

LINKING THE FUTURE TO THE PAST: ARTICULATIONS OF INTERESTS IN RECENT INDONESIA AUTONOMY POLICY¹

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Abstract

Sejak akhir tahun 1998, Indonesia telah mengalami proses desentralisasi yang begitu cepat dan menusantara. Melalui proses ini, otoritas penentuan kebijakan dan administrasi bergeser dari pemerintah pusat di Jakarta kepada pemerintah kabupaten dan kota. Pelimpahan wewenang ini mencakup berbagai segmen perekonomian nasional dan secara signifikan meredefinisikan peran dan tanggung jawab lembaga-lembaga pemerintahan di seluruh tingkatan struktur administrasi.

Dengan pergeseran lokus pengambilan keputusan dari pemerintah pusat, proses desentralisasi menandai babak baru dengan melepaskan sistem pemerintahan sentralistik yang mewarnai rejim Orde Baru tahun dari tahun 1966 hingga 1998. Desentralisasi telah memunculkan perubahan-perubahan ke arah perencanaan pembangunan yang lebih demokratis, partisipatif dan transparan baik di tingkat lokal maupun nasional. Respon pemerintah daerah terhadap perubahan ini pada umumnya positif. Meski demikian, pemberlakuan regulasi yang tidak sistematis dan tidak terkoordinasi, ditambah kurangnya sosialisasi perubahan menyebabkan pemerintah daerah menemui kesulitan dalam mengelola dan melaksanakan perubahan-perubahan tersebut. Bahkan, pemerintah pusat memberlakukan desentralisasi tanpa membekali terlebih dahulu penguatan kapasitas institusi di tingkat kabupaten-kota untuk menyelenggarakan fungsi pemerintahan secara efektif. Berbagai ketidak-pastian tentang konjektur saat ini dan trajektori masa depan Indonesia bersatu terrefleksikan dengan merebaknya pertanyaan-pertanyaan tentang fungsi dan peran administrasi publik. Sebagian masyarakat berpendapat bahwa pemerintahan yang sentralistik lebih berhasil menciptakan kondisi bangsa yang stabil dan harmonis dibanding kondisi saat ini. Mereka percaya bahwa demokrasi hanya menjadi milik masyarakat menengah ke atas bukan masyarakat tingkat bawah (grassroots). Oleh karenanya, melalui kebijakan otonomi, apakah pemerintah di tingkat propinsi dan kabupaten-kota mampu menciptakan masyarakat yang lebih harmonis dan makmur? Apakah kebijakan tersebut mampu meningkatkan partisipasi masyarakat dalam pembangunan? Atau, apakah pertanyaan-pertanyaan semacam ini hanya bersifat sementara yang akan segera menghilang begitu 'terpuaskan' melalui wacana? Apa yang pertama kali orang amati tentang kebijakan otonomi Indonesia saat ini dan bagaimana kita menginterpretasinya?

A. Introduction

Among the various themes that have constituted the discourse on Indonesia, that of democracy has been noted for its remarkable record. Now, notwithstanding numerous challenges and confrontations it has been exposed to, the theme somehow continues to be topical, pertinent and apparently as alive as ever. Through the years the theme has thus

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definitely drawn its share of debate, resulting from changing waves of academic interest, from new political circumstances and preoccupations, and from the interplay between them.

For some time now, a new wave of question about democracy has been in the making, following the drastically changing political conditions in Indonesia, in the wake of structural adjustment and its repercussions. Specifically, with the declining hegemony of the centralized administration, the pressures to go multi-party and the moves to adopt new forms of decentralization in various regions, questions are being raised with increasing frequency as to how democracy will significantly support the implementation of decentralization. The questions have been echoed from one discussion forum to others. And evidently the echoes have been actively transmitted among local and national universities, small and big Non Governmental Organizations (NGO), and national and international democratic institutes. The questions concerned come in different versions and answers to them are likely to significantly vary, reflecting ones perceptions as to what is at issue and/or their inclination to highlight particular concerns while, intentionally or unintentionally, deemphasizing others.

On January 2001, after more than thirty years of highly centralized and autocratic national government, Indonesia began a policy of national government decentralization. This policy was intended to encourage better public service delivery, more accountable regional government, and sustained national integrity by giving the *kabupaten*³ (district level government) and *kota* (municipality level government) the opportunity to manage development pro-actively in accordance with the needs and aspirations of the local community. The expectation has been that devolved powers, authority for fiscal management, and requirements for public accountability will yield a more responsive and efficient local bureaucracy.

Since implementation of the regional autonomy, power has been devolved to district governments with a greater control of the elected local assembly over the local executive. However, implementation of the regional autonomy has led to tensions between the regional governments and the central authorities. There are concerns that the central authorities will try to keep a control over the regions in the absence of effective local democratic institutions. Besides, there are a lot of evidences that district governments' administrative capability to plan and implement its regional development is weak. This situation has significantly contributed to uncertainty and different degree of the quality of local planning process and products. This paper will attempt to explore any inconsistency of the central government in decentralizing their power. This paper will also aim to discuss any capacity and capability of the provincial and district administration and its commitment to enlarge citizen participation to develop a more welfare and harmonious society especially at their jurisdiction.

B. Conceptualization

The many functions of decentralization are revealed by the many objectives that it supposedly serves. An often expressed hope is that decentralization will reduce overload and congestion (Feulner 2001; Hadiwinata 2003). Programs are decentralized with the expectation that delays will be reduced and that administrators' indifference to satisfying the needs of their clientele will be overcome. Luciano Martins develop a thesis that reformation may transform otoritarian political rezim to the development of more

³ *Kabupaten* can be described as district and *kota* as municipality. In further writing, the author uses district, municipality, or local to name the *kabupaten* and *the kota*.

democratic political system (Feulner 2001). He argues that decentralization is one form of reformation. It is thought that decentralization, that is also reformation, will improve government's responsiveness to the public and increase the quantity and quality of the services it provides whether any of these functions can really be performed depends of course partly on what is precisely meant by decentralization (Feulner 2001). When all the power for decision making rests at a single point in the organization – ultimately in the hands of a single individual – we shall call the structure centralized; to the extent that the power is dispersed among many individuals, we shall call the structure decentralized. Decentralization, then, can be defined as the transfer of responsibility for planning, management and resource raising and allocation from the central government to the lower level government (Ngoedijo 2002).

The degree of responsibility for and discretion in decision-making that is transferred by the central government can vary, from simply adjusting workloads from the central to the lower level government, to the divesting of all government responsibilities for performing a set of what were previously considered to be public sector functions. Among four types of decentralization that are deconcentration, delegation, devolution, and privatization, Indonesia is trying to adopt the devolution concept for its policy of autonomy (Alfonso & Hauter 2004). Under devolution, local units of government are autonomous and independent, since their legal status will make them separate and distinct from the central government. Devolution is the legal conferring of powers to discharge specified or residual functions upon formally constituted local authorities. Central authorities frequently exercise in that case will be only indirect, supervisory control over such units. That is, the local governments are not merely subordinate administrative units, but they have the ability to interact reciprocally with other units of government in the political system of which they are a part. The idea of devolution is to reduce the levels of administration through which the development activities have to pass, and to enhance citizenry productivity and participation by increasing their involvement in development activities (Feulner 2001). To realize this idea, local governments have to have a necessary qualified administrative capability.

Administration consists of efforts to achieve desired results through organization. Administrative capability must therefore be the capability of an organization to achieve desired results. The administrative capability is at any given moment determined by two factors: internal strength and opportunities provided by the environment. Internal strength can be limited as a result of an unstable administrative organization or the presence of unqualified personnel. This may lead to, I would suggest, inability to articulate and prioritize the steps that should be taken to implement development activities and this may cause waste and a lack of sustained efforts to improve conditions in societies. Coordination and mutual support and consistency between developmental activities during implementation is often lacking. These weaknesses are indeed still present at the local level administration in Indonesia.

The policy of decentralization in Indonesia is outlined in Law no. 22/1999 'Local Government', and Law no. 25/1999 'The Fiscal Balance between the Central Government and the Regions'. The two laws are based on five principles: democracy, community participation and empowerment, equity and justice, recognition of the potential and the diversity within regions, and the need to strengthen the regional legislatures. Though broadly worded, these principles provide guidance for the interpretation of the laws' stipulations and a framework for the implementing regulations needed to actualize the law.

These two laws provide the framework for political and fiscal decolusion of powers from the central government to the local government, particularly district and municipality government. Moreover, the framework has three closely intertwined objectives. Firstly is preventing disintegration. Laws 22/1999 and 25/1999 were enacted to prevent disintegration from separatist or federalist movements. These laws provide wide discretionary powers for the regions and substansial financial and personnel resources to exercise those powers. This structure essentially by-passes the provinces, which might have had a better chance of asserting themselves as states in a federalist system. Secondly is promoting democratization. Decentralization provides broader avenues for engaging members of civil society in the policy decisions that affect their lives the most (Feulner 2001; Hadiwinata 2003; Vergara 2002). Decentralization establishes the training ground for further democratic practices in which stakeholders can participate in decisions on public issues and public officials can be held more accountable to their constituents (Alfonso & Hauter 2004). Thirdly is providing for division of labor. The financial crisis that engulfed Indonesia in 1997-1998 proved that the centralized government was unable to prevent economic disaster, limit the damage from it, or lead the country out of it. The crisis paralyzed the central, provincial, and local governments and severely endangered provision of basic services. Because the provincial and local governments were not empowered to take initiatives and develop innovations to manage or resolve the crisis, the central government made most of the important and substantive decisions. When the central government was no longer able to manage effectively, all levels in the pyramid became ineffective.

Law no. 22/1999 establishes *kabupaten/kota* as the levels of government that hold broad - and wide - ranging autonomy. The local level has responsibility for all government matters except in five areas: foreign affairs, defence and security issues, justice, monetary and fiscal policy, and religion. These including macro level planning, fiscal equalization, public administration, national economic policy, human resource development, natural resource use, strategic technologies, conservation, and national standardization. Whilst the responsibilities that local government has to fulfill are public works, health, education and culture, agriculture, transport, industry and trade, investment, environment, land use, cooperatives, and manpower.

Law no. 25/1999 aims to: i) empower and raise regional economic capabilities; ii) generate a system of finance for the regions that is 'proportional, rational, transparent, participatory, accountable, and provides certainly'; and iii) realize a financial system that reflects the division of functions between levels of government and reduces regional financial gaps. The law defines 'own revenue of regional government' as local taxes, local charges and fees, and revenue from local enterprises. Other sources of local revenue are equalization funds, loan, and others.

C. Current Queries

Since the fall of President Suharto in May 1998, Indonesia has experienced a dramatic push toward democracy known as *reformasi*. This nationwide movement emphasized free elections, freedom of the press, and the decentralization of central government power and responsibilities. Since then, Indonesia has rapidly implemented the changes needed to transform its system from centralized and autocratic to decentralized and democratic, laws transferring central government functions to the regions have been passed, approximately 2.1 million central government employees were transferred to the regions within a year, the regional share in in government spending jumped sharply, and a completely new intergovernmental fiscal policy was put in place (Alfonso & Hauter 2004).

Regional autonomy in the country has caused significant changes in local government at the district and municipality levels since implementation began on 1 January 2001. Power has been devolved to district governments in a range of sectors, with the provincial government responsible for oversight and policies that influence the province as a whole. Most significantly, accountability of provincial governors and district heads is no longer hierarchically based but through the regional parliaments allowing the exercise of local democratic control by an elected local assembly over the local executive. Some positive changes emerge:

- a. Significant enhancement of community participation and consultation in planning process;
- b. Greater stimulation to local governments to optimize organizations' performance through simplification, merger, or enhancement of the status and level of organization;
- c. Greater local government attention and budget allocation to community empowerment and stimulate locally driven projects;
- d. Greater attention of non government stakeholders and media on efficiency and effectiveness local budget spending;
- e. Greater involvement of local universities in plan documents preparation.

A study in how the district and municipality government preparing strategic participatory planning which include strategic medium term planning, local economic development, capital investment programming, institutional and financial management action plan and corporate planning had been done in 6 provinces. These six provinces are East Java, Central Java, West Java, West Sumatra, South Sulawesi, and Papua. The following is aimed at highlighting local governments' dynamic response in general related to changes in the environment for planning:

1. *Revitalizing the 'traditional' or 'adat' participatory planning practice*

In South Sulawesi, the district government of Maros implements local economic development policy for encouraging partnerships between small and cottages industries and medium enterprises to develop products quality, marketing and expanding areas for partnership to include more agriculture commodities. The municipality government of Pare-Pare is developing micro credit scheme for local Small and Medium Enterprises (SMEs) through *Bank Pembangunan Daerah* (Regional Development Bank). District government of Sinjai is developing local regulation on participatory planning based on community values embodied in '*karangpuang adat*'.

In West Sumatra, local governments and non government stakeholders are reorganizing their development planning process to suit with the '*nagari*' (traditional local government) system which are empowering the rights and responsibilities of '*adat*' (local native) community in decision making process related to regional development. Some local governments allocated fund, called as *Dana Alokasi Untuk Nagari* (DAUN) for each *nagari* for supporting locally driven development projects.

In Papua, local governments in cooperation with non government stakeholders are reorganizing their planning process in relation to the implementation of Law on Special Autonomy for Papua. The autonomy empowers '*adat*' community, religious groups and women in decision making process related to regional development.

2. *Greater involvement of stakeholders in local budgeting development process*

In most regions, non government stakeholders are beginning to influence the local budgeting preparation process. The local governments are revitalizing the bottom-up

planning process and have stimulated local governments to use of community needs assessment tool on wider scale. Most local governments included professionals and academicians from local universities in the process for preparing plan documents. In the municipality of Bukittinggi, West Sumatra, executives established close and constructive relation with DPRD (local legislative body) to jointly prepare the RENSTRADA (local strategic planning). This document is seen by both organizations as the most important document as main reference document for evaluating the performance of the Mayor at the end of his assignment. The municipality government of Sawahlunto in West Sumatra formulated and implemented Local Regulation on Participatory Development Planning.

3. *Develop more effective budget*

In East Java, the development of *Model Penilaian Proyek*, a financial management tool, helped the district government of Jombang in rationalizing their local budget preparation and better management of their local own revenues. The municipality government of Kediri initiated consolidating the bottom-up planning process by revitalizing the Municipality Coordination Meeting to include wider range of stakeholders in the preparation and review process of its local program and budget.

4. *Strengthening the role and function of Municipality Stakeholders Forum*

Kediri Municipality Forum, East Java, is given important role by local government to facilitate, conduct, process and documented municipality stakeholders' consultation in important public projects planning and implementation process such as Public Forum for traditional market construction, street vendor management, local regulation preparation.

5. *Greater Provincial Government commitment for participatory planning efforts*

In West Java, the provincial government provides assistance for restructuring of some *Bank Perkreditan Rakyat* (Community Credit Bank) in the municipality of Sukabumi to have better efficiency and effectiveness in their operation. In Cianjur district, 'talk show' on participatory planning is now becoming routine activities in the local radio station. Province of West Java is beginning to allocate fund for some district and municipality governments for preparing strategic participatory planning.

6. *Inter-regional cooperation promoted*

The provincial government of Central Java and East Java facilitate cooperation between non government stakeholders of Wonogiri district and Gunung Kidul district in Central Java and Pacitan district in East Java to work on tourism development sector. Stakeholder workshop in the district of Batang, Central Java, agreed to give priority in their regional development on two key issues related to local economic development and poverty reduction. In Blora district, Central Java, non government stakeholders initiated 'comprehensive local program and budget review' with involvement of local government and local legislative body linked to the objective of transparency in local budgeting. In Boyolali district, also in Central Java, non government stakeholders and local government are working together to prepare local regulation on participatory planning.

In Yogyakarta, the provincial government encouraged the establishment of joint cooperation and secretariat between the provincial government, Sleman district government and Bantul district government for managing region-wide infrastructure management which include water supply, sewage treatment, transportation system and solid waste management for period of 20 years.

7. *Greater attention to strategic planning*

In West Sumatra, some cities develop working relationship with the Local Audit Agency to provide technical assistance in the form of seminars, training courses and guidance for preparing local strategic planning.

8. *Greater transparency in local budget*

In some cities, discussions and review of local plan documents including budget plan are open and transparent to public and mass media. In Bukittinggi municipality, West Sumatra, the local government is developing procedure for adopting transparency in budgeting, planning and implementation. This municipality has initiated the implementation of performance budgeting approach in local program and budget in order to improve the efficiency and effectiveness of local fund utilization.

9. *Better management of key regional development issues*

In the municipality of Padang, West Sumatra, the local government established Integrated Urban Poverty Reduction Team to specifically address the issues of urban poverty. The Team produced strategic medium term plan for poverty reduction and map of urban poor areas location. The local government also assigns independent Law Office and NGO to review standard, quality and consistency of all Local regulations concerning taxes, retribution and charges as well as organizational arrangements.

10. *Intensified cooperation with Local University for planning purposes*

Most local governments included in the local development planning team professionals from local universities. The top management of local government gives high commitment to urban poverty reduction through settlement upgrading projects, cooperation with Provincial Government in implementing programs and projects related to urban poverty reduction, cooperation with National Development Supervisor Body to provide assistance to local government in the preparation of local strategic planning to acquire better understanding on the implementation of performance accountability system and procedure for government agency. Local Government is initiating privatization of water supply and it has significant experience in partnership with private sector in public markets and market facilities construction.

D. Current State of Affairs

Beside the story of positive changes, however, people begin to questioning the effectiveness of policy of autonomy. By comparing to the past centralized administration, people begin to argue that the policy implementation is creating a more uncertainty, confusement, and unstable situation. With this situation, people begin to believe that the past centralized government successfully created a more stable situation and conducive to maintain a more harmonious society in Indonesia. In the effort towards the effectiveness of the local administration, are there any obstacles and constraints in implementing decentralization in Indonesia?

1. Inadequacy of the law

There is a lack of clarity of the implementation of decentralization which is due to the weaknesses of Law no 22/1999 and 25/1999 on the regional autonomy and financial balance of central and regional government respectively. Some laws and presidential decrees which were passed after these two laws have further added to the confusion. These laws not only conflict with the spirit of regional autonomy and blur the autonomy of

different government levels, but also lack sensitivity to their potential for exacerbating conflict (Alfonso & Hauter 2004; Feulner 2001)..

Law 22/1999 states that only certain affairs are remain at the national and at the provincial levels. Any affairs not clearly assigned to national or provincial government are acknowledged to belong to the *kabupaten/kota*. Because a government regulation has lower standing than a law, the previous government regulation that is inconsistency to the law must be canceled or revised. Provisions of laws and regulations contradictory and/or not suitable hereto shall be adjusted. The law 22/1999 doesn't state clearly about the time limit to the adjustment nor any mechanism established to assure compliance. Consequently, the provisions in Law 22/1999 to overcome the historic resistance of other ministries have not been successful.

Law 22/1999 is not precise about determining, respectively, the affairs of provinces and *kabupaten/kota*. The law defines the provincial role only as facilitator and does not establish mechanisms for accountability, so there is no real basis for power to be exercised by the provinces. The few articles on inter-regional cooperation that allow regions to form joint agencies reveal major limitations, such as: a) no mechanism for one region to assign functions to another; b) no guidance on financial arrangements; and c) no powers for cooperative, joint decision-making. The law is just define *what is not* to be decentralized, it does not call for definition of *what is* to be decentralized to the district administration. Furthermore, Law 22/1999 omits any definition of the nature of the obligatory fields of authority.

2. Central government ambiguity

Regional autonomy has led to significant conflict between regional governments and the centre over a variety of issues, in particular the fiscal equalization scheme under regional autonomy, but without an institutional mechanism to mediate these conflicts (World Bank 2002). This is particularly important for resource-rich provinces such as Riau, where ethno-nationalistic sentiment is growing and where the province has a strong bargaining position with Jakarta. The intervention by the Minister of Home Affairs in the recent sacking of the Mayor of Surabaya by the local parliament, and the reported intention of the President to have power under certain circumstances to dissolve regional parliaments has led many to conclude that central government is seeking to regain control over the regions in the absence of effective local democratic institutions.

There are some key issues that inhibit the implementation of autonomy policy specifically in terms of strategic planning and budgeting principles. These issues are:

a. *Non systematic and fragmented issuance of regulation for changes.*

Regulatory gives more emphasis on 'product' than on 'process' for changes. Regulatory gives less accommodation on local achievements and 'best practices' in planning and management. There is limited socialization and dissemination of laws and regulations to local governments, legislative and stakeholders on intention, magnitude and scale of changes. There is a wide range of local political perceptions and commitments for implementing changes. There is also limited time for local government for organizing and managing changes effectively.

b. *Uncertainty in the national planning cycle.*

The implementation of decentralization has interrupted the national planning cycle and the calendar of plan preparation. Most regions do not know clearly when the integration of national, provincial and local planning preparation through will take place. In addition local governments tend to think more on their local planning calendar than provincial or national planning calendar. So far no planning cycle has

been established that fully integrate the national and local planning streams⁴. It is however on their own initiatives, some local governments ensure participation of representatives from Provincial Government in key events (meetings or workshop) related to local planning and policies development. The absence of a planning calendar has meant that most local strategic planning have been prepared and approved without identification of supporting policies, program and projects required from provincial and national level.

c. *Late information and unpredictability of DAU.*

Very late information on *Dana Alokasi Umum* or DAU (central government financial support) and uncertainty of its amount caused difficulties to local government to build a credible planning process and products. An absence of budgetary information have caused local strategic planning can't fulfill its objective to function as development management tool. It provided only listing of programs and projects without clear indication of budgetary requirements, allocation and priority.

d. *Confusion on links between bottom up, horizontal and vertical planning streams.*

Produced local plan documents haven't provided a clear link with the bottom-up planning streams. Instruments haven't been fully developed to prioritize or integrate community level proposals into those documents. Local strategic planning haven't yet also provided a clear link with the horizontal planning streams generated through such as spatial planning documents, related planning documents, region development strategy and other sectoral planning document. Those documents also haven't developed yet clear link with vertical planning streams. The absence of national planning information caused local planning document not optimal, piecemeal, and rely heavily on local budget and local resources for development.

3. Lack of local administrative capacity and capability

The decentralized era provides ample opportunities for integrating strategic planning and budgeting principles into the local planning process and mechanism. However, it varies from region to region reflecting: (1) differences in local political commitments and willingness to change; (2) local capacity and capabilities in planning and management, budgetary resources and; (3) adequacy of technical assistance provided for implementing changes.

The development of local and regional planning can be identified as main indicator to measure the commitment of both central as well as local government to implement the autonomy policy. Study shown that despite the Central Government have introduced and promoted a number of strategic planning documents to be implemented, strategic planning principles haven't been fully appreciated and implemented in Local Government. A number of contributing factors to the lack of integration of strategic planning principles among others are the absence of 'umbrella' of national planning system that provide integrated guidelines for national and regional planning process, procedure and mechanism including consultation (Ngoedijo 2002).

Decentralization policy entails transferring central government function to the regions. Accordingly, local governments have tried to downsize the government structure as efficiently as possible. But one of the major stumbling blocks to local government reorganization remains the insufficient number of qualified personnel, despite the influx of

⁴ The first National Development Coordination Meeting under Law 22/1999 and Law 25/1999 was held in October 29-31, 2001 with the purpose of: (1) socializing the national policies and programs;(2) identifying SWOT for accelerating the national development; and (3) integrating and harmonizing the development plan priorities.

devolved personnel. Given the absence of standards of evaluating the performance of an organization or its staff, the career system is not always based on competency. Consequently, some civil servants lose their structural positions or are not appointed to new positions. Moreover, the incentive-disincentive system remains unsatisfactory. In general, there is a lack of capability at the local level to fully implement the new decentralization framework. As a matter of fact, there also lacks of programs and guidance from the central government to support capacity building in the regions.

Often, national government assigns tasks to provincial and district government without giving them adequate capacity for carrying out these tasks. Most district and municipal government lack essential technical skills and must look to other entities for advice, training, and technical information. In cases where local elites have been strong and/or traditionally marginalized groups have been unable to organize themselves, decentralization has often strengthened pre-existing power relations, rather than promoting democratic decision-making processes. Planning process and mechanism between levels of government are identified as highly fragmented regulations on local planning, lack of clearly defined role, function and contents of each planning document, uncertainty and unpredictability of funding, particularly the central government transfers; significant gaps in knowledge, skill, organization as well as institutional arrangements for strategic planning and budgeting; short term orientation of politicians in local planning, budgeting and management and lack of stakeholders involvement in planning process (see also Alfonso & Hauter 2004; Ngoedijo 2002).

Responding to the introduced changes, in general local governments have implemented positive and significant changes in local planning and management procedure, mechanism, organization, allocation of responsibility and personnel. The degree, magnitude, time and quality of changes are different from region to region reflecting, inter alia: (1) the political commitment of local executive and local legislative body to make reform; (2) the quality functional relationship between executives and DPRD; (3) the capacity, skill and quality of human resources in local government and; (4) the development issues they are currently facing. In some regions the existences of donor's technical assistance have provided significant contribution to local governments to implement changes.

There are some key issues that inhibit the implementation of autonomy policy specifically in terms of local capacity and capability to develop strategic planning and budgeting. These issues are:

a. *Lack of participatory approach in local planning process*

Absence of appropriate structure, process and guidance for community participation, caused that in most regions community, stakeholders and NGO haven't yet significantly influenced the planning process and products. Most consultations in development planning process haven't been accompanied with effective instrument (tool) to facilitate community and stakeholders and NGO to understand, assess, review and to take appropriate decision. Lack of capacity for strategic planning does constraint to budgeting, planning quality, framework consistency, and document content.

b. *Old planning practice*

A number of districts and cities are still consistent implementing the bottom-up planning process. However, in some other districts and cities this process is uncertain and no longer fully implemented. It is possibly because of the new regulations didn't clarify the position of previous regulations. There also limited time and funding resources for preparing plan documents and pressures from the local legislative body for immediate preparation of plan documents.

c. *Lack of effective instrument for legislative body in reviewing plan document*

The absence of common framework or instrument for local executive and legislative, caused lengthy and ineffective discussions for reviewing and approving plan documents and it has caused uncertainty in its completion. It also caused that legislative body gives more priority short term program than medium term-strategic program.

E. Articulation of Interest vs Harmonious Society

Regional autonomy is essentially the responsibility of the local community. The people's right to administer their own system of government in a manner that will accommodate their own laws, ethics, and local tradition is about the essence of autonomy. A positive trend brought about by regional autonomy is the greater awareness among people that they should be part of governance. Although Law 22/1999 has no specific provision regarding people's participation in governance, civil society groups have taken the initiative to participate in areas such as drawing up strategic plans for the regions. People have become more active in demanding better performance, more accountability, and increased transparency from the local government. The current decentralization framework is viewed as providing a wider opportunity for civil societies to participate in the decision-making process. From village level to district/city and to province, the number of people's forum have increased significantly and have become a critical venue for the community to air their grievances, settle disputes, monitor the activities of the local government, and demand a better services. The wider community is also directly involved in exercising independent and transparent control over the entire system of local government. The local media and local NGO also play a significant role in increasing the awareness of the people about their right to participate in good governance development. The local media help to disseminate information from the local government to the people. At the same time, the local NGO initiate to facilitate dialogue forum between people and the local government and the local legislative members so that every single regulation and development programs better reflect the people's aspiration.

What new 'values' or significant changes have been introduced by decentralization in local level government? The process of decentralization has provided opportunities as well as challenges in the area of improving the quality of public administration to the development of a more harmonious society at the local level. In some regions, people are finding it easier to express their complaints and critiques. In a significant step towards greater transparency, information on public services that was previously unavailable is now accessible to the public, and people can evaluate directly the quality of services provided. Consequently, local governments are starting to pay more attention to improve their commitment and their public services quality. Some services, especially health, public administration, and security have improved. New initiatives have been developed to serve the interests of vulnerable groups. However, the absence of established public services standards makes it difficult for local governments to define quality services and determine whether or not they are providing them. This is further aggravated by the continuing tension between available revenue and service objectives – a tension that will challenge the sustainability of improvements in public services in the foreseeable future.

Unfortunately, even though there is an emerging efforts of people participation, five years of regional autonomy experiencing articulation of interest among three parties: executive, legislative, and the people. Although some national and local government officials have embraced the concept of decentralization, there are still many who continue

to resist change as well as who thinks that governance is the role of government alone. This creates a tension between local government and local NGOs. These NGOs often oppose whatever the government does by which the local government views that the NGOs as a nuisance in an otherwise smooth flow of government activities. At the same time, some NGOs would rather having direct activities to the communities since they think and always believe that the government apparatus are part of dictator rezim that are repressif and corrupt.

Despite rising demand from the people for transparency in local finance management, the present budgetary process has not significantly involved the people nor does it reflect the interest of community groups. Rather, the budgetary process reflects local governments' priorities and lacks of institutionalized mechanisms for substantive people participation or for transparency. People involvement is being limited in the assembly's session during which the budget is discussed and voted. Little real debate takes place during these sessions, and approval of the proposed budget is a foregone conclusion. Furthermore, in most regions, the general perception among local apparatus remains unchanged that the local budget is a secret and confidential document that blocked people access for financial information.

Changing attitudes among local assembly members are not always supported by adequate technical skills and professionalism. Because of these limited capacities, the voice of the people is not yet being channeled effectively through its representatives. Besides, they still have their own interest to have more power and welfare. In many cases the oversight role of the parliament is still dominated by corrupt practices to further political and personal interests. Some cases indicate that the local assembly's members having their own bargaining with the executive

Regional autonomy has also been accompanied by new policies and rules that are discriminatory, including the issue of '*putra daerah*' (literally translated as 'local people') in which civil servants from a particular region are given preference for jobs over non-native applicants. This may create problems for the many Javanese civil servants working in regional governments who are presently protected from being dismissed by regional governments, and lead to increasing ethnic tensions.

F. Concluding Remark

It is generally accepted that the pattern of political and bureaucratic power in Indonesia in New Order era, is highly centralized. For more than 30 years, there is less formal delegation of decision-making authority by the local government. Policy and operational control is tightly maintained at the apex of governmental ministries and departments. Accordingly, the efforts to give local autonomy have been usually opposed by central bureaucrats who believe that devolution would fragment the country and allow local leaders to build full autonomous locality. Demand for more local autonomy should escalate to the point that national unity could be in danger. This is the answer of why the central government having less commitment to the implementation of decentralization policy.

Democracy has to provide room for local elements as a representation of the locals. But this local element has been misused by the politicians and the local 'godfather' to use on their benefit. Democracy ideally grows when the role of the governments decrease. Decentralisation and autonomy should also answer the social and economical problems in the locals. But the most disappointing fact is in the ongoing election process for the head of the local government in many provinces, districts, and municipalities. In many places, the election is fully coloring by money politics and do not even touch the substancial problems

of democracy. Anarchist demonstration, the destruction of some offices of the election commission and government offices shows that the civil society is immaturing politically. Recent reformation agenda doesn't touch the essence of democracy but only little administrative procedures.

The idea that democracy should form a harmonious society seems to be vanishing if seen by the recent cases occurring all around the country. The election for the local government heads, for instance, turn out to be a venue for local people to build support and mass solidarity based on ethnic or religious profiling. It isn't a surprise that acts of 'communalism' on the name of ethnicity and religion tend to occur. Sometimes this can be seen in the campaign phrase for certain candidates in the election, from the yells, colour of supporter, etc. The idea of democracy can be destroyed because of the gathering of support by crushing different oppositions whatsoever.

Localism in many cases of electoral campaigns actually occurs as a group sentiment to build as a counter sentiment towards other groups. It can be seen how electoral campaign in Papua ignites terror. This is because the candidates develop their own legitimation to win the election based on family line and birth originality. With this subjective legitimation, they claim as the only candidates to present local representatives.

Decentralisation has changed into a competition and conflict between regions due to the lack of clarity on power distribution. Some local official demand the construction of a new province since they aren't eager to share their natural resources with other provinces and districts. Under the name of local interest, the local government develops some regulations that contain restriction on trading in other regions and regulations that benefits the locals and disadvantage the migrants and the minority.

Research finding shows that there is political fragmentation at the local level. Besides velocity and complexity of the transfer of human resources, duties and obligations, there is also a huge urge to develop new provinces. In five years implementation of autonomy policy, the number of province increase from 27 to 36. The number of district has swelled from 340 to 400. This is an ongoing process. The making of the new provinces and districts will happen in accordance to local autonomy and interest.

Who receives the biggest advantage if in the first stage democracy prioritizes 'locality' but in reality, democracy creates 'localism'? The answer is local elites. They'll make use of democratization and decentralization to catch certain positions in certain government institutions. It isn't a surprise that the wood mafia of illegal logging has significant influence in the local legislative body and the beauracry of the local government. The mafia is the one who the local politicians depend on to get political support. Democracy in recent Indonesia context means new local elites, new local corruption, and new conflict. Lack of local administrative capacity and capability is worsen the situation. Under these circumstances, where is the place of harmonious society?

Even though there are a lot of weaknesses in the centralized administration, some still believe that the system created more conducive environment to develop a harmonious society. Under the name of stabilization, the central government having a full political control that guarantee the development of harmonious society. Is Indonesian context on implementing reformation would weaken Luciano Martins thesis? Reformation may transform otoritarian political rezim to the development of more democratic political system. However, it also may develop a new form of otoritarianism or even new form of totalitarianism. New Law 32/2004 on regional autonomy aims to revise some significant weaknesses in the Law 22/1999. However, due to time constraint, there is limited approvement that the law will develop a better democratic environment and support the

development of a more harmonious society. Do we have to turn around to the centralized system?

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