

## THE FLUX OF DECENTRALIZATION IN INDONESIA AND THE ROLE OF LAW 22/1999 IN PROMOTING DEMOCRATIC LOCAL GOVERNANCE<sup>1</sup>

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*Indonesia bisa disebut sebagai negara yang unik dalam konteks hubungan Pusat-Daerah. Tradisi sentralisasi sangat kuat dalam sejarah Indonesia, namun paket desentralisasi 1999 sering dikatakan sebagai kebijakan desentralisasi yang paling berani diantara negara-negara berkembang lainnya. Dengan kata lain, pendulum kebijakan sering bergerak sangat ekstrem kearah sentralisasi pada suatu saat, dan kearah desentralisasi pada saat yang lain. Makalah ini mencoba melihat dinamika pergerakan pendulum tadi, dan memetakan peran UU Nomor 22 Tahun 1999 dalam mendorong tumbuhnya kehidupan demokratis di tingkat akar rumput.*

### Prologue

In the recent decade, decentralization has been materialized as the main trend amongst developing countries. It is frequently seen not only as a part of democratization process, but also an attempt to realize a better, cheaper and faster government. In many cases, additionally, decentralization forms a key element of the reform agenda.

From historical perspective, however, decentralization as well as democratization did not represent an ideal preference of governing state and society. Instead, centralized and authoritarian regime was the most prevailing political system at that time. Nevertheless, in line with the emerging phenomenon of global democratization<sup>2</sup>,

almost all parts of the world have committed to release political reform, and as an exclusive element of that, decentralization is to be promoted. This paper aims at providing a general picture of decentralization in Indonesia and a long way of seeking a democratic local government through decentralization framework.

### Brief History of Decentralization Mainframe in Indonesia

Indonesia is probably a unique country in terms of perpetual process of discovering national and communal identity.

On the one hand, Indonesian society is characterized by heterogeneous ethnic groups, languages, beliefs and religions, history, and any other features. One Indonesian founding

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<sup>2</sup> Ohmae (1990, 2000), for example, identifies the end of 20<sup>th</sup> Century as *the borderless world* and the beginning of 21<sup>st</sup> Century as *the invisible continent*. Meanwhile, Huntington (1990) affirms that since April 25<sup>th</sup>, 1974, countries in the world have entered into a process of "third wave of democratization".

fathers, Mr. Muh. Yamin, observes that there are 47,305 *masyarakat adat* or traditional community groups having their own social customs and institutions. The name of such community is also varied among regions. It is called *Desa* or *Dusun* in Jawa, *Gampong* in Aceh, *Negeri* in Maluku, *Banjar* in Bali, *Huta/Kuta* in Batak, *Nagari* in West Sumatra, *Pasirah* in South Sulawesi, etc. (Gunawan, 2003). Normatively, they are self-governing societies having wide autonomy to govern and administer the interests of the local people according to its own initiatives based on the people's aspirations in accordance with the prevailing convention or tradition. In this sense, those societies have various kind of autonomy such as rights on self-determination or rights to denote border and width of area. They also have rights to arrange their household affairs, to elect and appoint head of community, to possess physical and financial assets, and to pick up tributary (*upeti*) or local taxes (Kartohadikoesoemo, 1965: 214). It can be found that Indonesian ancient society was typically independent entity.

On the other hand, traditional communities in Indonesia are also illustrated by vigorous social kinship, willingness to resolve common problem in a consensual manner (*musyawarah* or *mufakat*), and homage and trust to their leaders to make decision concerning daily activities or any socio-economic relation among the society members. Leaders are always treated as patron, while ordinary people are only positioned as client. Such paternalism attribute is indeed the genesis of state intervention or kingdom co-optation in any types of society, even individual, lives.

The real feature of patrimonial society in Indonesia might be clearly reflected from a

famous folklore called *Si Unyil*. In April 1981, an Indonesian puppet film called *Si Unyil* appeared for the first time on television screen. Within a very short time, Unyil, the hero, became a close friend to Indonesian children, appearing regularly on Sunday mornings to entertain millions of viewers. The program, while entertaining, talks about patriotism, nationalism, health, the environment, the armed forces, family planning, art and culture, and all the other things an Indonesian child should know. There is still of course, room for fantasy. Some Unyil stories are intended merely to entertain and amuse children. Notwithstanding of the aim for entertain and educate children, *Si Unyil* also replicates the psychological and sociological thought and spirit of the people. Whenever having problems, Unyil always suggests his friends to come to the Village Headman, and they will obey whatever the Headman's decisions are. In this regard, community leader is often believed to be kind, wise, intelligence, democratic, and tolerance, while people (including children) are structurally accustomed to be good devotees for their leaders. People are barely encouraged to be independent, either in resolving the problems encountered or determining shared-program should be taken. In other words, people, the clients, are always under the subordination of the community leaders, the patrons.

The fact that people have autonomy on the one hand and strict obedience to the patron on the other hand has long root in Indonesian history. Before the emergence of Kingdoms in Indonesian archipelagos, villages or traditional community groups had full authority over their regions. In the subsequent stages, however, socio-political interaction among villages brought about the formation



of broader region consisted of many villages. Such process of unification had eventually led to the appearance of Kingdom as new social and political entities. Since then, the villages were merely part of bigger authority, and autonomy of the village had transformed into supremacy of the State/Kingdom. In this context, the King was the patron for the Village Headmen, and the Kingdom constituted the superior of the villages. Under such circumstances, political constellation was definitely centralized.<sup>3</sup> As new clients, Village Headmen had no choices but total submission to the patron, i.e. the King.

What important to be noted is that even though the Kingdom was very centralized, but still there were cases for delivering special rights and autonomy to a certain region or community groups. During the Sultanate of Pajang (1546-1582), for example, Sultan Hadiwijaya gave a piece of land called Alas Mentaok to Sutawijaya or Mas Ngabehi Loring Pasar for suppressing rebellion from Aria Penangsang of Jipang.<sup>4</sup> The region of Alas Mentaok was called *tanah perdikan* (independent region) that was exempted from paying tributary or any other types of taxes. It indicated that there was a political will from the central government (the King) to share power with regions or community groups in the Kingdom's jurisdiction.

In the more modern era, the efforts to build decentralized and efficient local government were also rather obvious.

During the Dutch colonial period, the issue of local autonomy started in 1899 when the movement called *Etische politiek* led by Van Deventer was initiated. The *Etische politiek* movement was the starting point of the decentralization history in

Indonesia which led to Law of July 23, 1903 concerning Decentralization of Government in the Netherlands Indies or *Decentralisatie van het Bestuur in Nederlandsch-Indie*, known as "Decentralisatie Wet". Consequently, the state administration had changed from the centralistic to a decentralized government. The Dutch Decentralization Law of 1903 created local councils for the autonomous Residencies and Municipalities. As the implementation of the decentralization laws, the Dutch Kingdom administration issued a decision on decentralization called *Decentralisatie Besluit* which stipulated the principles of the formation, the arrangement, the position and the authority of a council (LAN, 2003: 121). In this sense, the *decentralisatie wet* was functioned as a means of making colonial administration more effective in ruling population and extracting resources. But still, the colonial power maintained strong central control and a rigid hierarchical system of government (IRDA, 2003: 5).

<sup>3</sup> During Kingdoms period, the concept of *kawula-gusti* (Indonesian term for patron-client) was very apparent. There was no equal position at all between *kawula* and *gusti*. The King or *gusti* was also seen as sacred, so that the King can do no wrong and King's speeches would always be the law of the country (*sabda pandhita ratu*). In addition, all property rights, particularly property rights of land, were in the hand of the King.

<sup>4</sup> In the future, the region of Alas Mentaok (Kotagede in recent Yogyakarta) became the capital of Mataram Kingdom (1588) with Sutawijaya or Panembahan Senapati as the first Sultan. For the complete history of early Mataram period, see [http://www.munindo.bri.de/artikel/artikel\\_04/art04\\_mito\\_nyai\\_kidul\\_1.html](http://www.munindo.bri.de/artikel/artikel_04/art04_mito_nyai_kidul_1.html) and <http://www.jogjakita.or.id/detailcerita.php?kategori=11&beritaId=28>

When Japan occupied Indonesia from 1942-1945, wartime demands put a premium on centralization of powers in the hands of the Japanese forces. However, there were barely references that show the change in the government system. Consequently, up to the early period of Indonesia's independence, the effect of Dutch administration system has prevailed as the system of the administration of Republic of Indonesia reflected by the dominance of ex-Dutch laws currently practiced. The Japanese military did not alter the existing government structure in Java immediately. By Law No. 1 issued on 7 March 1942, the Japanese only transferred all official powers of the former Netherlands Indies Governor-General to the Chief Commander of the 16<sup>th</sup> Army Division (Niessen, 1999: 55-56).

The 1945 proclamation brought a new system of local government in Indonesia. The Constitution of 1945 provides for a local government system and makes it clear that local autonomy is one of the principles of governance in Indonesia. The new republican government understood the importance of center-region relations and quickly issued laws on center-region powers that established more discretion on the part of the regions. The period of liberal democracy in the early and mid-1950s also provided for a wide degree of power to the regions, culminating in 1957 legislation (IRDA, *ibid*). Up to New Order period (Soeharto regime), IRDA conveys a very informative summary concerning central-region relationship as follows:

The pendulum began to swing toward centralization as Indonesia entered into a more authoritarian period with then President

Soekarno's Guided Democracy in 1959. With the *Orde Baru* (New Order) regime beginning in 1967, the centralization became pervasive. In almost all aspects of politics and government – democracy, fiscal balance, and public administration – the Soeharto regime instituted a rigid hierarchical power structure with central government exercising strong control over every level in the political, governmental, and societal hierarchy. The regime managed this effort through the military and the bureaucracy. During this period, the central government monopolized economic management and natural resources extraction in the regions. The authoritarian power structure created a deep-rooted social discontent, particularly in the region.

In a similar way, Antlov (2002: 2-3) also criticizes the practice of centralized governance under Soeharto administration. He says that during Soeharto's 32-years term, Indonesia was characterized by a strong central accumulation of power and a patrimonial governance system. The relationship between the state and society is highly skewed in favor of state precedence, with the public administration being paternalistic, interventionist, and everything but transparent and accountable to the public. The lack of accountability or transparency, along with paralyzing paternalism and discouragement of local initiative has led to uniformity and standardization, destruction of social fabric, co-optation of leaders on all



levels, abuse of power and corruption and, perhaps most serious of all, a deep distrust in civil institutions.

Only since the fall of Suharto has it been truly possible for citizens of Indonesia to express their voices in public and speak up about what they feel important in life. This can best be done at a local level, where interaction can occur between citizens and where decision-making is confined enough to influence on a day-to-day basis. In other words, it was only after the fall of Soeharto on May 21, 1998 that the regions demanded a new framework in center-region relations. MPR Decree No. XV/1998, Law No. 22/1999 and Law No. 25/1999 are the pillars of this framework. IRDA (ibid) has even confidently noted that the 1999 decentralization framework is believed to be the most daring decentralization policy in developing countries.

The formulation of new decentralization laws in 1999, therefore, had been tightened by so many fundamental failures happened in the previous system under Law No. 5/1974. Up to 1999, the implementation of government in the region had many weaknesses that prevented smooth implementation of democratic government in the regions. In general, those weaknesses derived from the following aspects:

1. The substance of Law No. 5/1974 reflected the emphasis of the central interest than promoting the effort of empowerment of the potential and self-reliance of the local government and society.
2. The system of local government organization tended to become bigger without considering the principles of organizational development. Consequently, hierarchical structure with

longer *span of control* was formed, which in turn made the local government less efficient in implementing regional autonomy.

3. The articles in Law No. 5/1974 which was already 25 years old had not been operational due to lack of implementing regulations. In other words, the existence and function of Law No. 5/1974 had been no more than just relatively a malfunctioned legal product. (LAN and Local Autonomy Bureau, 1999/2000: 1-2).

These three problems have contributed to the less effective implementation of regional autonomy. Based on the issue above, MPR Decree No. XV/1998 concerning the arrangement, the division, the exploitation of national resources and local-central financial balance has been issued. Basically, it provides the following points:

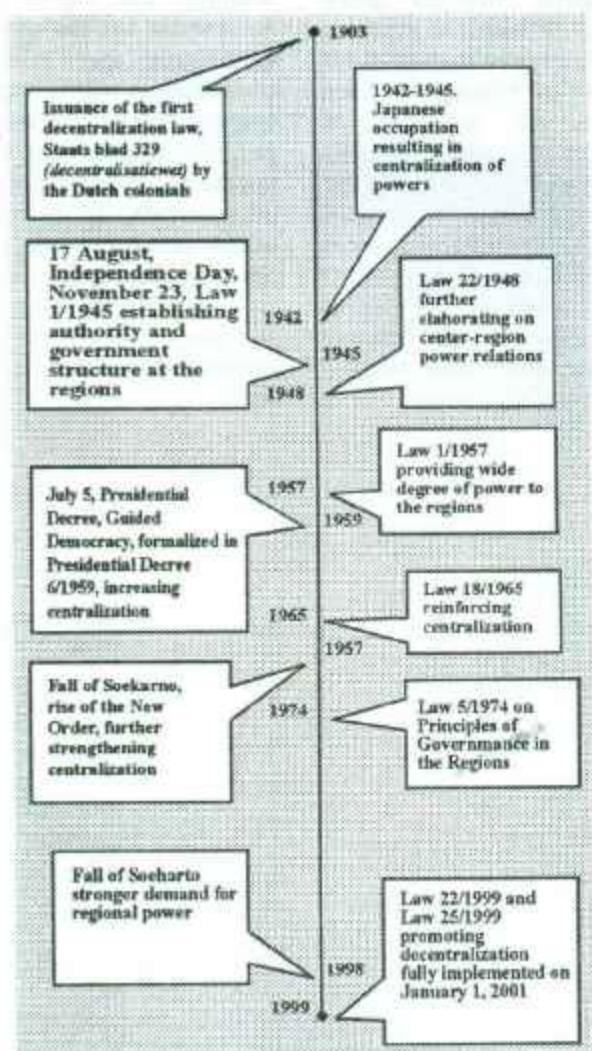
1. The implementation of regional autonomy is carried out on the basis of democratic principles and the heterogeneity of the regions.
2. The implementation of regional autonomy, division, fair use of national resources, and financial balance between central and local government is carried out on the principles of strong social deliberation and sustainability under the supervision of the local parliament and the local people.

Based on such provisions, the new paradigm of local government refers to the promotion of *democratization, people empowerment and excellent public service*. That is to say that the local governments have freedom to make the best decision within their authority and to develop the whole potential in enhancing qualified public service.

It can be implied from the above description that policy debates and resulting directives surrounding center-region relations in Indonesia are not recent phenomena. Even in the near future, the pendulum of decentralization framework will probably swing again in line with the revision of Law No. 22/1999. However, it cannot be predicted yet whether the pendulum will favor to more decentralization or re-centralization. It depends on the readiness of local governments to implement the ongoing policies effectively, for which local officials require continuous process of capacity

building. The higher capability the local government has, the bigger power the central government may transfer. Likewise, re-centralization will be unpopular option if the ongoing decentralization produces significant progress in promoting local democracy and enhancing socio-economic development. In other words, if decentralization fails to deliver peace and prosperity, we might once again see the rise of authoritarian rule.

The flux of Indonesian decentralization and the relation between central and local government can be sketched in the following figure.



Source: IRDA (2003)

Figure 1.  
The Milestones in Center-Region Relations



## Law 22/1999 as Political Breakthrough: Towards Democratic Local Governance

Following the fall of Suharto and the independence of East Timor, the demands for regional autonomy had been reemerged dramatically. These demands triggered a debate between those who favored federalism and those who advocated for a unitary state.<sup>5</sup> President Habibie took a middle path by introducing radical legislation in 1999 providing for wide regional autonomy within the existing unitary constitution.

It is not surprising then, that Law No. 22/1999 has fundamentally transformed the system and structure of local government in Indonesia. The decentralized local government introduced by the Law No. 22/1999 can be seen as a starting point to change the pendulum from centralized and relatively undemocratic regime to autonomous and relatively democratic governance. By quoting USAID's study, Hadiz (2003: 4) has also confessed that Indonesia is moving rapidly from years of tight central control to a far more decentralized and autonomous system of local government.

The periods prior to 1974, the government system could actually be considered as decentralistic. This can be comprehended through the principles of autonomy professed, i.e. the 'real and extended/wide' autonomy (*otonomi riil dan seluas-luasnya*). However, with the implementation of Law No. 5/1974, the autonomy principle of 'real and wide' autonomy was abolished and replaced by the principle of 'clear and responsible' (*otonomi nyata dan bertanggungjawab*).<sup>6</sup>

Simultaneously, the basis of decentralization was paralleled with deconcentration principle, in which the latter was much more prominent than the previous one. It was no wonder that, in practice, centralization was stronger than decentralization. One of the real practices of deconcentration principles was that every *Kepala Daerah* or Head of Region (both Province and District/City) represented the *Kepala Wilayah* or Head of Administrative Territory (the extension of central government in the regions) (article 80 Law No. 5/1974). In addition, in each region the certain central institutions' affairs (Department/Non-departmental Government Institutions) or higher-level institutions.

<sup>5</sup> In the past the concept of federalism was discredited in Indonesian nationalist eyes because it had been proposed by the Dutch during the anti-colonial revolution in the late 1940s as a means to obstruct full independence. The supporters of the unitary state claimed that federalism is really a first step toward national disintegration. On the other hand, the supporters of federalism argued that the establishment of a federal system might be the only way to prevent national disintegration. For comprehensive discussion on federalism, particularly the displacement issue of conflicting regions in Indonesia after the fall of Soeharto, see: Global IDP Project, *Indonesia: Profile of Internal Displacement*, November 13<sup>th</sup>, 2003.

<sup>6</sup> *Real* here means that the transfer of autonomy to local governments should be based on factors, calculations, and actions, which guarantee that the regions are able to manage their own affairs. *Responsible* means that the transfer of autonomy is in line with its goal, accelerating development throughout the country, in harmony or not deviating from the blueprint, in harmony with the political building and the unity of nation and regions, and able to assure the regional growth and development.



Vertical Agencies (*Instansi Vertikal*) were established as the executors of

With the implementation of Law No. 22/1999, the principles of autonomy were returned to the principles of 'wide, real and responsible'. Additionally, the function of deconcentration was abolished at district/city level and this function is only mandated to provincial government. In other words, district/city fully becomes an autonomous unit.<sup>7</sup>

The table below illustrates the comparison between Law No. 5/1974 and Law No. 22/1999 in terms of principles of regional autonomy.

**Table 1.**  
Comparison of Law No. 5/1974 and Law No. 22/1999 in terms of Principles of Regional Autonomy

Law No. 5/1974	Law No. 22/1999
<b>Decentralization</b> of responsibilities to 'autonomous' provincial and local governments (District and City). Only delegated affairs will be District/City government's authority. <i>Province is superior of District / City government.</i>	<i>All of government affairs are the domain of District/City government, except 5 affairs excluded.</i> <i>No more tier / hierarchy of local government</i>
<b>Deconcentration</b> of activities to regional offices of central ministries (at provincial and local level). Both Province and District/City government are <i>autonomous and administrative</i> .	<i>No Deconcentration at District/City level.</i> <i>Province is still autonomous and administrative, whereas District/City is only autonomous.</i>
<b>"Vertical Co-administration"</b> ( <i>tugas pembantuan</i> , but also often known by the Dutch term <i>medebewind</i> ), in which provincial and local governments carry out activities on behalf of central government.	<i>Not only Province and District/City government. Desa (village government) may also involve in co-administration</i>

Another

<sup>1</sup> According to the elucidation on Law No. 22/1999, the political grounds to set the wide and extended autonomy at district/city level are to promote people empowerment, to encourage initiative and creativity, to promote people's active participation, and to improve the role and functions of the Local Representative Assembly (DPRD). On the other hand, the placement of Provinces as Autonomous Regions and concurrently as Administrative Regions is conducted with the following considerations: 1) to maintain harmonious relationship between Central and Regional Government in the context of the Unitary State of the Republic of Indonesia; 2) to organize regional autonomy having the nature of inter district/city region, as well as to implement the authorities of regional autonomy which have not been implemented by district/city region; and 3) to implement certain governance duties delegated in the context of the implementation of deconcentration principle.

whereas Law No. 22/1999 embraces the principle of 'acknowledgement of authority' (*pengakuan kewenangan*).

In this sense, Law No. 22/1999 basically states that central government will only be responsible in judicial system, religious affairs, national defense and security, fiscal and monetary affairs, and international diplomatic relationship. Other than those five duties plus macroeconomic planning and standardization, all of government duties have to be handled by local governments, especially at districts and municipals level. However, the local governments are not necessary to do all of those duties. Law No. 22/1999 has a list of government services that local governments have to perform: public works, health, education, trade and industry, investment, environment, agriculture, cooperatives, and labor (Article 11).

These distinguished principles affect the delivery system of responsibility of the heads of local governments. In the past, all heads of local governments were responsible to the president through Ministry of Home Affairs (MOHA). Now, heads of local governments were responsible to Local Parliament body or DPRD.

Finally, Law No. 22/1999 has also altered the culture or behavior of local government organization. Prior to 1999, most of local officers have experienced a sort of "structural trap", in which they were customized to wait central government's guidance to arrange local government affairs, or to perform whatever central government requests. Self-initiative and innovative decisions could scarcely be found in executing local affairs both by executive and

legislative power. Law No. 22/1999 gradually eliminates such kind of structural obstacles and encourages local governments to take actions on their own vision and originality. Furthermore, Law No. 22/1999 does not require local regulations to be approved or acknowledged by central government or superior local government, a common practice in the previous era. Article 113 only requires that "Regional Regulations and Decisions of the Head of Region shall be submitted to Government by no later than fifteen days after the stipulation thereof".

Another typical phenomenon in the recent era is *pemekaran wilayah* or formation of new (autonomous) regions. Until the end of 2003, there were 110 new districts and cities, so that the total amount of district/city governments is 434 (*Kompas*, November 21, 2003). There are different reasons for establishing such autonomous entity. From legal perspective, Article 125 of Law No. 22/1999 stipulates that "... all Administrative Cities may be upgraded into Autonomous Regions with due observance of Article 5 hereof".<sup>8</sup> Based on such provision, many *Kotip* (*Kota Administratif*) or Administrative Cities, had become autonomous local government.

Meanwhile, from economic and sociological perspective, *pemekaran wilayah* is expected to reduce regional disparity and to improve people's well being. The *Bupati* of Bandung, for example, believes that the creation of new sub-district and village will lead to a better public service delivery, improvement of social order, and acceleration of people's potencies (*Pikiran Rakyat*,

8. A governor is also a representative of central government in the region. Thus, he also has to be responsible to president. In other words, a governor has two types of responsibility: responsibility to Local Parliament/DPRD (as head of autonomous region) and responsibility to President (as the representative of central government).



December 18, 2003). Similarly, one member of DPRD Papua states that *pemekaran wilayah* is aimed at improving the balance of physical and mental development among Papua's people. As a matter of fact, the number of district/city in Papua has been doubled from 13 to 26 in consequence of such policy.<sup>10</sup>

The issue of disparity and iniquity is one of the most prevailing motives to mobilize local potencies in order to create self-government units. Unfortunately, both decentralization and *pemekaran wilayah* do not guarantee to reduce such problems. In contrast, the gap among local government is, to some extent, getting sharpened particularly in terms of budget or financial resources. Regions with affluent natural resources tend to have much more income compared to poor-resourced regions. East Kalimantan, one of the four richest provinces<sup>10</sup>, for example, receives ten times more money per inhabitant than the poorest province, Banten. Similarly, Fakfak, the richest district in West Papua, takes in 50 times more per person than the poorest district of Belu in East Nusa Tenggara (The Economist, February 15, 2003).

Nevertheless, it is actually the logical consequence of decentralization. Giving higher political power to local government must be accompanied by bigger portion of financial resources.<sup>11</sup> In this sense, the role of Central Government is to ensure that changes on new financial balance do not hamper poor-resourced regions. In fact, the transition to decentralization was relatively smooth, experiencing no much disturbance of government service delay or tension between rich and poor local governments.

Certainly, the policy changes mentioned above have political, administrative, and judicial implications. From political facet, roles of central government have tended to be lower while responsibilities of local government are becoming higher. Besides, local representatives body (DPRD) purely functions as legislative body (*regulatory / reglementaire pouvoir*), so that policy and decision-making might be formulated based on people-centered orientation. The most important administrative implication is that regional authorities shall cover the authorities in all fields of governance, except 5 authorities excluded. Moreover, the design of the organization structure is formed based on the scale of their authorities, and the shape of human resource balance alters from reversed pyramid to normal pyramid.<sup>12</sup> Finally, from judicial perspective, Regional Regulation (Perda) functions not only to interpret or spell out higher-level regulation, but also to make a new regulation (*law/regulation making function*).

Since local governments have tended to be more independent from central government's intervention, there is widespread buoyancy that those three implications are in conjunction with democratic demand and movement.

With the radical changes contained, it is reasonable enough to say that Law No. 22/1999 is returning the basic concept of local autonomy to the original idea as found in laws concerning local government or regional autonomy in the past. It can also be stated that Law No. 22/1999 constitutes a political breakthrough from which local governments may independently and democratically deal with their own territory and authority as well as with their local constituents.

9. Article 5 provides that Regions shall be formed based on the considerations of the economic capacity, regional potentials, social-politics, the size of population, the area of the region concerned and other considerations which enable the organization of Regional Autonomy.

From the above passage, it can be implied that creating democratic regime is not so easy as in the theoretical debate. It needs a long process and consistency both at formulation and implementation stages. One clear thing is that giving wider autonomy to local governments through decentralization policy is the right pathway to achieve democratic local regime.

Regarding the term "democratic state" or "democratic regime", Leftwich (2000: 173-174) defines democracy in its minimalist meaning to refer to a political system in which people, political parties and groups are free to pursue their interests according to peaceful, rule-based competition, negotiation and cooperation. In practice, this means free and regular election, plus peaceful succession where government change, low barriers to political participation, and the protection of civil and political liberties.

Concerning general election, since Indonesia is a unitary state, there is no general election in local level separated from national election. However, political parties have their own regional branches at province and district/city level. In the political arena, the branch offices have the same rights as those in central level. Therefore, even though local election is not known in Indonesian politics, but it does not lessen the process and the quality of democratic development in the region.

Unfortunately, the succession process of Bupatis / Walikotas (District/City Heads) often produces political tension among factions in the parliament. It occurs particularly due to the fact that local bureaucracy is highly politicized and under the influence of legislative power. The process of succession has even escorted to practices of lobbying, bargaining, political barter, vote buying, and to some extent, corruption and collusion. In the framework of attaining a better local democracy, the existing system of Head of District/City election needs to be reviewed. In accordance with the change of presidential election system in the 2004, the election of Bupati/Walikota will also be modified, in which Bupati/Walikota will not be pointed by parliament members, but pointed directly by local constituents instead.

In terms of political participation of the city dwellers, there are no barriers for people to take active part directly or indirectly in the process of formulation and implementation of local development. Though there is a bit problem of incapability of local government officials to fully accommodate people's aspiration and apply it into decision-making (benign neglect), but their willingness to create and provide a consultancy forum is reflecting the needs to realize the principle of good local governance.

<sup>8</sup> Article 5 provides that Regions shall be formed based on the considerations of the economic capacity, regional potentials, social-politics, the size of population, the area of the region concerned and other considerations which enable the organization of Regional Autonomy.

<sup>10</sup> See Free Papua Movement official website at <http://www.geocities.com/opm-irja/news/05.html>. Actually, there are many disagreement on the outlook that *pemekaran wilayah* has positive connection with people's welfare. The Chairman of DPRD Papua has ever mentioned that dividing Papua into three Provinces is violating people's aspiration. More perilously, this policy may widen regional disparity between mountainous and coastal areas and urban regions. In addition, the formation of new provinces is culturally unsound, as it would escalate primordial sentiment and provoke conflicts among 260 ethnic groups in Papua (*Kompas*, October 19, 2002).

<sup>1</sup> The other three are Riau, Aceh and (West) Papua.



## Concluding Remarks

From the above explanation it can be roughly implied that the vision to construct a democratic regime in local level is really a long and complicated process. In this case, two things are required, i.e. firstly, changing mind that decentralization is the final political ends in solving developmental problems at grass root level, and secondly, continuously building capacity of all local development actors and stakeholders. In many cases, decentralization is often seen as a goal or an output, but in fact, successful decentralization is a process of gradually and strategically building capacity and trust. Local governance institutions need to be nurtured to mature as fast as possible, but they need time to be able to develop their capacities and to develop a "tradition of democratic and effective governance practice". Learning by doing is the basic mode of capacity acquisition, complemented by creating demand-driven opportunities to accelerate learning. The priority is to reinforce capacity to generate synergy at the local level through sustained participatory decision-making and management practice.

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