the SD framework. Appropriate institutional arrangements in local governance are central to sustainability of the ecosystem and local social and political structures.

2.3.5 Applying the Criteria: The Process of Decentralization Design

Although scarcely entering the literature, there is some evidence that the process of function assignment following the formative years (where power has often been yielded bottom-up) has generally been top-down in most countries. Commenting on provincial-local division of responsibilities, the above mentioned Advisory Committee in Ontario noted

While this relationship has been, and will continue to remain, fluid, in the past the fluidity has been largely the result of unilateral decisions made by the provincial and federal levels of government rather than the result of co-operative consultation and decision making based on sound principles. (Ontario, 1991)

If literature on criteria is scarce then literature describing their application can be said to be rare. This research redresses this gap in a modest way for Indonesia, but much more empirical and comparative work is required to discern how practice meshes or deviates from theory.

Chapter Summary

The decentralization theme is widely embraced by governments throughout the world, and many expectations have been placed on decentralization initiatives. Assessments of decentralization outcomes have been difficult to make, perhaps complicated by the existence of different definitions or understandings of decentralization. Empirical evidence must then be treated cautiously, but what is available indicates that the promises of decentralization are difficult to attain in practice.

The general sentiment is that decentralization studies are hampered by a lack of cohesive and comprehensive theory. Such expectations of theory may be misplaced in a field as broad as decentralization. However, linking empirical work to theory is a necessary endeavour. Presently there are two general frameworks to which decentralization studies can refer to; public choice and political economy. These frameworks are helpful in understanding different aspects of decentralization, but along with complementarity is also found incommensurability.

As yet, none of the frameworks have been used intensively to understand the specific criteria driving decentralization decisions or design. Various lists of decentralization criteria can be found in literature, some having seen some form of application. But these are offered as “rules of thumb” or principles that are not explicitly grounded to any specific world view. It could be argued that the sustainable development framework offers some principles that are similar or relevant to the decentralization discussion. However, the broad nature of the SD framework, if it can be called a framework, does not yet have an incisive analytical dimension of its own: it acts more as an agreed normative set of tenets that act as a platform for generating a useful dialogue.

In applying criteria for decentralization, there appears to be very little in the way of a broad or intensive dialogue. Although criteria are made explicit in places, the decentralization decisions and design process seems to be top-down in nature.

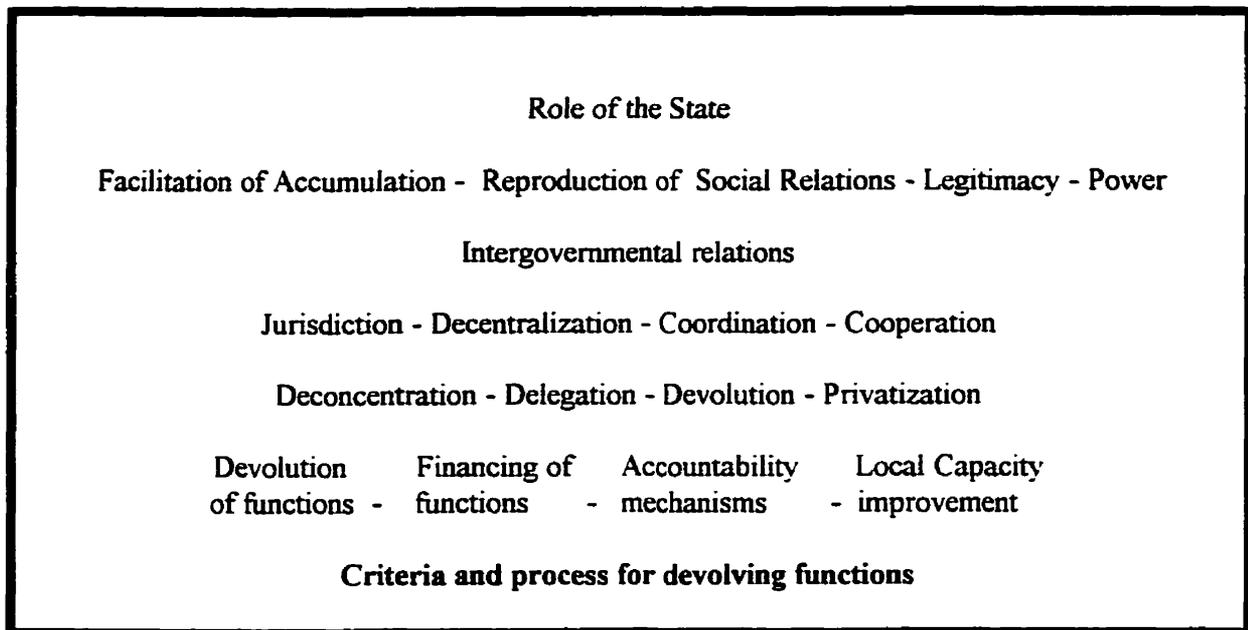
CHAPTER 3
ANALYTICAL FRAMEWORK
AND THE INDONESIAN DECENTRALIZATION CONTEXT

3.1 Theoretical Framework of the Study

3.1.1 Conceptual Hierarchy

To place the research issue in the context of the previously discussed theory, and within the broader social science frameworks of analysis, a conceptual hierarchy of relevant themes can be sketched, locating the criteria and process for devolving functions (Figure 3.1).

Figure 3.1: Conceptual Hierarchy of Research Focus and Related Themes



The public administration school of analysis deals primarily with the practical aspects of the lower levels of the hierarchy. There is much attention paid to enhancing local capacity or to the communication mechanisms for smooth intergovernmental relations.

The public choice/institutional analysts are more theoretically minded, and grapple with the theory of decentralization and the principles that ought to guide the assignment of functions (to a minor extent) and financing mechanisms (heavily stressed). For example, the principle of fiscal equivalence where the taxed area is to coincide with the benefit area, is at least one beacon in what is still a rather diffuse school of thought.

The political economy tradition of analysis (neo-Marxist and neo-Weberian) tends to emphasize macro-analysis of the superstructure, focusing on the role of the state, generally meaning the central state. Local expressions of the state have been rather neglected, although issues of local accountability and local level power elite have received some attention.

3.1.2 Selecting a Framework of Analysis

Peterson (1981) notes that the lack of a coherent general framework has induced some writers concerned with the assignment of function question to simply state that "local is as local does" and to present mere description rather than analysis. Understandably, much of the early prescriptive literature tends to be justified on technical or pragmatic grounds, avoiding the conceptual morass. In these cases, the guiding philosophy or ideology simply remains hidden. However, the political nature of decentralization is increasingly coming to the fore (Manor, 1996; Slater, 1989; Smith, 1985). Consequently, its political outcomes are scrutinized, and its desirability and approaches are debated more rigorously.

No one framework of analysis, however broad, can adequately come to grips with this research's empirical findings and contextual issues. The analysis must rely on several theoretical strands if it is to shed light on the Indonesian decentralization context.

Certain public choice principles seem to have relevance to the specific criteria that can guide decentralization decisions. Additionally, some aspects of systems theory may be helpful in understanding how the techno-scientific method, or its ideological symbolism, is used within bureaucratic structures for purposes of exhibiting modernity and while maintaining dominance.

What will be central to the analysis however, are the striking continuities between older patterns of domination and modern day patterns of governance. These continuities will be made apparent by applying Weber's original or reformulated ideal type of neo-patrimonialism. This ideal type will need to be updated with useful neo-Marxist insights to take into account the encroachment of capitalism in the Indonesian economy. The discursive strategies used by the various actors will also be analyzed, to connect these to their material basis.

All of the mentioned theoretical applications will be partial, in the sense that only part of the original framework or approach is invoked or that the phenomena being explained is but a small part of the total set of research questions probed. The question that arises in using an eclectic approach is whether the sum of the theoretical insights lead to a significant understanding and to some predictive and action oriented implications. Dealing with one overarching framework, promises simplicity and coherence, but the danger in taking this path lies in its overly ambitious scope. What may be gained may be very abstract and weak generalizations at best.

The advantage of building on partial explanations is that each theoretical tool can be selected to fit the scale and nature of the specific issue at hand. However, this approach has its own pitfall; it may only yield particularistic segments that do not form an understandable picture.

Deciding theoretical approaches in this context cannot fail to raise the issues of inter-disciplinarity and scientific truth. The commensurability of frameworks is one potential stumbling block to an eclectic ensemble of partial and/or apparently disparate theories. Traditionally, scholarly work has relied greatly on contestation between scholars of different ideological and political persuasion, committed to different analytical framework and methodology. This contestation has been fruitful at times, but it has also lead to scholars talking past each other and research that is lacking in synthesis.

Recognizing the position dependent nature of analysis (based on class, gender, culture and other dimensions), leads to an appreciation for the relative nature of scientific or ordinary truth.

However, avoiding a simplistic positivist epistemology does not mean discarding the concept of truth, or to accepting the position that any truth will do. Some truths are better than others in that they have greater internal consistency and provide a firmer basis for action.

Regardless of the analytical framework selected, what is certain is that the Indonesian development process and polity will continue to challenge and frustrate researchers intent on encapsulating its rich and complex character with adequate theory.

3.2 Updating Weber's "Patrimonial Prebendal State (PPS)" Ideal Type

Weber's "Patrimonial Prebendal State" ideal type (PPS), cannot alone provide a sufficient understanding of today's Indonesia. Indonesia is vastly different from its former patrimonial Majapahit or Mataram kingdoms. Yet the findings in this research, taken together with other observations in other spheres of political life in Indonesia, points to the PPS ideal type's continued relevance. At the same time, the challenge of recasting the PPS ideal type, inherently bounded in time and space, presents itself and must be addressed before the case for any form of neo-patrimonialism can be made (see Ferrazzi and Bakker, 1998). This task is beyond what can be accomplished in this research context, but a cursory preparation for the task can be given along with the tentative outline of an updated ideal type for modern day Indonesia and its implication for decentralization.

The Patrimonial Prebendal state, as conceived by Weber, is a political form of Patrimonial Dominion, where "the political realm as a whole is approximately identical with a huge princely manor" (Roth and Wittich, 1978: 1013). The key elements of this state, have been summarized from Weber's "Economy and Society" by Bakker (1988):

- a) one ruler who has all political legitimacy under his control;
- b) a bureaucracy with no independent power base;
- c) *ad hoc* administration and decision making
- d) royal domains throughout the land with few or no other land owners

- e) traditional tributes from subjects to the ruler
- f) labour obligations (*corvée*)

Bureaucracy is essential to the prebendal state, but the offices are created *ad hoc* and allocated based on personal considerations and loyalty to the ruler. In the execution of their duties, officials give highest priority to the interest of the ruler and are not bound by impersonal and formalized regulations of a rationalized bureaucracy. In the prebendal state, officials are conferred benefices that tend to become hereditary and alienable over time. In these states, there are attempts by officials to make offices more stereotyped (prescribed by rules other than those set by the ruler) rather than dependent on the arbitrary power of the ruler. In Weber's own words:

The patrimonial state as a whole may tend more toward the stereotyped or more toward the arbitrary pattern. The former can be more frequently found in the occident, the latter to a large extent in the orient, where the theocratic and patrimonial-military foundations of power...counteracted quite effectively the otherwise natural process of decentralization and appropriation. (Economy and Society, p. 1040)

Correlates of patrimonial rule include ruler monopolization of trade, compulsory associations assigned exclusive economic rights in return for duties (as the empire stretches its boundaries and makes direct control difficult), and some form of military force. mercenary or raised from political subjects (Bendix, 1960).

The characteristics of patrimonial rule are evidently not met in their entirety in modern day Indonesia. The turbulence in the last few months complicates any analysis, but it is clear that up to recent times at least Soeharto had maintained a monopoly on the symbols of legitimacy, the loyalty of the bureaucracy on essential aspects of regime survival (albeit a fractious and "*ad hoc*" bureaucracy) and an extractive and re-distributive patronage system. In combination, these features point to a persistence and even reemergence of patrimonialism of the prebendal variety.

Having made a preliminary case for historical continuities, it is also clear that the differences between modern day Indonesia and older Javan kingdoms are many and fundamental. The encroachment of global capitalism in the last century in particular has wrought a profound

social transformation that in the main has followed a pattern seen elsewhere: foreign dominated mercantilism yielding to the rise of foreign investment focused on import substitution, and later export manufacturing; the rise of an indigenous capitalist class (Chinese Indonesian, followed recently by a few *pribumi*); introduction of agricultural production methods and land tenure shifts that created landless peasants and promoted labour force availability for industrial development, along with related urbanization and other familiar features. This transformation has given rise to a more complicated class system: urban labour, professional class, and capitalist class to add to the former dominant *priyayi* (aristocratic bureaucracy) and the peasants. The structure of the Indonesian economy, and its linkages with the global economy, requires that any theory come to grips with the global capitalism's encroachment.

3.3 Approach of the Research

As stated earlier, the research is exploratory, due primarily to the lack of theory on the assignment of functions to sub-national governments. The study itself seeks to link empirical work to relevant theory, particularly theory that incorporates historical and socio-political dimensions.

The main part of the analysis deals with how the functions are assigned rather than the importance affixed to these functions, though the latter issue is not neglected where needed. The analysis centres on the nature of the reasoning/criteria offered by the a) actors transferring the functions and b) the recipients/claimants of the functions. The stakeholders are presumed to have different interests, arising from their organizational context and vantage point in terms of level of government.

The research does not rely exclusively on what the actors are saying, or on stated policy and manuals. To view past decentralization initiatives from a different perspective, the responses of actors are complemented (and to some extent validated or contrasted) through a comparison of the actual dispersion of functions among districts against key indicators (criteria) purportedly used

by policy makers. This type of triangulation is used to confirm the responses and reveal inconsistencies that open up other issues and explanations.

The criteria used (in discourse and practice) in the Indonesian context are compared to the criteria found in the international literature. The analysis includes an assessment of the extent to which the pre-district autonomy pilot program (DAPP) assignment of functions already conformed or deviated from international theory, and the extent to which this theory has been implicitly or explicitly utilized in the formulation of the pilot program and broader decentralization design efforts.

3.4 The Indonesian Decentralization Context

3.4.1 Historical Centre-Periphery Relations in Indonesia

3.4.1.1 Indic States and Colonial Rule as Forms of Patrimonial Prebendalism

To understand contemporary Indonesian policy and discourse on decentralization it is necessary to take into account Indonesia's roots, beginning with the early Javanese kingdoms, and subsequent colonial domination. The conceptualization of the pre-colonial Indonesian state(s) has a thin base of documentation to draw on, and interpretations differ. Geertz (1983) extends this shortcoming of the literature in respect to all of Southeast Asia. Yet he ventures forth with his model of the 'theatre state' as the framework for understanding power in ancient Balinese, and by extension, Javanese society.

Bakker (1995) points out that several writers have gainfully employed the Weberian "patrimonial prebendal" ideal type to explain the Hindu-Javanese civilization of the 14th century Majapahit, in contrast to Geertz's "theatre state", the Asiatic Mode of Production related models (Godelier 1965) or other possible models.

Anderson (1972), in his seminal work "The Idea of Power in Javanese Culture" is an early proponent of the fit between the pre-colonial Javanese kingdom and Weber's patrimonial state.

The ruler as the single source of power and authority personified the unity of society and was the link between society and the metaphysical world. Bakker (1995) elaborates this link with his description of the role of the ruler, and his immediate surroundings in the capital (*kraton*), symbolizing the center of civilization. The ruler was variously revered as the “nail of the earth”, keeping the earth attached to the heavens, and as the wheel turner, allowing for the world’s continued existence.

The form of patrimonialism in early Indic states was very much in the mould of patrimonial prebendalism, rather than patrimonial-feudal. John Crawford, an early traveller to Java, is struck by the absolute power wielded by Java’s monarch and explains “There is no hereditary nobility with privileges to control or limit his authority. He is himself first minister of religion, so that even religion has but trifling influence in restricting his authority” (Boon Kheng, 1994: 250). Servile labour and a system of tributes were other evident features of his rule. Ministeriales (regents) were used where aristocratic elements threatened central rule, and these regents were “constantly replaced in order to nip any aspiration at independence in the bud” (Wertheim, 1995).

Even as the Majapahit kingdom declined in the fifteenth century, notwithstanding rebellions on the fringes of the kingdom, the decline did not come about principally as a result of feudal lords opposing central rule. It should be acknowledged however, that the Indonesian archipelago consisted of a number of “native states” which retained considerable autonomy up to late colonial times. There is also evidence that some of these states also were originally structured in much the same way as Indic states generally. For instance, Bakker (1996) suggests that the Buton sultanate, in Southeast Sulawesi, and Aceh, in northern Sumatra (Bakker, 1993), were examples of patrimonial prebendal states coexisting on the periphery of the Javanese state.

Peripheral states did often fall under Javanese domination as feudal fiefs, i.e. embodying considerable autonomy and relations of fealty. According to Djajadingrat (1978), it was the

protracted struggle between these “vassals” and the central ruler that exhausted the empire prior to the Dutch incursion. However, within the boundaries of any one state, particularly Javan states, relations between “lords” and central ruler much more reflected patrimonial prebendal relations.

The Dutch only became dominant in central Java in 1825-30, most of Java and Sumatra by 1870, and the Islamic Sultanate of South Sulawesi and Aceh by around 1910. The latter struggle defines the turning point where the Dutch sought to create in the archipelago a truly Dutch East Indies rather than fragmented colonial possessions. Even so, the indigenous world view was not destroyed; the ruler was still the local sultan, though it could be argued that the patrimonial ruler by this time was the King of the Netherlands (Bakker, 1988).

The prebendal officials under the Dutch did experience a lessening of *ad hoc* administration, but there is evidence to suggest that the transition from the Javanese kingdom to colonial administration retained the essential character of the patrimonial prebendal state bureaucracy. Legge explains the origin and continuity of officials as follows

Java never produced a landed aristocracy, but rather an aristocracy of officials. As the Dutch came to demand...the diversion of the island's agricultural surplus to themselves rather than to the traditional servants of traditional authorities, it became necessary for them to convert this class into a salaried bureaucracy. (1964: 72).

The existence of the declining peripheral states alongside the Javanese, and then colonial, power suggests two things: that Javans and certain other ethnic groups in the archipelago may have an historically rooted degree of acceptance of the prebendal model of state power, and secondly that current regional identity may be conditioned by the historical autonomy that existed between the outer regions and the dominant power on the archipelago. This is the historical paradox that unleashes both centrifugal and centripetal forces that any central government today must still carefully gauge in policy making.

3.4.1.2 Regionalism in the Post-Independence Period

In the struggle for independence, the regions were reasonably united, but the character of the Indonesian state to be formed was viewed in accordance to the regions' own tradition, culture and the particular orientation of the local groups spearheading opposition to the Dutch colonial power. In apparent consistency with this diversity, a federal state was engineered by the retreating Dutch in a 1949 conference with Indonesian nationalists. Only seven months later, the unitary state, the Republic of Indonesia, "superseded the Dutch-tainted federated order" (Kahin, 1985). The centralist tendencies of the old Javanese (and colonial Dutch) order were already reasserting themselves.

It is highly debatable that at this juncture the Indonesian state actually formed a nation, where a "nation" implies a sense of common heritage and destiny, or a feeling of the nation as a "terminal community" (Sloan, 1971). The next half-century in Indonesian politics can be seen as a pursuit of this national identity by the state. A national identity has been forged through the common language of Malay (as first proposed in 1928), symbols like "Unity in Diversity" and state ideology, chiefly in the principles of Pancasila². The threat and exercise of force also played a major role. In the process, incipient social revolutions similar to that described by Lucas (1985) in north-central Java were given less than hospitable soil upon which to thrive.

Contrary to Kahin's view that federalism received a bad knock largely due to its imposition by the Dutch (Kahin, 1985), the "founding fathers'" aversion to potential divisiveness in the new nation was already evident in 1945, as indicated by the strong executive powers entrenched in the Constitution, and also in the first law made in the new republic (*UU* 1945 No.1), which took away the autonomy of provinces in Java and Madura (except for Surakarta and Jogjakarta) and

²The five principles are, paraphrased; belief in one supreme being, a just and civilized humanitarianism, commitment to the unity of Indonesia, leadership through consensual deliberations, social justice for all Indonesian people (see Morfit, 1986, for a discussion of Pancasila Orthodoxy)

bestowed autonomy to the lower levels of residencies (*Keresidenan*), districts (*Kabupaten*) and cities (*Kota*). The Dutch federal debacle merely added another nail to the federalist cause, which was championed by a few Western trained intellectuals, and some regional voices.

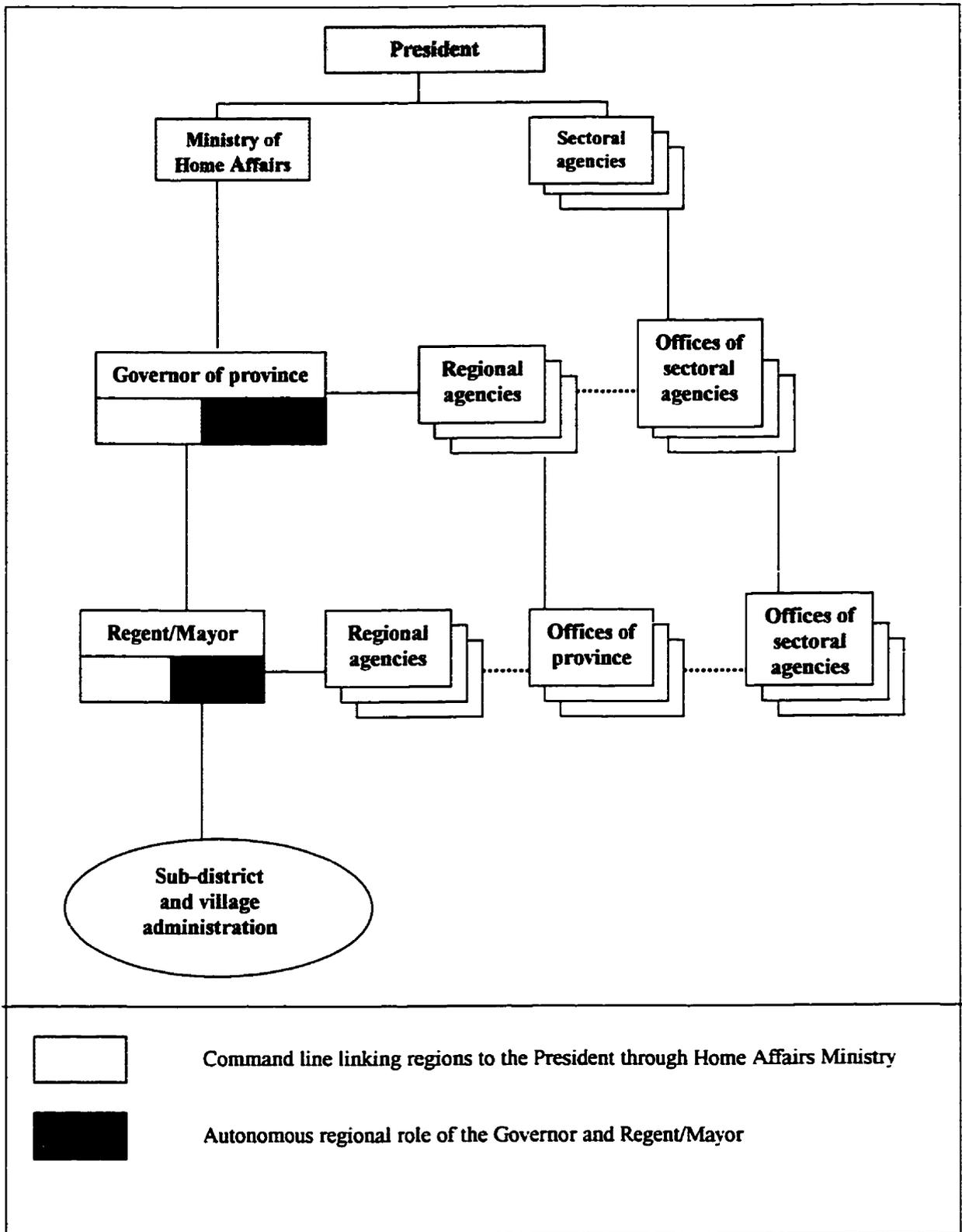
Nation building was not a progressive or smooth process. Considerable debate over the powers and appointments of regional officials and election systems were common features of Indonesian politics in the early fifties. While the central government seemed on occasion to give in to regional voices, through favourable legislation, they invariably did not follow through in concrete fashion, pleading “difficulties of implementation” (Palmier, 1960).

In the final analysis, regional insurrections in the 1950’s in Aceh and Sulawesi, borne of frustration with the centre, contributed to the demise of the brief period of “democracy” and federal composition of the Indonesian State. Sukarno reverted to a “guided democracy” based on the 1945 Constitution which had been put aside in what, in retrospect, was a brief flirtation with Western democracy that had little chance of taking roots in Indonesia at this time. Thereafter, Sukarno behaved increasingly like a Javanese ruler of old, until Soeharto engineered his demise.

3.4.2 Indonesian Regions in Contemporary Indonesia

The administrative system in Indonesia is complex, as befits a large and archipelagic nation with a rich history and diverse ethnic mix. Figure 3.2 shows the current regional administrative system, as enshrined in law 5/1974 on the fundamentals of regional administration. Notwithstanding some early attempts to construct three layers of autonomous regions, for much of Indonesia’s existence the country has had two autonomous regional levels: the province (also referred to as the first regional tier or level), and the districts and cities (*kabupaten* and *kotamadya* respectively, also referred to as the second regional tier or level).

Figure 3.2: Regional Administrative Structure of the Indonesian Government (simplified)



As of January 1998 there were 245 districts (*kabupaten*) and 59 cities (*kotamadya*) in Indonesia, both of these entities having "autonomous" status as second tier regions (Ministerial Decree Number 10, 1998). Districts are the focus of this research, but much of what is said is relevant also to the other second tier region, the city. Districts are largely rural, quite variable in size, but generally containing over a hundred villages. Some districts contain urban settlements that have "administrative" city status (*kota administratif*, or *kotif*), but these urban areas have no autonomous government, they are administrative centres of the district (though they are in fact organized in quite some detail by the Ministry of Home Affairs). The average district covers 7,800 sq. km., with an average population of 670,000.

3.4.3 District Focus for Regional Autonomy

The current emphasis on the autonomy of second tier regions does not have a clear policy lineage, but it has definite political advantages in today's polity. The meaning of "emphasis" was not clear in the initial policy, and it has not been clarified over time. It requires some discussion to set it against historical trends and the political imperatives of the New Order.

Before discussing what the policy means, it may be useful to understand what it has not meant since it came into being in the law 5, 1974. The policy pronouncements on the second tier regions are not borne out in any straightforward manner in actual practice. Although by the mid-eighties both the provinces and second tier could be characterized as heavily dependent on the centre, the financing capability of the second tier regions has since then seen a persistent erosion (Table 3.1), while the provinces have become more self-sufficient revenue wise.

A major complaint of the districts has been that the good and buoyant regional taxes and fees are those held by the province (see for example Damanik, 1994). Ironically, the provinces tend to have the same complaint in relation to the centre (UGM, 1997). This sentiment also made itself felt in interviews with district officials involved in the DAPP.

Table 3.1: Comparison of Provincial Versus Second Tier Financial Dependence on the Centre

Budget Item	Provinces				Second Tier Regions			
	1980/81	1985/86	1989/90	1994/95	1980/81	1985/86	1989/90	1993/94
Own revenues as % of budget*	24.6%	18.34 %	23.94 %	31.01 %	13.04%	18.85 %	15.86 %	11.24 %
Central Transfers as % of budget*	69.30 %	69.46 %	62.54 %	54.69 %	79.66%	63.87 %	66.74 %	70.87 %

Source: Compiled from Table 2.1 and 2.2 in Marzuki Usman, *Strategi Pembiayaan Pengembangan Otonomi Daerah (Analisis Terhadap Keuangan Daerah)*, BAKM, Finance Department, Delivered at the National Seminar "Strategi Pembiayaan Pengembangan Otonomi Daerah". Jakarta, April 18, 1996; Table II & III in J.S. Upal, *Taxation in Indonesia*, Gadjaja Mada University Press, 1991.

* Columns do not add to 100% as other regional budget items are not incorporated.

Although some significant revenues were transferred in 1995 to 26 pilot districts in the DAPP (fee for aggregates and fee for subsurface water) even these districts point to remaining revenue assignments that heavily favour the provinces (e.g. vehicle registration). Only in 1997 did the government overhaul the revenue laws apportioning revenues between the regions (*UU* 18, 19, and 20, 1997). However, the main intent of the reform was to limit the number of fees charged by the regions, and to realign other tax shares to make the entire reform revenue neutral. This reform then does not change the fact that most districts will still be financing much of their development through central grants, mostly conditional, and that the bulk of development expenditures still comes from sectoral projects funnelled through central departments. This situation need not be too deleterious on regional autonomy if the conditionalities and other means of exerting control were applied with a light hand, but as will be shown, this is not to be expected from the Indonesian political-administrative system as it is structured today.

CHAPTER 4

METHODOLOGY

4.1 Nature of Research

The current research falls within the "policy research" mode of inquiry. Because the policy field in question is so far poorly delineated theoretically, an "empirico-inductive" research approach is used. Theory enters the picture through an iterative process, combining information gathering with theoretical exploration, as is commonly done in research into multi-dimensional and poorly elucidated policy areas (Majchrzak, 1984).

Empirical data were obtained through interviews, participant observation (seminars/workshops), tracking of major print media, and archival sources. Government officials at various levels of government as well as non-government "key informants" were interviewed.

Interviews were needed to know what certain individuals had to say, but these were done with the aim to understand the responses in terms of the social category of those individuals (Li, 1981). For instance, the pattern of responses for officials in the category of "district official" were expected to vary from those of "provincial" or "central" officials. For any one government level, responses were also expected to differ due to particular sectoral perspectives. As well, responses were expected to differ between districts due to broader socio-political factors (historical center-periphery relations for example).

The research is not made in the pursuit of "objective" laws. There is the hope however, that the findings will yield more than isolated facts and perceptions. Certain commonalities in perceptions, stances and actions may become discernible. In combination they may yield insights that are at least useful conceptual templates akin to ideal types, valid for the specific Indonesian context and present time, and with some promise for heuristic application to similar contexts (for a discussion of Weber's ideal types see Kalberg, 1984).

Having made the case for some degree of detachment or “top view”, this is not to say that a subjective view is not important. Indeed, an interpretive understanding of the actors’ self-ascribed meaning in their selection and use of “decentralization criteria” is important to this research. It can explain what the actors think they are doing and why they think they are doing it. Interpretive understanding however can be enriched, with epistemological consistency, with a more positivistic approach (Lee, 1991). For example, by contrasting views on criteria for allocating functions with the actual distribution of functions among districts it is possible to gain greater insights into the meaning and world view of respondents. Using two methodologies on essentially the same problem is thought by some to be ontologically and epistemologically untenable (see Blaikie, 1991), but most hold that there is only a loose connection between research paradigm and method, and allow or promote judicious use of this kind of triangulation (see for example Jick, 1979; Firestone, 1987; Howe, 1988; Rossman and Wilson, 1994). The corroboration or discrepancies from mixing methods did prove illuminating in this research.

4.2 Ethical Issues

The methodology of this research has been scrutinized by the University of Guelph, the University of Indonesia (Inter-university Centre of the Social Sciences) and the Indonesian Institute of Sciences (LIPI). At least two issues in the research have important ethical dimensions: the location/context of the research and the transparency of the research.

Any government data that encompasses data for Timor Timur included in this thesis is not meant to convey that the author is supporting the government’s position on the status of the “27th province”.

The issue of access to government officials is a general one faced by all researchers in any country. In Indonesia, the hierarchical nature of the bureaucracy can make access to lower levels problematic. For this reason, the research was undertaken under the aegis and sponsorship of other

Indonesia and international organizations rather than as a direct study for doctoral purposes. The explanation offered to officials in Bandung/West Java and Batang Hari/Jambi was that the study was sponsored by Bappenas, World Bank, and GTZ and aimed at policy development, while officials in Badung/Bali understood the study to be jointly sponsored by GTZ and the University of Indonesia. Only when officials asked about the use of the specific use of the research did the researcher offer that a doctoral thesis was one of the outcomes. Information obtained through the studies undertaken via technical assistance collaboration projects was requested and received from these agencies in keeping with the initial understanding underlying the research. Because of the indirect approach to data gathering, the identity of the respondents has been safeguarded.

4.3 Methods

The research makes use of the current Indonesian district autonomy pilot project (DAPP) as a base for exploring criteria used in decentralization design and decision making. The advantage of doing so is that stakeholders are presently engaged in the implementation of the pilot project, and thus the criteria used to design the initiative is presumably still fresh in the minds of the designers and implementers. The stakeholders interviewed were asked about criteria that did drive or should drive decentralization, focused on the district but also touching on the provincial level.

The government officials interviews were undertaken in 1996-97 (see Appendix 1: Schedule of Research Activities), comprising two components: a district case study component (horizontal perspective) and a vertical comparison encompassing provincial and national agencies (vertical perspectives). Additional interviews were conducted with key informants from non-government agencies or quasi-government agencies, mainly in 1997-98. Further documentation of views and positions on decentralization have been obtained through a review of major mass media and the grey literature found in various government and non-government organizations.

Participation in seminars and workshops dealing with decentralization issues also provided information on government policies, academic views and practitioners' experiences (Appendix 7: Key Informants for the Research and Workshops/Seminars Attended).

The above empirical case studies, and the complementary library and document searches, as well as participant observations, all served to explore the hypothesis previously mentioned:

Table 4.1: Initial And Tentative Hypotheses Guiding The Research

INFORMATION	SOURCE	METHOD
HYPOTHESIS 1: (Indonesian criteria/model are similar to international criteria/model)		
a) International theory and Practice	- formal and grey literature	- library search in U. of Guelph & Canadian library system - World Bank holdings
b) Indonesian Criteria	- policy statements - regulations - manuals - internal government memos and documents - key informants in government agencies at district, provincial and central level	- GOI and university libraries - govt. departments documents - interviews of district agencies in case studies - interviews with provincial and central department agencies - interviews with key informants in and outside government
HYPOTHESIS 2: (Stakeholders at different levels hold or emphasize different criteria) (same as part b) in HI		

INFORMATION	SOURCE	METHOD
HYPOTHESIS 3: (Outcomes are more centralist than elsewhere due to power context)		
a) Outcomes of Indonesian process in New Order	- sectoral initiatives - district autonomy pilot project	- review of sectoral regulations affecting transfers since 1974 - review of assessments made by Indonesian and outside observers - assessment of the importance of transferred functions - comparison of decentralization states against international experience
b) Comparison with intl. outcomes	- literature (formal and grey documentation)	- library searches and obtaining of grey literature through decentralization "network"
c) Power asymmetries and their effect on outcomes	- Indonesian literature and documentation - views of key Indonesian stakeholders	- assessment of power relations among levels of government - assessment of influence of power on selection/use criteria and design/decision process - interviews with stakeholders at natl., prov. And district levels to confirm or add information

INFORMATION	SOURCE	METHOD
HYPOTHESIS 4: (political criteria often are determining/overriding)		
a) Explicit use of political criteria	- key informants and stakeholders involved in key sectoral initiatives/district pilot project	- review of documented assessments - interviews
HYPOTHESIS 5: (unsystematic application leads to sub-optimal results for all parties)		
a) Degree of systematic use of criteria	- stakeholders, key informants and documentation	- review of existing documentation - interviews at all relevant levels
b) Perceptions about outcomes (planned or unintended)	- stakeholders at national, provincial and district levels	- interviews - monitoring and evaluation system for the pilot project - other documentation; ex. seminars held to discuss initiatives

4.3.1 Implementation of Semi-Structured Interviews

The semi-structured interviews with government officials in the district and provincial level agencies aimed initially to solicit information from the relevant head of the agency (or district). At the national level, the heads of the planning or organizational bureaus were interviewed. This was achieved in about 70% of the interviews, occasionally by rescheduling appointments or returning to the agency for a second visit. In other interviews, an appointed representative was interviewed, usually the head of the secretariat or a technical section head. About 90% of interviewed government officials were men, usually over 40 years of age. Most senior officials had obtained some level of post-secondary school education (age and education standing were not specifically recorded). In Bandung (West Java), and Badung (Bali), the interviewed officials were almost exclusively from the district or province in question, whereas senior posts in Batang Hari (Jambi) were in part occupied by Javans. There was no apparent effect on responses due to sex, education or origin.

For the most part, respondents were glad to have the opportunity to assess the decentralization initiatives of the government, and seemed pleased to have a foreign researcher take interest in their situation and issues. Two difficult interviews did take place however, where weary

agency heads provided responses that were entirely predictable government slogans or evasive generalities. Both agency heads were members of the military. However, military roles did not stop the district heads interviewed (Bandung, Batang Hari) from being very outspoken about the pilot program and voicing what is needed for optimal decentralization.

Initially interviews were planned as one on one exchange, but it became evident from the Bandung (West Java) interviews that many would begin this way but end as group discussions as colleagues or staff were invited to join the discussion or spontaneously joined out of interest. This approach was soon encouraged since the discussion appeared to be broader and deeper when joined by lower level/technical staff. When several respondents were present, a more relaxed and open atmosphere ensued, which made it easier to broach sensitive topics like power and income criteria and the communication style in central-local relations.

For about half of the government agency interviews the researcher was accompanied by collaborating/sponsoring agencies, including colleagues from the University of Indonesia, University of Udayana (Bali), Support for Decentralization Measures (German and Indonesian), and *Bappenas*. The richness of the exchange was enhanced when one or more of these members joined the interview. Using a "team" approach, with the members nonetheless guided by the same question list, allowed the researcher to make better interview notes without disrupting the exchange. On occasion, when the researcher had difficulty with an Indonesian expression or term, the Indonesian members of the research team provided quick interpretation.

Original notes were made in a mixture of Indonesian and English. Notes prepared by agency staff (who had received the list ahead of the interview date) were in Indonesian. The sketchy points jotted down during the interview (as unobtrusively as possible) were augmented at the earlier opportunity immediately following the interview, and were generally typed by the evening of the interview day. At this time, points were elaborated, translated where necessary, and some initial analysis was added in brackets.

4.3.2 District Case Study Component (Horizontal Perspective)

Three districts were selected, to obtain a sample varying in socio-economic conditions: Bandung (West Java), Batang Hari (Jambi-Sumatra), and Badung (Bali). Face to face interviews were conducted with senior members of the autonomous sectoral agencies at the district level, and in Bandung and Batang Hari also with their extensions at the sub-district level (in Badung the village/traditional institutions were the "below district" focus). The information sought includes records and views on the nature of responsibilities decentralized to the district, further scope remaining for decentralizing to the district and criteria used to design or judge the appropriateness of the transfer of functions (See Appendix 2: Target Groups/Instruments In Semi-Structured Interviews With Officials). Criteria for allocating functions to the levels below the district, and the impact of decentralization on lower levels/NGO's were also explored to a lesser extent in the above interviews.

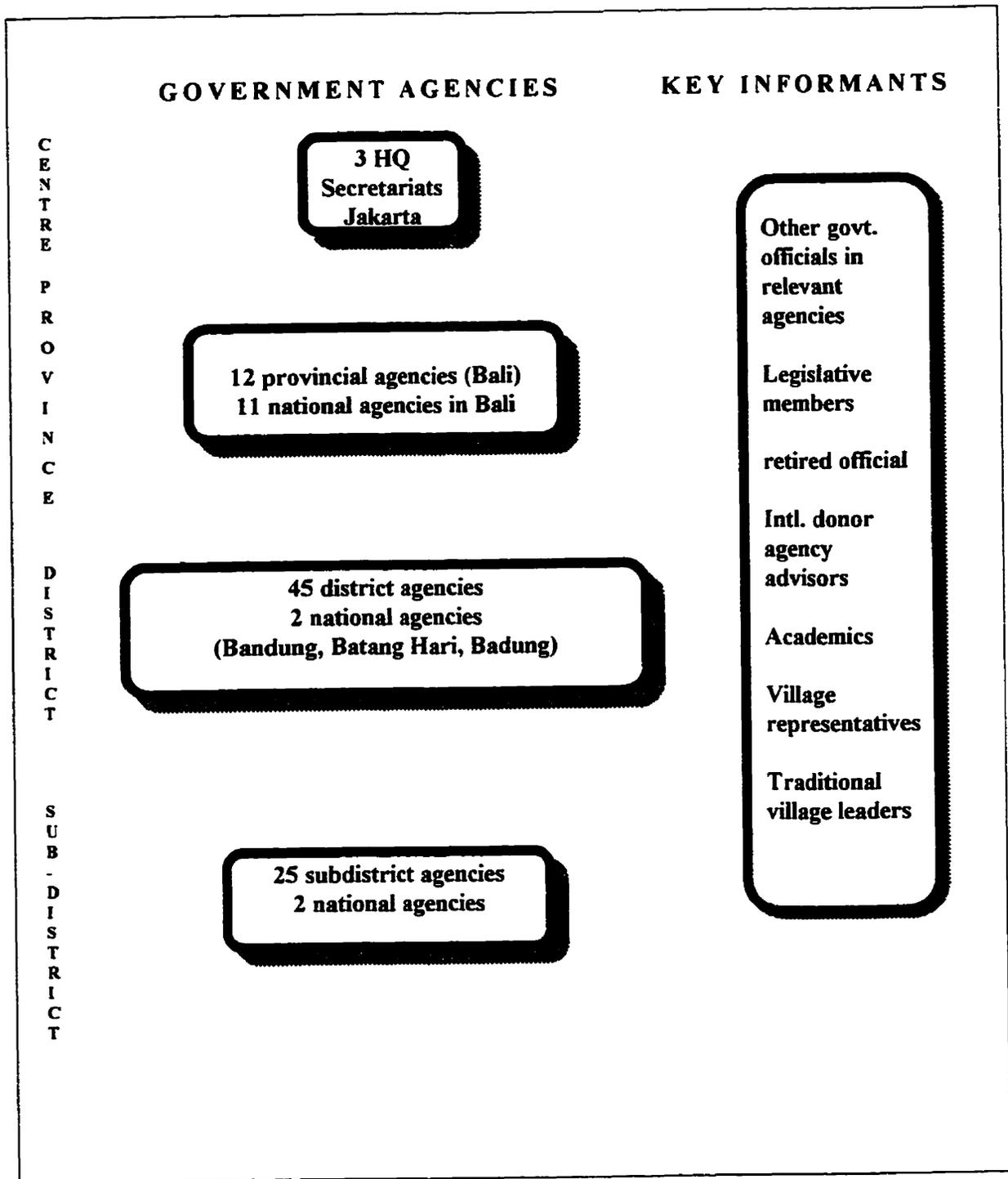
Additionally, where possible, the relevant district level officials concerned with planning/budgeting and sectoral coordination were included; principally the district head (Regent: *Bupati*), the district legislative assembly (*DPRD*) and the district development planning board (*Bappeda*).

4.3.3 Provincial and National Agencies (Vertical Perspective)

The district case studies described above provide a cross agency, district based perspective. To gain a more complete view and deeper insights into the criteria used or preferred, as well as the design and decision making process used, a number of sectors in the province of Bali (autonomous as well as deconcentrated offices of the centre) and in headquarters in Jakarta were investigated in more detail. For three of these sectors, a complete picture emerged, from district to centre (both the centre in the region and headquarters in Jakarta).

These vertical agency interviews were undertaken to understand in greater detail the nature of the functions involved, the criteria employed at various levels of government and the nature of

Figure 4.1: Government Agencies and Key Informants Interviewed



The process of application/negotiation involving the key stakeholders. Since not all provincial and national agencies could be interviewed, experiences from missing sectors were nonetheless examined where information could be gleaned from other sources (media, key informant interviews, government documents).

The agencies and other actors covered in the interviews are shown in Figure 4.1. A total of 122 agencies or key informants were covered, with over 250 respondents involved in face to face interviews/group discussions. The specific agencies and other key informants are detailed in Appendices 3-7.

4.3.4 Triangulation in Investigating the Distribution of Functions

To triangulate to a more complete picture of the criteria employed in transferring functions, a *Litbang DDN* (Department of Home Affairs Research Agency) data base containing key second level region (district and cities) indicators was tested against the actual assignment of functions. These capability oriented indicators are purportedly used in the prevailing "model" for Indonesian decentralization to make decisions on the transfer of functions to these districts. The actual distribution of functions prior to the pilot program, and the re-assignment of functions in the pilot program, were checked against these indicators.

4.3.5 Literature Review

Literature searches in Canadian libraries and Indonesian government agencies (Home Affairs) and international technical assistance agencies (GTZ principally) provided theory and experiences relevant to decentralization in general and in Indonesia in particular. Policies relevant to Indonesian decentralization, and the specific design and decision making related to the April 1995 district autonomy initiative, were elucidated using relevant records: legal documents, grey literature such as internal Ministerial district autonomy project inception reports, and media articles spanning the period 1990-1998 (obtained through SfDM and national legislature news clipping services and the researcher's own tracking of print media).

4.4 District Case Studies

Three districts (second tier regions)³ were selected for this study. The basic information on these districts is outlined below in Table 4.2. The three districts provide a sufficient base to obtain the needed number of agency interviews that allow for a sufficiently large number of responses to draw reasonable inferences about officials' views and on the ground reality of decentralization initiatives. The three districts exhibit widely different characteristics on many important variables, such as economic base and regional revenues, making it more likely that the sample is not heavily skewed. The districts are found on the island of Java (Bandung), the island of Sumatra (Batang Hari) and the island of Bali (Badung).

Table 4.2: Basic Description of Three Selected Districts

CHARACTERISTIC	Bandung (West Java province)	Batang Hari (Jambi province)	Badung (Bali province)
Population	3,134,044	351,762	278,972
Size in Sq. Km.	1,421	11,074	419
Population density (per sq. km.)	1,106	32	666
Villages (rural and urban)	451	195	40/119*
Date established	1950	1956	1958
Per capita income in Rupiah	5,326,644	685,383	3,238,125
Own revenues in Rupiah	12,728,000,000	2,487,805,219	27,280,676,133
Regional budget in Rupiah [†]	75,963,000,000	41,260,920,000	61,710,883,929
Economic base	Agr., Industry Mining	Plantation, Forestry, Mining	Tourism, Agr., Small industry
Assigned capability ranking in MoHA study [†]	M-3	M-3	M-4

* 40 administrative villages (similar to others in Indonesia) and 119 traditional villages where customary laws apply.

† (M-3 indicates a reasonable degree of self-sufficiency, and M-4 is the "most ready" to handle autonomy)

Source: Tim Teknis Proyek Percontohan Otonomi Daerah (1995) Profil Daerah Tingkat II Percontohan, with minor corrections, approximations and calculations.
MoHA database on "capability study"

³The term district is used to denote all second level regions, the urban municipalities (*Kotamadya*) and the largely rural regencies (*Kabupaten*). Where greater precision is desired, the Indonesian terms will be used.

Bali province (first tier region) was selected as the base for vertical (sectoral) explorations. It was chosen for several reasons: it "housed" a case study district (Badung); it was slated to become one of only three provinces where all districts and cities are to join in the next dissemination phase, making Bali a pilot province in essence. Bali was also the most recent province visited, allowing for easy entry due to fresh contacts with the governor's office.

⁴The exchange rate during the research period, 1996-1997 was Cdn. \$ = Rupiah 1,600

CHAPTER 5

TRANSFER MECHANISMS AND RESULTING PATTERN OF FUNCTIONS

One approach to investigating criteria underpinning decentralization is to note the actual pattern of functions assigned to central and lower levels over time. Although the original rationale provided in the assignment of functions might be obscure, or lost through poor documentation, the resulting distribution can yield some understanding. Additionally, the organizational structures and mechanisms that serve to affect the transfers can be made explicit, these being important component of the framework within which decentralization decisions are made.

No official documents capture in any detail the thinking of the Republic's founders and the vacating, or expelled, Dutch officials on the distribution of powers (or *separation* of powers during the brief federal period). The division of powers or responsibilities, and its rationale, must be drawn from a variety of sources: the constitution, charter laws of the provinces and districts, and laws/regulations affecting the transfers. Additionally, arguments can be found or inferred from the broader, albeit constrained and sporadic, discussion on the merits and form of decentralization to be promoted.

5.1 The 1945 Constitution

In contrast to contemporary federal nations, the two constitutions adopted at various points in time by the Indonesian government have specified very little about the distribution of power. The founders limited themselves to setting the number and type of sub-national levels of government.

The 1945 constitution, which has been in force for much of the Old Order and continues to be the base for the New Order, requires that "large and small" autonomous regions be established (*UUD* 1945, article 18). However, it is silent on the principles upon which the distribution of

powers or functions is to be based. In fact it is silent on many other aspects that would be necessary to flesh out the meaning of "autonomy". The only relevant stipulations are that the principles of deliberation and traditional rights of regions ought to be respected. What is known from the founders' own deliberations is that there was both a concern for unity and for giving the regions as much decentralization or discretion as possible (see constitutional proceedings as reported in Syafrudin, 1990). What the latter might have meant is the subject of debate.

The unitary state of the Republic of Indonesia, like many other states, including federal states, has a constitutional division of power among a people's assembly (MPR), judiciary and the executive, i.e. the process or horizontal distribution of functions mentioned in Chapter 2. However, the assembly is largely devoid of legislative functions, these being placed in limited fashion in a lower level legislature (DPR) that is exceedingly weak. The division of power is less than clean and the executive is very much dominant (Indra, 1989). This dominance has important implications for the areal distribution of functions, particularly revolving around issues of legalities, administration, and especially accountability.

A variety of options are open to federal or unitary nations in transferring functions to lower levels of government. Indonesia employs a number of mechanisms to achieve this in relation to its provinces and districts, resulting in a complex array of actors and relations that is quite removed from any image of unitary states as models of simplicity.

5.2 Mechanisms for Transferring Functions to Provinces and Districts

Despite the obligation to establish autonomous regions "large and small" in the constitution, the legal instruments that established the institutional framework were very much worded so as to leave no doubt that all functions, however distributed horizontally, are firmly in the hands of central agencies. For example, regulation No. 8 of 1950, underpinning the cabinet structure, describes the Ministries' functions in broad and inclusive language with only a rare

reference to the regions, with that rare mention occurring in the context of guidance or supervision function of the Ministries (PP 8/1950).

Having said this, there are in principle many ways to transfer functions to the regions (see Table 5.1). Just as important, there are also ways to retract these functions.

Table 5.1: Mechanisms for Transferring Functions in Indonesia

- | |
|---|
| <ol style="list-style-type: none"> 1. Central government to the provincial government (charter) 2. Central government to the district government (charter or subsequent) 3. Central government to the provincial government <ol style="list-style-type: none"> a) to be kept as provincial function b) to be in turn transferred to the district government at some point 4. Provincial government (from charter functions) to the district government 5. Recognition of historical functions held by the provincial or district government 6. Retraction of function from provincial government to the central government 7. Retraction of function from district government to the central government 8. Retraction of function from district to the provincial government |
|---|

The above table does not taken into account the autonomy that is *de facto* given to communities by virtue of “*adat*” (traditional governance). The interface between the formal administrative and *adat* governance systems is complex, given that boundaries do not coincide and the accommodations made are varied and depend on local cultural and political cohesion (see the case of Bali in Warren, 1993). An account of the *adat* influence on local/regional autonomy is beyond the scope of this research, although the issue of local initiative is discussed in Chapter 9.

Returning to the formal system, although formal mechanisms exist for both the transfer and retraction of functions, retractions do not always follow official channels. In general, it should be recognized that formal retractions are few, although when retractions do explicitly occur they tend to be significant and sometimes contentious. At times however, certain functions are retracted under the guise of regulations meant to elaborate the existing distribution of functions. For example, the sale and distribution of forestry products was given to the provinces in PP 64, 1957.

but then was quietly retracted through *PP* 21, 1970 and *PP* 28, 1985. As will be made evident in later chapters, the central and provincial agencies have other means to exert their influence on the districts short of formal or back door retraction, making the latter mechanisms unnecessary in most cases.

The question of legal instruments employed in transferring functions is muddled by the change in laws governing transfers. The legal vehicles for the creation of autonomous regions and the subsequent enhancement of autonomy are not specified in the 1945 Constitution. Some inconsistency over time can be noted. The superseded law 22/1948 stipulated that laws (*UU*) are required to transfer non-charter functions, whereas the existing law 5/1974 setting centre-region relations demands only a government regulation (*PP*).

In general, at least for the New Order period, the central government transfers to the provinces or districts in the initial establishment of the region (charter functions, *urusan pangkal*) are enshrined, along with other organizational matters, in laws (*Undang-Undang*, “*UU*”), the highest legal form possible. Subsequent transfers, from the central government, are made through government regulations (*Peraturan Pemerintah*, “*PP*”), though the Ministries themselves may add elucidating or elaborating regulations and directives.

Provincial transfers to the districts are made through regional regulations (*Peraturan Daerah*, or “*Perda*” for short). Upon receiving the transfers, from central or provincial levels, the second tier region must in turn enact its own *Perda* relating to organizational aspects to make the acceptance operational.

The retraction of functions from the district or province has to be done with a legal instrument that is of the same level as that used to transfer the functions in the first place (*UU* 5/1974, section 9). The system is not quite as tidy as described above. On occasion, *PP*'s have been used to replace *UU*'s, to break up jurisdictions so as to create new provinces and districts.

As well, in *realpolitik* terms, a variety of other instruments and tactics are used to retain control over functions that have formally been transferred.

By and large, the *PP*'s produced in the 1950's were directed at the provinces, in part due to the fact that some provinces had yet to be partitioned into second tier regions. Some of these *PP*'s enabled the provinces to transfer functions on to the second tier regions. Generally the province was free to transfer its own charter functions to the second tier regions.

5.3 Charter Functions of Provinces and Districts

As mentioned above, all regions in Indonesia are established through laws (*Undang-Undang*) and the functions that are to be discharged by regions are enshrined in these laws. Table 5.2 provides a rough chronology of these charter laws.

Table 5.2: Charter Laws Establishing Provinces and Second Tier Regions

PERIOD	PROVINCES (FIRST TIER REGIONS)	DISTRICTS AND CITIES (SECOND TIER REGIONS)
1950-55	6	99
1956-60	16	145
1961-65	3	16
1966-70	1	11
1971 on	1	33
TOTAL	27	304

Source: Calculated by the author from a compiled list of laws of the Ministry of Home Affairs to 1971, and including additional level II regions added since 1971 (as of March 1998).

The vast majority of districts were established in the 1950's, as the provinces themselves were taking shape. In the last two decades no provinces have been added, yet the number of second tier regions (*Tingkat II*; level II) is still expanding due to the legal elevation of administrative cities

(*kotip*) to second tier region status (*kotamadya*, autonomous cities), essentially separating the city from the district that contained it.

Table 5.3 provides the functions assigned via charter laws for two of the three case study districts in this research, and a recently established district⁵. The wording used is retained in the translation as close as possible.

Table 5.3: Major Charter Functions in Three Selected Districts

Bandung District (UU 14/1950) (located in province of West Java)	Batang Hari District (UU 12/1956) (located in province of Jambi)	Tulang Bawang (UU 2/1997) (located in province of Lampung)
Internal Administration	not listed	not listed
General Government Functions	General Government Functions	General Government Functions
Land Management	Land management	not listed
Water Management, Roads and Buildings	Public Works	Public Works
Agriculture, Fisheries and Cooperatives	Agriculture	Agriculture
Veterinary	Veterinary	not listed
Cottage Industry, Domestic Trade and Industry	Small Industry	Industry and Trade
Labour	Labour	Labour
Social	Social	Social
Distribution	not listed	not listed
Information	Information	not listed
Education, Teaching and Culture	Education, Teaching and Culture	Education and Culture
Health	Health	Health
Enterprises	not mentioned	not listed
		Mining
		Traffic and Public Transportation
		Regional Finance

⁵UU 69/1958 is the legal basis for district Badung, but this law refers to functions of the precursor region "daerah bekas", but the relevant document *Staatsblad* 1946, No. 143 (*daerah Swapraja Badung*) could not be found in the Ministry of Home Affairs archives.

New districts continue to be formed, although the rationale for their origin seems less transparent than for the urban centres graduating to autonomous city status⁶. What is clear is that new districts' functions do not differ greatly from those of the older districts, as illustrated in Table 5.3. Some differences however are significant, the land management function having been lost for example. On the other hand, the traffic and public transportation have been added. Other functions that seem to have been shed have in fact been wrapped within others, under revised nomenclature, except for "information", which is no longer a district level function. The newly appearing "regional finance" was previously recognized under internal or general functions.

Of course it is difficult to gauge the scope of the functions from the above broad titles. The specific sub-functions or tasks encompassed in these general functions for district Bandung, to select the district with the longer list, are shown in Appendix 8.

Before commenting on the specifics of the district lists, it is instructive to compare the general functions of the districts with those held at the provincial level (Table 5.4), for those provinces encompassing the selected case study districts.

Both West Java and Jambi provinces have been given reasonably elaborated lists at this general level of function assignment, and significantly, these lists are very similar to those of the districts, particularly Bandung. Bali is the anomaly among either set of lists, having only a few but very broad functions, with no appendix in the *UU* document to elaborate these.

A comparison of the elaborated West Java (province) and Bandung (one of its districts) lists reveals substantial overlap or lack of clarity regarding the division of functions between these two regions. To make this point evident, it will suffice to bring attention to only a few examples of

⁶For either districts or cities, their establishment are guided by general criteria found in law 5/1974, stating that "A Region shall be set up and established with regard to conditions of economical strength, number of population, space of area, defense and National security and other conditions which enabled the Region to implement development, to manage political stability and unity of the Nation in the framework of implementation of a real and responsible Autonomy in the Region." (Article 4(1), official translation).

this overlap (Table 5.5. next page), drawing from the previously mentioned Appendix 8 for Bandung and the details found in the law 11/1950 document for West Java.

Table 5.4: Major Charter Functions in Three Selected Provinces

West Java (UU 11/1950) (home province for district Bandung)	Jambi (UU 61/1958) (home province for district Batang Hari)	Bali (UU 64/1958) (home province for district Badung)
Internal Administration	Internal Administration	Internal Administration
General Government Functions	General Government Functions	Coordination and supervision relating to lower level regions
Land Management	Land Management	Other economic and welfare functions
Water Management, Roads and Buildings	Water Management, Roads and Buildings	
Agriculture, Fisheries and Cooperatives	Agriculture, Fisheries and Cooperatives	
Veterinary	Veterinary	
Cottage Crafts, Domestic Trade and Industry	Cottage Crafts, Domestic Trade and Industry	
Labour	Labour	
Social	Social	
Distribution	Distribution	
Information	Information	
Education, Teaching and Culture	Education, Teaching and Culture	
Health	Health	
Enterprises	Enterprises	Communications between regions and islands in its jurisdiction
	Traffic and Public Transportation	

Some degree of overlap or lack of clarity is found for most of the general functions listed in the provincial versus district lists. In some instances the overlap is minor, but most is significant and it raises the issues of how duplication is to be avoided and coordination is to be carried out.

Table 5.5: Examples of Overlap/Ambiguity in Division of Functions Between West Java Province and Bandung District

LEGAL FORMULATION IN PROVINCIAL LAW	LEGAL FORMULATION IN DISTRICT LAW	PROBLEMS RAISED
Power over roads, including land, buildings and trees in the vicinity, which are transferred by the central government to the province (may be co-administration)	Power over roads, including land, buildings and trees in the vicinity, which are transferred by the central government to the districts (co-administration)	It is not clear as to why the district receives the function purely as co-administration and why the province's functions "may be" co-administration. There is no clarity for either as to the scope of functions in these fields; these are determined by subsequent regulations, with no guarantee of their scope and timing.
Centre for agricultural propaganda	Provide farmers' courses	The difference and boundaries between "courses" and propaganda is left to interpretation.
Investigation and gathering of materials to improve and raise the level of land based fisheries in assisting the work of the Ministry (co-administration)	Provide and advance the keeping of fresh water fish and arrange the selling of fresh and salt water fish (co-administration).	The language is not exact in either case. There is considerable overlap in these tasks though the provincial scope would seem to be much more restricted. The wide scope of the district task does not seem to fit with the form of decentralization offered (co-administration versus autonomous).
Supervision toward veterinary hygiene regarding meat and milk	Carry out veterinary hygiene	It is likely that farmers/processors are actually undertaking most hygiene measures. Therefore, the difference between the district's "carry out" (<i>menjalankan</i>) and the province's "supervision" (<i>pengawasan</i>) is unclear; supervision is really most of what is in the government's hands.
...eradication of illegal butchering	Eradication of illegal butchering	Entirely overlapping tasks with no further sub-division/allocation suggested.
Undertake recruitment and relocation of labour where needed in relation to each region. Provide work training to increase vocational skills of the unemployed as young workers especially (all co-administration)	Link job seekers with labour seekers. Carry out assistance for the unemployed. Undertake other efforts related to the unemployed as needed (all co-administration)	Considerable overlap.
Make efforts concerning public libraries. Lead and advance the arts.	Make efforts concerning public libraries. Lead and advance the arts.	Entirely overlapping tasks with no further sub-division/allocation suggested.
Manage particular hospitals. Supervise lower levels' health positions.	manage hospitals and clinics. Supervise lower levels' health positions.	Considerable overlap.

These issues will be revisited in later sections. However, the genesis for this situation requires some words at this stage.

In theory, the province (first regional level) and the district (second regional level) are both autonomous regions, but the line of command from the President, through the Ministry of Home Affairs, to the Governor (provincial head) and the *Bupati* (district head), means that the regional heads are accountable upwards, rather than to the regional legislatures that are an institutional expression of regional autonomy. Hence, the importance of delineating “separate spheres” of influence between the province and district is not as prominent an issue in Indonesia as in federal contexts or unitary states with more politically demarcated regions. This important point and related aspects will also be elaborated in later analysis.

5.4 Functions Obtained Through Transfer Legislation

Following the charter functions, received at the region’s birth, additional functions have been transferred to provinces and second tier regions through the mechanism of government regulations (*Peraturan Pemerintah*) and on occasion laws (*Undang-Undang*). In the 1950’s, a number of government regulations came into being to transfer functions to the regions, primarily to the provinces. These *PP*’s were formulated in at least three ways, covering:

1. One or more sectors
2. One or more jurisdictions on the same level
3. Both the province and second tier regions

The legal instruments used to transfer functions to the second tier regions are shown in Table 5.6, indicating the type of instrument and the date of its introduction. Only the sectors that are the main focus of this research are included. For those regulations stipulating that the provinces could in turn transfer functions further down to the second tier, the instrument used is a provincial regulation (*Perda*).

Table 5.6: Legal Instruments and Schedule of Functions Transferred in Three Selected Provinces/Districts (Pre-1995)

Selected Sectors		West Java/ Bandung	Jambi/ Batang Hari	Bali/ Badung
Public Works	Provincial	<i>PP 18/1953</i> superseded by <i>PP 14/1987</i>	<i>PP 18/1953</i> superseded by <i>PP 14/1987</i>	Based on older arrangement up to 1953 with new division through <i>PP 14/1987</i>
	Second Tier Regions	Provincial regulation (<i>Perda</i>) up to 1953 with new division through <i>PP 14/1987</i>	Provincial regulation (<i>Perda</i>) up to 1953 with new division through <i>PP 14/1987</i>	Based on older arrangement up to 1987 with new division through <i>PP 14/1987</i>
Health	Provincial	<i>PP 49/1952</i> superseded by <i>PP 7/1987</i>	<i>PP 51/1952</i> superseded by <i>PP 7/1987</i> , <i>UU 61/1958</i>	<i>UU 21/1958</i> , <i>PP 7/1987</i>
	Second Tier Regions	<i>PP 50/1952</i> superseded by <i>PP 7/1987</i>	Provincial regulation (<i>Perda</i>) up to 1952 with new division through <i>PP 7/1987</i>	Based on older arrangement up to 1987 with new division through <i>PP 7/1987</i>
Agriculture	Provincial	<i>PP 29/1951</i>	<i>PP 44/1951</i>	<i>UU 25/1956</i> ; <i>UU 21/1958</i>
	Second Tier Regions	Provincial regulation (<i>Perda</i>)	Provincial regulation (<i>Perda</i>)	Based on older arrangement
Education, Teaching, Culture and Nonformal Education	Provincial	<i>PP 65/1951</i>	<i>PP 65/1951</i> ; <i>UU 61/1958</i> ; <i>UU 31/1957</i>	Based on older arrangement
	Second Tier Regions	<i>UU Dar 3/1953</i>	<i>UU Dar 3/1953</i>	Based on older arrangement

Source: Based largely on C.S.T. Kansil, 1985, *Kitab Undang-Undang Pemerintahan Daerah*, PT. Bina Aksara, Jakarta, and updated with newer regulations since 1985.

To illustrate the mechanisms mentioned, *PP 29/1951*, governing the transfer of functions within the field of agriculture, contains a clause (#19) allowing the provinces to pass on some of these functions to the lower regions. Consultation with the Minister of Agriculture and the lower

regions and approval from this ministry and the Minister of Home Affairs is needed. Additionally, the province is to coordinate and supervise the implementation of the functions given to lower level regions. As well, the province is permitted to release part of the functions it has received at its founding (charter functions) after a similar consultation/approval process. These types of stipulations can also be found for public works (*PP* 18/1953), except that a specific list is already made explicit for the district level.

Examples where the *PP*'s merely stipulate transfers to the province, without allowing for further transfers to the districts, can be seen in health (*PP* 49/1952) and education (*PP* 65/1951). It is not clear whether the lack of such specific obligation denies the province the right to subsequently transfer functions to second level regions. A Ministry of Home Affairs regulation (Permendagri Number 4, 1976) is poorly worded on this point but seems to only allow for further transfers from *PP* which specify this possibility.

Complicating the discussion is the fact that some of the sectoral government regulations were enacted prior to the founding of some provinces and second tier regions. The language of the charter functions might be expected to reflect this precedence. However, this is not necessarily the case, as indicated by the very general, if not vague, formulation of the Bali charter functions (Table 5.4), which came into force after several more specific *PP*'s had been enacted.

The education function given to the province of West Java, and the district of Bandung, through the charter functions was followed soon after by *PP* 65/1951, regulating the sector in more detail. This regulation stakes out those functions to be retained by the centre, and those transferred to the province (focusing on basic education, *sekolah rendah*). It may be useful to see (Table 5.7) how these functions compare for the case of West Java province and Bandung district.

To leave no doubt, the drafters of the *PP*, in the explanation section of the *PP*, clarified that the "inspection" role falls to the central Ministry. The scope of intervention under "inspection"

includes most aspects related to personnel levels, qualifications and standards. What remains for the province in fact is little of significance beyond administration and upkeep.

Table 5.7: Distribution of Functions in the Education Sector Relating to the Centre, West Java and Bandung

1 Functions retained by Central Level via <i>PP 65/1951</i>	2 Functions transferred to West Java province via <i>PP 65/1951</i>	3 Charter Functions of West Java province via <i>UU 11/1950</i>	4 Charter Functions of Bandung district via <i>UU 14/1950</i>
a. Supervision over contents and approach to teaching b. Technical leadership c. Rights to set, change or add teaching plans, contents and goals d. Right to set text books e. Functions regarding schools for Dutch students, non-Indonesians who use similar systems f. Right to set holidays	a. Registration of students b. Finances c. General administration d. Equipment e. Buildings and fields f. Staff, including teachers g. School fees h. Learning aids i. Issuance of certificates j. School library	1. Establish and manage lower level schools except training schools for the public at large and give subsidies to lower level schools managed by other bodies 2. Establish and manage general level courses level B and C and at large and give subsidies to similar courses managed by other bodies 3. Make efforts related to public libraries 4. Link government to youth movements 5. Lead and advance the arts	1. Establish and provide courses to eradicate illiteracy and give subsidies to organizations carrying out this kind of work; 2. Establish and provide courses on general knowledge at national level A and give subsidies to organizations carrying out this kind of work; 3. Propose, assist and establish vocational courses according to regional needs; 4. Make efforts concerning public libraries; 5. Establish and carry out introductory courses on compulsory education 6. Lead and advance the arts.

What is most instructive about the comparison in Table 5.7 is that the scope of functions set out in the charter of the province (column 3) is "stronger" than the functions given to it in the *PP 65/1951* (column 2). Indeed, notwithstanding the fact that this *PP* does not provide for the opportunity for further transfers from the province to the district, the Bandung district charter laws (column 2) give

it considerable scope for action in this sector (to the extent that duplication issues arise in relation to the province, as indicated earlier, and with the centre as well). Gie (1968) notes that for at least one province (the special region of Jogjakarta, legally a province) the *PP* represented a retraction of powers since the province had been given the right to "inspect" basic education in its charter laws. In his view, the districts also lost out to the province in the new nation since in the Dutch colonial period the regencies (precursor to the districts) had been able to exercise considerable discretion in the provision of basic education.

The above findings underscore the importance of going beyond charter laws to gain a deeper understanding of what has actually been transferred. Charter laws are sometimes vaguely worded, but this is probably not their main weakness. The main problem is that sectoral departments largely ignore the intent and language of these apparently "liberal" laws when they enact transfer regulations. The latter in some cases result in a retraction of functions rather than an elaboration or augmentation of what is found in charter laws. Only a detailed examination of follow up instruments and actual practice can yield any picture of the degree of actual decentralization, and this picture may still be rather fuzzy.

This chapter has not addressed the co-administration (*Tugas Pembantuan*, associated with former Dutch *medebewind*). As can be seen from the charter laws for both province and districts, considerable use of this form of decentralization is made, though the rationale for the selection of this form over devolution is not readily apparent. This issue will receive special treatment in a later chapter.

Finally, it might be expected that a patchwork of functions, perhaps tailored to the needs and circumstances of the regions might arise out of the various mechanisms and staggered sequence exhibited in the formation and "strengthening" of regional responsibilities. Any such assessment, based purely on the modalities of transfers (and retraction), would be premature

however. This is one of the fundamental questions that took shape over the course of the research, and will be examined in detail over the next chapters.

Chapter Summary

Although the 1945 Constitution of the Republic of Indonesia does not allocate specific powers to the regions, the intent of the founders was to balance unity with regional autonomy. A complex variety of transfer mechanisms has ensued over time, and formally many functions have been transferred to provinces and second level regions through charter functions and subsequent government regulations.

The pattern of the transfer of functions reveals more confusion than clarity in terms of who has been assigned what functions, and how the various levels are to coordinate. For example, generous charter functions seem to be constrained by more detailed and centralist sector oriented government regulations. Even the latter do not always clearly differentiate the role of the provinces and second level regions, so that a large degree of imprecision results at all levels.

CHAPTER 6

FUNCTIONS AND CRITERIA RELATED TO THE DISTRICT AUTONOMY PILOT PROGRAM (DAPP)

"An investor came from Malaysia, and was interested in setting up a moulding plant. After a month of waiting for a permit from the Industry Ministry in Jakarta he went home, saying he can get it in three days in other places." A *Bupati* from one of the selected study district, lamenting the limited role of his district in economic development (interview, September, 1996).

The focus of empirical work in this research centres on the district autonomy pilot program (DAPP) initiated in April, 1995. A primary aim of the research is to discover the criteria underpinning this initiative, and the views expressed by participants regarding the "criteria question". These findings are introduced after setting the scene with an analysis of the transferred functions: their sectoral pattern, form of decentralization and importance to the autonomy of the districts involved.

6.1 Functions Transferred in the 1995 District Autonomy Pilot Project (DAPP)

The legal instrument used in the DAPP is, in accordance with *UU 5, 1974*, a government regulation (*PP 8/1995*)⁷. This *PP* differs from earlier ones affecting sectoral transfers in its more comprehensive sectoral coverage and scope of adjustment of the organizational structure of district level sectoral agencies (*Dinas*).

A quick scan of the sectors listed in Table 6.1 and pertinent functions shows that both central level and provincial level functions have been transferred in the DAPP (see Appendix 9 for the particulars of the listed functions transferred from the central government to the 26 pilot districts in the initial phase of the DAPP, and Appendix 10 for those of a typical list transferred

⁷ Although this regulation, and its accompanying complementing provincial regulations, are generally referred to as the DAPP, there are two additional central level and provincial legal products produced in the context of DAPP that also can be considered within the pilot program: the co-administration tasks transferred in the public works and revenue collection sectors.

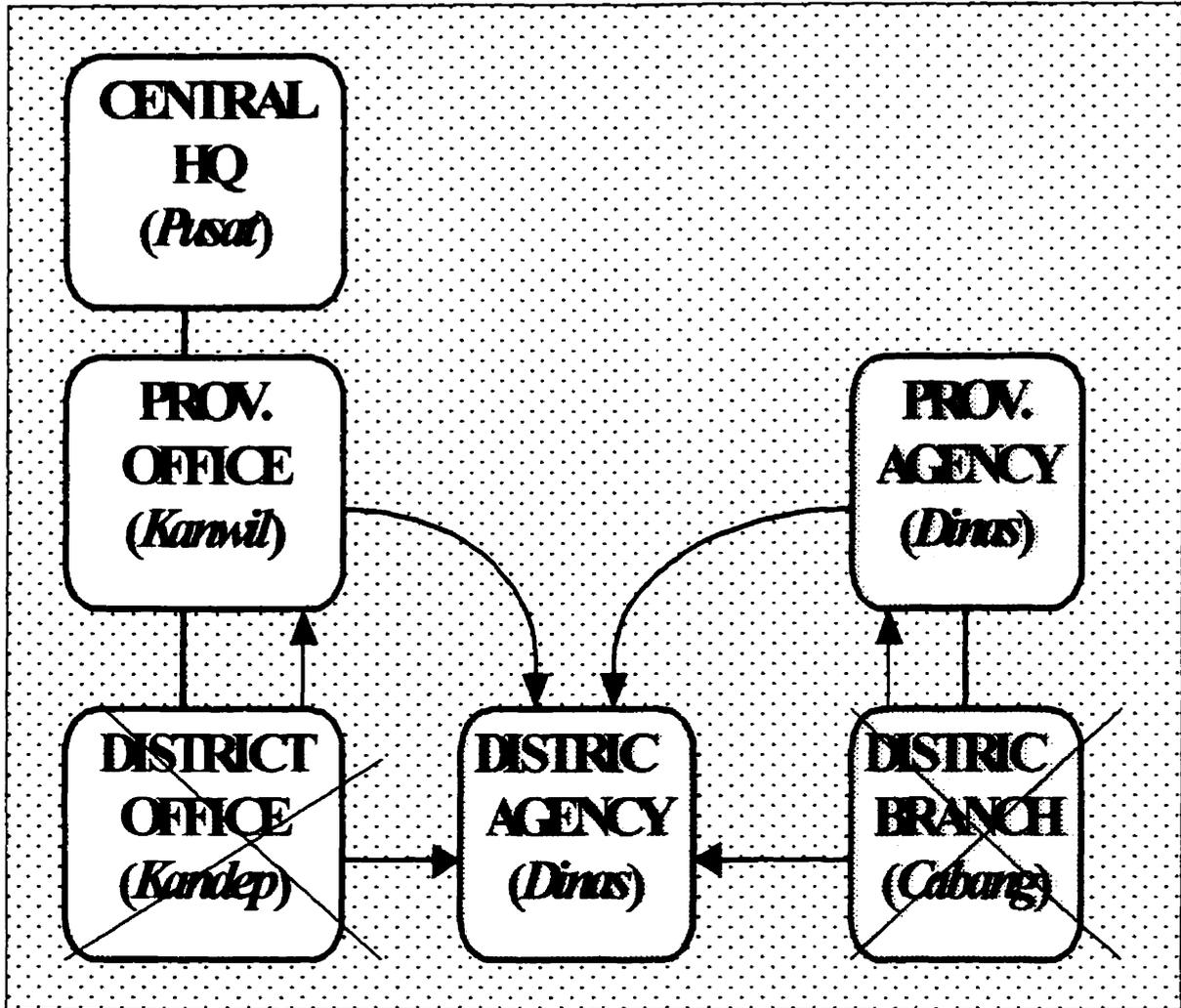
from the province to pilot districts). The central level functions have been uniformly transferred to all pilot districts, while the provincial level functions vary slightly among provinces.

Table 6.1: Number of Functions by Sector Transferred from Central and Provincial Levels to Badung District in the DAPP

CENTRAL LEVEL SECTORS	# OF FUNCTIONS (sub-functions)	PROVINCIAL LEVEL SECTORS	# OF FUNCTIONS (sub-functions)
Agricultural sub-sectors	40(220)		
Fisheries	13 (36)		
Transmigration	8		
Village Development	6 (36)		
Civil Records	16		
Social Welfare	9		
Coops/ Small Business	4		
Health	2		
Education	6 (44)		
Industry	6		
Trade	5		
Mining	1	Mining	2
Employment	7	Employment	2
		Traffic/Mass Transport	6
		Public Works	13(7)
		Tourism	8
		Forestry	2

In some sectors, the district received some functions from both the centre and first regional level (e.g. labour sector), but this is the exception rather than the rule. The reorganization flowing from the transfer of functions saw existing district agencies bolstered by new functions and resource requisites (in theory at least) or the creation of new district agencies where previously the district was served purely from deconcentrated units of the province or the centre. Visually, the change in functions and organizations in most sectors are depicted in Figure 6.1.

Figure 6.1: General Pattern of Reorganization and Functions Transfers in DAPP



As an illustration of the changes, a total of 161 functions⁸ and 353 sub-functions have been transferred to the Badung district in Bali. It is difficult to compare sectors due to a lack of standard nomenclature or categories used in each sector. Some functions in some sectors would only be sub-functions, tasks or activities in the categories or language employed in others sectors. There is no hierarchy of functions agreed to across sectors. Hence the number of functions, tasks or activities transferred is not a good indicator of the weight or importance of the transfers. Related to this point, the impact is bound to differ among pilot districts, despite a large degree of uniformity found in the design of DAPP. The difference in impact comes mainly from the varying importance of sectors in particular districts.

The public works sectors (roads and irrigation), tourism and to some extent the education sectors have seen significant transfers of functions. For the roads sector, the upkeep of national roads was turned over to the districts. In the irrigation sector the district also became responsible for the upkeep of larger scale irrigation systems. In the tourism sector, approval and supervision over a broader range of tourism facilities was given to the district.

Other district *Dinas*, while accepting "new" transfers on paper from DAPP, had actually already received these functions via other legal instruments years before or had *defacto* been undertaking these functions (the agricultural sub-sectors in particular). Other *Dinas* received but a token increase in their functions. The Health *Dinas* for example only received "medicine storing/distribution", though on paper it supposedly received the "basic health and referral"⁹; the latter had in fact been transferred by 1987.

⁸Counting additional legal products that add five co-administration tasks (2 in public works, 3 in revenue collection)

⁹Central level government officials have not been totally candid about the extent of actual new functions transferred in the DAPP. When it has been pointed out to them that many had already been formally transferred, or *de facto* held in the districts, their response has been that the PP 8/1995 "re-confirmed" these transfers.

If the central level departments were less than generous in the negotiation stage, they were also less than gracious following their initial agreements. Soon after the DAPP's inception, some departments, acting on their own behalf or on behalf of the provinces, took action to limit the scope of transferred functions. For example, contrary to initial commitments in the DAPP, the pilot districts were prohibited from taking over vehicle testing centres (see decree of *Dirjen Perhubungan Darat*, March 13, 1997), and their authority over permits for mineral exploitation was limited to tracts of land less than a certain size (see for example district Tanah Laut, 1997, where the district reports that the province has imposed a restriction of 2 hectares: anything above that falls to the province).

A major complaint from the districts regards the tendency to only transfer functions that are not linked to sizeable sources of revenues. This disappointment has been registered by the officials interviewed in this research, and has been quite widely reported in other fora and the press. These "unproductive" functions are labelled "dry", as opposed to the lucrative "wet" functions. For those functions opening up opportunities for revenue generation, the realization of the transfer of the functions has been plagued by reversals, limitations and delays. The sign in front of the former deconcentrated offices may have changed, but that has been no clue as to whether the functions normally carried out in these offices have been transferred in law or practice in whole or part.

In principle, according to Indonesian regulations (particularly the cornerstone law 5/1974 on regional government), all functions transferred to lower levels must be accompanied by attendant resources: staff, assets and funding. In the DAPP this principle has been grossly breached, especially in relation to the development budget (Lamb et. al. 1995; GTZ, 1997). The 26 districts were allocated meager compensation (Rp. 300 million from the land and building tax portion that flows to the centre and is in any case redistributed to the districts), but this amount is

very small compared to the development funds “attached” to the functions prior to their transfer. Hence resources available to implement the functions in the 26 districts have been less than when these functions were held in the deconcentrated arms of higher levels, and less than most of their non-participating neighbouring districts continue to receive from higher levels. Thus, for the clients affected by these underfunded services, the DAPP has in some cases meant a reduction rather than improvement in services. The inability (or unwillingness) to transfer the requisite funding has been particularly deleterious for districts with a low level of own revenues (e.g. Batang Hari, Jambi). These districts now must contribute to a greater number of *Dinas* with their own routine funds (for operational expenses), and they are largely denied the development budget that was once attached to these functions¹⁰. Only for districts with a substantial own revenue base (e.g. Badung in Bali), has this problem been attenuated by an infusion from the district budget.

The districts have voiced their concern over the lack of substantial functions transferred in the DAPP, but some sectors and some districts have also voiced their satisfaction. Some have indicated that the functions transferred have been or will be an added burden, though this sentiment seems to be linked to the lack of transfer of requisite resources.

6.2 Assessment of Significance of the DAPP

Because of the variability in district context and failures of implementation, it is very difficult to measure the degree of decentralization actually brought about through the DAPP, for any one district or the program as a whole. An intuitive assessment of the lists indicates that the

¹⁰In the Indonesian budgeting system, expenditures are divided into two classes, routine budget and development budget. The proportion has tended to shift between these, but the development budget has often been 50% or more of the total. Development budgets come in the form of projects, requiring yearly proposals. These projects have a tendency to include expenses that in other countries might be deemed ongoing recurring/maintenance/operational expenses. Routine budgets have been largely limited to staff salaries and office/vehicle expenses. A higher level subsidy generally covers much of the staff cost, but the districts must still bear the burden of some staff costs and the bulk of building maintenance and mobility costs.

most important functions transferred have come from the province, perhaps reflecting the clout of the *MenPAN/MoHA* team in “negotiating” with this level.

Recognizing the great difficulty with assessing the degree of decentralization¹¹, a lesser and perhaps more feasible task may yet prove useful: that of assessing the importance or “weight” of the functions involved in a decentralization initiative. The framework indicated in Table 6.2 can assist in an assessment of the importance of the functions transferred in the district pilot project. In principle, it can also be used to assess those functions already transferred and functions having the potential to be transferred to the district from the provincial or national level. However, data collection hurdles make the applicability beyond the DAPP highly questionable. As it is, Table 6.2 itself could not be completely filled.

The difficulty with assessing each function can be minimized by viewing the sector in its entirety, in terms of the functions transferred within that sector in the DAPP. For each sector, information related to the indicators was obtained from Home Affairs monitoring and reports. Only the Badung district responses supplied sufficient information to fill in most of the cells.

Difficulties in using and interpreting the above assessment framework arise due to many central and provincial agencies’ lack of follow through in releasing staff, funds or assets to allow the districts to carry out the functions (e.g. the testing of motorized vehicles). Thus data is missing that could have been useful in assessing the magnitude of the function/task.

¹¹The results of measurement efforts have been deemed partial or not satisfactory, even by those attempting the measurement. William Riker (1964) focused on the distribution of functions, giving rise to five degrees of decentralization distilled in a quantitative index. Stephen Ross (1974) considered the powers, expenditures and work force related to responsibilities held by local government. Richard Bird (1970) emphasized financial indicators but admits to the shaky conceptual and empirical base. Smith (1980) covered the functions, taxation, delegation and other indicators to obtain an overall “rough judgement”. He doubts the validity of such efforts in view of the great complexity of the issue, though that did not stop him from trying. In the same vein, Edmond Orban (1990) cautions against simplifications of what is a very complex question.

Table 6.2: Assessment of Transfers in DAPP by Sector

GENERAL SECTORS	A	B	C	D	E	F	G	H	I	J
Agr. (cash crops)	14(74)	A	12	7.4	S	S	2	2	M	0
Fisheries	13(36)	A	0	0	S	S	1	2	M	n.a.
Transmigration	8	A	0	0	S	S	1	2	L	n.a.
Village Dev.	6 (36)	A	n.a.	n.a.	M	M	1	2	M	n.a.
Civil Records	16	A	n.a.	n.a.	A	A	1	1	L	n.a.
Social Welfare	9	A	41	31	S	A	2	1	M	0
Coop/Small Bus.	4	A	34	67	M	A	2	2	M	n.a.
Health	2	A	15	0	M	A	3	3	L	0
Education	6 (44)	A	95	0	M	A	3	3	L	0
Industry	6	A	40	33	S	A	1	1	L	0
Public Works	15 (7)	MA	51	1.011	M	A	3	3	M	n.a.
Tourism	8	A	n.a.	n.a.	S	M	2	2	M	n.a.
Traffic/Transp.	6	A	0	n.a.	S	A	1	1	H	1.075
Trade	5	MC	24	10	S	A	1	1	L	276
Mining	3	A	n.a.	89	F	M	1	1	M	1.462
Forestry	2	A	6	0	S	S	2	2	M	0
Employment	9	A	53	179	M	A	2	1	M	3

n.a.: not available

A: Number of functions (and related tasks) actually received by the district in DAPP

B: Form (degree) of autonomy (Autonomous, Mostly Autonomous, Mostly Co-administration, Co-administration)

C: Staff transferred as a result of DAPP (actual, or if not known or finalized, anticipated)

D: Project Funding associated with the function prior to its transfer through DAPP (million Rupiah, average over three years prior to DAPP, or other estimate)

E: Number of people affected by received functions (Some, Most, All population)

F: Geographic coverage of functions received (Small, Medium, All district)

G: Relation of functions to basic needs (1: little, 2: some, 3: important)

H: Relation of functions to national development goals/targets (1: little, 2: some, 3: important)

I: Technical/Professional sophistication involved in functions (Low, Medium, High)

J: Revenues associated with transferred functions (million Rupiah)

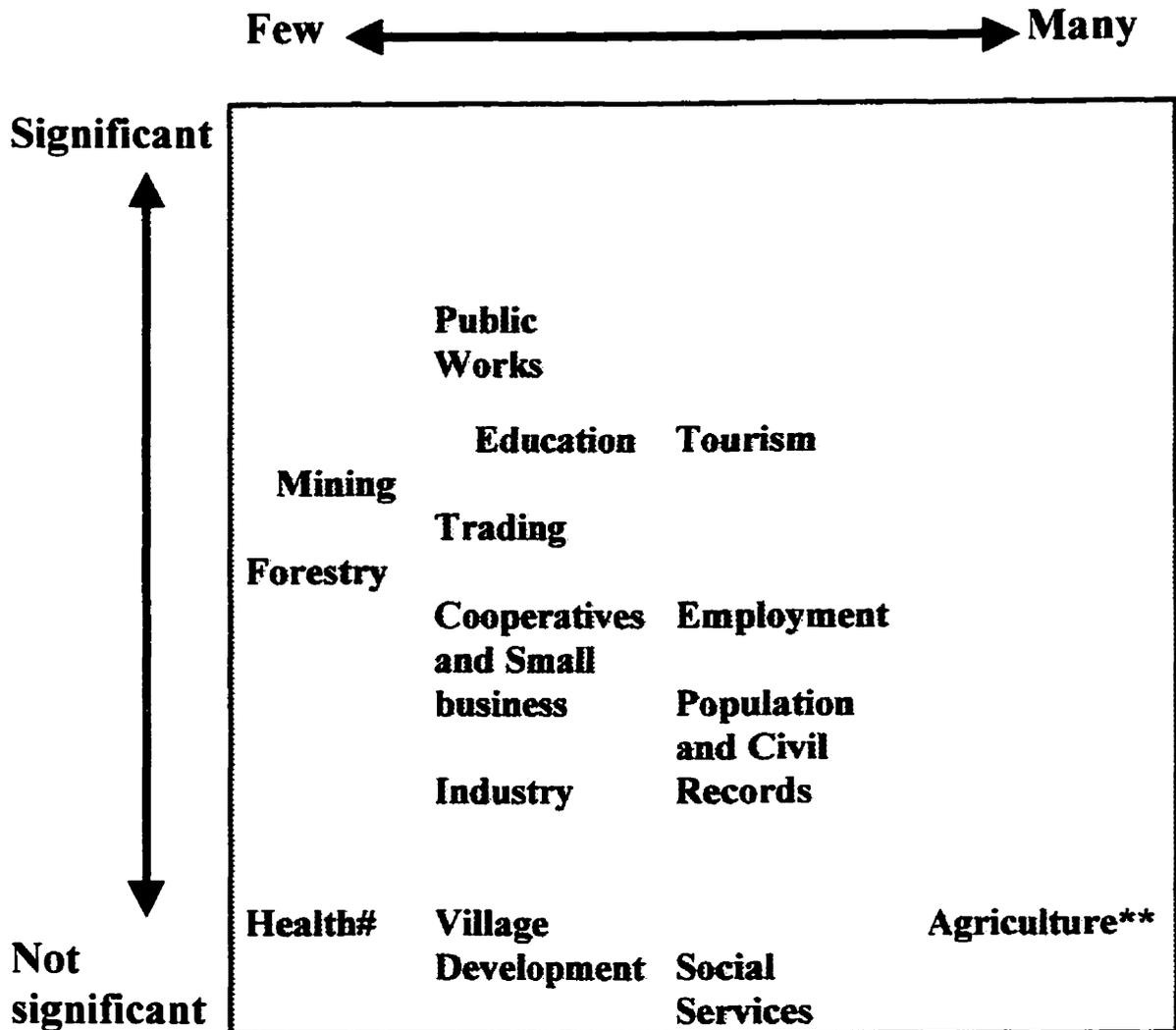
Financial data also is difficult to obtain. Agencies are reluctant to faithfully record, or to record at all, their actual or potential revenue base, hence the frequency of "not available" in this column. Measuring development funds is almost as difficult. Because development funds have generally not been passed on, the amount that should have been transferred is used to fill this gap, where these figures are available. The "nil" figures for some functions probably reflect the fact that they had long been neglected, or not perceived to require action, when held at higher levels¹². Development funds had not normally been assigned to these, and upon being transferred none followed. This is particularly the case for the "social" and transmigration sectors, where no action at the district level has been taken on many of the tasks in many districts.

An overall assessment of importance of the transfers in each sector is fraught with danger. It is difficult to aggregate a combination of quantitative and qualitative indicators, especially when the latter are in any case quite subjective. However, an overall index or ranking, which could be misleading, can be avoided, while still allowing for an impressionistic assessment that is probably the best that can be done under the circumstances. An impressionistic assessment of significance by sector is shown in Figure 6.2.

The above analysis suggests the wide variability among sectors and the generally modest overall gain in autonomy brought about by the DAPP. However, to place the DAPP in proper perspective it would be necessary to compare in detail the new functions against existing functions to determine the additional autonomy gained by the districts. Additionally, the scope for decision making found in "transferred" functions would need to be assessed. The former task is beyond the scope of this research, but the meaning of "transfer" will be examined in some detail in subsequent chapters.

¹² The data may also have been wrongly entered by respondents to MoHA questionnaires.

Figure 6.2: Number and Importance* of Transferred Functions in the DAPP



* Using rough assessment of coverage, direct impact on basic needs, staff and resources attached, as indicated on Table 6.2

** functions listed in *DAPP* were *de facto* at the district level

only the pharmacy warehousing was actually added

The functions deemed eligible to be transferred in addition to the DAPP can provide a sense of the progress yet to be made toward meaningful district autonomy. More to the point for the focus of this research, the related rationale for these sentiments or views can shed light on how decentralization decisions are framed, evaluated and implemented.

6.3 Additional Functions Desired and Rationale

The Indonesian government has never pretended that the first stage of the DAPP signalled an optimal degree of regional autonomy; the evaluation of the first stage was to inform the dissemination and a long term vision. It is understandable then if the DAPP has fallen short of reaching an optimal state of district autonomy. Gauging the depth of discontent and constructive suggestions is then paramount. Opinions from district officials have not been assiduously pursued or sufficiently used in the past. However, the Home Affairs Ministry (specifically the research agency *Litbang*) did contemplate sounding the districts to obtain systematic feedback on what kinds of functions the districts deemed appropriate to be transferred to them, but this intent was never realized¹³. The only systematic sounding of what district would like to have, in addition to the DAPP functions, comes from this study.

The responses regarding additional functions desired by district officials are shown in Appendices 11-13. In Appendix 13 specifically, Badung's responses are compared with those from the Bali provincial autonomous agencies and the central level offices found in Bali. The core set of sectors, public works, health, education, and agriculture (food crops) are common to all three districts, but other sectors were added at the request of the district administrations that were eager to convey a more comprehensive overview of what was happening in the DAPP.

¹³Prior to the DAPP, *Litbang* had toyed with the idea of injecting the following question in an instrument designed to evaluate the capability of the districts: "In the context of realizing autonomy with emphasis on the Region II, what additional tasks need to be transferred to Region II?" (*Litbang*, 1995: 22) However, for unknown reasons this question never was never incorporated in an implemented survey.

It is difficult to assess whether the sentiments and views expressed by the district and higher level officials are “sensible” (whether robust criteria have been applied) but the above tables do at least indicate that according to most of these actors the decentralization effort must be continued to reach a more optimal level of regional autonomy. There is some overlap among district officials in the three selected districts, but not as much as might be expected from jurisdictions that have been labouring under similar administrative regimes, in terms of functions already held and general practices bounding and interpreting autonomy.

In Badung in particular, several district agencies failed to voice any desire for additional functions, which was surprising since it is precisely this district that is better off financially than perhaps all others in Indonesia. It was only through interviews with key informants that a plausible explanation was offered. According to key informants, the Balinese culture very much emphasizes harmony (apparently more so than the ethnic groups in Bandung and Batang Hari) and to identify shortcomings in the functions transferred to the district is seen by some as causing offence to the decision makers at the central and provincial levels. The other side of the issue however, is that Badung, by virtue of its financial resources, simply goes ahead in many fields it deems essential to its development and undertakes activities that are beyond its specific legal powers. For example it has initiated programs to assist fishermen cope with the displacement caused by tourism activities, and it has instituted a tourism police force through district regulations that tread on higher level jurisdictions. It has also undertaken to build a training centre to ensure that more training is given to district staff. In the absence of protest, Badung, and Bali, governments are prone to using their financial clout and sense of initiative to get the job done, regardless of the fine points of the law. Additionally, because of the current wealth of the district, clamoring for additional responsibilities could result in transfers without the requisite funding, which would raise the difficult task of stretching current district funds over more services and institutional claimants.

Although some agencies offered their views with conviction, by and large the level of awareness about the distribution of functions was low. Often the respondents were not clear about where the desired additional functions currently reside. Where district level respondents felt confident about the functions' location, it turned out that these functions were about equally held between the province and the central government (though a few were thought to reside in the district secretariat, making this a tussle for jurisdiction *within* the district government).

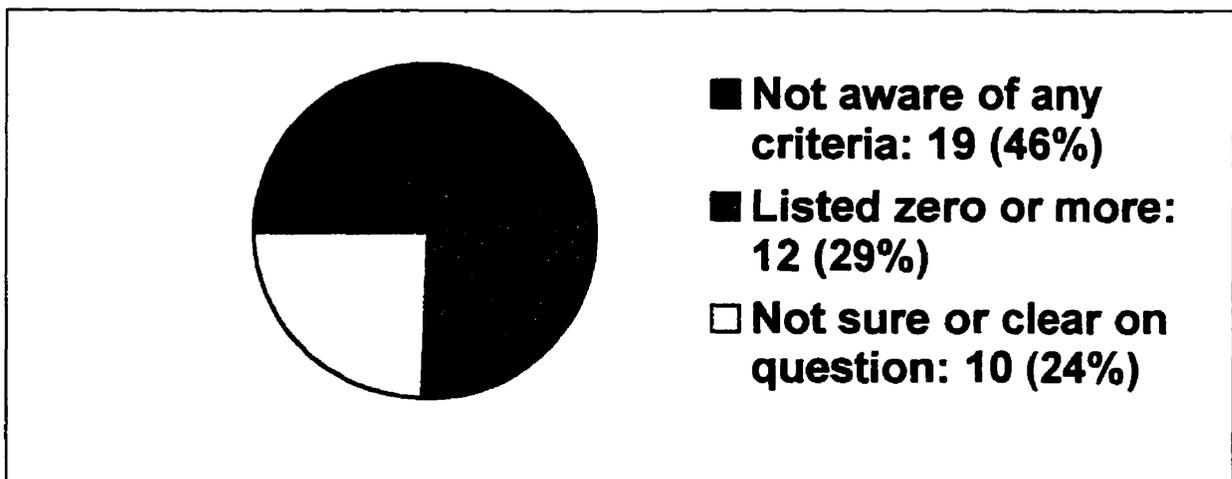
To round off the picture on an optimal, or at least better, distribution of functions, provincial (autonomous) agencies and central level agencies were also asked about the functions that could be transferred to the provincial autonomous level. Their responses are shown in Appendix 14. The central level agencies failed to offer any suggestions, which suggests a lack of attention to this possibility and/or a concern for institutional self-interest. The more interesting finding however was that the provincial agencies themselves were less than insightful or ready to think about what else they could be doing following the release of some of their tasks to the second tier regions in the context of the DAPP and anticipated dissemination stages. In fact, only about half of the agencies could suggest functions that should be transferred to them from the centre, and some of these were less than substantial. For example, the provincial agricultural agency did not address functions relating to research, training, and seed productions and distribution, most of which are still held by the centre. Admittedly, in some sectors, e.g. public works, there is not very much left at the central level (provided the legal distribution of functions is strictly observed). This nonchalant attitude toward the future in Bali is consistent with a recent study by Gadjah Mada University team that noted that provincial officials felt the provinces already had all the functions that were suited to it (UGM, 1997).

The differences in the lists offered by the three districts, and the incompatibility and variation found in higher level responses, underscore the need to assess how these proposals are made, and how the decentralization decisions are ultimately made.

6.4 Criteria Listed by Government Agencies Involved in the DAPP

An appropriate finding to preface the main findings regarding criteria is the degree of awareness of criteria used in DAPP. After it became evident that criteria had not been well communicated to the districts, the researcher began the questioning with a basic query regarding the agency representatives' degree of awareness of the criteria used in the DAPP. Of 41 sectoral agencies (all levels) to whom the question was posed, most officials were not aware that the designers of DAPP had used any criteria, or if they believed some criteria was used, these had not been shared with them (Figure 6.3). Some degree of evasiness was met on this question (column 3). This reluctance to answer is in keeping with bureaucratic behaviour in Indonesia: officials do not readily admit to "not knowing the answer". Nonetheless, the degree of acknowledged lack of awareness is quite remarkable. The evasive answers were less than might be expected, although it may be that the criteria offered originated with the respondent in some cases rather than with the designers themselves (column 2).

Figure 6.3: Degree of Awareness of DAPP Criteria Among Agencies Interviewed



Not only were the specific agencies not well aware of the criteria at work in DAPP, but what is not shown in the table are other important operational level actors (District Secretary, Assistants and members of the special regional autonomy technical teams¹⁴ set up at provincial and district levels) that were also at a loss about what considerations had driven the transfer of functions in the DAPP. This was also the case for the district regional heads and members of the local legislature (*DPRD*) interviewed.

The criteria offered in the discussion with the above and other agencies, stemming from the DAPP related question and several other related but broader questions, then must be seen as a combination of a) criteria they have been told about in DAPP (the lesser portion) and b) their own guesses or convictions about what criteria were or ought to be used in such a decentralization design process¹⁵. Appendix 15 provides a summary of the responses of district officials in the three case study districts regarding the criteria that they believe were behind the DAPP or ought to be considered in any such design endeavour. Appendix 16 compares the Badung findings against the Bali provincial (autonomous first tier region) and representatives of central level ministries in the deconcentrated offices in Bali. Appendix 17 compares the responses of the provincial (autonomous) officials with the representatives of the central level Ministries in the Bali field offices regarding the criteria to be used for transferring functions to the province. Appendix 18 provides the views of the three sectoral agencies sounded at the headquarters level in Jakarta, regarding either regional level.

¹⁴The teams generally consisted of key members of the regional heads' secretariat (finance, personnel, legal department heads; assistants to the Secretary, regional revenue department head, some autonomous sectoral agency heads of the region, and sometimes the regional planning board). Their main goal was to assist the central coordinating agencies in making the DAPP operational at the regional level, and to provide a means of communication with the sectoral agencies in the district and province.

¹⁵The answers given by officials have not been influenced by any concerted effort of central agencies to get the DAPP message across. The limited communication focused on pro-forma preparations (e.g. how to prepare pertinent regional regulations). Since DAPP's inception, LAN has made efforts to slant its obligatory courses for officials (prerequisite for promotions) to include more decentralization/autonomy issues (interview with Dr. Kristiadi, Chair LAN, 1997).

If the list of functions desired by districts showed considerable variability, the criteria offered show instead a fair degree of convergence among districts (Appendix 15). On the whole, district officials found it difficult, or were reluctant, to identify candidate functions for transfer and attendant criteria supporting those suggestions. Instead they tended to raise their demands or wishes in more general terms, calling broadly for more transfers. When specific examples were sought, and they were pressed to justify their selections, they often had considerable difficulty doing so. Often the officials would only hazard perhaps one or more blanket criteria for all of the DAPP functions discussed to that point or for possible other transfers that might be contemplated by higher levels in the future. Additional responses or elaboration had to be coaxed.

Responses from higher level agencies regarding the district showed a fair degree of support for the process of decentralization to the district (Appendix 16). The same cannot be said for decentralization to the province, where both the central and provincial level agencies showed a lack of imagination (Appendix 17).

District criteria were voiced in positive fashion by district officials, even if some grudgingly admitted that the criteria could also be used to make a case against the transfer. The latter possibility was not always fully appreciated. The most superficial statements were probed in various follow-up questions, or by having the interviewer take the devil's advocate position. For example, with regard to the "physical proximity" to the people, this was queried with the counter position that the deconcentrated arms of the province and the centre are also "in the district" and thus close to their clients. District officials only reluctantly admitted this fact, and only then some were able to go deeper into the analysis and point out that what was meant was also/instead psychological or knowledge proximity. Alternatively, other criteria were offered by the respondents to make the case that the district was indeed worthy of receiving more transfers.

Provincial (autonomous) and central level representatives put forward criteria to both support and detract from the transfer possibility. They gave the impression of understanding the

need to implement existing policy emphasising the second regional level for autonomous status, of being sympathetic to the district, while at the same time projecting a stance of moderation and sober assessment. While the emphasis in the criteria offered do show some difference among levels, with the province and central level being more concerned with equity, uniformity, and security, the depth of awareness or analysis between district, provincial and central level representatives cannot support the hypothesis suggested in initial stages of the research, that clarity and comprehensiveness in criteria increases in going from district to the centre. Indeed, it appears that although central level officials in Jakarta profess to have used the *PP 45/1992* criteria, related comments indicate they are not very familiar with the contents. As well, criteria such as "if easy, give it to the regions, and if difficult keep at the centre" are even more simplistic than some offered by the district.

Responses from all levels can be classified into major groupings (without indicating priority) as shown in Table 6.3:

Table 6.3: Categories of Criteria Raised by Indonesian Officials

- | |
|--|
| <ol style="list-style-type: none"> 1. Proximity to the people (physical, psychological, awareness of needs/problems, rapport/ability to mobilize) 2. Capability (financial, human resources, technical ability) 3. Efficiency (speed of service/decision, coordination) 4. Policy imperatives (must meet the policy as laid out in Law 5/1974, <i>PP 45/1992</i>) 5. Complementarity (to existing functions; synergy, should be part of same package) 6. Political concerns (equity, security, integration) 7. Revenue potential |
|--|

A key observation can be made regarding the general character of the criteria. Most of the criteria offered relate to the first two categories, encompassing various aspects of the apparatus or the district, rather than the nature of the functions in question. Higher levels did raise political considerations, and these are bound to the character of the function in question, but perhaps the most notable exception to the pattern mentioned above is the criterion stipulating that functions to be considered for transfer are those that can yield revenue to the district. This criterion is found in *PP 45/1992*, but was invoked even by those unaware of the contents of *PP 45/1992*. District officials generally raised it as an issue that impeded decentralization, since the province and centre were concerned to keep all functions that could yield revenues. Hence it could be said that the districts were critical of higher levels for not adhering to this criterion as formulated in *PP 45/1992*.

By and large officials at all levels were unaware of the specifics of law 5/74 and *PP 45/92* on the question of criteria relating to the nature of the functions. These laws were invoked merely to underline that the emphasis on the district had to be realized somehow, thus justifying the transfer of functions. The specific guidance provided therein, in gauging the appropriateness of the functions in terms of the nature of the functions themselves, was rarely mentioned.

6.5 Withdrawal of Functions: Criteria Offered by Officials

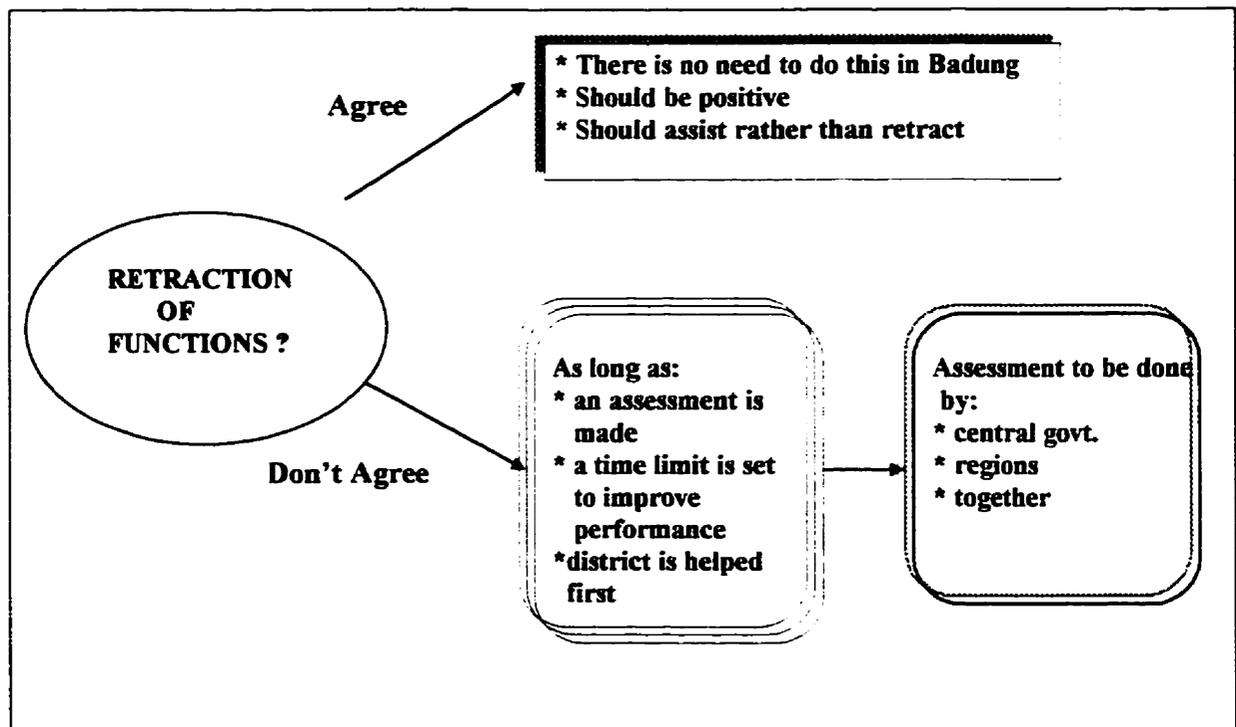
Specifically in district Badung and province Bali, 28 agencies (all three levels) responded to the question of appropriate criteria for withdrawing functions. These answers are summarized in Table 6.4, under broad and specific categories that seemed to suggest themselves in viewing the individual responses.

Table 6.4: Criteria Raised by Agencies in Badung/Bali on Appropriateness of Retraction of Functions to Higher Level

GENERAL CATEGORY OF RESPONSE	SPECIFIC CATEGORY OF RESPONSE	FREQUENCY
APPARATUS	Capability	8 (29 %)
OUTCOME	Good or not good	5 (18 %)
APPARATUS/REGION	Potential	3 (11 %)
APPARATUS/REGION/ IMPLEMENTATION	Obstacles	3 (11 %)
OUTCOME	Appropriateness (scale, standards)	3 (11 %)
CHARACTERISTIC OF FUNCTION	Cross regional boundaries	3 (11 %)
APPARATUS/REGION	Need	1 (3 %)
OUTCOME	Efficiency and Effectiveness	1 (3 %)
OUTCOME	User characteristics	1 (3 %)

There is a general reluctance to deal with the issue of retraction among agencies located at the regional level, both at the district and among higher level agencies. The pattern of responses to this question is captured in diagrammatic form in Figure 6.4.

Figure 6.4: Pattern of Officials' Responses to the Process of Retracting Functions to Higher Levels



Respondents confirming the possibility are nonetheless hesitant and tend to qualify their answers. Transfers to the districts are normatively seen as uni-directional, and if a function is not being performed adequately, an “assistance approach” is favoured over immediate retraction. Also, the assessment of performance, and the decision to retract are seen as requiring regional participation, preferably in a joint exercise.

6.6 Criteria Actually Used by Designers of DAPP

District, and even higher level officials situated in the province, are generally at a loss about the specific criteria operative in DAPP, although they have certain suspicions, particularly regarding the revenue generating aspects of functions. In the absence of concrete information about the DAPP process, they offer their own views, generally without the benefit of much reflection in view of the limited official discussion preceding this research. This state of affairs invites a close investigation of the communication process between stakeholders in the DAPP. An important plank for the later discussion can be set by noting the contrast between the imputed or offered criteria of the players largely “on the outside” of the DAPP’s design with the designers of DAPP.

There is little doubt that *MenPAN* (the Ministry of State for Administrative Reform) played the lead conceptual role in the DAPP: the Ministry of Home Affairs was a reluctant and belated participant in the conceptual stage. *MenPAN*’s mark on the DAPP is evident in the organizational restructuring and rank adjustments made. It is telling that the major features of the DAPP coincide with the most common tools *MenPAN* regularly wields to affect reform and institutional development. The glaring deficiencies in the DAPP (particularly the development financing shortfall and the inadequate adjustment in the regional planning system) also signal the lack of participation of other key stakeholders at the central level.

Due to *MenPAN*'s limited experience in the decentralization field, its solution to years of foot dragging by the sectoral ministries was to hatch a very simple and direct scheme. The overriding criterion in *MenPAN*'s mind was that any function that was being carried out in the district by higher level agencies should be turned over to the district as autonomous functions of the districts, together with at least the same level of assets, staff and funding being used to discharge these functions. In practical terms, this meant that offices of the centre (*Kandep*) and of the province (*Cabang Dinas Tk. I*) would become district agencies or be absorbed into district agencies. Hence, the longstanding complaint about duplication from the existence of multiple agencies would be addressed and new agencies would be established where none existed before at the district level to receive the functions from closing offices of higher level agencies.

The simplicity of this concept was attractive to *MenPAN* in that it allowed them, or so the thinking went initially, to avoid the messy issue of the distribution of functions from a theoretical perspective. *MenPAN* had surmized, after a rather perfunctory sounding of MoHA and sectoral departments' views, that a detailed review of functions would quickly degenerate into a power game that would see the departments hold on to functions that were wet or fat (*basah, gemuk*), while transferring those that were dry or thin (*kering, tipis*)¹⁶. To avoid this trap, *MenPAN* decided to simplify the process through a blanket restructuring that eliminated higher level presence in the district. This apparently simple solution hit several snags, chief among them:

1. Deconcentrated agencies had poorly defined functions, and did not hold different functions than those of their "masters": they discharged, to varying degree, the functions of their masters. The delegation of "functions" to the representative offices is sometimes not coded, or at most it is coded as a ministerial decree which need not adhere to any strict form as it is not scrutinized by other agencies.
2. Several functions discharged by the deconcentrated offices lent themselves to autonomous discharge by the districts, while others may not be suitable, or would call for limited district involvement, such as in the form of assistance tasks (*tugas pembantuan*).

In seeking to avoid the decentralization criteria trap, *MenPAN* slipped into a related quandary. If *MenPAN* was to allow for the differentiation of the existing activities in deconcentrated offices into those that were not suitable for transfer, those that could be given as autonomous functions, and those that were to be assigned as assistance tasks, then the departments and provinces would find it to their advantage to define coveted functions as their own, or at best as assistance tasks rather than autonomous functions. The end result would have been much the same as allowing the Ministries to dictate which functions to transfer and which to retain, the only difference being that those retained might henceforth be “implemented” by the district through the assistance form (rather than being handled directly via a deconcentrated agency of the centre).

As it turned out, the *MenPAN* approach had the effect of narrowing the range of functions under review to those which seemed at the time to make demands on the staff of deconcentrated offices in the district. A more fundamental review would have opened up to scrutiny those functions that had little or no involvement of these offices, but had been carried out at the provincial regional office of the centre (*Karwil*), at the province, or in national headquarters¹⁷. As it turned out, even the limited range of functions that became the focus of the DAPP were not transferred as smoothly as had been imagined by *MenPAN*.

It is important to understand that *MenPAN* was extremely leery of engaging in a broad and fundamental review of all functions. According to *MenPAN*, if the departments were asked to follow this route “the story would never end; the process would look much as it had in the past two decades since the law 5, 1974 was enacted” (interview with Gustav Panjaitan, 1997). Hence it sought to force all functions carried out at the district level, by any agency, to be transferred to the district. The fact that only one agency (in Badung, Appendix 15) mentioned this criterion as being

¹⁶These designations in the Indonesian jargon relate to both legal incentives (project participation payments) as well as opportunities for extra-legal benefits.

¹⁷Including special purpose agencies of departments that did not conform to district jurisdictions in their distribution, and which reported directly to the provincial levels or the national headquarters.

the base for the DAPP shows that the initial concept did not survive in this form. The concept could not work so simply, as attested by the resistance that ensued from well placed departments and non-departmental agencies (and provincial agencies). In the end, the scenario *MenPAN* very much wanted to avoid, a review and negotiation process with each department, did come about, though the scope of functions was narrowed to those perceived to be in the deconcentrated offices. As well, the negotiation process was not as well structured and assiduously pursued as might have been the case had the initial concept anticipated a broad and fundamental review of candidate functions.

As it turned out, a considerable number of functions were pulled up to the provincial level central offices or autonomous provincial offices. A few were transferred to the district as assistance tasks. In general, the logic between these choices was determined by the departments themselves, and the decisions lacked transparency. Hence there appeared to be functions pulled to the centre/*Kanwil* or province that could well be undertaken by the district (generally the *wet* functions such as issuance of permit to engage in trade). It must be said that some of these were subsequently given as assistance tasks, but it is telling that in the example given (permits for engaging in trade) the decisions are ultimately made by the Ministry of Industry and Trade and revenues are funneled to this ministry: the district merely becomes a collector. As well, some functions that might have made sense as assistance tasks were pulled up without sufficient discussion or explanation (management of larger non-specialized hospitals for instance).

Chapter Summary

The DAPP provides a timely window in the political-administrative system through which the question of criteria for decentralization may be viewed. The limitations of the DAPP in part bring forth the hope from the districts for more functions in the future. The rationale for these demands or requests are poorly expressed at this stage, but there is a preoccupation with the

capability of the regions, whether expressed in terms of administrative requisites, or the districts' proximity to the people and knowledge of local conditions. Higher level officials sound similar themes, but also strongly emphasize criteria relating to equity, uniformity, and security. This is consistent with an initial hypothesis of this research, that different levels of government will favour different criteria. However, another hypothesis, suggesting that higher level officials might be more comprehensive and clear in their arguments, does not seem to hold. There does not appear to be much difference in the quality of arguments and criteria offered at the different levels (this will be pursued in more detail in Chapter 8). Indeed, on the question of provincial role, the central and provincial officials appear downright unimaginative.

Ironically, *MenPAN* had tried to remove the entire issue of "criteria" from the DAPP. However, it was "forced" into some deliberations with departments and provinces to sort out the functions that would be transferred to the districts. Transparency was lacking in these deliberations, and district officials remained largely unaware of the criteria involved. The official concepts and model(s) that might be expected to influence the DAPP, and previous decentralization efforts, are explored in the next chapter.

CHAPTER 7

CONCEPTS UNDERLYING INDONESIAN DECENTRALIZATION AND THEIR APPLICATION

“I’m tired of hearing that the district is not capable. If they transferred personnel, funds and assets then we can undertake the functions”. Chair of District Development Planning Board in a selected study district (interview, September, 1996).

As alluded to in Chapter 6, the process used to arrive at an ADP related to the district autonomy pilot program was rather short, top-down in nature, and involved a limited set of stakeholders. It is important to understand how the DAPP experience fits into the overall pattern of decentralization design and decision-making. Although the DAPP seems to be a departure from Indonesian policy and practice, in fundamental ways it is quite consistent with the past.

7.1 Decentralization Criteria in PP 45/1992

Historically there has been little discussion of criteria for transferring functions to sub-national levels in Indonesia. It was only with the introduction of PP 45/1992 that principles or criteria have been made explicit. Indonesian commentary on the process used in creating regions and transferring functions prior to this time suggests that criteria were not clear, or at least not very explicit, and that it was “political”. As Hoessein remarks, past experience “was judged to be too much based on psychological and political factors” (Hoessein, 1997: 5). With law 5/1974 and PP 45/1992, the process would be put on a proper “objective” footing. In PP 45/1992, criteria were set to decide which kind of functions should be transferred, and time limits were set within which provincial governments had to devolve appropriate functions.

An examination of the PP 45/1992 actually reveals two strands to the general approach to the transfer of functions (to refer to these as “components” may be imputing more structure and interrelationship than is the case). The first strand relates to the need to study the capabilities of

the districts, to determine what additional functions and guidance is required. The second strand, some of it somewhat hidden in the explanation section of the regulation rather than in the main text, provides criteria that are to guide the selection of autonomous functions assigned to the provincial and second tier regions (Table 7.1), as well as the transfer of assistance tasks to the latter (Table 7.2).

Table 7.1: Scope and Criteria for Decentralizing Autonomous Functions to the Provinces and Second Tier Regions

<p>Central level functions that cannot be transferred (official translation):</p> <ol style="list-style-type: none"> a. Defense and security; b. Judicial affairs; c. Foreign affairs; d. Monetary affairs; e. Part of the general governmental affairs that are the authority, task and responsibility of the Regional Head (<i>Kepala Wilayah</i>); and f. Other governmental affairs that nationally are more efficient and effective if they remain being handled by the Government. <p>Functions that can remain with the province (official translation):</p> <ol style="list-style-type: none"> a. Affairs that in their handling are of the nature of cutting across Second Level Regions. b. Affairs that are less determinant for the growth and development of a Second Level Region. c. Affairs the implementation of which will be more efficient and effective if handled by First Level Region Governments. <p>Criteria to guide the selection of functions to be given to the second Level Regions (official translation):</p> <ol style="list-style-type: none"> a. Affairs that in their nature have already been standardized in a Region; b. Affairs directly involving the public interest, and very much affected by the conditions in the environment in a Region; c. Affairs that can stimulate the participation of the people or according to their nature are the responsibility of the local population; d. Affairs that in their implementation employ many human resources; e. Affairs that generate revenue for the region and potential for being developed in the context mobilizing new original sources of revenues for the relevant Region; f. Affairs that in their implementation requires immediate handling and decision making.

Source: Regulation of the Government of the Republic of Indonesia Number 45 of 1992 Regarding Implementation of Regional Autonomy with Emphasis on Second Level Regions.

Regarding assistance tasks from the centre or the province, these tasks were to be provisional in nature, with a review process not later than four years after delegation leading to an assessment of whether the task should become an autonomous function of the district.

Table 7.2: Criteria for Decentralizing Assistance Tasks to the Second Tier Regions

The considerations for giving assistance tasks to the second tier regions are among others (official translation):

- a. The limited capability of means of the Government and or of the First Level Regional Governments in Second Level Regions;
- b. The nature of a governmental affair that will be difficult to be implemented in a satisfactory manner without involving Second Level Regional Governments;
- c. Internal affairs of First Level Regions, most of the activities of which have already been delegated to become the internal affairs of Second Level Regions;
- d. The development and need of the people make a certain governmental affair to be more efficient and effective if entrusted to Second Level Regional Government;
- e. The still limited capability of Second Level Regions or the existence of inherent characteristics in certain affairs, so that such governmental affair is not yet timely or not yet correct to be delegated to become the internal affairs of the Second Level Region.

Source: Regulation of the Government of the Republic of Indonesia Number 45 of 1992 Regarding Implementation of Regional Autonomy with Emphasis on Second Level Regions.

A comparison with international experience indicates some agreement, and also important divergence. The use of a list of criteria guiding the selection of functions to be transferred is similar to documented approaches from other countries as outlined in Chapter 2 (Canada, United States and Australia). Several of the criteria in fact resonate with those found in these countries' lists, as Shah et al (1994) have already noted, perhaps with too sanguine an appraisal. Some of the Indonesian criteria are peculiar to the Indonesian scene, and can best be understood in relation to the official discourse on decentralization/autonomy and the characteristics of the politico-administrative system. These will be dealt with in later discussions.

Where the Indonesian model diverges most is in the emphasis given to measuring the capability of the second tier regions as a base for making decisions on the transfer of functions. Capability issues do enter the lists or discussions in other countries, but generally the criteria deal with the nature of the functions or the "meeting point" of the function with regional characteristics (for example, economy of scale has to do with the cost curve of the volume of activity which is linked to the geography/population features of the region). In the Indonesian model the specific characteristics of the regional administration or the region's endowments are given greater

emphasis and tend to be seen as isolated elements. An indication is found in the frequency of responses of officials from all levels (Appendices 15-18 and Tables 6.3-6.4) invoking the issue of district capability as either a positive criteria that should encourage additional transfers, or as a cautionary consideration braking transfers.

Figure 7.1 shows the two strands of the Indonesian model, and indicates the Indonesian emphasis compared to that found in documented international practice. The "capability" strand is the part of the model emphasized by *Litbang* in Home Affairs (and also by *LAN* and at least is given some lip service by a good number of officials in other agencies).

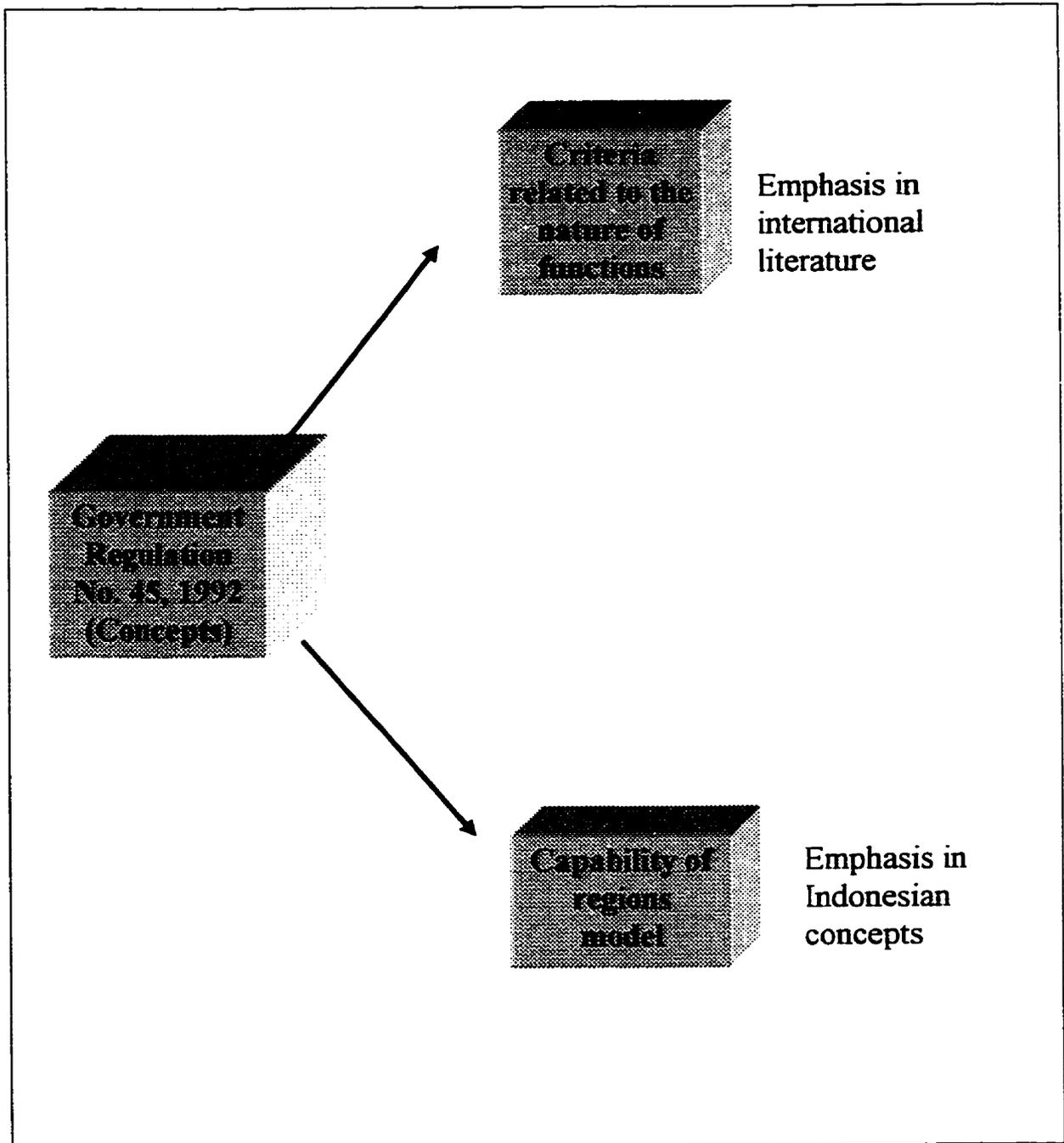
7.2 The Indonesian Capability Model

When reference is made here to an "Indonesian model" there is no intent to imply that the model is coherent and instrumental in guiding practice. It is simply the model most clearly embedded in policy and used in official rhetoric¹⁸. Under this definition, the model found in *PP* 45/1992 must indeed be seen as the "Indonesian model", particularly since it has involved a great deal of effort from *Litbang* (MoHA) and *LAN*¹⁹, with the Home Affairs version becoming enshrined in its general form in this regulation. *Litbang* has no reservations to this day in applying the label "*Konsep Model Otonomi Daerah Tingkat II*", giving the impression that it is a model,

¹⁸The existence of a legally supported approach does not prevent officials from *ad hoc* pronouncements on what the criteria for decentralization should be. Normally these are offered at seminars and other venues that have official support or participation but the statements made do not necessarily represent institutional positions or commitments. Officials' pronouncements do not become operational generally speaking, even if emanating from figures supposedly charged with guiding decentralization and related administrative matters. For example, some suggestions have been publicly offered by relevant policy makers, such as the head of the National Administration Agency, J. B. Kristiadi (1991a), and the former director general for Public Administration and Regional Autonomy of the Ministry of Home Affairs, Soemitro Maskun (1996a), but the criteria offered are framed in very general terms, and do not seem to be referred to by middle level officials.

¹⁹These efforts began in the 1980's for the basic model promoted by the Ministry of Home Affairs, and have continued into the early eighties at the "study" level (see Beier, 1995), whereas *LAN* came into the effort with a model that was similar in the early nineties (see Smoke and Lewis, 1996). The import of these related models to the decentralization discourse and practice has been contested (see Beier and Ferrazzi, 1998).

Figure 7.1: Indonesian Model in Comparison to International Criteria



and that it is the model in use (see for example the summary of the model given by Riyamadji, 1997, a staff member of *Litbang*, MoHA).

As stated earlier, law 5/1974 and PP 45/1992 state that the transfer of functions to the second tier has to be conducted in accordance with the respective capacity and the situation in the regions. As oftentimes heard from officials, it would simply not do to transfer fisheries functions to districts that are landlocked for instance²⁰; a more "rational" approach than that had to be fashioned. Not only did the functions have to be suited to the regions' endowments, but the regions had to be ready to accept the function. Toward this end, the Ministry of Home Affairs was made responsible to implement a study to assess the capability of the regions as a basis for decentralization. This approach is a reflection of the basic decentralization concept or principle found in law 5/74, "*otonomi daerah yang nyata dan bertanggung jawab*", which means a "real" and "responsible" regional autonomy. This concept stands in contrast to the pre-1974 decentralization policy of "*otonomi daerah seluas-luasnya*", that is "regional autonomy as broad as possible". Henceforth, decentralization would be set on a scientific track, with the scientists, or at least the managers of the scientific effort, being the officials in the Ministry of Home Affairs, presumably those housed in the research department (*Litbang*).

The Ministry of Home Affairs had actually embarked on a capability research effort by the early eighties. It sought to produce a ranking of the districts/cities in terms of their readiness to receive more regional autonomy. Its mandate sprang directly from law 5. 1974. The crafting of

²⁰The principle behind this and similar assertions is a widely accepted corollary of the basic capability model. The degree of acceptance spreads beyond officialdom, reaching into academic halls (see for instance the capability study of the Udayana University team, Ide Bagus Gde Uttara *et al.*, 1990). This position can be seen to be a reflection of the lack of trust given to the regions to "take up" the transferred functions in accordance with regional potential and needs. With a trusting system, it might be expected that a landlocked district would not set up an agency to look after fisheries, unless of course it saw some promise for aqua-culture. This trust would of course entail incentives for responsible action by the districts which are not in place at the moment, hence any discretion given to the districts does indeed stand a good chance of being abused, fueling the charges that the districts are not capable, in turn lending support to the cautious "scientific" approach to the measurement of regional capabilities.

PP 45/1992, undertaken in *Litbang*'s *dapur* (kitchen), strengthened *Litbang*'s hand further, or so it seemed at the time.

The origin of the capability strand (or model) of *PP 45/1992* is difficult to discern. Interviews with key informants indicate that the research arm of Home Affairs (*Litbang*) has been behind the conceptualization of the model, but that it received much support from academic institutions. At one point, during the formulation of the *PP 45/1992*, *LAN* (Agency for State Administration) was intensely involved in shaping the concept, but it appears that *LAN*'s participation quickly dropped off (although its parallel development and implementation of "district capability studies", generally aligned with the model, continued). *Litbang* staff, operating in isolation of other government agencies and boasting few research specialists, had to rely to a large degree on University assistance. This collaboration at one point entailed nine Universities in the mid-eighties (Sibero, 1992, Beier, 1996) and extended throughout the decade. The role of Gadjah Mada University (UGM) was particularly salient on the conceptualization side (*DDN*, 1991), no doubt providing the basic ideas to the *Litbang* group.

Without delving in too much detail, the essential features of the capability model are as follows:

1. Six quantitative capability "factors", each with several indicators (finance, apparatus, people's participation, regional economy, administration and organization)
2. Two supporting "factors", each with several indicators (geography and social-cultural factors)
3. Scoring system that translates indicator data into ranking scores, with weighting.
4. Overall index obtained from the aggregation of quantitative factors

The model in its entirety seeks to assess the capability (*kemampuan*), potential (*potensi*) and needs (*kebutuhan*) of the second level regions. However, only the first indicator is operationalized to a significant extent, and the entire model can be collapsed into a "capability model" for all practical

purposes. The final index combining the six quantitative factors is the culmination of the model, and it is this result that is discussed or bandied about by both central level agencies, the regions and scholars engaged in, or commenting on, the studies. The four capability rankings of the index are explained in Table 7.3, along with the guidance and transfer implications they supposedly hold in decentralization practice.

Table 7.3: Prescription of Capability Index for Regional Autonomy Initiatives/Status

Index category	Interpretation	Autonomous functions that can be handled	Guidance style required
M4 (<i>Utama</i>)	able to implement autonomy	13 or more	DELEGATIVE: giving regions in full trust in problem solving and formulation
M3 (<i>Madya</i>)	nearing capability to implement autonomy	10 to 12	PARTICIPATORY: focusing on mutual exchange of ideas and suggestions
M2 (<i>Muda</i>)	only partly able to implement autonomy	7 to 9	CONSULTATIVE: focusing on tight direction and control along with two way communication
M1 (<i>Perdana</i>)	unable to implement autonomy	3 to 6	INSTRUCTIVE: focusing on tight guidance and control

Source: constructed from the writings of DDN, 1991; Riyadmadji, 1997; Thoha, undated

Even before the full findings of the UGM/MoHA capability study had been widely disseminated, the question had arisen as to how to handle districts that were deemed unable to “implement” autonomy. Capability studies undertaken by MoHA, in conjunction with other Universities, in the mid-to-late 1980’s had revealed that a substantial number of districts could not be viable as autonomous governments. A joint study with Padjajaran University in West Java, a relatively “advanced” province, showed that 25% of second level regions were not viable as autonomous regions (*Pikiran Rakyat*, 1990).

The official answer to this dilemma came from the Minister of Home Affairs in early 1991, who acknowledged that indeed some regions did not seem able to implement their autonomy, and these would be transformed to administrative regions (with no autonomous status) or would become sub-districts of other regions. The possibility for removing autonomous status was already set in law 5, 1974, but the Minister added details with his explanation, among others, that "if in every operational function the second level region (*Dati II*) continues to ask the governor for funds, it is best that it just be abolished." (*Bali Post*, 1991). To date only four administrative districts have been established, three of them in Irian Jaya (Ministerial Decree Number 10, 1998), and these have not originated from autonomy-defrocked regions. Although there has not yet been progress in stripping "incapable" districts of their autonomy, the Minister's comment at that time reveals the persistent inability (or unwillingness) to discern where responsibility for success or failure lies in regional governance. It must be said that the issue of regional pre-requisites to discharge a given set of functions is indeed a legitimate policy variable, and that the politically motivated fragmentation of districts in the past is a cause for concern in this regard. However, the capability model serves to shift attention exclusively onto the weaknesses of the districts, and not at all in inadequate higher level funding or revenue sharing; the spotlight is squarely fixed on the regions regardless of the indicator's actual import.

Given the heavy research and policy investment made in the capability model, representing over a decade's work, considerable use of the model in decentralization practice might be expected, if not during the gestation phase of the model at least after the model had been given additional regulatory impetus (via *PP 45/1992*). As will be seen in subsequent sections, this was not the case. Moreover, the pattern of decentralization since independence shows no apparent consistency with the model.

7.3 Application of the Indonesian Model in the DAPP

Had *MenPAN* been able to force through its original "simple" concept of reorganization at the district level there would be no uncertainty about the *PP 45/92* model's applicability: it would not have played any part at all. The criterion used would have been simply "transfer those functions formerly carried out in the deconcentrated offices." Because the reality of the decision making process was more complex than that, involving negotiations with the Ministries, the results of these negotiations must be assessed in addressing the model's role. The assessment can be divided into two parts: the pattern of functions transferred, and the selection of the district sample group itself.

The first part of the analysis is simple and made possible by drawing on Table 6.1, which is the "standard" number of functions transferred in the DAPP. Although small variations do exist in the functions transferred from provincial levels (largely taking into account variations existing prior to the DAPP), the overall package of functions transferred to the selected 26 districts in the first phase of the pilot program is essentially the same for all of these districts. This uniformity of approach is also contemplated for the next stage of dissemination, to an additional 68 districts and cities, bringing the total second tier regions participating in the program to 94 out of 307 regions, or roughly 30% of the regions (draft replacement *PP* for *PP 8/1995*).

For the above approach to be in keeping with the model would mean that the 26 districts (and anticipated 94 in the following phase) would all have to score about the same on the "capability index" produced in the studies undertaken by Home Affairs. In testing for this uniformity, it should also be stated that the original intent of Home Affairs had been to select those districts that were most able (highest on the capability score) so as to better ensure the success of the pilot program. This approach was not followed, but it should be proven in clear terms that the samples selected do not represent the highest capability score (4, in the range 1-4). However, this

would merely prove that designers did not select the strongest sample, and it must be conceded that they may have had good conceptual reasons for changing the initial approach.

The next needed step in the analysis is that of assessing the capability scores of the district pilot sample, to understand whether uniformity of treatment in the transfer of functions is in any way warranted.

Table 7.4: Capability Ranking Distribution of DAPP Samples and Population of Regions

RANKING	PILOT SAMPLE		DISSEMINATION STAGE #1*		ALL SECOND TIER REGIONS	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
					1	0.3
2.00	6	23.1	16	18.0	76	26.0
3.00	17	65.4	57	64.0	195	66.8
4.00	3	11.5	16	18.0	20	6.8
Total	26	100.0	89	100.0	292	100.0

Source: Data from the MoHA *kemampuan* study had been previously entered into an SPSS database by Christoph Beier (Bochum University). This database was checked against the hard cover summary report of the MoHA (only very minor adjustments were made). Frequencies were obtained utilizing SPSS version 7.

* Encompasses 26 pilot districts, but is missing 5 regions anticipated to join the program.

The distribution of the samples, particularly the pilot sample, are very close to that of the population of districts and urban centres for Indonesia as a whole. To determine the statistical relationship, the mean for each sample was calculated, and then the entire distribution was submitted to a Wilcoxon Rank Sum Test, a test specifically suited to ranking data of the type generated by the MoHA study. The objective of this testing is to determine whether the samples statistically differs from the population.

The statistical test in Table 7.5 indicates that the pilot sample of districts does not differ in its mean from that of the population. This is a rather curious result for several reasons. First, it makes it clear that there was no effort at all to select only the most capable districts. The

Table 7.5: Capability Means and Wilcoxon Rank Sum Test for DAPP Samples

	Mean	Wilcoxon Rank Sum Test
DAPP regions (n=89)	3.0000	$z = -2.2962$, p-Value = 0.0217 (against pop.)
Original Pilot sample (n=26)	2.8846	$z = 0.7321$, p-Value = 0.4641 (against pop.)
Additional sample (n=63)	3.0476	
Districts in DAPP (n=65)	2.8000	$z = -0.0093$, p-Value = 0.9926 (against pop.) $z = -1.1780$, p-Value = 0.2388 (against districts)
Population (n=292)	2.8014	
Districts (n=242)	2.6901	
Cities (n=50)	3.3400	

distribution (Table 7.4) brings this point out clearly: the most capable sample of second level regions (taken from the population of second tier regions) would have to be composed of 20 regions with score 4, and 6 with score of 3, yielding a mean of 3.7692. Most of the regions selected would then have to be cities, since these tend to score higher than the predominantly rural districts. If indeed the designers of DAPP had wished to guarantee success, and followed the “capability” model strictly, then the DAPP would have been primarily an urban focused pilot program (rather than entirely made up of districts). As it turned out, it seems that the variety of other considerations going into the selection of regions resulted in a mean of the pilot sample that is the same as the population, and this must be seen as coincidental rather than purposeful.

In what is also likely to be a statistical coincidence, the selection of districts did not veer significantly from the mean of all of the districts in the second level region population (2.8846 versus 2.6901). The main indicator that this is purely coincidental comes from the substantial evidence that the selection of the initial 26 districts have been influenced by a number of factors. As the director general for regional autonomy put it

In the selection considerations ran more to practical factors, for instance, the region was close to the provincial capital, communication was smooth and the

region easily accessible. Or maybe additionally the leadership factor of a good *Bupati* and the region exhibited growth. The government simply asked each Governor to determine which district had the potential to become an example (Maskun, 1995: 45).

It could be argued that the leadership and growth criteria are at least indirectly subsumed in the *kemampuan* model, but Maskun's remarks lend more support for the general results of the statistical tests showing no purposeful link between capability rankings and the selection of the DAPP districts.

In line with the above evidence, it should also be noted that 10 of the newly added districts (out of 39, which combined with 29 cities made up the 68 regions entering the second stage of the DAPP) are found in just two provinces (Bali, East Kalimantan). These provinces have requested to include all their second level regions in the next phase of the DAPP. Their additional districts have capability rankings that are variable (from M-2- to M-4), undermining any notion of index driven selection. Again, no adherence to the capability model can be found. This second phase of the DAPP (not yet implemented but already designed) lends no greater credibility to the capability model. The mean of the additional regions (3.0476) is statistically greater than the mean of the population, but much less than could have been achieved by a purposeful selection of supposedly "capable" regions.

7.4 Application of the Indonesian Model in General

From key informant interviews at the central level, encompassing several departments (Health, Agriculture and Public Works) and key agencies (National Planning Board, Finance Department, *MenPAN*, *LAN*)²¹, it becomes apparent that the application of the model in *PP* 45/1992 is partial at best. Although on occasion an official will make reference to the list of

criteria found in *PP 45/1992*, no one has made the case that it is the sole, or even dominant reference for the selection of functions to be transferred. With respect to the “regional capability” part of the model, heavily favoured by the Ministry of Home Affairs, the departments employ the language of the model, but have not undertaken much work themselves to determine the specific performance and potential of the regions in their sectors²².

Because officials have a tendency to revert back to the “official line”, and the “top of the mind” version of the official line revolves around the capability issue, it would be instructive to go beyond this type of evidence. The actual pattern of departmental transfers of functions since the nation’s inception must be assessed to determine whether indeed “capability” played a role. As mentioned earlier, there is little documentation on the deliberations behind these decisions. However, the lack of qualitative data may be partly off-set by a quantitative analysis, where the capability of the districts is compared to the number of functions they have received over time. If the capability model has been in the minds of decentralization designers, then a positive relationship might be expected between the number of functions transferred and district capacity.

The ratings data used for this quantitative analysis is that produced by the MoHA *kemampuan* study. Another data set from the MoHA on the distribution of functions was compared against this data. Only charter functions (transferred to second regional level through laws, *Undang-Undang*) and functions from the province (transferred to the second regional level through provincial regulations, *Perda*) are included in this database. It must be assumed that some functions transferred to the second tier through government regulations (*PP*’s) are captured in the

²¹ Two key Home Affairs officials (Echelon I level in *Litbang* and *PUOD*) did not agree to be interviewed, one of them passed the request to lower level staff, and the other simply declined to respond to formal or informal approaches.

²² A notable exception is the Department of Public Works, where the districts throughout Indonesia were rated on their performance on road maintenance. This assessment was supported by USAID funded project. Although this study also had little application it was conceptually quite sound (communications with Luc Spycykerelle, former consultant with project, 1996).

provincial *Perda*, but certainly some functions which are specified in *PP* to directly be assigned to the districts are lost to the analysis.

The terminology of the functions being compared differ between those contained in the *UU* (encompassing 25 “sectors”/functions) and those contained in the *Perda* (encompassing 40 “sectors”/functions), reflecting the evolving terminology from the 1950’s to the present. The tendency to use this sectoral language is prone to abuse and misunderstanding, since the impression is often given that the entire sector/function category has been transferred. A comparison of the sector/function listed in these laws and regulations is nonetheless justifiable within the logic of the Indonesian model. What is being tested is whether the cumulative decisions in transferring functions to the second regional level, as understood by the Indonesian policy makers, corresponds to the MoHA model of regional capability.

Because one of the data sets being compared is rank data, the Spearman Rank Correlation test must be employed. Table 7.6 shows the result of the test for the charter functions and those passed from the province.

Table 7.6: Correlation Between Functions Transferred and Capability of the Second Tier Regions

	Spearman Rank Correlation against the Capability Ranking of MoHA study
Functions transferred via charter laws (<i>Undang-Undang</i>) (n=292)	<i>Correlation Coefficient</i> = 0.3987 <i>Test Statistic: z</i> = 6.8128 <i>Two-tail p-Value</i> = 0
Functions transferred via provincial regulations (<i>Perda</i>) (n=292)	<i>Correlation Coefficient</i> = 0.0251 <i>Test Statistic: z</i> = 0.4284 <i>Two-tail p-Value</i> = 0.6684

The null hypothesis (that there is no correlation between the number of functions transferred and the capability of the region) cannot be rejected in the case of the function of provincial derivation. Conversely, the alternative hypothesis cannot be rejected in the case of

charter functions. However, the latter correlation is rather weak. In general, it does not seem that decentralization policy in the past has been guided by consideration of the capability of the regions²³.

The weakness of the above correlation can be shown by comparing it to the stronger correlation found between the functions listed above and the age of the second level region, operationalized as the number of years between 1945 (the birth of the republic of Indonesia, on paper at least) and the charter of the region. Table 7.7 provides the results.

Table 7.7: Correlation Between Functions Transferred and the Charter Age of the Second Tier Regions

	Spearman Rank Correlation against the Age of the Second Regional Level
Functions transferred via charter laws (<i>Undang-Undang</i>) (n=292)	<i>Correlation Coefficient = -0.7897</i> <i>Test Statistic: z = -13.4948</i> <i>Two-tail p-Value = 0</i>
Functions transferred via provincial regulations (<i>Perda</i>) (n=292)	<i>Correlation Coefficient = 0.0093</i> <i>Test Statistic: z = 0.1586</i> <i>Two-tail p-Value = 0.874</i>

The null hypothesis cannot be rejected for the provincial functions, indicating that there is likely little relationship between when the district or city was established and the decentralization decisions made by the province. In the case of the charter functions, the correlation is negative, significant and quite large in magnitude.

The combined results from Tables 7.6 and 7.7 suggest that the number of functions given to the regions have little to do with present day concepts of the capability of the regions. Nor do

²³The capability of the districts was measured at a particular point in time (late eighties) whereas functions have been transferred beginning generally in the early fifties through to the time of the study. The assumption must be made that the relative capabilities of the regions have held constant. A Spearman Rank Correlation between the capability scores and the age of the second level regions indicated a significant but weak link (correlation coefficient = -0.3206, z = -5.4781 and p-Value = 0) suggesting the assumption may be adequate for the broad stroke analysis sought here.

the functions as a whole have an easily discernible relation to the age of the regions. However, the charter functions' strong correlation with age suggests that in the early days of the Republic there was a greater number of functions designated in charter documents than is the case of regions formed in more recent times. In the absence of a capability link, this finding suggest that other and changing political considerations influenced the formulation of regional autonomy evidenced in these charter documents.

A final correlation may shed further light on the status of the capability rating model of the MoHA. Although earlier it was stated that the sectoral agencies have largely ignored the MoHA capability rating, the Public Works department (*PU* in the Indonesian acronym) was mentioned as one exception. However, the methodology of the *PU* study, carried out with IBRD funded technical assistance, is more rigorous and conceptually sound then the MoHA effort.

The *PU* researchers correctly sought to measure performance variables that are predominantly under the control of the districts. A sample of 151 districts in 21 provinces involved in road maintenance were assessed by the IBRD project staff, using ten indicators related to management and staff capabilities, technical capabilities, and planning/data capabilities. Given that district *PU* agency are large, in terms of funding and staff, the performance ratings given to the districts would be expected to have some positive relation with the capability scores of the more general MoHA study. The comparison is made in Table 7.8.

Table 7.8: Correlation Between Capability Study of MoHA and Performance Assessment in Public Works Sector for Indonesian Districts Involved in IBRD Projects

	Spearman Rank Correlation with IDR set
Home Affairs' District Capability Rankings (n=147)	<i>Correlation Coefficient = -0.0218</i> <i>Test Statistic: z = -0.2636</i> <i>Two-tail p-Value = 0.7921</i>

The null hypothesis cannot be rejected, hence the correlation is not statistically significant. The lack of a significant correlation between these two assessments places doubt on the validity of the capability index of the MoHA study. Methodological criticism, focused on the measurement validity and aggregating procedures, has already been made by Beier (1996). The lack of practical use of the MoHA model, while perhaps to be welcomed given its failings, is not however solely or even largely due to its methodological shortcomings.

Quite aside from the lack of evidence of any adherence to the capability model in practice, the conceptual basis of the model itself is flawed in several respects that if sufficiently recognized may in itself inhibit any possible application in the future. As seen in Chapter 6, the model prescribes a specific number (or range to be more exact) of functions that can be handled by a second level region, depending on its capability ranking on the M-1 to M-4 index. This prescription faces several problems. First, the definition of functions (*urusan*) is not at all clear, and there is as yet no common terminology among the stakeholders in Indonesia. From various clues provided, it appears that the meaning of *urusan* in this context is “*bidang urusan*” which are sectors (e.g. health), or sometimes sub-sectors (e.g. food crops in agriculture) in scope. The reality of transfers differs greatly from the general or rhetorical use of this terminology; functions are parceled out in smaller pieces than whole sectors or sub-sectors. It is never explained whether the model is truly advocating transferring a sector/sub-sector “lock, stock and barrel” or what might be meant when a region is said to be able to handle say 10-12 functions (capability M-3) or 7-9 functions (capability M-2).

Even working within the unrealistic terminology of “sectors”, it has already been shown in the MoHA database employed in this section that the second level regions have more functions than that prescribed in the model. Autonomous functions flowing from the charter documents alone range up to 13, with a mean of 7.8 (n=292). Added to these are functions flowing from the province, ranging up to 18, with a mean of 4.3 (n=292). Additionally, the full effect of *PP*'s that

assign functions directly to the second level regions must be factored in, although data availability makes this impossible at the present time. Already from this rough count it is evident that most districts hold more functions than the model prescribes for them, which would mean that the focus of enhancing regional autonomy, according to the model, would have to be on removing these functions or making the districts better able to handle what they have, rather than adding any more functions²⁴. Although there is some truth and value to such a conclusion, in terms of the need to strengthen regions in performing their functions, stripping functions from regions is not in line with most officials' view for the direction of autonomy in Indonesia (see Chapter 6, especially Figure 6.4).

Finally, the setting of an ideal number or range of functions to fit district capabilities ignores the real differences that exist between functions across sectors and within sectors, and differences in the importance of certain functions to the social and physical make up of diverse districts. The very intent of the "situational" orientation purported to underpin the model, to treat each region in accordance to its reality (the principle of "*otonomi yang nyata*"), is severely undermined in this part of the model.

7.5 Communication Pattern in Decentralization Initiatives

If qualitative and quantitative analysis reveal that there is no adherence to the official model, this finding begs the questions of why this should be so and what instead guides decentralization decisions. Both questions will be addressed in later chapters, but some light can be shed on both at this stage by focusing on the communication pattern between the government stakeholders: officials at the central, provincial and district levels. While the communication

²⁴Making the districts better able to handle existing functions would indeed be a worthwhile effort, one that is in tune with some district respondents who did not wish to think too far ahead, preferring to do better with what they already have. As a long-term vision for regional autonomy however, this horizon is quite limiting.

pattern may not divulge the details of the deliberations, they can reveal the scope and opportunities for reaching consensus, and can foreshadow implementation hurdles.

7.5.1 Communications in Decentralization Initiatives Prior to the DAPP

Prior to and for two decades after law 5/1974, the usual pattern of decentralization was typically a sectorally sponsored initiative. There does not seem to have been a guiding body to coordinate decentralization initiatives cross-sectorally. Although there was a concern to implement decentralization smoothly (*lantjar*) since "the region knows better and can better manage the interests of the people than would the Centre" (Gie, 1968, 242), intergovernmental efforts on decentralization were rare.

One notable effort does stand out. To give shape to the general outline of the Law 1/1957, in November of 1957 the GOI established an interdepartmental "Committee for the Transfer of Certain Central Government Functions to the Autonomous Regions". The members were asked to formulate government regulations for each Ministry governing transfers to the regions. A handful of government regulations were passed in 1957 and 1958, but the process was less than smooth (*kurang lantjar*). As a result, a second Interdepartmental Committee was struck in December of 1958 to ascertain the causes of the slow progress and suggest improvements. It does not appear that this second committee resolved the very slow pace.

The *DPOD* (*Dewan Pertimbangan Otonomi Daerah*: Council for Deliberations on Regional Autonomy), the cabinet level body formally entrusted with conceptualizing and guiding regional autonomy initiatives, only came into being in 1974 (with further elaboration in *KEPPRES* No. 23/1975⁵). It could be argued that this role was previously claimed by the Ministry of Home

⁵ The seven functions of the *DPOD* are:

a. establishing autonomous regions, b. dissolving autonomous regions, c. transferring additional central government functions to the regions, d. withdrawing functions previously transferred to the region, e. adding to regional financial sources including the transfer or sharing of central taxes, f. changing the structure of financial balance, g. other issues regarding regional autonomy.

Affairs, or its predecessors under other names²⁵, but if so the Ministry did not see fit to impose itself on the process in a visible way.

It may well be that the Old Order government did not see the need for a concerted push, since in the Old Order, particularly in the fifties, many sectors initiated their first steps in decentralization; some deemed to be more substantial than those taken today. The democratic and decentralized orientations of the Old Order are probably overstated in most analysis, but it must be admitted that the story of the New Order period on decentralization is much more ambiguous, with slow progress, and substantial retreats on some aspects. Tentatively, the introduction of the DAPP might be attributed to a general sense of stagnation, growing public discontent over the status quo, and newfound recognition of efficiency and political (legitimacy) benefits. In any case, the DAPP was the first coordinated effort in the New Order, and it came two decades after the law 5/74 setting the framework for regional autonomy.

In practice, the *DPOD* has never acted as a coordinating body as intended in law 4/1974. It limited its involvement to adjudicating proposals for the establishment or realignment of autonomous regions, rather than the essential aspects of centre-region relations that define the scope and nature of regional autonomy²⁶. Hence sectoral departments continued to advance decentralization, or stall, based on their own perceptions and needs. On occasion external players like the World Bank sought to inject some momentum, making decentralization an informal prerequisite for Bank assistance, but influence of this kind was the exception rather than the rule (interview with Ben Fisher, 1997).

²⁵One of the names borne by this Ministry in the Old Order period was Ministry of Home Affairs and Regional Autonomy. The downgrading of Regional Autonomy to a directorate general may reflect a shift in the overall policy toward regional autonomy.

²⁶Some substantive activity was undertaken by the *DPOD* in the early nineties. The body did review the bureaucrats' drafts of regulation *PP* 45/1992, but there is no evidence that it set its mark on this legal product. Another activity in 1991 was to promote the incorporation of an orientation for senior officials on the essence of law 5/1974 defining regional autonomy (Sinaga, 1991). Here the *DPOD* shows its preoccupation with marshaling perceptions about the status quo rather than leading deliberations that are change oriented.

Very little information is available about the style of communication between the central sectoral departments and the regions, especially the district, in the design of decentralization initiatives prior to the DAPP. Much more historical research would be of assistance, but may be difficult to obtain in view of the poor institutional record of process issues in the Indonesian administration.

It should be stated that the need for using the legal instrument of a government regulation (*PP*) did result in some kind of horizontal consultation process at the central level, one that is required to proceed under the aegis of *Sekneg* (State Secretariat). Such a consultation process however does not guarantee that objections or contributions, particularly those raised on behalf of the regions, are taken into account. Outcomes are more likely to depend on *Sekneg*'s reading of the key forces aligned for or against and opportunities for political log rolling. As always, the circumventing of consultation requirements is always possible, depending on the proximity to the President.

It was only through the leadership of Rudini, the Minister of Home Affairs, that a more coordinated and codified approach began to emerge towards the end of the *Pelita V* cabinet. The early nineties saw some ferment in decentralization thinking, and economic de-regulation issues. The government regulation 45/1992 came into being (with the intent of giving teeth to law 5/1974 on the policy of emphasizing the district in realizing regional autonomy), and work began on a set of more operational guidelines to support this regulation. Additionally, discussion on the role of the provinces began and Rudini floated a trial balloon on removing the autonomous nature of the province, as a means to more quickly and properly affect the intent of law 5/74 and *PP* 45/1992. However, with the changing of the guard in the new cabinet beginning *Pelita VI*, this momentum would quickly vanish.

7.5.2 Communications in the Design of the DAPP

Despite the ferment of the early nineties, or precisely because this ferment did not translate into concrete action within the Home Affairs environment, there arose an opportunity for other agencies to step into the breach to carry the flag for the decentralization policy of the government. The shift in leadership from Home Affairs, if this agency can ever be said to have exerted leadership in this field, came in the formative year of new cabinet for the 1993-98 five-year period (*Pelita VI*). The *DPOD*²⁷ met twice early on and then stopped meeting. Even these two meetings were deemed to be less than satisfactory by many participants. The agenda was slim, and following the traditional sharing of a meal the meetings were quickly adjourned. Following the more active period under Rudini's leadership, this new leadership and communication style was a deep disappointment to some members of the *DPOD*.

Seizing on the lagging pace of decentralization, and inaction from the *DPOD* and the Ministry of Home Affairs, the Minister of *MenPAN*, Silalahi, convened internal *MenPAN* brainstorming sessions with top officials, particularly his Ministerial Advisor on Regional Autonomy. The ideas hatched in these sessions were then brought directly to the President. The concept at this stage already closely approximated what unfolded in practice in terms of structural reorganization. The decision to "test"²⁸ the approach was confirmed by the President. The Minister had at first proposed the selection of one district in each of five provinces²⁹. During the preliminary work, joined belatedly by Home Affairs, the number of districts rose to 13, and then, at

²⁷ As stipulated in the Presidential Decree Number 23/1975, the chair of this body is the Minister of Home Affairs, and the members are Ministries of State Secretary, Administrative Reform, Defense, Finance, Public Works, *Bappenas* and Head of the Army. The General Director of Public Administration and Regional Autonomy (*PUOD*) in the Ministry of Home Affairs serves as the secretary.

²⁸ DAPP was framed as a "*percontohan*", i.e. an "example" program: it is referred to as a pilot program merely for ease of communication in this research. In the Indonesian text the use of the term "example" suggests that an "exemplary" form of "autonomy" is being created, and that there will be a follow up to this stage. It should be noted that the "example" approach does not indicate the same degree of exploration as might be implied in the term "*uji coba*", that is "experiment". In the minds of most politically aware officials, the difference is well understood.

the urging of the President, all provinces (except for Jakarta which has no autonomous districts) offered a district to the pilot program, bringing the number to 26 (interview with Gustav Panjaitan, Ministerial Advisor for Regional Autonomy in *MenPAN*, 1997).

The President supported concept was disseminated as *fait accompli*. In fact the President urged the Minister Silalahi to make the announcement at a gathering of all Governors in early 1994, without waiting for any other agency to contribute its views³⁰. With this Presidential backing, other agencies were loath to contest the concept. The Ministry of Home Affairs, swept into the initiative by virtue of its crucial implementation role, struggled to translate *MenPAN*'s intent into operational guidelines, and assisted *MenPAN* in the discussions held with the sectoral departments. Potentially important players like *Bappenas*, Finance, and *LAN*, stood on the sidelines with grave misgivings about the process and substance of the DAPP. Although officially they were conscripted into an interdepartmental team, these agencies did not make the kind of contributions the concept badly needed at this stage to become more workable.

One of the first operational steps of the MoHA was to establish regional (provincial and selected district) teams to assist the regional head in implementing the pilot program. Notably absent from these teams were the regional representatives of the central departments that were to release many of the functions. These regional "technical teams" were given terms of reference by the MoHA, and were seen solely as assisting in the implementation. Their communication role was to be the conduit for directives and guidelines flowing from the centre. They were also to assist in the bottom-up flow of information and views, but this was largely to take place within the structure of centrally designed monitoring and evaluation instruments.

²⁹The Minister put forward those provinces where he could count the Governors as his good friends and thus could expect good cooperation.

³⁰ Subsequently the President publicly announced the initiative on the 25th of April, 1995, with the date henceforth commemorated as "Regional Autonomy Day".

Communication with the regions was needed early on to understand the local organizational scene. Specific districts had to be selected, and here the voice of the Governor was taken into account (Maskun, 1996). A picture (*pemotretan*) of the selected districts was compiled from secondary sources and site visits. The visits, at least in terms of information, were largely extractive, with little substantive discussion occurring on the genesis and specific expectations of DAPP.

Subsequently, and to some extent concurrently, discussions were held with the technical departments and with the provinces. Most Ministries and provincial Governors were supportive in their public announcements; they could hardly be otherwise. But many had deep reservations and some fought a rearguard action in the "negotiation" stage that was never properly factored into the *MenPAN* concept. Intense discussions were required to reach *MenPAN*-Ministry understandings in some cases (Jakarta Post, 1995; *Kompas*, 1995a). The pressure of these negotiations however caused some Ministries to grudgingly release some functions, and others to react with in extreme fashion, withdrawing from the exercise. The Information Minister, Harmoko, the chairman of the government party *Golkar*, and thus close to the President, declined to involve his agency, citing "technical issues" and cutting off further discussion (*Suara Pembaruan*, 1995a).

Eventually, formal official kick off events were held in the districts, attended by the provincial officials and representative central level officials. Also, the district heads were gathered in Jakarta for a "*Pengarahan*", a general guidance session to inculcate the aims and mechanisms of the DAPP.

In the course of this research some district officials recalled being asked to provide a list of functions they wished to have, at some point in the *pemotretan* phase, and others did so of their own initiative, generally through letters to their *Bupati*. Overall, the participation of the districts was quite limited (see Table 7.9)

Table 7.9: Involvement of Agencies in the Region in the Formulation of DAPP

LEVEL OF GOVT. AGENCY	NONE/NOT AWARE OF ANY	(COMMENTS)
DISTRICT	15	<ul style="list-style-type: none"> - letter with request for functions sent to the Bupati (3) (did not get all requested/do not know what happened to list, no follow up) - was involved in central level training (<i>Gladis</i>) to role play how to provide information about and improve local services (1) - the head of the agency was in communication with the centre but mostly to receive information (1)
PROVINCIAL	3	- made a list of functions to be transferred to district but this was not well considered by the centre
CENTRAL FIELD OFFICES	3	n.a.

When asked by the researcher specifically about a better or ideal process, officials were generally quite eager to see a different process emerge for the design of decentralization initiatives, even if many were pessimistic that this could happen any time soon.

Some officials (eight district agencies) declined to reveal their views on this issue, generally by evading the question, while a few expressed their discomfort quite plainly, explaining that "I don't think we should be asking, we may be seen as always asking" and "We are happy to accept what we are given." Here again key informants later attributed this reluctance to cultural tendencies to avoid criticizing superiors and creating confrontations. Most officials however answered in the affirmative (see Table 7.10 for their comments), although even then many had deep reservations about the likelihood that any change in communication patterns could emerge.

Table 7.10 : Suggestions of Agencies in the Regions Relating to Participation in Future Decisions on Transfer of Functions

LEVEL OF GOVERNMENT AGENCY	POSITIVE COMMENTS
DISTRICT	<ul style="list-style-type: none"> - through sectoral meetings between all levels (1) - if asked we will give our opinion, but it is not a good idea to be seen to be asking too much (1) - if asked we will suggest (1) - but I am pessimistic that it could be any different (1) - discussions with the <i>Bupati</i>, the district autonomy team and then the views can be expressed to higher levels (1) - we could explain impact on public services. This can be done informally, and then informally through sectoral channels (1)
PROVINCIAL	<ul style="list-style-type: none"> - forums are needed for discussion, possibly facilitated by third parties (1) - the tendency for the province to just accept what the centre will give will continue, but hopefully change over time (1) - should have forum for discussion (1) - discussion forum between all levels are needed (tried on occasion, but not successful); the province should try to bring all parties together
CENTRAL FIELD OFFICES	<ul style="list-style-type: none"> - there were some sessions attended by our department (with <i>MenPAN</i>) - the <i>Bupati</i> can submit a proposal to the Governor, who can then submit it to the centre where the issues can be discussed - what is needed is more communication, at technical meetings between the different levels in the sector - the <i>kanwil</i> gave some input to the department - we discuss the issues with central level agencies, and that is enough, do not need the province or district at these events - there should be forums bringing all parties together, to consider objective proposals from the district - should have discussion forum to bring levels together - we were involved in the dissemination discussion to see which <i>kanwil</i> was willing to add on more districts in the pilot

It is noteworthy that provincial and central level officials in the province were at least as candid as district officials were in criticizing, implicitly or explicitly, past practices and in hoping for a more inclusive approach in the future. These findings indicate that indeed the design process was monopolized by central level agencies in Jakarta.

The lack of two-way communication between the designers/decision-makers and the regions, particularly the districts, compounded implementation difficulties that are bound to arise in

any pilot program. Differences in perceptions soon sprang up between the district and higher levels, and between the coordinating agencies (*MenPAN*, MoHA) and the departments and provinces releasing the functions. Some departments sought to negate the effects of the transfers by delimiting the functions through explanatory Ministerial guidelines, or even through telex sent to their provincial offices. The Ministers' ability to dismiss government regulations (a *PP*) by fiat indicated the personal power of the players involved and the general weakness of MoHA (and to some extent *MenPAN* as well) in the central level constellation orbiting around the President. It is a telling feature of the President's style that he could provide initial support to *MenPAN* to diminish the direct power of his Ministers through the DAPP, and then allow the Ministers to ignore his own policy in the design and implementation stages. In this high-level power game, the districts were poorly equipped to fight for their interests, and the MoHA and *MenPAN* could not (or would not) do much on their behalf.

Chapter Summary

Indonesian government regulation 45/1992 contains two conceptual strands: a list of criteria to guide decentralization, relating to the nature of the functions considered; and a capability model that focuses on the readiness of the second tier regions to receive new functions. In contrast to international literature, the latter capability model reigns supreme, at least in the decentralization discourse.

Quantitative tests of the means of capability rankings of the DAPP sample of districts indicates that there was no purposeful application of any capability related theory guiding the selection of districts in the current or anticipated phase. Indeed, a Spearman correlation test of all second regions from MoHA data with the number of functions received by the districts suggests that there has never been any significant application of capability indicators in Indonesia's past. The capability model itself has to be questioned on its practical contribution, and also its

conceptual and methodological consistency given its failure to even correlate with what is a more robust, albeit sectoral, ranking produced through the IBRD-Public Works.

The pattern of communication (or lack of it) between central level officials, and between the centre and regional officials and other actors in society throughout the Republic's existence suggests that the scientific and objective approach touted by the research arm of MoHA has merely played an important symbolic and monopolizing role in the official discourse. Although largely sidelined from the discussion on specific decentralization initiatives, regional officials are generally eager to join in the decision-making process, though they are realistic about prospects for change in communication patterns.

Opening the door to broad and deep discussion would require making explicit the criteria guiding decisions. Regional officials' answers on the criteria issue indicate they would not only want to talk about their weaknesses or strengths, but also about the criteria of the type found in *PP 45/1992* relating to the nature of the functions themselves. Although largely unaware of the *PP 45/1992* list, the criteria list compiled from various agencies certainly extend in this direction. The next chapter addresses this type of criteria.

CHAPTER 8

ANALYSIS OF CRITERIA RELATED TO THE NATURE OF FUNCTIONS

“What I hear from the province is ‘and what about us if we transfer it to you?’” A *Bupati* from a study district explaining provincial reluctance to follow through the transfers stipulated in the DAPP (interview, May 23, 1996).

In Chapter 6, findings were presented indicating that officials below the central level were generally not involved in the formulation of the DAPP, and were thus generally unaware of the criteria underlying the selection of functions transferred in the DAPP. Nevertheless, some officials did offer criteria that might have been used or ought to be used in the future in transferring functions to the regions, and in retracting functions if necessary. These criteria, along with those offered by other informants in this research, are compared with those listed in *PP 45/92*, to determine their fit and to lay the basis for a discussion of which criteria are actually put in practice and how the communication around decisions ensues.

8.1 Comparing Criteria Relating to the Nature of Functions

8.1.1 Regulatory (*PP 45/92*) versus Respondents' Lists

As a first step, those criteria specifically relating to the nature of the functions will be drawn from the Appendices 15-18, so that these can be compared to those found in *PP 45/92*, as already listed in Table 7.1 and 7.2. Criteria from both tables are simplified and paraphrased for ease of comparison and shown in Table 8.1.

With regard to the revenue raising criteria, several officials expressed the view, albeit obliquely and in carefully couched or coded terms, that the criteria used by higher levels to keep functions is related to the intent to keep sources of revenues. The indirect responses had to be “interpreted” by the researcher. For example, several officials responded that there appeared to be “non-technical” criteria guiding the choice of functions. The body language, tone and terms used

were sufficient clues to what was being communicated. If these responses are factored in, the criteria of "revenue link" looms large, though in practice it is deemed to be applied contrary to the *PP 45/92* stipulation.

Table 8.1: Comparison of *PP 45/1992* with Criteria Raised by Respondents

Criteria according to <i>PP 45/1992</i> (simplified from Tables 7.1-7.2)	Respondents' Criteria (Drawn from Appendices 15-18)
Criteria for withholding functions at higher levels	
<ul style="list-style-type: none"> • can be carried out at greater efficiency and effectiveness at higher level; • cut across Second Level Regions; • do not influence growth of Second Level Region. 	<ul style="list-style-type: none"> • require a uniform approach; • are carried out more efficiently or effectively at higher level; • cross regional boundaries; • have strategic value; • are of national scale/interest/orientation; • are political in nature/endanger unity or encourage regional separatism
Criteria for transferring functions to the Second Regional Level	
<ul style="list-style-type: none"> • have historically belonged to the Second Level Region; • directly deal with public concerns and are influenced by variations among regions; • stimulate participation and can be deemed the responsibility of the local population; • are very labour intensive; • generate new, or add to existing, regional revenues; • require quick handling and decisions. 	<ul style="list-style-type: none"> • can be performed more efficiently and effectively at the Second Regional Level; • requires intimate knowledge of the people and the region; • if they are closely linked to other functions already at the Second Regional Level; • require people's participation; • have revenue sources attached to them.

The contentious "revenue link" criterion clearly vitiates the assignment of function debate. The respondents' answers, and those of key informants, suggests that it displaces other criteria and creates a tugging match between levels that is generally resolved through sheer power plays rather than reasoned arguments related to performance and other decentralization objectives. National officials may have meant to signal a magnanimous spirit in *PP 45/92*, but by enshrining this

criterion in regulation the central government is only inviting protracted and narrow debates over revenue rather than more substantive issues. Separating the assignment of functions from the issue of revenue in principle would allow for more open communication and better results in the end, provided financing mechanisms are then sought to close gaps arising as a result of the transfer of functions. This principled division between assignment of functions and financing does not find fertile soil in a system that has put off fundamental realignment of financing mechanisms (*perimbangan keuangan*) for decades. To lower level officials, it undoubtedly seems a better bet to try and grab revenues through the bits and pieces attached to transferred regulatory or services provision functions than to pin hopes on a thorough tax and financial transfer realignment.

In general, criteria offered by respondents, though given tentatively and without reference to *PP 45/92* generally, do correspond to a large extent to those of the latter regulation. Actually, the "restrictive" criteria given by respondents are more extensive than those found in *PP 45/92*, which perhaps better explains the slow pace of decentralization than would a reading of the regulations. In this respect, field officials' views are consonant with key informants' views regarding the obstacles to decentralization: the concern with ensuring uniformity among regions, keeping a political grip on the country, keeping important sources of revenue, and ensuring that all regions benefit from development came through particularly strong among key informants.

The "cross-region" restrictive criterion, finding agreement in regulations and respondents' views, is one that is widely accepted in the Indonesian administration. The alternative option of allowing inter-region cooperation does not readily spring to mind among officials. Although the possibility of regional cooperation, on planning and management in general, is acknowledged in existing regulations (e.g. on planning) it is rarely put into practice (the annual inter-provincial planning consultations being a notable exception, but this is obligatory and attended by national representatives). The automatic response of the higher levels is to dominate any issue that crosses

boundaries, even when the regions could conceivably cooperate among themselves to solve spillover problems.

The *PP 45/1992* criteria can be seen as weaker in some respects to the list offered by respondents. The “labour intensive”, “historical”, and “direct public concerns/affected by variation” criteria are hazy at best and do not seem very helpful. It is difficult to foresee how labour intensity on its own can differentially affect performance among government levels. As for the “historical” criterion, it is unclear as to what this could cover (i.e. the timeline that establishes “tradition” for instance).

Another weakness in the *PP 45/92* list can be found in the criterion that the province should retain functions that do not affect regional growth of the lower level. This criterion could be interpreted to mean that service functions in health, education and other social sectors need not be transferred, since their impact on growth may be deemed tenuous or indirect. The usefulness of this criterion must be seriously questioned. Indeed, these sectors provide services that touch people’s everyday lives. When MoHA officials were asked about the intent of this criterion at a presentation of preliminary findings of the research, they could not provide an explanation for its existence.

Of course, weaknesses in any one criterion should not debilitate the entire effort. It is the combination and proper weighing of criteria that ought to yield a decision, rather than any one criterion in isolation. Nonetheless, the weaknesses in the *PP 45/92* are many, and a more robust list could be forged in part by referral to the respondents’ own offerings.

As a final comment on a criterion finding wide field and regulatory consensus, “effectiveness and efficiency” is an obviously sensible criterion, were it not for the difficulty in determining and operationalizing the specific indicators covered. Determining which level of government can undertake a function more efficiently and effectively presupposes a comparison of a centralized and decentralized field reality, or at least imagined scenarios. Unfortunately, the

uniformity with which the Indonesian government approaches administration works against varied institutional arrangements that could allow for comparative analysis. Armchair exercises are also difficult in their own right. To date there has not been any example of either approach, where officials have made the case with quantitative indicators, for keeping or transferring functions. The frequency with which this criterion is cited, and the lack of progress in using it in practice, raises the risk of it being used as a catch-all to cover whatever motivation is actually at work.

8.1.2 Indonesian versus International Lists

It is difficult and perhaps erroneous to discuss an “international list” since country lists vary, but there are important common elements that still allow for comparison with Indonesia. When the term “international list” is mentioned, this relates to the common elements, unless it is made clear that the separate lists shown in Tables 2.4-2.7 is intended.

At a basic level, in comparing Indonesian and international experience there is agreement that government should have in mind some kind of criteria in approaching decentralization. What is notable is that Indonesia goes farther than other countries by enshrining its criteria in legislation, though this legal zeal is offset by the neglect of the criteria in practice. The approach in the countries mentioned in Chapter 2 is generally to allow special task forces or committees to sift through the best thinking on the issues and come up with the most appropriate criteria. Nevertheless, the application of the criteria in practice appears to not be a simple matter, though this interesting issue is poorly documented and beyond the scope of this research.

The contents and stress of the lists mentioned differs considerably. It is important to note that the Indonesian regulations separate the criteria related to the nature of the functions themselves from those criteria or indicators that relate to the capability, needs and potential of the regions (which in practice is simplified to the capability indicators that in this writing is referred to as the “capability model”). The international criteria lists covers both types of criteria and, as mentioned in Chapter 7, in contrast to the Indonesian case, stresses criteria related to the nature of the

functions themselves or perhaps the “meeting point” between the nature of the function and characteristics of the region (in the “economy of scale” criterion the cost behaviour of a function in relation to scale, i.e. the size of the jurisdiction, would be such a “meeting”): the function and the region need to be seen together).

There is significant overlap in criteria with international lists, but some important differences as well, suggesting that Indonesia has not simply adopted international experience, at least in any straightforward way. The language is sometimes different but the underlying principle is the same. For instance, the spillover/internalization/benefit-cost spillover criterion found in the international list can find its equivalent in the Indonesian cross-region criterion. Citizen participation is another common item, though this is also variably expressed.

The main differences among the lists can be seen in gap in the Indonesian list on the criteria relating to accountability/responsiveness/consumer preferences. As well, notably missing is the economy of scale criterion, although it could be argued that this is subsumed under the Indonesian understanding of “efficient and effective”. Indeed, this broad criterion can be stretched to cover all other criteria, but that would fail to move the practitioner very much farther along. At some point this broad indicator has to be operationalized, resulting in cost, quality and accountability elements resurfacing. Similarly, the international “subsidiarity” principle briefly mentioned in Chapter 2 must also be reduced to performance indicators that can be measured or somehow assessed.

8.2 Application of Indonesian Criteria Relating to the Nature of Functions

There is a dearth of evidence regarding any discussions or debates concerning the rationale for transferring or retracting functions in the Indonesian context in the Old or New Order. Even in the DAPP, as discussed in Chapter 6, the *MenPAN* designers and the MoHA did not pursue a

systematic approach, and documentation on the actual negotiations with sectors and provinces is slim.

It is through some of the implementation “problems” in the DAPP that some communication has arisen, due to varying perceptions between technical departments and the districts, or the provinces and the districts, and sometimes between the MoHA/*MenPAN* and the departments and provinces. The communication yields some insight into the criteria employed by the various parties, while nonetheless leaving important questions about the actual criteria driving the decisions. The most contested examples are provided to illustrate the criteria and interactions. Although these examples are given to illustrate the use of criteria related to the nature of the functions, the capability criterion and others are also evident.

8.2.1 Education

The Education Ministry refused to transfer all of the functions that had been administered or implemented in its district office. It insisted on maintaining a district branch, under a different name, the district “Inspection Office” for Education and Culture (*Kantor Inspeksi Pendidikan dan Kebudayaan*), with a branch also in the sub-districts. The rationale given to *MenPAN/MoHA*, who relented and agreed to the deviation from the original DAPP strategy, was that central control over curriculum could not be transferred, and that this control function required on site presence in all districts and sub-districts. More detailed reasons offered from the department and *Kantor Inspeksi* officials emphasized that curriculum control was a national concern because of the need to maintain quality and content uniformity throughout the nation. This rationale was hotly disputed by senior district officials, including the *Bupati* of Bandung and of Batang Hari, with the reasoning that if the national staff in the district could supervise schools before the DAPP, they could carry out this task just as well under the *Bupati*’s roof (given that in the initial concept the staff was to be transferred with the function). The Bandung *Bupati* also wondered why the tasks could not be

given at least as assistance tasks so that the central level agency could be supplanted by a district agency with the centre yet retaining essential control.

Although the debate, however limited, focused on curriculum issues, the continued existence of the central Ministry representative offices at the district and sub-district levels resulted in the perceived need to apportion other management roles between these units and the district agencies and their sub-district branches. This was achieved by a joint MoHA and Education Ministry decree (*Keputusan Bersama Mendagri dan Menteri P&K*, 1995) and a *MenPAN* decree (*KepmenPAN*, 1996), complemented by an inventory detailing tasks that were “transferred” and a list of those still in the hands of the central units in the district/sub-district. There was no explanation for the separation of tasks, most of which went much beyond what could be described as “curriculum”. The Ministry kept control or involvement in many administrative functions, particularly recruitment, transfer and evaluation of teachers. This retention seems more likely to create confusion among central and regional agencies, duplication of effort, and less efficient service to educational staff and clients. The interviewed staff in the regions, even in central agencies, agreed that a “one roof” approach would make more sense.

Were it not for the subsequent encroachment on administrative tasks supposedly given to the district in the DAPP (and to the district and province in older laws and regulations, see Chapter 5), the Ministry of Education’s criteria might be given some credibility. After all, the need to bind the nation through some cultural imperatives and quality standards are the explicit aims of many governments throughout the world (recently “quality standards” figured prominently in the reforms in Ontario, Canada). How these criteria play out in the centralization-decentralization dimension is not straightforward, although in general the criteria are centripetal in nature. However, the Ministry of Education’s unwillingness to consider compromise solutions that would still safeguard its control requirements, and its disregard for local jurisdiction on administrative issues regardless

of impact on services, points to “non-technical” considerations, to use a euphemism employed by Indonesian officials.

8.2.2 Motorized Vehicle Testing

The testing of motorized vehicles was expected to be one of the tasks transferred from the province to the districts. However, the Director General for Land Transportation promulgated a decree that this task was to remain in the hands of the province (*Dirjen Perhubungan Darat*, March 13, 1997). This decision created much furor in the districts, and even a rare, albeit fleeting, attempt to find common cause by some of the 26 pilot districts. MoHA felt it had to bring the matter to the department’s attention. The department did not budge however, and the MoHA, by the second year of the DAPP, was repeating the department’s line in encounters with the dissatisfied districts. The department’s position was that the province was to provide the service because of “public service” reasons, explaining that not every district had a testing facility. Also it would be easier for the centre to give guidance, especially concerning transfer of staff, to the units of the province than if these became district units. Furthermore, safety and environmental protection issues were at stake, though the latter’s import to the assignment question was not discussed. Finally, the decision rested also in the need to assure “objectivity” and uniformity.

The MoHA supported the technical department, adding that the districts did not have the capability (people, technical experience, funds and equipment) to undertake this function. District argued back that they did, or that if the existing provincial facilities were turned over in full then they would have these requisites automatically; it would be the same staff, in the same buildings, using the same equipment. This argument was countered by the department/MoHA with the fact that only some districts had testing facilities, and these were also serving neighbouring districts. Hence the province was better suited to handling the task. Additionally, the MoHA, again arguing on behalf of the technical Department, explained that about 200,000 people were required in the testing catchment area before the service could be provided cost-effectively. District officials

replied that they could cooperate across districts if needed. This was a rare instant in which the districts used the “cooperation between districts” argument to undo a department or provincial “cross-region” argument for retaining a function³¹.

The technical department’s arguments of uniformity for safety, environmental or other standards achievement certainly have some merit. Unfortunately, the discussion was derailed by the red herring of district capability, which the districts did well to counter but to no avail. Lost in the poorly framed exchanges was the opportunity to discuss what had to be kept uniform, and how uniformity could be achieved, or how districts could cooperate, and the limits to district cooperation. The final decision was poorly communicated and defended, concluding as another imposition on the districts that ran counter to initial DAPP “promises”. Correctly or not, the important financial fees obtainable by the province from the testing function were seen by the districts as the real impediment to the transfer of the function. The spirited defense of provincial jurisdiction by the department, and the MoHA, necessarily came under suspicion in this regard.

8.2.3 Small and Medium Traders and Small Industries

The permit for a trading enterprise (*SIUP*), listing obligation (*WDP*), letter explaining source of origin (*SKA*), and control of measuring instruments (*metrologi*) were not transferred as was intended by *MenPAN* and MoHA when they agreed with the Industry and Trade Department that the function “guidance for small and medium traders” was to be given to the districts. The department subsequently held that these were never intended to be transferred, without making a case for that stance. The central office representative involved in this research (in Bali) did proffer that the trading approval process has to be uniform across districts, so it could not be an autonomous function. To ease itself out of the questioning from MoHA, the department decided to

³¹This argument took place in this manner at a meeting of the PUOD (MoHA) director and staff with officials of several districts from the Island of Bali, attended by the researcher, in May 1997, Badung district.

give the tasks to the districts as assistance tasks, with the condition that the department would retain its approval role and the proceeds resulting from the permits.

Equally troubling limitations arose in the case of small industries. The permits for industries function was transferred from the central level to the districts, but the district was limited to approving “small” industries. For this purpose, “small industry” was defined as those enterprises with capital of Rp. 50 million or less. The central level officer in the province explained that the capability of the district was very low still, but that in the future there may be an increase in the capital ceiling, perhaps to Rp. 200 million, if it could be shown that the districts were able to “make the small industries self-sufficient (*mandiri*), strong, advanced and developed”. The real discretion given to districts in regulating industry through the DAPP can be appreciated by relating the capital ceiling of Rp. 50 million to the 1998 cost of an industrial size truck, around Rp. 300 million. The frustration felt by the *Bupati* featured in the Chapter 6 header quotation is clearly not going to be assuaged through the DAPP.

8.2.4 Animal Husbandry, Fisheries and Plantations

Although on paper the agricultural sector of the pilot districts seems to have received the most functions in the DAPP, the reality is somewhat different. First, most of the listed functions had already been given to the second level regions through provincial regulation. Second, the listed functions hide the field reality that persists despite the confirmational nature of the DAPP for functions listed, that is the incomplete transfer of listed functions, particularly for enterprise approval responsibilities.

The field reality is a pattern of limitations that reduces the district’s authority over the most significant private sector players in the agricultural sub-sectors. The district may only issue permits for enterprises of less than 10,000 chickens, 20 cattle, and 125 pigs. On the fisheries side, enterprise permits and letters authorizing catches can only be given for motorized boats of less than 10 gross tons. Plantation approvals can only be given for enterprises of between 5 and 25

hectares. These limitations are generally imposed by the central Ministry of Agriculture, through Ministerial decrees, and deviate in spirit if not the language of the DAPP regulation *PP 8, 1995*. According to the legal instrument hierarchy in Indonesia, the DAPP's government regulation ought to be stronger than any particular Ministerial decree, but there appears to be no policing of such deviations in the DAPP or in the broader decentralization arena.

Typically there is no explanation given to the regions for these limitations, and the only explanation offered to the regions (surfacing also in this research) is that the district is not ready to handle more than what has been given. As well, central level officials are concerned with controlling the size of enterprises to ensure a healthy distribution between large and small producers. However, the arbitrary nature of the cutoff figures, and the generally small scope left to the districts, weaken these arguments and points to other than capability or equity reasons.

8.2.5 Aggregates

In the mining sector, the districts obtained responsibility for aggregates listed under category C (*galian C*). However, only some of the minerals listed were transferred. The department of Mines and Energy explained that those retained (and implemented as assistance tasks at the provincial level) were of "strategic" importance, and therefore had to be kept directly under central level control. There was no explanation of which features made a mineral strategic, i.e. threshold level of value, use or technology might be applied to this "strategic" category.

This limitation, poorly supported, was further compounded by the actions of certain Governors, who proceeded to limit the authority of "their" districts to certain size of exploitation area (for example, the South Kalimantan province limited Tanah Laut district to 2 hectares or less; permits for exploitation of larger areas are to be handled by the province).

The arbitrary nature (in technical terms) of limits to the role of the district is not well received by the district, for this case or others. Some districts chose to resist what they regarded to be rapacious conduct of higher levels by circumventing the imposed limitations. For instance,

several districts vowed to force permit seekers to submit whatever number of separate incremental application that would ensure a provincial or central role is not triggered (see for example the warning issued by the *Bupati* of Banyumas to Home Affairs officials at a national seminar in Jakarta, 1996). However, most district officials are not so bold.

8.2.6 Construction of Junior High Schools

It may be instructive to use an example of the construction of junior high schools, a function that was outside of the DAPP context but that was raised by visited districts as a potential function that could have been transferred. A provincial head of Public Works was asked by the researcher why the function had not been transferred in view of the district's sentiment. The following captures the exchange, with the researcher playing the devil's advocate:

- PW: We can give more functions, but in stages, based on the human resource capacity of the districts.
- Researcher: According to the district, they are ready to undertake this function.
- PW: The conditions of the district must be examined. In any case, the construction of junior high schools is an occasional activity, not a regular duty, so it is difficult for districts to handle it.
- Researcher: The district could depend on the private sector and people's own initiative to get the job done, and not have to worry about maintaining its own capabilities to undertake the work itself; it would not have to carry a heavy overhead of equipment and staff..
- PW: But there is not enough good staff at the district level. [note: this is after boasting that the sector in general is very strong in the human resource area]
- Researcher: Since there are 10 people with relevant technical skills in your department, that would be enough to give one to each district in the province.
- PW: The district does not want staff from the province. They think they have staff as capable.

The above exchange makes evident the dubious argumentation put forward by this particular provincial department to avoid decentralizing certain functions.

As stated in Chapter 6, the arguments put forward by the provincial and central level agencies were not more robust or defensible than those put forward by the districts. In most cases, tangible evidence was missing, resulting in a "dialogue" between contenting parties devoid of transparency and ultimately resolved in favour of higher levels. The weak nature of the

argumentation and the poor process of discussion, as in the Public Works example above, indicates that offered reasons are in many cases but a poor cover for more fundamental objections to decentralization.

8.2.7 Revenue Collection

In the DAPP, the provinces were pressured to release the revenue collection function to the district, with the understanding that the district, provincial and central shares of taxes collected would largely remain the same, or would be reset over time by the centre in keeping with past practice. At most, the province stood to lose control over its revenue collectors in the districts, and its branch buildings in the districts. The reaction of the provinces however belies such a simple assessment. Led by the head of the North Sulawesi provincial revenue agency (which received the Governor's tacit support for its action), many provincial agencies refused to turn over the function to the districts. A compromise solution was offered by MoHA and *MenPAN*, where the provinces would retain control of the staff and function, but assign it to the districts as an "assistance task", with the tasks being incorporated as a distinct sub-organizational unit within the district revenue agency. Even this compromise was not well met by the provinces, and more than two years after the start of the DAPP some of the provinces continue to run their own branches in the DAPP pilot districts.

The criterion offered by the provinces to stall the transfer is that the provinces need the revenue sources to ensure there is proper development equity throughout their second tier regions. This criteria however seems to miss the point since the shares of the taxes received by the various levels are not, in this case, very dependent on who is collecting the taxes. Some difference in tax collection effort may be found, but if the same number of collectors is used, with the same procedures, and with continued provincial direction (through the "assistance task" mechanism) it is hard to see how the productivity of the district could be any worse. Arguments could be raised by

the districts that tax collection could be even more efficient (these were strangely absent in the discussion, perhaps because the districts were not given much chance of joining the debate).

The observer is left to wonder if indeed the reluctance to yield on the suggested arrangement had less to do with regional equity and more to do with the provincial fudging of revenue collection totals, and related malfeasance, and/or the province's fear that the districts were prone to abusing the collection process and books in this fashion.

8.3 Underlying Criteria: Protection of Power and Income Sources

Special attention needs to be given to the largely neglected or suppressed issue that poses a formidable impediment to decentralization in Indonesia, even as it in part drives other stakeholders to make decentralization claims. The issue finds some acknowledgment in the official regulation criterion that functions tied to revenues should especially be considered for decentralization, and to some extent this has happened within the context of the DAPP, with the transfer of the aggregate tax (*galian C*) and subterranean water tax (*air bawah tanah*). Despite the fact that the functions yielding these revenues, and some other much more modest ones, have been pushed through, the DAPP districts still feel that they have been shortchanged. The provinces, the main losers in this shift, feel they have been unfairly dealt with in having to "voluntarily" release these revenues, and make the case that their role necessitates a healthy revenue flow that now threatens to be undermined by the expansion of the DAPP and possibly future decentralization steps.

The claim to power and revenues sought by the province, as evidenced in some of the interviews, finds its basis in public interest concerns and private or institutional concerns. Some officials view the provincial level as the rightful scale for adjudicating disputes among second level regions and to ensure a certain level of equity in financing and servicing among these regions. These arguments reflect similar arguments made by the centre with respect to the country's

provinces, and in the main they are rooted in notions of the role of government that are long established (see Musgrave, 1964).

The benign rationale for a prominent decision-making role and resources at the central and provincial level loses much of its force when it is set against the reality of current roles among the various levels. Stabilization and distributional concerns cannot alone account for the slow pace of decentralization and continued hold that the centre in particular still holds over the regions. Underlying the current centre-regional relations are long standing patterns of domination by a central ruling elite, which finds expression in large part in a centralized and hierarchical political-administrative system, where proximity to the centre is indicative of power and claim over resources. These claims over resources are both legal and extra-legal, and in combination, these claims are the life-blood of the political-administrative system that strongly condition relations among the various levels. An appreciation for the way in which the centre and provinces seek to maintain their resource flow helps to understand why the transfer of functions is slow, obstructed and undermined in the implementation stages.

Indonesia has been characterized as the most corrupt country in Asia by the Hong Kong based Political and Economic Risk Consultancy Ltd. (Jakarta Post, 1997a), and worldwide it is near the top as well, according to Transparency International surveys (1996). Indonesians are sensitive to these charges but many agree that corruption is deeply entrenched (see Hendarti, 1997) and even Ministers acknowledge that it has become an accepted part of life (*Kompas*, 1997a). Watchdog institutions like the Supreme Audit Agency uncover large losses in the bureaucracy yearly (see Jakarta Post, 1997b) but “resolve” few cases. The “illness”, as it is called, affects even watchdog and judicial institutions (Jakarta Post, 1997c).

Even supposedly tightly monitored foreign funded projects are not immune to funds misuse, with observers estimating that about a third of World Bank funds disappear in some way or another (see Jeffrey Winters’ charges in the Jakarta Post, 1997d). The *Bappenas* Minister,

Ginandjar Kartasasmita, disputes such high figures (Kompas, 1997b), but has in the past acknowledged that “We’re actually not short of development funds...available funds aren’t being utilized the way they should (Jakarta Post, 1996a: 1).

It is in the regular Indonesian government system however, and its relations to the private sector and the public in general, that corruption is endemic. Government officials, in cascading fashion, seek to maintain approval, finalization, advisory or guidance roles in almost all that is done at the lower levels. This involvement allows for opportunities to be rewarded, for prompt approvals, lack of obstructive interference, or for simply performance of duty. Particularly vulnerable to corruption practices are activities related to tax collection, licensing, hiring, and procurement. But distortions also can be found in the planning stage, where mark ups are common, projects are planned to fit with personal interests and structured to allow extraction (Singgih, 1995).

Retaining such roles makes it easier to make demands on lower level governments, often regardless of actual added value given in return. It is common knowledge that many projects in the region are plundered by higher level officials seeking their due reward for approving the plans. Fund allocations, whether as centrally funded projects (*APBN*) or *INPRES* transfers, whether block or conditional, are all vulnerable. Indeed, one explanation offered by *Bappenas* for not integrating and loosening constrictive specific *INPRES* grants, by shifting to general and more discretionary *INPRES* “block grants”, is that the regions actually suffered more central level meddling when the latter has been attempted: the regions are safer from central level interference and fund abuse when the transfers are strictly specified by the centre (interview with Dr. Dedi M. Masykur Riyadi, *Bappenas*). There may be a good measure of truth in this assessment, though it is a poor excuse for *Bappenas* if it is meant to explain the slow progress on decentralization. It does however reveal central level officials’ awareness, and perhaps discomfort, with the intrusive and self-serving behaviour of central level actors. The extent of this behaviour seems to be pervasive. On some

occasions, higher level officials have even raided the region's own revenues (*Pendapatan Asli Daerah; PAD*)³². In general however, it is transfers to the regions that are most vulnerable. Two examples of this "interference" are given for illustrative purposes:

1. The Director General for Regional Autonomy (*PUOD*) orders all regions to use their land tax funds to purchase a Rp. 200,000 video cassette "Children of a thousand Islands" for each elementary schools, to be obtained from a specified business collaborating with a foundation tied to Home Affairs (*Forum Keadilan*, 1997). Quite aside from the legality of the imposition, the action disregards the fact that many elementary schools have no electricity, and those that do probably have no cassette player.
2. The Director General for Community Development (*PMD*) of Home Affairs orders all second level regions to collect Rp. 1,450,000 from each village administration, about 25% of the already modest village INPRES grant. This collection is to be used to pay for training and for the provision of manuals to the village on participatory village development planning (*P3MD*) (*Kompas*, 1997c, *Kompas* 1997d).

Other examples could be listed: forced expenditures on computers and software, books, training, presentations and fairs, officials' visits and many more. All of these intrusions are beyond what could be defended as technical support, supervision or guidance, which is in itself problematic in terms of reducing the scope of autonomy (see Chapter 9). By and large, the mechanisms described are at the very least questionable legally, and in most cases represent corrupt practices geared toward the enrichment of powerful officials and their business associated, mostly residing in Jakarta.

Corrupt practices need not be tied to procurement of goods. Merely gaining approval for plans, staffing or organizational change leaves the regions vulnerable to central or provincial predation. Spatial plans of the districts sometimes wait two years before they obtain provincial approval, making them already somewhat overtaken by events by that time. District officials, including members of the legislature, are frequent travelers to the provincial and national capital, to try to obtain favourable and timely approvals, and to show their "appreciation" accordingly. Many

³²This was the case in one of the selected study district of this research, where officials complained that Rp. 2 billion was simply taken out of their own revenues by central officials. The identity of the district will remain anonymous to avoid potential retribution from central level officials.

of the matters involved need not be handled by higher levels, or would merely require general procedures or incentives to guide local action, but that would deny higher level officials their discretionary power and the claims that flow from it.

A systemic distortion found in the Indonesian administrative system is the planning and managing of development funds by central level agencies to implement development activities that are actually government functions already been transferred to the regions. For instance, most government functions in the agricultural sector (e.g. extension services, seedling distribution) have already been transferred as the "autonomous" functions of the regions (the second tier mostly), yet central officials continue to plan for projects covering these functions and to fund the projects out of national budgets through sectoral projects (*DIP Sektoral*). These projects are controlled by national offices in the regions, with management (*pimpro*) sometimes placed in the provincial agencies, and second tier region agencies obtaining at best a back up role (*pimbagro*). Some regional "autonomous" functions are funded through central level grants (*INPRES*, mostly specified), and these are managed by the regions themselves (e.g. agricultural extension, health and education functions are prime examples). However, the conditionalities imposed on the grants are generally quite restrictive and central level approvals are still needed for project plans relating to these funds. Whether through outright control (*DIP Sektoral*) or indirect control (*INPRES*), the centre is able to exert its will, and extract legal and extra-legal benefits from the implementation of functions that supposedly are in the hands of the regions.

In view of the systemic nature of the distortions and outright corrupt practices found in the political-administrative system, the deviations, conflicts and misunderstandings experienced in the DAPP can be seen to be not "anomalies", but rather as a continuation of an established pattern of conduct. The contested aspects of the DAPP come into clearer focus when linked to central and provincial level officials' pattern of resistance to yielding power and income. For instance, although it seems obvious that the former staff of deconcentrated offices of the central industry and

trade Ministry are quite able to issue permits for traders (*SIUP*), the function was not devolved to the pilot district for the simple reason that it can bring in considerable revenue (UGM, 1997), and not necessarily only the amount stipulated as the legal charge. Officials' deeply entrenched desire, and to some extent need, to retain power and resource flows works to limit the autonomy supposedly given to the districts in the DAPP, or through various other instruments in the past, and threatens to retard and undermine future initiatives.

Systemic obstacles of this variety are found in every field important to regional autonomy. To round out the picture somewhat, centralized staffing allows the centre to collect illegal payments that essentially amount to a purchasing of positions (for a few that is; there is a great deal of wasted expense for many other hopeful candidates motivated into paying with no results). In a rare candid moment the Secretary General of the Ministry of Home Affairs, Suryatna Subrata, attacked fellow officials over the fact that "There have been cases recently where the recruitment of Ministry of Home Affairs employees was done in ways which were not objective" (Jakarta Post, 1997e). As an editorial in the Jakarta Post commented, this admission was notable for the lack of public reaction it engendered; the practice of purchasing positions is such a badly kept secret that it no longer raises eyebrows (Jakarta Post, 1997f).

Similarly, organizational structures are set jointly by the MoHA, technical departments and *MenPAN*. Regional officials complain (as an official in the *Bupati*'s office in this research complained) of the long approval wait for proposed modifications of structures, and of the payment that have to be made to expedite these. As evidenced in the pilot project, this reality tends to push the regions toward asking for the maximum size allowed by the guidelines, even if this seems an irresponsible request at the time. The region is rational in doing so however, since it anticipates a tortuous and costly path for any future changes; hence it is best to lock in excess capacity when the opportunity presents itself. This behaviour in turn fuels higher level claims that the regions are not yet capable or responsible, which in turn justifies continued higher level intrusion.

Chapter Summary

Criteria raised by officials consider the nature of the functions, and compare favourably with the rather suspect list found in *PP 45/1992*. As well, there are some commonalties between the Indonesian list(s) and those found in international literature. The practical application of these criteria is difficult to assess in Indonesia due to the closed and restricted pattern of communication in decentralization design. However, empirical findings from this research suggest that the discussion within central agencies and among levels is not very rigorous or systematic.

Evidence from the discussion surrounding several "problem functions" indicates that central level agencies tend to provide the stock answer of limited regional capability, and not many defensible technical considerations. Ultimately, many of the obstacles, and subversions, experienced in the DAPP (and likely other decentralization efforts before the DAPP) are linked to the unwillingness of powerful central (and to some extent provincial) officials and institutions to release power and the stream of "tributes" that power commands.

CHAPTER 9

DECENTRALIZATION AND REGIONAL AUTONOMY IN THE INDONESIAN CONTEXT

“Central level has handled the improvements of ‘neglected village roads’, and what was done was to improve the local road in the village, instead of the road linking the village to the larger road, as we would have done.” Chair of the District Development Planning Board in a selected study district (interview, September, 1996).

Empirical work presented in previous chapters reveals fundamental shortcomings or inherent limitations in the Indonesian government’s approach to realizing greater regional autonomy. Both horizontal and vertical communication is lacking in the design process, and there is no effective central level coordination of the process. Existing regulations designed to facilitate the process proved unworkable, and were superseded by a more comprehensive approach (e.g. DAPP, lead by *MenPAN*) that is poorly received by Ministries and provinces intent on retaining control over the pace and nature of decentralization. These events indicate a lack of agreement on what regional autonomy should look like, and how to get there. Nonetheless there are some commonalities in perspective among key actors that set the boundaries and overall tone for the design and implementation of decentralization. Frequently, Indonesian officials remind foreigners that “autonomy in Indonesia is not the same as the autonomy known in Palistine, Moro or Kashmir” (Maskun, 1995: 44). A much narrower type of autonomy is meant. It is indeed the narrowness of autonomy in Indonesia that is perhaps its special feature in international comparisons. Even so, how this narrowness is achieved in policy and practice is quite complex.

9.1 Policy on Regional Autonomy and Decentralization

As covered earlier, the principles of governance outlined in law 5/1974 provide the base for decentralization. While purported to open up the process of decentralization, this framework in

many ways constricts the potential for real autonomy. Those few elements in the law that are favourable to decentralization can only come alive if specific government regulations are enacted to make decentralization happen. These have been slow in coming and obviously depend on political will. This political will appears to have come from President Soeharto in the DAPP initiative, when he backed "Silalahi's project" and took pains to allay fears over disintegration by stating that Indonesians had "achieved a high level of national resiliency." (Jakarta Post, March 29, 1996a). The President's speech on the inauguration of the District Autonomy Pilot Program (25 April, 1995) provided at least a general vision as to the nature of regional autonomy desired

In implementing regional autonomy, the goal we wish to achieve is not uniformity. Uniformity regarding all aspects of our national character is already assured by the unitary nature of our nation. In regional autonomy, the focus of our attention is on the effectiveness, efficiency and harmony of governance in relation to the socio-economic and cultural conditions of the regions. This means that in its implementation opportunities must be given for variation and differences ... This can be seen as a realization of our nation's motto 'Unity in Diversity'. (President of the Republic of Indonesia, 1995).

The President touches a chord in multi-ethnic Indonesia in expressing the above sentiments. In any setting, the core idea of decentralization can be boiled down to responding to cultural and physical diversity by allowing a correspondingly "diverse and heterogeneous set of responses..." (Bird, 1995: 32). Undoubtedly, the "capability model" explained in Chapter 7 finds some intellectual roots in the desire to operationalize such differentiated treatment.

The President's general direction is captured in more concrete policy in the State Policy guidelines (*GBHN*), and the five year plans (*Repelita*). The language of the 1993-98 *GBHN* however makes more explicit the boundaries and goals of regional autonomy

To strengthen the unitary state and smoothen national development, the implementation of government in the region is based on autonomy that is real, dynamic, harmonious, and responsible, and in conformity with the capability of the region in undertaking decentralized, deconcentrated and assistance tasks. The implementation of autonomous governance in the region should spur people's participation in development to encourage equitable development throughout the land to realize the National Ideal and strengthen National Resilience. (*MPR*, 1993: 26)

By “real” what is meant in the Indonesian context is that the autonomy to be given should fit with the capacities and situation of the region. Although this principle is given much force in the New Order law 5/74, the roots of this desire to adjust autonomy and the functions held by the region to the different regions hark farther back to law 1/1957, when the term “*riil*” (real) was used essentially to denote the current equivalent “*nyata*”. In contrast to the Old Order, the New Order is committed to the application of scientific research to gauge the autonomy/functions in an “objective” manner.

The dynamic aspect means that the degree of autonomy can increase (and just as important can be taken away) based on the demands of the time. Harmony is also important, meaning that autonomy should strengthen rather than dissolve or corrode bonds between the centre and the regions. By “responsible” what is meant is that autonomy becomes more of a duty than a right of the regions: the duty is to achieve national goals and strengthen the unity of the nation. This overarching definition of autonomy has widespread appeal and the phrase “*otonomi yang nyata, dinamis, serasi, dan bertanggungjawab*” (autonomy that is real, dynamic, harmonious and responsible) is a policy pillar intoned at virtually all official discussions on decentralization and autonomy.

In line with the above policy principles, the region is viewed as an “integral part” of the national entity: “*Pusat pusatnya daerah, dan Daerah daerah Pusat*” (the centre is the region’s centre, and the region is the centre’s region). This oft repeated verity assumes a life larger than the words would imply. Ultimately it furnishes justification for higher level control and incursion in the affairs of lower level governments, whether the task at hand has been transferred as an “autonomous” function or “assistance” task.

Even with the above limits to possible autonomy, the boundaries of autonomy are not clearly or fully captured in official policy. Policy has to be in part interpreted from a variety of

sections in law 5/1974 and other sources. In law 5/1974, the region is given the right and obligation "to organize and manage its own services in accordance with prevailing regulation" (Article 7). Details on what this may mean are found in the "elucidation" section of the law, under the definition of decentralization

Public services which are already transferred to the Region in the framework of the decentralization principles, are basically the full competency and responsibility of the Region. In this matter the whole initiative is transferred to the Region, connected with the decision of policy, planning, implementation, as well as aspects of financing (law 5/1974, Elucidation, 3.c, official translation)

The latter elucidation could be interpreted as giving regions a strong and broad mandate to manage their affairs. However, a number of other aspects of law and practice work against such interpretation or application. These aspects include the dual function of the regional head (part of law 5, 1974), the lack of distinction in practice between autonomous and assistance functions in the transfer process, the confounding relations between two autonomous and "non-hierarchical" regions (provinces and districts/cities), the control exerted by higher level through mechanisms of supervision and guidance, and the tendency of the centre to micro-manage and paradoxically apply uniform regulations to cope with the burden of micro-management.

9.2 The Dual Role of the Regional Head

According to law 5/1974, regions in Indonesia are formed on the basis of the autonomy principle but also on the basis of the territorial principle. Generally the boundaries are coterminous, so that from this division rises the dual role of the regional head (Governor for the province, *Bupati* for the district and Mayor for the city): s/he is the Region Head (*Kepala Daerah*) and Territorial Head (*Kepala Wilayah*)³³. As the *Kepala Daerah*, s/he is bound to relate to the regional legislature, but is not accountable to it. The formal accountability comes through the role

³³The *Kepala Wilayah* dualism has its roots in law 22/48 (see Suntoro Isman, 1990).

of *Kepala Wilayah*, and that is to the President, through the Minister of Home Affairs. In practical terms, this situation has some important consequences for autonomy and decentralization.

Formally, and in the context of decentralization, the dual function acts to limit what can be passed on to the regions. In the language of *PP 45/1992* “Part of general governmental affairs that are the authority, task and responsibility of the Regional Head (*Kepala Wilayah*)” are not to be relinquished to the regions (Article 4). Quite aside from the lack of criteria to separate what these affairs might be, the existence of the dual role has a more fundamental effect on the affairs that are passed on to the regions as autonomous functions.

The existence of the *Kepala Wilayah* role diminishes the role of *Kepala Daerah* since the fortunes of the individual in this position are bound to higher level superiors. Hence the command line from the President, to the Minister of Home Affairs, Governor and down to the *Bupati*/Mayor receives more attention than the theoretical scope of regional autonomy (particularly if the Governor and *Bupati* are also, as the current President and recent MoHA Ministers, members of the army, and thus feel bound by military hierarchy). The existing scope of autonomy, already limited by other factors, is unlikely to be maximized in this arrangement. Any directive from above, even if infringing on autonomous functions, will be heeded by those regional heads that perceive themselves to be in a weak position. Bold frontal assaults on the centre by regional heads are understandably rare.

9.3 Ambiguity in Forms of Decentralization

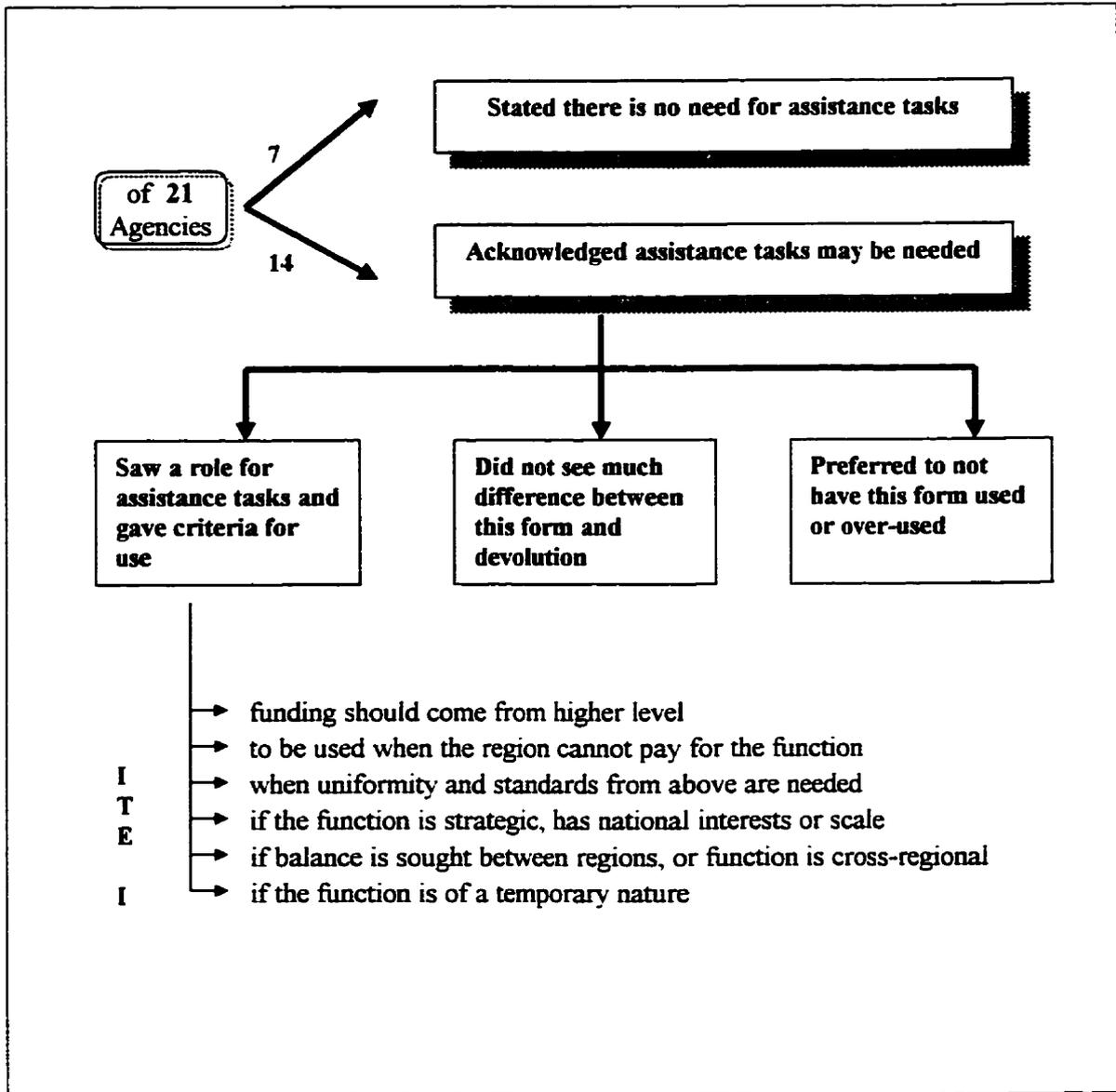
With law 5/974, the possibility is given for transferring functions through “*desentralisasi*” (what might be equated with devolution, though this research indicates the comparison is problematic), “*dekonsentrasi*” (deconcentration) or “*tugas pembantuan*” (assistance tasks). For the first time, deconcentration is given the same prominence as devolution in official regional policy. Indeed, this ranking of deconcentration reversed the trend begun in 1948 with law 22/1948,

and later law 1/1957, which sought to eliminate the existence of the “*pamong praja*” (central level representatives in the regions) in a step-by-step fashion, turning their functions over to the regions. In the New Order, prior to the DAPP, deconcentration became widely applied, with many Ministries establishing representative offices down to the district or even sub-district level. By the 1980’s, deconcentrated offices of the centre and provinces outnumbered the district’s own agencies by a 3 to 1 count (*P.T. Hasfarm Dian Konsultan*, 1989).

It is the distinction between devolution and assistance tasks that is problematic, and confusion between these mechanisms has resulted in lost opportunity for regional roles and decisions that could have a great impact on the quality of regional services. In law 5/1974 assistance tasks are described as tasks that are assigned to the region by the central government or by a higher regional level, “with the responsibility to be accountable to the assigning party”. It is unfortunate that the term *tugas pembantuan* (in this writing translated as assistance task) has often been translated as “co-administration” or “partnership”. The latter terms evoke a much more equal relationship than is reflected in the Indonesian term and practice.

The direct translation more correctly imparts the asymmetrical power relations where the centre imposes certain tasks to be discharged by the region, usually within strictly defined policy and operational parameters. There is also a tendency to use the term *tugas* (task, implying one of the party “assigns” the other) primarily for these kinds of functions, and maintain the term “*urusan*” for autonomous functions, although this differentiation is not always followed. Normally the task, or function, is strictly delimited and is of an implementation nature, shorn of substantive policy and decision making. Confusion arises however, when this characterization also applies to functions (*urusan*) that are supposedly autonomous. Field interviews with officials reveal that the nature and role of this form of decentralization is poorly understood (Figure 9.1).

Figure 9.1: Response Pattern of Agencies on the Nature and Role of Co-Administration Functions



In only a handful of cases did the officials asking for additional functions suggest that these should not be transferred as *urusan rumah tangga* (autonomous functions) but rather as *tugas pembantuan*. Perhaps the functions desired were deemed to fit with the autonomous designation, but it is more likely that the officials simply do not try to determine if the assistance task is more appropriate. Of course, the onus is much more on the assigning level to frame the transfer in this fashion, but as seen in Chapter 8 the tendency of higher level officials is to settle for assistance task status when they cannot retain the function fully as their own.

The use of assistance tasks is found to differ significantly between sectors but it is not clear if there is any reason for it founded on the nature of the sector or functions. Few compilations of assistance tasks exist, and lists of functions drawn up by technical departments sometimes do not differentiate between assistance tasks and autonomous functions. In the charter and early *PP*'s some functions given to the regions were specifically qualified to be only "assistance tasks", thrown in with the more numerous autonomous tasks. In the DAPP, the intent was specifically to avoid the issue (unsuccessfully). The assistance tasks in DAPP, borne primarily out of contested functions not transferred in the first instance, temporally follow the cornerstone *PP8/1995* listing autonomous functions.

In general, assistance tasks have had a checkered past. According to some scholars the mechanism has been overused in the colonial period. According to others, it has been underutilized in the New Order. In the context of the DAPP, it does appear that it has sometimes been a partial step when a more courageous step may have been warranted, i.e. decentralization that is closer to "devolution".

A relatively recent attempt of West Java province (West Java, 1993) to inventorize assistance tasks of the districts in its boundaries also reveals a poor understanding of the concept by the district respondents (see Appendix 19). If assistance tasks were indeed to be seen as a stepping stone to autonomous functions this is not apparent, since most districts could not identify

current assistance tasks that could be considered for autonomous status. The few that did generally could not provide a reason to support the elevation in status. Districts also differed in the functions that they deemed to be assistance tasks, with only some commonalities emerging (e.g. raising the land and property tax, “*PBB*”; Presidential Decree funding, “*INPRES*”).

Districts listing *INPRES* as assistance tasks are evidence of the confusion surrounding this form of decentralization. The mere fact that funding is provided for functions through the mechanism of a Presidential Decree (*INPRES*) leads the vast majority of officials to assume that the function has the status of assistance task. This perception came through in this research’s interviews and is reflected in the general discussion on decentralization in Indonesia (see for example Soewargono, 1986). In actual fact, some of the *INPRES* funded functions are actually autonomous functions of the districts (received through charter or *PP*’s) that happen to be funded through a mechanism that is used to also fund some assistance tasks. This is but one example of the funding mechanism obscuring administrative arrangements related to function assignment, and as a result unduly shaping perceptions and practices. This loose application of the term assistance task is taken one step further when sectoral departments maintain that they are using the assistance task principle when in fact they are merely delegating some tasks to district agencies for implementation from a budget that is micro-managed on a project basis at higher level³⁴.

The history of *tugas pembantuan* reaches back to the Dutch use of the principle of “*medebewind*” in delegating certain functions to the “*Provinciale Raad*” or “*Regentschapraad*”. This principle was never made very clear in policy documents or regulations, but in essence the functions were given to lower levels but with much of the control on policy setting and key decisions retained at the centre. This principle was retained in the independence period, first enshrined in law No. 22/1948, where the meaning given was that the region was the “implementer”

of a higher level function. This law was subsequently replaced by law No. 1/1957 and later law No. 18, 1965, where the principle was referred to as “*tugas pembantuan*”, reflecting the reality that the regions were being conscripted to assist the centre in implementing certain tasks. According to Maryanov (1959), the shift from *medebewind* to *tugas pembantuan* signaled some loss of leeway for the lower level in discharging the assigned task. However, the general philosophical stance of these two laws emphasized regional autonomy “*seluas-luasnya*”, as broad as possible. Assistance tasks were encouraged as an additional tool for involving the regions, with the emphasis however being on giving the regions autonomous functions.

With the coming of law 5/1974, the three principles of deconcentration, decentralization and assistance tasks were given equal rank in the general stipulations. However, in the explanation accompanying the law the formulation “...opening also the possibility for the implementation of assistance tasks...” suggests that the principle of assistance tasks has taken a supporting role to the these two principles (Hasin, 1986: 15). Hasin³⁵ goes on to argue that this has lead to an underutilization of this principle in the decade after law 5/1974 was introduced, and he suggests strongly that the use of assistance tasks be increased to bridge the gap between the region’s demand for devolution, and the tendency of the centre to exercise deconcentration. Hence, assistance tasks could be viewed as an interim solution to the problem of regions which are politically too demanding and yet in a “real” and “objective” sense not yet “capable” (*mampu*). Hasin recommends a three year trial period with assistance tasks status before a decision is made to 1) give the function to the region as an autonomous function 2) the function is kept as an assistance task or 3) the function is pulled back to the centre (with the implication that it may yet be

³⁴The funding in this case is a sectoral allocation (*DIP*) with the project manager (*Pimpro*) placed in the central office at the provincial level (*Kanwil*) or district level (*Kandep*), or in the provincial office (*Dinas*), with the sub-manager (*Pimbagpro*), having little discretion, being placed in the district office (*Dinas*).

³⁵The views of this individual are likely to reflect the views the influential Institute for the Government Sciences of the Ministry of Home Affairs, the training ground and to some extent think tank for the department.

implemented in the region but through a deconcentrated arm). This understanding of assistance tasks and suggested approach can be understood as the seed that germinated in the eventual formulation on assistance tasks found in *PP 45/1992*.

The push for greater use of assistance tasks, as suggested by Hasin, has its merits, but it may also allow inaction on the autonomous functions transfer, while at the same time giving evidence that the centre is willing to make fully autonomous transfers, provided the regions prove that they can handle the tasks first as an assistance task. The solution is seen by Hasin as reaching an equilibrium or middle way between antagonistic parties. The solution is also steeped in the same legitimating language as that underlying the rating system in general, i.e. the regions will be assessed objectively in relation to their capability.

Although Hasin suggests that some functions need to be given to the regions because the regions know the regions better and are closer to the people, he does not provide any guidance on which functions should be given directly and which should be "tried" as assistance tasks. In the end, it appears that the assistance task, if encouraged, could be used to relieve the centre of the burden of adjudicating between autonomous and deconcentrated alternatives (a tendency in the DAPP alluded to in the case of Industry and Trade, and the Revenue agencies in Chapter 8) and to stall the pace of devolution in the face of continuing regional demands.

The poor utilization of the assistance tasks in the DAPP is perhaps also traceable to the more recent attack this form of decentralization has come under from certain prominent academics in Indonesia. These academics view assistance tasks as a remnant of the colonial period, and urge the government to leap directly to autonomous functions (see for example Hussein, 1995). They overstate their point, missing the utility of assistance tasks as a complement to autonomous functions. There is no strong argument for having to make an absolute choice between the two forms.

Evidence from other countries (e.g. Germany and Canada) suggest functions are assigned to local governments as assistance tasks (or their equivalents) if the tasks are best implemented at the lowest level (in terms of efficiency and effectiveness), but at the same time have to be implemented in a very uniform way. The lack of field offices or line agencies of the higher level (nonexistent generally for reasons of efficiency) necessitates the involvement of local government in implementation. In these cases, there is little need for room to maneuver for the local government: such flexibility may indeed be counterproductive for an efficient and effective implementation of a certain task. Hence the form of assistance tasks is more appropriate than devolution. As explained by GTZ-SfDM (1996), one concrete example is the registration of inhabitants, which must be done exactly in the same way all over the country and which does not require substantive decision-making by local governments. This task is best done at the lowest level of government due to the frequency of interaction with the population. The scope of autonomous decision making which is needed for a most efficient and effective implementation of a task should be the most important criteria in deciding which form of decentralization is most appropriate. It is quite telling that this function was recently transferred in the DAPP to the districts, as an autonomous function. The practice of the function however, in terms of standards setting, supervision and uniformity across jurisdictions, continues to be treated as an assistance task. This imposition is probably unavoidable, but the status of the function can only lead to more confusion regarding the forms of decentralization enshrined in law 5/1974.

9.4 Demarcation in Distribution of Functions

In their public pronouncements, senior officials can be found either proudly announcing that a certain degree of decentralization that has already taken place or lamenting the limited progress. In either case, officials generally use language that gives the impression that entire “sectors” have been, or should be, “decentralized”. Successive director generals of *PUOD* cite the

fact that nineteen functions have been delegated to the province, and a lesser amount (6 to 9 depending on who's counting) to the second regional level (Sachroni, 1997; Maskun, 1996b). These functions, when listed, do read as "sectors": health, education, industry etc. (Maskun, 1996b: 23). It is this approach to functions that also allows for the capability model's prescription on the number of functions appropriate to regions of different capabilities (see Table 7.3).

Indonesian writers, outside of the main agencies of government, seem to fall into this same reportorial style, repeating official terminology that is very debatable or misleading. For instance Sosmena, writing on the regional structure of Indonesia, also states "Under existing laws, these administrative and political units perform some nineteen decentralized functions such as agriculture, education, health, public works, housing and social rehabilitation, local government affairs, economic enterprises and tourism." (1987: 69). The reality, is that a very complex, detailed, but nonetheless confused division of substantive and generic functions has been at work, and continues to be the pattern, even with the DAPP taken into account.

The most obvious deviation from the simple layer cake model, where functions are assigned sectorally "lock, stock and barrel", is the tendency to also espouse the model where policy and regulations are set at the centre, provinces coordinate and supervise, and districts implement. This broad model of distribution of functions cuts the functions cross-wise based on generic management dimensions (see Chapter 2), rather than separating functions according to substantive activities which would entail a good measure of all management aspects, from policy to implementation. This management oriented model is very much in the minds of centre level officials (as observed in key informant responses) but there is also evidence that it is supported by governors (see for example the comments of the East Java Governor in *Kompas*, 1990). There does not appear to be recognition of the tension between this approach and the desire to have a rational and clean division of substantive functions.

Furthermore, the centre does not see itself giving up responsibility for any function transferred to the province or district. Under the justification of playing a supervisory or guidance role, the centre feels free to intrude on the lower levels. This pattern of behaviour leads many, on either side of the issue, to liken the transfer of functions to a farm animal that have been entrusted to another's care, with the owner still holding on to beast's tail ("*terus pegang ekornya*").

Further compounding the problem of functional demarcation is the inability of the regions to make use of two common vehicles generally available to regions in federal systems (though in theory also relevant to unitary states). Indonesian regions cannot rely on a strong legislative defense of autonomous functions, and for all practical purposes cannot rely on the judicial system to adjudicate disputes over the location of functions. Because of the combination of strong Presidential powers (given through the 1945 Constitution) and the command line from the President down to the regional head (and actually down to the village head), the region can ill afford to be very vocal or adversarial with respect to participation in policy formulation, debates over the distribution of functions, or even in forwarding regional interpretations regarding functions ambiguously assigned. Judicial recourse is also stymied by the same lack of a clean and balanced horizontal division of power (or *process* related division of power to use another terminology) in the 1945 Constitution. Hence the regions do not look towards the courts to assist them in adjudicating inter-governmental disputes.

9.5 Status of Autonomous Province

Article 18 of the constitution (*Undang-Undang Dasar*) guarantees the division of the country into "large and small" regions with consideration of the "consultative principle" and the traditional rights of special regions. The constitution therefore allows for flexibility in the number of "autonomous" regions.

Although at times Indonesia formally adopted three autonomous levels of government, in practice this never transpired. In the New Order polity, the province and district/cities have been the two administrative levels given regional autonomy³⁶. Based on law 5/1974, (Article 11) and the subsequent follow up *PP* 45/1992 (Article 1) autonomy in Indonesia emphasizes the second tier regions.

The rationale for the emphasis on the second tier regions is that this level is closest to the people (see *PP* 45/1992). But this can be only a partial explanation at best, since the hamlet (*dusun*), village, traditional multi-village organizations (e.g. *Nagari* in West Sumatra) and sub-districts all are "closer" to the people than districts. If taken too seriously then any or all of these levels should be given autonomous status with greater emphasis than that of the province or districts.

It might be expected that the choice of levels and emphasis in granting autonomy might be related to the area, population, economy, culture and historical antecedents in governance, to mention a few key factors. Similar factors, emphasizing political/stability considerations, in fact are prescribed in considering the *establishment* of new regions, but these factors are notably absent in the discussion of where to place the emphasis of autonomy among existing autonomous regions.

On the face of it, a good number of significant functions may not lend themselves to management by the district or lower levels (certain aspects of secondary and tertiary education and health for example). Considerations of scale (size and population) provide rather strong arguments for at least consideration of the continued existence, or even the strengthening, of autonomy at the provincial level. However, such reflection or discussion is not observed in the responses of government officials in the *Kanwil* or provincial *Dinas* in this research.

³⁶Other administrative levels include the sub-district and the village. Although formally not a region, and thus not formally autonomous, the village has some degree of autonomy bestowed on it in law 5/1979 (although this is not the same as regional autonomy, and its essence is not clear) and more importantly it continues to maintain some form of traditional and/or *de facto* autonomy (Soemardjan, 1992).

The conspicuous absence of an adequate public rationale for giving the district level emphasis in regional autonomy can be understood in part by noting its origin, law 5/1974. The New Order framing of regional autonomy accedes to forces pushing for increased regional autonomy, while at the same time safeguarding and promoting national goals, including the retention of power that is deemed sufficient to forestall disintegration and maintain "stability". Given the turbulent first decades of the Republic, the leadership did not wish to give power to the provinces, already deemed to be quite strong with some having only been calmed or appeased 10-15 years earlier.

Most provinces in Indonesia have developed a significant regional identity as a political, and in some cases cultural entity (Bali being one notable example). For an archipelagic country as large as Indonesia, the provincial level must be considered an appropriate geographic scale for important decisions that affect more than one district in a certain area and which cannot be simply made collaboratively among sub-sets of the second tier regions. If important decisions are indeed to be made at this level, then it follows that institutions of accountability (e.g. legislature) should operate at this level as well.

The above arguments on the viability of the province as an autonomous region may have their logic, but when set against the backdrop of the governments' primary concerns and administrative limitations, they lose some of their strength. In addition to the above mentioned concerns over stability, the bureaucracy must also deal with the challenge of harmonizing two levels of autonomy that in theory are not hierarchical. This parallel regional autonomy, emanating from the centre, presents challenges in jurisdictional overlap, coordination, and cooperation between levels.

As seen in Chapter 5, there is considerable overlap between charter functions of the province and the districts. The problem of overlap could be explained away by reference to

Soewargono³⁷, who holds that the charter functions are not activated unless there is an “actual surrender of each of the affairs” through a separate legal instrument (Soewargono, 1986, 16). This explanation calls into question the use of charter functions, and ignores the fact that some have been listed in some detail, suggesting they were intended to be operational rather than broad categories for later action. Also, it would mean that regions could not have initiated autonomous activities until the requisite *PP*'s were enacted, whereas regions were active years before some of the sectoral *PP*'s came into being.

As well, the coming of *PP*'s did not always clarify the distribution of functions. In some cases the *PP* simply transferred functions to the regions without specifying which level was to receive the functions. Other *PP*'s stipulated the provincial and district sets but left overlap and ambiguities. Regardless, through the combination of charter and subsequent transfers, overlapping jurisdiction came about, and has plagued the bureaucracy since. *MenPAN* enthusiasm for the DAPP stemmed in part on the possibility of eliminating duplication at the district level, an objective only partially achieved (see for example the Chapter 8 discussion on the educational sector).

The difficulties in working with these parallel autonomous regions is no doubt part of the rationale behind the idea of relegating the province to the status of mere administrative territory (*wilayah*), shorn of its legislature and regional head (*Kepala Daerah*). The Governor would then simply be the representative of the President in the province. This notion has been circulating in academic circles for some time (see for example Zainun, 1988), but was only aired forcefully when it received the backing of Rudini, then Minister of Home Affairs, in 1990³⁸. Rudini framed this as the only viable option through which the emphasis of autonomy on the second regional level could

³⁷Writing on behalf of the Ministry of Home Affairs' Institute for Government Sciences.

³⁸The idea “officially” came from the *Litbang* section of the MoHA, through the letter of its chair dated June 4, 1990/No. 188.2.294/*Litbang*. For a text of the letter and an Indonesian scholar's analysis of it see Abdullah (1990).

be realized. The tugging between the province and districts would be avoided since the functions would be divided between the centre and the districts, with the province being merely the extension of the centre, fulfilling a supervisory, guidance and control function on its behalf.

A strong reaction was generated from provinces, and some central level stakeholders, with the result that this fast track toward enhanced district autonomy practically disappeared from official discourse. However, the general objective remains alive, guiding the long-term course of decentralization and regional autonomy. In this respect, the DAPP is consistent with this macro-level decentralization policy, even as it contradicts other decentralization policies. The *MenPAN* vision of regional autonomy, if one can be said to exist, is to gradually whittle away at the autonomy of the province until it is apparent to all that autonomy is no longer warranted. This is not necessarily being done in a covert fashion; after all the provinces are keenly aware of the functions they have been pressed into transferring to the districts in the DAPP. In fact, at least three provinces (Bali, Bengkulu and East Kalimantan) have stated their willingness to enter all of their second level regions in the next dissemination phase of the DAPP. By and large however, there is muted resistance against this notion.

Bali officials' responses in this research, indicates that provincial level agencies, and the staff of the Governor's office have done little to conceptualize what the implications of the transfers will be on the province, and what the long term vision of provincial autonomy could be if the second level regions all join DAPP and are the beneficiaries of even further transfers in the future. One explanation is that the Governor and provincial district agencies see the writing on the wall, and would like to align themselves with the forces that will inevitably triumph in the current political configuration. Rather than fight a rear guard action against decentralization to the districts, the provincial level in Bali is willing to accept simply becoming an agent of the centre. Given the dominance of the *Kepala Wilayah* role in the Governor's dual function, this is not a big change in practice.

A kinder interpretation of Bali's motivation is that the rather homogeneous culture of the province encourages the provincial government to view Bali as one entity, and is glad to see power shifted from the centre to Bali's districts/cities, even if that means shifting functions from the province as well. Overall, the net effect is to shift more power and resources from the centre to autonomous Bali jurisdictions. However, the implication of relinquishing all autonomous functions of the province to the districts may not be foreseen (though some undoubtedly would not be pushed down but rather pulled up the centre). The province, as an arm of the centre in Bali, may prove a deadening force on further enhancement of second tier regional autonomy. Much will depend on the style of control exerted by the "centre in the province". In such a scenario, it may well turn out that the centre's influence over the districts is increased in a divide and conquer approach that rids the districts of the advocacy occasionally possible through an autonomous provincial voice.

In the short term, the autonomous status of provinces appears safe. A lack of consensus over constitutional interpretation and the reluctance of most provinces provide a brake on policy makers intent on stripping the province of its autonomy. However, the policies enshrined in law 5/1974 and *PP 45/1992* regarding regional autonomy emphasis on the second level regions seem destined to be fulfilled in the long run, to enable simultaneous progress on two fronts; maintaining political stability and central control while still decentralizing, and removing the complexity of parallel autonomous regions which the bureaucracy is ill able to manage.

9.6 Discretion and Will of Second Tier to Decentralize to Lower Levels

Several findings from this research, from the sub-district levels, and observations from other investigations, reveal that the second tier governments have little discretion, or believe they have little discretion, over how the autonomy they hold can in turn be "shared" with lower level governments (urban settlements, sub-districts and villages).

As a general observation, districts are not empowered to determine which functions should be undertaken by the urban settlements (*Kotip*) falling within their administrative boundaries. It is up to the MoHA to determine exactly how many and what type of functions ought to be given to these urban settlements (Universitas Indonesia, 1994).

Levels of government below the district are, at least in practice, responsible to the *Bupati*. However, it is a point of contention as to whether this occurs through the *Kepala Wilayah* channel only or whether the *Bupati*, in his role as *Kepala Daerah* has the right to direct the *Camat* or Village Head. This is a moot point perhaps, but it does add fuel to the confusion brought about by the dual function of regional heads. What is noticeable and clear on the ground is the lack of responsibility passed on by the district to the local governments and even to branch agencies of the district itself.

In Bandung and Batang Hari, sub-district officials and district branch officials were hardly aware of the existence of the DAPP initiative, even after one year into its implementation. It was evident that capacity at this level was weak in many respects (especially in Batang Hari) but some of these same officials were able to identify opportunities for better service initiatives, provided they were given more discretion over procedures, judgment calls and approvals (e.g. housing construction permits approval time could be reduced by a week according to the Bandung Public works sub-district representative of the district).

In general, officials at the sub-district level (in the *Camat*'s office or district branches) did not feel that the district was maximizing their potential in searching for improvements in those functions that were now under the responsibility of the districts (it did not help of course that the sub-district staff was poorly apprised of what had been transferred in the DAPP).

The flip side of this situation was evident at the district level, where district officials seemed very unaware of the other actors in society that could take some of the burden off the district in carrying out service and development activities. A notable exception was Bandung's

intent to establish joint-ventures with the private sector, with the aim to bolster district revenues. Even so, the districts were poorly informed of the current efforts of the private sector, and particularly NGO activities, perhaps because these activities did not raise revenues, but merely provided a service. The officials did not readily volunteer how improvements could be made in implementing their new tasks, let alone specify how the sub-district or village level could be an important factor in such improvements. Some could not easily describe how they could measure the improvements to be made, so as to convince higher levels that the functions were being properly discharged.

The above bleak description perhaps reflects more the attitudinal obstacle to district lead decentralization, rather than legal hurdles. Regardless, in reality the centre and the province have not encouraged an understanding of district autonomy that clearly encompasses a variety of other potentially important actors. It seems that central agencies are more comfortable with directing programming in Indonesia's 65,000 or so villages from their high perch (e.g. *IDT* program, that is Presidential Instruction Fund for Left Behind Villages) rather than giving the district the sense that the villages are the district's own jurisdictions. It may also be the case that the power retention strategies of the centre and provinces are merely replicated on a smaller scale at the district level, without too much concern over trumpeted key goals of decentralization like efficiency and participation. The lack of voice, exit and accountability mechanisms afforded to district constituents represents a formidable obstacle to effectively utilizing any autonomy legally given to the district.

9.7 Supervision, Control, and Guidance

In a government system exhibiting significant decentralization the issue of central level control comes to the fore. The United Nations has observed that central control can be exerted as a

positive feature accompanying decentralization: in providing standards, training, targets and technical manuals and assistance (UNTAP, 1962: 7).

Given the concerns over stability and power retention in the Indonesian central government, supervision (*pengawasan*), control (*pengendalian*) and guidance (*pembinaan*) assume great importance, particularly in the context of decentralization. In Indonesia *pembinaan* is perhaps even more prevalent than elsewhere. It is not unusual to find that the main functions in government units relate largely to *pembinaan* towards lower levels of government or the public. Considering the broad development functions the government seeks to retain, and at the same time the still prevailing weaknesses in the performance of large parts of the public administration, the prominence of the *pembinaan* function is perhaps understandable.

The salient feature of supervision, guidance and general control functions, as applied in Indonesia, is the lack of clear boundaries for higher level government intervention in the handling of a task or a function once it is devolved and ostensibly becomes an autonomous task. The approach of higher level officials is not so much on enhancing lower level capacity but rather to micro-manage via *ad hoc* directives that create uncertainty, encourage passivity and generally work to undermine local autonomy.

In Western federal systems the heavy hand of higher government is also sometimes felt. For instance, municipalities in Canada are "creatures of the province" by virtue of the 1867 constitutional British North America Act, and the province does on occasion amalgamate and decree service provision in unilateral fashion. However, by and large, for functions that have been assigned and deemed the affairs of municipalities, supervision is done with a light hand, and often the role of the province surfaces only in appeal processes or as last recourse. The emphasis on supervision is on whether local governments are adhering to relevant laws in handling their affairs.

In contrast to Canada and nations with similar systems, Indonesian control is exhibited as a more intensive and yet sporadic and uneven phenomenon. It is given in various forms but it is

difficult to anticipate when it will be given, and often it does not match felt needs of recipients. Complicating the situation is the division of the ubiquitous guidance function into three portions: general guidance (covering general administration aspects) resides with the Ministry of Home Affairs, technical guidance (covering professional standards, procedures and targets) are set by the central level sectoral departments, and operational guidance (covering certain implementation aspects, particularly those with cross-district implications) is in the hands of the Governor in his function as *Kepala Wilayah*. The boundaries between these forms of guidance are poorly delineated³⁹, leading to misperceptions, duplications and tensions in the regions. Impressions gathered from various direct and indirect questions regarding this issue from provincial and central level officials in Bali bear this out (Table 9.1).

Table 9.1: Division of Guidance Role as Perceived by Agencies in Bali, in the Context of DAPP

GUIDANCE TYPE	Perceptions of Provincial (<i>Dinas</i>)	Perception of Central Department Offices (<i>Kanwil/Kanin</i>)
Operational	Provincial <i>Dinas</i> agree, but do not always understand what it should entail. For two sectors where Bali has not <i>Dinas</i> , raises question of who is to carry out this guidance	Expect the governor, and <i>Dinas</i> , to provide this guidance, but hazy on what this would entail.
Technical	Several <i>Dinas</i> do this or feel they should be doing it for autonomous tasks at the district (would like to see centre give guidance to province who in turn gives guidance to districts).	Acknowledged as main unit charged with this guidance role. Some offices want provincial <i>Dinas</i> involved in cascading fashion, but others are firmly against it.
General	Accepted role of Ministry of Home Affairs, but could not explain boundaries with other forms of guidance	Accepted role of Ministry of Home Affairs, but could not explain boundaries with other forms of guidance

³⁹The Ministry of Home Affairs is currently drafting regulation to clarify these guidance categories further, in the context of the DAPP. This clarification has been demanded by the State Secretary and appears to be a pre-condition for the continuation of the DAPP (which has in any case been suspended).

Several district officials also commented on these guidance roles, with very mixed observations, from those noting that operational and general guidance is hardly felt at the district level, to others deploring the lack of technical guidance or the excessively detailed nature of higher level guidance of whatever category or form. It is interesting to note that because provincial *Dinas* in the industry and trade sectors have never existed in Bali, operational guidance has not been received by the district agencies in these sectors. In another historically rooted oddity, the provincial agricultural Dinas has traditionally engaged in technical assistance to the districts (with apparently no less successful effects than in other provinces) having preceded the establishment of the central level *Kanwil* in Bali, and having continued to play this guidance role despite the *Kanwil*'s introduction⁴⁰.

The above findings call into question the relevance of the guidance provided and the wisdom of the official division of roles. It also shows that the guidance prescription associated with the "capability model" discussed in Chapter 7 (see Table 7.3) is certainly not applied in practice (quite aside from its conceptual dissonance with the official forms of decentralization). Control mechanisms are not primarily focused on enhancing capacity and diminishing the role of higher levels over time. On the contrary, they legitimize intrusion of higher levels. This intrusion is necessary to maintain control and to generate opportunities for legal and extra-legal income. As a result, the pattern of intrusion as seen from the perspective of local needs appears to be *ad hoc* or capricious, but only because it is following an entirely different logic from that of servicing local needs.

The misapplication of guidance, particularly in the case of the Ministry of Home Affairs, is well understood in the bureaucracy, and it is the basis for much of the sectoral departments'

⁴⁰In a rare case of cooperation and delegation, the *Kanwil* seems content to support and supervise the provincial *Dinas* in discharging this technical guidance function toward the districts.

suspicion and resistance to decentralization initiatives. The departments charge that MoHA proposes decentralization within the sectoral agencies to its own advantage, in view of its mandate to provide general guidance to local government. Other central agencies sometimes go as far as criticizing Home Affairs for using the regional government as its *Kanwil* (regional deconcentrated office). Decentralization is proposed in the interests of releasing power from technical departments to local government, to be then “retrieved” by the centre, in this case Home Affairs⁴¹: power is thus recycled rather than released.

The intrusive nature, albeit *ad hoc*, of higher level governments toward the districts in relation to autonomous functions serves to obscure the rationale for having functions transferred merely as assistance tasks. It may even be more correct to state that in practice all functions are treated as assistance tasks⁴².

Officials will acknowledge certain deficiencies in practice, but intrusiveness is generally defended in its idealized form as necessary to safeguard the achievement of nationally agreed standards and targets. However, the discrepancy between plans and reality is so large and unpredictable in the Indonesian context that such concern seems overplayed: a certain degree of autonomy is given, or taken, in practice regardless of what is planned. Planning is still a largely ritualistic practice that has but a thin veneer of technical rationality. Standards and targets are worth something, but their achievement is contingent on key important personal and institutional objectives.

⁴¹The concern of the State Secretariat to have the Ministry of Home Affairs clarify the nature of guidance (including the Ministry’s general guidance) in the context of the DAPP may well be rooted in other central agencies’ concern to have clear limitation of the scope of intervention through the Ministry of Home Affairs in the regulation of local government affairs.

⁴²There are those Indonesian analysts so set against assistance tasks that they prefer to compare the rigid, directive focused, approach of higher level “guidance” for supposedly autonomous functions to that which may be appropriate to deconcentrated units (see for example Hoessein, 1997). In their minds, assistance tasks should be done away with, leaving deconcentrated units, and autonomous units with a clear demarcation.

In the final analysis, intrusion is defended by the mere statement of fact that in a unitary state the functions transferred to the regions are still the responsibility of the central government, through its cabinet structure and laws pertaining to the horizontal division of functions. As the former Minister for State Reform Silalahi reminded the regions, what is transferred is “only implementation”, with the policy component to be still held by the centre (*Kompas*, 1995b). Sumitro Maskun, the former director general of *PUOD* (MoHA) added a more encompassing explanation when he pointed out that the transferred functions continue to be central level functions (*Suara Pembaruan*, 1995b). This legal interpretation is debatable or at least very much at odds with other statements in key laws and regulations that point to a more fundamental definition of regional autonomy. Any policy inconsistency is in any case resolved on a practical level by a style of central level intrusion that is pragmatic in its orientation, driven by personal and institutional needs rather than lower level needs related to the effective discharge of functions. Hence Indonesian or outsiders’ observations that “responsibility” for certain functions is found at certain sub-national governments are perhaps too simple in the Indonesian context⁴³. The meaning of autonomy in both policy and practice is too confused and in the final analysis too limited in practice to allow such assertions.

9.8 Regional Initiative

Regional initiative, through residual powers, was a feature of some laws in the Old Order period. The law 22/1948 provided for a very broad understanding of regional autonomy that seems to give the region residual powers, provided there was no conflict with higher levels. However, other laws giving rise to provinces in the 1950’s seem to be more oriented towards differentiating roles more cleanly. As Maryanov (1959) observes, the language in laws establishing districts returned to the earlier interpretation of regional powers (“formal” versus “material” in the Dutch

⁴³See for example the table produced by Shah (1994: 58) on expenditure assignment responsibilities.

origin terminology used by Maryanov). As noted earlier, it is highly dangerous to assess autonomy status or practice on the basis of the Old Order charter laws, or for that matter government regulations relating to transfers of functions from the centre. One of the justifications for the DAPP given by *MenPAN* is that the DAPP was needed to clarify the assignment of functions given the obscure language and outdated nature of the legal products from the 1950's. Of course the DAPP created its own ambiguities, but the point has some merit.

If older sectoral laws and regulations are not to be relied on, then the reference point comes back to law 5/1974. Some Indonesian analysts interpret law 5/1974 (section 39) as providing a base for regional initiative, provided that the functions in question have yet to be regulated by higher levels (see for example Syam, 1994). The mere stipulation that lower level regulations should not conflict with higher level regulations hardly provides this kind of opening, and even if interpreted liberally it could but provide fragile legal basis for action in the Indonesian context.

It should be noted that some districts and provinces do initiate activities that are poorly regulated or not specifically regulated. The case of Badung, in its training and tourism, has already been mentioned. As well, Badung, together with the province of Bali, have of their own initiative established an income sharing arrangement where a quarter of the revenues from tourism rich Badung is shared with less fortunate districts. This arrangement infringes on the simple model (see Musgrave, 1964) that assigns redistributive tasks to the national level. It also points to the possibility of "responsible" behaviour of the regions that is divorced from central impositions, contrary to the general image propagated by the centre.

The room given to the regions to arrange their affairs is limited, and tends to be inhibited by the notion that all government functions are already subdivided and allocated (*dibagi-bagi habis*), leaving regional government simply the task of implementing what is specified in regulation. Even so, the willingness of some regions to take the initiative, and the fields where this is tolerated by the centre, is worthy of more study. The findings in this research would of course

point to at least three reasons for *defacto* autonomy: local financial capacity, weak higher level control systems, and local initiatives which fit with, or do not threaten, the material interests of higher level officials and institutions.

9.9 Uniformity and Diversity

The reality of government action is that of top down intrusion in regional affairs, though this intrusion is variable and inconsistent. Each government level, within the bounds of its limited capacity, and often in the face of these limitations, seeks to arrange as many aspects of life of its constituents as possible, sometimes (and perhaps thankfully) with little efficacy. This intrusive approach paradoxically calls for instruments of uniformity, to deal with the avalanche of fields and details that must be arranged.

Micro-management, as attempted by the various levels of Indonesian government, cannot possibly be achieved. Uniformity in the micro-management approach is thus essential to try to cope with all of the minutiae of life covered by government. Even so, *ad hoc* intervention is a necessary, and contrived, venting mechanism that serves the needs of officials and privileged clients. Micro-management must be structured in a manageable way by a central bureaucracy that is itself limited in staffing and capacity. Symptoms of overflow and limited capacity abound: district regulations (such as those for spatial plans or organizational restructuring) sent to the centre for review and approval wind a tortuous path that can stretch over several years, sometimes returning to the district as obsolete instruments, overtaken by changing circumstances and needs.

To absorb the extraordinary volumes of data, regulations, plans, project proposals and other information, the centre seeks to standardize formats, procedures and decision rules. At the same time, it cannot adhere to these simplifications since they do not fit with the diversity of district situations and requests. As it creates a problem of overload, the disjuncture between process, adjudication rules and diverse need gives rise to the intergovernmental "market". For a

price, uniformity is sacrificed. Approval times are shortened (though generally still longer than official service targets), requests are viewed more favourably, audiences are granted, projects are approved, plans are reviewed and finalized; all these services traded for goods in kind or cash. The market is less than efficient, being dependent on the preferences and influence of the individuals involved and variable knowledge among parties involved in transactions. Service provision is secondary to this "market" and thus service quality and quantity become unpredictable.

Uniformity is not merely a ploy used by the bureaucracy, although it is consciously maintained to serve its purposes. It is also a policy objective set in high level laws that operationally undermine commitment to *Bhineka Ika Tunggal* (Unity in Diversity), which is reduced to symbolic legitimating value. Specifically, in the law governing the formation and powers of the regions, the following statement can be found

As a consequence of a Unitary State and to simplify the Regional Administration, this Law strives as far as possible after uniform regulations regarding the administration of the Regional Government (law 5/1974, Elucidation, 4.a.(6), official translation)

This emphasis on uniformity stems from a more ideological position regarding the style of governance that is needed to maintain stability and encourage national unity. Uniformity is explained by government officials as instrumental in achieving key policy goals, such as equal treatment and quality standards throughout regions. However, the minutiae decided at the centre undermines this benign interpretation. The great diversity found in Indonesia, in all aspects of life, clashes with the amazing array of government regulations which seek to standardize political (e.g. reducing eligible parties), administrative (e.g. forcing regional and village organizational structures) and even cultural practices (e.g. official religions).

The inclination of government policy makers, especially at the central level, to seek uniformity is thus due to a combination of ideological commitment to a strong centre and controlled regional affairs, as well as the practical consideration of the opportunity that regulation, and

selective application of regulation, brings to the political-administrative system. This orientation and behaviour poses a formidable challenge to decentralization initiatives.

9.10 Link to International Theory and Practice

It is not possible in this research to conclusively trace the origin of Indonesian decentralization ideology, policy and practice. The broad strokes of current thinking has been shown in previous chapters, with some preliminary comparison of concepts of *PP 45/1992* with international literature in Chapter 7 and 8. A more in-depth attempt to compare these and broader Indonesian concepts is attempted in this chapter. Complicating this comparison is the amorphous nature of the international decentralization literature.

9.10.1 International Actors and Interests in the Indonesian Decentralization Arena

There are a variety of multilateral and bilateral relations that impinge on decentralization policy and on the ground initiatives in Indonesia. Their overall effect is difficult to gauge, but on the whole it must be seen as rather modest.

The largest player is the World Bank, and the power it projects in Indonesia is linked to the funding it provides. The Indonesian government is essentially forced to appear to listen, and to be seen to be incorporating some concerns or ideas into the programs that are funded or subsidized through the World Bank. The Bank is also active in policy advice that relates to macro-level reforms.

Other players that have been active in the decentralization field include the bilateral aid agencies that were involved in the provincial development program (PDP) effort, which made their mark mainly in the 1970s and 1980's. The U.S., German, Dutch, Canadian, and Australian involvement in this field was particularly intensive. Variants of this largely "integrated area development" type project continue to this day in reduced form (mainly through the World Bank, and UNDP).

Multi-lateral and bilateral technical assistance has also been active in sectoral projects, generally with specific departments as counterparts. The main departments involved in this research (public works, agriculture, education and health) have all had major institutional development projects that have some relation to decentralization (see Appendix 20). Admittedly, few of these have been focused on realigning functions among levels of government. Indeed, some seem more intent on assisting the central government establish stronger representation in the regions. The understanding of what decentralization is and how it should be achieved varies widely among assisting multi-lateral and bilateral agencies, making it more difficult for Indonesian counterparts to absorb messages than would be the case if these came across in clear and consistent fashion.

The responses of representatives of the secretariats of the health, public works and agriculture departments indicate very little awareness of international theory or practice regarding decentralization criteria. Exposure to international technical assistance partners has not seemed to move the discussion to the level noted in the various commissions' work covered in Chapter 2.

Key informant interviews with several donor agency members, team leaders and advisors of current or past PDP/IAD type projects⁴⁴ indicates that the decentralization aspect of international cooperation projects has generally been a peripheral or narrow element of the project goal and activities. The level of awareness of foreign advisors regarding the Indonesian administrative system was spotty at best, and oftentimes new but temporary planning and disbursement mechanisms were set up alongside the normal administrative channels. Some degree of separation from the system can of course be instrumental in sheltering institutional innovations (see for example Rondinelli, 1993). However, most often donor projects were poorly connected with the provincial or district agencies, and the interactions tended to be oriented toward getting the

job done, i.e. getting the disbursements out and making the field projects effective. Institutional dimensions were often secondary. Even when institutional aspects received greater emphasis in the 1990's, the interventions rarely were clearly connected to the mandated or anticipated routine tasks of the Indonesian agencies.

The enclave nature of the IAD projects, while in theory supportive of decentralization, in practice failed to deliver sustainable decentralized administrative arrangements, and also failed to deliver useful analysis or policy directions to realign the Indonesian administrative system to become more decentralized⁴⁵.

The policy oriented work of the World Bank and other recent institutionally oriented "projects" may have been more productive than the generally self-absorbed and unsustainable PDP/IAD type projects in moving the Indonesian government toward decentralization. Even so, Bank members are quite modest in their claims. Some influence was exerted in the mid eighties, when Indonesia was in a vulnerable position and dependent on external support. At that time, the Bank made its assistance contingent on some administrative reforms, including more visible progress on decentralization. The *PP*'s on public works and health (*PP* 14/1987 and *PP* 7/1987 respectively) came out of this pressure, but the decentralization content was much less than the Bank had hoped (interview with Ben Fisher, 1997).

⁴⁴See Appendix 7 for list of key informants. It is fair to say that the key informants selected enabled a coverage of the most prominent PDP type projects in Indonesia, including key USAID, GTZ, CIDA and AUSAID efforts.

⁴⁵It is the widely acknowledged shortcomings of PDP (IAD) type projects that lead to the early nineties engagement of the German government's GTZ in the Support for Decentralization Measures Project, a project that did not have an IAD component of its own, but rather sought to nurture and use innovations related to decentralization where ever these may be found. It should be added that existing IAD projects were also becoming more sensitive to their institutional weaknesses. The Sulawesi Regional Development Project, executed on behalf of CIDA by the University of Guelph, was also beginning to reorient its interventions at this time to feed field lessons to the centre in an effort to bring about systemic changes related to decentralization.

External assistance, through funding and technical expertise, is a feature of many current efforts in urban development⁴⁶, district development⁴⁷, and municipal finance⁴⁸. Conceivably, these all could have some impact on decentralization policies. However, and despite some coordinating efforts among these agencies, the absorption rate of ideas for sustainable decentralized administrative structures and processes is low and the implementation pace is slow. As well, the relevance of the advice is often questionable.

The general lack of visible impact of the donor community should not be too surprising. Decentralization is a sensitive issue, one connected to the power and viability of the central government. Heavy handed approaches from external parties, and/or submissive compliance by Indonesia, would not play well in the domestic political arena, and would draw charges of external meddling from international observers. In addition, foreign advisors have a steep learning curve to climb before being able to understand the Indonesian political-administrative system, and then being able to add value in the way of feasible reform⁴⁹. Misreading of the local political and administrative system is common, and is to be expected in the complex Indonesian milieu⁵⁰, where information must be painstakingly pieced together, and where policy initiatives are idiosyncratic.

⁴⁶See for example the Integrated Urban Infrastructure Development Program (UIDP) begun in 1985 (Soegijoko, 1994), recently transformed into the Institutionalization of Integrated Urban Development (IIUD), IBRD funded, with greater emphasis on institutional sustainability issues.

⁴⁷Although the number of IAD type projects has decreased from their 1970/80's zenith, the World Bank is continuing with IAD related efforts, with a less comprehensive sectoral coverage. Additionally, the UNDP is supporting the Eastern Indonesia Decentralization Project, which is very much fashioned on the previous IAD/PDP type projects, though it seeks to have greater institutional development impact.

⁴⁸ See the Municipal Finance Project supported by USAID.

⁴⁹This failing was most evident in the PDP type projects, where advisors were generally ill prepared to come to grips with the complexity of the indigenous system, and where incentives favoured established new structures comprehensible to the donor and amenable to donor control. Much was accomplished in this way. for example, district staff was able to plan for projects that had normally been handled at the provincial level. In the post-project period, this temporary "distortion" in the system returned to its previous shape since no systemic change had been attempted. Hence, provincial planners resumed planning for programs and projects that the district had demonstrated capability to handle. The functions underpinning these program areas had not been transferred to the districts, nor had funding and other assets: there was no legal basis for the provinces to support district planning, and many reasons why they should not.

⁵⁰One example of the cursory analysis made by external advisors can be found in the statement by Shah et al. that "PP 45/1992 represents a landmark to initiate a systematic process of devolution of additional

Central level Indonesia agencies continue to ask for and welcome foreign advisors, especially if they are merely the technical assistance tip of the field projects loans/grants iceberg. Institutional development oriented projects are also accepted, since these can lend an aura of progressiveness to the agencies, and they can bring additional operational funds (through stipulated “counterpart” funds and direct in kind services paid from technical assistance budget of the foreign partner). However, the relationship among the latter advisory teams and Indonesian counterparts is more ambivalent and can entail some tension (see for example Ferrazzi and Beier, 1997). The ideas and advisors themselves become part of the larger power play that is at work in the administrative system. Ideas will be used, but not always according to the logic of their external proponents. This is of course a prerogative of the recipient in this cooperation context. The challenge to the advisor and scholar is to understand why some ideas are accepted and used and others not.

9.10.2 Roles in Multi-level Government

The similarities and divergence related to the criteria used to guide the assignment of functions between Indonesia and international experience has already been covered in Chapter 8. Additionally, commonality on the broader *roles* of various levels of government can also be found. In fact, many key officials interviewed would find it easy to agree to the following assertion made by a World Bank analyst

In a unitary state...subnational governments act on behalf of the central government. Therefore, a useful set of guidelines for assignment of responsibilities for local public services would be: policy development and standards of services and performance to be determined at the national level; implementation oversight to be carried out at the state or provincial level; and services to be provided by the local or regional level of government. (Shah, 1994: 12)

responsibilities to lower level governments”(1994: 31). This statement was made in 1994, when it was evident (in the public press alone) that the regulation was being ignored. By the fall of that year *MenPAN* filled the vacuum by taking the lead in the decentralization field through an approach that ignored *PP 45/1992*.

The above model would condemn sub-national government in unitary states to agency status, with no room for significant autonomy. There is no theoretical reason why a unitary state could not allow for meaningful levels of autonomy to its sub-national levels. The constitutional and legal framework in Indonesia in fact do seem to lean in that direction, though in practice the model put forward by Shah is also practiced, and given some degree of policy weight as well by some senior Indonesian officials (see for example *LAN*, 1997). Shah's suggestion seems to edge toward an understanding of multi-level governance that is hierarchical, and would be at odds with the theoretical parallel autonomy between the province and the districts. However, the practice of governance and decentralization in Indonesia is very much in the direction of accentuating the vertical command line, enabled by the region head's dual function, and possibly toward the elimination of provincial autonomy, which would bring the system closer to a pure vertical executive structure.

Much more comparative work is needed before the World Bank sponsored analysis of the role of sub-national government can be given much weight. Britain, France and Italy all have different local government systems within a unitary state, but very few analyst would venture that these local governments can all be characterized as mere "central agents".

9.10.3 Roots of Capability Model

The theoretical justification for the rating of local government capabilities, according to Home Affairs (*DDN*, 1991) and Gadjah Mada University (Thoha, undated)⁵¹, is born of a desire to treat the regions differentially, in terms of the level of autonomy given formally (transfer of functions) and ongoing relations (guidance system). At this general level, this approach is quite in line with international principles regarding the need to respond to variability in heterogeneous ways

⁵¹The close cooperation between Gadjah Mada University and Home Affairs is perhaps best illustrated by the fact that several pages of description of the capability model, placed under the title of "centre-local relations" in Miftah Thoha's training manual for UGM (*TMPP*, designed for planners) is found, word for word, in the Home Affairs report cited in this section, without recognition of the original writer.

(see for example Bird, 1995). However, the more specific spin this argument takes makes it indeed “Indonesian” in character.

The UGM capability research team, in specifying their model, explicitly draw on the Situational Leadership theory, as an approach to leadership and management explained by Hersey and Blanchard (1982) (henceforth shortened to H&B). A reading of H&B’s University student text book reveals the assistance provided to the Indonesian research team, as well as the improbable intellectual jump made from this theory. Here we find the classification M1 to M4, specifying levels of maturity, and the four quadrants on an XY graph (with relationship behaviour on Y axis in H&B: “support” instead in the UGM version) prescribing different guidance treatment for the different levels of maturity of followers (read “regions” in UGM version). The figure in Thoha (undated) which continues to be followed by *Litbang* (see description of model by Riyadmadji, 1997), is evidently derived from H&B’s figure. However, beyond the visualization scheme provided by H&B, which could be utilized for myriad uses, there is no theoretical connection from the situational approach to corporate leadership explained by H&B to the scoring and applications to regional autonomy put forward by UGM.

The UGM and *Litbang* research teams must take full credit, or more appropriately blame, for leaping from H&B’s work (or other work unmentioned) to the conclusion that the districts and city regions need to be ranked according to their capability for the purpose of limiting the number of functions to be transferred to them, and to set the tightness of control to be exerted by higher levels over the regions.

Further suggesting a significant degree of indigenous contribution in the “capability model” is the state of the art internationally. International literature on the admittedly thorny issue of how to measure capability is scant, and similarly on issues of whether and how to allow for variable degrees of autonomy, and the mechanisms of higher level control that are requisites to the various arrangements. It may well be that scholars outside Indonesia feel the task is rather

daunting. Measuring autonomy itself, generally framed in terms of measuring the degree of decentralization, has been difficult and is fraught with conceptual and methodological pitfalls (Bird, 1970; Smith, 1980, Orban, 1990). Rating of regional capability, a concept relevant to autonomy, is perhaps even more problematic. The concept has increasingly wide appeal, but methodological development is in early stages still (see for example, the Philippines, as discussed in IPC, 1992). An early manual on "Municipal Management Assessment", produced by Johnson and Johnson (1986), and popularized by USAID in the framework of urban development projects (Rondinelli, 1990), focused on institutional capacity in a narrower sense than that inherent in the six factors of the UGM/MoHA study. Significantly, a national-level assessment component, covering the enabling environment of municipalities, figures prominently in the latter assessment but is conspicuously absent from the UGM/MoHA study⁵².

Most donor agencies have lent some assistance to these efforts, either to support indigenous rating efforts (see Smoke and Lewis, 1996, for the case of Indonesia) or to screen regions that may be a good fit for donor funded projects (see for example CDR, 1994). These have been modest efforts in the main, with little dissemination of documented methodology and findings.

There can be no doubt that any wide ranging measure of regional capability will be fraught with conceptual and methodological dangers. The six factor index of the Indonesian model combines social studies issues that have long proved problematic if not downright intractable. Measuring people's participation for example is contentious at the very least, particularly around issues of definition of genuine people's organizations (see for example Rūland and Ladavalya, 1993, in the Thai context). Indicators of financial capability are also hotly debated, as seen in the debated work of Smoke and Olowu in African local government (see Olowu and Smoke, 1992, Therkildsen, 1993; Smoke and Olowu, 1993).

⁵²This model may have found its way to Indonesia through USAID projects and/or the work of the Research Triangle staff (Johnson & Johnson) who produced the original municipal assessment framework.

In line with Therkildsen's criticism of capability studies, a very serious conceptual error plaguing the Indonesian model is the lack of recognition of factors and indicators that have to do with regional level discretion versus those that are predominantly a result of higher level policies and actions. This differentiation has been recognized in at least one other capability study, carried out in the Philippines through Cornell University researcher Arthur Williams (1981), who did not try to separate out the effects but acknowledged that what was being measured was a combined effect; hence his use of the term "locality" or "local governance" versus local government.

Methodological problems of analysis also abound. Attributing the success of individual units of regional government, or non-government agencies, to the general entity "regional government" may be misleading. Success may be explainable by factors only found in the NGO's or certain agencies rather than the general management of the regional executive and legislature. Also, aggregating the scores from six factors leads to weighting questions. In the end, conflating so many dubious factors into a simple (simplistic?) index only serves to hide the fine grained information that may have been useful to decentralization policy.

The reluctance of Indonesian sectoral departments to use this rating system may be explained in part by the amorphous and suspect nature of the index offered to them. The initiative of the Public Works Department to undertake its own more detailed and sector specific performance assessment is then understandable.

All of the above weaknesses in the capability model should not obscure the fact that regional/local capability is an important issue in decentralization. Prud'homme (1995) warns that decentralization can lead to reduced efficiency if the local bureaucracy is not able to attract qualified staff and to make the technological investments and innovation needed. But there is no necessary reason for regional bureaucracies to be less able than national ones. Tanzi (1995) accepts Prud'homme's point but adds that a variety of historical and social factors may lead to more efficient regional governments than national governments, citing the case of Emilia Romagna

in Italy. Even so, Tanzi admits that in developing countries, the scarcity of qualified staff can lead to less capable local government.

In Indonesia, qualified staff is a problem, but not nearly as severe as in other developing countries due to the considerable investment in public education and recent strides in post-secondary education in particular. District and city capabilities are not as bad as sometimes painted, and just as important, there are considerable human resources in the system that boasts 4 million civil servants; it is to a significant extent a matter of deployment, which is where decentralization enters the picture. Central and provincial levels can make considerable strides to improve second level regional capacity through decentralization, rather than measuring capability in a static fashion and allowing these measurements to act as a brake on decentralization. Indeed, on this score law 5/1974 and *PP* 45/1992 are supportive of decentralization in their stipulation that transferred functions should be accompanied by the requisite resources to discharge these functions.

In summary, the Indonesian capability model has certainly some surface similarities to international theory and experience. However, the specific form and designed application of the model appears to be largely an indigenous effort that must be explained within the context of the linked scientific and political-administrative systems in Indonesia. This will be treated in some detail in another section of this chapter.

9.10.4 Multi-level Autonomy

The Indonesian commitment to multi-level autonomy, though increasingly shaky, finds some support, and dissonance, in international experience. Taking the contentious question of the future of the autonomous status of the province, the international literature appears contradictory. On the one hand there is the public choice notion that the more jurisdictions exist at different scales, the more likely functions will coincide with benefit/preference areas, with more chance of reducing externalities and of attaining correct economies of scale. On the other hand, we learn

from Crook and Manor that "...On the whole multi-tier systems are to be avoided as they blur accountability and spread resources too thinly" (1994: 228).

The position of external observers on the Indonesian situation is not always clear, mainly because the autonomous nature of administrative levels is generally skirted or does not enter the analysis. For instance we find that Shah supports a stronger provincial role in managing central grants

...provinces are better placed than the centre, especially in a large and diverse country, to assess the needs and fiscal capacities of individual lower level jurisdictions. (Shah, 1992: 37)

But it is not at all clear if Shah supports an autonomous role, or if he would be just as happy if the central level agent of the centre (such as the Governor as *Kepala Wilayah*) would be making these allocative decisions. According to the GTZ (1996) technical team supporting the Indonesian government's decentralization efforts, allocative roles of such magnitude invite an autonomous role for the province, given that decisions being made are worthy of accountability to the province's constituents (i.e. through legislature and other features of autonomy).

Chapter Summary

The fractious conduct of key government players in the decentralization arena should not obscure broad consensus on key feature of, or limits to, autonomy. Above all, the autonomy of the regions is not to imperil the integrity of the unitary state. General official agreement, at least at the centre, can be found on several important issues or approaches to autonomy.

The existence of a dual role of the regional head ensures that central commands are imposed on the regions, with little consideration of the impact on autonomous space of the region. The centre also controls the functions in the region through supervision and guidance that is not always predictable in its intensity, nor sensitive to the form of decentralization in question (autonomous versus assistance tasks).

The centre and province alone are given the right to decentralize, even though supposedly the focus of autonomy is to be at the second tier region. Yet the second tier region has no formal basis (only traditional pattern of relations) for exerting control over lower level government and delegating tasks. The limits to autonomy of both regional levels is also evident in the lack of residual powers, i.e. the right to regional initiative.

A broad if low key consensus among central level agencies is to erode the province's autonomy piecemeal through the DAPP and follow up initiatives. Most provinces are resistant, but the resistance is not as great as might be expected due to the command function already in place from the President to the village: losing autonomy would not greatly change the current role of the Governor.

The main conceptual basis for decentralization and regional autonomy in the Indonesian context draws in part from international theory or experience. However, the infusion is not always clear or straightforward, and a significant degree of indigenous contribution can be noted, particularly in the employment of the capability model as a basis for assessing regional readiness to accept new responsibilities. Central sectoral departments do not seem to have directly drawn their decentralization criteria from experience with multi-lateral and bilateral technical cooperation.

CHAPTER 10

DECENTRALIZATION DISCOURSE AND EMERGING SHAPE OF REGIONAL AUTONOMY

"The government is encouraging openness and...democracy... But we must adhere to rules so that no new ideas and aspirations get out of control." Soeharto, Jakarta Post, January 2, 1997, page 1.

The discrepancy between the decentralization model upheld by the MoHA and actual practice calls for some explanation. In searching for adequate explanation it is important to go beyond generic bureaucratic failings (lack of leadership, management capacity, coordinating mechanisms etc.) with their equally generic management solutions. This is a difficult task in view of the state of public administration theory at present. As Perez points out

Theories of public administration in developing countries are marked by a strong instrumentalist orientation insofar as they are concerned with the immediate and practical problems of the administrative state, rather than with explanations concerning the sociostructural and historical factors that condition its organization and administration (Perez, 1991: 646)

If a link to the social and historical dimensions of decentralization is to be successfully made, then one important bridge is the political discourse. Starting from an appreciation of the major actors and their interests and positions in the decentralization arena, communication patterns can be analysed to note how the dominant ideology, political power and governmental relations are sustained. This discourse analytical perspective is gaining attention in recent years, particularly due to its ability to link micro-level interaction to macro-contexts (van Dijk, 1990). Though much of the work on political discourse has focused on political reporting in the media, there are many other possible for communication. In Indonesia, the lack of open high level policy discussion is in part compensated by the ubiquitous seminar and workshop circuit, largely government sponsored or encouraged. In any of these settings, the main features of political discourse: lexicon, grammar, rhetorical strategies and conversational tactics, as described Gastil (1992) are all in evidence. The

purpose of the following analysis is to make clear the relationship between the symbols wielded in the decentralization discourse and the underlying relations of domination, material interests and the requisite legitimization efforts that garner consent.

The historical roots that shed light on the pattern of centre-region relations are also examined, to gain an understanding of the centre's tendencies toward unification and integration, as tools for nation building and domination. The current policy of giving emphasis to the second tier regions is placed in historical context.

10.1 Actor Analysis

To place the interviewed officials' responses in context, and to make sense of official pronouncements and other communication strategies, it is necessary to understand how the power and interests of the key government actors shape communication within the government and in the wider society. There are many actors and stakeholders in the decentralization arena, and the most determining are central level institutions shown in Table 10.1.

In the decentralization arena it is exceedingly difficult to determine where definition power lies in shaping policy and concrete initiatives. The power dynamics and policy implications are less than transparent and always fluid. Even within institutions many cleavages exist on specific issues, and sometimes on very fundamental policy. Hence the summaries provided in Table 10.1 must be viewed as approximate and shifting. Stances must be pieced together from a variety of indicators since messages are generally not consistent. Content of messages depends on which faction in any agency is in the ascendancy, or happens to be most vociferous in a given forum. Formal mandates are poor indicators of power and source of initiative, as evidenced by the moribund inter-ministerial *DPOD*. Momentum shifts with cabinet changes, and a particular Ministry's role has more to do with the Minister's access to the President than to the centrality of decentralization to its institutional mandate.

Table 10.1: Actor Analysis in Decentralization

KEY ACTORS	Interests in Decentralization	Major Concerns Regarding Decentralization	Overall support for Decentralization
MoHA	Mandated to guide the regional autonomy process in keeping with general policy and legislation. Stands to gain as sectoral functions are passed on to regions through its control over regions. Interests served by maintaining control and micro-managing regions.	Other agencies tend to set the pace and substance of decentralization. Afraid to lose control over the regions, for stature, control, "tributes" and stability reasons.	Mixed, depending on moment, issue, individuals concerned and balance of interests at stake. In general favours sectoral decentralization, rather than any loosening of its own control over regions.
Technical (Sectoral) Dept.'s	Interested in effective discharge of their sectoral functions. Decentralization is seen as supporting efficiency. However, this aim clashes with wish to maintain regional presence and control of decisions that are tied to projects/revenues.	Worried that functions will not be well performed by regions, and that MoHA will meddle in technical aspects and usurp the department's role.	Highly dependent on income stream from projects. "Losing" projects to the regions, with attendant resources, makes them inconstant and hesitant supporters of decentralization at best.
<i>Bappenas</i>	Mandated to plan nationally to achieve national goals. Seeking economic efficiency in general but prone to micro planning and management as well. Would like to enhance its role with respect to sectoral coordination.	Unhappy with incremental DAPP pilot concept; would prefer to encompass all regions in initiatives, which makes for easier financing solutions. Concerned about MoHA "grab" for power through decentralization	Ambivalent and contradictory positions make it difficult to discern a " <i>Bappenas</i> " position.
Finance Ministry	Interested to see regions maximize their revenues, without raising harmful internal trade barriers or undermining central sources.	Also unhappy with DAPP for same reasons as <i>Bappenas</i>	Generally supportive of decentralization in theory, but not able to translate this into consistent initiatives.
Army (ABRI)	Mandated by dual function to play political role in bringing about development and maintaining stability. Decentralization is seen as as pre-emptive necessity for stability, but scope is narrow.	Concerned mainly about disintegrating effect of giving too much power to regions.	Supportive in a general way, but understanding of scope for decentralization is more narrow than for most other actors.

Table 10.1: Actor Analysis in Decentralization (continued)

KEY ACTORS	Interests in Decentralization	Major Concerns Regarding Decentralization	Overall support for Decentralization
<i>MenPAN</i>	State administrative reform is its core commitment. Increasing regional autonomy set as one of key programs of the agency for Repelita VI and VII. Wishes to solidify its institutional base for its difficult mandate; doing well on the DAPP would help its case.	Concerned that the DAPP may not be viewed as a success. Concerned about lack of sectoral cooperation in the DAPP, but unable to overcome it.	Strongly supports the DAPP. Broader decentralization issues are rarely addressed.
<i>LAN</i>	Mandate is to introduce administrative innovations and ideas through policy and training mechanisms: decentralization is viewed as a good management practice. Vested interest in maintaining role in research and as think tank, for reasons of stature and project funds among others	<i>Ad hoc</i> nature of decision-making regarding decentralization. Slow pace of decentralization.	Generally supportive, but as yet not able or willing to instigate wider discussion. Injecting required govt. training courses with modules on decentralization themes
Legislature	Channelling of people's aspirations, including regional concerns.	DPR members suspect that there is a lack of political will in the executive branch for decentralization.	Supportive, although weak in ability to generate or explain vision, and unable to impose direction on executive.
Indonesian Institute of Science	Scientific interest in social and political development.	Slow pace of reform.	Supportive and very critical at times of central government.
State Secretariat	Gatekeeper to the President on key policy matters; vets decentralization legislation and adjudicates interests to some extent between actors.	Would like to maintain smooth functioning policy environment free of debilitating inter-Ministerial conflict.	Views are not evident or easily interpreted.

One certainty in this shifting scene is that it is to all actors' advantage to be seen to be on the forefront of decentralization. The theme has great legitimization significance in a country where more direct forms of liberty are heavily circumscribed; decentralization becomes a substitute for democratic ideals. Alternatively, it is explained as an interim step or contributing factor in democratization⁵³. Hence the decentralization field is quite contested. The rise of *MenPAN*, at the expense of other key actors in the 1995 decentralization initiative (DAPP) points to the contested "leadership" and the fluid nature of policy formulation. A big loser in the DAPP, despite its large operational role, has been the MoHA, who has seen its *PP 45/1992* approach placed in limbo (i.e. the cascading, incremental, sector driven mechanism to the transfer of functions based on objective studies of the districts' capabilities).

The primacy of *MenPAN* however may well be temporary, as *Bappenas* and Finance departments have withheld their full support for DAPP (by not arranging for a smooth transfer of development funds to accompany the downloaded functions), undermining the viability of the initiative on a grander scale. *Bappenas* explains the lack of development funds for the DAPP districts on the basis that projects are "time limited efforts" that should not be expected to continue indefinitely (interview with Dr. Dedi M. Masykur Riyadi, 1997). But this is an unsatisfactory explanation since it is unlikely that the need for these projects would have ended just when the functions associated with them had been transferred. In any case, the 26 pilot districts were asked by *Bappenas* to put forward proposals directly to *Bappenas* for funding (which in itself is a more centralized procedure than that found in the regular project development review stream). It is hard to believe that all of the subsequent proposals could not be related to regional needs, at least to the

⁵³This linkage between regional autonomy and democracy is put forward by many parties, including the government in its many documents heralding decentralisation, non-government policy institutes (see for example Rudini's statements for ISSI in the *Jakarta Post*, 1995) and the media itself (see for example *Suara Pembaruan*, 1994).

same extent as proposals in the normal development review stream. Regardless of the reason for staying on the sidelines in the DAPP, it may well be that the follow up to the DAPP will see a *Bappenas/Finance* lead approach that focuses on the rebalancing of financing mechanisms and project allocation, rather than on organizational restructuring, though in light of previous discussion the room to manoeuvre for any fundamental initiative must be questioned.

In the ebb and flow of central level power games it is possible to lose sight of the continuities that allow the system as a whole to find some degree of equilibrium, albeit dynamic and one that of course leaves many of the less powerful actors and stakeholders unhappy. As already discussed in Chapter 9, the understanding of the concept of autonomy, although contested, finds some dominant strands of thinking that sets the possible scope for regional autonomy and thus the pace and nature of decentralization. This chapter examines the boundaries and patterns of communications in more detail, focusing on the role of political discourse in marshalling consent, opinions and justifying practice.

10.2 Indonesian Discourse on Criteria and Process of Decentralization

To give the above broad strokes some finer detail, the positions and communication patterns of the major actors can be examined. Both the official discourse, and its boundaries, will be addressed, and the broader discourse that involves civil society and external players. Central and regional levels will be given particular attention.

10.2.1 Central Level

Decentralization has gained much attention in the last ten years. Press reports and discussions wax and wane, tending to follow official signals and initiatives. The press was energized to offer views and replay official statements during Rudini's "trial balloon" model of regional autonomy in 1990-91, and then again in the early phase of the DAPP in 1994-95. To a large extent, the press is an organ of the state in Indonesia, and although it chafes under this role,

in the New Order especially it has become a primary outlet for the messages and views of the state. Incentives and encouragement to give room to official statements and events is a reality that most journalists accept and only some denounce in any open way: this state of affairs is in any case another poorly kept secret⁵⁴.

The purchasing of media space and time, and the pro-active sponsoring of seminars and workshops, can be seen as "conversational tactics" of central level officials. The centre pre-emptively charges of neglecting an important policy area, and takes control over the course of the policy debate, to the extent that there is any debate. In fact, the seminars and workshops generally serve not as fora of debate and innovation, but as symbols of openness ("*keterbukaan*"), and as conduits of the official line, albeit one that is not always consistent, being heavily dependent on the sponsoring senior official. These events are also an opportunity for sponsoring agencies to gauge the level of discontent, among sister agencies, regional government or non-government organizations. But the format of the fora rarely allow for an open and deep debate. They are primarily dominated by official keynote speakers, and by government screened presenters who are found acceptable to government. A great many such events, revolving around decentralization and regional autonomy issues, have been implemented in the past decade, both government sponsored and initiated by University/NGO's (but usually with some official presence). The restricted nature of the discourse can be illustrated by the legitimization value that is sought from the events. Hence, a former Minister of Home Affairs, after crafting a seminar on his trial balloon to remove

⁵⁴This reality is brought home to anyone trying to interest the media's coverage of a planned event, government sponsored or otherwise. The GTZ supported decentralization project for example has noted that poor coverage results in large part by reason of refusing to entice film or newspaper reporters with financial incentives. This course of action had been suggested by the Indonesian government counterparts who seemed to take such payoffs for coverage for granted.

On a broader level, ethical reporting is compromised by the constant threat of permit retraction for reporting that is too critical. The press is seen as getting bolder by some observers (Jakarta Post, 1996c), but is on the whole still weak and coopted (Jakarta Post, 1996d). As Harmoko, a former journalist and then Minister of Information reminded the press, the main role of the press is to support the nation's development program (Jakarta Post, 1996e).

autonomy at the provincial level. could boast that the nine Universities invited supported his concept (Media Indonesia, 1990).

The lack of deep and open discussion has its dangers, as it tends to alienate participants over time, leading to reduced participation and a general sense of passivity and stagnation. Government officials' roles in public events then must seek to provide an image of progress, even if in reality the text is very much a rendition of predictable restatements of policies, with a good measure of posturing. Officials regularly trot out symbols of modernity at these decentralization shows, but these symbols cannot hide the reality that the fora are far from being cauldrons of new ideas. They are instead opportunities to show interest, mark institutional territorial boundaries, and maintain control of the agenda. The enumeration of decentralization goals is a general feature of the official participation in these events. These goals are numerous, and different officials quite often advance some variation on the theme. To take but one example, H. Soemitro Maskun Director General of *PUOD*, Home Affairs April 1996, in his speech for National Seminar on first anniversary of "Autonomy Day" mentioned the following:

- Spur regional growth, autonomy becomes the "driving force" for this growth (and related goals of economic self-sufficiency and reduced economic inequalities).
- Increase the efficiency and effectiveness of government in relation to public services and development implementation, especially at the second regional level, which directly concerns the public with the increased range of services as needed by the public.
- To increase the self-sufficiency of the second regional level and the public, through cooperative ventures and the participation of the public and the region.
- To develop democratic mechanisms in the region to channel and respond to the inspiration and aspirations of the people.

Decentralization becomes a catch all for what is good and decent. Again, autonomy is twinned with democracy, and is linked to many other symbols of modernity that it becomes difficult for Indonesian participants to follow up such pronouncements with pointed criticism. The seminar becomes an event falling somewhere between a sermon and pep talk; it's been heard before but

maybe it can raise enthusiasm just one more time. Regardless of the efficacy, senior officials seem unable to find other modes of interaction.

Additionally, pursuing decentralization creates a favourable impression with external stakeholders. The favourable perception engendered is explained in unguarded fashion by Soemitro Maskun, former director general for regional autonomy in the MoHA: "By implementing autonomy, foreigners also judge us to be progressive and modern." (Maskun, 1995: 48)

Outside of these public fora, central level agencies rarely meet in any structured way to deliberate decentralization policy. The *DPOD*, as has been mentioned, was never very active and has certainly never been a forum for coordinated policy generation. Agencies are preoccupied with their quest to protect mandates and gain operational resources and stature, to serve internal and personalized ends rather than institutional mandates as such.

There is a paucity of ideas being circulated then among central level agencies. Critical issues which lie dormant or are barely addressed include:

- The political dimensions of decentralization: the possibility for increasing accountability in electoral processes, in the role of the regional legislatures *vis-à-vis* the now dominant executive, and increasing the role of civil society in making claims on the political system.
- Reassessing the dual role of the regional head; making the Governor and/or *Bupati*/Mayor more accountable or primarily accountable to regional legislatures.
- The autonomous nature of the provinces in the context of "emphasis on second level regions". How are the two autonomous regional levels to co-exist?
- The roots of the resistance to decentralization initiatives among sectoral departments and the provinces.
- The possibility for the Ministry of Home Affairs, and other key coordinating agencies, to reduce their role in regional affairs.

Regarding the first issue, the Minister of Home Affairs, Rudini, in announcing his vision of regional autonomy (the draft government regulations that were to become *PP 45/1992*) stated that the "Implementation of regional autonomy up to now only relates to governmental and development functions, not to political, defence and security functions (*hankam*)" (*Kompas*, 1991:

4). His intent was to both allays fear (for those uneasy about decentralization) and set clear and

firm boundaries on the discourse. The Minister expected this explanation to be internalized by all parties so that at a later date there would be no “wrong interpretation of a wide variety, which may disintegrate the integrity and unity of the Indonesian nation.” The Minister for State Reform, Sarwono Kusumaatmadja at that time, was even more direct in his warning about how the upcoming decentralization initiative was to be interpreted “This step is purely based on development efficiency and effectiveness. *So don't politicize it.*” (researcher's emphasis)(*Jawa Pos*, 1991). Such warnings on decentralization issues merely reflect the broader political discourse, which is itself truncated on many fronts. For example, in the context of the recent economic downturn prompted by the financial debacle of the Indonesian banking system, the military warned the country against politicizing the financial woes lest it lead to “instability” (*The Strait Times*, 1998).

Debate on the essential nature of regional autonomy then has been largely suppressed by the subtle, and sometimes direct, appeals and warnings of officials, or merely through the control of the agenda afforded by the tight relationship with the press and the sponsorship of “public” fora. Only in recent times has any fundamental discussion of these kinds of issues become more acceptable, and that appears to be primarily due to the fora provided in development cooperation projects⁵⁵. The boundaries of the debate, where there is debate, are generally well known by all stakeholders. They are gleaned from direct statements similar to those listed above, but also from a great deal of reading between the lines. For example, the general support of the military for autonomy is invariably followed with the caution that autonomy must support the “unity” of the nation, “national resilience” and “nationalism” (see for example *Merdeka*, 1991). These qualifications must be placed in their Indonesian context to understand their full meaning. They are fundamental expressions of the military's anxiety and determination to retain strong central

control. The terms are in essence euphemisms for “centralization”, a concept which is no longer in vogue in central official circles but which in reality holds sway.

In general, decentralization discussion in Indonesia seems to be either internal (and not very transparent) or in the form of speeches at seminars, with little opportunity for interaction. Other fora are poorly utilized, e.g. topic focused inter-agency meetings for the purposes of conceptual development or sharing of perceptions. The decentralization dialogue is very fragmented and not always intelligible as a result. The discussion is marked by explanations that place the spotlight on the regions, rather than on the failings of the central level players. Even those actors that chafe under the slow pace of decentralization nonetheless seem to frame the issues in this way (see for example Kristiadi, 1991b). This preoccupation with treating each region based on its capability, and thus transferring functions only in accordance with capability, dominates the central level discourse. It is evident still in the phrasing of laws creating new districts. The charter functions, in contrast to the 1950’s versions, are only specified at a very generally level (sector level), with no explanation of their contents, and with only the provision that “some functions” are to be transferred, tied to the potential, and capability of the district⁵⁶.

The centre, to defend or explain slow action on decentralization, stresses that decentralization is a process that must be undertaken in a sensible step by step manner, according to the ability of the regions to accept it, and makes it clear that the regions are not capable of handling very much autonomy at this stage. Central level charges that the regions are not “*mampu*” (capable) or not “*dewasa*” (mature) are common. The provinces resent this type of labelling if it is directed towards them (see for example the West Java Governor’s response in *Pikiran Rakyat*, 1991), but they in turn wield these same symbols to retain legitimacy and control

⁵⁵See for example the work of projects like the Support for Decentralization Measures, located in the Ministry of Home Affairs and supported by the German GTZ, or the Municipal Finance Project, located in the Ministry of Finance and supported by USAID.

in the discussion and policy making related to decentralization toward the districts and cities. The “father-child/mature centre-immature region” analogy is pervasive in the autonomy discourse⁵⁶, and reflects the broader discourse regarding the political maturity of the people or the regions. Soeharto’s role as “Father of Development (*Bapak Pembangunan*)”, a title officially bestowed upon him by the People’s Consultative Assembly (*MPR*) feeds this analogy. The most that regions can do is to point out that the father must help the child to grow up: in doing so however they must first accept the analogy.

The language used in relation to regional autonomy is also revealing. Regions implement (*melaksanakan*) autonomy, and they do so well or poorly. Here autonomy is seen as a task, given by the centre to the regions, that must be properly handled by the regions in conformity with central expectations. This formulation resonates with law 5/1974 stating, that in contrast to the earlier periods when the approach to autonomy was not “responsible”, that henceforth “autonomy is more of an obligation than a right”.

Dissenting central level voices do exist. Some members of the national legislature (*DPR*) refute the claims that the second level regions are not capable, and point the finger to central government’s “half-hearted” approach to autonomy. These same DPR members dispute the need to remove autonomous status (Manaloe, 1991). The overemphasis on the “capability” issues has caused a reaction inside the Ministry of Home Affairs, where with support from the German partner in the Support for Decentralization Measures Project, some middle level officials in the Directorate General for Public Administration and Regional Autonomy have pushed for a more pro-active approach to capacity building, rather than using the capability argument as an excuse for inaction. Even as this sentiment is growing in some quarters, other units in the Ministry of

⁵⁶See UU 2/1997 Tentang Pembentukan kabupaten daerah tingkat II Tulang Bawang dan Kabupaten Daerah Tingkat II Tanggamus.

⁵⁷See for example the Governor of West Sumatra, in his use of the analogy in relation to the second region governments (Haluan, 1995).

Home Affairs continue to play the “capability” card in as it has been played throughout the New Order, with the same arresting effect on regional autonomy.

10.2.2 Regional Discourse

The province and district should be treated separately in any discussion of policy making and perception on policy. Governors dominate the politics of their provinces, and of course of the districts in their jurisdictions. Even in the case of functions that are the prerogative of the district, the Governor can choose to play a determining role by virtue of the command line that binds these actors in a chain of command leading to the President. Against this background, the orientation of the Governors is toward serving the centre while maintaining the support of the regional elite, and their perceptions on the role and future of the districts reflect this reality.

A statement of the former Governor of North Sulawesi illustrates this orientation and the model of autonomy preferred:

“To realize the concept of regional autonomy, so that it does not become pseudo-autonomy, in the future state policy (*GBHN*) the importance of balancing the roles, authority and obligation between the central government, first regional level and second regional level, must be emphasized, especially relating to the authority of the central government as holder and determiner of national policy, the first regional level as source of control and guidance and the second regional level as the implementer since it is in the front line” (Governor of North Sulawesi, 1992: 5, researcher’s translation).

The district then receives little support from most provinces in realizing a form of autonomy that gives it more than “implementation” status for higher level policies. Particularly in the case of district legislators, they are not aided in their efforts by any formal vehicles for the districts to come together of their own accord to discuss regional autonomy issues, although a government influenced urban body is in place, the *Badan Kerjasama Antar Kota Seluruh Indonesia (BKS-AKSI)* (Body for Cooperation Between Cities in Indonesia). Cross-regional organizations, for example in the form of an association established and managed by the regions themselves, could presumably help in bringing about genuine consultation and negotiation with the

center⁵⁸. But this may be precisely what is not wanted by the centre. Incipient or tentative self-initiatives in this direction, as in the DAPP where some districts sought to compare notes and forge joint positions, have yet to find support from higher level.

The *BKS-AKSI* itself is treated more as a channel for top down messages. A self-initiated networks or associations could instead be the forum for proposed improvements to the actual autonomy status of their members and decentralization practice on a regular basis. Moreover, these bodies could initiate horizontal exchange of experiences and offer advisory services for their members and therefore reduce the burden of *pembinaan* (guidance) normally done by higher levels of the government. It is this potential for lessened dependence on the centre that is likely behind the lack of action on this front. Most districts are thus passive, responding only to opportunities provided by the centre and on communication terms set by the centre.

The official discourse is thus reflected at the regional level in the lack of attention given to important issues. As with central level agencies, political decentralization is rarely mentioned. For example, in interviews with the members of the legislature, the executive members in the regional head's office and the planning boards, there was no mention of giving the regions greater political powers, such as giving the legislature more power over the selection and supervision of the regional head (though opinions on these issues were explicitly solicited). Even the more "technical" questions relating to the functions and criteria for transfers to the province received poor response at the provincial level, from both central level representative offices and the autonomous provincial agencies. The law 5/1974 and *PP* 45/1992 have ensured that the attention is on the districts and cities. Quite aside from the effectiveness of this policy, there is little or no mention of how the sub-

⁵⁸Good experiences with associations of this kind can be found in Germany (Leagues of Cities, Counties and Communities) and elsewhere, as in the Philippines (League of City Mayors). It must be acknowledged however that the interests of lower level local communities will not always be properly represented by regional governments; there is certainly the need for further organizations at the level of local communities.

district or village levels could be strengthened to make district autonomy more effective, or for the sake of strengthening administration or autonomy of these levels in their own right.

Very little awareness of the potential for increasing the role of civil society, or even the more circumscribed concept of the "private sector" which has gained prominence in the New Order government, came through in the interviews. No one mentioned that decentralizing functions to the district could facilitate privatization or partnerships with the private sector/NGO's. Private sector cooperation efforts were uncovered only after probing the issue of how the districts intended to raise additional funds. One of the strategies contemplated, and in part already pursued, is that of establishing regional enterprises (*perusahaan daerah*), and to a lesser extent joint ventures with the private sector; all these efforts geared to raise regional revenues. Appreciation for the role of NGO's was hardly evident. The degree of awareness of NGO activity in Bandung and Batang Hari (the two districts where the role of other actors was probed) was very low.

It is also evident that the "characteristics of the functions" strand of *PP 45/1992* is not well known or encouraged as a base for dialogue between stakeholders in assessing functions to be transferred. The feature of *PP 45/1992* that receives much attention, by all actors, though with varying intent, is the "capability" strand.

The capability theme is taken up by the districts in ambivalent fashion. On the one hand, district officials will counter higher level concerns about the lack of local capabilities with the assertion that they are indeed capable (*mampu*). In the absence of credible and operational indicators to measure capability, these assertions cannot be easily refuted by central level officials. However, any stand off between two contending parties on this question will be resolved in line with the centre's own views, however weak the argumentation. As a way of attenuating higher level excuses or accusations, as a form of rhetoric that appeals to a wider public than the specific officials engaged in a particular substantive issue, this strategy has some value. As a long-term strategy it has little prospects. This realization has pushed some districts to use or adapt the

MoHA technology on measuring “capability” to try and put their assertions on an “objective” footing. Even if methodological hurdles are overcome, and districts can show they are indeed capable in accordance with indicators that are acceptable to the centre, this proof may not be useful in view of earlier findings in chapter 6 showing that decentralization practice has never been based on these considerations. Of course, such “objective” proof of capability could place the MoHA in a tight spot.

10.2.3 The Broader Discourse

There is little debate outside of official circles of officially sanctioned events centering on decentralization policy. Some interest and involvement is found in the media, the Universities and non-government sector. By and large, the debate reflects official events, pronouncements and bounds, and with few exceptions is not oppositional or inspirational.

On occasion the media picks up the decentralization/autonomy theme and some of its articles, usually written by academics, can be quite incisive or critical (see for example Sinaga, 1995, or the comments from the Indonesian Institute of Science in the Indonesian Observer, 1997). Intense media activity tends to coincide with official events, like the DAPP’s inception or Regional Autonomy Day events staged by the government. There is not an independently generated thrust headed by editorial policy and leading contributors that is pro-active. Even investigative journalism, on the shortcomings of the DAPP and previous decentralization activities, is rather superficial and rare. This stance on the part of the media is not necessarily due to pressures from the political-administrative world. Corruption and other government foibles are increasingly highlighted in the press. However, the “technical” aspect of decentralization does not sell papers as well as risky articles revolving around sensational corruption related disclosures or political criticism played by some media (for example *Detektif & Romantika*, an oddly named tabloid that in fact is quite investigative and critical of government, see the recent controversy over its front page cover depicting Soeharto as the king of spades, Jakarta Post, 1998).

The Universities also provide fora for discussion, and several journals give expression to scholarly views. Topics are heavily circumscribed however, with a great deal of the analysis and recommendations being aligned with government policies on decentralization. Even the central government view that the regions need to become more "mature" (*dewasa*) is echoed in the policy advice of academics (see for example Universitas Sumatera Utara, 1985: 93). Considerable convergence is to be expected where senior officials hold faculty appointments in Universities⁵⁹. On rare occasions however, the messages is cast in blunt terms that is surprising; usually penned by maverick academics of some stature (e.g. Lukman Soetrisno), or former government officials no longer dependent on the system (e.g. Frans Seda, former Minister of Finance). These individuals have a visible profile and can afford to be somewhat alienated from the establishment.

There are limits to the debate in the media or other settings. Most of the censorship is self-imposed, and criticism often has to be read between the lines or is phrased in mild tones. The bureaucracy does solicit these views on occasion, but if the criticism, overt or implied, is too sharp, commissioned works will not see the light of day, and there is no freedom of information legislation as recourse. As an example of the closed nature of the debate, in 1995/96 two studies were commissioned by the MoHA , from the University of Indonesia and the University of Gadjah Mada, to determine the possible models of regional autonomy for the future. The studies were submitted in early 1997, and as yet have not been made public⁶⁰. The UGM study in particular is critical of past tendencies of the central agencies in abusing their reach in supposedly autonomous functions and funds, mainly for the purpose of enriching themselves and friends. Directives issued to the regions to use their funds to buy certain products from specified Jakarta based businesses is the main practice raising the researchers' objections. It can be surmised that the studies will never

⁵⁹For example, important officials in *Bappenas*, holding Deputi or Assistant Minister rank, hold appointments in the Institut Teknologi Bandung and the Agricultural Institute in Bogor.

⁶⁰The studies (see UGM, 1997, UI, 1997) were shared with the German GTZ as part of the SMDM cooperation project. GTZ prepared a summary that received broader dissemination.

be disseminated or discussed beyond the MoHA, unless the Ministry is forced to acknowledge the findings.

Non-government agencies, particularly private sector research centres, seem to support decentralization (see for example ISSI) but there does not seem to be much leadership or effort exerted by this sector in the decentralization debate. In part this general passivity is due to the still marginal role of this sector in Indonesia, the dependency of the sector on government approval and funding, and the greater scope for independent work that comes from village level efforts versus working with the bureaucracy.

10.2.4 Modernity, Scientism and Control

Researchers and intellectuals in the decentralization arena are placed in a difficult situation. On the one hand they seek to adhere to their professional ethics, and on the other they must respond to the pressure placed on them by virtue of their public employee status in a system that does not suffer criticism well. Additionally, their ideas are often abused by officials who are not concerned with issues of correct attribution or subtlety of argument, and much more concerned with using the models or findings to further institutional and private aims. Indeed, being able to point to cooperation with Universities is an important legitimating act in itself, and a symbol of modernity regardless of the substantive issues at hand.

Modernity is embodied in the Indonesian development ideology and discourse. Development is seen as progressive stages from traditional to modern structures, even as the old is given some lip service under the theme "Unity in Diversity". Official pronouncements are replete with progressive imagery, among them the concept of "*tinggal landas*" (take-off) stage, a term borrowed from Rostow's economic lexicon and expanded to encompass Indonesia's multi-dimensional development. To reach modernity, aspects of culture and economic practices must be shed (these are never clearly specified, but usually they are tied to "SARA", or tendencies towards conflict brought about by discussion and contestation around issues of religion, ethnic and group

interests), while others that support modernity must be encouraged, such as mutual assistance (*gotong-royong*) and maintaining harmony (*keserasian*).

One of the new tools of development is the objective management that scientific practice brings to development. Science is harnessed to manage a more complex world. Supposedly, the state is now able to manage society's development in an impartial and efficient way, breaking down incipient class and group interests. Because science is a highly complex undertaking, few people are sufficiently trained in its mysteries. The public recognizes that those qualified to practice science are almost all located in Universities and government offices, generally at the central level. It is this leading edge corps then that must be entrusted with leading social policy. In essence, science becomes the cloak of legitimacy for continuing to hold power at the centre.

Because science is seen as a methodical activity, requiring great care and time to apply properly, inaction on policy fronts can be justified by offering the promise that scientific findings will be at hand in due time, when the studies are complete. The mere fact that issues are being studied is deemed sufficient reason to close or at least constrict debate; the best people the country has to offer are after all already working on the problems.

As indicated by Beier (1996), who draws from Luhman's system theory, the reality of scientific studies is much different than that portrayed by officials. The studies fail to question in principle the way government apparatus operates. Research activity is largely a mechanism to reproduce the hierarchical relation between the centre and the regions; it is largely devoid of self-reflection that could lead to system learning and adjustment. Research is aligned to respond to the perceptions and needs of the bureaucracy, which in the Indonesian context relate principally to maintaining power and the material benefits power claims.

The capability strand in the Indonesian model must be understood in this light. The central government defines the capability of the local level, using its own criteria, denying the regions a

chance to adjust the assessment tool. The application became an interminable series of studies stretching over a decade, leading to only general pronouncements by the centre on which districts were deemed capable or less capable, with no specifics on “capable to do what?”. or more fundamentally “why have the regions not been made more capable?” The methodology itself is questionable and open to manipulation, so that it may not measure capability at all, but rather it may produce scores that make sense to the designers of the studies. Above all, the studies place the spotlight on the purported deficiencies of the regions, and away from other stumbling blocks or opportunities for decentralization.

The application of any kind of codified criteria is a double-edged sword for the bureaucracy. The transparency that criteria can lend to decision making is the edge that can cut away at the base of bureaucratic power. The net effect of application of widely public criteria is always to lessen the discretion of decision-makers; the sharper and more relevant the criteria the more discretion is removed from decision-makers. To the extent that the criteria needs interpretation, stakeholders might be emboldened to request a place at the table where the criteria are discussed and operationalized. Such thorough application of the capability model, or other lists of criteria, is certainly not what is intended by the bureaucracy, and this explains why the capability issue is frequently invoked in general terms but why specific criteria are never seriously discussed in detail between central and regional representatives.

Dependency and clientilistic relations are much more effectively maintained if decisions about the status and the room to manoeuvre of the dependants are not coded or made predictable. Claims must thus be based on the benevolence and wisdom of power holders, rather than on the basis of transparent criteria; they must be repeatedly negotiated based on the exigencies and relations of the moment. The government will find it difficult then to share, elucidate or simplify the methodology of its capability studies, or encourage adaptations by other stakeholders, and it

certainly will not promote the “characteristics of functions” criteria that could be wielded (perhaps irresponsibly) by regional officials or lay people.

Criteria can also create many headaches for the government if applied in keeping with the model. A consistent outcome of the model would be centre-region relations that reflect or respect regional variations in capability and conditions. There are reasons why the Indonesian bureaucracy could not respond to such regional variation, encompassing over 300 jurisdictions. Given its organizational culture, the Indonesian bureaucracy seeks to micro-manage, because decisions bring their status and more tangible rewards. The sheer number of decision, even if perfunctory approvals, carry with them an enormous administrative workload, which then prompts “bureaucratic” solutions, particularly standardization of procedure and rules: the antithesis of individualized treatment, and of course the related “market” that is meant to expedite or circumvent these solutions.

In the responses to the issue of retraction of functions, some district officials were doubtful that the entire concept could be implemented, unless the functions were stripped from all districts, even if only one district could not discharge it properly. The patchwork of functions that would arise through the giving and retracting of functions, to suit local needs and conditions, would overwhelm the bureaucracy and invite attempts at simplification. Even as some provincial *Dinas* are supportive of augmented second regional level autonomy in their sectors, through the release of more functions, these provincial *Dinas* would prefer to face second tier regions characterized by similar structures and functions, if only to allow the province to conduct its remaining control oriented functions as smoothly as possible.

10.3 Emerging Shape of Regional Autonomy

It may be in part the discrepancy between policy and practice that prompted the *Litbang* arm of MoHA, under the auspices of the receptive Minister Rudini, to put forward the idea of abolishing the autonomous role of the province. The response to this "practical" solution served to highlight the substantial political power and legitimacy wielded at the provincial level, and the cleavages found in the centre on this policy. Whereas *Litbang* perhaps saw provincial autonomy as a complicating factor in the theoretical and practical distribution of functions, other units in the MoHA (*PUOD* and *Bangda*) stood to lose 27 important "charges" for their guidance activities. Many approval processes and other forms of interventions would be lost to them. *Litbang*, not being an operational unit, would not suffer such losses.

Initial reaction of the provinces and other stakeholders to the Rudini trial balloon was strong. Even the dominant political group *Golkar* came out against the idea (Editor, 1990). There is continued sensitivity in the provinces toward this alternative. It is evident from the DAPP that the provinces feel bypassed, and undermined. Those officials and supporters that continue to cherish an autonomous role are unhappy with the DAPP, and any initiative that will imperil the autonomous status. It must be acknowledged that many provincial officials have either a more nationalistic outlook, or are less principled, and are quite adaptable to an administrative status as long as that does not endanger their current and future financial and professional possibilities. Nevertheless, due to the significant level of resistance, central level officials have generally soft-pedalled the policy. For example, the previous *PUOD* director general, Soemitro Maskun, stated that the government aims to "increase the intensity of autonomy at the first and second regional level..." (Soemitro Maskun, 1996b: 10, 13). This even handed approach veers from Maskun's predecessor, Atar Sibero, who stated that "Political will to place emphasis on the second level means that the distribution of authority will be greater at this level, which means authority has to be reduced at the provincial and national level" (Sibero, 1992: 64). The newly installed director

general has yet to clarify his interpretation, and it may be that in the context of DAPP, the momentum has again swung to making the long term agenda of removing provincial autonomy more explicit.

It is safe to say that the government's emphasis on the district as the focus of autonomy, dating to the law 5/74 on regional administration, remains poorly justified. Yet the drive toward its realization, particularly in recent years, indicates that there is much utility in the concept. If decentralization is to be pursued, and that determination is not a straightforward process and conclusion, then it will be at the second tier level. The main reasons are as follows:

1. The secessionist, centrifugal, disintegrating forces are more easily generated at the provincial level.
2. The complexity of non-hierarchical autonomous regions is too great a burden for the political-administrative system.

The first point is one felt by many but rarely expressed in public fora (one exception is Riwukaho, 1990). Even if this point is addressed, the abolition of provincial autonomy is yet defended on several related grounds. One argument raised holds that provinces were the creation of the Dutch, with no real roots in Indonesian tradition; the Mataram and Majapahit kingdoms only recognized the district (*kabupaten*) and village (*desa*) autonomy (Riwukaho, 1990: 19). Riwukaho cites the fears and preferences expressed by Bung Hatta, a founder of the Republic, regarding the problem of too many autonomous layers, the appropriateness of the scale of the district for connecting to the people, and the danger that regional movements to form new provinces will come about if this level is retained. He adds the name of many other observers of similar convictions.

Quite aside from the real level of autonomy afforded to these entities in ancient time, the above arguments for neglecting or eliminating the autonomous status of the provinces do not come to terms with the current sense of regional identity and power balance.

The desire to maintain "stability", i.e. read "retain power while maintaining stability", is certainly a feature of the Indonesian system, but it must be said that it does not merely aim at the

provincial level. The short lived experiment with formal autonomy (through law 1/1957) at the third regional level" (*tingkat III*), was stillborn out of fear that, as Professor Pamudji carefully puts it, "the formation of the third autonomous region could be used to achieve certain intents by one certain political force, which could harm National stability" (Pamudji, 1990: 8). Here Pamudji is undoubtedly referring to the Communist force. Hence, it is more rational to see the current anti-provincial policies as part of a larger reaction: the target of anti-autonomy sentiment and policies emanating from the centre is whatever level of government has autonomy and/or potential political clout to challenge the centre.

It is interesting to note that several cases of provincial dissatisfaction with central level engineering and pressure during Gubernatorial selection during the early nineties coincided with the push toward operationalizing the focus on the second tier. The provincial reaction may have fortified the centre's resolve to activate the second tier "focus" policy, but it also demonstrated the significant political identity and cohesiveness at the provincial level that is likely to stymie this policy, and which eventually convinced the government to tread softly on Rudini's proposal, and adopt the DAPP as a practical interim step toward the now less forcefully stated end.

The second point for pushing second tier autonomy (whether or not the provinces lose their status or not) is to simplify administration. The current situation, where provinces are either acting on their own or refusing to act on the transfer of functions, is the cause of some consternation among some central agencies (*MenPAN* especially, and to a lesser degree MoHA). Sometimes provinces are forced to act, but they then undermine the initiatives in various ways, much like central agencies respond to decentralization imposed upon them (the DAPP for instance). Through legal means or sheer intransigence, the provinces introduce uncertainty and a need for the centre to respond and adjust to different arrangements. This might be described as the essence of autonomy, but the central level administration is actually ill prepared in practice (and psychologically) to

make these adjustments. They are also not very enthused about provinces being able to thumb their nose at the center on occasion, however rare this may be.

Additionally, the burden of trouble shooting where conflicts arise between the provinces and second tiers imposes a heavy burden on the centre. The experience since independence is that conflict between the province and its second tier are common (Maschab, 1990: Amal, 1990). Confusion over the role of the province in supervising and controlling the lower levels is also generated by the lack of clarity in the non-hierarchical concept (see the comments of the Governor of Bali, Ida Bagus Oka, 1997). As already covered in previous chapters, many officials are unclear about the technical guidance role the province ought to play in view of the existence of deconcentrated central units along side them. In these conflicting and confusing situations, the second tier usually loses, in large part due to the reality that the province feels like it is the senior of the two levels, a feeling no doubt supported by the dual role of the regional heads. This feeling of hierarchy in practice may also derive in part from the 1950's formulation of decentralization laws, where the autonomous levels (sometimes extending to three levels) were clearly hierarchical (Husin, 1990). It was only law 5/1974 that broke that pattern, and this break from the past must be seen as part of the central level concern with the actual and potential power of the provinces.

By taking away the second tier from the provinces' jurisdiction, the centre perhaps unwittingly committed itself to sorting out the meaning of non-hierarchical regional autonomy at provincial and second tier levels. An effective working model has not yet been developed however, and it is only the continued command chain through the *Kepala Wilayah* channel that "simplification" is attained, at the expense of any real autonomy for the districts.

Removing the autonomy of the province, by reverting the regional head to simply *Kepala Wilayah* status, would do much to simplify the multiple-level autonomy conundrum. However, arguments or criteria related to a stronger second tier role (proximity to the people, speed of decisions, reduced administration, etc.) are only the public face of a decision that has roots in the

political commitment to deny the province an autonomous management function vis-à-vis the second tier. This initial commitment has given rise to an administrative complexity that in turn favours as a solution the continued reduction or elimination of provincial autonomy.

Chapter Summary

The decentralization arena is characterized by a highly diverse set of central and regional level actors, and although all would attest to supporting decentralization, the pace, nature and mechanisms favoured vary greatly.

Commonalities can be found in the pattern of political discourse that surrounds decentralization issues. Although central level agencies vie for policy leadership, they are essentially of one mind when it comes to the form and content of communication with the regions and other actors. The centre seeks to define the issues, and place itself at the forefront of the discussion. Opportunities for interaction are largely officially sanctioned and influenced so as to pre-empt conflict or widely dissenting views. Fundamental issues surrounding decentralization thus are left unexamined, and many stakeholders are left out of the debate.

The discourse at any level is greatly constricted by the government's use and monopoly of symbols, particularly the immaturity of the regions, and the centrality of state led modernism and science.

The political discourse can be seen to resonate with certain aspects of Indonesia's social and political history. The attention placed on the district as the focus of regional autonomy attests to central-regional tensions of the past and the concern to suppress any potential threat or undue claim on the power and resources of the centre from the regions.

CHAPTER 11

HYPOTHESES RESULTS, ADDITIONAL FINDINGS, AND THEORY DEVELOPMENT

“Soeharto is not an evil person, he is just an old-fashioned village chief.” Mangun Wijaya, retired priest who fought in Soeharto’s battalion in the war of independence, quoted in Times, March 23, 1998: 20.

A summary of the findings in relation to the initial hypotheses is due. However, in the course of the research other important questions arose that go to the heart of what is meant by “transferring” functions in the Indonesian decentralization context, and how decentralization discourse and practice plays itself out in a complex political arena. These contextual aspects set bounds on the criteria discussion, and at the same time the limited discussion reflects the social and historical features embedded in the polity and expressed in bureaucratic behaviour.

11.1 Findings Related to Initial Hypotheses

Not all of the initial hypotheses were exhaustively pursued, in part due to evolving assessments of anticipated learning versus effort, and due to the crystallization of other intriguing and essential issues as the research unfolded. Nonetheless, an accounting of the initial hypotheses can be given:

H1. Increasing interaction of officials with foreign/donor projects indicates greater familiarity and use of internationally accepted criteria.

Only three sectors can be compared (agriculture, education, and health). All have received numerous technical assistance projects in the past, but few with dealing specifically with decentralization issues. There is no indication of differential familiarity with international models of decentralization. Generally, familiarity with decentralization criteria, as found in Indonesian or

international sources, is low but the degree of criteria application is difficult to determine given the lack of transparency in sectoral department decentralization design.

H2. The orientation toward using a set of clear and comprehensive set of criteria for assignment of functions will vary, with the strongest being at the centre and the weakest being in the district. As a corollary to this hypothesis, stakeholders at different levels of government will hold different criteria, emphasize different criteria, or perceive criteria differently.

Variation in the ability to offer multiple and clear criteria did exist, but this was at the individual agency level and no pattern was discernible among government levels. All officials had difficulties listing specific criteria, especially criteria related to the nature of the functions themselves (versus characteristics of the regional administration or region).

Some commonalties were found among all levels, particularly concerning the criterion of “capability of regions” to receive additional functions. On this last factor, interpretations did tend to differ however, with district officials generally maintaining they were capable, and higher levels either pointing to second region capability as an issue or as a concern. Variation was also evident in the districts’ emphasis on their proximity, variously described, to their constituents, and higher levels’ greater concern with equity, uniformity, security or national unity issues. Differences in perceptions also exist between districts and higher levels in relation to the scope of transferred “autonomous” functions, with the districts viewing these as arbitrarily curtailed, while higher levels justify curtailment by reference to limited district capabilities, an assessment not generally shared by the districts themselves.

H3. Outcomes from the application of criteria in the Indonesian context yield more centralist solutions than in many other countries, reflecting the conditioning effect of power asymmetries among stakeholders in the application of “technical” criteria.

There was little in the way of a systematic application of criteria in the DAPP, or in previous decentralization efforts (that is documented), and power and income considerations, sometimes

thinly veiled, played a large part in many decisions. Hence a cross-country assessment was not as straightforward, or perhaps as relevant, as first thought. In any case, this aspect was not pursued in comparative fashion.

H4. Explicit political criteria are brought to bear on decisions and play a major role in certain design/decision outcomes.

Some provincial and central officials did respond with criteria that had political dimensions: specifically equity, uniformity of standards, national security and unity issues. Evidence of the extent of the application of these criteria is partial at best given the lack of transparency and limited regional or broader participation in the decentralization design process of the DAPP.

H5. The design/decision process used in Indonesia's New Order decentralization has worked against the systematic application of criteria, with unwanted consequences for all parties.

The partial, closeted, and inconsistent application of decentralization criteria in the DAPP is part of a larger pattern of top-down decision making in the context of a constrained and guided official discourse on decentralization and political participation in general. Although many parties decry the lack of a clear assignment of functions, the districts in particular are most adversely affected by the style of decision-making and communication in the DAPP. Secondly, the provinces stand to lose in the longer term, by not being able to vociferously defend an eroding autonomous role for this regional level. Arguably, technical departments that continue to effectively hold on to functions and the income that these allow stand to win from these "process" shortcomings. In the larger scheme, the supposed beneficiaries of government services stand to lose, as potential improvements in services, people's participation, growth and other goals are not realized.

11.2 Criteria for Decentralization in Wider Context

The research findings underscore the fact that criteria for the allocation of functions cannot be understood apart from the general features of the political-administrative system and the wider

decentralization discourse. The relevant features of the system include the number of sub-national levels, and the processes for assigning functions to these levels. Whether certain sub-national levels are endowed with “autonomy” has a bearing on whether it is targeted for additional autonomy. Administrative regions, or communities with ambiguous autonomous status (e.g. the village), do not at present figure at all in the thinking about devolving functions. As well, historical and political imperatives exclude the province from further autonomy enhancement.

Furthermore, on the procedural side, power relationships are manifested by vertical communication and directives that condition the real degree of autonomy provided in the discharge of functions which on paper appear to be “devolved”, i.e. largely under the control of a given sub-national level of government in the international convention. The meaning of “transfer” must then be gauged from a variety of field level indicators that can give a more complete picture of the discretion and certainty afforded to sub-national levels.

In the Indonesian context, criteria for decentralization cannot be removed from the major issues that lie below the surface dialogue but yet shape perceptions and degree of exploration. Hence the focus on the second tier region, and the ambiguous role of autonomy at the first regional level (province), shape all officials’ view of what criteria should guide the selection of functions and the level to which these should be applied. In general, a dearth of guidance is found in the officials discourse on criteria for enhancing the provincial role due to the explicit policy commitment to the second tier and due to the realization that strengthening of provinces vis-à-vis the centre is not politically feasible. It may well be that a single set of criteria serves analysis well for any government level. If so, this potential set is not likely to be applied in any significant way to the provincial level in the foreseeable future.

The criteria search and application is also coloured by larger trends in public administration, especially the degree of “scientism” held by officials and technocrats. The belief or pretense that governance is a technical affair, to be separated from politics, coexists with the

counter evidence that political issues are in fact dominant. Some technocrats no doubt see the scientific approach as the preferable way to decide the issues of the day, including the allocation of functions to sub-national units. Others recognize the importance of a scientific aura for legitimizing what in the end are political decisions made on the basis of power relations removed from the logic of science or the scrutiny that could allow for significant public accountability.

11.3 The Roots of Current Decentralization Practice

The findings allow for additional and important insights regarding the meaning of autonomy in the Indonesian context and the model for decentralization. Insights obtained relate also to the nature of the design process, and general discussion surrounding decentralization. Some light is also shed on the political and economic basis for the limits to decentralization, and the specific means used to retain control over transferred functions.

The meaning and bounds of autonomy have varied over time, and yet important continuities are found since the Republic's founding. The political milieu is reflected in the decentralization and autonomy policies of the period. A relatively weak government in the Old Order period of necessity yielded in some measure to regional voices. Most initial government functions were transferred during the fifties, with some transfers being fairly liberal in nature. Basic frameworks for decentralization (*UU 22, 1948, UU 1, 1957 and UU 18, 1965*) were somewhat more autonomy or pluralist minded than *UU 5, 1974*, although a crucial feature, third level autonomy, was never significantly operationalized during this tumultuous period. But these differences merely reflect the relative power of the state versus other actors, especially the regional elite, rather than fundamental ideological or political orientations. Thus, when the New Order state was able to consolidate power it essentially stalled decentralization, and reversed the process in some respects. In the two decades following the introduction of law 5, 1974, central units pushed

deeper into the regions with their own deconcentrated offices, and entrenched a control system that, however imperfect and inconstant, generally worked to stifle regional autonomy.

It is important to not romanticize the brief and turbulent parliamentary democracy period of the fifties. As Anderson points out, this form of government lasted until 1957 because “*no other form of regime was possible*”(Anderson, 1983: 482), in view of the fact that the bureaucracy, rebuilding itself following the Japanese and revolutionary period, could not impose itself on the polity. There is more evidence pointing to early centralist tendencies and continuities over time than of any flowering of democratic or plural polities. Centralism is already evident in the 1945 Constitution, with its emphasis on executive powers and limitations on legislative and judicial powers. This initial structure of power has worked to limit the region’s sense of autonomy, due to the strong executive command line from the President down to regional and the village heads. The peripheral role of the legislature has limited demands for increased responsibility in the region and blunted challenges from regions over interpretations of decentralization legislation. Regional governments could also not rely on a weak and dependent judicial system to adjudicate inter-governmental disputes surrounding decentralization issues.

Another commonality between the Old and New Orders is the lack of transparent criteria underpinning decentralization. The New Order law 5, 1974 sought to bring a rational and objective approach to decentralization, but experience since then, including the DAPP, shows that in fact design of decentralization continues to be an opaque and top-down exercise. The rational and scientific approach promised in law 5, 1974, translated into the much touted capability model of the Ministry of Home Affairs, has been used mainly for legitimation purposes and has actually acted as a brake to decentralization. It certainly has not had a role in the DAPP, and appears to not have been applied at any time in the Republic’s history.

Other continuities can be found linking the Old and New Order periods. Already in the fifties, broad and significant charter functions given to the new regions established during this time

were largely ignored in favour of specific government regulation, generally introduced on a sectoral basis. Compared to charter functions, some of these sectoral regulations were constrictive in their effect. As well, overlap and confusion in assignments between levels from the various legal instruments originated in these early days of the Republic. The duality of the *Kepala Daerah* and *Kepala Wilayah* was also a feature of the at least part of the Old Order period. Regional autonomy, with roots in separate native states, regional resistance to colonialism and regional movements in the revolutionary period, was already being undermined much before law 5, 1974: the latter law was simply more cautious and ambivalent in its approach to decentralization.

The bounds imposed by law 5, 1974 can be seen in the lack of discussion or thoughts on the role of the presently autonomous province in the future. The law is effective in restricting debate over the possibility of enhancing the autonomy of the provinces, as evidenced in the lack of attention given by provincial and central level respondents to criteria for decentralization to this level. The focus on the second tier regions must be seen as fulfilling several goals, not the least being to check the potential power of the provinces vis-à-vis the centre.

Cognizant of the difficulty to be encountered in realizing the second tier policy, the centre has seemed content to maintain the status quo, using the policy primarily as a symbolic commitment to decentralization and as a reminder to provinces that they will never be allowed to amass enough clout to challenge the centre. The very late arrival of the DAPP, the first concrete and comprehensive attempt to operationalize the policy of emphasizing autonomy at the second regional level, must be seen in this context. That the DAPP initiative has stalled for the moment, and is in any case severely weakened by central level non-participation or intransigence, and provincial resistance and circumvention, attests to the complexity of interests and forces working to maintain the status quo.

Behind the generally shared concern of central agencies regarding equity, uniformity, and national security and integration, deep cleavages are found among agencies. The Ministry of

Home Affairs, itself internally split on many counts, presents a general face of support for decentralization, as long as it is of the sectoral variety. Sectoral departments, suspecting that Home Affairs views regional government as its own "*kanwil*", are reluctant to release "their" functions to the regions (read Home Affairs), fearing loss of control over the technical execution of the functions and the stature and income attached to the functions.

Whatever jockeying for position and spoils may occur at the central level, material interests bind all central, and to a large extent provincial officials, to the status quo in relation to the district's role. Additionally, the incentive structures of bureaucratic life, and the wider polity and social milieu, is conducive to centralizing tendencies (*Bapakism*, project orientation, conflict avoidance, loyalty). Hence ambiguities and inconsistencies in decentralization concepts and mechanisms should not be seen merely, or primarily, as shortcomings in technical mastery, but rather as symptoms of the political and material imperatives pervading the political-administrative system. Thus it would be wrong to hold that the three principles enshrined in law 5, 1974 (deconcentration, devolution and assistance tasks) are applied as defined in this law, or in keeping with similar standard definition such as that offered by Rondinelli (1981). Instead, a continuum of central versus regional level control is closer to the mark, with the particular apportionment of decision-making, benefits and control varying by function or task. The centre, province, and district vie from positions of great power asymmetry for additional power and benefit streams, with the victors generally being the centre and provinces. Competency in technical and procedural matters are not the primary considerations in discharging the ubiquitous guidance roles in relation to the second tier regions. The focus of control is less on performance enhancement and more on maintaining a grip on the discretion that translates into personal and institutional benefits.

The lack of a sound base in undertaking the guidance function from higher levels explains why assistance tasks are poorly understood and utilized, and why there is a lack of clear criteria among officials to determine which functions should be transferred as autonomous functions

(*urusan rumah tangga*) and those that should be transferred as assistance tasks (*tugas pembantuan*). Assistance tasks are either ignored as an option, or used as a compromise solution in the tug between those pushing for “autonomous” transfer and the technical departments or provinces wishing to retain functions. The confusion is rooted in part in the hazy boundaries between the different forms of guidance prescribed (general, technical, and operational) and the cumbersome division of roles, “who gives what kind of guidance to whom”. A related problem is the lack of awareness that the weight of top-down guidance ought to reflect (read “respect”) the nature of discretion supposedly imbued in autonomous functions versus the implementation oriented leeway imbued in assistance tasks. Ultimately, the ambiguities allow for *ad hoc* approaches to guidance and control that “fits” with the political-administrative system’s need to maintain control and sources of legal and unofficial income. For this reason, clarification of mechanisms, criteria and guidance approaches may be the outward aim of concerned officials, but if this means limiting intervention of officials and codification of decision-making then the effort is bound to falter as it runs against fundamental private and institutional interests.

11.4 Theoretical Implications and Development

The enormous challenge posed to theorists in making sense of the Indonesian polity has already been alluded to in Chapter 2. Nonetheless, this research would not be complete without at least a tentative attempt to bring together theoretical strands raised in Chapter 2 or specifically invoked at various points in the analysis. The task is not one of fashioning a theory that can yield better criteria for Indonesia, or other nations, although the ultimate “model” ought to shed some light on this matter. Rather, the theory should begin by outlining the key features of the Indonesian polity, wherein it may be possible to locate the issue of criteria. In this fashion, the motivation underlying policy and action, and the nature of the discourse surrounding specific decentralization designs, can be cast in their broader social and historical context. Theory should point to the

expected pattern of behaviour of the key actors in the political-administrative system in designing decentralization, and should provide at least some clues regarding entry points for improvements, whether from internal or external actors.

11.4.1 Views of the Indonesian State; Beyond Pluralism and Monism

The district government is part of the Indonesian state, and to understand the nature and autonomy of the district, including the rationale and process through which the district gains or loses autonomy, the nature of the state as a whole must be understood.

Several analysts, struck with the nation building and power consolidating efforts of the New Order, have tried to assess the regime in terms of its degree of cohesiveness and hegemony. Anderson saw past patterns of rule as continuities that explain the consolidation of state power in the New Order (Anderson, 1983). According to Donald Emmerson (1983), William Liddle, Karl Jackson, and other writers have placed themselves at the opposite pole, arguing for the existence of significant personalism, factionalism or plurality. Emmerson places himself somewhere in the middle, using the term bureaucratic pluralism to denote the competing process of individuals and groups within defined limits, eschewing particularistic or neo-patrimonial models.

Emmerson's investigation, and the entire debate, is vital, but perhaps it is imperfectly framed. The conclusion reached depends greatly on the indicators used to assess monism or plurality. For instance, Emmerson plumbs the acquisitive and control nature of the bureaucracy as correlated to military penetration, with the assumption that the power-concentrating army is the primary force in the regime. Home Affairs stood out as one example of a deeply military penetrated institution (8 of 9 top positions). Using Emmerson's measure, the Home Affairs Ministry today is now almost free of military intrusion (2 of 9 positions). Yet, as recently as 1996/97 the MoHA engineered the demise of Megawati's leadership of the PDI political party that seemed set to challenge Soeharto's *Golkar* and ultimately Soeharto's future, reinforcing the view that this Ministry continues to be preoccupied with state security and is averse to loosening the

centre's grip on the regions or society in general. The Ministry's grip on the regions has changed little, perhaps even tightened, since Emmerson's assessment, despite the reduction in the role of the military. The pattern of army retreat from visible parts of the government has been occurring for some time (only 6 of 36 cabinet posts are held by the military in the new Pelita VII cabinet, and the representation of the military in the national legislature has been reduced), yet it would be hard to argue that the polity as a whole has become much more open. This comparison points to the difficulty of using single indicators to assess a complex institutional arrangement, or of the danger in answering the question of power in the assumptions rather than the findings of research. Nevertheless, in the final analysis, it may well be that Emmerson and the writers he compares himself with are all correct, depending on the particular field in question at a particular point in time. The limitation rests in the model being sought. A strong model must be able to anticipate where plurality is allowed and where it is rejected, and the mechanisms for affecting hegemony where it counts. The current structures and expressions of power, along with historical continuities, may thus become clearer, flowing from a model that is more robust than simply locating the Indonesian state on a "monolithic vs. plural" continuum.

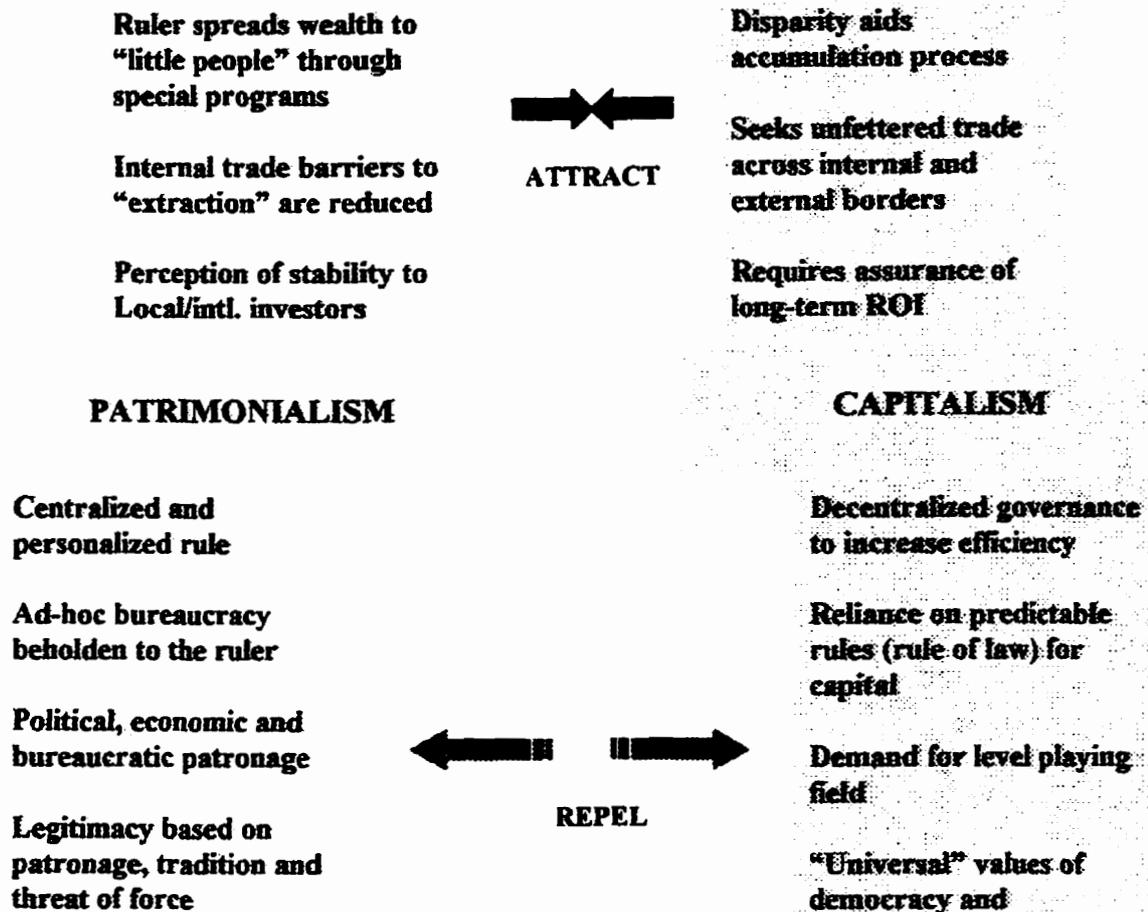
11.4.2 The Indonesian State as a Case of "Patrimonial Capitalism"

Any political model for Indonesia must take into account the extremely important role of Soeharto, his immediate family, and their symbiotic relationship with key actors in the army, business allies and other key institutions. The large, unwieldy, erratic and self-enriching bureaucracy must also be adequately explained. The peculiarity of the official discourse must be located in the system of power and material interests. The nature of the symbols wielded, particularly those of modernism and science, and the bounds imposed on discourse through the use of ideological, policy and legal instruments requires elucidation.

A neo-Marxist framework has much appeal in combining and explicating the mentioned elements. However, the very heavy state involvement in the economic sector, the large role of

conglomerates and Soeharto family holdings, and their interrelationship with the state sector all signal a state that is not very separate from the capitalist class. This reality has become increasingly apparent to outsiders in view of the ambivalent posture toward international capital in the context of the IMF reform package: a state that is much more directly acting at its own behest is bound to face great difficulties in closing banks, removing cartels and undertaking related reforms. Even in the face of severe IMF pressure to decrease the family and friends' role in the economy, substantial internal pressure (students, media and intellectuals), and low investor confidence that together have worked to devalue the Rupiah by about 70% since mid-1997, Soeharto rebuffed criticism and failed to follow through on personally signed IMF reform commitments. The blurred public-private division is now boldly denounced in the media under the charges that the state and business have jointly engendered "cronyism, collusion, and corruption". Much of the anger is directed at the concentration of economic power that features the Soeharto family (estimated worth of about \$ 40 billion before the crisis) and close knit circle of friends and business allies (Chinese and Army entrepreneurs) nurtured since revolutionary days (Vatikiotis, 1994). However, it would be incomplete to simply attach to the regime the label of "crony capitalism" that has become fashionable of late (see Newsweek stories by Meyer, 1998). As will be discussed in the next section on decentralization, the behaviour of Soeharto and the bureaucracy as a whole need to be seen in tandem, and from this perspective the Indonesian polity much resembles a patrimonial polity. To distinguish this current polity from Weber's original ideal type, and to capture the increasingly capitalist structure of the economy and society, perhaps it would be appropriate to label the Indonesian polity as a heavily strained amalgam of patrimonialism and capitalism, or "patrimonial capitalism". This strained political model is tentatively offered in its essential elements in Figure 11.1. The model has elements that "repel" (cause strain) but also elements that "attract" (fit well). At certain stages of development the model is workable, at least for some stakeholders.

Figure 11.1: Essential Features of Patrimonial Capitalism



Contrary to analysts who argue the demise of patrimonial tendencies in the Indonesian polity, there is sufficient evidence seen in the political and economic fields that these tendencies are still strong and determining. Robison (1988, 1981) acknowledges patrimonial roots, but makes the point that the increasing indigenization of the capitalist class raises internal pressures for rationalization and liberalization of the economy, drawing the regime away from its patrimonial roots toward "elite capitalism". While Robison may well be right in the long run, the "moderating" effect of local and international capitalists may be overstated in the short and medium term. The

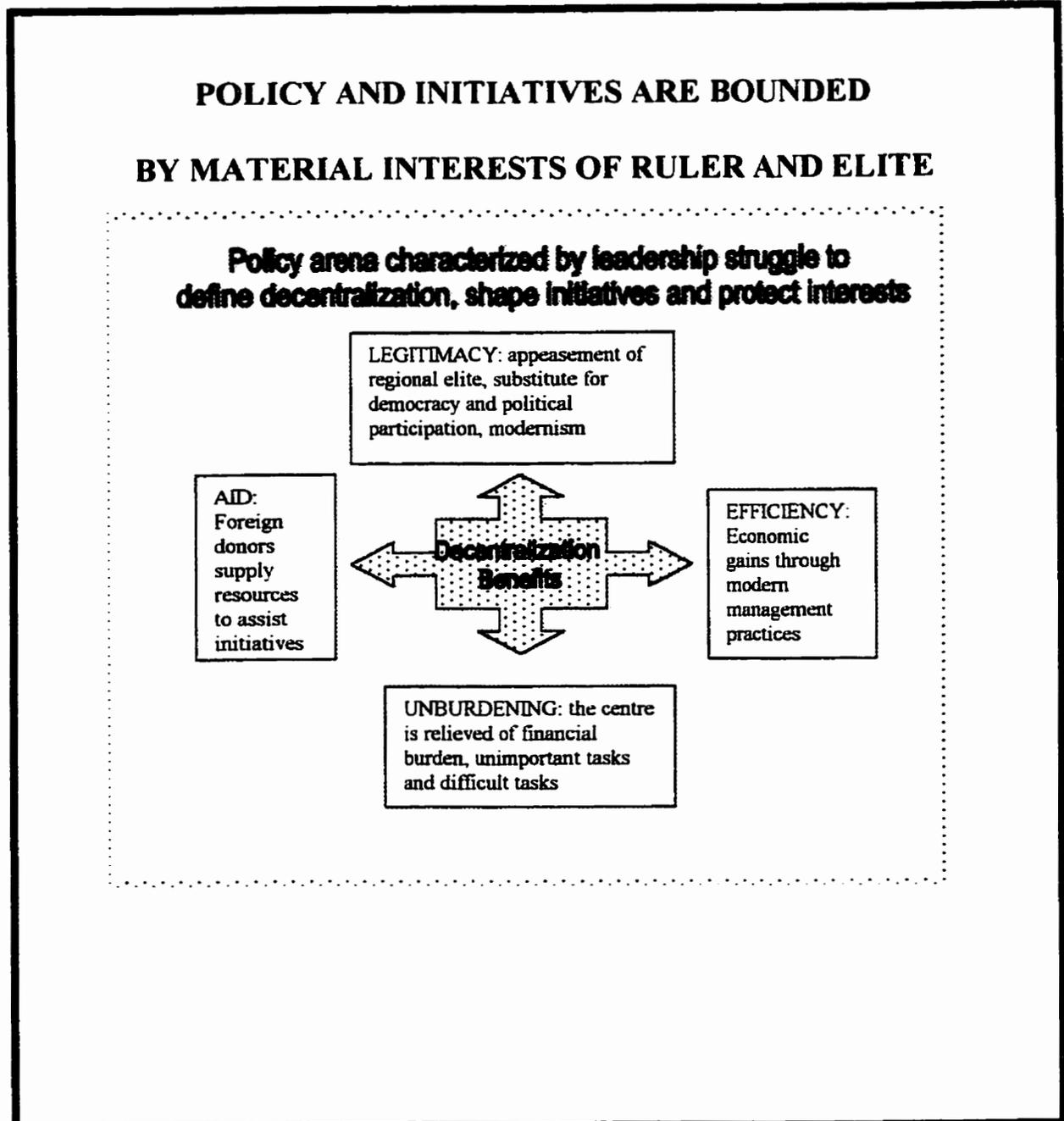
researcher's finding suggests that the approach to governance found in relation to economic management also permeates the bureaucracy's relation to society at all levels, with important consequences for centre-regional relations.

This governance approach of the Indonesian state is at least reminiscent of Weber's ideal type of patrimonial prebendalism. In Indonesia, the bureaucracy appears to still be structured on the basis of prebends, with decision-making necessarily being *ad hoc* since rules are used flexibly for private and institutional gain. The "problem" in Indonesia is not limited to public-private collusion at the top; this can happen in many authoritarian regimes as well as "democratic" polities. The patrimonial capitalism model should have greater heuristic value than confirming the common-place observation that "power corrupts". In fact, it allows for a more specific description and satisfying explanation of bureaucratic behaviour, linking it to the exigencies of the bureaucracy, and the relation of the bureaucracy to the "ruler". Specifically, the nature of the obstacles to genuine decentralization and strong regional autonomy can be better understood.

11.4.3 Decentralization in the Patrimonial Capitalist State

The position of central officials toward decentralization will on the surface be generally favourable, due to the legitimacy, efficiency, foreign aid response and the "unburdening" benefits of the concept. But this favourable attitude translates into a chaotic policy field as elements of the undisciplined bureaucracy seek to define decentralization, and shape initiatives to gain leadership and status, and protect interests. Even this tussle however is bounded by a general compact among public officials and the bureaucracy, where the material interests of the elite and ruler, taken as a whole, cannot be undermined; power can be shifted or recycled, but not released to lower levels and other groups in society (Figure 11.2).

Figure 11.2: Benefits and Boundaries of Decentralization in the Patrimonial-Capitalist Indonesian State



There is no doubt that decentralization has much appeal. Some officials are concerned with efficiency arguments (in *Bappenas* for instance), and want to see the regions more active in service delivery and more responsible for bearing greater financial burden for the services. These officials appear willing to see regions assume greater service responsibilities without the requisite central level financial transfers. The intent presumably is to ease the fiscal burden of the centre. In this respect, the state is bound to generate a fiscal burden it cannot sustain given the state's social expenditures in aid of private accumulation (O'Connor, 1973). In Indonesia, the shortfall in public expenditures have been plugged by international aid, but the state's limited capacity in view of rising demands in public expenditures, particularly in the context of a developmentalist state, has been aggravating the fiscal burden of the central state. Mobilizing regional resources is seen as of the essence in Indonesia, and several donor-supported projects have sought to advise the government on how to achieve this aim.

Decentralizing government functions can also spur investment as local government becomes more empowered to bring about easier permit procedures, provision of local infrastructure, training of the work force and favourable local policies. The "technocrat" contingent among Soeharto's advisors (apparently declining in influence of late) would be the natural supporters of this form of decentralization.

The neo-Marxist view of decentralization as a thin cloak for government control in the hinterland and community life finds little support in Indonesia. State encroachment has been a feature of the New Order, but to assert that this is the goal of decentralization would be simplistic. After all, the DAPP initiative rolls back the advance of deconcentrated units of the centre and provinces from the districts. Even if this specific initiative does not survive in its present form, it is worth noting that this roll back is the avowed aim of the State Ministry for Administrative Reform (*Kantor MenPAN*, 1997). Granted, the local state is strengthened in the process, but then the argument for why this represents a greater encroachment of the state as a whole in the lives of its

citizens must yet be made. In this respect, the separateness of the local state from the larger state must be addressed. The pessimistic view of the local state as the mere extension or agent of the central state cannot be supported in the Indonesian context. The Balinese and other experiences show that the district and province, under certain conditions can and do act of their own accord, and occasionally in opposition to higher level dictates. Again, the freedom given to the local bureaucracy stems from the control weakness of the central state, but also the purposeful room given to the local state to utilize the centrally dispensed or conditioned prebends available to the local state within the ambit of the larger patronage system.

Beyond accumulation/efficiency arguments, the appeal of decentralization lies in large part in the legitimation value given by the concept. Legitimacy concerns are critical to the patrimonial capitalist state. The need to facilitate accumulation leads the state to also regulate or de-regulate in support of trade and investment flows (creating tension with officials' commercial interests), to adopt repressive measures to keep labour costs and environmental demands low and to dampen local participation. These measures in turn create resistance that must be pre-empted or attenuated through measures that enhance state legitimacy (which in the long run cannot be maintained through pure military force). Decentralization, to regional elite, is a relatively safe way of appeasing or co-opting regional voices resentful of the extractive macro-economic regulatory regime. Decentralization can be seen as giving back some of the resources gathered by the centre.

Whereas in the past the ruler could base his legitimacy on traditional religious-mystical symbols, legitimacy in the New Order has shifted largely to a material base. However, many people still view Soeharto's power as God given, and believe he still has the "*wahyu*" that is the requisite for effective rule. Legitimacy through symbols continues to be important. Thus the political discourse is littered with general promises and policy statements in favour of decentralization, reaping its symbolic association with modernity, scientific administration, openness, participation and democracy. At the same time as it seeks to homogenize ideology, the

discourse tactics of the state aim to convince that the people are being heard, or will increasingly be heard in the future. In reality the state limits political expression lest it fosters a regional or societal challenge to the centre's power.

Decentralization also offers the mantle of rationality and scientific progress. It is recognized that decentralization is part of good governance's "best practice", but the complexity is also well understood. Hence the state can bring scientific management to the decentralization issue to make sure the policies are "objective". In the "capability model", the irresponsible decentralization approach of old is replaced by a new scientific approach that is more conducive to nation building. In the final analysis, the capability model serves in the decentralization arena to obfuscate and limit discourse in the same way as state ideology (*Pancasila*) serves to narrow discourse and achieve ideological hegemony in the larger political arena.

Legitimacy on the international front is important not only for the political support garnered from governments and donor agencies. Bilateral and multilateral agencies, concerned merely with economic efficiency or also with popular and political liberal values, all become more willing to show their support for good governance with concrete loans, grants and technical assistance.

Legitimacy concerns paradoxically also work to limit the scope for decentralization. The neo-patrimonial ruler must defuse opposition by drawing within its system of patronage potential challengers and important claimants. As well, drawing from ancient rituals and practices, the ruler must ensure that the little people "*wong cilik*" receive some material benefits. In a neo-Marxist reading, material gains tend to be wrested from the capitalist class and a state that acts primarily in the capitalist class' interest. However, the patrimonial ruler's orientation is much more akin to a father's concern for his children. This concern is made visible in the form of presidential funding for villages, poor villages in particular and poor people generally (e.g. *IDT*, *INPRES desa*, and lately from the President's Foundation that has collected special contributions from the

conglomerates for poverty alleviation). It should be noted that, prior to the economic crisis, poverty alleviation was considered quite successful (some statistical fudging aside), and that the distribution of wealth in Indonesia (Gini coefficient being stable at about .35-.32, see Hill, 1994) was more even than most developing countries in its income class and fared well against some richer countries. The President's material aid cements the bonds of reciprocity between the ruler and the members of the "manor", and reinforces the theme that all that is good flows from the President (Father of Development, or in Weberian terms the patriarch of the manor). To maintain this apparent largesse, the ruler must however ensure that sufficient resources find their way to the centre, thus limiting the scope for decentralization over the management of resources.

The benefits to be derived from decentralization, particularly policy leadership status and the concrete internationally supported projects, are the prizes sought by central level agencies. Policy leadership in decentralization is particularly important to *Litbang* in MoHA, Finance, *Bappenas*, *MenPAN*, and *LAN*. Of course the MoHA as a whole stands to gain in practice as well by virtue of its "general guidance" role over the region. However, all across agencies there is little enthusiasm for moving on issues that would diminish their own role vis-à-vis the regions. The sectoral agencies at the central or provincial level stand to lose the most, and though they also "talk the talk", these agencies are very reluctant in most cases to "walk the talk". Efficiency and legitimacy gains are not so keenly felt at the individual agency level to warrant genuine release of power and resources. This configuration of actors and interests creates a dynamic and competitive situation among agencies in seeking to shape policy that is supportive of the concept but protective of particular interests, with very little advances made in practice as a result. If a particular agency has lost the battle on the policy front, it can always recoup its losses on the implementation side, hence the inconstant application of regulations and *ad hoc* intervention or support given by higher levels agencies to the second tier regions.

At stake in the decentralization arena is the lifeblood of the affected individuals and agencies. The need to keep control over "prebends" prevents significant decentralization or subverts decentralization initiatives. If policy and programming approaches show cleavages among central agencies, it also shows cohesion on the need to maintain the font of their power and tributes. These material interests are the glue that maintains the political-bureaucratic compact. Losses and gains among agencies is suffered, on occasion seemingly instigated by Soeharto himself, but the overall dominance of the centre cannot be attacked. It is at this basic level of policy that Soeharto and those closest to him make themselves felt, and indeed it does not occur to most Ministers to cross the line. The broad rules of the game have long been internalized.

The President's attitude toward his Ministers, particularly in the context of decentralization policy, has been quite patrimonial in character. Constitutionally derived executive domination, and the specific control mechanisms of law 5, 1974 provide the current President with extensive powers over the regions. In kingdoms of old, the patrimonial ruler was intent on curbing his ministeriales' tendencies toward personalization of official posts. A basic degree of rationalization prevents crude excesses in this regard in the present polity. Yet, the room given to Ministers to pursue their private and institutional interests is quite significant. It is telling that Soeharto could push forward a decentralization initiative like the DAPP with great pomp, and yet allow key Ministries to circumvent or subvert the initiative at will. As it happens, their will coincides precisely with issues that relate to vital personal and institutional material interests. The ruler's dual concern with maintaining the symbols of progress and legitimacy of the state, together with his concern to maintain the structure of patronage and prebend utilization, are evident in this seemingly inconsistent stance.

A patrimonial bureaucracy can be expected to be a freewheeling and clashing array of central players, each vying for leading positions on policy (regardless of strict mandates) that may play in its favour or against it. The various players will only be called to heel if they transgress

vague limits in the most egregious way, and these limit depend on the degree of proximity and thus protection of the centre. Hence some agencies have been allowed to opt out of the DAPP, or have contravened with impunity government policies, laws and regulations related to the DAPP or other decentralization efforts.

The conflicts inherent in the decentralization arena will be difficult to resolve due to the patrimonial penchant for limiting discourse to top down tutelage. When the conflicts touch on the vital powers and sources of income (legal or otherwise) conflict resolution that is in the "public interest" will be all the more difficult to achieve. Under these conditions, discussion of criteria that should guide decentralization then is unlikely to be comprehensive, incisive and participatory.

11.4.4 Model for Criteria and its Application

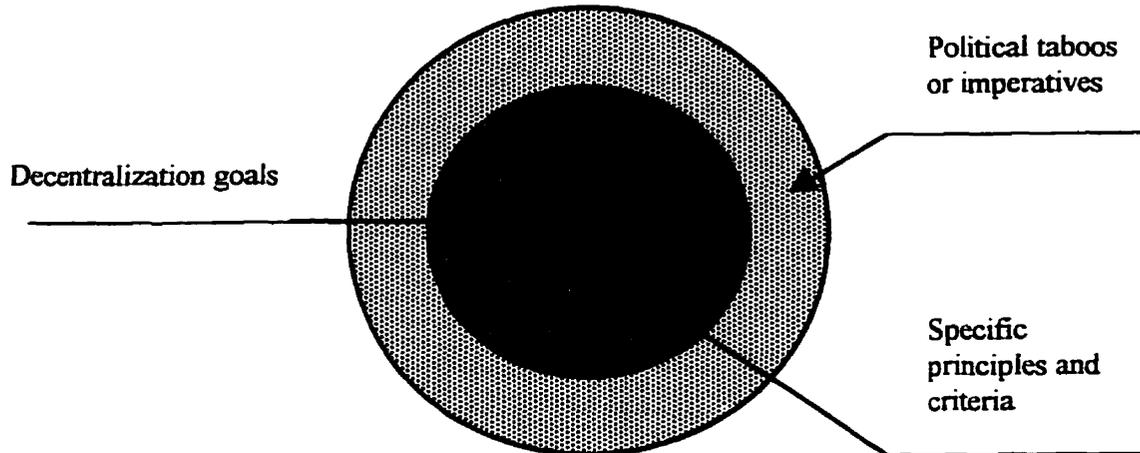
This research indicates that criteria for decentralization are perhaps too technical in orientation and poorly framed. In part, the public choice and "pragmatic" public administration origin of the criteria has inhibited constructing proper linkages between criteria selection and application and the broader dynamics of society. However correct it may be to employ criteria such as benefit-cost match, regional spillovers etc., even these apparently technical criteria cannot be divorced from their social matrix. Notably, who dominates the selection, use, and "selling" of the criteria are crucial issues that have largely been neglected in the study of decentralization. In this respect, equally important are those criteria that are not discussed or applied in transparent fashion.

In thinking about decentralization criteria perhaps it would be best to differentiate the levels of "criteria" that drive decentralization practice:

- a) political taboos or imperatives shaped by crucial historical developments and political survival of the dominant forces in society,
- b) general decentralization goals related to government performance and legitimacy,
- c) specific principles or criteria that shape the design of concrete decentralization initiatives.

These three levels of “justification” are inter-linked in that higher level criteria or commitments set the scope for the more specific and operational criteria (see Figure 11.3). Observers must be able to discern all of the levels that are at play and determine their combined effects.

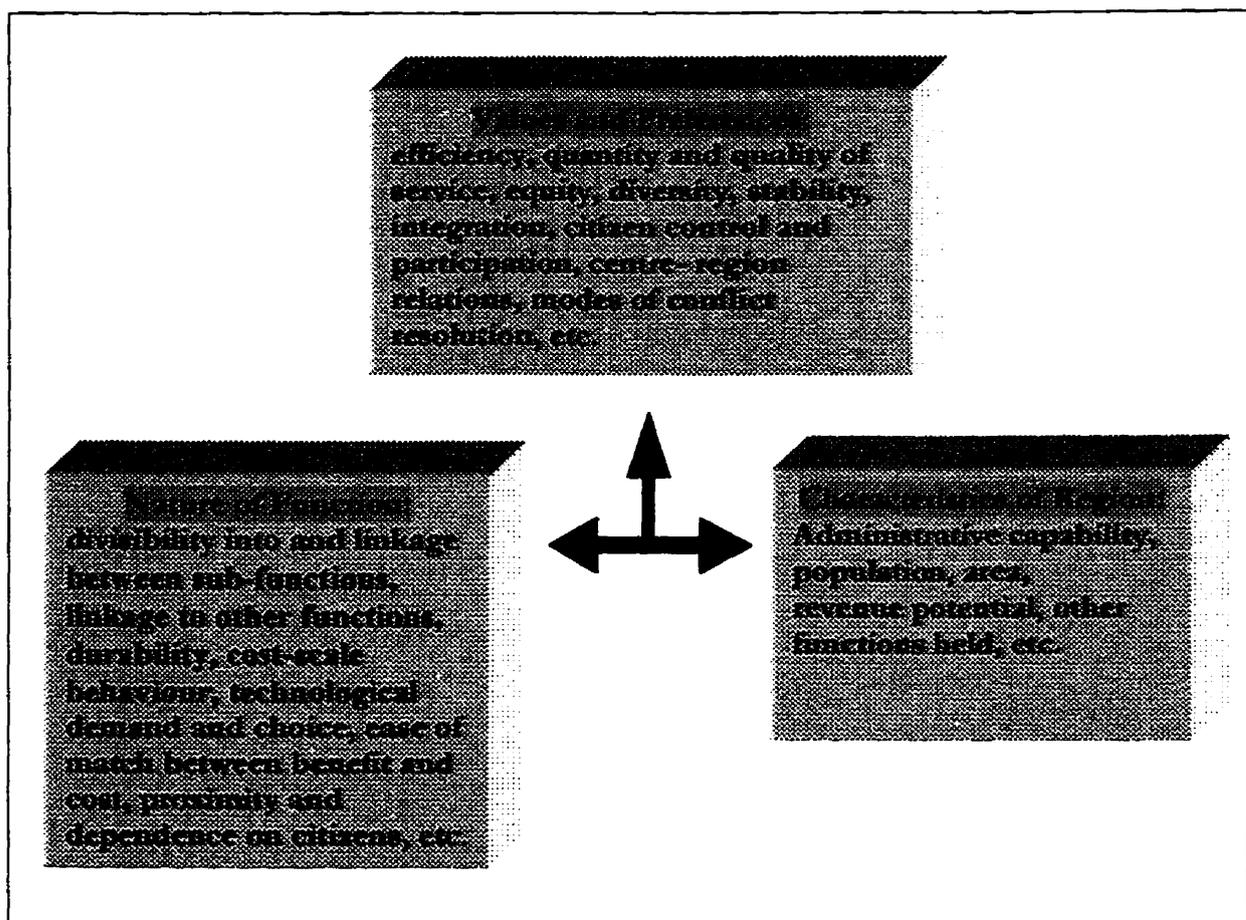
Figure 11.3: Levels of Criteria at Play in Decentralization



In seeking a better “criteria model” and process for its application, the Indonesian efforts can benefit from international experience. As this research shows, if Indonesian officials are sufficiently pressed, they are able to identify most of the criteria currently in vogue internationally, though perhaps with different formulations. Where Indonesian officials could benefit is in exploring the accountability, responsiveness and participation related criteria offered by other countries. However, the international experiences are also limited in some respects. There is little in the way of advice on how to bring various stakeholders together to select the most important criteria, and to determine the trade-offs to be made between criteria. Observation of actual experience in Ontario for instance shows a limited set of criteria at play in the reform of the educational sector in 1997. Stakeholders were not arguing against any of the criteria per se: equitable financing among school boards, uniform provincial quality standards for academic

achievement, accountability to parents and parent's participation in educational issues. Yet the emphasis and trade-off between these generally accepted criteria, and translation into actual decentralized or centralized institutional arrangements, differed greatly between provincial officials, teachers and parents. Provincial decisions to centralize much of the educational system created a furor that showed how difficult and flawed the dialogue had been.

Figure 11.4: Model for Criteria Consideration in Decentralization Decisions



The shortcomings of Indonesian and international practice suggest that criteria should be viewed holistically, from three perspectives or categories (see Figure 11.4). Because this research was not meant to “test” criteria used in Indonesia or other setting, the specific criteria captured in

Figure 11.4 is a but a tentative composite list. Each criterion would require considerable investigation to determine its relevance and weight, and in any case the weighting is dependent on the social and political context. The intent is rather to outline a model for approaching criteria more usefully than has been done in the past, in Indonesia or elsewhere.

The above model encompasses the broad goals of decentralization (efficiency, service quality improvements etc.), as well as the more technical criteria found in many international lists (spillovers, uniformity etc.), and the region focused criteria so important in the Indonesian model. But the categories are separated to prevent blurring their very different nature and import to decentralization decisions. The value driven criteria must be seen as "fixed" in the short term at the individual or group level, but amenable to change by way of intensive dialogue and accommodation over time. The criteria related to the nature of the functions are stable over time, unless changes are made in technology and productivity. Regional features are also stable in the short to mid-term, but regional administration capability can be affected with an aggressive institutional development program (seconding staff, providing training and proper guidance, and other such methods). All three types of criteria must be brought into the discussion.

The model is most useful in making explicit the value orientation (themselves underpinned by class, social and other divisions) that are so crucial to decentralization justification and design. The importance of values in turn points to the need to engage stakeholders in a dialogue that has some chance of addressing what is sometimes simply slight divergence in interests, and sometimes diametrically opposed interests. Solutions that emerge from such a dialogue have a better chance of holding up over time, and of being implemented in consistent fashion.

Conceptual issues relating to criteria that need much airing if decentralization is to proceed in a more coherent and consistent fashion in Indonesia include the following:

- the size of district that can assume a minimum level of meaningful autonomy, i.e. minimum level of functions,

- if variation in regional autonomy is to truly come about (as capability model assumes) what should be the basis for this differentiation, and how can it be attained in the Indonesian context;
- criteria for explicit joint assignment versus layer cake assignment;
- possibility and placement of “residual” powers at the regional level in unitary state;
- mechanisms to settle disputes over jurisdiction or interpretation.

Resolving these issues would also contribute to the international body of thought, which is lacking in these areas. Whether a rich discussion between government levels and other stakeholders ensues on these matters depends on the tenor of the larger discussion on decentralization and autonomy, and this in turn hinges on structural reforms that allow for a realignment of the role of public servants that reflects the true meaning of the term.

CHAPTER 12

POLICY IMPLICATIONS AND CONCLUSIONS

12.1 District Autonomy and Sustainable Rural Communities

Indonesia's policies indicate that enhanced district autonomy is an important means of achieving better rural development. However, the government has yet to outline a vision of the district's role and it has made little progress in decentralizing. Indonesia appears to be erring on the side of caution (i.e. centralization), to protect personal and institutional interests and safeguard national goals such as unity and regional equity. The decision criteria guiding the design of decentralization initiatives have been less than transparent and monopolized by the level engaged in the release of responsibilities.

The above realities do not augur well for the sustainability of rural communities. Given the transformations occurring in Indonesian society, the sustainability of these political arrangements is questionable. The diversity, dynamism and overall "health" of rural communities require political reforms that empower district governments to act in their constituents' behalf, and which tie these governments with strong accountability mechanisms to these constituents.

Left unresolved in this research are the precise institutional arrangements that would provide for a level of autonomy supportive of sustainable rural communities. The findings do suggest that initiatives to date have fallen short of this goal. A challenge to all concerned would be to discern the type of functions that would best be discharged by the district in pursuit of sustainability in all of its facets. This requires ongoing discussion among stakeholders and frequent adjustment. While the Indonesian unitary state has perhaps the advantage of allowing for a dynamic approach to regional autonomy, in practice it is hampered by deeply entrenched political-administrative interests that strongly resist the release of power and the material benefits derived therefrom. The centre then does not meaningfully engage in discussion that may serve to

clarify the role of the district (and province above it and villages below it) in sharing decision-making power over development decisions that could be more aligned with sustainability principles.

The shortcomings of the central and provincial bureaucracy are unfortunately as likely to be mirrored at the district level. As intimated in this research, the district itself is slow to recognize other actors that could be partners in development or to seek ways to do things better with the new functions than had been the case when these functions were handled by higher levels. All levels of the bureaucracy, self-absorbed as they are on their own survival and prosperity, remain too inefficient, under-resourced (after extracting the official's legal and extra-legal portions), and attitudinally impaired to truly generate broad based and sustainable rural development.

There is little room for policy advice in this context, other than to press the case that those currently in power must be pressed, by internal and external actors, to experiment in more vigorous fashion with those institutional levers that give room to the districts to apply their energies and creativity to the development process. These institutional arrangements must refashion central-regional relations as well as the district's relations with its constituents.

A broad and open discussion is needed regarding the criteria used to withhold or transfer power and resources. The hidden criteria must be brought into the open, and all key players will need to be given a genuine hearing. Such a call for dialogue seems self-evident in many other contexts but it is an enormous challenge to the ideological and material hegemony of the Indonesian state. It will not happen unless a number of actors bring their influence to play, and perhaps it can only happen on the heels of radical political change.

12.2 Prospects for Better Use of Decentralization Criteria

The criteria guiding the most significant concrete initiative in decentralization in the New Order (i.e. the DAPP) reflects neither the capability model nor the criteria related to the nature of

the functions enshrined in *PP 45/1992*. Whether subsequent decentralization steps are shaped along the lines of the *DAPP* (cross -sectoral and episodic), or consistent with *PP 45/92* (favouring incremental but steady decentralization varying on a sectoral and regional basis) the selection of the specific set of functions to transfer will remain a challenge. It is well to remember that *MenPAN*'s attempt to bypass this fundamental question was not successful in the *DAPP*; the discussion and negotiation process was simply poorly done in terms of transparency, rigor, participation and outcomes.

Decentralization criteria development depends to some extent on the role the Finance Ministry and *Bappenas* may seek to play in future decentralization initiatives. These agencies may try to impose their own finance driven models, which could be forced through by virtue of these agencies' power. This eventuality would mean continued difficulties with clarifying criteria and applying them in any meaningful communicative fashion since to date the finance driven approaches have stood on shaky conceptual ground, being poorly linked to the administrative division of functions and the differentiation between autonomous and assistance forms of decentralization.

If those officials clamoring for clear criteria are to be given any weight, some efforts to better specify and employ criteria might be expected, despite all of the structural problems already mentioned that work against such an effort. The bureaucracy is not so monolithic as to restrict all concept development, and agencies like *MoHA*, *LAN* or *MenPAN* may well redouble their efforts with or on behalf of the sectoral departments. Some departments have stated that they are already working to re-distribute functions based on better criteria, and that they have in fact already ascertained the relevant criteria (*Public Works* for instance, who is unfortunately secretive about the results) and even applied these to yield a new proposed distribution to be soon enshrined in government regulation (*Tourism and Post* for example). Whatever the source, concept development that provides a shine of rationality and technical prowess may well be encouraged by

senior levels, but a fate similar to the “capability model” may await any new concept in the current milieu.

12.3 Towards Democratic Political Discourse

The prospect for a deeper, open and participatory discourse surrounding decentralization must be seen against the backdrop of the wider political discourse. If the Indonesian polity can truly be characterized as “patrimonial capitalist” in the way suggested earlier, the prospects for a genuine discourse between levels of government, and between government and other stakeholders, seems rather bleak. Despite the recent admission of certain flaws, the regime is averse to calls for political reform, as revealed by the approach to “*reformasi*”: Soeharto was adamant that it will be gradual (*bertahap*), constitutional and thus according to family principles (*kekeluargaan*) rather than “liberalism”. These explanations, in the heat of an economic and political crisis, indicate an approach verging on “business as usual”. If the wider political discourse continues to be truncated, there is little hope for fashioning a sounder approach to decentralization, save the occurrence of convulsive shocks to the system.

Binswanger & Deininger (1996), commenting on political reforms in agrarian contexts, place little hope in external shock or revolt as a basis for sustainable policy reform, favouring “the creation and strengthening of a coalition supporting reform in a comprehensive and open policy dialogue that encompasses all social interests” (1996: 55). This is preferable in many ways, but the prospects for the near and mid-term in Indonesia of such a strategy is dubious. As a senior official noted in this research, Indonesia rarely engages in reform unless spurred by severe external shocks (Kristiadi, 1997 key informant interview). Internal renewal presupposes that power holders are willing to genuinely consider the range of views held by various stakeholders, and to forge consensus from these rather than on predetermined ideological dogma and material interests that firm the status quo.

If decentralization is to proceed in a more meaningful fashion, the material interests of the political-administrative system (particularly at the central level) must be questioned. The mechanisms through which the centre maintains control of the regions must be placed on the table for discussion (dual role of the regional heads, central level party dominance in candidates for legislatures, weakness of legislature versus the regional head, project financing that disregard the distribution of functions, improperly applied or abused control systems, and others). Only in this broader dialogue will the issue of what to decentralize and why become more meaningful. Through such a broad dialogue it may well be that the provincial level role regains legitimacy that reflects field reality, and the village level may receive its due attention. Ways of ensuring accountability to the people, rather than simply to higher level government will figure much more prominently, and that may call for innovative local institutional designs, encompassing more direct political participation and consultative fora that provide specific target groups with opportunities to make claims and oversee service provision.

It is up to the Indonesian people themselves to seek ways to reform the polity to better accommodate the needs and aspirations of diverse regions and population groups. Having said this, the technical approach that has been very much the focus of internationally supported institutional development projects should be expanded to come to grips with the fundamental political obstacles to better government performance at every level. Some practical considerations and suggestions are offered for the key players in Indonesia in the next section.

12.4 Practical Steps

The findings and theoretical models suggested in this research indicate that significant and planned change in decentralization design by the government can hardly be expected in the Indonesian context. The practical steps offered to the Indonesian government in this section are then more in the nature of a wish list. For external actors however, the learning provided through

this research could offer a more strategic and fruitful approach to interventions related to decentralization, and good governance in general.

12.4.2 Agenda for the Government of Indonesia

The Indonesian government agencies concerned with decentralization should fundamentally reshape their “scientific” approaches to decentralization criteria. The capability model needs to be used more as a tool of local government to assess its resource and organizational requirements to handle agreed additional responsibilities, rather than as a way for the centre to measure the readiness of regions to receive more responsibilities in the first place. Additional responsibilities for the districts ought to be identified by using criteria that reflect both the nature of the functions under considerations as well as regional/administrative characteristics. Above all, mechanistic and technical approaches monopolized by the centre must give way to more interactive and iterative communication processes that bring major stakeholders into a genuine dialogue and negotiation. It is in this process that the values, preferences and interests of the various stakeholders will be made explicit. Where conflicting goals and criteria are evident, judicious and consensual tradeoffs will need to be devised.

Criteria selection and debate must not be limited to the districts or cities (level two regions). The stakeholders for provincial and village level autonomy must also be included to determine whether there might be advantages to strengthening roles at these levels as well, as a complement to district empowerment, or as better solutions to a district role in the case of certain functions.

The suggested process will be demanding in terms of time, organization and management. A variety of tools are available however to bridge government decentralization designers with the relevant publics. Public service provision agencies can become more informed about service user preferences through rigorous direct surveys. This tool is rarely used in Indonesia at this time. Roundtable events can be held to discuss with various government and civil society representatives

the constraints and opportunities for district autonomy. A greater degree of experimentation can be encouraged by generating incentives for achievement and allowing for well studied pilot initiatives that are designed to determine the advantages of discharging functions at the district or lower levels. International experience can be tapped to embolden officials to take some risk. A certain degree of risk taking and close review of experiences will be needed to learn if indeed the district can do the job better than other levels of government (when it is properly supported by higher levels).

Indonesian local governments should be supported in forming associations that channel their concerns to higher levels and other external parties, and work to develop the capacities of their members. On key issues of local autonomy, these associations must present a common front toward the centre (for the districts, a common front toward the centre and the provinces). Some tentative steps could be seen in the context of the DAPP; these should be intensified and formalized through organizations that are not dependent on central government initiative and direction.

With a more pro-active and politically stronger local government there will eventually be a more balanced discussion and design of decentralization initiatives that are more acceptable to local governments than DAPP has been to the districts. Because of the less unbalanced political forces there may be more points of dispute over legal interpretation. It may be advisable to give the judicial system a clear role in clarifying issues of jurisdiction where problems of interpretation arise. This judicial role presupposes that the judiciary will in the future be more arm's length from the executive branch, a large assumption when viewed from today's vantage point.

12.4.1 Agenda for External Stakeholders

External stakeholders, principally donors/technical agencies, must redesign their institutional development and good governance interventions. They cannot afford to accept the logic of the current Indonesian decentralization models and approaches to institution building as these are largely designed to maintain or reinforce the status quo. Rather, they must find ways to

add voice to local government, empower local government in technical tasks and political roles, and to make local government itself more accountable to the people.

In practical terms, donor supported projects should no longer exacerbate the worst abuses of the Indonesian bureaucracy, particularly the structuring of project management to allow for inordinate central or provincial control over functions and tasks that have on paper been assigned as the autonomous functions of the districts. Technical assistance (TA) provided ought to open up opportunities not previously recognized or heeded, such as the possibility for inter-district cooperation for certain high spillover functions that would avert an automatic claim over the function by the provincial or central level.

Local government can be empowered by breathing new life into neglected or bypassed institutions traditionally used for village and multi-village participatory decision-making and management. TA partners can insist on these and new structures designed to channel aspirations of users and the communities at large to the levels of government that manage essential public services. Service boards, perhaps federated, operating at the district level for health, education and social services may place greater pressure on higher level governments to play by the rules of established legal frameworks. Functions will then not only be passed down the government hierarchy, but they will in a sense be "shared" with civil society. Opportunities for releasing the functions (at least the "rowing" if not the "steering" in the current parlance) to the voluntary or private sector will need to be examined, to generate more local involvement, ownership, competition and accountability.

The link between "corruption" and decentralization must be better understood and addressed by the TA partners; the power that is released in functions is usually much more than what is described on paper. The opportunities lost to office holders to extract additional and extra-legal resources must be factored into decentralization efforts. This is needed to ensure that

decentralization will indeed occur, and to protect, and diffuse opposition from, officials and institutions on the losing end.

This technical assistance reorientation will place new demands on agencies that have shied away from “political interference” or those that believe, or seek to give the impression, that their work has no political dimension. The political role of “technical assistance” must be acknowledged and reexamined, and new strategies for collaboration with other societal actors to facilitate change in government must be generated.

12.5 Research Avenues

Replicating this study in other countries could provide useful corroboration on how criteria are used symbolically and in practice. It may be useful to undertake comparative research in countries deemed to have a history of patrimonial prebendal rule (e.g. Thailand, Zaire, Ethiopia) and countries that have less centralized polities (including nations with long standing federal systems). In addition to the nature of the criteria at play, the openness of the deliberations, negotiations and communications could be ascertained and related to the degree of autonomy achieved.

A more specific research agenda particularly relevant to the Indonesian context would revolve around the area-function tension already alluded to in Chapter 2. Empirical and theoretical investigations would be appropriate to examine:

- ◆ Pre-conditions for the district (size, population, economic base) to allow the district to hold a significant number of service and economic functions (functional sufficiency criteria of the U.S. ACIR study). This is not meant as a search for optimum regional size but rather as an appropriate setting of district requisites so that a meaningful regional autonomy can be fashioned. The great diversity of districts in Indonesia, and the existence of some very small districts, indicates that political considerations have perhaps overwhelmed other considerations. The fragmentation could add fuel to those adherents of the “capability model” that would work to restrict decentralization to the districts.

- The degree of variation in the degree of functions to be handled by districts, from the point of view of the proper selection and use of criteria to achieve this differentiation, and the ability of higher levels to relate effectively to such diversity.

Other important issues, albeit somewhat peripheral to this research, include the role of civil society in driving decentralization decisions, and in maximizing the benefits of decentralization initiatives. It would be interesting and useful to know if the strength of associational infrastructure (social capital) plays a role in generating claims for decentralization, and how these influence decision makers in the design of decentralization. Once decentralization is implemented, do communities and regions with strong social capital make more of the given autonomy than communities or regions where little social capital is found?

The Badung (Bali) interview results suggest that some districts are more pro-active and make more use of their autonomy, or even exceed the legal limits of their formal autonomy. It would be useful to know under what conditions this can happen, and whether these conditions can be engendered or nurtured by the state or other actors. Related to this issue are the formal government formulations of the division of functions that could stimulate district initiative in development management (residual powers, right of initiative, joint responsibilities).

Another question arising in a very loose fashion from this research might be whether unitary states like Indonesia do make use of their "unitary governance" to adjust their areal division of power more frequently and fundamentally than do federal systems, where supposedly functions are locked in to some extent. This research suggests that the inherent flexibility of the unitary system is not utilized in the Indonesian case. Perhaps other nations will reveal different findings.

12.6 Conclusion

This research has contributed to the decentralization body of knowledge in several ways. It has broken new ground in its methodology, being the first study in the literature on

decentralization criteria founded on empirical data from government decentralization designers and affected government stakeholders at all relevant levels. In this respect it represents a significant step toward redressing the lack of empirical work in the field as voiced by Conyers (1986). The results of the research demystify the role of criteria and official/scientific decentralization models in Indonesia, indicating how these are actually used as symbols of legitimation and control rather than practical tools to affect decentralization. The research contributes toward theory development of Weberian neo-patrimonial ideal types. It confirms the heuristic value of a patrimonial-capitalist ideal type to explain the impediments to decentralization in terms of the power and income retention imperatives of the ruler-bureaucracy patronage oriented political-administrative system.

Specifically, this research began with a set of tentative assertions about Indonesian decentralization criteria and the way these criteria are used in the Indonesian decentralization context. As the research proceeded, these assertions were enriched with the addition of more theoretical explorations and models for understanding criteria and their use. The findings reveal that Indonesian criteria have much in common with international lists, but that there is a significant degree of indigenoussness as well in terms of the category of criteria stressed and the conceptual model that purportedly guides their use. Quantitative analysis shows that the criteria model has symbolic rather than practical application. The emphasis given to the study and measurement of the capability of districts works to slow decentralization by highlighting the weaknesses of the districts rather than the potential to increase their capacity to handle more responsibilities.

The research shows that different government levels hold or stress different criteria but that the communication process is severely restricted by the official (centrally dominated) discourse. Political taboos and imperatives, rooted in material interests and nation building imperatives, shape the official discourse. The wider societal discourse is repressed or channeled by the communication tactics of the state.

The adaptation of the Weberian patrimonial prebendal ideal type, in the form of a “patrimonial capitalist” variant (incorporating neo-Marxist elements) appears to have heuristic value as it allows for the positioning and understanding of the role of decentralization (and hence criteria/models) in the Indonesian central and local state. The various internal and external pressure for decentralization inherent in the Indonesian state, as viewed through these lens, are conditioned and constrained by the ruler-bureaucracy’s need to maintain the extractive and distributive system that is the font of power and main source of legitimacy. The theoretical model and conclusions of this research are nonetheless offered tentatively, although the need and benefit of placing current methods and discourse in historical and social context is certainly confirmed.

In conclusion, Indonesian government initiated and planned change in the decentralization arena is unlikely to challenge the status quo, leaving local government to play a sub-optimal role. Technical assistance agencies supporting change in central/local good governance must appreciate the historical, social and political dimensions of their work. They must be aware of the symbolic and actual use of current Indonesian model(s) of decentralization/good governance and work together with non-government actors to find ways to genuinely strengthen local government while making it more accountable to the people.

Post-script

Soeharto’s recent fall signaled a period of turmoil in the polity. Most observers expected the tumult to usher in new freedoms and institutional arrangements. Indeed, an aggressive press soon emerged and an emboldened public is maintaining pressure for progress on democratization and human rights. Included in the reform agenda is the reformulation of the regional government law determining the essential elements of regional autonomy. But change has not come quickly.

Soeharto’s patrimonial style left a vacuum that allows the new President Habibie only a transitory role. Indonesia is waiting for a dominant force and figure to emerge. The elite is struggling to find new political configurations, and the specific outcome of this process, in the midst of a deep economic crisis, is unpredictable. However, if the patrimonial-capitalist model has validity it might be expected that the dominant figure will over time consolidate power through democratic and other means. While the dominance and excesses of Soeharto’s reign may not be matched, the leader and the political-administrative system will continue to exhibit patrimonial tendencies.

The present attempt to refashion central-local relations may be short-lived or partial at best. Progressive reform may again be largely symbolic, undermined as patrimonial tendencies reemerge. Meaningful regional autonomy can only grow out of deep cultural and political transformation, and that change is measured in generations. The question is whether Indonesia can hold itself together so that it can eventually forge the conditions for a strong and resilient nation built on creative and autonomous regions.

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ABBREVIATIONS AND GLOSSARY

ADP	Areal Division of Power
<i>Bappeda</i>	Regional (provincial or second tier region) development planning board
<i>Bappenas</i>	National Development Planning Agency
<i>Bupati</i>	District (second tier region) head
<i>Cabang Dinas Tk. I</i>	Branch of First Regional Dinas in the second tier region (deconcentrated)
<i>DDN</i>	<i>Departemen Dalam Negeri</i> ; Department of Home Affairs
<i>DPRD</i>	<i>Dewan Perwakilan Rakyat Daerah</i> ; Regional (provincial or second tier region) District Legislative Assembly
<i>Dinas</i>	Regional level (autonomous) sectoral agencies, directly responsible to regional head in his/her autonomous role
DAPP	District Autonomy Pilot Program. In Indonesian, often referred to as PPOD; <i>Proyek Percontohan Otonomi Daerah</i>
<i>DPOD</i>	<i>Dewan Pertimbangan Otonomi Daerah</i> ; Assembly for Deliberations on Regional Autonomy; an inter-ministerial body charged with guiding
GTZ	Gesellschaft Für Technische Zusammenarbeit
<i>INPRES</i>	<i>Instruksi President</i> ; Presidential Instructions. Generally associated with funding allocated by the President as central transfers to the regions for development purposes.
<i>Kabupaten</i>	District (one of two types of Second Tier Region)
<i>Kandep</i>	<i>Kantor Departemen</i> ; central level office in the second tier region (deconcentrated)
<i>Kanwil</i>	<i>Kantor Wilayah</i> ; central level office in the province (deconcentrated)
<i>Kepala Daerah</i>	Head of Autonomous Region
<i>Kepala Wilayah</i>	Head of the Administrative Territory
<i>Kota Administratip</i>	also <i>kotatip</i> or <i>Kotip</i> for short; administrative cities of second tier region
<i>Kotamadya</i>	Autonomous City (one of two types of Second Tier Region)
<i>LAN</i>	<i>Lembaga Administrasi Negara</i> , Agency for State Administration

<i>Litbang DDN</i>	Department of Home Affairs Research Agency
<i>Medebewind</i>	Dutch term for “ <i>tugas pembantuan</i> ”, translated by many as “co-administration”, but in this thesis translated more directly as “assistance tasks”.
<i>MenPAN</i>	<i>Menteri Negara Pendayagunaan Administrasi Negara</i> : Ministry of State for Administrative Reform
<i>MoHA</i>	Ministry of Home Affairs
<i>PU</i>	<i>Pekerjaan Umum</i> ; Public Works Department
<i>PUOD</i>	<i>Pemerintahan Umum dan Otonomi Daerah</i> , Public Administration and Regional Autonomy; the Directorate General concerned with regional autonomy in the Ministry of Home Affairs
<i>PP</i>	<i>Peraturan Pemerintah</i> : Government Regulation (one level below “laws”)
<i>Peraturan daerah</i>	or “ <i>Perda</i> ” for short; Regional Government Regulation
<i>Permendagri</i>	Ministerial Regulation of the Ministry of Home Affairs
<i>Peraturan Pemerintah</i>	or <i>PP</i> for short; Government Regulation (one level below “laws”)
<i>PPOD</i>	<i>Proyek Percontohan Otonomi Daerah</i> , referred to in this thesis as DAPP District Autonomy Pilot Program.
<i>SIUP</i>	<i>Surat Izin Usaha Perdagangan</i> : Permit Letter for Trade Enterprise.
<i>SRDP</i>	Sulawesi Regional Development Project
<i>SfDM</i>	Support for Decentralization Measures
<i>SD</i>	Sustainable Development
<i>SRC</i>	Sustainable Rural Communities
<i>Tingkat II</i>	Level II or similar terminology, Second Tier Region
<i>TugasPembantuan</i>	translated by many as “co-administration”, but in this thesis translated more directly as “assistance tasks”. Historically labelled as “ <i>medebewind</i> ”, the Dutch term for similar mechanism.
<i>UU</i>	<i>Undang-Undang</i> ; laws (highest legal instrument)

Appendix 1: Schedule of Research Activities

MAIN ACTIVITIES	SCHEDULE	LOCATION
Field work for district case studies	April 1996 to November 1997	Bandung (West Java) Batang Hari (Sumatra) Badung (Bali)
Intensive library search of literature (initial effort)	Oct. To Dec. 1996	University of Guelph
Collection of documentation from Indonesian secondary sources	Jan. To Feb. 1997 Oct. To Nov. 1997	Central level and selected provincial and district level government files/libraries
Interviews with provincial and national level agencies for selected sectors	April to June 1997 Oct. to Dec. 1997	Jakarta and Bali
Library searches on development literature	July to August 1997 January-March 1998	University of Guelph/Indonesian Universities
Analysis of overall findings	January-May 1998	University of Guelph
First draft	April 1998	University of Indonesia/SfDM
Final write up	April-June 1998	University of Guelph
Final committee review	June 1998	University of Guelph
Defense	October 21 1998	University of Guelph
Revision	October 21-28, 1998	University of Guelph

Appendix 2: Target Groups/Instruments in Semi-Structured Interviews with Officials

The semi-structured interviews were rather free ranging, but were aimed at covering at least the following topic areas. Several questions were formulated based on these topic areas, prior and during the interviews. Additionally, documentation regarding these topics was also sought from the agencies concerned as needed.

DISTRICT LEVEL CASE STUDIES

District Target Group: Sectoral agencies, District Planning Board, District Head, Legislature

- a) Functions previously existing at district level
- b) Functions that have been recently devolved and reasons
- c) Perceptions in agencies about the importance/scope of functions held
- d) Functions that have yet to be devolved and reasons
- e) Functions that should be devolved (short and long term) and reasons
- f) Role of district in formulating decentralization policies
- g) Concrete examples of why certain functions can best be undertaken by the district
- h) Perceptions of the government regarding the purpose of autonomy in relation to people's participation and the quality of services
- I) Mechanisms at the district level to ensure that the functions are carried out in effective and efficient manner

Sub-District Target Group: Sectoral Agency Representatives, Sub-District Head

- a) Felt impacts of increased autonomy at District level
- b) Perceptions about what tasks could be further delegated to the sub-district level that are currently held as formal functions of the district.
- c) Perceptions of the government regarding the purpose of autonomy in relation to people's participation and the quality of services
- d) Mechanisms at the district level to ensure that the functions are carried out in effective and efficient manner

VERTICAL AGENCIES

Extending the district interviews mentioned in the district case studies to higher levels, the sectoral case studies encompassed:

Provincial Target Group: Selected Sectoral agencies of the province and central government agencies,
Provincial Autonomy Team
Provincial Planning Board

- a) Functions that should be devolved from the centre to the provinces and reasons
- b) Functions that should be devolved from the centre to the districts and reasons
- c) Functions that should be devolved from the province to the district and reasons

Central Target Group: Sectoral agencies,
National Development Planning Board, Ministry of Finance, Ministry of State Reform, National Administration Agency

- a) Functions that should be devolved from the centre to the provinces and reasons
- b) Functions that should be devolved from the centre to the districts and reasons
- c) Functions that should be devolved from the province to the district and reasons

Appendix 3: Agencies Interviewed in District Bandung (West Java)

District Agencies	Deconcentrated office of District* in Subdistrict Banjaran	Deconcentrated office of District* in Subdistrict Pangalengan
District Head, First Assistant and staff	Camat	
Legislature (Chair and Secretary)		
District Planning Board (and Provincial Planning Board)		
District Autonomy Technical Team		
Education and Culture and the deconcentrated arm of the central ministry	branch and the deconcentrated arm of the central ministry	branch and the deconcentrated arm of the central ministry
Public works: Construction	branch	(covered from Banjaran branch)
Public works: Roads	branch	(covered from Banjaran branch)
Public works: Water Management	branch	(covered from Banjaran branch)
Health	Health Centre	
Agriculture: Food Crops	branch and head of the Extension Service	branches of Food Crops, Livestock, Fisheries and Forestry & Land Conservation
Revenue Office		
Population and Civil Records		
Transportation and Traffic		

Appendix 4: Agencies Interviewed in District Batang Hari (Jambi)

District Agencies	Deconcentrated office of District* in Subdistrict Mersan	Deconcentrated office of District* in Subdistrict Mestong
District Head, First Assistant and staff	Camat and District Head Assistant for subdistrict	Camat
Legislature (Deputy Chair and other members)		
Planning Board		
District Autonomy Technical Team and the Provincial Technical Team		
Education and Culture and the deconcentrated arm of the central ministry	branch and the deconcentrated arm of the central ministry	branch not yet established
Public works: Construction		
Public works: Roads and Water Managment		
Health	Health Centre	Health Centre
Agriculture: Food Crops	branches of Plantation Crops and Livestock	branch of Seed Depot
Employement		
Village Development		
Mining and Energy		
		Family Planning
		Transmigration "village" administrator

Appendix 5: Autonomous And Deconcentrated Agencies Interviewed in District Badung and Province Bali

District Agencies
Secretary to the District Head, First Assistant and staff
District Planning Board (and Provincial Planning Board)
District Autonomy Technical Team
Education and Culture
Public works: Construction
Public works: Roads and Water Management
Health
Agriculture: Food Crops and Forestry
Employment
Revenue Office
Transportation and Traffic
Industry
Trade
Tourism
Mining

Autonomous Provincial Agencies
Regional Autonomy Technical Team
Health
Education and Culture
Public Works (Construction, Roads and Water Management)
Agriculture (Food, Plantation and Fisheries)
Forestry
Transportation and Traffic
Employment
Tourism
Mining
Revenue Office

Appendix 6: Deconcentrated Agencies Interviewed in Province Bali and in Jakarta Headquarters

Deconcentrated Offices of Central Ministries at the Provincial Level	Central Ministry Offices in Jakarta
Health	Health (Secretariat)
Education and Culture (and the office at the district level)	
Public Works (Construction, Roads and Water Management)	Public Works (secretariat)
Agriculture (Food, Plantation and Fisheries)	Agriculture (secretariat)
Forestry	
Communications (includes Transportation and Traffic)	
Tourism and Post	
Employment	
Mining Section	
Industry and Trade	

Appendix 7: Key Informants for the Research and Workshops/Seminars Attended

Mr. Gustav Panjaitan, Asisten Menteri *MenPAN*.

Dr. J.B.Kristiadi, Chairman Of National Administration Agency.

Dr. Susyanti , *Badan Analisa Keuangan Daerah*, Ministry of Finance.

Dr. Dedi M. Masykur Riyadi, *Kepala Biro Pembangunan Dati I dan Transmigrasi, Deputy V*, National Development Planning Board.

Mr. Arlen Pakpahan, *Kasubdit, Badan Analisa Keuangan Daerah*, Ministry of Finance.

Mr. Udup Suhady M.Si, Deputy for Research, National Administration Agency.

Dr. Manfred Poppe, Integrated Expert in Centre for International Migration Program, University of Bangkalan, Madura, former lecturer in SPRING program in Dortmund, Germany.

Dr. Tim Babcock, Advisor in Collaborative Environmental Project in Indonesia (CEPI). Jakarta: previously Chief Technical Advisor for the Environmental Studies Centres Development in Indonesia, and prior to that Director of the Sulawesi Regional Development Project, Sulawesi.

Dr. E. Koswara, Director, Eastern Indonesia Decentralized Development Project.

Sonny H. Kusuma, Ketua Asosiasi Konsultan Pembangunan Permukiman Indonesia (AKPPI), Bandung.

Mr. Luc Spyckerelle, MA, Regional Planning Advisor, AusAid funded Agricultural and Regional Assistance Program, East Timor: former Institutional Development Advisor for the CIDA funded Sulawesi Regional Development Project, Central Sulawesi.

Mr. H. Benjamin Fisher, Country Program Coordinator, Resident Staff in Indonesia, World Bank, former regional development advisor to Ministry of Home Affairs, Indonesia.

Mr. Jeffrey Ong, Program Officer, Canadian Agency for International Development, Jakarta office, Indonesia.

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Seminars and Workshops attended directly related to issues of the research:

Daerah Tk. II Bandung: Presentation and discussion with regional government and central agencies on the DAPP, May 1996.

Daerah Tk. II Batang Hari: Presentation and discussion with regional government (technical team on regional autonomy) on the DAPP, September 1996.

Menteri Dalam Negeri Seminar: "Otonomi Daerah". Jakarta, April, 1996.

Bappenas, The World Bank and USAID: Evaluasi dan Penjajagan Pendekatan Baru Pengembangan Wilayah, 7-8 April. 1997, Jakarta.

Daerah Tk. II Badung: Presentation and discussion with regional government (technical team on regional autonomy) on the DAPP, April 1997.

GTZ: Regional Development Management Workshop, Jakarta, June 11, 1997.

University of Indonesia: Preliminary Findings of research on "Selection and Application of Criteria in Indonesian DAPP", June 1997.

Surabaya City, Penataan Ruang dalam rangka Perencanaan Daerah untuk mendukung Otonomi Daerah Tingkat II di Kotamadya Dati II Surabaya, Hotel Simpang, October 16, 1997

Centre for Strategic International Studies/AusAID: Australia-Indonesia Development Area October 17, 1997, CSIS, Jakarta.

GTZ: Asia Workshop on Decentralization and Regional Planning, November 1997, Hotel Dhyana Pura Beach, Seminyak, Badung, Bali.

Appendix 8: Functions Assigned to District Bandung in Charter Law 14/1950

I. General affairs (internal administration)

1. Preparation activities for the representative council;
2. Budget preparation, budget analysis, and other matters concerning the budget;
3. Financial matters;
4. Personnel matters;
5. Archives and record management;
6. Budget examination and budget analysis of the regencies and the big municipalities for legalization;
7. Control over finances of lower level autonomous regions.

II. General government affairs

1. Control over the execution of regulations passed by the kabupaten;
2. Guidance and control over the activities of lower level governments;
3. Implementation of regulations concerning boundary alteration of the lower level government;
4. Citizenship affairs (co-administration);
5. Setting the election of the village head;
6. Review and decision on village requests;
7. Issuance of permits for festivals;
8. Official recognition of documentation under control of kabupaten;
9. Citizenship of various groups according to existing regulation (co-administration);
10. Swearing in of responsible civil servants (co-administration);
11. Issuance of pass for pilgrimage (co-administration);
12. Issuance of permit for fund raising;
13. Issuance of permit to borrow funds on installment basis;
14. Quarantine the region to guard against animal or human disease (co-administration);
15. Carry out orders and decisions of judges (co-administration);
16. Recovery of fines and litigation costs (co-administration);
17. Instituting, raising and ending village government staff;
18. Setting the election committee for village head (co-administration);
19. Setting the tax committee (co-administration);
20. Other related tasks as yet unmentioned in other functions.

III. Land Management

1. Review and formalization of land contracts between nationals and foreigners (co-administration);
2. Providing permits for opening up land by lower level regions or nationals (co-administration);
3. Providing permits to settle unopened land by foreigners (co-administration);

IV. Water management, Roads, and Buildings

1. Implement provincial regulations regarding water use for agricultural and other regional and national interests (co-administration);
2. Power over roads, including land, buildings and trees in the vicinity, which are transferred by the central government to the districts (co-administration);
3. Power over national buildings transferred by the central government to the districts (co-administration);

V. Agriculture, Fisheries, and Cooperatives

Agriculture:

1. Carry out leadership and supervision of lower level regions: carry out plans received from the province (co-administration);
2. Provide new sprouted seeds and look after existing ones (padi and others);
3. Provide fruit and vegetable plots to make and distribute improved seeds;
4. Provide demonstrations for agriculture and plantations;
5. Provide seeds, agricultural tools, fertilizer etc.;
6. Provide farmers' courses;
7. Eradication of pests, plant disease and disturbances to beasts.

Fisheries:

Provide and advance the keeping of fresh water fish and arrange the selling of fresh and salt water fish (co-administration).

Cooperatives:

Energize, lead and assist cooperatives in the region.

VI. Veterinary

1. Carry out eradication and avoidance of contagious disease according to provincial directives (co-administration);
2. Carry out eradication animal disease that are not contagious (co-administration);
3. Carry out veterinary hygiene;
4. Manage animal trade in the district;
5. Advance husbandry by:
 - a. seek to improve quality and quantity (inspect butchering of female animals, castration, supervision of animal trading exiting the region)
 - b. mate animals at the right time
 - c. improve the husbanding and use of livestock
 - d. eradication of illegal butchering;
6. Carry out other veterinary efforts that have economic relevance.

VII. Cottage Crafts, Domestic Trade, and Industry

Build, energize, support and lead people's efforts in the the fields of cottage crafts, trade, and industry.

VIII. Labour

1. Carry out the recording of labour in general, unemployment in particular and gather documents and analyse labour's situation at various times (co-administration);
2. Link job seekers with labour seekers (co-administration);
3. Carry out assistance for the unemployed (co-administration);
4. Undertake other efforts related to the unemployed as needed (co-administration);
5. Supervision of lower level regions in relation to labour functions (co-administration);

IX. Social welfare**A. Social Leadership and Extension**

1. Social education and explanation for the public (co-administration);
2. Education for beggars, vagrants and the lazy (co-administration);
3. Education for neglected and mischievous children (co-administration);
4. Education to improve people who act immorally (thieving, gambling, use opium etc.) (co-administration);
5. Statistics and documentation (co-administration);

B. Social Improvement

1. Investigating documents regarding public lifestyle (co-administration);
2. Improving housing and neighbourhoods (co-administration);
3. Eradication and avoidance of immorality (co-administration);

C. Assistance

1. Care for beggars, vagrants and the lazy;
2. Care of orphans, and neglected or mischievous children;
3. Assistance to neglected persons;
4. Assistance to ex-convict adults and children and housing care (co-administration);
5. Assistance to victims of disasters (co-administration);
6. Assistance to refugees (co-administration);
7. Assistance to those fleeing conflict (co-administration);
8. Assistance to bodies carrying out particular works.

X. Distribution

Assist the province in carrying out regulations concerning distribution.

XI. Information

Carry out information to the public, especially that which is local in character.

XII. Education, training and cultural

1. Establish and provide courses to eradicate illiteracy and give subsidies to organizations carrying out this kind of work;

2. Establish and provide courses on general knowledge at national level A and give subsidies to organizations carrying out this kind of work;
3. Propose, assist and establish vocational courses according to regional needs;
4. Make efforts concerning public libraries;
5. Establish and carry out introductory courses on compulsory education;
6. Lead and advance the arts.

XIII. Health

1. Curative task: manage hospitals and clinics;
2. Prevention: consultation for pregnancy and infants;
3. Supervise lower level health positions;
4. Undertake transferred Ministry and provincial tasks.

XIV. Enterprises

Enterprises that can be managed by district according to need.

Appendix 9: Functions Transferred to 26 Pilot Districts from the Central Government

Agriculture (Food Crops and Horticulture)

- a. Testing and application of technology
- b. Land and water resources
- c. Seeds management
- d. Organic fertilizer
- e. Pesticides
- f. Guidance for tools and machinery
- g. Service and permits to enterprises
- h. Management guidance for farmers
- i. Harvest, post-harvest and processing
- j. Guidance on marketing
- k. Protection of food crops and horticulture
- l. Food crops and horticulture employment
- m. Food crops and horticulture data and statistics

Livestock

- a. Testing and application of technology
- b. Land resources, distribution and development of livestock
- c. Breeding
- d. Livestock feeding and tending
- e. Veterinary medicines
- f. Guidance for tools and machinery
- g. Distribution and movement of livestock
- h. Livestock health
- i. Service and permit for enterprises
- j. Management guidance for livestock farmers
- k. Guidance on marketing
- l. Livestock sector employment
- m. Livestock data and statistics

Fisheries

- a. Testing and application of technology
- b. Land resources, fish stock and environment
- c. Production development
- d. Production equipment
- e. Permit for enterprises
- f. Enterprise development
- g. Guidance in fish harvest quality
- h. Marketing information
- i. Fisheries infrastructure
- j. Fisher settlements
- k. Fish auctions
- l. Fisheries employment
- m. Fisheries data and statistics

Plantation Crops

- a. Testing and application of technology
- b. Land resources
- c. Seeds management

- d. Fertilizer
- e. Pesticides
- f. Guidance for tools and machinery
- g. Service and permits to enterprises
- h. Management guidance for farmers
- i. Processing
- j. Guidance on marketing
- k. Protection of plants
- l. Plantation sector employment
- m. Plantation sector data and statistics
- n. Extension services

Transmigration and Guidance to Settlers

- a. Implementing transmigration extension
- b. Setting target transmigrant candidate priorities
- c. Registration of transmigration candidates
- d. Initial selection of transmigrants
- e. Local transportation of transmigrants in Region II
- f. Accommodation of transmigrants in Region II
- g. Initial journey of transmigrants from Region II to provincial lodgings
- h. Services to the public and businesses in the arrangement of self-supported transmigration

Transmigration Region

- a. Extension services related to resettlement of local population and guidance on reforestation
- b. Mobilization, extension, registration and selection of local population for resettlement
- c. Services to self-supported transmigration in relevant Region II
- d. Preparation of transmigration location for village development
- e. Services to the public and businesses
- f. Guidance to village government in transmigration locations

General Government

Village People's Development

- a. Village development
- b. Village resilience
- c. Village enterprises
- d. Natural resources and settlement
- e. Rural appropriate technology

Population

- a. Registration of population (local and foreign)
 - b. Issuance of family card
 - c. Issuance of identification card
 - d. Issuance of education number
 - e. Registration of changes in status (birth, death, move out or in)
 - f. Make reports on population data from village to province to be sent to central Home Affairs office
 - g. Undertake extension services
- ##### **Civil Records**
- a. Registration and issuance of birth document
 - b. Registration and issuance of marriage document

- c. Registration and issuance of divorce document
- d. Registration and issuance of recognition of child document
- e. Registration and issuance of death document
- f. Delivering and storing of documents
- g. Undertake civil records extension services
- h. Undertake general administration functions

Social

Social Welfare

- a. Institutions for children with problems
- b. Institutions to rehabilitate vagrants and beggars
- c. Institutions for the infirm
- d. Institutions for rehabilitating prostitutes
- e. Social rehabilitation for former criminals and children of the state
- f. Initial assistance to victims of disasters
- g. Issuance of permission to collect contributions in relevant Region II
- h. Provision of social assistance to neglected people in relevant Region II
- i. Maintenance of Hero's Cemeteries/Parks, excluding those national or provincial

Cooperatives and Guidance to Small Entrepreneurs

- a. Institutional guidance for cooperatives and entrepreneurs
- b. Guidance to cooperatives and entrepreneurs
- c. Extension to cooperatives and small businesses
- d. Training for cooperatives and small entrepreneurs

Forestry

Forestry and Land Conservation

- a. Greening and land and water conservation
- b. Natural silk making
- c. Bee-keeping
- d. Community forestry or private forestry
- e. Forestry extension services

Tourism

Tourism

- a. Restaurants
- b. Tourist information

Mining

Mining

- a. Subterranean water

Trade

- a. Guidance to small and intermediate traders
- b. Provision and channeling of commodities
- c. Consumer protection
- d. Extension services
- e. Promotion and marketing

Health

Health:

- a. Basic health services and referrals
- b. Medicine warehousing

Labour

Employment

- a. Employment planning

- b. Improvement of workers
- c. Domestic labour market centre
- d. Information gathering and distribution on labour market
- e. Productivity and worker training
- f. Resolution of industry-worker conflict through mediation
- g. Extension work related to labour regulations
- h. Leadership and extension related to labour relations under Pancasila
- i. Compilation and processing of data related to the setting of wage levels
- j. Guidance to labour in informal sector

Industry

- a. Provision of leadership and directives on industrial development
- b. Evaluation toward the technical implementation of leadership and development of industrial infrastructure, industries and industrial production
- c. Provision of direction and directives in pollution avoidance, together with information services and reporting
- d. Provision of leadership and extension services in small industries development in the field
- e. Issuance of business permit
- f. Technical supervision and control toward small industries.

Education, teaching and culture

Education and Culture

- a. Basic Education
- b. Non-formal education
- c. Youth
- d. Sports
- e. Health and Recreation
- f. Culture

Appendix 10: Functions Transferred to Batang Hari District from the Provincial Government (Jambi) in the District Autonomy Pilot Program

Labour

- a. Worker's welfare.
- b. Welfare of unemployed and provision of employment to unemployed.

Forestry

- a. Selling and distribution of forestry products.
- b. Forestry protection.

Public Works

Water Management

- a. Implementation of the provision of irrigation based on plans already set.
- b. Issuance of permit for use of irrigation water and irrigation channels.
- c. Setting of irrigation schedule for each region to ensure efficiency.
- d. Setting of priorities in irrigation water allocation according to local situation and conditions.
- e. Implementation of the use and maintenance of irrigation and drainage channels, and related buildings from the delivery structure up to the channel as long as 50 meters from the source structure.
- f. Permission for allowing changes or removal of irrigation structures and channels.
- g. Permission to establish, change or remove structures other than those mentioned above, that are within, above or cross irrigation channels.

Roads

- a. Maintenance of primary collector roads linking the provincial capital to the district capital and district capitals to each other, and other roads beyond those mentioned that have a strategic value to the interests of Region II.
- b. Setting roads as district roads for roads that are either primary collector roads but do not fall into provincial or national jurisdiction, or local primary roads, or secondary roads excluding those under provincial or national jurisdiction, or other roads beyond those mentioned that have a strategic value to the interests of Region II.

General Construction

- a. Guidance on building and management of housing infrastructure and facilities.
- b. Guidance on arrangement and supervision of building, maintenance and use of buildings.
- c. Guidance on the planning, building, maintenance and management of rural clean water with piping and artesian well systems.
- d. Guidance on the building, maintenance and management of infrastructure and equipment for clean water provision.
- e. Guidance on the building, maintenance and management of infrastructure and equipment for garbage disposal, waste water and housing drainage in Region II.

Tourism

- a. Tourism sites, as long as these are not central government managed sites.
- b. Inns
- c. Youth hostels
- d. Tourist cottages
- e. Camps
- f. Restaurants
- g. Bars

- h. Public recreation and entertainment.

Traffic and Transportation

- a. Provision, setting, placement and maintenance of traffic signs and signs on provincial roads.
- b. Setting public regulations on non-motorized vehicles.
- c. Setting of goods and people transportation tariffs with public transit as long as these are not already set by existing legislation.
- d. Restricting the use of provincial roads to non-motorized vehicles depending on the number of axle of said vehicles.
- e. Restricting the use of provincial roads to motorized vehicles whose axles are greater than the maximum level set for those roads.
- f. Establishing the location, management, implementation and testing of motorized vehicles, except for military motorized vehicles.

Mining

- a. Policy for arranging, managing and developing mining enterprises for Deposits Category C, as long as not located off the beach line or the enterprise is not a Foreign Investment.
- b. The function mentioned above for Deposits Category C include the exploration, use, management and refinement, transport and selling with regards to:
 1. Sand
 2. Andesite
 3. Fill
 4. Clay
 5. Lime
 6. Sirtu

Source: Peraturan Daerah Propinsi Daerah Tingkat I Jambi Nomor 1, Tahun 1995 Disempurnakan dengan Surat Menteri Dalam Negeri No. 118.25/1265/PUOD Tgl. 25 April 1995.

Appendix 11: Functions Desired by District Bandung Officials

SECTORAL AGENCY	FUNCTIONS THAT STILL NEED TO BE TRANSFERRED ACCORDING TO DISTRICT BANDUNG OFFICIALS
Education and Culture	<ul style="list-style-type: none"> • Management of mid-level schools (grade 7-9)
Health	<ul style="list-style-type: none"> • permit for physician practice • permit for food preparation/drink • permit for drug store • guidance/control over Hospital type B (provided expert staff is also transferred)
Public Works (Construction)	<ul style="list-style-type: none"> • improvement of urban neighbourhoods (housing) • Provision of clean water through project "PPSAB" • Provision of PLP Jabar • control over construction of mid-level schools and high schools
Public Works (Roads)	<ul style="list-style-type: none"> • permit to have road access to national or provincial roads • building of roads (except national highways) • Planning for national and provincial roads • National and provincial road improvement (as part and parcel of maintenance function already transferred)
Public Works (Water Management)	<ul style="list-style-type: none"> • permit for surface water • permit for processing waste water • permit for land leasing • dam for power generation • supervision/permit for pollution • permit for use of rivers • permit for construction of new irrigation channels
Agriculture (Food Crops)	<ul style="list-style-type: none"> • pest observation • supervision of seedling establishments • permit for commercial agricultural enterprises
Population and Civil Records	<ul style="list-style-type: none"> • setting of tariffs for services rendered • preparation of identity card • marriage certificate for all religions (currently missing Moslem)
Regional Revenues	<ul style="list-style-type: none"> • all functions that have been promised as co-administered functions that are still held by the province (revenue collections)

Appendix 12: Functions Desired by District Batang Hari Officials

SECTORAL AGENCY	FUNCTIONS THAT STILL NEED TO BE TRANSFERRED ACCORDING TO DISTRICT BATANG HARI OFFICIALS
Education and Culture	<ul style="list-style-type: none"> • Management of mid-level schools (grade 7-9) • appointment of teachers • promotion of teachers
Health	<ul style="list-style-type: none"> • permit for physician practice • permit for midwifery practice • permit for polyclinic practice • permit for food preparation/drink • permit for drug store • permit for paramedic practice
Public Works (Construction)	<ul style="list-style-type: none"> • housing construction for the government project P2LPK • provision of clean water for the sub-district capitals • control over construction of mid-level schools and high schools • control over the construction of hospitals
Public Works (Roads and Water Management)	<ul style="list-style-type: none"> • National and provincial road building (at least as advisors)
Labour	<ul style="list-style-type: none"> • supervision/control over employers regarding labour issues
District Planning Board	<ul style="list-style-type: none"> • permit for forest utilization • weighing station for commercial traffic

Appendix 13: Functions That Should Be Transferred to the District According to District Badung, Province Bali and Central Level Field Officials in Bali

Sectoral Agency	View of Badung District Officials	View of Bali province officials (autonomous units)	View of Central Government Officials in Bali Field Offices
Tourism	<ul style="list-style-type: none"> • one and two star hotel • travel agent • water recreation • water tourism • maritime tourism • tour guide 	not mentioned	not mentioned
Forestry	<ul style="list-style-type: none"> • forest protection • forest products distribution and charges 	<ul style="list-style-type: none"> • management, development and efforts related to other forests • exploitation of other forests • taking of other forest products • forest protection • re-forestry • investigate civil servants • watch over indigenous use 	not mentioned
Traffic and Public Transportation (Communications)	<ul style="list-style-type: none"> • permit for motorized vehicle repair shops • water traffic 	not mentioned	<ul style="list-style-type: none"> • permit to cross urban areas • permit for village transport • rental of motorized vehicles • crossings • river and lake transport • other occasional permits

Appendix 13: Functions That Should Be Transferred to the District According to District Badung, Province Bali and Central Level Field Officials in Bali (continued)

Sectoral Agency	View of Badung District Officials	View of Bali province officials (autonomous units)	View of Central Government Officials in Bali Field Offices
Health	<ul style="list-style-type: none"> • permit for physician practice • permit for midwifery practice • permit for polyclinic practice • permit for drug store • permit for hospitals • giving credit points to professional staff • utilization of laboratories to test medicines and dangerous substances • setting procedures for handling dangerous diseases 	<ul style="list-style-type: none"> • permit for physician practice • permit for midwifery practice 	<ul style="list-style-type: none"> • mental health • sports medicine
Roads and Water Management	not mentioned	not mentioned	<ul style="list-style-type: none"> • construction of junior and senior high schools (Cipia Karya)
Construction	not mentioned	not mentioned	not mentioned
Agriculture	not mentioned	not mentioned	not mentioned
Industry	not mentioned	[no Dinas exists]	not mentioned
Trade	not mentioned	[no Dinas exists]	not mentioned
Labour	<ul style="list-style-type: none"> • Social insurance for Workers (part of it) 	<ul style="list-style-type: none"> • committee for the resolution of regional labour conflicts 	<ul style="list-style-type: none"> • setting of minimum regional wage level (as a co-administration task)
Education and Culture	not mentioned	<ul style="list-style-type: none"> • management of mid-level education 	not mentioned
Regional Revenues	<ul style="list-style-type: none"> • land and buildings tax 	not mentioned	n./a.
Mining and Energy	<ul style="list-style-type: none"> • energy 	<ul style="list-style-type: none"> • deposits category C (incrementally) 	not mentioned

Appendix 14: Functions That Should Be Transferred to the Province of Bali, According to Provincial And Central Level Field Officials in Bali

Sectoral Agency	View of Bali province officials (autonomous units)	View of Central Government Officials in Bali Field Offices
Health	<ul style="list-style-type: none"> • supervision of hospitals • permit for establishing drug stores • management of eye clinic • management of sports medicine clinic • lung and HIV disease management 	not mentioned
Public Works	<ul style="list-style-type: none"> • improvement of national roads (as co-administered task) 	not mentioned
Tourism	<ul style="list-style-type: none"> • permit for tour guides • permit for restaurant • permit for one to four star hotel 	not mentioned
Traffic and Public Transportation (Communications)	<ul style="list-style-type: none"> • motorized vehicle weighing station • permit for tourism transport • permit for vehicle rentals 	not mentioned
Agriculture	<ul style="list-style-type: none"> • permit for developing food crops 	not mentioned
Labour	<ul style="list-style-type: none"> • exporting of labour (overseas) 	not mentioned

Appendix 15: Criteria Raised by District Officials from Three Districts in Relation to Transferring Functions to the District

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN BADUNG	RAISED BY AUTONOMOUS AGENCIES IN BATANG HARI	RAISED BY AUTONOMOUS AGENCIES IN BANDUNG
TOURISM	(+ve): <ul style="list-style-type: none"> • quickness of procedure (-ve): <ul style="list-style-type: none"> • uniformity 	n.a. (not visited)	n.a. (not visited)
FORESTRY	(+ve): <ul style="list-style-type: none"> • very important to the realization of autonomy • readiness of quality and quantity of human resources 	n.a. (not visited)	n.a. (not visited)
TRAFFIC AND PUBLIC TRANSPORTATION	(+ve): <ul style="list-style-type: none"> • strongly influence safety and fitness (repair shop permit) • more appropriate (water traffic management) 	n.a. (not visited)	n.a. (not visited)

**Appendix 15: Criteria Raised by District Officials from Three Districts in Relation to Transferring Functions to the District
(continued)**

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN BADUNG	RAISED BY AUTONOMOUS AGENCIES IN BATANG HARI	RAISED BY AUTONOMOUS AGENCIES IN BANDUNG
HEALTH	(+ve): <ul style="list-style-type: none"> • need for providing the function • capability of region to implement the intended function 	(neutral): <ul style="list-style-type: none"> • not sure of criteria used or that should be used 	(neutral): <ul style="list-style-type: none"> • avoid duplication • capability of district agency to handle functions (+ve): <ul style="list-style-type: none"> • we best understand the people • we can ensure that the services are adjusted to local conditions
MINING	not mentioned	n.a. (agency was still being set up)	•
EMPLOYMENT	(+ve): <ul style="list-style-type: none"> • raise the level of coordination • the functions must be "complete" (in support of adding "supervisory" function) 	n.a. (agency was still in early stage of development)	n.a. (not visited)
FOOD CROPS	(+ve): <ul style="list-style-type: none"> • to ensure the implementation of law 5/1974 • the regions knows best the regional situation • readiness related to personnel, funds and facilities • readiness of the people 	(neutral): <ul style="list-style-type: none"> • has to be according to "logic" • those [functions] that are more efficiently run by the district 	(+ve): <ul style="list-style-type: none"> • district agency can do better supervision because of location in the district • the district knows better the district's situation and conditions

Appendix 15: Criteria Raised by District Officials from Three Districts in Relation to Transferring Functions to the District
(continued)

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN BADUNG	RAISED BY AUTONOMOUS AGENCIES IN BATANG HARI	RAISED BY AUTONOMOUS AGENCIES IN BANDUNG
INDUSTRY/ TRADE	(+ve): <ul style="list-style-type: none"> the functions of the deconcentrated unit in the district automatically became the functions of the district agencies District agencies are closer to the people we are more active in "meeting the ball" in serving the people we are better at spreading information to the people 	n.a. (not visited)	n.a. (not visited)
PUBLIC WORKS	(+ve): <ul style="list-style-type: none"> must respond to the people who complain directly to us (road quality) we know best the local conditions to bring the service closer to people 	(+ve): <ul style="list-style-type: none"> the district is better informed about the local situation, for example local traditions the district's capability 	(+ve): <ul style="list-style-type: none"> functions that go together (ex. road improvement and road maintenance) the district can handle the functions can be responsive to citizens
EDUCATION AND CULTURE	(+ve): <ul style="list-style-type: none"> according to law 5/1974, "real" autonomy to reach all parts of the district we know the situation in the district to increase access to lower levels we are closer to the traditional institutions and find it easier to solve problems tasks can be implemented in a more optimal fashion 	(neutral): <ul style="list-style-type: none"> if the district can undertake the task with more efficiency and effectiveness (+ve): <ul style="list-style-type: none"> we know the situation better and would avoid mistakes we can do procedures faster should have associated tasks 	(+ve): <ul style="list-style-type: none"> district agencies have a closer connection with the people there is more concern for the service to the public and people's participation

Appendix 16: Comparison of Criteria Raised by Officials from Different Levels of Government in Relation to Transferring Functions to the District

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN DISTRICT BADUNG	RAISED BY AUTONOMOUS AGENCIES IN PROVINCE BALI (REGION I)	RAISED BY DECONCENTRATED AGENCIES OF THE CENTRE IN PROVINCE BALI
TOURISM	(+ve): <ul style="list-style-type: none"> • quickness of procedure (-ve): <ul style="list-style-type: none"> • uniformity 	(neutral): <ul style="list-style-type: none"> • need and capability of the district • balance of equipment with revenue • ability to raise the system of public services • quantity and quality of human resources (+ve): <ul style="list-style-type: none"> • district is more effective and efficient (-ve): <ul style="list-style-type: none"> • the function crosses district boundaries 	(neutral): <ul style="list-style-type: none"> • potential, conditions, needs and capability of the district • quality and quantity of human resources • organizations exists (-ve): <ul style="list-style-type: none"> • functions crosses district boundaries
FORESTRY	(+ve): <ul style="list-style-type: none"> • very important to the realization of autonomy • readiness of quality and quantity of human resources 	(+ve): <ul style="list-style-type: none"> • the district directly connects with the people • there is need and ability in the district agencies 	(+ve): <ul style="list-style-type: none"> • need and capability of district agencies • services are facilitated and are closer to the people (-ve): <ul style="list-style-type: none"> • strategic value (national interest) • national scale (needs uniformity and balance between regions)
TRAFFIC AND PUBLIC TRANSPOR TATION	(+ve): <ul style="list-style-type: none"> • strongly influence safety and fitness (repair shop permit) • more appropriate (water traffic management) 	(+ve): <ul style="list-style-type: none"> • realization of emphasis of autonomy on regions in the pilot program • raising the workings of government, development and public services • the district more directly connects with the people • readiness and uniformity of districts in undertaking more functions 	(+ve): <ul style="list-style-type: none"> • to facilitate users of public services • improve services for the people • facilitation and efficiency in issuance of permits • results in efforts to stress user fees for service to the public

Appendix 16: Comparison of Criteria Raised by Officials from Different Levels of Government in Relation to Transferring Functions to the District (continued)

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN DISTRICT BADING	RAISED BY AUTONOMOUS AGENCIES IN PROVINCE BALI (REGION D)	RAISED BY DECONCENTRATED AGENCIES OF THE CENTRE IN PROVINCE BALI
HEALTH	(+ve): <ul style="list-style-type: none"> need for providing the function capability of region to implement the intended function functions with revenues attached to them 	(+ve): <ul style="list-style-type: none"> the district knows better the local situation the district is more accountable (-ve): <ul style="list-style-type: none"> capability of the district (especially its own revenues) 	(+ve): <ul style="list-style-type: none"> for emphasis of autonomy on the district (second tier region) II (-ve): <ul style="list-style-type: none"> lack of technical staff (HIV) capability of district to fund services
MINING	not mentioned	(+ve): <ul style="list-style-type: none"> better facilitates supervision since the district is closer to the mining sites and to the people (-ve): <ul style="list-style-type: none"> if there is no opportunity for mining cross boundary functions 	(+ve): <ul style="list-style-type: none"> in accordance with PP 45/92: that which is transferred to the province is in turn to be transferred to the district service will be more effective and efficient the district is closer to the people the district knows better the regional potential and impact likely to arise (-ve): <ul style="list-style-type: none"> if there is no mining to be developed functions that are cross-boundary functions that are strategic economically
FOOD CROPS	(+ve): <ul style="list-style-type: none"> implementation of law 5/1974 the regions knows best the regional situation readiness related to personnel, funds and facilities readiness of the people 	(+ve): <ul style="list-style-type: none"> service is better service is faster technical aspects support transfer 	(+ve): <ul style="list-style-type: none"> consistent with essence of law 5/1974 the district is closest to the field the capability of the district (-ve): <ul style="list-style-type: none"> national interest

Appendix 16: Comparison of Criteria Raised by Officials from Different Levels of Government in Relation to Transferring Functions to the District (continued)

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN DISTRICT BADUNG	RAISED BY AUTONOMOUS AGENCIES IN PROVINCE BALI (REGION I)	RAISED BY DECONCENTRATED AGENCIES OF THE CENTRE IN PROVINCE BALI
INDUSTRY/ TRADE	(+ve): <ul style="list-style-type: none"> • the functions of the deconcentrated unit in the district automatically became the functions of the district agencies • District agencies are closer to the people • we are more active in "meeting the ball" in serving the people • we are better at spreading information to the people 	[no agency exists]	(+ve): <ul style="list-style-type: none"> • capability of the district to discharge functions it already has (-ve): <ul style="list-style-type: none"> • functions with national orientation
PUBLIC WORKS	(+ve): <ul style="list-style-type: none"> • must respond to the people who complain directly to us (road quality) • we know best the local conditions • to bring the service closer to the people 	(+ve): <ul style="list-style-type: none"> • human resources of the district • conditions of the district 	(neutral): <ul style="list-style-type: none"> • capability of the district

Appendix 16: Comparison of Criteria Raised by Officials from Different Levels of Government in Relation to Transferring Functions to the District (continued)

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN DISTRICT BADUNG	RAISED BY AUTONOMOUS AGENCIES IN PROVINCE BALI (REGION I)	RAISED BY DECONCENTRATED AGENCIES OF THE CENTRE IN PROVINCE BALI
EMPLOYMENT	(+ve): <ul style="list-style-type: none"> raise the level of coordination the functions must be "complete" (in support of adding "supervisory" function) 	(neutral): <ul style="list-style-type: none"> relationship with other functions already held by the district (+ve): <ul style="list-style-type: none"> so that the district will have "teeth" (e.g. in mediating labour disputes) 	(+ve): <ul style="list-style-type: none"> capability of the district (-ve): <ul style="list-style-type: none"> aspects that are very political (globalization, foreign relations) avoiding regional separatism and fanaticism, maintain unity the function is implemented in the same way throughout the province
EDUCATION AND CULTURE	(+ve): <ul style="list-style-type: none"> according to law 5/1974, "real" autonomy to reach all parts of the district we know precisely the situation in the district to increase access to lower levels we are closer to the traditional institutions and find it easier to solve problems tasks can be implemented in a more optimal fashion 	(+ve): <ul style="list-style-type: none"> the district is faster in responding to the people 	(+ve): <ul style="list-style-type: none"> function that was formerly in the deconcentrated office of the central ministry (-ve): <ul style="list-style-type: none"> national functions related to the quality of the nation's children functions related to religion: want to avoid regionalism and separatism need uniformity of quality between districts

Appendix 17: Comparison of Criteria Raised by Officials from Provincial Autonomous Level Versus Deconcentrated Level on Transferring Functions to the Province

SECTOR	RAISED BY AUTONOMOUS AGENCIES IN PROVINCE BALI (REGION D)	RAISED BY DECONCENTRATED AGENCIES OF THE CENTRE IN PROVINCE BALI
HEALTH	(+ve): <ul style="list-style-type: none"> to fulfil government regulation <i>PP 7/1987</i> the deconcentrated office (<i>kanwil</i>) should not be operational; that is the province's role 	(-ve): <ul style="list-style-type: none"> lack of technical staff (e.g. HIV) capability of province to fund services
TRAFFIC AND PUBLIC TRANSPORTATION	(+ve): <ul style="list-style-type: none"> Those elements that are not functions, but necessary parts of functions already held (e.g. (vehicle weighing station) to raise the service level 	not mentioned

Appendix 18: Criteria Raised by Central Ministry Secretariats in Considering Transfers to the First or Second Level Region

AGRICULTURE	HEALTH	PUBLIC WORKS
<p>(+ve):</p> <ul style="list-style-type: none"> • PP 45/1992 criteria were used, especially speed of decision-making geographic scope of function <p>(-ve):</p> <ul style="list-style-type: none"> • need to go slow to avoid disintegration • equity among producers • cost of undertaking function • cross-province must stay in central hands 	<p>(+ve):</p> <ul style="list-style-type: none"> • PP 45/1992 criteria were used, • capability issue should not be used to stop transfer <p>(-ve):</p> <ul style="list-style-type: none"> • geographic scope: if cross- region II, then function must go to the province 	<p>(+ve):</p> <ul style="list-style-type: none"> • PP 45/1992 criteria were used, • but should not be too concerned about having revenues attached to functions • if it is easy (<i>mudah</i>) then region II can handle it <p>(-ve):</p> <ul style="list-style-type: none"> • geographic scope; if cross- province, the centre should keep the function • if it is difficult (<i>susah</i>) then the centre should keep it • if we should be careful about it (security) then the province or the centre should be doing it

Appendix 19: Co-Administration Functions in Main Sectors in District Bandung, West Java Province

CO-ADMINISTRATION TASK RELATED TO PUBLIC WORKS	ASSIGNING LEVEL	START DATE	FINANCING SOURCE (Rp. m.)	EXPECTED OUTCOME	CO-ADMINISTRATION FUNCTIONS THAT COULD BECOME AUTONOMOUS FUNCTIONS
General grant given to the district through Presidential Instruction (INPRES DT.II)	centre	1989	national budget (17939)	<ul style="list-style-type: none"> - facilitate transportation - open isolated regions - maintain infrastructure and equipment - maintain irrigation infrastructure 	roads, construction and water management
Provision of clean water and healthy environment project (PABPL)	centre	1989	national budget (338) district budget (25)	improve the people's health through clean water and rural environment	n.a.
Urban Development Assistance	centre	1989	national budget	achieve growth centres "Category 3" in the district	garbage/sanitation roads, construction
Road Improvement Project through Presidential Instruction (IPJK)	centre	1990	national budget (4143)	<ul style="list-style-type: none"> - facilitate transportation - open isolated regions - increase road construction 	roads
Health Infrastructure Project through Presidential Instruction	centre	1969	national budget (707)	increase health services to the public	construction
Education Infrastructure Project through Presidential Instruction	centre	1969	national budget (5272)	<ul style="list-style-type: none"> - improve the quality of basic education - support the obligatory schooling program 	construction
Grant given to the district through Gubernurial Instruction (INGUB)	province	1984	provincial budget (2360)	<ul style="list-style-type: none"> - facilitate transportation - open isolated regions 	n.a.

Appendix 19: Co-Administration Functions in Main Sectors in District Bandung, West Java Province (continued)

CO-ADMINISTRATION TASK RELATED TO AGRICULTURE	ASSIGNING LEVEL	START DATE	FINANCING SOURCE (Rp. m.)	EXPECTED OUTCOME	CO-ADMINISTRATION FUNCTIONS THAT COULD BECOME AUTONOMOUS FUNCTIONS
Guidance and Testing of Fish Catch Quality and its Processing (Perikanan)	province	1985	[not mentioned]	<ul style="list-style-type: none"> - inspection of fish catch and its processing - collection of charge, Rp. 1,-/Kg, channeled directly to West Java provincial government - protection of public/consumers - guidance on food preservation 	n.a.

CO-ADMINISTRATION TASK RELATED TO HEALTH	ASSIGNING LEVEL	START DATE	FINANCING SOURCE (Rp. m.)	EXPECTED OUTCOME	CO-ADMINISTRATION FUNCTIONS THAT COULD BECOME AUTONOMOUS FUNCTIONS
Avoidance and containment of contagious disease	centre	1987	national budget (241) district budget (19)	<ul style="list-style-type: none"> - decrease incidence of contagious disease through immunization - increase the coverage of immunization each year - decrease the incidence of several contagious diseases 	avoidance and containment of contagious disease

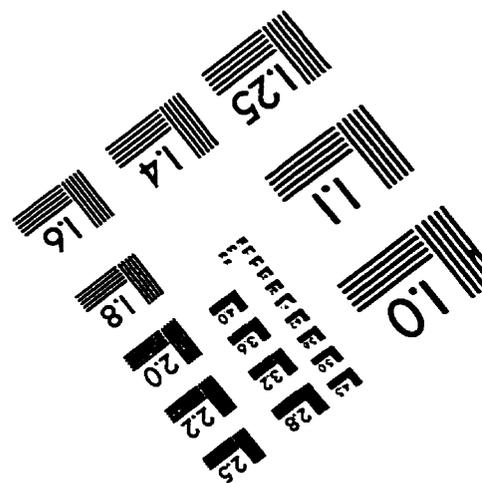
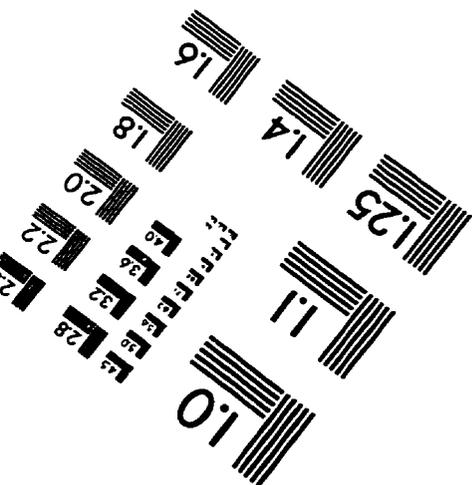
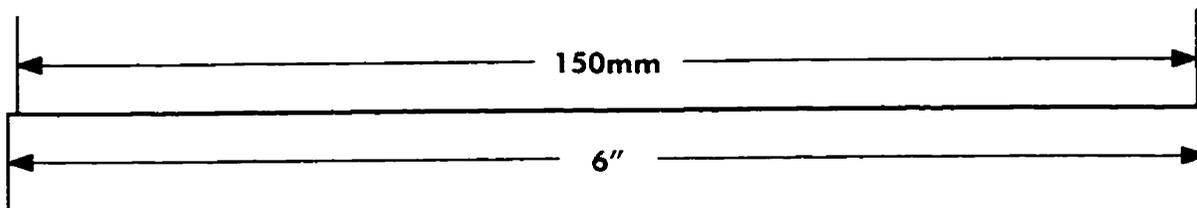
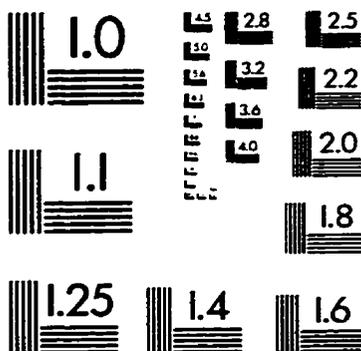
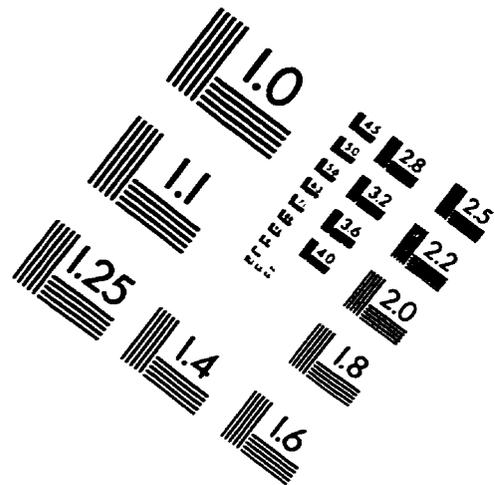
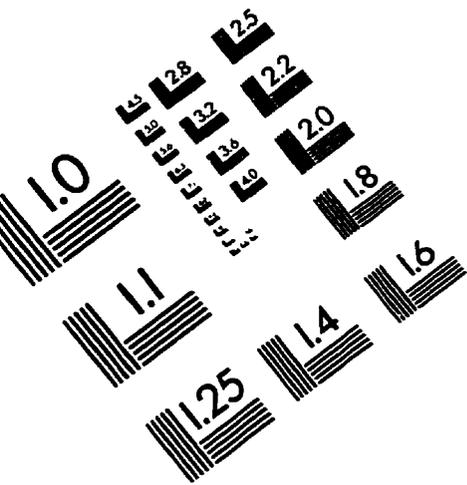
Appendix 20: Main Decentralization Related Projects in Indonesia as of 1992

	Education	Health	Agriculture	Public Works	Home Affairs, Bappenas, Finance and Other Agencies
UNDP/ UNESCO/ UNFPA/ UNICEF	Community Participation in Planning and Management of Educational Resources	Community Water Supply and Sanitation Project		IUID Implementation Support Community Water Supply and Sanitation Project	Cenderwasih Bay Coastal Area Development Enhancing the Role of Women in Transmigration Settlements and Fishing Villages Self Employment and Micro-Enterprise Promotion IUID Implementation Support Community Water Supply and Sanitation Project Eastern Indonesia Decentralized Development Project Management of Tourism in Bali Strengthening Family Planning Services Strengthening social development capacity of local government Strengthening Management of Social Development at the sub-district level Community participation through Village Development Council
WHO		Strengthening District Health Systems Development of District Health Profile Indicators of Staffing Need			

Appendix 20: Main Decentralization Related Projects in Indonesia as of 1992 (continued)

	Education	Health	Agriculture	Public Works	Home Affairs, Bappenas, Finance and Other Agencies
World Bank	Primary Education Quality Improvement	Health/Community Health and Nutrition		Kabupaten Roads Development Project Irrigation Sub-sector Project II Provincial Irrigated Agriculture Development Project Groundwater Development Urban Development Projects (various)	Urban Development Projects (various)
ADB	Technical Education Development Project			Secondary Cities Urban Development Project Irrigation Projects	Secondary Cities Urban Development Project
USAID	Education and Policy and Planning		Upland Agriculture and Conservation Project		Municipal Finance Project
CIDA			Dryland Farming Systems		Sulawesi Regional Development Project
ODA					Regional Finance
GTZ			Kalimantan Upland Farming Project		Support for Decentralization Measures Regional Development Planning Program

IMAGE EVALUATION TEST TARGET (QA-3)



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