

DECENTRALIZATION FOR PUBLIC OR ELITE SERVICES?

Knitting Optimism among the Pitfalls of Half Hearted-Decentralization in Indonesia

Ahmad Khoirul Umam¹

Paramadina University

Jl. Gatot Subroto Kav. 97 Mampang Jakarta 12790

ahmad.umam@paramadina.ac.id

Abstract

A centralistic government has proven intensified authoritarianism, cronyism, and corruption. After reform era, a decentralized system has been set up to make people closer to power. Decentralization is expected to strengthen local participation, transparency and accountability as the foundation of the local governments' capacity building in providing better services to the people. But decentralization also shapes various anomalies. The implementation of decentralization tends to be just a political instrument for elite services and perpetuating lack of public service delivery. This article is going to elaborate the theoretical framework on decentralization's conceptual complexity of the relation between decentralization, people participation and the quality of public services delivery as the main objectives of the system.

Keywords: *Decentralization, People participation, Quality of services*

1. INTRODUCTION

The administrative and political centralism of Indonesian state had been the backbone of the Soeharto's authoritarian realm (1966-1998) deteriorating civil liberties and subordinating local elements to participate in the policy making process. The pattern of local politics and its maneuvers tended to reflect the interests of the centre rather than those in the periphery, while the allocation of resources among the local services also did not represent the local preferences. The situation enhanced a massive dissatisfaction manifested by the reform movement assertively demanding changes and rapid political transformation to empower local governance and civil engagement in the public affairs (Sulistiyanto and Erb, 2005: 6; Tornquist, 2006: 227-55). Consequently, the concept of decentralization has been chosen as the strategic solution to answer grassroots' demands for local development and adequate public services delivery.

¹The writer is a lecturer at the Department of International Relations, the University of Paramadina, Jakarta. The writer achieved his degree of Master of Arts in Asian Governance (MAGV) from the School of Political and International Studies, Flinders University of South Australia (July 2010). He then followed special training on 'the Conflict Resolution and Mediation Skills' at the Utrecht University, Netherlands (August 2010), and conducted research at Leiden University and Royal Netherlands Institute of Southeast Asian and Caribbean Studies (KITLV) Leiden, focusing on 'Democracy and Ethno-Religious Conflict in Southeast Asia' (August-December 2010). Can be reached at ahmad.umam@paramadina.ac.id

Conceptually, by bringing power closer to people in the local levels, the fundamental reform can be easily achieved to break the centralistic-authoritarian reign and to generate local good governance. The system is also aimed to conduct the economic decentralization to gain better distribution of income between the central and the local administrations. The strategies should lead to better outcomes of local participation, transparency and accountability as the foundation of the local governments' capacity building in providing better services to the people overarching improvements in education, health, infrastructure, administration, security and others (Hofman and Kaiser, 2004; Bardhan, 2002; Kaiser, Pattinasarany and Shulze, 2006).

In fact, although the local elements have more chances to voice and to participate actively in running their own affairs, decentralization also shapes various anomalies. Local economic development has been still slow, while decentralization also precisely intensifies a wave of corruption to the local elites at the political and administrative levels. The pattern of corruption then becomes more systematic, decentralized, deeply rooted and ranges from low to very high-level corruption (Bunte, 2009; Hadiz, 2003, Honna, 2006; Schiller, 2002, Malley, 2003). The unprecedented phenomenon was proven by the Indonesian President's approval for national police and Corruption Eradication Commission (KPK) to investigate 128 local leaders' law cases, either in executive or legislative bodies in the early 2009 (Jawa Pos, 10 February 2009). As a consequence, the decaying process in the policy making system will logically weaken the quality of public services delivery. Then, the decentralization concept tends to be viewed as the elites' tool to gain their vested interests rather than the instrument for the welfare of society.

Thus, how is the correlation between decentralization and people participation in governance at the local level as well as the delivery of public services? Do they have certain correlation in which the high people participation absolutely guarantees presenting good governance? Why, in several cases, decentralization tends to be stagnant even worse without glaring achievements and improvements in public services? Why do the policy makers depending upon political legitimacy from people not effectively deliver public services to the people? This paper is going to answer the questions by critically elaborating the conceptual complexity of the relation between decentralization, people participation and the quality of public services delivery as the main objectives of the program. First of all, attention is going to be focused on the theoretical explanation of their relations, and then followed by the broader elaboration of the local political elements' roles in strengthening political will of the peripheral governments for the better public services.

Virtually, the writer strongly argues that no certain and absolute correlation between decentralization and the presence of local good governance decisively bringing civil service reform (Crook and Manor, 1998: 304). The numerous facts of either failed or successful decentralization exhibit both optimism and pessimism in its implementation resulting diverse implications for the delivery of public services (Aspinal and Fealy, 2003; Erb, Sulistiyanto and Faucher, 2005). According to the framework of the 2004 World Development Report (World Bank, 2003), the delivery of services requires strong relationships of accountability between the actors involving people participation, policy makers either from the central and the local, as well as providers.

Theoretically, decentralization is able to both strengthen and weaken these relationships of accountability (Ahmad, Devarajan, Khemani and Shah, 2006). The relationships of accountability will exist when the quality of participation is substantially better, supported by the independent judiciary, free press, systems of transparency, as well as freedom of association and speech (Besley and Burgess, 2000; Ostrom, 1991; Oyugi, 2000). Without that, decentralization would be just a political instrument servicing elites' interests and perpetuating lack of public service delivery as well as inequality among regions. That is often seen as an irony of decentralization sponsored by the infidelity of rotten politicians and other elements of policy makers.

2. SERVICES FOR THE PUBLIC OR THE ELITES?

Approximately one year after the implementation of the regional autonomy, the discourse of over-exaggerated or half-hearted decentralization has been popular in the Indonesian political context (Hofman and Kaiser, 2004). It is not just about the future of democracy hijacked by the elites, but also the next quality of well-being of society (Preamble. Based on the Law No. 22/1999, the responsibility of public services in Indonesia has been decentralized except the sectors of security, defense, foreign and religious affairs, monetary and judicial system. To provide more clarity in the accountability framework and to enhance the efficiency and effectiveness of the regional administrations for welfare of the people, the law was then amended to become Law No. 32/2004 (preamble b, Law 32/2004).

Based on the rules, the financial transfers from the central to the regions have increased gradually about 50 percent in 2006 and then followed by a further 15 percent in 2007. Furthermore, about 434 regional administrations take over approximately 40 percent of public spending with most public services provided by district or municipal governments being responsible of about 75 percent of the total regional spending (Kartasasmita, 2009). By holding the great amount of budget, the regions are more powerful to shape their roles in planning, budgeting and managing of those services by reorganizing their organizational structures to deliver effectively their functions.

The crucial question is, 'is the budget allocated effectively on better public services or to support local economic development?' The answer is certainly problematic since the majority proportion of the local budgets is systematically misallocated to wage bills for bulky state administrations, to proliferate the projects of infrastructure allowing political rent extraction without creating sustainable assets, and also for the expense of local political contestations (Bunte, 2009; Hadiz, 2003). That is admitted by Ginandjar Kartasasmita (2009), the chief of the Regional Representatives Council (DPD) that the sub-national expenditure at both the province and district level is predominantly allocated to the administrative spending such as salaries, local assemblies, buildings, transportation and others which is about 30 percent of given budgets. By contrast best practice is usually closer to 5 percent only.

That is appropriate with the latest astonishing report from Supreme Audit Agency (BPK) demonstrating in 2008, only 8 of 524 provincial, district, and municipal administrations were considered as 'clean' by the state auditors, while the others' financial statements were deemed disclaimers or adverse classifications

(Kompas, 12 August 2009). The situation potentially put the state on the dangerous position, since the 60 percent of the total state budget has been allocated to the local spending.

The irregularities are not only caused by the technical incompetence of local apparatus in managing the budget, but also the impact of political conspiracy among the policy makers or 'clientelism', while public control of decision making, particularly through political parties, is still weak (Schwarz, 2004: 18; Antlov 2005: 236-37; Aspinal and Fealy, 2004; Erb, Sulistiyanto and Faucher, 2005; Sakai, 2002). As admitted by Malley (2003: 115) and Hadiz (2003: 20), the elites of the New Order still overshadow the political and administrative bodies by adapting new rules and to adjust the recent democratic framework to slow down or even reverse decentralization.

The oligarchy of local elites has been facilitated by the new system of direct elections for regional chiefs (Faucher, 2005; Schiller, 2009; van Klinken, 2002; Crook and Sverrisson, 2001: 37). Because of the high cost of political competition, the local elites engage in corruption by extracting maximum local budget and resources to buy the victory. The most illustrative evidence is the law cases of 128 local leaders, either in executive or in legislative bodies, in which the investigations have been approved by the president in the early 2009, are mostly related to the local budget abuses (Jawa Pos, 10 February 2009). The systematic *modus operandi* of the transactional politics also tends to be difficult to trace back by the higher levels of government, the courts and the elements of civil society. Since the corrupt practices are also frequently conducted in the name of democracy and people by manipulating people's interest and using the 'parochial mobilization' (Honna, 2006: 85; Hadiz, 2003; Rinakit, 2005), in which the political elites utilize local mass movements as the entrance to intervene local administrations for the access to the government resources and budget through various grand projects.

In this stage, the conspiracy among bureaucrats, politicians, business alliance, military, criminals and sometimes involving civil society elements is demonstrated, shaping a 'congregation of corruptors' or 'clientelist relations'. To illustrate the similar situation, William Reno (1995) calls the phenomenon as 'informal governance' where "a government performs under the control of strong social, economic, and political forces operating outside the formal government structure" (Reno, 1995). What Reno (1995: 2-3) and Harris White (1999: 4-5) found about the work mechanism of the informal governance in India and African countries also happen in Indonesia. Syarif Hidayat (2009) describes well how the informal governance practiced in Banten and Jambi, where the state apparatus, local elites or politicians who need money as the political capital invite investors or businessmen to join into the network of the informal governance.

After receiving the money, the elites or state actors will provide a political and legal protection formally for the investors based on particular deals to run various beneficial grand projects of infrastructures, natural resources explorations, or laxness of tax collection, enforced privatization of state assets, and others. Then, the state actors and the political investors spending much money for the political contestation will rationally try to return the cost of their political and economic investments by extracting and exploring the local resources through the projects. The situation will emerge informal government based on manipulation of public policies emphasizing on

the vested interests and ignoring the public's urgent needs and strategic activities to generate the local economy. The pathological situation is indeed not conducive for local development since the public policies are more colored by the confrontation of elites' vested interests than the struggle for people welfare. When it occurs, the result of decentralization can be categorized as an over-exaggerated one. That is the failed decentralization.

On the other words, as admitted by Kaiser (2006: 198), Bardhan and Mookherjee, 2000), elites or individuals with ties to local elites or to the bureaucracy more enjoy preferential treatment in public service delivery while there are no substantially significant improvements in the public services in education, health, administration, security, and others. The national survey conducted by the Corruption Eradication Commission (KPK) and Indonesian International Transparency (TII) in 2008 discovering 30 government offices and state companies providing public services across provinces in the Sumatra, Java, Kalimantan, Sulawesi, Nusa Tenggara, Papua and others show that the increases in the quality of public services delivered are not as expected yet, while the integrity scores of the government offices as the providers were still low, averaging only 5.33 on a scale of one to 10 (The Jakarta Post, 23 March 2008; Wilopo & Budiono, 2007).

3. POLITICAL EDUCATION AND LOCAL PARTICIPATION FOR THE BETTER PUBLIC SERVICE DELIVERY

In the local level, the elite domination of public services tends to be more potential since local people may be less aware of political-decision making, the non-government organizations are weak or possibly do not exist, while the formulation of public opinion by the media is less diversified and still far from meeting the people's actual requirements (Bardhan, 2002; Bardhan and Mookherjee, 2000, Kaiser, 2006: 165). On the other hand, decentralization will improve the public service delivery outcomes when the people are better informed to be more critical to distinguish between the role of elites as benevolent facilitators and pernicious captors of resources. Without proper information, it is difficult for people to actively participate in assessing the quality and efficiency of services, to evaluate the responsibility of political actors either fulfilling or betraying their promises.

The limited people participation may be undermining various dimensions of service delivery. People should be able to comprehensively understand the problems to voice their opinions of the preferred policies and to monitor the policy making process. If we point the quality of people participation remains high proven by more than 440 local elections, then why the accountability still disappear in the Indonesian decentralized system? It is hard to deny that the character of Indonesians' participation tends to be pragmatic and still irrational. The people are still susceptible to campaign slogan and easily polarized along non-economic and ideological dimensions including religions as well as cultural identities. They are also easily contaminated by pragmatic matters, making money politics effective to mobilize the people (Hidayat, 2009, Pratikno, 2009: 54). That is the writer calls a 'pseudo- participation' in which the

people do not yet understand substantially the importance of political participation and their decisions are based on pragmatic considerations.

That is why political education is a pivotal instrument to strengthen the quality of substantial participation and to generate accountability and transparency as the foundation of good governance for the successful decentralization. Virtually, the active participation can be only gained if transparency occurs and the mechanism of public participation is clear and easy to understand. Besides that, the accountability can only be achieved if the flow of information between the elites and the constituents is smooth. When the pre-condition of good governance can be set up well, the relationship of accountability among the decentralization actors including national and local executive apparatus, politicians, citizens, media, and other stakeholders will be essentially strong, and the service delivery chain will automatically demonstrate the functions properly.

Beside that, in advocating the process of decentralization, Ahmad and Devarajan (2006: 263) also suggests the people should build a public control mechanism to anticipate the political trend consolidated by the decentralization opponents consisted of the groups benefited by the previous centralized regime who want to slow down or reverse the process of decentralization. The public control mechanism involving public has become urgent for evaluation and monitoring mechanism to determine the local budget priorities. Without the public control and complaint mechanism, a decentralization of corruption and collusion that once belonged to the centralized regime of the New Order can potentially mould in existing patrimonial patterns at the regional level.

4. CONCLUSION

Decentralization yielding mixed results which sometimes make us either optimist or pessimist. Decentralization is not only a means of improving delivery of public services, but also declining and stagnant quality of the services. Survey of perceptions indicate the public satisfaction of service delivery in Indonesian decentralized era show optimistic illustrations where the overall services have not declined in quality, particularly in health and education (Kaiser, 2006; Kartasasmita, 2009). But, it is also difficult to deny that decentralization also facilitate the elite domination of public services by joining into the network of 'informal governance'.

The main cause of the 'informal governance' is as the state actors are powerless to face the various forces and influences from the outside of government structure. To restrain the apparatus day to day being totally under-controlled by outsiders' authorities, the empowerment of people power to actively participate in the policy making process is the inevitable way. By strengthening the relationships of accountability among the actors of decentralization, the sector of public services can virtually benefit the poor rather than the elites only. However, it should also be fairly acknowledged that, this is not an easy job to do since Indonesia is a very big country constituted by the complexity of interests associating to its political, economical, cultural, and geographical diversity. But, if the steps can be implemented systematically, I strongly convince that Indonesia is able to bypass its transition in governance dynamically and competitively.

NOTES

- Ahmad, Junaidi, et al, 2006, Decentralization and Service Delivery, in Ahmad E. and Giorgio Brosio (eds.), *Handbook of Fiscal Federalism*, Northampton, Edward Elgar, pp. 240-268.
- Antlov, Hans, 2005, Filling the Democratic Deficit: Deliberative Forums and Political Organizing in Indonesia, in *Southeast Asian Responses to Globalization: Restructuring Governance and Deepening Democracy*, edited by Francis Loh Kok Wah and Joakim Ojendal, Singapore, Nordic Institute of Asian Studies and Institute of Southeast Asian Studies.
- Aspinall, Edward and Greg Fealy (eds), 2003, *Local Power and Politics in Indonesia*, Singapore and Canberra: Institute of Southeast Asian Studies and Research School of Pacific and Asian Studies, the Australian National University.
- Bardhan, Pranab, 2002, Decentralization of Governance and Development, *Journal of Economic Perspective*, 16 (4), pp. 185-205.
- Bardhan, Pranab, and Dilip Mookherjee, 2000, Capture and Governance at Local and National Levels, *American Economic Review*, 90 (2), pp. 135-9.
- Besley, T. and R. Burgess, 2000, The Political Economy of Government Responsiveness: Theory and Evidence from India, *Quarterly Journal of Economics*, 11 (5), pp. 1415-51.
- Bunte, Marco, 2009, Indonesia's Protracted decentralization", in Bunte, M. and Andreas Ufen, *Democratization in Post-Suharto Indonesia*, London and New York, Routledge, pp. 102-123.
- Crook, Richard C. and Manor, James, 1998, *Democracy and Decentralization in South Asia and West Africa*, Cambridge, Cambridge University Press.
- Crook, Richard C. and Sverrison, Alan Sturla, 2001, *Decentralisation and Poverty Alleviation in Developing Countries: A Comparative Analysis or, Is West Bengal Unique?* IDS Working Paper 130, Brighton, Institute of Development Studies at the University of Sussex.
- Erb, Maribeth, Priyambudi Sulistiyanto and Carole Fucher (eds), 2005, *Regionalism in Post-Suharto Indonesia*, London and New York, RoutledgeCurzon.
- Erb, M. and P. Sulistiyanto, 2009, *Deepening Democracy in Indonesia: Direct Elections for Local Leaders (Pilkada)*, Singapore, ISEAS, pp.53-73.

- Hadiz, Vedi, 2003, Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives”, SEARC Working Paper Series, No. 47, Hong Kong Southeast Asia Research Centre, City University of Hongkong. Online. Available HTTP: http://cityu.edu.hk/searc/WP47_03_Hadiz.pdf
- Harris White, B., 1999, *How India Works: The Character of the Local Economy*, Cambridge Commonwealth Lectures.
- Hidayat, Syarif, 2009, Pilkada, Money Politics and the Danger of Informal Governance Practices, in Erb, M. and P. Sulistiyanto, *Deepening Democracy in Indonesia: Direct Elections for Local Leaders (Pilkada)*, Singapore, ISEAS, pp. 125-146.
- Hofman, B. and K. Kaiser, 2006, The Making of the Big Bang and its Aftermath: A Political Economy Perspective, in James Alm, Jorge Martinez-Vazquez and Sri Mulyani Indrawati (eds), *The Big Bang Program and Its Economic Consequences*, Cheltenham, UK and Northampton, MA, Edward Elgar, pp. 15-46.
- Honna, J., 2006, Local Civil-Military Relations in Indonesia during the First Phase of Democratic Transition 1999-2004, A Comparison of West Central and East Java, *Indonesia*, 82 (3), pp. 75-96.
- Kaiser, K. et al., 2006, Decentralization, Governance and Public Service in Indonesia, in Smoke P. et al (eds.), *Decentralization in Asia and Latin America*, Cheltenham, UK and Northampton, MA, Edward Elgar, pp. 164-207.
- Kartasmita, Ginandjar, 2009, How to Improve Governance in Indonesia, *The Jakarta Post*, 18 June 2009.
- Klinken, Gerry van, 2002, Indonesia's New Ethnic Elites”, in *Indonesia: In Search of Transition*, edited by H.S. Nordholt and I. Abdullah, Yogyakarta, Pustaka Pelajar.
- Kompas*, 2009, Rp 600 Triliun di Daerah Berbahaya, 12 August 2009. Can be seen at: <http://www.bpk.go.id/web/?p=3914>
- Malley, M, 2003, New Rules, Old Structures and the Limits of Democratic Decentralization, in E. Aspinal and Greag Fealy (eds), *Local Power and Politics in Indonesia: Decentralization and Democratization*, Singapore, Institute of Southeast Asian Studies.
- Ostrom, Vincent, 1991, *The Meaning of American Federalism: Constituting a Self Governing Society*, San Francisco, Institute for Contemporary Studies Press.

- Oyugi, O.W., 2000, Decentralization for Good Governance and Development: The Unending Debate, *Regional Development Dialogue*, 21 (1).
- Prasojo, Eko, 2009, Bad Governance Salah Satu Ekses Pilkada, *Jawa Pos*, 10 Februari 2009.
- Reno, William, 1995, *Corruption and State Politics in Sierra Leone*, Cambridge, Cambridge University Press.
- Rinakit, Sukardi, 2005, Indonesian Regional Elections in Praxis, IDSS Commentaries, Singapore, Institute of Defence and Strategic Studies.
- Sakai, Minako, 2002, *Beyond Jakarta: Regional Autonomy and Local Societies in Indonesia*, Adelaide, Crawford Publishing House.
- Schiller, Jim, 2009, Electing District Heads in Indonesia, in Erb, Maribeth and P. Sulistiyanto (eds), *Deepening Democracy in Indonesia? Direct Elections for Local Leaders*, Singapore, Institute of Southeast Asian Studies.
- Schiller, Jim, 2002, Looking for Civil Society in the 1999 Election in Jepara, *Renai*, 2 (1), pp. 5-18.
- Schwarz, Adam, 2004, *Indonesia: The 2004 Election and Beyond*, Singapore, Institute of Southeast Asian Studies.
- Sulistiyanto, P. And Erb, M., 2005, Introduction: Entangled Politics in Post-Soeharto Indonesia, in M. Erb, P. Sulistiyanto and C. Faucher (eds), *Regionalism in Post-Suharto Indonesia*, London, Routledge, pp. 1-19.
- The Jakarta Post*, 2008, Surveys Find Govt Offices Lack Integrity”, 23 March 2008.
- Tornquist, O., 2006, Assessing Democracy from below: A Framework on Indonesian Pilot Study, *Democratization*, 13 (2), pp. 227-55.
- Wilopo and Budiono, 2007, Decentralisasi Ekonomi dan Pelayanan Publik, *Journal Ekonomi Indonesia*, 2, December 2007.
- World Bank, 2003, *World Development Report 2004: Making Services Work for Poor People*, Oxford, Oxford University Press and Washington, DC, World Bank.