

A REVIEW ON CENTRAL GOVERNMENT AND LOCAL GOVERNMENT RELATIONSHIP IN INDONESIA

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Abstract

After nearly a decade after the reform of regional autonomy, various advances and weaknesses have colored the course of regional autonomy in Indonesia. Generically there are two main objectives to be achieved through the decentralization policy (Maddick, 1963 Mutallib, Ali Khan, 1980, Smith, 1983) . The first is political purposes; how to implement the decentralization policy of the government of a country wants to take advantage of the Local Government as an instrument of political education at the local level and cumulatively will support the education of national politics to realize the civil society. The second objective is welfare purposes. How the Government through decentralization policy seeks to make local government as an instrument for wealth creation at the local level which in the aggregate will contribute to the welfare of the nation.

To be able to carry out their autonomous regional government optimally ie as an instrument to create a process of democratization and the instrument creating welfare at the local level, we must understand the basic philosophical elements that make up the Regional Government as a government entity. There are at least seven basic elements that build local government entities and the seven basic elements is exactly what will be the main target in conducting a review of regional autonomy in Indonesia trip . They are: a) Authorities or Governmental Affairs ; b) Institution ; c) Personal ; d) Local Finance ; e) Regional Representative ; f) Public Service ; g) Guidance and Control (Binwas) .

Since the reform, has also appeared some ambiguity in how relationship of guidance and control (Binwas) at the central level to the regional. Many assume that the officials at the Centre has been submitted to the affairs of the region, then the responsibility must let loose and turning centers are the responsibility of the region to fully over the affair in their decentralized . This is the wrong opinion and attitude is also the one of the causes of the omission by the regional center. The area with the perception of each will carry out the affairs in accordance with their wishes. Under conditions of weak civil society in the region will lead to the omission of mal-administration. Since the local government have not been able to implement it, those mal-administrations become an arguments made by the Centre to withdraw local authorities.

Keywords : *Dentral government, Decentralization, Local government.*

I. INTRODUCTION

After nearly a decade of regional autonomy after reformation, many advances and drawbacks have colored the course of regional autonomy in Indonesia. There are two regional autonomy laws enacted over the past decade that is UU NO. 22 of 1999 which was later replaced by Law (UU) no.32 of 2004.

Generically there are two main objectives to be achieved through the decentralization policy (Maddick, 1963, Mutallib, Ali Khan, 1980, Smith, 1983). The first is a political goal: how to implement the decentralization policy of government of a country to take advantage of local governments (LGs) as an instrument of political education at the local level and cumulatively will support the national political education to realize the civil society (civil society). The second goal is the goal of prosperity. How the government through the

decentralization policy seeks to make local government as an instrument for wealth creation at the local level which in aggregate would contribute to the welfare of the nation.

Illustration of the political objective to Indonesia can be seen from the local elections, drafting local regulations, Development Planning Meeting (Musrenbang) involving the community to participate. The community participations will encourage local governments to be transparent and accountable to local communities. Meanwhile, the illustration of welfare can be seen from the various public services provided by local government.

In order to carry out its autonomous regional government optimally as an instrument to create the democratization process at the local level and as an instrument to create well-being, then we must understand the philosophical basis of elements that make up the Local Government as a government entity. At least there are seven basic elements that build local government entities and the seven basic elements is exactly what will be the main target in conducting a review of regional autonomy journeys in Indonesia. The seven basic elements are as follows:

(1) Authorities or Governmental Affairs.

The first basic element of the Local Government is the "governmental affairs", its regional authority to manage and administer the affairs of government are submitted to the Region based on the settings in Law 32/2004. In Article 11 paragraph (1) of Law 32/2004 there were three criteria used in dividing the affairs of government, namely: externality, accountability and efficiency. Based on these criteria will be composed of a clear division of authority between levels of government (central, provincial and district / city) of each field or the government sector. In the corridor of wide autonomy, there are at least 31 government sectors of governmental affairs that are decentralized to regions with both mandatory affairs to organized basic services and optional affairs to hold the development of economic sectors that become the flagship of the area.

As for the governmental affairs being decentralized to the regions are as follows:

a. Mandatory affairs

1. Education
2. Health
3. Environment
4. Public Works
5. Spatial Planning
6. Development Planning
7. Housing
8. Youth and Sports
9. Investment
10. Cooperatives, Small and Medium Enterprises
11. Population and Civil Registration
12. Labor
13. Food Security
14. Empowerment of Women and Child protection
15. Family Planning and Family Welfare
16. Transportation
17. Communication and Information
18. Land
19. National Unity and Political Affairs
20. Regional autonomy, the General Government, Financial Administration, Regional Apparatus, Employment and coding
21. Community and Village Empowerment
22. Social

- 23. Culture
- 24. Statistic
- 25. Filing
- 26. Library
- b. Optional affairs
 - 1. Maritime Affairs and Fisheries
 - 2. Agriculture
 - 3. Forestry
 - 4. Energy and Mineral Resources
 - 5. Tourism
 - 6. Industry
 - 7. Trade and
 - 8. Transmigration

Decentralized governmental affairs actually amounted to 31 affairs. However, when these affairs are grouped into mandatory and optional affairs there are some government functions that are divided into different groups of governmental affairs, namely:

1. Labor and transmigration affairs where the affairs of labor in the category of mandatory as they relate to basic public services, while the affairs of transmigration into the optional affairs because it is not possible to have the potential migration of each region.
2. Cultural Affairs and Tourism; cultural affairs is include in mandatory affairs, while tourism go into the optional affairs.
3. Agriculture and Food Security Affairs; agriculture is in mandatory affairs while food security is in the optional affairs.

Determination of the decentralized government affairs based on the matters of existing institutions at the central level in either the Department or Non Departmental Government Institution (Officials). His argument was not to "any central institution" that handles such matters, but it is not clear which institutions handle these matters in the area. Policies made at the central level should be clear which institutions to operate in the region. But it does not mean all matters shall be made in the institutional region, because it would swell the overhead cost areas. What is important is the "function" is responsible for executing anyone in the area. For efficiency, it is necessary to grouping the affairs of government which accommodated in similar regional institutions.

(2) Institution

The second basic element of the Local Government is regional institutions. Region authority may not be implemented if not accommodated in the institutional region. There are two important institutions that make up the Local Government, namely: institutions for political officials (elected officer) are the Regional the Head of institution and Parliament; and institutions for career officials (appointed officer) which consists of the region (department, agency, office and secretariat, district, Village etc).

(3) Personel

The third basic element that makes up the Local Government is the presence of personnel local institutions to mobilize to run the affairs of government into region domain. Region personnel (PNS region) which in turn execute a strategic public policies generated by the political authorities (Parliament and Head of Region) to produce goods and services as the final result (end product) of the Local Government.

(4) Local Finance

The fourth basic element that makes up the Local Government is the local finance. Local finance is a consequence of the affairs submitted to the region government. This is in accordance with the principle "money follows functions". Davey and Devas stated effectiveness of local autonomy funding depends on the extent of financial resources to

finance governmental responsibilities delegated to the regions and the extent of the financial resources elasticity correlated with the enhancement of funding for public services due to population growth (Davey, 1983, Devas , 1986). Region should be given the financial resources of both, which comes on taxes and levies (fiscal decentralization) and sourced from the balance of funds (subsidies and profit sharing) that is given to the region. The existence of adequate financial resources will enable region to carry out its responsibilities handed to region government.

(5) Regional Representative

The fifth basic element that makes up the Regional Government is the representative of the region. Philosophically, the people owned the local autonomy. But practically, it is impossible for the society to govern together. Therefore, the election for representatives is conducted to carry out the mandate of the people and gain legitimacy from the people of the region to implement local autonomy. In the system of government in Indonesia, there are two groups that represent the implementation of regional autonomy of the people selected. The first, parliament (DPRD) elected through general elections (Pemilu) to carry out the legislative function. The second is the Head of Region (Kepala daerah) elected by the regional head election conducted directly by the people of the regions concerned to carry out the executive functions. Therefore, the Head of Region and parliament are elected by the people through the electoral process, which has a mandate to regulate and manage the people in the authority corridor concerned by the region.

In a representative element contains various dimensions therein pertaining to the rights and obligations of the community. Included in this dimension is how the relationship between Parliament (DPRD) with the Head Region (Kepala Daerah); how their relationship with the people who give them mandate in an effort to articulate and aggregate interests of the community; accommodate local pluralism into regional policies; strengthening civil society and other issues related to democratization process at the local level.

(6) Public Service

The sixth basic element that makes up the Regional Government is "public service". The end result of local government is to provide "goods and services" required by the community. In more detail the goods and services can be divided into two classifications according to the final result (end products) resulted by Local Government. The first, Local Government produces public goods are goods for the benefit of local communities such as roads, bridges, irrigation, schools, markets, terminals, hospitals, etc. in accordance with community needs. Second, the government produces public services that is more like public setting (public regulations) such as issuing birth certificate, **citizen identification card (KTP), family card (KK), IMB, HO**, and so forth. Basically a public setting is meant to create peace and order (law and order) in the community.

The most dominant issue in the context of public services is how the quality and quantity of public services produced within the framework of the welfare of the local government of local communities. The principles of minimum service standards and the development of excellent service (better, cheaper, Simpler and faster), and accountability will be a major issue in public services.

(7) Guidance and Control (Binwas)

Seventh basic element that makes up the Regional Government is 'control'. Argument of control is the tendency of abuse of power, as the adage of Lord Acton that stated "power tends to corrupt and absolute power will corrupt absolutely". To prevent that to happen, the control element has a strategic position to produce a clean government. Various oversight issues will be an important agenda such as synergy in internal control institution, the effectiveness of `external control, social control, legislative control and oversight (built in control) are also attached. In the context of guidance is a variety of facilitation conducted by

the central government to local government so that local government can run an effective autonomy, efficiently, economize and accountable.

The seven basic elements above is a "generic" element that makes up the Regional Government. Any changes to the policy of decentralization will essentially affect the seven basic elements. When the national government managed in a centralized during the New Order (Orde baru), the seven basic elements are strongly influenced by the policies and central intervention. After the reform, the region has a high discretion in the management of the seven basic elements. No matter how the extent of regional autonomy in Indonesia, its implementation within the remit of the 1945 Constitution and the Republic of Indonesia (NKRI).

II. AUTHORITY REVIEWS (GOVERNMENT AFFAIRS)

At the beginning of the reformation, there is fundamental weakness in aspects of the authority or government affairs delegated to the regions. At the time of the enactment of Law 22/1999 are set out in Regulation 25/2000 only the Central and Provincial authorities are set and the rest is left to the Regency / City in the form of recognition.

The method tends to create conditions for mutual claims of authority between levels of government, especially the affairs of government which generates revenues (receipts). Meanwhile, the government affairs that caused expenditures (cost centers) tend to be ignored and even returned to the central government. Moral hazard occurs in both the central and local. Center is very welcome return of authority because it will restore the authority of the center has been submitted to the Region. Instead Region will be happy because they are not burdened by the affairs that burden them financially.

Reflecting these problems, Law 32/2004 tried to divide each of governmental affairs by using three criteria, namely externalities, accountability and efficiency. In this way it will be clear which affair become the authority of the central, provincial and regency / city. The division affairs are set forth in Regulation 38/2007.

To prevent the occurrence of multiple interpretations, each affair submitted to the region followed by clear rules on how to carry out such affairs. The arrangement is now known as NSPC (Norms, Standards, Procedures and Criteria) that formerly very popular with the term operational and technical guidelines for working on these affairs. NSPC is expected to create clarity for the region to carry out its responsibilities and facilitate the supervision and guidance of the Centre.

There are several problems associated with the implementation of Regulation 38 of 2007 concerning division affairs of the Central Government, provincial and regency/city. These problems are as follows:

- a. The need for accelerate the making of NSPC (Norms, Standards, Procedures and Criteria) from the Department/Non Department institution as a reference for the region in conducting the affairs of the local authority. Without NSPC, the Region will have its own perception of implementing its authority. This will lead to legal uncertainty. While the final responsibility of governance pursuant to Article 4 (1) UUD 1945 is in the hands of the President.
- b. Central were given a deadline of 2 (two) years by the PP 38/2007 to develop NSPC and had expired on July 7, 2009. If in the deadline Central government has not finish making NSPC, then in accordance with PP 38/2007, local governments can carry out its responsibilities under its authority according to local perceptions. Local will create a regional regulation in accordance with local needs and priorities and refers to the wisdom of local (local wisdom) of the region concerned. However, each region will have different local wisdom with one another. Consequently there is no unity arrangement on a

particular matter. This is the cause why the law that governs a particular authority bias varies between regions. These conditions if left unchecked will lead to legal uncertainty.

- c. In the context of preparing NSPC, Ministry/Government Institution Non Ministry have been asked to do the mapping for some NSPC needed to become a reference for the local government to conduct government affairs in the regional authority. Of course nowadays NSPC is already exist and may have been used diferent kind of terms such as guidelines, implementation guidelines/technical guidelines, manuals, etc. From the mapping will be identificate:
 - 1) NSPC that already exist and are still "up to date" to keep as a reference by the region;
 - 2) NSPC already "out of date" and needs revision, and
 - 3) NSPC that does not exist and need to be made new.
- d. Until now all the Departments/Non Department Institution are in the process of completing NSPC accordance with their respective priorities. However, acceleration is needed from the Department/Non Department Institution considering the number of NSPC that must be compiled by each Departments/Non Department Institution. Ministry of Home Affairs in accordance with the provisions of Regulation 38/2007 has role as a "clearing house" and the coordinator in preparing NSPC in order to involve local government to reduce the resistance at a later date.

Preparation of Minimum Service Standards (MSS):

- a. There are now only five Ministries completed the MSS, namely the Ministry of Health, the Ministry of Education, Ministry of Women Empowerment and Child Protection, Ministry of Environment and Ministry of Home Affairs. Therefore it is necessary to accelerate the settlement. MSS is necessary to increase the accountability of local government because the public will have the certainty what minimum basic services that they will receive from the local government. For local governments MSS will greatly assist in the preparation of budget performance. For the Central government the MSS will facilitate guidance, supervision and assistance from central to regional in the form of grants or **specific grant allocation (DAK)**.
- b. In the preparation of MSS it is wise to put forward a simple MSS, easily implemented in accordance with local financial and human resources capabilities. In incremental type and level of MSS added in accordance with State and local financial capacity and human resources capabilities.

III. INSTITUTIONAL REVIEW

There are several problems associated with Organizational Structure and Working Procedures (OSWP) in the Region, namely:

- There is a tendency to swell the organizational structure (OSWP) region because of the pressure is too large bureaucracy. One reason is the continue acceptance of new civil servants. The problem is the unbalanced amount of civil servants among regions. It is recommended that before distribution and regulation of civil servants handled properly, **in the acceptance of a new civil servants to do a moratorium, except for urgent personnel to be recruited.**
- There is a tendency Department/non Department Institution requesting region to create a similar institution in the region in the form of **department**, agency or office. While the PP 41/2007 restricting the number of OSWP in the region to prevent absorption of most of the local budget to finance these OSWP. The swelling of local overhead cost would reduce the ability to finance local public services to the public welfare. Therefor region should build OSWP in accordance with the public service priorities, either in the form of basic services and development of flagship sector which is a priority concerned by region.

- Centre should set mapping which regions have serious problems in mandatory affair (basic services) and what excellent potential to be developed in the region. For example: areas that have serious problems in the field of empowerment of women should form a strong institution in the field. These regions will also be a major concern for the Minister of Women for targeted coaching. Only regions that have excellent potential for tourism that form the Department of Tourism and the region which they will be targeted for the Ministry of Tourism to develop its tourism potential to support the achievement of national targets in the field of tourism. In this way, central and regional government will be focus in developing the potential to achieve national targets both in the field of basic services and development of seed sector. This is as the basis for the Center to have a “hook” institution in the Region and also the basis for Region in preparing OSWP in accordance with their respective priorities. Areas that do not have flagship sector in tourism should not form a Department of Tourism. Thus both the Ministry / non Ministry Institution in The Center will focus on which regions must be empowered in accordance with their authority.

IV. REGIONAL PERSONNEL REVIEW

As far as local employment, the problems identified are:

- (1) Regions likely to have an excess number of employees than the amount required. This resulted significant burden to fund salaries. Based on survey results of Directorate General of Regional Autonomy of Ministry of Home Affairs in 2003 shows that the staff ratio to total population is 103 residents served by an employee outside the school teachers and the medical employees.
- (2) Although the region has excess number of employees, at the same time region have a shortage of qualified employees with sufficient competence to carry the burden of duties under the authority of the Region. Many positions in the regional organizational structure that has not been filled by an officer in accordance with their competence. This is due to the absence of the required standard of competence to occupy positions that exist in the organizational structure of local government. Many local governments which have excess and lack of employees at the same time or "overstaffed and understaffed management". Excess employees who are not competent but at the same time lack of competent personnel.
- (3) In some cases **removal** of the structural position, there prioritize of "Son of the Region" without regard to the aspects of the competencies required for the job. Consequently cause discomfort for the officials from outside the region because of the lack of security work continuity (security of tenure).
- (4) The low mobility both horizontally and vertically to the regions employee. This will result in difficulty forming a sense of nationhood "Nation Building". For developing countries such as Indonesia, the position of civil servants is still regarded as the glue tool (the binding force of the nation).
- (5) Local civil servants are often used as a tool of political mobilization of local elites (regional heads and parliament). The lack of neutrality and the competence requirements for occupying a position in the organizational structure of the region has not prioritize will nourish the symptoms of patronage and political co-optation to the local civil servants. This will result low professionalism of local civil servants.
- (6) Distributions of civil servants in the regional organizations are more focused on the administrative part than the part that directly related to public service. Often secretariat elements which should be functioned as the support (support staff) are also has a role as a public service provider. As the result, public services often run less than optimal.

- (7) The lack of clarity in manpower planning, career planning and career development for civil servants in the region, often resulting apathy among civil servants and reduce creativity and innovation of civil servants in general. Regional civil servants do not know how their future career path, what should be done to develop their careers. They will be stuck in a routine and very difficult to expect creativity or innovation from these employment conditions.
- (8) Training or Education and Training institution has not been based on a "training needs assessment". This corresponds to a lack of clarity about the competencies required for a position in the organizational structure outside the administrative requirements (rank, and the educational hierarchy).

Referring to the above problems, it is necessary to emphasis the standard of competence to occupy a position. Without a standard of competence the Head of Regional will place officials in accordance with his wishes and not on the basis of competence. If this is allowed will result in poor quality and quantity of local public services are produced.

Should be considered to do national mutation conducted by the Center for strategic positions in the region. This method will evenly public services who need public service workers such scarce medical specialist and reduce the sense of a strong regional (local native son) and strengthen the bonds of nationalism (the binding force of the nation).

Each region should draw up a clear manpower planning so that the area will one day have the number and qualifications of civil servants in accordance with the mission of local government to welfare its people.

V. FINANCIAL REVIEW

From a review of the financial issues, the real conditions of the present are as follows:

- (1). Between the Act which regulates the regional finance (Law 17/2003, Law 1/2004, Law 15/2004, Law 32/2004, and Law 33/2004) has not synchronize.
- (2). The tendency of budget mis-allocation is not in accordance with the region priority; more budget for overhead costs (on average 70%) compared to the cost allocation for public services (on average 30%).
- (3). The tendency of the inconsistencies between regions mid term development planning (RPJMD) with the budget (APBD) and realization of the budget.
- (4). The tendency to extensive local taxes and levies are distortionary to the regional economy.
- (5). Regions that develop innovations often have trouble because of the absence of legal protection to accommodate to the innovative activities.
- (6). The difficulty of implementing performance budgeting. One of the reason is because MSS as a basis to arrange performance budgeting has not been arranged.
- (7). **Financial balance** which has not been able to reduce fiscal disparities among the regions that tend to widen between the rich and the poor.
- (8). Specially for lending to the region, the interest rate offered by the government are less competitive, especially for loans from abroad.
- (9). Regions has difficulties to calculate the asset. These conditions make it difficult for the application of double entry system based budget (accrual system).
- (10). Local Company is inefficient because it is still likely to be cost centers compared to revenue centers.
- (11). Unclear law governing local government partnerships with the private sector (**BOT, BOL, BOO, Management Contracting Out, KSO, Turn Key Projects, Purchase of shares**)

of foreign companies / SOE). Losses resulting from the budget will impact the region and reduce the fund for public services.

- (12). Misunderstanding of deconcentration fund. All this time, emerging tendencies where the deconcentration fund should be to finance the affairs of the Centre in the regions has been used to finance the affairs of decentralization. As a result, the Head of Region and Parliament is often skipped in the implementation and the situation would undermine accountability of the utilization of deconcentration. Deconcentration funds in the context of regional autonomy is to finance the center duties as deputy governor in the region in conducting monitoring and evaluation, supervision and facilitation of the implementation of regional autonomy by Regency / Municipality in its territory.
- (13). **Assistance task** (tugas pembantuan) mechanism in carrying out the Central affairs at the Regional as well as the financing is being underutilized. The large number of civil servants in the Centre has led to a tendency to form the **technical unit (UPT)** and Balai in the region which actually those affairs can be done through the deconcentration and **assistance task** (tugas pembantuan). Strong bureaucratic pressure on the Central government make them taking option to form **technical unit (UPT) and balai** to reduce the amount of bureaucratic pressure at the Centre which is still a lot.

To reduce confusion in deconcentration and **assistance task** funding, the Government has issued Government Regulation 7 of 2008 concerning Deconcentration Fund and Assistance Task Fund. PP is expected to be put on the proportion of utilization of Deconcentration Fund and Assistance Task Fund. Especially for the formation of **technical unit (UPT) and balai** which is the representative of the Department/government institutions non department in the region, must first get recommendations from the Governor. If the governor as the representative of the Center objected, then the minister of the state apparatus will not give approval for the establishment of the **technical unit (UPT) and balai**.

Specifically to prevent the high cost economy due to regions "creativity" on taxes and levies extensification, it is necessary to improve the preventive supervision of law taxes/levies County / City by the Governor as the representative centers in the region. If supervision is conducted by the Centre it will definitely overwhelmed and the tendency of District/City reluctant to report its local law to the Center. Need to revitalize the role of governor as the representative of the center to overcome these problems.

All this time thousands of Taxes and Levies Regulation is revoked by the Minister of Home Affairs because of the potential to cause high cost economy and these charges are often in conflict with higher laws. May need to consider what taxes and levies may be collected by the county. Beyond the list, local governments are not allowed to collect it.

VI. REPRESENTATIVES REVIEW

Review of the representation aspects showed the following symptoms:

- (1). The weakness of community participation in local governance, because there is no clear responsible mechanism of Parliament and Head of the Region to the public. The weakness of civil society has led to the lack of public pressure against the executive and legislative in the region. Pressure is very important to encourage the formation of checks and balances between Parliament and the Head of Region.
- (2). Weak community participation has led to weak mechanisms of checks and balances between the Regional Head and Parliament. In many cases, sometimes even collaboration between the executive and legislative occur in financial abuse.
- (3). In many cases, the Local Parliament is sometimes stuck in demanding their rights precedence than fighting for matters relating to public welfare.

- (4). Proportional election system with limited open list in the elections, tend to increase the responsibility of legislators to the elite political parties compared to the people. It has been "bit" progress with the implementation of Law 10/2008 on elections. The election law stipulates that a candidate who has a vote of at least 30% of voters divisor (BPP) are entitled to get the win even though the candidate is on number below.
- (5). Generally weak understanding of regional parliaments to laws and regulations related to regional autonomy or system of government. These limitations have created a "bias" in the perceptions and interests of regional administration.
- (6). Local pluralism is less acomodate in local governance, due to the limited ability of local elites (and Head of the Regional Parliament) to take advantage of local knowledge, local initiative and creativity.
- (7). Substantial costs already incurred in the election process of Head of the Regional and the Parliament, are potentially on the abuse of power in the preparation of local policies and particularly the use of local budgets.
- (8). In many cases, the Head of Region are diametrically opposite with the Parliament and not in the form of an effective partnership.
- (9). The possibility of "executive heavy" symptoms in the context of the absence of Liability Report and Parliament does not support by capable experts partner to be balanced with the Head of region.

The main problem in establishing equal partnership relationships between the Head and the Parliament should start from beginning. Local Parliament must understand well the substance of the Strategic Plan as outlined in the document Regional Medium Term Development Plan (RPJMD) proposed by the executive to be authorized as local regulations. RPJMD has been agreed to be the reference in the preparation of annual plans of regional development (RKPD) that ultimately lead to the Budget Revenue and Expenditure (APBD). Parliament must be able to exercise its budget rights optimally in discussing the proposed Budget Revenue and Expenditure (APBD) by making the document Regional Medium Term Development Plan (RPJMD) as the primary reference. In the implementation of the budget, Parliament should take advantage of the control functions optimally. Parliament as a constituent element of the strategic policy areas should be able to focus on strategic oversight and not technical.

To be able to carry out its functions optimally, Parliament should be helped by a qualified expert. It is imposible for the Parliament is to compensate local executives armed with only the capacity they have considering their limited understanding background about government. Without the support from the expert, parliament will lose in conjunction with the Head of Region who is assisted by the local bureaucracy. This is caused by an unbalanced relationship because of unequal capacity (unlevel playing field). The situation which led parliament feels as they were treated as "bonsai" by the executive or even by-statutory regulations. The solution of the problem is the "affirmative policy" that the parliament should be supported by expert groups as appropriate.

VII. PUBLIC SERVICE REVIEW

The result of public services review shows the following symptoms:

- (1) Limited budget allocations for the benefit of the public service (only about 30%) and more for overhead costs of the regional administration (Head of Region, Parliament and the regional aparatus).
- (2). Lack of clarity of procedures, costs and turnaround time for citizens to obtain public services from local government.

- (3). Weak local government accountability in the provision of public services.
- (4). Minimum Service Standard (MSS) for basic services has not been arranged in a comprehensive manner. This will cause many problems both in the field of finance, supervision and control, planning and accountability.
- (5). Complicated procedures of local government for investment purposes and lack of "sense of crisis" from the region thus reducing the importance of the issue of building a healthy investment climate in the region. Most of the local government has not understood the importance of ease of licensing in the area of investment and lack of incentives to stimulate investment inflows.
- (6). Coordination among stakeholders is still difficult; Central, Regional and Private respectively tend to walk by themselves.
- (7). There are regions with very limited aspect of human resources, funding and require special attention to empowerment.
- (8). the attitude of entrepreneurship not yet developed among the local government.

Regions understanding should be increased that nearly 90% of the budget comes from the Centre are packaged in the form of fund balance. The current global economic crisis is potentially undermines the ability of centers to collect tax revenue due to exports sluggish. Wave of termination of employment will be more numerous and such conditions should evoke a sense of local responsibility for creating jobs in the area. It should be aware that the potential of the area can be "collapsed" when the center could no longer sustain the balance of funds which have been channeled to the area in the form of Block Grant (DAU), Specific Allocation Grant (DAK), Tax Revenue and Non Tax.

It is time for local governments aware to improve public services in particular that helped to increase investment and development of small and medium communities through the promotion of vocational training center (BLK), assist in marketing and public services that are basic needs of society. Minister of Home Affairs has issued Permendagri No.24 of 2006 on Integrated One Stop Service to encourage local governments to provide better services, cheaper, faster and simpler.

VIII. REVIEW SUPERVISION AND CONTROL (BINWAS)

Review of supervision and control condition shows the following indicator:

- (1). The difficulty of synchronizing the internal supervision (Bawasda, Irjen, BPK) and external control (CPC) so confusing because of the overlapping oversight by different regulatory agencies.
- (2). Local elites are reluctant to facilitate the rise of social control.
- (3). Many types of reports that local government should be prepared with the same substance but in different formats, makes it difficult and often inefficient.
- (4). Police and prosecutors often do the investigation to the area without coordination with the **supervisory agencies (Audit Agency)**.
- (5). Control of the legislature (DPRD) followed up less frequently and there is no clear mechanism of parliament control forces internal control that carried out by the Local Government (Local Audit Agency).
- (6). There is no clear "interface" mechanism distinction between general supervision conducted by the Ministry of Home Affairs with technical guidance by the Ministry/Non Ministry Institution (LPNK) of the Region. As a result, the Ministry/Non Ministry Institution (LPNK) technically difficult to get into the Region and the supervision and facilitation centers to be obstructed. While the Ministry of Home Affairs not have the ability to get into the technical guidance. The condition causes

abandoned of public services that require technical facilitation from the Ministry/Non Ministry Institution. The abandonment of the field instructor of family planning (PLKB) and the Agricultural instructor is a form of neglecting process by the local and the lack of supervision and facilitation or centers empowerment to regional autonomy. The occurrence of cases of malnutrition is one example of the condition.

Since the reform, uncertainty has emerged at the center level of how the Center Supervisor and Control relationship to regional. Many officials at the Center believe that if affairs are already decentralized, then centers is free from responsibility and turning the responsibility over the region to be fully charged to the affairs. This opinion is wrong and this attitude also became one of the causes of the omission by the Center to the region. Regions with their own perception will carry out its responsibilities in accordance with their wishes. Under conditions of weak civil society in the region, omission will result in mal-administration. As a result of mal-administration used as an argument by the Centre to withdraw the authority of the grounds have not been able to implement it.

In Article 4 (1) UUD 1945 explicitly stated that the President holds the power of government by the Constitution. This means that the final responsibility of government is in the hands of President (the ultimate responsibility lies upon the President). If there was a famine in Yakuimo (Papua), the final responsibility is on the President as someone who responsible for executive power. therfora it is the President responsibility through the ministers as a partner to do supervision and control against the autonomy to be able to run optimally. So, it is unreasonable if Ministry/Non Ministry institution to do omission to the regions.

The problem is how to create the "interface" between the Ministry of doing technical supervision and control to the region. Should be arranged coordination between general supervision and control and technical supervision and control.

IX. CLOSING

People often think that the regional autonomy implemented as a result of the reforms will instantly create a democratic local government and to create prosperity in the aggregate are expected to contribute to the formation of civil society and the welfare of the nation. But the reality are disappointing and even many people who argue the new order era is better than the current reform era.

There are some areas that can optimally utilize autonomy resulting best practices in Indonesia. But the number of local government is performing well very little. More number of local governments that have not been able to capitalize on the momentum of regional autonomy wisely so often led to accusations the emergence of small kings who tend to abuse of regional autonomy for personal or group interests.

But we should also realize that regional autonomy as a variant of democracy requires a very long time to realize it. Many of us forget that no country has entered the democratic process will be successful quickly. One of the problems of democracy is a slow process and often long-winded in realizing the ideals of democracy is the creation of a prosperous society based on democracy is characterized by participation, transparency and accountability.

In contrast to the elitist centralized government, a democratic government in its implementation involves a lot of people with equal position and **equality**. Pre-conditions are necessary in a democratic government is a community with adequate educational and socioeconomic levels. Prof Budiono in his inaugural as Professor of UGM stated that the survival of democracy is a critical limit of U.S. \$ 6600/capita. The study results from the year 1950-1990 with revenues of U.S. \$ 1500, democracies last only 8 years old; with incomes \$

1500 - \$ 3000/capita democracy last 18 years, while for state income above \$ 6000 the possibility of failure of democracy one in five hundred.

This condition provides a view for us how to spur the local government in Indonesia to be able to provide public services as well as possible as pre-conditions for increasing per capita income communities, which in turn will lead to our successful to use regional autonomy as an instrument to welfare the people of Indonesia appropriate with the ideals of the founding fathers to promote public and intellectual life of the nation as it is explicitly stated by the Founding Fathers of this nation in the fourth paragraph of the preamble of 1945.