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Decentralization and Regional Autonomy in Indonesia

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Decentralization and Regional Autonomy in Indonesia

Implementation and Challenges

Edited by
Coen J.G. Holtzappel & Martin Ramstedt



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CONTENTS

<i>List of Tables</i>	viii
<i>List of Figures</i>	x
<i>List of Maps</i>	xi
<i>Acknowledgements</i>	xiii
<i>List of Contributors</i>	xv
<i>Preface</i>	xxiii
INTRODUCTION: The Regional Governance Reform in Indonesia, 1999–2004 <i>Coen J.G. Holtzappel</i>	1
PART ONE: MONITORING REPORTS & GENERAL ANALYSES	
1. When the Burden is Shouldered Alone: Experiences in Autonomy at Regencies and Municipalities <i>Adi Abidin</i>	59
2. Indonesia's Transition to Decentralized Governance: Evolution at the Local Level <i>Widjajanti I. Subaryo</i>	75
3. Corruption and Decentralization <i>Bert Hofman, Kai Kaiser, and Günther G. Schulze</i>	99

-
- | | | |
|----|---|-----|
| 4. | The Role and Function of the Regional People's Representative Council (<i>DPRD</i>): A Juridical Study
<i>J. Endi Rukmo et al.</i> | 114 |
| 5. | Regional Autonomy, Regulatory Reform, and the Business Climate
<i>Mohammad Sadli</i> | 145 |
| 6. | Decentralization, Regulatory Reform, and the Business Climate
<i>David Ray</i> | 150 |
| 7. | Small Enterprises and Decentralization: Some Lessons from Java
<i>Henry Sandee</i> | 183 |
| 8. | Fiscal Decentralization and Its Impact on Regional Economic Development and Fiscal Sustainability
<i>Bambang Brodjonegoro</i> | 196 |
| 9. | Origin and Development of the Urban Municipality in Indonesia
<i>Peter J.M. Nas</i> | 222 |

PART TWO: ANTHROPOLOGICAL ANALYSES
OF REGIONAL CASES

- | | | |
|-----|--|-----|
| 10. | Regional Autonomy and the Issue of Land Rights: The Case of the PT CPM Mine in Central Sulawesi
<i>Dibyو Prabowo</i> | 245 |
| 11. | Reshaping Tana Toraja: A Century of Decentralization and Power Politics in the Highlands of South Sulawesi
<i>Edwin de Jong</i> | 256 |
| 12. | Recentralization and Decentralization in West Sumatra
<i>Franz and Keebet von Benda-Beckmann</i> | 293 |
| 13. | Regional Autonomy and Its Discontents: The Case of Post-New Order Bali
<i>Martin Ramstedt</i> | 329 |

14.	Reflections on the Development of Intellectual Property Rights Legislation: An Account from Riau <i>Syafrinaldi</i>	380
15.	Global Spread and Local Fractioning: Indigenous Knowledge and the Commoditization of Livelihood Resources in the Growth Triangle <i>Cynthia Chou</i>	388
	<i>Index</i>	411

LIST OF TABLES

Table 2.1:	Number of District Government Units before and after Decentralization	83
Table 2.2:	Increase in Salary of <i>DPRD</i> Members	83
Table 2.3:	Basic Statistics of West Lombok and the City of Bandar Lampung; Local Budget and the Financing of Service Centres	85
Table 2.4:	Revenues of West Lombok, Bandar Lampung, Lampung Province and NTB before and after Decentralization	86
Table 2.5:	Government Expenditure of West Lombok, Bandar Lampung, Lampung Province and NTB before and after Decentralization	87
Table 2.6:	Location of SMERU's Studies on Regional Autonomy; 2000–03	90
Table 2.7:	Changes in the Transfer from Central Government, Province's and District's Own Revenues and Salary Payments, before and after Decentralization (FY 1999/2000 and FY 2001)	92
Table 3.1:	The Time Needed for Several Services	109
Table 4.1:	Regional Profile of the Respondents	121
Table 6.1:	Selected PEG Studies on Regulatory Problems in Local Government	151
Table 6.2:	Factors that Impact Negatively on the Business Climate	164

Table 7.1:	Indonesian Manufacturing by Establishment Size (employment-based definition), Census Data, 1975–96	185
Table 7.2:	Indonesian Employment by Main Employment Status of Population Aged 15 Years and above; 1997, 1999 and 2001	186
Table 7.3:	Employments in the Manufacturing Sector, 1996–2000	187
Table 8.1:	Percentage of Prefectures/Municipalities Distribution Based on Elements of Budget Shares to Total Local Budget (APBD), 2002	204
Table 8.2:	<i>DAU</i> per Capita, 2002–03	205
Table 8.3:	Local Revenue per Capita, 2002	210
Table 8.4:	Average Annual GRDP Growth by Province	211
Table 8.5:	Average Annual Investment Growth by Province	212
Table 8.6:	Average Annual Export Growth by Province	213
Table 8.7:	Average Annual Manufacturing Growth by Province	214
Table 8.8:	Inter-governmental Transfer, Debt Payment, and National Budget	217
Table 10.1:	Mining in the Forests	247
Table 10.2:	Mining in Protected and Conservation Forest	249
Table 11.1:	Historical Overview of the Changes of Administrative Divisions in Tana Toraja	258

LIST OF FIGURES

Figure 1.1: Organization of Central and Regional Authorities	16
Figure 2.1: The Transfer from Central Government and Districts' Own Revenues before (FY 1999/2000) and after (FY 2001) Decentralization	80
Figure 2.2: The Transfer from Central Government and Provinces' Own Revenues before (FY 1999/2000) and after (FY 2001) Decentralization	80
Figure 2.3: Increase in Transfer from Central Government, Provinces' Own Revenue and Salary Payments after Decentralization (FY 2001–FY 1999/2000)	82
Figure 2.4: Increase in Transfer from Central Government, Districts' Own Revenue and Salary Payments after Decentralization (FY 2001–FY 1999/2000)	82
Figure 3.1: Forms of <i>KKN</i> before and after Decentralization 2000–01	105
Figure 3.2: <i>KKN</i> in Government Administration (Perception by NGO and Media)	106
Figure 3.3: Level of Community Satisfaction with Public Services	108
Figure 3.4: Comparison of the Average Actual Payment with the Payment According to Local Regulations	108
Figure 3.5: Perceptions on Transparency of <i>APBD</i>	109

LIST OF MAPS

Map 11.1: Kruyt's Threefold Division of the Highlands and the Modern District of Tana Toraja	261
Map 12.1: Nagari Candung Kota Lawas	303
Map 15.1: Resources of Riau as Perceived by the Regional Investment Coordinating Board of Riau Province	395
Map 15.2: Master Plan for Batam	396
Map 15.3: Master Map for Bintan	397
Map 15.4: Master Map of the Bareleng Bridges	399
Map 15.5: The Network of <i>Orang Laut</i> Inter-related Territorialities and Their Identification of Resources	402

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PREFACE

After the fall of Suharto in May 1998, an instantaneous wave of publications endeavoured to come to grips with what was going on under the label of “*reformasi*”, by taking stock with the achievements and failures of the rapidly waning New Order institutions. The first book in the English language to exclusively address the intricacies of the various processes of decentralization in independent Indonesia up to the present day was the anthology, *Riding a Tiger: Dilemmas of Integration and Decentralization in Indonesia* (2002), co-edited by Coen J.G. Holtzappel, Martin Sanders and Milan Titus. It comprised the proceedings of an international workshop at the University of Leiden, The Netherlands, convened by Holtzappel in 2000.

In an effort to define the points of departure for the reform and to fathom out what might happen if Basic Law No. 22/1999 on regional governance and Basic Law No. 25/1999 on regional fiscal balance were to be implemented, the workshop had focused on the political and social dilemmas of the relation between government and regions and vice versa during the New Order regime. At the time, there was a debate going on about the feasibility of the 1999 legislation, and it was not certain at all that the implementation would start as planned in 2001. People were also commonly afraid that *reformasi* might fail, and that Suharto’s military-backed system of top-down regional governance might be able to re-institute itself. Another issue of concern for many was the fact that the local village communities were excluded from the equity intention inherent in the 1999 legislation. Yet, according to Article 18 of the 1945 Indonesian Constitution, it was precisely these village communities which were to enjoy special autonomy status. The majority of Indonesians have after all been living in closely-knit local communities in the rural districts and municipalities. To many, the emphasis on the autonomy of regional municipalities and districts in the 1999 legislation seemed questionable.

Riding a Tiger is a collection of studies which naturally was influenced by these points of debate. Accordingly, it provides some valuable insights into the real-time state of affairs of the regions and local communities in 1999, simultaneously reviewing the post-independence history of regional governance. The studies incidentally focus on the rural districts and their economic and administrative arrears accumulated during the centralist New Order period, showing that the inhabitants of the rural districts depended on income from non-agricultural resources in rural as well as urban areas.

The detailed findings of the book concerned the following issues: (1) The regional disparities between rich and poor regions, (2) The rift between urban and rural areas resulting from a steady decay of inter-Asian trade networks since the nineteenth century due to first colonial and later national trade interests hampering a free and legal access of all Indonesians to inter-regional and international trade (Mohammad Sadli), (3) The fact that whatever the legislation, regional autonomy would only be attractive to local government and local people if all the externalities necessary for autonomy were included, in particular, the servicing and co-administration apparatus of the administrative regions (Martin Sanders), (4) The flow of migrants and commuters between rural districts and cities attesting to the inter-regional nature of local life and its trading networks as well as to the dependence of the urban-rural relations on inter-island networks and networking (Milan Titus), (5) The importance of rural-urban networks, at least in Java, for the survival of both the inhabitants of rural areas and their kin in the towns and cities (Juliette Koning, Pande Made Kutaneegara, and Gerben Nooteboom), (6) The violent ethnic dimensions of regional governance under reform in localities outside Java and Madura, and the clash between modernity and local tradition that decentralization would force upon local society (Jan Avé, Boedhihartono, and Dik Roth), and (7) Last but not least, the amazing sustainability, flexibility and productivity of small-scale industries in crisis-ridden Indonesia (Henry Sandee).

Most of these issues unsurprisingly return in this volume which, for the most part, builds on the proceedings of the 2003 follow-up conference on regional reform in Yogyakarta, Indonesia. Additional expert contributions were furthermore solicited by the editors. The 2003 follow-up conference had been co-convened by Holtzappel and Dibyo Prabowo with the generous support of the Department of Cultural Anthropology and Non-Western Sociology at Leiden University and the Center for Asia and Pacific Studies at Gadjah Mada University in Yogyakarta. The conference focused on an analysis of the 1999 legislation and its implementation. At the time, the outcomes of the deficiency debate and the debate on the constitutional amendments had

not yet been finished. In the course of the writing-up of this anthology, however, these debates came to an end, and their results were subsequently integrated into the scope of this volume.

By the time this volume reaches printing stage, it is by no means the only book dedicated to the decentralization that is currently taking place in Indonesia. Three major works warrant special attention here due to their comprehensive approach to the topic. They all appeared already in 2003 and hence offer valuable first analyses of the initial phase of the decentralization process. They are, however, dated in the sense that they do not discuss the debate amendments on the constitution and its consequences, and the 2004 update legislation on the relation between government and regions. Hence they miss the practical point that meanwhile the reform does not mean any more democratic empowerment of local government. Rather, it has resulted in the installment of a solid local apparatus, paid by the government, to service the local communities and to co-administrate environmental government interests in the regions in cooperation with the executive regional parliament (see “Introduction” by Holtzappel).

Let us mention here first the collection of essays on *Autonomy and Disintegration in Indonesia* (2003), co-edited by Damien Kingsbury and Harry Aveling on the basis of the proceedings of a conference of the same name which had taken place in Melbourne in 2001. In its thematic range, it is similar to the afore-mentioned volume, *Riding a Tiger*, but it has different points of departure. Arguing that “Balkanization”, that is, complete disintegration, or at least fragmentation would by far be the most critical issue facing the Indonesian state at the time, the book discusses in global comparison the history and complexity of the Indonesian nation-building process (Ruth McVey, Paul James, and Ann Kumar), and the chances for democracy as well as the recurrent issue of local identity therein. It offers four case studies of post-New Order Aceh (Edward Aspinall, Rizal Sukma), Timor-Leste (Damien Kingsbury), Papua (Richard Chauvel), and South Sumatra (Elizabeth Collins), which highlight the long-standing friction between these regions and the centre. The resolution of this friction seemed to the authors not to be within reach anytime soon.

The tenor of this collection of essays is quite pessimistic as it points out some dangers or deficiencies apparent in the initial stages of the decentralization process: the potential for regions to institute between themselves barriers to travel and free trade that would have an adverse effect of the already struggling economy (David Ray and Gary Goodpaster); the risk that the centre might react violently against the weakening of its integrative power through regional challenges (Damien Kingsbury); the chance that local communal identity

and a mythologized past, as in the case of West Sumatra, will obstruct possibilities to benefit from greater local control (Ismet Fanany); and the danger that low level of expertise at the local level may negatively affect local government service delivery (Ismet Fanany). One of the contributors (Minako Sakai) argued convincingly that the creation of new provinces based on cultural or geographic cohesion would promise to be an antidote to a further fracturing of the state.

The second work presented here is another collection of studies which appeared under the title, *Local Power and Politics in Indonesia: Decentralisation and Democratisation* (2003). It was co-edited by Edward Aspinall and Greg Fealy on the basis of the proceedings from the 2002 Indonesia Update conference, comprising contributions from academics as well as international policy-makers. The conference was organized by Jill Wolf, Liz Drysdale, and Trish van der Hoek from the Indonesia Project at the Research School of Pacific and Asian Studies, The Australian National University, in Canberra. Designed to scrutinize the impact of the decentralization process on local politics and power relations, the conference had been co-sponsored by the Australian Agency for International Development (AusAID), the Asia Foundation, and the Ford Foundation in Jakarta.

The book departed from what the editors had identified as the two rationales of the architects of the 1999 legislation for district-focused decentralization: (1) that it would promote democratization by bringing decision-making to a level where communities were more inclined to participate and where they could hold politicians accountable for their actions (p. 4); and (2) that it would be the “best way to ensure that decentralisation did not encourage separatism and the break-up of the country” (p. 4), which was meanwhile clearly displaying some of the characteristics of a weak state (Harold Crouch) that was furthermore not able to maintain sustainable economic growth (Mohamad Ikhsan).

Assessing these two rationales against the backdrop of developments during the first two years of implementation (Harold Crouch, Mohamad Ikhsan), the authors pursued altogether three goals: (1) to provide an outline of the new decentralized system of governance on the basis of a general report on the results of the German *Gesellschaft für Technische Zusammenarbeit* Support for Decentralization Measures (GTZ-SfDM) so far by Rainer Rohdewohld, the Asia Foundation’s survey of thirty local governments presented by Arellano A. Colongon, Jr., examinations of the impact of decentralization on civil society (Hans Antlöv), women (Hana A. Satriyo), the environment (Ida Aju Pradnja Resosudarmo) and the military (Marcus Mietzner), and contributions highlighting the rise in local identity politics in

North Sumatra (Vedi R. Hadiz), Riau (Michele Ford), West Sumatra (Minako Sakai), Papua (Rodd McGibbon), Java and Madura (Amrih Widodo, George Quinn); (2) to represent some aspects of the debate about the meaning of decentralization for political and economic power in Indonesia, concluding that in spite of the emergence of a new breed of populist political brokers (Amrih Widodo), the main winners of the governance reform have so far come from the lower echelons of the New Order bureaucracy capable of re-establishing themselves as local chief executives (Vedi R. Hadiz, Michael S. Malley); that the corrupt alliances of economic and political power were reconstituting themselves in form of unqualified individuals buying themselves into key positions of local administration (M. Ryaas Rasyid, Amrih Widodo); and that despite the reduction of the military's role in national and regional legislatures, it has been able to adapt and preserve its territorial command structure in such a way that it remains flexible to forge useful alliances with commercial, political and social actors (Marcus Mietzner); and (3) to instigate observers of Indonesia to revise their centralist perspective on the country and to henceforth appreciate the importance of the regions for the political dynamics of the nation as a whole. These findings are confirmed by the chapters of Part I of this book but lack the deeper understanding that the *KKN* (an acronym for *Korupsi* or corruption, *Kolusi* or collusion, and *Nepotisme* or nepotism) complex is indicative of the continuity of the obsolete local concept of sharing called "patronage".

The third and last publication to mention here is the book, *Decentralisation in Indonesia: Redesigning the State* (2003) which was co-authored by Mark Turner and Owen Podger with the assistance of Maria Sumardjono and Wayan K. Tirthayasa. The research for this detailed bird's-eye study was funded by the Community and Local Government Support Sector Development (CLGS-SDP) Programme of the Asian Development Bank. It identifies some lessons to learn, and offers them especially to policy-makers and administrators in Indonesia and elsewhere.

These lessons mainly concern the following lacunae which have come apparent in the preparation for the 1999 legislation, in the formulation of the legislation itself, and in the first phase of its implementation: poor planning and hasty preparation of the legislation; absence of managerial and economic arguments in the legislation that extol the efficiency advantages of decentralized governance; non-existence of brief laws providing clear guidelines as to the implementation of the legislation; uncoordinated, non-participatory preparation of implementation regulations at central as well as regional government level; continual tension between central and regional government over control of personnel matters; unfamiliarity of regional governments with

tools of democratic accountability; mismatching of function and finance; avoidance of downsizing of staff after transfer from central to regional government; insufficient knowledge of strategic human resource management; impaired training systems; and non-action as to some incongruity of electoral system with principles of democratic local governance.

Compared to the three afore-mentioned publications, the present book offers two new angles on the current governance reform: (1) an analysis of the debate on the revision of the 1999 legislation and the amendment of the 1945 Constitution as well as its impact on the analysis of the reform as a whole; and (2) a focus on the implications of continuity in the sense that Suharto's administrative regions have indeed been removed; but as their services have been integrated into regional government, they retain the status of de-concentrated government affairs by naming them "decentralized". The book furthermore highlights more recent aspects of the governance reform, such as the role of the constitutional amendments in the reform and the procedure of changing local territory and management, the role of the province in that procedure, intellectual copyright, or livelihood destruction of sea nomads, that have been hitherto somewhat neglected.

Most importantly perhaps, this volume includes the specially solicited reports of the leaders of the official reform-monitoring teams from The Asia Foundation, SMERU, the Jakarta Office of the World Bank, the Growth through Investment and Trade Project (USAID-Nathan Associates), and the Indonesian Centre of Local Government Innovation. These reports are supplemented by anthropological case studies which bring into focus certain implications of the decentralization process in different regions outside Java (that is, Riau and the Growth Triangle, West Sumatra, Central Sulawesi, Tana Toraja, and Bali).

The volume as a whole thus covers the nitty-gritty of the first phase of implementation (2001–03), corroborating and complementing the findings of the afore-mentioned three publications, as well as more recent developments in connection with the 2004 update legislation. In short, it contributes new important insights for the decentralization debate which might interest social scientists, politicians and policy-makers alike.

The Editors