

The Paradox of Distance in Decentralized Indonesia

Gabriel Lele

Universitas Gadjah Mada, Jl. Sosio Yustisia Yogyakarta
e-mail: gabilel@yahoo.com

Abstract

One of the most important promises of decentralization is to bring government closer to the people through improved public services and decision making. In contrast to this promise, the implementation of decentralization in Indonesia seems to create farther distance between government and the people resulting in the paradox of distance. This article argues that the paradox of distance in decentralized Indonesia is *institutionally engineered*. It is due mainly to unclear mechanisms for the people to hold government accountable and this stems from two main factors. The first one refers to the politics of functional assignment between central and local governments which benefits central government more than local government. The second factor is the macro institutional arrangements on the relationships between local government and the people where there is almost no way for local people to hold their government accountable or punish the underperformed local government. This article recommends significant transformation in the way the central government manages functional assignment to enable local governments to be more responsive to local people as well as reform of key political arrangements to make them more responsive and accountable to local people.

Key Words:

decentralization; institution; paradox of distance; functional assignment

Abstrak

Salah satu janji paling penting dari desentralisasi adalah untuk mendekatkan pemerintah kepada masyarakat melalui peningkatan pelayanan publik dan pengambilan keputusan. Ironisnya pelaksanaan desentralisasi di Indonesia tampaknya justru membuat jarak antara pemerintah dan masyarakat semakin jauh. Artikel ini berpendapat bahwa paradoks jarak tersebut terjadi akibat rekayasa kelembagaan. Setidaknya terdapat dua hal yang menyebabkan kondisi tersebut, pertama terkait dengan politik pelimpahan kewenangan dari pemerintah pusat kepada pemerintah daerah yang lebih menguntungkan pemerintah pusat. Faktor kedua adalah pengaturan hubungan antara pemerintah daerah dengan masyarakat di mana hampir tidak ada jalan bagi masyarakat setempat untuk menuntut pertanggungjawaban pemerintah yang lalai menjalankan tugasnya. Berkaca dari dua hal tersebut, artikel ini merekomendasikan perlunya perubahan signifikan dalam cara pemerintah pusat mengelola kewenangan-kewenangan fungsional sehingga lebih memungkinkan pemerintah daerah untuk lebih responsif dan bertanggung jawab kepada masyarakatnya.

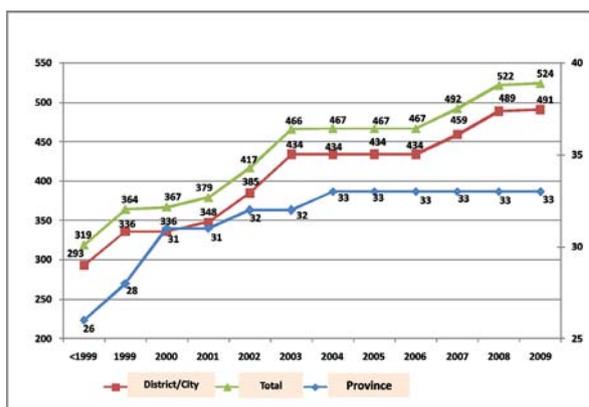
Kata Kunci

desentralisasi; institusi; paradox of distance; functional assignment

Introduction

While decentralization in Indonesia has been widely acknowledged, some concerns sustain, especially concerning the effectiveness of such policy to bring about real impact for the welfare of the local people. This is not to say that decentralization is without fruits. On the contrary, it indeed has brought about many significant effects for the people. UNDP Country Director for Indonesia, Elena Tischenko, once said that until 2009, decentralization has produced more than 16,000 public facilities for local people with annual expenditure increase of 20% on average since 2001 (*Kabar Bisnis*, 25 June 2009). Decentralization has also helped democracy flourishes at local level amidst public frustration with the conduct of conflict-laden local elections (Erb and Sulistiyanto 2009). Similarly, local people are believed to have more rooms to express their aspiration despite limited structural opportunities to play in daily formal politics. All these merits seem to go hand in hand with the establishment of many new autonomous regions (*pemekaran*) which has increased very significantly since 1999 (Carnegie 2008: 521; USAID 2006).

Graph 1
The Increase of New Autonomous Regions,
1999-2009



Source: Bappenas (2010).

Amidst all these achievements, decentralization still has a long way to go towards

its goals. Criticisms are widespread as to the failure of decentralization to bring about its promises. Both local and national media and NGOs are very critical and skeptical on the future of decentralization should there be no significant leap to improve it (*Media Indonesia*, 28 April 2011; *Kompas*, 02 February 2011; *Kompas*, 13 April 2010; *Jawapos*, 13 April 2010; *Detiknews*, 03 August 2010). Such criticisms are not without reasons; indeed, they are quite a genuine reflection of the post-decentralization conditions marked by poor quality and access to basic public services (especially health and education), decreasing infrastructure quality, unfriendly business climate, corruption, and still many others (see for example Dwiyanto et.al 2007; Rinaldi, Purnomo, and Damayanti 2007). In general, there exists a growing distance between people and government after decentralization.

These two opposite yet co-existing phenomena drive me to a long and never ending debate in decentralization literature as to why and how decentralization could bring different results to different countries. This article specifically tries to extend this classical debate on the extent to which decentralization succeeds (or fails) to abridge the distance between people and government. Reflecting on what have happened so far to decentralization in Indonesia, this article argues that after decentralization, the distance between people and government has become even wider. This stands in contrast to the most important promise of decentralization to reduce alienation by bringing people closer to the government and vice versa (for example Schroeder 2003; Smith 1986; Yin and Lucas 1974; Oates 1972). This is a contemporary version of the paradox of distance, in which, decentralization not only fails to bridge the distance between people and the government but also makes such distance even farther. To some extent, local people trust central government more than their local govern-

ment and feel better-off under New Order centralized regime. This paradox deserves special academic attention, at least to me.

Decentralization and Distance

In governance literature, decentralization has become one of the most debated issues. This is simply due to two main reasons: (1) decentralization is defined in different ways for different motivations, and (2) decentralization has brought about different outcomes for different countries.

The literature on why a country implements decentralization is abundant and it is easy to notice different motivations in each country. For Eastern European and Former Soviet Union countries, decentralization is part of political transformation from centralized governance toward more participatory decision-making process. For other countries such as Sri Lanka, Thailand, and South Africa, decentralization a part of the strategies to deal with ethnic and separatist conflict. Still for countries like Uganda and Chile, decentralization is implemented to improve public services (Eaton, Kaiser and Smoke 2010: 8-9; Muriisa 2008:85). As for Indonesia, while decentralization is legally stipulated to increase people's welfare, the underpinning reason is mainly to strengthen national integration (Mietzner 2011:1).

Departing from different motivations, it is actually unsurprising to witness how decentralization brings about different political outcomes. However, it is still surprising to see the gap between the promises of decentralization and the real outcomes it brings in a specific country. This applies to almost all countries implementing decentralization despite its different degree. For example, the potential for break-up in diversified countries is still high even when decentralization is implemented to tackle it. Similarly, the quality of and access to public services are still problematic under decentralization amidst its campaign to improve them.

In line with this debate, there are growing literatures on how and why decentralization creates – or closes – the distance between government and citizens. One of the claims of decentralization is that decentralization closes the distance between government and citizens. Such distance is more psychological than physical. This is something to do with the (mis)match between government activities and citizen preference. As Huther and Shah put it: Governance quality is enhanced, according to this theory, by more closely matching services with citizen preferences, and by moving governments closer to the people they are intended to serve, which ensures greater accountability of the public sector (Huther and Shah 2004:1).

The distance between government and citizens can also be understood in terms of alienation. Decentralization is believed to address the problem of political alienation created under highly centralized government (Muriisa 2008: 85). Yin and Lucas (1973:328) maintains that:

... decentralization reduces organizational scale and makes government more responsive to neighborhood needs; the citizen is more active in relation to neighborhood institutions, receives better services, and somehow becomes less alienated.

The argument implies that though the fruits of decentralization are perceived in different ways, they generally refer to the fulfillment of citizen needs. Consequently, the most valid test as to whether decentralization succeeds or fails must be measured by the extent to which it has met citizen needs. Decentralization is more a peril than a merit once it brings more problems than solutions to citizen needs. It is in this context that distance increases or decreases.

Once the fruits of decentralization are revealed, the next job is to examine the underpinning causes behind them. The current literature provides abundant answers to this

old question. As for Indonesia, the most common argument for the ill of decentralization to close the distance between government and citizens lies in the lack of capacity. Decentralization is implemented without proper preparation to develop the capacity of local government – financial and human resources – to undertake the newly assigned responsibilities (Simatupang 2009; Werlin 2008). Other scholars refer more to the prevalence of corruption (Rinaldi, Purnomo, and Damayanti 2007; Davidsen and Timberman 2006). This is in line with the so-called Neo-Marxist argument which links all problems to the effect of entrenched oligarchic interests. Political actors and their interests are almost always considered the main culprit for all the wrongdoings in decentralization (see for example Carneqie 2008/2009; Hadiz and Robinson, 2004).

While this body of literature is important, it is insufficient. This article argues instead that while actors and interest are important, they must be understood in the context where they operate. Different context requires and structures different behavior among actors which consequently produces different political outcomes. One such context is political institutions. Drawing insight from neo-institutionalism literature, I would argue and show that the paradox of distance in decentralized Indonesia is *institutionally engineered*. Therefore, it is extremely important to investigate institutional arrangements on decentralization and how actors use or misuse them for their own interests. Such perspective is still underplayed in existing literature on Indonesia (King 2003; see also MacIntyre 2003).

To pursue this argument, this article will focus on two most important institutional pillars for decentralization. The first one is functional assignment between national, provincial and local government – hereafter referred to as functional assignment – and the second one is institutional arrangements on

local election. This is not to say that other institutions are not important. Rather, it is simply because of their nature which is highly political compared to other administrative arrangements which are more technical. By taking this choice, this article expects to drive more attention to studies on the effect of political institutions. Such perspective will also enable further institutional reform to make decentralization arrangements more supportive tools for the accomplishment of its promises.

The Politics of Functional Assignment

While functional assignment is very common to those countries applying federal system, it is not uncommon for unitary states like Indonesia. However, the nature of functional assignment in both systems is quite different. In federal countries, functional assignment is more or less bottom-up, in which, countries committed to form a federation agree to delegate some of its authorities to the federal government. The federal government normally maintains only limited authorities such as foreign policy, defense, and central bank. On the contrary, functional assignment in unitary countries generally takes a relatively top-down fashion in which the national government still controls and dictates which authorities are to be transferred to the local government and which authorities stay at the national government.

Looking at the case of Indonesia, some prominent features are worth-noting. Since 1999, Indonesia has been experimenting with finding appropriate formula for decentralizing national authorities or assignments to the region. Through Law 22/1999, decentralization was used to refer to the transfer of authorities from the national government to autonomous local government in the context of Unitary State of Indonesia. Departing from this concept, functional assignment was developed very loosely. The law applies general competence or open-ended functional

assignment model which stipulates only broad principles. The local government, in this stance, is given all necessary discretions to manage its own business as long as it does not compromise higher laws. The national government only reserves itself with authorities in areas of foreign policy, defense and security, judicial affairs, monetary and fiscal affairs, religious affairs, and *others*. What the law means by *others* are authorities regarding policies in areas of national development planning and supervision, fiscal balancing funds, administrative system and economic institutions, human resource development, natural resources and highly strategic technology use, environmental conservation, and national standardization. Beyond these are the authorities of local government. While such arrangement aims at providing local governments with more rooms for maneuver to respond to local concerns, it potentially creates uncertainty as local governments tend to avoid resource-consuming assignments. Besides, local governments are also too small a unit to handle so many assignments.

Realizing that the application of general competence model of functional assignment has those potential problems, Indonesia then changes the model by revising Law 22/1999 with Law 32/2004. The latter makes functional assignment much clearer through Government Regulation No. 38/2007. It clarifies the principles used in assigning government functions based on three pillars: externality, accountability, and efficiency. Based on such principles, the national government reserves for itself certain authorities in foreign policy, defense and security, justice, monetary and fiscal policies, and religious affairs. However, the national government also secures itself with additional structural rooms to play in concurrent assignments which cover 31 affairs. These are assignments to be administered concurrently by national, provincial and local governments. Out of these figures, the law then assigns the local governments to administer

26 mandatory affairs. As can be seen in Table 1, the list excludes the last 5 government assignments along with agriculture, transmigration and tourism. There is no clear explanation as to how and why this is so and this is another point of confusion in the institutional arrangement on functional assignment in Indonesia.

As to make the picture more complicated, the law also assigns 8 optional assignments to the local government. These are government functions which really exist and have the potential to improve people's welfare along with the condition, uniqueness, and competitive advantages of respective regions. This arrangement raises further confusion, at least to me. Given the nature of Indonesia as agricultural and maritime country, why does the central government categorize agriculture and maritime and fishery affairs as optional and not as mandatory assignments? The same question applies to forestry and energy and mineral resources assignments. What is really the basis for such division? Using the criteria the government introduces – efficiency, accountability and externality – fails to address such question satisfactorily.

Table 1
Functional Assignments According to
Government Regulation No. 38/2007

Concurrent Functions	Local Mandatory Functions	Local Optional Functions
1. Education	1. Education	1. Maritime and fishery affairs
2. Health	2. Health	2. Agriculture
3. Public Works	3. Environment	3. Forestry
4. Housing	4. Public works	4. Energy and mineral resources
5. Spatial management	5. Spatial management	5. Tourism
6. Development planning	6. Development planning	6. Industry
7. Transportation	7. Housing	7. Trading
8. Environment	8. Youth and sports	8. Transmigration
9. Land Administration	9. Investment	
10. Population and citizen administration	10. Cooperatives and small and medium enterprises	
11. Women empowerment and child protection	11. Population and citizen administration	
12. Family planning and welfare	12. Labor	
13. Social affairs	13. Food security	
14. Labor and transmigration	14. Women empowerment and child protection	
15. Cooperatives and small and medium enterprises	15. Family planning and welfare	
16. Investment	16. Transportation	
17. Culture and tourism	17. Communication and information	
18. Youth and Sports	18. Land administration	
19. National integration and domestic politics	19. National integration and domestic politics	

Concurrent Functions	Local Mandatory Functions	Local Optional Functions
20. Regional autonomy, public administration, regional financial administration, regional apparatus, human resource and coding	20. Regional autonomy, public administration, regional financial administration, regional apparatus, human resource and coding	
21. Community and rural empowerment	21. Community and rural empowerment	
22. Statistics	22. Social affairs	
23. Archiving	23. Culture	
24. Library	24. Statistics	
25. Communication and information	25. Archiving	
26. Agriculture and food security	26. Library	
27. Forestry		
28. Energy and mineral resources		
29. Maritime and fishery affairs		
30. Trading		
31. Industry		

Source: Government Regulation No.38/2007

Policy confusion does not stop at this point. The law provides more rooms for uncertainty as it also allows local government the power to administer other *residual* assignment. These are the assignments not yet included in the list which the local government might feel it necessary to administer. In such case, the local government could simply propose it to the central government for approval prior to its implementation. While this is to provide local government with structural opportunity to respond to specific condition in its own territory, it opens multi interpretations.

Overall, it seems that Law 32/2004 tries to be more specific. It applies *Ultra Vires* model of functional assignment. While such model guarantees more clarity, it is not without problem. The most common problem in such arrangement is the opportunity for duplication and conflict among levels of government as to who is responsible for what assignment. Strategic and income-generating assignments become fertile arena for such conflict while resource-consuming affairs tend to be neglected by either levels of government.

More important than discussing such arrangement is the implication it raises for decentralization ideals. First of all, though such a sudden transfer of so many assignments seems in line with decentralization

ideals, it potentially endangers the prospect of decentralization itself. While efficiency, accountability and externality are important pillars for assigning government functions, it after all ignores the most important pre-condition for the success of decentralization, namely, capacity (Lele 2009; Ferrazzi 2008). Under previous New Order regime with a very centralized type of government, many local governments were trapped in a learned disability syndrome. They had no sufficient capacity to manage their own business since it was up to the national government to decide. Now, all of sudden, they get so many assignments to be administered autonomously. Amidst the absence of sufficient capacity, what the local governments can – and sometimes must – do is to comply with the rules of game set by the national government. As to contradict the ideals of decentralization, local governments very frequently take the position of waiting for the directions from the national government to an extent that they lose their autonomy. Under such circumstances, rather than fighting for the interests of local community and bringing them to the national government, local governments simply act as an agent that brings national government's interest to the local community. At the same time, the national government uses this to justify its prolonging intervention by issuing numbers of rules and regulations which make local government even more incapacitated.

The most notorious anecdotal evidence for such an indication is the way local governments manage their organizations. Through Government Regulation No. 8/2003 then revised by Government Regulation No. 41/2007, the national government has made it clear that local government must comply with certain formula when establishing their organizational structure. This is simply an initiative to stop local government from establishing a very fat organization with so many unnecessary government bodies and

structural positions. This seems to have worked as planned. However, when observing the names of local government bodies, there are commonalities in almost all local governments despite different and unique local characteristics they have. The simplest interpretation to this phenomenon is that it is because the local government must administer the already determined mandatory assignments applicable to all regions. Such interpretation is only partly true. A closer look reveals that it is highly political and this is a cunning strategy.

While most authorities are already transferred to local government, the central government still maintains its control over budget until the very recent time. A major proportion of local government budget comes from national transfer. Only limited numbers of local government which could enjoy some degree of financial independence, thanks to natural resources they have. The majority of local governments depend to a large extent to the national financial transfer to run its business. A rough calculation comes with a figure of almost 90 percent for such dependency with a very limited figure of local own-revenue (PAD) (see Graph 2). Minister of Home Affairs, Gamawan Fauzi, once said that local own-revenue only contributes 17 percent on average to total local budget and the national transfer to local government has increased by 300 percent since 2005 (*Media Indonesia*, 28 April 2011). With such figure of financial dependency, it is the interest of local government to maintain its relationships with the line ministries other than the Ministry of Home Affairs (MOHA) which still control huge amount of money. For example, in 2010 budget, the national government spent 39.38 percent of national budget for itself. Beyond that, it still had the allocation of 11.22 percent of spending at local level, 3.14 percent for direct community assistance, and 15.66 percent of subsidies. In total, it controlled no less than 69.4 percent of na-

tional budget. It left only 30.60 percent of the total budget as direct transfer to local government (table 2). This confirms that the national government still maintains control over major proportion of national budget amidst huge transfer of assignments to the local government (Granado, Martinez-Vasquez and Simatupang 2008; Schroeder 2003:398). It can be seen that the introduction of concurrency principle as one of the working pillars for functional assignment has provided a very wide room for the national government to maneuver against local governments. For local government, the easiest way to maintain access to these resources is by using the same structures and terms for its government bodies. The way the national government manages its business only worsens such dependency. When it plans to do something in the region, the first step to take is to identify local government bodies with the same mandate and name to be their partner. In that way, the national government could maintain its control over local government while the local government could still get access to additional fund from the line ministries.

Graph 2
Comparison between Total Own-Revenue and Total Budget at Provincial and District Level (2005-2010)

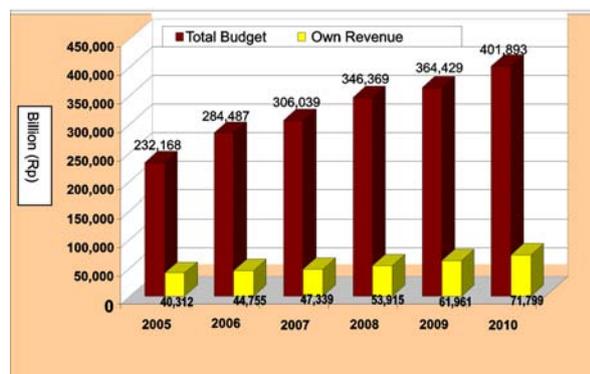


Table 2
National and Local Spending Distribution,
2010

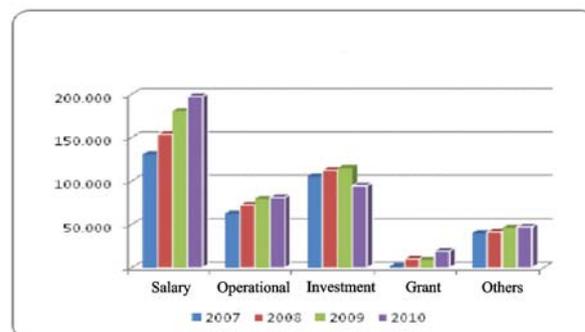
Distribution	Billion (Rp)	Percent
National Government Spending	443.46	39.38
National Spending at Local Level	126.37	11.22
Direct Community Assistance	35.37	3.14
Subsidies	176.33	15.66
Transfer to Local Government	344.61	30.60

Source: Ministry of Finance (2011)

While this relationship seems to be mutually beneficial, it actually comes at the expense of local community. By complying more to line ministries, local government bodies are more responsive to the interest of the national government rather than to their own people. This explains why public frustration sustains amidst increasing financial transfer to local government from year to year.

Such blind compliance is worsened by the way local government manage its budget. Despite increasing amount of national transfer to the region, there is no significant change yet as to the way local government disburse the money. Graph 3 shows that the majority of local budget is allocated for routine posts such as salary and operational cost and only very limited amount is allocated for investment for public purposes. This applies at both provincial and local level. A rough estimation indicates that local government spends up to 75 percent of total budget for salary and other operational costs and only around 25 percent is spent for public services posts at the most. This is an alarming phenomenon which produces a self-serving government and therefore could implicate the very dream of decentralization. After all, it is hardly any logical relationships between financial transfer to the region and the capacity of local government to meet local needs.

Graph 3
Trend in Local Spending (Billion Rupiah)



This information implies that local governments are more accountable and responsive to the central government. As central government still controls most of financial resources, local governments have no other way but to be answerable to it. While this sounds reasonable, however, this must not come at the expense of direct accountability to the people. It is broadly acknowledged that public accountability of local government to its people will be much higher if local government is not predominantly required to be responsible to the central government (Venning 2009:112).

This diagnosis raises the concern that there are more to do in area of functional assignment. This concern is mostly political and this stems from the very context of Indonesia's decentralization. The utmost motive of decentralization in Indonesia is more a political move to maintain national integration than an initiative to improve public services for the people. It is clearly stipulated through the constitution and organic laws that decentralization must be put into context of unitary state of Indonesia. This is why decentralization is placed more at district and not at provincial level. Understandably, national government still controls most of authorities even when the majority of such authorities have been transferred to the region. Amidst limited capacity, this forces the local government to be more loyal and responsive to the national government than to its own people.

Local Direct Election

The next area of concern is the dynamics of relationships between the local government and the people. It is broadly argued that decentralization is one of the democratic mechanisms to bring people closer to its government. It is a democratic tool to enable the people to get their voices heard. Such a postulate must be taken thoroughly as the extent to which local people can channel their voices to the government depends to a large extent on the presence (or absence) of democratic mechanisms to hold the government accountable such as elections, hearings, citizen's report card, citizen's charter, formal complaint mechanisms, polls and opinion surveys, and other democratic mechanisms (Venning 2009: 111; Word Resources 2004:93). In other words, for local voices to reach government's decision-making machines, there must be voice and exit mechanisms at work.

Looking at the case of Indonesia, this is really a big challenge. The only available mechanism for the people to hold their government accountable is local election. Indonesia has engineered it quite well since at least 2004 by the introduction of direct election for mayors and governors. This is argued to strengthen "the political incentives of local government to provide the policies and services desired by their constituents" (Eckardt and Shah 2006:239). While this is really important but it is clearly insufficient. Even this institution is not without flaw and the main reason for that is the absence of clear point of accountability. This is applicable not only for local election but also for national election. A closer look brings me to the arrangement of local election itself as the main culprit for the absence of accountability. Why this is so?

At both theoretical and practical level, Indonesia's local election regime does not allow local politicians to account to the people. This is because of the presence of so many

parties with different ideologies – if any – which not only compete for parliamentary seats but also those get elected. In the 2004 election, there existed 24 parties competing in election while in the 2009 election, the numbers increased to 38 parties. These are also the parties eligible to compete at local parliamentary election as well as the election of head of local government (*Pilkada*). With such an arrangement, it has become a rule than an exception that, *first*, local parliaments are so fragmented consisting of several parties having seats that effective and efficient policy-making process is simply a distant memory. Local executive almost always finds it difficult to push its legislative agenda, even when delay is very costly. It has to bargain with the fragmented, yet less experienced, parliament. This sometimes pushes the executive to buy legislative votes which makes bribery and corruption very common in decentralized Indonesia (Lele 2011).

The second implication is the unavailability of coalition. The law secures strong legislative powers for local parliament. To be able to govern effectively, therefore, local head of government must secure sufficient parliamentary votes. This forces his or her to build parliamentary coalition though parliamentary coalition brings more problems than solution. Parties which join the coalition are also parties which frequently hijack the executive in taking any necessary and immediate actions. This is due to the nature of coalition in contemporary Indonesia which is temporary and unreliable. It is used as political mechanism to get direct access to public resources controlled by the executive.

The immediate consequence of the current institutional arrangements is that there is hardly any room left to allow the public hold their government accountable. This is against the push for local direct election to enable the citizens control their government (Erb and Sulistiyanto 2009). As there are so

many forces in both legislative and executive bodies, the local people have no chance to blame or punish their leaders should something wrong occur. Even the conduct of election every five years fails to serve as an effective mechanism to punish the underperformed local government and to give credit to the well-performed government. The re-election of several heads of local government with majority votes is still very rare though the number has grown promisingly.

With the absence of clear election mechanism to hold local government really accountable to its people, the only choice left turns to alternative mechanisms other than election. The question then becomes: are there any hearing mechanisms in place? Have local governments had citizen's report card or citizen charter to enable local people maintain control over them? Are there any effective voice mechanisms? Positive answers to all these questions are expected to have positive effect on the relationships among local government and their people. Unfortunately, most of the answers to these questions raise more pessimism than optimism. Again, even in these more administrative mechanisms, only a very limited number of local governments has had them. For example, local participatory planning mechanism (*musrenbang*) has been widely criticized. Similarly, initiatives to implement citizen's charter and citizen's report card find opposition from local patrimonial elites.

Conclusion and Implication

What I am trying to say in the previous sections is that, decentralization has by design failed to bring local people closer to their government. In this way, the paradox of distance in decentralized Indonesia is *institutionally engineered*. Therefore, any initiatives to bring people closer to their government must first of all start with thorough institutional engineering, especially regarding functional arrangement and local election.

First, as regards functional assignment, the transfer of power to the local government must come along with the transfer of capacity, both administrative and financial capacity. There is hardly public accountability without sufficient capacity. While administrative capacity requires long term and enduring capacity building initiatives, financial capacity can and must be immediately reengineered. The only constraint for such initiative is the political willingness of the central government to loosen its control over local government. The scheme for fiscal balance and national transfer in general must be adjusted to more reflect the dynamics at local level. The national government will only need to install effective monitoring and evaluation mechanisms to ensure that budget is disbursed in a responsible and accountable manner and in line with local needs. Too much control from the national government will only delay if not worsen the problems. All the national government needs to do is to arm the local government with sufficient capacity to run local government. As local government has long been controlled by a centralized government, it must be allowed certain margin of error so that it can learn to do things right, even by making tolerable mistakes.

Second, as for local-government-people relationships, further institutional engineering is required to hold local elites more accountable to their constituents. Local election still contains many flaws to serve as an effective mechanism for such purpose. It leaves us with two choices. The first one is reform election. Among the agenda is the simplification of party system and simply reducing the number of parties. There is huge debate on tightening party entry into parliament by applying a much tighter parliamentary threshold – Golkar for example proposed 5 percent in the coming election law. There are also voices for an independent candidate for head of local government, a proposal which

I personally disagree as it could isolate the head of local government and make it a lame duck of political opposition. All require strong political consensus which is so far hard to build. Therefore, the next alternative needs to be developed and this relates to accountability mechanisms other than election. Some local governments have implemented citizen's charter in public service delivery and this needs sustained energy. This proves effective in enhancing the quality of services and a sense of service among government officers to the people. Others have also implemented local version of public hearings or deliberation such as *Jaring Asmara* (aspiration aggregation), participatory planning, budget watch, and other similar initiatives. Such mechanisms come partly from within the local government and partly from the demand of public pressure groups. This requires new way of running the government and has closed the gap between local people and their government. While such innovation is broadly acknowledged, there needs to be more consolidated mechanism to make it more commonly institutionalized as democratic ways of running government business.

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