



Field Report

Preparation for Decentralization/ Regional Autonomy

Case Study:
Kota Sukabumi,
West Java

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A field report from the Social Monitoring & Early Response Unit (SMERU), a unit with support from The World Bank, AusAID, the ASEM Trust Fund, and USAID.

Jakarta, June 2000

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Abbreviations and foreign words

BKKBN	National Family Planning Board
BKPMD	Regional Investment Board
BPS	Central Office of Statistics
Cabang Dinas*	Branch office of either provincial level or kota level dinas.
Dana Alokasi Umum (DAU)	Central government grant to regions (often called Blok Grant)
Departemen Penerangan	Department of Information (now dismantled)
Depdagri	Department of Home Affairs.
Depdikbud	Department of Education and Culture (Now Depdiknas)
Deperindag	Department of Industry and Trade
Dinas*	Regional level government office. Both provincial and kabupaten level governments have dinas.
Dinkes	Dinas for Health (<i>Dinas kesehatan</i>)
DPRD	Regional Parliament – Can refer to Provincial or Kabupaten and kota level
DPU Bina Marga	Department of Public Works – Roadwork
DPU Cipta Karya	Department of Public Works - Building and Sanitation
DPU Pengairan	Department of Public Works- Irrigation
FMOG	Parent and Teacher Association
Instansi Vertikal	Institutions responsible to the central government
Institusi Penilai Independen	Independent Ranking Institute
Itwilda	Regional level internal inspection office
Kandep*	Central Govt. Representative Office at the kabupaten level
Kantor Desa	Village Office
Kanwil*	Provincial level office of a central government department
Kesehatan	Health
LKMD	Village Committee for the Approval of Development Proposals
LLAJ	Traffic and Land Transport
LPND	Non-department institutions (for example BKKBN and BPS)
Mendagri	Ministry for Home Affairs
PAD	Regionally Generated Local Government Revenues
P & K,	Education and Culture
PDRB	Gross Regional Domestic Product
Pemda	Regional Government (<i>pemerintah daerah</i>)
Penilik sekolah	Kabupaten Level Education Supervisor (Located in kecamatan)
PGRI	Indonesian Teachers Association
PPh	Income Tax
PPN	Value Added Tax
Region	Used interchangeably for province and kabupaten and kota
Retribusi	Government fee for services (used as a source of revenue)
Surat Edaran	Central Government Instruction to the Regions
Department of Tenaga Kerja	Department of Labour
Tingkat 1	Provincial level (old name for)
Tingkat II	Kabupaten and kota level (old name for)
Wakil masyarakat	Informal local level leader (More commonly known as <i>tokoh masyarakat</i>)

* See the explanation on the ‘Structure of Government Departments in the Regions’ in the appendix.

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Introduction to Regional Autonomy

Indonesia is about to undertake a major decentralization¹. The current plan will see most government responsibilities shift from the central government to the 341 kabupaten and kota² level governments (thereby largely bypassing the provincial governments). The new powers, responsibilities and structures of kabupaten and kota government are outlined in Law 22/1999 which was prepared by the Ministry of Home Affairs. The allocation of finance to the kabupaten and kota is outlined in Law 25/1999 which was prepared by the Ministry of Finance. The laws relating to fiscal transfers will be implemented in January 2001 and the laws relating to the transfer of power will be implemented in May 2001.

Decentralization will include the election of sub-national officials (by provincial, kabupaten and kota parliaments) which is a major shift from the past when regional officials were appointed by Jakarta and accountable to the central government.

This dramatic change in government administration faces challenges in the form of the poor coordination between the two main decentralization laws (22/1999 and 25/1999) and the lack of supporting/clarifying government regulations. The speed with which decentralization is expected to be implemented is also a challenge for the public service. A public service work culture that has developed over 30 years will be turned on its head. Changes will range from greatly increased responsibilities in managing finances to the transfer of personnel and service delivery, while accountability shifts from the previous top-down style to the new bottom-up approach.

Although previous attempts at decentralization in Indonesia were never fully implemented (Law 5/1974), there is little doubt of the political will at the highest levels of government for the proposed decentralization policy. There is also pressure for decentralization from the regions and civil society.

The stated government aims of decentralization amount to a few sentences at the beginning of the two laws. Law 22/1999 mentions “empowering the public, cultivating initiative and creativity and increasing public participation”.

Since President Suharto stepped down in May 1998 Indonesia has experienced a dramatic push towards democracy. Characterized by a free election in 1999, freedom of the press and national calls for ‘*reformasi*’, this democratization process has given rise to a flood of regional demands and grievances directed towards the central government. One of the key aims of decentralization is to placate the regions by providing a fairer redistribution of revenue and provide for better delivery of

¹ Decentralization in the Indonesian context refers to the devolution by statutory transfer of authority, responsibility and accountability of most government functions from the central government to the kabupaten and kota. This will be accompanied by the decentralization of expenditure responsibilities, assets and personnel from the center to the kabupaten and kota.

² A kabupaten and kota are the district level administrations for rural and urban areas respectively. Below these are kecamatan. The lowest administrative level is at the village level. In rural (kabupaten) administrations villages are called ‘desa’ and in urban (kota) administrations the village level administration is known as kelurahan.

government services and local-level accountability. It is hoped that this will quell the demands in some regions to secede from Indonesia.

Background

This report represents the pilot study for what will be an investigation of the preparations for regional autonomy in twelve selected kabupaten and kota. The other kabupaten and kota to be investigated appear in Table 1 below.

Table 1. Kabupaten and Kota Sample

Kabupaten and kota	Province	Island	Regional GDP per capita
<u>Kota:</u>			
1. Kota Sukabumi	Jawa Barat	Jawa	Rich
2. Kota Banjarmasin	Kalimantan Selatan	Kalimantan	Average
3. Kota Binjai	Sumatera Utara	Sumatera	Poor
<u>Kabupaten:</u>			
1. Kabupaten Kudus	Jawa Tengah	Jawa	Rich
2. Kabupaten Jayawijaya	Irian Jaya	Irian	Rich
3. Kabupaten Minahasa	Sulawesi Utara	Sulawesi	Rich
4. Kabupaten Sanggau	Kalimantan Barat	Kalimantan	Average
5. Kabupaten Solok	Sumatera Barat	Sumatera	Average
6. Kabupaten Donggala	Sulawesi Tengah	Sulawesi	Average
7. Kabupaten Magetan	Jawa Timur	Jawa	Low
8. Kabupaten Lombok Barat	NTB	Lombok	Low
9. Kabupaten Ngada	NTT	Flores	Low

This study will continue over a four year period. The current deadline for the implementation of regional autonomy is January 2001 and the research objectives for the pre-implementation period will be distinctly different from those for the period after implementation begins. The research objectives are outlined below. Only the short-term objectives apply to the present study because the implementation phase of regional autonomy has not yet begun: SMERU was investigating *preparations* for regional autonomy in Kota Sukabumi, not *impacts*.³ SMERU is at present developing survey instruments that will be used to measure the impact of regional autonomy on the delivery of public services by kabupaten and kota governments⁴.

³ Some laws relating to the power of provincial, kabupaten and kota governments are already being observed (for example Law 22/1999 Chapter V, Article 18 regarding the election of governors and bupati). Fiscal transfers to provinces, kabupaten and kota will start in January 2001 and this date is often quoted as the starting date for regional autonomy. In fact the deadline for the implementation of regional autonomy is May 2001.

⁴ For a copy of the research proposal please contact SMERU.

Research Objectives

Short term – 2000/2001 research objectives:

- To document the changes regional governments are making to cope with new responsibilities and new bottom-up accountability.
- To document how these changes *are likely* to affect service delivery to people in the regions.⁵
- To develop survey instruments that will be used to measure local government performance in service delivery.

Long term research objective:

- To describe how regional governments manage the process of decentralization and how this affects service delivery in the regions.

About Kota Sukabumi

Kota Sukabumi is located in the province of West Java. This is a significant factor because Kota Sukabumi owes some credit for its preparations for regional autonomy to the efforts of the provincial administration in Bandung.

Being located between the nation's capital of Jakarta and the provincial capital of Bandung has afforded Kota Sukabumi several advantages. Sukabumi is a progressive city with good education facilities of its own while it is also close to the best education facilities in the country in nearby Jakarta and Bandung. Kota Sukabumi officials have a high level of awareness of central government policies and relatively easy access to information. During the course of our investigations, some officials were attending seminars in Jakarta and such a close relationship with the capital is not likely to be found in most regions outside Java.

Sukabumi has shared in the growth Indonesia experienced before the monetary crisis and on the basis of per capita GDP it can be classified as a rich kota⁶. With an area of 48 km² it is also relatively small, with a population of 241 000 people. The main industries in Kota Sukabumi are trade, education and agriculture.

One of the criticisms of the central government that led to the regional autonomy policy was that the government was largely Java-centric in outlook and financing. Findings should be interpreted in the

⁵ Full expenditure decentralization is not planned to be in place until 5/2001. Therefore in 2000 SMERU will not document the impact of decentralization.

⁶ Kabupaten and kota to be studied by SMERU have been divided into groups of 'rich' 'average' and 'poor' on the basis of GDP per capita.

light of Sukabumi being on Java which traditionally has been a focus of central government attention⁷. It is generally understood that many administrations outside Java have lower levels of capacity than those close to the center. Administratively Kota Sukabumi therefore has a significant advantage over poorer areas and those located further from the center.

Measuring Preparedness for Regional Autonomy

Time will tell which kabupaten and kota have been able to successfully implement regional autonomy and which ones have failed. Some of the key indicators for success or failure can be developed out of the preparations underway in Kota Sukabumi for regional autonomy. In as far as one can quantify findings from a largely qualitative study, modest comparisons can be drawn between various kabupaten and kota and such indicators may have predictive value in determining the success or failure of decentralization elsewhere.

SMERU has investigated the following areas that were considered to be important for Kota Sukabumi's government as it prepares to take responsibility after decentralization begins:

1) Tasks and structures, 2) Transfer of personnel, 3) Budget management, 4) Formulating public policies, 5) The capability and accountability of DPRD.

Together with assessing the preparations for regional autonomy that are underway in the above areas, SMERU has also identified four general indicators important for successful implementation. These are: 1) Strong guidance from the provincial government, 2) Importance placed on preparations by the kabupaten or kota government, 3) Government efforts with information campaigns, internally and for the public, on regional autonomy. 4) Inclusion of central government offices by kabupaten or kota governments in plans of the future structure of government.

Summary

SMERU feels Kota Sukabumi is proceeding *as well as can be expected* towards successful decentralization. The policy is strongly supported both in government circles and among civil society. Sukabumi's government seems sincere and enthusiastic about implementing decentralization reforms provided the central government can match its rhetoric with the necessary supporting legislation and an appropriate level of financial support. SMERU found that the Sukabumi government is optimistic about the success of regional autonomy but at the same time uncertain about whether the new responsibilities it will gain will be matched by adequate financing.

The government in Sukabumi can therefore be described as having an attitude of 'conditional optimism'.

⁷ According to Mohammad Sadli, the problems of Java's rice farmers are a higher priority for the central government in Jakarta than the problems of North Sulawesi's copra farmers. See *Establishing Regional Autonomy In Indonesia- The State of Debate* p2.

SMERU is satisfied with Kota Sukabumi's preparations thus far because they have strong guidance from their province, regional autonomy is a high priority, efforts have already been made with information campaigns about the policy, (although greater efforts are still required) and plans for future government structure and the transfer of personnel have been made. Greater effort needs to be given to raising government and public awareness levels of regional autonomy. Also SMERU hopes that all local stakeholders will be included in the preparations that are underway to merge central and kota level offices.

The Provincial Level – West Java

Provincial level government staff believe strongly in the principle of regional autonomy. Indeed we found no one who disagreed with the idea. Many however qualify their support for regional autonomy with certain conditions, usually concerning the funds, personnel and assets to be transferred to the kabupaten and kota level. This transfer is outlined in Law No. 22/1999 in Chapter IV on Regional Authorities under article 8, paragraph (1).

SMERU found that government officials are generally responding to Laws 22/1999 and 25/1999 in one of two ways. The first is to make active preparations for regional autonomy and the second is to adopt a 'wait and see' approach. The first group is anxious to tackle the task of decentralization and they see preparation as a way to prevent problems in implementation later on. The second group is waiting for clearer instructions from the center before proceeding with preparations for implementation. Perhaps dampening their enthusiasm is the thought held by some officials that the best course for regional autonomy would be to devolve functions to the provincial level first, then to the kabupaten and kota.

Enthusiasm for regional autonomy is apparent with the establishment of the '*Tim Persiapan Autonomi*' ('Team for the Preparation of Autonomy'). This team has played an important role in publicizing the idea of regional autonomy throughout West Java.

Whenever SMERU heard senior government officials declare their enthusiasm for regional autonomy and their commitment to the principles of democracy and the spirit of *reformasi*, it seemed as if we were listening to a lifetime campaigner for the rights of the marginalized. It is sobering to recall that career officials were speaking just as passionately about Golkar and the Suharto administration less than three years ago.

Reorganizing Regional Government (Provincial Level)

Many provincial government officials are doubtful about whether the implementation of regional autonomy will succeed. This doubt is indicative of the top-down style mind-set created over the last

30 years which did not encourage initiative. The regional assistant secretary (ASDA I, Assisten Sekretaris Wilayah Daerah) stated that “our policies can change in days or weeks but changing a mind-set takes much longer, it may even take a generation”.

Some heads of legislative commissions in the provincial administration doubt the capacity and readiness of the kabupaten and kota to undertake autonomy. They point out that although kabupaten and kota are enthusiastic about regional autonomy, they have not thought through the implications. Provincial officials feel that some Bupati and Walikota are too busy dealing with allegations of corruption, collusion and nepotism (KKN) to devote adequate time to preparing for regional autonomy.

Some provincial level legislative commission heads feel that the kabupaten and kota are eager to receive responsibilities that they will not be able to fulfill. Further, they feel that the kabupaten and kota parliaments are wrong to focus on corruption cases of the past instead of the challenges of the future, describing this as the behavior of kabupaten and kota who are “drunk with democracy”.

Although some provincial level DPRD members doubt that the kabupaten and kota are ready for autonomy, they also feel that the central government is not committed to the implementation of its own decentralization policy.

Some provincial level DPRD members made the point that good service delivery to the public was more a function of an effective system and the moral probity of those who implement it, rather than the location of the head office. They noted that if the kabupaten and kota pursue regional autonomy with the aim of benefiting a few privileged officials then there is no guarantee that the level of service delivery to the public will improve.

The head of the Provincial Bureau of Planning (BAPPEDA, Badan Perencanaan Pembangunan Daerah) believes that raising the level of service delivery to the public will be more difficult once the traditional links between the provincial offices (dinas) and the kabupaten and kota offices (dinas) have been severed. Those opposed to change also pointed out regional autonomy has the potential to increase disparities in wealth between the kabupaten and kota within a province and to increase disparities between provinces.

The province expects that transfer of personnel from the central government to the kabupaten and kota will run smoothly. This optimism is conditional on a guarantee that the central government pay the salaries of those officials who are transferred. Another acceptable option would be that the revenue generating capacity required to raise the funds to pay these officials is surrendered to the kabupaten and kota.

Although provincial officials do not foresee any problems with the transfer of personnel apart from the question of salaries, it is likely that this issue will prove more complex. There is already less than

perfect cooperation between provincial and kabupaten and kota dinas⁸. It is well known among government officials that the best and brightest individuals in the regions are recruited by the central government. Many central and provincial government officials believe they are superior because of rank and education level. Kabupaten and kota level officials believe they are superior on the grounds that they know their area better and are more closely supervised (and therefore more honest and disciplined) than central and provincial government officials. How issues such as these are reconciled will affect the ease with which offices can merge and this represents a major problem which remains unresolved. One high level official expressed concern that there is a risk that some of the kabupaten level offices will refuse people from the provincial level central government offices (Kanwil) and from the provincial offices (dinas).

There is also a common perception among provincial level officials that creativity and initiative come from the center or from the province, and never from the kabupaten or kota. Hence provincial officials are doubtful whether the kabupaten and kota will be able to solve problems themselves.

All provincial level departmental offices (Kanwil) have made an inventory of their staff as part of their preparations for decentralization. In the Provincial Education Office (Kanwil Pendidikan) there are presently 570 staff. After merging with the kota level office (dinas) there will be a need for only 300 people. A program to explain the choices available to education officials has begun which encompass the following options:

1) Retirement, 2) Become an official in the regions, 3) Become a teacher. Many of these officials have since started to acquire the necessary qualifications to become teachers.

Provincial officials have made a number of general requests to the central government seeking explanation of how the transfer of personnel should proceed. They wish transfers to be made in a fair and open manner. They do not want people fired and importantly, they would like the transfer of personnel to take place in stages. They have suggested the use of an Independent Ranking Institute to rank people according to criteria that emphasizes performance.

SMERU suggests that both the province and Kota Sukabumi are underestimating the potential problems which may arise with the transfer of personnel and the disruptions to service delivery that may result.

Regional Spending and Revenue Generation (Provincial Level)

Although there are many other threats to regional autonomy besides the failure of the central government to keep its promises of adequate financing, officials at both the provincial level and in Kota Sukabumi are principally concerned with the fiscal aspects of decentralization. Optimism about

⁸ See the appendix for an explanation of the structure of local government.

regional autonomy is always qualified by anxiety about budgetary support. Budgetary considerations seem to absorb a disproportionate amount of attention. This results from the fact that the public service often operates on a very restricted budget, which sometimes make even routine expenses such as telephone and electricity charges difficult to meet.

The pilot study of regional autonomy which began in 1995 failed to see the central government surrender authority to the regions. In general, promises of new policies complete with central government budgetary support are old news for provinces who have been disappointed before by the failure of the rhetoric to be matched by adequate finance. SMERU feels that concerns about the level of financial support for decentralization may be justified. However other important issues should also be receiving adequate attention, in particular the impact of decentralization upon the delivery of essential services.

The province is also concerned that its own budget allocation from the central government will be reduced after decentralization begins. There is also concern that the new equalization formula that determines regional budgets will not use population as its main variable, although details about the precise formula have not yet been released by the central government.

Regional autonomy allows for a few resource rich regions to enjoy a greater share of the wealth that they generate for the central government. The revenue sharing does not apply to revenue generated from value added tax (PPN) and income tax (PPH). However West Java has suggested that its revenue capacity be recognized with a 20% sharing of these two taxes. If the central government agrees to this revenue sharing proposal, the new revenues alone will increase the budget by Rp 1.8 trillion. This can be viewed as ambitious because the PPN and PPH revenue sharing figure is twice the size of the total 1999/2000 budget which was Rp 986 billion.

Public Policy (Provincial Level)

There are encouraging signs that West Java's DPRD is now operating in a more accountable and democratic fashion than ever before. Rules and regulations are debated with fine detail and a dialogue has been developed with various community-level organizations including NGOs and universities. A complaints facility has been established where people can telephone, fax or write and, according to a Bandung daily, this facility at the DPRD receives around 250 complaints per month. Such activity was rare under the New Order government.

On the other hand some high level officials of the local administration complain that the changes in the style of government, including the surrendering of power to the DPRD, are happening too quickly.

They point to the low level of understanding of democracy by the bulk of the population. They also complain that members of the DPRD are “still content just talking about technical cases of corruption, collusion and nepotism and are not focussing on creating strategies for development”.

However, there are those in the DPRD who feel that the public service has operated for far too long without effective controls or proper accountability. The DPRD wishes to introduce controls on the government and this is creating friction. Some DPRD members are actively giving advice and criticisms to the local administration in a way that is often interpreted as intervention or a breach of the DPRD’s authority.

Kota Sukabumi

SMERU feels that Kota Sukabumi is proceeding as well as can be expected towards successful decentralization. ‘*As well as can be expected*’ requires definition. There are several constraints on the preparations for regional autonomy that are out of the hands of the kota government. These include the lack of clarity of some of the chapters of Laws No. 22 and No. 25 and the absence of supporting legislation to clarify these laws⁹. Despite this, the local government has taken the initiative in drafting documents which outline what form government authority and structure will take after regional autonomy is established. There is also an awareness of the government’s own strengths and weaknesses. ‘*As well as can be expected*’ also allows expectations to be realistic in the face of a policy which turns 30 years of top-down administration on its head. SMERU is satisfied that there are no glaring weaknesses in Sukabumi’s preparations and we feel that the region is making satisfactory progress towards regional autonomy.

Some government officials and members of civil society misunderstand ‘regional autonomy’ to mean “autonomy in managing all affairs”. This problem should receive more attention from the central and provincial governments. It is compounded by a lack of understanding of regional autonomy, despite high coverage, in the local press.

Regional Government Tasks and Structures (Kota Level)

There is a high level of awareness of the changes that will need to take place and several documents have been prepared by the Organization Section (Bagian Organisasi) outlining the new government structures. The kota level government appears confident in its ability to handle these new tasks and structures. However it is unfortunate that the various central government departmental offices at the kota level (Kandep) were not involved in the drafting of these documents. The cooperation and active participation of the Kandep in this process would have constituted a de-facto acceptance of these new structures.

⁹ The supporting legislation (PP 25/2000) of May 6 2000 had not been drafted at the time of the study.

Although further details are needed in the form of government regulations (*peraturan pemerintah*), SMERU was encouraged to find that the local kota government has outlined the form that the decentralized government will take. The present 49 government bodies at the kota level must be reduced to 43. The merging together of various public works units and the merging of livestock, food crops and agriculture units will assist this rationalization process. Departments no longer need to be uniform across Indonesia and Kota Sukabumi will take this opportunity to close irrelevant departmental offices such as forestry and mining.

According to an official instruction from the Ministry of Home Affairs to the Regions (No.061/729/SJ, March 21, 2000) each dinas may have a maximum of only five sections (*seksi*) and one sub-section (*sub-bagian*). In theory, streamlining departments will increase efficiency. However the merging of several dinas, for example all the public works offices, will lead to the merger of some sections. This will create new problems for the local government. As one kota level official commented, “the central government should leave these things (the maximum number of sections and sub-sections) up to us and that would be real autonomy”.

Some of the enforced mergers will present problems for Kota Sukabumi. Sukabumi plans to create 155 primary schools from the existing total number of 174 schools. The head of the Education and Culture Office (Dinas Pendidikan dan Kebudayaan) made the point that it would be better to merge primary schools over a time frame of four years.¹⁰ This would allow a sufficient time for all headmasters to finish their term, avoiding the difficult issue of deciding on appointments in merged schools.

Box 1 outlines Sukabumi’s plans for this merger, which demonstrates commendable initiative and the anticipation of future problems. The plan however, does not guarantee a successful merger. The extent of involvement of the central government departmental education office at the kota level in the plan is unclear but SMERU believes that the greater the level of their involvement, the more likely the plan is to succeed. Box 1 shows that a reduction of 11% in the number of schools (or units) is possible over a four-year period. It is likely that some rationalization in other sectors will result in cuts of greater than 11%. Because a time frame of greater than four years is not in the spirit of swift decentralization, it is likely that the issue of leadership in merged offices will remain a significant problem.

One encouraging sign however is that the Sukabumi level government appears to be designing institutions before they begin to search for the staff which will be required. In the past it was commonplace for staff to be nominated before institutions were designed, leading to a less than perfect maximization of human resources.

¹⁰ At the kabupaten and kota level the Education Office still includes the function of culture (*kebudayaan*). The national education departmental offices no longer have this function.

Box 1. School Autonomy Trial

SD Dewi Sartika Cipta Bina Mandiri is a primary school with 270 students. It is one of six primary schools that merged in April 2000 in an effort to make teaching more effective and efficient. This merger was designed by a team made up of staff from the Kota Sukabumi level Education and Culture Office, the kota level Central Government Departmental Office for Home Affairs, the Kota Sukabumi level Health Office and the Indonesian Teachers Association. All teachers in Kota Sukabumi were eligible to apply for teaching positions at the school and teachers were appointed on the basis of a competency test. Those who had been teaching at the six schools before the merger who were not selected were relocated to other schools.

The autonomy is part of a program known as School Based Management (SBM). It includes granting schools authority over curriculum matters such as classes and timetabling, content, text books, student affairs, and school maintainance.

A School Committee, made up of teachers and parents of students, monitors how education is being delivered and helps to raise supplementary funds for operational costs. In the future the appointment of teachers and the school principal will be planned and carried out by the School Committee. The Committee and the teaching staff are committed to the mission of the school which is to encourage spiritual and intellectual development, healthy lifestyle practices, creativity and independence. In the near future Kota Sukabumi plans to open a trial primary school such as this in every kecamatan.

Transfer of Personnel (Kota Level)

The Sukabumi government expects no problems relating to the transfer of personnel as long as those issues regarding who pays the salaries of employees traditionally paid by the central government are handled in a way that does not burden its administration. SMERU feels that the Sukabumi government, by focussing only on the fiscal aspects, is underestimating the complexities of the transfer of personnel. There is insufficient awareness of the essential details that how many people will merge into an office and how experience will rate against seniority. This is in part due to a lack of clarification about the transfer of personnel by the central government.

Table 2 gives an inventory of all government officials from the central, provincial and kota level now working in Kota Sukabumi. This is the result of a local government initiative by Kota Sukabumi to prepare for the transfer of government personnel.

Table 2. Total Government Staff (Based) in Kota Sukabumi, 2000*

Office	Level	Total Staff
Regional Secretariat and DPRD		
- Structural staff**	Kota	88
- Functional staff***		156
Autonomous Working Units	Kota	

Office	Level	Total Staff
(Local Government)	(Dinas)	
- Structural staff		415
- Functional staff		636
Provincial Branch	Provincial	
- Structural staff	(Dinas)	18
- Functional staff		18
Offices of Depdagri (Instansi Vertikal**** Depdagri)	Central	
- Structural staff	(Kandep)	42
- Functional staff		16
Kandep/LPND	Central	
- Structural staff	(Kandep/LPND)	69
- Functional staff		195
Provincial Apparatus in Kabupaten	Provincial	
- Structural staff	(Dinas)	185
- Functional staff		36
Total		1874
- Structural staff	-	817
- Functional staff		1057

Source: *Buku Kajian Rancangan Penataan Organisasi Pemerintah Kota Sukabumi*.

- * Not including teachers.
- ** Structural staff are called '*pejabat struktural*' and have in a supervisory and general management function for a work unit.
- *** Functional staff are called '*pejabat fungsional*' and have a technical function.
- **** *Instansi vertikal* are units of the central government departments in the regions that implement the programs of the departments. At the provincial level they are called Kanwil and at the kabupaten and kota level they are called Kandep.

In Kota Sukabumi concern over the transfer of personnel has increased the interest of local government staff in education and training. This is a new phenomenon sparked by a perception that central government staff represent a threat and local staff need to raise their skills to hold on to their present positions. Therefore, while raising skills is encouraging, the potential for conflict remains unresolved. Clarification of transfer issues will help ease insecurities and avoid rivalries that emerge out of a sense of being in competition with each other¹¹.

Kota Sukabumi stated that they will need to increase their staff by 40%, which should assist the smooth transfer of personnel. However the issue of rank needs to be resolved quickly. For example, where a dinas office at the kota level is merged with a dinas office at the provincial level office (Kanwil) the issue of who will become the head of the newly merged office will present a potential source of conflict. The Ministry of Home Affairs recently created the position of deputy head to help

¹¹ The central and provincial governments regard the kabupaten and kota level officials to be less capable and lacking in the ability to solve their problems while Kota Sukabumi's administration considers the central and provincial administrations to be less effective due to a lack of understanding of the local area and lacking discipline. The perception of a lack of discipline stems from the different internal monitoring methods used by different levels of government. Kabupaten and kota governments are monitored locally while central or provincial government offices based in the kabupaten or kota are monitored less effectively because they are monitored from the center.

solve this problem although the critical issue of who will be the head and who will be the deputy remains unresolved.

Despite some of the early signs of difficulties with the policy of transferring personnel, the issue is not regarded by the Sukabumi government as a serious problem. The general consensus is that, as long as salaries are paid by the central government, the transfer of personnel can be managed locally. However, in the light of the issue of rank raised above, SMERU believes that far too much importance is being placed on the question of salaries at the expense of a closer analysis of the other threats to successful personnel transfer.

Some central government offices in the regions, for example the National Family Planning Board (BKKBN,) and the Central Statistics Bureau (BPS), have no corresponding offices in kabupaten or kota level administrations. These offices are known as Non Departmental Specialized Agencies (LPND, Lembaga Pemerintah Non-Departemen) These central government offices will therefore not need to merge with any regional office but will become responsible to the kabupaten and kota administrations. Kota Sukabumi presently has no plans for coping with these new responsibilities.

Table 3 represents a salary plan for all centrally paid staff currently based in Kota Sukabumi. Presently all salaries for central and provincial offices in the regions are paid for by the central government. Kota and kabupaten level salaries come from their own regional budget. Kota Sukabumi is anxious to receive guarantees that they will have sufficient funding to pay the salaries of the central personnel next year. Alternatively, central government personnel could continue to be paid by the center.

The transfer of personnel will involve more than just the merger of kabupaten and kota level offices. It will also involve the transfer of some personnel from Jakarta to the regions. Kota Sukabumi has not planned for these extra personnel, which is a reflection the poor clarification of this issue by the central government. Therefore, while the initiatives shown in planning are commendable, there is a less than perfect understanding of the issues involved in the transfer of personnel.

Table 3. Salary Plan for the Central Government Civil Servants in Kota Sukabumi

Division	Total Staff	Net Salary (Rp)
Dinas Health*	266	134,549,400
Kandep Health	138	83,701,800
Kandep Cooperatives	26	13,415,900
Dinas Land Transport	14	8,771,200
Branch Dinas Social Affairs	11	6,619,100
Branch Dinas Industry and Trade	20	11,747,900
Family Planning Office	85	46,393,900
Government Inspectors	6	4,255,300
Social Affairs Office	5	2,732,500
Rural Development Office	15	8,734,900
Civil Registry Office	3	1,205,600

Division	Total Staff	Net Salary (Rp)
Branch Dinas Manpower	6	3,061,910
Public Works (road, construction)	9	4,822,000
Public Works Branch (Irrigation)	146	70,705,300
Transmigration Office	34	18,222,100
Housing and Sanitation	7	1,790,300
Local Security Office	5	2960,100
Land Office	51	25,426,100
Kandep Information	65	35,453,100
Kandep Education	272	166,638,700
TOTAL	1 184	651,207,110

Source: Sukabumi Government Finance Department.

*Some staff, for example doctors, work in the dinas but are paid by the central government

Managing the Regional Budget (Kota Level)

Under regional autonomy, funds will come largely from a General Allocation Grant from the government (*Dana Alokasi Umum*, DAU). Other sources of revenue, especially for those kabupaten and kota without natural resources, include a Special Allocation Fund (*Dana Alokasi Khusus*, DAK) and Regional Revenues (*Pendapatan Asli Daerah*, PAD). Law No. 25/1999 does not grant the regions extensive authority to collect revenue. Although the right to collect a fee for certain services called '*retribusi*' remains, the kota cannot impose new taxes and they cannot raise the level of existing taxes. 'Autonomy' in budgetary matters is on the expenditure side. Regional autonomy is not fiscal autonomy.

There are concerns that the General Allocation Grant from the government will not be sufficient. The amount of this grant will be determined using an equalization formula. The exact details of the formula have not yet been finalized and therefore the amount of DAU that Kota Sukabumi will receive is unknown. On a national scale, the government will allocate 25% of domestic revenues to DAU¹². This is an increase from 16% and Kota Sukabumi is therefore hopeful that they will be among the regions receiving an increase in their DAU.

The DAK is funding earmarked by the central government for specific purposes. It is generally considered that the DAU will be a much greater proportion of the kota budget than the DAK.

Kota Sukabumi is determined to find ways to increase its PAD as a means of increasing its overall budget. The available systems include the levying of *retribusi* (four government regulations have been passed this year in Sukabumi relating to this) and improving the collection of existing local taxes. Kabupaten and kota will also be allowed to borrow with the approval of the central government, however there are no immediate plans to exercise this option in Sukabumi.

¹² This 25% is to be divided further with provincial administrations receiving 10% and the kabupaten and kota receiving 90%.

PAD will be a small percentage of the total budget¹³. Probably between 10-20%. This means that the major source of funding will remain under the control of the central government. In short, since there is very little that the regions can do to increase their budget. Kota Sukabumi finds this difficult to accept because they do not trust the central government and there is also a certain lack of understanding of the Law No. 25/1999. If regional autonomy is used by the regions as a means to justify increases in taxes and charges, there is the risk that the local population will not support the decentralization reform process.

A recurring sentiment is that Sukabumi is a special case in terms of budget matters because they are a small administration without significant natural resources. In fact, only a small number of the 341 (this number is rising) kabupaten and kota will benefit significantly through the central government's natural resource revenue sharing arrangements. SMERU suspects this misguided sentiment is felt in other kabupaten and kota also.

Although regions have not been granted fiscal decentralization, control over expenditure will be effectively decentralized. Autonomy in this area means the regions can determine exactly how they spend their budget. Previously budget expenditure was largely determined by Jakarta and in some cases local government offices received transfers directly from the central government, bypassing the kabupaten or kota finance office. It is possible that Kota Sukabumi will use the budget to increase public servants' salaries and invest in sectors that will help increase their PAD for example trade, tourism and services including health and education.

A concern raised by a head of a legislative commission was that the budget allocation process could be unduly influenced by lobbying by organized pressure groups, rather than the needs of the people. This is a potential problem area with no easy solution. Such a situation also arises in many mature democracies.

Another potential problem area is inter-institutional jealousy over budget allocation. When budgets were determined in Jakarta there was little recourse for such complaints. Now that control over budget allocation lies with the kabupaten and kota level administration some government offices will be disappointed by the size of their share of the budget. The DPRD will need to be transparent to reduce allegations of favoritism.

Creating and Directing Public Policies (Kota Level)

There is evidence that local members of parliament are making efforts to include civil society in the making of local regulations. When discussions about *Raperda* were underway, the administrative branch of the government has always invited a relevant representative of the people to give advice on policy¹⁴. Initiative in drafting *Raperda* is still in the hands of the local administration.

¹³ See Tables 4 and 5 in the appendix for more information on PAD.

¹⁴ Raperda is a large annual meeting to discuss the budget (Rancangan Peraturan Daerah).

Several government officials expressed the view that many DPRD members lack the necessary skills to be effective. Members of the DPRD seem to be aware of this themselves and they are agreeable to taking part in education and training programs like those run by UNDP.¹⁵ A willingness to increase their capacity is also evidenced by those DPRD members who suggested that hiring expert consultants would be desirable. This suggestion was qualified with the assumption that there would need to be some budget allocation for such assistance. Sixty percent of DPRD members have a bachelor's degree. This a comparatively high figure for Indonesian kota level parliaments and it reflects the capacity of Sukabumi in general as a progressive city close to the capitals of Jakarta and Bandung.

Some members of the local government feel that the DPRD is trying to dominate them rather than working together with them. The DPRD is actively pursuing cases of KKN involving the local government which allegedly occurred during the New Order period. The local government contends that this is not helping them carrying out their functions because it is a distraction. Also in the parliament, the considerable effort being expended on cases of KKN leaves insufficient time for the DPRD's policy-making.

One DPRD member expressed regret that they were still waiting for the essential regulations outlining their investigative powers. Monitoring of the local administration is conducted by an internal local government inspection office (Itwilda). The power of Itwilda is limited to making recommendations to the Mayor who makes all the final decisions on KKN cases. Some DPRD members interviewed suggested that it would be desirable if Itwilda was completely independent of the Mayor and changed its role to assisting the DPRD in its monitoring activities.

Members of the DPRD are not directly elected by the people but rather the people vote for parties according to a proportional representation system. At the kabupaten and kota level, parties do not always have sufficient control over their members. Because parties are elected on emotional issues rather than policy, members do not bring with them strategies for developing Kota Sukabumi or other policies. Since in power, parties seem to be concentrating more on how to win back their seats in 2004 and exposing KKN than on creating policies to assist the development of Sukabumi.

There is also the issue that parties lack independence because they receive funding from the administrative branch of the government. Although the local administration claims the system works well, a more independent funding arrangement would be more transparent and democratic.

Findings From the Public/Civil Society (Province and Kota Level)

¹⁵ UNDP supervises Breakthrough Urban Investment for Local Development (BUILD) which runs education and training programs for DPRD members.

In Bandung, universities are following the progress of regional autonomy closely and a lecturer we spoke to was actively involved in attending seminars on the topic. The views expressed in universities seem to approach the decentralization in a more holistic manner as opposed to the provincial and kota government who seemed to be concerned only about the 2001 budget and exposing KKN. The universities expressed concern for farmers if agricultural policy is not managed correctly. They mentioned threats to investment that uncertainty regarding cross-kabupaten charges could create. The threat of ethnicity becoming more important than nationalism is being treated seriously on campuses. The possibility of decentralizing to the provincial level only is also being discussed as are issues of timing as the schedule for implementing regional autonomy is believed to be overly ambitious.

In as far as accountability is linked to a free press, SMERU was encouraged to find a daily column in the *Bandung Pos* titled '*Otonomica*' dedicated to regional autonomy. There is also a complaints line at the Sukabumi daily *Radar Sukabumi* where the general public can report poor government service delivery.

Awareness of regional autonomy was high among all respondents from civil society in the cities of Bandung and Sukabumi but low at the village and kelurahan level. The absence of any public education information campaign about 'regional autonomy' has left the public to use their common sense understanding of '*autonomi*' which means (in Indonesian¹⁶ as in English) 'authority to manage one's own affairs'. This has led to some anxiety over the misconception that '*autonomi*' will mean a need raise revenues locally. This has led to local people having unfounded concerns regarding the possibility of new local charges and taxes that will further burden them.

Conclusion

SMERU concludes that Kota Sukabumi is proceeding towards regional autonomy in a satisfactory fashion. Some credit for the preparations in Kota Sukabumi is due to the strong guidance from the provincial government in Bandung. Regional autonomy is a high priority for Kota Sukabumi and it is receiving considerable attention as evidenced by the plans that have been drawn up for government structures and budgets. Sukabumi should cooperate with the central government's kota level offices when drafting plans for the future structure of government. Efforts are being made at informing and educating the concept of regional autonomy. This is a positive sign however greater efforts need to be made. Kota Sukabumi's administration is benefiting from being geographically close to the nation's capital. They have a relatively well-educated DPRD and enjoy a high awareness of central government policies. One must remember that there are no clear instructions from the central government about what preparations regions need to undertake. SMERU feels that, in the face of

¹⁶ '*Autonomi*' has a common sense understanding in Indonesian as '*megurus rumah tangga sendiri*'. This means 'having authority over your own affairs' and translates directly as 'the authority to look after your own house'.

unclear instructions from above, this well organized kota is proceeding towards regional autonomy as well as can be expected.

Recommendations

SMERU makes the following recommendations:

- Sukabumi should involve provincial and central government offices in its plans for the future structure of local government. Consultation by all stakeholders during the planning process should assist the smooth merger of offices.
- Sukabumi should concentrate on a range of issues instead of only budgetary issues. Potential threats to the success of regional autonomy that also deserve more attention include problems for investment, and issues relating to the transfer of personnel. Importantly regional autonomy should be seen as a means to improve the quality and effectiveness of service delivery to the wider community, rather than an end in itself. The focus of regional autonomy should be democratization, participation and service delivery.
- There is an urgent need to make greater efforts to inform all concerned about regional autonomy. An effective information campaign should be conducted on different levels. Members of the local government administration and the DPRD need to learn more about the details of these reforms and the processes involved. Civil society and the wider community should also be informed about all the changes that are to take place.

Appendix

Table 4. Sources of Revenue for Kota Sukabumi's 1999/2000 and 2000 Budgets

The 1999/2000 budget ran from April 1999 to March 2000. Indonesia wants to change the financial year to run from January to December. In April 2000, therefore a budget for nine months was drawn up in order to finish in December. The 2001 budget will run from January 2001 to December 2001.

The 1999/2000 budget is represented below twice. It appears in its complete (12 month) form but to make comparisons with the nine month 2000 budget we have also calculated the 1999/2000 budget into a nine month form.

No.	Item	FY 1999/2000		FY 2000
		Planned	Planned (Average 9 months)	Planned
I.	Funds Remaining from Last Year	1,283.8	962.8	1,580.9
II.	Local Revenue Sources	8,296.9	6,222.7	6,955.4
	A. Regional Taxes	1,240.5	930.4	945.0
	B. Regional <i>Retribusi</i> *	6,814.8	5,111.1	5,740.4
	C. Profit from local govt enterprises	66.3	49.7	236.0
	E. Other Revenues	175.3	131.5	34.0
III.	Revenue From Government	48,563.7	36,422.8	42,254.4
	A. Revenue share, tax origin	4,136.0	3,102.0	3,405.1
	B. Revenue share, non tax origin	20.0	15.0	17.2
	C. Routine Funds	29,496.6	22,122.4	26,389.9
	D. Development Funds	13,705.4	10,279.1	12,389.1
	E. Other regional revenues	1,205.8	904.3	53.1
	Total Regional Budget (I+II+III)	58,144.4	43,608.3	50,790.7

**Retribusi* is a fee for services provided by the government.

Source: Regional Regulation No 7 regarding Budget of Kota Sukabumi – Financial Year 2000

Table 5. PAD Kota Sukabumi, Financial Year 1999/2000 – 2000

		1999/2000 (12 months)		1999/2000 (9months)		FY 2000 (9months)	Change From 1999/2000 plan to 2000 plan %
		Planned	Actual	Planned	Actual	Planned	
		(Rp. million)	(Rp. million)	(Rp. million)	(Rp. million)	(Rp. million)	
	Local Revenue Sources	8,296.9	7,904.4	6,222.7	5,928.3	6,955.4	12
A.	Taxes	1,240.5	1,320.2	930.4	990.1	945.0	2
1	Hotel dan restaurant	240.0	246.1	180.0	184.6	180.0	0
2	Entertainment	260.0	268.3	195.0	201.2	160.0	-18
3	Advertising	80.0	88.1	60.0	66.1	70.0	17
4	Street lighting	648.0	703.9	486.0	527.9	520.0	7
5	Ground water	12.5	13.8	9.4	10.4	10.0	7
6	Small scale mining	0.0	0.0	0.0	0.0	5.00	
B.	Retribusi levies	6,814.8	6,362.6	5,111.1	4,772.0	5,740.4	12
1	Health Services	4,804.7	4,656.0	3,603.5	3,492.0	3,643.2	1
2	Street cleaning and garbage collection	280.0	233.2	210.0	174.9	202.6	-4
3	Printing Identity Cards	37.5	25.2	28.1	18.9	40.0	42
4	Cemetary services	21.1	21.1	15.8	15.8	14.5	-8
5	Parking levies	198.0	180.3	148.5	135.2	153.5	3
6	Market place rent	417.0	417.0	312.8	312.8	309.6	-1
7	Rent of Govt Assets	307.8	121.7	230.8	91.3	268.8	16
8	Bus Terminal	310.0	311.4	232.5	233.6	373.0	60
9	Sewerage	2.5	2.6	1.9	1.9	3.0	60
10	Abattoirs	44.4	40.3	33.3	30.2	33.6	1
11	Sport and Recreation	106.7	57.0	80.0	42.7	73.0	-9
12	Building planning permits	250.0	252.8	187.5	189.6	187.5	0
13	Disturbance permits	16.7	25.5	12.5	19.1	15.0	20
14	Public transport vehicle levy	18.5	18.5	13.9	13.9	14.0	1
15	Heavy vehicle levy	0.0	0.0	0.0	0.0	409.1	
C	Profits From Local Govt Enterprises	66.3	64.8	49.7	48.6	236.0	375
1	Bank Jabar	11.0	9.3	8.3	7.0		-100
2	Bank Pasar	5.5	5.5	4.1	4.1	12.0	191
3	Pharmacy	49.8	50.0	37.4	37.5	24.0	-36
4	Water Board			0.0	0.0	200.0	
D	Other Revenues	175.3	156.8	131.5	117.6	34.0	-74
1	Selling regional assets	31.8	37.5	23.9	28.1		-100
2	Interest on investments	50.0	23.9	37.5	17.9	30.0	-20
3	Third party donations	22.4	29.5	16.8	22.2		-100
4	Compensation for asset damage	11.3	15.2	8.5	11.4	4.0	-53
5	Repayment of staff loans	36.5	28.4	27.4	21.3		-100
6	Other activities	23.3	22.3	17.5	16.7		
	Total revenue PAD	58,144.4		43,608.3		50,790.7	16
	(Not including bookkeeping)						

Source: Sukabumi Regional Revenue Office

List of Respondents

NO.	RESPONDENT	LEVEL
1.	Setda/Asda III	Propinsi
2.	Regional Development Planning Board	Propinsi
3.	Biro Ortala	Propinsi
4.	DPRD	Propinsi
5.	Kanwil Health	Propinsi
6.	Kanwil Eductaion	Propinsi
7.	Kanwil Pertanian	Propinsi
8.	Local Press	Propinsi
9.	Universities	Propinsi
10.	NGO	Propinsi
11.	Mayor	Kota
12.	Regional Development Planning Board	Kota
13.	Bagian Ortala	Kota
14.	Staff section	Kota
15.	Financial section	Kota
16.	Legal section	Kota
17.	Economic section	Kota
18.	DPRD	Kota
19.	Dinas Health	Kota
20.	Dinas Education	Kota
21.	Dinas Pertanian	Kota
22.	Kota Level Revinue Office	Kota
23.	Kandep Education	Kota
24.	Kandep Trade and Industry	Kota
25.	Itwilkota	Kota
26.	Kantor Bangdes/PMD	Kota
27.	Regionally Owned Public Enterprise	Kota
28.	Informal local leader	Kota
29.	Religious leader (Islamic school)	Kota
30.	Retired bureaucrat	Kota
31.	Chamber of Commerce	Kota
32.	Local Press	Kota
33.	Kantor Kecamatan	Kecamatan
34.	Puskesmas staff and doctor	Kecamatan
35.	Kantor desa	Village
36.	Anggota LKMD	Village
37.	School Principal/teachers	Village
38.	FOMG	Village

Structure of Government Departments in the Regions

Present Structure

Geographic Location	Responsible to		
	Central Government	Provincial Government	Kabupaten Government
Jakarta		-	-
Provincial capital	Sekretariat Daerah Kanwil LPND	Sekretariat Gubernur DPRD Propinsi BKPM Dinas	-
Kabupaten and kota	Kandep LPND Instansi Vertical Depdagri	Cabang Dinas Perangkat wilayah	Sekretariat daerah DPRD Bappada Dinas
Kecamatan	Penilik sekolah	-	Cabang Dinas

Both the provincial level and the kabupaten administrations have dinas and cabang dinas (branch office) offices.

The province often has a cabang dinas at the kabupaten level for public works and revenue collection. The kabupaten often has a cabang dinas at the kecamatan level for education.

Proposed Structure According to Law No. 22/1999

Geographic Location	Responsible to		
	Central Government	Provincial Government	Kabupaten Government
Jakarta		-	-
Provincial capital	Sekretariat Daerah Kanwil Instansi Vertical (certain institutions)	Sekretariat Gubernur DPRD Propinsi BKPM Dinas	-
Kabupaten and kota	-	-	Sekretariat bupati DPRD Independent Local Institutions (<i>Unit Kerja Autonom</i>) BKPM Dinas BKSA Other Technical Institutions
Kecamatan	-	-	Cabang Dinas