

**Problems of Democratisation
in Indonesia**

Elections, Institutions and Society

Edited by

Edward Aspinall and Marcus Mietzner

13 DECENTRALISATION AND LOCAL DEMOCRACY IN INDONESIA: THE MARGINALISATION OF THE PUBLIC SPHERE

Michael Buehler

In 1999, Indonesia embarked on an ambitious decentralisation program that initiated a restructuring of the country's political institutions on a scale unprecedented since the 1960s.¹ Only a year after Suharto's New Order regime was overthrown, two new laws were adopted that shifted political and economic power from the centre to the subnational level of government. Law No. 22/1999 on Regional Government spelled out the conditions for the devolution of political authority, while Law No. 25/1999 on Revenue Sharing outlined a new system of fiscal arrangements between Indonesia's national and subnational political entities (Aspinall and Fealy 2003: 9). With the implementation of these laws in 2001, a considerable amount of political authority was handed to the district (*kabupaten*) and municipality (*kota*) level of government, leaving the centre with just a few key responsibilities, namely security and defence, foreign policy, justice and religious affairs (Usman 2001: iii).² At the same

-
- 1 In the immediate years after the transfer of sovereignty in 1949, the central government was fairly weak and did not have much influence in the regions. The institutional setting of this early period of the Indonesian republic has thus been described as a decentralisation by default (Mackie 1980: 675).
 - 2 The Indonesian state has five tiers of government, namely national, provincial, district/municipality, subdistrict and village. Assemblies exist at all but the subdistrict and village levels (USAID 2008: 2). This chapter focuses on provinces, districts and municipalities. Districts are rural jurisdictions with an elected head and municipalities are urban jurisdictions with an elected mayor.

time, much of the executive's fiscal authority was shifted from the centre to the district and municipal governments. The new regulatory framework required the central government to transfer a minimum of 25 per cent of domestic revenues to subnational governments, of which 90 per cent had to be allocated to districts and municipalities.³ In short, Indonesia has been transformed from a highly centralised state into one of the most decentralised in the world.

There were various reasons for the government's decision to shift power away from the national level after 1999. Several active secessionist movements, some of which had been lingering for decades, had raised fears among the political elite in Jakarta that the collapse of the oppressive New Order regime would reinvigorate demands for independence in such areas.⁴ Consequently, the government believed that transferring some power to the regions would meet their mounting demands for more authority and thereby forestall secessionist aspirations (Hadiz 2003: 12; Turner and Podger 2003: 25). It was this consideration that motivated the government to shift most power to the district level, with the national elite harbouring concerns that excessively empowered provinces could push for secession. While the central government was anxious to avoid the disintegration of Indonesia, it also faced tremendous pressure to reform the kleptocratic institutions the New Order government had left behind. President B.J. Habibie, who originated from the outer island of South Sulawesi, publicly blamed the rigid, Java-focused centralisation of the state apparatus under the New Order for the failure of democracy in Indonesia. According to him, the highly hierarchical structures of the state had allowed a small number of national politicians to exploit their political authority. (Of course, he had been a key member of that elite himself.) Only the decentralisation of political authority would prevent similar developments in the future, said Habibie.⁵

In a similar vein, reformist elements within the national elite, cheered on by international development agencies, argued that the devolution

Districts and municipalities are located in the same tier of government. Provinces are headed by an elected governor, whose exact powers have become somewhat unclear as a result of the decentralisation process (Schulte Nordholt and van Klinken 2007: 13).

- 3 The own-source revenues of a region (*pendapatan asli daerah*) have increased gradually since decentralisation. Up to 93 per cent of district expenditures, however, continue to be covered by transfers from the central government (von Luebke 2009: 203).
- 4 For an overview of violent and non-violent secessionist movements in Indonesia at the time of the regime collapse in 1998, see Bertrand (2004: 135–219).
- 5 'Indonesia: Habibie says a centralistic gov't sparks birth of authoritarian attitude', *Antara*, 10 July 1999.

of political authority to the local level would make it easier to identify and address local needs. In their view, 'bringing government closer to the people' would improve service delivery, as local governments were certain to be more exposed to public scrutiny. In addition, they believed that decentralisation would create opportunities for local communities to participate in decision-making processes, increasing the transparency and accountability of local governments (World Bank 2000: 3; Colongan 2003: 93; Asia Foundation 2004) and providing 'the impetus for the growth of a public sphere at the local level' (Hidayat and Antlöv 2004: 281). In short, decentralisation was aimed at fostering democracy and introducing legitimacy in a political system that had just overcome more than four decades of authoritarian rule.⁶

This chapter evaluates the extent to which the expectations placed on decentralisation in the early post-Suharto period have materialised. In particular, the analysis focuses on the political aspects of decentralisation, namely the impact devolution has had on government accountability and effectiveness at the local level. The chapter discusses this subject in four separate segments. The first reviews the attempts since 1999 to increase the vertical accountability between local governments and the electorate at the grassroots level. The discussion will show that institutional reforms have formally strengthened vertical accountability, with the competitiveness of elections steadily increasing over time. The second section, however, demonstrates that the continued dominance of oligarchic elites has substantially undermined the effectiveness of the new institutional accountability mechanisms. While voters have been given more power to throw out corrupt officials, their replacements have often been recruited from the same pool of elite politicians. The third segment concentrates on post-1999 systems of horizontal accountability, especially the checks and balances between local parliaments and local executive governments. These mechanisms remain weak, with local executives gradually strengthened at the expense of their legislative counterparts. The fourth section of the chapter analyses the effectiveness of local governance since 1999, arguing that while public services have not deteriorated, there have been no great improvements either. The conclusion weighs the various findings of the chapter against each other, issuing a mixed report card for the post-Suharto decentralisation process.

6 A recent article argues that decentralisation took place in 1999 despite the interests of powerful actors rather than because of them. New Order-era elites gambled on the advice of a team of experts without being aware of the actual consequences (Smith 2008).

VERTICAL ACCOUNTABILITY: LOCAL ELECTIONS SINCE 1999

Various reforms implemented since 1999 have strengthened vertical accountability mechanisms in Indonesian local politics. Most importantly, democratic subnational elections for both executive and legislative posts have become a regular affair in the archipelago. Since 2005, direct gubernatorial ballots have been held in all 33 provinces in Indonesia (JPPR 2009), and the 500 or so districts and municipalities have conducted direct elections for their heads of government. Likewise, local legislative elections have taken place every five years since 1999, held concurrently with the polls for the national parliament. In April 2009, 32,263 candidates competed for a total of 1,998 seats in provincial parliaments across the state, and 246,588 parliamentary hopefuls tried to seize one of the 16,270 seats available in district and municipal parliaments.⁷ On average, over 100 subnational elections have been run annually, with the ordinary Indonesian voting in seven or eight separate ballots between 2004 and 2009 alone (Gunawan and Siregar 2009: 10). This is in stark contrast to the New Order era, when subnational executive chiefs were hand-picked by the centre and local legislative elections were rigged in favour of the regime.

Since 1999, a comprehensive regulatory framework for both executive and legislative local elections has been established and continually revised. Law No. 22/1999 on Regional Government initially stipulated that district heads (*bupati*), mayors (*walikota*) and governors (*gubernur*) were to be elected by local parliaments, with each party caucus allowed to nominate one candidate. However, it soon became apparent that local assemblies across the archipelago were using their newly acquired powers for rent-seeking purposes. In exchange for their vote on election day, many local assembly members demanded money and favours from candidates aspiring to run for executive positions. As a result, parties found it difficult to convince their legislators to support nominees endorsed by the central party leadership; instead, the majority of parliamentarians voted for whoever offered them the most money, leading to the election of local government heads with no or weak ties to parties or to the assemblies dominated by those parties. As the flaws in the election framework became obvious and 'tensions in the relations between the district head and the [local] parliament in ... almost all districts' mounted,⁸ it became clear that changes in the electoral framework were inevitable.

7 'Selamat berpesta demokrasi Indonesia!' [Enjoy the Indonesian festival of democracy!], *Kompas*, 9 April 2009.

8 'Kemelut soal kepala daerah: antara pemilihan langsung dan cari keseimbangan baru' [The problems with local government heads: between direct elections and the search for a new balance], *Kompas*, 11 May 2002.

In response to growing public pressure, new regulations on local executive elections were adopted through Law No. 32/2004 on Regional Government. The law introduced direct, popular elections for district heads, mayors and governors. Proponents of the new law argued that direct elections for subnational executive posts would minimise 'money politics' in these elections, as local assemblies would no longer be able to blackmail candidates. At the same time, they hoped that the popular mandate of local government heads would be stronger if it was granted directly by the electorate.⁹ Despite these changes, however, parties still played a large role in the local contests. The revised regulatory framework required local candidates to be nominated by a party or a coalition of parties that had earned at least 15 per cent of the vote in the most recent local assembly election, or that controlled at least 15 per cent of the seats in the local legislature. In other words, considerable power continued to be concentrated in the local parties. Consequently, money politics and political corruption did not disappear; they simply shifted from the local assemblies to parties and their subnational branches. In order to participate in local elections, candidates for district head, mayor or governor now had to pay off party ward bosses and local party cadres to secure a nomination.

To break the parties' monopoly on nominations, the Constitutional Court ruled in 2007 that candidacy for local government posts should be open to all eligible citizens, not just candidates supported by political parties. Consequently, yet another set of rules for subnational executive elections was introduced in April 2008 to accommodate the verdict. Law No. 12/2008 on Regional Government amended Law No. 32/2004 to allow independent candidates to participate in subnational executive government elections.¹⁰ Nomination by a party, in other words, was no longer the only avenue to run for district head, mayor or governor. This innovation was the climax of an overall trend towards greater competitiveness and inclusiveness in local executive elections. By gradually expanding the importance of the popular vote in selecting local leaders, the new electoral regime has introduced a level of vertical accountability in subnational executive government that goes well beyond that offered by any previous political system in Indonesia, including parliamentary democracy in the 1950s and the polity of the early post-Suharto period.

9 'Prof Dr Miftah Thoha MPA: otonomi belum sepenuhnya dipahami' [Prof. Dr Miftah Thoha MPA: local autonomy is not yet completely understood], *Kompas*, 11 September 2000.

10 The new rules became valid only in districts, municipalities and provinces in which regional election commissions had not yet registered candidates under the old system. Therefore, independent candidates were not able to participate in subnational elections held before July 2008.

Electoral reforms were not limited to the executive realm, however. Changes to the framework of elections for local legislatures (Dewan Perwakilan Rakyat Daerah, DPRD) strengthened institutional accountability mechanisms as well. While local executive elections have been regulated under the regional government laws, subnational parliamentary ballots have been anchored in national election laws. Initially, Law No. 3/1999 on General Elections stipulated that voters could vote only for a party and not for individual candidates. In other words, the law introduced a closed party list system for local legislative elections. Based on this system, seats were allocated to those nominees ranked highest on the list submitted by parties prior to the election, with some loopholes in the law giving parties the flexibility to shift candidates around after the polls (Sherlock 2004). Not surprisingly, the nomination of candidates was thus determined largely by backroom deals and internal party horse-trading. There was little transparency, and it was difficult for the electorate to hold individual politicians accountable through the ballot box.

Following public pressure to increase the accountability and transparency of legislative elections, revisions to the election law in 2003 introduced a partially open party list system. Law No. 12/2003 on General Elections allowed voters to select a party on the ballot and then also select one of the legislative candidates listed for each party. However, the provisions outlined in the law set a very high bar for candidates to win a seat directly based on the number of individual votes they received. As a consequence, the vast majority of candidates still won their seats in assemblies based on their position on the party list. With the composition of party list rankings fraught with political corruption and intra-party dynamics continuing to determine the outcome of local elections, activists and the media demanded further changes. Against this backdrop, Law No. 10/2008 on General Elections reduced the importance of party list rankings.¹¹ Ultimately, a decision by the Constitutional Court in December 2008 abolished party list rankings altogether. In the 2009 elections, therefore, seats won by parties in local parliaments were handed to those nominees who had gathered the largest number of personal votes, regardless of their ranking on the party list.

Thus, as with local executive elections, subnational legislative ballots have become increasingly competitive since Suharto's fall. Not only has

11 In the 2004 legislative elections, a candidate was allocated a seat regardless of his or her ranking on the party list if the individual had received enough votes to surpass 100 per cent of a predefined divisor. The divisor was calculated by dividing the total number of votes in a district by its number of seats, and therefore varied between electoral districts. Article 214 of Law No. 10/2008 greatly reduced the proportion a candidate had to exceed, from 100 per cent to 30 per cent of the divisor.

the authoritarian, election-rigging regime of the New Order been swept away, but the institutional authority of parties to hand their leaders seats in parliament without any real electoral contest has steadily been reduced. Voters are now more powerful than at any other time in Indonesian history, leading to significant improvements in the formal structures of vertical accountability at the local level. The following section will demonstrate, however, that the effectiveness of these institutional reforms has been undermined by structural hurdles privileging the elite and by strong socio-economic countercurrents on the ground.

ACCOUNTABILITY REVISITED: THE PERSISTENCE OF ELITE POLITICS

Despite the generally positive trends outlined above, Indonesian local politics since 1999 has remained elitist in nature. While the new electoral regulations have increased opportunities for popular participation in politics at the local level, the elite has managed to ensure that significant restrictions persist. For instance, some sections of the election and regional autonomy laws effectively exclude large parts of the Indonesian population from running in electoral contests. Both the 2004 and 2008 regional government laws, for example, stipulate that candidates must have at least a senior high school degree in order to stand in local executive elections.¹² In many Indonesian districts, a majority of local citizens would be unable to meet this requirement. For example, in South Sulawesi – one of the biggest provinces in Indonesia – 35 per cent of the local population was without a primary school education in 2004, and only 10 per cent of the population had finished senior high school (BPS Sulawesi Selatan 2004: 38–9). Obviously, this combination of educational thresholds for nomination and Indonesia's social realities has created a situation in which many underprivileged Indonesians – peasants, factory workers, domestic helpers and others – are unable to run for office.

Other regulations for local executive polls also work in favour of the rich and powerful. For instance, independent candidates keen to run for district head, mayor or governor without the nomination of a party or coalition of parties are obliged to post an election bond and garner a certain number of signatures from voters. They have to prove that they enjoy the support of between 3 and 6.5 per cent of the residents in their territory, with the exact figure depending on population size. The fulfilment of this regulation requires candidates to build up large logistical

¹² Law No. 32/2004 on Regional Government, article 58c; Law No. 12/2008 on Regional Government, article 58c.

networks, the mobilisation of which creates substantial costs. An additional institutional hurdle is created by the fact that independent candidates must pay a fine of Rp 20 billion (approximately \$2 million) if they withdraw their nomination after it has been approved by a regional elections commission (Law No. 12/2008, article 62). Candidates nominated by parties face no such fines. Given these administrative obstacles and the high costs associated with overcoming them, only very few independent candidates have run in subnational executive elections since the new regulations were adopted in 2008.

But it is not just ordinary citizens who find it prohibitively expensive to seek top posts in local government. Party officials, too, are often unable to raise sufficient funds to finance their electoral campaigns. In addition to the compensation paid to party organisations for a nomination and campaign support, candidates are forced to finance media advertisements, opinion surveys, staff and witnesses at the polling stations (Mietzner 2007). A 2005 sampling of Indonesia's district and municipal races found that the campaign expenses for winning candidates averaged \$1.6 million (Rinakit 2005). Confronted with such cost estimates, most parties have resorted to selling nominations for executive posts to non-party candidates. These nominees usually do not enjoy the support of a certain political constituency or party, but are sufficiently well off simply to buy enough party endorsements to reach the necessary nomination threshold. Not coincidentally, the relationship between such candidates and 'their' parties has often collapsed immediately after election day (Buehler and Tan 2007).

The escalating campaign costs have affected the dynamics of local legislative elections as well, albeit to a lesser extent. Many parties in the post-Suharto polity have experienced serious funding problems, especially at the local level, because membership dues have declined and state subsidies are low (Mietzner 2007). This has meant that candidates have had to foot the bill for their political activities themselves. Ironically, this trend has been accelerated by the gradual opening up of the electoral system, which activists had demanded in order to increase vertical accountability. The introduction of an open party list system has essentially created an environment of fierce competition not only between candidates of rival parties but between nominees of the same party as well. With candidates trying to achieve the highest number of personal votes to beat their fellow party members in the fight for a seat, the costs of local legislative elections have sky-rocketed. In some cases, this race to outspend each other has led to tragic results. Many ordinary citizens who were foolish enough to think that they stood a real chance of winning a seat in a local parliament found themselves so heavily indebted after the 2009 election that they committed suicide or suffered a mental breakdown (Buehler 2009a).

Table 13.1 Background of all candidates in gubernatorial elections, 2005–2008

	Candidate for governor		Candidate for deputy governor		Total	
	(no.)	(%)	(no.)	(%)	(no.)	(%)
Bureaucrat	21	15.9	40	30.3	61	23.3
Parliamentarian (all levels of government)	27	20.4	35	26.5	62	23.3
District head / mayor	33	25.0	11	8.3	44	16.7
Military/police	15	11.4	6	4.5	21	7.9
Businessperson	8	6.0	13	9.9	21	7.9
Incumbent deputy governor	10	7.6	5	3.8	15	5.7
Incumbent governor	14	10.6	0	0.0	14	5.3
Academic	3	2.3	11	8.3	14	5.3
Party cadre	0	0.0	7	5.3	7	2.7
Lawyer	1	0.7	0	0.0	1	0.4
Other	0	0.0	4	3.0	4	1.5
Total	132	100.0	132	100.0	264	100.0

Source: Author's own data; JPPR (2009).

Evidently, the institutional and socio-economic conditions surrounding local politics have been such that they work in favour of a confined number of local elites. These elites are well entrenched in the political ecologies of their respective regions and therefore command the necessary means or contacts to obtain enough financial contributions to run in the subnational elections. At the same time, the likelihood that an ordinary Indonesian will penetrate the political system in a district or municipality is marginal. A background analysis of all candidates who ran in the 33 gubernatorial elections between 2005 and 2008 reveals that such races were contested mostly by figures from within the traditional political system. Almost 50 per cent of the candidates were either bureaucrats or parliamentarians (many of whom had formerly been bureaucrats), as is shown in Table 13.1. A close examination of the careers of these figures reveals that many of them were involved in local politics for years, if not decades, throughout the New Order. Overall, very few fresh faces have been elected to office through subnational elections in recent years.¹³

13 The relative insignificance of civil society representatives in Indonesian local politics is congruent with their marginalisation from post-New Order national affairs (Boudreau 2009: 237).

Only a tiny number of women have participated in such contests, as is shown in Hana Satriyo's chapter in this volume (see especially Table 12.1). The figures are only marginally different from those during the New Order. For instance, there was not a single female governor during the entire New Order, while in 2010 there was one. At the district level, two women became district heads in the 32 years under dictatorial rule (Malley 1999: 162, note 82), while by 2010 – after more than a decade of democratic reform – there were only five more.

The absence of a comprehensive overhaul of the *class politique* at the local level has severely undermined the effectiveness of elections as a means for increased vertical accountability. On the surface, the turnover rate of 40 per cent among incumbents in local executive elections seems to be comparatively high, suggesting that Indonesian voters do now have a choice between different candidates and that there has been real electoral competition. However, the options for ordinary citizens hoping to choose someone from their midst remain severely limited. With the majority of candidates competing in local elections deeply entrenched in their respective constituencies and closely affiliated with New Order networks, those politicians voted out of office have largely been replaced by representatives of the same old elite. Accordingly, the high rate of incumbency turnover does not have as much meaning as initially thought.

There are many cases illustrating the circumstance that the increased competitiveness of local elections has not necessarily produced more qualified and less corrupt leaders. To begin with, the district elections in Kutai Kartanegara in East Kalimantan in 2005 were won in a landslide by Syaukani Hassan Rais, a well-connected and seemingly popular politician. But Syaukani was arrested and jailed for corruption only two years later.¹⁴ His replacement, Samsuri Aspar, was also held for corruption in 2008.¹⁵ Similarly, the former governor of South Sulawesi, Amin Syam, was replaced in 2007 by Syahrul Yasin Limpo, a larger-than-life figure who had been arrested for drug consumption and involvement in prostitution a few years earlier. Syahrul's younger brother, Ichsan Yasin Limpo, won the first direct elections for district head in Gowa, South Sulawesi, in 2005, replacing Hasbullah Djabbar, a corrupt politician who had been jailed for embezzling state money during his term of office. However, Ichsan Yasin Limpo himself had previously been charged with misappropriating \$1.9 million, together with 13 other politicians, dur-

14 In September 2009, the Supreme Court in Jakarta rejected Syaukani's appeal against a six-year sentence for corruption. See 'Court rejects former regent's appeal', *Jakarta Post*, 16 September 2009.

15 'Pemerintahan: DPRD Kutai Kartanegara minta bupati "pengganti"' [Government affairs: Kutai Kartanegara parliament asks for replacement district government head], *Kompas*, 26 July 2008.

ing his time as a member of the provincial parliament of South Sulawesi (Buehler 2007).

These examples reflect larger patterns in subnational politics. In 2008 alone, more than 20 governors, former governors, district heads and mayors were detained or declared suspects in corruption cases.¹⁶ Similarly, more than 1,000 local parliamentarians across the country were under investigation for corruption-related charges in 2006, according to data published by Indonesia Corruption Watch, an independent NGO (USAID 2008: 3). In October 2009, only two weeks after their inauguration, 10 parliamentarians from the North Sulawesi provincial assembly were arrested for embezzlement of state money during their first term in parliament between 2004 and 2009.¹⁷

The continued success of corrupt and otherwise questionable politicians in local elections has been assisted by weak legal and social sanctions against their behaviour. Both the 2004 and 2008 regional government laws as well as the 2008 legislative elections law stipulate that criminal suspects and persons who have served sentences on charges punishable by less than five years' imprisonment can contest local executive and legislative elections. In addition to these legal loopholes, the ability of Indonesians to sanction corruptors at the ballot box has been greatly reduced by the fact that there are simply not enough 'clean' candidates running in many of these local competitions. Perfectly aware of the powerlessness of voters in this regard, political parties have largely been indifferent in the rare cases when Indonesian voters have actually protested against a party's nomination of a corrupt candidate.¹⁸ Thus, despite the creation of a regulatory framework that has formally increased vertical accountability, the larger institutional and socio-economic context within which these accountability mechanisms are embedded has made it very difficult for ordinary citizens to kick the rascals out of office. Instead, they are merely rotated from one post to another.

HORIZONTAL ACCOUNTABILITY AND EXECUTIVE DOMINANCE

While vertical accountability at the local level is working inefficiently at best, the horizontal accountability between local parliaments and local

16 'Graftbuster's uphill battle in Indonesia', *Straits Times*, 6 September 2008.

17 'Perjalanan dinas fiktif: polisi akan periksa 10 anggota DPRD Sulawesi Utara periode 2009-2014' [Fictitious official travel: police arrest 10 members of the North Sulawesi parliament 2009-2014], *Kompas*, 22 October 2009.

18 'Political parties brush off public complaints about nominees', *Jakarta Post*, 21 October 2008.

executive governments has gradually been weakened. Whereas the 1999 Regional Government Law gave local assemblies extensive powers *vis-à-vis* subnational governments, Law No. 32/2004 on Regional Government tilted the balance of power in favour of the latter. It strengthened, for example, the fiscal authorities of district heads, who were empowered to control the financial management of their respective territories, to authorise expenditure and to set priorities as well as the ceiling of the budget (articles 156 and 192). While the budget theoretically needed to be approved jointly with the local parliament (article 180), evidence suggests that the participation of subnational parliaments in the budget process has been limited and fraught with problems. Local assemblies report difficulties in engaging in budget formulation processes due to their weak capacity, but also because the (already passed) local budget has to be 'evaluated' by the central government for final approval. Many local parliaments complain that this vetting process undercuts their independence.

The 2004 Regional Government Law also expanded the power of subnational executive governments through a clause that allowed district heads to issue local regulations together with the local parliament (article 140). As in the case of legislative budgeting, the experience of the past decade shows that local parliaments rarely initiate such regulations and that district heads are usually the dominant force in these deliberations (Kristiansen et al. 2008: 70).¹⁹ Between 2001 and 2006, the local parliaments of four subnational governments initiated just 1.6 per cent of all local regulations, as is shown in Table 13.2. This would be typical of most local governments (Ibrahim et al. 2009: 1–42). According to Robert Endi Jaweng, external relations officer at the non-governmental Regional Autonomy Watch (Komite Pemantauan Pelaksanaan Otonomi Daerah, KPPOD):

In the drafting process for local regulations ... members of local parliaments usually ... simply copy and paste similar regulations from other districts. [They do this] despite the fact that the circumstances are different in every region.²⁰

Once again, limited resources and a lack of drafting expertise among committees and council secretariats have mainly been responsible for this development (USAID 2006: 30).

19 The executive has also dominated the public policy process at the national level (Boudreau 2009: 242).

20 'Pembatalan perda: kemampuan legislasi DPRD lemah' [Annulment of local bylaws: legislative capacity of local parliaments is weak], *Kompas*, 28 June 2008.

Table 13.2 *Initiators of local government regulations in four districts and municipalities, 2001–2006*

Initiator	Probolinggo, East Java		Madiun, East Java		Sidaoarjo, East Java		Blitar, East Java		Total	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Local parliament (DPRD)	1	1.3	1	1.1	1	1.3	2	2.8	5	1.6
District head/ mayor	77	98.7	87	98.9	74	98.7	69	97.2	307	98.4
Total	78	100.0	88	100.0	75	100.0	71	100.0	312	100.0

Source: Ibrahim et al. (2009: 27).

Finally, Law No. 32/2004 on Regional Government allowed district heads to intervene in the work of the parliament. The appointment and control of civil servants in the local parliament secretariat now fall under the authority of the district head. This has reduced the autonomy of local assemblies and weakened their ability to scrutinise the executive, given that it is conventionally the secretariat that is supposed to prepare the material necessary for legislators to hold the head of the regional government accountable.

The strengthening of local executive power described above has been accompanied by cuts to the institutional authority of local parliaments. Law No. 22/1999 gave local assemblies the authority to request an annual accountability report from the district head. If that report was rejected, local parliaments could proceed to impeach the district head and propose his or her dismissal to the Ministry of Home Affairs. However, local assemblies across the archipelago misused their leverage to demand bribes and favours from heads of subnational governments in return for passing their accountability reports. As a result of this obvious abuse of power, Law No. 32/2004 abolished the requirement for local assemblies to approve such reports. While it is still possible to impeach a district head, in practice this has become much more difficult. Most significantly, the Ministry of Home Affairs has regularly emphasised its unwillingness to remove a local government chief simply because the person has become engulfed in a dispute with an assembly.

The most recent addendum to the regional government laws, adopted through Law No. 12/2008, reduces the duties and authorities of the local parliament yet further. Based on this revision, a local parliament no longer has the power to establish a supervisory committee to oversee

district head elections.²¹ The local assembly is also no longer responsible for screening candidates prior to district head elections.²² While these powers had become redundant anyway with the introduction of direct elections and the consequent empowerment of regional election commissions to run these ballots, the formal cancellation of rights held by local parliaments nevertheless symbolises their decline. In short, the effectiveness of local oversight mechanisms through which subnational assemblies supervise their executive counterparts has continued to erode slowly but steadily.

The fierce criticism of the local assemblies has led to wide-ranging proposals for reform. For example, in the context of the planned revision of Law No. 32/2004, it has been suggested that well-resourced local assembly secretariats should be established that are free of any influence by the district or provincial government head (USAID 2009a: 65). While certainly well meaning, such ideas do little to reduce the ability of local government heads to buy off parliamentarians with financial inducements – an ability that governors and district heads alike do not hesitate to expose publicly. During a workshop on local governance organised by the Organisation for Economic Co-operation and Development (OECD) and other donor agencies in Jakarta in June 2009, Fadel Muhammad, then governor of Gorontalo province, explained the ‘secret’ behind his ‘success’ in getting reform policies approved in his home province. Hailed as a reform figure by the foreign development industry, Fadel Muhammad boasted in front of more than 100 donor representatives that he regularly sent provincial parliamentarians on ‘pleasure cruises’ disguised as ‘study tours’ (*studi banding*) to Australia, Thailand or Singapore. Upon their return, the parliamentarians usually approved his ‘reform’ initiatives swiftly and without much opposition.²³

LOCAL GOVERNMENT EFFECTIVENESS

The inability of local populations to put pressure on their leaders has had serious consequences for the effectiveness of local government. While there are differences between individual districts and municipalities, with some being more effective than others, ‘Both nation-wide snapshots and case study results indicate that overall performance levels remain

21 Article 42, paragraph 1, section I of Law No. 32/2004, which regulated the role of the local parliament in establishing supervisory committees in district head elections, was deleted in Law No. 12/2008.

22 Article 59, paragraph 3 of Law No. 32/2004 was deleted in Law No. 12/2008.

23 Fadel Muhammad speaking at a seminar organised by the OECD/Korea Policy Centre in Jakarta, 9–11 June 2009; personal notes by the author.

relatively low' (von Luebke 2009: 225). For example, administrative performance as measured by the quality of public service delivery has not improved significantly at the local level since 1999, despite decentralisation initiatives and the introduction of local elections. According to a report by one of the largest international development agencies, 'service delivery did not suffer significant declines after decentralization ... but it also did not get much better' (USAID 2009b: 47). The few successful reform efforts at the local level have largely been driven by a handful of exceptionally well-performing administrators (von Luebke 2009) and are therefore not a reflection of broader trends.

Often, reform initiatives crumble shortly after a reform-minded politician leaves office. In Solok, a district in West Sumatra, a 10-year bureaucratic reform initiative started to fall apart shortly after the popular and reformist district head, Gamawan Fauzi, left office to take up his new position as governor in 2005. According to Sofjan Wanandi, chair of the Association of Indonesian Entrepreneurs (Asosiasi Pengusaha Indonesia, Apindo), 'Gamawan could not fire the bureaucrats as they were well protected by the civil service law. So all the corrupt officials remained, waiting for the right time to regain control'.²⁴ In October 2009 Gamawan Fauzi was appointed minister of home affairs. While he may now be able to implement some of his ideas for structural change at the centre, there are widespread fears that after his departure, the reforms in West Sumatra province initiated during his governorship may soon collapse in the same way they did in Solok several years earlier.

In the same vein, the regulatory frameworks developed by subnational governments and assemblies have suffered from poor preparation, lack of clarity and inherent self-contradictions. Not only have the regulations issued by local governments been of consistently low quality, but they have often obstructed local economic activity and undermined the rule of law. Predatory taxes, for example, have been widespread at the subnational level. Based on a survey conducted in 2008, Regional Autonomy Watch estimated that around 30 per cent of all local regulations were predatory in nature and an impediment to investment (KPPOD 2008). Responding to this development, the national parliament adopted a new regional taxation law in August 2009 that aimed to eradicate such harmful practices. It listed the taxes subnational governments were allowed to implement, and it set minimum and maximum rates for each type of local tax (Buehler 2009b).

While a recent study on local policy reforms in Indonesia shows that the absence of a coherent set of formal regulations does not necessarily preclude reform initiatives per se (von Luebke, McCulloch and Patunru

24 'Bureaucrats rule supreme as reform falters', *Jakarta Post*, 28 April 2009.

2009: 270), there is much evidence that chaotic regulatory frameworks have been an impediment to effective local governance. According to USAID (2009b: 12):

The avalanche of regulations (some replacing rather new regulations) in recent years has not been coordinated or properly developed and vetted. The results are largely poor quality products that are not workable—that waste valuable time and resources of local governments.

Local bureaucracies often take advantage of such contradictions and ambiguities in laws and regulations to reduce their accountability, both vertically and horizontally, and to 'enhance their discretionary authority in financial matters' (Kristiansen et al. 2008: 76).

The effectiveness of local governance and public service delivery has also been undermined by widespread corruption and rent seeking. This is reflected not only in the aforementioned predatory tax regimes established in hundreds of districts and municipalities across the country, but also in the prevalence of illegal fees and other forms of bribes. The 2008 KPPOD study estimated that up to 80 per cent of local businesses continue to pay bribes. In addition, there are indications that the levels of transparency may actually have decreased since decentralisation, with one study suggesting that 'detailed annual budgets are mostly unavailable to the public [and] only general information and overall figures are made available' (Kristiansen et al. 2008: 77).

Finally, the weaknesses in local government capacity in Indonesia are apparent in subnational spending patterns. For example, local administrations find it difficult to spend all of their allocated funds, largely due to their inability to develop coherent and effective projects. Since 1999, unspent local government reserves have been rising rapidly (World Bank 2007: xxi). By July 2008, for example, the province of Jakarta had spent only 17 per cent of its annual budget. Similarly, the majority of local governments are routinely late in submitting their budgets to the central government, despite this being a prerequisite to receive fiscal equalisation funds. In January 2009, only two-thirds of all regional governments had handed in their 2009 budgets to the central government (Gunawan and Siregar 2009: 33). While budgeting delays and low levels of budget realisation affect the central government as well, they are much more common at the local level, with severe consequences for ordinary Indonesians seeking satisfactory public services.

CONCLUSION

This chapter's evaluation of the decentralisation process since 1999 has produced a mixed picture. On the one hand, extensive reforms to Indo-

nesia's political framework have led to real electoral competition at the local level, with the hundreds of ballots held so far widely regarded as free and fair. In executive elections, voters have thrown out many corrupt or underperforming local officials, while the introduction of an open party list system for parliamentary polls has intensified the links between the electorate and legislators. Thus, from an institutional perspective, mechanisms of vertical accountability have been put in place that—in combination with a free press and a vibrant civil society—have led to an unprecedented level of public scrutiny being imposed on Indonesian local governments and legislatures.

Beyond casting their votes, however, ordinary citizens are not able to actively influence and shape local politics as much as had initially been hoped following decentralisation and the introduction of direct local elections. Both institutional and socio-economic factors have limited the pool of people who can run in elections to a small group of local elites, most of them rooted in the New Order regime. While the electorate can vote people in and out of office, the lack of horizontal accountability mechanisms and the weakness of political parties make it difficult for any political force—whether institutional or societal—to monitor the activities of district heads, mayors and governors. After a rapid expansion in the beginning, the much anticipated 'growth of the public sphere' at the local level has yet to occur.

REFERENCES

- Asia Foundation (2004), 'Final synopsis report of the 5th Indonesia rapid decentralisation appraisal 2004', November, <http://asiafoundation.org/publications/pdf/397>.
- Aspinall, Edward and Greg Fealy (2003), 'Introduction: decentralisation, democratisation and the rise of the local', in E. Aspinall and G. Fealy (eds), *Local Power and Politics in Indonesia: Decentralisation and Democratisation*, Institute of Southeast Asian Studies, Singapore, pp. 1–11.
- Bertrand, Jacques (2004), *Nationalism and Ethnic Conflict in Indonesia*, Cambridge University Press, Cambridge.
- Boudreau, Vincent (2009), 'Elections, repression and authoritarian survival in post-transition Indonesia and the Philippines', *Pacific Review* 22(2): 233–53.
- BPS (Badan Pusat Statistik) Sulawesi Selatan (2004), *Sulawesi Selatan dalam Angka 2004* [South Sulawesi in Figures 2004], BPS, Makassar.
- Buehler, Michael (2007), 'Rise of the clans: direct elections in South Sulawesi show that a new breed of political godfathers is coming to power in Indonesia's regions', *Inside Indonesia* 90(October–December), <http://www.insideindonesia.org/>.
- Buehler, Michael (2009a), 'Suicide and progress in modern Nusantara', *Inside Indonesia* 97(July–September), <http://insideindonesia.org/>.
- Buehler, Michael (2009b), 'The new regional taxation law: an end to predatory taxation?', *Van Zorge Report on Indonesia: Behind the Headlines*, 11(8): 9–11.

- Buehler, Michael and Paige Johnson Tan (2007), 'Party-candidate relationships in Indonesian local politics: a case study of the 2005 regional elections in Gowa, South Sulawesi province', *Indonesia* 84(October): 41-69.
- Colongan, A. (2003), 'What is happening on the ground? The progress of decentralisation', in E. Aspinall and G. Fealy (eds), *Local Power and Politics in Indonesia: Decentralisation and Democratisation*, Institute of Southeast Asian Studies, Singapore, pp. 87-101.
- Gunawan, Anton H. and Reza Y. Siregar (2009), 'Survey of recent developments', *Bulletin of Indonesian Economic Studies* 45(1): 9-39.
- Hadiz, Vedi R. (2003), 'Power and politics in North Sumatra: the uncompleted reformasi', in E. Aspinall and G. Fealy (eds), *Local Power and Politics in Indonesia: Decentralisation and Democratisation*, Institute of Southeast Asian Studies, Singapore, pp. 119-31.
- Hidayat, Syarif and Hans Antlöv (2004), 'Decentralisation and regional autonomy in Indonesia', in P. Oxhorn, J.T. Tulchin and A.D. Seele (eds), *Decentralisation, Democratic Governance, and Civil Society in Comparative Perspective: Africa, Asia, and Latin America*, Woodrow Wilson Center Press, Washington DC.
- Ibrahim, Anis, Sirajuddin, Nuruddin Hady and Umar Sholahuddin (2009), *Parlemen Lokal DPRD: Peran dan Fungsi dalam Dinamika Otonomi Daerah* [Local Parliament DPRD: Role and Function in the Dynamics of Regional Autonomy], Setara Press, Malang.
- JPPR (Jaringan Pendidikan Pemilih untuk Rakyat) (2009), 'Data pasangan calon gubernur dan wakil gubernur pilkada 2005 s/d 2008: diolah oleh Jaringan Pendidikan Pemilih untuk Rakyat [Data on pairs of candidates in elections for governor and deputy governor between 2005 and 2008: collected by People's Voter Education Network], unpublished spreadsheet, JPPR, Jakarta.
- KPPOD (Komite Pemantauan Pelaksanaan Otonomi Daerah) (2008), 'Provinsi terbaik bagi penanaman modal: survei pemeringkatan iklim usaha di 33 provinsi, 2008' [Best provinces for investment: business climate ranking in 33 provinces, 2008], January, <http://kppod.org/ind/datapdf/rating/2008/Survei%2033%20Propinsi.pdf>.
- Kristiansen, Stein, Agus Dwiyanto, Agus Pramusinto and Erwan Agus Putranto (2008), 'Public sector reforms and financial transparency: experiences from Indonesian districts', *Contemporary Southeast Asia* 31(1): 64-87.
- Mackie, J.A. (ed.) (1980), *Indonesia: The Making of a Nation*, Research School of Pacific Studies, Canberra.
- Malley, Michael (1999), 'Resource distribution, state coherence, and political centralization in Indonesia, 1950-1997', PhD thesis, University of Wisconsin, Madison WI.
- Mietzner, Marcus (2007), 'Party financing in post-Soeharto Indonesia: between state subsidies and political corruption', *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 29(2): 238-63.
- Rinakit, Sukardi (2005), 'Indonesian regional elections in praxis', IDSS Commentaries No. 65/2005, September, <http://www.rsis.edu.sg/publications/Perspective/IDSS652005.pdf>.
- Schulte Nordholt, Henk and Gerry van Klinken (eds) (2007), *Renegotiating Boundaries: Local Politics in Post-Suharto Indonesia*, KITLV Press, Leiden.
- Sherlock, Stephen (2004), 'The 2004 Indonesian elections: how the system works and what parties stand for', Centre for Democratic Institutions, Australian National University, Canberra, February, <http://aceproject.org/ero-en/regions/asia/ID/Sherlock.pdf/view>.

- Smith, Benjamin (2008), 'The origins of regional autonomy in Indonesia: experts and the marketing of political interests', *Journal of East Asian Studies* 8(2): 211-34.
- Turner, Mark and Owen Podger (eds) (2003), *Decentralisation in Indonesia: Redesigning the State*, Asia Pacific Press, Canberra.
- USAID (United States Agency for International Development) (2006), 'Decentralization 2006: stock taking on Indonesia's recent decentralization reforms', August, http://pdf.usaid.gov/pdf_docs/PNADH312.pdf.
- USAID (United States Agency for International Development) (2008), 'The role of DPRD's in promoting regional autonomy and good governance: framework, challenges and new approaches', March, http://pdf.usaid.gov/pdf_docs/PNADQ130.pdf.
- USAID (United States Agency for International Development) (2009a), 'Decentralization 2009: stock taking on Indonesia's recent decentralization reforms: main report', July, <http://www.drsp-usaid.org/publications/index.cfm?fuseaction=pubdetail&ID=238>.
- USAID (United States Agency for International Development) (2009b), 'Decentralization 2009: stock taking on Indonesia's recent decentralization reforms: summary report', July, <http://www.drsp-usaid.org/publications/index.cfm?fuseaction=pubdetail&ID=239>.
- Usman, Syaikhu (2001), *Indonesia's Decentralisation Policy: Initial Experiences and Emerging Problems*, SMERU Research Institute, Jakarta.
- von Luebke, Christian (2009), 'The political economy of local governance: findings from an Indonesian field study', *Bulletin of Indonesian Economic Studies* 45(2): pp. 201-30.
- von Luebke, Christian, Neil McCulloch and Arianto A. Patunru (2009), 'Heterodox reform symbiosis: the political economy of investment climate reforms in Solo, Indonesia', *Asian Economic Journal* 23(3): 269-96.
- World Bank (2000), *Working Together: The World Bank's Partnership with Civil Society*, World Bank, Washington DC.
- World Bank (2007), *Spending for Development: Making the Most of Indonesia's New Opportunities*, World Bank, Jakarta.