

Creation of New Regions in Indonesia:
Examining Local Public Services
After the *Pemekaran* Policy

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Why Indonesia Should Decentralize?

Facts:

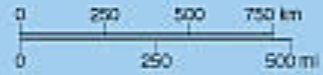
- Area: 4.8 million km square; only 1.9 million km square lands
- Islands: 13.667
- Distance: 5,110 km from West to East; 1,880 km from North to South
- Population: 235 million (2007)
- Unbalanced population distribution: 61.7% are resided in Java, which constitutes only 7% of the Indonesian area.
- More than 300 ethnics and local dialects, diversity in customary traditions and religions.

INDONESIA



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- National capital
- ⊙ Provincial capital
- Town, village
- International boundary
- Provincial boundary
- Main road
- Secondary road
- Railroad
- ✈ Major airport



Decentralized & Fragmented Policy Environment under SBY Presidency (2004-2014)



Political;

Coalition; policy making less effective
Direct local elections (since 2005): policy of “politicking”
Weakening legitimacy due to corruption cases.

“Better” Economic Recovery;

Positive sentiments with relatively “stable” politics (JSE Index doubled, 5.6-6.2% growth, increased exports)
Macro economics did not match with micro-economic (household) indicators

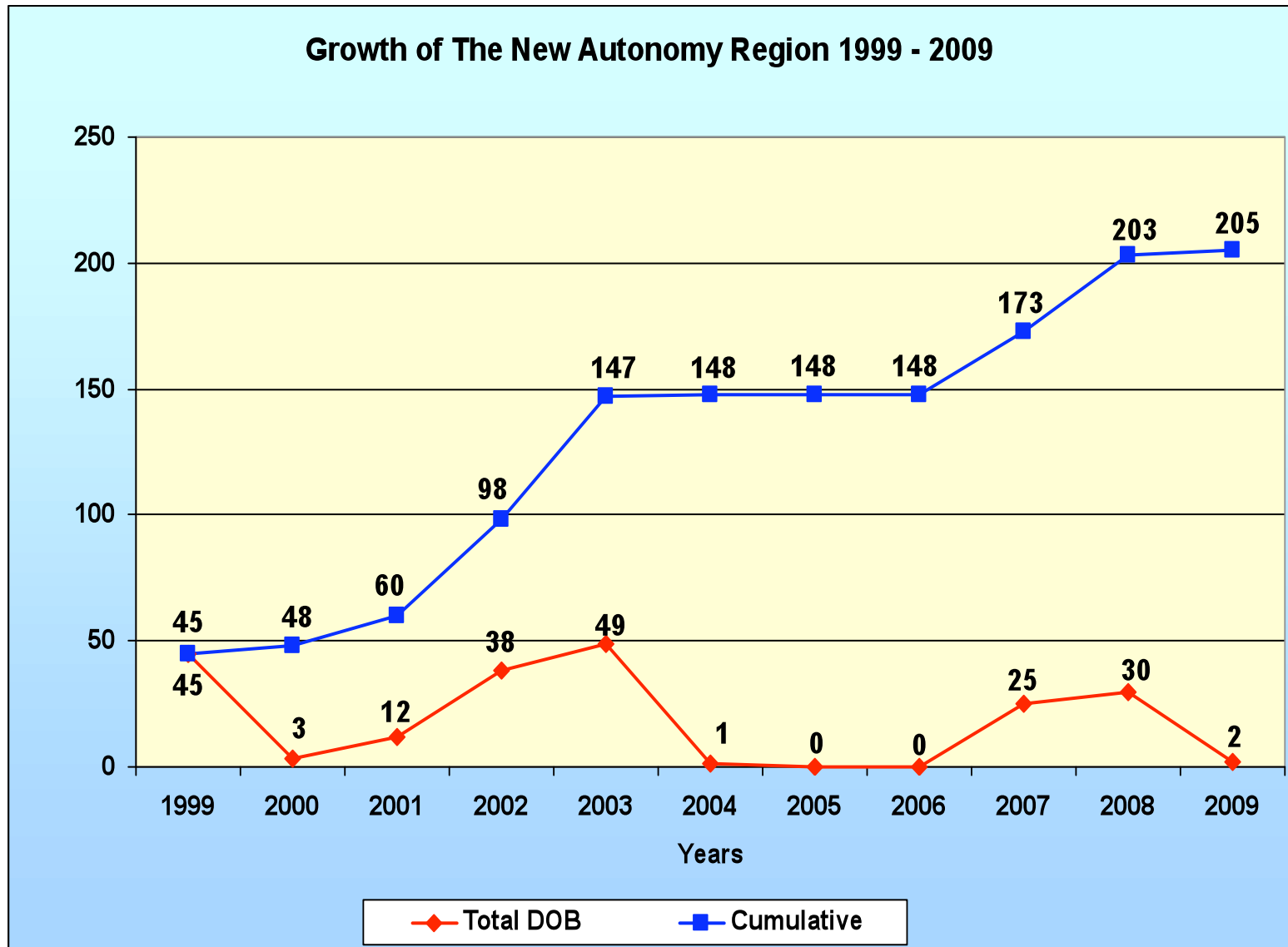
Bureaucratic Politics, Problems of Local Administrative Capacity;

Conflicts among cabinet members & departments (MoF, MoHA, Bappenas, Technical Departments)
Lack of local capacity: local autonomy is not supported with competent officials.

Creation of New Regions (Pemekaran)

	1998	2010
Province	27	33
Districts	301	512

Growth of The New Autonomy Region: 1999 - 2009



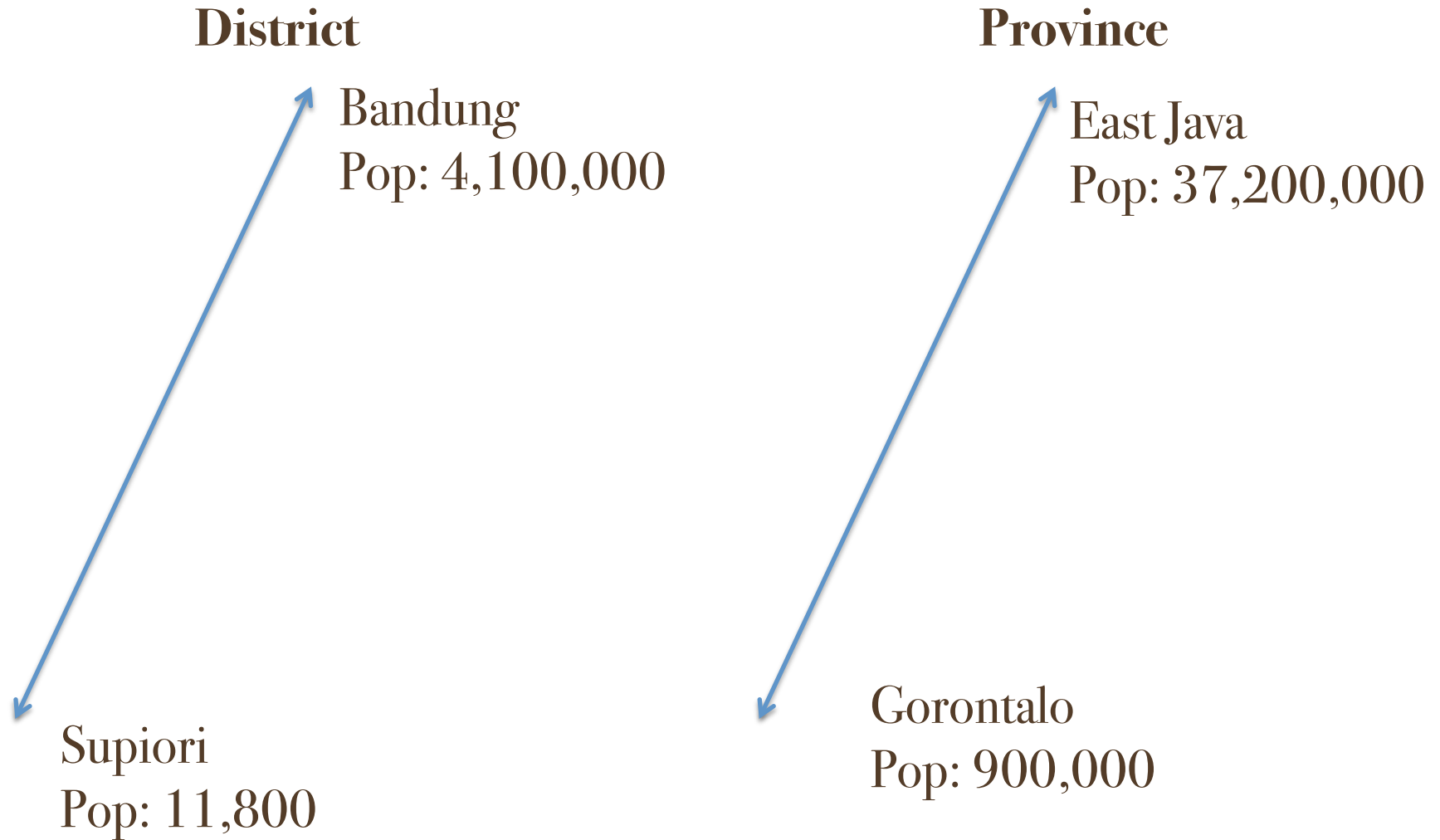
Creation of New Regions

It is the consequence of decentralization
(Canada, Russia, Nigeria, Pakistan)

Problem in Indonesia: it is not based on
objective consideration, weak system of
evaluation (Ferrazzi, 2008)

Question: New administrative units bring public
services closer to the local people? Improve
people's welfare?

Contrast After *Pemekaran*



Political Impetus

- Direct elections of the heads of regions, since 2005
- Vote buying, “expensive democracy” (Rp 1.8 – 16 b for district heads, Rp 40 – 100 b for governors)
- “Political investment” of local businessmen
- Incentives for creation of new regions: DAU (block grants); tacit bargaining among candidates and businessmen.

Public Services & People's Welfare

- Good local govt after decentralization (Smith, 1985; Manor, 1999) is still a myth
- Incumbents have more chances to win local elections → using local budget for “political campaigning”
- “People are betrayed” (Collins, 2007);
“Democracy is hijacked (Priyono, 2007)

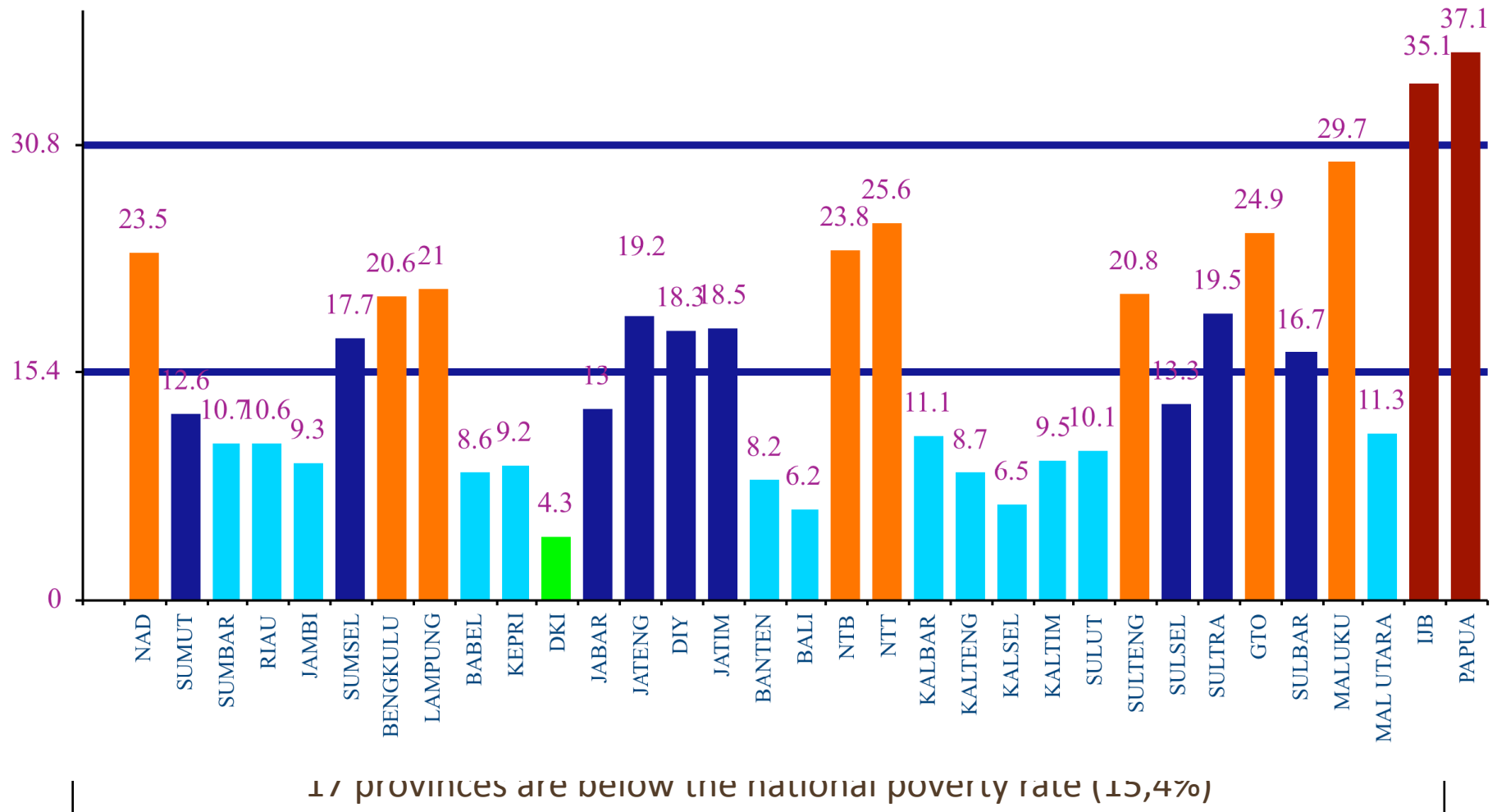
Case #1: Banyuasin

- Since 2002; 15 sub-districts, agricultural-based (rice surplus), 5.4% economic growth
- Informal governance; “take & give” among public officials & local businessmen
- Regent (Amiruddin Inoed) is committed, but might also involved in tacit bargaining (Case: sand mining)
- Tanjung Api-api project: Rp 375 m bribery involving a member of parliament (Yusuf Emir Faisal)
- Education (34.9% of local budget), but limited for infrastructures & tangibles. It doesn't solve urban-biased tendency.

Case #2: Maluku Tenggara Barat (MTB)

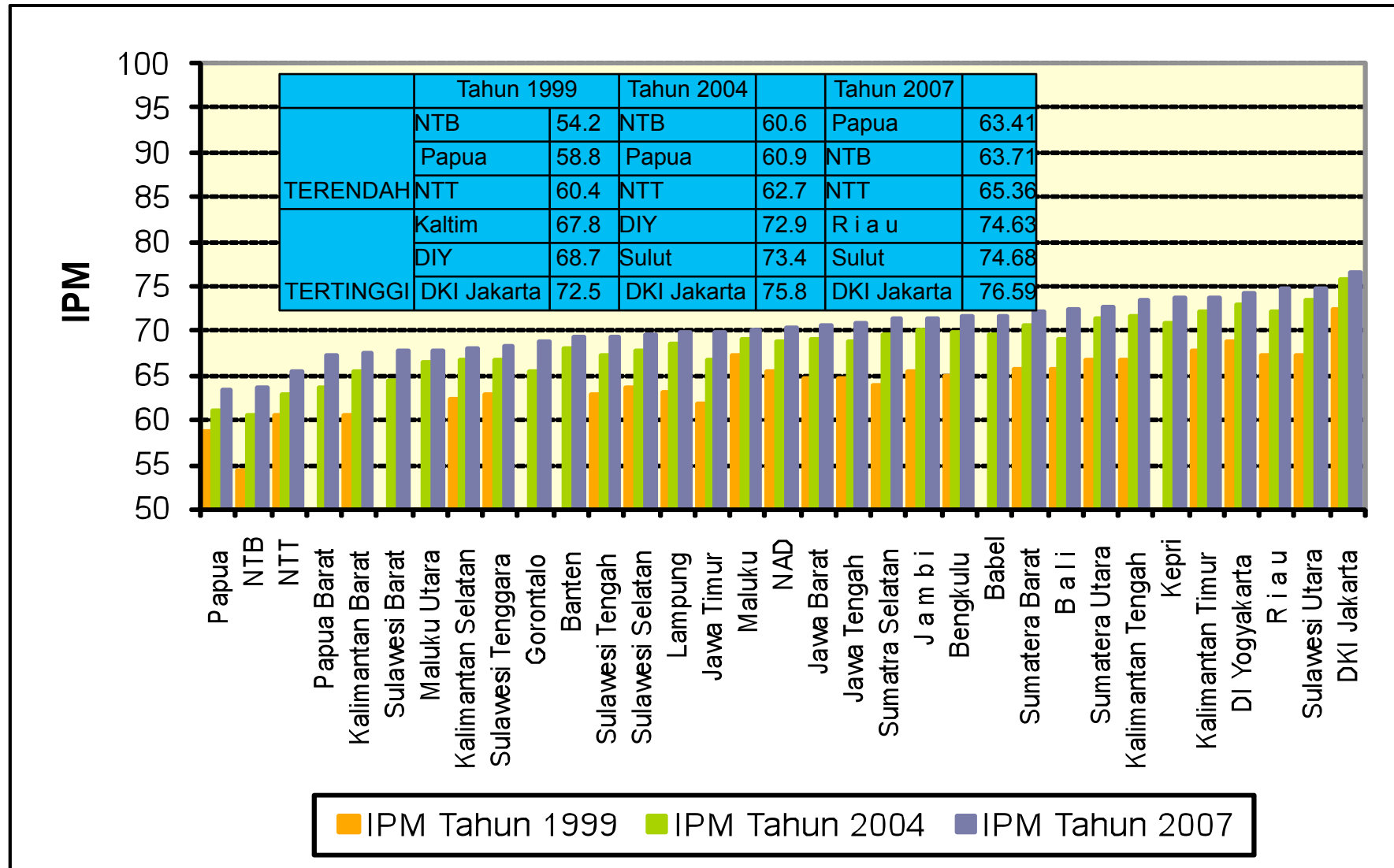
- Since 1999; isolated as “forgotten islands”; marine economic potentials
- Former regent (S.J. Oratmangun) prioritized local govt complex building; current regent (B.S. Temmar) prioritized “city garden”
- Local budget deficit Rp 29 b due to pre-financed projects from the DAU (block grants)
- Procurement scam of Terun Narnitu ship (Rp 20 b loss)
- Political corruption among the DPRD members
- Marine industry is left under-developed; dependency for basic commodities; limited electricity; famine & epidemic outbreaks.

Comparison of Poverty Rate among Provinces (2008)



Source: BPS (2008)

Human Development Index based on Provinces, Year 1999, 2004 dan 2007



Conclusions

- Decentralization raises new hopes for participatory development, but the ideals of decentralization are not positively supported by creation of new regions.
- Tacit bargaining among local authorities and local businessmen has resulted in budget inefficiency.
- Creation of new regions is not linked to quality of public services and local people's welfare.
- Urgent need for moratorium of *pemekaran*, thorough & objective evaluation of new regions.