

PREFACE

This book titled “Regional Development Policy and Direct Local-Head Election in Democratizing East Indonesia” is a report of joint-study conducted by our team, including scholars from several state universities in East Indonesia and a Japanese researcher from the Institute of Developing Economies (IDE-JETRO), starting from October 2006 until September 2007.

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This study aims to analyze the impact of direct local-head elections, started from 2005, following the introduction of the direct election of president and vice president in 2004 in Indonesia, on the formulation and implementation of regional development policies in Indonesia. Because of the most prioritized area set by the government of Indonesia, we focus on East Indonesia to get useful implications for the process of regional development policy for it.

In Indonesia, where decentralization policy had started since 2001, the direct local-head election may give more impact on regional development policy because the intention of the local-head may be directly realized in the policy. Preliminarily, we have three assumptions on regional development policy after direct local-head elections: (1) the impact of direct local-head elections as like as American system might be bigger than the introduction of decentralization, (2) democratization policies might give some negative impacts to native democratic system in local origin, and (3) local government might be more centralistic or be as like small kingdom because decentralization drive from local government to village/community is stagnant.

Based on our comparative studies on the direction and the process of regional development policy before and after direct local-head elections, there are several interesting findings. First, the basic principle as vision and mission of regional development policy is changed. When the local-heads was elected by the local

parliament before 2005, regional development policy was based on region's vision and mission. After introduction of direct local-head election by the people, it changes to the elected local-head's vision and mission that was made during election campaign by him/her success team. Second, however, the contents of the vision and mission is not changed in principle before and after direct local-head elections. This is because the new local-head election system has been just introduced and still under transition era. As the result, it seems no significant change of planning and implementation process of regional development policy, and of behavior and attitude of government officials for improving public service as education and health. And third, the role of local government for regional development becomes more significant. In the case of Ambon, the initiatives of peace-building by Ambon municipality government realizes conducive conditions for the conflict resolution with citizen's initiatives. On the other hand, Papua Special Autonomy faces many complicated problems including inconsistency of law and regulation of central and provincial government, and establishment of new province of West Irian Jaya and its coordination problems with Papua province.

Each chapter was written with each author's concern related to regional development policy before and after introduction of direct local-head elections.

Chapter I explains general situation on regional development policy and direct local-head election in the context of East Indonesia development. The authority of the government is delegated from the central level to the local level, but this is taken as an advantage by the local-head to strengthen the power and create a "local centralization", because the local-head election is centered towards centralistic political parties. The "local government autonomy" has difficulty to attach itself to the 'citizen autonomy' that should have been further delegated to the people. Regional autonomy encourages locality and specific local traits. This is often used by the political elite as political symbols to intensify their power. As a result, it is quite difficult to tone down the strong paternalistic and feudalistic atmosphere in East Indonesia. The local-head elections have the tendency to produce local-heads that are more like "kings" rather than "managers". Regional development policy depends on the ability of the individual local-head to "manage" the government. The system of local-head elections is deemed as a turning point of democratization in Indonesia, which started in 1998. However, the trend of emerging "kingdoms" does not necessarily equal to democratization. This is the so-called 'democratization paradox' reviewed in Chapter I.

Chapter II focuses on the process of regional development planning and its documents, with case study of Gowa District, South Sulawesi. Even if Law No. 25/2004 on National Development Planning System has enacted, the procedure, structure, process and mechanism of the drafting of regional development planning documents have not changed significantly. The reality in Gowa shows that a longer process of planning tends to create a planning comprehension that leads to a merely technical implementation, instead of having a vision/viewpoint and/or planning substance. The

attention is more focused on the medium-term planning, annual planning, or Regional Budget. Also, several well-structured regional development planning documents have yet to be understood completely and comprehensively, among the government and stakeholders. This empirical evidence shows the importance of understanding the planning management, especially among the government apparatuses and political policy makers; to prioritize scientific approach and to consider planning as not merely a practical issue. This implies that there should be serious attention towards the reinforcement of institutions and the improvement of the planners' capacity and competence. To promote democracy, including the planning process, the community as the agent or the stakeholders of development should have good understanding of planning management.

Chapter III tries to find out the extent to which development policy of the District Government of Tana Toraja deals with the alleviation of poverty under Law No. 22/1999 and Law No. 32/2004. Since the core objective of the decentralization principle is to empower and enable the community in handling and executing all government and development affairs then the poverty alleviation should be the most strategic plan to be implemented priorily. The substance of the idea mentioned in the vision and the mission but not reflected in the annual budget. This is because the local parliament has powerful position in the annual budget decision-making and its individual member has his/her own vision and mission that may be different from the official ones. The local parliament member tends to be more interested to meet the need and the demand of his/her constituent and political party. With regard to the poverty alleviation, the district government seems to have conceptual and technical problems in dealing with such a program due to insufficient and inaccurate data of poor people and miss perception of poverty phenomena. Apart from that, the bureaucrats at the top level in the structure of government have different understandings on the poverty. Consequently, development programs directed to combat the poverty are vague.

Chapter IV argues that the change from Law No. 22/1999 to Law No. 32/2004 concerning Local Government gives expectations to give more freedom to the people to choose their local-head and to give an extensive authority to the region to manage and take care of its own internal affairs based on the available potential to enhance the people's welfare. In Bone Bolango District, in before and after the local-head election, there is no significant difference between the region's and the District-Head's vision/missions. The indices of economic growth, education and health have improved, yet it is not followed with a decrease in poverty rate after the direct local-head election. In terms of government institutional reorganization before and after the local-head election, in general, the quantity aspect appears to be good, yet, in the quality aspect, its impact of new government structure still require a more comprehensive study. Apparently there is low commitment to realize development orientated to meet the people's basic needs when deciding annual budget allocation. For that reason, the vision

and missions have to be clear and measurable as well as oriented to the people's basic needs. It requires a clear commitment from the local government to enhance the welfare of the people in the region.

As explained in Chapter V, massive and destructive conflict such as in Maluku Province, especially in Ambon City, would not have happened without the influence from external and internal factors. In a situation that most social community institutions cannot function, the position and role of the local government, namely the Ambon City Government, as a representative of the community, has become very important. Its pro-peace public policies, written or unwritten, should be implemented to minimize conflict potentials and at the same time prepare open space for interaction among communities in order to resolve religion-biased conflicts. The spirit of local autonomy, expressed through people's expectation to strengthen their own position and the role of their community institutions, also have supported the acceleration of the reconciliation process. It is important to analyze how the political processes and the public policies were able to realize and contribute to the conflict resolution in Maluku.

Chapter VI analyzes the Papua Special Autonomy Policy and the implementation of direct local-head elections. The Papua Special Autonomy Policy is the result of the mutual commitment to settle all problems in Papua and is expected to increase the government functions in public service, development, and people's empowerment to achieve a prosperous society. According to close observation on the development of the policy implementation in 2002-2007, however, this policy has not been able to give a significant change for the Papuan people. The policy has been distorted because of government's inconsistency, lack of seriousness, and misunderstanding in applying it, including Inpres No. 1/2003 and Ordinance No. 6/2005. The policy has not yet been followed by a change of the structure and the authority of the local government. The executives and the legislatures tend to prioritize some symbolic matters instead of the substantial ones, such as education, health, and people's economies, and have not prepared the necessary regulations to implement the Papua Special Autonomy Law. Even though the 2004 General Election and the 2005 direct local-head election in Papua and West Irian Jaya were carried out successfully, there are still some residual problems concerning the election area and seat quota. What is necessary is the commitment from central government and provincial government to carry out the provisions of the Papua Special Autonomy Law consistently and consequently.

Chapter VII discusses about regional fiscal policy and the impact on regional development, with case study of North Sulawesi. The effectiveness of the regional fiscal policy for the regional development in the era of Law No. 22/1999 and Law No.25/1999 was slightly better than in the era of Law No.32/2004 and Law No. 33/2004. The structure of local revenue still depended on the balanced budget from the central government. The structure of local expenditure was restrained by the efficiency principles but has overlooked the effectiveness principles. It is necessary to develop

fiscal policies that can stimulate real investment to empower the local resources, such as providing special incentives for the investors interested in developing the agriculture potentials into agricultural industry. The government should increase the regional original revenues without depending on the local retribution that induces high cost economy. Local retribution should be justified with a purpose. In managing local expenditures, rather than applying the principles of reducing costs or cutting down costs, the government should apply the principles of effectiveness and efficiency.

This study focusses on the on-going and new phenomena of direct local-head election, decentralization and regional autonomy, having just started less than five years ago in Indonesia under its democratization drive. Of course, it is very difficult for us to conclude the impact of direct local-head election to regional development policy formulation and implementation in this point of time. At the same time, it is important for us to record what happens and gives impact at the moment concerning this study topik. We have just started to watch and learn the process of democratization in Indonesia, with approaching by regional development policy and the political process.

On behalf of our study team,

Kazuhisa Matsui
The Editor