

Annex 7

LAW OF THE REPUBLIC OF INDONESIA

NO. 22 OF 1999

ON REGIONAL GOVERNMENT

LAW of the Republic of Indonesia

No. 22 of 1999 on REGIONAL GOVERNMENT

BY THE GRACE OF GOD ALMIGHTY,

THE PRESIDENT OF THE REBUBLIC OF INDONESIA

Having taken into Consideration:

- a. that according to the 1945 Constitution, the administrative system of the government of the Unitary State of the Republic of Indonesia provides ample scope to enforce Regional Autonomy
- b. that in the implementation of Regional Autonomy it is essential that the principles of democracy, the participation of the people, the equitable distribution of welfare and justice, and the awareness of the potentials and diversity of the Regions be emphasized;
- c. that considering present international and domestic circumstances and the challenges faced in global competition, it is deemed necessary that Regional Autonomy be enforced through the provision of the widest possible, concrete and accountable powers to the regions proportionately, to be realized through regulations, the division and utilization of national resources, and the share of Finances between the National and Regional governments, in accordance with the principles of democracy, the participation of the people, the equitable distribution of income and of justice, the potentials and diversity of Regions, and enforced within the framework of the Unitary State of the Republic of Indonesia;

- d. that Law no. 5 of the year 1974 on the Principles of Regional Government (Government's White paper no. 3037) is no longer consistent with the principles of Regional Autonomy and the present environment, and must, therefore, be replaced;
- e. that Law no. 5 of 1979 on Village Administration (Government's White Paper of year 1979 no. 56, addendum to White Paper no. 3153) which standardizes names, format, composition and position of village governments, is not consistent with the spirit of the 1945 Constitution and the need to respect and honour the rights of origins of the Regions that are special in nature, and must consequently be replaced;
- f. that in connection with the above, it is necessary to establish a Law on Regional Government to replace Law no. 5 of 1974 on the Principles of Regional Government, and Law no. 5 of 1979 on Village Government;

Taking further into consideration:

1. Article 1 subsection (2), Article 5 subsection (1), Article 18 and article 20 subsection (1) of the 1945 Constitution
2. The Decision of the People's Consultative Assembly of the Republic of Indonesia No. X/MPR/1998 on the Principles of Reform in Development in the context of safeguarding and normalizing National State Finances as State Guidelines;
3. Decision of the Consultative Assembly of the Republic of Indonesia No. XI/MPR/1998 on Clean Governance, free from Corruption, Collusion and Nepotism.
4. Decision of the People's Consultative Assembly of the Republic of Indonesia no. XV/MPR/1998 on the Implementation of Regional Autonomy, its Regulation, Division and Fair Utilization of National Resources and the Sharing Finances between the National and Regional Governments within the Framework of the Unitary State of the Republic of Indonesia

5. Law no. 4 of the year 1999 on the Formation and Status of the People's Consultative Assembly, Parliament and Regional Parliaments (Government's White paper of 1999 no. 24 and Addendum to White Paper no. 3811)

With the agreement of

**PARLIAMENT
OF THE REPUBLIC OF INDONESIA**

HEREWITH DECIDES:

To establish :

THE LAW ON REGIONAL GOVERNMENT

CHAPTER I

GENERAL QUALIFICATIONS

Article 1

In this Law the following terminology are understood:

- a. The National (Central) Government, or henceforth called the Government, is the apparatus of the Unitary State of the Republic of Indonesia consisting of the President and Ministers
- b. The Regional Government is the Head of the Region and other apparatus of the Autonomous Region as the Executive Body of the Region.
- c. The Regional Representative Body, henceforth called the DPRD (Regional Parliament) is the Legislative Body of the Region.
- d. The Regional Government is governance by the Regional Government of the Autonomous Region and the DPRD based on the principle of decentralization.
- e. By decentralization is meant the transfer of authority by the Government to the Autonomous Regions, within the framework of the Unitary State of the Republic of Indonesia.
- f. By de-concentration is meant the relinquishing of authority from the Government to the Governor as the Representative of the Government and/or its apparatus in the region.
- g. By Supporting Duty is meant the duty given by the Government to the region and the village and by the region to the village, to execute a specified task, (this duty) to be accompanied by a budget for facilities, infrastructure and personnel. (The appointee) has the responsibility to report its implementation, and is accountable to the institution from whom the task has been received.

- h. Regional Autonomy is the authority of the autonomous region to regulate and manage the interests of the local community according to their own initiative based on the people's aspirations and in accord with existing legislation.
- i. The Autonomous Region, henceforth called the Region, is a unit of a legal community with specific territorial boundaries, that has the authority to regulate and manage the interests of the local community through their own initiatives based on the aspirations of the people, and bound in the Unitary State of the Republic of Indonesia.
- j. Administrative Territory is the working territory of the Governor as Representative of the Government
- k. Vertical institutions are offices of departments and/or non-departmental institutions in the regions.
- l. The Official in authority is a Government official at national or provincial level who has the authority to manage and control regional governance.
- m. Kecamatan is the working territory of the Camat as the regional apparatus of the kabupaten or regional town.
- n. Kelurahan is the working territory of the Lurah as the apparatus of the kabupaten and/or regional town under the Kecamatan.
- o. The village, which may be known by other names, and henceforth called the village, is a unit formed by a legal community that has the authority to regulate and manage the interests of the local community based on origins, local customs and traditions that are recognized in the National Administrative system, and is within the Kabupaten.
- p. The territory of the village is the area where main activities are in agriculture and the management of natural resources, and where the area functions as rural settlement, has public and social services and economic activities.
- q. The territory of the town is an area where agriculture is not its main activity, where the area functions as town settlement, is the concentration and distribution point of public and social services and has economic activities.

CHAPTER III

Article 4

- (1) To enforce the principle of decentralization are formed provincial regions, regional kabupaten's and regional towns that have the authority to regulate and manage the interests of the local community through its own initiatives based on the aspirations of its people
- (2) The regions as mentioned in subsection (1) are separate and have no hierarchical link one with the other.

Article 5

- (1) The region is formed based on economic capacities, regional potential, social – cultural and social-political considerations, the number of population, extent of

territory and other considerations that allow for the implementation of regional autonomy.

- (2) The formation, name, boundaries and capital of the region as mentioned in subsection (1) are established by Law.
- (3) Changes/alterations in boundaries that do not result in the elimination of a region, the name of the region, nor the name and move of the capital city of the region, will be determined through Government Regulation.
- (4) Prerequisites for the formation of a region as meant in subsection (1) will be established by Government Regulation.

CHAPTER IV

THE AUTHORITY OF THE REGION

Article 7

(1) The authority of the Region encompasses authority in all areas of governance, except authority concerning foreign politics, security and defense, the judiciary, fiscal matters, religion and authority in other matters

(2) Authority in other matters, as meant in subsection (1) above, encompasses the authority on national planning, the management of macro national development, the sharing of funds, the state administrative system, and state economic institutions, the training and empowerment of human resources, the utilization of natural assets and of strategic sophisticated technology, conservation and national standardization.

Article 10

(1) The Region has the authority to manage national resources that are within its territory and is responsible to ensure a sustainable environment in accordance with existing legislation.

(2) The authority of the Region over the seas, as meant in article 3, encompass:

- a. the exploration, exploitation, conservation and management of marine resources to the extent of its sea territory
- b. regulate relevant administration
- c. regulate the utilization of areas;
- d. enforcement of rules and regulations issued by the Region or empowered to it by the Government; and
- e. assist in the security and sovereignty of the state

(3) The authority of the Regional Kabupaten and Regional Town City over the sea, as meant in subsection (2) extends to a third of the sea boundary of the Province

(4) Further regulation on this stipulation as mentioned in subsection (2) will be established by Government Regulation.

Article 11

(1) The authority of the Regional Kabupaten and the Regional Town encompass all authority of governance excepting those mentioned in Article 7 and regulated through Article 9

(2) The area of governance that must be implemented by the Regional Kabupaten and Regional Town are utilities, health, education, industry and trade, investment, the environment, agriculture, cooperatives and manpower.