

DECENTRALIZATION

National Programs in RPJMN 2004-2009:

1. Synchronization of regulations on decentralization and local autonomy
2. Improving local governments' institutional capacities
3. Improving professionalism among local government staffs
4. Cooperation among sub-national governments
5. Evaluating the creation of new local autonomous regions (the territorial reforms)
6. Enhancing financial capacity of the local governments.

National Programs in RPJMN 2010-2014 (initial agreement)

1. Functional assignment mainstreaming / synchronizing regulations on decentralized governance
2. Improving local government public services
3. Enhancing capacity of local government apparatus
4. Improving cooperation among local governments
5. Territorial reforms, special zones, and special autonomy regions
6. Improving development financial system for local governments
7. Control and evaluation of local government expenditures
8. Political accountability of local governments.

Program #1: Functional assignment mainstreaming / synchronizing regulations on decentralized governance

This program is aimed at creating a more coherent and consistent approach to decentralization in Indonesia. The principles of devolution, deconcentration, and assistance tasks have not consistently developed in the regulations.

In line with Law No.32/2004 revision, there is an urgent need to harmonize this law with other sectoral laws and subsequent ancillary

regulations. Most importantly, the program should be able to formulate inter-governmental functions more clearly so as to solve the current problem of overlapping tasks between different levels of government.

Once the regulatory harmonization is carried out and the problem of functional assignments is solved, vertical and horizontal tensions among the government agencies would be minimized. This strategic program is also designed to avoid fragmented policy making process that has beset Indonesian government after decentralization.

Program #2: Improving local government public services

According to the National Long-Term Development Plan (RPJP), public service quality improvement is the mandate for the period of 2010-2014. Therefore, central government agencies and sub-national governments have to create viable programs for improving public services.

The minimum service standards (SPM) that is slowly progressing should be given priority among the sectors of the central government. At the same time, the sub-national governments have also apply the SPM sufficiently in their planning and budgeting process.

In line with the nation wide effort for administrative reforms, improvement of the public services that has been long overdue has to be prioritized. This would need expansive dissemination in order to generate significant changes. There is an urgent need to give incentives for local governments to improve standards of public services.

Program #3: Enhancing capacity of local government apparatus

It is recognized that the failure of administrative reforms after decentralization is due to insufficient capacity to realize the formulated reforms. Therefore, it is fundamental to enhance the capacity of local government apparatus and staffs. Capacity building is a long-term program that must be incorporated in all the sectors and it is particularly urgent after decentralization.

There are actually plenty of potentials to support capacity building, from the national research and development units, national

institutes, local universities, and consultants supplied by the donors. However, there is still problem of coordination and utilization of these resources. In a more decentralized environment, the capacity building process should be more targeted to localities and all the regions in the country.

Program #4: Improving cooperation among local governments

The local government associations are losing their relevance if they focused merely on political media. It is the time for the associations to provide sufficient services to their members, not only as strong advocates toward central government but also as focal points to create more beneficial cooperative activities.

Nevertheless, there are cases of spontaneous initiatives that turned out to be productive and further strengthen decentralized governances. In the medium term, such initiatives have to be further developed based on common interests among the localities.

To improve cooperative initiatives among local governments, it is important to relate initiatives with anything that can be realistically attained and create tangible outputs.

Program #5: Territorial reforms, special zones, and special autonomy regions

As the national leadership is eager to give a moratorium to the *pemekaran*, it is the time to evaluate the overall territorial adjustments in order to create the most effective administrative units. Proposals for new regions is to be suspended while objective studies have to be used for the territorial reform.

The mechanism for directly delegating functions from the central government to special zones (Batam, KAPET, etc.) should be established appropriately. This is important to generate industrial activities in these special zones. The similar policy should also be taken in the special regions (Aceh, Papua, Jogja).

In order to maintain national integrity, the program to give more attention on regions at the national boundaries must also be prioritized. The 13 islands of the national boundaries do not only

need political commitment on national defense and security, but also economic development that would improve the local people.

Program #6: Improving financial system for local governments

As the main part of administrative reform, the local government financial system have to be improved appropriately. The planning process must have a direct link with the budgeting process and the spatial potential at the local level. There have been initiatives for reforms including the nation-wide implementation of performance-based budgeting. However, the capacity building in financial system is lagged behind.

Although there are many initiatives to improve inter-governmental fiscal relations, the concept and implementation need to be improved substantially. The proportion of wage-bill from general allocation grant (DAU) is still to big and need to be focused more on local public services.

Program #7: Control and evaluation of local government expenditures

Of the critical issues in the next five years is how to improve efficiency and effectiveness of local government expenditures. While the central government has to run deficit, the reserve and unspent expenditures among the local governments have been alarmingly increased. National policy for curbing corruption should not by all means reduce the effectiveness of local budgeting. Therefore, there must be strategic programs to solve this problem.

Control and supervision is also needed as many local regulations being produces are contravene the national legal framework. While it is important to continue decentralization measures, control on local regulations is also needed by utilizing direct intervention or utilizing the role of provincial governors.

Program #8: Political accountability of local governments

The more democratic elections at the national and local levels need to be followed by more effective and accountable government. There should be more comprehensive programs to link the political

activities at the House of Representatives (DPRD) to the public management activities at the local level. The capacity of the DPRD members in legislature and budgeting must be improved while their role must be connected to their constituents.

There are more progressive regulations that oblige local government officials to be more accountable to the public. These regulations have to be followed by more transparent and sincere governance on the part of local government officials.

To ensure that local governments are accountable to the public, it is also important to carry out programs targeted to create more engagement among CSOs, press, universities and other civil society elements.
